



AL-GHAZI TRACTORS LIMITED

GLOBAL COMPACT SIGNATORY STATUS REPORT
2014 – 2015

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STATEMENT OF CONTINUED SUPPORT

To our stakeholders,

Al-Ghazi Tractors Limited (AGTL) is proud to be a signatory of the United Nations Global Compact since 2006 and has since remained an active participant. We reconfirm our support to the ten principles of the Global Compact in respect to human rights, labour, the protection of the environment and anti-corruption.

With this communication, we express our intent to support and advance those principles within our sphere of influence. We commit to making the Global Compact and its principles part of strategy, culture and day-to-day operations of our company and undertake to make a clear statement of this commitment – both to our employees, partners, clients and to the public. We also commit to share this report with our stakeholders using our primary channel of communication by posting it on our website: www.alghazitractors.com

Sincerely yours,



Mohammad Shahid Hussain
Chief Executive Officer and Managing Director



QUALITY MANAGEMENT-BRAND STRENGTH

AGTL COMPANY PROFILE

| | |
|--|-------------------|
| Date of Incorporation | June 26, 1983 |
| Date of Commencement of Operations | September 1, 1983 |
| Date of Take Over by Al-Futtaim Group of Dubai | December 8, 1991 |

| | |
|--|-------------------|
| Start of Production at Dera Ghazi Khan Plant | |
| i) Auxiliary Plant | February 20, 1984 |
| ii) Main Plant | April 1, 1985 |
| iii) Sheet Metal Stamping Plant | July 2006 |
| iv) Annual Production Capacity | 30,000+ Tractors |

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|-----------------|--------------|
| Total Land Area | 90 Acres |
| Employees | 1000 approx. |

FACILITIES AT THE AGTL STAFF TOWN

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| Housing | 120 family Homes and bachelor quarters for executives and workers |
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|------------------------------|-------------------|
| Population of the staff town | Approximately 350 |
|------------------------------|-------------------|

Other facilities

- Mosque
- Hospital with ambulance.
- Recreation centres for executives, workers and ladies, with indoor games, TV, videos, dish antennas, and other facilities.
- Play grounds, parks, horticulture, and janitorial services.
- School bus for pick and drop services to school and college going children of the staff for D.G. Khan city.
- Private electric generator for uninterrupted power supply.
- Clean water supply with UV filters.
- Transport facility for D.G. Khan city and adjoining areas.
- Waste water recycling plant for horticulture.



QUALITY MANAGEMENT-BRAND STRENGTH

AGTL OFFICES

Head Office

Al-Ghazi Tractors Limited
Tractor house
Plot # 102-B, National Highway
D.H.A. Phase 1
Karachi
Tel: 021-35318901-5

Plant

Al-Ghazi Tractors Limited
Factory
P.O. Box 38
Sakhi Sarwar Road
Dera Ghazi Khan
Tel: 0642-463159

Regional Offices

Lahore

Al-Ghazi Tractors Limited
10km, Sheikhpura Road
Lahore
Tel: 042-37912226

Multan

Al-Ghazi Tractors Limited
20 Industrial Estate
Tel: 061-6514057-9

Sukkur

Al-Ghazi Tractors Limited
House N. A-8
Airport Road
Tel: 071-5002852

Islamabad

Al-Ghazi Tractors Limited
Flat No. 7, 2nd Floor, City Arcade
Sector I-8, Markez
Tel: 051-4862524



QUALITY MANAGEMENT-BRAND STRENGTH

HUMAN RIGHTS

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|-------------|--|
| Principle 1 | Businesses should support and respect the protection of internationally proclaimed human rights. |
| Principle 2 | Make sure that they are not complicit in human rights abuses. |

HEALTH AND SAFETY

The Board has formed a management's Health and Safety Committee which works to ensure health, safety and security of all its employees as well as the society.

From production of products which can be used 'safely' by the customers, Health and Safety Policy covers an action plan for occupational safety, occupational illness, conforming to labour laws for physical and psychological health of all employees, friendly working hours, provision of comprehensive insurance to all, ambulance service, dispensary service, provision of clean water through filtration plants, recreation facilities at the staff town, fire-fighting, demarcation of emergency exits and twenty four hours security for the plant and residents of the staff town.

Personal protective equipment is provided to employees as per their job entitlement to ensure a safe working environment. Refreshments are served to technical staff in break time during summer season. Dessert coolers are installed to improve air circulation and lower temperature on production lines for better working conditions.

The Company regularly organizes civil defense training, whereby senior civil defense officers deliver lectures on civil defense, health, safety, fire fighting and first aid.

A Dengue awareness programme has been launched. Employees are informed of the preventive measures against dengue virus and malaria fever. Pamphlets and charts have been displayed throughout the plant and staff town. Dengue spray was also arranged through Health Department DGK.

AGTL staff town is proud to be a polio free area. Polio drops were administered to children in the staff town.

WHISTLE BLOWING

The Company has adopted a whistle blowing culture to detect and deter wrongdoing in preparing and implementing accurate and complete financial reports and records as well as the internal controls essential to support its financial and accounting system and



operations. Violation of matters referred to in the Code of Conduct signed by all the employees may also be reported. The establishment of whistle blowing structure also augments the Company's ability to detect potential fraud, providing another level of comfort and assurance to the stakeholders.

The policy provides a mechanism for employees to report possible wrongdoings to the Company Secretary without fear of reprisal or discrimination. Every report case is considered and investigated. The whole process is looked after by the Audit Committee.

The Company also has a policy on "Suggestion System", encouraging all employees to make suggestions. These are discussed and employees are often rewarded for their input.

PREVENTION AND REDRESSAL OF SEXUAL HARRASMENT

The Company has adopted Protection against Harassment of Women at Workplace Act, 2010. A Committee comprising of senior executives allows for transparent inquire of any reported case of sexual harassment.



LABOUR

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| Principle 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. |
| Principle 4 | The elimination of all forms of forced and compulsory labour |
| Principle 5 | The effective abolition of child labour |
| Principle 6 | Eliminate discrimination in respect of employment and occupation |

EMPLOYMENT CONTRACTS

AGTL believes in the value of human capital and forbids any form of compulsory labour. Employment contracts do not violate any human rights or labour laws. The employee is free to terminate the contract subject to the notice period.

All employees are above minimum wage as specified by the government. Transparent annual evaluation and increments encourage positive job performance.

Job descriptions are defined and communicated to each employee.

EQUAL OPPORTUNITY EMPLOYMENT

We practice “equal opportunity employment” without any discrimination of caste, creed or religion.

The project being essentially an assembly cum manufacturing operation for heavy-duty work, most of the work force is of males. But the management also offers equal opportunities to women who are employed in both high and lower management positions. AGTL has broken a barrier by employing women at Dera Ghazi Khan.

The company does not employ any form of forced, mandatory and forced labour. It does not employ people younger than 18 years of age with a valid CNIC.

EMPLOYMENT OF SPECIAL PERSONS

AGTL utilizes the services of special persons for its production operations at DGK.



LABOUR / MANAGEMENT RELATIONS

AGTL adheres to all the international standards of human rights. We conform to all the labour laws of the country.

AGTL respects the rights of Collective Bargaining. The management and labour of AGTL enjoy cordial relations. Weekly meetings are held with CBA to discuss and resolve all issues.

The Company complies with the Industrial Relations Act 2012, wherein employees are free to join any trade union of their choice. The company, at present, has two registered Trade Union.



QUALITY MANAGEMENT-BRAND STRENGTH

ENVIRONMENT

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| Principle 7 | Businesses should support a precautionary approach to environmental challenges |
| Principle 8 | Undertake initiatives to promote greater environmental responsibility |
| Principle 9 | Encourage the development and diffusion of environmentally friendly technologies |

TRANSFORMING A WHOLE SOCIETY

AGTL was the first to break the land in Dera Ghazi Khan in 1984 in the midst of a parched desert. We have built an oasis in the desert.

The AGTL manufacturing plant with its adjacent staff town has given fillip to the whole area by way of ancillary and allied activities. We take justifiable pride in the contribution that AGTL has made to the social dynamics of the region through its technical, financial and management acumen. We have indeed transformed a whole society in what is otherwise known as a less developed area of Pakistan.

AGTL'S INITIATIVES IN THE FIELD OF CSR AND ENVIRONMENT

High Efficient Lighting

Efficient use of natural capital where eco-efficiency is usually calculated as the economic value added in relation to its aggregated ecological impact led AGTL to the installation of energy efficient sun roof tops in the plant. This has drastically reduced the consumption of electricity with savings in energy costs.

A conscious effort is made by all employees to conserve energy at all our offices and plant by switching off un-used air-conditioners and electrical equipment.



Tree Plantation

AGTL has built an oasis in the desert at Dera Ghazi Khan.

Over 3000 trees which have been planted over the years guard the plant and the staff town which is spread over 90 acres. All employees and visiting dignitaries are encouraged to plant a tree.

Automatic Burners

Burners in paint shops and tractor body line have been automated to ensure temperature control. This has resulted in fuel savings, thus reducing environmental impact and improving financial efficiency.

Paperless Environment

Efforts are being made to promote paperless environment with the maximum use of digital storage and communication methods. Employees are also encouraged to reduce print jobs.

Waste Management

At AGTL, we believe in turning waste in to a resource. This helps us devise an overall environmental strategy so as to achieve sustainable goals without sacrificing financial objectives. The principle is: Reduce, Re-use and Re-cycle.

- At AGTL the assembly process is such that no waste is produced through Industrial metabolism.
- As also there is no hazardous waste.
- Under an agreement with suppliers components rejected on line are returned. These include defective castings, forgings, sheet metals, wires, metal scraps, paper board cartons, wood, plastic parts, PVC parts, etc. These are all materials which are recycled and reprocessed into new materials. These materials are collected separately from general waste using dedicated places in the factory.
- Oils refuse from testing of all engines are also sold and recycled for use as furnace oils. Thus turning waste into a resource.
- Well designed septic tanks have been built in the factory to take care of the water that is used for washing the components and in the paint shops. These pre-treat



the waste water before it enters the disposal areas where natural processes are expected to take care of the final treatment. Solids settle to the bottom of the tanks and form a layer of sludge which is removed once it gets filled – in several years. The sludge is auctioned.

Water Purification

AGTL has constructed a re-cycling plant for water being purchased from the canal for use in the staff town and the factory. Water being supplied is purified before it reaches the homes and the factory.

UV filters have been installed at all places for drinking to prevent the spread of water borne diseases.

Product Responsibility

Our uncompromising commitment is to provide world-class tractors, at the lowest price, to satisfy customers on a consistent basis. The manufacturing plant is a state of the art unit which has a capacity to produce 30,000 tractors per annum in a single shift. The plant operates on high efficiency with negligible waste.

Quality assurance and quality improvement system exists at every level. AGTL was the first automobile company in Pakistan to quality ISO-9002.

Our tractors are manufactured from non-hazardous material. We have discarded the use of all lead based paints. All manufacturing materials are procured from reputable suppliers and must conform to our quality standards. All tractors are tested before delivery.

Community Investment, Development of local talent and investment in education

At AGTL we maintain a close communication link between rural communities, researchers and the society at large:

- We educate the farmer and his future generations on techniques of Farm Management with marketing programmes which have been specially designed to minimize overhead costs and to increase returns. Such programmes are held with intermittence throughout the country at the grass root level.
- Tractor festivals, free service programmes are held throughout the year all over the country to improve the efficiency of resource utilization.
- AGTL actively participates in polio campaigns in surrounding areas of DGK.
- The Company has launched a programme to induct young diploma graduates from the DGK Polytechnique Institute. Special programmes are being launched to customize learning and development.



- The company provides direct employment to a workforce of as many as 1000 local every day.
- Merit scholarships are offered to students of the University of Agriculture, Faisalabad and its campus in Dera Ghazi Khan. Scholarships are also offered to the technical college of Dera Ghazi Khan for development of local talent.

The Company is proactively providing internships to students of various institutions of the country as well as from other countries not only at the manufacturing plant in Dera Ghazi Khan but at all other locations



QUALITY MANAGEMENT-BRAND STRENGTH

Anti-Corruption

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|--------------|---|
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery |
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CORPORATE GOVERNANCE AND BUSINESS ETHICS

AGTL is a text book example of Good Corporate Governance.

The Board and management of AL-Ghazi Tractors Limited recognize that well-defined corporate governance processes are vital in enhancing corporate accountability and are committed to ensuring high standards of corporate governance to preserve and maximize shareholder value. In addition to compliance with regulations and best practices, the Board ensures that high ethical standards are reflected in business behaviour and culture of the Company. Full compliance is required to give full disclosure every year on business interest, if any, and trading of company shares by directors of the Company.

AGTL complies with the regulations of the Securities and Exchange Commission of Pakistan. A signed statement of compliance with the Code of Corporate Governance is also included in the Company's Annual Report.

The Company actively participates in the fight against all forms of corruption, fully complying with principles of fairness, transparency and integrity. To ensure the highest standards are met, anti-corruption statement has been included in the Code of Ethics signed by all the directors and employees of the Company.

