

CE'S Statement of Continued Support



As a founder signatory to the UN Global Compact, Pakistan, Agriauto Industries Limited had made a firm resolve to remain committed to the ten cardinal principles on human rights, labor, environment and anti-corruption. These ten principles are closely aligned with our commitment to be a responsible business and our shared values of truth, respect, discipline and fairness.

As our activities are focused on manufacturing, Agriauto Industries Ltd firmly believes and pledges to abide by the UNGC principles. We would continue to strive to embed these standards in our everyday business practices. We would also endeavour to extend these principles to our stakeholders, customers and vendors by working closely with them and encouraging them for their adoption.

Our focal point this year would be the neutralization of chrome waste water through effective treatment and thereby eliminate negative environmental impact.

Also mentioned in this Progress Report, are our CSR activities, which remain a corner stone of our policy.

Fahim Kapadia
Chief Executive

CORPORATE PROFILE – AGRIAUTO INDUSTRIES LIMITED

Agriauto Industries Limited is a public limited company, incorporated in 1981, and is quoted on the Karachi & Lahore Stock Exchanges. Our company is one of the leading automotive components manufacturer in Pakistan having a wide range of products covering both original equipment manufacturers (OEM) like; Toyota, Suzuki, Land Rover Pakistan, Honda-Motor-Cycle, Massey Ferguson, FIAT, Tractors and after market.

Our core products are as under:

- **Shocks Absorbers & Struts for Cars, SUVs, Trucks, Rickshaw etc**
- **Door Hinges for Cars**
- **Steering Boxes for Tractors**
- **Camshafts for Tractors**
- **Shocks, Pipe Fork, Case Dampers & Piston Rods for Motorcycles**
- **Sheet Metal Parts for Cars**

Being the first company in the private sector in Pakistan to acquire TS-16949 Certification and Technical Collaborations with leading international companies (KYB Japan, Aisin Seiki Japan, Gabriel Ride Control, USA) is the basis through which we are continuing to achieve technological and product excellence.




As a part of the House of Habib Group, we are committed in making our Vision a reality for all our team members, improving their quality of work life in our company through fair and equitable treatment to all and contributing extensively towards community welfare (Rs 6.40 Million) and National Exchequer (Rs 1.2 Billion). Different strategic and operational initiatives have been taken which have contributed immensely in enhancing the work culture and morale of our team members.

Through implementation of our Values, we have maintained a motivated team of professionals, committed to excellence. Our corporate objectives are as under:

- **Best Corporate Citizen**
- **Best Employee Care**
- **Low Cost Producer**
- **# 1 in Market Share & Customer Satisfaction**
- **# 1 in Product Technology**
- **Competitive Return on Investment**

Active participation in UN Global Compact, CSR and EFP activities have benefited the company in contributing towards different social causes and improving its corporate image as a responsible entity committed to excellence.

Our company's strategic thrust will remain in providing our customers quality products and remaining a reliable and close partner within the automotive industry.

<p>Principle-1</p> <p>And</p> <p>Principle-2</p>	<p>Management at Agriauto recognizes that the scope of Human rights is momentous and makes every effort for betterment of its employees, their family and surrounding localities. Our policies, practices and system supports this principle to fullest:</p> <p>CONTINUED SUPPORT TO EDUCATIONAL INSTITUTES</p> <p>a) Adoption of Girls School at Hub</p> <p>Agriauto continues to support a Girls School at Hub. The company remains actively involved in enhancing the educational standard of the school and improving the conditions. Following assistance/ help have been provided:</p>
<p>-Business should support and respect the protection of internationally proclaimed human rights</p> <p>-To avoid complicity with human right abuse</p>	<ul style="list-style-type: none"> • Provision of furniture items/writing boards for the classes. • Provision of books and stationeries to poor students. • Provision of Uniforms to needy students. • Equipping the computer & Science laboratory. <div data-bbox="478 634 1081 1081">  </div> <div data-bbox="1081 634 1682 1081">  </div> <div data-bbox="827 1081 1436 1511">  </div>

b) 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.

c) The Garage School

The Garage school is devoted toward providing better education to the underprivileged. To support them in this noble cause, following donations were made:

- Rs. 76,800/- for purchase of desk and chairs for the classrooms.
- Rs. 60,000/- for setting up of a lab with basic chemistry practical facilities
- Rs. 200,000/- as donation for purchase of new building



IMPROVEMENT IN FACILITIES AT JAM GHULAM QADIR HOSPITAL AT HUB

The company has made huge efforts to improve the medical facilities of Jam Ghulam Qadir Hospital at Hub with mutual consultation of the hospital authorities. Following equipment/help was provided to Hospital during April 2011 to May 2012.

- Provision of generator to the hospital.
- Improving general conditions of the hospital.
- Donated "Easydip Machine (*Hematology Analyzer*) to Jam Ghulam Qadir Govt. Hospital, Hub of Rs. 415,000/-
- Operation Theater and laboratory were renovated



SUPPORT TO THE POOR WIDOWS/FAMILIES AT HUB

The company provides assistance and help to the poor/needy 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, through representatives of local communities.

Utility items for
poor widows /
family at Hub



HEALTH, SAFETY AND SECURITY ACTIVITIES

Employee's safety, health and security activities are the top most priorities of the management.

Health & Safety

The company lays particular emphasis on the well being and health of its employees. The company arranges free medical and Eye camp for its employees every year in factory premises.

Following were treated:-

- Number of Employees who visited the Camp 376
- Sugar & Blood Pressure tests 287
- Eye test 364
- Provide Medical Pharmacy 271



	<p>Legal Compliance on Employment</p> <ul style="list-style-type: none">❖ The company is fully committed and complies with the labor laws prevalent and all the legal requirements of employment.❖ The company ensures that no one is paid below the minimum wages, as laid down in the labor laws.❖ The company is an equal opportunity employer and merit remains the sole criteria of selection and recruitment processes.❖ Strict compliance is ensured so that no labor is employed below 18 years of age.
	<p>Systems in place</p> <ul style="list-style-type: none">✓ Code of Self and Business Conduct.✓ Strict implementation of gender policy provides female team members with good working environment and progression opportunities.✓ Safety and Health Policy in place.
	<p>Out comes</p> <p>The policies/SOP followed by the company has positively impacted on the community and stakeholders and the image of the business in their eyes has considerably improved.</p> <ul style="list-style-type: none">➤ Increase in literacy level of the company.➤ Better health of the workforce.➤ Improved hygiene & sanitation.➤ Enhanced motivation of the workforce.

<p>Principle-3</p>	<p>Agriauto is committed towards providing an excellent working environment to Junior Team Members focusing on providing freedom of association and the rights of collective bargaining to all its junior team members.</p> <p>Various Activities</p> <ul style="list-style-type: none"> ❖ Workers' participation in management and decision-making is ensured through the institution of CBA, as per legal requirement. ❖ Conversations with workers are regularly held every Monday in the morning assemblies. ❖ Union elections taking place every two years as per legal arrangement. ❖ CBA Chartered of Demanded was successfully finalized during Nov-Dec 2011. ❖ CBA representatives are made part of various policy decision, such as: <ul style="list-style-type: none"> • Transport Committee. • Medical Grant Welfare Loan • Safety, Health & Environment. • Provident Fund. • WPPF Committee. • Employee Grievance Handling
<p>To uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<ul style="list-style-type: none"> ❖ In addition, several benefits are provided to workers and review every year: <ul style="list-style-type: none"> • Attendance / Service Awards • Performance of Hajj and Umrah • Death Grant • Welfare Loan • Marriage Loan • Two Motorcycles every year <p>Many other initiatives are taken from time to time, keeping workforce motivated and satisfied.</p>

	<p>Out Comes</p> <ul style="list-style-type: none"> ➤ Excellent Industrial harmony prevails. ➤ No strike or cessation in work or loss of work hours due to strike or lockout has happened. ➤ A highly motivated and satisfied workforce. ➤ There exists, cordial relations with local agencies / government functionaries
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<p>Principle-4</p> <p>Business should support the elimination of all forms of forced and compulsory labour.</p>	<p>The management at AIL fully respect freedom of workforce. Our business operations are in line with prevailing labor laws and do not permit any form of forced labor.</p> <p>System in place</p> <ul style="list-style-type: none"> • Employment letters are issued to all employees with terms & conditions. • Job descriptions are provided to all team-members • Exit Interview Form has been updated to have feedback of employees separating from service, to take remedial measures for enhancing employee retention rate <p>Out Comes</p> <ul style="list-style-type: none"> ➤ No objection has been raised on HR audit of Employee motivational / Development and training activities by TS-Auditor. ➤ Employee Satisfaction Survey reviled high level of satisfaction exists amongst workforce. ➤ Defined job descriptions, has helped in increasing productivity and reduced conflicts amongst team-members.
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<p>Principle-5</p> <p>Business should support the effective abolition of child labour.</p>	<p>Agriauto has strict policy on abolition of child labor and HR departments ensure strict adherence to the relevant laws.</p> <p>System in place</p> <p>As per recruitment policy, it is mandatory for all new employees to have CNIC (issued to citizen attaining age of 18 years). SAP ERP application maintains check on employment record. All vendors / suppliers are discouraged to employ under age workers.</p> <p>Out Comes</p> <ul style="list-style-type: none"> ➤ No incident of child labor has been reported. ➤ Legal compliance.
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<p>Principle-6</p> <p>Business should support the elimination of discrimination in respect of employment and occupation.</p>	<p>At Agriauto all hiring are merit driven and all forms of discrimination are restricted through enforcement of code of ethics / conduct.</p> <p>System in place</p> <ul style="list-style-type: none"> • Our Human Resource policies encourage diversity and forbid Gender / Race harassments at workplace. • The company has employed disabled workers as per the legal requirement <p>Out Comes</p> <ul style="list-style-type: none"> ➤ Diversified work forces exists. ➤ Our 'Best Practices' helps in maintaining high moral and satisfaction of Employees.
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**Principle-7:
Business
should
support a
precautionary
approach to
environmental
challenges**

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

Agriauto recognize its duties towards environmental challenges and is fully committed to minimizing impact on the environment. We have developed a Safety, Health and Environment Plan to not only providing safe and congenial work environment to all employees but for surrounding communities.

System in place

- SOP for Waste Management is applied throughout the company
- Regularly take part in EFP's Best Practices Award on "Occupational Health, Safety & Environment"
- Reviewing committees

Safety talks

To raise the occupational safety and health awareness level of workers, on-site brief training session by the name 'Safety Talks' are arranged every week during the tea-break by HSE Officer and Plant Managers.



SHE Steering Committee

Every month Safety, Health & Environment (SHE) steering committee meeting is held. The meetings are headed by our Chairman / Chief Executive to review update on various safety / health related initiatives such as provision of proper safety equipment, conduct of regular safety awareness sessions, status of repair & maintenance activities to avoid any hazardous incident and disposal plan for waste material is also carried out.

Fire-Fighting & Mock Drills

Periodically, fire-fighting trainings and mock drills are conducted to evaluate preparedness of employees, specially the employees selected to be part of Emergency Response Team (ERT).



FIRE-FIGHTING TRAINING AND MOCK DRILLS



Out Comes

- Greener surrounding increases better sense of well-being among the employees, thereby, increasing individual's productivity.
- Zero accidental absenteeism in last six months
- No complaints from adjoining localities
- Pollution free work environment.

<p>Principle-9:</p> <p>Business should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Agriauto is making every effort in development and utilization of environmental friendly technologies.</p> <p>Various Actions</p> <p>Agriauto has taken practical steps towards proper treatment of:</p> <ul style="list-style-type: none"> • Paint Shop wastes • Lubricant / oil wastes and • Disposal of effluents <p>Smoke and Fume Free Environment in Plants</p> <p>By placing blower in Chrome plant and TCT machines, all fumes and smoke are properly exhausted, keeping the work environment free from all forms of smoke and fumes.</p>
<p>Principle-10</p> <p>Business should work against corruption in all its forms, including extortion and bribery</p>	<p>Agriauto monitors all its business transaction with internal and external stakeholders to eliminate malpractices.</p> <p>System in Place</p> <ul style="list-style-type: none"> • Adherence to code of ethics and statement of compliance. • Our HR department strictly follows no discrimination policy against race, gender and religion, while hiring at all levels. • With the implementation of SAP (ERP Software) all operational / financial activities are properly recorded, ensuring transparency. • All procurement activities are centralized • Strict implementation of Accounting Standards as applicable in Pakistan • Compliance with regulations of Security & Exchange Commission of Pakistan.
	<p>Out Comes</p> <ul style="list-style-type: none"> • Employees are enjoying healthy work environment. • No ir-regulatory has been reported by the internal / external auditors.