



AGRIAUTO

INDUSTRIES LIMITED

UNGC COP Report 2013.

Agriauto became a participant in the UN Global Compact in April 2006. This Communication on Progress, the fifth for Agriauto, provides us with an opportunity to report against the principles and standards of the UN Global Compact. Agriauto strongly believes to participate in corporate responsibility strategy and performance across a broad range of social, community, workplace, human rights and environmental aspects.





CE'S STATEMENT OF CONTINUED SUPPORT.

At Agriauto Industries Ltd, we remain mindful of our obligations towards community. Our geographical location makes us more vulnerable to challenges, emanating from the down trodden and under developed community.

Lack of proper educational facilities and poor health facilities in the region remain our foremost concerns.

As the business grows, the expectations are rising. Today we stand steadfastly and renew ourselves to be committed to the UNGC guiding principles and to emerge as a long standing sustainability leader in the Manufacturing Sector. In retrospect, we exhibited focused approach to manage our impact on community and stake holders and sought to maximize shared value creation, thereby minimizing any adverse impact on community or the environment. Today our activities are focused and we drive integration of labor rights, social, environmental and ethical considerations, and our business operations and strategies.

We are working closely with our stake holders, business partners, vendors and customers in extending these principles and spreading its values.

This year, our focus would be on safety at workplace and elimination of environmental hazards.

In this COP we have put forth our actions to actively integrate the Global Compact and its embedded principles.

Fahim Kapadia
Chief Executive



CORPORATE PROFILE.

Agriauto Industries Limited is a public limited company, incorporated in 1981, and is quoted on the Karachi & Lahore Stock Exchanges. Being the fore runner amongst automotive components manufacturers in Pakistan, Agriauto covers a wide range of products for its customers like; **Toyota, Suzuki, Land Rover Pakistan, Honda-Motor-Cycle, Massey Ferguson / FIAT**, Tractors and Aftermarket.

We provide a wide array of products manufactured indigenously. The company has entered into a technical assistance with world renowned Japanese Company “**Ogihara**”. The company has recently embarked upon a new Stamping Project by the name of Agriauto Stamping Company, at Port Qasim, which is expected to be commissioned by mid-2014.

Our core products are as under:

- ✖ **Shock absorbers and struts in KYB & Gabriel (Oil & Gas)**
- ✖ **McPherson Suspension Assembly (End Module)**
- ✖ **Motorcycle Shock Absorbers**
- ✖ **Motorcycle Parts i.e. Pipe Fork/ Case damper/ Piston Rod**
- ✖ **Steering Box (Tractors)**
- ✖ **Door Hinges for 4-Wheelers**
- ✖ **Camshaft (Tractors)**
- ✖ **Stamping Parts (Instrument Panel / Body Parts)**

Being the first company in the private sector in Pakistan to acquire **TS-16949** Certification and Technical Collaborations with leading international renowned companies like (KYB Japan, Aisin Seiki Japan, Gabriel Ride Control USA) is the basis through which we are continuing to achieve technological and product excellence. The company is expanding its product range. Recently we have also entered into TAA with a Japanese company “**Shirokee**” for the manufacturing of **Window Regulators** for cars.

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 (**PKR: 4.43 Million**) & towards National Exchequer (**PKR: 0.868 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 Goals:

Agriauto remains focused on 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 in Pakistan.

Human Rights

Principle # 1.

Business should support & respect the protection of internationally proclaimed Human Rights.

Principle # 2.

Business should make sure that are not complicit with Human Rights Abuse.

Management at Agriauto remains mindful of its obligations towards Human rights and endeavors in its approach towards betterment of its employees, their families and surrounding localities. **Our policies, practices and system support this principle in entirety.**

CONTINUED SUPPORT TO EDUCATIONAL INSTITUTES

a) Girls School at Hub:

Agriauto continues to support a Girls School at Hub. With active support the school has come up to be amongst the best in the locality. The company remains actively involved in enhancing the educational standard of the school and improving the conditions.

This Year's Efforts Cover:

- ✂ Improved the health & hygiene conditions through provision of clean drinking water.
- ✂ Cleaner Environment.
- ✂ Support the needy & poor students of the school by providing 6000 note books / copies to the students.

b) Contributing in Ghulaman-e-Abbas School:

Agriauto takes immense pride in actively contributing towards enhancing education facilities.

Following support was extended:

- ✂ Donated an amount of **PKR: 18,000/-** to acquire Exercise Books for the students.

ENHANCEMENT IN SERVICES AT JAM GHULAM QADIR HOSPITAL AT HUB

The company has made huge efforts in the past to improve the medical facilities of Jam Ghulam Qadir Hospital at Hub with communal consultation of the hospital authorities.

Maintenance equipment for anesthesia machine and other maintenance work was carried out for the upkeep of hospital laboratory.

SUPPORT TO THE POOR WIDOWS / FAMILIES AT HUB

The company provides aid and help to the poor / needy widows of Hub and surroundings, in the shape of foods / utility items every year. This year too, rations and other utility items were provided to 200 widows & families, through representatives of local communities worth **PKR: 340,565/-**



WELFARE OF PERSONNEL

As in the past the company provided free Ration to its workers worth **PKR: 963,000/-** during the Holy Month of Ramzan.

HEALTH & SAFETY

The company lays specific importance 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 this year:

- ✂ Number of Employees who visited the Camp was **374**.
- ✂ Sugar & Blood Pressure tests **234** workers.
- ✂ Eye test & Glasses issued to **263** employees
- ✂ Provision of Medical Pharmacy as per need.
- ✂ Annual Medical Check-up of **29** Hazardous Job Workers.



LEGAL COMPLIANCE ON EMPLOYMENT

- ✖ The company is fully devoted and complies with the labor laws prevalent and all the legal requirements of employment.
- ✖ The company certifies 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 employment processes.
- ✖ Firm compliance is ensured so that no labor is employed below 18 years of age.

SYSTEMS IN PLACE

- ✖ Code of Self and Business Conduct.
- ✖ Strict application of gender policy provides female team associates with good working environment and development opportunities.
- ✖ Safety and Health Policy in place.

OUT COMES

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.

- ✂ Increase in literacy level of the company.
- ✂ Better health of the workforce.
- ✂ Improved hygiene & sanitation.
- ✂ Enhanced enthusiasm and motivation of the workforce.

LABOUR STANDARDS

Principle # 3.

Businesses should uphold freedom of association & effective recognition of the right of collective bargaining.

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.

VARIOUS ACTIVITIES

- ✂ Certification obtained from NIRC, Islamabad for AIL- CBA under section 19(10) of IRA-2012.
- ✂ AIL CBA certified as CBU by Chairman NIRC Islamabad.
- ✂ Streamlined job contract for canteen and Gardening workers as per the law.
- ✂ Finalized CBA Charter of demand for the years 2013-2014.
- ✂ All important decisions by the management are disseminated to the workers in special Monday Morning Assemblies & their voices are given true importance.
- ✂ Every Two years the Union Elections are held as per legal requirement.

CBA representatives are made part of various policy decisions, such as:

- Transport Committee.
- Medical Grant Welfare Loan
- Safety, Health & Environment.
- Provident Fund.
- WPPF Committee.
- Employee Grievance Handling

In addition, several benefits are provided to workers and review every year:

- ✖ Attendance / Service Awards
- ✖ Performance of Hajj and Umrah
- ✖ Death Grant
- ✖ Welfare Loan
- ✖ Marriage Loan
- ✖ Two Motorcycles every year
- ✖ Many other initiatives are taken from time to time, keeping workforce motivated and satisfied.

OUT COMES

- ✖ Excellent Industrial harmony prevails.
- ✖ Uninterrupted on work & no loss of work hours due to strike or lockout has happened.
- ✖ Existence of highly committed and motivated workforce.
- ✖ Healthy & congenial environment.
- ✖ Workers can voice their concerns if any, due to easy accessibility towards the management.

Principle # 4.

Business should support the elimination of all forms of forced and compulsory labor.

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.

SYSTEM IN PLACE

- ✖ Merit is the sole criteria.
- ✖ 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

OUT COMES

- ✖ No objection has been raised on HR audit of Employee motivational / Development and training activities by TS-Auditor.
- ✖ Employee Satisfaction Survey revealed high level of satisfaction amongst workforce.
- ✖ Defined job descriptions, has helped in increasing productivity and reduced conflicts amongst team-members.

Principle # 5.

Business should support the effective abolition of child labor.

Agriauto has strict policy on abolition of child labor & HR Department ensures strict adherence to the relevant laws.

SYSTEM IN PLACE

- ✖ As per recruitment policy, it is mandatory for all new employees to have Computerized National Identity Card (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.

OUT COMES

- ✖ No incident of child labor has been reported.
- ✖ Legal compliance.

Principle # 6.

Business should support the elimination of discrimination in respect of employment and occupation.

At Agriauto all hiring are merit driven and all forms of discrimination are restricted through enforcement of code of ethics / conduct.

SYSTEM IN PLACE

- ✖ Our Human Resource Recruitment policy is well defined and forbids any type of Gender / Race discrimination at workplace.
- ✖ The company has employed disabled workers as per the legal requirement

OUT COMES

- ✖ Diversified work forces exists.
- ✖ Our 'Best Practices' helps in maintaining high moral and satisfaction of Employees.

ENVIRONMENT

STANDARD

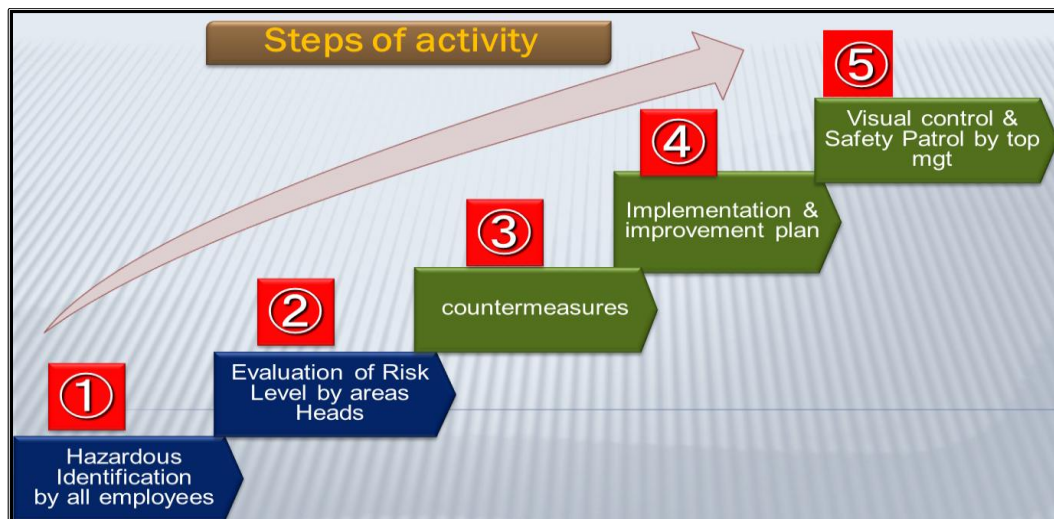
Principle # 7.

Business should support a precautionary approach to environmental challenges.

Agriauto is committed to provide a system that helps in eliminating unsafe & unhealthy work conditions. Hazard identifications and risk assessment are being performed, reviewed and all necessary preventive measures are taken to minimize the accidents. Emergency response procedures and plans are established to deal with accidents and emergencies, Exercises are periodically carried out in order to check the effectiveness of these plans.

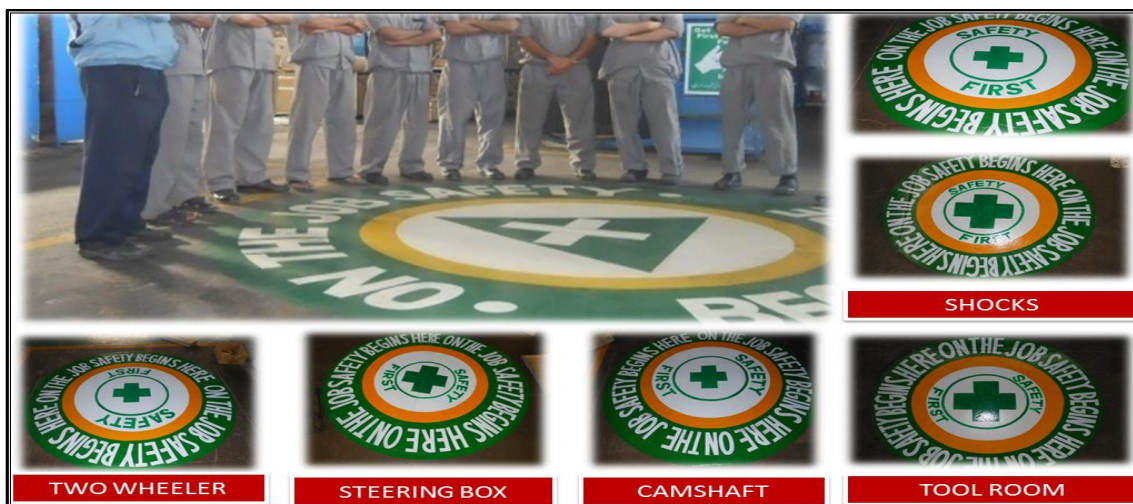
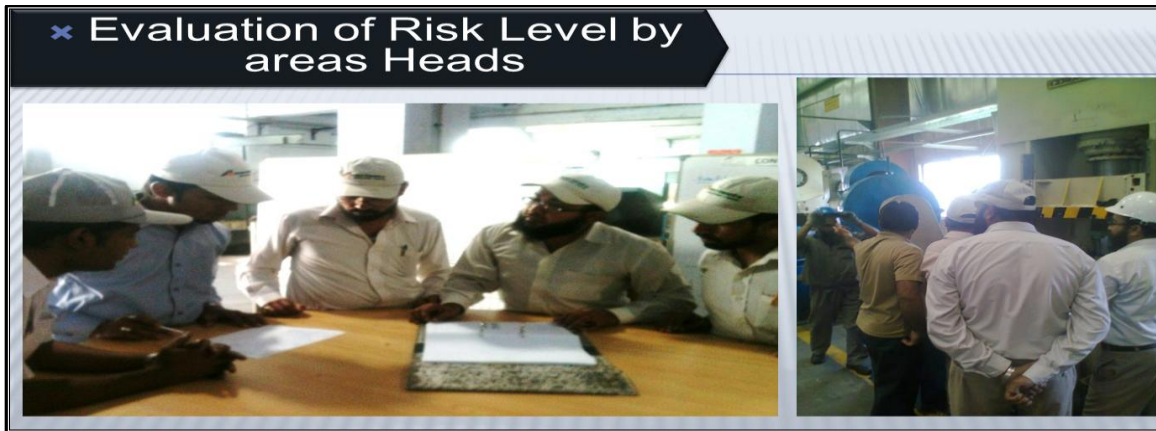
Responsibilities and authorities in emergency situation are clearly identified in the procedures, to improve safety measures on continual basis in each area.

Agriauto identifies and analyzes potential risks (danger hazards) related to work and Equipment, and to decide measures to be taken via CCCF activity (complete check complete find out) and Hiyari Hatto (near miss and narrow escape) activity.



SAFETY TALKS

For the safety and health of employees in the workplace, we have spent 3100 man/ hrs. The training has developed awareness & sense of responsibility in each person to conduct all procedures in a harmless routine.



Principle # 8.

Businesses should undertake initiatives to promote greater environment responsibility.

SHE STEERING COMMITTEE

Every month Safety, Health & Environment (SHE) steering committee meeting is held.

WATER TREATMENT PROCESS

Baseline study carried out for Effluent water Treatment process (7 days study extended up to 15 days for measuring flow rate and sampling of waste water for testing from 5 different sampling points).



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).

INTRODUCED FIREFIGHTING TROLLEY & TRAINING EMERGENCY RESPONSE PROCEDURES.



OUT COMES

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

Principle # 9.

Business should encourage the development and diffusion of environmentally friendly technologies.

Agriauto is making every effort in development and utilization of environmental friendly technologies.

PLANTATION FOR HUMAN FRIENDLY ENVIRONMENT



SMOKE & FUMES FREE ENVIRONMENT IN PLANTS

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.

ANTI – CORRUPTION

Principle # 10.

Business should work against corruption in all its forms, including extortion and bribery

Agriauto monitors all its business transaction with internal and external stakeholders to eliminate malpractices.

SYSTEM IN PLACE

- ✖ 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.
- ✖ All cases involving unethical practices / corruption are monthly reported to Group Administration.
- ✖ 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.

OUT COMES

- ✖ Employees are enjoying healthy work environment.
- ✖ No Ir-regulatory has been conveyed by the internal / external auditors.