



# UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2008~2009



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## **COMMUNICATION ON PROGRESS REPORT**

### **GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS**

<b>Company Name:</b> International Industries Limited		<b>Date :</b> 17.8.2009
<b>Address:</b> 101 Beaumont Plaza 10 Beaumont Road Karachi, 75530		
		<b>Membership date:</b> 22/6/2006
<b>Country</b>	: Pakistan	<b>Number of employees</b> : Over 1100
<b>Contact name</b>	: Mr. A. Waseem Sufi	
<b>Contact Position</b>	: General Manager Human Resources	<b>Sector</b> : Construction & Engineering
<b>Contact telephone no</b> : +92-21-5080451 to 55		

#### **Brief description of nature of business**

International Industries Limited (IIL), a top 25 Karachi Stock Exchange Listed Company; was incorporated in 1948 as Sir Sultan Chinoy & Co. Ltd.- a trading company which ventured into the business of manufacturing welded steel pipes and tubes in 1965. The first pipes to roll out were high quality electric resistance welded pipes, used as Electric Conduit.

IIL is in the business of producing and marketing of GI Pipe, Steel Tubes and Pipes, API Line Pipe & Polyethylene Line Pipes. International sales commenced in an organized manner in 1995. Today, the Company remains the leading exporter of welded steel pipes and tubes from Pakistan and its products in all continents. With its sophisticated machinery, ongoing expansion plans and upgrades to value added products, the company has been successful in developing export markets and is effectively increasing and expanding sales.

IIL had a total turnover in 2008 of USD 169 million (Rs.14 Billion) with exports of USD 35 million. IIL has a plant and storage area of 25 acres (over 100,000 square meters) and currently employs over 1100 people.

IIL complies with the best practices of the code of corporate governance.

The company is certified to the Quality Management Systems ISO 9001, Environmental Management Systems ISO 14001, Occupational Health & Safety Assessment Series OHSAS 18001, and has API Accreditation to Q1-5L & 15 LE.

International Industries Limited has been a recipient of the Karachi Stock Exchange's top twenty-five company's award consecutively every year from year 2001 to 2007.



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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 2008.

Mr. Towfiq Habib Chinoy MD & CEO of IIL was awarded the prestigious Businessman of the year 2008 Gold Medal by the Federation of Pakistan Chambers of Commerce & Industry.

We continue 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.



Mr. Towfiq H. Chinoy is receiving award from Prime Minister of Pakistan



Mr. Towfiq H. Chinoy is receiving award from Finance Minister of Pakistan

### **Statement of Support**

International Industries Limited is a signatory to the United Nations-led Global Compact, a network of companies, governments, non-governmental and labour organizations who have agreed to work with the UN to support 10 principles in the areas of human rights, labour, the environment and anti-corruption. We are committed 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.

We are showing our actions through our continuous support and commitment to this unique initiative of United Nations and are trying to play our role under the umbrella of UN Global Compact principles to make this world a better living place.

This Communication on Progress reviews how we have been specifically applying the ten principles; it reflects our interest in transparency. We share it widely on our globally through website

TOWFIQ H. CHINOY  
Managing Director & CEO  
International Industries Ltd.  
Pakistan



## **COMMUNICATION ON PROGRESS REPORT**

### **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 committed to be an ethical and quality conscious company. It shall continually enhance the effectiveness of its quality, environmental, occupational health and safety management system. It shall do so while conforming to all applicable legal requirements, as well as fulfilling and exceeding the needs of its customers.*

*Team work, continual improvement, prevention of pollution, waste reduction, protection of environments, 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 responsibilities shall be the hallmark of all activities undertaken by IIL"*

### **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.

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Before mock drill class room training sessions are conducted to brief the teams about the responsibilities (Dos & Don'ts) 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.
- Revised OHSAS manual to educate employees on safety and health has been developed & circulated in the local language and is also available on intranet / fp-server for ready reference.
- 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.

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### **Measurable Results or Outcomes**

- No complaint indicating violation of human rights / gender sensitive policy within the enterprise was received.
- 4<sup>th</sup> Surveillance external audit of OHSAS 18001 was successfully conducted as per new standard (2009) in March 2009. and no minor / major NC was raised during surveillance audit & all previous pending NCs were satisfactorily close out.
- An upward trend in OHS awareness observed through trainings; which is increased by 87 % (1249 workers trained) over the previous year. Staff members have been trained on various health and safety issues including Basic Safety Induction, Fire Fighting and Safe Crane Operations.
- During the year 2008-09 lost time accident reduced by 45% and minor incidents reduced by 30%.

### **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 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.

#### **System:**

- After every two years, Management and Union enter into bilateral negotiations on the Charter of Demands and arrive at a mutually acceptable agreement.
- Workers participation in Management and decision-making is ensured through Joint Management Board and 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 three years as per local legal requirement.
- Union office bearers are given leave to participate in trainings / workshops whenever



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it is required.

- 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.
- Ten agreements have been signed & successfully implemented since 1988 including the latest agreement which was signed on May 29, 2008 allowing substantial increase in workers wages and other benefits supported by performance wage linkage.
- Employees have been a source of strength in achieving excellent performance continuously.

### **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 labour, including Article 2 (1) of the ILO Forced Labour 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.
- **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.

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- 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

### **PRINCIPLE 5**

### **BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR**

#### **Our Commitment or Policy**

IIL not only ourselves support effective abolition of child labour, 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 an strict policy condemning Child Labour 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 labour and commitment that no employment is offered to the persons below 18 years of age.



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### **Measurable Results or Outcomes**

No child labour 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 on the basis of 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.

#### **Activities:**

We consciously recruit, hire, develop and promote employees following our policies. 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.

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### **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 committed to be an ethical and quality conscious company. It shall continually enhance the effectiveness of its quality, environmental, occupational health and safety management system. It shall do so while conforming to all applicable legal requirements, as well as fulfilling and exceeding the needs of its customers.*

*Team work, continual improvement, prevention of pollution, waste reduction, protection of environments, 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 responsibilities shall be the hallmark of all activities undertaken by IIL*

#### **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. We are presently in process of registration as a project compliant to the environmental standards set by Clean Development Mechanism. This activity shall help in combating climate change under the United nations Framework Convention on Climate Change and will enable us to sell carbon credits to the European Trading System.



#### **Activities:**

- IIL has got itself registered with Ministry of Environment government of Pakistan for SMART (Self Monitoring & Reporting Tool) programme for its cogeneration 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/

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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 accidents and 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 cogeneration activities.
- Energy Conservation: After the installation of tri-generation system based on



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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.

- For the second consecutive year IIL was also awarded "Annual Environment Excellence Award-2009" organized by Pakistan National Forum for Health and Environment.



Mr. A. Waseem Sufi GMHR is receiving award from Federal Minister for Environment

### **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.
- 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 Head by the Managing Director, and has dedicated support to accomplish the objectives. I

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- Reduction in Incidents

For the reduction of incidents, accidents following initiatives have been taken:

- Every month, safety Presentation to top management in monthly Q&HSE Trend analysis is given, showing accident trend zone wise, contractors wise, safety walk results, analysis, findings & recommendations in order to involve senior management on Q&HSE issues.
- Participation in Safety Committee & Zonal Team Leader Meetings.
- Participation in Daily safety Talks.
- Monthly Safety Executive Walks
- Introduction of safety calendars
- Introduction of contractor's quarterly safety appraisal
- Intensive OHS Trainings
- Enhanced Monitoring
- Monthly Cash awards for Employee of the Month and Team of the month are given for best suggestion on improvement of safety, environment, process and productivity. Such efforts of the Team/Employee are also recognized through notices and pictures which are posted at the notice boards throughout 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 waste through City District Government Karachi to designated land-fill sites.

### **Measurable Results or Outcomes**

- Zero neighbor complaint due to our regular monitoring, self assessments and compliance with environmental regulatory standards.
- IIL has imported a "Zinc Reclamation Unit" (friendly machine) from Australia in year 2008 worth Rs. 7 Million, which ensures zero generation of smoke and dust during zinc recovery process, hence decreasing the emission impact on environment generating from the industry.
- An overall 87% increase in HSE trainings and 93 % increase in number of employees HSE trainings.
- 45% decrease in LTAs & 30 % decrease in minor incidents witnessed as compared to previous year
- On Tree plantation within the vicinity of factory, adequate amount is being spent on annual basis to make factory more green.

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**Tree plantation at IIL**

- IIL has constructed and maintaining 5 Bus stands in Landhi Industrial Area in collaboration with the City District Government Karachi for the convenience of local people.
- IIL's Commitment to uphold its core values and social responsibilities go beyond the circle of quality:
  - During the year company has committed Rs: 30 million for "The Amir Sultan Chinoy Chair" at the school for Entrepreneurial Management at the Institute of Business Management Administration, Karachi. An amount of Rs: 15 million has been paid during the year and balance will be paid in 2009-10.
  - The company has also sponsored "The Amir Sultan Chinoy Chair" for the institute of Educational Development at Aga Khan University Hospital.
  - In collaboration with "The Citizens Foundations", IIL has set up two primary schools in areas close to factory where currently about 700 children are receiving quality education at highly subsidized rates. The company continues to support these schools.
  - IIL has given 25 Scholarships for higher education in the year 2009 to NED University of Engineering & Technology, Karachi to the deserving students of class 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> year.





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- 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 292 apprentices are on board studying in various trades in the company.
- We at IIL have started an adult education program in collaboration with an NGO 'Literate Pakistan' through which 77 illiterate workers have successfully learned reading and writing in our National language. 7<sup>th</sup> Batch of this program is in progress



### **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 pecuniary 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

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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](http://www.iil.com.pk) .

