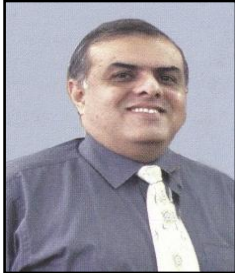


## *From CE's Desk*

### Statement of Continued Support



A company's outlook and progress is best portrayed through its sincere respect and adherence to corporate values and the environment in which it operates. Being a signatory of the UN Global Compact, we continue our resolve to abide by the ten cardinal principles and thus ensure that our corporate citizenship commitment and policies are deeply embedded in these principles.

The company provides healthy atmosphere and working conditions to its employees to ensure top of the line output and complete transparency to other stakeholders. This is accomplished with the application of fair and equitable treatment to all, discipline and quality check and balances. This concept has not only helped in maintaining high degree of morale of our employees but has also enhanced business and overall image of Agriauto Industries Limited.

Our efforts have avidly been acknowledged by Management Association Pakistan (MAP) by presentation of “**Corporate Excellence Certificate**” in the Automobiles & Parts Sector, on 23<sup>rd</sup> November, 2010.

The company firmly believes that the corner stone of our rapid progress is compliance and commitment to the Ten Principles of UNGC and we feel honored to be an official member of this Association.

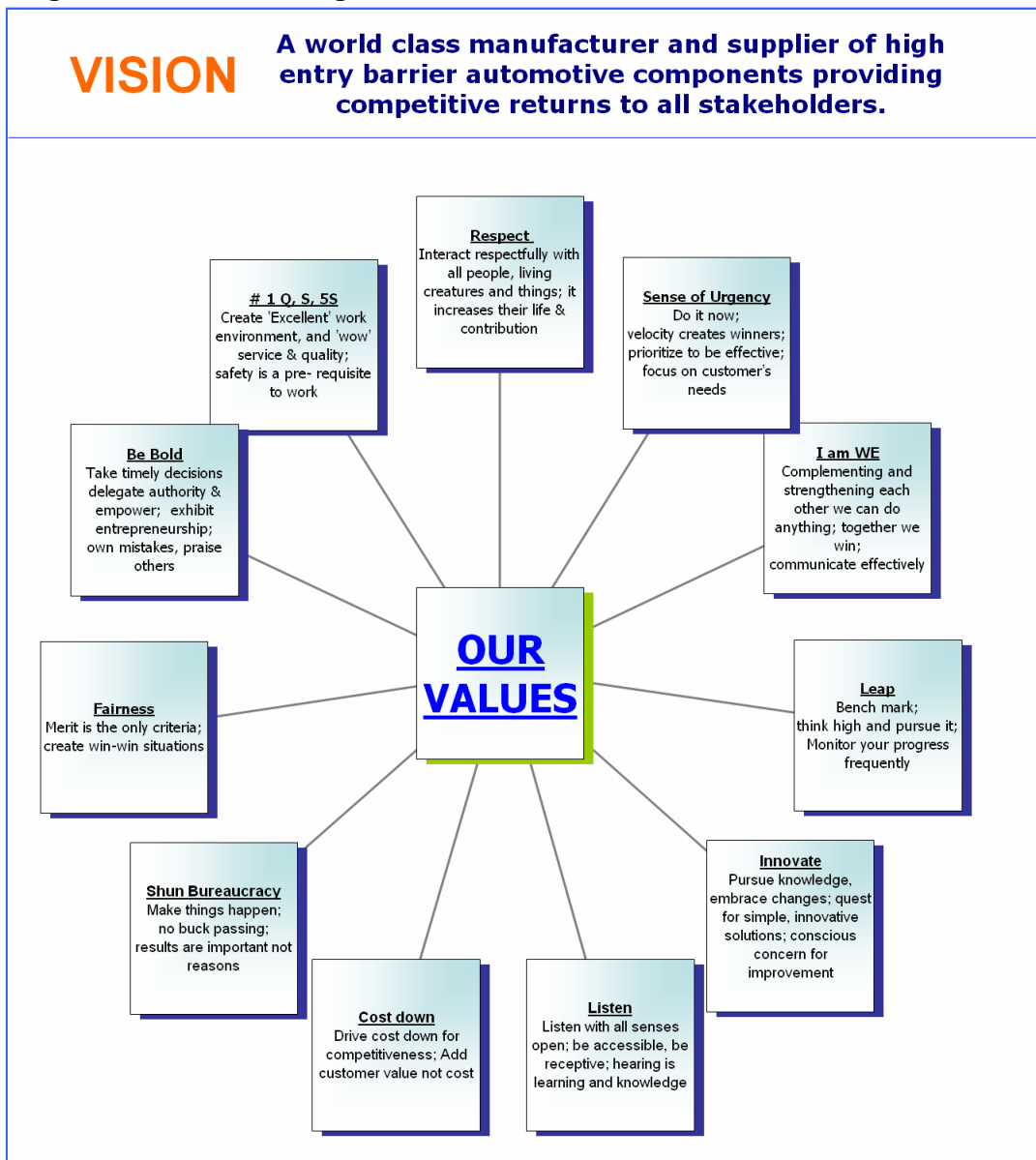
**Fahim Kapdia**  
**Chief Executive**

## Introduction to Company

With the joining of Office bearers Mr. Yutaka Arae as Chairman and Mr. Fahim Kapadia as CEO, Agriauto has embarked upon a journey to further improve our culture and work environment, we have introduced new methodologies for improving productivity, work simplification and safety by increasing 5S and Kaizen activities in the Company.

As one of the leading automotive components manufactures, and being the first company in Pakistan to acquire TS-16949 Certification; and having Technical Collaborations with leading international companies (*KYB Japan, Aisin Seiki Japan, Gabriel Ride Control, USA*) we continue to strive for greater technological and product excellence. Our product range covers both original equipment manufactures (OEM) like; Toyota, Suzuki, Hyundai, Atlas Honda, Millat Tractors, Al-Ghazi Tractors etc and 'After Market'.

As part of the prestigious House of Habib Group. Quality control is maintained at all stages of manufacturing.



## **MILESTONES ACHIEVED**

▪ Incorporated	1981
▪ Gasket & Sleeve Production	1981
▪ Camshaft Production	1984
▪ Quoted on Stock Exchange	1984
▪ TAA with Gabriel Inc. (USA)	1987
▪ Shock Absorber Production	1988
▪ Machine shop	1989
▪ TAA with Kayaba (Japan)	1994
▪ Strut Production	1995
▪ ISO-9002 Certified	2000
▪ Pipe Fork/Case Damper Prod.	2002
▪ Motor Cycle Shock Absorber	2004
▪ ISO 9001-2000 Certified	2005
▪ TS 16949 and special Kaizen	2005
▪ Award from AHL	
▪ Overall Quality Award from PSMC	2005
▪ TA with AISIN, Japan	
▪ Press Shop Project	2008

## **Technical Collaborations**

- Gabriel Ride Control Inc-USA
- Kayaba Industry Co. Ltd - Japan
- AISIN Japan

## **Our Customers**

- ◆ Indus Motor Co.(Toyota Cars, Daihatsu Cuore & Pickups)
- ◆ Pak Suzuki Motor Co. (Suzuki Cars & Pickups)
- ◆ Hino Pak Motors (Hino Buses & Trucks)
- ◆ Sindh Engineering (Mazda & Dong Feng Trucks)
- ◆ Dewan Farooq Motors Ltd (Hyundai Cars & Trucks and Kia Cars)
- ◆ Millat & Al-Ghazi Tractors Ltd (Fiat & Massey Ferguson Tractors)
- ◆ Dawood Yamaha (Yamaha Motorcycles)
- ◆ Master Motor Corp. (Foton & Yuejin Trucks)
- ◆ Karakoram Motors Pvt Ltd
- ◆ Sigma Motors (Land Rover)
- ◆ Gandhara Nissan (Nissan & Isuzu Trucks)
- ◆ Atlas Honda Limited (Honda Motorcycles)
- ◆ Habib Motorcycle (HB-70)
- ◆ AB Engineering (Laser Motorcycle)
- ◆ Specialized Motorcycle (Hunter LL-70)
- ◆ Sohrab Motorcycle (SD-70)

**Our Products**

- Shock Absorbers and Struts in Gabriel Brand (Oil & Gas)
- Shock Absorbers and Struts in Kayaba Brand (Oil & Gas)
- McPherson Assembly
- Three Wheeler – Shocks
- Motorcycle Shock Absorbers / Shock components
- Steering Boxes (Tractors)
- Door Hinges for Cars & LCV
- Camshafts
- Sheet Metal Stamping Parts

**Our Corporate Objectives are to:**

- Enhance productivity and reduce costs, improve competitiveness & profitability.
- Improve technology & human resource skills.
- Add new high entry services products.

*Following products are being developed:*

**1. Atlas Honda Ltd:** Following parts for Motorcycle shocks are being developed:

- |                        |                                |
|------------------------|--------------------------------|
| ✓ Piston Rods (CG-125) | ➤ Pipe Fork (CG-125)           |
| ✓ Main Pipe (CD-70)    | ➤ Case Damper (CD-100)         |
| ✓ Joint Metal (CD-70)  | ➤ Front Shock Absorber (CD-70) |
| ✓ Damper Cap (CD-70)   |                                |

**2. Hydraulic Lift Cover: For Al-Ghazi Tractor****3. Indus Motor Limited**

- Door Impact Beam (Corolla - 242L)
- Instrument Panel - Hilux

**Human Capital**

- |                       |     |
|-----------------------|-----|
| ➤ Management Staff    | 126 |
| ➤ Junior Team Members | 489 |

## ***HUMAN RESOURCE***

### **Principle-1: Business should support and respect the protection of internationally proclaimed human rights**

The company is committed to and supports and respects the protection of internationally proclaimed Human Rights within the sphere of its influence as well as not complicit in any mistreatment of human rights.

### **Activities**

#### **Improvement in facilities at Jam Ghulam Qadir Hospital at Hub**

Company has contributed in upgrading the health facilities of Jam Ghulam Qadir Hospital at Hub with coordination of the hospital authorities. Following support was extended to Hospital in the month of March 2011.

- The Company has sponsored the upgrading of Laboratory of Jam Ghulam Qadir Hospital, which is in close proximity to the factory.



## **Contributing in Educational facilities at Hub Degree College**

Agriauto takes immense pride in actively contributing towards enhancing education facilities. Following support was extended:

- Donation of 100 Desk-Chairs for the students of the College.

## **Internally Displaced Personnel**

Over the last few years, Pakistan has experienced large-scale involuntary internal displacement caused by worst flooding to hit the country, affecting 20 million people across the country.

Engaging to our duty in the hour of need towards our fellow countrymen, Agriauto extended following assistance to IDPs through:

- Donation of Rs. 100,000/- to Pak Suzuki Motor Company fund for IDPs
- Donation of Rs. 50,000/- to Lasbela Chamber of Commerce's Flood Relief Fund
- Donation of Rs. 3,035,000/- to Muhammad Ali Habib Welfare Trust (Flood Relief Fund)

## **Appreciating efforts of Troops in Waziristan**

Agriauto offered gifts to the valiant Troops engaged in Military operations against militants in parts of FATA, preserving our freedom & national interest.

## **Support to the Poor Widows/families at Hub**

The company provides assistance and help to the widows of Hub and surroundings, in the shape of rations/utility items every year. This year too rations and other utility items were provided to 200 widows & families.



## Donations to Trusts/Institutes / NGOs

The company recognizes its responsibility as a social partner with the rest of the community and the stake holders and contributes actively towards the institutes/trust and NGOs working for human cause including health and social welfare. Following donations were given last year:-

<b>Name of Welfare Institute</b>
Alamgir Welfare
Al-Rahmat Welfare Society
Ansar Burney Trust International
Burhani Blood Bank & Transfusion Centre
Chhipa Welfare Association
Children Cancer Hospital
Dar-ul-Sakun
Family Educational Services Foundation
Friends of Cardiac
Habib Education Trust
Habib University Foundation
HASWA
Hawa-Ilm-ul-Shifa Trust
Helpline Trust
Kehkashan Model School
Kidney Centre
Marie Adelaide Leprosy Centre
Markaz-e-Umeed
Murshid Hospital & Health Care Centre
Orphan Rehabilitation Trust
PAAPAM for South Office
Pakistan Association of the Blind
Patient Welfare Assoc, Mayo Hospital
Rotary Clubs of Karachi
Sahara for Life Trust
Shaukat Khanum Memorial Trust
Sindh Institute of Urology & Transplantation
<b>Total Amount Donated Rs. 6,269,417</b>



## **Health**

The company lays particular emphasis on the well being and health of its employees. The company arranged free medical and Eye camp for its employees on April 06, 2010. Following were treated:-

• Number of Employees who visited the Camp	296
• Sugar test	279
• Eye test	264
• Distribute Glasses	238
• Provide Medical Pharmacy	281



To educate our Workers on healthy lifestyle, Lectures were conducted on following Health topics by Medical Superintendent of Jam Ghulam Qadir Hospital for all employees in Monday Morning Assemblies:

- Hazards of Smoking
- Negative affects on health due to use of Betel Nuts and Tobacco (Gutka).
- General Health Awareness



## Construction of New Canteen



To provide meal facility to the growing members of Agriauto family, another canteen is constructed for Junior Team Members and Officers. This new facility has a sitting capacity of 72 individuals at a time.

### **Principle-2: Business should ensure that they are not complicit in human rights abuses**

1. It's our core value to respect human rights under our sphere of influence and adhere to same in all business operations.
2. The company and its management religiously follow the code of ethical conduct and the code of corporate governance.
3. In addition, we reserve a quota of 2% in Manpower budget for the physically challenged people.

#### **4. System in place:**

- Corporate Values
- Code of Conduct
- Health and Safety Policies

### *Labor Values*

### **Principle-3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining**

Agriauto not only respects the right of workers to join registered association but also regularly holds meetings / discussion towards improving working environment and following the Code of Conduct for recognized unions in full spirit.

**Ru-Ba-Ru Sessions**

Grievances of the employees are timely resolved through conduct of "Ru-Ba-Ru" sessions in plants by HR & Admin representatives.

**System in place:**

- Thorough compliance is ensured through SOPs.

**Principle-4: Business should support the elimination of all forms of forced and compulsory labour.**

**Principle-5: Business should support the effective abolition of child labour.**

Agriauto has strict policy of voluntary labor and till date no incident of forced or child labor has been reported.

We also ensure that all vendors in the supply chain follow and enforce the same practices.

**System in place:**

- HR policies on recruitment.

**Principle-6: Business should support the elimination of discrimination in respect of employment and occupation.**

1. Agriauto firmly believes that merit should be the sole criteria for selection and enrolment. It does not discriminate in respect of employment and occupation in terms of sect, caste, creed or gender.
2. The company has employed disabled workers as per the legal requirement.

**System in place:**

- Recruitment Policy

## *Ownership towards Environment*

**Principle-7: Business should support a precautionary approach to environmental challenges**

**Principle-8: Undertake Initiatives to promote greater environment responsibility**

Agriauto is fully aware of the environmental challenges. We have taken several initiative / measures in this regard:-

### **Safety**

As part of our commitment of providing congenial and safe work environment, following steps had been taken:

Description	Activities
<b>Plant and Human Safety</b>	Better Fire Fighting arrangements
	Installation of First aid station provided at main gate.
	Installation of Water Filtration Plant for drinking purpose
	Fumigation of Insecticides
	Implementation of Protective Gears
<b>Environmental Safety</b>	Treatment Plant for neutralization of Chromium
	Collaboration with National Environment & Quality Safety and EPA
	Proper procedure for Final Waste Disposal.



**Water Filtration Plan**



**New Fire Extinguishers**

## Smoke Areas

To ensure smoke free working environment, designated smoke areas had been arranged at all plants / Admin areas.



Press Shop



Shock & Strut



**Smoking  
Booths**

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## Greener Surroundings

Agriauto believes in greener surroundings. Extensive plantation of the area has been carried out. During last year 300 saplings have been planted in and around the factory premises at Hub.

### Systems in Place:

- Health & Safety Policies
- Training on Fire Fighting & Regular Inspection of fire equipments

**Principle-9: Business should encourage the development and diffusion of environmentally friendly technologies.**

Primarily we achieve this by creating awareness on environmental knowledge and encourage initiatives that contribute to good environment practices.

## Environmental Audit

We are mindful of our responsibility towards environment and provide transparent and accurate environmental data to external agencies

Environmental Audit was carried out by Global Environmental Management Services (GEMS) and a No Objection Certificate (NOC) was obtained from Balochistan Environmental Protection Agency.

**Systems in Place:**

- Environmental Protection Policies & Practices
- Collaboration with EPA bodies

*Anticorruption***Principle-10: Business should work against corruption in all its forms, including extortion and bribery.**

The most important element of our code of Conduct & Business Ethics is to eliminate all type of corruption from the company, by:

- ❖ All payments are made through cross cheques or online transfer.
- ❖ Required checks and balances are in-built in the organizational systems that help in preventing corruption.
- ❖ Appropriate disciplinary action is taken incase of non-adherence to code of conduct & ethics.
- ❖ Employees can report concerns about any wrong doing, without fear.
- ❖ Agriauto is planning to implement ERP system throughout the company, including e-payments.
- ❖ Successful inspection of Labor Law practices is carried out by Directorate Labor Welfare, Hub
- ❖ Fiscal powers are defined and being implemented.
- ❖ Employee Old Age Benefit Institute (EOBI) Audit by Regional Head, Hub.

**System in place:**

- Code of Business Conduct & Ethics
- Fiscal Authority Matrix