

UNITED NATIONS GLOBAL COMPACT

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## TABLE OF CONTENT

S.NO	DESCRIPTION	PAGE #
1	About Agriauto	2
2	Membership in UN Global Compact	2
3	Chief Executives Message	3
4	Corporate Membership	4
5	Principles of UNGC	5 – 22
5.1	Human Resource	
5.1.1	<u>Principle # 1:</u> Business should support & respect the protection of internationally proclaimed Human Rights.	
5.1.2	<u>Principle # 2:</u> Business should make sure that are not complicit with Human Rights Abuse.	5 - 9
5.2	LABOUR STANDARDS	
5.2.1	<u>Principle # 3:</u> Businesses should uphold freedom of association & effective recognition of the right of collective bargaining.	
5.2.2	<u>Principle # 4:</u> Business should support the elimination of all forms of forced and compulsory labor.	
5.2.3	<u>Principle # 5:</u> Business should support the effective abolition of child labor.	
5.2.4	<u>Principle # 6:</u> Business should support the elimination of discrimination in respect of employment and occupation.	10 - 13
5.3	ENVIRONMENT STANDARD	
5.3.1	<u>Principle # 7:</u> Business should support a precautionary approach to environmental challenges.	
5.3.2	<u>Principle # 8:</u> Businesses should undertake initiatives to promote greater environment responsibility.	
5.3.3	<u>Principle # 9:</u> Business should encourage the development and diffusion of environmentally friendly technologies.	14 - 21
5.4	ANTI - CORRUPTION	
5.4.1	<u>Principle # 10:</u> Business should work against corruption in all its forms, including extortion and bribery	22

## About Agriauto Industries Limited

Agriauto Industries Ltd is a role model vendor company in automotive sector. The company was incorporated in 1981 as a public limited company and is also quoted on the stock exchange. The company is one of the leading automotive components manufacturers in the private sector in Pakistan.

Agriauto ensures its production quality under the technical collaboration with the world's renowned auto sector companies such as KYB Corporation, Japan, Gabriel Ride Control, USA, AISIN and Shiroki, Japan. We have raised Company's technical versatility and human resources enrichment as per UNGC's standards.

## Membership in UN Global Compact

Agriauto became a participant of the UN Global Compact in April 2006 & this Communication on Progress is seventh in continuation. It's a pride to be a part of corporate social responsibility plan and performance as it addresses a wide variety of social, community, workplace, human rights and environmental aspects.

## Corporate Profile



### *Chief Executives Message:*

As I take a look at the development throughout the years since our participation in United Nations Global Compact in April 2006, I am extremely proud for what we have accomplished, and much more energized for our similar encouraging future.

We have goal-oriented arrangements to develop our organization. In any case, we perceive that development at any cost is not suitable in our increasingly resource-constrained world. We have to develop new ways of doing business which will help absorb our growth from our environmental impacts, while at the same time increasing the positive social benefits arising from our activities.

The UN Global Compact is a symbol of leadership in a complex world and of the potential for mutual understanding. It provides a forward-looking forum in which the United Nations, companies and civil society organizations can come together in open and transparent dialogue. It offers the opportunity to define practical ways of working together to create a more prosperous and sustainable world. We are playing our part to contribute to these goals by: 1. Living out the Compact's principles in our everyday business operations 2. Accepting the Global Compact's invitation to lead to help shape a more sustainable future 3. Continue advocating the Global Compact and its standards in our yearly Communication on Progress.

Fahim Kapadia  
Chief Executive

## *Corporate Membership*

As far back as its initiation in 1981, Agriauto Industries, has progressively assembled its reputation for high quality, cutting-edge products and best in class OEMs, backed by sound technological knowledge and state of the art equipment.

Being in auto industry survival relies on continuous improvement and innovation to meet the market demands. Agriauto has been successfully coming up to the expectations and is forthcoming to meet the challenging demands. Last year, the company took the lead to manufacture manual type windows regulators under license from Shiroki, Japan and this year achieved power windows regulator by enduring efforts of design and development department.

Other than product development, Agriauto has an extraordinary concern about environment assurance by its capacities and present day contraptions.

To protect the environment from hazardous industrial waste, the company has completed a state of the art Effluent Water Treatment Plant to treat/recycle industrial waste. This has paved the way for achieving the certifications for Environment: 14001-2004 and Occupational Health and safety: 18001-2007. Sludge resulting as a by-product of effluent treatment process posed a big challenge in terms of its disposal. We have succeeded to utilize the Sludge, in manufacturing of Paver blocks. Globally sludge of both kinds is being used in manufacturing of construction materials like paver blocks, tiles etc. This activity reduces the depletion of natural resources as well as eliminates the problems related with land fill activity for sludge disposal.

The company's primary focus is its customers, providing them with high quality products. The company remains committed towards its objectives to be market leader in auto parts manufacturing. Our core products are:

- Shock absorbers and struts in KYB & Gabriel Design (Oil & Gas)
- McPherson Suspension Assembly
- Motorcycle Parts i.e. Pipe Fork/ Case damper/ Piston Rod
- Steering Boxes (Tractors)
- Door Hinges for 4-Wheelers
- Camshafts (Tractors)
- Stamping Parts (Instrument Panel / Body Parts)
- Windows Regulator (manual)
- M/Cycle Shock Absorbers ( Yamaha)
- Catalytic Converter

## 5.1 HUMAN RIGHTS

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*5.1.1 Principle # 1: Business should support & respect the protection of internationally proclaimed Human Rights.*

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*5.1.2 Principle # 2: Business should make sure that are not complicit with Human Rights Abuse.*

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At Agriauto, our management respects and supports human rights, it remains one of the most challenging areas of Agriauto. Our policies, practices and system follows this principle in letter and spirit. Respecting and supporting human rights remains one of the most challenging areas of Agriauto. Our policies, practices and system support this principle in entirety.

### **CONTINUED SUPPORT TO EDUCATIONAL INSTITUTES**

#### **a) Girls School at Hub:**

Agriauto takes pride in contributing towards educational improvement in the under-advantaged ranges. At present the organization is supporting educational establishments where unprivileged students are being educated. With the endeavors of school administration and positive support from the Agriauto, the Government Girls school Hub is presently among the top instructive establishments in the province. The organization remains socially dedicated and added to neighborhood instructive establishments as in year 2016.

Distribution of School Uniform (380 Nos) for poor students of Govt. Girls Secondary School, Hub  
Rs. 489,000/-.



Distribution of 7000 nos. Notebooks(Copies) for poor students of Govt. Girls Secondary School,  
Hub Rs. 342,650/-.





Examination Fee submitted of 64 Nos. poor female students of Govt. Girls Secondary School Hub Chowki. Rs. 123,600/=

Following civil works carried out at Govt. Girls School-Hub:

- a. Under Ground Water Tank (9X8X9) Rs. 103,680/=
- b. Bathrooms & Overhead Tank Rs. 60,000/=

### c) The Garage School

The Garage school is devoted toward providing better education to the underprivileged. It is our continuous project to support them in this noble cause, donated an amount of Rs. 25,000/-

### **SUPPORT TO THE POOR WIDOWS / FAMILIES AT HUB**

This year, rations and other utility items were provided to **755 widows & families**, through representatives of local communities worth **Rs. 452,245/-**.





## **WELFARE OF PERSONNEL**

- Distributed Ration to all workers worth Rs. 2,334,597/-

### **Health Support**

S.no	Recipient Name	Amount (PKR)
1.	Mushed Hospital	100,000/-
2.	Indus Hospital	550,000/-
3.	Kidney Center	25,000/-
4.	Sindh Institute of Urology & Transplantation	550,000/-

### **Other Activities**

S.no	Recipient Name	Amount (PKR)
1.	Mohammad Ali Habib Welfare Trust	4,500,000/-
2.	Habib Educational Trust	3,700,000/-
3.	Dar-ul-Sukun	25,000/-
4.	Markaz-e-Umeed	25,000/-
5.	BACERA Welfare	15,000/-
6.	Fatimid Foundation	50,000/-
7.	Leprosy Patients Welfare Trust	50,000/-
8.	Marie Adelaide Leprosy Centre	130,000/-
9.	Rotary Club of Karachi Metropolitan	30,000/-
10.	Sada Welfare Foundation	50,000/-

## **LEGAL COMPLIANCE ON EMPLOYMENT**

- ⚡ Compliance of work laws and non-segregation strategy is being followed in genuine soul. The minimum wages as per Government notification is being complied i.e. Rs: 14,000/ per month.
- ⚡ The company is an equal opportunity employer and merit remains the sole criteria of selection and employment processes.
- ⚡ Compliance to under age / child labor policy as per government regulations is ensured in true spirit and no one is employed below the age of 18 years.

## **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.
- ⤴ A free medical/ eye camp is held every year for medical/eye check-up of employees.

### **OUT COMES**

The strategies/SOP being trailed by the organization, obviously reflects the organization approach towards social and legitimate consistence and holds a positive position in the group and partners and the picture of the business has impressively moved forward.

- Increase in literacy level of the company through better hiring process.
- Better health of the workforce through continuous health support systems.
- Improved hygiene & sanitation through continuous monitoring and construction of up to the standards processes.
- Enhanced enthusiasm and motivation of the workforce through continuous support for extracurricular activities such as picnics, football matches, cricket tournaments etc.

## 5.2 LABOUR STANDARDS

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### *5.2.1 Principle # 3: Businesses should uphold freedom of association & effective recognition of the right of collective bargaining.*

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The right to speak freely, correspondence and open door policy is supported at all levels. It truly enhances the inner environment of the work put. Agriauto gives superb workplace to its Junior Team Members concentrating on giving flexibility of affiliation and the privileges of aggregate bartering to all its lesser colleagues.

### **VARIOUS ACTIVITIES**

- ✧ As per IRO 2012, Agriauto - Union Elections for the period of 2017-18 was successfully held.
- ✧ Certification for CBA office bearer received from National Industrial Relation Commission Islamabad.
- ✧ Successfully concluded CBA Charter of demand for the years 2017-2018.
- ✧ All important decisions by the management are disseminated to the workers in special Monday Morning Assemblies & their voices are given true importance.

CBA representatives contribute positively in 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 being 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.
- ⌄ Excellent work environments without any strike/ work loss throughout the year 2016.
- ⌄ Very low turnover shows highly committed and motivated workforce.
- ⌄ Open door policy enhanced confidence to voice workers concerns if any towards the management.

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#### *5.2.2 Principle # 4: Business should support the elimination of all forms of forced and compulsory labor.*

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The management is committed and abides by all the industrial laws prevailing to ensure freedom of work force. Agriauto business operations are in line with prevailing labor laws. The labor laws are being monitored by the relevant government agencies.

### **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 is in place to get the insight/ problems being faced by the workers.

### **OUT COMES**

- ⌄ Objection free HR audit of Employee motivational / Development and training activities conducted 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.

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### *5.2.3 Principle # 5: Business should support the effective abolition of child labor.*

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In Agriauto industries no child labor is employed and strict policy on abolition of child labor is in place & HR Department ensures strict adherence to the relevant laws.

#### **SYSTEM IN PLACE**

- ⌘ Computerized National Identity Card is the sole criteria for induction to any work force. (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.

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*5.2.4 Principle # 6: Business should support the elimination of discrimination in respect of employment and occupation.*

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Agriauto takes after the strict criteria of enrolment. Segregation of all kind i.e. ethnic, religious and sexual orientation based is discouraged at all levels of hiring. Merit driven approach is being taken after according to code of ethics/conduct.

**SYSTEM IN PLACE**

- ⤴ 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.

## 5.3 ENVIRONMENT STANDARD

*5.3.1 Principle # 7: Business should support a precautionary approach to environmental challenges.*

### **SAFETY AT WORK**

Safety and health is part and parcel of our work place. The multiple operations dictate solid and accident free approach at workplace. Daily PPEs audit takes place and HSE team educate employees for conformance of basic requirement of Safety at work. HSE related hazards are shared with top management for compliance by concerned department, on weekly basis. This activity paves way for team work towards HSE improvement and ownership by each department. Daily Morning meetings are started with a new spirit and each department is taking care of its own area for Safety related matters. Agriauto has also taken serious actions to enhance the safety conditions by hiring services of Japanese expert on this topic as well as developing HSE improvement network involving group companies and lead by group director.

Weekly review meeting by Top Management



Daily Asakai meeting / Morning Circle





### Safety Talk at Plant



### HSE Trainings



## **FIRST AID TRAINING**

53 employees Agriauto and other HOH companies employees attended training course on "Basic First Aid for Medical Emergencies" conducted by Murshid Hospital & Health Care Centre on October 5, 2016.



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*5.3.2 Principle # 8: Businesses should undertake initiatives to promote greater environment responsibility.*

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**ISO 14001 and OHSAS 18001 CERTIFICATION**

The Management System of Agriauto is approved by Lloyds Register Quality Assurance to the following management standards on NOV'2016

1. ISO 14001:2004
2. OHSAS 18001:2007

**WATER TREATMENT PROCESS**

Effluent Treatment Plants (Chrome/Paint/Coolant treatment and Sewerage treatment) are operational and has resulted in huge energy conservation through the recycling of treated water for Gardening and Process/Machine use. Water Quality is assured by maintaining Fishes in the treated water in both plants. Additionally, daily in-house monitoring system of treated water is in place with specialized testing kits as well as regular analysis by third party laboratory is being done.

Sewage Treated Water being use in Gardening



Chrome/Coolant/Paint Treated Water





### **Kaizen for friendly environment process**

In order to meet challenges for further improvements in effluent water system of Chrome/Paint, efforts have been made and following kaizen implemented / are in pipe line;

- a) Replacing Powder degreasing chemical by Liquid degreaser
- b) Procurement and installation of New Chrome Scrubber system/Plating line is in progress in consultation with Japanese experts of M/S Kaikoh and M/S Sannou Riken 2-Trichloroethelen (liquid solvent known to be carcinogenic chemical) have been eliminated from the system and replaced with more environmental friendly liquid solvent.

### **Sludge from Effluent**

Sludge resulting as a by-product of effluent treatment process posed a big challenge in terms of its disposal. We have succeeded to utilize the Sludge, generated during Chrome/Paint effluent treatment process, in manufacturing of Paver blocks. Globally sludge of both kinds is being used in manufacturing of construction materials like paver blocks, tiles etc. This activity reduces the depletion of natural resources as well as eliminates the problems related with land fill activity for sludge disposal.

Sludge resulting from Sewerage effluent treatment is being used for gardening as urea.

Effluent Treatment Plant Sludge



Bricks manufacturing by Effluent Treatment Plant Sludge



Sewage Treatment Plant Sludge being use in gardening



### **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).

Firefighting drill at Plant



### **UPGRADATION OF FIRE ALARM/DETECTION/SUPPRESSION SYSTEM.**

We are in process to upgrade the contract of firefighting system and include remaining areas into the fire detection system by the use of latest technology of fire detection systems.

### **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
- ✧ Adjoining localities are feeling secured
- ✧ Environment has becoming more friendly for the surroundings.

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*5.3.3 Principle # 9: Business should encourage the development and diffusion of environmentally friendly technologies.*

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Business should encourage the development and diffusion of environmentally friendly technologies. Agriauto is making every effort in development and utilization of environmental friendly technologies. The environment and earth day was celebrated and tree plantation was carried out.

### **PLANTATION – ENVIRONMENT/EARTH DAY**

Annually Celebrate World Environment Day / Earth Day



## **SMOKE & FUMES FREE ENVIRONMENT IN PLANTS**

Mist collectors have been installed on 15 CNC machines to control the fumes coming out due to cooling process of tooling. Other design of Mist Collector system for Grinding machines in under study with a local supplier. Trial run of sample system expected in this year.



## 5.4 ANTI – CORRUPTION

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### *5.4.1 Principle # 10: Business should work against corruption in all its forms, including extortion and bribery*

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

#### **SYSTEM IN PLACE**

- ⌘ Our HR department strictly follows no discrimination policy against race, gender and religion, while hiring at all levels.
- ⌘ Adherence to code of ethics and statement of compliance.
- ⌘ 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 di-regulatory has been conveyed by the internal / external auditors.