

# UNITED NATIONS GLOBAL COMPACT

---

## COP REPORT 2017



## 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 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
- 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.

### **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 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 2017.

Distribution of School Note Books ( 5,760 Nos) for poor students of Govt. Girls Secondary School, Hub Rs. 329,024/-.





Provided 200 school chairs for students at Govt Girls School amounting to 343,000/-



Submitted Examination Fee for 60 poor students of Govt. Girls Secondary School Hub Chowki.  
Rs. 123,000/=

Following civil works for lab development amounting to Rs.488,259/-





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

This year, rations and other utility items were provided to **900 workers & families**, through representatives of local communities worth **Rs. 3,004,337/-**.



## **Health Support**

S.no	Recipient Name	Amount (PKR)
1.	Mushed Hospital	200,000/-
2.	Indus Hospital	500,000/-
3.	Kidney Center	75,000/-
4.	Sindh Institute of Urology & Transplantation	500,000/-
5	Burhani blood bank and transfusion centre	50,000/-

## **Other Activities**

S.no	Recipient Name	Amount (PKR)
1.	Mohammad Ali Habib Welfare Trust	2,500,000/-
2.	Habib Educational Trust	5,500,000/-
3	Habib University Foundation	5,050,000/-
4.	Dar-ul-Sukun	75,000/-
5.	Markaz-e-Umeed	50,000/-
6.	BACERA Welfare	15,000/-
7.	Fatimid Foundation	50,000/-
8.	Marie Adelaide Leprosy Centre	50,000/-
9.	Layton Rahmatullah Benevolent Trust	25,000/-

## **LEGAL COMPLIANCE ON EMPLOYMENT**

- ⤴ Compliance of work laws and non-segregation strategy is being followed in genuine soul. The minimum wages as per Government notification is 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.

## 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**

Safety and health is given a lot of importance to avoid any untoward incident at work place. Continuously safety audits are conducted 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 takes place 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. Daily Morning meetings are started with a new spirit and each department is taking care of its own area for Safety related matters. Agriauto has also taken serious actions to enhance the safety conditions by hiring services of Japanese expert on this topic as well as developing HSE improvement network involving group companies and lead by group director.

**Weekly review meeting by Top Management**



**Daily Asakai meeting / Morning Circle**



## Safety Talk at Plant



## HSE Trainings





## **FIRST AID TRAINING**

35 employees of Agriauto and other HOH companies employees attended training course on "Use of Oral Tobacco and First Aid" conducted by Murshid Hospital & Health Care Centre on May 2018.



---

*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 to the following management standards on NOV'2016

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

**WATER TREATMENT PROCESS**

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

Sewage Treated Water being use in Gardening



Chrome/Coolant/Paint Treated Water







Introduction of new design chrome scrubber system for environment improvement



Installation of RO Plant for recycling of Chrome treated water for process/machines



Drinking water supply through pumping/food grade piping system for health improvement



- 1-Addition of dedicated tractor for Fire Bowser for safety of employees by enhancing emergency response
- 2- Implemented Comprehensive Fire Safety survey by a Fire Safety consultant to further enhance deterrence against Fire hazard



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

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

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

### **Sludge from Effluent**

Sludge resulting as a by-product of effluent treatment process posed a big challenge in terms of its disposal. We have succeeded to utilize the Sludge, generated during Chrome/Paint effluent treatment process, in manufacturing of Paver blocks but the quantum of Sludge is much more than the requirement of pavers. To dispose it off efforts are being made with the help of Govt. agencies working in the environment protection field.

Globally sludge of both kinds is being used in manufacturing of construction materials like paver blocks, tiles etc. This activity reduces the depletion of natural resources as well as eliminates the problems related with land fill activity for sludge disposal.

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

Effluent Treatment Plant Sludge



Bricks manufacturing by Effluent Treatment Plant Sludge



Sewage Treatment Plant Sludge being use in gardening



### **FIRE FIGHTING & MOCK DRILLS**

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

Firefighting drill at Plant



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

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

### **OUT COMES**

- ✧ Greener surrounding raises better sense of well-being among the employees, thereby, increasing individual's efficiency.
- ✧ Zero accidental absenteeism in last six months
- ✧ Adjoining localities are feeling secured
- ✧ Environment has becoming more friendly for the surroundings.

---

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

---

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

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

Annually Celebrate World Environment Day / Earth Day



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

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

## 5.4 ANTI – CORRUPTION

---

### *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.