

# UNITED NATIONS GLOBAL COMPACT

## COP REPORT 2021

## TABLE OF CONTENT

S.NO	DESCRIPTION	PAGE #
1	About Agriauto	2
2	Membership in UN Global Compact	2
3	Chief Executive's 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 a role model as vendor company in the 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 ninth 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 Executive's 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-developed 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 so far, 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.

Auto sector revived strongly post Covid-19 phase supported by lower prevailing interest rates for vehicle financing and favorable foreign exchange parity. Moreover, dynamics of the automotive industry are changing with number of new entrants in the market, particularly in SUV segment. The availability of varied and wider vehicle options for customers has provided a boost to the market.

In order to curb down the after-effects 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 Shiroki, 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 successfully commissioned a state of the art Effluent Water Treatment Plant to treat/recycle industrial waste and running it with minimal costs to save the environment and promote a greener space. 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 revolves around its stakeholders, providing them with high quality products. The Company remains committed towards its objectives to be a market leader in manufacturing of the auto parts. Our core products include:

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, management respects and supports human rights, it remains one of the most prime focus 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 nation's development. Hub, being a backward area, depicts traditional attitude towards women development and neglects the educational standards for female class of the society. 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 especially girls. With the endeavors of school administration and positive support from the Agriauto, the Government Girls school Hub is presently among good institutions 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. 884,569/-.



## Distribution Of School Bags & Copies in Girls Primary School (Doda Goth).



## Distribution Of School bags & Copies, Government Girls School (Haji Ameen Goth).



## 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. 2,467,630/-**.

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



## Health Support

SL #	Recipient Name	Amount (PKR)
1.	Murshid Hospital	200,000/-
2.	Kidney Center	100,000/-
3.	Burhani Medical Welfare Association	100,000/-

## Other Activities

SL #	Recipient Name	Amount (PKR)
1.	Mohammad Ali Habib Welfare Trust	6,700,000/-
2.	Roshan Pakistan	500,000/-
3.	Indus Hospital	200,000/-
4.	Poor People of Lasbela Chamber of Commerce & Industry	100,000/-
5.	Dar-ul-Sukun	100,000/-
6.	Anjuman-e-Bahbood-e-Samaat-e-Atfaal	50,000/-

**On behalf of company, CBC Machine was donated to Jam Ghulam Qadir Civil Hospital (Hub)**



## **CHAIRS & FANS DONATION TO 50 BEDDED BALOCHISTAN SECURITY HOSPITAL**



## **LEGAL COMPLIANCE ON EMPLOYMENT**

A harmonious relationship between the organization and its workforce is very important to achieve goals set in this regard. 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 letter and spirit. The minimum wages as per Government notification has been complied i.e. Rs: 25,000/ per month.
- ⌘ The company is an equal opportunity employer and merit remains the sole criteria of selection and employment process.
- ⌘ 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.

## **OUTCOMES**

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:

- Leadership Xpedition
- Code of Conduct
- Strategy, Innovation & Execution
- Creative Problem Solving & Decision Making
- Data Analytics
- Developing Your Emotional Intelligence
- First Time Managers
- Plan Do Check Act
- Presenting with Impactful Communication
- Stress Management & Time Management
- Writing Skills
- Core Values
- Roadmap to Manufacturing Excellence
- KYT & Behavioral Safety Training
- Emergency Fire Drill Training
- Firefighting & First Aiders
- Certified Supply Chain Professional
- Log Out Tag Out
- Supply Chain Management
- Toyota Production Systems
- Fundamentals of Freight Forwarding & Shipping

## 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:

### Trainings – Roadmap to Manufacturing Excellence at LUMS(2 Participants from Agri)



### Trainings – HOH Learning Fair At Habib University 57 Participants From Agri



**Trainings – Leadership Xpedition At Ranikot, Sindh (19 Participants from Senior Managers & Above) A JOURNEY OF SELF DISCOVERY**



## Value Sessions:

Regular value sessions are carried out during orientation of new joiners

## Awards & Recognition

Agriauto Industries limited that participated in Thal Engineering 8th QCC Convention held on 25th Feb'21. Your hard work has helped our company to reach it new heights.



*(Winning teams group photo (Left to right) with SGMT AIL Omar Razzaq, GROUP Director – Tayyab Tareen, CEO Fahim Kapadia, GMP AIL - Saeed Ahmed, CFO AIL – Hassan Ghazi)*

**Appreciation Shield** in The Employers' Federation of Pakistan's 15th Best Practices Award on OSH Ceremony. Presented by: Mr. **Zahoor Awan** (Secretary General, Pakistan Workers Federation and Member ILO Governing Body)



## Excellence Award in 16th EFP Occupational Safety, Health & Wellbeing OSHW

Agriauto Industries Ltd. has won the **2<sup>nd</sup> Position “Excellence Award”** from the Honorable President of Pakistan-Dr. Arif Alvi in the Engineering, Automobile, and Spare Parts / Component Sector at the 16<sup>th</sup> Employers Federation of Pakistan (EFP) Occupational Safety, Health & Wellbeing (OSHW) Conference & Award Ceremony held by the renowned governing body EFP working in collaboration with the International Labor Organization (ILO) at Karachi.



## MAP's 36th Corporate Excellence Awards



## 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 offers congenial 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.
  - CBA Elections 2021-22 were held without any loss of production lines, and maintaining smooth harmony in the workplace.
  - Change of CBA Office Bearers – documents submitted and approved from NIRC Islamabad for a period of two years.
  - Finalized charter of demand 2021-22 within time with CBA Office bearers without litigation / issues.



- ✧ Visited various govt. depts. and government officials, to develop mutual trust, cooperation and benefits to Agriauto in particular & Hub industries in general.



- ✧ Marriage grant / scholarship to workers' children, after submitting documents to Govt. of Balochistan.



- ✧ 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's 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.
- ✧ Developing our high-potential employees and retaining the talented staff through job rotation, internal transfers and extra-curricular activities to keep them motivated.
- ✧ 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.

#### **OUTCOMES**

- ⤴ 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.

### **Employees' Picnic:**

Annual picnic was carried out, with proper administration, for workers of the AIL HUB factory.



### **Lady Workers' Day Out at PAF Museum:**

Agriauto Industries Limited (AIL), as part of its ongoing motivational and recreational programs, took its female workers on a day out on Saturday October 16, 2021 at PAF Museum, Karachi. Refreshments were distributed on arrival in PAF Museum. Further, free rides were made accessible to all the female workers and BBQ take-aways were given at the time of departure from PAF Museum.



Agriauto Industries Limited (AIL), as part of its ongoing motivational and recreational programs, has arranged Management Team Building on a night out on Friday November 05, 2021 at Dreamworld Ltd, Karachi. It was a fun filled activity that included, singing songs, rides, a Cricket tournament between four teams was conducted wherein the team entitled “King 11 Services” won the tournament. This was mainly organised for the better health and well-being of all employees and also building a strong relationship among peers and co-workers.



### **CBA office bearers Picnic at Quetta**

Agriauto Industries Limited arranges picnic for CBA office bearers, once in a year, outside Karachi. This time, picnic was arranged in Quetta where CBA office bearers and management personnel attended picnic. The event took place from Tuesday Nov 9, 2021 to Friday Nov 12, 2021. This kind of recreational activity not only strengthens work relationships, but also develops industrial relationships and sense of motivation amongst the employees.



### **Service & Attendance Awards**



## **Awareness Session on Breast Cancer for Lady Workers**



## 5.3 ENVIRONMENT STANDARD

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

#### **Tree Plantation Activity**

The plantation drive is a sign of commitment of Agriauto Industries Ltd. towards supporting the government's Clean and Green Pakistan movement. At various occasions, tree plantation activities carried out to address the global warming-induced climate change.



## Official Kick-Off and Opening Address of Safety & Fire Prevention Week

Official Inauguration of Safety & Fire Prevention Week (21st – 26th Feb'22) by the Top Management was done in the Town Hall. 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 appreciated the role of employees and highlighted the importance of such safety functions for reinforcing the positive behavior at Workplace. He emphasized on reporting of hazards and involvement of work force to mitigate risks to avoid any unwanted incident.

The focus of the event was to enhance the awareness level on Hazard Identification, Fire Safety, Behavioral Safety, & First Aid Treatment. In addition, area wise Hazard Mapping of plants was also conducted with required controls



## 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. Prizes are distributed among the employees who have implemented safety & environmental controls to prevent injuries and incidents.



## HSE Related Training

During the year, various HSE related training imparted to employees to make them aware of their responsibilities and to prepare them for any unwanted situation.

### Training Topics Covered

Basic Safety Awareness	Safe Use of Forklift Truck
Safety Induction	Safe Use of Battery Stacker
KYT/HIRA	RIV Training
Safe Use of Fire Extinguisher	Work at Height
Emergency Preparedness & Response	Permit to Work (PTW)
Personal Protective Equipment (PPEs)	Chemical Handling
Emergency Drill	First Aid & CPR Training



## HSE Drawing Contest

The involvement of employees in the HSE Week was significantly increased after involving them in a HSE Drawing Contest. Employees and their kids were included in this activity, as they submitted drawings highlighting the health, safety and environment related issue or topics.



## Hazard Mapping

To visualize the risks involved in day to day operations, each production line has developed their safety group, prepared activities plan and carried out Hazard Mapping of their respective areas to monitor the safety & environmental control measures and determine the compliance status.



## **Emergency Preparedness & Response**

In order to ascertain the firefighting response of employees and to determine their capabilities, an emergency fire drill was conducted by bringing the Fire Tenders of government authorities (LIEDA and TMA) and they were called for Emergency Drill and first aid treatment to 'Casualties' were provided by First Aiders.



---

### *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 m<sup>3</sup> 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 International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as applicable in Pakistan
- ⤴ Compliance with local laws and regulations issued by the regulatory bodies such as the Securities & Exchange Commission of Pakistan, Federal Board of Revenue, Institute of Chartered Accountants of Pakistan, etc.

#### **OUT COMES**

- ⤴ Employees are enjoying healthy work environment.
- ⤴ No compliance has been conveyed by the internal / external auditors.