



COMMUNICATION ON PROGRESS REPORT

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company Name: International Industries Limited		Date : 08.07.2008
Address: 101 Beaumont Plaza 10 Beaumont Road Karachi, 75530		
Country	: Pakistan	Membership date: 22/6/2006
Contact name	: Mr. A. Waseem Sufi	Number of employees : Over 1100
Contact Position	: Divisional Manager HR	Sector : Construction & Engineering
Contact telephone no :	+92-21-5080451-55	

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 2007 of USD 183 million (Rs.11 Billion) with exports of USD 32 million. IIL has a plant and storage area of 25 acres (over 100,000 square metres) with stocks over 40,000 tons 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 2006.



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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 2007.



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.

Statement of Support

As a Global Compact Member, herewith IIL declares its continued support for the UN initiative Global Compact. We commit to adhere to the principals in the areas of human rights, labour standards, environmental protection and anti-corruption.

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.

IIL is proud to be a part of the UN Global Compact and in the future we will continue to express our support through our actions.

TOWFIQ H. CHINOY
Managing Director
International Industries Ltd.



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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 Commitment or Policy

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 and then was communicated to all employees to ensure that respect for human rights are fully integrated into their respective activities.
- After vigorously working for a year, on Hazard Identifications and applying operational controls to minimize identified risks, IIL achieved the OHSAS-18001 certification in February 2007.
- Our factory has been divided into 14 geographical Zones with a Zonal team in each zone to ensure implementation and sustainability of Occupational Health & Safety systems in related activities.

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- Sectional Emergency Response Team (SERT) created to meet emergency incidences like Fire, Medical Emergencies, Natural Calamity, etc. Proper trainings / meetings are conducted as per approved plans and are being attended by respective SERT members.



Training of Fire Extinguishers

- Daily Safety monitoring Visits are conducted at the Factory to detect safety and health risks / hazards to employees.
- Appropriate Personal Protective Equipment (PPE) is provided to all employees and it is mandatory to observe related laws in IIL.
- OHSAS manual to educate employees on safety and health has been developed & circulated.
- Booklets providing information about safe working and safety instructions have been printed in native language and distributed amongst employees for enhancing their understanding.
- Training programs are planned and conducted for employees & Contract Workers.
- IIL provides medical facilities to all employees through Social Security Scheme or under Health Insurance Scheme.
- Internal and External Audits are conducted to point out areas for improvement.



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Measurable Results or Outcomes

- No complaint indicating violation of human rights / gender sensitive policy within the enterprise was received.
- IIL has received Appreciation Certificate for participating in “Best Practices in Occupational Safety & Health” by the Employers’ Federation of Pakistan in April 2008.
- 2nd Surveillance external audit of OHSAS 18001 was successfully conducted in February 2008.
- More than 220 Employees were trained on various health and safety issues, including Basic Safety Induction, Fire Fighting and Safe Crane Operations from January 2007 to June 2008.
- IIL has received “Environment Excellence Award – 2008” organized by Pakistan National Forum for Health and Environment.

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 CBA and Work Council as per legal requirement.

Activities:

- Terms and Conditions of employment (Wages, Compensation & Benefits) of workers are mutually agreed upon through collective bargaining every two year.



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- Union elections are conducted after every three years as per local legal requirement.
- Union office bearers are given leave to participate in trainings / workshops.
- This has lead 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

System:

Employment System.

- **Appointment letter.** Appointment letters containing terms and conditions of employment is 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.



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Activities:

- Every candidate is explained in detail the Job requirements, well before Job placement. If required by the candidate, 2 to 3 days are also given 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 HRD.
- 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 and Head of HR. Any non-explanation of job requirements & working conditions at the time of hiring or orientation is forwarded to concerns for explanation and/or 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.



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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 below 18 years of age.

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 behaviour 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.



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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.

PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
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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.

Activities:

- 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.

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- 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.



Ambulance is available 24 hours at factory premises

Measurable Results

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



Fume Scrubber system of IIL Galvanizing Plants

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- Daily (6 times / day) in-house effluent testing and monitoring of various parameters are carried out before discharge to verify that parameters are within NEQS limits.
- IIL tests all effluent and emission parameters on Six Monthly basis from external recognized laboratories, for compliance of NEQS.
- This year IIL has won the “Annual Environment Excellence Award-2008” organized by Pakistan National Forum for Health and 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.

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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. Their status is reviewed on quarterly basis by the QEHS Council.
- QEHS Council is lead by the Managing Director, and has dedicated support to accomplish the objectives. Its meeting is conducted on quarterly basis.
- Safety Week, followed by a function on the last day of the week, is annually celebrated at IIL, in which employees and their families are invited. The occasion encompasses various activities some of which are listed below:
 - Distribution of Safety T-Shirts and Caps
 - Safety Poster Competitions
 - Safety Skits / Safety Songs
 - Safety Questions / Answer Session & Rewards
 - Blood Donation Camp
 - Gifts for Children
 - Entertainment Program (Food / Music)

In all the above activities employees of IIL actively participate.



Few snaps of Safety Day

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- 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.
- Regular internal/external environmental audits are also carried out.
- Conversion of company vehicles into CNG – An Environment friendly fuel
- Disposal of waste through City District Government Karachi to designated land-fill sites.
- IIL also showed their spirit of brother hood in the worst ever earthquake, that shocked Northern Areas of Pakistan, by building earthquake free homes and shelters in collaboration with DAWN RELIEF.

**Camps donated
by IIL**



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” (Environment 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.

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- On Tree plantation within the vicinity of factory, approximately Rs. 800,000/= is being spent on annual basis.



Tree plantation at IIL

- IIL has made 5 Bus stands in Landhi Industrial Area in collaboration with the City District Government Karachi for the convenience of local people.



Snaps of few IIL Bus Stands

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- IIL's Commitment to uphold its core values and social responsibilities go beyond the circle of quality:
 - IIL has set up two primary schools in areas close to the Factory in collaboration with "The Citizens Foundation" where currently about 500 children are receiving quality education.



Exterior View of Chinoy Campus



A view of Class room

- IIL has given 50 Scholarships for higher education in the year 2008 to NED University of Engineering & Technology, Karachi to the deserving students.
- IIL has an on-going Apprenticeship Training Program as per Apprenticeship Act of Government of Pakistan with an objective to provide students with quality technical knowledge and to provide country industrial sector with trained and skilled work force. At the moment 192 apprentices are studying in various trades.
- We at IIL have started an adult education program in collaboration with an NGO 'Literate Pakistan' through which 62 illiterate workers have successfully learned reading and writing in our National language. 6th Batch of this program is in progress.



A view of Adult Education Class Room



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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 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 .