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SUSTAINABILITY REPORT 2016 - 2017

گزارش پایداری



In the Name of God
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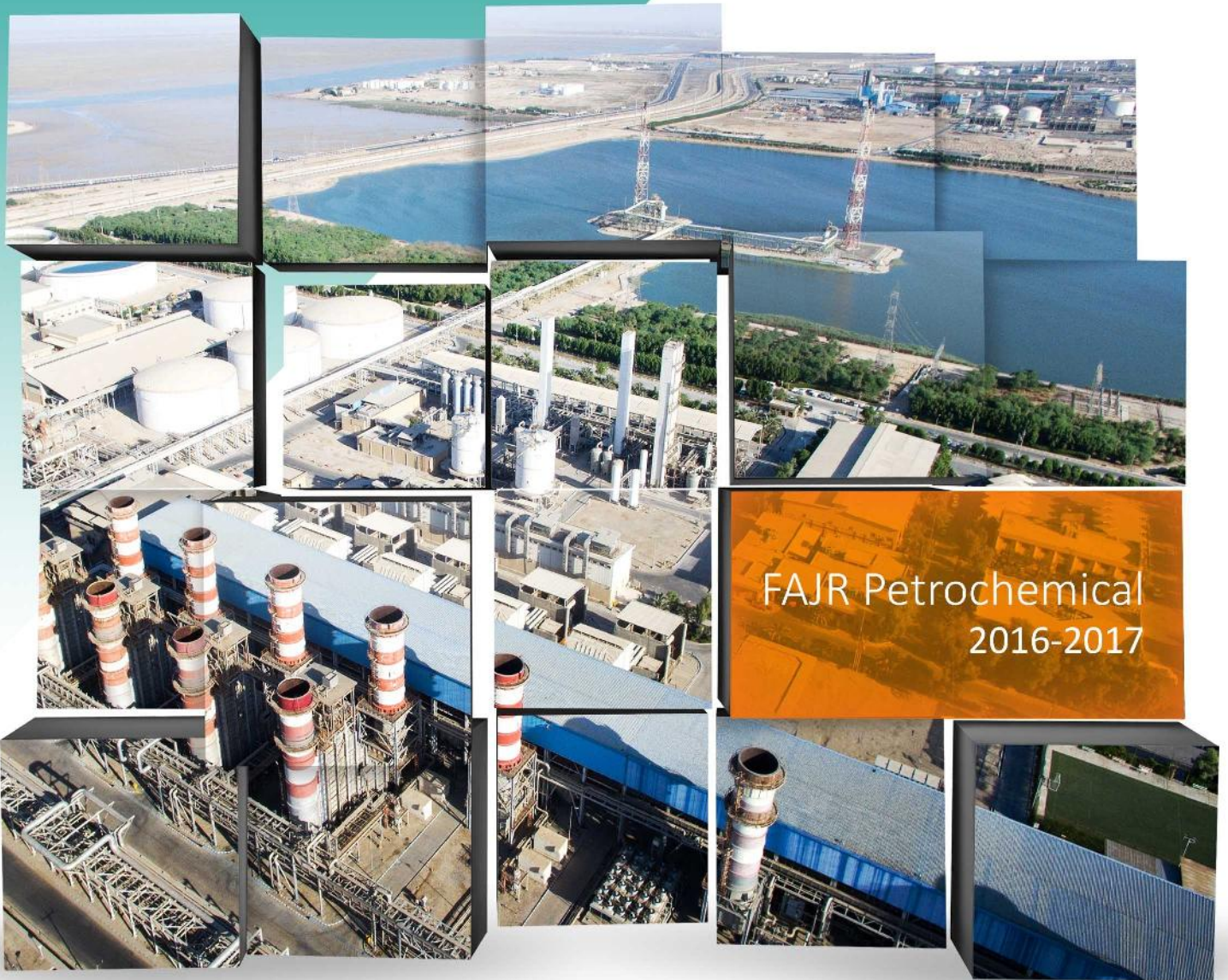
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About the Report

Sustainability report of the FAJR Petrochemical Co. in 2016 is relevant to the performance of this company in the financial year close to the end of March 2017. This report is the third report in the field of business responsible and sustainable management published by FAJR Petrochemical Company.

So far, sustainability reports of 2014 and 2015 have been published and the present report is the third one of FAJR Petrochemical Company.

The main shareholders of FAJR Petrochemical Co. in 2016: Persian Gulf Holdings Petrochemical Company (61 %), Investment Company of Justice Shares (Saham-e Edalat) (30 %) and other shareholders (9 %).

Currently, the Persian Gulf Petrochemical Company (Public Corporation) is the major shareholder of FAJR Petrochemical Company. Geographical scope and markets of this company's activities is Iran and mostly the Khouzestan province. The operational areas and field of the company's main products and services have not been changed. Functional reports presented in this report cover both 1 & 2 regions of the complex. The main center of the company is located in Petrochemical Special Economic Area in Imam Khomeini Port.

There used from GRI-G4 guidelines for reporting to prepare this report. This report has not been subject to any third-party appraisal to receive the relevant approval, and the main emphasis has been on the company's internal audit and control processes to determine the accuracy and validity of presented information and data. The process of collecting information and compiling content for presenting this report is based on the formal study of official documents and reports of the organization, interviews with senior executive managers, holding meetings with managers and experts of different units, interviews and surveys with key external stakeholders of the company and representatives of the local community around it.



CEO Statement

In the name of God

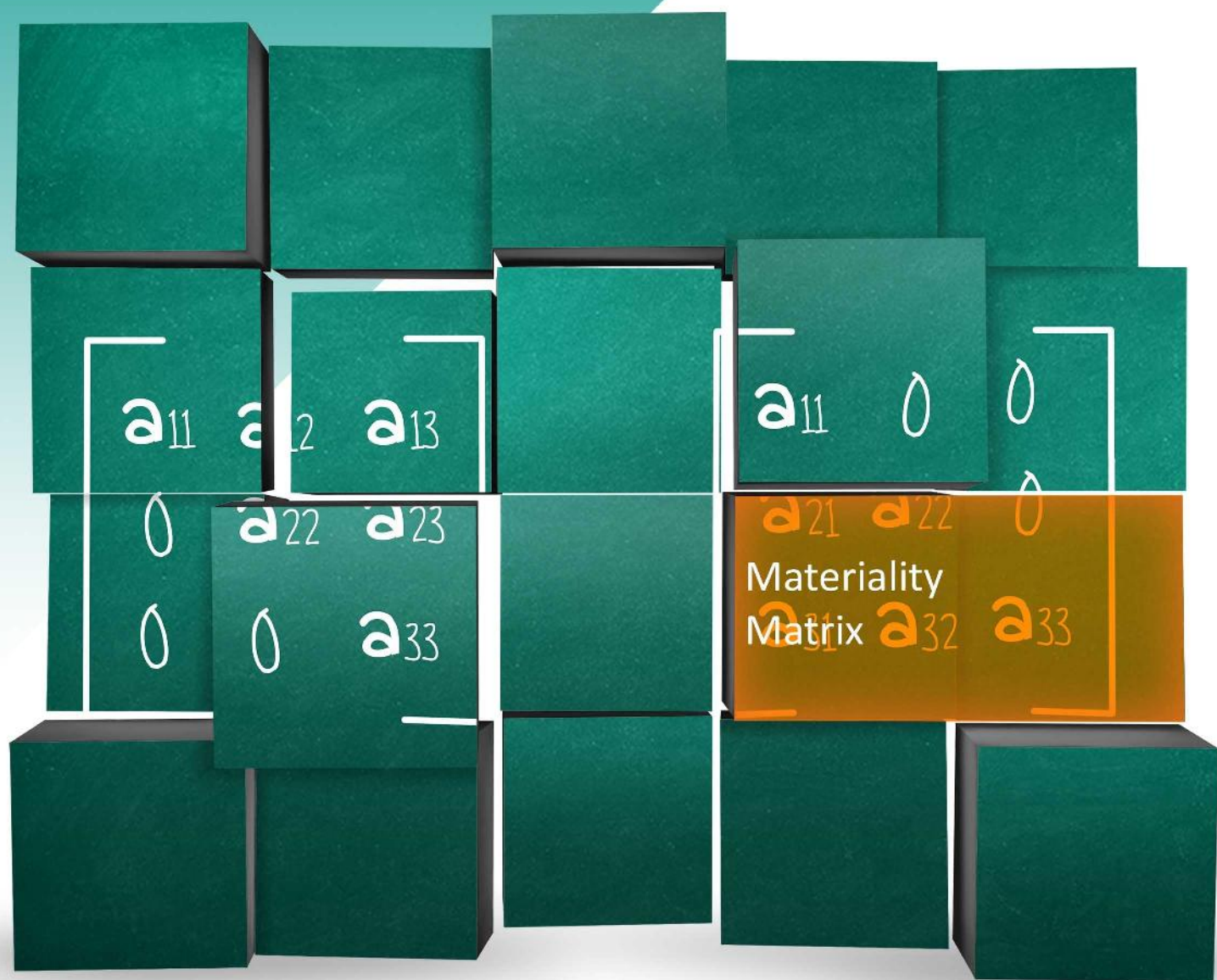
The presence and activity of the FAJR Petrochemical Company is an integral part of the Petrochemical Special Economic Area. We believe how the quality of the presence and activity of FAJR Petrochemical Company, as a citizen, affects the quality of economic activities, social health and the natural environment surround it, as how every human being lives on the whole society. The sustainability and prosperity of the FAJR Petrochemical Company has been a deep link with the sustainability and satisfaction of key stakeholders. Our plan and action has been to enable us, through our activities and through cooperation with other stakeholders, to share our constructive, economic, social and environmental values. Changing the legal nature of the company from a specific stock company to a joint stock company and an official admission in the Tehran Stock Exchange in 2015 is an important step in developing business as a transparent and accountable company in the economic field. Such a turning point is a confirmation of the trustworthiness of the shareholders of the company. At the strategic level, we have brought sustainability of production through a qualitative and quantitative development of products and services, with the management of environmental impacts of integrated operations, the improvement of the quality of working and family life of employees, support for the development of the local community and the contribution to a healthy economy. The company pledges itself to continuously develop systems, programs and actions that entail its economic, social and environmental responsibilities.

The company's products and services have an important role in protecting the environment and natural resources in the region. On the other hand, our customers depend on our products and services to have a high quality and stable production. We seek to institutionalize human at the workplace as a valuable organizational and social capital; In this context, we applied programs related to human resource empowerment, work-life balance, occupational safety and health, adjustment of the compensation system and the promotion of individual and professional ethics. Distinct and up-to-date energy management and environmental management programs have also brought economic benefits to the company in addition to being able to reduce the negative effects of complex operations on nature, they also brought economic benefits for the company. Our spiritual and material contribution to the empowerment of the local community and the promotion of collective goodwill has been the place of reliance and constant trust of the activists in this field. The release of Sustainability Report for the second year is one of the obvious examples of commitment to moving in this direction and the desire to have a constructive and comprehensive relationship with key stakeholders. This report is more comprehensive than the previous year's reports, which reflects the learning and organizational development in this area. I would like to take this opportunity to convey to the audience of the report leaders and all partners of FAJR Petrochemical Company a message to help build a better world for all human beings. Our belief and hope is on this; God willing!

CEO
ALIREZA SHAMIM



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Important Matrix Matters

The presence of different stakeholders with diverse interests and common expectations in the implementation of programs and projects is one of the challenges facing executives in managing stakeholder expectations.

Since it is not practically possible to meet all stakeholder expectations, it is necessary to prioritize stakeholders, which is done in a variety of ways.

To identify important items in FAJR Petrochemical Company, an interest-power matrix has been used.

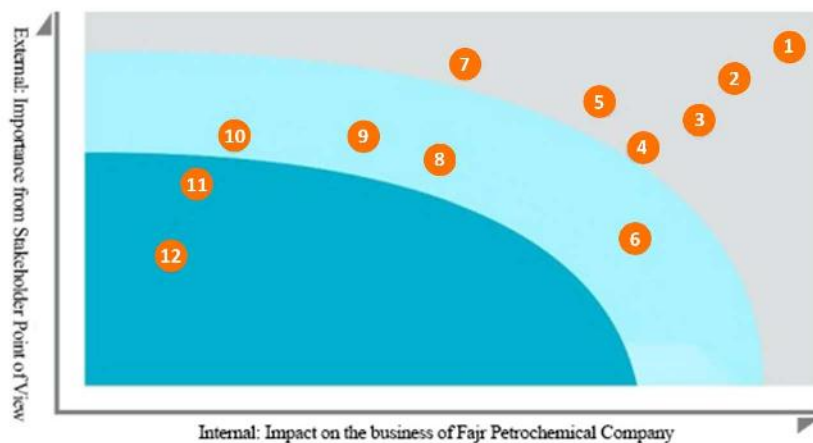
This required identifying and categorizing stakeholders, using the interest-power matrix to determine the importance and categorization of key stakeholders, and prioritize and plan them to meet their current and future needs. Therefore, the extraction of the headlines of this report, which was carried out through a stakeholder analysis in 2016, has been classified in the table of issues (as shown below).

To clarify the topic, three very important items placed in the first to third matrix are described below:

The primary importance of social responsibility in relation to the output of this matrix is the sustainability of the production of products, including electricity, industrial water and air. Therefore, it is at the highest level of attention of the company.

Given the excess capacities of FAJR Petrochemical Company, the completion of capacities is important for the majority of stakeholders, and after sustainability of production, is our most important concern in 2016.

Occupational safety and health, as one of the key issues of importance in the matrix, is third. This categorization has been prioritized on the basis of the importance, expectations and impact of the beneficiaries on the FAJR Petrochemical business. This report has been extracted systematically by the Center for Strategic Planning and Studies and by the statistical methodology and expert discipline of the managers.



1. Sustainability of production of electric power, industrial water and air
2. Completion of surplus capacity
- 3- Safety and health of the staff
- 4- Treatment of wastewater from adjacent petrochemical industries
5. Observe the laws, regulations and environmental obligations
6. Development of inter-organizational communication between different levels
7. Employee salaries and benefits
8. Staff training
9. Accurate and timely reporting to shareholders and the community
10. Transparency in supplier contracts
11. Participation in the development of urban infrastructure
12. Contribute to job creation in the region

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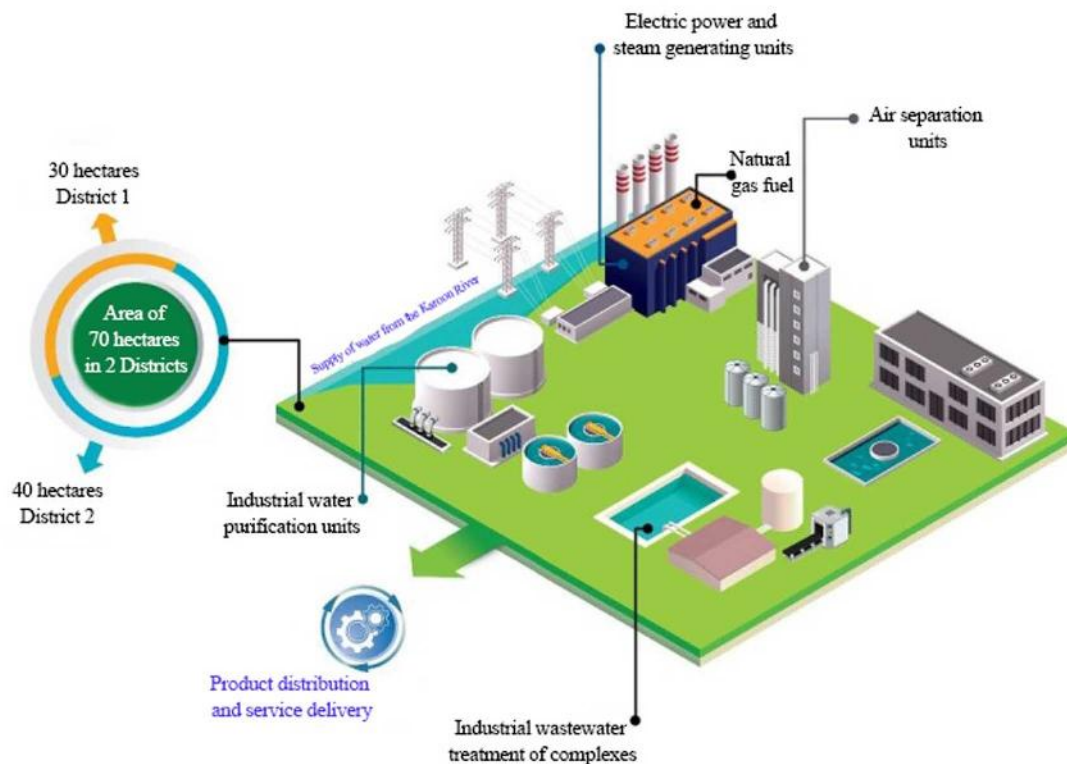




Introduction of the Company

FAJR Petrochemical Company was established in 1998 with the aim of providing utility services for the enterprises of the special economic area of petrochemicals located in Imam Khomeini port, and it became the first utilized company in the country in 2002. This site of the company is called as FAJR Petrochemical 1 or Area 1. With the expansion of companies and increasing the implementation of the plans of the National Petrochemical Company and private sector investments on Sites 2 and 3, the need to provide the utilities of new projects was seriously taken into consideration. As a result of the FAJR Development Plan on Site 2 in 2007, this site was fully operational in 2012. This site of the company is called as FAJR Petrochemical 2 or Area 2. The total area of the company is 70 hectares, of which 30 hectares are Area 1 and 40 hectares are Area 2.

The main products and services of the company are in the field of power supply and steam, air separation, water purification and wastewater treatment. From the geographical point of view, the FAJR Petrochemical Company is located in the southwest of the Persian Gulf, Khuzestan Province, Mahshahr Port, in the Petrochemical Economic Area. The special economic area of petrochemical is the first specialized specialty area of Iran. The goal of establishing this region is to quickly and easily access day-to-day knowledge and technology, to optimize the exploitation of oil and gas rich resources and the added value resulting from the development of downstream industries and the free exchange of petrochemicals. The area is divided into five sites from the north to the south.



Responsive macro approaches



Perspective

Participation in the energy market of the countries of the region in order to realize increased profits, product sustainability and stakeholder satisfaction in the horizon of 2018.



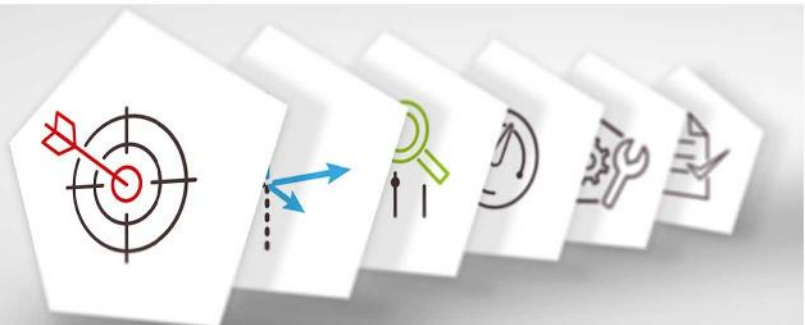
Mission

Since 2003, FAJR Petrochemical Company has been utilizing the companies located in the Special Economic Area of Imam Khomeini Port. In this way, in order to increase the profitability and satisfaction of the stakeholders in order to obtain a larger share of the target market, the sale of surplus electricity is taking on the use of companies located in the special area to neighboring countries.



Company values

- Stakeholder's Satisfaction
- Accountability & Foresight of Employees
- Growth & Creativity
- Transparency in Reporting



Organizational Responsive Strategies

FAJR Petrochemical Company acts as a clean air artery in the special economic area. By adopting a comprehensive and systematic approach, the company recognizes the quality of its presence in the context of the environmental, social and economic ecosystem of the region affecting on the quality of the presence and existence of other components and activists, so that mutually they affect the company. As a result, the organizational excellence approach in FAJR Petrochemical Company is based on two main components of stakeholder engagement and sustainable production. Organizational strategies and objectives are designed to realize value creation in relation to various stakeholders of the organization around identified issues.

We are definitely working to increase the positive economic, social and environmental impacts of FAJR Petrochemical. If the internal or external constraints are delayed or slowdown in the development and improvement of the FAJR Petrochemical Company, we will adhere to avoiding any adverse effect or performance contrary to current laws and standards. Strategic criticism, adoption of a responsible management approach in FAJR Petrochemical Company has formed around three axes: enhancing competitiveness, risk management and improving brand reputation.

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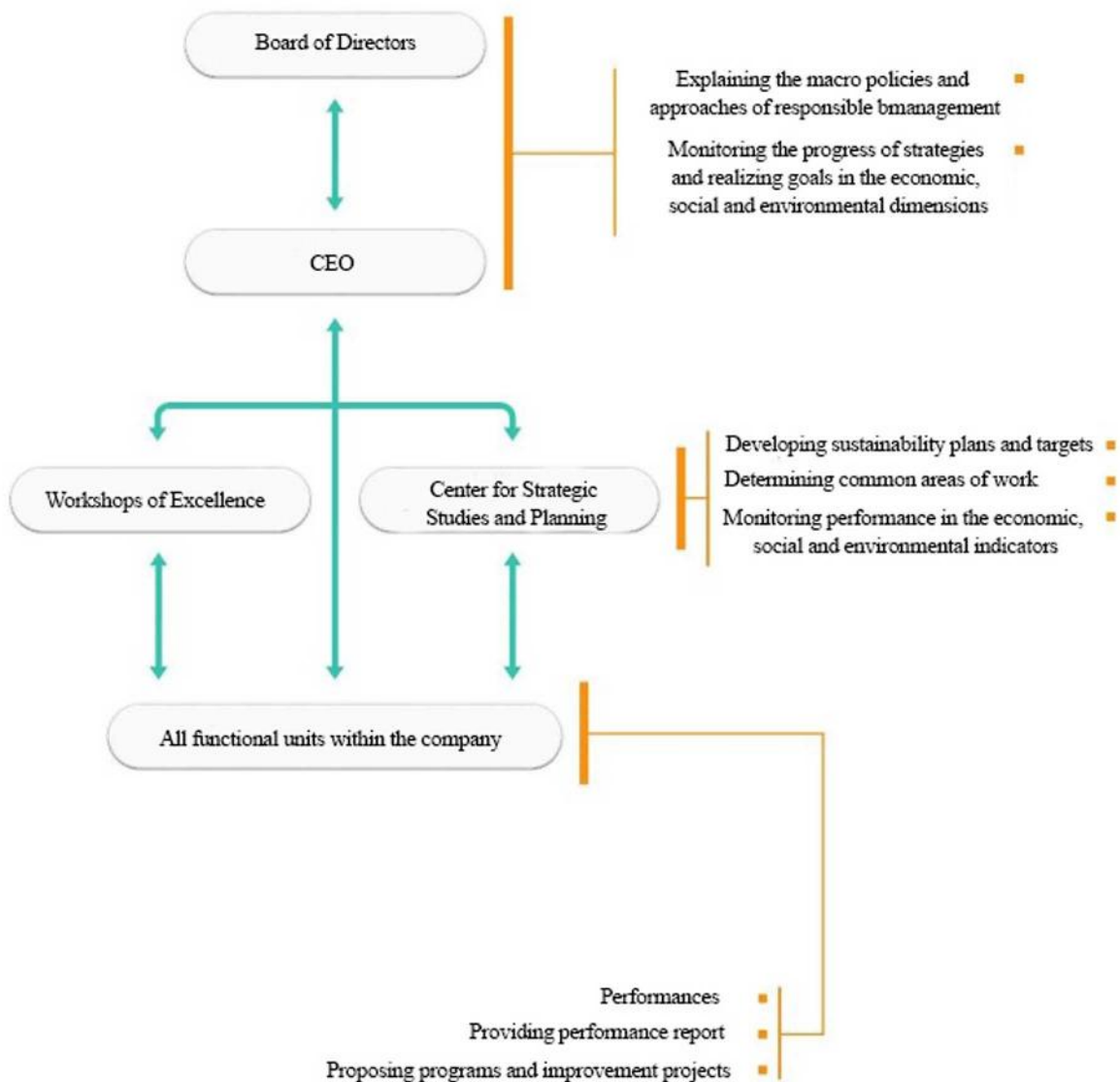


The system
Corporate Leadership



Organizing Responsible Management

The ongoing commitment of managers, executives, and other employees in the company to responsible management is guaranteed by defining the formal organizational structures for assigning shared or dedicated responsibilities and duties.



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Legal Structure of the Company

The company was established on July 25, 1998, in the form of a joint stock company. Fajr Petrochemical Company was originally a subsidiary of the National Iranian Petrochemical Company, which was transferred to the Persian Gulf holding company on 2009. In line with the main policies of Article 44, according to the minutes of the Extraordinary General Assembly dated July 21, 2015, the Fajr Petrochemical Company was changed to public stock and admitted to the Stock Exchange on Sep. 28, 2015. Currently, Fajr Petrochemical Company has become a member of the commercial units of the Persian Gulf Petrochemical Company. The main center of the company is the special economic area for petrochemical in Imam Khomeini Port.

The names and composition of the shareholders at the end of fiscal year 2016 are as follows:

Shareholders	Shares Quantity	Shares Percent
Persian Gulf Petrochemical Company (Public Company)	3,936,435,428	61
Investment Company of Justice Shares (Saham-e Adalat)	1,950,000,000	30
Bandar Imam Petrochemical Company (Private Joint Stock Company)	1,000	0
Petrochemical Industries Development Management Company (Private Joint Stock)	1,000	0
Other Shareholders (Minor Shareholders)	613,561,572	9
Total	6,500,000,000	100

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The names and composition of the shareholders at the end of fiscal year 2016 are as follows:

Representatives of Legal Entities	Member of the Board	Position
Justice Investment Company of Mazandaran (Private Joint Stock Company)	Mohammad Kermani	Non-executive member and director of the board
Persian Gulf Petrochemical Company (Public Joint Stock Company)	Alireza Shamim	Vice president of the board and executive manager
Mobin Petrochemical Company (Public Joint Stock Company)	Seyed Javad Kazemi	Non-executive member and financial manager
Petrochemical Industries Development Management Company (Private Joint Stock)	Ali Asghar Fallah	Non-executive member of the board
Bandar Imam Petrochemical Company (Private Joint Stock Company)	Reza Mehdinejad	Non-executive member of the board



Stakeholder Management

With the onset of the privatization process of the company, focus on the concerns of stakeholders is one of the major approaches of the Fajr Petrochemical Company. The effort to deploy EFQM in order to institutionalize organizational improvements have been impacted on moving to deploy an organizational excellence model of separate measures in communication with different stakeholders towards monitoring and receiving their expectations and views, and ultimately compiling the company's strategies based on the creation of a balance of interests for its key stakeholders. Application of these needs and expectations in the organization's decision making and management processes, in addition to the systematic observance of regulations in a wide range of interactions with society and stakeholders, has resulted in transparency in the accountability and active pursuit of standards and regulatory requirements.



Stakeholders	Membered Groups	Expectations	Way of Accountability
Shareholders	Persian Gulf Petrochemical Company; Equity Stocks (Saham-e	Revenue growth; Cost management; Production sustainability;	Participate in Persian Gulf holding meetings; Presenting the performance report of leaders in a quarterly
	Edalat), Stock Exchanges	Accurate, transparent and timely reporting	and annual manner; Accountability to auditors; Holding meetings of the Assembly
Customers	Inside the special economic area; outside the special economic area	Prices and incentives; Terms and content of the contract; Communication and quality of the relationship; Customer orientation; Quality of products and services	Systematic communication with national electricity distribution network; Meeting in person with customers; Surveying and implementing customer satisfaction system
Staff	Official; Specified period of time; Temporary period of time; Contractor	Reducing job stress; Improving performance evaluation; Developing communication; Healthcare plans; Quantitative and qualitative increase in services and facilities; Reducing role overload; Developing transformational leadership	Conducting periodic meetings with the presence of managers and staff; Staff surveys; Creating an intranet portal; proposals system; Administrative automation; Creating an internal Email platform; Internal publication
Suppliers	Materials Parts Services	Timely payment; Adherence to obligations; Transparency in supplier identification and evaluation; Equal opportunity competition; Safe working environment.	Conducting periodic meetings; Dispute resolution committee; Official correspondence; Website notification
Society	Mahshahr residents; National and public organizations; NGOs; Media	Social and health issues; Compliance with requirements; Education and development issues; Transparency of activities and reporting to public opinion	Community surveys; Participation in the board of directors of area managers; Presentation of environmental performance report; Website; Publication of sustainability report

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Risk Management

Given the fact that there are various risks in an industrial complex in different areas such as environmental, safety, occupational health, process, market, commerce, finance, law, human resources, etc., so the main focus is on identifying maximum threats in the project to manage the sustainability of organizational life or BCMS, which will stop production from the perspective of the process and the operation. In this regard, the ISO 22301 standard that is the base of implementation of the system in the Fajr Petrochemical Company, defines the Business Continuity Management (BCM): "It is a comprehensive management process that identifies its potential threats and its consequences for threatened activities of the organization and provides a framework for organizational resilience by providing an effective response capability to protect the interests of key stakeholders, credibility, brand and value-added activities of the organization."

Therefore, the main goal of the BCM system is to increase the capability of the Fajr Petrochemical Complex in response of events threatening its activities with the persistence of vital activities in case of events / accidents as a reason for stopping activities, so that the interests of stakeholders (Including shareholders, customers, suppliers, staff of the entire community), credibility and organization name, and value creation processes in the organization are preserved. This management system is a guiding process of organizational activities that creates an operational framework aimed at achieving the following:

- Improve the level of organization's resilience to potential failures and loss of its capabilities in pursuit of the core goals of the organization.
- Creates restoration and retrieval methods of the organization's ability to produce and deliver its services at a minimum agreed level and at a time agreed upon after events and accidents.
- Creates a proven capacity and ability to manage critical situations and protect the company's record and reputation.

Risk management, in line with the critical activities identified at the level of the various operational units, is the third stage in the implementation of the system, so the main purpose of this phase is to identify the factors that cause the production and provision of services. There used Fault Tree Analysis (FTA) in the site of Fajr Petrochemical Company in accordance with the standard recommendations and the relevant international associations.

Different types of identified risks at the company level are related to stopping or disturbing the production of any of the following products in the order of priority and focusing on the production of the main product of the complex (i.e. electricity):



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A review of the economic responsibilities of Fajr Petrochemical Company

The existential nature of Fajr Petrochemical Company and the type of products and services provided in the special economic area of petrochemical is inherently environmentally friendly and allows the company's customers to have an impact on their environmental impact. In addition to this fact, Fajr Petrochemical Company has also been responsible for managing the environmental impacts resulting from its operations, and has always defined and implemented the necessary programs in this regard. Determining the objectives of the strategy related to environmental responsibilities and establishing a joint commitment of the organization to adopt environment friendly approaches by relying on the comprehensive corporate governance policy, establishes the critical foundations of economic success to environmental sustainability at the Fajr Petrochemical Company.

One of the most important factors affecting the quality of Fajr Petrochemical Company in the performance of its environmental responsibilities is the quality of its customers' allegiance and adherence to the physicochemical characteristics and specifications of wastewater discharged to Fajr Company for purification. Considering that the power and technical condition of the equipment and ecosystem provided for such services may change in a certain extent, if the physicochemical characteristics of the wastewater supplied by other complexes exceed the agreed limit, not only increases the risk of non-compliance of the output of wastewater treatment to environmental standards, but also face the Fajr Petrochemical Company with the risk of operational shutdown of their equipment. These two important risks make the company against serious responses to other groups of key stakeholders included national and public organizations, the general public and shareholders.

On the other hand, the company has attempted to create an economic value created by the systematic deployment of energy management approaches in an organization to create environmental value. The main source of energy in Fajr Petrochemical Company is natural gas. Through the establishment of up-to-date energy management standards and conducting detailed energy audits, the company has taken steps to re-plan heat recovery, so that it can be used from one hand to a large extent of the ability of equipment production and, from another hand, to reduce the amount of consumed energy. As a result, greater profitability, reduced utilization of natural resources, and reduced emissions of airborne pollutants have been achieved. What is certain is that the existence of a supportive culture in the Fajr Petrochemical Company at all levels of its organization that acts as a valuable asset in defining and promoting environmental plans and objectives. Fajr Petrochemical Company hopes that all key stakeholders will also realize that environmental sustainability has a direct impact on the life of employees, decent living conditions in local communities, and the continuation of long-term productive-economic successes.

Company capital	IRR 6,500,000
Accumulated profit at the end of period	IRR 6,213,981
Net profit of each share	IRR 985
Selling products and services	IRR 14,411,973
Salaries and benefits paid to employees	IRR 676,047,000
Saving the benefits of ending work time of staff	IRR 243,069,000
Cost of participation in social and charity	IRR 21,415,000
Cost of environmental support programs	IRR 257,094,000

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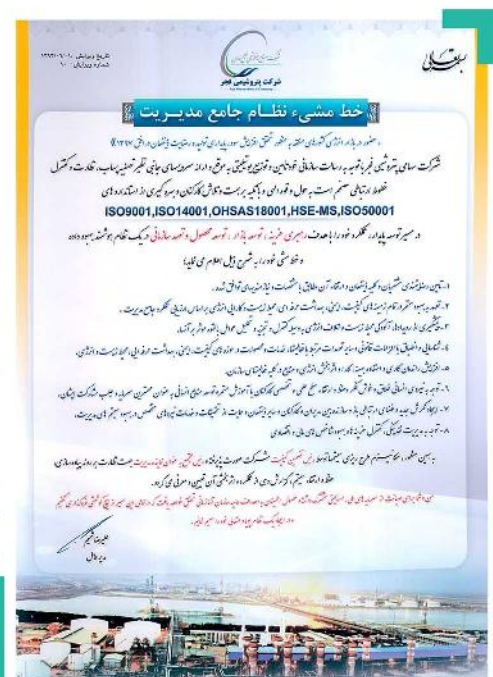


Development of system platform for creation stable value

Fajr Petrochemical Company believes that the system attitude and the inter-process relationship are the best ways to achieve the goals and streamline of the organization's strategies. These processes are designed, reviewed and improved in order to meet the needs and expectations of the stakeholders. Since 2004, Fajr Petrochemical Company has been working on the establishment of an integrated management system in order to avoid the development and deepening of a single, partly integrated approach to the organization's strategic policy and to affect the output of each process by considering the interaction and sequence between them to increase satisfaction and meeting the needs and expectations of the stakeholders has been monitoring the relevant indicators based on that specific goal that the owners and stakeholders defined, designed and developed for each process. This approach has been implemented in accordance with the company's policies by conducting courses on familiarization with the requirements of the ISO 9001 quality management system, ISO 14001 environmental safety, OHSAS 18001, and the implementation of these standards. In Fajr Petrochemical Company we have applied the importance of energy management and consumption optimization as a strategic goal in 2011, with the establishment of an ISO 50001 based energy management system. Fajr Petrochemical Company has been awarded the International Standard for Information Security (ISO 2001) from FAVA behalf of the presidency and in line with sustainability and reducing business-related threats by establishing ISO 22301-based business management system has ensured its commitment in the confidence and security of its stakeholders. Fajr Petrochemical Company has taken a vision to its customers with the establishment of ISO 17025 laboratory management system and GC MARK (QUALITY PROUDUCT) in order to satisfy the customers' quality and quantity. In order to establish a single-cluster management system with the aim of achieving short-term and long-term goals of the organization and identifying the improvement opportunities for creating added value and meeting the needs of the stakeholders, the inductive management review approach has been found that the main inputs in this approach are derived from the results of the design of systems management, evaluations of organizational excellence model, process monitoring, process change, feedback received from stakeholders, reports from the proposed system, assessment of aspects of risks in different fields.

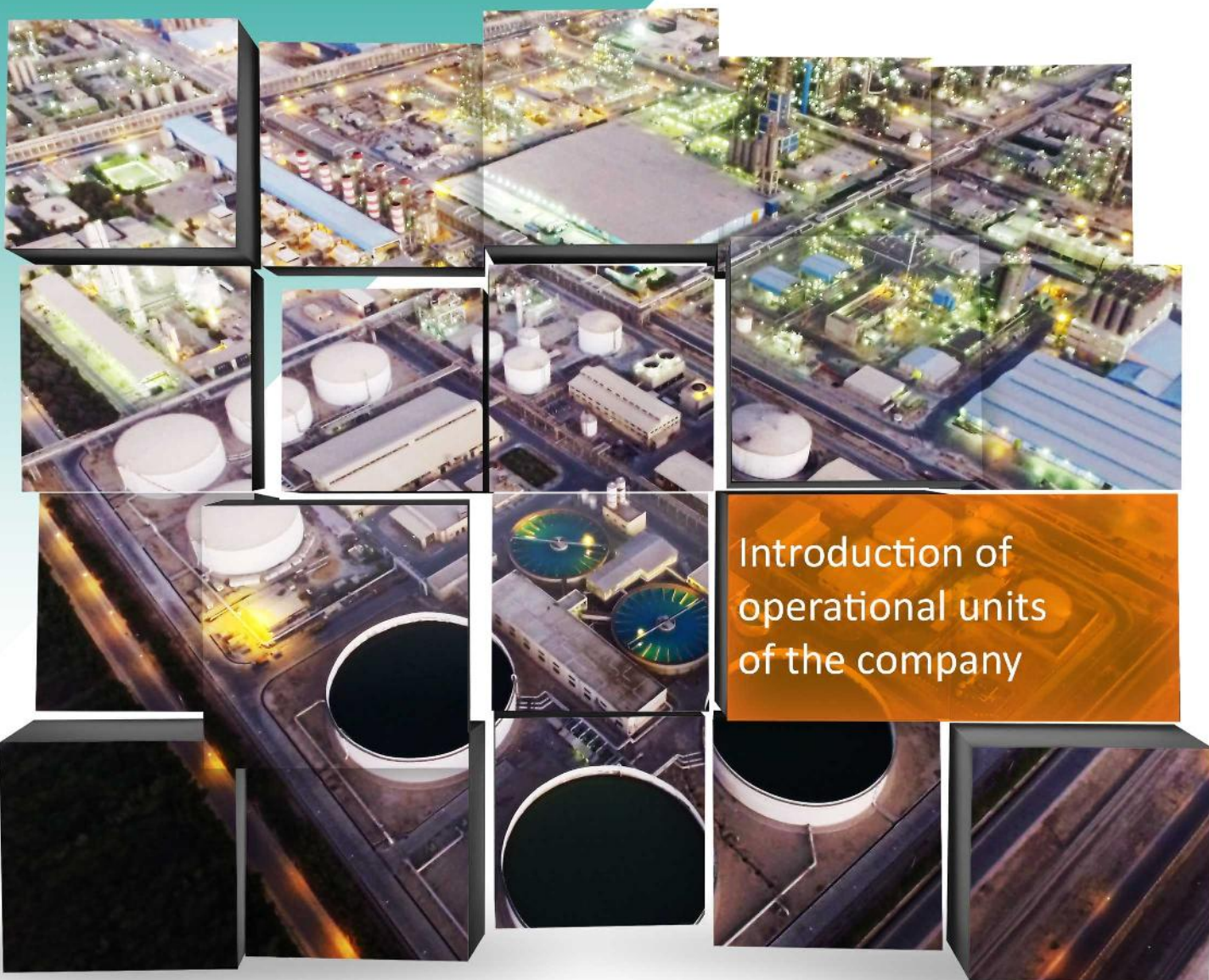
The latest edition of the comprehensive management system policy in Fajr Petrochemical Company was revised in August 2014. This policy reflects the strategic goals of responsible management in the company, and important pillars such as stakeholder, avoiding environmental pollution and protecting and preserving the environment, managing the effective and sustainable management of corporate resources.

Also, Fajr Petrochemical Company has been using the EFQM-based enhancement model for improving its business processes since 2010 in line with the policies of the National Petrochemical Company and the Persian Gulf Petrochemical Company that it brought the sixth and seventh successful petrochemical industry excellence award for the Fajr Petrochemical Company to get the Crystal Statue from this festival. Fajr Petrochemical Company has established ISO 117025 based laboratory management system and the GC Mark (Quality Product) product certification standard in line with the quantitative and



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معرفی واحدهای عملیاتی شرکت



Introduction of
operational units
of the company



Electric power and steam generating units

The power plant of district 1 of Fajr Petrochemical Complex has seven gas turbine units with a total capacity of 835 megawatts, which is responsible for producing and distributing electricity to the petrochemical industries of the region. In order to produce this amount of electrical energy, facilities for receiving and consuming 220,000 normal cubic meters of natural gas per hour are provided. Also, diesel oil is used as a backup fuel in the event of a reduction in pressure or a disconnect of gas. Power plant of area 1 is working with 4 units of gas turbine with a total capacity of 648 MW.

The major part of steam production in Fajr Petrochemical Complex is taking advantage of the enormous amount of thermal energy in the gaseous gases from the combustion of gas turbines. The steam unit of area 1 has a production capacity of 935 tons per hour, and area 2 designed to produce 740 tons per hour. By injection of steam and oxygen-discharged chemicals to non-mineral water, water of the boiler is provided and it transferred for nourishing the boilers by means of high pressure pumps. Then, in the heat recovery boilers, the exhaust gases from the turbine exchange the heat with the feed water of the boiler after the opening of the diverter dumper, and this heat transfer from the gaseous in the water, generates steam and reduces the temperature of exhaust gases from the stack, resulting in optimum energy consumption. In such a system, the heat output of boilers is more than 92%.





Air separation unit

Air units of Fajr Petrochemical Complex located in the area 1 and 2 are constructed for providing 33500 normal cubic meters per hour of instruments, 66000 normal cubic meters per hour of service, 51000 normal cubic meters per hour of gaseous nitrogen, and 40500 normal cubic meters per hour of oxygen-gas of consumer complexes. Air units include two sections of compression and air separation. All gas products are shipped to the entire country through the transmission lines for area consumers and liquid products.





Water purification units

Water purification units located in area in 1 and 2 of the complexes have been constructed to provide industrial water needed for the process units of the region and include pre-treatment, reverse osmosis, demineralized water, condensate recycling water, sanitary water and firefighting water. The way it works is that the raw water is entered into the gravel sand filters after chemical injection and precipitation and normalization in the calorie and the pH adjustment. The water generated from the reverse osmosis stage, enter into the purified part, and eventually the solvent-free water is produced.





Wastewater treatment units

Fajr Petrochemical Complex has been developing two refineries in order to clean industrial and sanitary waste from the complexes of the region. In both units, the industrial waste water is purified after the separation of oil and physical and chemical treatment of the sanitary wastewater in the biological system and is used after clearing and final control for use in the green area network of the special economic area and dilution of the industrial wastewater with high solubility.

In waste water purification unit 2, waste water treatment is carried out in two stages due to the high amount of contamination of wastewater. In order to eliminate solid waste and industrial oils separated in the separation section, a thermal furnace is used.

This part plays a very effective role in reducing the pollutants from the environment caused by heavy metal residues, which has been designed and implemented on the basis of the technical knowledge of domestic specialists.





Dispatching unit

The task of distributing and transmitting electricity produced in this building through 132 and 400 KV volumes is borne by the dispatching unit. This unit is connected to the nationwide transmission network of the country.





Offsite utilities unit

Offsite utilities unit is responsible for the operation and maintenance of transmission lines for utility produced products in the active trading areas of the petrochemical area and wastewater transmission lines.

In addition, the complexes receive or send feeds and their produced products using pipelines under the supervision of this unit. The operational capacity of the offsite utilities unit is more than 2700 hectares and more than 74 types of chemical substances including utility products are exchanged and managed through the lines constructed in the area under the supervision of this distribution unit. This unit also is responsible for maintaining and repairing lines and related equipment, such as valves, instrumentation systems and electrical heating systems.



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Providing responsible
products and services



Products and services

Fajr Petrochemical Company offers a diverse range of products and services tailored to the needs of customers and the mission of the company. Due to the impact of the company's products and services on environmental protection, the ability to produce stable products in the customer companies and maintain the safety level of operations throughout the entire special economic area, the company is always striving to deliver quality products and services in a consistent manner.



Air Separation Units

Liquid Oxygen ■ Gas Oxygen ■
Liquid Nitrogen ■ Gas Nitrogen ■
Service Air ■ Liquid Argon ■
Instrumentation Air ■



Electricity and Water Units

Steam ■ Electricity ■



Wastewater Treatment Units

Wastewater with Low Soluble ■
Wastewater with High Soluble ■
Waste Incinerator Furnace ■
Solid Incinerator Furnace ■



Water Purification Units

RO Water ■ Clear Water ■
Service Water ■ DM Water ■
Water of Cooling Towers ■
Boilers Water ■
Fire Fighting Water ■ Sanitary Water ■



Amount of production

	Products / Services	Measurement Unit	Sale of 2016	Sale of 2015	Sale of 2014
Electricity	Electricity	MW per hour	4,912,589	4,552,982	4,300,837
Steam	Steam	Ton	5,298,106	5,820,275	5,793,822
Air Separation	Nitrogen (gas)	Normal cubic meter	370,820,588	338,237,342	326,629,922
	Nitrogen (liquid)	Kilogram	17,893,000	18,312,000	24,516,000
	Oxygen (gas)	Normal cubic meter	244,529,578	246,716,229	227,880,485
	Oxygen (liquid)	Ton	12,162	13,837	11,343
	Argon (liquid)	Ton	2,014	2,070	2,029
	Instrumentation Air	Normal cubic meter	192,526,527	196,038,409	166,812,855
	Service Air	Normal cubic meter	351,807,088	377,557,640	314,924,930
Water	Water RO	Cubic meter	39,663,841	40,882,589	41,228,830
	Water DM	Cubic meter	13,746,282	14,699,399	15,417,667
	Service Water	Cubic meter	1,033,494	1,036,040	1,090,715
	Sanitary Water	Cubic meter	996,719	1,043,097	1,064,356
	Boilers Water	Cubic meter	5,885,260	6,380,973	6,391,448





The amount of sales of products and services

	Products / Services	Measurement Unit	Sale of 2016	Sale of 2015	Sale of 2014
Electricity	Electricity	MW per hour	4,397,047	4,047,247	3,917,442
Steam	Steam	Ton	4,632,178	5,110,570	5,048,493
Air Separation	Nitrogen (gas)	Normal cubic meter	290,020,361	378,385,497	282,087,626
	Nitrogen (liquid)	Kilogram	8,428,602	3,402,725	1,941,085
	Oxygen (gas)	Normal cubic meter	196,632,320	224,720,938	204,239,919
	Argon (liquid)	Ton	1,905	2,264	1,813
	Instrumentation Air	Normal cubic meter	168,218,710	177,086,198	151,871,023
	Service Air	Normal cubic meter	118,627,346	145,380,782	123,375,679
Water	Water RO	Cubic meter	12,521,011	13,355,411	12,912,483
	Water DM	Cubic meter	7,553,261	7,955,890	8,639,956
	Water of Cooling Towers	Cubic meter	15,268,517	15,337,354	14,976,712
	Service Water	Cubic meter	856,361	895,547	946,341
	Sanitary Water	Cubic meter	832,368	879,419	956,812
	Boilers Water	Cubic meter	565,590	742,156	806,406
Wastewater Purification	LTDS Wastewater Purification	Cubic meter	3,738,785	3,854,307	3,516,874
	HTDS Wastewater Purification	Cubic meter	715,195	861,472	1,014,608
	Sanitary Wastewater Purification	Cubic meter	438,030	445,503	534,127





Reuse of waste waters of reverse osmosis unit (RO Reject)

In line with the strategic goals and in order to manage feed consumption, the research project on the use of waste waters of RO units of water purification was put in place on the agenda of the research and development unit. After conducting the research and implementation of waste water transmission pipelines to the Reject RO unit in Area 2, the waste water is used as a feed water of RO blocks in water purification unit of Area 2. By implementing this project, a great saving has been done in water conservation, environmental and surface water management and cost management. On the other hand, the supply of customer related services is more reliable and the efficiency of water production has increased. The RO recycling project is designed in two main phases and the first phase is in operation. The project boosts RO output from 70% to 85-90%, that is the largest in Iran and the Middle East.





Power frequency stability

The Fajr Petrochemical Company, with the stabilization approach of power generation at Area 1 and improving the control of the frequency of power supply to customers, purchased and installed new power plants (GE model), which were decreased the slowdown in the control of the frequency of the Alstom turbines and the damage caused by the national electricity grid to the Fajr power plant by installing and commissioning at power plant of Area 1.

In addition, in order to utilize the capacity of the power plant and send the surplus of production to the national electricity grid and make the situation more stable, the proposal to connect the power plants of Areas 1 and 2 to each other was addressed through a 400 kV substation, and was implemented through underground cables. In order to solve the problems caused by the underground cable connection, a proposal was suggested as a project to install a 132 kV air link between the Areas 1 and 2 power plants. In this regard, the company, with the full implementation of the project in 2016, plays a very important and impressive role in improving the electrical situation and the stability of the production.



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CEO Statement

Improving stakeholder satisfaction is one of the strategic objectives of Fajr Petrochemical Company. In this regard, the company has always been struggling to achieve its mutual success by developing a constructive, innovative and winning communication with its customers. Fajr Petrochemical Company has kept up-to-date with the customers and is sensitive to their comments and expectations by using various methods such as periodic surveys, face-to-face meetings, organizational correspondence, demonstration in associations and joint working groups of the region. Such activities range from organizing leaders to responsible experts in a related unit, such as sales office and customer relationship management. The results of continuous customer relationship management have been discussed at management review sessions and the company has considered the need for integrated and problem solving approaches to meet customer needs and expectations.

The nature of activities, products and services in the Fajr Petrochemical Company has led to the fact that the quality and quantity of the company's performance has had a direct impact on the ability of customers to manage their business efficiently. One of the most important issues in such a situation is that with exclusivity of Fajr Petrochemical products and services in the region, the company has always avoided monopolistic practices. In the field of pricing products and services, there has always been a close connection between Fajr Petrochemical Company, the Petrochemical Manufacturers Association and customers. Even the company's customers are proportionate in terms of discount and financial incentives. Fajr Petrochemical Company has been working with the Shahid Chamran University of Ahvaz in order to communicate better with customers and identify their needs and expectations.

In this project, new forms are designed and completed by customers. After the summing up, new customers' needs are developed. In the following, the matrix is designed as a profitability and satisfaction matrix that allows us to measure customer satisfaction and in this way, Fajr Petrochemical Company is constantly monitoring its customer satisfaction. On the other hand, the company has always embraced the exchange of knowledge and experience and the creation of technical adaptations tailored to the cooperation defined with customers.



Transmission line project of 132 kV two-wire bundle of Fajr Petrochemical Company in Area 1 of 400 kV of Site 2

In order to achieve the strategic objectives of Fajr Petrochemical Company, in line with its efficiency, increase customer satisfaction and also market share development, a comprehensive study on the electrical connection of power station in the power plant of Area 1 to the 400 kV station of Fajr via two 132 kV voltage air lines was completed. Due to the importance of the issue, the design, engineering and implementation of the project took place. In 2016, this project was completed and succeeded in playing a valuable role in the sustainability of the customers' satisfaction.

Major advantages of this project include the transfer of more power to the global network, the exchange of power in both areas of Fajr petrochemical industry, and the reliability of the network.

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Anti-money laundering

In the context of the fight against money laundering, the Supreme Council for the Suppression of Money Laundering of the country at its thirteenth session on June 12, 2012, adopted the executive order on Fighting Money Laundering in commercial companies and non-commercial organizations in 24 Articles and 7 Notes, and has come into force since the date of notification. In order to implement the above mentioned instruction, the following measures are being implemented at Fajr Petrochemical Company:

- Based on the 10 instructions mentioned in the letter No. 117 / S 1 – S P, dated 31/2/1393, the company introduce the main in charge to fight the money laundering by the Supreme Council for the Suppression of Money Laundering, and has been received the password for the access to the system from the Secretariat of the Council.
- Under Article 11, administrative, financial, commercial, legal and contract staff and heads of departments have passed advanced fighting money laundering laws and received a certificate of education for the course. Also, the Fighting Money Laundering Committee has been established with the members of the internal audit, finance, legal, commercial and security departments.
- In accordance with Articles 4 and 5 of this Guideline, clients are required to obtain the necessary documents and creating files.
- Based on Articles 8 and 20 in all incoming and outgoing invoices and contracts, the inclusion of information such as the national identifier for legal entities, the national code for natural persons, address and postal code is mandatory and observable.
- According to Article 15, any receipt and payment shall be made only through a bank account and a bank transfer.
- In implementation of Articles 11 and 14 in the company's information network (corporate portal), the fighting money laundering law, the fighting money laundering code of practice for commercial companies and non-commercial organizations, as well as the contact information of the responsible employee in charge for fighting money laundering are available for personnel.
- In line with the implementation of this instruction, a commitment form has been prepared to comply with the fighting money laundering law and all contracts have been added to the contractor's commitment.
- The fighting money laundering officer receives and applies the latest information and training through the Secretariat of the High Council for the Fighting Money Laundering.
- According to Articles 12 and 13, co-operation with independent auditors is required. Also the responsible employee for fighting money laundering is the right to access the financial information system for clients.





Avoiding monopolistic behaviors

Based on the development plans of the petrochemical special economic area, Fajr Petrochemical Company exclusively offers its products and services. The decision was aimed at providing efficient and cost effective such products and services. Fajr Petrochemical Company committed itself to sustainable development in the region in long-term vision. In this regard, it has always been trying to shape its business interactions in partnership with key stakeholders and with the goal of reaching a consensus. In connection with the pricing of products and services, Fajr Petrochemical Company is pricing in agreement with the Petrochemical Workers' Corps and customers. Even under different circumstances, customers have received incentives or discounts from the company. On the other hand, the process of reviewing and selecting suppliers (materials and parts / services) is completely clear, accessible to the public and in accordance with legal requirements. The goal of the company is to compete with different suppliers by offering competitive opportunities to different groups in a transparent and equal manner, and share the quantitative and qualitative progress of their performance in order to create competitive differentiation.



Transparent and responsive financial management

All financial activities in the Fajr Petrochemical Company are monitored and recorded in accordance with financial management processes appropriate to all related organizational levels. In order to streamline this approach, regulations, guidelines, and directives, such as guidelines and budget regulations, the rules of the transactions, the accounting and auditing standards, the Fajr Board of Directors laws, the Persian Gulf Petrochemical Company, the Ministry of Petroleum, etc., are being formulated and used at all levels of the financial process to adapt events that have an impact and financial dimensions. Also, the financial supervision of Fajr Petrochemical Company continuously and by using activities such as budget control, property control, documentation of all financial accounting documents and insurance audits, tax audits and information provided to the Court of Audit of the whole country and other levels of the financial process to the governance of financial processes confirms other related levels of verification.

Annual audits by auditors and legal inspectors to address the company's financial performance and comment on the acceptability of financial statements in the framework of accounting, auditing and presentation of the board's report to the shareholders' meeting and increasing the scope of the internal audit unit's activities is another governance roles of financial process. The implementation of effective internal controls in order to achieve acceptable levels of financial risk is a typical example of financial governance. Regarding the improvements made in the financial processes, transparency in the reporting of financial performance and lack of operational discretion, audit opinion indicated that the financial statements are compliant with accounting standards desirably in the Fajr independent audit firm over the years.

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A review of environmental responsibilities in Fajr Petrochemical Company

The existential nature of the activities of the Fajr Petrochemical Company and the type of products and services provided by the Petrochemical Special Economic Area is inherently environmentally friendly and allows the company's customers to manage their environmental effects and responsibilities. Along with this fact, Fajr Petrochemical Company is responsible for the management of environmental impacts resulting from its operations and has consistently defined and implemented the necessary programs in this regard. Establishing strategic objectives related to environmental responsibilities and creating a joint commitment by organizations to adopt environmentally friendly approaches, based on the corporate governance framework, established the main pillars of economic sustainability gains in the Fajr Petrochemical Company. One of the most important factors affecting the quality of Fajr Petrochemical in its environmental responsibility is the quality of its customers and their adherence to the physicochemical characteristics and attributes of wastewater that are sent to Fajr for treatment. Given that the power and technical conditions of the equipment and bio-ecosystem provided for the provision of such services are subject to a change in the specified limits, if the physicochemical characteristics of the wastewater supplied by other complexes exceed the agreed limits, not only the risk of non-conformity of the wastewater treatment outlet will increase environmental standards, but also Fajr Petrochemical Company will face the risk of operating out of its equipment. These two significant risks make the company more responsive to other key stakeholders, including government and public organizations, the general public and shareholders. On the other hand, the company has attempted to create an economic value created by the systematic deployment of energy management approaches in an organization to create environmental value. Natural gas is the main source of energy in the Fajr Petrochemical Company. Through the establishment of up-to-date standards, energy management, and detailed energy perfection, the company has resorted to the re-planning of heat production and recovery so that on the one hand it can maximize the power of equipment production and, on the other hand, can reduce consumption. As a result, greater profitability, reduced natural resource utilization and reduced air emissions are obtained.

What's certain is that the existence of an environmental sponsor in the Fajr Petrochemical Company which operating at all levels of its organization that acts as a valuable asset in defining and promoting environmental plans and objectives. Fajr Petrochemical Company hopes that all relevant key stakeholders also have the same common understanding that environmental sustainability has a direct impact on the health of family and working lives, decent living conditions in local communities, and the continuation of long-term productive economic success.



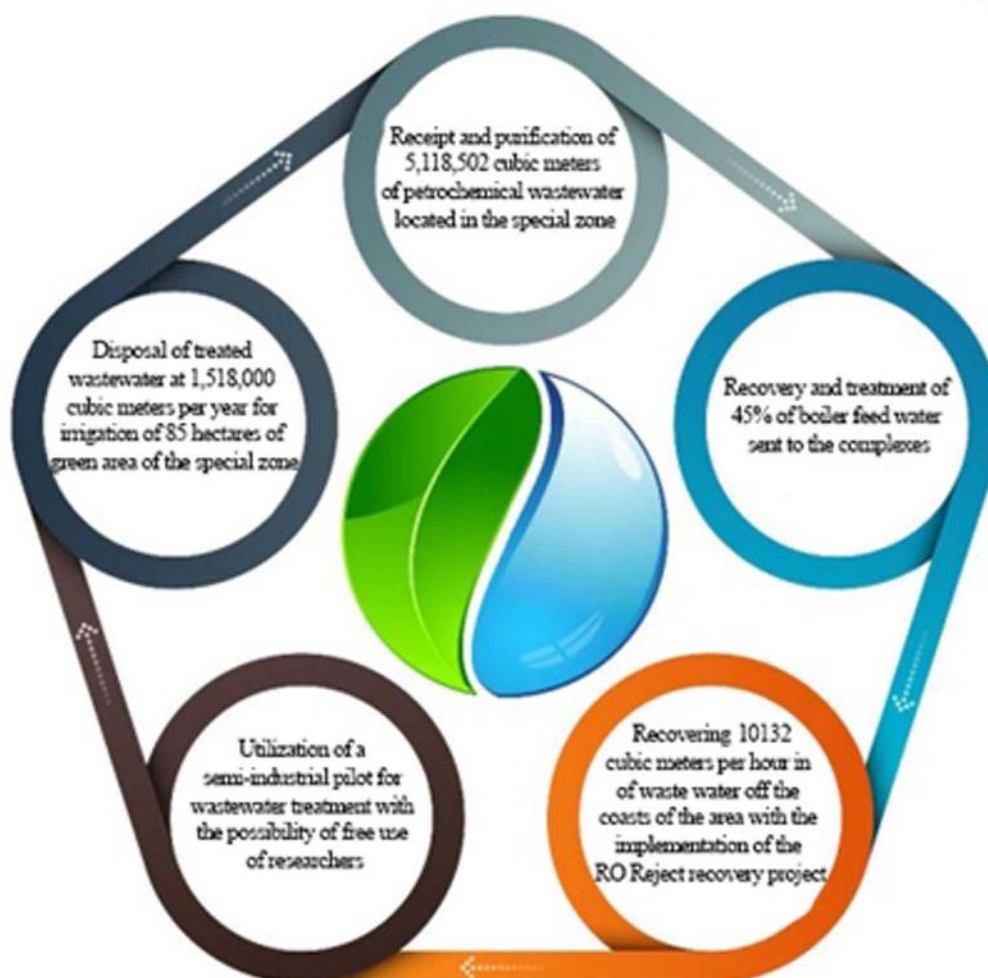


CEO Statement

Investment costs of wastewater treatment unit	IRR 631,057,000
Current costs of wastewater treatment unit and current cost	IRR 210,656,000
Current cost of waste disposal of wastewater treatment unit	IRR 52,868,000
Costs of waste disposal of water treatment unit	IRR 8,566,000
Cost of refining pollutants by trusted laboratories	IRR 450,000,000
Cost of restoring waste water of reverse osmosis project	IRR 599,831,000

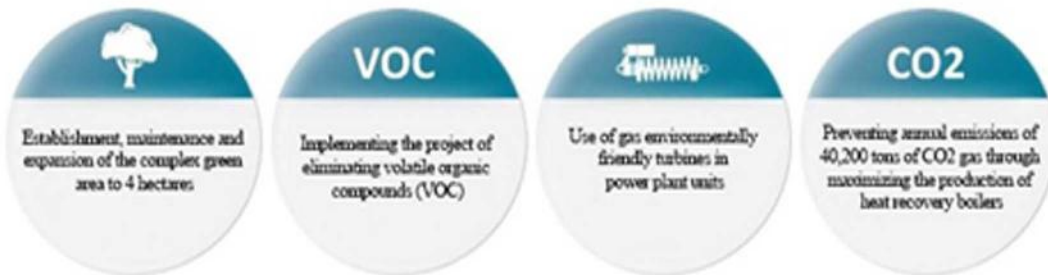


Management of effects on water

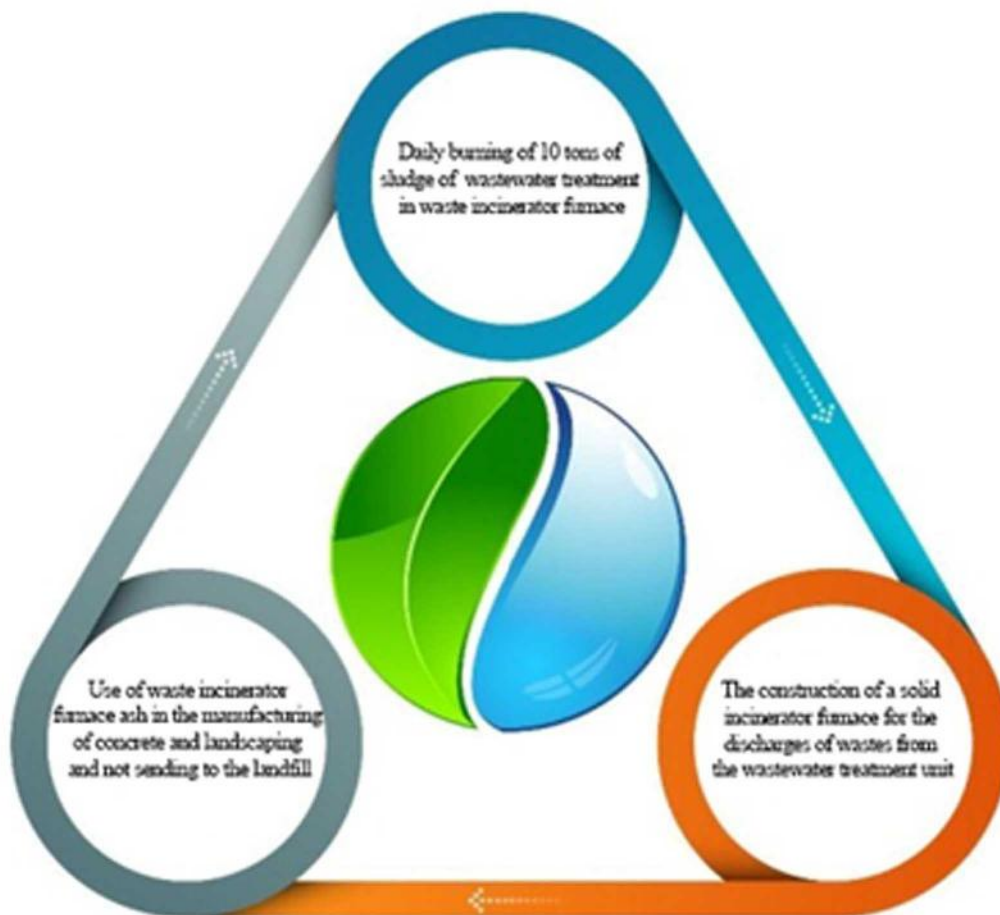




Management of effects on air



Management of effects on dust





Management of effects on natural resources



Reduction in harvesting 10132 cubic meters per hour of raw water from the Karoon River with the implementation of the RO Reject project



Reducing annual consumption of 21,660,000 standard cubic meters of gas through maximizing production of heat recovery boilers

FAJR
PETROCHEMICAL
GREEN



Creating economic value through the creation of environmental value



Annual economic savings of about 150 billion rials with the implementation of RO Reject project



Realization of more than 31 billion Rials of profit by maximizing the production of heat recovery boilers

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Development of the system platforms for integrated environmental management

At the strategic level, the strategic goal of "improving compliance with laws, requirements and environmental standards" reflects the commitment of senior executives to adopting business development approaches and programs in an environmentally friendly manner. In this regard, management and staff have committed themselves to environmental engineering in the policy of a comprehensive management system. The three main elements of the integrated management policy framework clearly reflect the commitment of the company to integrate the approach and view of environmental protection in various strategic and operational dimensions.

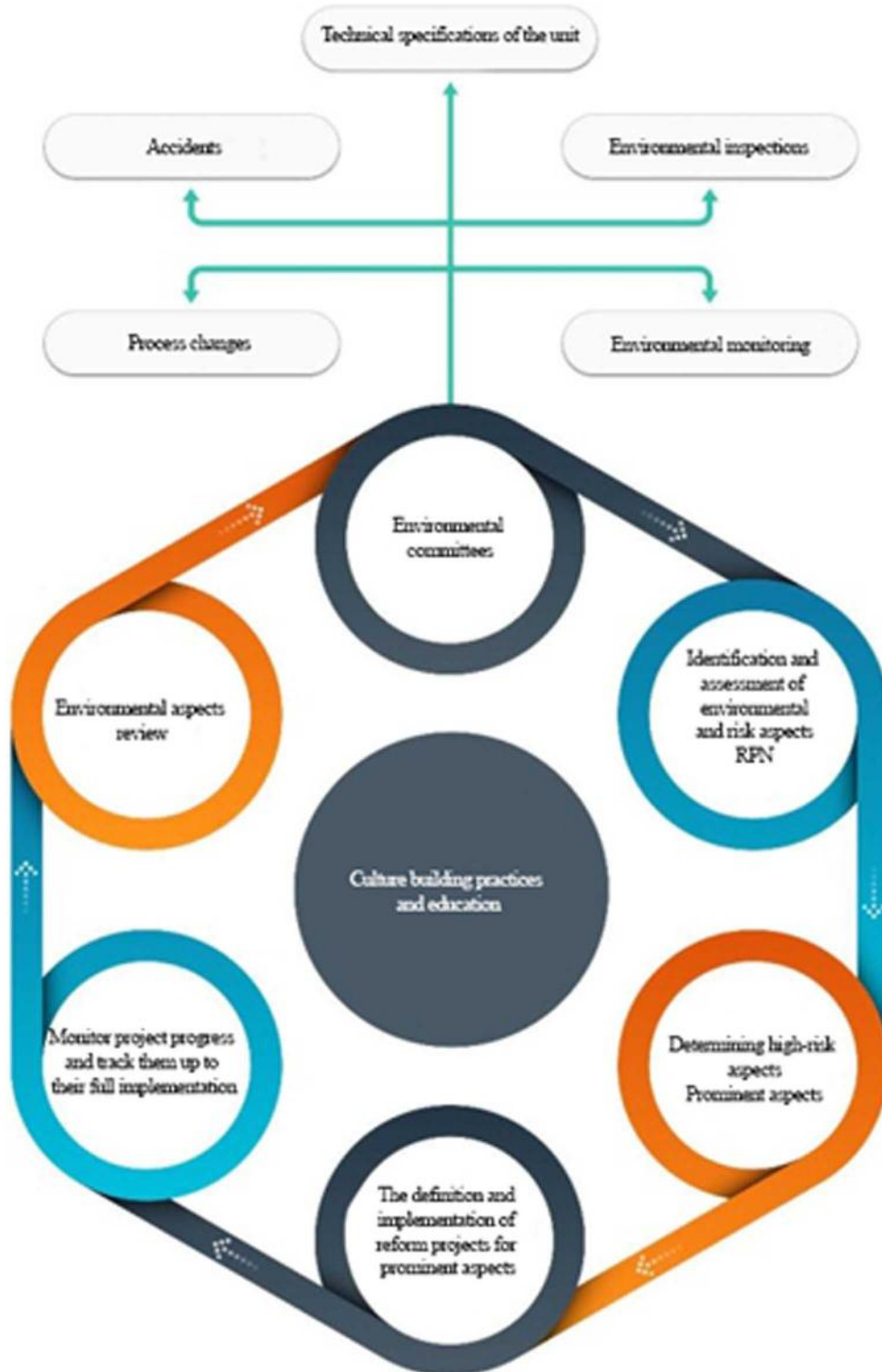
- Commitment to continuous improvement in all areas of quality, safety, environmental health and energy efficiency based on the assessment of the performance of the management community.
- Prevent events, environmental pollution and energy loss by controlling and analyzing potential factors affecting them.
- Identification and compliance with legal requirements and obligations related to activities, services and products in the field of quality, safety, professional health, environment and energy in order to manage and control the impact of environmental pollution on the ecology of plants, animals, landscapes and human and natural resources, agricultural land, water, forest, energy, marine, and mineral and air sources, have been implemented in accordance with the Quality Regulation for implementing ISO 14001 environmental management in 2004. In order to evaluate and monitor the above-mentioned approach, tools such as internal audit, external auditing, self-assessment, assessment of Petrochemical's Award, measurement of relevant parameters and presents its results at management review meetings have been used. Also, indicators such as percentage of compliance with the legal requirements of the waste water in the complex, the percentage of compliance with the regulatory requirements of the air in the complex, the average environmental risk, the percentage of waste assigned to the determination is defined to measure the approach.

In order to streamline the approach, the necessary and supporting processes in the field of environmental management have been defined and deployed at Fajr Petrochemical Company. One of the most important is the identification process of the assessment and review of the environmental aspects of the organization. The environmental aspects and their consequences are identified by identifying related processes and activities, with regard to issues such as emissions to air, water, soil or resource consumption, as well as the existence of a legal requirement in each case. The assessment of environmental aspects and issues is done according to the FMEA method, and the risk priority number of RPN and the necessary controlling and corrective measures are determined for each aspect.



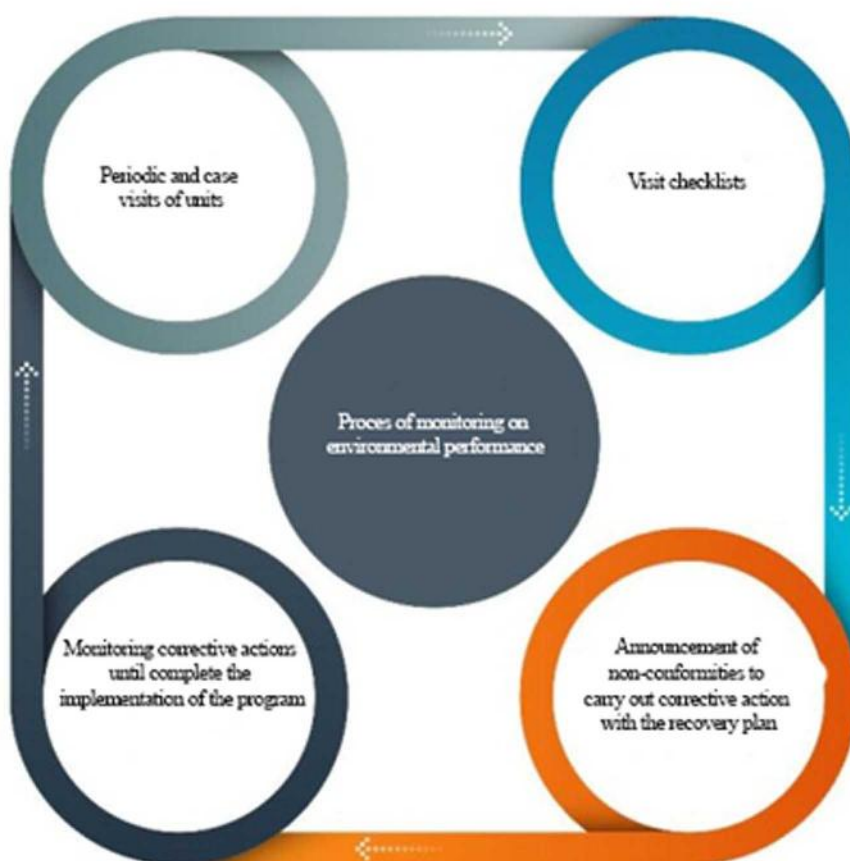


The method of identifying, assessing and reviewing environmental aspects



One of the most important steps in the management cycle is to monitor performance in order to ensure that the route is correct, identify errors and act for timely correction. As a result, the process of monitoring environmental performance in the company has been flowing. The most important steps are as follows:

- Monitoring the environmental parameters of air and wastewater effluents
- Investigate and analyze the integrated laboratory results for wastewater effluents on a daily basis and submit inconsistencies to the relevant units.
- Investigate and analyze the results of online analyzers on plant stacks
- Review and analyze the results of the trusted laboratory and submit inconsistencies to the relevant units
- Prepare and submit non-conformist wastewater to the heads of the complexes
- Updating environmental indicators
- Provide a monthly environmental statement for the complex and send it to the management planning unit
- Supervise and control the environmental aspects of operation units and submitting reports to relevant units

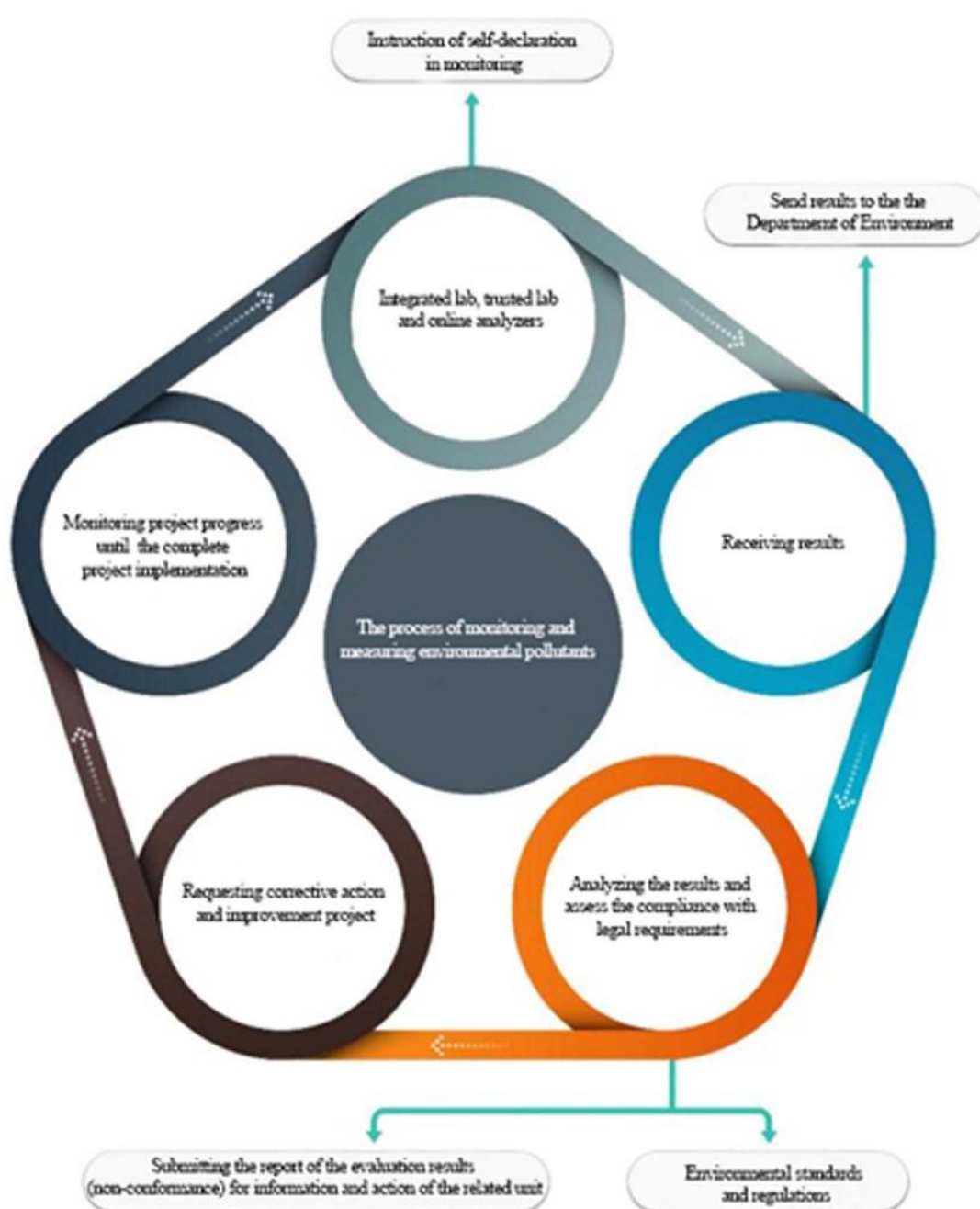


In order to ensure compliance with the environmental standards, the pollutant parameters at the wastewater and air outlet of the complex are checked by the laboratory of the complex, as well as by the trusted laboratory of the Department of Environment periodically and in the form of self-declaration. This will be realized through current fine monitoring and measurement of environmental pollutants in the Fajr Petrochemical Company. In this system, the online monitoring system is installed on the gas turbine stack unit of the plant and the air parameter, such as NO_x and CO are measured continuously in the exhausting gases. In the treated wastewater, the parameters of PH and COD are monitored by the online analyzer.



Important measures in the monitoring and measurement process are:

- Measurement of the environmental pollutant parameter on complex output by the complex laboratory
- Measurement of the environmental pollutant parameter on complex output by the trusted laboratory
- Measurement of the environmental pollutant parameter on complex output by the online analyzers
- Supervising trusted laboratories monitoring
- Monitoring of air pollution control by installing appropriate equipment (analyzers)
- Perform the necessary coordination with the complex laboratory to measure environmental parameters





Waste management

The Fajr Petrochemical Company plays an important role in the environmental protection of the region by receiving and treating wastewater from the complexes of the special area. Wastewater treatment units 1 and 2 have been constructed in order to purify the industrial and sanitary wastewater of complexes of the special area in Fajr Complex. Fifteen complexes located in the special area send their waste products to wastewater treatment units of Fajr Petrochemical Company.

These wastewaters are as follows:

- Oils with low salinity or Low TDS
- Chemical waste with high salt or High TDS
- Sanitary waste
- Hydrocarbon wastes

The capacity of wastewater treatment units 1 and 2 is 460 and 520 cubic meters per hour, respectively. The Low TDS wastewater treatment process consists of three major parts:

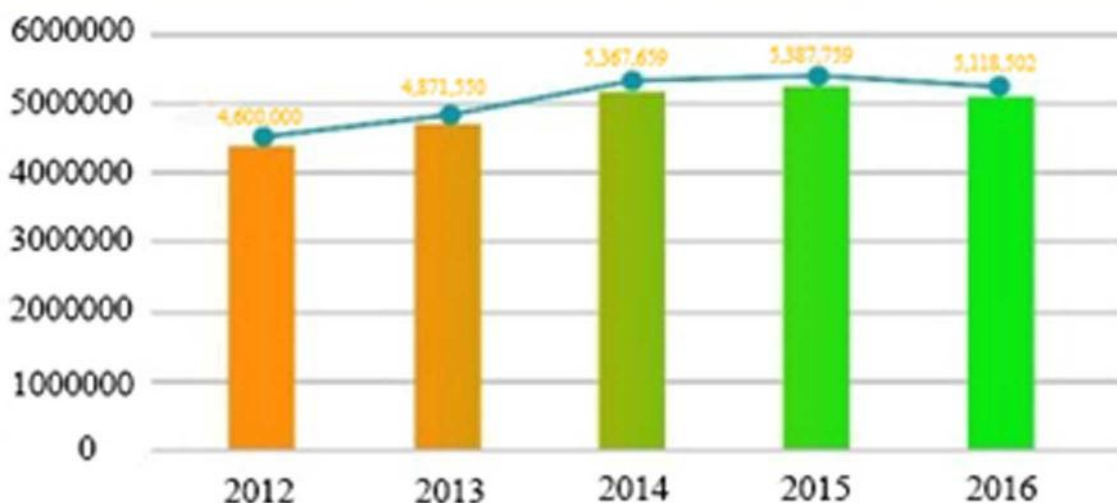
- Part I: Input, uniformity and physicochemical purification
- Part II: Biological purification, filtration and disinfection
- Part III: Sludge processing and dewatering

To optimal use of water resources, low TDS treated wastewater, within the scope of environmental standards is used to irrigate the green area of the special area for free. This action, on the one hand, reduces the consumption of raw water for irrigation, and on the other hand, by creating this greenery, improves the condition of the air.

The high TDS wastewater treatment process consists of two sections of the complete mixing and optional lagoon. High TDS effluent is introduced after purification steps.

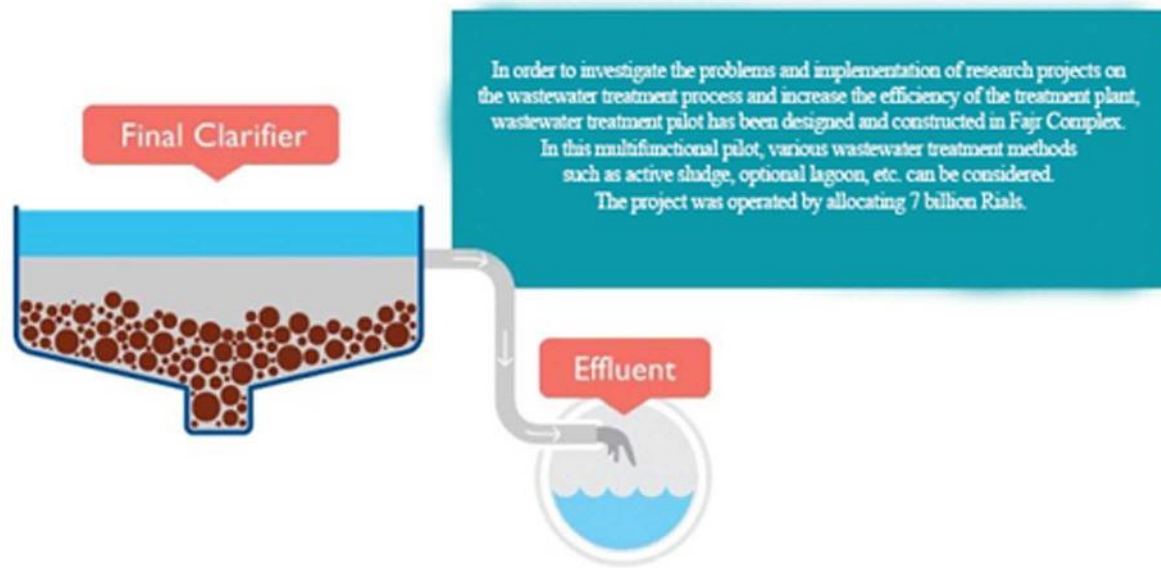
Recovered and refined wastewater treatment indicator (cubic meter per year)

2012	2013	2014	2015	2016
4,600,000	4,871,550	5,367,659	5,387,759	5,118,502





Wastewater treatment pilot



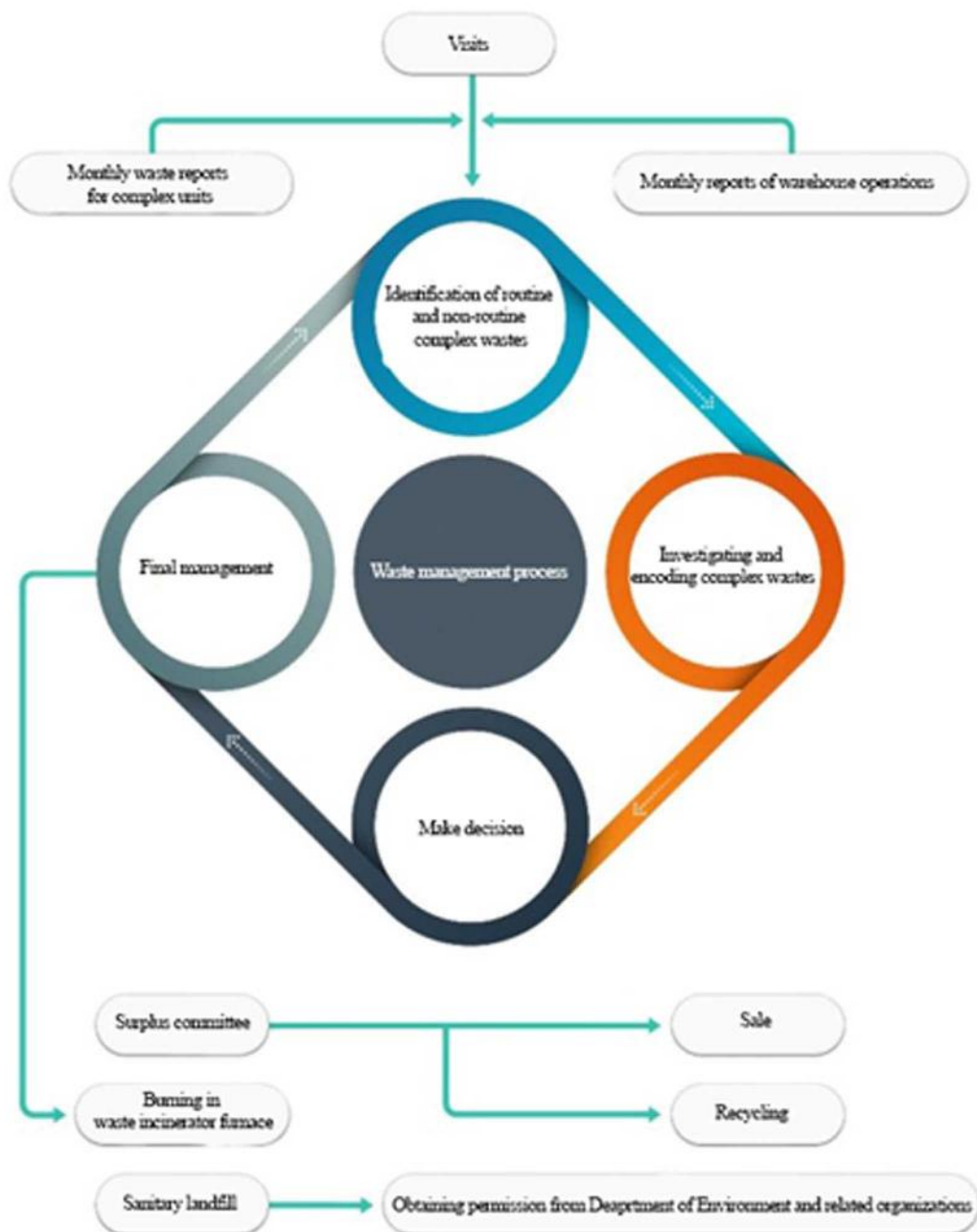
Recovery of wastewaters of reverse osmosis unit since 2015

The purpose of this project is to optimize and save water resources. In water purification units of Fajr Petrochemical Company, condensed water from reverse osmosis units titled RO Reject contains high mineral soluble and enters the area hives. Due to the high volume of these wastewaters, designing and construction of RO Reject water recovery unit was on the agenda in Fajr Petrochemical Company. The implementation of the project has been started by domestic companies since 2013, and with follow-ups and efforts, a double block of the RO Reject retrieval unit was launched in 2015. By implementation of this project, 10132 cubic meters per hour water is flooded into the streams of this area, and will be restored to the production cycle, and in the same way, the harvesting of raw water from the Karoon River will be reduced. Protecting valuable water resources and saving the economy is worth 10 billion Rials a year from the effects of this project.



Waste management

- Monitoring and follow-up the principled and controlled excrement of waste materials, especially in the form of burial at approved sites of the Department of Environment or burned under controlled conditions using modern methods;
- Applying the governing rules on collection, storage, processing, transportation and disposal of hazardous and non-hazardous wastes;
- Collecting information and monthly reports of units' wastes;
- Preparing monthly waste reports for the complex.



Types of wastes managed at Fajr Petrochemical Company include:

- Sludge of wastewater treatment unit
- Semi-homemade waste
- Electronic waste
- Waste oils
- Ash of waste incinerator furnace
- Metal wastes
- Cable
- Deposited mud of water purification unit
- Rock wool
- Battery



Inventory statistics and how to manage waste in 2016

Row	Waste Name	Amount (Ton)	Final Management (Ton)				
		Total inventory of the year	Recycling	Sale	Burning	Landfill	Temporary Maintenance
1	Deposited mud of water purification unit	56215	0	0	0	56215	0
2	Sludge of wastewater treatment unit	178.7	0	0	157.7	0	21
3	Ash of waste incinerator furnace	10.25	7.8	0	0	0	2.5
4	Semi-homemade waste	250	0	0	0	250	0
5	Metal wastes	100	0	97	0	0	3
6	Rock wool	6	0	0	0	0	6
7	Electronic waste	0.9	0	0	0	0	0.9
8	Waste oils	303.4	0	216.4	0	0	87
9	Cable	100	0	96.5	0	0	3.5
10	Battery	0.5	0	0	0	0	0.5
Total		57164.75	7.8	4.9.9	157.7	56465	124.4

The purified mud of water purification unit is one of the major waste in the complex, resulting from the sedimentation of salts in the process of water treatment and in large volumes. This waste is disposed of after being loaded in sludge trucks, taking environmental considerations into the location designated by the Environment Bureau and carrying out the oversight of the unit. In a new approach to the feasibility of recycling or any use of this kind of waste instead of its waste, the general call for the release of these sediments has taken place, which, after coordinating with several scientific and research centers and conducting various analyzes and field visits, the production of a valuable products are being studied using these sediments. Currently, consideration and feasibility of the use of these sediments as a soil to create green space is ongoing, which, if this plan is to succeed, can be used to determine the potential of these sediments for creating vast green space in the area. The waste incinerator furnace of Fajr complex was designed and constructed to dispose sludge from wastewater treatment plant. This solid incinerator furnace was commissioned at a cost of 60 billion Rials. Due to the hazardous nature of the sludge treatment plant and its high volume, the sludge was burned at about 10 tons per day in the furnace and the resulting ash as a constructor in the manufacture of concrete and cement is used. Lubricating oils and hydrocarbons are also available from other wastes. In the old way, there used from the liquid incinerator furnace which was designed 20 years ago. But now, these types of wastes are sent to recycling companies which have environmental license and permits. Other wastes in the complex are also governed by the fundamental principles of waste management, namely the reuse, sale and recycling, burning and burial.



Two most important current environmental management programs are:

- Collaborating with academic centers to study and review comprehensive wastewater treatment units
- Performing the necessary measures to land at Mahshahr-Omidieh road to Fajr Petrochemical Company for disposal of waste from water purification units, coordinated by the Natural Resources Bureau and the Agricultural Jihad Department



Environmental education and culture

Key strategies and approaches of the company are supportive of environmental education and culture. In line with the major goal of "developing, committing and promoting organizational knowledge management" as well as in accordance with the sixth clause, namely, "Attention to creative and thoughtful manpower, and maintaining and enhancing the scientific and specialized levels of staff with continuous education and human resource development as the most important capital and attracting their participation ", a variety of educational and cultural activities are being implemented in the company, some of which are:

- Organizing general and professional environmental education courses
- Participation in environmental conferences and events
- Preparing and distributing books, newsletters and environmental magazines
- Continuing activities of the "Clean Energy of Fajr" for voluntary participation of enthusiasts in various environmental fields.
- Tracking, collecting and publishing an industrial wastewater treatment book
- Participation with the Department of Environment of Khuzestan Province in publishing environmental education books



Green space

Establishing, maintaining and expanding the green space of the complex is another measure aimed at improving the environment and health of employees in the Fajr complex. For this purpose, an area of four hectares has been used to create green spaces in the complex, which is associated with the planting and maintenance of species enhances the environment and enhances employees' morale.



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Development of system platform in energy management

Fajr Petrochemical Company as the main supplier of utility products in the special economic area of Imam Khomeini Special Economic Area has always tried to ensure the supply of these industries in a stable and secure manner. This requires a moderate approach for simultaneous management of production and supply. To this end, while considering the necessity of product stability and lowering the cost of products, since 2006, to realizing the cost of energy carriers, a change in attitudes about how energy is produced and consumed in such a way as to achieve uninterrupted energy supply as well as in National and corporate interests were needed, so this unit has been renamed to the Energy Management Department since 2009. It was also attempted to manage energy production and consumption in all its activities in some way in terms of energy efficiency.

In this regard, the company has set up an energy management system based on energy management standards. This work has been carried out since 2010 by obtaining a system consultant for ages and by forming necessary working groups to implement energy management standards. Finally, in the summer of 2011, after conducting an external audit, Fajr Petrochemical Company obtained the ISO 50001 certificates as the first company in the oil and gas industry and the second company in the country as well as certificates of EN16001 and MSE2000.



Nature of energy consumption

In general, and considering the existential nature of Fajr Petrochemical Company, in order to provide the utilities of the complexes of the region and the existence of two large power plants on sites 2 and 4 of the special economic area, the major supplier of energy in Fajr Petrochemical Company is natural gas. Gasoline is also used as a fuel for situations where gas-fired power plants have a definite problem or reduced pressure. In the ordinary time of work, the company sells electricity through general network and home network connections. Meanwhile, electricity is expected to be received from the network.

Natural gas is supplied to the National Iranian Gas Company through the Special Economic Area Organization. Diesel fuel consumption is also directly purchased from the National Iranian Oil Company Distribution Company.

Consumption of gas and fuel is reported within a one-month period.



Fuel and gas consumption in 2016

Natural gas (Standard cubic meter)		Gasoline (liter)
Area 1	840,992,707	5,935,396
Area 2	555,503,842	8,569,151
Total	1,396,496,549	14,504,547

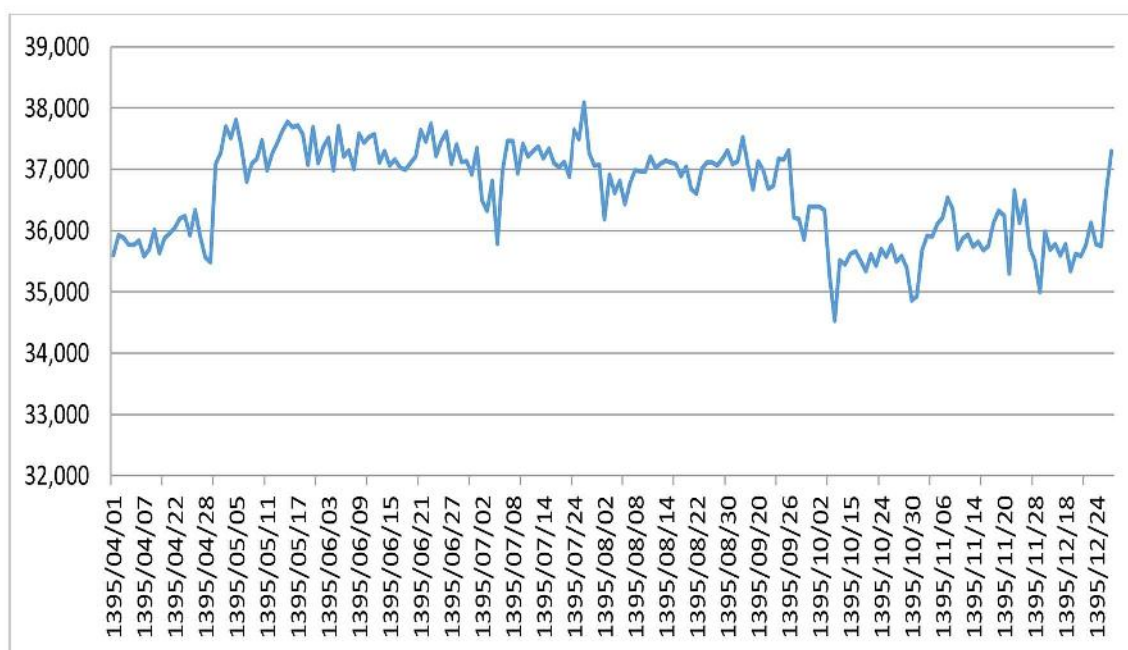


Operational and performance requirements of energy management

As mentioned in the previous section, this complex is the main supplier of energy for petrochemical complexes. Any interruption and lack of timing of utilities will result in incidents of environmental degradation, waste of resources, damage to production lines and macroeconomic imbalances. As a result, the importance and uninterrupted sustainability of the utilities of these complexes, along with the company's interests, is of paramount importance. This means that for this purpose, empty production capacity should be considered, which in turn will reduce the efficiency of production equipment, such as gas turbines. This issue and the momentary variability of the existing conditions cause the lack of transparency from the real need. In order to solve this problem, it has been attempted to use the training, conducting strategic energy management projects in production, conducting audits, creating a computer model of production units, defining performance indicators, and producing case and monthly reports to take over non-compliances of energy management.

On the other hand, the quality of fuel consumed by gas is effective in managing energy in the complex. The fact is that the quality of the fuel gas is variable with mixed variation of its components. Therefore, the energy management unit conducts correspondence with the results of the analysis of this fuel on a daily basis from the laboratory and will assess the quality and calculate the thermal value of the consumed fuel. Measurement of fuel quality is very important when calculating energy indices. Therefore, the sensitivity analysis of energy indices affected by fuel parameters is performed.

Changes in the low thermal value of fuel based on kilojoules per cubic meter standard



Another important and influential approach to energy management in the Fajr Petrochemical Complex is to have a clear and accurate knowledge of the amount of energy for complex activities. In this regard, based on a detailed audit, the amount of input energy and how it is consumed in the complex and other petrochemical complexes is performed. According to the findings, the main energy consumption is in power plants, and the share of consumption of these units is a major part of consumption.



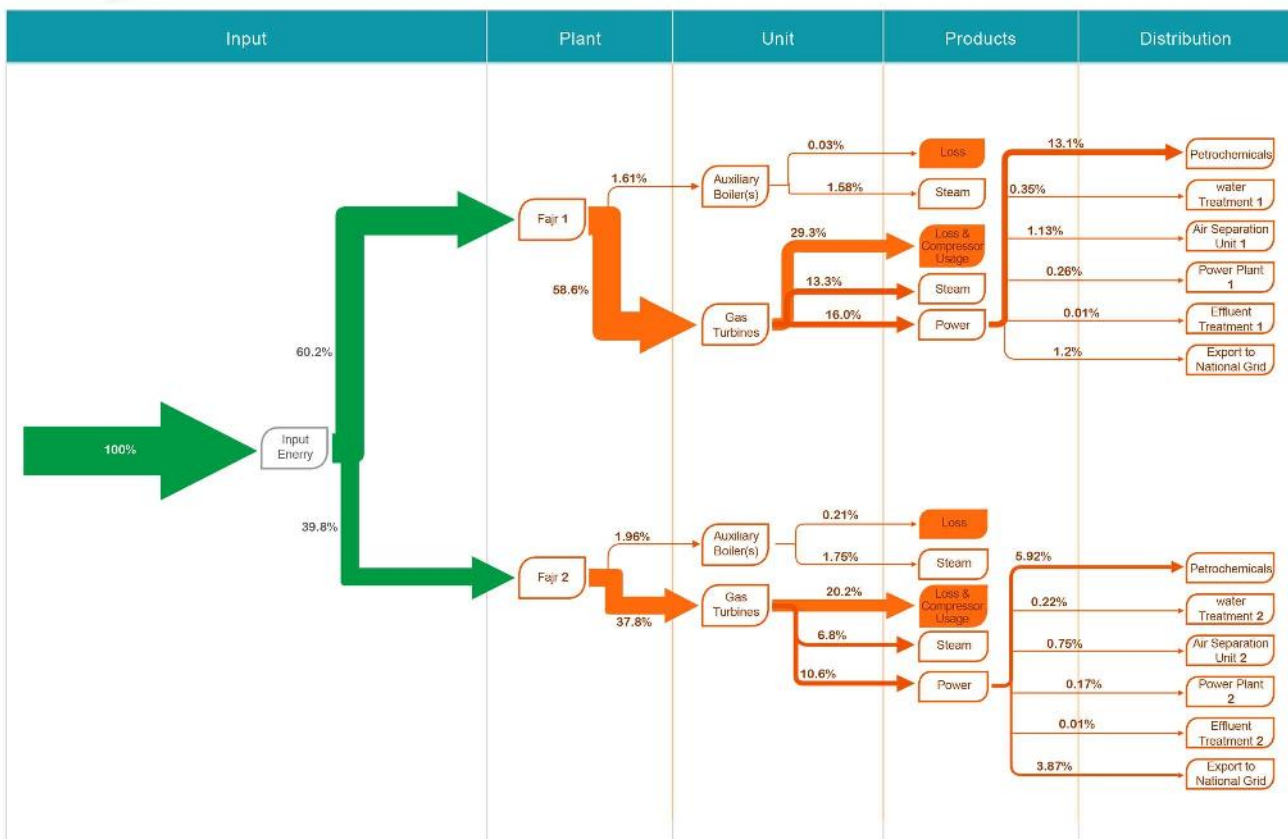
Minimization of auxiliary boiler production of the power plant

Auxiliary boilers have been considered in the design of Fajr Petrochemical Power Plants. The reason for using these boilers is the lack of dependence of absolute steam production on electricity production. These types of boilers are known to have a significant consumer energy consumption in the complex. Therefore, for the management of energy and costs in the petrochemical complex, steam production by these boilers has been minimized. It is an attempt to boil the boilers in the least possible design of the boiler, except in special cases of production of heat recovery boilers or gas turbines. For example, if each of these boilers produces more than 10 tons of steam, given that 4 boilers are installed in these units, this steam needs 3560 normal cubic meters per hour of gas. With an estimated 8,000 working hours for these boilers per year, the total is approximately 5.3 million cubic meters of gas. Subsequently, this fuel cost is equivalent to 42 billion Rials of fuel. It is noteworthy that the savings made in this complex, which exceeds the above figures, are up to 3 times that amount. The most significant side effects of this plan are the reduction of greenhouse gas emissions.

Implementing the minimum steam production policy in auxiliary boilers and maximizing the use of heat recovery boilers on gas turbines has led to an increase in 4.5% share of production in boilers as auxiliary boilers. This important step was to achieve an additional profit of 90 billion Rials in 2016. On the other hand, the measure has had significant environmental impacts such as reducing natural gas consumption and avoiding CO2 emissions per year.



Sankey Energy Chart of Fajr Petrochemical Company



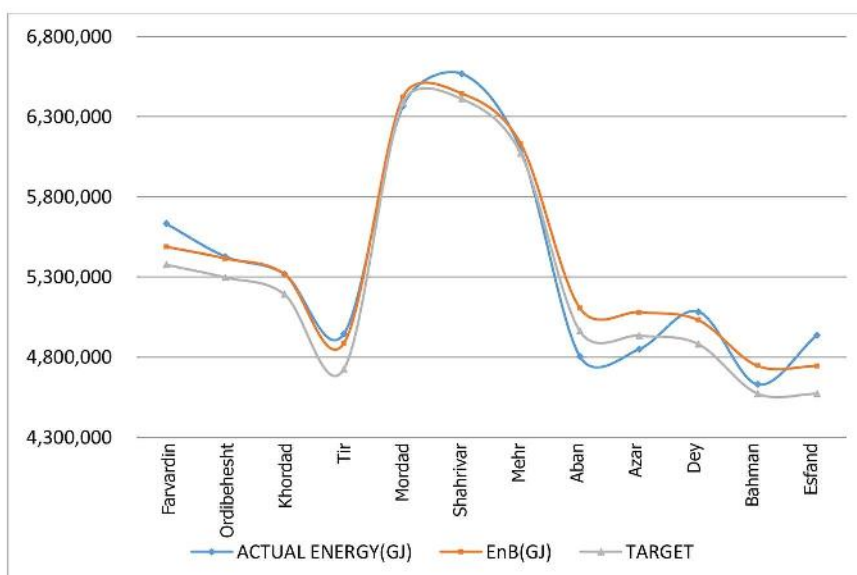


Energy Management Performance Indicators in 2016

Energy Performance Indicator	Unit	Goal	Area 1	Area 2	Total
CHP efficiency	Percent	50.0	45.8	52.9	48.1
Net electricity efficiency of LHV	Percent	26.3	23.8	26.4	24.7
Gross electricity efficiency of LHV	Percent	**	26.2	28.0	26.8
Fuel recycling percentage of turbine fuel by thermal recovery boilers	Percent	**	21.3	26.3	23.0
Net heat rate of LHV	Kj/KWhr	**	13741	12862	13432
Gross heat rate of LHV	Kj/KWhr	**	15114	13617	14574
Power generation performance index	Cubic meter standard per MWph	370	383	358	374
Power generation financial index	Rial – fuel / kw	---	555	519	542
Steam generation financial index	Rial – fuel / Ton steam	---	12.475	0	7983
Steam generation performance index	Generated steam HRSG to general	82.0	89.9	100	93.5
Water generation performance index	Kilowatt hours per cubic meter	2.80	3.93	1.83	2.60
Air unit performance index	Kilowatt hours per normal cubic meter	0.40	0.45	0.39	0.42
Wastewater unit performance index	Kilowatt hours per normal cubic meter	0.80	0.93	1.18	1.04



Graphic energy line of Fajr Petrochemical Company



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Management and
performance
Social responsibility



A review of social Responsibilities in Fajr Petrochemical Company

Adoption of a participatory approach brings social responsibility directly into the sustainability of the company's business. In this regard, the company has defined and developed strategic goals and macro approaches related to its two key stakeholders, employees and the community. Fajr Petrochemical Co. regards the human resources of the company as a valuable organizational and social capital. Without exaggeration, it can be said that one of the pillars of success in the company's economic and environmental responsibilities is its human resources. Empowerment and continuous and active training at different levels of organization among colleagues are among the areas of interest in the company. One of the challenges faced by Fajr Petrochemical Company in the field of human resource management is the existence of four recruitment categories. This difference lies in the system of employee compensation and employee benefits. However, the company has taken steps to redress the benefits of employees at different levels in order to increase staff satisfaction and create work justice. Given the fact that Fajr Petrochemical Company is constantly practicing as a private business, it is imperative that the development of the necessary tools to attract and retain expert, creative and committed human resources will consider as an important competitive advantage. As a result, the company has defined and implemented two programs for the development of a performance management system and a successor system in 2015, with its subsequent stages being followed later in the year. One of the most important and valuable points among the company's personnel is the current nature of the environmental sponsor and humanitarian activities. In this regard, during the last few years, personnel volunteered to participate in related programs and activities through the Clean Energy Fajr work group and Imam Hassan Mojtaba's Charity Association. Recognizing the fact that Fajr Petrochemical Company is part of its community, it has always been sensitive to the needs and expectations of its main stakeholders. Participation in social and charitable programs is based on the decision-making process and collective action through the Strategic Council of the Managing Directors of the Petrochemical Industries of the region. This approach has advantages and disadvantages. On the one hand, by combining the financial support of different companies, it is possible to define large projects to address the major challenges of the local community. But, on the other hand, it is not possible to promote brand and confidentiality unique to Fajr Petrochemical Company in the general public. Company aids are applied in development, health, cultural and charity fields. From a business continuity management point of view, continuous communication with the community to monitor and manage social risks that could affect Fajr Petrochemical Company is of strategic importance. In fact, Fajr Petrochemical Company is investing in the current and future social development of its business by contributing to a dynamic and healthy society.



Human capital perspective

Having high productivity employees and distinctive capabilities (Skilled, Accurate, Bouncing, Humble, Flexible) in the Persian Gulf holding



Human capital mission

Human capital management plays a key role in empowering, developing creativity, and improving the satisfaction of Fajr Petrochemical employees and acting as the strategic partner of the organization in fulfilling the vision.



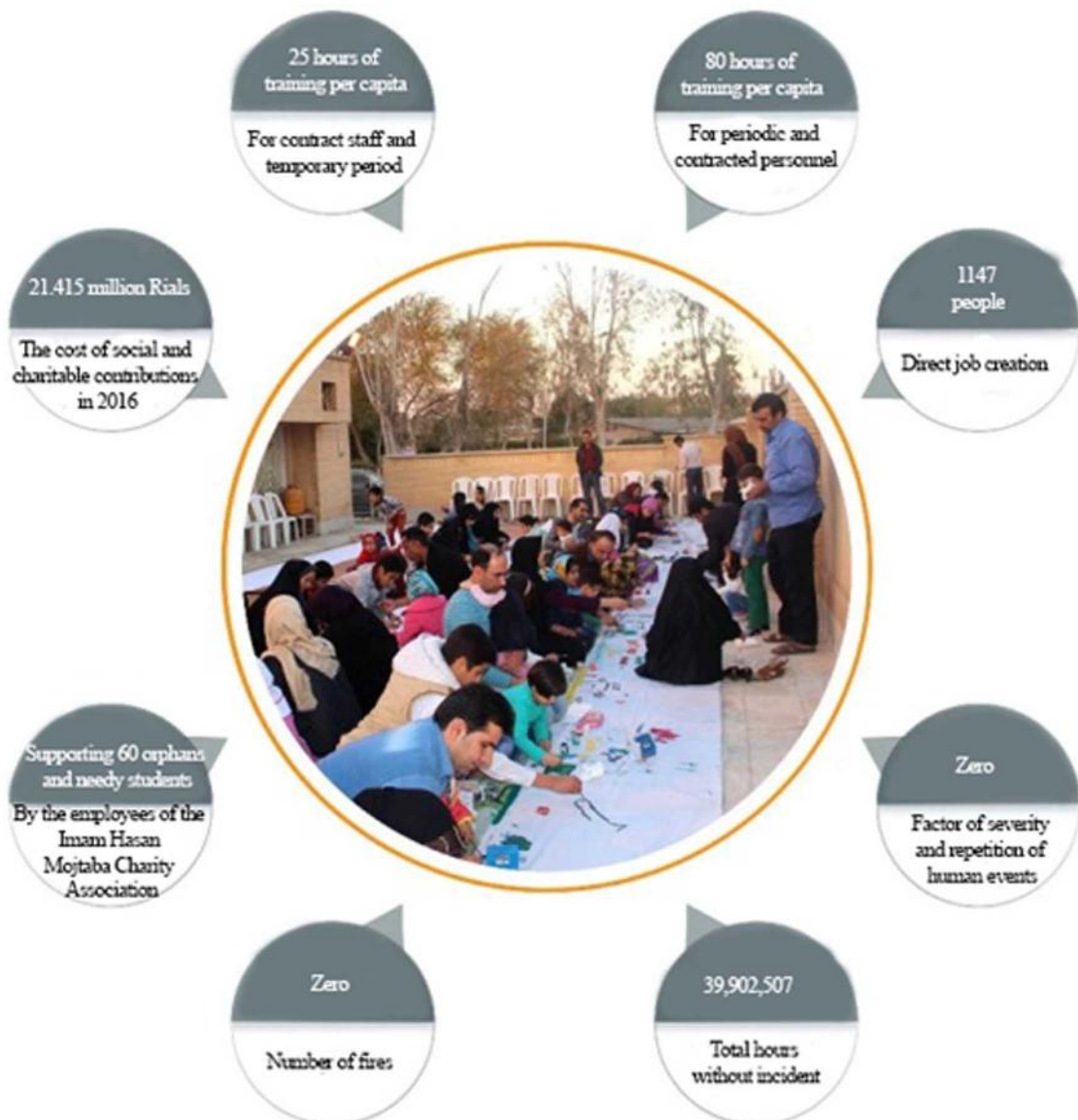
Fundamental human capital values

- Physical, mental and social health
- Proper behavior and effective utilization of our capabilities in confronting challenges
- Participation in solving organizational issues and efforts to teamwork
- Futurism and adaptation to positive developments and new ideas
- Continuous learning and upgrading skills and career experiences



CEO Statement

- Improve stakeholder satisfaction
- Promoting human capital productivity
- Empowerment of human capital
- Improving organizational commitment
- Improving communication channels
- Compliance with the legal requirements of health
- Observing the safety and work environment requirements



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Man in the workplace, organizational and social capital

Fajr Petrochemical Company believes that human capital is one of the key elements in supporting key processes for the implementation of the organization's policies and strategies. Policy, strategies, goals and human resources plans with the presence of heads of affairs and different sectors and approved by senior management of the organization. For this purpose, by forming the process committees of the Human Resources Committee, which consist of representatives of human resource processes from different levels of the organization, they are implementing a human resources strategy that is consistent with the business strategy. Strategic human resources plan has been developed in order to achieve a big change in the eyes of the employees, the resource paradigm and its flow into Fajr Petrochemical Company. This change requires a partnership between the company, the staff and the human capital management unit, each of which has a unique role. The first role is for managers and heads of all units who, using their leadership abilities and skills to growth of staff. The second role relates to employees who, with a determined organizational commitment, are committed to their own progress and organization. The third role relates to the human capital management unit, which is responsible for processing the requirements and providing the structural and functional infrastructure necessary for the implementation of the program. The program builds on studies in three phases of diagnosis, prescription and change, focusing on the transformation of human resources into organizational capital, so that employees are considered as the most important assets of the organization and play a key role in solving current and development issues.



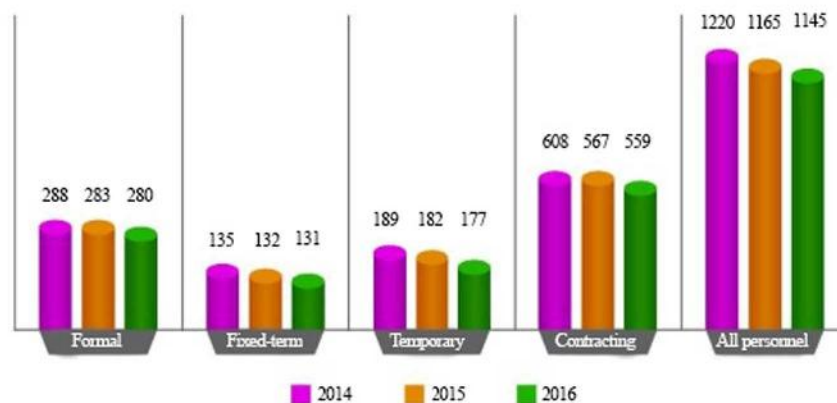


Characteristics of human forces

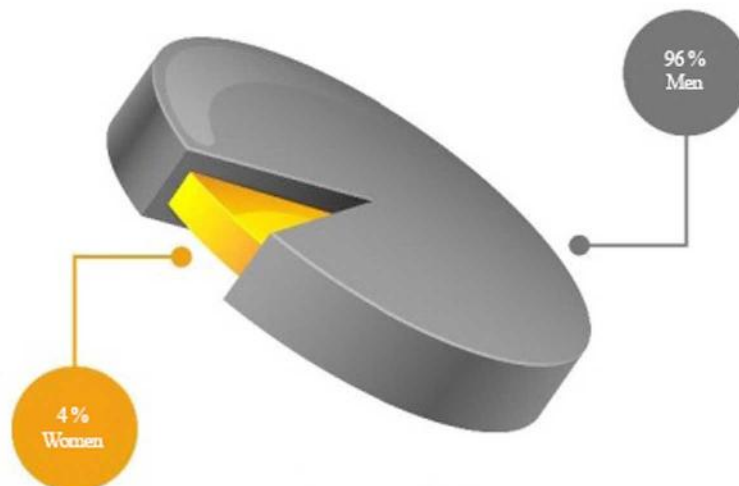
Fajr Petrochemical Company is engaged in recruiting human resources in accordance with the laws and regulations announced by the Persian Gulf Petrochemical Company. Currently, there are four formal human resources groups, formal, a fixed-term contract, a temporary contract and a contractor at the company. Formal and fixed-term staff are only different from the rules of employment, so that the first group was formerly a subset of the Ministry of Petroleum, and the second group was governed by the laws of labor and social security and some regional departments. These two groups are in common with some extraordinary rights and are subject to the Ministry of Oil system. Temporary contract workers are working with the company under the labor and social security laws and some regional directives. On the other hand, due to the nature of the activities of Fajr Petrochemical Company, part of the activities are also carried out through contractors. In this regard, in addition to monitoring the quality of the manpower supplied by the contractor, the contractor has full control over contracting forces and observing their terms and conditions in terms of manner of engagement. In 2016, a total of 1147 employees were employed. Of these, 1,099 were men and 48 were women.



Number and composition of personnel contract



Combination of personnel by gender in 2016





Training and empowerment of personnel

The leaders of Fajr Petrochemical Company have put the employee's empowerment and training into a special position as organizational capital. In this regard, in order to support the strategic goal of empowering and developing creativity, and also to identify, analyze, plan, and develop competencies and skills of staff in order to meet the key stakeholders needs and increase staff satisfaction. The Fajr Petrochemical Complex has been systematically implementing the training process in accordance with ISO10015 guidelines for the development of employee competence. On this basis, four steps are required: training needs, training planning, training implementation, and finally, the effectiveness of the training.

Every year, the company determines the educational needs of all formal and contractual employees for a specified period at all levels of the organization and according to the importance of the job. Training requirements are determined at three levels; Determining the need for annual training by staff planning, determining the special educational needs, determining the educational needs of the supra program. After determining the educational needs, the education department will take steps to plan and implement the designated training courses. The assessment of the effectiveness of the courses is done in two ways. The first assessment is conducted during the course by the education department, and then the quarterly assessment is carried out by the human resources planning unit. the human resources planning board defines and evaluates the curriculum in three groups of skills, knowledge and attitudes in order to determine more precisely the effectiveness and in order to improve organizational learning. Based on the results of the evaluations, decisions are made to accept, reject, or need to be renewed. Also, after the end of each training program, the results related to the course are kept in a pervasive personal file as a record.



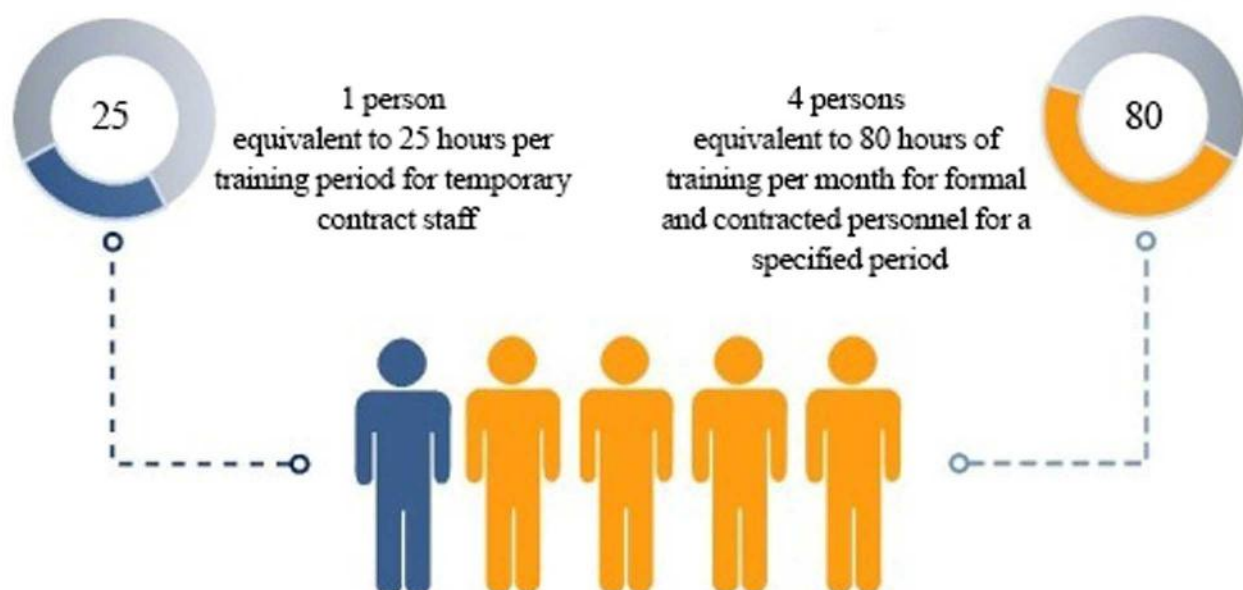
In the past, training plans were only for formal and fixed-term staff. However, due to the company's development process and the importance of training in achieving organizational goals, petrochemical company also thought necessary to train temporary forces and contractors. In this regard, major training is provided to these personnel in the special economic area. In case of urgency and urgent presence of temporary forces in non-regional training programs, the company has made coordination and necessary steps to facilitate this.

In relation to temporary staff, such as formal forces and a specified period, the need for an annual assessment is carried out and courses are conducted within and outside the region. In connection with the training of contracting forces, some of the courses that are formed in the special economic area of petrochemical are carried out at the expense of Fajr Petrochemical Company. But in connection with the periods of the tribute from the region, it is necessary to coordinate both financially and residentially with the contractor. It should be clarified that contractors are required to introduce specialist staff for employment and, in the case of lack of professional qualifications of individuals, the training before the start of work is the responsibility of the contractor himself.

In 2016, training programs were conducted to improve the skills, knowledge and attitudes of staff in the following categories:

- Professional seminars related to employee occupation
- Courses related to quality standards, organizational excellence, strategy, health and environmental safety, English language, stock market, ICDL courses
- Psychological courses include improving communication skills, recognizing individual characteristics, managing excitement and empathy.
- Project-related courses for empowering employees and managers in the form of workshops and training courses on human resource development
- R & B unit seminars
- Professional ethics in organization and management

In 2015, the average educational apprenticeship for formal and contracted personnel for a specified period of four was 60 hours per person. Also, for temporary staff, each one was considered a period and 25 hours were considered. But in 2016 due to the necessity of balance and educational justice, for all formal personnel, temporary and fixed-term staff is scheduled in the training course and 50 hours. It includes planning for all occupational categories and gender.



In order to empower employees at all levels of the organization, the group's approach to group activities has been implemented through the establishment of various internal committees. This approach is designed to create a participatory culture of cultures, the use of employees' tactfulness, employee commitment to work and organization, engagement of staff in improvement activities, and the continuous improvement of the effectiveness and efficiency of the organization's processes. For example, in the Committee on System Proposals, special emphasis has been placed on the work group. Also, with the introduction of issues such as the establishment of an integrated quality management system and organizational excellence in recent years, teamwork activities have become more and more prominent in the work of the quality and organizational excellence groups.

Committee name	Professional field	Time of meetings
Personnel	Employee affairs	Case
Disciplinary	Employee affairs	Case
Reward	Employee affairs	Case
Suggestion system	Review suggestions	Weekly
Internship	Checking the status of interns	Case
Excellency teams	Monitor the process of organizational excellence	Case
Protection and health work	Study of occupational safety and health issues	Case
Thanksgiving design	Customer Satisfaction	Monthly
Streamline the strategy	Strategy	Monthly
Human resource complication	Human resources	Monthly



Manage HR performance based on individual, team goals

In order to achieve the strategic objective of human capital empowerment and within the framework of the performance management approach, after the implementation of the planned training, by creating the fields of activity and in order to ensure the adaptation of the performance of the staff to the organization's skill requirements based on the tools, competencies deployed and started. Based on job analysis, Fajr Petrochemical Company has developed specific performance levels for the competencies of each employee to achieve their goals in the form of a performance appraisal instruction approved by the oil industry, and annually by the staff planning unit and the ratio statistics is graded for staff at different levels and accordingly based on performance enhancement.

Also, in reviews made to assess and empower temporary and fixed-term staff and ensure that the team conforms to the needs of the skills related to the job as well as the goals of the organization's strategy, forms of annual performance evaluation for this group of employees, it is developed and implemented, and its outcomes are used to empower educational needs as well as to continue to cooperate and contract.

Due to changes in governance, the organization is taking off. Performance management is emphasized in addition to assessing employee upgrades and improvements. In other words, the company intends to act as a job counselor and guide for employee improvement. Based on performance management, four stages were defined.

- First, defining and grouping jobs, defining performance appraisal indicators for each of the business groups
- Select the assessment method for each group, including direct assessment methods, all logging records.
- Third is the assessment of the performance scoring method that will be used based on the existing conditions of the nominal scale and mandatory distribution
- Fourth is assessment and presentation of improvement measures after the evaluation, which is carried out on a monthly basis, and the results are reported as confidential reports, and guidelines are given to improve the performance of the behavioral consequences and responsibility will be given to the individual.

In the first stage, the form of behavioral indicators was organized in the organization, each month, the forms of employee evaluation were collected. After the determination of the specialized indicators of each occupation, the final form, which consists of two sections of the behavioral and specialized indicators, is presented as the evaluation form staff performance is defined and streamlined in human resources software. It is currently being sent and received in form of EXCEL form and will be used in the form of comprehensive human resources software.



Staff satisfaction

The leaders of Fajr Petrochemical Company have been working on a staff satisfaction assessment approach since 2009 in order to take advantage of employees' point of view to improve their strategy, policies and staff plans. This approach was followed by the completion of the questionnaire, its validity and ending test by the relevant consultant, in cooperation with the managers and experts of the organization, with the organization of meetings and the announcement of the members' points of view since 2009. According to the above approach, the views of employees in the field their satisfaction and motivation are monitored in the course of the year, and with the development of the improvement program, efforts are made to ensure that the level of employee satisfaction is controlled and provide the ground for reviewing staff plans based on their views. As an example, the modification of the degree of staff which was one of the main reasons for their dissatisfaction was revised in 2015 by the formation of the Human Resources Committee in the year 2014, and a special interview with the applicant was also added to the process of modifying the qualification. Another major area that the company has been addressing to enhance employee satisfaction is the issue of adjusting compensation for services and benefits to contractual employees, or temporary contracts, after reviewing the results of the 2014 poll of employees with a temporary contract or contracting staff, company management, in line with the organization's major goals and improving employee satisfaction, held various meetings with the presence of human resources managers of the Persian Gulf Holdings subsidiaries. After discussing the issue of reforming the payment system of contracting and coordination companies in the pay-as-you-go payment system, and by reviewing the legal solutions provided by trusted advisers under current laws and regulations, the company has undertaken the following actions:

- Compilation and modification of the structure of the wage system of contracting company employees (including ranking and implementation of payroll)
- Exceptional turnaround for shift work contractors at 35% of the daily wage
- Pay 30% of the daily wage under other benefits to contract staff
- Developing and reforming the wage structure of converted employees from a contract to a temporary contract (including ranking and execution of payroll)
- Modifying the motivational welfare guideline on temporary staff

Since due to the constraints imposed by the policies of top-level organizations, current recruitment capacity is not possible, the existing shortcomings of the specialized and required personnel in the various units of the organization, using the program of career development, job rotation and individual development path design plans is implemented. These programs have been implemented for a wide range of job and organization groups, for example, such as the head of the Center for Strategic Studies and Strategic Planning. In order to improve the quality of these programs, organizational improvement projects, such as the empowerment of managers and staff, are also being implemented in conjunction with an external consultant. In addition, the project for the development of a personal development plan is approved for all personnel and will be implemented soon. For this purpose, the successor system in the organization has been developed and implemented.



Succession

The key positions of the organization have been identified based on their importance in realizing strategic goals, for which the SRP model has been used. In this regard, in the successor approach, the competencies required for key positions were identified using the McClelland Ice Model.

Different elements of the Iceberg can be defined as follows:

Skills: These are actions that people can do well, such as computer programming

Knowledge: It's what a person thinks about a given subject, like a computer language

Social role: The image that a person represents in a society that reflects his thinking and values.

Self-awareness: It is a view that people have about themselves and can reflect their personality.

Features: Sustainable traits are individuals, or these traits are the habitual behaviors of individuals that we identify individuals by those traits.

The higher levels in the iceberg model than the lower levels are generally easier to learn and develop among individuals.

On the other hand, employee competencies were identified using a comprehensive examination of human resources characteristics including emotional intelligence tests, creativity, skills, MBTI and neo.

So that the model of skill level test, MBTI test of self-knowledge level, neo test, creativity level of personality characteristics and emotional intelligence test of social role model level were measured.

It should be noted that the discipline covers the level of knowledge.

Then by comparing these competencies, those with the least difference with the key competency required are selected for the enterprise, whose individual development program is in the process of being adjusted. This process is for all executive branch organizations.



Customer relationship management

Fajr Petrochemical Company has taken a systematic approach to organizational communication and utilizes information approaches to fully cover the vertical and horizontal communication needs of the organization in order to establish an effective organizational relationship and in line with the organization's strategies. The staffing needs of the staff and the provision of appropriate solutions are those that are examined and systematically recognized with the participation of the employees themselves and the holding of Q & A sessions, employee satisfaction questionnaire, automation and telephone call.

Accordingly, Fajr Petrochemical Company classified the information needs of the personnel of the organization in three dimensions: individual, professional and organizational needs, and based on parameters such as type of message, contact type, correct answer, etc., define appropriate communication channels for meeting these needs. Fajr Petrochemical Company's approach to establishing relationships with employees has been established on the basis of organizational values and has been based on transparency values in reports and key stakeholders' satisfaction.

Communication method	Purpose of creation
Holding meetings of directors and employees	Establishing annual, seasonal and case-specific meetings at the level of different departments or the entire organization, meeting the staff with senior management
Daily morning meetings managers and heads of the organization	Developing organizational communication, making the necessary coordination, exchanging opinions and collaborating on organizational issues
Regular weekly meetings of managers and employees	Direct communication between managers and employees
Lettering with special software in the form of office automation	Send fast and effective, according to the criteria defined between different departments of the organization
Electronic notification through the corporate portal	With the aim of speeding up the notification, increasing access to and full removal of the paper from the notification system, quickly sending in-company news with the ability to publicly visit staff
Individual counseling by a psychologist based in the company	In order to develop the organizational communication and deeper understanding of the field of communication in the company
"BAMDAD" homeland magazine	Distribution of the Journal with the aim of promoting the development of excellence and transferring the important organizational issues of employees and families and training in excellence and strategy
Send SMS	Informing, especially in emergencies and urgencies, to all employees
Organizational and family celebrations	Organization of religious, national and organizational ceremonies in the company and the culture, sport affairs and mosques in order to develop communication, information transfer and create more intimate atmosphere.

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Safety and professional health

Ensuring the safe and healthy work environment has always been one of the most important issues of interest among the leaders of Fajr Petrochemical Company. In this regard, compliance with the legal requirements of occupational safety and health has been identified as one of the strategic objectives of the company and is monitored continuously. In order to set up continuous and committed programs and actions in this area, the company has taken steps to establish a standard OHSAA18001 and an integrated HSE management system. The deployment, improvement and maintenance of these two systems are monitored annually by conducting internal audits and validated external audits. Integrated crystallization of this approach can be found in Fajr Petrochemical Complex management policy:

Commitment to continuous improvement in all areas of quality, safety, professional health, environment and energy efficiency based on comprehensive management performance assessment.

Identification and compliance with legal requirements and other obligations related to activities, services and products in the areas of quality, safety, occupational health, environment and energy

This approach is implemented by the subsections of safety, health and environment in cooperation with all bosses, supervisors and staff. In order to support the streamlining of this approach, the sample of safety, HSE sample people, as well as the superior team of HSE unit in the annual period of all units introduced and eventually they appreciated at the ceremony on Sept. 7, Safety and Firefighters Day with a presentation of the Credentials and a cash reward.

Among the most important programs and actions in the field of occupational safety and health, one can mention the following:

- Perform periodic examinations of personnel on an annual basis;
- Identify and assess the risk of occupational health hazards in the complex based on the FMEA technique
- One-hundred percent supervision over all licenses issued at runtime
- Auditing and inspection of industrial safety on all industrial and non-industrial sites of Fajr Petrochemical Complex on daily, monthly and annual basis.
- Holding more than 600 TBM sessions
- Holding regular improving operations of working environment with the presence of the senior manager in order to prevent the organization's safety problems
- Measuring the workplace harmful factors on an annual basis in order to comply with legal requirements and corrective measures to prevent occupational diseases.
- Supervising the health and nutrition of the staff, from entering the raw materials to the restaurant staff to cook and distributing at the restaurant and operational sites
- Monitoring of health and drinking water by measuring the amount of chlorine in sanitary and microbiological sampling water from water treatment plants
- Implement specialized insect and rodent fighting to prevent the occurrence of non-occupational diseases and technical incidents.
- Gaining first place in compliance with environmental health requirements at Mahshahr petrochemical industries in 2016
- Installing the first aid box in all units and inspecting and recharging the necessary items.
- Monthly establishment of technical and health protection committees to identify issues, identify corrective and preventive measures, and ultimately monitor and enforce the necessary measures.
- Holding 830 hours of specialized training in the field of industrial safety and hygiene in 2016
- Organizing regular meetings to improve the working environment with the presence of top managers of the organization in pursuit of organizational safety issues
- Installation of signs of occupational health messages and hazard warnings at the complex.

- Cultural creation and public information through the provision of films and animations, safety training, preparation of three titles of Golden Safety Education Rules book, and preparation of the collection "Requirements for safety in the design of petrochemical and projects" of 20 volumes and distribution among related units.
- Creating PM program for visiting notification systems and fire extinguishers
- Improve and expand the employee participation system in identifying hazards and reporting pseudo-events called "What is the risk" and "card rewards" by modeling the Total company
- A complete collection and exhaustion project for VOCS pollutants released from the surface of a wastewater treatment plant pond using FLX and mobile coatings and RTO disinfection
- Identify and manage the crisis management center
- Ordering two fire fighting vehicles from the Rosenbauer company of the Austria
- Reviewing checklist and visit fire equipment in accordance with NFPA12 & 25 standards
- Design review of automatic notification systems and automatic fire suppression systems based on NFPA and APL standards using in-house specialist staff.



Balance of work and life

One of the links between sustainability of the company's performance and the sustainability of its business communities is to pay attention to the quality of work life and family life of the employees. In this regard, Fajr Petrochemical Company has worked through various programs and measures to strengthen this link and realize the economic and social benefits for its key stakeholders.

- Changing the work shift from 16 days to 12 days
- Conversion of overwork to production facilities in accordance with the Persian Gulf Company
- Encourages the use of 12 continuous days of leave, which will result in the payment of a basic salary of 50% and a fifty percent purchase of leave.
- A two-hour reduction in the presence of a pregnant woman's partner from 8 months of pregnancy to childbirth and 9 months' maternity leave to female colleagues and 6 months to other female colleagues.
- Reduction of 2.5 hours of female attendants for two years after childbirth in order to have a baby and to breastfeed
- The use of sports facilities by colleagues and their families



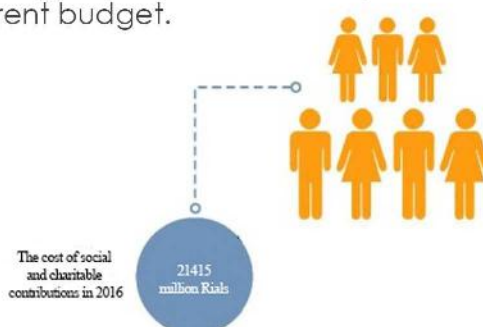
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Participation in the development of the local community

Fajr Petrochemical Complex is located near Mahshahr city and Imam Khomeini port, about 100 km from Ahwaz city. The company's approach to national societies is an approach based on good neighborliness and empowerment. In this approach, Fajr Petrochemical Company is considered a member of the community and tries to utilize its capabilities for contributing to solving social challenges, as well as the cooperation of local communities to increase more business value. The Fajr Petrochemical approach is in partnership with the local community based on decision-making and collective action. One of the most important issues discussed at the strategic council of petrochemical specialists of petrochemicals managers is how petrochemical companies participate in allocating funding for social programs and projects. The council takes action on defining and finalizing the annual social protection programs, with the views of the main representatives of the community in social affairs. In the next step, the share of financial participation of each petrochemical company is proportional to the size of the company. Finally, the nonprofit operations company acts as a trusted and expert executive arm as responsible for implementing social programs and projects. This mechanism has been designed and implemented to create synergy and aggregation of existing resources and their more effective use in solving the challenges and needs of the community. Fortunately, with the emphasis of the strategic council on the appropriate and effective use of financial support, the process of defining and implementing social projects has become more and more systematic. So that 80% of the provided resources is spent on project implementation and 20% is considered as the current budget.



The company's social contributions are categorized in the following categories:

Construction: Infrastructures, general cultural and recreational facilities, mosque and school

Healthcare: Providing public healthcare facilities

Educational: Collaborate with universities and public education programs

Cultural: Annual cultural calendar fees

Charity and humanitarian: Supporting vulnerable and low-income groups



Management of communication with the local community

The Fajr Petrochemical Company surveys members of the community with the aim of determining feedback on their activities in the community and uses the result to plan further measures. The company divides the members of the community into six groups of sovereignty, and they conduct their own polls annually through these institutions.

In 2016, polls from community representatives formed more precisely than before. The explanation was that questionnaires and surveys focused on more specialized areas.

For example, in the past year, the nearby companies of Fajr Petrochemical Company will be considered in two parts of the general audience and in the environmental sector.

Also, submitted questionnaires have been distributed to representatives of the peripheral community in three sections: public, advocacy – governance and environment, and are tailored to the audience's work area, and their expert comments on the subject.



Reporting to the local and the larger community

In order to report to the peripheral community and provide a clearer picture to the larger community, Fajr Petrochemical Company has released two sustainability reports in the years 2014 and 2015, based on GRI-4.

Representatives of the company present their reports to local audience in advance of the evaluation and opinion polls of the audience and the representatives of the institutions, in addition to public dissemination through various channels.

As a result of these approaches, Fajr Petrochemical Company, the only company in the country's petrochemical industry, received the Golden Statue in the Social Liability Report, at the Third Oil Industry Social Responsibility Conference.



Protective measures, protection and restraint of assets and human capital

The management of Fajr Petrochemical Company has always tried to recruit and employ a well-trained, committed personnel. Also, training is required on security, public relations, client behavior, speech protection, crisis response, and so on.

One of the most important security programs is a customer loyalty plan that has always been a priority. For this purpose, at the entry points of the company, a place for customers in Areas 1 and 2 of Fajr Petrochemical Company is dedicated that, when referring individuals, while conducting the coordination, provide the necessary guidance in respect of encounter with humility from security partners, at the time of entry of individuals into the organization's environment is provided. The programs have been carried out in order to satisfy the clients, maintain their dignity and respect human dignity, adhere to Islamic morality, purity of intention in performing their duties, observance of justice and fairness, having discipline and observance of priorities.

Protection department of Fajr Petrochemical Co. is an effective organization in protecting and safeguarding human capital and equipment, and its business activities are constantly changing and are constantly seeking new solutions for achieving security technologies and utilization of human and financial capital to improve the protective mechanisms in the collection. Our mission is to increase the security factor against potential threats in the soft warfare and to further ensure the management of the organization in protecting the facilities, human and financial resources, in keeping with the overall policy of the organization, protecting oil and security organs outside the complex. We know that this can only be achieved through a secure and efficient protection, and we only succeed if we can secure and maintain the maximum safety factor. In this regard, there is also an effective collaboration between the HSE and the safety area in the field of safety. It is worth noting that Fajr Petrochemical Safeguard keeps any personnel and important documents secretly in the secretariat in order to serve as the trusteeship and privacy of individuals. The safety of Fajr Petrochemical Company will not discriminate between employees in dealing with any personnel related issues, and what matters is their personal status and dignity. In the event of an abuse by the staff, the department first attempts to correct the behavior or conduct the person.



Cultural affairs

Fajr Petrochemical house of culture was established with the aim of strengthening the balance between work and life of employees, completing the leisure time of the spouses and children of employees, and developing communication between families and creating greater intimacy among them. The Fajr house of culture has gathered 100 families every day. Major activities carried out for families include the development of their artistic skills for women and their children's employees. Among the most important areas in which cultural and educational programs are implemented, are:

- Professional workshops and home skills training for women, such as handicrafts, music, sewing and other arts, will be held according to their needs. After the courses are completed, participants will be awarded a certificate.
- Teaching aid courses to enhance the student's specialty are among the lessons taught.
- Increasing the children's skills in computer science, creativity, the internet and robotics are also an annual program of house of culture.
- The Quran teachings, language courses and national and religious ceremonies for families are included in the house of culture program.

The training of 1588 people in training courses at the house of culture for the employees' families shows the company's special attention to its social responsibility in this area. In order to honor employees, Fajr Petrochemical Company expresses its respect for them and their families in proper occasion.

Examples of actions taken include:

- Every year, on the occasion of the Women's Day, women from Fajr Petrochemical Company are honored. Their invitation to the special ceremony of this day, the donation of gifts and the creation of a happy atmosphere, the holding of cultural and sports competitions for women, is one of the programs of appreciation for them on this occasion.
- On the occasion of the International Labor Day, there will be a variety of programs, including the cultural-sport festival, the introduction of the superior worker of the contracting companies, the donation of gifts, creation of a happy atmosphere, and mass walking.
- At national and religious occasions, various events try to bring the staff and their family together in a cheerful and energetic presence.
- Giving gifts to all employees in the Fajr Company and the participation of all the employees' families in joys is in annual programs, for example, the nuts gift of the Nawroz, the granting of a charity and the New Year's greetings card.
- Attention to employees includes their birthdays. We celebrate the birthday of our employees by giving them a gift as their "birthday gift."
- Reverance of the retirees, by sending gifts and greetings to them, are important and permanent measures of the company.
- In the absence of the loved ones, the staff members receive conveyed condolences to them, and public information is provided to them and condolences are given to their colleagues to schedule various ceremonies.





Sports affairs

Fajr Petrochemical sports affairs, as in previous years, were pursued in 2016 with the aim of maintaining the health of the body and the vitality of the staff and their families. The responsibility of the sports programs is to take care of the company's sports affairs, and all employees and their families can use the facilities provided. It needs to be explained that in addition to using the opportunities and facilities provided in the special area under the laws and plans of the combined companies of the petrochemical industry, a budget is also allocated annually to the sports committee for the purpose of conducting classes of sports exercises, coaching, participating in competitions and providing sports facilities.

Farvardin

- The first major women's tournament competition was held and the honorary ones are appreciated.

Ordibehesht

- The Labor Day commemorations were held in 4 sport fields include: tug of war, running, dart and walking, with 367 staff members.

Mordad

- Ramadan Cup competitions were held in the futsal fields of staff, women's volleyball and women's table tennis for families living in Besat town.
- Participating in petrochemical competitions in 11 different sports of different age groups including employees, ladies, boys and girls, consisting of table tennis teams - Volleyball - Futsal - Swimming - Chess - Basketball and the second place in the boys' basketball, second place in the volleyball for women and win individual positions in swimming.

Aban

- Participating in the Petrochemical Industries Championship hosted non-industrial operations in the fields of futsal, table tennis, chess, swimming and basketball, and second place in the futsal, basketball and swimming championships, and third-place in chess championships by teams participating in the tournament.

Azar

- Sports festival of Mahshahr safeguards was held. Fajr Petrochemical Co., with presence in 12 fields, won first place in volleyball, running, cycling and also obtained second place in futsal.

Dey

- The "Fajr in Fajr" Festival was held for the fifth consecutive year and attended by 890 participants of its kind in a unique area in 24 fields and within a time frame of 45 working days. A total of 369 people were honored with a gift card.

Bahman

- Mahshahr Petrochemical Martyrs Cup is held every year by the non-industrial operations company of Mahshahr. Fajr Petrochemical Company announced its active presence in 11 fields and won the first position of Vallywater of managers, Vallywater of staff, first place in volleyball staff, second place in men's futsal and swimming, gymnast girls second place and third-place in ping pong of staff. In this tournament, the women succeeded in achieving four different levels of physical fitness, swimming, chess, and solitary positions.



Two examples of sporting events in Fajr Petrochemical Complex are:

- The boys' talent development in basketball: This field has only been available to adult staff in recent years, but with the efforts of the team coach, the number of players has increased to 16. Eight people managed to reach the Khuzestan Basketball Championship in their teenage years after three consecutive years of workout. The team has succeeded in defending the children's basketball second place in the Mahshahr area and the country's petrochemicals as a contentious team after Imam Port and Razi Petrochemical in industries staff children basketball.
- Depending on the job conditions of the shifters, units of operation are equipped with fixed bikes and table football.



Celebration of Labor Day in Fajr Petrochemical Complex

At the same time with the International Labor Day, the commemoration ceremony of the toiling staff was attended by Mr. Shamim, CEO and a number of senior executives. The 11th of May of each year belongs to those which creates the human life with the most basic concept, and with its intrinsic essence and potential talents, the continuity of life to a dynamic and healthy society that requires a reasonable and ideal life for human and humanity. Therefore, the senior management of the company in this ceremony, congratulating the workers on the day, thanked them for their work. On this occasion, the top workers of the contracting companies were introduced and honored. Also holding sports competitions such as shooting, tug of war, dart and walking are some of these programs.

Voluntary contributions of employees

In addition to acting responsibly and actively in its work, Fajr Petrochemical staff are also contributing voluntarily to solving social and environmental challenges. The two main areas of activity are the Fajr Clean Energy Working Group and Imam Hasan Mojtaba's Charity Association.

The Fajr clean energy working group was established in January 2013 with the aim of creating a scientific and dynamic environment among the staff to promote the level of environmental culture and to pave the way for solving the problems and improving the environmental performance of Fajr Petrochemical Company and Petrochemical Special Economic Area. Applicants to join the working group will submit their application by completing the membership application form provided to all staff members to the secretariat of the working group at the environmental unit. So far, 82 employees from different units have joined the workgroup.

Workgroup members can work in the following areas or other related fields:

- Provide environmental reports on contaminations and submit proposals for the elimination of pollution
- Provide scientific and educational materials on new environmental technologies and strategies for awareness raising and culture.
- Participation and cooperation in solving environmental problems in the scope of application
- Establishing joint meetings for consultation and collecting comments and suggestions from members of the group
- Cooperation and participation in environmental education courses and seminars
- Establishing internal and external communication for the exchange of bilateral information with the community, scientific and academic centers, and NGOs

The actions taken so far with the participation of the members of the working group are as follows:

- Clean up the Zangi firth on the occasion of the Clean Air Week
- Visiting Shadegan Wetland on the occasion of World Wetlands Day
- Deploying 5 members of the working group to the Green Management Conference
- Contest of the best green space competition of Fajr employees' homes with the judgement of 2 members of the working group and awarding winners of the competition by the working group.
- Submitting articles to various occasions by members of the working group
- Division of garbage bag at the city level in Nowruz with the cooperation of Municipality and Mahshahr Department of Environment
- Clean up the Zangi firth on the occasion of the Clean Earth Week
- Presence of members of the working group at the workshop on the promotion of tourism culture in Arvand Petrochemical Complex
- Holding air pollution course for work group members
- Determining the board of trustees of the working group
- Holding reflection sessions on environmental issues

The charity association of Imam Hasan Mojtaba was established in 2006 with the participation of employees of Fajr Petrochemical Company. The main focus of this voluntary charity community is helping high school students to study. Staff cash benefits are collected on a monthly basis. The members of the association, in collaboration with the Imam Khomeini Relief Committee of Mahshahr, identified 60 orphaned and needy students who have been included in their work plan. Then, studying the academic achievement of the students covered, they solve their financial problems. If the student has a high grade or goes to college, he or she will continue to receive assistance in order to achieve its educational goal. This limited charity community is also on the agenda for immediate assistance to disabled people, such as the disabled and the unemployed.





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