



Promising Reliability, For Now and Tomorrow

# UNITED NATION GLOBAL COMPACT

ANNUAL COMMUNICATION ON PROGRESS

2016-17



**United Nations**  
Global Compact

<b>Company Name:</b>	<b>International Industries Limited</b>	<b>Date:</b>	<b>01.11.2016</b>
<b>Address:</b>	101 Beaumont Plaza 10 Beaumont Road, Karachi, 75530	<b>Membership date:</b>	22.06.2006
<b>Country:</b>	Pakistan	<b>Number of employees:</b>	Over 1000
<b>Contact Name:</b>	Khalid Junejo	<b>Sector:</b>	Construction & Engineering
<b>Contact Position:</b>	Director Human Resources		
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## Introduction to International Industries Limited

**International Industries Limited (IIL)** is Pakistan's largest manufacturer of steel, stainless steel and plastic pipes with an annual manufacturing capacity of 750,000 tons and annual revenues of over Rs. 17 billion.

IIL, incorporated in Pakistan in 1948, is quoted on the Pakistan Stock Exchange and has an equity of over Rs 5 billion. It has featured on the Karachi Stock Exchange's listing of the Top 25 Companies consecutively for more than 10 years.

IIL is a part of a group of Companies that includes:

- **International Steels Limited (ISL):** Pakistan's largest manufacturer of galvanized, cold rolled and color coated steel sheets and coils. ISL has an annual manufacturing capacity of over 550,000 tons and annual revenues of over Rs. 32 billion.
- **Pakistan Cables Limited (PCL):** Pakistan's premium manufacturer of electrical cables, wires, copper rod, PVC compound and aluminum sections with annual revenues in excess of Rs 8 billion.
- **IIL Stainless Steel (Pvt.) Ltd:** IIL's wholly owned subsidiary that manufactures premium quality stainless steel tubes in various grades and finishes.
- **IIL Australia Pty Limited:** IIL's wholly owned Australian subsidiary which represents the Group's interest in the Asia Pacific region.

IIL is the proud recipient of numerous accolades including the Management Association of Pakistan's "Corporate Excellence Award" for the Industrial Metals & Mining Sector, the National Forum for Environment & Health's "Environment Excellence Award" and the Employers Federation of Pakistan's "OHSE award" for 2015.

IIL also has a credible export pedigree with an ever-expanding footprint in 50 countries across 6 continents. As a result, IIL has been awarded the "FPCCI Export Performance Award" consecutively for 15 years.

With an unshakeable focus on health, safety & environment, IIL is a reputable corporate citizen and signatory to the United Nations Global Compact. The Company is ISO 9001, ISO 14001, OHSAS 18001, API 5L, API 15LE, PSQCA, UL, ILAC and CE certified and manufactures its products according to the highest international standards and specifications.

For further information please visit our website, [www.iil.com.pk](http://www.iil.com.pk)



## Statement of Support

International Industries Limited (IIL) has been a committed member of United Nations` Global Compact since 2006. Since then, IIL has submitted the "Communication of Progress" reports annually describing the application of the 10 Principles in its global operations as well as its targets and achievements. We strongly support the principles of the UN Global Compact, and have integrated them into our policies and practices. We operationalize them through development of guidelines, discussion in senior management meetings, reporting and monitoring.

Steel is an environmentally friendly product and has a potentially infinite life cycle. Currently over 60% of the world's steel is made from recycled steel, making it a highly sustainable product. As an agent of sustainability in the industry, we want to ensure that we limit our dependencies on finite resource consumption and establish sustainability at the point of our businesses' origin. We strive to design our business processes to create more durable products with longer product life cycles. IIL also utilizes various technologies to limit its emissions and decrease its waste generation. To fulfill the loop of a circular economy, a grand step away from the traditional 'take, make, dispose' economic model, we want to ensure that we recycle as much of our waste to reuse in our product lines or provide raw material to other local businesses.

Our responsibility has a greater sphere of influence than just our product production and selling process. We value our stakeholders and will continue to work harder to be responsible corporate citizens. We continue to believe in promising reliability today and tomorrow.



**RIYAZ. T. CHINOY**  
Chief Executive Officer  
International Industries Ltd.  
Pakistan

**PRINCIPLE 1: BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS**

**PRINCIPLE 2: BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES**

**Policy:**

IIL's adherence to fundamental human rights is enshrined in its Code of Conduct. This policy is available on the Company's website and confirms that "IIL supports and respects the protection of internationally proclaimed human and employment rights" and confirms its commitment to respecting fundamental human rights and treating employees, customers and all internal & external stakeholders with fairness, equality and respect in order to foster an open, transparent, and trusting environment which is free from prejudice, discrimination, bias, harassment and/or violation.

IIL is a quality conscious company committed to economies of scale. It continually enhances effectiveness of its quality, environmental, occupational health and safety management systems. IIL is committed to be an ethical company and conforms to all applicable legal requirements while fulfilling and exceeding the needs and expectations of all stakeholders.

Team work; continuous improvement; prevention of pollution; waste reduction; protection of environment; care for health and safety of people and equipment; safe practices; a fair return to shareholders; and fulfillment of social responsibility are the hallmarks of all activities of the Company.

**System:**

IIL's business strategy is based on emphasizing the value of respect for human rights. This value is captured effectively in the systems of the following policies and standards:

- Policy for Code of Conduct (IIL-CG-PO-01)
- Health & Safety Management System (OHSAS-18001:2007)
- Environmental Management System (ISO 14001:2004)

**Activities:**

- The policy on Code of Conduct and Ethical Practices is reviewed and acknowledged each year by all Directors, Managers and staff of the Company. This ensures that respect for human rights remains fully integrated into their business activities. The Code of Conduct covers business ethics, respect for rights of stakeholders, conflicts of interests, accounting records, controls and statements, environment, regulatory compliance and personal conduct.
- IIL is certified for Occupational Health & Safety Assessment Series (OHSAS-18001) since 2007. The reviewed, revised and implemented OHS procedures & manual are followed strictly.
- To manage OHSE hazards and risks effectively, IIL has been divided into zones, based on administrative grounds. Each Zone has an OHSE Team and an OHSE Team Leader. This structure has increased both ownership of the OHSE system and responsiveness to risk situations amongst zonal team leaders and production managers.

- The OHSE function is governed and managed by a dedicated OHSE Section. The OHSE status of the Company is monitored by an OHSE Committee comprising senior managers and chaired by the CEO. This Committee meets on a monthly basis to analyze OHSE related issues, agree on interventions and thereby achieve and maintain a safe work environment.
- During the year, 585 trainings related to safety and health were conducted attended by 7334 employees. The trainings topics included Safe Crane Operations, Hands Safety, Fire Fighting Operations, Permit to Work System, Industrial Hazards, First Aid & Rescue, Defensive Driving, Electrical Safety, LOTO system and Working at Heights, Industrial and Office Ergonomics, Slip Trip & Fall, Electrical Safety, Hoist Lift & Bar, Personal Protective Equipment and Defensive Driving.
- Periodic mock drills are conducted to check effectiveness and adequacy of emergency preparedness & response. Monthly inspections and checks of life-saving & firefighting gadgets are also carried out to ensure they are in proper working conditions.
- OHSE department evaluates and assesses safety performance of service contractors on defined criteria each month. Contractors with excellent to good performance are rewarded while those with unsatisfactory and unacceptable ratings are counseled and trained.
- To ensure public safety, safety cones are provided to dealers to be used during unloading activities. Proper use of these cones reduces the chances of passing vehicles accidentally colliding with parked trucks being unloaded.
- Monthly Safety Walkthroughs are conducted by senior management and observations of unsafe acts and conditions are sent to respective department heads for analysis, and corrective and preventive actions.
- IIL provides medical facilities to all employees through the Social Security Scheme and the Health Insurance Scheme. Additionally, a Doctor and a paramedical assistant are present in the factory 6 days a week on a part time basis to facilitate the employees.
- An equipped ambulance is available at all times at the Factory.
- OHSE Guidelines in the local language, in the shape of booklets, is given to all employees and visitors. This booklet identifies the hazards existing and the safety measures required.
- Safety sign boards for drivers have been installed in the factory. Drivers are given in house trainings on safe driving.
- Policies on Stop Work Authority & fresh eye observation system for rewards on good work practices are developed and implemented in order to promote safety culture.
- Use of safety belts while driving has been made mandatory for all employees and visitors.
- Use of personal protective equipment (PPE) at work is mandatory, including use of safety harnesses while working at heights. Freshly designed and worded safety message boards have been installed at plants, where required PPEs are listed and displayed pictorially.
- A canteen has been established at IIL's recently established manufacturing and storage facility in Sheikhpura.

## **Measurable Results or Outcomes:**

At the beginning of the year, the Code of Conduct was circulated to all staff and acknowledgements of having re-read and understood it, were taken. Similar acknowledgements were taken from newly hired staff at their times of joining.

- Two surveillance audits, conducted by M/S Lloyds (a UK-based certification body), conducted during the year, provided assurance that IIL's QA&HSE Management System complies with ISO 9001, ISO-14001 & OHSAS 18001 global standards.
- In July 2016, the newly established large diameter pipes production unit was certified for ISO 9001, ISO 14001 and OHSAS 18001 global standards.
- For administrative ease and improved focus, the company facilities, for OHSE purposes, are divided into administrative zones and each zone is led by a nominated zonal team leader. These leaders are changed on an annual basis and such a change was brought about again on April 11, 2017.
- Lost Time Injury Frequency Rate (LTIFR) achieved was 0.87 per one million worked
- The safe work monitoring mechanisms worked well throughout the year and the Stop Work Authority was applied 117 times during this last year.
- OHSE performance criteria of Service contractor had been reviewed by IIL's and evaluated all contractors' performance on monthly basis.
- Monthly safety walkthroughs by senior management were conducted at all manufacturing facilities.
- Golden safety rules were developed and posted on boards at prominent locations.
- In all, OHSE staff recorded 3902 unsafe acts and work conditions during the last year.
- In order to award safe behaviors, 165 awards were given to employees exhibiting such behaviors.
- No complaints related to violation of human rights / gender insensitivity were raised.

## **PRINCIPLE 3: BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING**

### **Our Commitment or Policy:**

IIL realizes that the collective strength of employees contributes towards the goal of achieving continuous sustainable growth. We provide freedom of association and effective recognition to the right to collective bargaining. We, at IIL, believe in harmonious relationships with our employees, and ensure fair and transparent HR Policies, leading towards a healthy and productive work culture.

### **System:**

- Every two years, Management and Union enter into bilateral negotiations on Charters of Demands raised by either party and arrive at a mutually acceptable agreement in a mutually supportive environment.
- Workers participation in Management and decision-making is ensured through Workers Management Council, Workers Participation in Management, and Canteen Committee as per law.
- Line managers have been empowered to manage the affairs of their workers and address any concerns in coordination with the Industrial Relations Section.
- There is a dedicated Industrial Relations Manager leading an Industrial Relations Section which is the first port of call for the CBA / Union in case any matters that need addressal.
- Information relevant to activities or plans that may affect work timings or environment is shared with the workers' representatives and their advice is taken on merit.

### **Activities:**

- Terms and conditions of employment (Wages, Working Environment, Compensation & Benefits) of workers are mutually agreed upon through collective bargaining settlement every two years.
- Collective Bargaining Agent elections are conducted after every two years as per the local legal requirement.
- Union office bearers are encouraged to participate in trainings / workshops whenever required, and given full opportunity to express their views freely on all fora.

### **Measurable Results or Outcomes:**

- Last bilateral negotiation settlement pertaining to the period October 2015 to September 2017 had been achieved on August 08, 2016. For the period October 2017 to September 2019, bilateral negotiations are in progress in a cordial environment.
- All employees, including unionized workers, received performance related variable pay.
- There have been no complaints related to medical benefits or welfare benefits.
- There have been no incidences of work slowdowns or work environment complaints.

## **PRINCIPLE 4: BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR**

### **Our Commitment or Policy:**

IIL trusts in conducting its business following not only all concerned local and international legislations, but also while adhering to its own ethical practices. As such, we abide by the local legislation on forced / compulsory labor and also willingly follow ILO conventions on labor, including Article 2 (1) of the ILO Forced Labor Convention, 1930 (C 29) ratified by Pakistan, and have built human resource systems to ensure abolition of unwanted work or service from any employee.

### **System:**

- **Placement of Offer.** Job offers to the selected candidates are made through official letters.
- **Appointment letter.** Appointment letter containing terms and conditions of employment are given to every employee.
- **Job Descriptions and Communication.** Job descriptions are defined and communicated to employees and updated regularly incorporating change, if any.
- **Exit Interview.** Employees leaving the company's employment are encouraged in an exit interview to elaborate their experiences with the company so that any deviation from defined company policies may be detected and pursued for further improvement.

### **Activities:**

- Every candidate is explained the job requirements in detail, well before placement at the job. If desired by the candidate, 2 to 3 days are also given to them to carefully go through the job offer before accepting it.
- Care is taken to ensure that any change in jobs as a result of process change, transfers or promotions, are understood including performance expectations and work conditions.
- Job Descriptions / Work Instructions are live documents at IIL which are not only made available for all employees but are also continuously being updated to match changing roles.
- Exit interview report is shared with senior management by the Head of Human Resources. Suggestions / grievances, if any, are forwarded to concerned managers for required action. Separating employees are also requested to openly discuss drawbacks of HR policies and procedures and the same are assessed and revised, if required.

### **Measurable Results or Outcomes:**

- All new employees formally accepted job offer, terms and conditions of the job and Job Descriptions. These records are maintained by the Human Resources Department.



## **PRINCIPLE 5: BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR**

### **Our Commitment or Policy**

IIL supports effective abolition of child labor. This principle is also a local legislation whereby a minimum age of employment is defined. This principle is also enshrined in ILO's Convention 59 on Minimum Age (Industry) Requirement ratified by Pakistan. IIL adheres strictly to the minimum age requirement and also ensures this is maintained by our Direct and Indirect Contractors.

### **System:**

- IIL follows a stringent policy condemning Child Labor in all its forums. To avoid risk of any mishap, no minor is allowed to enter our factory premises.
- Employment / Trainings in all its forms (including Apprenticeship Trainings) require candidates to submit their National Identity Card proving their age is at least 18 years.

### **Activities:**

- Diligent checks and monitoring of job applicants' age through our procedures is made to ensure that we comply with all legal age requirements.
- Notices are prominently displayed at all gates stating the restriction on child labor and announcing that no employment is offered to persons below 18 years of age.

### **Measurable Results or Outcomes:**

There are no employees below the legally employable age working in any of IIL's premises.

## **PRINCIPLE 6: BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION**

### **Our Commitment or Policy**

ILL continues to support the elimination of discrimination in respect of employment and occupation. This commitment is strongly embodied in our explicitly written human resource policies on Recruitment and Code of Conduct. Our adoption of the “Code of Conduct for Good Governance”, and practices at IIL demonstrate our support for the elimination of discriminatory behavior in respect of employment.

### **System:**

- As demonstrated in our Recruitment Policy:
  - The Company operates as an equal opportunity employer and does not give any preference on the basis of gender, religious or ethnic background when employing or promoting employees. All employment and promotions is purely on merit and suitability for the position.
- Our policy on Code of Conduct for Good Corporate Governance clearly states:
  - Employees shall not discriminate against any other employee, especially with regard to origin, religion, gender or language.
  - Sexual harassment shall result in serious disciplinary action and charges may be raised against any employee (irrespective of gender) if found guilty by the Management after full investigation of the matter.

### **Activities:**

We purposefully recruit, hire, develop and promote employees. These values are inculcated in our employees through training and other awareness campaigns.

### **Measurable Results or Outcomes**

ILL has taken conscious efforts to eliminate discrimination by following its policy guidelines. We have employees not only of both genders, but also from various religions, casts and origins and they are accorded fair treatment at all levels.

## **PRINCIPLE 7: BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**

### **Our Commitment or Policy**

IIL fully supports a precautionary approach to environmental challenges. Our Quality, Environmental Health & Safety policy and our Mission statement clearly state that:

“IIL is a quality conscious company committed to economies of scale. It shall continually enhance the effectiveness of its quality, environmental, occupational health and safety management systems. IIL is committed to be an ethical company and shall conform to all applicable legal requirements, as well as fulfill and exceed the needs and expectations of all stake holders.

Team work, continuous improvement, prevention of pollution, waste reduction, protection of environment, care for health and safety of people and equipment, safe practices, a fair return to shareholders and fulfillment of social responsibility shall be the hallmark of all activities.”

### **System**

- IIL has achieved certification of ISO-14001 in year 2000, and became the first company in Pakistan’s Steel Sector to achieve this Certification.
- IIL has implemented the ISO 14001 Environment Management System and environmental protection remains one of the major priorities of the Company.
- IIL’s environmental performance is managed through the implementation of its business planning process, compliance systems, risk management practices, governance programs and management review.
- The company is committed to carry out its business in an environmentally sound and sustainable manner and promote preservation and sustainability of the environment.
- All employees are required to adhere strictly to all applicable environmental laws and regulations that impact the company’s operations.

### **Activities:**

- Occupational Health, Safety and Environment issues are addressed at the highest level. The OHSE Committee is composed of senior operational managers and chaired by the CEO. It is scheduled to meet once a month.
- IIL is dedicated to reducing the impact of its operations to sustainable levels and in line with acceptable standards. It neutralizes its emissions prior to discharge by using 100 feet high fume scrubbers; all effluent waste is treated at its Effluent Treatment Plant (ETP) prior to discharge; whereas sludge generated from the ETP is transferred responsibly to designated landfill sites for environment-friendly disposal.
- Waste heat is utilized through a waste heat recovery boiler which feeds a turbine that generated electricity. Our hot water goes through an absorption chiller resulting in chilled water & air-conditioning while minimizing any impact on the environment.

- IIL is registered with the Ministry of Environment under the Self-Monitoring and Report Tool (SMART) program.
- IIL has documented, implemented and maintained the procedure of “Emergency Preparedness and Response” to handle any safety and environmental emergencies.
- IIL has developed, established and maintained procedures for identification of Environmental Aspects, Occupational Health, Safety and Environment Legal and Regulatory requirements, in which detailed mechanism and responsibilities are assigned to identify the environmental aspects and their impacts related to the activities / processes and products of IIL.
- IIL has maintained the “Register of Aspect and Impact” for its activities, processes and products and conducts “Environmental Reviews” at prescribed frequency. The higher rated aspects are inducted in the main objectives of the Company for which plans are made in order to achieve targets.
- IIL has also developed and implemented a procedure for “Incident Investigation, Non Conformance, Corrective and Preventive Action”. Incidents are comprehensively investigated and appropriate corrective and preventive actions have been taken as per procedure.
- With our EMS system we conduct various regular, planned activities such as periodic environmental reviews, environmental risk assessment, internal and external audits, self-assessments, training and awareness programs and campaigns - all in compliance with the local environmental standards like National Environmental Quality Standards and Environmental Protection Agency.
- Moving towards a paperless environment optimal use of scanner and minimal use of printer was planned thereby targeting a 25% reduction in paper consumption and printer ink consumption.
- IIL has engaged third party environment management audit of its manufacturing facility to ascertain that all pre-requisite environmental effluents, emissions, noise and waste disposal is carried out as per law and to determine any gaps in its EMS system.
- Designated ‘green spaces’ have been established at all IIL production facilities with ‘green belts’ consisting of trees and plants at the front of each IIL factory. Where possible, treated effluent discharge is used to water IIL’s green spaces.

## **Measurable Results**

- The OHSE Committee comprising of the CEO as Chairman; and Director Human Resources, General Manager Operations, General Manager Engineering & Projects; Divisional Manager Supply Chain; Senior Manager OHSE, Senior Manager Industrial Relation & Administration, Senior Manager HRTMs and Senior Manager Projects as members. This committee met each month to monitor the OHSE environment in the Company.
- Pursuing its commitment to the efficient use of resources, the Company utilizes all waste heat to generate chilled water, which in turn, fulfills the factory’s water-cooling and air-conditioning requirements. Furthermore, its Reverse Osmosis Plant helps meet additional water requirements at the factory premises.
- IIL generates electricity through co-generation. Its own needs are met through this generation and excess electricity is transported to the K-Electric grid. Hence, there is full utilization of installed generation capacity and generation of additional revenues, whilst contributing to the alleviation of the chronic power shortage faced by the country.



- Monthly testing of IIL's effluents, factory and vehicular emissions and noise level were carried out through third parties and recognized laboratories for compliance with the National Environmental Quality Standards (NEQS). All results were within normal ranges.
- Daily (6 times / day) in-house effluent testing and monitoring of various parameters are carried out before discharge.
- IIL conducted 65 mock drills during the year at all locations.
- Safety alerts on OHSE issues, such as heat stroke, rains, cyclones, earth quake, Dengue virus & Congo virus etc., circulated amongst all staff.
- Ensuring anti-mosquito spray is conducted twice daily.
- IIL conducts monthly meeting with team leaders and service contractors on OHSE issues
- Register of Aspect and Impact assessment of Steel Factory, Plastic Plant, Stainless Steel Plant, Head Office & North Office was updated during the month of December 2016.
- Electricity, water and natural gas consumption were monitored on a monthly basis in various sections of the plant. Then actions have been taken accordingly.
- As a result of its efforts, IIL was awarded the 2015 Environment Excellence Award by the National Forum for Environment & Health
- IIL participated in a nationwide contest to determine best OHSE practices arranged and organized by Employers Federation of Pakistan and was awarded the second position.
- Another landmark has been achieved by IIL and won the First prize in the Processing & Allied Sector in OHSE best practices award. IIL took part in an OHSE Best Practices 2016 competition organized by the Employers Federation of Pakistan in association with the International Labour Organization and won the first prize in the Processing & Allied Sector.
- With the hundreds percent compliance of all legal environmental quality standards and laws, IIL has received the No Objection Certificate the from the provincial environmental regulatory authority.

**PRINCIPLE 8: BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY**

**PRINCIPLE 9: BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES**

**Our Commitment or Policy**

Our support to the environmental challenges is further affirmed through initiatives promoting greater environmental responsibility. This affirmation is re-demonstrated through our Corporate Social Responsibility (CSR) activities and company's code of conduct; some related points are mentioned below:

- i. The company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation and sustainability of the environment.
- ii. All employees are required to adhere strictly to all applicable environmental laws and regulations that impact the company's operations.

**System**

IIL's Quality and Environmental Policy ensures its commitment towards its environmental responsibilities.

**Activities:**

- We have laid the foundation of a sustainable business. All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior and energy conservation are an integral part of our business model.
- IIL contributes approximately 2.5% of its Profit after Tax towards CSR activities. The primary focus of IIL's CSR activities center around the arena of education and health for the underprivileged.
- Each month a presentation is given to the OHSE Committee on the month's incident trend and a brain storming session ensues for improvement and avoidance of similar incidents. Different statistical tools & parameters are used for better analysis of OHSE performance.
- As required by our OHSE Management system, we prepare annual Environment, Health & Safety Objectives and Targets along with the Plan of Action to achieve these targets. The status is reviewed on a monthly basis.
- IIL appreciates employee suggestions for improvement of health, safety and environment procedures in production plants and other possible areas. On review, when an employee's suggestion is thought to be feasible, he is given a cash award and is recognized for his suggestion and initiative.
- Internal/external environmental audits are carried out as per planned intervals.
- Sludge being generated from Effluent Treatment Plant is disposed-off at a dedicated land fill site for environment friendly disposal.

- IIL has taken shareholder approval to circulate its Corporate Annual Reports via in electronic form – thereby significantly reducing its annual paper consumption by and impact on the environment in terms of waste generated and reduction in the consumption of non-recycled paper.
- Although our primary raw materials, steel and zinc, do not have a direct impact on our environment, we strongly believe in minimizing environmental damage that might result from any of our production processes. Most of the technologies and equipment in our operations are environmentally efficient and compliant with international and national norms. Environmental aspects are taken into consideration by us and included in all our project costing and purchase process. Furthermore, all future investments are preceded by an environmental impact assessment.

## **Measurable Results or Outcomes**

- Due to our regular monitoring, self-assessments and compliance with environmental regulatory standards, IIL has not ever been notified by environment governing agencies for any non-compliance and has received no complaints from its neighbors.
- IIL contributes approximately 2.5% of its Profit after Tax towards CSR activities. It continues to fund all operating expenses for the TCF primary school IIL Campus located in Landhi next to the IIL funded mosque opposite Factory 1.
- IIL also sponsored the Amir Sultan Chinoy (ASC) amphitheater at the Institute of Business Administration (IBA) main campus.
- On CSR, IIL has linked up with The Citizens Foundation (TCF) and continues to support all operating expenses for a TCF primary school in the vicinity of the IIL factory. The TCF-IIL Campus provides free/affordable education to almost 400 students. IIL has also funded the construction and operating expenses of a mosque in the Landhi area.
- In order to provide superior and more learning environment to the students of TCF-IIL Campus. IIL senior management has visiting the school and mosque on monthly basis to trace out maintenance activity and areas of improvement will be required in the campus social environment and motivated students to focus on your studies. Because education will create difference between you and other peoples.
- In keeping with its legacy of being a responsible corporate citizen and contributing to society at large as well as the community in which it operates, IIL has funded the land purchase and construction costs of a primary healthcare clinic in the low income area of Majid Colony, Landhi in Karachi. On September 3, 2016, the IIL-SINA Clinic was formally inaugurated by the Chairman of IIL, Mr. Zaffar A. Khan
- IIL's recently commissioned Reverse Osmosis Plant helps meet additional water requirements at the factory premises and maintained it by high proficient professionals.
- IIL generates electricity through co-generation. Its own needs are met through this generation and excess electricity is transmitted to the K Electric grid. Hence, there is full utilization of installed generation capacity and generation of additional revenues, whilst contributing to alleviate the chronic power shortage faced by the country.
- During the year two teams comprising of five employees were declared Employees of the Month for their suggestions on improvement of health, safety and environment procedures in production plants and other areas.

- Sludge being generated from Effluent Treatment plant is transferred to Landfill site for its accurate disposal on twice a month basis by third party and acknowledgment slip is issued by District Government after receiving the sludge.

## Environmental Impacts

Achievement	IIL	Benefit
In-house power plant Electricity Generation	IIL has installed a natural gas burning power plant with 4 generators that creates 4 MW of energy by co-generation	Increase in self-sufficiency. Reduction on dependence on local electricity providers.
Excess Energy Production	Any excess electricity produced is constantly sold to local electric providers through the integrated electric grid system.	Assist in the reduction of energy crisis of Pakistan. Ensure optimum energy consumption by ensuring stable and constant generation.
Excess Heat Waste Utilization	We utilize all waste heat from the gas burning process by redirecting it to our chilling facilities. Furthermore, the steam created is used in our galvanizing process, thus eliminating the need for the gas fired burner that was used before.	Reduction in external energy demands as air-conditioning and operational processes are powered without additional cost or the dependence on local electricity and gas.
Effluent Water Treatment Plant	Treats contaminated water waste during our production stage. The water is treated and released into the sewage system.	Treated water that is released into the local sewage systems is not harmful to local water bodies or biodiversity.
Fume Scrubbers	IIL has installed five fume scrubbers in the factory for acid fume exhaust chimneys.	Fume Scrubbers are pollution control devices designed for the removal of industrial fumes and odors, particularly acid fumes, chemical fumes and toxic gasses. This ensures that we have decreased impacts from our industrial fumes.
Reverse Osmosis Plant	All water used for internal processes is filtered.	There is reduction in reliance on municipal water systems, thereby assisting in the reduction of water scarcity in Pakistan. Our employees benefit from higher water quality.



## **Waste Management:**

- As part of our belief in the circular economy, we intend to minimize our waste and maximize the recycling of our steel. Any by-products created as a result of the manufacturing process are also disposed of in a responsible manner. The table below illustrates the types and amounts of wastes produced in the last fiscal year for both organizations. Furthermore, this table identifies when the waste is produced and how it is disposed of.

Recycled Item	Action Taken
Steel	Steel scrap remnants are collected throughout the production process and are recycled in multiple ways. <ul style="list-style-type: none"> <li>• Certain types of steel scrap is collected, compacted and sold to steel recyclers to make iron bars.</li> <li>• Steel side cuttings are reused as bailing hoops in pipe bundles.</li> <li>• Steel edge side cuttings are compacted &amp; auctioned as steel scrap.</li> </ul>
Zinc	<ul style="list-style-type: none"> <li>• IIL has installed a Zinc Reclamation Unit through which all zinc by product is processed and recycled after ensuring zero generation of smoke and dust during the zinc recovery process, hence decreasing the emission impact on the environment.</li> <li>• Furthermore, zinc dross after filtering is sold to international and local parties for further recycling into red seal, a material additive for rubber tires. Zinc Oxide is sold as a raw material for manufacture of Zinc Phosphate fertilizer.</li> </ul>
Hydrochloric Acid	<ul style="list-style-type: none"> <li>• IIL has set up effluent treatment plants that treat and neutralize hydrochloric acid before it is released into the drainage system. This ensures that we avoid the contamination of water, prevention of diseases, and maintain the biodiversity in downstream waters.</li> </ul>
Used Oil	<ul style="list-style-type: none"> <li>• Used oil is sold to re-cyclers and contractors</li> </ul>
Solid Waste	<ul style="list-style-type: none"> <li>• Solid Waste sent to landfill site at Jam Chakro for disposal</li> </ul>
Effluent Treatment Plant Sludge Waste	<ul style="list-style-type: none"> <li>• ETP sludge sent to landfill site at Jam Chakro for disposal</li> </ul>
Iron Oxide	<ul style="list-style-type: none"> <li>• Iron oxide is created as a by-product of the acid regeneration process, which is then sold to local and international buyers as a raw material for manufacture of red oxide paint.</li> </ul>

## Environmental Compliance

Checks and Balance	Purpose	III
Quality Management Team	Internal IIL department that ensures that the organization follows international standardization, benchmarks of the production process, along with product quality.	IIL adopts the precautionary approach to environmental or engineering issues by encouraging the use of corrective and preventative notification process.
OHSE Team	Internal IIL department that ensures that the organization follows international and local standards of safety guidelines for employees whilst on factory floors. Furthermore, the HSE teams constantly monitor internal environmental impacts to ensure compliance with the requirements of Governmental bodies such as the EPA Punjab and Sindh.	IIL conducts regular environmental audits of the factories and submits findings to regulatory governing body.
Pakistan Environmental Protection Agency	Local government authority that has defined acceptable limitations, the National Environmental Quality Standards (NEQS), on factory water quality, emissions discharged and waste from its production process.	IIL is compliant with all listed quality standards. Tests conducted in an in-house lab facility.
M/S Lloyds	International, United Kingdom based, certification body that assures that the QA&HSE Management System complies with ISO 9001, ISO-14001 & OHSAS 18001 global standards.	IIL certification has been renewed therefore illustrating that no major non conformities were observed.

## Environmental Goals:

1. Maximize our environmentally safe and compliant company operations including the conservation of natural resources and improving waste management.
2. Achieve OHSE Excellence by continuing to increase interdepartmental communication of learning's and best practices. Our goal is to create a permanent cultural shift throughout all the tiers of our organization.
3. To increase safety measures on our factory floors by developing & installing new safety signs and boards in multiple languages to further assist in the reduction of injuries.
4. To reduce the level of noise pollution at our factories through various precautionary measures.
5. To increase our environmental and technological efficiencies to further reduce our quality standards.
6. Introduction and continual improvement in the reporting process of the 'near miss culture'.
7. Improvement and efficiency of reporting of minor incidents and accidents.

## **PRINCIPLE 10: BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY**

### **Our Commitment or Policy**

We are fully committed to this UNGC principle against corruption and strive to work against corruption, extortion and bribery in all its forms. This commitment is communicated clearly to all employees through our policy on Code of Conduct (Refer: IIL-CG-PO-01 version 3 revised on 26.06.2016)

### **System**

IIL has developed and implemented a dedicated policy for Code of Conduct with the objectives to familiarize all employees of the company with well-defined way of doing business and to conduct themselves as employees of good corporate citizen.

Some relevant extracts with specific focus on elimination of corruption and bribery are indicated as under:

- All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace of any other location while on company business.
- All employees should avoid any kind of bribe, extortion and all other forms of corruption.
- In case an employee is offered or receives something of value which he / she believes may be impermissible under this code, he/she is required to disclose the matter.
- Any legally prohibited or controlled substances if found in the possession of any employee will be confiscated and where appropriate, turned over to the authorities.
- The employees shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the company to anyone except where the same is used as a part of his / her official obligations and as required for official purpose and shall abide by the Closed period announced by the company from time to time and also sign a Non- Disclosure Agreement if the need arises.
- Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.
- All employees are required to comply with this code of conduct and are personally responsible for doing so. Employees must comply with any rules set out in this code of conduct. Breach of any principles within the code may result in disciplinary action and a serious breach – such as if any employee is found to be in wanton abuse of the code and their action cause reputational risk or damage or financial loss to the business – may amount to gross misconduct which may result in summary dismissal. Further, the company reserves the right to seek redress and damages from such individuals.
- The company has in place a confidential “Speak Up” policy and process to encourage the reporting of any non-compliance with this code of conduct.

### **How do you intend to make this COP available to your stakeholders?**

This COP is also available to our stakeholders at our company website [www.iil.com.pk](http://www.iil.com.pk) and will be circulated to all employees and Directors via email.