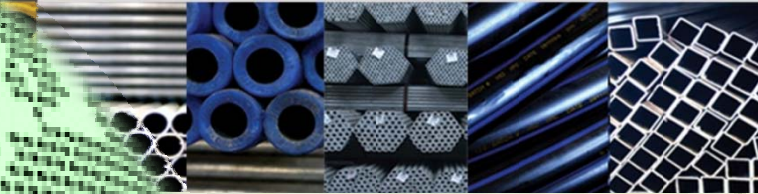




**INTERNATIONAL
INDUSTRIES LTD.**

Promising Reliability, For Now and Tomorrow



UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2010-11



GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name: International Industries Limited		Date : 12.08.2011
Address: 101 Beaumont Plaza 10 Beaumont Road Karachi, 75530		Membership date: 22/6/2006
Country	: Pakistan	Number of employees : Over 1100
Contact name	: Mr. A. Waseem Sufi	Sector : Construction & Engineering
Contact Position	: General Manager Human Resources	
Contact telephone no : +92-21-35080451 to 55		

Brief description of nature of business

International Industries Limited (IIL) is a premium producer of steel tubing and galvanized pipes in Pakistan.

IIL was incorporated in Pakistan in 1948 and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The company in 2010 had equity of over Rs. 4.0 billion with a turnover of over Rs. 15.8 billion and has featured in the Karachi Stock Exchange listing of the top 25 companies consecutively for the last 8 years.

IIL's production capacity of steel pipes is the highest in Pakistan and is the market leader in all segments of pipes within the country having major share of the market.

In 2010, IIL's gross sales volume crossed over 200,000 tons out of which 137,000 tons were sold in the domestic market and 63,000 tons amounting to over USD 60 million were exported to Afghanistan, Sri Lanka, UAE, Iraq, Yemen. Bahrain, Kuwait, Germany, Italy, UK, USA, Puerto Rico and trophy for leading exporter of engineering goods from the country over the ten years.

IIL is the first local private sector company to have cold rolling facilities. Its eight cold rolled tubes mills and three cold rolled slitters have a capacity of over 100,000 tons per annum, with sizes ranging from 12.70 ~ 60.30 mm in round, 10 ~ 50 mm in square, 10x20 ~ 30x60 rectangular and 19x42 ~ 24x56 elliptical tubes with a thickness range from 0.60 ~ 2.00 mm.

On the Galvanized Iron (GI) pipes side, the company has five hot rolled tubes mills, two hot rolled slitters and four fully automatic hot dipped galvanizing plants with a capacity of 150,000/ annum. The GI product range varies from ½" ~ 6" having a thickness range from 1.80 ~ 6.00



A sizeable amount of Pakistan's API Pipe demand is met by IIL with its 2", 4" and 6" pipes. All API pipes are produced with inline seam annealing and hydro-testing and under API License # 5L-0391.

IIL widened its portfolio of products in 2006 by installing three extrusion plants for high and medium density Polyethylene pipes for Water, Gas and Duct Pipe; with standard diameters ranging from 12 ~ 250 mm. In fact, IIL is the pioneer in the manufacturing of PEX (Cross Linked) pipe in Pakistan, with standard diameters ranging from 20 ~ 32 mm. The company is also manufacturing API polyethylene pipe under API license # 15LE-0014.

In terms of quality, health, safety and environment IIL, achieved International Certifications of ISO 9001, ISO 14001 and OHSAS 18001.

This internationally recognized and preferred pipe manufacturer has demonstrated its commitment of being an ethical and quality conscious entity

IIL has won the Merit Trophy for Export of non-Traditional Items in the year 2000 and the trophy for export of Mechanical Engineering products consecutively every year from 2001 to 2010.



Mr. Riyaz T. Chinoy Managing Director is receiving award from President of Pakistan

IIL continues to strive to be a model for modern professional management in Pakistan. With our aims of excellence, we have endeavored to be a profitable and a growth oriented organization. Provision of high quality services and products is the core of our business strategy, making us a reliable business partner and associate.

Statement of Support

International Industries Limited is a signatory to the United Nations-led Global Compact and stands committed to support 10 principles in the areas of human rights, labor, the environment and anti-corruption. We are also dedicated in making Global Compact part of our strategy, culture and day-to-day business operations.



IIL truly believes that the business contributes to the creation of a more sustainable and equitable society through responsible and ethical business practices. This determines our voluntary and the laws of commitment to the environmental protection, human rights and social needs. For us, the corporate success has always been and always will be based on the respect for the moral values and the satisfaction of the ethical, legal and social expectations.

Our efforts are also recognized by National Forum for Environment & Health which bestowed 4th time Annual Environment Excellence Award 2011 to IIL and we are continually maintaining international Quality, Health & Safety certifications (ISO-9001, ISO-14001 & OHSAS-18001)

In recognition of the good human resource practices IIL has received two awards given by Sidat Hyder on the Human Resource Benchmarking Survey (HRBS). First is the Talent Triangle Award through which Sidat Hyder have appreciated our Management for having in place a balanced and effective Talent Triangle while the second award is on the Good HR Practices in Pakistan.

RIYAZ. T. CHINOY
Managing Director & CEO
International Industries Ltd.
Pakistan



PRINCIPLE 1**BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS****PRINCIPLE 2****BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES**

Our support for human rights has been an important focus of our commitment since the beginning of our operations.

"International Industries Limited is a quality conscious company committed to economies of scale.

It shall continually enhance the effectiveness of its quality, environmental, occupational health and safety management systems. IIL shall be an ethical Company and shall conform to all applicable legal requirements, as well as fulfill and exceed the needs of all stakeholders.

Team work, continual improvement, prevention of pollution, waste reduction, protection of environment, care for health and safety of people and equipment, reduction of accidents, improvement in safety practices, a fair return to shareholders and fulfillment of social responsibility shall be the hallmark of all activities".

System:

- Our business strategy is based on emphasizing values of respect for human rights, which are enshrined in the following systems:
 - Code of conduct for Good Governance and Ethical Practices
 - Health & Safety Management System (OHSAS-18001)
 - Environmental Management System (ISO 14001)

Activities:

- Code of Conduct (Good Governance and Ethical Practices) was approved by the Board of Directors on September 14, 2001 for implementation in IIL. The conduct is signed every year by all the Directors, Managerial and supervising staff of the Company to ensure that respect for human rights is fully integrated into their respective activities.
- IIL got certification for Occupational Health & Safety Assessment Series

(OHSAS-18001) in 2007. In advent of new standard of OHSAS-18001:2007, all OHS procedures & manual reviewed, revised and implemented in January 2009 from OHSAS 18001:1999 standard to OHSAS 18001:2007 standard.

- For managing hazards and risks related to Occupational Health and Safety in an effective manner, the IIL has been divided into different zones. Each Zone has an OHS Team and an OHS Team Leader. This idea created the ownership of OHS system amongst zonal team leaders & production Managers
- To ensure safety at workplace, IIL conducts periodic mock drills at regular intervals in order to keep life-saving & fire fighting gadgets in proper working conditions. Before mock drill class room training sessions are conducted to brief the teams about the responsibilities in case of any eventuality



- Safety Non-compliance Register is maintained by all OHS zonal team leaders to detect & correct safety and health risks / hazards.
- Appropriate Personal Protective Equipment (PPE) is provided to all employees and it is mandatory to observe related laws in IIL.
- Safety booklets are translated in local language (Urdu) and distribute amongst employees.
- IIL has revised our Annual Appraisal System to include 10% weightage on increment due to compliance of Safety system
- IIL provides medical facilities to all employees through Social Security Scheme or under Health Insurance Scheme.
- Internal and external audits are conducted at preplanned intervals by certification bodies to check the effectiveness of environment & Occupational Health and Safety activities.

Measurable Results or Outcomes

- No complaint indicating violation of human rights / gender sensitive policy within the enterprise was received.
- During recent Surveillance external audit of ISO-14001 & OHSAS 18001 was carried out in March 2011 and no minor / major NC was raised during surveillance audit & all previous pending NCs were satisfactorily close out.
- During 2010-11, HSE department imparted 133 trainings and 1433 staff members have been trained on various health and safety issues including Basic Safety Induction, Fire Fighting and Safe Crane Operations.
- During the year 2010-11 lost time accident reduced by 70% and minor incidents reduced by 24%.

PRINCIPLE 3

BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Our Commitment or Policy

IIL realizes that the collective strength of employees is like an effective partner towards the goal of achieving continuous sustainable growth. We provide the freedom of association and the effective recognition to the right to collective bargaining. We at IIL believe in harmonious relationship with our employees, and ensure fair & transparent HR Policies, leading towards a healthy and productive working culture.

System:

- After every two years, Management and Union enter into bilateral negotiations on the Charter of Demands and arrive at a mutually acceptable agreement in a friendly environment and all payments are made within one month of the signing of agreement.
- Workers participation in Management and decision-making is ensured through Work Council as per law.

Activities:

- Terms and Conditions of employment (Wages, Compensation & Benefits) of workers are mutually agreed upon through collective bargaining after every two years.
- Union elections are conducted after every two years as per local legal requirement.
- Union office bearers are encouraged to participate in trainings / workshops whenever required, and given full opportunity to express their views freely on all forums.
- This has led to a peaceful and healthy working environment among the management and the workers over last two decades.

Measurable Results or Outcomes

- IIL effectively engages in discussions with the Collective Bargaining Agents on all issues of mutual interest.
- Eleven agreements have been signed & successfully implemented since 1988 including the latest agreement which was signed on Feb 01, 2010,

allowing substantial increase in workers' wages and other benefits supported by performance wage linkage as the highest wage increase in the comparable industries of engineering sector in 2009-2010.

- Employees have been a source of strength in achieving excellent performance continuously with high level of enthusiasm and motivation.

PRINCIPLE 4

BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Our Commitment or Policy

IIL believes in conducting our business not only by following all the government imposed legislation but also through our own ethical practices. As such, we willingly follow ILO conventions on labor, including Article 2 (1) of the ILO Forced Labor Convention, 1930 (C 29) ratified by Pakistan, and have built human resource systems to ensure abolition of unwanted work or service from any employee

Employment System.

- **Appointment letter.** Appointment letter containing terms and conditions of employment given to every employee.
- **Job Description System & Communication.** Job descriptions are defined and communicated to employees and updated regularly incorporating change, if any.
- **Exit Interview.** Employees leaving company's employment are encouraged in the exit interview to explain their experiences with the company so that any deviation from defined company policies may be detected and pursued for further improvement.

Activities:

- Every candidate is explained in detail the Job requirements, well before Job placement. If desired by the candidate, 2 to 3 days are also given to the candidate to carefully go through the job offer before accepting it.
- Care is taken to ensure that jobs undertaken at other times like transfer or promotion are understood including performance expectations and working conditions.



Measurable Results or Outcomes

- All existing IIL employees are required to accept the job offer, terms and conditions of the job and Job Descriptions, the record of all these documents are maintained by Human Resources Department.
- Job descriptions / Work Instructions are lively documents at IIL which are not only made available for all employees but are also continuously being updated to match with the changing roles.
- Exit interview report is shared with top management, departmental head by the Head of Human Resources. Suggestion/ grievances, if any is forwarded to concerns for explanation / future improvement and HR policies are revised accordingly.

PRINCIPLE 5

BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

Our Commitment or Policy

IIL not only ourselves support effective abolition of child labor, as enshrined in ILO's Convention 59 on Minimum Age (Industry) Requirement subscribed by Pakistan, but are also ensuring this is also upheld by our Direct and Indirect Contractors.

System:

- Recruitment procedures
 - IIL follows a strict policy condemning Child Labor in all its forms. No minor is allowed to enter our factory premises to avoid risk of any mishap.
 - Employment / Trainings in all its forms even Apprenticeship Trainings require candidates to submit their National Identity Card proving their age is above 18.

Activities:

- We strictly check and monitor job applicants' age through our procedures to ensure that we comply with all legal age requirements.



- Notices are prominently displayed at all gates showing the restriction of child labor and commitment that no employment is offered to the persons below 18 years of age.

Measurable Results or Outcomes

No child labor is witnessed in our organization due to our stringent monitoring.

PRINCIPLE 6

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

Our Commitment or Policy

IIL has always supported the elimination of discrimination in respect of employment and occupation. This commitment is strongly embodied in our explicitly written human resource policies on recruitment, code of conduct, etc. Our adoption of the "Code of Conduct for Good Governance", and practices at IIL demonstrates our support for the elimination of discriminatory behavior in respect of employment.

System:

- Recruitment and HR policies specifying non-discrimination. As manifested in our Recruitment Policy:

6.3.1 The Company operates as an equal opportunity employer, and does not give any preference on the basis of gender, religious or ethnic background when employing or promoting employees. All employment and promotions will be purely on merit and the suitability for the position.

- Our policy on Code of Conduct for Good Corporate Governance clearly states:

6.5 Employees shall not discriminate against any other employee, especially with regard to origin, religion, gender or language.

6.8 Sexual harassment shall result in serious disciplinary action and charges may be raised against any employee (irrespective of gender) if found guilty by the Management after full investigation of the matter.



Activities:

We consciously recruit, hire, develop and promote employees. These values are inculcated in our employees through training and other awareness campaigns.

Measurable Results or Outcomes

IIL has taken conscious efforts to eliminate discrimination by following policy guidelines. We have employees from not only both the genders, but also from various religions, casts and origins provided with opportunities of fair treatment at all levels.

PRINCIPLE 7

BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

Our Commitment or Policy

We highly support a precautionary approach to environmental challenges. We have a **Quality, Environmental Health & Safety policy** :

"International Industries Limited is a quality conscious company committed to economies of scale.

It shall continually enhance the effectiveness of its quality, environmental, occupational health and safety management systems. IIL shall be an ethical Company and shall conform to all applicable legal requirements, as well as fulfill and exceed the needs of all stakeholders.

Team work, continual improvement, prevention of pollution, waste reduction, protection of environment, care for health and safety of people and equipment, reduction of accidents, improvement in safety practices, a fair return to shareholders and fulfillment of social responsibility shall be the hallmark of all activities".

System

IIL has achieved the certification of ISO-14001 in year 2000, and became the first company in Pakistan's Steel Sector to achieve this Certification.

IIL is presently active in reducing carbon emissions from its power house through tri-generation system.



Activities:

- IIL has got itself registered with Ministry of Environment government of Pakistan for SMART (Self Monitoring & Reporting Tool) programme for its tri-generation plant.
- IIL has documented, implemented and maintained the procedure of "Emergency preparedness and response" (IIL-QESHP-21).
- The procedure defines the mechanism and responsibilities to identify and give appropriate response to potential accidents and emergency conditions, which could harm or damage environment, occupational health and safety, and to prevent/ mitigate the resulting situations.
- IIL has established a procedure "Identification of Environmental Aspects, Legal and other requirements" (IIL-QEP-03B) in which detailed mechanism and responsibilities are assigned to identify the environmental aspects and their impacts related to the activities / processes and products of IIL.
- IIL has maintained the "Register of Aspect and impact" for its activities, processes and products and conducts "Environmental reviews" at prescribed frequency. The higher rated aspects are inducted in the main objectives of the company for which plans are made in order to achieve targets.
- The incidents have been comprehensively investigated and appropriated corrective and preventive actions have been taken as per IIL procedure # IIL-OHSP-09.
- With our EMS system we conduct various regular, planned activities such as periodic environmental reviews, environmental risk assessment, internal and external audits, self-assessments, training and awareness programs and campaigns- all in compliance with the local environmental standards like National Environmental Quality Standards and Environmental Protection Agency.



Measurable Results

- IIL has established an Effluent Treatment Plant and setup 04 Fume Scrubber Systems for its Galvanizing plants and 01 Fume scrubber System for its Pickling plant with the initial investment of more than Rs. 25 Million.



Clarifier of Effluent Treatment Plant



Fume Scrubber system at IIL Galvanizing Plants

- Daily (6 times / day) in-house effluent testing and monitoring of various parameters are carried out before discharge.
- IIL tests all effluent and emission priority parameters on Monthly basis from external recognized laboratories, for compliance of NEQS of its tri-generation activities.
- Energy Conservation: After the installation of tri-generation system based on combined cooling, heating and Power with 4 MW gas engines coupled with installation of vapor absorption chillers IIL has reduced 21% of gas and 6% of electricity consumption per ton of pipe production, this is a concrete step towards energy conservation.

- In 2011 for the 4th consecutive year IIL was also awarded "Annual Environment Excellence Award" organized by the National Forum for Environment & Health.



Excellence Award 2008



Excellence Award 2009



Excellence Award 2010



Excellence Award 2011

PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment or Policy

Our support to the environmental challenges is further affirmed through initiatives promoting greater environmental responsibility. This affirmation is re-demonstrated through our Corporate Social Responsibility (CSR) activities.

A brief description of our Processes or Systems

IIL's explicitly written Quality and Environmental Policy as stated above ensures its commitment towards its environmental responsibilities.

Activities:

- IIL has maintained the "Register of Aspect and impact" for its activities, processes and products and conducts "Environmental reviews" at prescribed frequency. The higher rated aspects are inducted in the main objectives of the company for which plans are made in order to achieve targets.
- Each month a Health, Safety & Environment presentation is made to Senior Management on the month's incident trend and a brain storming session ensues for improvement and avoidance of similar incidents. Different statistical tools & parameters are used to better analysis of HSE performance
- As bounded by our quality management systems we annually prepare Environment, Health & Safety Objectives and targets along with the Plan of action to achieve these targets. The status is reviewed on bi-annual basis in Q&HSE meeting.
- Q&HSE Council is conducted on bi-annual basis which is headed by the Managing Director, and has dedicated support to accomplish the objectives.
- IIL appreciates employee suggestions for improvement of health, safety and environment procedures in production plants and other possible areas. On review when an employee's suggestion is thought to be feasible, he is given a cash award and is declared employee of the month.



- Internal/external environmental audits are carried out as per planned intervals.
- Conversion of company vehicles into CNG – An Environment friendly fuel
- Continual disposal of sludge at designated land-fill sites.

Measurable Results or Outcomes

- Zero neighbor complaint due to our regular monitoring, self assessments and compliance with environmental regulatory standards.
- Through practical implementation of HSE management system of global standards ISO-14001 & OHSAS-18001 and untiring efforts of management, employees & contractors, IIL become able to accomplish lost time incident frequency rate (LTIFR): 0.86 per one million worked hours in 2010-11 as compared to 2.11 of 2009-10 which is well below current average global incident rate 2.60 of world steel organization
- Over all 70% reduction in lost time incidents and 24 % decrease in minor witnessed as compared to last year.
- During 2010-11 total 133 HSE trainings for employees were imparted on c topics (Safe Crane Operations, Safe Driving, PTW, Fire fighting & First Aid 1433 employees got trained
- IIL allocates adequate funds for tree plantation inside & outside the factory

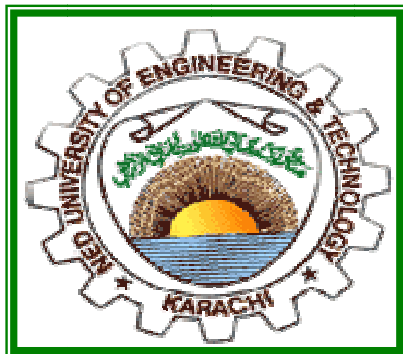




- IIL has redesigned its production office, canteen to make it environment friendly manner; which is depicted in following snaps.




- IIL has donated substantial funds to following organizations (M/s LRBT, Indus Valley School of Art & Architecture., NED University, The Kidney Centre, The Hub School, 10 Chippa Ambulance for noble cause in fields of free medical treatment, quality education / scholarships to needy and poor people, welfare for community as well as for needy people.



- In 2009 IIL participated in the 4th CSR National Excellence Award conducted by Help International Trust and was presented with the corporate award for being a socially responsible organization.



- IIL aims to have a 100% literate work force amongst its workers. The company has declared matriculation as minimum qualification for employment of workers. However, for “older illiterate workers”, IIL provides a free of cost education program in collaboration with NGO “Literate Pakistan”. Through this program, about 96 workers have been provided education and currently a 8th batch of “older learner workers” is in progress
- 
- IIL has an on-going Apprenticeship Training Program as per Sindh Government Apprenticeship Training Programme with an objective to provide trained and skilled work force. At the moment 206 apprentices are on board studying in various trades in the company.
 - In order to contribute less emissions in Environment Company vehicles are converted into CNG, an Environment friendly fuel.
 - IIL has implemented via the Oracle E-Business Suite System which integrates finance, planning, Sales, production, Maintenance, Quality Assurance and material control processes resulting in increased efficiency and paperless environment

PRINCIPLE 10
BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY
Our Commitment or Policy

We support this UNGC principle against corruption, and are striving to work against it in all its forms, as communicated through our policy of code of conduct.

System

A 19-point policy addressing all employees to observe Code of Conduct has been adopted. Few points with specific focus on elimination of corruption and bribery are indicated as under:

- 6.3 No employee or member of his/her immediate family may directly or indirectly shall lend / borrow money or place himself / herself under any primary obligation to any person with any official dealings, provided that such interaction shall not affect the image or dealings with the Company.
- 6.6 Acceptance of gifts, invitations to lunch/dinner or other kind of entertainments etc. directly or indirectly, that could implicitly influence decisions shall not be accepted without prior approval of the concerned DH / MC Member.
- 6.13 No employee of the Company may accept a retainer, commission, consulting fee or any other fee, arrangements or remuneration without full disclosure to the Management.

How do you intend to make this COP available to your stakeholders?

We intend to make this COP available to our stakeholders through our company website www.iil.com.pk .