

The Global Compact Communications on Progress Lanka Hydraulic Institute Ltd, Sri Lanka 22nd January 2008

"Lanka Hydraulic Institute Ltd pledges continued support for the Global Compact initiatives and pledges to uphold, embrace, support and enact, within our sphere of influence, the core values & principals of the Global compact.

Lanka Hydraulic Institute Ltd will work towards continued improvement in the practice of the ten principles of the global compact and will act to propagate the Global compact in other organizations in the Sri Lanka and abroad. "

- **Malith S. Mendis, Chief Executive/ Director, Lanka Hydraulic Institute Ltd**

Description of Practical Actions

Principle 1: Health and Safety Management System

The goal of continuous development of LHI's 5S program is to create a more organized and systematic work place that would be pleasant and efficient to work in. Establishing effective quality processes are a prerequisite for the production of a good service. LHI strives to institutionalize an Organizational culture that is driven to acquire the highest levels of quality to provide a better and superior customer service to their valued clients while endeavoring to attain sustainable competitive advantage.

The result LHI hopes to attain is an effective and efficient work place through complete employee participation, with a dramatic reduction of time and effort wasted on searching for equipment and losing out on space within the company premises.

Principle 6: Company policies and procedures which make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff at all levels.

LHI continues to carry out its commitment towards elimination of discrimination in employment in terms of race and sex. The Company has employed numerous members of minority races and of the female sex for the positions of Research Engineers – Core profit gainers for the organization. The Company has also formulated a Training & Development Plan that includes all key employees of the Organization. It caters to the development of these employees irrespective of level, race, gender and tenure.

Principle 8: Introducing, certifying and continually improving environmental management systems.

LHI maintains to uphold its Quality Management System through acquisition of the ISO certification 9001:2000 from SGS Switzerland.

Principle 4: Business supports elimination of forced or compulsory labor.

The Company encompasses a system of Over Time payment to non executive staff for extra hours they put in after normal working hours, during public holidays or weekends. LHI also has a Flex hours plan for the Engineering staff working for them, to reclaim every extra hour they spend at the work place.

Measurement of Outcomes

Principle 1:

The implementation of 5S' was begun in LHI from 'Sorting' between what the Company needed and did not need. LHI found many articles and equipment that needed to be disposed. They were able to recover a profit totaling to LKR 1 million by selling these unwanted material and equipment. It was implemented through a 'Big Cleaning Day' that the Company organized through active involvement and participation of the LHI's staff. It was a huge morale boost for the employees as well as the Management who are now driven to harness more benefits of this Workplace Management program.

Furthermore, LHI also boasts of a zero accidents year as the previous year due to the Safety measures the 5S program has enabled to standardize in the Organization. With the involvement of the workers LHI seeks to improve and sustain its Health and Safety Management of its staff, through 5S workshops, training and implementations of more beneficial programs in the coming year.

Principle 4:

LHI operations contain an Over Time payment method to non-executive staff members. If the employee engages in work exceeding the stipulated 8 hours duty, on public holidays or during weekends, he/she is paid overtime for the time spent thereafter.

A Flex hour plan covers LHI's engineering team where every hour that is spent for work after the 8 working hours, on public holidays or during weekends, can be accumulated and used on another day as personal leave – 4 hours constitute half day and 8 hours a full day. If an engineer works for an additional 8 hours within a week, he/she can take a day off from work to compensate for the extra hours worked previously.

All employees who render their services to working more than the stipulated working hours or during holidays, are paid subsistence and mal allowances and are shuttled free to their homes.

Principle 6:

In terms of supporting the elimination of discrimination in respect of employment and occupation, LHI has recruited to its workforce many female workers. The recruitment of female workers has been to the posts of Research Engineers which is considered as the core division of employees in the Company's hierarchy. Research Engineers are sole profit gainers to the organization while other divisions and departments are categorized to Support staff divisions, including the CEO/D. LHI attempts to erase any boundary lines that may cause discrimination to the fairer sex by recruiting more numbers of them and giving women equal opportunity to perform its core operations for the Company.

LHI has in its employment a mixture of employees ranging from various religions and races, including such minority communities. Members of these minority communities hold Managerial and/or key positions at LHI because the organization focuses simply on making qualifications and skills the basis for recruitment.

The LHI Employee Training Plan is focused on the entire staff this year. Managers together with their juniors sat down and decided what skills they need to develop to contribute to achieving the new set organizational targets for the year. The Training areas been identified, the Training Plan has been formulated for each employee. The Training cost amounting to LKR 1.88 million carries both local and overseas Training LHI plans to provide to develop and improve its workforce across all levels.

Principle 8:

LHI constantly endeavor to provide the best customer service to its clients, so that, the client experiences diversity in LHI's services than other similar service providers. ISO 9001:2000 certification is therefore is of utmost importance for LHI to sustain its Quality Management System to ensure that they offer a eminent service to its client, that results in gaining a higher market share and a repeating clientele. The organization at all times seeks superior ways to bestow their clients a fast and results oriented service. The ISO certification guides the operations and aid in attaining the recognition LHI strives for while offers continuous improvements.