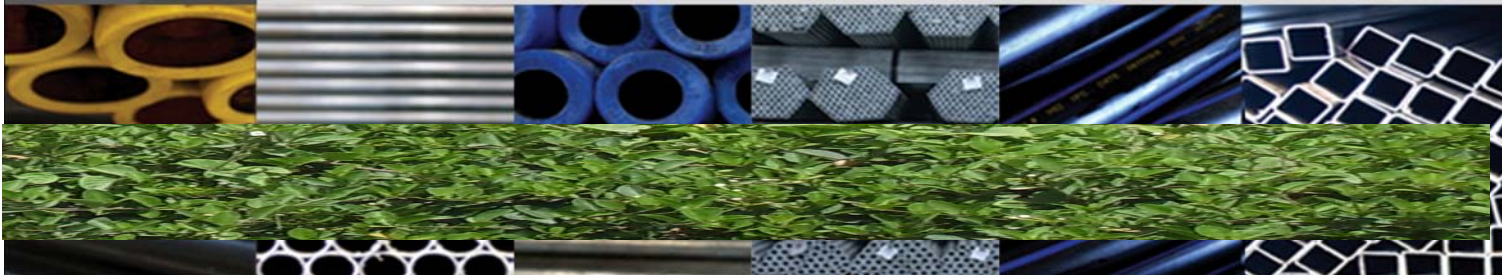




## GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS 2011-12





<b>Company Name : International Industries Limited</b>		<b>Date: 30.08.2012</b>
<b>Address</b>	<b>: 101 Beaumont Plaza 10 Beaumont Road</b>	<b>Membership date: 22/6/2006</b>
	<b>Karachi, 75530</b>	
<b>Country</b>	<b>: Pakistan</b>	<b>Number of employees : Over 1100</b>
<b>Contact name</b>	<b>: Mr. Khalid Junejo</b>	
<b>Contact Position</b>	<b>: Head of Human Resources</b>	<b>Sector: Construction &amp; Engineering</b>
<b>Contact Number</b>	<b>: +92-21-35080451 to 55</b>	

### **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 has an equity of over Rs. 5.0 billion with a net turnover of over Rs. 15.8 billion and has featured in the Karachi Stock Exchange listing of the top 25 companies for 9 years (from 2001 to 2008 and 2010). IIL has also been recipient of FPCCI Export Awards in the category of Best Export Performance Award on engineering products – Mechanical (Galvanized Iron / Steel Line pipe products) consecutively for the last 12 years.

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

During the year 2011-12, IIL's gross sales volumes were over 200,000 tons out of which 118,000 tons were sold in the domestic market and 82,000 tons amounting to over USD 80 million were exported to Afghanistan, Sri Lanka, UAE, Iraq, Yemen, Bahrain, Kuwait, Germany, Italy, UK, USA and Puerto Rico.

IIL is the first local private sector company to have cold rolling facilities. Its ten cold rolled tubes mills have a capacity of over 100,000 tons per annum, with sizes ranging from 12.70 mm ~ 75.90 mm in round, 10x10 ~ 50x50 in square, 10x20 ~ 40x80 rectangular, 13x23, 19x42 and 24x56 elliptical tubes and 16x40, 30x50 oval tubes with a thickness ranging from 0.60 mm ~ 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 tons/ annum. The GI product range varies from ½" ~ 6" having a thickness range from 1.80 ~ 6.00 mm.



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 four extrusion plants for high and medium density Polyethylene pipes for Water, Gas and Duct Pipe; with standard diameters ranging from 12 mm ~ 630 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 and Safety, IIL achieved International Certifications of ISO 9001, ISO 14001 and OHSAS 18001.

This internationally recognized and preferred pipe manufacturer has demonstrated its commitment to being an ethical and quality conscious company.

For more details please visit [www.iil.com.pk](http://www.iil.com.pk)



## **Statement of Support**

It gives me immense pleasure to submit International Industries Limited's Communication on Progress Report for the year 2011-12. Through this report, we once again endorse IIL's commitment towards United Nations Global Compact's 10 principles in the areas of Human Rights, Labor, the Environment and Anti-Corruption.

We recognize that a key requirement for participation in the Global Compact is the annual submission of Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore had committed to report on Progress within one year of joining the Global Compact and annually thereafter, according to the Global Compact COP policy.

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

This COP report is a testament to our commitment to reporting in accordance with the requirements of the Global Compact.

**RIYAZ. T. CHINOY**  
Chief Executive Officer  
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**

**Policy**

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:**

- The Code of Conduct (Good Governance and Ethical Practices) was approved by the Board of Directors on September 14, 2001 for implementation in IIL. This Code is signed every year by all Directors, Managers and Supervising staff of the Company to ensure that respect for human rights is fully integrated into their respective activities.



- IIL was certified for Occupational Health & Safety Assessment Series (OHSAS-18001) in 2007. With the advent of a new standard of OHSAS-18001:2007, all OHS procedures & manual were 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, IIL has been divided into different zones. Each Zone has an OHSE Team and an OHSE Team Leader. This structure created the ownership of OHS system amongst zonal team leaders & production managers
- To be adequately prepared for any safety related incident, mock drills are held at regular intervals. Regular inspections and checks of life-saving & firefighting gadgets are also carried out at regular intervals to ensure they are in proper working conditions. Pre mock drill class room training sessions are conducted to brief the teams about the responsibilities.
- Performance of service contractors on defined safety parameters is assessed by the HSE department on quarterly basis. Contractors with excellent to good performance were given cash awards while fines were imposed on contractors with unsatisfactory and unacceptable ratings
- To ensure public safety, IIL provided safety cones to dealers to be used during unloading activities. Proper use of these cones reduces the chances of passing vehicles accidentally colliding with parked trucks being unloaded.
- As a result of regular OHSE monitoring, about 125 unsafe acts and conditions were pointed out for which about 100 corrective and preventive actions were taken.
- Monthly Safety Walkthroughs were conducted by senior management and observations of unsafe acts and conditions were sent to respective department heads for corrective and preventive actions.
- A Safety Trophy was awarded every month based on certain set criteria like number of incidents, reporting of near misses, good housekeeping, participation in safety trainings, compliance of PPEs and safe crane operations etc. The CEO presented trophies in most months to winning departments and photographs of the event were displayed on notice boards. This has created a healthy competition amongst departments.
- IIL provides medical facilities to all employees through Social Security Scheme or under Health Insurance Scheme.
- Fastening safety belts while driving has been made mandatory for all employees.



## **Measurable Results or Outcomes**

- No complaint indicating violation of human rights / gender insensitivity received.
- A third party surveillance audit of ISO-14001 & OHSAS 18001 compliance was carried out in February 2012 and no major non-conformity (NC) was raised during surveillance audit & all previous pending NCs were satisfactorily closed out.
- During 2011-12, HSE department imparted 220 trainings and 2275 staff members have been trained on various health and safety issues including Basic Safety Induction, Fire Fighting and Safe Crane Operations.
- Additionally, as an integral part of the orientation process for newly inducted staff, basic safety trainings were imparted to all fresh employees – about 250
- LTIFR (lost time incident frequency rate) is a key performance measure of safety performance which is calculated on the number of lost time incidents per million hours worked. IIL achieved an LTIFR of 2.3 during 2011-12
- All significant incidents without lost time, incidents with lost time and near misses were investigated. Suitable processes and criteria (e.g., risk/potential consequences, learning potential) were put in place to ensure that investigations were carried out adequately and preventive actions were taken.
- Throughout the year a total of nine investigations for lost time incidents were carried out. The investigation reports were presented to top management. These reports were translated in Urdu and displayed on notice boards as lessons learnt for awareness of employees.

## **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 freedom of association and 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 work culture.





### **System:**

- Every two years, Management and Union enter into bilateral negotiations on Charters of Demands raised by either and arrive at a mutually acceptable agreement in a mutually supportive environment.
- 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**

- Twelve agreements have been signed & successfully implemented since 1988 including the latest agreement which was signed on 18 July 2012.
- Employees have been a source of strength in achieving excellent performance continuously with high level of enthusiasm and motivation.
- To inculcate a share in the profits workers are also given a Variable Pay Allowance which varies with production. Levels achieved in every month.





## **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.**

- **Placement of Offer.** Job offers to the selected candidates are made through official letter.
- **Appointment letter.** Appointment letter containing terms and conditions of employment are 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**

- New 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 live 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 concerned managers for required action. Separating Employees are also requested to openly discuss drawbacks of HR policies and procedures and the same are assessed and revised, if required.

## **PRINCIPLE 5: BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR**

### **Our Commitment or Policy**

IIL supports effective abolition of child labor, as enshrined in ILO's Convention 59 on Minimum Age (Industry) Requirement subscribed by Pakistan, and also ensures this is 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 (including 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 on child labor and announcement that no employment is offered to persons below 18 years of age.

### **Measurable Results or Outcomes**

No child labor is present 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:
  - 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 suitability for the position.
- Our policy on Code of Conduct for Good Corporate Governance clearly states:
  - Employees shall not discriminate against any other employee, especially with regard to origin, religion, gender or language.
  - 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**

IIL fully supports 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:**

- Monthly Q&HSE Trend Analysis meetings which are chaired by the CEO to address any Quality, Health, Safety and Environmental issues at the highest level.
- Monthly HSE walks are conducted by senior management of IIL regularly to identify and take appropriate timely action
- IIL is 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” to handle any safety and environmental emergencies.





- The procedure defines the mechanism and responsibilities to identify and give appropriate responses 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 developed, established and maintained procedures for identification of Environmental Aspects, Occupational Health , Safety and Environment Legal and Regulatory requirements 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.
- IIL has also developed and implemented a procedure for “Incident Investigation, Non Conformance, Corrective and Preventive Action”. Incidents are comprehensively investigated and appropriate corrective and preventive actions have been taken as per IIL procedure # IIL-HSEP-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

- Periodic External and Internal HSE Audits are carried out to check the adequacy and effectiveness of system
- IIL has introduced paper recycling system by providing recycling trays to store and reuse papers
- IIL monitors electricity, water and natural gas consumption on a monthly basis in various sections of the plant and every year, set electricity and natural gas consumption reduction targets to contribute indirectly to CO2 emission reduction as a responsible corporate citizen, we minimize electrical power consumption due to the prevailing national power shortage.
- IIL has established an Effluent Treatment Plant and setup four Fume Scrubber Systems for its Galvanizing plants and Fume scrubber System for its Pickling plant with the initial investment of more than Rs. 25 Million.
- 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 quarterly 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.
- IIL has won “Annual Environment Excellence Award” organized by the National Forum for Environment & Health during 2008, 2009, 2010 and 2011.
- In 2012, IIL has received Certification of recognition from Pakistan Centre of Philanthropy.

**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.

**System**

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

**Activities:**

- 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 for 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.
- Quality & Health Safety Environment Council is conducted on bi-annual basis which is headed by the Chief Executive Officer.
- 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.
- Sludge being generated from Effluent Treatment Plant was disposed off at Deh Jam Chakro land fill site for environment friendly disposal.

### **Measurable Results or Outcomes**

- Due to our regular monitoring, self-assessments and compliance with environmental regulatory standards, IIL has received no complaints from its neighbors .
- Lost time incident frequency rate (LTIFR) per one million worked hours in 2011-12 is recorded as 2.30 whereas current average global incident rate 2.27 of world steel organization
- During 2011-12 total 220 HSE trainings for employees were imparted on different HSE topics (Safe Crane Operations, Safe Driving, PTW, Fire fighting & First Aid etc) and total 1433 2275 employees got trained
- IIL allocates adequate funds for tree plantation inside & outside the factory
- IIL has donated substantial funds to following organizations (M/s LRBT, Institute of Architects Pakistan (IAP), Indus Valley School of Art & Architecture, Sindh Institute of Urology and Transplantation ( SIUT ), The Citizens Foundation, and Amir Sultan Chinoy Foundation
- 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 100 workers have been provided education.





- 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 36 apprentices are on board studying in various trades in the company.
- IIL has implemented via the Oracle E-Business Suite System which integrates, Procurement, Finance, Planning, Sales, Production, Maintenance, Quality Assurance, Human Resources 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 corruption, extortion and bribery 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:

- 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.
- 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.
- 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?**

This COP available to our stakeholders at our company website [www.iil.com.pk](http://www.iil.com.pk).