

UN Global Compact Communication on Progress

RASTGAR ENGINEERING COMPANY (REC) ISLAMABAD, PAKISTAN

Since its inception 43 years ago, in 1967, **Rastgar Engineering Company (REC)** has been following universally accepted ethical policies and practices. We have thus practically been abiding with the ten principles in human rights, labour, environment and anti-corruption, much earlier than 2000 when these were notified by the UN Global Compact. It was thus as simple as reiterating its commitment to the humanity when REC joined the Compact 3 years ago.

We, at REC, continue to strongly support and are fully committed to all of the Global Compact principles. Our employees and management take pride in the fact that there have been major achievements over the recent years in implementing the principles enhancing the image of Rastgar Engineering Company in the local and international community. Our stance on these principles has regularly been communicated to all stake holders in various forms, which include:

- a) Annual reports to share holders, creditors, bankers etc
- b) Declaration on our website www.rastgar.com
- c) Defined Policies on Human Rights, Manpower, Environment and Anti-Corruption
- d) Annually updated Employees Handbook
- e) Standard Operating Procedures
- f) Regular emails and letters regarding to our suppliers, customers and employees regarding our policies
- g) Prominent Notices and Posters in our premises
- h) Occasional written communications to all stake holders

Our policies on human rights, labour, environment and anti-corruption are widely published internally and externally. The policies are openly posted on REC Notice Boards, included in our website, annual financial reports, and occasionally communicated to our stake holders as a refresher.

Our internal controls cover measuring of managers' performance against targets which encompass, besides production and operational efficiencies, conforming to all the ten principles of UN Global Compact. Management Reviews also include consideration of all nonconformity about human rights, labour, environment and anti-corruption matters. Strict remedial and preventive action, including reassessment of risks and opportunities, is taken and its effectiveness is considered in subsequent reviews.

We are strong believers in the universally accepted human rights and we take special care to ensure that we do not indulge into abuse of any human rights. As mentioned in our Corporate Social Responsibility, we believe our workers to be our most valued and precious asset. We do not discriminate between them on the basis of gender, race, faith or political beliefs etc. Child or forced labour is prohibited in REC. All our employment is on mutual consent basis, and employees are at liberty to quit as per defined terms and conditions.

These and other similar principles are categorically declared on our website under “Social Responsibility”.

All Rastgar Engineering Company suppliers / contractors are also expected to comply with the “Supplier Code of Conduct.” which includes their employing only adult willing workers. All suppliers are expected to be knowledgeable of the business practices of their sub-suppliers and subcontractors to ensure they operate within the scope of this code. Our external auditors for health, safety and social accountability management have full liberty to examine and measure the actual situations on ground, to talk to any and all employees, as well as to examine relevant documents to determine the extent to which all human rights are being respectfully followed. All employees are at liberty to bring to the notice of Directors any grievances about non-observation of human rights, in addition to channeling it through the Workers Representative or the department supervisors. We strictly abide by all relevant labour laws regulating the minimum wages, social security, old age benefits, safety, environments, health, compensation and working conditions.

Our Social Responsibility targets for the year 2010 include certification of Social Accountability standard **SA 8000**.

Our management and work force both take pride in claiming that their mutual relationship has been conflict free for many years.

We are **ISO:14001**-certified since 2007. Our environment policy is self evident about our concern over emissions, wastes, and recycling. Our employees are trained in conservation of all resources in general, and of water, power and natural gas in particular. Our trained internal auditors watch specially against any hazardous acts and carelessness, wasteful use of resources, including water and power. They are required to watch that water is conserved and does not flow waste through leakage or in fructuous usage. Their reports are reviewed regularly by Management for effective remedial and preventive measures.

Our staff coordinates closely to ensure improvement in energy efficiency of products, services and processes. Our plans include substantially reducing the current use of CO2 gas in production processes. This will be our big contribution to help reduce CO2 emissions and preserving ozone layer. All our employees take enthusiastic part in the biennial plantation campaigns during which their awareness about climate changes is

refreshed. We will continue improving the environment with more plantations, and caring for the plantation already made. We are committed in short to hand over a still better and greener environment to our future generations

Our search continues for better ways to conserve water, gas and power resources. We feel pride in the fact that we are an industry leader with regards to adhering to these human right principles.

Practical steps have been taken to identify all occupational and safety hazards in REC to which our workers (and other assets) may be susceptible. Requisite precautionary measures, including emergency preparedness, first aid and fire-fighting equipment have been adopted for ready response / rescue in case of any untoward incident. Fire-drills are held every year to keep workers aware of their allotted roles in case of a fire. In recognition of all these measures, REC has this year been certified Occupational Health and Safety certification - **OHSAS 18001**, which is another addition to REC distinctions. The risks and hazards are regularly reviewed for continual improvement in our emergency preparedness and response.

Rastgar Engineering Company, its employees, suppliers, and other stake holders are committed to the highest standards of integrity, honesty, and fairness in all internal and external relationships. No Rastgar Engineering Company employee shall directly or indirectly accept or offer to pay bribes or kick-backs. We have adequate internal checks and balances to ensure that no employee is in a position to maneuver the events or circumstances towards any corruption. Transparency in engaging, employing and compensation payment of manpower obviates any corrupt practices in these fields. Multi-tiered checks in procurement, finance, accounts and audit reduce the chances of corruption virtually to Nil.

In order to demonstrate strictness in this matter, the employees are under obligation to deposit even token gifts like diaries, pens, calendars and other small items with the REC Administration Department. This small but important direction is a part of the Employees' Hand Book, and all employees are annually reminded through email about this obligation. Copy of the latest reminder issued on 7 Jan 2010 is attached at the end.

Our internal checks include regular audit of 5-S of all the company zones by auditors from different zones. The auditors are provided external / internal training to keep them abreast of latest developments and techniques in all human rights, labour, environment and anti-corruption matters so that observance of these principles is critically examined during internal audits.

Continual improvement is the key word for all our policies, strategies and targets. We are conscious that despite our continued efforts to achieve the best possible status, there will always be room for further improvement. Overall grading of managers' performance between 3~4 against 5 for best is a regular reminder that efforts are needed constantly for continual improvements. The managers and workers both are

encouraged to discuss openly where and how the improvements need to be targeted each year.

We ensure our workers' involvement, association and participation in all job-related deliberations to bring improvement in our working conditions, environment, productivity, profitability and compensation. There are Suggestion Boxes, as well as token rewards for useful suggestions from the employees, whether these are utilized or not.

Going beyond legal obligations, we have introduced following worker benefits purely from a humanitarian viewpoint:

1. Educational scholarships to workers' children
2. Financial support / pension to deceased workers' dependants
3. Special financial grants on dependents' marriage
4. Special paid leave on employee marriage
5. Special paid leave in case of family bereavement
6. Free meals to employees up to certain level, and subsidized meals to others
7. Reimbursement of extraordinary medical costs
8. Distribution of special Ramadan gift packages
9. Mark-up free loans to workers for purchase of motor cycles / bicycles

Occasional notices are posted in REC inviting applications for any other special grants. Pictures attached show :

Sl. No.	Worker Name	Category	Age	Spouse Name
1	محمد	فوزری	06	نہایتی
2	محمد یونس	مشین ٹاپ	07	نہایتی
3	محمد علی	فوزری	08	عظیم خان
4	ایل حسین	میلنگ مشین	09	سورج سہاسی
5	جاوید خان	فوزری (ڈب)	10	محمد علی

Selection of Workers by Hajj Committee for Hajj at Company Expense.

Notice inviting applications For Extra Facilities



Welcome Hajj Ceremony Dec 2009



Distribution of Bicycles among workers.



Ramzan Food Packages being distributed among workers Sep 2009.



Corporate Social Responsibility, 5S Principles and Golden Principles Notices.

Foreign consultants are engaged occasionally to study in depth the current working conditions. They mix up freely with our work force, obtain first hand impressions and responses from them, and recommend measures for improving the work conditions, productivity and benefits through inculcating team spirit.



English game, Swiss player, Islamabad Pakistan Ground Oct 2009

Last year's special cricket gala with six teams from within REC was followed this year with eight teams. A Swiss expert participated in this English game at Islamabad cricket ground.



REC Cricket Tournament 2008



REC Cricket Tournament 2009



The 2009 Gala winner



Swiss Consultant addressing the workers and inviting suggestions.



German Expert training REC workers.

Workers are encouraged to participate in various physical fitness, hiking, sight-seeing and cultural events. A record number of 230 workers went this year on sight-seeing tour of the nearby hilly areas. Workers take keen part in individual fitness events like rope climbing, short races, push-ups, sit-ups. Their groups competed for winning positions in 5 km Margalla Hills hiking event. They presented songs, improvised music, one-man shows, comic skits and other numbers to the pleasure of house-full audience.



Rastgar Picnic trip to Nathia Galee Murree 2009



Annual athletics day glimpses Dec 2009



Tree Plantation Day April 2009



Rastgar Cultural Day audience March 2009



Rastgar Cultural Day skit

Believing firmly in equal opportunities for both the genders, we encourage females to compete for jobs in REC. Female employees in HR, Procurement and Finance departments are enjoying peaceful and harassment-free REC environments. We earnestly hope that they will prosper within REC and set example for others.

Equal opportunity female employees



After our ISO 14001 certification in 2007, we are continually taking measures to bring further improvements in our healthy green environments. Adoption of Japanese 5S principles has brought about a lot of improvement in REC working environment. Our premises have been divided into 7 Zones for maintaining the standard environments; and Auditors from one zone carry out regular audit of other zones to ensure that everyone in REC is conscious of and attends to the respective responsibilities. Some pictures relating to this activity are attached.



Safety, Health and 5S Posters/Notices in REC Premises.

Practical steps have been taken to identify all occupational and safety hazards in REC to which our workers (and other assets) may be susceptible. Requisite precautionary measures, including emergency preparedness, first aid and fire-fighting equipment have been adopted for ready response / rescue in case of any untoward incident. Fire-drills are held to keep workers aware of their allotted roles in case of fire. In recognition of all these measures, REC has this year been certified OHSAS 18001 compliant, which is a respectable addition to the REC distinctions.

Amir Ahmad

From: Muhammad Latif Mughal [latif.mughal@rastgar.com]
Sent: Thursday, January 07, 2010 2:19 PM
To: sajjad.ahmad@rastgar.com; sher.afzal@rastgar.com; zafar.ansari@rastgar.com; athar.shabbir@rastgar.com; awais.anwar@rastgar.com; zahid.sultan@rastgar.com; basir.faruqui@rastgar.com; foundry2@rastgar.com; arshad.mehmood@rastgar.com; 'Waqar ul Haq'; 'Muhammad Imran'; amir.ahmad@rastgar.com; uzma.zaman@rastgar.com; iram.jahangir@rastgar.com; 'Samia Naz'; aamir.nazir@rastgar.com; javid.akhtar@rastgar.com; adnan.ahmed@rastgar.com; frontdesk@rastgar.com
Subject: Deposit of gifts with Admin

Dear Team Members,

This is just an annual refresher about the company policy that all calendars, diaries or other gifts received by REC employees from any company customer or supplier are to be handed over to me for ultimate disposal under SAR directions.

Best Regards,

Muhammad Latif Mughal
Human Resource

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Web: www.rastgar.com, Email: latif.mughal@rastgar.com



Please consider your environmental responsibility.
Save energy. Save a tree. Save the printing for something really important.

1/7/2010

**Reminder to REC Members
to deposit Gifts / Diaries/Calendars
with REC Administration.
(above)**

**Supplier Code of Conduct accompanying each Purchase Order,
conveying REC policy
of abstaining from all sorts of corruption /
child and forced labour etc.
(below)**

RASTGAR

RASTGAR ENGINEERING COMPANY PVT. LTD.
 207 St. 3 Sector-53 Industrial Area,
 Islamabad, Pakistan
 Tel: ++92 31 4412544, 4431245
 Fax: ++92 31 4412548
 E-mail: purchase@rastgar.com
 Web site: www.rastgar.com

PURCHASE ORDER

Name: **Al Raza Silica Sand Supplier**
 Address: **Bannu Road, Near Shell Petrol Pump, Quamar Machani, Minwah**

P.O No: **156**
 Date: **30-Nov-2009**
 Delivery Date:
 Shipment Mode:

Phone: 01897397585
 Fax:
 E-Mail:
 P.R.No: 224

Supplier Code: 01-0369

Description	Qty.	Unit	Rate	Amount
0.135 Silica Sand	1,000,000.0000	Kgs	0.3000	300,000.00
Total (Rupees):				300,000.00
Sales Tax:				48,000.00
Net Total:				348,000.00

(Rupees Three Hundred Forty Eight Thousand Only)

TERMS & CONDITIONS

Delivery date must be followed positively and should be supplied with formal invoices (i.e. 800 hrs to 1500 hrs)
 Material must conform to the specifications. In case material is rejected it must be removed from company's premises and replaced free of cost by the supplier.

FREIGHT TERM: FREIGHT WILL BE PAID @ RS 760 / TON
 Rates are Exclusive of Sales Tax.
 Deduction of W/H Tax U/S 153 or 148 of Income Tax Ordinance 2001 is applicable.
 Company reserves right to cancel whole or part of the order and purchase from the other source at the risk and cost of supplier.
 Supplier shall submit bill directly to our finance department for timely payment.

PAYMENT TERMS: 10 DAYS AFTER RECEIPT OF BILL

SUPPLIER CODE OF CONDUCT

- Supplier may never give gifts, favors or entertainment to any Rastgar employees.
- Supplier may never give cash to a Rastgar employee.
- Supplier must report any instance where a Rastgar's employee explicitly or implicitly requests any type of gift, favor or payment in order to be qualified to bid, obtain or retain. If you encounter a situation where a Rastgar's Employee has requested an improper gift, favor or payment, then you should call 0333-5280502 or 001-9554543.
- Supplier employees only willing adult workers and does not support child/ forced labour.

AWAN 
 Prepared By

Verified By

Approved By

SAIF ALI RASTGAR
 Finance & Human Resource Director
 Rastgar Engineering Company Pvt Ltd
 Islamabad.