

UNITED NATIONS GLOBAL COMPACT

COP REPORT 2020

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, 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 start of year 2020 was very positive and economy was seen to accelerate but then the pandemic of COVID-19 literally stopped all the economic activities and month of Apr-20 recorded zero sales in the history of automobile industry.

In order to prevent the spread of COVID-19 and to ensure smooth operations, the HSE Department developed and implemented a set of protocols based on Baluchistan/Sindh government Notifications, Requirements from customers, World Health Organization (WHO) and Centers for Disease Control & Prevention (CDC) recommendations. The protocols implemented were the provision of surgical safety masks (daily basis), hand sanitizer dispensers, enforcing of social distancing in operational activities, disinfecting of vehicles and creating awareness among employees, contractors and visitors through signage and training.

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 waste and running it with a very cost to save 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

Catalytic Converter

Motor Cycle Front Shock Absorber (Yamaha)

Window Regulator (Manual & Power)

Door and Hood Hinges.

Motorcycle Components i.e., Pipe Forks/ Case dampers/ Piston Rods (Atlas Honda)

Steering Boxes (Millat Tractors)

Camshafts (Millat and Al-Ghazi Tractors)

Sheet Metal Press Parts

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 attitude towards women development and neglects the Girls 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 intitutions in the area. The organization remains socially dedicated and added to neighborhood instructive establishments as in year 2018.

Distribution of School Note Books for poor students of Govt. Girls Secondary School, Hub
Rs. 608,400/=.



DISTRIBUTION OF LUNCH AT JAM GHULAM QADIR HOSPITAL FOR POOR PATIENTS



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. 3,215,355/=**

The Company, as part of CSR activities, distribute ration hampers to all its workers each year, on 1st day of Ramadan, to support the well-being of workers and their families.



Health Support

SL #	Recipient Name	Amount (PKR)
1.	Mushed Hospital	200,000/-
2.	Kidney Center	75,000/-
3.	Burhani Medical Welfare Association	50,000/-

Other Activities

SL #	Recipient Name	Amount (PKR)
1.	Mohammad Ali Habib Welfare Trust	4,325,000/-
2.	Poor People of Lasbela Chamber of Commerce & Industry	75,000/-
3.	Dar-ul-Sukun	75,000/-
4.	Marie Adelaide Leprosy Centre	50,000/-
5.	Little Gems Academy Secondary School	20,000/-
6.	Anjuman-e-Bahbood-e-Samaat-e-Atfaal	25,000/-
7.	Friends of Burns Centre	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: 17,500/ 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:

- 7 QC Tools
- A3 Report Writing
- Advanced Excel
- Changing Roles of Managers
- Creative Thinking & Problem Solving
- FPAP Certified Fire Warden
- GRID Introductory Session
- Hazard Awareness Session
- HR Operations Master Class

- HSE / 5S
- ISO45001 Standard Migration
- Kaizen / QCC
- KYT Training HIRA
- Leadership Competency Framework
- Leadership Grid
- Management Development Programme
- Occupational Safety & Health
- Plan Do Check Act
- Power BI
- Problem Solving & Decision Making
- Problem Solving & Decision Making
- QCC Convention - Kaizen
- QCC Convention - Themes
- Quality Models & CP, CPK Analysis
- Rigging & Slings Safety
- SAP Quality Management Module
- Scaffolding Training (Theory & Practical)
- Structured Competency Based Interviewing Skills
- Taxation Management Level 1
- Taxation Management Level 2
- Warehouse Operations & Management
- Work at Heights
- Writing Techniques

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 2020 conducted by HOH.

Value Sessions:

Regular value sessions are carried out during orientation of new joiners

Awards & Recognition

“Living the Global Compact Best Practices Sustainability Award 2020” Participated and won **3rd Prize in the category “Medium National Companies”** on March 30, 2021.



“8th Employer of the Year Award – 2019 & 2020” Participated and received Special Recognition Shield in category **“Large National Companies”** on March 12, 2021.



Agriauto has won an Award in the **“Best Practices”** category at the 13th International CSR Award 2021 on February 25, 2021. The event is organised by National Forum for Environment and Health (NFEH) which is affiliated with the United Nations Environment Program (UNEP). Their aim is to promote and help create environment, healthcare and educational awareness among masses, industries, corporate sector and youth.



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 output. 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.

OUTCOMES

- ⤴ 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.

Tree Plantation Activity

The Tree Plantation Activity was carried out in October 2020. During the plantation drive, 50 no. of coconut trees were planted by the Management personnel. The plantation drive is a sign of commitment of Agriauto Industries Ltd. towards supporting the government's Clean and Green Pakistan movement.



Official Kick-Off and Opening Address

Official Inauguration of HSE Week by the Top Management in Morning Circle. A broad number of employees participated in the meeting from all departments including the HODs and Senior Managers. In his address, CE Mr. Fahim Kapadia stressed the importance of hazards identification and asked all employees to follow the COVID-19 protocol measures including wearing of safety mask, maintaining social distance and washing/sanitizing of hands.



Management 5S Safety Audit

Management 5S Safety Walk is regularly conducted to observe the 5S / Safety related issues and the follow up on the closure of those observations is reviewed by the Senior Management on weekly basis. Overall 390 Rank 'A' (critical/significant) observations are closed in the year 2020~21.



Gutka Hazard Awareness Training

Awareness Sessions were conducted by the Consultant Doctor of Murshid Hospital in October, 2020 to create awareness about risks of consuming Gutka and consequences in the form of mouth and lungs cancer.



COVID-19 Precautionary Measures

In order to prevent the spread of COVID-19 and to ensure the smooth operations of the Agriauto Industries Ltd., the HSE Department in liaison with Admin/HR has developed and implemented a set of protocol measures based on Government of Balochistan Notifications, Clients' Requirements, World Health Organization (WHO) and Centers for Disease Control & Prevention (CDC) recommendations.

The guidelines and protocols aimed to help the employees to stay safe and healthy in a working environment that has changed significantly because of the COVID-19 pandemic. Following safe work practices to limit exposure to COVID-19 at work are implemented,



Use of Hand Sanitizer and Provision of Surgical Masks



Thermal Scanning and Social Distancing at entrance



Conducting of Safety Circle Meetings through social distancing



Disinfecting of machine handles prior to start of the work

COVID-19 Vaccination of Employees

To prevent the employees from COVID-19, the Management of Agriauto Industries Ltd. has provided full support and emphasis was given on COVID-19 vaccination awareness, registration of employees and completion of 100% staff vaccination in shortest possible time.

By the consistent efforts more than 82% employees of Agriauto Industries Ltd. are vaccinated.



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

ISO 14001:2015 and ISO 45001:2018 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. ISO 45001:2018 (transitioned from OHSAS 18001:2007)

The certification renewal audit was conducted by LRQA's Auditors on Feb'2021.

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.



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

Treatment of Effluent Waste of ED Paint

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. In order to treat the effluent of newly constructed ED Paint plant, an additional storage tank of 25 m³ is installed in the existing ETP Plant and waste is treated through the existing facility and the environmental monitoring parameters are within limit.



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.