

UNITED NATIONS GLOBAL COMPACT

COP REPORT 2018



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About Agriauto Industries Limited

Agriauto Industries Ltd, since its inception playing as 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 eighth 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.



Chief Executives Message:

Agriauto Industries Ltd, remain mindful of our obligation towards community. Our Geo physical location makes us more vulnerable to challenges, emanating from the down trodden and under develop community.

Lack of proper education facilities and poor health in the region remain our foremost concern. 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 Profile

Since its inception 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.

To lead in the automotive industries high reliance on continuous improvement and innovation to meet the market demands remains the top priority. Every year endeavors are made to add new products to our product line by ensuring state of the Art Technology and TA agreement with world leading players in the respective product. Last year, the company achieved power windows regulator by enduring efforts of design and development department with Technical Assistance of Shiroke, Japan and this year Catalytic Converter was added to the product list.

Besides product development, Agriauto is extremely concerned about environmental 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 wasteland running it with a very cost to sve the environments. This has paved the way for achieving the certifications for Environment: 14001-2004 and Occupational Health and safety: 18001-2007.

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

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

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

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

The aim of corporate social responsibility is to achieve a positive impact on society as a whole while maximizing the creation of shared value for the owners of the business, its employees, shareholders and stakeholders. Provision for the local community and welfare of our stakeholders is of utmost importance and plays a vital role in enhancing overall reputation of the company. Following were the projects executed throughout the year:

CONTINUED SUPPORT TO EDUCATIONAL INSTITUTES

a) Girls School at Hub:

Education serves as a back bone in the nations development. Hub being a back ward area with traditional atitude towards women development and beglects the Grils Education. 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 espacialy girls. With the endeavors of school administration and positive support from the Agriauto, the Government Girls school Hub is presently among good intuitions in the area. The organization remains socially dedicated and added to neighborhood instructive establishments as in year 2018.

Distribution of School Note Books (7,500 Nos) for poor students of Govt. Girls Secondary School, Hub **Rs. 404,625/-**.



Provided 100 examination chairs for students at Govt Girls School amounting to **Rs. 311,800/-**



Submitted Examination Fee for 45 poor students of Govt. Girls Secondary School Hub Chowki. **Rs. 40,500/=**

SUPPORT TO THE POOR WORKERS / FAMILIES AT HUB

This year, rations and other utility items were provided to all employees through representatives of local communities worth **Rs. 3,770,483/-**.



Health Support

S.no	Recipient Name	Amount (PKR)
1.	Mushed Hospital	200,000/-
2.	Sindh Institute of Urology & Transplantation	100,000/-
3.	Kidney Center	75,000/-
4.	Burhani blood bank and transfusion centre	50,000/

Other Activities

S.no	Recipient Name	Amount (PKR)
1.	Habib Educational Trust	4,300,000/-
2.	Mohammad Ali Habib Welfare Trust	4,000,000/-
3.	Al-Umeed Rehabilitation Association	1,500,000/
4.	Professional Education Foundation	200,000/-
5.	Poor People of Lasbela Chamber of Commerce & Industry	100,000/-
6.	Dar-ul-Sukun	75,000/-
7.	Marie Adelaide Leprosy Centre	50,000/-
8.	Little Gems Academy Secondary School	30,000/-
9.	Anjuman-e-Bahbood-e-Samaat-e-Atfaal	25,000/-

LEGAL COMPLIANCE ON EMPLOYMENT

A harmonious relationship between the organization and its workforce is very important to achieve set goals. It is the foundation of higher production with minimum expenditure costs which yields higher profits. The company remains committed in maintaining a healthy association with the workforce by fulfilling all of its legal requirements.

- ⤴ Compliance of work laws and non-segregation strategy is being followed in genuine soul. The minimum wages as per Government notification is complied i.e. Rs: 15,000/ 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.
- ⤴ Two percent Quota of Special people is being enforced as per Govt. Instructions.

SYSTEMS IN PLACE

- ⤴ Strict compliance to code of conduct and Business discipline.
- ⤴ Gender policy provides female team associates with good working environment and development opportunities.
- ⤴ Safety and Health Policy being pursued rigorously.
- ⤴ A free medical/ eye camp is held every year for medical/eye check-up of employees.

OUT COMES

The policies/SOP are being improved by the organization time to time to keep the system updated. Obviously it 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/ competent 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.

Employees Care:

Human Resources Department is committed to enhancing the skillset of its employees through training and development. The aim of developing our employees is to result in an increase in productivity, improve the quality of work and reduce customer complaints with streamlined processes and competent staff. Following are the highlights of HR initiatives:

Training & Development

A variety of Training and Development opportunities were offered to employees in-house, external, as well as abroad:

Foreign Training:

In order to ensure that our employees are in congruence with internationally followed management practices, the company sent its employees to AOTS/HIDA, Japan to attend the following trainings:

- ⤴ Inspirational Lead of 21st Century
- ⤴ Production Management for Pakistan (TPKP)
- ⤴ Enhanced Production Management
- ⤴ The Production Management Training Program (PMTP)
- ⤴ Quality Control Training Course (QCTC)
- ⤴ Workplace Capability
- ⤴ Quality Problem Solving – 2 (PQPS2)
- ⤴ Workplace Capability

Team Building

Team building activities that require coworkers to work together can improve their ability to think rationally and strategically. Overall, team building in the workplace enables better communication, better relationships and ultimately increases productivity. Following are the training programs that were conducted on team building:

- ✧ Leadership for Built to Last conducted by Training Impact for Assistant Managers & above at Beach Luxury Hotel.



- ✧ Leadership for Built to Last conducted by Training Impact for all workers including females at Beach Luxury Hotel.



Technical Trainings

Technical trainings play a vital role in enhancing competency levels of employees. Following are the training programs that were conducted for technical expertise:

- ✦ TPM - Training Course conducted by JTS Institute, Karachi through a Japanese trainer for Officers cadre.
- ✦ Supply Chain Management conducted by LUMS at Lahore
- ✦ Corporate Governance Leadership Skills conducted by PICG, Karachi

Soft Skills

Enhanced soft skills ensure a productive, collaborative and healthy work environment, all vital attributes for organizations in an increasingly competitive world. Following are the training programs that were conducted for soft skills:

- ✦ Learning Fair 2019 conducted by HOH Habib University

Value Sessions:

Regular value sessions are carried out during orientation of new joiners

Awards & Recognition

“Living the Global Compact Best Practices Sustainability Award 2017 – 2018” Participated and won 3rd Prize in the category “Large National Companies”



“Employer of the Year Award – 2017” Participated and received Special Recognition Shield in category “Large National Companies”.



“EFP Award on Best HRM Practices 2018” Participated and received Special Recognition Shield in the category “Large National Companies”.



5.2 LABOUR STANDARDS

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

Management's open door policy provides an all-out platform for good communication which leads to personal development as well as business development. 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

- ✦ 3 x days All level training for improvement of management system was conducted outside the premises.
- ✦ Certification for CBA office bearer received from National Industrial Relation Commission Islamabad.
- ✦ All important decisions by the management are disseminated to the workers in special Monday Morning Assemblies & their voices are given true importance.
- ✦ Annual Award Ceremonies were held to appreciate the workers to improve the industrial harmony.

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.

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

The management is committed and abides by all the industrial/ labour 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.

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

At present no one is employed at Agriauto who is under aged. Strict policy on 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.

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

The strict criteria of enrolment are being followed. 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 and ladies are being inducted to work force for women empowerment plan.

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

At Agriauto Industries Ltd., the health & safety is given a lot of importance to avoid any untoward incident at work place. Safety audits are conducted on regular basis to high light the suspected/potential hazards. The identified hazards are closed at priority to ensure safe work place and environment.

Daily PPEs compliance audit are conducted and HSE team educates 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. Prior to the start of production activities, the Daily Circle Meetings are conducted by the Line Incharges involving the workers of that particular area and each department is taking care of its own area for Safety related matters.

Weekly review meeting by Top Management



Daily Asakai meeting / Morning Circle



Safety Talk at Plant



HSE Trainings



SAFETY WEEK AT AGRIAUTO

Safety Week was organized in Agriauto on 1st – 5th April, 2019 for the employees. The theme of the safety week was based on the “Behavioral Safety Compliance, PPEs, & Stop-Call-Wait” and all the employees of AIL participated in this event. Various activities were carried out during the safety week, i.e. Official Kick-Off Ceremony by Top Management, Banner Signing Activity by the employees, Safety Circle talks, Special Training Sessions for workers and Behavioral Safety Compliance Observations by the Management personnel.

Mr. Yutaka Arae (Chairman) & Mr. Fahim Kapadia (CE) sharing their vision of Safety with the employees.



Safety Talk was conducted with the employees



ISO 45001:2018 STANDARD TRANSITION AND AWARENESS TRAINING

The employees of Agriauto from various departments attended a training session on "ISO 45001:2018 Standard Transition & Awareness" conducted by the Lloyds Register Quality Assurance (LRQA) Trainer.



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

ISO 14001 and OHSAS 18001 CERTIFICATION

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

1. ISO 14001:2015 (transitioned from ISO 14001:2004)
2. OHSAS 18001:2007

The certification renewal audit was conducted by LRQA's Auditors on Aug'2019.

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. 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



Compliance of Legal Requirement (Waste Disposal)

Sludge resulting as a by-product of effluent treatment process posed a big challenge in terms of its disposal. In order to meet the legal requirement of Balochistan Environment Protection Agency (BEPA), the disposal of waste (Paint & ETP Sludge) is carried out by the licensed Contractor and it is incinerated at the government approved site.

Incineration of Paint / Effluent Treatment Plant (ETP) Sludge



FIRE FIGHTING DRILLS

Periodically, fire-fighting trainings and mock drills are conducted to evaluate preparedness of employees, specially the employees selected to be a part of Emergency Response Team (ERT).

Firefighting drills at Plant



UPGRADATION OF FIRE SUPPRESSION / FIRE DETECTION & ALARM SYSTEM.

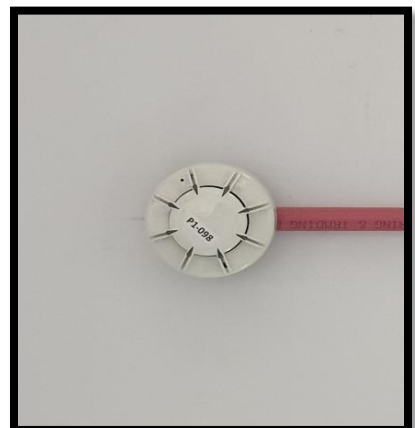
To avoid the shortcomings of fire alarm system, Agriauto has upgraded the fire detection and alarm system and the old conventional system is replaced with the addressable system which comprises of Main Control Panels, Repeater Panels, Combined Detectors, Smoke Detectors, Heat Detectors and Manual Call Points with Sounder Strobe in defined areas respectively. The centralized system will help to monitor the condition of overall fire alarm system at a single source. Also, the fire suppression system (FM200/CO2) is installed in the Paint Shop Area to detect and respond immediately to any fire through instant discharge with separate zone actuation capability.

Moreover, the Emergency Response System with reviewed and Emergency Response Team (ERT) is formed to respond to any emergency situation immediately.

Fire Suppression System (FM200 & CO2) covers the areas of Paint Booth, Oil Heater Room & Paint Mixing Room



Fire Alarm System consists of Fire Alarm Panels, Repeater Panels, Smoke/Heat/Combine Detectors, and Manual Call Points with Sounder Strobes



PROVISION OF RAPID INTERVENTION VEHICLE (RIV)

Agriauto has procured the Rapid Intervention Vehicle (RIV) for firefighting purpose inside the factory premises. Previously, a Water Tanker with Tractor was available for extinguishing the fire. The Rapid Intervention Vehicle (RIV) will be used to transport to any area of the company premises. In RIV, there is a provision for fire bowser with a mix of water and foam solution by using Ultra High Pressure System (UHPS). The diesel engine drive of newly procured RIV will deliver very low volume of water at extra high pressure outlet. Also it has 04 x 45 Kg CO2 cylinders, discharge through high pressure hose, will help in extinguishing the chemical and electrical fires.

UHPS System for AFFF Foam/Water Solution

Before



Old Fire Bowser

After



Newly Bought RIV



CO2 based Firefighting System

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

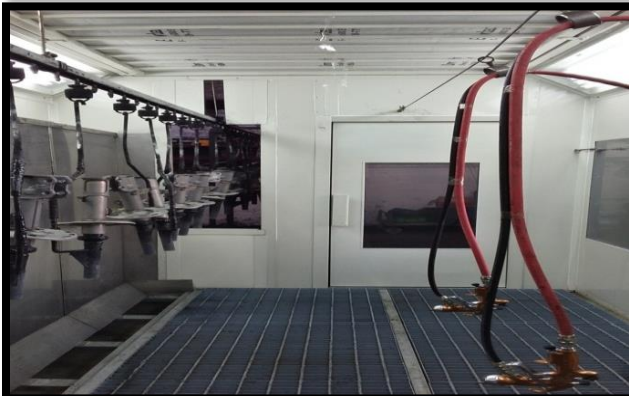
PAINT SHOP IMPROVEMENT PROJECT

The Paint Shop Area of Shocks & Struts Production Plant had various safety & environmental issues due to the following reasons,

- 1-Rusty and deteriorated structure of spray paint booth.
- 2-Confined space posed a serious risk for the safety of workers.
- 3-Low efficiency of exhaust and intake fans causes the presence of paint fumes in Paint Booth due to unbalancing of air handling unit in booth.

As a result, the heavy paint buff causes serious health hazards for painters. The paint buff spreads all over the plant causing worst condition of 5S/housekeeping. Confined Space entry in underground tank for sludge collection was dangerous to health. Upon identification of these hazards, a new Paint Booth was fabricated and installed at Paint Shop Area with the Addition of bag filters before intake and exhaust blower. These control measures increases the inside air velocity (0.3 ~0.5m/s), eliminated the paint buff and confined space hazard respectively.

Newly Installed Paint Booth



PLANTATION ACTIVITY

Agriauto is making every effort in development and utilization of environmental friendly technologies. The Hub Court's Honorable Judges visited the Agriauto factory and they planted the trees at factory premises.

Hub Court's Honorable Judges visited the Agriauto on March, 2019 and planted trees at factory premises



5.4 ANTI – CORRUPTION

5.4.1 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

- ⤴ 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.