



Promising Reliability, For Now and Tomorrow



Shaping Tomorrow

# Group Sustainability Report 2018



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## Group Sustainability Report 2018

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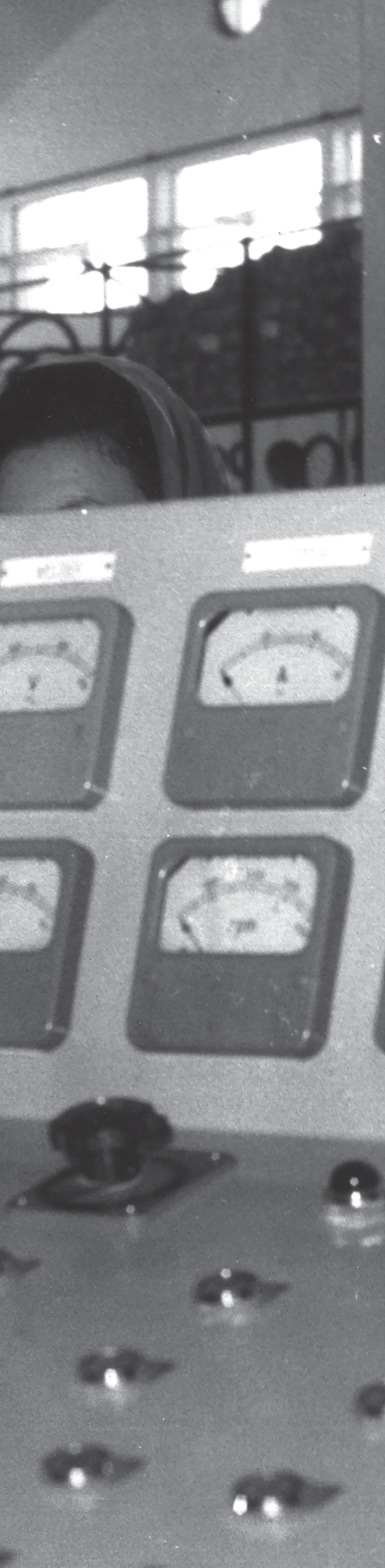
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# Reporting Methodology

The data in this report was collected from primary sources that included our Group's internal and external stakeholders. The Global Reporting Initiatives (GRI) indexes have been used as a guideline to create this report. The GRI is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

Please note that most data collected in this report are of the last fiscal year (July 2017 to June 2018) unless otherwise disclosed. Through this document we will highlight efforts implemented by our Group.





“Is it fair to all concerned? Will it build goodwill and better friendships? Will it be beneficial to all concerned?”

These questions held particular fascination for me as a business man and as a man. Throughout my life, I have asked these questions of myself and I have come to believe that to answer them in the affirmative is to achieve not only success in life but fulfillment.”

“Having pulled myself by my boot straps, I acquired rugged individuality, a fearless independence of spirit... But to be able to do so, I had first to put my house in order and make sure that our organization measured up to modern standards of efficiency. We selected the right men for the right jobs and delegated responsibility to them. Above all, we maintained a high standard of ethics in our business dealings, and built up a reservoir of good will for our firm from which we were able to draw time and again.”

Excerpts from  
*Pioneering in Indian Business*  
By Sir Sultan Chinoy  
1958



## Introductory Note From Our Advisor, Mr. Towfiq H. Chinoy

As corporate citizens, IIL and ISL understand that our responsibility ranges beyond our financial impact. We continue to contribute to our community and environment and believe in leading by example. We have always attempted to play our part as agents of positive change may it be through our daily operations, long term strategies, technological improvements or donations. To our group, sustainability ranges beyond environment and into community.

Sustainability has been important to us since our group's infancy; our businesses were built on ethics, hard work, and concern for others. Our guiding principles have led us to create policies that are philanthropic in nature in the past and establish our sustainability efforts through designated departments in the present. I firmly believe that contribution to our community has and will always be an inherent factor in our success.

We are proud of being Pakistani, and believe in giving back beyond our broader scope of work to the community and country that has always given us. As a corporate citizen, we strongly believe in making an impact, however small, on our sphere of influences.

In our endeavor to be socially responsible corporate citizens we want to transparently communicate our efforts. Therefore, we are proud to disclose our first comprehensive combined company sustainability report in 2017.



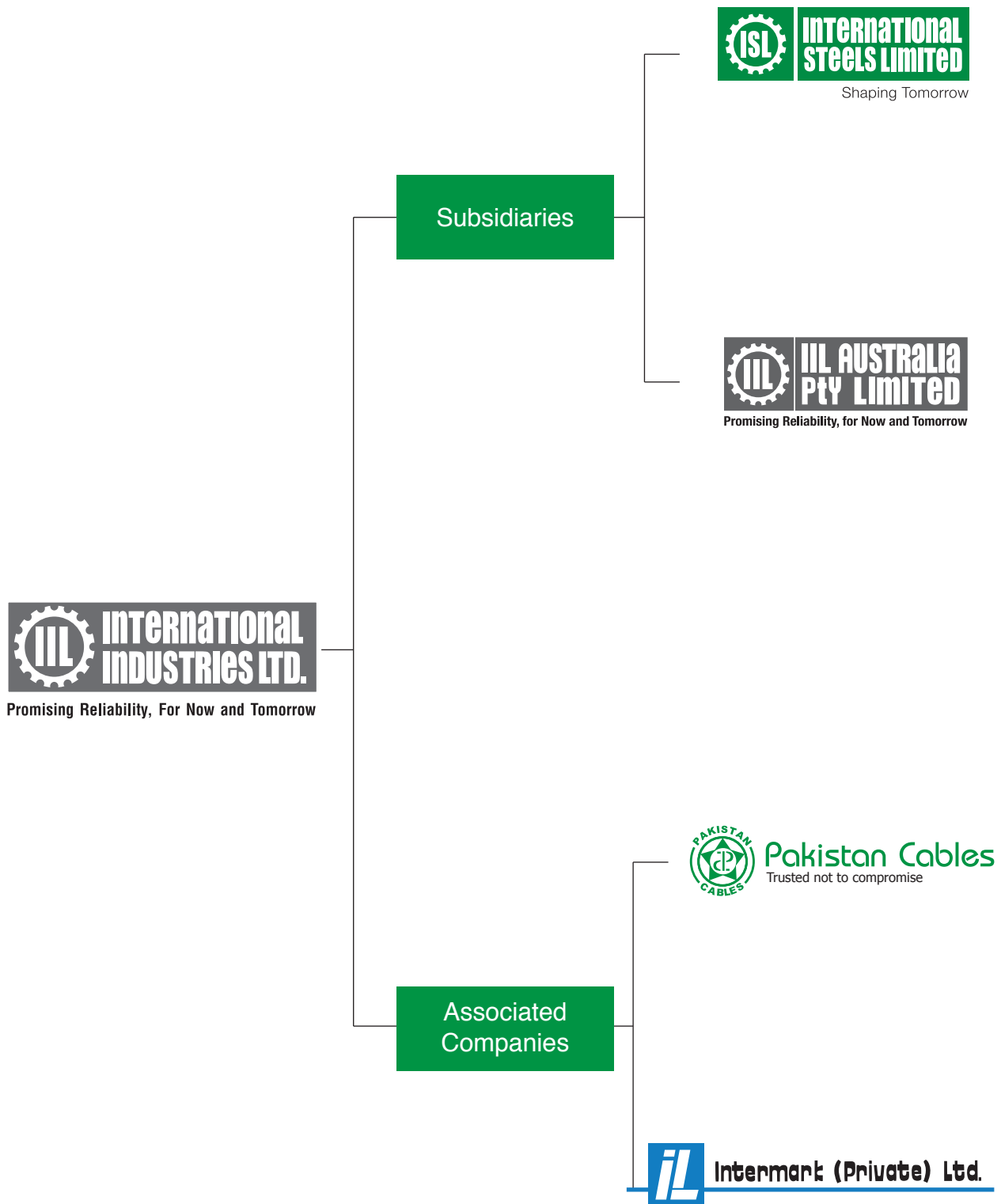
Towfiq H. Chinoy

### **Mr. Towfiq H. Chinoy - Currently, Advisor to IIL and ISL**

Mr. Towfiq Habib Chinoy, has been associated with International Industries Ltd. (IIL) since 1964. He retired in August 2011 after serving as Managing Director for 37 years. He is currently the Non-executive Chairman of Jubilee General Insurance Company Ltd., Packages Ltd. and HBL Asset Management Ltd. He also holds a directorship of IGI Investment Bank Ltd. Mr. Chinoy has served on the Advisory Boards of Ports and Shipping Sector, Ministry of Communications, Director on the Boards of Port Qasim Authority, as the Member of the Engineering Development Board, Government of Pakistan., National Refinery Ltd., Linde Pakistan Ltd., Jubilee Life Insurance Co. Ltd. and as Chairman of Pakistan Cables Ltd. and PICIC Commercial Bank Ltd.

# Group Perspective

International Industries Limited (IIL) and International Steels Limited (ISL) are part of the Chinoy Group.



# History of The Chinoy Group



Founded by Mr. Amir S. Chinoy, International Industries Limited (IIL) was incorporated in Pakistan in 1948 as Sir Sultan Chinoy & Co. Ltd. - a trading company which primarily dealt with electronic instruments. In 1952, IIL sponsored the setting up of Pakistan Cables Ltd in partnership with BICC Plc U.K. Thereafter, IIL became the selling agent for Pakistan Cables Ltd.

It wasn't till 1966 that IIL started producing cold rolled tube for electrical conduit and steel furniture. Mr. Towfiq H. Chinoy took over the company as Managing Director in 1977 and fairly quickly started diversifying the product range by manufacturing galvanized iron (G.I) pipe in 1982. In 1984, IIL was listed on the Karachi Stock Exchange and such was the reputation of the company that when shares were offered to the public, the offer was over-subscribed 67 times.

During the years that followed, the Company lived up to its reputation and continued to grow quite rapidly. In 1989, IIL set up Pakistan's first private sector cold rolling mill and started diversifying its steel pipe size and thickness production to fulfill the demands of Pakistan's booming industry and economy. IIL pipe exports, which began in 1996, have now grown to cover 60 countries across all 6 continents.

In 2006, IIL recognized a gap in the market and entered the plastic pipe domain by setting up extrusion plants for high and medium density polyethylene pipes and has now extended its range up to 1600 mm diameter HDPE pipe and lately to include PPRC pipes and fittings. The Company has continued to pursue new markets and incorporated a wholly owned subsidiary in Australia in 2014. This was followed by the establishment of stainless steel pipe manufacturing facilities in 2015 and the setting up of a 12" diameter tube mill to produce API line pipes and hollow structural sections (HSS) in 2016. IIL is the undisputed market leader in all segments of pipes and achieved record sales in 2017-18 of Rs.25 billion and 273,000 tons.

International Steel Limited (ISL) was incorporated in 2007 with the vision to be the foremost manufacturer of flat steel products in Pakistan. At the time ISL was the largest private investor in the value-added flat-rolled and coated steel industry in the country. The \$165 million investment, with equity contributions from IIL, Sumitomo Corporation, JFE-Japan and the International Finance Corporation (A division of the World Bank) bought added impetus and confidence in the engineering and hi-tech manufacturing segment in country. IIL owns 56.335% of the share capital of ISL.

ISL continues to grow and diversify its business. Initially, ISL was capable of producing 180,000 MT hot dipped galvanized coil (HDGC), and 250,000 cold rolled coil (CRC). In 2015 ISL set up a line to produce 84,000 tons per annum of color coated galvanized coils (PPGI).

ISL added a second galvanizing line in 2016 and enhanced its galvanizing HDGC capacity to 462,000 MT. A second stand on the rolling mill was added in 2016 upgrading ISL's CRC capacity to 550,000 MT. In June 2018, ISL completed additional expansion to enhance its production capacity to 1 million tons.

Inspired by its past, the Group remains committed to growing its businesses in an ethical and sustainable manner.

# Group Outlook

The Chinoy Group has a rich history that consists of a diversified group of businesses. In this report we are focusing on two integral organizations of the Chinoy Group: International Industries Limited (IIL) and International Steels Limited (ISL).

Our group believes that steel is a good measure of the progress of an economy. The steel consumption in Pakistan currently hovers around 40 KG per capita compared to a world average of over 200 KG per capita. Therefore, we believe there is considerable potential for growth in the domestic steel industry. As such it has been our group's mission to continue to enhance output and propagate the use of steel in all forms by producing quality products that are sold at lower margins. For this reason, we integrated backwards and set up ISL to assist with the provision of raw materials for the pipe production process.

Although our organizations differ from an operational perspective, our environmental impacts are similar due to processing of our core raw material of steel.

Our organizations have several interdependencies, which are shared through our support services and our head office teams. As a result, the synergies between these two organizations have led us to create this Group Sustainability Report.

# Group Values

- A. Integrity:** We are committed to maintain the highest ethical standards and ensure a culture of trust and openness internally as well as externally.
- B. Diversity:** We are an equal opportunity employer with zero bias against gender, race, ethnicity and religion and encourage openness, expression of opinions etc.
- C. Respect for People:** We are committed to fostering a culture where people come first and we hire, develop and retain our people to work as synergized teams in line with our mission and vision.
- D. Fairness:** We are committed to implement such policies and procedures which translate into fair and equitable treatment of all stakeholders, including selection, hiring, rewarding and compensating all employees.
- E. Responsibility:** We consider quality, health, safety and the environment an integral part of our activities and way of life.



# Group Code of Conduct



The Code of Conduct is equally applicable to the Board of Directors as well as all the employees of IIL & ISL. The salient features of the Code of Conduct are as follows:

## **A. BUSINESS ETHICS**

- i). The company's policy is to conduct its business with honesty and integrity and be ethical in its dealings, showing respect for the interest of all stakeholders including its shareholders, employees, customers, suppliers and the society.
- ii). The company is dedicated to providing a safe and non-discriminatory working environment for all employees.
- iii). The company does not support any political party or contributes funds to groups whose activities promote political interests.
- iv). The company is committed to provide products which consistently offer value in terms of price and quality and are safe for their intended use, to satisfy customer needs and expectations.
- v). The Board of Directors and the Management both are committed to ensure that the company is a responsible corporate citizen and the business shall be carried out in a sustainable manner.
- vi). The operations shall be carried out with minimum adverse effect on the environment and producing quality products in a healthy and safe working environment.
- vii). We, as a responsible corporate citizen shall promote our role towards betterment of the society in health and education sectors as a part of our Corporate Social Responsibility.

## **B. CONFLICTS OF INTEREST**

- i). Every employee should conduct his/her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the company.
- ii). An employee should avoid any situation in which he or she, or a family member, might profit personally either (directly or indirectly), from the company's facilities, its products, or company's relationships with its vendors or customers.
- iii). An employee should not permit himself/ herself (or members of his/her family) to be obligated (other than in the course of normal banking relationships) to any organization or individual with whom the company has a business relationship. However, business lunches, dinners or social invitations, nominal giveaways and attendance at conferences and seminars

would not be considered a violation of this Code.

- iv. In case an employee is offered or receives something of value which he/she believes may be impermissible under this Code, he / she should disclose the matter.
- v. All employees shall avoid any kind of bribery, extortion and all other forms of corruption.
- vi. Conflict of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from superiors.

#### **C. ACCOUNTING RECORDS, CONTROLS & STATEMENTS**

- i. All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations and should be maintained accurately.
- ii. Employees are expected to sign only documents or records which they believe to be accurate and truthful.

#### **D. ENVIRONMENT**

- i. The company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation and sustainability of the environment.
- ii. All employees are required to adhere strictly to all applicable environmental laws and regulations that impact the company's operations.

#### **E. REGULATORY COMPLIANCE**

- i. The company is committed to make prompt public disclosure of "material information" regarding the company as prescribed in the Pakistan Stock Exchange Regulations, if required.
- ii. Where an employee is privy to the information, which is generally referred to as "material inside information", the same must be held in strict confidence by the employee involved until it is publicly released.
- iii. The employees shall abide by the appropriate Competition Laws and shall not enter into understandings, arrangements or agreements with competitors, which have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers.

#### **F. PERSONAL CONDUCT**

- i. All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on company business.
- ii. The employees shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the company to anyone except where the same is used as a part of his/ her official obligations and as required for official purpose and shall abide by the Closed Period announced by the company from time to time and also sign a Non- Disclosure Agreement if the need arises.
- iii. All employees should avoid any kind of bribery, extortion and all other forms of corruption.
- iv. Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.
- v. Any legally prohibited or controlled substances if found in the possession of any employee will be confiscated and where appropriate, turned over to the authorities.

#### **G. MISCELLANEOUS**

- i. All employees are required to comply with this code of conduct and are personally responsible for doing so. Employees must comply with any rules set out in this code of conduct. Breach of any principles within the code may result in disciplinary action and a serious breach – such as if any employee is found to be in wanton abuse of the code and their action cause reputational risk or damage or financial loss to the Company may amount to gross misconduct, which may result in summary dismissal. Further, the company reserves the right to seek redress and damages from such individuals.
- ii. Employees at all levels will be required to certify annually that they understand the code and that they are in full compliance with this code. The Board monitors the findings of this certification on annual basis.
- iii. The Company has in place a confidential "Whistleblowing" policy as whistleblowing mechanism and process to encourage the reporting of any non-compliance with this code of conduct.

# Certifications

Standard	Description	Location	Certified by	Certified since	License #	
ISO 9001	Quality Management System	Head Office, Branch Office, Factory 1, 2 & 3.	Lloyds Register Quality Assurance (UK)	1997	ISO 9001 – 0049981	
ISO 14001	Environment Management System	Head Office		Lloyds Register Quality Assurance (UK)	2000	ISO 14001 – 0049980-002
		Branch Office (Lahore)				14001 – 0049980-001
		Factory 1				ISO 14001 – 0049980-002 (2)
		Factory 2				ISO 14001 – 0049980-003
		Factory 3				ISO 14001 – 0049980-004
ISO 45001 (Old Standard OHSAS 18001)	Occupational Health & Safety Management Systems	Head Office		Lloyds Register Quality Assurance (UK)	2007	ISO 45001 – 0049979
		Branch Office (Lahore)				ISO 45001– ISO 45001 – 0049979-001
		Factory 1				ISO 45001 – 0049979-002
		Factory 2				ISO 45001 – 0049979-003
		Factory 3				ISO 45001 – 0049979-004
API Specification Q1 ® & 5L	Manufacturing of Steel Line Pipe (Factory # 1)			American Petroleum Institute (USA)	2000	5L-0391
	Manufacturing of Steel Line Pipe (Factory # 2)				2016	5L-1104
API Specification Q1 ® & 15LE	Manufacturing of Polyethylene Line Pipe		2006		15LE-0014	
BS EN 10255 & 10266	CE Mark for Hot Dip Galvanized ERW Carbon Steel Pipes		CNC Services (Germany)	Oct-11	CNC/EEC/4112/11	
	CE Mark for ERW Tubes from Cold Rolled Carbon Steel			Oct-11	CNC/EEC/4113/11	

Standard	Description	Location	Certified by	Certified since	License #
UL-852 ASTM 795	UL Certification (ERW & Galvanized Pipes for Fire Sprinkler System)		Underwriter Laboratories UL (United States)	Apr-17	20170425-EX27362
ISO / IEC 17025	Certificate of Lab Accreditation		Pakistan National Accreditation Council (PNAC)	Apr-17	ISO-17025-Certificate
PS:4533-34/1999 (R)	License for the use of Pakistan Standard Mark for PPRC Pipe		Pakistan Quality Control Authority (PSQCA)	May-18	CML/N/1287/2018
		May-18		CML/N/1288/2018	
DIN 16962 / 1980	License for the use of Pakistan Standard Mark for PPRC Fittings			Feb-15	CSDC/L-170/2015 (R)
PS:3580-2014(R)	Polyethylene Pipe for water Supply "MEGAFLO" Brand			Mar-17	CSDC/L-205/2017
ASTM A53/2012	MS Pipe (Mild Steel Pipe) - FACTORY-1			Jul-17	CSDC/L-206/2017
ASTM A53/2012	MS Pipe (Mild Steel Pipe) - FACTORY-2				



# External Associations

Below is a list of governmental and non-governmental associations to which we submit an annual report regarding our environmental or social impacts.

Name of Agency	IIL	ISL
Pakistan Environmental Agency	√	√
Sindh & Punjab Environment Protection Agencies	√	√
Federal Board of Revenue	√	√
Civil Defense	√	√
Labor Directorate	√	√
Pakistan Federations Association	√	√
International Finance Corporation		√
JCR-VIS Credit Rating Company Limited (JCR-VIS)	√	√
Centre of Excellence in Responsible Business (CERB)	√	√
United Nations Global Compact*	√	

\*IIL has utilized a few international standards to ensure that our efforts are globally benchmarked. Most significantly, our organization has partnered with the United Nations Global Compact (UNGC) since 2010 and has been disclosing our efforts on the UNGC website on a yearly basis since. Our team ensures to align with the UNGC's ten principles. Below is an extract from UNGC's online portal to assist in the further understanding of why we integrate these principles into our value system:

Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success. The ten principles are listed below.

## Human Rights

- 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.

## Labor

- 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 labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

## Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

## Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

# IIL & ISL: United Nations Development Program Sustainable Goals

IIL and ISL take great pride in being responsible corporate citizens. By aligning with and measuring our activities against the 17 Sustainable Development Goals (SDG's) outlined in the United Nations Development Program (UNDP), IIL and ISL reaffirm our commitment to adopting sustainable practices and providing multi-faceted, positive contributions to the communities in which we operate and society at large.

Below is a look at the UNDP SDG's and a summary of the activities we have undertaken in support of these goals.

## UNDP SDG's Activities undertaken



- IIL contributes 2.5% of its Profit after Tax (PAT) and ISL contributes 1.5% of its PAT towards CSR activities, the primary focus of which centre around education, health and welfare for the underprivileged particularly in the areas around our factories
- IIL recently contributed a structure to the Hunar Foundation (one of Pakistan's foremost technical & vocational training institutes)
- IIL recently completed an entirely free of cost structure for a 'school under the bridge' built for underprivileged children in Karachi
- Group employees: 3000 people
- IIL's workforce has 17 special people in various positions
- IIL and ISL hire the majority of factory workers from low-income, local neighbourhoods in and around our factory areas to contribute to poverty alleviation in these areas



- IIL and ISL recognize that poverty underlies hunger & malnutrition. Therefore, both IIL & ISL strive to ensure commensurate compensation to all employees & workers
- We also ensure that none of our service providers pay their employees less than minimum wage
- Subsidized food is provided to IIL & ISL employees at the factories
- Food & water wastage is discouraged through on-site signage
- A fish farm was established at IIL Factory 3 which provided affordable fish to the market at large



- The Group has a legacy of donating to medical & health facilities such as: SIUT, LRBT, Baitul Sukoon Cancer Hospital, LHWS, Indus Hospital, MALC, Al Rehmat Hospital in Pasrur & SINA Health Education amongst others
- IIL and ISL have also established the IIL-SINA Childlife clinic near the IIL factory where over 30,000 patients are given free or heavily subsidized medical care on an annual basis
- The Group provides medical facilities to all employees through the Social Security Scheme and the Health Insurance Scheme

## UNDP SDG's Activities undertaken



- IIL, ISL and PCL donated a water hand pump in a water deficient village in Tharparkar
- IIL facilitated the establishment of two ambulance stations, one near its Landhi factory and the other in a main intersection at Landhi, by donating 10 ambulances. This area is located in the industrial area where there was a need for immediate health care, especially in an area where work injuries have a high probability to occur
- IIL & ISL provide 10 medical leaves, 10 casual leaves and 30 earned annual leaves for welfare of employees
- There have been no complaints related to medical or welfare benefits.
- For IIL, Lost Time Injury rate during the year recorded as 1.67 per one million worked hours and 2.91 for ISL
- Seven lost time incidents witnessed during the year and no road or infectious disease reported
- During the year, 716 OHSE trainings were organized by OHSE Department for 7837 employees at all locations
- A doctor and a paramedical assistant are present in the factory 6 days a week on a part time basis to facilitate the employees
- An equipped ambulance is available at all times at all factory locations
- Anti-mosquito spray conducted twice daily to reduce the chance of mosquito borne diseases
- To mark IIL's 70th year, motorcycle helmets were distributed to all permanent, service provider staff and junior management staff
- Well-equipped gyms are available for employee use at the ISL factory and IIL factory 1
- IIL has contributed completely free of cost structures to:
  - The Indus Hospital
  - Jinnah Medical Center
  - The Society for Rehabilitation of Special Children
  - A mental illness rehab centre for the Caravan of Life Trust
- Various recreational activities are conducted on an annual basis:
  - Growth Celebration Dinner
  - Long Service Awards
  - Managers Dinners
  - Employee Theatre Nights
  - Corporate Family Days Out
  - Employees picnic
  - Participation in Group Cricket Tournament

## UNDP SDG's Activities undertaken



- IIL has linked up with The Citizens Foundation (TCF) and continues to support all operating expenses for a TCF primary school in the vicinity of the IIL factory. The TCF-IIL Campus provides free/affordable education to almost 400 students
- ISL has linked up with TCF to support all operating expenses for a TCF primary school. TCF Chinoy Campus in Jumma Goth has a student strength of 188 students
- IIL made a substantial contribution towards the “Amir Sultan Chinoy Chair” at the Aga Khan University Hospital in Karachi - a permanent endowment fund
- IIL & ISL sponsor a scholarship at NED University of Engineering & Technology. In the last 5 years, approximately 50 students have benefited from this scholarship
- Group donations to the Amir Sultan Chinoy Foundation have been used to support various educational causes
- The Group regularly sponsors student seminars for NED Architectural Students
- IIL recently completed an entirely free of cost structure for a ‘school under the bridge’ built for underprivileged children in Karachi
- IIL collaborated with the NGO, Literate Pakistan, to provide free education to older members of society that are not literate. Through this program, 100 workers have increased their literacy proficiency at varying degrees
- IIL’s adult education program assists in improving the reading and writing skills of employees.
- IIL has an apprentice training program at its factory locations
- At IIL, during 2017-2018, over 25 in-house sessions were conducted for 357 employees on various topics and 51 employees attended external (local & foreign) programs arranged by various well-reputed institutes
- At present ISL has approximately 40 apprentices on board under training at different plants
- ISL’s training budget has increased from 400,000 Pakistani Rupees to 3.7 Million Pakistani Rupees
- During the year, ISL conducted various internal and external training programs involving 483 employees
- For IIL & ISL employee trainings take place at reputable institutions including: PICG, IBA, LUMS, ICAP, ICMAP, MAP, EFP, PSTD
- In 2016-17 one of IIL’s General Managers attended the Advanced Management Program at Harvard University



- IIL & ISL are equal opportunity employers
- 17 females employed; 4% ratio of total management
- Female employees in IIL and ISL are given maternity leaves
- Zero gender based cases reported during the year
- Special facilities have been provided for the comfort of female staff at the head office
- The IIL TCF campus has 41% female enrolment

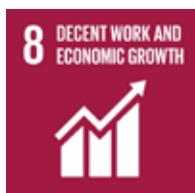
## UNDP SDG's Activities undertaken



- IIL's recently commissioned Reverse Osmosis (RO) Plant helps meet additional water requirements at the factory premises while reducing reliance on municipal water systems, thereby assisting in the reduction of water scarcity in Pakistan. Our employees benefit from higher water quality
- Water Consumption: IIL continuously monitors the consumption of water through the installation of flow meters. Our additional RO plant is under process and will be commissioned by end of October 2018. With this our existing demand from KWSB water will be reduced by more than 50%
- ISL meets 100% of its water needs at its factory from its RO plant
- Clean, filtered water is available to all employees
- IIL, ISL and PCL donated a water hand pump in a water deficient village in Tharparkar
- Periodic, 3rd party testing of all drinking water
- All effluent waste is neutralized through treatment at our Effluent Treatment Plant (ETP) prior to discharge into the drains
- All solid waste that is not recycled is responsibly transferred to designated landfill sites



- Energy efficiency Monitoring: IIL & ISL are continuously monitoring the usage of Electricity, Natural Gas and air. We have installed energy meters, gas analyser and recorders to see the efficiency. By doing this we have also controlled the misuses and shutdown the auxiliary load when plant is not in operation
- Utilization of energy efficient instruments: The Group has a considerable lighting load. Initially all lights were 400W SON high pressure sodium bulbs. We have started to replace Bulbs with LED 160W, this helped us to save energy with increased illumination
- We are utilizing waste heat of our gas engines to operate the hot water absorption chiller and boiler and a steam turbine engine to generate more electricity
- Electricity consumption (kWh/Ton of production): 13.7% decrease
- IIL & ISL generate electricity through co-generation. The generation is synchronized with the National Grid which allows us to operate the generators very efficiently at full output as excess electricity generated is sold to the grid and our own needs are met through this generation. Hence, there is full utilization of installed generation capacity and generation of additional revenues, whilst contributing to alleviate the chronic power shortage faced by the country



- IIL & ISL provide equal opportunity to all employees
- IIL & ISL provide employment to over 3000 people thereby contributing to economic growth
- Regular skill development trainings are undertaken at IIL & ISL in order to enhance overall productivity
- Expansion at IIL & ISL has contributed to the creation of additional employment opportunities
- IIL & ISL provide secure workplaces with canteens, parking facilities, medical and incidental insurance cover and freedom for people to express their concerns and/or grievances
- Human resources polices are available on intranet and are regularly reviewed, updated and circulated to employees

## UNDP SDG's Activities undertaken



- Group contributions to the National Exchequer during the year was Rs. 16.7 billion
- IIL sales volume grew by 30% in 2017-18 as opposed to the previous year, the increase in domestic sales volume is a testament that economic growth and sustainability comes by keeping the product affordable and striving for increased volumes at lower margins
- ISL also experienced remarkable growth with 10% increase in volume sales to 540,000 tons, 41% increase in net sales value and capacity enhancement to 1 million tons which will contribute to increased employment, FX savings and economic growth



- Water consumption during production (Gallons/Ton): 12.2% decrease
- Electricity consumption production (kWh/Ton): 13.7% decrease
- Paper consumption: 7.1% decrease
- LPG (Kitchen use): 20 % increase
- Diesel consumption: 43% decrease
- ETP sludge wastage: 3% increase\*
- Solid waste: 2% increase\*
- Skimmed oil: 19% decrease
- Oil dust: 108% increase\*

\* Note: production volume increased by 30% during this period

- IIL has modified one its galvanizing plants during the year to control HCL fumes and zinc powder in the environment and secure the health of workers. By making this modification, zinc powder collection has already been increased by 2%. The Company has planned to upgrade another galvanizing plant for better environment and fumes control in 2018-19
- IIL's Hollow Structural Sections (HSS) were used in infrastructure projects across Pakistan including Orange Line & Green Line bus stations. These products lower environmental impact through quicker construction and 100% salvage value
- IIL's HSS have been used to build Pakistan's first ever steel structure residence as we strive to revolutionize the construction industry by not only increasing up the speed of construction but also by ensuring greater flexibility in allowing modifications
- IIL has also constructed warehouses with HSS in spans as large as 120 ft both with and without overhead travelling cranes. These are not only cheaper but faster to construct than pre-engineered steel buildings
- IIL is currently in the process of constructing prototype low income houses as it strives to assist the government in its mission to build cheap houses quickly
- IIL HSS are innovative, structural support members lend themselves to construction & infrastructure developments as it is quicker and cheaper to construct large scale infrastructure projects using steel. Additionally, the HSS is completely recyclable and has high salvage value

## UNDP SDG's Activities undertaken



IIL and ISL adherence to human rights is enshrined in the Code of Conduct of each Company and confirm the Group commitment to respecting fundamental human rights and treating employees, customers and all internal & external stakeholders with fairness, equality and respect in order to foster an open, transparent, and trusting environment which is free from prejudice, discrimination, bias, harassment and/or violation

- Grievance Policies are in place for all employees to raise concerns so that these can be addressed accordingly
- Low income populations in the vicinity of IIL & ISL factories are the major suppliers of labour, thereby contributing to their income growth
- IIL has constructed a mosque, school & health clinic in Majid Colony, a low income neighbourhood near its factory
- IIL constructed a shed for The Society for Rehabilitation of Special Children. This shed was built using IIL Hollow Structural Sections (HSS) and provided the children with a safe play and learning area
- IIL constructed a free-of-cost office administration and patient area for the 'Recovery House' (a mental illness rehab center of Caravan of Life Trust Pakistan)
- No complaints of gender insensitivity or other inequalities have been raised
- IIL's female employment ratio is 4% of total management staff, and has been steadily increasing in recent years
- IIL and ISL are merit based organizations where no preference or special treatment is given to any individual



- IIL and ISL factories & offices entail more than adequate basic services such as well-managed water and sanitation services, safe work environments, separate dining & prayer areas and recreational facilities
- IIL and ISL maintain strong communication with their surrounding communities to ensure that production activities do not cause discomfort or harm
- IIL and ISL products naturally lend themselves to sustainable communities in the form of pre-fabricated, affordable & durable housing
- The Group has been supporting two different TCF schools. The IIL Campus since 2004 and The Chinoy Campus since 1998
- IIL HSS and ISL decking sheet allow for quicker construction which will aid with Pakistan's increasing urbanization
- Waste heat is utilized through a waste heat recovery boiler which feeds a turbine that generates electricity
- Our hot water goes through an absorption chiller resulting in chilled water & air-conditioning while minimizing any impact on the environment
- IIL has constructed and covers the running costs of a mosque, school & health clinic in Majid Colony, a low income neighbourhood near its factory
- In 2000, IIL constructed numerous bus stops in Landhi and Korangi to provide relief to local residents and travellers which it continues to maintain
- IIL, ISL and Pakistan Cables Ltd funded and helped install a water hand pump in a deserted part of Tharparkar, Sindh which provides clean water to approximately 150 people in an underprivileged community with limited access to clean water

## UNDP SDG's Activities undertaken



- Steel, by nature, is one of the most aggressively recycled materials in the world. All IIL and ISL steel scrap can be and is recycled
- IIL's polymer division used polyethylene & polypropylene. Both these materials are 100% recycled in house
- IIL and ISL have dedicated forecasting and production planning departments that work to optimize production & storage & minimize wastage of any kind
- Installation of a zinc reclamation unit in 2008 ensures zero generation of smoke and dust during the zinc recovery process, hence decreasing the emission impact on environment
- The Group has targeted a 25% reduction in paper and printer ink consumption via reduction of excess paper usage, double sided printing, paperless BoD meetings & annual reports
- Waste heat is utilized through a waste heat recovery boiler which feeds a turbine that generates electricity. Our hot water goes through an absorption chiller resulting in chilled water & air-conditioning while minimizing any impact on the environment
- All water is sourced through tube wells, thereby minimizing pressure on municipal water distribution system
- Reverse Osmosis Plant helps meet additional water requirements at the factory premises
- Water consumption (Gallons/Ton of production): 12.2% decrease
- Electricity consumption (kWh/Ton of production): 13.7% decrease



- IIL is dedicated to reducing the impact of its operations to sustainable levels and in line with acceptable standards
- Moving towards a paperless environment, optimal use of scanner and minimal use of printer was planned thereby targeting a 25% reduction in paper consumption and printer ink consumption
  - IIL has taken shareholder approval to circulate its Corporate Annual Reports in electronic form thereby significantly reducing its annual paper consumption and its impact on the environment in terms of waste generated and reduction in the consumption of non-recycled paper
  - IIL Board members have been provided with digital tablets so as to eliminate the need for printed Board papers, thereby reducing paper usage & wastage
  - Waste heat is utilized through a waste heat recovery boiler which feeds a turbine that generates electricity
  - Our hot water goes through an absorption chiller resulting in chilled water & air-conditioning while minimizing environmental impact
  - Fume scrubbers are in-place at IIL & ISL factories for acid fume exhaust chimneys which neutralize emissions prior to discharge by using 100 feet high fume scrubbers
  - IIL has modified one its galvanizing plants during the year to control HCL fumes and zinc powder in the environment and secure the health of workers. By making this modification, zinc powder collection has already been increased by 2%. The Company has planned to upgrade another galvanizing plant for better environment and fumes Control in 2018-19
  - Testing of factory and vehicular emissions carried out through 3rd parties recognized laboratories for compliance with the National Environmental Quality Standards (NEQS)

## UNDP SDG's Activities undertaken



- Boiler & Generator emissions undergo regular testing to ensure compliance with NEQS
- Annual targets to reduce electricity and natural gas consumption in line with international standards
- Water consumption during production (Gallons/Ton): 12.2% decrease
- Electricity consumption production (kWh/Ton): 13.7% decrease
- Optimizing our supply chain process also reduces our impact on the environment
- All IIL & ISL factories have dedicated green belts with trees & plants
- Tree plantations:
  - Planted 1000 saplings in the vicinity of IIL Factories 1 & 2
  - Donated funds to LAFCO (Lahore Faisalabad Dual Carriage Way) authorities for plantation of 1000 tree saplings
  - Planted 117 tree saplings at Factory 3 Sheikhpura
  - Regular maintenance of plants by manuring, trimming & watering



- All effluent waste is treated at Effluent Treatment Plant (ETP) prior to discharge. Any resultant sludge is responsibly transferred to designated landfill sites
- Daily (6 times / day) in-house effluent testing
- Testing of factory effluents through 3rd parties and recognized laboratories for compliance with the National Environmental Quality Standards (NEQS)



- Designated 'green spaces' have been established at all IIL and ISL production facilities consisting of trees and plantation
- Where possible, treated effluent discharge is used to water IIL & ISL green spaces, thereby reducing dependence on fresh water
- IIL has engaged third party environment management audit of its manufacturing facility to ascertain that all pre-requisite environmental effluents, emissions, noise and waste disposal is carried out as per law and to determine any gaps in its EMS system
- IIL is the first company in Pakistan certified by Lloyds to be ISO 45001 compliant for its Environmental Management Systems
- Sludge generated from the effluent treatment plant (ETP) is transferred responsibly to designated landfill sites for environment-friendly disposal
- Tree plantations:
  - Planted 1000 saplings in the vicinity of IIL Factories 1 & 2
  - Donated funds to LAFCO (Lahore Faisalabad Dual Carriage Way) authorities for plantation of 1000 tree saplings
  - Planted 117 tree saplings at Factory 3 Sheikhpura
  - Regular maintenance of plants by manuring, trimming & watering

## UNDP SDG's Activities undertaken



- For IIL & ISL, the policy on Code of Conduct and Ethical Practices is reviewed and acknowledged each year by all Directors, Managers, staff and new hires. This ensures that respect for human rights remains fully integrated into their business activities
- The Code of Conduct covers business ethics, respect for rights of stakeholders, conflicts of interests, accounting records, controls and statements, environment, regulatory compliance and personal conduct
- 'Whistle-Blowing' policies are in place to report any corrupt or unethical behaviour – if employees feel that they are not able to use the normal management routes. This policy is reviewed and refreshed on a periodic basis
- The CEO also meets the entire Managing Committee and Executive Committee at least once every quarter through which they are provided an opportunity to express their concerns and suggestions directly to the CEO. These meetings are aimed at capturing free and first hand suggestions
- IIL follows an open door policy and employees are free to send emails, phone or talk directly to the CEO. The employees can give suggestions, grievances and concerns or raise any matter related to the Company. In case the matter is of significant nature, the same is addressed in the meetings of the Executive Committee, Managing Committee, the Board of Directors or the relevant Board Committees
- Once every two years, IIL's Management and CBA enter bilateral negotiations on Charters of Demands raised by both parties. IIL's Industrial Relations Department is dedicated to address all and any worker related issues and is constantly in communication with the CBA and Unions with the objective to maintain industrial peace
- Good relations were maintained with CBA and no strike or unrest witnessed during the year.
- IIL is certified for Occupational Health & Safety Assessment Series (OHSAS-18001) since 2007. The reviewed, revised and implemented OHS procedures & manual are followed strictly
- IIL is ISO 45001 certified
- Turnover rate of employees in IIL was 4.46 %
- No case of tax evasion/corruption during the year for IIL or ISL
- Over 25 in-house sessions were conducted for 357 employees on various technical topics
- In addition, 51 employees attended external (local & foreign) programs arranged by various well-reputed institutes
- ISL budget for trainings has increased significantly and trainings were imparted to 483 employees during the year



- IIL partners with The Citizens Foundation (TCF) to provide education to underprivileged children
- IIL is partnered with the SINA-Childlife Fund initiative to provide heavily subsidized healthcare in a low income community near its factory
- IIL is a signatory to the UNGC
- IIL is a founder member of The Pakistan Business Council which strives to work with the government to propagate Industrial growth
- IIL is registered with the Ministry of Environment under the Self-Monitoring and Report Tool (SMART) program
- IIL & ISL are partnered with local utility Companies to co-scrutinize electricity generation
- The Group partners with NED University for the provision of a scholarship
- IIL has engaged third party environment management audit of its manufacturing facility to ascertain that all pre-requisite environmental effluents, emissions, noise and waste disposal is carried out as per law and to determine any gaps in its EMS system

# Note From International Industries Limited CEO

At the end of our 70th year of operations, IIL sales crossed Rs.25 billion for the first time and recorded a 30% volume growth over the previous year. We believe that this establishes our sense of purpose and our sustainability which extends beyond financial performance and legal obligation. We believe in driving our efforts towards being a responsible corporate citizen. We are now launching our second comprehensive combined company sustainability report that discloses the economic, environmental, and social impacts of our organization in the last fiscal year and beyond.

Steel is an environmentally friendly product and has a potentially infinite life cycle. Currently over 60% of the world's steel is made from recycled steel, making it a highly sustainable product. As an agent of sustainability in the industry, we want to ensure that we limit our dependencies on finite resource consumption and establish sustainability at the point of our businesses' origin. We strive to design our business to create more durable products with a longer product life cycle. IIL also utilizes various technologies to limit our emissions and decrease our waste generation. To fulfill the loop of a circular economy, a grand step away from the traditional 'take, make, dispose' economic model, we want to ensure that we recycle as much of our waste to reuse in our product line or provide raw material to other local businesses.

Our responsibility has a greater sphere of influence than just our product production and selling process. We approach this report with the same commitment as we approach all our responsibilities, and through it we aim to achieve our economic, social and environmental objectives.

We value our stakeholders and will continue to work harder to be responsible corporate citizens. We continue to believe in promising reliability for today and tomorrow.



Riyaz T. Chinoy

Mr. Riyaz T. Chinoy – CEO, IIL

Mr. Riyaz T. Chinoy took over as CEO on 12 August 2011, after serving in the Company since 1992 and growing through various positions. A qualified engineer by profession with a B.Sc. in Industrial Engineering from Case Western Reserve University, USA. He is also a certified ISO 9001 Lead Auditor and a Certified Director from the Pakistan Institute of Corporate Governance.

He has had extensive experience of production operations, procurement and all project and development activity at IIL. He was previously employed by Pakistan Cables Limited as Commercial Projects Manager and prior to that, as Project Engineer. He has served as Chairman of the Landhi Association of Trade and Industry and Amir Sultan Chinoy Foundation and is a member of the Pakistan-India CEO's Business Forum, Pak-Australia Business Forum, The Institute of Industrial Engineers Pakistan and the Pakistan Engineering Council. He is also the Chairman of IIL Australia Pty Limited, a fully owned subsidiary of IIL. Lastly, he is also a director of the Citizens Trust against Crime (CTAC), a member of LITE Development and Management Company and is also the Chairman of the Pakistan Institute of Corporate Governance (PICG) and is also the Treasurer of Management Association of Pakistan.

# International Industries Limited (IIL) Company Overview

70 years  
of success

PKR  
25 billion  
sales

1000  
employees

Exports to  
60 countries  
6 continents

800,000  
tons  
exported  
to date

International Industries Limited (IIL) is Pakistan's largest manufacturer and exporter of steel pipes & tubes, stainless steel tubes and plastic pipes

#### IIL Statistics:

- Largest producer of steel pipes in Pakistan.
- IIL has equity over 8.9 billion Pakistani Rupees.
- Turnover of more than 25 Billion Pakistani Rupees.

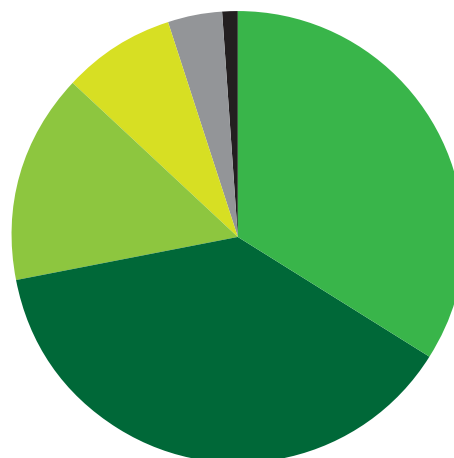
- Recognized as one Pakistan Stock Exchange's Top 25 Companies for the past 10 years.
- Recipient of FPCCI's leading exporter award consecutively for the past 18 years

## Product Mix

IIL has an extensive list of products that continues to grow on a yearly basis. There are approximately 400 varying stock keeping units (SKU) from the steel production, and more than 500 SKUs in the polymers production.

The Company is the market leader in all segments of pipes within the country having a major share of the market. Additionally, IIL remains as the leading exporter of welded steel pipes and tubes from Pakistan and is selling its products in all Continents.

The expansion and diversification of the Polymer division continues with new extrusion lines now installed in Karachi and Sheikhpura to address the market needs for all our polymer products. IIL is the first & only company in Pakistan to acquire PSQCA certification for its PPRC pipes as well as fittings.



■ Cold Rolled	38%
■ Galvanized	34%
■ API	15%
■ Black Pipe	8%
■ Polymer	4%
■ Stainless Steel	1%

## IIL OHSE Awards

IIL has received multiple OHSE related awards in the last few years. This demonstrates our constant efforts towards improving our environmental and social efforts.

- **2008 to 2012:** Annual Environment Excellence Award by the National Forum for Environment & Health.
- **2014:** Third position in the overall category in a nationwide OHSE Best Practices 2014 competition organized by the Employers Federation of Pakistan
- **2015:** Environment Excellence Award by the National Forum for Environment and Health.
- **2015:** Second Prize winner OHSE Best Practices by the Employers Federation of Pakistan
- **2016:** First prize winner OHSE Best Practices by the Employers Federation of Pakistan

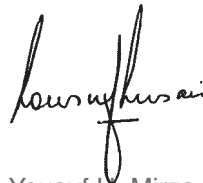
# Note From International Steels Limited CEO

ISL this year strengthened its position as the country's leading producer of flat steel products in the country by installation of its second cold rolling mill and a continuous pickling line. This has taken us to 1,000,000 tons. The key to our continued success is that our people are involved in all facets of our activities. We have made use of state of the art technology to enhance productivity whilst ensuring that negative impacts on the environment are minimized. Since our establishment in 2011 we have been serving the domestic and international market with high quality products and services. However, our purpose extends beyond our visible reach.

I believe and support the notion that our responsibility lies further than our visible reach. Our vision is focused on short and long term sustainability of our organization, our environment and in the progress of community. We are passionate about working towards a world with less waste and supporting the circular economy. Pollution, water and energy conservation are all factors that we target directly through our sustainability agenda. We optimize each process within our value chain and limit our environmental impact through each phase of our production process.

None of this is possible without the dedication of our employees. ISL has been successful in creating a positive corporate culture that motivates our employees to remain engaged and confident in their work. Our employees are encouraged to share their creative ideas, work closely together as a team and strategize various developments, which is all reflected in their tireless efforts. We wouldn't have achieved this level of success without their level of passion and commitment.

As we continue this journey, we will remain dedicated to our core values and vision. While maintaining our socially responsible approach, we will always maintain our primary aim of protecting the environment and keeping our communities safe. It is not only crucial to have a safe work environment, but to also consider the community at large who are affected by industrial activities. At ISL, we will stay committed in protecting you. This is the drive that propels us to excel further.



Yousuf H. Mirza

## Mr. Yousuf H. Mirza – CEO, ISL

Mr. Yousuf Husain Mirza has been appointed as the Chief Executive Officer w.e.f. August 14, 2015. Before appointment as CEO, he was the Chief Operating Officer of International Steels Limited since August 2013. Prior to joining ISL, he served as Managing Director of Linde Pakistan Limited, and served in various senior management assignments with group subsidiaries in the Philippines, Malaysia and south east Asia for over ten years. He has a graduate degree in Mechanical Engineering from NED University of Technology and also has an MBA from the Institute of Business Administration Karachi. He has also attended management development programs at Said Business School, University of Oxford, INSEAD and at NanYang Technological University, Singapore. He is also serving as Director of Pakistan Japan Business Forum

# International Steels Limited (ISL) Company Overview

**PKR 47.2 Billion Sales**

**USD 221 Million**  
invested in developing state of art production facility

**PKR 31 Billion**  
of contribution to National Exchequer during last 5 years.

**1,000,000 MT Total Capacity**

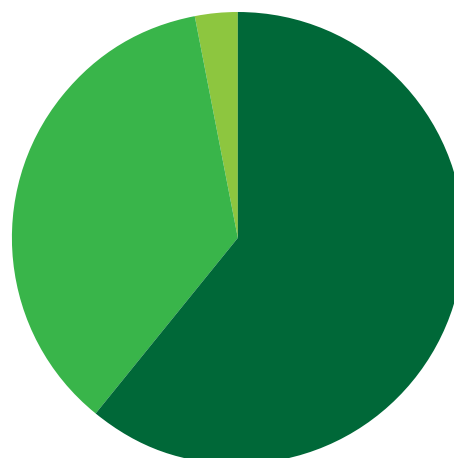
**SMS Siemag German Technology**

- International Steels Limited is the largest producer of Galvanized, Cold Rolled and Color Coated Steel in the Country. Its Galvanized capacity is enough to meet the country's annual demand.
- ISL's state-of-the-art facility was designed and supplied by SMS Siemag, Germany, to produce steel of the highest quality.
- ISL employ strict quality control procedures and advanced technology ensuring top of the line quality to domestic and international customers.
- ISL offers products in full width coils, cut-to-length sheets and slit width coil as per demand of customers.
- ISL products are manufactured as per Japanese Standards (JIS) and equivalent (ASTM, EN, etc.).

## Product Mix

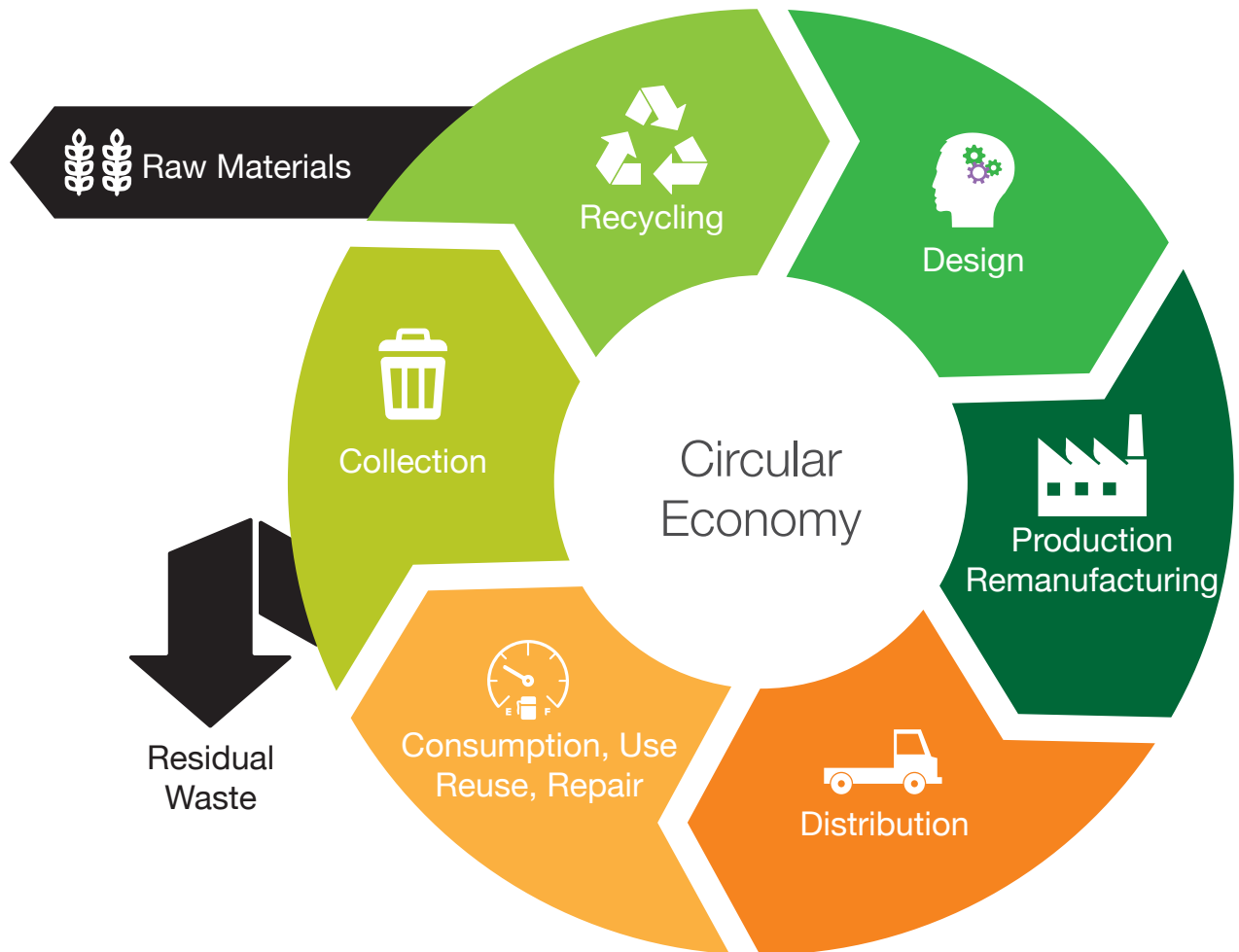
The rolling capacity of the Company is 1,000,000 tons per annum, the current production mix comprises of 488,000 tons of Cold-Rolled Product, 460,000 tons of Hot-Dip Galvanized and 52,000 tons of Color Coated Steel.

All products cater to the engineering and manufacturing industry as a premium raw material for transformation into any number of value-added products for the domestic and export markets.



■ Hot Dip Galvanized Steel 61%  
■ Cold Rolled Steel 36%  
■ Color Coated Steel 3%

# Circular Economy



IIL and ISL are proud to promote the global phenomenon of circular economy. International companies throughout the world are pledging their sustainability practices to a circular economy. This means that an organization makes an effort to close the loop of a product lifecycle through greater recycling and reuse. As a result, waste is recognized as a resource, not utilizing the finite resources. We believe that by focusing on this philosophy we are in fact capitalizing on missed business opportunities by reselling and recycling our waste products. Moreover, this process, promotes the process of durable design to preserve and extend the utility value of the product. By increasing the durability of the product, there is less need by the end user, our customer, to replace and dispose of our products.



# I. Economic Impacts

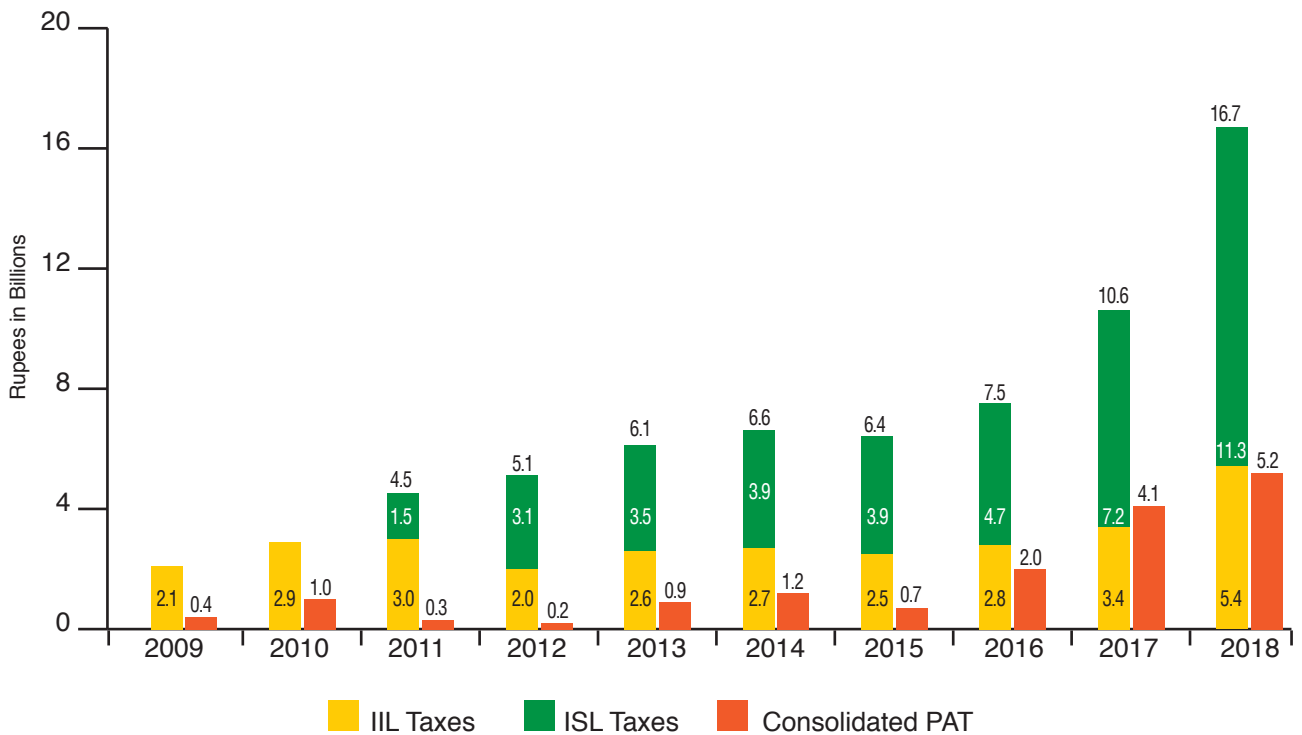
# Economic Impacts

Both ISL and IIL have a significant impacts on the economy. We believe we have a positive impact on our economy through our continuous growth and strong financial results. We fuel economic growth through our operations: we create jobs, pay taxes, participate in the active payout of cash dividends, and decrease unemployment.

- IIL profits in the 2017-18 were more than PKR 1.5 billion
- ISL profits in the 2017-18 were more than PKR 4.3 billion

It is only because of our success that we are able to fulfill our economic obligations to our stakeholders by ensuring that we pay taxes, employee remuneration, and fair dividends to our shareholders and other payments in a timely and holistic manner.

The Group contribution to the national exchequer in 2017-18 was more than 16.7 Billion Pakistani Rupees. The below graph illustrates our increasing contribution to the government and our Group's profit after tax in the last ten years.



Furthermore, we have been continuously able to fulfill our customer demands by continuing to diversify our production lines. We drive competitive prices by maximizing our economies of scale ensuring that our customers always receive a fair price for our high quality product.

For a detailed account of our financial earnings and expenditures please review this year's annual reports.

# JCR - VIS Ratings

JCR-VIS Credit Rating Co. Ltd. (JCR-VIS), approved by Securities & Exchange Commission of Pakistan and State Bank of Pakistan, is operating as a 'Full Service' rating agency providing independent rating services in Pakistan. JCR-VIS is a joint venture between Japan Credit Rating Agency, Ltd. (JCR) - Japan's premier rating agency,

Vital Information Services (Pvt.) Limited (VIS) – Pakistan's only independent financial research organization. Early in 2018, each of our organizations were awarded high ratings from JCR – VIS, further increasing our financial credibility in the market.

	IIL	ISL
Long Term Credit Rating	A- (A Minus) High credit quality, protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.	A+(Single A Plus) Good credit quality, protection factors are adequate. Risk is modest, may vary with possible changes in the economy.
Short Term Credit Rating	A-1 (A-One) High certainty of timely payments; liquidity factors are excellent and supportive by good fundamental protection factors. Risk factors are minor.	A-1 (A-One) High certainty of timely payments; liquidity factors are excellent and supportive by good fundamental protection factors. Risk factors are minor.
Rating Outlook	Stable	Stable
Rating Rationale	The assigned ratings incorporate the IIL's position as the largest tube and pipe manufacturer in the country. Moreover, the extensive experience and track record of sponsors in the steel sector is also a key rating driver. Ratings also reflects investment strength, governance and environmental and social responsibility.	The assigned ratings incorporate ISL's position as the largest Cold Rolled Coil (CRC) and only Hot Dipped Galvanized Steel (HDGS) manufacturer in the country. Moreover, the extensive experience and track record of sponsors in the steel sector is also a key rating driver. Financial profile of the company draws support from healthy cash flows in relation to outstanding obligations and improving leverage indicators.

## Economic Impact Goals

1. Continue to grow our existing product lines and expand our product range.
2. Continue to invest in value addition of existing product range.
3. Continue to expand in the steel sector by promoting the economic growth and infrastructure in the domestic market by offering steel products at affordable prices.
4. Look to expand and diversify product range by backward integration.

## II. Environmental Impacts

As the core business of IIL and ISL is the production process, our group has a large impact on our environment. As Pakistan faces energy and clean water scarcity issues, we believe that our most direct and visible impacts come from our environmental efficiencies. As responsible corporate citizens we have broken down our environmental impacts for both organizations.

Although our raw materials, steel and zinc do not have a direct impact on our environment, our Group

strongly believes in minimizing environmental damage that might result from any of our production processes. Most of the technologies and equipment in our operations are environmentally efficient and compliant with international and national norms. Environmental aspects are taken into consideration by us and included in all our project costing and purchase process. Furthermore, all future investments are preceded by an environmental impact assessment.



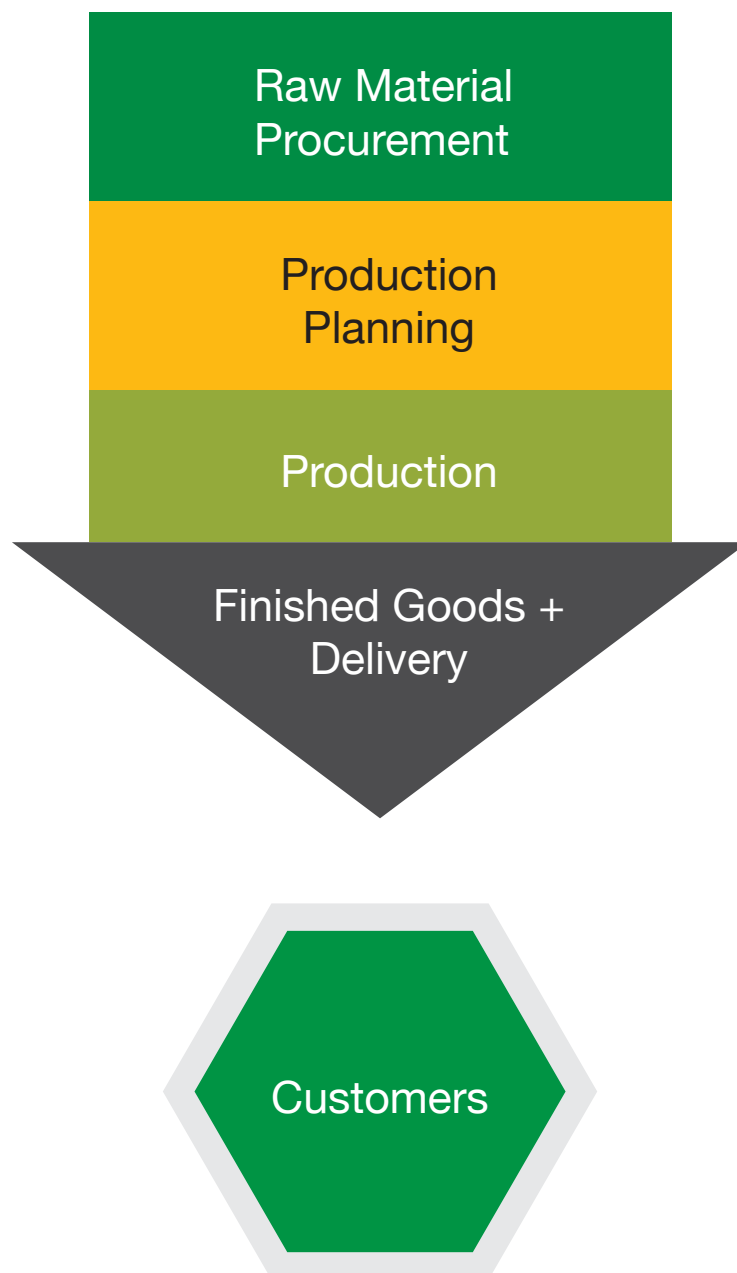
Achievement	IIL	ISL	Benefit
In-house power plant – Electricity Generation	IIL has installed a natural gas burning power plant with 4 generators that creates 4 Megawatts of Energy by co generation	ISL has installed a natural gas burning power plant with 8 generators that creates 25 Megawatt power plant by co generation.	Increase in self-sufficiency. Reduction on dependence on local electricity providers.
Excess Energy Production	Any excess electricity produced is constantly sold to local electric providers through the integrated electric grid system.	Any excess electricity produced is constantly sold to local electric providers through the integrated electric grid system.	Assist in the reduction of energy crisis of Pakistan. Ensure optimum energy consumption by ensuring stable and constant generation.
Excess Heat Waste Utilization	We utilize all waste heat from the gas burning process by redirecting it to our chilling facilities. Furthermore, the steam created is used in our galvanizing process, thus eliminating the need for the gas fired burner that was used before.	Waste heat produced in the power generation process is further utilized to power a Steam Turbine Engine that produces an additional 1.2 Megawatts of energy. Moreover, the heat is captured for the heating and cooling operations of our offices at the factory site.	Reduction in external energy demands as air-conditioning and operational processes are powered without additional cost or the dependence on local electricity and gas.
Effluent Water Treatment Plant	Treats contaminated water waste during our production stage. The water is treated and released into the sewage system.	Treats contaminated water waste during our production stage. The water is treated and released into the sewage system.	Treated water that is released into the local sewage systems is not harmful to local water bodies or biodiversity.
Fume Scrubbers	IIL has installed five fume scrubbers in factory for acid fume exhaust chimneys.	ISL has installed two fume scrubbers and chimneys in the factory for acid fume exhaust.	Fume Scrubbers are pollution control devices designed for the removal of industrial fumes and odors, particularly acid fumes, chemical fumes and toxic gasses. This ensures that we have decreased impacts from our industrial fumes.
Reverse Osmosis Plant	All water used for internal processes is filtered.	Ground water is used and passed through a Reverse Osmosis plant before use on factory premises.	There is Reduction in reliance on municipal water systems, thereby assisting in the reduction of water scarcity in Pakistan. Our employees benefit from higher water quality.

We believe these initiatives will not only help IIL and ISL improve its long term sustainability, but will also position the company as a model corporate citizen that contributes to the Nation and the environment at large.

# Production Process

To sum up, we have a brief outline of production processes that will assist in the understanding of the types of energy and raw materials required and the waste that is generated and managed during the production process.

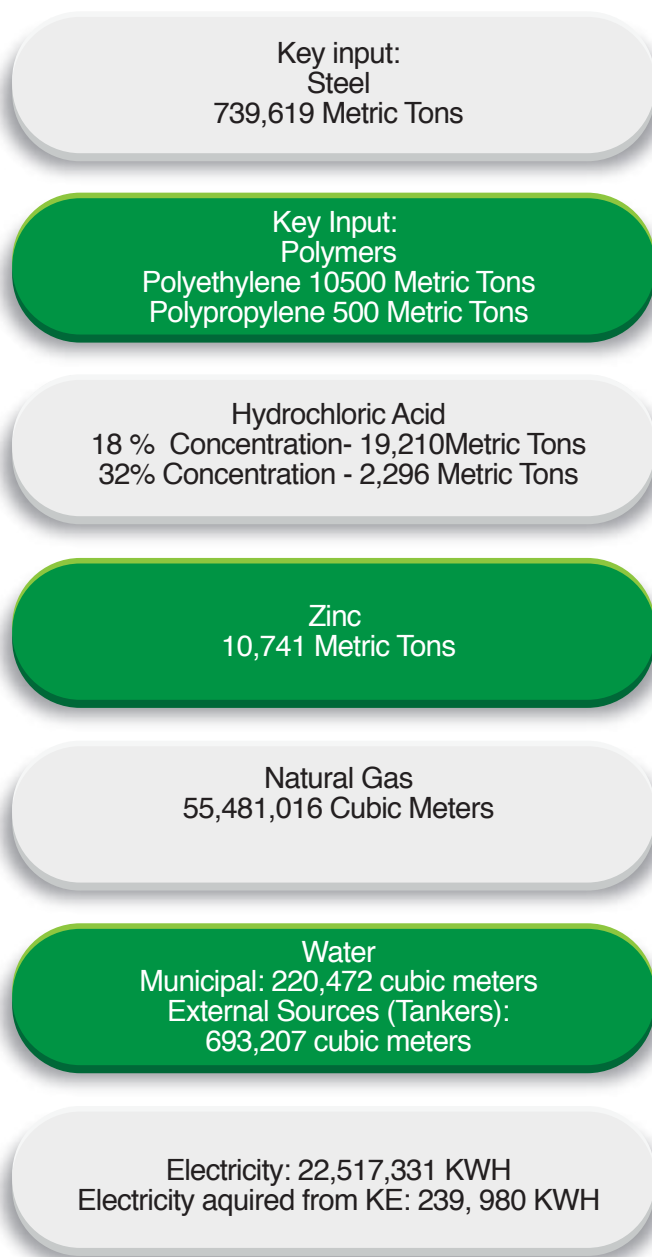
Both ISL and IIL have a similar supply chain process as illustrated below.



# Raw Material and Energy Requirements

The main inputs required for the production process include raw materials such as steel (hot rolled coils) and varying strengths of hydrochloric acid to pickle and remove the rust from the steel coils. Furthermore, to understand our environmental impacts, our Group needs to document our use of natural resources and energy

required. The image below illustrates the total number of amounts of each of the inputs utilized through the last fiscal year. The primary inputs for polymer pipe production are polyethylene & polypropylene. Both of which are 100% recycled in house.



# Production Planning

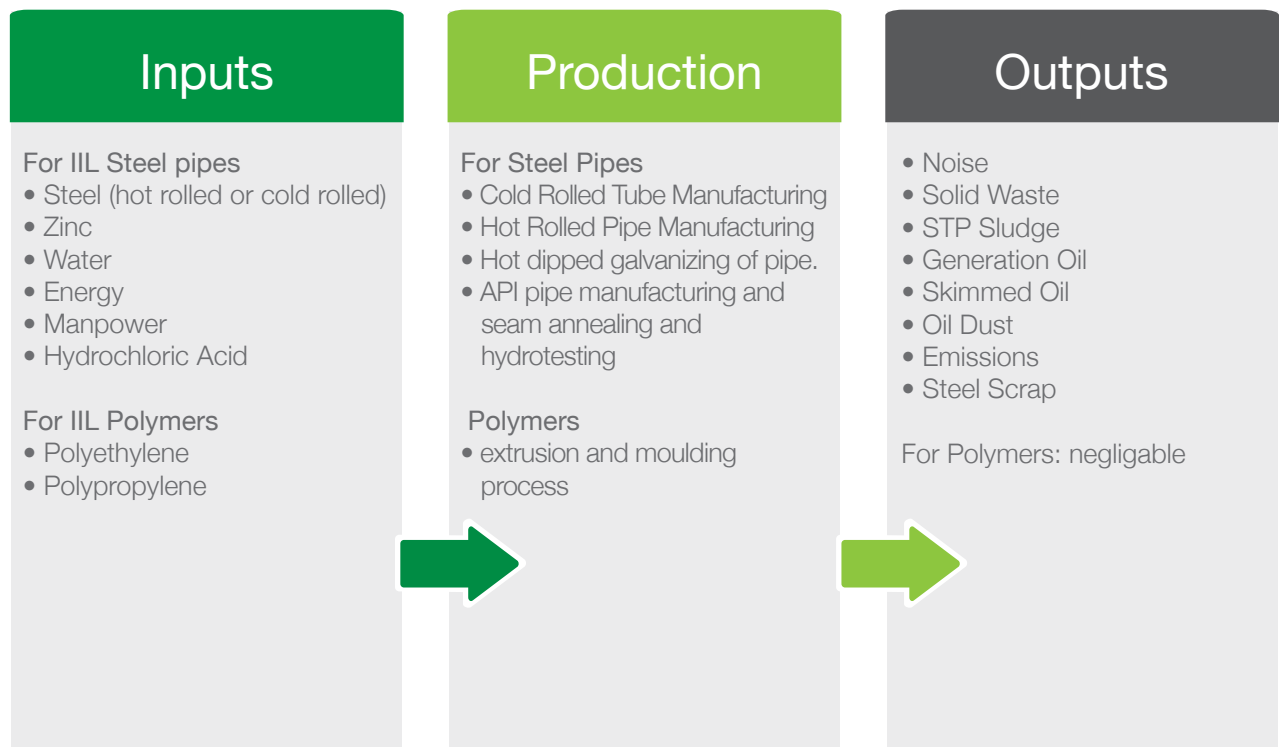
Our teams constantly align for effective resource planning. Our purpose is to optimize production, demand, and storage and minimize wastage.

At IIL, our sales and production teams work closely to forecast the raw materials required for procurement. Monthly sales and operations meetings with department heads and staff to review current and future production needs.

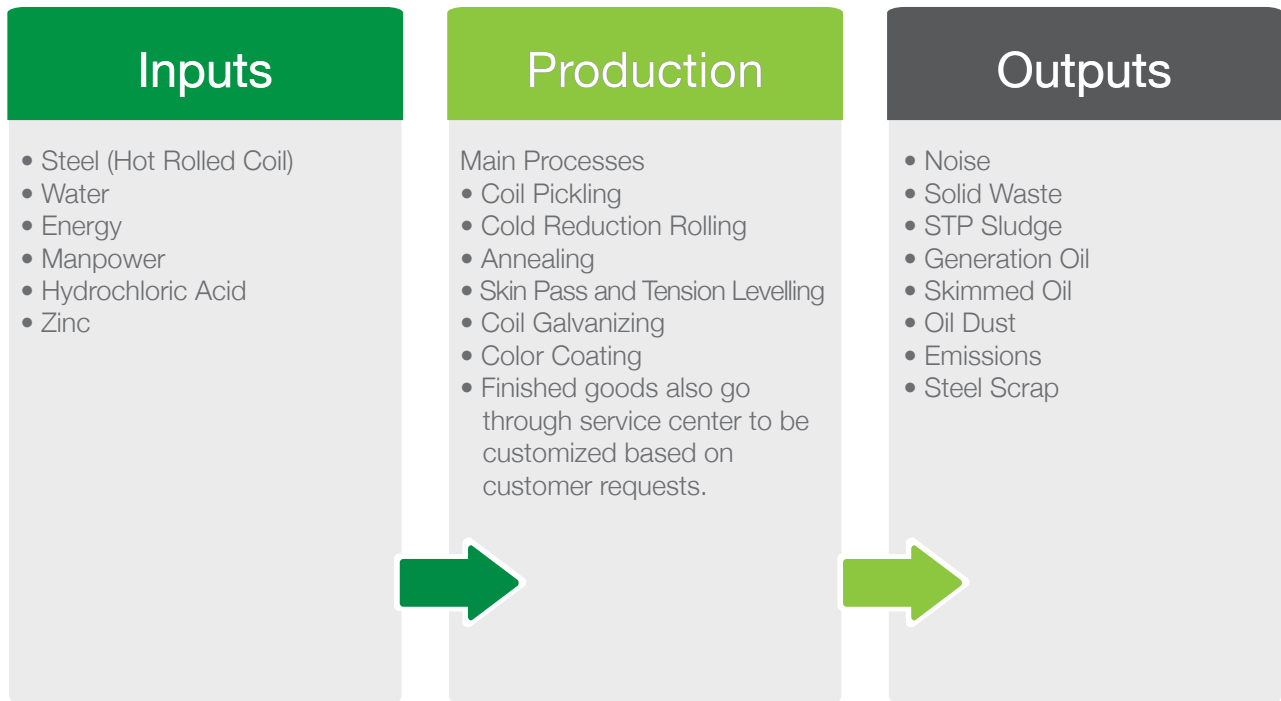
At ISL, the marketing department creates a comprehensive marketing and sales plan. This report includes the financial and product demand forecasts which are then sent to the senior management for review and approval.

# Production Process

International Industries Limited (IIL)



## International Steels Limited (ISL)



# Waste Management

As part of our belief in the circular economy, we intend to minimize our waste and maximize the recycling of our steel. Any by-products created as a result of the manufacturing process are also disposed of in a responsible manner.

The table below illustrates the types of wastes produced in the last fiscal year for both organizations. Furthermore, this table identifies the when the waste is produced and how it is disposed of.

Recycled Item	Action Taken
Steel	<p>Steel scrap remnants are collected throughout the production process and are recycled in multiple ways.</p> <ul style="list-style-type: none"> <li>• Certain types of steel scrap is collected, compacted and sold to steel recyclers to make iron bars.</li> <li>• Steel side cuttings are reused as bailing hoops in pipe bundles.</li> <li>• Steel edge side cuttings are compacted &amp; auctioned as steel scrap.</li> </ul>
Zinc	<ul style="list-style-type: none"> <li>• IIL has installed a Zinc Reclamation Unit through which all zinc by product is processed and recycled after ensuring zero generation of smoke and dust during the zinc recovery process, hence decreasing the emission impact on the environment.</li> <li>• Furthermore, zinc dross after filtering is sold to international and local parties for further recycling into red seal, a material additive for rubber tires. Zinc Oxide is sold as a raw material for manufacture of Zinc Phosphate fertilizer.</li> </ul>
Hydrochloric Acid	<ul style="list-style-type: none"> <li>• Both IIL and ISL have set up effluent treatment plants that treat and neutralize hydrochloric acid before it is released into the drainage system. This ensures that we avoid the contamination of water, prevention of diseases, and maintain the biodiversity in downstream waters.</li> <li>• At ISL, 98% of our hydrochloric acid is regenerated and utilized again in the pickling process. The remaining 2% is neutralized in our effluent treatment plant before it is released into the drainage system. This process assists in the prevention of contamination of water, prevention of diseases, and maintenance of the biodiversity in downstream waters.</li> </ul>
Used Oil	<ul style="list-style-type: none"> <li>• Used oil is sold to re-cyclers and contractors</li> </ul>
Solid Waste	<ul style="list-style-type: none"> <li>• Solid Waste sent to landfill site at Jam Chakro for disposal</li> </ul>
Effluent Treatment Plant Sludge Waste	<ul style="list-style-type: none"> <li>• ETP sludge sent to landfill site at Jam Chakro for disposal</li> </ul>
Iron Oxide	<ul style="list-style-type: none"> <li>• Iron oxide is created as a by-product of the acid regeneration process, which is then sold to local and international buyers as a raw material for manufacture of red oxide paint.</li> </ul>

\*Note: The plastics pipe production process is more waste efficient and has minimal material wastes. Any plastic not utilized in the production stage is grinded and put back into the production process.

# Finished Goods and Delivery

Our finished goods also reflect the values of the circular economy. Both IIL and ISL create durable products that have an extended life in comparison to some of our competitors. This causes a reduction in the waste process through our product's lifetime.

An efficient supply chain network is required to help minimize our environmental impacts. Moreover, the delivery of items is an integral step to ensuring satisfied customers. The final part of the supply chain ensures constant management of finished goods storage and delivery throughout Pakistan.

- In 2016, IIL created a warehouse in Sheikhpura for the storage and delivery to the northern areas of Pakistan. This decreased the lead time required to deliver our products and allowed us to optimize our deliveries to the north.

- In 2017, IIL continued to expand its Sheikhpura warehousing facility. In addition to P.E and PPRC warehousing is being developed specifically to address the needs of the market.



- ISL provides clear and effective methods of the safe transportation within all their product specifications and is shared with all their customers. Furthermore, as our customer base in Punjab increases, we are also looking to increase our warehousing facilities in the near future.



# Environmental Compliance

IIL and ISL conduct internal and external checks to ensure that their environmental, health and safety and production processes are in line with international and national standards.

Checks and Balance	Purpose	IIL	ISL
Quality Management Team	Internal IIL and ISL departments ensure that the organization follows international standardization of environmental benchmarks of the production process, along with product quality.	IIL adopts the precautionary approach to environmental or engineering issues by encouraging the use of corrective and preventative notification process.	ISL adopts the precautionary approach to environmental or engineering issues by encouraging the use of corrective and preventative notification process.
HSE Team	Internal IIL and ISL departments ensure that the organization follows international and local standards of safety guidelines for employees whilst on factory floors. Furthermore, the HSE teams constantly monitor internal environmental impacts to ensure compliance with the requirements of governmental bodies such as the EPA Punjab and Sindh.	IIL conducts regular environmental audits of the factories and submits findings to regulatory governing body.	ISL conducts regular environmental audits of the factories and submits findings to regulatory governing body.
Pakistan Environmental Protection Agency	Local government authority that has defined acceptable limitations, the National Environmental Quality Standards (NEQS), on factory water quality, emissions discharged and waste from its production process.	IIL is compliant with all listed quality standards.  Tests conducted in an in-house lab facility.	ISL is compliant with all listed quality standards.
M/S Lloyds	International, United Kingdom based, certification body that assures that the QA&HSE Management System complies with ISO 9001, ISO-14001 & OHSAS 18001 global standards /ISO 45001.	IIL certification has been renewed therefore illustrating that no major non conformities were observed.	ISL certification has been renewed therefore illustrating that no major non conformities were observed.

Group corporate offices have also taken an initiative to reduce their environmental impact. Daily work processes utilize the Oracle E-Business Suite System, which increases efficiency and reduces unnecessary paper waste.

IIL & ISL have taken approval from shareholders to circulate Annual Reports in digital form, thereby reducing paper utilization and waste. Furthermore, the IIL Board of Directors have been provided with digital tablets in a move to become completely paperless.

Both IIL and ISL believe that greenery creates a healthy workspace and clean breathing spaces that is visually pleasant. Both organizations maintain a dedicated green belt outside their factories and have also ensured that greenery is planted at regular intervals all over the factory premises. All office locations are also characterized by plantations and greenery.

IIL has planted 1000 saplings in the vicinity of IIL Factories 1 & 2 and 117 tree saplings at Factory 3. Additionally, donations were made to LAFCO (Lahore Faisalabad Dual Carriage Way) authorities for the plantation of 1000 tree saplings.



## Environmental Impact Goals

1. Maximize our environmentally safe and compliant company operations including the conservation of natural resources and improving waste management.
2. Achieve OHSE Excellence by continuing to increase interdepartmental communication of learning's and best practices. Our goal is to create a permanent cultural shift throughout all the tiers of our organization.
3. To increase safety measures on our factory floors by developing & installing new safety signs and boards in multiple languages to further assist in the reduction of injuries.
4. To reduce the level of noise pollution at our factories through various precautionary measures.
5. To increase our environmental and technological efficiencies to further reduce our quality standards.
6. Introduction and continual improvement in the reporting process of the 'near miss culture'.
7. Improvement and efficiency of reporting of minor incidents and accidents.

# III. Social Impacts

Our Group understands that our stakeholders are the foundation of our organization and that our social impacts affect our internal and external stakeholders. Our internal stakeholders consist of our employees. Our external stakeholders include our shareholders, partners, suppliers, customers, the communities in which we operate and society at large.

## Internal Stakeholders

IIL and ISL recognize that in a talent rich, yet competitive, landscape our employees are amongst our greatest assets. Our Human Resources Department (HRD) works on implementing HR Related policies to ensure that our business objectives are met on a continuous basis.

Head Count Statistics	IIL	ISL
Employees*	1033	676
Senior Management / Leadership Staff	20	16
Management Staff	426	214
Non-Management Staff (factory workers and other assistants)	209	446

\*Please note that the total number of employees at IIL includes full time employees, apprentices and contractual employees. Furthermore, there are a few departments that provide shared services to both organizations. They include: Corporate and Legal Affairs, Business Planning, Information Technology, and Marketing and Administration.

## Talent Acquisition

Our Group is driven by our ethical code of conduct that encourages a fair work place. Furthermore, we amended our recruitment policies in the last year to further promote gender, race, and religion-based discrimination.

The HRD has also aligned job specifications with the management to ensure transparency through the recruitment process and to decrease inefficiencies.

## Diversity

As part of an industrial business, our head count has historically and culturally been predominantly male. It is more difficult to hire women in the factories due to the nature of the location, the limited access of public transportation for women and the governmental timing restriction of female-based factory workers.

- At IIL, the HRD has been strongly working on enhancing diversity and the 19 females on our team now make up 4% of our management staff
- At ISL, there are currently 6 female members in our team and are continuing to work towards hiring more within our management and leadership team.

Female and Male Statistics	IIL	ISL
Females (Senior Leadership)	2	0
Females (Management)	17	6
Males (Senior Leadership)	18	16
Males (Management Staff)	2	0

Our Group promotes the hiring and retention of injured employees in the organization. Currently at IIL, there are a total of 17 disabled people listed in the organization. At ISL, our head count consists of one disabled employee.

IIL and ISL's HRD works to attract and retain employees of all ages within our organizations. The workforce of IIL and ISL is comprised of talent that is mostly below the age of 35 as the table below illustrates.

Age Statistics	IIL	ISL
25 and below	75	160
26 to 35	489	342
36 to 45	218	118
46 to 55	225	41
56 > Retirement Age	76	15

## Compensation and Benefits

The IIL and ISL recruitment process seeks to attract and retain the best talent in the market. Our team is comprised of talented people where each individual adds value to our organization. Our benefits strategy is aligned to not only attract talent, but to also ensure long-term retention.

Our compensation includes provident and gratuity funds in addition to our comprehensive health plan, life insurance, mobile phone, transport and fuel allowances. We also ensure that our employment terms include generous leave allowances, flexible timings and other benefits including both retirement benefits of Provident fund and gratuity.

Apart from our traditional compensation and benefits policies, IIL takes a further initiative in assisting their factory staff. For example, IIL assists in the purchasing of basic electrical needs (such as a fridge) that can be paid back in installments. Employees may also take a 10,000 Pakistani Rupee Loan from a fund, which is managed by the Unions and IIL, and pay them back in 10 monthly installments. In certain instances, the organization financially supports the worker or family in extreme times of duress. Our organization's donation policies are aligned with our concern for our employees. Our positive compensation and benefits plans is reflected by the loyalty of our employees of our organization. Currently there are 198 dedicated team members that have fulfilled more than 25 years of service at IIL. This represents almost 19.5 % of the workforce.

Both IIL and ISL ensure they pay fair wages based on local benchmarks. In order to monitor the same we have identified and set our benchmark Comparator companies and regularly carries out Salary surveys. This year we hired the international human resources consulting firm, Mercer to conduct a salary survey and were able to make salary adjustments based on the survey results.

Our Group also believes in the fair compensation of our contract workers. Currently IIL and ISL employ approximately 800 contract workers who receive minimum wages, medical registration and insurance. Furthermore, they are eligible for the Workers Profit Participation Fund. This highlights the fact that our responsibility lies equally for all our stakeholders.

## Employee Engagement

Our HRD is truly focused on ensuring that our employees are assimilated in our culture.

Our Group regularly organizes team events for management staff and their families in Karachi, Lahore and Islamabad.

- Employee theatre nights
- Employee picnics
- Family outings
- 14th August celebration
- Growth Celebration event
- Managers dinners
- Participation in Group Cricket Tournament
- 70th year celebration events
- Distribution of helmets & wristwatches to all employees
- Special attention has been given to improving the work spaces of the IIL head office and factory in the past year. The increasing demands of the business required our head count to increase significantly in the past few years. IIL acquired additional office space to create open and healthy working environments. Canteen areas were improved in the North Office and gym facilities were added to Factory 1.
- ISL recently added a fully-equipped gym at its factory for employee use.
- HR teams at both organizations conduct anonymous employee surveys. Once completed, the HR team does thorough subjective and objective assessment to create a presentation with the survey results. The HR team holds department wise meetings in which positive and negative feedback of the employees is discussed and corrective action taken accordingly.





# Health and Safety

The health and safety of our employees is of massive significance to us. We are responsible for providing a healthy and injury free environment for our employees and contractors and both IIL and ISL strives to achieve this through our OHSE Management System (Occupational Health Safety and Environment System) that is implemented by the HSE Department.

Through this program, we have set reporting parameters that minimize the impact of behaviors that could lead to unfavorable events. Our HSE program also enhances the sense of responsibility for keeping the workplace safe and with minimal or no hazards. For example, the team has created signage that includes large clear illustrations that are placed throughout the factory floor. Employees are additionally enforced to wear personal protective equipment such as safety gloves, safety goggles and ear protectors and are required to walk along designated safety pathways in the factory premises. A factory based employee doing specialized tasks can only conduct their task if they receive 'permits to work' to ensure they are

knowledgeable of the task and the controls and hazards that come with the job.

Our HSE departments at IIL and ISL have created several unique incentive programs that have encouraged the implementation and understanding of such practices. Here are some of the traditional and creative ways to how we promote such activities:

- a. Implementation of a Safety Award System where 10,000 Pakistani Rupees is awarded to employees that give suggestions for improvement, take ownership of their work and identify potential risks by taking a precautionary approach.
- b. Development of a 'Fresh Eye Observation' program, in which the management conduct regular site visits and collaborate with the local teams to observe safety issues and concerns. When safety issues and work behavior is acknowledged, the management rewards and commends those relevant team members.
- c. Conducting of a monthly Safety Appraisal of contractors to ensure their HSE activities are aligned with IIL's.
- d. Involvement of Senior Management through monthly safety presentations. Visibility of the leadership instills a sense of Health and Safety's significance.
- e. Facilitation of Personal Protective Equipment within the factory staff through policies that enforce the employees to wear protective gear to ensure safety while our factory workers handle molten metal, electric wires and other chemical substances and gases.



# Trainings

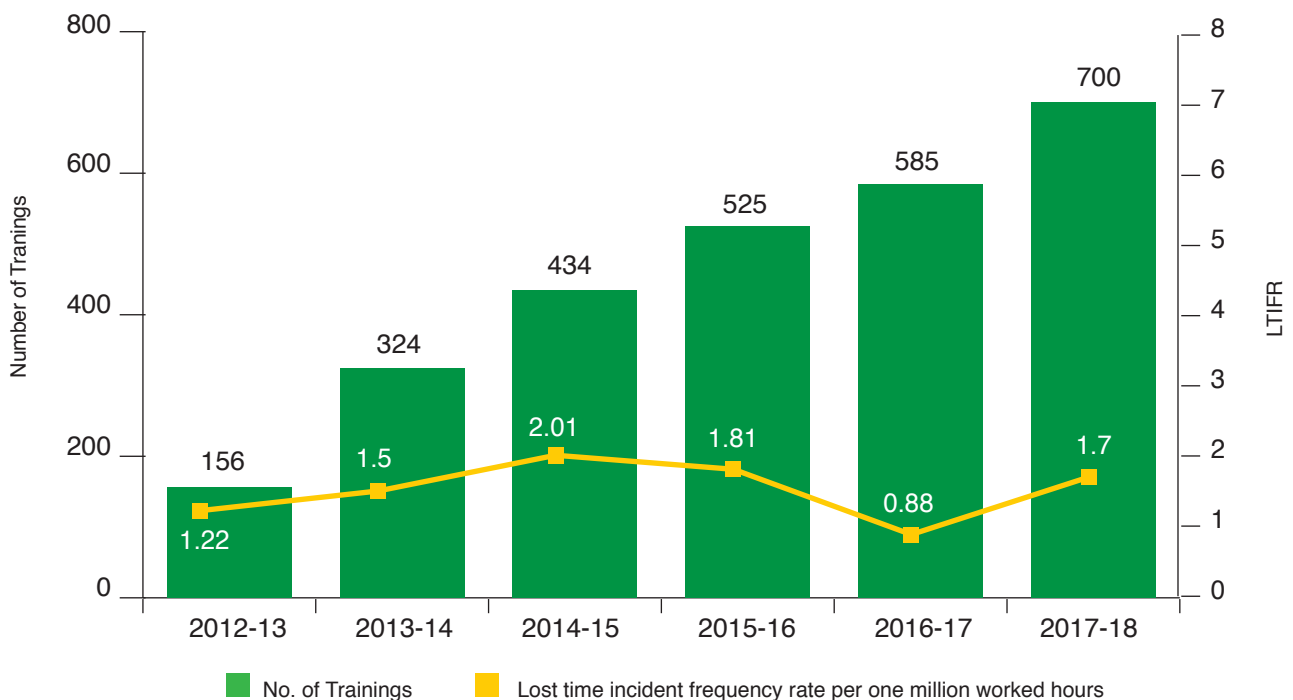
Preventative action is the core essence of safety and helps ensure that factory floor injuries do not occur or are kept to a minimum. Preventative action can be achieved by training our employees about Health and Safety rules and measures. Because of its significance, basic safety induction is mandatory for all new hires in their local languages.

## III

During the year 2017-2018, over 25 in-house sessions were conducted for 357 employees on various technical topics. In addition, 51 employees attended external (local & foreign) programs arranged by various well-reputed institutes including EFP, PSTD, ICMA, PICG, IBA, PNAC, AOTS Japan amongst others.

During the year our employees were imparted a total of 700 health & safety trainings. OHSE trainings included Safe Crane Operations, Hands Safety, Fire Fighting Operations, Permit to Work System, Industrial Hazards, First Aid & Rescue, Defensive Driving, Electric Safety and Working at Heights.

As a result, our Lost Time Incidents Frequency Rate or (LTIFR) was 1.70 per one million worked hours. LTIFR is the number of lost time incidents occurring in a workplace per 1 million man-hours worked.

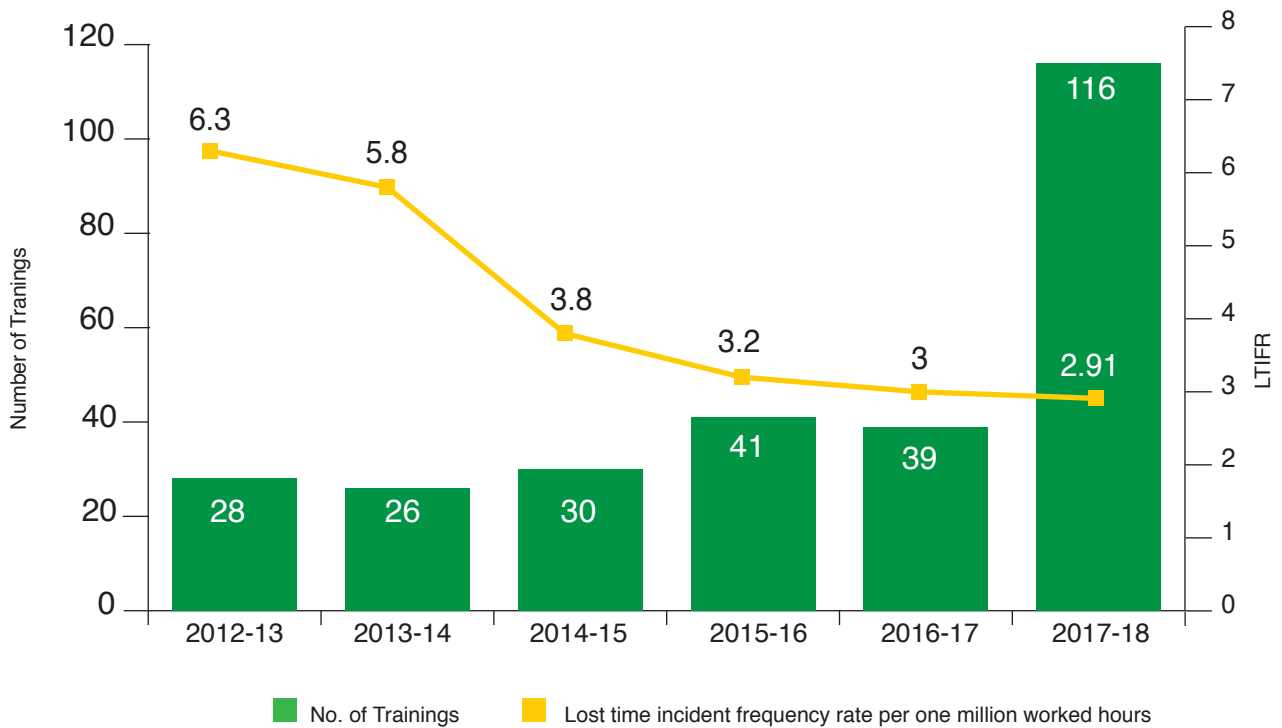




## ISL

ISL is developing their training strategy so that more employees of all levels can benefit from developmental, safety and technical trainings. In the past few years, ISL's training budget has increased from 400,000 Pakistani Rupees to 3.7 Million Pakistani Rupees.

The HSE department have further increased the hours of training given to their factory staff; in the last fiscal year the HSE team conducted 517 hours of training. Out of 517, 401 hours were provided externally while 116 were provided internally. Below is a graphical illustration of the lost time incident frequency rates, and how they have declined in the last 5 years by more than half.



# Right To Collective Bargaining

At IIL, every two years, our Management and 3 different unions enter bilateral negotiations on Charters of Demands raised by both parties. Additionally, we have a dedicated Industrial Relations Manager that is constantly in communication with the unions for any normative or urgent actions.

At ISL, we do not have any union representations. However, ISL employees receive increments that are benchmarked to IIL union negotiations.

# External Stakeholders

Our external stakeholders consist of a wide array of groups that affect the business. The government, competitors, media, suppliers, contractors and most significantly our customers are integral and valued members of society that we are liable to.

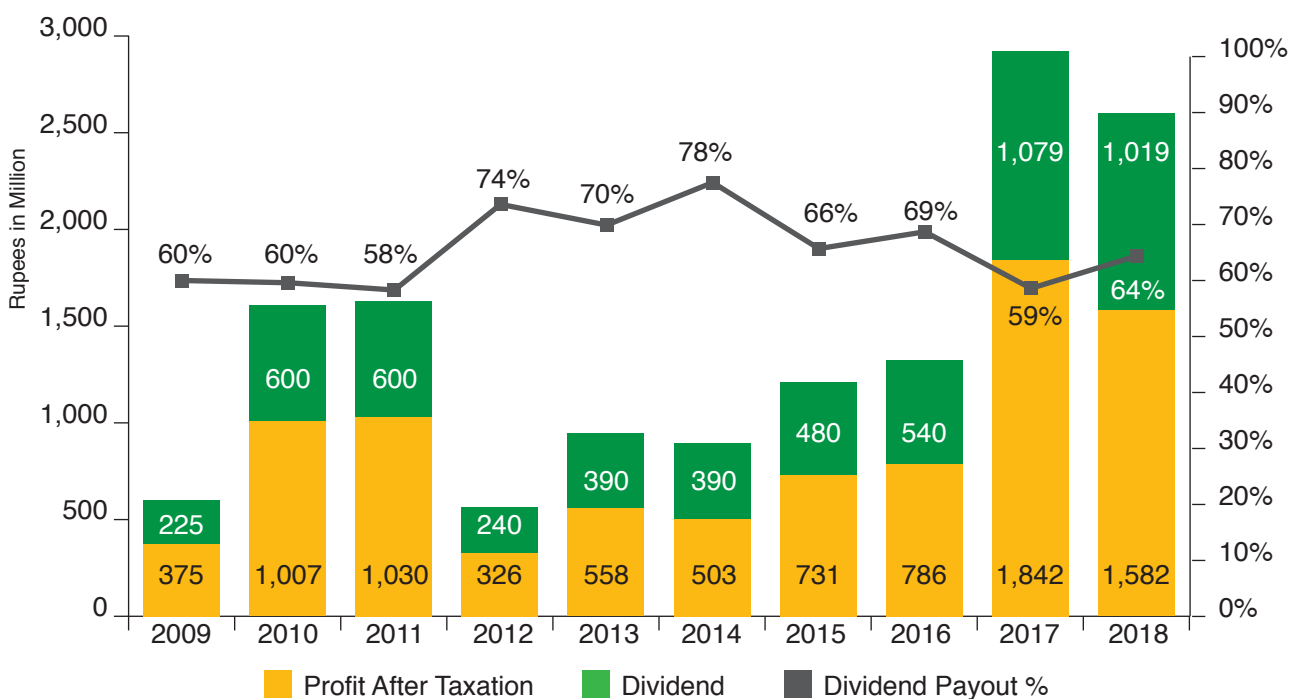
# Customers

Our Group has implemented several protection measures for our esteemed customers. Our marketing team has created thorough and clear literature regarding all the product information. We highlight all product specifications, including the variety of the product, and the quality certifications that each product has received. Our organizations support price transparency by providing a single yet comprehensive country price list that is shared with all our customers. Furthermore, all our customers have access to our regional offices throughout the country to ensure timely feedback for any purchase follow up or concerns. Currently, we are in the process of establishing dedicated customer service centers for our polymers division, but foresee this for all our product lists.

# Shareholders

We aspire to be better corporate citizens for our valued shareholders. Our group distributes the dividend payouts to our shareholders regularly. This is a testimony of our belief to ensure a fair return is given to our shareholders for more information on shareholder information please review the annual report.

The below table illustrates our ten year record of our dividend payouts and our profits after tax.



# Suppliers

We believe that our strategic partners in the business can also play a role in our efforts to be responsible citizens. IIL has a developed a supplier/contractor management procedure which is implemented and maintained. This procedure defines the selection criteria of contractor and ensures the Health and Safety protocol for onsite contactors and drivers.

# Society

As a responsible corporations, we believe that we have an obligation to assist our local communities. Our corporate culture is driven by the inclinations of our founder, Mr. Amir S. Chinoy, towards being a strong supporter of the local community. Both IIL and ISL have integrated our responsibility in our donation policies in which charitable donations are made either directly through the organization or through the Amir Sultan Chinoy Foundation (ASCF).

	IIL	ISL
Donation Policy	IIL will donate around 2.5 % of our profits (after Tax and dividend income) towards socially responsible activities every year.	ISL will donate around 1.5 % of our profits (after Tax and dividend income) towards socially responsible activities every year.
Total Amount of Donations in Pakistani Rupees in the last year	30 Million	64 Million

ISL is still a young organization, and as it expands, it will work towards its pledge of donating 2.5% of their profits like IIL.

Donations Auditing: Our external auditors, KPMG, verify that our policies reflect the ‘Code of Corporate Governance’ by the Pakistan Stock Exchange. As a result, our policy and our donation values are audited by KMPG, a globally renowned auditing and consulting organization



Our focus areas for donations are mostly on: Education, Health and Charity. Below is an overview of some of the initiatives in the past few years.

## Health

Health is the basic foundation of all life. As a responsible corporate citizen, we recognize that there are limitations for underprivileged members of society and their reach to quality healthcare. Our donation policy supports the provision of health care in areas of need and the funding healthcare institutions.

- **2009** – The Group funded the construction of an ambulance station with Chippa and funded 4 ambulances strategically located outside the Social Security Hospital in Landhi. This area is also located very close the IIL Factory 1 in the industrial area Landhi where there was a need for immediate health care, especially in an area where work injuries have a high probability to occur.
- **2010** – In continued support of the Health Sector in the Landhi industrial area the Group funded another Ambulance station and a further 6 ambulances were donated to Chippa Welfare Association. This ambulance station is located at the heart of Landhi at the Dawood Roundabout, which is very close to IIL Factory 2 and ISL factory 1.
- **2010** – The Group made a substantial contribution towards the “Amir Sultan Chinoy Chair” at the Aga Khan University Hospital in Karachi - a permanent endowment fund.
- **2016** – Most recently, IIL and ISL partnered with SINA Clinic to create a health clinic in Landhi. Moreover, both organizations are providing the clinic’s operational costs. This is a significant achievement in this area, as it benefits several members of the society there at nominal costs. As it is located at a close proximity to our factory 1, our factory workers are also able to reap the benefit of this clinic. In its first year of operation the clinic served 25,890 adults and children which is a remarkable figure, out of which 460 patients were from our factories.



- **2018** – The Group continues to provide for the SINA clinic’s operational costs, in the last quarter only the clinic served 8,790 adults and children which is a remarkable figure.
- **2018** - IIL has contributed completely free of cost structures to the Indus hospital and Jinnah Medical Center in Karachi
- Other notable organizations we have donated to include: Al-Rehmat Benevolent Trust Hospital, Bait-ul-Sukoon Cancer Hospital & Hospice, Sindh Institute of Urology and Transplantation (SIUT), Lahore Hospital Welfare Society, Indus Hospital, Anjuman Kashan-e-Atfal-o-Nnaunihal, Hyderabad Relief & Rehabilitation Trust and Marie Adelaide Leprosy Centre.

## Education



Our Group believes that if health care is the basic foundation of life, then education is the essential building blocks for a more successful life. Within our donation policy, we ensure to support the education of the underprivileged, higher education and arts programs. Through our various programs in the last decade over 11,000 children have gained a higher quality of education.

## Education for the Underprivileged

- **1998** – In our first collaboration with The Citizens Foundation (TCF), we set up the IIL Chinoy Campus at Juma Himayati Goth School at Landhi. TCF is a leading organization that assists children from less privileged areas to get an education. In the TCF – IIL School, children are given a high quality of education along with an emphasis on personal and moral traits. Furthermore, the curriculum promotes not only theoretical learning,

but promotes a well-balanced learning experience through art, sport and other creative activities. In 2003 the school started operating in the afternoon shift as well. We have been maintaining the operational expenses of this school since inception and currently the school has an operational capacity utilization of 104%. Just in the last year, we had almost 400 students attend primary education at the TCF Chinoy campus. So far over 5,500 students have been educated at this campus.



- **2003** – Our focus is not only on external stakeholders but our internal members of our team as well. IIL had an in house adult education program that assisted in improving the reading and writing skills. Furthermore, IIL collaborated with the non-governmental organization, Literate Pakistan, where we provide education at a free cost to older members of society that are not literate. Through this program, over a 100 of our workers have increased their literacy proficiency at varying degrees.
- **2004** – In a second partnership, the TCF IIL Campus was set up across the road from IIL factory 1. The Operational capacity of this campus was doubled in 2006 from 180 to 360 students. In 2009 Secondary classes were started in the same campus in the afternoon shift with an operational capacity of 216 students. Our group has been fully maintaining the operational expenses of this school since inception. The operational capacity utilization of this school, which is now operating in 2 shifts, is over 100%. Just in the last year, almost 400 children have been undergoing primary education while over 200 students have got secondary education at this campus. To date almost 6,000 have been educated at this campus. Many students succeed and become lifelines for their families. A success story of a student that graduated from the IIL campus has been

accepted at the Leading business school in Karachi, Institute of Business Management (IBA), a true testament to forward thinking progression.

- **2007** – The Group has been sponsoring the IIL scholarship at NED University of Engineering and Technology. Every year, 50 students receive funding for their education.
- **2018** – IIL completed an entirely free of cost structure for a ‘school under the bridge’ built for underprivileged children in Karachi.



## Vocational Training



- **1995** – The Group is a strong advocate of the Apprentice training Program and over the years over 1500 persons have gone through our apprentice training of which over 50% are currently employed with us on a full time basis.
- **2014** – The Group sponsored the Amir S Chinoy Amphitheatre at the IBA main campus student’s center.
- **2016** – IIL also strongly believes in the learning of technical skills. For example, in IIL hosted factory visits for Aman Institute for Vocational Training (AMANTECH) students. These students consist of underserved members of society that are seeking to get employed and trained into productive members of the society. Another example, IIL regularly conducts training seminars for plumbers to improve their technical skills.

- **2017** – As transportation is an integral part of safe supply chain practice, the IIL HSE department arranged for an in-house road safety training conducted by Motorway police. The training session was attended by approximately 25 drivers who were given awareness and details about basic road safety, traffic sign, traffic laws and regulations, safety, vehicles and passengers and emergency situations.
- **2018** – Hunar Foundation is one of Pakistan’s foremost technical & vocational training institutes. IIL recently contributed a structure using its Hollow Structural Sections (HSS) to one of Hunar Foundation’s initiatives.

## Art and Architectural Community



**Green Line Bus Station Under Construction**



**Orange Line Bus Station Under Construction**

- **2005** – The Group has also sponsored the Amir Sultan Chinoy Gallery at the Mohatta Palace museum in Karachi
- **2012** – The Group has sponsored in 2011 an IIL Art Room at the Indus Valley School of Architecture.
- **2016** – We believe in also focusing our efforts in the development of future architects of Pakistan as they are the main planners of our country. IIL sponsored a NED University of Technology and Engineering - UET University of Engineering and Technology (UET) architectural student’s workshops. These workshops consisted of regeneration projects and workshops for local areas of Pakistan.
- **2017** – IIL and ISL jointly sponsored the NED architectural student’s annual theatre play “Hayat E Hyacinth” held at the NED City campus
- **2017** – ISL pioneered its “Artist in Residency” program which looks to incubate and promote emerging Pakistani artists.
- **2017** – IIL is currently in the process of constructing the IAP House Karachi as a donation for the architectural
- **2018** – IIL sponsored a 10-day Architectural study visit to Gilgit Baltistan by the students of NED-UET, jointly organized by the Dept. of Architecture, Hazara University Manshera and Dept. of Architecture, NED University, developing hands on and practical experience of vernacular building techniques by visiting various historic sites including Chillas, Phunder Valley, Gilgit, Altit and Baltit Fort in Hunza.
- **2018** – IIL sponsored this year’s edition of the ASB and recognized the “Emerging Architects of Pakistan” – those 16 young Architects that are making a noticeable impact on the landscape of the country. The ASB is Pakistan’s leading directory for construction materials and is widely used by Architect and industry professionals across the country.
- **2018** – Group sponsored a commemorative evening organized and hosted by Architecture Design Art (ADA) magazine to honor the larger than life, late Mr. Habib Fida Ali at his residence, in Karachi. The elegant event included touching tributes by his friends, family, colleagues and professional acquaintances including Mr. Towfiq Chinoy. Each guest received a stainless-steel candle stand made from IIL’s stainless steel tubes as a symbolic tribute to HFA
- **2018** – IIL has entered into a Memorandum of Understanding with the Institute of Architects Pakistan (IAP) – Karachi Chapter to construct an auditorium + two floors of office space using IIL’s Hollow Structural Sections (HSS).
- **2018** –The Group has also entered into an agreement as the main partners for the ‘ADA Awards’ – a National Excellence Award focused on Architecture, Design & Art.

- **2018** – IIL was the “Construction Partner” for the Pakistan’s first ever Pavilion at the world renowned Venice Biennale 2018 held in Venice, Italy. The Pakistan Pavilion was designed by a team of young Pakistani Architects and constructed using IIL’s square tubes.



## Social Welfare

The wellbeing of our society at large is also of great significance to us. Our donations are geared towards development of rural or local communities.

- **2002** – Our group constructed the Siddiqia Mosque for the ease of our and neighboring factory workers to perform prayers. It is located close to the Factory 1, IIL TCF School, and the Sina Clinic to help facilitate the community. We have been expanding this mosque continuously over the years and currently it has a capacity of accommodating over 1500 worshipers simultaneously.
- **2008** – IIL has constructed numerous bus stops in Landhi and Korangi to provide relief to local residents and day travelers.
- **2015** – IIL installed a pipes sculpture at Pur Sukoon Chowk in Kharadar as part of an initiative to revamp the dilapidated surroundings of the Customs House and Karachi Port Trust buildings.

- **2016** – In partnership with students from IBA, IIL and ISL funded and helped install a water hand pump in a deserted part of Tharparkar, Sindh. This project provided clean water to 20 local households and approximately 150 people in an underprivileged community with limited access to water. The installation of three more hand pumps is currently underway.
- **2017** – IIL is currently in the process of constructing the IAP House Karachi as a donation for the architectural community in Pakistan.
- **2018** – IIL constructed a shed for The Society for Rehabilitation of Special Children. This shed was built using IIL Hollow Structural Sections (HSS) and provided the children with a safe play and learning area.
- **2018** – IIL constructed a free-of-cost office administration and patient area for the ‘Recovery House’ (a mental illness rehab center of Caravan of Life Trust Pakistan) using its Hollow Structural Sections (HSS)

## Prevention of Unethical Activities

As part of the organization’s policy and code of conduct, we are strong supporters of an ethical workplace and work processes. IIL has implemented several policies to protect its financial and intellectual policies. Furthermore, the approval design framework in IIL also inhibits the intention for the mishandling of financial checks for example. The management is also deeply involved in daily business processes that as a result discourages any negative actions that may impact the organization.

Both IIL and ISL are strong supporters of human rights. We do not permit the use of child or forced labors in any of our factories. We validate all new hires ages through their government records and ensure fair pay practices to all the employees in the organization.

### Social Impact Goals

1. Introduce tangible and measurable KPIs department and individual-wise. This will ensure that our internal efforts are even further aligned with the organization’s objectives.
2. Implement a stronger training program that expands beyond technical training into personal and career development.
3. Develop internal communication mechanisms to further drive the goal of the organization.
4. Improve long term employee retention by continuing to cultivate a positive culture and implement policies.
5. Increase the number of hours of Health and Safety training required.
6. Externally, we would like to diversify and increase the reach of our donations to more people in need.

# Ending Comments

IIL and ISL strongly believe that our efforts in being responsible corporate citizens directly impact our financial performance. We are gradually improving our sustainability efforts to move towards the circular economy model and want to introduce you, our reader, to these fascinating concepts. We thank you for taking part in this journey and for taking your time to understand our organizations further.

We have taken many strides to get here, however we acknowledge that more can be done. We will continuously make efforts towards reducing our environmental impacts and increasing our social responsibility whilst delivering economically. IIL and ISL intend to integrate measurable benchmarks to our sustainability agenda. In the future we would like to further integrate the UN Sustainable Developmental Goals, the UN Global Compact and the Global Reporting Initiative to create a more precise and target based report. Additionally, we want to further develop our means to transparently communicate our sustainability efforts to our stakeholders.

Finally, both IIL and ISL want to be positive agents of change. In our efforts to be more sustainable or responsible, we would like to instill these concepts and create a greater understanding through our society. We hope that this report will give you some tips that will help you to make positive impact to society.





Promising Reliability, For Now and Tomorrow



Shaping Tomorrow

101, Beaumont Plaza, 10 Beaumont Road, Karachi-75530, Pakistan.