



AGRIAUTO

INDUSTRIES LIMITED.

UNGC COP Report 2014

Agriauto became a participant in the UN Global Compact in April 2006 & this is our sixth Communication on Progress report.

It is our firm resolve to participate in corporate social responsibility plan and performance across a wide range of social, community, workplace, human rights and environmental aspects.



In continuation with our belief that the adoption of the ten UNGC principles will improve the quality of work life in our company through fair and equitable treatment for all, I am pleased to inform that different strategic and operational level initiatives have been taken which have immensely contributed in improving the working environment and morale of our team members.

Being a member of the UN Global Compact has further benefited the company in enhancing its corporate image with all our stake holders and projecting us as a responsible entity committed to excellence.

We remain committed to the United Nations Global Compact and its ten principles focusing on developing a better work environment for sustenance and growth of the business.

Fahim Kapadia
Chief Executive



Corporate Profile

Agriauto Industries (AIL) has increasingly built its status for high quality and leading-edge products, supported by complete industrial understanding and state of the art equipment.

AIL has achieved its another Milestone by setting-up a world class Stamping facility in June 2014, by the name of Agriauto Stamping Company (ASC) at Port Qasim in technical collaboration with “Ogihara – Thailand”. ASC is manufacturing sheet metal stamping parts for auto motives by using high tensile material.

Our company always strives to add new products to cater for the demand of the auto industry. During the year under review, Manual type Window Regulator was successfully developed with technical assistance from Shiroki Corporation, Japan & the commercial production has started. This successful implementation will pave the way for the development of power type window regulators.

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

We have technical collaborations with leading international companies such as KYB Corporation, Japan, Gabriel Ride Control, USA and AISIN Japan, Ogihara Thailand, Shiroki Japan, Sannou Riken Japan, has added to the Company’s technical versatility and human resources enrichment to world class standards.

A variety of automotive market is targeted by offering wide range of products. Our core products are:

- ▲ **Shock absorbers and struts in KYB & Gabriel Design (Oil & Gas)**
- ▲ **McPherson Suspension Assembly (End Module)**
- ▲ **Motorcycle Parts i.e. Pipe Fork/ Case damper/ Piston Rod**
- ▲ **Steering Boxes (Tractors)**
- ▲ **Door Hinges for 4-Wheelers**
- ▲ **Camshafts (Tractors)**
- ▲ **Stamping Parts**
- ▲ **Window Regulator (Manual)**

The company firmly believes in providing its Customers with high quality products and remains committed towards its goal to become market leader in auto parts manufacturing.

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.

Respecting and supporting human rights remains one of the most challenging areas of AIL. 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:

- ^ Repaired under ground water tank of Govt. Girls Secondary School Hub. Rs. 175,000/=.
- ^ Examination Fee submitted of 20 Nos. poor female students of Govt. Girls Secondary School Hub Chowki.

b) Contributing in Ghulaman-e-Abbas School:

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

This Year's Efforts:

- ^ Donated an amount of PKR: 25,000/- to acquire Exercise Books for the students.

SUPPORT TO THE POOR WIDOWS / FAMILIES AT HUB

This year, rations and other utility items were provided to **650 widows & families**, through representatives of local communities worth **PKR: 324,355/-**.



WELFARE OF PERSONNEL

♣ Distributed Ration to all workers Rs. 1,211,905/-



Health Support.

♣ Donated an amount of Rs. 250,000/- to Mushed Hospital a project of Darut Tasnif for Janum Project, to increase the level of health services / training of the hospital staff through specialized personnel.

Other Activities.

- ⤴ Donation through LCCI for Earthquake Victims of District Awaran, Baluchistan Rs. 100,000/-
- ⤴ Donated an amount of Rs. 1,219,000/- to Mohammad Ali Habib Trust.
- ⤴ Donated an amount of Rs. 750,000/- to Habib Educational Trust.
- ⤴ Donated an amount of Rs. 750,000/- to Habib University Foundation.
- ⤴ Total Donations made to various Trusts / Institutes Rs. 466,000/-

FINANCIAL MEDICAL ASSISTANCE (HOH):

- ⤴ Financial medical assistants through Muhammad Ali Welfare Trust (HOH) was provided to Three Employees amounting to Rs. 597,000/-

Community Welfare:

- ⤴ Donated Medicines Rs. About 20,000/= to Rotary club of Hub to organize free Medical camp for poor and needy people at Hub.



HEALTH & SAFETY

Medical Check-Up

- ⤴ 20 Employees were sent for a Medical Check-Up of Hazardous job performers in AIL from Dow University of Health Sciences

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 268.
- ⤴ Distribution of Eye Glasses 198
- ⤴ Distribution of Medicine 218
- ⤴ Diabetic Test 216



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 (Rs: 12,000/-), 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. This year, company has inducted for the first time, 27 lady workers, who would be working shoulder to shoulder with male employees in different production lines. All the lady workers belong to local community.
- ⤴ 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 for CBA office bearer received from NIRC Islamabad.**
- ^ **AIL - CBA certified as CBU by Chairman NIRC Islamabad is still valid.**
- ^ **All important decisions by the management are disseminated to the workers in special Monday Morning Assemblies & their voices are given true importance.**
- ^ **As per IRO 2012, AIL - Union Elections for the period of 2015-16 is successfully held.**

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 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.**
- ^ **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.

AUDIT

- ^ Finalized BESSI Audit for the period of July-2013 to June 2014.
- ^ Finalized EOBI Audit for the period of July-2012 to June 2014.

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.

Employment of Women JCWs:

- ⤴ 27 Lady JCWs were hired for different operations of production.

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 force 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.

SHE STEERING COMMITTEE

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



TRANSPORTATION / SHIFTING SAFETY

- ▲ Specific types of bins have been designed to shift cylinders from one place to another without the danger of dropping or any other incident.

BEFORE



AFTER



- ⤴ Good quality of wheels has been replaced by the old ones to for smooth transportation / shifting of trolleys to avoid accidents.

BEFORE



AFTER



- ⤴ Installed trays between tanks to prevent the wastage of chrome chemical.



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).



Principle # 8.

Businesses should undertake initiatives to promote greater environment responsibility.

PLANTATION FOR HUMAN FRIENDLY ENVIRONMENT

- ⤴ Plantation activity is part of routine cycle in Agriauto Industries. We support the management & appreciate employees to actively participate in this activity.



Principle # 9.

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

SMOKE & FUMES FREE ENVIRONMENT IN PLANTS

- ⤴ **Heavy power blower installed in Chrome plant for the proper exhaust of fumes and smoke keeping the work environment fresh and odorless.**



OUT COMES

- ⤴ **Greener surrounding raises better sense of well-being among the employees, thereby, increasing individual's efficiency.**
- ⤴ **No complaints from adjoining localities**
- ⤴ **Pollution free work atmosphere.**

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

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.