

INDUS MOTOR COMPANY LTD.



**2020**

SUSTAINABILITY  
REPORT





**of Continuous Commitment  
and the Legacy Continues...**

## *A Tribute to a Legendary Leader*

*This year has been very tragic for the Indus family. On April 17, 2020, our beloved Founding Director and Chairman, Mr. Ali Suleman Habib left for his heavenly abode, a tragedy that left all who knew him in a state of shock. Mr. Ali Habib practically demonstrated that one's true dedication, unrelenting commitment, perseverance and hard work results in fulfilling one's dreams and pays off in the long run.*

*Mr. Ali Suleman Habib was at the forefront of developing platforms for the business community to collaborate and work towards national economic interests. He was a visionary leader who transformed Indus Motor Company (IMC) from an automobile company to a responsible corporate citizen, pursuing*



*Ali Suleman Habib  
1956-2020*

*value creation for all stakeholders. He was passionate about social responsibility and steered IMC's CSR Program towards the preservation of environment, health initiatives, education, poverty alleviation and supporting national causes.*

*The IMC journey started 30 years ago with Ali S. Habib who navigated Indus Motor*

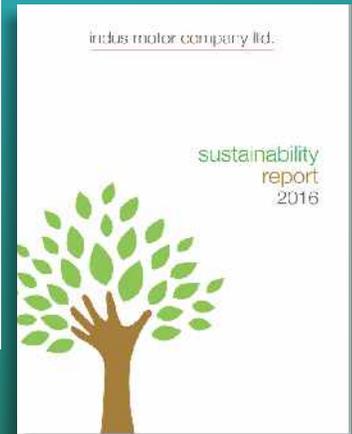
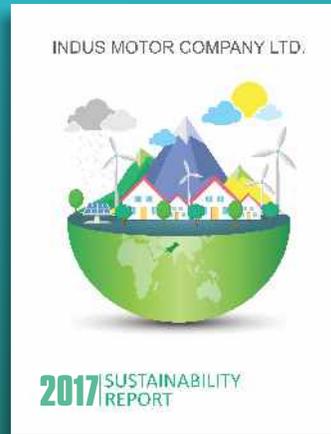
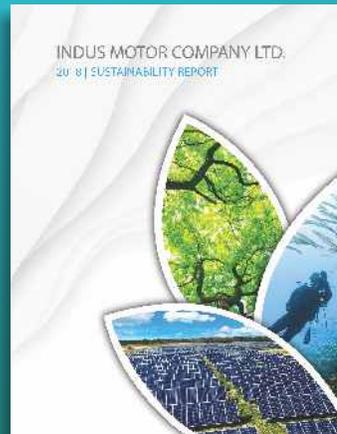
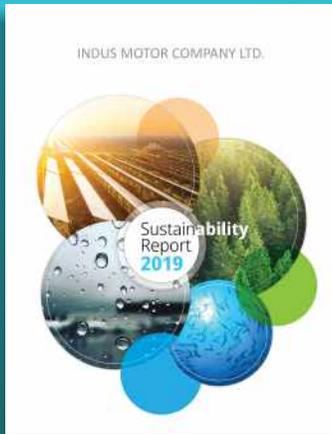
*Company in its most difficult times. Our success story will Insha Allah continue to be enlightened by his teachings as a motivational force for us. We are committed to follow his vision and philosophy of responsible corporate citizenship along with Toyota Guidelines to deliver business growth in harmony with nature and society.*

**Allah Almighty bless his soul with eternal peace, Ameen!**



TOYOTA

# About this Report



This is the 5<sup>th</sup> Sustainability Report of Indus Motor Company Limited (IMC). The Report contains details of activities and impacts of IMC covering financial year 2020, commencing July 01, 2019 and ending June 30, 2020. The impacts and contributions of all IMC's activities are measured and managed to gauge the success of the Company against defined goals and targets. This Report includes information about IMC's operations covering assembling of passenger cars (Corolla and the newly launched Yaris), light commercial vehicles (Hilux) and SUV (Fortuner) of the Toyota brand. The Report does not include information about subsidiaries, associated companies and joint ventures.

The GRI Standards, international best practices and UNGC "Ten Principles" have been used during the process of defining the Report content. The information about the process of defining the Report

content and boundaries of the material topics can be found in the Materiality Analysis section of the Report. The data included in the Report is based on scientific measurement on actual basis. However, where data was not available, estimation has been used. The data collection and measurement techniques are applied consistently over the periods. There were no significant changes in the size and structure or ownership of IMC during the reporting period. There were no changes in the reporting period, scope and boundary of material topics. The revision/restatement made in the reported information to correct the errors is clearly mentioned in the relevant section where restatements/revisions have been carried out. Last year's Report was published on September 21, 2019.

This Report has been prepared in accordance with the GRI Standards: Core option. The Report is not externally

assured. IMC has plans to get external assurance of the Report in future. However, the Report has been reviewed by the S.H.E. Steering Committee – the highest decision-making forum on sustainability issues at IMC. The GRI content index is available on page 77. This Report is available in print and online [www.toyota-indus.com](http://www.toyota-indus.com).

The Sustainability Report is produced annually to share information about sustainability initiatives, activities and impacts along with IMC's contribution towards the goal of sustainable development. This Report also contains information about: how our activities support different Sustainable Development Goals (SDGs) and contains links to the relevant SDGs at respective pages. We are committed to aligning our activities to support the SDGs most relevant to our business and which play a positive role in society.



**FEEDBACK**

*We would appreciate your feedback on the Sustainability Report. Please reach us at [feedback.sustainability@toyota-indus.com](mailto:feedback.sustainability@toyota-indus.com)*

# Key Performance Highlights

**Vehicles  
Manufactured**  
**28,519** units  
Decreased by 56%  
over the previous year



**Net Sales**  
Rs. **86** billion  
Decreased by 46%  
over the previous year



**Vehicles Sold**  
**28,837** units  
Decreased by 56%  
over the previous year

**Water  
Consumption**  
**320,219** m<sup>3</sup>/year  
Decreased by 32% over  
the previous year



**GHG Emissions**  
**12,989** metric tons  
Decreased by 47%  
over the previous year



**Net Profit  
after Tax**  
Rs. **5.08** billion  
Decreased by 63%  
over the previous year



**Energy  
Consumption**  
**250,904** GJ  
Decreased by 48%  
over the previous year



**Community  
Investment**  
Rs. **190** million  
Decreased by 17% over  
the previous year

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# Overview

The Chairman's Message  
The Chief Executive's Message  
Corporate History  
Corporate Profile  
Product Line-up

# The Chairman's Message



Dear Stakeholders,

We have been immensely saddened by the sudden loss of Mr. Ali S. Habib on April 17<sup>th</sup>, 2020. His tragic passing was a shock, not only to the Company but also to the Habib Family and to the country. Mr. Habib laid the foundation and built the Company step by step in collaboration with Toyota Motor Corporation Japan, and consistently guided IMC to become a market leader in the automotive sector in Pakistan. His guidance was pivotal in paving the way for IMC's long-term success and continued market leadership. He was, and will always remain an inspiration for the IMC family. May Allah bless his soul with eternal peace.

COVID-19 has caused the most widespread recession witnessed in recent times. Global lockdowns, social distancing requirements and on-going health and safety concerns due to the pandemic continue to have an adverse impact on economic development. The situation requires action and commitment from businesses to manage operations in the "new normal", and to also extend support to the government and vulnerable segments of society. With this responsibility in mind, we have continued to pursue our mission of supporting economic development through investing in our products, in our people, in our business partners, and in the environment. We have also supported the Government through prompt payment of our taxes and through contribution to numerous CSR activities. We have aligned our corporate actions in support of Sustainable Development Goals (SDGs) to make a meaningful impact and support SDGs through our products and social investments. We have continued with our commitment to invest 1% of pretax profits of the preceding year to support our communities, towards fuel innovation, and to promote technical skills amongst the youth in Pakistan.

Climate change remained the number one long-term risk by impact, and number two by likelihood, as per the World Economic Forum Global Risk Report 2020. As a manufacturing entity concerned with the impact of climate change, environmental management has remained one of our priorities. Our commitment to plant 1 million trees is inspiring the young generation and our supply chain partners to work for a Clean & Green Pakistan. Until June 2020, a total of 300,000 saplings have been planted across the country.

The automotive industry in Pakistan has witnessed the entry of new players in recent years, resulting in healthy competition in the form of extended customer choices and after sales service. On the economic front, recent events such as reduced economic activity due to the COVID-19 pandemic, challenges of currency devaluation, declining exports and a decrease in customers' disposable incomes, are adversely affecting vehicle sales and have resulted in several non-production days for the industry. Economic recovery is expected in coming years on account of government efforts to boost exports, incentives given to the construction sector, and launch of business-friendly policies coupled with creating a lower interest rate environment. We remain confident about growth opportunities while being committed to quality and high safety standards, and we expect further strengthening of the Toyota brand in the market.

Our inclusive and well-diversified workforce enjoys a nurturing environment which helps to deliver exceptional performance, maintaining leadership and meeting customer expectations. In line with Toyota Global policy, we are committed to support our communities through our CSR programs.

We re-affirm our commitment to creating a sustainable future for all stakeholders through our products, environmental impact management, and through continuous investments in innovation, health and safety for our society.

**Mohamedali R. Habib**  
Chairman

# The Chief Executive's Message

Dear Stakeholders,

Global economies are expected to contract by almost 5.2% in 2020 with a reduction in per capita income in developing and emerging economies. Slowdown in economic activities, rising climate risks and trade disputes can hamper long-term growth and slow economic recovery globally. Pakistan's economy faced shocks in the form of the COVID-19 pandemic which started spreading from March 2020, persistent currency devaluation and falling exports. The automobile industry witnessed a depressed year due to the economic slowdown, increased taxation and increasing vehicle prices. However, the automobile sector has witnessed continuous investment by existing as well as new players which will ultimately result in increased consumer choice and after sales services. During the year, new avenues for export of automotive parts emerged for the Pakistan automobile sector. The Company is enthusiastic about furthering localization and securing such export orders in the future.

Tough economic conditions have impacted the automobile industry in Pakistan, resulting in reduced vehicle sales and a decrease in revenue and profitability. Our vehicle sales compared to the previous year decreased to 28,837 units this year. A decrease in consumers disposable income, reduced purchasing power, and currency devaluation, coupled with an increase in Federal Excise Duty and Additional Customs Duty, led to an increase in the price of vehicles. The net profit for the year was Rs. 5.08 billion with a decrease of 63% compared to the previous year. Despite the harsh economic times, we are continuously striving to improve our production processes, decrease costs and increase efficiencies by applying the Toyota philosophy of Kaizen or continuous improvement. We are committed to continuing to delight our customers through top quality and safe vehicles, with the support of Toyota and our localization program.

Being a responsible automobile Company, we are committed to reducing environmental impact of our operations and supply chain partners through efficient management and adoption of cleaner technologies. We are aligned with the "Toyota Environmental Challenge 2050" which strives to reduce the environmental burden attributed to automobiles to as close to zero as possible. During the year, energy consumption, GHG emissions and water usage decreased by 228,854 GJ, 11,404 Mt and 149,308 m<sup>3</sup> respectively, on account of lesser production. We commit to adopting cleaner and efficient technologies to further reduce our environmental impact.

The commitment and passion of workforce is important for meeting stakeholders' expectations and delivering sustained economic returns. We nourish our workforce through trainings and provide a safe and productive workplace to showcase their talents. Health and safety of our plant, workforce and products is of utmost priority, and we align ourselves with Toyota global practices. Our Dealers and Suppliers are our partners in growth, and help us in meeting customer expectations. They are supported through guidelines and training to help them enhance their economic potential and reduce negative impact. We commit to pursue sustainability practices in our supply chain for better management of our supply chain impacts.

We continue enriching lives of our communities through support in education and healthcare, promoting innovation and cleanliness. We fully support workforce volunteering and making a meaningful contribution towards society. This year, more than 4,800 man-hours of volunteering services were contributed by our employees. Our spending on CSR activities remained 1% of our pre-tax profit of the preceding year, showing our commitment to alleviate poverty, promote education and uplift the unprivileged.

We pledge to support the "Ten Principles" of the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs) of the United Nations. This Report exhibits our impact on the economy, environment and society, along with our contribution to the "Ten Principles" of the UNGC.

We thank our stakeholders for their continued trust in our brand and we invite you to give your valuable feedback.

**Ali Asghar Jamali**

Chief Executive Officer



# Corporate History

## 2010's

**2019**  
**JUNE**

NCAP Compliance  
100% Dual Airbag  
vehicles

**2019**  
**JUNE**

CSR Spending  
above Rs 1 Billion  
(accumulative)

**2019**  
**November**

Celebrated  
IMC's 30th year  
incorporation

**2020**  
**APRIL**

Launch of  
Toyota **Yaris**

**2018**  
**JANUARY**

New Paint Shop  
Inauguration

**2018**  
**SEPTEMBER**

Launch of RUSH  
(CBU)

**2018**  
**OCTOBER**

TRD inauguration  
at Dealerships

**2019**  
**APRIL**

Robots  
Installation in  
Paint & Weld  
Shops

**2019**  
**JUNE**

Launch of  
Hiace (Deluxe)  
CBU

**2019**  
**JUNE**

Record highest  
production 65,346  
units (Sales 66,211  
units)

**2014**  
**SEPTEMBER**

Launch of the  
11th generation  
Corolla with 777  
local parts

**2015**  
**JANUARY**

Celebrated the  
Silver Jubilee Event

**2016**  
**NOVEMBER**

Launch of New  
Toyota Hilux Revo

**2017**  
**JANUARY**

Launch of New  
Fortuner

**2017**  
**NOVEMBER**

**750,000<sup>th</sup>**  
vehicle Line-off

**2017**  
**NOVEMBER**

NCAT Machines  
Installed in  
Passenger Car

**2010**  
**OCTOBER**

Line-off the 1st  
Hilux 4x4 Double  
Cabin

**2012**  
**JULY**

Discontinuation  
of Daihatsu  
Cuore

**2012**  
**NOVEMBER**

**500,000<sup>th</sup>**  
vehicle Line-off

**2013**  
**FEBRUARY**

Line-off the 1<sup>st</sup>  
locally manufactured  
Fortuner

**2013**  
**DECEMBER**

Launch of Toyota  
Prius Hybrid (CBU)

## 2000's

**2007**  
**NOVEMBER**

Line-off Hilux IMV,  
Toyota's sturdy  
workhorse

**2007**  
**SEPTEMBER**

Start-up Cogen  
plant

**2008**  
**AUGUST**

Launch of the 10<sup>th</sup>  
generation Corolla  
with 582 local parts

**2008**  
**AUGUST**

Start-up Press Shop

**2004**  
**DECEMBER**

Launch of Toyota  
Camry (CBU)

**2005**  
**JUNE**

**150,000<sup>th</sup>**  
vehicle Line-off

**2005**  
**SEPTEMBER**

Launch of Toyota  
Hilux IMV 4x4  
(CBU)

**2006**  
**NOVEMBER**

Mr Akio Toyoda  
(EVP, TMC) visited  
IMC

**2006**  
**DECEMBER**

**250,000<sup>th</sup>**  
vehicle Line-off

**2000**  
**MARCH**

Launch of Daihatsu  
Cuore, an 800 cc  
hatchback

**2000**  
**MAY**

**50,000<sup>th</sup>**  
vehicle Line-off

**2002**  
**FEBRUARY**

Launch of 9<sup>th</sup>  
generation Corolla  
with 469 local parts

**2003**  
**SEPTEMBER**

**100,000<sup>th</sup>**  
vehicle Line-off

## 1990's

**1989**

Incorporated as  
a joint venture  
company between  
the House of Habib  
of Pakistan, Toyota  
Motor Corporation  
and Toyota Tsusho  
Corporation of  
Japan.

**1993**

**APRIL**  
Plant  
Inauguration

**1993**  
**MAY**

Launch of the first  
Corolla (7<sup>th</sup> generation)  
with 30 local parts

**1993**

**APRIL**  
Mr. Eiji Toyoda  
(1913 – 2013),  
known as the legendary  
"Father" - of Modern  
Toyota and  
acknowledged as the  
architect of the world  
famous Toyota  
Production System,  
visited IMC production  
facilities.

**1996**

**JANUARY**  
Launch of the first  
Toyota Hilux

**1996**

**APRIL**  
Launch of Corolla  
Diesel (2.0D)

**1997**

**OCTOBER**  
**25,000<sup>th</sup>**  
vehicle line-off

# Corporate Profile

Indus Motor Company Limited (IMC) is a joint venture concluded between certain companies of House of Habib of Pakistan, Toyota Motor Corporation and Toyota Tsusho Corporation of Japan. Incorporated in 1989, the Company is engaged in assembling, progressive manufacturing and marketing of Toyota vehicles in Pakistan. These include several variants of the flagship 'Corolla' and the newly launched 'Yaris' in the passenger car segment, "Hilux" in the light commercial vehicle segment and "Fortuner" in the sports utility vehicle (SUV) segment.

IMC's manufacturing facility and offices are located at a 107.5 acres site at Port Qasim Industrial Estate, Karachi. Products are delivered to end customers nationwide through a strong network of 46 independent Dealerships spread across the country. Customers include corporates, government organizations, individual buyers, etc. There were no significant

changes in the ownership and structure of operations at IMC or its supply chain during the year.

Over 30 years, since inception, IMC has sold more than 900,000 CBU/CKD vehicles, demonstrating an impressive growth in terms of increase in sales volume. IMC began production with 20 vehicles per day in 1993 which has increased to 268 vehicles per day. This was made possible through development of our human capital by embracing the 'Toyota Way' of lean manufacturing.

The total workforce at the end of the financial year 2020 was 2,855 employees. Net sales for the year 2020 was Rs. 86 billion, while the total capitalization was Rs. 41.5 billion. Further details about assets, sales breakdown and beneficial ownership are available on pages 100, 131 and 147-148 respectively of our Annual Report 2020. The total number of vehicles sold during 2020 was 28,837 units.



# Product Line-up

Toyota's Global Vision of enriching lives through mobility in the most responsible way, enlightens our commitment to manufacture sustainable and safe products to help transition to a low carbon economy. Our flagship Corolla with several variants is the top selling car in the passenger category while the Fortuner has been the best-selling model in the SUV category. The Hilux remains the highest selling vehicle in the light commercial category. IMC also markets imported cars with warranty and after-sales support through its widespread Dealer network.

During 2020, IMC launched the all-new Toyota Yaris under the development concept of The New Value Pioneer, enhancing design and comfort and offering the best in class value to customers. Moreover, the new Toyota Yaris is more fuel-efficient and effectively reduces air pollution, offering an environment-friendly motoring experience with cutting-edge eco technology.

## CKD Product Range



Yaris



Corolla



Fortuner



Hilux Revo



Hilux Single Cabin



# CBU Product Range



Camry



Land Cruiser  
Prado



Avanza



Land Cruiser



Prius



Rush

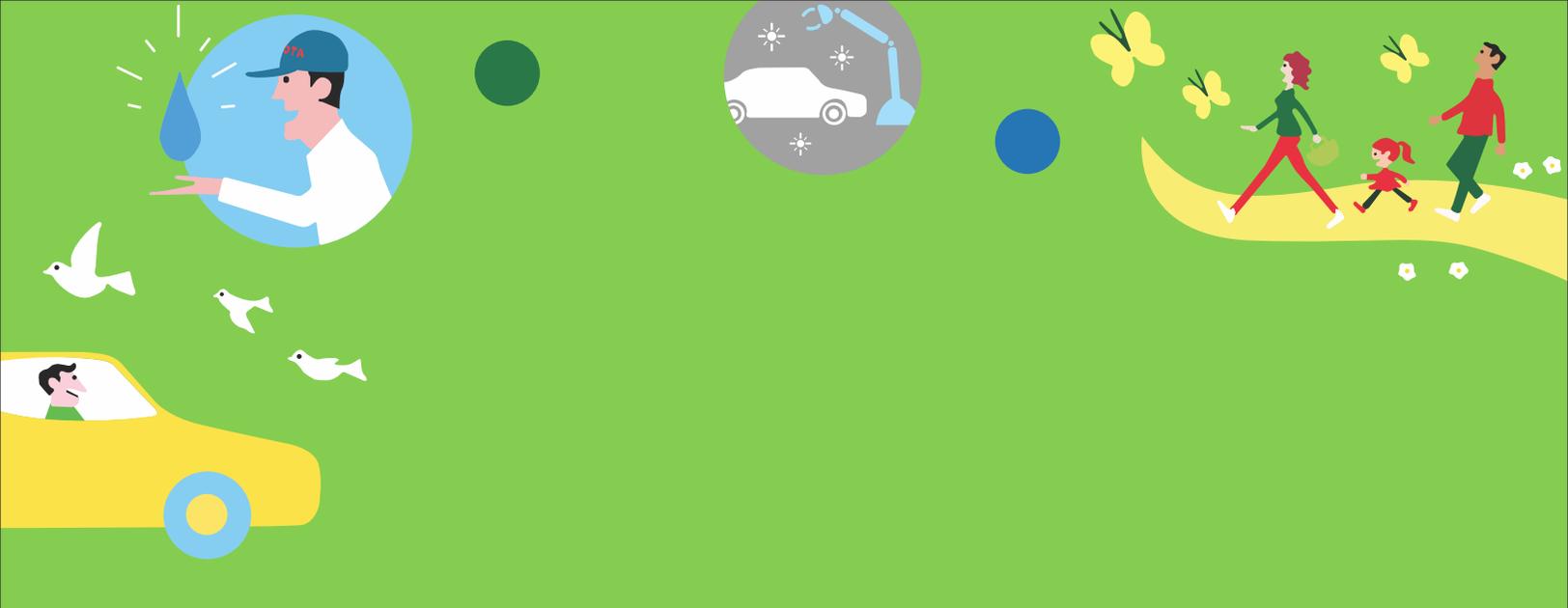


Hiace



Coaster

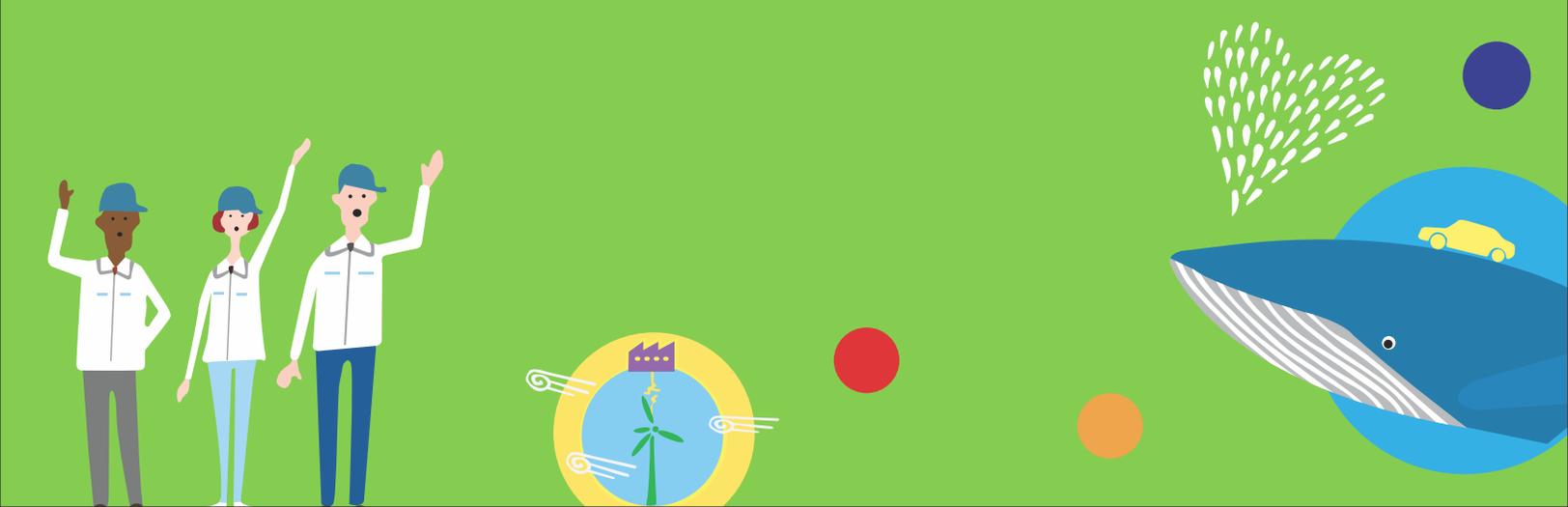


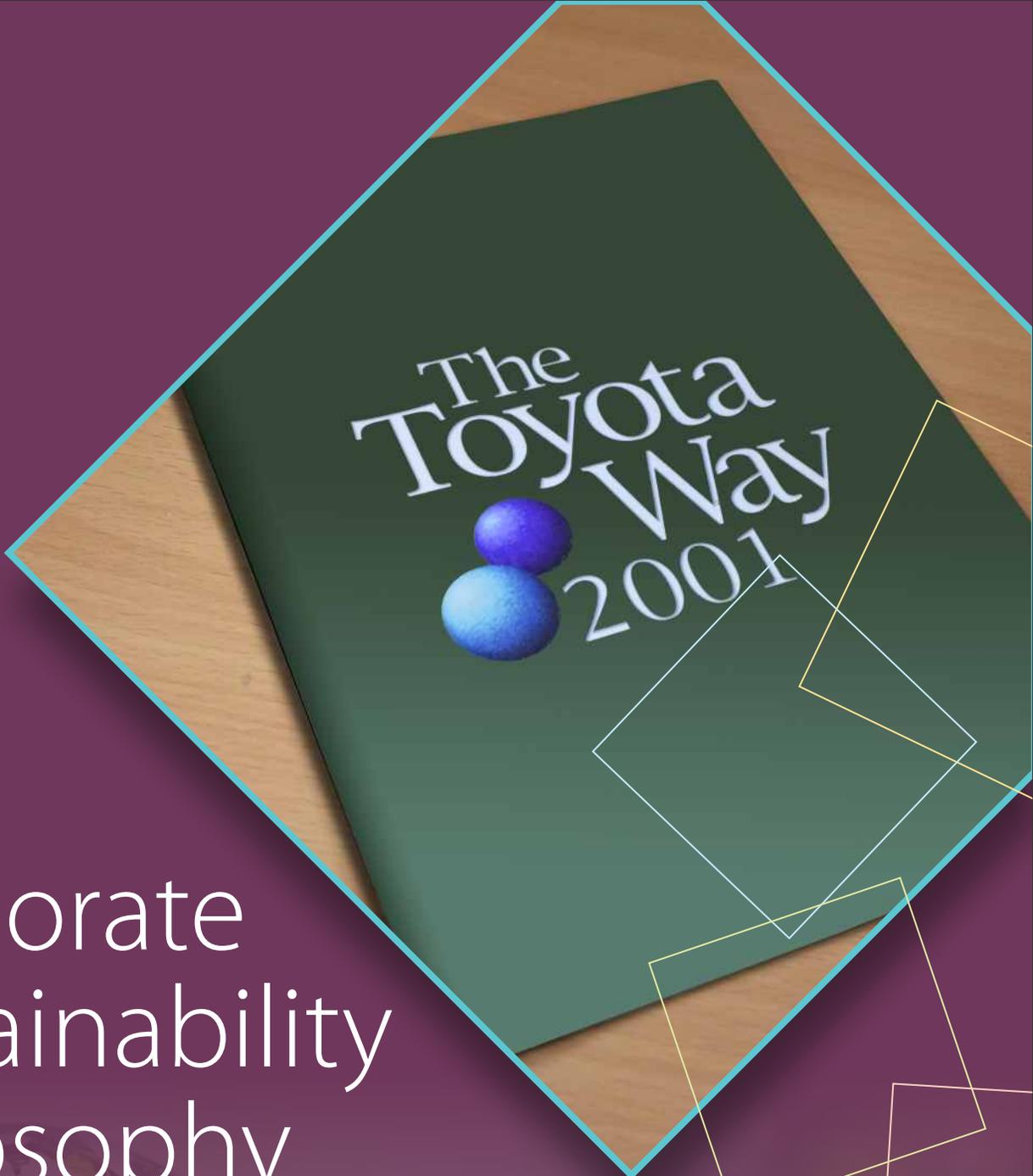


# TOYOTA

# ENVIRONMENTAL

# CHALLENGE 2050





The  
Toyota  
Way  
2001

# Corporate Sustainability Philosophy

**Corporate Sustainability Philosophy**

**SDGs & IMC**

**Toyota's Global Commitment**

**Guiding Principles at Toyota**

**Toyota Motor Corporation CSR Policy**

**The Toyota Environmental Challenge 2050**

**Our Commitment**

**Stakeholders' Engagement**

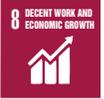
**Materiality Analysis**

# Corporate Sustainability Philosophy

Our corporate sustainability philosophy is derived from Toyota's Global Vision and Guiding Principles which enlighten our vision, mission and values. Toyota Global Commitment and our values of sustainability, innovation and excellence steer our sustainability approach. "Concern Beyond Cars" manifests our commitment towards sustainability, focusing to drive sustainability in the automobile sector and contribute towards education, health and livelihood opportunities for the underprivileged sections of the society, as well as conservation of environment and ecology.

Being a mobility solutions Company, IMC has an impact on environment and society through its operations and use of its products by customers. Our sustainability strategy focuses on better management of impacts throughout our operations and use of products while providing day-to-day mobility solutions to the society.





# SDGs & IMC

Sustainable Development Goals (SDGs) were adopted at the United Nations Sustainable Development Summit in September 2015. SDGs consist of 17 goals and 169 targets and serve as the blueprint to achieve a better and a more sustainable future for all by 2030. The SDGs address the global challenges which we face, including poverty, hunger, climate change, increasing inequality and peace and justice.

Toyota Motor Corporation has transformed into a mobility company in order to offer improved value and expand contribution to SDGs. Toyota's global approach is to solve social issues by producing safe, reliable and environment-friendly

vehicles, pursuing socially contributory activities by becoming a responsible corporate citizen, enhancing ESG by tackling human rights issues and promoting diversity. This guides our approach towards SDGs.

IMC has aligned its activities with Toyota Motor Corporation's approach towards SDGs in the form of its "Million Tree Plantation Drive", investing in renewable energy, providing a productive and a safe work place, promoting education, health and sports, educating masses about safe driving habits and cleanliness drives. The SDGs icon appears in relevant sections of the Report where IMC's activities have contributed towards SDGs.

## IMC and PBC Workshop under SDG Leadership Program

Based on its sustainability practices, IMC has been glorified as the Industry Leader for SDG-8 (Decent Work and Economic Growth) by the Pakistan Business Council (PBC) under its CERB SDG Leadership Program. The Centre of Excellence in Responsible Business (CERB) is an outreach initiative of PBC that serves with an objective to build capacity and capability of businesses in

Pakistan. IMC partnered with CERB for conducting workshops on SDG-8 to share best practices and how the Toyota Way is being used for developing the Dealers' eco system. In its first workshop, IMC also included the key attributes of the Toyota Production System (TPS) that are used for quality and efficiency emphasis, thus contributing to Pakistan's economic growth. A stimulating activity on Decent Work and Universal Human Rights was carried out at the workshop in which all participants from various businesses participated. The workshop organizers and participants appreciated IMC for providing insights into Toyota's Customer First philosophy, the Toyota Way and TPS.



Indus Motor's team with members of Pakistan Business Council and CERB during the leadership workshop

# Toyota's Global Commitment



“ I believe that our mission is to provide goods and services that make people throughout the world happy, or, in other words, to “mass produce” happiness.

To achieve this, I believe it is necessary to cultivate Toyota people around the world who have a “you perspective,” and who can pray for and take action for the happiness of those other than themselves.

I view this as also being a part of earnestly engaging in the Sustainable Development Goals, or SDGs, for which international society is aiming for, with the stance of “no one will be left behind.” ”

**Akio Toyoda**  
President  
Toyota Motor Corporation

The Toyota global commitment to sustainability is demonstrated through Toyota's Vision and seven Guiding Principles.

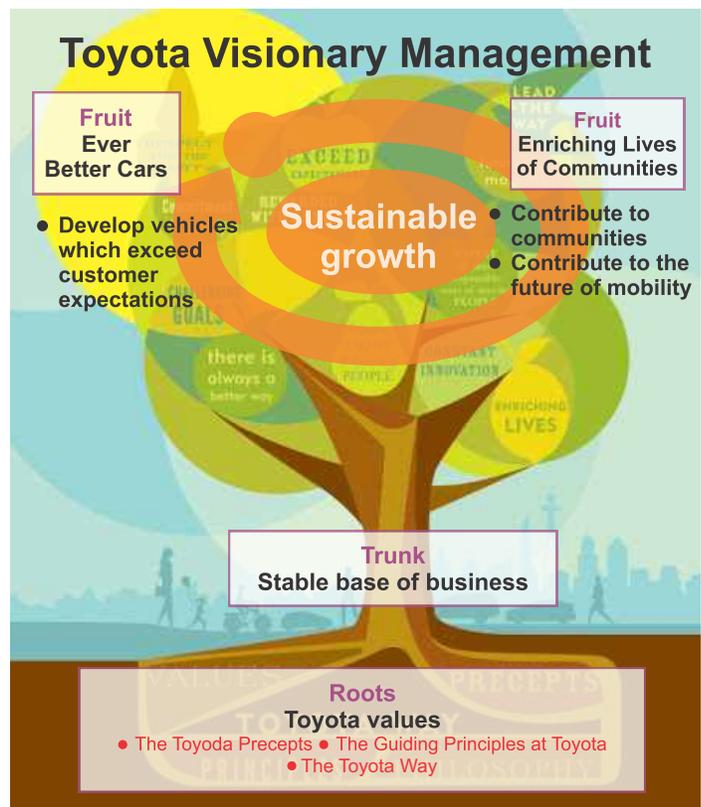
## Toyota Global Vision

Toyota will lead the future mobility society, enriching lives around the world with the safest and most responsible ways of moving people.

Through our commitment to quality, ceaseless innovation, and respect for the planet, we strive to exceed expectations and be rewarded with a smile.

We will meet challenging goals by engaging the talent and passion of people who believe there is always a better way.

The Toyota Global Vision (announced in 2011) defines our esteemed values and our actions to make 'always better cars' that exceed customer expectations and 'enriching lives of communities,' leading to a 'stable base of business' to achieve sustainable growth of the company.



## The Toyota Way

With the rapid growth, diversification and globalization of Toyota in the past decade, values and business methods that had been passed on as implicit knowledge were identified and defined in 2001 as the 'Toyota Way'. Toyota is preparing to operate as a truly global company, guided by a common corporate culture. In order to continue fulfilling its role as the backbone of all Toyota operations, Toyota will continue to update the Toyota Way in the future to reflect changes in the times to come.



# Guiding Principles at Toyota

Since the company was founded in 1937, Toyota Motor Corporation and its subsidiaries have continuously strived to contribute to the sustainable development of society and the earth through the provision of high-quality and innovative products and services.

Through such continuous efforts, we have established our own management philosophy, values and methods that have been passed down from generation to generation throughout the company. This management philosophy has been summarized into what is known as the 'Guiding Principles at Toyota'. Updated in 1997, the Toyota's Guiding Principles are a cornerstone of the company's corporate management philosophy and help it to steer a clear path toward achieving sustainable development in Pakistan.

- 

1 Honor the language and spirit of the law of every country and region, and undertake open and fair business activities to be a strong corporate citizen of the world.
- 

2 Respect the culture and customs of every country and region, and contribute to economic and social development through corporate activities in their respective communities.
- 

3 Dedicate our business to provide clean and safe products and to enhancing the quality of life everywhere through all of our activities.
- 

4 Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
- 

5 Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
- 

6 Pursue growth through harmony with the global community via innovative management.
- 

7 Work with business partners in research and manufacturing to achieve stable, long term growth and mutual benefits, while remaining open to new partnerships.

# Toyota Motor Corporation CSR Policy

## *Preamble of CSR Policy: Contribution toward Sustainable Development*

We, Toyota Motor Corporation and our subsidiaries, take initiative to contribute to the harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles. We comply with local, national, and international laws and regulations as well as the spirit thereof, and conduct our business operations with honesty and integrity. In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication. We expect our business partners to support this initiative and act in accordance with it.

### Customers

- Based on our "Customer First" philosophy, we develop and provide innovative, safe, and outstanding high-quality products and services that meet a wide variety of customer demands to enrich the lives of people around the world. (Guiding Principles: 3 and 4)
- We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country and region's privacy laws. (Guiding Principle: 1)

### Employees

- We respect our employees and believe that the success of our business is led by each individual's creativity and solid teamwork. We support personal growth for our employees. (Guiding Principle: 5)
- We support equal employment opportunities and diversity and inclusion for our employees. We do not discriminate against them. (Guiding Principle: 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principle: 5)
- We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principle: 5)
- Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility," working together for the success of our employees and the company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries and regions in which we operate. (Guiding Principle: 5)
- Management of each company takes leadership in fostering a corporate culture and implementing policies that promote ethical behavior. (Guiding Principles: 1 and 5)

### Business Partners

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principle: 7)
- Whenever we seek a new business partner, we are open to

any and all candidates, regardless of nationality or scale, and evaluate them based on their overall strengths. (Guiding Principle: 7)

- We maintain fair and free competition in accordance with the letter and spirit of each country and region's competition laws. (Guiding Principles: 1 and 7)

### Shareholders

- We strive to enhance corporate value while achieving stable and long-term growth for the benefit of our shareholders. (Guiding Principle: 6)
- We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles: 1 and 6)

### Global Society / Local Communities

#### Environment

We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish, and promote technologies that enable the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principle: 3)

#### Community

- We implement our philosophy of respect for people by honoring the culture, customs, history, and laws of each country and region. (Guiding Principle: 2)
- We constantly pursue safer, cleaner, and improved technologies that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles: 3 and 4)
- We do not tolerate bribery of or by any business partner, government agency, or public authority, and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principle: 1)

#### Social Contribution

Wherever we do business, we actively promote and engage, both individually and with partners, in social contribution activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principle: 2)

# The Toyota Environmental Challenge 2050

Moving towards a society where people, cars, and nature can co-exist in harmony

In October 2015, Toyota formulated and announced the Toyota Environmental Challenge 2050 with the aim of going beyond zero environmental impact and hoping to achieve a net positive impact. Toyota has been striving to reduce the environmental burden attributed to automobiles to as close to zero as possible, while developing measures to contribute positively to the earth and its societies with the aim of achieving a sustainable society. The challenge comprises of six individual challenges across three areas: ever-better cars, ever-better manufacturing and enriching lives of communities.

**CHALLENGE 1**  
New Vehicle Zero CO<sub>2</sub> Emissions Challenge

Reduce global average CO<sub>2</sub> emissions during operation from new vehicles by 90% from Toyota's 2010 global level

**CHALLENGE 2**  
Life Cycle Zero CO<sub>2</sub> Emissions Challenge

Completely eliminate all CO<sub>2</sub> emissions from the entire vehicle life cycle

**CHALLENGE 3**  
Plant Zero CO<sub>2</sub> Emissions Challenge

Achieve zero CO<sub>2</sub> emissions at all plants worldwide by 2050

**CHALLENGE 4**  
Challenge of Minimizing & Optimizing Water Usage

Minimize water usage and implement water discharge management based on individual local conditions

**CHALLENGE 5**  
Challenge of Establishing a Recycling-based Society & Systems

Promote global rollout of end-of life vehicle treatment and recycling technologies and systems developed in Japan

**CHALLENGE 6**  
Challenge of Establishing a Future Society in Harmony with Nature

Connect nature conservation activities beyond the Toyota Group and its business partners among communities, with the world, to the future

In the age of transformation to electric vehicles and low carbon economy, Toyota is committed to innovating and improving its mobility solutions for providing safety, environmental sustainability and waku-doki (excitement and exhilaration that wows you) to its customers. The technological initiatives to reduce environmental impact of production processes and vehicle use are being addressed by TMC as it oversees design and manufacturing locations. TMC encourages its partners to look for opportunities to support these initiatives at the local level.

# Our Commitment

Our sustainability strategy is guided by the Toyota Global Vision and Guiding Principles. Sustainability is embedded in our Vision, Mission, Values, Strategy and Business Model and has resulted in becoming a number one choice in the marketplace. The sustainability approach is focused to improve our operations, pursue sustainable practices in our supply chain, and effectively manage our impacts on economy, environment and society for making meaningful contributions towards sustainable development. Being affiliates of Toyota, the “Toyota Way” sets the standards expected from affiliates and is supported by our comprehensive corporate governance structure. Our integrated management system policy, health and safety policy, environment policy and code of conduct are the leading pillars of our commitment to be a responsible corporate citizen. These guiding documents set the principles for the business activities and conduct of our workforce.



## Sustainability Management

Responsibility for sustainability lies with IMC's Board of Directors and Management team. The Board has the responsibility for defining sustainability initiatives and overseeing progress. Initiation, execution and control of sustainability activities are managed by the Management Committee and “S.H.E (Safety, Health and Environment) Steering Committee” which is headed by the Chief Executive. The S.H.E Steering Committee also develops overall sustainability policies covering health, safety and environment. The Committee meets on monthly basis to discuss, evaluate and guide the sustainability efforts within the organization and in the supply chain. The sustainability performance is reviewed on a continuous basis and corrective actions are taken on need basis via efficient and swift decision-making. The impacts of products and activities, performance against targets and the strategies proposed by S.H.E Steering Committee are discussed and endorsed at Board meetings.

At IMC, sustainability is practiced through compliance with the requirements of our internal management systems and defined targets. Toyota Motor Corporation's Guidelines and Toyota Production System (TPS) articulate our sustainability programs, including our five years' environmental program. Our 6<sup>th</sup> Environmental Action Plan (FY17 - FY21) is being implemented in line with Toyota's global commitment to sustainability. Two key principles of TPS are: 'Just-In-Time' and Jidoka. 'Just-In-Time' is the cornerstone of our approach to efficient resource utilization while increasing productive potential of our workforce. These principles require that we make only what is needed, when it is needed and in the quantity it is needed, resulting in eliminating waste, including wasted time and effort. Jidoka means 'automation with human touch'. It is based on corrective action. It requires that as soon as a problem is identified, production should stop and action immediately taken to resolve the issue.

In order to manage the impacts occurring at our plant as well as at our supply chain partners through our business relationships, we actively work with our supply chain partners to promote sustainability practices. The use of reusable packaging, efficient ordering and delivery of parts and the initiative for emission reduction and energy efficiency has resulted in reducing the environmental load of our operations and our supply chain partners over the years. Sustainability at our Dealerships is promoted through our dealer engagement program. Sustainability management is an integral part of the Sales and After-Sales Operations which is applicable on all Dealerships.

# Stakeholders' Engagement

Stakeholders' engagement is critical in identifying the impacts of our products and activities regarding important interest groups, managing their expectations from IMC and maintaining a competitive advantage in the marketplace. Keeping in view the importance of stakeholders for our success, we interact with them and take their input for important business decisions. Our primary stakeholders include shareholders, customers, dealers, suppliers, employees, the government and the community. Stakeholders are individuals, groups of individuals or organizations that are affected by our activities, products and services or whose actions and relationships can affect our ability to meet our corporate objectives.

Stakeholders are identified on the basis of dependence, responsibility, influence, diversity and involvement. We prioritized stakeholders on the basis of their willingness to engage, relationship with IMC, influence and proximity. Stakeholders are regularly engaged through different departments on day-to-day basis. In addition to regular engagement, need-based engagements with stakeholders also take place to get stakeholders' input on specific issues. Different engagement methods, including surveys, focus groups, meetings and emails are used during engagements. The stakeholder engagement process is constantly reviewed by the senior management. The list below is a fair representation of the stakeholders that affect or are affected by our business activities:

Stakeholder Group	Engagement Method	Frequency	Issues/Concerns	Our Response
Shareholders and providers of capital	Annual General Meeting (AGM) /Extra-Ordinary General Meeting (EOGM), Corporate Affairs Department	Ongoing	Financial returns and CSR initiatives	Innovation and investment for plant upgradation to provide sustained economic returns and interventions in the field of education, health and skill development for community uplift
Customers	Surveys, Phone calls, Customer Relations Department, Customer First Department	Ongoing	Customer safety, product specification and product quality, product availability, prices (RSP) and delivery time	Continuous investment in health and safety and product design to provide quality products at competitive prices
Toyota Motor Corporation	Review meetings and involvement in IMC management and operations, Toyota global initiatives and forums	Ongoing	Compliance with globally-shared metrics, including health and safety, environment and community development	Ensuring compliance with Toyota Motor Corporation's metrics through continuous learning from international network
Dealers	Dealer surveys, focus groups, meetings, training and conferences	Ongoing	Product delivery mechanism, compliance with IMC requirements and Dealers' training and support	Provision of training on compliance requirements and product attributes for improving customer experience at Dealerships. Improving product delivery mechanism
Suppliers	Supplier meetings, quarterly workshops, supplier surveys and annual supplier conference	Ongoing	Technical support to suppliers, carrying out supplier site quality checks and product safety	Provision of technical support to suppliers and focus on health and safety initiatives, carrying out supplier site quality checks to improve quality of parts and reduce rejection at suppliers' end

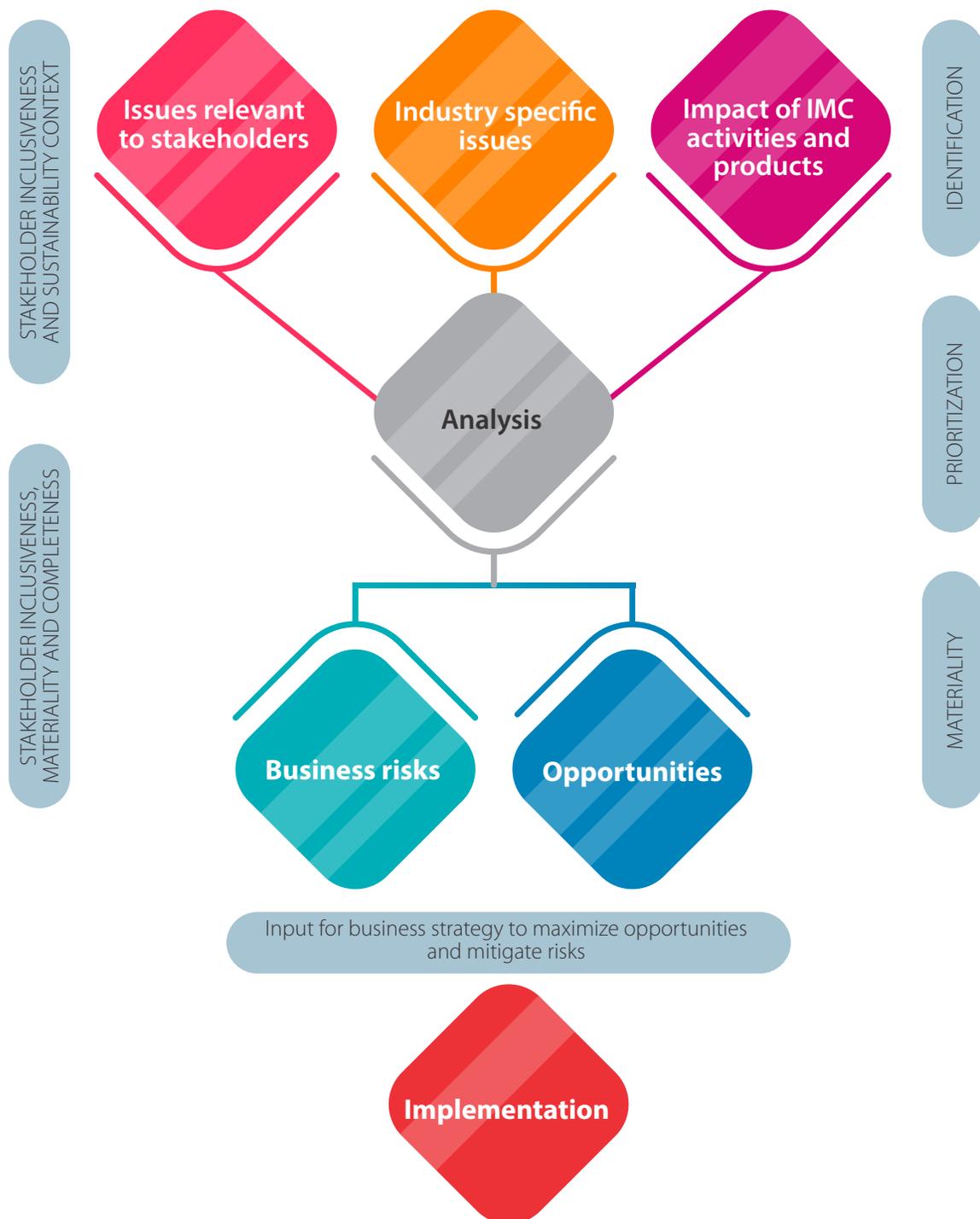
Stakeholder Group	Engagement Method	Frequency	Issues/Concerns	Our Response
Employees	Staff meetings, training, performance appraisal, annual get-togethers, consultation with employees' representative groups and employee satisfaction surveys	Ongoing	Operational performance and productivity, training and education opportunities and employee health and safety	Continuous investment in training and education of workforce and maintaining excellent health and safety standards for a safe and productive workplace
Community	On-site visits, surveys and focus group meetings	Ongoing	Education, health, and skill development for community uplift	Committed to keep contributing 1% pretax profit of preceding year on education, health and skill development for community uplift
Government and industry groups	Meetings, annual reports and focus groups	Ongoing/ Need Basis	Sustainable automobile sector and compliance of laws and regulations	Compliance with applicable laws and regulations and consultation with industry groups for a sustainable automobile sector
Media	Interviews, briefings and press releases	Ongoing/ Need Basis	Insights on business, market and industry and financial performance	Provide regular updates on business developments, operational performance and information relating to automobile industry and launch of new products



Toyota Central Motors (TCM) 1<sup>st</sup> Dealership in Pakistan to be certified on “Toyota Way-Lets Live It” concept. The TCM Customers Relations team and management pictured with the award along side IMC’s Customer Relations senior management

# Materiality Analysis

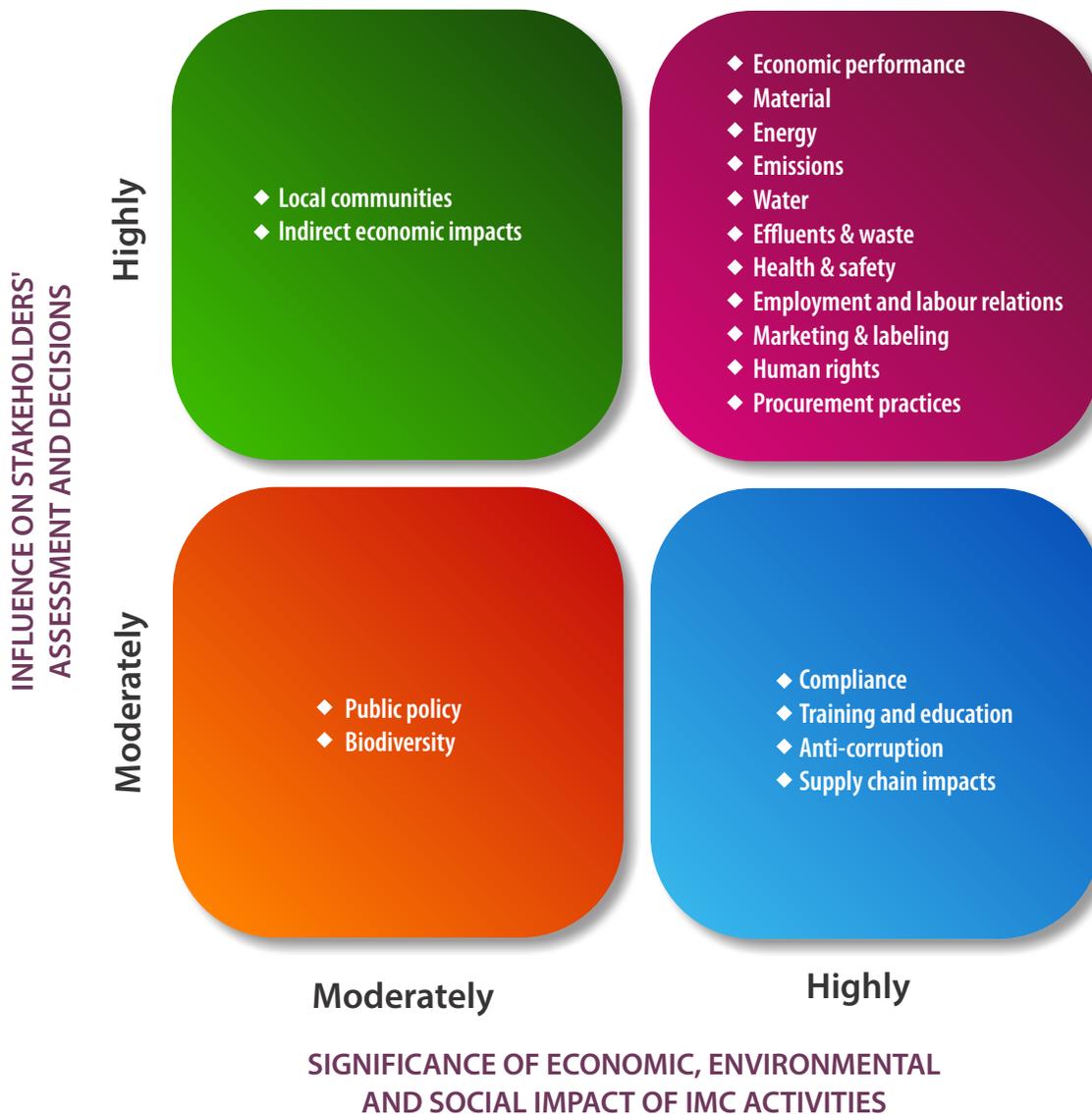
Business strategy development and risk management approach takes a holistic view of our wider economic, environmental and social impacts in addition to core financial issues. Our materiality analysis process helps in determining the most material issues for the organization, making sense of sustainability landscape and concentrating actions in these high priority areas. The process involves identification, prioritization and validation of key sustainability topics showing IMC's major impacts on the economy, environment and society.



The process of determining material issues takes into account our activities and related impacts, industry specific issues and issues identified by stakeholders. Once the topics are identified, these are shortlisted and reviewed by taking into consideration factors of severity of the impacts, relevance to stakeholders and our corporate objectives and strategy. The principles of defining the report content from GRI 101: Foundation (2016) i.e. stakeholder inclusiveness, sustainability context, materiality and completeness were applied at various degrees during the process. The materiality process resulted in most important sustainability topics representing our impacts on the economy, environment and society and deemed important by stakeholders for their decisions.

The results of the materiality determination exercise are summarized in the materiality matrix. The matrix presents the topics in order of importance to stakeholders and the impacts of our activities. The content and scope of the report is guided by the matrix. The report only covers the impacts of Indus Motor Company's operations and does not include information on any impacts of associates, subsidiaries or supply chain partners.

## Materiality Matrix



# Boundary of Material Topics

Material Topics	Why Material ?	Topic Boundary
Economic performance	Important for providing sustained returns, making contribution to economy, payment to workforce and suppliers and well-being of society through CSR.	IMC
Material	Important component in product and its impact on depleting finite materials.	IMC
Energy	Impact on depleting finite resources and environmental impact of use of non-renewable resources.	IMC
Emissions	Negative environmental impact of greenhouse gases emitted due to our activities and use of products.	IMC, our customers, our suppliers
Water	Water is a scarce resource and use of fresh water leading to water scarcity in the country.	IMC, our suppliers, our dealers
Effluents and waste	Negative environmental impact of waste handling, incineration, dumping and transporting of hazardous and non-hazardous waste.	IMC, our suppliers, our dealers
Health and safety	Directly relate to health and safety of workforce and customers. Impacts the brand in the marketplace.	IMC, our suppliers
Employment and labour relations	Diversified workforce for better productivity and compliance with laws, international charters and conventions.	IMC, our suppliers
Marketing and labeling	Provision of customer centric product information and compliance with laws and regulations.	IMC
Human rights	Compliance with laws, international charters and conventions.	IMC, our suppliers, our dealers
Procurement practices	Opportunities for direct and indirect economic contribution through localization.	IMC, our suppliers
Compliance	Avoid non-compliance of laws and regulations.	IMC
Training and education	Capacity building, enhancing creative potential of workforce for increasing productivity and succession planning.	IMC
Anti-corruption	Reducing risks of economic imbalance and compliance with laws, international charters and conventions.	IMC, our suppliers, our dealers
Supply chain impacts	Impact of suppliers activities on environment and society.	IMC, our suppliers, our dealers
Local communities	Socio-economic development of communities and provision of healthcare, education and food to needy communities.	IMC
Indirect economic impacts	Community uplift through infrastructure investments, skill development and jobs in supply chain.	IMC

# Fun Facts & Tips for Safety



## YOU NEVER DRIVE ALONE

Even if you are alone in the car, you're still responsible for more lives than you think. That's because the safety of other road users are in your hands every time you're behind the wheel.



## AIRBAG SPEED

The only thing that should be speeding is your airbag. Deployed at speeds of up to 200mph in 0.2 seconds, the airbag provides protection between you and the steering wheel, dashboard or windshield.



## SAFETY MULTIPLIER

There's a very simple way to enhance the effectiveness of airbags by 15 times- WEAR YOUR SEATBELT.



## AIRBAGS ENDANGER CHILDREN

Children aged 12 and under should always ride in the rear because the explosive force used to deploy an airbag can be fatal to young children. For the same reason, a rear-facing car seat for infants and toddlers should not be placed in front of an airbag.



## S IS FOR SAFETY

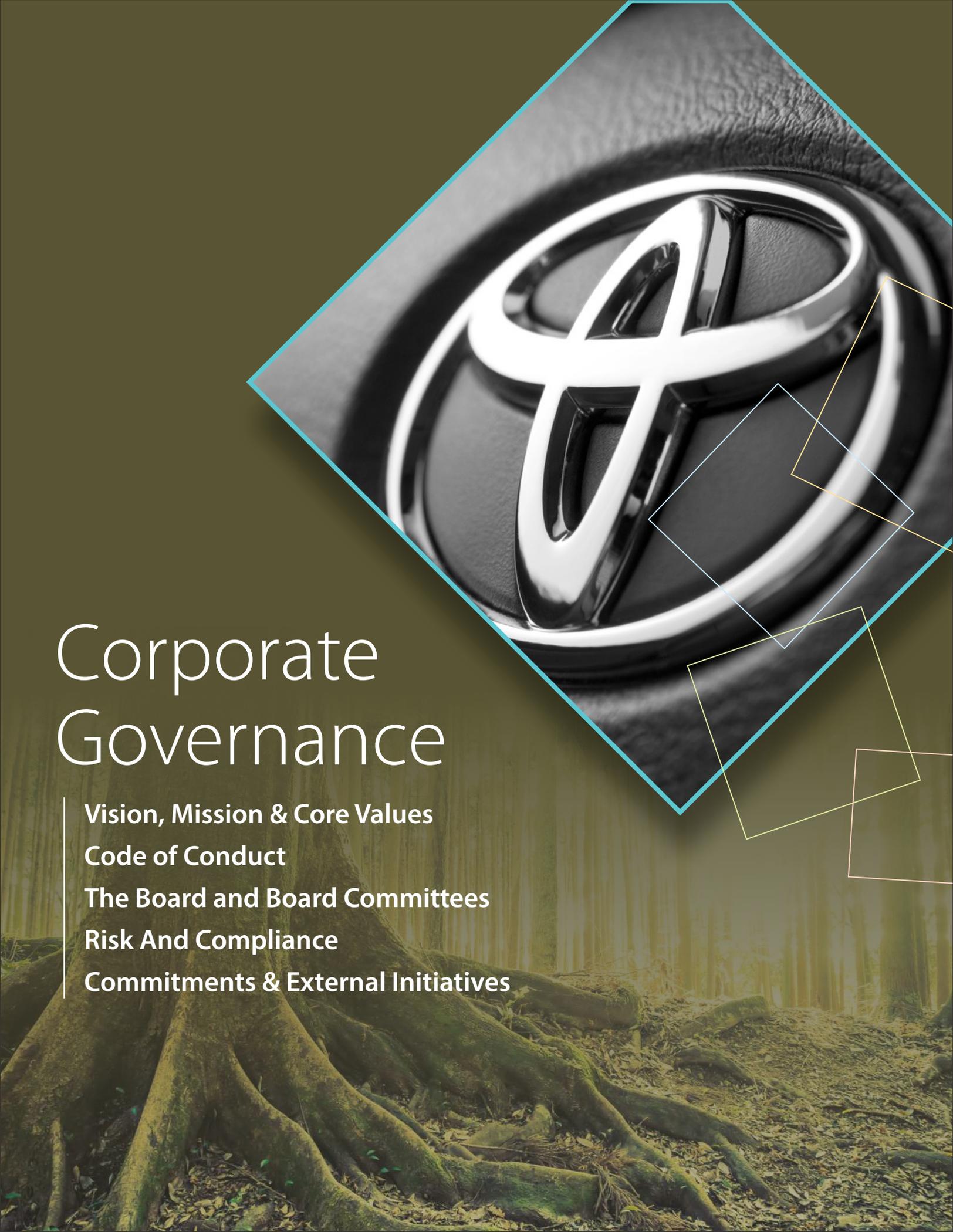
Keeping your child safe during a car ride is as easy as ABC. Just put your child in a child safety seat. This can reduce the risk of fatality by 71% for infants and 54% for toddlers aged 1 to 4 years.



## SAVED BY A SEATBELT

100,000 - that's the average number of people saved by seatbelts every year.





# Corporate Governance

**Vision, Mission & Core Values**

**Code of Conduct**

**The Board and Board Committees**

**Risk And Compliance**

**Commitments & External Initiatives**



# VISION

“ To be the most respected and successful enterprise, delighting customers with a wide range of products and solutions in the automobile industry with the best people and the best technology. ”

# MISSION

IMC's Mission is reflected in the Company's slogan Action, Commitment and Teamwork to become #1 in Pakistan.

- Respect & Corporate Image
- Customer Satisfaction
- Production & Sales
- Quality & Safety
- Best Employer
- Profitability



# CORE VALUES

- World class production quality
- Achieving the ultimate goal of complete customer satisfaction
- Being seen as the best employer
- Fostering the spirit of teamwork
- Inculcating ethical and honest practices



# Code of Conduct

## Conflict of Interest



Any personal interest, which may affect or might reasonably be deemed by others to affect an employee's impartiality, should be declared upfront in writing. The company property must not be used for personal work unless specific permission is obtained.

Each staff member is employed in the company on a full-time basis and therefore, they are not to be involved, directly or indirectly, in any vocation, business or commercial activity. Any departure from this can only be made with the written permission of the Chief Executive Officer.

## Confidentiality and Accuracy of Information



The confidentiality of information received in the course of business must be respected and never used for personal gain; information given in the course of business must be honest and never designed to mislead. Further, all company affairs are to be treated as confidential and should not be discussed with third parties during service with the Company and after leaving the service.

## Gifts



All members are forbidden to accept gifts or borrow money from another member of the company or from a Distributor, Dealer, Vendor or a Customer. Personal gifts given or received beyond norms of business etiquette, which are likely to improperly influence business decisions, must be avoided.

## Proper Recording of Funds, Assets, Receipts and Disbursements



All funds, assets, receipts and disbursements should be properly recorded in the Books of the Company. In particular, no funds or accounts should be established or maintained for purposes that are not fully and accurately reflected in the Books and records of the Company.

## Health and Safety



Every staff member should take reasonable care to ensure the health and safety of himself/herself and others who may be affected by his/her acts at work. Staff members should not tamper with or misuse any item provided by the Company to secure the safety, health and welfare of its staff and for the protection of the environment.

## Environment



To preserve and protect the environment, all staff members should:

- Design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities;
- Promote conservation of resources, waste minimization and the minimization of the release of chemicals/gases into the environment;
- Strive continuously to improve environment awareness and protection.

## Workplace Harassment



The staff will maintain an environment that is free from harassment and in which all employees/Directors are equally respected. This means any action that creates a hostile or offensive work environment; such actions include, but are not limited to, sexual harassment and any disparaging comments based on gender, religion and race or ethnicity.

## Company Image



All staff members must avoid participating in any political activity or in such personal behavior during or after office hours, which may bring disrepute to the Company.

## Legal Proceedings



It is essential that a staff member, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his superior in writing.

# The Board and Board Committees



A sound governance structure is vital for success in the marketplace in order to achieve a competitive advantage and meet stakeholders' expectations. The Companies Act 2017, Code of Corporate Governance for listed companies, applicable regulations and Toyota Guiding Principles form the basis for our corporate governance structure. These elements reinforce our commitment to promote a culture of high ethical standards, integrity, transparency, accountability and compliance with the applicable laws and regulations. At IMC, a well-established governance structure is in place, comprising of an integrated management system and a code of conduct which governs our management practices to deliver sustainable results and customer delight.

## Board of Directors

The Board of Directors consists of ten Directors, out of which three Directors represent Toyota Motor Corporation and Toyota Tsusho Corporation of Japan. Five Directors are Non-Executive Directors, two are Executive Directors and three are Independent Directors. The Board Members are well qualified, competent and have diversified experience and expertise in the fields of engineering, business, management, finance and economics. The Board Members are elected every three years while any casual vacancy is filled by the Board of Directors as per applicable laws and

regulations. For more details about the profile of the Board of Directors, refer to page 24 of Annual Report 2020.

## Board Committees

The IMC Board of Directors is the highest governing body responsible for implementation of corporate governance policies and procedures and reviewing overall Company performance against defined objectives. In order to effectively focus on important issues requiring deliberation and discharging its duties effectively, the Board has formed various Board Committees. These Board Committees have their own mandate, objectives and responsibilities and meet as required to oversee the business in specific areas. The Committees report their activities to the Board of Directors and prepare Board Meeting agenda for their respective areas.

The Board Committees are Audit Committee, Human Resource and Remuneration Committee and Ethics Committee. The Management Committees comprise of Investment Committee, Marketing Technical Co-ordination Committee, ACT#1 Management Committee and Safety, Health & Environment (S.H.E) Steering Committee. The Board Committees are supported by the executive level committees which report to the Board Committees and assist in discharging their obligations.



# Risk and Compliance

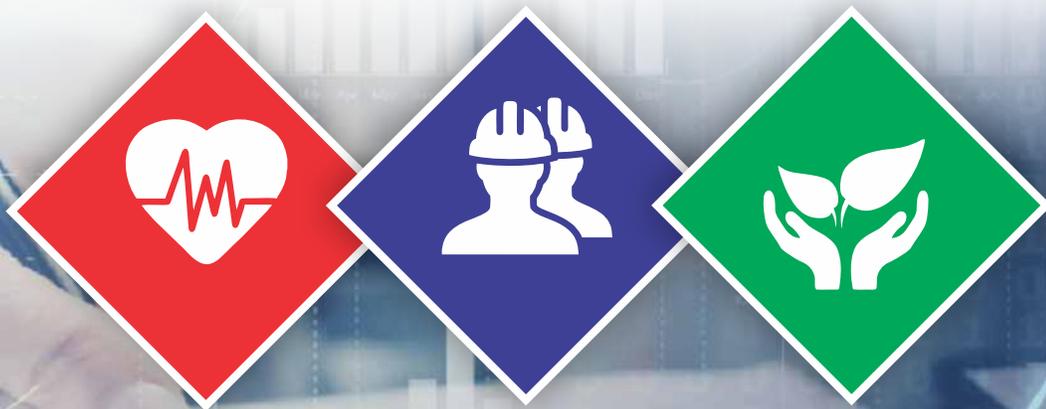
*Toyota's Principle "Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world" is the guiding pillar of our risk and compliance mechanism.*

Our external environment has changed significantly due to the COVID-19 outbreak in March 2020 and the resulting global lockdowns. Economic activities have been halted nationally and globally on account of the pandemic. In addition to the COVID-19 pandemic, weak economic indicators, currency devaluation and low tax collection resulted in macro-economic instability in the marketplace. These factors posed risks to our operations which are directly affected by changes in economic conditions and the decrease in disposable income of customers. This year, multiple price revisions due to currency devaluation and increase in taxes and duties have resulted in price increase which caused a decrease in demand; leading to non-production days practiced in the auto-industry.

Our operations are also subject to risks on account of climate change due to increased emissions from a growth in the number of vehicles on the roads. Further, the recent debate on Electric Vehicles (EV) has highlighted the lack of a clear policy for the automobile sector. These significant risks require adequate strategies to manage the impact on our operations. Our Risk Management system assesses risks and opportunities in the context of the broader political and macroeconomic environment faced by IMC and divides these risks in categories of strategic, regulatory, financial, operational, reputational, and sustainability risks. The Audit Committee reviews the risks and recommends the course of action to the Board for review and discussion in Board meetings. Based on the discussion in the Board meetings, appropriate strategies are formed and adopted to manage these risks effectively.

Our strong internal compliance culture governs our corporate activities and our relationships with our supply chain partners. Toyota Guiding Principles, along with applicable laws and regulations, are followed to comply with requirements from Toyota, local laws and regulations and to meet our stakeholders' expectations. Our Risk Management System is aligned with TMC's Toyota Global Risk Management Standards (TGRS) which define risk as the effect of uncertainties in meeting the expectations of stakeholders while heading towards achievement of the corporate vision. The Risk Management strategy and responsibilities are designed and communicated to the respective process owners to address risks at operational as well as strategic levels, which has resulted in better risk reporting and management.

IMC is subject to various laws and regulatory controls, voluntary initiatives relating to taxes and duties, employment practices, health and safety and environment, product safety and marketing communications. IMC's approach to Risk Management and compliance is preventative and is primarily focused on compliance with applicable laws, regulations and voluntary codes and initiatives. The Risk Management approach is constantly reviewed internally and externally through audits and external certification of management systems. Based on the review results, the approach is adjusted accordingly to achieve the desired outcomes. During the year, no significant fines or non-monetary sanctions for non-compliance with the laws and regulations occurred.



# Commitments and External Initiatives

IMC is committed to follow and support various external international initiatives, charters and principles, in addition to internal charter, code of conduct and guidelines:



IMC is a member of the industry associations listed below and does not hold any position in these associations. IMC only supports these associations through sponsorships and participation in various programs organized by these organizations:

- Karachi Chamber of Commerce and Industry
- Federation of Pakistan Chambers of Commerce and Industry
- Overseas Investment Chamber of Commerce and Industry
- Pakistan Automotive Manufacturers Association
- Pakistan Business Council
- Bin Qasim Association of Trade and Industry
- Landhi Association of Trade and Industry

We are aware of the precautionary principle of Article 15 of Rio Declaration on Environment and Development and are committed to fulfilling our responsibility towards Risk Management in business planning and product development.

We apply precautionary approach to reduce the environmental impact of our operations and products through research and development, modernization and adoption of cleaner technologies.

## Awards & Accolades Received During 2019-20

Award winning is one of the key benchmarks of an organization's overall success and reputation in the market place. We are delighted to be on a winning spree, yet we believe that for winners there are no finish lines. For exhibiting outstanding performance and demonstrating progressive management practices, such as Capital Efficiency, Profitability, Free-Float of Shares, Transparency, Corporate Governance & Investor Relations, Compliance with Listing of Companies & Securities Regulations during 2019-20, Indus Motor has won following prestigious Awards and Industry Recognitions:

- **Pakistan Stock Exchange** - Top 25 Companies for the years 2016 and 2018
- **Asiamoney** - Most Outstanding Company in Pakistan 2019 (Automobiles & Component Sector)
- **Management Association of Pakistan** - 35<sup>th</sup> Corporate Excellence Award 2019 in Automobile
- **The Global Compact Network Pakistan of UNGC** – Living the Global Compact Best Practices Sustainability Award 2019
- **National Forum for Environment & Health** - Corporate Social Responsibility Award 2020
- **Toyota Motor Asia Pacific** - Outstanding Customer Service Excellence Award 2019
- **Toyota Motor Asia Pacific** - 1st Prize in the 13<sup>th</sup> Asia Pacific Toyota Business Practice (TBP) Contest 2020
- **Toyota Motor Asia Pacific** - Toyota Commendable Kaizen Award in the category of Body & Paint



CEO Indus Motor, Mr. Ali Asghar Jamali receiving PSX Award from the Prime Minister, Mr. Imran Khan



# Economic Performance

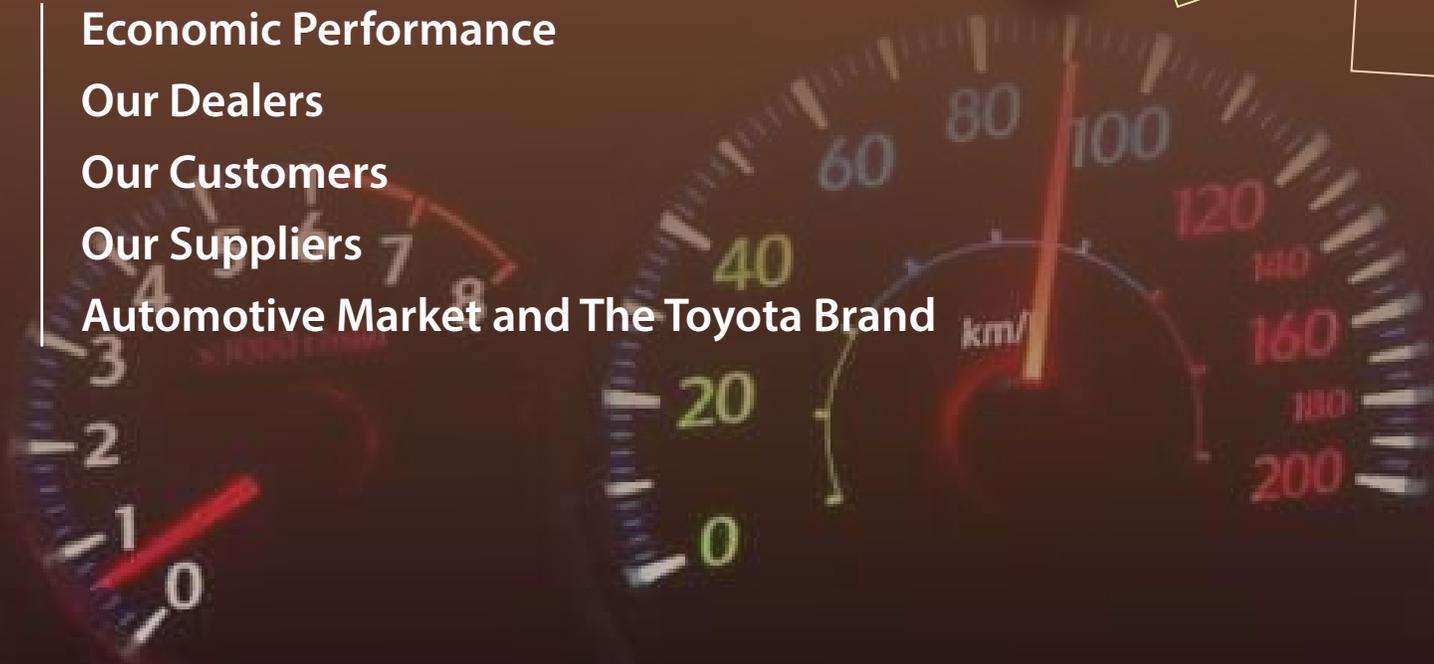
**Economic Performance**

**Our Dealers**

**Our Customers**

**Our Suppliers**

**Automotive Market and The Toyota Brand**



# Economic Performance



Our economic performance empowers us to deliver sustained economic returns to providers of capital, invest in our supply chain, and practice sustainability passionately in our sphere of activities. In 2019-2020, currency devaluation, dwindling economic conditions, reduced purchasing power on account of reduction in economic activities coupled with the outbreak of the COVID-19 pandemic in March 2020, negatively impacted performance of the Company, leading to reduced sales and profitability. Strong and sustained financial returns help deliver better economic performance in the form of payment of duties and taxes, development of local supply chain, payments to providers of capital and investing for the betterment of the local community and for socio-economic development of the country.

The integrated management system, Company policies and objectives, along with Toyota Guiding Principles and the “Toyota Way” are the guiding pillars for delivering sustained performance over the years. IMC operations have direct and indirect economic impacts attributable to our activities of car assembling and sales of parts and services. Direct economic impacts are the payment of dividend, markup, duties and taxes, salaries and benefits to employees, local procurement and investing in our communities. IMC’s indirect economic impacts are increased investments in the allied sectors, new jobs in supply chain, and increase in productivity of different economic sectors through our mobility solutions and economic development in areas adjacent to plant site.

Corruption is a serious risk and results in human rights violation and undermines the rule of law. IMC has in place a well-defined Risk Management System along with policies and procedure to combat corruption risks in its operations. The IMC code of conduct prohibits corrupt practices while compliance is regularly reviewed through the Internal Audit department. Internal audits are carried out on regular basis and the results are communicated to the Board Audit Committee for appropriate action. In 2019-2020 all operations were reviewed for risks related to corruption and no incident of corruption occurred. IMC employees are regularly trained on various aspects related to their daily activities, including training on anti-corruption.

The Board of Directors is the highest body responsible for managing economic impact of IMC operations. The objectives, policies and targets are discussed and approved by the Board of Directors. The Board has delegated the execution of policies and decision-making on day-to-day Company affairs to the Chief Executive. The economic performance is reviewed on quarterly basis at Board meetings and appropriate actions are taken by the Board. More details about Board meetings and financial statements are available on page 53 and 100 of Annual Report 2020.

IMC financial performance for the year 2020 depicts a significant decrease in revenues. The profits have declined due to economic slowdown, currency devaluation and decreased demand. The revenue decreased by 46% to Rs 86 billion from Rs 158 billion compared to the previous year ended June 30, 2019, while profit after tax declined by 63% to Rs 5.08 billion from Rs 13.71 billion posted for the same period last year. For detailed information on financial performance for the year 2020, refer to Director’s Report section of the Annual Report 2020 on page 51.



Late Mr. Ali S. Habib (3<sup>rd</sup> from left) at the Toyota Yaris Line-Off Ceremony at IMC Plant on March 11, 2020

# Economic Value Generated and Distributed

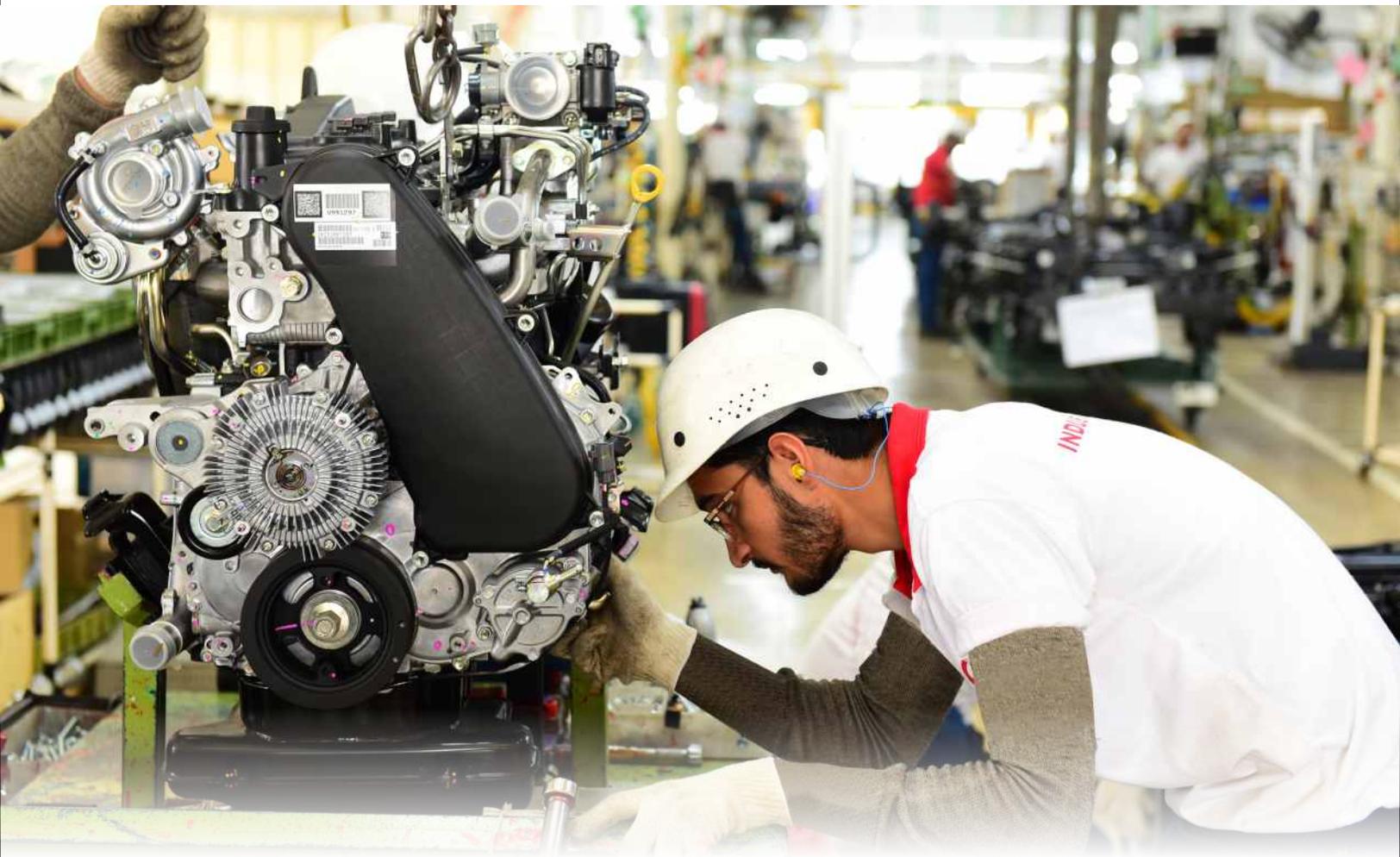
	2020	2019	2018	2017	2016
<b>DIRECT ECONOMIC VALUE GENERATED</b>	(Rs. In Millions)				
Revenues	111,399	195,690	172,728	139,275	134,212
	<b>111,399</b>	<b>195,690</b>	<b>172,728</b>	<b>139,275</b>	<b>134,212</b>
<b>ECONOMIC VALUE DISTRIBUTED</b>					
Business Partners	68,470	123,494	103,581	83,556	82,869
Employees	2,413	2,590	2,852	1,937	1,626
Capital Providers	2,468	9,315	11,576	9,437	7,937
Government	32,295	53,264	48,843	38,606	36,478
Community	190	230	191	174	141
	<b>105,836</b>	<b>188,893</b>	<b>167,043</b>	<b>133,710</b>	<b>129,051</b>
<b>ECONOMIC VALUE RETAINED</b>	<b>5,563</b>	<b>6,797</b>	<b>5,685</b>	<b>5,565</b>	<b>5,161</b>

## Economic Value Distribution

(Rs. in Million)



The Auto Development Policy 2016-21 governs the auto sector in Pakistan and has provided different incentives to the auto industry. However, during the year, IMC did not receive any financial assistance from the government.



## Organization's Defined Benefits

IMC provides different defined benefits to the workforce, including Provident Fund and Pension Fund. Employees contribute 10% of their basic salary in the Provident Fund and the same proportionate amount is contributed by IMC on a monthly basis. IMC contributes 9% of basic salary of employees to the Pension Fund. A separate Pension Fund is maintained to meet the liabilities of pension. 111% of pension plan liabilities are expected to be met by the Pension Fund Assets based on the actuarial assumption made in June, 2020. The Provident Fund balance is paid when employees leave the organization. During the year, IMC spent Rs 231 million on defined benefit plans compared to Rs 192 million in 2019.



# Our Dealers

Dealers are the first contact point for our customers. They play an important role in our success and help us in managing Toyota customers' high expectations, and creating customer delight. We strive to improve Dealership experience of our customers and help Dealerships to manage their environmental and social impacts. Our Dealerships have direct and indirect impacts in the market in the form of payment of taxes, provision of employment, energy and water use, emissions and effluents, supporting communities and complying with applicable laws. We support our Dealers through training and provision of guidance for operational improvements to enhance the customer's experience.

Our Dealership network consists of 46 authorized Dealerships nationwide. The Dealerships are independently owned and operated. Our products and services such as new cars, spare parts and service (maintenance) are available at all our authorized Dealerships. In addition, we have introduced Toyota Sure (T-Sure) service at our Dealerships where customers have the option to purchase reliable, certified used cars or exchange in order to upgrade their existing vehicles. At year-end there are 35 Dealerships with T-Sure facilities across the country.

Increasing competition along with changing market conditions requires exceptional services at our Dealerships. To equip our Dealers for provision of exceptional services, we remain engaged with our Dealerships throughout the year through workshops, training, Dealer certification programs and Kaizen projects. Surveys/audits are carried out by third party auditors against defined performance metrics. Based on the survey/audit results, corrective action is planned and communicated to Dealers to overcome shortcomings. The annual Dealers' Conference is one forum to recognize the dedication and commitment of our Dealers. Dealers delivering exceptional performance against defined KPIs are awarded at the conference. At IMC, we take pride in our Dealership network which helped Toyota in becoming the preferred brand in Pakistan.





**TOYOTA DREAM CAR  
ART CONTEST**

# Toyota Dream Car Art Contest

The Toyota Dream Car Art Contest, organized annually since 2004 by Toyota Motor Corporation is a global contest and one of the biggest drawing competitions in the world for children younger than 16 years competing in 3 age categories i.e. Under 8 Years; 8 to 11 Years & 12 to 15 Years & the Royal category. The contest's objective aims at fostering innovation and creativity in children by encouraging them to think about the future of mobility and envision their 'dream car' and at the sametime emphasizes the importance of children having dreams.

The 14<sup>th</sup> Toyota Dream Car Art Contest 2020 National Jury Event was held in March 2020 at the company's head office to select the top Regional and National winning artworks received from children across Pakistan. Over the years, the contest has expanded exponentially, reaching out to children from all walks of life across the country. Pakistan stands amongst the Top 3 countries globally to have received the highest number of artworks submissions. This year IMC received over 49,900 drawings through its network of 46 Dealerships across Pakistan.

Created with a view to build an all-inclusive society, the Royal Category is a unique feature of the National Contest intended for children who are differently abled. Over the years this category has not only witnessed active participation and growth but also earned huge appreciation from the public.

## The Jury Panel

The five member Independent Jury Panel comprised of art educators, painters and visual artists and included Meher Afroz - painter, print-maker & Professor Indus Valley School of Art & Architecture; Nurayah Sheikh Nabi - Assistant Professor Faculty of Fine Arts, Indus Valley School of Art & Architecture; Aliya Yousuf - Educator & Ceramic Artist; Affan Baghpati - Art Educator & Visual Artist and Muhammad Zeeshan - Art Educator & Visual Artist.

The Jury chose 36 Regional and National winners and short-listed Top 9 artworks representing Pakistan which will enter the World Contest in Japan. Three additional drawings were chosen, two by CEO Indus Motor, Mr Ali Asghar Jamali for the CEO Award and one by the Panel of Jurors for the Jury Choice Award.

## Save the Planet

As a signatory to the United Nations Global Compact, supporter of Sustainable Development Goals (SDGs), and mindful of our contribution to sustainability, the event set-up was created using packing material recovered during CKD unboxing operations at IMC, for example, pallet wood repurposed for building the National Winners Wall and plastic sheets reused to erect Artwork Display Walls. The initiative besides being very cost effective was well appreciated.



Nurayah Sheikh Nabi, an independent jury member reviewing the artworks



IMC CEO, Mr Ali Asghar Jamali with drawings selected by himself for the CEO Award

## Exhibit

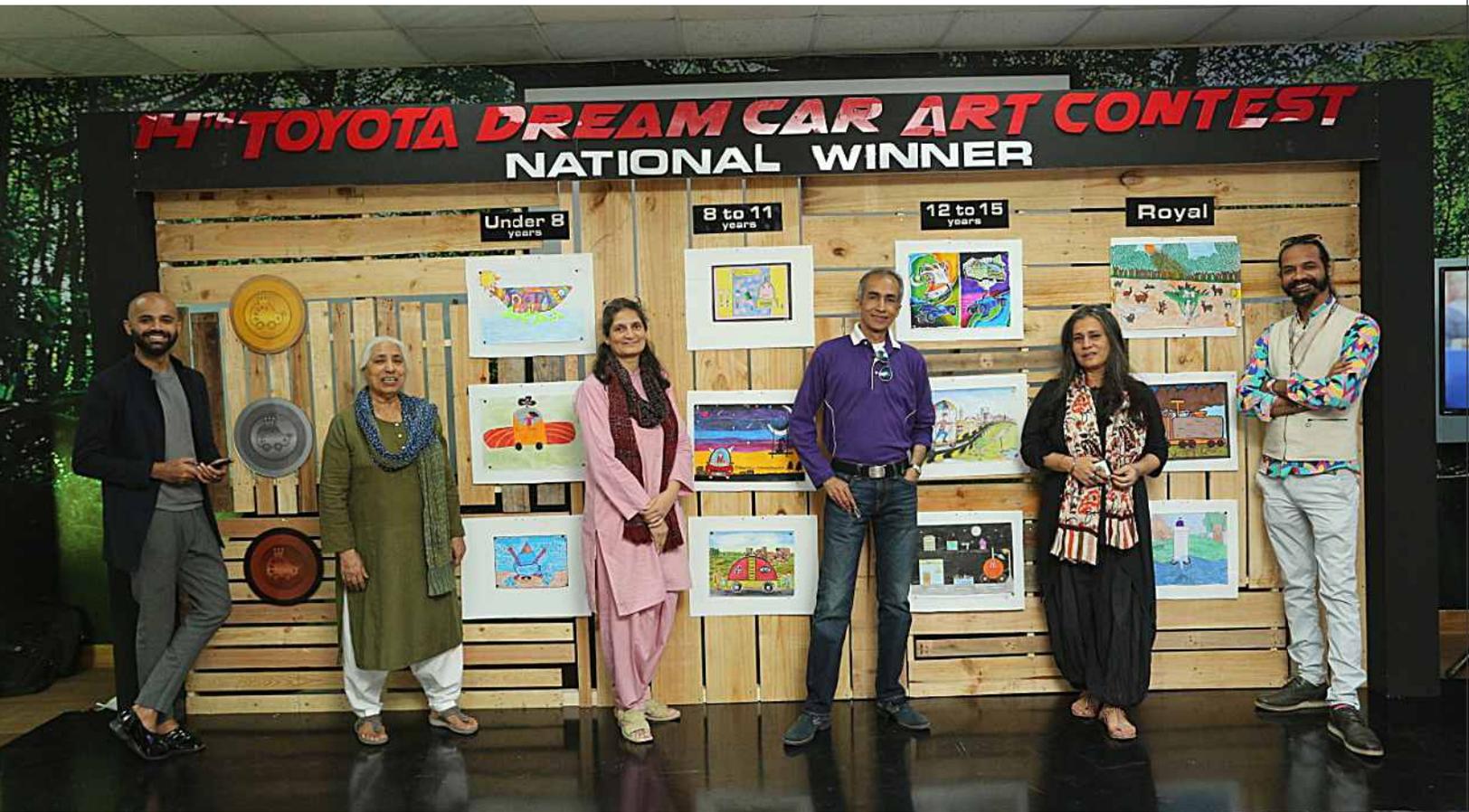
Following the Jury event, for the first time, a two day open house Exhibit was organized at IMC for IMC employees to showcase the short-listed masterpieces drawn by Pakistan's young artists. The footfall generated and feedback by visitors was very encouraging who marveled at the phenomenal talent and imagination of the children on display.

Owing to the COVID-19 pandemic, IMC has had to cancel the National Award Ceremony, held every year to celebrate the achievement of the contest winners. Nevertheless, to recognize and appreciate their effort, IMC presented Award Certificates, Medals and prizes to the winning kids through the Dealerships. Likewise, Toyota Motor Corporation too has deferred the World Contest until 2021.

Over the years Pakistan has had five World Winners, one each in 2010; 2011, 2013 and two in 2019.



Mrs Ali S. Habib pictured at the Exhibit with the Independent Jury and IMC Media Management Team



Head of Media Management & CSR (IMC), Mr. Asad Abdullah with the independent Jury in front of the Top 12 National Winning Artworks (L to R: Affan Baghpati, Meher Afroz, Aliya Yousuf, Asad Abdullah, Nurayah Sheikh Nabi and Muhammad Zeeshan).

## Team 21

Team 21 (Toyota Technical Education for Automotive Master 21<sup>st</sup> century) is a comprehensive technical training program designed for Toyota Dealers' technicians. It is a pre-requisite for technicians to deliver state-of-the-art after sales service as per Toyota standards. The program consists of four training categories; Toyota Technician, Professional Technician, Diagnostic Technician, and Diagnostic Master Technician. All Dealerships had Toyota-certified technicians at the end of financial year 2020.



**All Dealerships had Toyota-certified technicians at the end of financial year 2020.**

## Promotion of Sustainability Practices at Dealerships

Our impacts on the environment are not restricted to our operations only but also include our Dealerships. To manage our impacts which occur in the supply chain, we require our Dealerships to adopt sustainability practices in their operations. We are aware that an effective management of the impact in our operations and in our supply chain is vital to make a meaningful contribution towards Sustainable Development Goals (SDGs). We equip our Dealers with best practices on health and safety, environmental management, labor practices, human rights and managing societal impacts which have helped to effectively manage our supply chain impacts.

## Introduction of AP-ECO Standards

Toyota has promoted a wide range of initiatives to address increasingly severe global environmental issues, such as extreme weather phenomena attributed to greenhouse gas emissions, biodiversity depletion due to development, and water shortages caused by population growth. The Toyota Environmental Challenge 2050 was announced in October 2015 as a means of contributing to the realization of a sustainable society. The challenge reaffirms our commitment to reducing the environmental burden of automobiles to as close to zero as possible, while developing measures to contribute to a positive impact on the Earth and its societies.

Keeping this Vision in mind, Toyota initiated the AP-ECO program, with the help of which it ensures the implementation of Environmental Management System at its Dealerships with strong focus on CO<sub>2</sub> reduction, waste management reduction, water usage reduction and improvement in handling of hazardous chemicals.

Toyota at all its Dealerships ensures and promote 3R activities i.e. Reduce/Reuse/Recycle with the help of which it is not only getting closer to its vision of 2050 but also contributing to the betterment of environment and community.

IMC has 28 of its Dealers certified as per AP-ECO standards. These standards ensure that the Dealerships are as environment-friendly as the values set by Toyota for all its Dealers in the Asia-Pacific Region.



# Sustainability Practices at Dealerships

Our Dealership network actively pursues sustainability practices including environmental management initiatives and investing in the surrounding communities.

## Million Tree Plantation Drive

Joining hands with IMC's "Million Tree Plantation Drive", our Dealers continued awareness activities and tree plantation drives in areas surrounding Dealerships with the aim to contribute to the national cause of tree plantation for a greener Pakistan and combating global warming. Briefing sessions were also organized by Dealerships and around 2,300 tree saplings were planted. Dealerships are also focusing on the sustainability of trees planted in past under the campaign.



**Toyota Hyderabad Motors  
Greener Pakistan Drive**



**Toyota Southern Motors  
Plantation Drive**



**Toyota Highway Motors  
Plantation Drive**

## Blood Donation Camps

Continuing the legacy of serving communities through health care initiatives, our Dealerships **Toyota Point Motors, Toyota HN Motors, Toyota Eastern Motors and Toyota Quetta Motors** organized Blood Donations Camps where 125 employees donated blood for supporting the noble cause.



## Eye Checkup Camps

To create awareness about eye disorders, cleanliness, hygiene and wellness and to educate community members about eye infections, Free Eye Checkup Camps were organized by **Toyota Defence Motors** at Karachi and Thatta. Computerized Vision Test, Eye Corneal Topography Test, Refraction Test, and Blood Sugar level were checked. Over 550 persons who underwent a complete checkup process, 425 persons were given instant treatment suggesting eyeglass prescription.



## Cleaning Drive at Sandspit Beach

Our Dealers **Toyota Western Motors and Toyota Clifton Motors**, undertook a Cleanup Drive at Sandspit Beach. Over 20 employees of Dealerships volunteered for the activity to promote environmental awareness in the society. Garbage collected comprised of plastic bottles, wrappers, containers, old torn clothes, etc. which was sorted out and disposed of as per defined procedures.



# Our Customers



Our long-term success and our position as a preferred automobile brand in Pakistan is the result of our good customer service and customer relations. With the entry of new players in the competitive automobile market, long-term business success and brand positioning will be driven by efficient customer management, customer support services and effectively meeting customers' expectations. To better understand our customers' requirements, we regularly interact with them through our Dealerships as well as through direct interaction for meeting their expectations and improving their experience of our products and services.

Toyota Global CR Standards enlighten our approach to customer management and are applicable at IMC and at all our Dealerships. Our customers expect high quality products meeting safety and comfort

requirements. A thorough need and feedback analysis is used during manufacturing and after sales to handle quality and comfort issues. We have inherited a culture of *hansa renkei* (collaboration amongst cross functions) and *Kaizen* (continuous improvement) from Toyota which helps to make constant development of our products for delivering exceptional customer experience. An integrated technology platform GENESIS has been developed by trained technicians across Dealerships, nationwide for improved customers' experience and handling grievances on the most relevant product and service aspects. The Company has a dedicated Customer Assistance Center where customers can call toll free for any inquiry or complaint they may have and be assured of a quick response/resolution. The input is constantly monitored and forwarded to relevant departments for swift action.

The Customer First Department offers a complete ownership experience to our customers. Genuine spare parts and quality service by trained technicians provided to customers through our Dealerships which not only increases customers' satisfaction but also builds more trust in the Toyota brand. Keeping in view the diverse driving habits of masses, rough roads and extreme weather conditions, our prime objective is to ensure safety of our customers, vehicles and public. Our campaigns on product safety and inspection of vulnerable parts help our customers to better manage their vehicles and ensure safety for all.

At Toyota, the 'Voice of the Customer' serves as the basis for corporate renewal. Keeping connected with customers through regular Customer Satisfaction surveys is one way of capturing the

customers' voice. The CS research, carried out by an independent party, helps the Company to measure customers' satisfaction levels in regard to their buying and ownership experience. The results help identify areas requiring improvement, developing countermeasures through kaizen in collaboration with respective Dealership teams and regular PDCA.

The Net Promoter Score or NPS, is another useful customer experience measurement tool the Company uses which focuses on customers' long term happiness or customer loyalty. It measures brand advocacy and 'likelihood to recommend'. Again, the results are utilised to improve value proposition for products and services that help build brand advocates.



**Customer**  
Assistance Centre

[customer.relations@toyota-indus.com](mailto:customer.relations@toyota-indus.com)

**Toll Free: 0800 11123**

# Our Suppliers

A vibrant and reliable supply chain is vital for business success. The COVID-19 pandemic has raised supply chain issues globally due to lockdowns imposed by the government to curtail spread of the disease. In Pakistan, most of the business units were closed due to lockdown and were subsequently allowed to work with strict SOPs directly impacting the availability of materials and parts. However, due to efficient handling and reduced production activities, we were able to manage the supply of materials and parts to keep our plant running. This has further strengthened our belief that good supply chain management and integration of sustainability in our supply chain are important factors for our success, brand reputation and meeting customers' expectations. We collaborate with our supply chain partners based on their overall strength and work on sustainability for mutual growth. With various development programs focused on supply chain, we not only create financial benefits for our partners but also help in securing a competitive advantage in the market.

We procure materials and services from international as well as local suppliers. Our procurement is mainly categorized into:

- Sourcing of CKD and CBU from Toyota Motor Corporation and parts from abroad;
- Direct and indirect purchasing of locally manufactured parts and materials to produce vehicles;
- Locally procured service parts and accessories to support after sales service; and

- Purchasing of goods and/or services to support the operations, maintenance services and corporate services.

Local product-related suppliers are OEM level automotive part suppliers in the categories of resin, rubber, electrical, sheet metal, assembly and others. Our suppliers are located in Sindh, Punjab, Balochistan. We have a total 52 Tier-I parts and consumable suppliers. Our supply chain is highly labor-intensive, involving a manual to semi-automated production line. Our total payments to our supply chain partners on account of purchase of goods and services were Rs. 68,470 which were 44% less compared to 2019. During the year, we made 34% procurement from local suppliers compared to 37% in 2019.

To promote industrial development, availability of new technologies, job creation, skill development and economic development of the country, we have been actively pursuing a parts localization program over the years. We have been working with supply chain partners to enable them to follow and meet Toyota standards of safety and quality. Our close collaboration with our supply chain partners has encouraged them to make investments in production lines fully dedicated to manufacturing high-tech parts for our products. Our new Toyota Corolla consists of 727 parts and components manufactured locally. Moreover, the investment in the development of the local industry has resulted in opportunities of export of automotive parts to other countries. During 2019-2020, the Pakistan auto industry has entered in a new era with an order from Toyota Motor Vietnam to buy impact absorbers from Pakistan for upcoming Corolla.



## Promotion of Sustainability Practices at Suppliers

We are aware that effective management of environmental impact of our operations as well as of our supply chain is critical to reducing our environmental footprint. We support our supply chain partners in the areas of health and safety, environment and good labor practices. Toyota Quality Standards, sustainability guidelines, 'Just-In-Time' techniques and Kaizen culture to reduce parts rejection and bring improvement in business processes and profitability, serve as the guiding principles for sustainability management at our suppliers. We work closely with suppliers on Kaizen (continuous improvement) culture and compliance targets to ensure conformity to all applicable laws and regulatory requirements. We conduct regular assessments to ensure that all suppliers are in line with IMC's vision, strategy and targets. Our Product Development department coordinates with partners to promote sustainable practices in the supply chain.

## Toyota Green Purchasing Guidelines

Toyota 'Environmental Purchasing Guidelines' were developed in March 1999, which were further revised for improvement in March 2006 as 'Green Purchasing Guidelines' [GPG]. In accordance with the Toyota Environmental Challenge 2050 and taking the changing environmental regulations into consideration, the GPG were further revised in January 2016. Green Purchasing Guidelines help in reducing the environmental footprint throughout our supply chain. The guidelines have been communicated to suppliers to motivate them to reduce the environmental impact of their operations and to establish a society in harmony with nature. 37 of our suppliers are ISO 14001-certified, showing presence of best in class environmental management systems to manage the environmental footprint.

We have been working with our suppliers to eliminate packaging material from our supply chain by shifting to returnable trolleys for supplying parts to IMC. Our Green Purchasing Guidelines restrict the following substances for packaging materials according to the Toyota Technical Standards TSZ0001G "management, practice latest edition of the environmental load material":

- Lead
- Cadmium
- Mercury
- Hexavalent Chromium
- PBB (Polybrominated biphenyls)
- PBDE (Polybrominated diphenyl ethers)
- Deca BDE (Decabromo diphenyl ether)
- HBCD (Hexabromocyclo dodecane)
- PFOS (Perfluorooctane sulfonates)
- Asbestos
- DMF (Dimethylfumarate)

Our supply chain partners are encouraged to follow fair labor practices and we do not engage with suppliers who have child labor and forced and compulsory labor in their operations. Currently, we do not have in place a criterion for supplier social assessment. However, we have environmental assessment criteria for selection and monitoring of our suppliers. The new suppliers are selected through a process involving short-listing, screening against criteria and confirmation from suppliers for compliance against these criteria. The monitoring is carried out through suppliers' audits and evaluation against KPIs, followed by agreed actions for improvement.



# Automotive Market and the Toyota Brand

This year, we celebrated our 30th year of successful business and strong brand leadership in the Pakistan automotive market. Our brand direction and marketing activities are guided by Toyota's core global values which require compliance with applicable marketing communication and advertisement laws and voluntary codes. Our brand management strategy requires that accurate and reliable information on product features, services and practices is disseminated to our customers and other stakeholders. We ensure compliance with our strategy through an internal review process to confirm that only accurate information on product and services is shared.

The Toyota Guiding Principles to produce safe and quality vehicles and the sustainable development of society through ever-changing innovation and the provision of high-quality products and services require a shift in the conventional business model to meet growing customer expectations. We endeavor to form a lasting relationship with our customers by offering peace of mind and a unique buying experience of owning and driving a Toyota vehicle. Our Customer First approach from Toyota, working on localization, creating new jobs, skills and contribution to economic development, coupled with our work for promotion of technology among engineering graduates and spending on local communities, have supported our brand. At IMC, we are committed to continuing our activities for the betterment of our stakeholders and strengthening of our brand in the competitive market. The brand strength is monitored through surveys across our Dealerships, suppliers and industrywide business. The strategies are adjusted accordingly for delivering better customer experience and maintaining brand strength.

Safety of vehicles and our customers is one of the topmost priorities at Toyota. In line with the 'Safety First' philosophy, IMC provides detailed information to customers on product attributes, safe use, environmental impact and disposal of the

products. The Owner's Manual incorporates information regarding driver and passenger safety, vehicle features and technical and maintenance information. The details about the source, safe use and disposal of the product are also provided for Toyota Genuine Parts and Toyota Genuine Motor Oil. Toyota Genuine Motor Oil is blended as per TMC's guidelines which are benchmarked on the American Petroleum Institute (API) and the Society of Automotive Engineers (SAE) International standards.

To ensure the safety of the consumer, a video is provided, which underlines all the safety attributes of Toyota vehicles. The ASEAN NCAP (New Car Assessment Program) is followed in addition to applicable laws and Toyota Guidelines. IMC is proud to share that all CKD vehicles are equipped with safety features which are equivalent to 4-star ASEAN NCAP quality standards.

Over the years, IMC has continuously made efforts to increase safety awareness and educate users about the correct use of safety specifications. Along with NCAP (New Car Assessment Program), IMC also promotes its Safety mascot THUMS (Total Human Model for Safety) over digital and other platforms to educate viewers on the safety features provided in all CKD variants. Regular safety campaigns are organized at our Dealerships to discuss and communicate safety features information and product attributes among our customers. The Toyota Safety mascot THUMS is also promoted during the campaigns which contain details of some driving tips and safety features, including anti-lock braking system, dual SRS airbags and child ISOFIX seat anchors.

All our products are subject to compliance with the law and voluntary guidelines. Compliance is assessed on a regular basis. During the year, there were no incidents of non-compliance with regulations and voluntary codes concerning product and service information, marketing communications, including advertising, promotion, and sponsorship. Moreover, no complaints of breach of customer privacy were reported during the year.





# Environmental Performance

# Environmental Performance

The automobile industry's complex operations of pressing (stamping), welding, assembly and painting in the production process directly impact the environment. Moreover, the emissions resulting from vehicles during product use contribute to global warming, causing climate change. Increasing automation and improved processes in the automotive sector are resulting in reducing cost and minimizing the environmental impact of operations. Automated digital manufacturing and robotic use are expected to further reduce the environmental footprint of manufacturing operations. However, the environmental impact of products requires commitment from all players, including government and oil refineries for upgrading fuel standards in Pakistan which will result in reduced emissions from vehicle use. We welcome the Government's recent move to allow imports of EURO-V fuel only which will not only result in fuel efficiency of vehicle engines but also reduce environmental impact.

At IMC, we are aware that our operations, products and supply chain partners have significant environmental impact and we are dedicated to effectively managing the negative environmental impact of our operations and supply chain. The material topics showing our significant environmental impact have been identified, taking into account interaction of our business activities with the external environment, severity of impact and results of stakeholders' engagement. The material topics and topic boundary are listed on page 26 which also shows the reason as to why these topics have been categorized as material.

Toyota's philosophy and policies on the environment, which are based on Toyota Guiding Principles, underpin our strategy and environmental management policies. We are also guided by the Toyota Global Environmental Challenge 2050 while devising our strategies for environmental management. Our Environmental Policy has been revised along with our Five Year Plan which is implemented in our operations to manage our environmental footprint. Our Environmental Policy also forms the basis for new investments in technologies and upgradation of existing facilities. The Safety, Health and Environment (S.H.E.) Steering Committee which is headed by the Chief Executive, is

responsible for environmental management at IMC. The Committee mandate includes developing guidelines, procedures, reviewing performance against targets, taking appropriate decisions and fixing responsibility for environment, health and safety-related issues. Our approach to environment management is proactive to reduce our environment footprint through adoption of cleaner technologies and efficient management of resources.

The responsibility for implementation and monitoring compliance with policies and applicable laws rests with Manager S.H.E. Our production plant is ISO-14001 certified which helps us in identification of risks and opportunities in time to take appropriate decisions accordingly. We regularly carry out training on health, safety and environment topics related to our operations to update the knowledge of our workforce and equip them with new skills. Our management approach not only takes into account management of the environmental impact of our operations but also environmental impact in the supply chain. We work with our supply chain partners to reduce the impact of their operations by taking appropriate steps in line with our Environmental Policy and guidelines. Please refer to page 41 and 46 for more details about our work in the supply chain.

Our management approach is evaluated through external certification and Toyota Global Environmental Management System audits, internal performance reviews against targets and compliance with applicable laws. Appropriate corrective actions are taken based on the evaluation results, where required.

IMC's commitment to keeping its environment targets 20% below legal requirements, along with its continuous spending on environmental management, has resulted in zero non-compliance with environmental laws and regulations in 2019-20. During the year, Rs 436 million were spent on remediation, prevention and environmental management compared to Rs. 321.75 million in 2019. Major expenditures include Rs. 402 million on renewable energy (photovoltaic), Rs. 30 million on Co-gen Chillers and Rs. 4 million for installation of LED lights to reduce energy consumption.



# IMC's Environment Month

IMC celebrates the Environment Month every year in June. However, this year, owing to COVID-19 pandemic, our activities for the Environment Month have been deferred and rescheduled for September 2020. The purpose of the Environment Month is to raise awareness and remind people about their social responsibility towards the environment and specific environmental issues. Besides trainings and awareness, it creates a competitive environment for employees to share ideas for sustainability and environmental conservation.

## Using Natural Resources

### Materials' Use

Economic development depends on cautious use of finite natural resources. The expeditious use of resources and over-exploitation of natural systems is a risk for current and future generations, therefore, we commit to using the available resources wisely not only for economic benefit but also for the coming generations. Different materials and chemical substances are used in vehicle manufacturing. The major categories of materials are metals, plastics, elastomers, textiles and natural materials, fuels and consumable liquids, electronics, ceramics, glass and other compounds and non-dimensional materials.

The calculation of weight of materials used in the production of vehicles involves enormous work while taking into consideration the number of materials and the complex nature of materials. However, we are pursuing to identify and report the weight of different materials used in the production of our products.

We constantly explore the opportunities to use more sustainable materials, including recycled and renewable materials, where possible. However, no recycled material was used in production processes during the year.

## Addressing Climate Change

Climate conditions in Pakistan are rapidly changing on account of increasing temperature and have resulted in severe and changing weather patterns. The Government of Pakistan is pursuing strategies to shift the energy mix to renewables, introduction of Electric Vehicles and low carbon resources coupled with a billion tree plantation drive to address climate change.

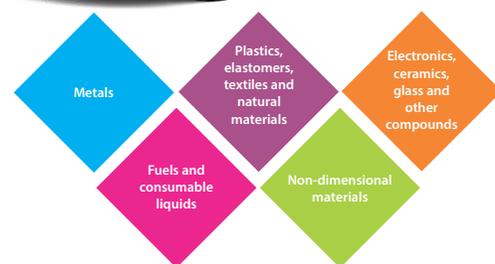
We, at IMC, are fully committed to using energy efficiently and convert it to renewables and low carbon technologies in our operations and supply chain to reduce our environmental footprint. Refer to page 52 and 54 for our work on using renewable energy and Million Tree Plantation Drive.

**Toyota Global Environment Challenge 2050**  
**"LET'S DO IT FOR THE FUTURE"**  
 Environment Month

**SAVE ENERGY SAVE MONEY**  
**SAVE THE EARTH**

- 1 Approximately 30% of the energy used in buildings is used inefficiently or unnecessarily
- 2 Residential LED lights use 75% less energy and last 25 times longer than incandescent lighting products
- 3 Just 1/3 of the energy in burning coal reaches the consumer as electricity
- 4 Enough sunlight reaches the earth's surface each minute to satisfy the world's energy demands—for an entire year

TOYOTA INDUS MOTOR COMPANY LTD.



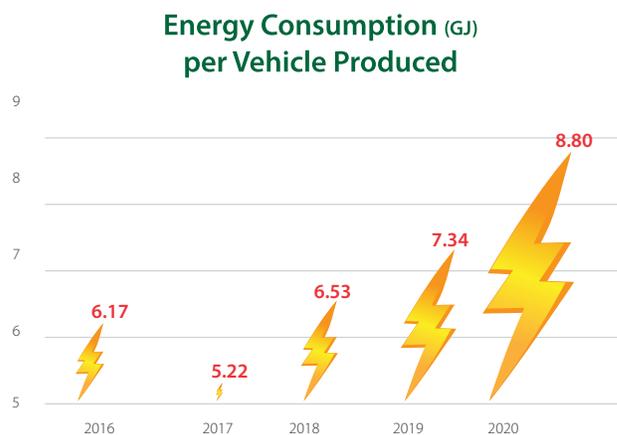
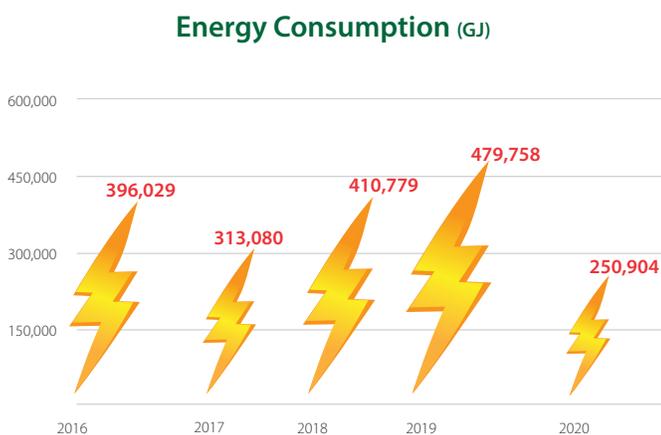
**CO<sub>2</sub> 0**  
**CHALLENGE 3**  
**Plant Zero CO<sub>2</sub> Emissions Challenge**

## Energy Use and Shifting to Low Carbon Resources

Energy efficiency through adoption of new techniques and technologies along with shift to low carbon resources is critical to preserving IMC's competitiveness in the challenging economic and climate conditions. Our strategy focuses on efficient processes at our facilities to reduce our energy consumption and related GHG impact. Our assembly plant design helps to maximize the use of natural light during the day time to reduce energy use. Moreover, LED energy-efficient bulbs are installed throughout the plant. Combined Heat & Power System (CHP) has been installed which reuses the heat produced during energy production. Natural gas and electricity used at our plant are the main energy sources and the largest contributor to Greenhouse Gas (GHG) emissions. Last year, the Co-Generation capacity was enhanced from 4.6 MW to 6 MW in line with future growth strategies. The energy consumption during the year decreased by 228,854 GJ compared to the previous year. The energy used per manufactured vehicle increased to 8.80 GJ/ unit compared to 7.34 GJ/ unit in 2019 on account of reduced production.

	Unit	2020	2019	2018	2017	2016
Energy consumed within organization Non-renewable	GJ	248,622	477,901	409,384	313,080	396,029
Energy consumed within organization – Renewable	GJ	2,282	1,857	1,395	-	-
<b>Total Energy consumption</b>	<b>GJ</b>	<b>250,904</b>	<b>479,758</b>	<b>410,779</b>	<b>313,080</b>	<b>396,029</b>
Energy used per vehicle produced	GJ/Unit	8.80	7.34	6.53	5.22	6.17
Energy saving per year	GJ	19,821	25,630	22,320	17,307	12,498

TDEM guidelines were used in calculation of energy figures. Energy consumption per vehicle includes both renewable and non-renewable energy consumption. The energy saving figure includes electricity saved by using solar panels installed at IMC plant, installation of LED lights throughout the facility and absorption chillers installed in the plant.



## Moving Towards Renewable Energy

We are constantly exploring opportunities to improve the energy mix by transforming from one source to another with continuous improvements in the operational processes. We have installed onsite photovoltaic technology to reduce energy consumption from conventional sources and increase share of renewables.

942 MWh of energy was produced in 2020 compared to 516 MWh in 2019 accounting for 4.25% of our total energy consumption compared to 0.38% in 2019. Installation of additional system with capacity of 4.03 MW was completed in financial year 2020.



## Greenhouse Gases Emissions

Increasing Greenhouse Gases (GHG) emissions are resulting in rising average temperature levels and leading to climate change. These changes are affecting the availability of natural resources, production and consumption patterns and quality of life. At, IMC, we are pursuing cleaner technologies and efficient processes to reduce greenhouse gases emitted from our operations which are already well below the legal allowable limits. The Kaizen and Just-in-Time techniques have helped us to reduce the emissions over the years along with savings in the shape of reduced delivery cost of parts and efficient operations.

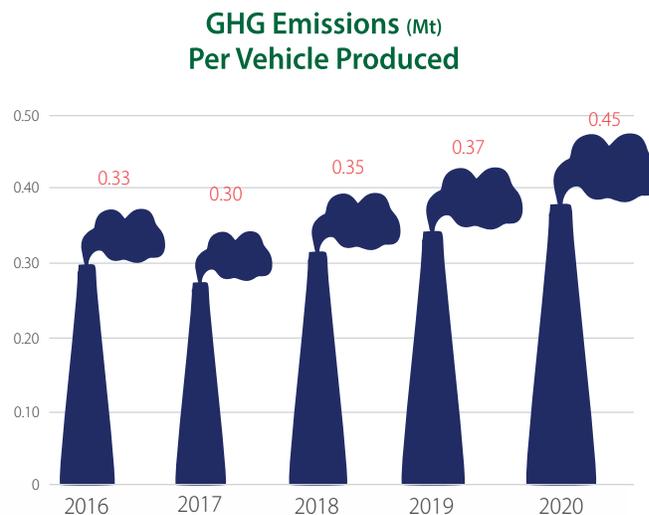
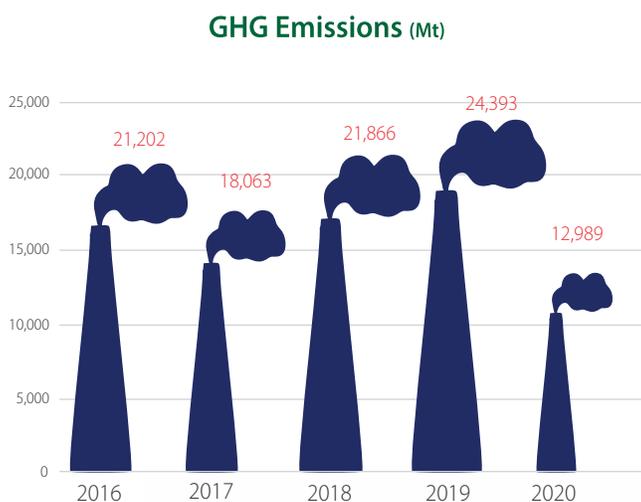
Our consumption of natural gas and electricity in production activities are the major contributors to our greenhouse gases emissions. We are currently monitoring our Scope-I emission from our operations. There are no Scope-II emissions. The Scope-III emissions of employees commuting to work, business travelling and transportation of materials to plant and products to dealers through supply chain partners were not measured during the year due to non-availability of reliable data. In line with Toyota Environmental Challenge 2050, we have in place a Zero CO<sub>2</sub> strategy to reduce emissions over the long run. Our initiatives of reducing energy use through efficient lighting systems and installation of Solar PV have resulted in reduction in electricity use and CO<sub>2</sub> emissions over the years. Moreover, our manufacturing plant not only uses highly efficient power generators but also utilizes the heat produced by these generators via absorption chillers and support cooling requirements; this ultimately reduces emissions significantly. During the year, the GHG Scope I emissions reduced by 11,404 Mt on account of reduced production. The emissions per vehicle produced were 0.45 Mt compared to 0.37Mt in 2018-19. The emissions intensity increased due to reduced production during the year.

Other significant emissions comprises of Volatile Organic Compounds (VOCs) in processes using solvents, paints, sealers or hydrocarbon-based chemicals. The emissions are reducing over the years as a result of Kaizen activities of cartridge reduction for low share colour, introducing new chemicals to replace washing thinner for overall cleaning, reducing robot gun distance and adjusting on/off spray for robot paint loss reduction.

	Unit	2020	2019	2018	2017	2016
Greenhouse Gases Emissions (Scope I)	Mt	<b>12,989</b>	24,393	21,866	18,063	21,202
Emissions per vehicle produced	Mt/unit	<b>0.45</b>	0.37	0.35	0.30	0.33
Reduction in Emissions	Mt	<b>9,274</b>	8,515	7,850	1,798	961
Emissions of ODS	Mt	<b>Nil</b>	Nil	Nil	Nil	Nil

NOx, SOx and other significant air emissions Mt NOx, SOx and other significant air emissions within SEQS limits.

CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O gases are included in the calculation of CO<sub>2</sub> emissions and emission reduction. There were no bio-genic emissions during the year. TDEM and SEQS guidelines were used for emission calculations.



## Million Tree Plantation Initiative

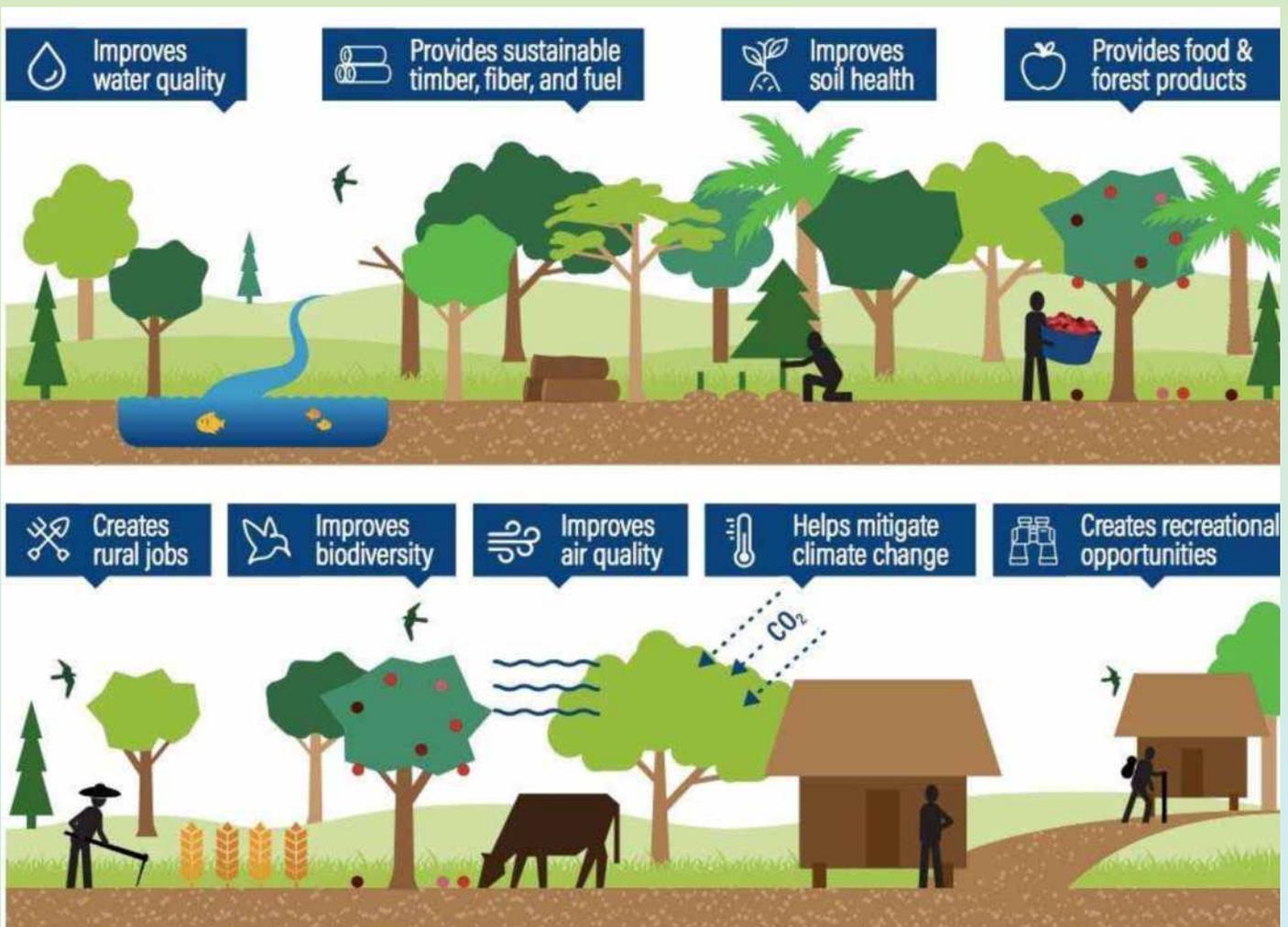
Failure of climate-change mitigation and adaption is the number one long-term risk by impact and number two by likelihood as per the World Economic Forum Global Risk Report 2020. Climate change is resulting in devastating floods, extreme weather patterns and declining agriculture growth and is affecting economic growth. Climate related financial risks of physical and transitional nature are driving businesses to formulate strategies for managing these risks. At IMC, we are taking into account climate risks management in our operations and are committed to playing a bigger role to help meet the climate change impacts. At our manufacturing plant, we are constantly working on reduction of GHG emissions from our operations and moving to net zero carbon footprint for our production plant.



To further our efforts and inspire corporates in Pakistan, we pledged a “Million Tree Plantation Drive” across Pakistan. Trees release oxygen into the air, absorb harmful gases from the air and purify it. These protect us from dangerous ultra-violet rays, provide us with food and play a pivotal role in preventing soil erosion, maintaining ecological balance and most especially in lessening the effects of global warming. This Plantation Drive will not only benefit environmentally but also economically and support different SDGs. Only indigenous trees which are beneficial to our environment, are selected under this drive and in order to ensure sustainability of the trees planted, local communities are being engaged. All our Dealerships have enthusiastically joined hands with IMC for nationwide implementation.

Over a period of one and half years, Indus Motor Company has planted more than 300,000 tree saplings across Pakistan, and primarily in Karachi. The plantation drive will help in tackling the most important issue of climate change and rising temperatures.

### Benefits for Tree Plantation



## Using Water Efficiently

Availability of fresh and clean water is decreasing worldwide, leading to water scarcity. Pakistan is one of those countries that suffers most in terms of water availability per person; the ground water levels are falling and the availability of fresh water is a major concern. Water scarcity poses a risk to business and, being a shared resource with the surrounding communities, requires cautious water management.



**CHALLENGE 4**  
Challenge of Minimizing  
and  
Optimizing Water Usage

We use water in painting and other production processes which put a responsibility on us to manage the water in an efficient way. Over time, we have been working to reduce the consumption of fresh water with the 3R concept of Reduce, Recycle and Reuse and to manage our impact on water.

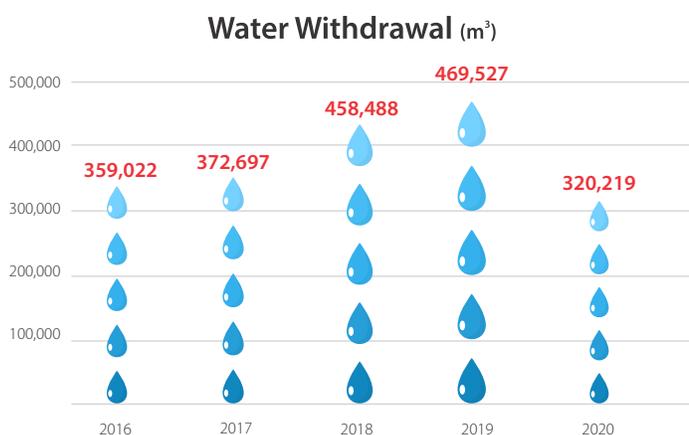


Water is sourced from canals from Keenjhar Lake which has a capacity of 650 hm<sup>3</sup>. We have an agreement with the Karachi Water and Sewage Board for extracting water which is measured by flow meters installed at the point of extraction. Keenjhar Lake is the second largest fresh water lake in Pakistan and an important source of drinking water for Thatta District and Karachi city. Keenjhar Lake has been declared a Ramsar site under the Ramsar Convention and a wildlife sanctuary. The lake is home to the winter migratory birds and a breeding area as well. The water extracted does not significantly affect the water source. The used water is recycled to reduce the intake of fresh water leading to reduced impact on this scarce resource. The water recycling decreased to 7.15% of the total water withdrawal during the year, compared to 10.83% during 2019-20 while water consumption during the year decreased by almost 32% compared to the previous year on account of decreased production.

Water withdrawal	Unit	2020	2019	2018	2017	2016
Surface water	m <sup>3</sup>	320,219	469,527	458,488	372,697	359,022
Ground water	m <sup>3</sup>	-	-	-	-	-
Total water	m <sup>3</sup>	320,219	469,527	458,488	372,697	359,022

Water withdrawal and recycling are recorded with the help of flow meters. SEPA and Toyota standards are used for measurement of water consumption.

Water recycled and reused	m <sup>3</sup>	22,900	50,865	45,805	40,730	71,110
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## Managing Effluent and Waste

Our operational activities result in different types of hazardous and non-hazardous waste which is strictly handled as per our policy. Applicable legal requirements regarding waste handling and disposal are strictly followed and no hazardous waste is shipped internationally. Water discharged from operations and the waste thinner are properly treated and recycled to reduce the burden on the environment. A state-of-the-art waste water treatment plant, which is based on Apple Edge technology from KABUTA Japan, is installed at our plant to cater to the recent expansion of the Paint Shop and effective treatment of waste water generated from our operations. Treated waste water is being used for horticulture purposes only, which is not suitable for human consumption. The solid waste and oil are stored at a safe place for disposal to government-approved contractors. The staff working on shop floor is regularly trained to reduce waste and effectively handle the waste which is inevitable. During the year, we have not experienced any significant spill at our plant.

Waste water disposal	Unit	2020	2019	2018	2017	2016
Waste water	m <sup>3</sup>	35,390	60,900	-	-	-

Water disposal is recorded with the help of flow meters. SEPA and Toyota standards are used for measurement of water consumption.

Waste by disposal method	Unit	2020	2019	2018	2017	2016
<b>Hazardous and Non - hazardous waste</b>						
Reuse/reprocess (used oil, batteries)	Ton	9	9	9	9	9
Recovery	Ton	-	-	-	-	-
Incineration (paint sludge, phosphate sludge, chemical sludge, caustic sludge, waste water sludge, chemical solvent)	Ton	181	245	213	236	244
Landfill	Ton	1	1	1	1	1
Onsite storage (waste water)	m <sup>3</sup>	166	166	166	166	166
Other (sale)	Ton	-	-	-	-	-

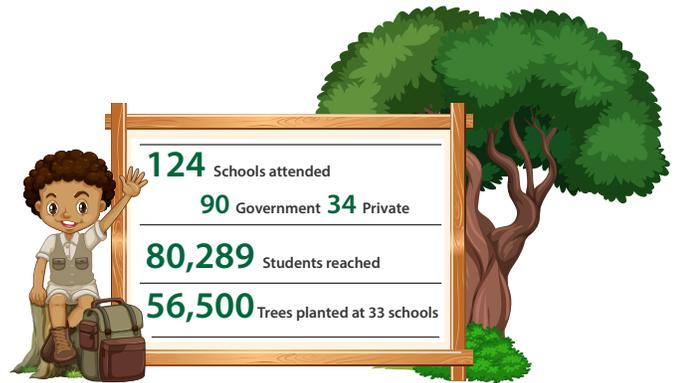
None of the waste material is reused. Landfill and on-site storage is not carried out and waste is disposed of through SEPA-approved contractors. The hazardous waste is being disposed of through approved contractors on a daily basis. The figures for reuse/reprocess, landfill and onsite storage are on an estimated basis.

## Environmental Conservation

### 5S Clean-up Drive

IMC continued the "5S Clean-up Drive" which was launched in March 2019 in collaboration with WWF-Pakistan for encouraging students to donate time for pro bono work. The objectives of this Drive are to raise awareness about cleanliness applying the Toyota "5S" philosophy, safe disposal of garbage, plastic pollution and tree plantation. 200 private and government schools are expected to take part in the drive to create awareness about the 5S concept, execution of clean-up activities and participation of students for tree plantation.

Due to the COVID-19 pandemic and prolonged lockdown of all educational institutions, the drive could not be undertaken during the last quarter of 2019-2020. A total of 124 schools were reached under the drive covering 80,289 students, who planted 56,500 trees till June 2020.



### 5S Clean-up Drive - Post Independence Day

IMC organized a Clean-up Drive to collect the national flags after the Independence Day celebrations to pay respect to our beloved country. More than 50 employees of IMC voluntarily participated in the drive. Our Dealership, Toyota Highway Motors also joined hands for collection of flags under this Drive.





Our People &  
Communities



# Our People



Our people play a vital role in delivering exceptional performance and customer delight and maintain brand reputation in the market. We are aware that a productive workplace and skilled workforce are integral for producing high quality safe products and meeting customer expectations. Our Human Resource strategy focuses on attracting suitable people, providing them a healthy environment and training them so that they are enabled to successfully showcase their potential. Our Human Resource initiatives are guided by Kaizen, a commitment to continuous improvement towards business growth – which requires every team member to join the team and to be trained to practice the Toyota Way - to develop our workforce capacity, knowledge and skills. We remained committed to ensuring that our operations follow, protect and respect labor standards, human rights laws, declarations and international conventions. Our material topics discussed in this section are identified on the basis of stakeholders’ engagement and the impact of our operations. These are listed on page 26 which also shows the impact on the basis of which these topics have been categorized as material.

The Head of HR is responsible for implementing policies and reviewing performance of labor practices and human rights at IMC. The responsibility for monitoring and ensuring health and safety and safe working conditions rests with the Safety, Health and Environment department. We regularly review the policies and practices of labor practices, human rights and health and safety through meetings at unit level, function level, department level and Company level. Our performance is externally reviewed through safety audits and certification of systems and required changes are made in policies and procedures based on the results of the reviews.

## Workforce Profile

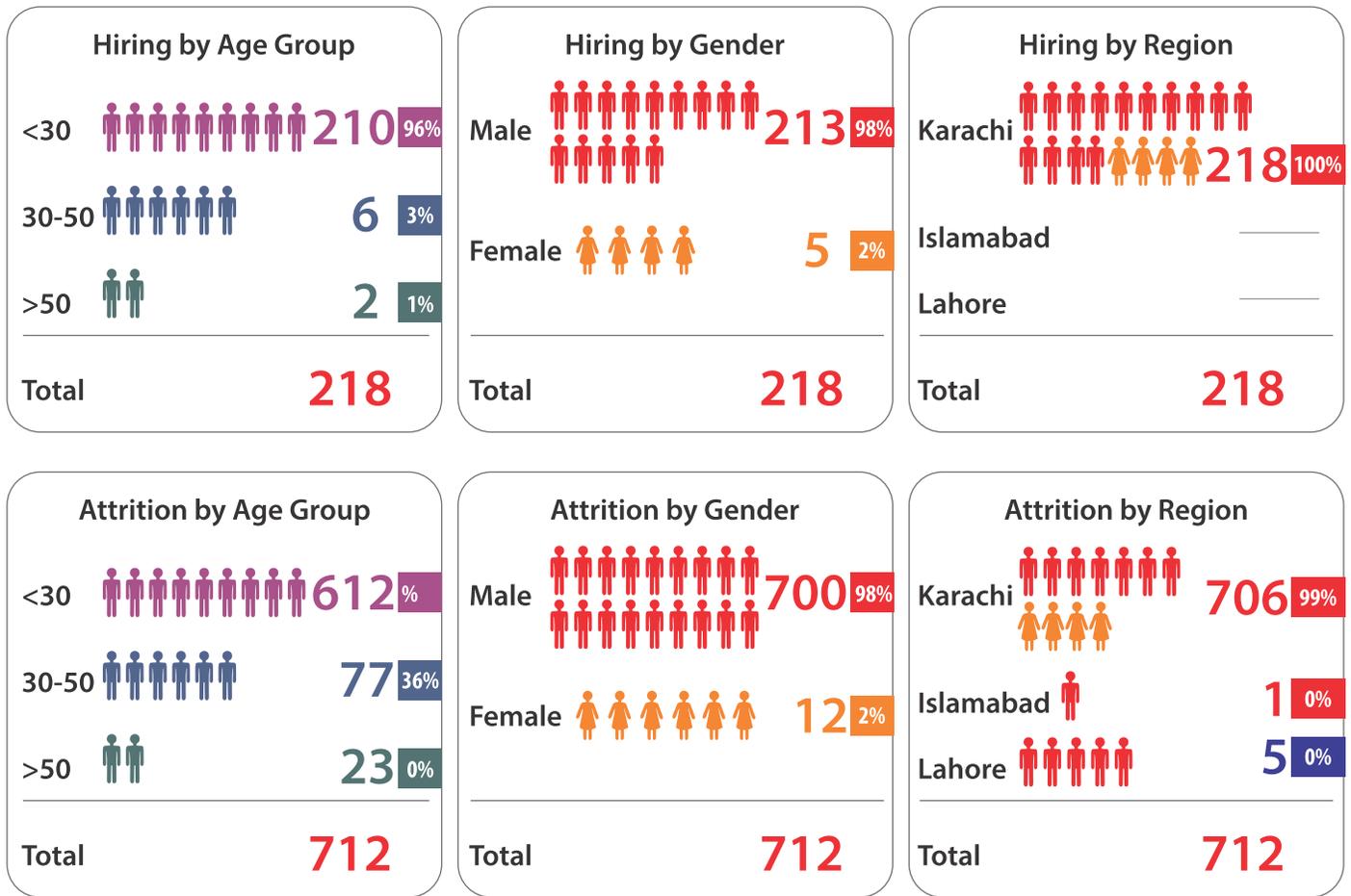
IMC provides an enabling workplace to its workforce where people from different backgrounds, ideas and beliefs are valued and motivated to deliver to their maximum potential. Our workforce figures are for the year ended June 30, 2020.



	Male	Female
Permanent	2,806	49
Temporary	-	-
<b>Total</b>	<b>2,806</b>	<b>49</b>

	Permanent	Temporary
Karachi	2,832	-
Islamabad	10	-
Lahore	13	-
<b>Total</b>	<b>2,855</b>	<b>-</b>

	Male	Female	Total
Full Time	2,806	49	2,855
Part Time	-	-	-
<b>Total</b>	<b>2,806</b>	<b>49</b>	<b>2,855</b>



The figures for hiring and attrition relate to the financial year 2020. The hiring and attrition ratios are in accordance with industry ratios. The hiring and turnover rates were 7.6% and 19.9% compared to the hiring and turnover rate of 17% and 15% in the previous year.

## Employees' Satisfaction



To maintain a competitive advantage, brand reputation and meeting corporate objectives, a diversified and satisfied workforce is essential. We regularly engage with our employees through annual get-togethers, meetings and surveys. The objective is to measure employees' satisfaction and identify areas of improvement to meet the objectives of providing decent working conditions and recreational activities to employees. IMC has installed a spot-cooling system at its plant, making IMC the only plant in Pakistan to do so. This provides a comfortable workplace to employees and enhances their productivity. Based on our exceptional performance in this area, the Pakistan Business Council has nominated IMC as a leader for **SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"**. The best practices adopted by IMC were shared with the industry to inspire businesses to meet the targets listed in SDG 8 for ensuring decent working conditions. Please refer to page 16 to see the details of the workshop.

### Benefits



Life Insurance

Health Care

Disability/invalidity Coverage

Retirement Provision

Nutrient Dense Meal

Air-conditioned Pickand Drop Facility

IMC complies with the applicable laws, regulations and international charters in the areas of employment practices, labor practices and human rights. Employees are free to form associations for representing them in collective bargaining with the management as per applicable laws. Our supply chain partners comply with the applicable laws in this area and we have not come across any non-compliance at our supply chain partners. 44% of our workforce is covered by the Collective Bargaining Agreement (CBA). Employees are informed about any operational changes affecting them well before time. However, the notice period is not mentioned in the agreement. Our operations are free of child labor and forced or compulsory labor and we have not come across any such incident at our supply chain partners.

We, being a signatory to UNGC, have a strict policy to curb corruption practices in our operations. The management and employees are briefed on anti-corruption policies and procedures as part of the Code of Conduct and at the time of orientation sessions for new workers. Moreover, training on Code of Conduct, which includes anti-corruption policies, is regularly carried out throughout the year.

Market-based salaries and benefits are offered to our workforce, enabling them to deliver to their full potential. Our ratio of basic salary and remuneration of women to men is 1:1 as the salary is based on merit only. IMC does not discriminate between workers on the basis of gender, religion and association and no incident of discrimination was reported during the year.

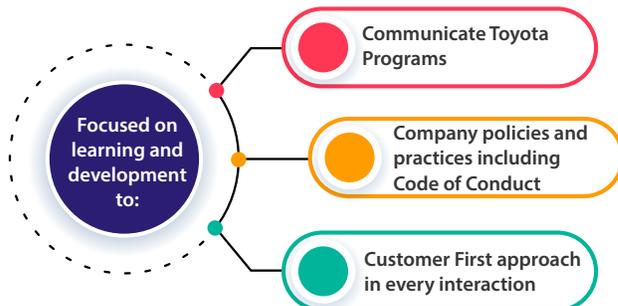
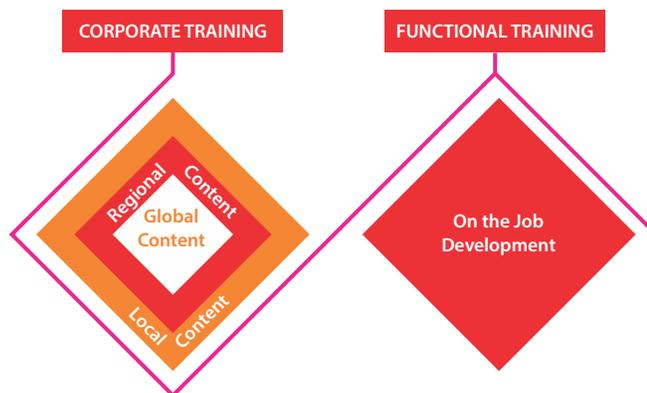
Employees' birthdays, being a special day for employees, are celebrated under Employee Care Program to make them feel valued, recognized and impart a sense of belonging.



Late Mr. Ali S. Habib at Employees Birthday Celebrations at IMC

## Training and Education

Training and education of our workforce is an integral part of our Human Resource Management to build skillful and productive human capital. Our training is based on the global contents of Toyota and the most fundamental and best business practices which have contributed to Toyota's success. The training programs are designed to increase the knowledge, skills and attitude of our employees while taking into account the employee position and role for preparing them for future challenges.



Workers are regularly rotated to different jobs to equip them with cross-functional skills. All workers are provided with role-based and skill-based training at the time of rotation or promotion.

Training targets both technical and soft side competencies which help employees not only to equip themselves with required skills but also decision-making capabilities. Our Inter-Company Transfer (ICT) program, involves assigning IMC employees to Toyota affiliates in Japan, Thailand and Singapore and also the other way around. This is of great importance for employees in terms of their own development and for the Company in terms of the value addition they bring after their exposure to overseas experience. It provides employees with an enriching platform to learn in a new environment while also demonstrating their skills in regional Toyota setups in a multicultural environment. We have received encouraging feedback on the performance of those in the ICT programs, indicating the skill and ability of the Pakistani workforce as well as IMC culture and system.

The training and development of our workforce also augment our approach to succession planning which is an important element in our Human Resource policy to ensure smooth business, delivering sustainable returns and meeting customers’

expectations. The effectiveness of training is ensured through regular reviews against defined objectives which also help in identifying areas of improvement. All our employees receive regular performance and career development reviews.

During this year, 58,966 man-hours were spent on training compared to 120,290 man-hours spent in 2018-19. The decrease in training man-hours was mainly due to COVID-19 which has disrupted businesses from March 2020 till the close of the financial year. However, on a cumulative basis, two million training man-hours were crossed.



**Training in 2020**

- Understanding Material Safety Data Sheet (MSDS)
- Handling and storage of hazardous chemicals
- Environmental awareness
- Spill control and spill kit management
- Eco-driving, waste management,
- Eco-tips based on waste reduction
- Energy conservation
- Water conservation and CO<sub>2</sub> reduction

## Apprenticeship Program

To support skill development, inducting talented workforce and creating livelihood opportunities for young students, IMC runs an Apprenticeship Program where young matriculate students are inducted and nourished via classroom lectures and hands-on experience to turn them into talented technicians. This helps availability of trained technical staff at IMC. The program benefits young students in learning technical skills and assists in securing reasonable livelihood opportunities.



## 26<sup>th</sup> Annual QCC Convention

IMC held its 26<sup>th</sup> Annual Quality Control Circle (QCC) Convention in August 2019 under the theme “Workplace Development & Employee Motivation – Way to Standardized Work” in Karachi. The theme was based on recognizing the spirit of Kaizen (Continuous Improvement), one of the two core pillars of Toyota Way and its business partners. A total of 15 teams, including 10 from IMC, 2 from its network of vendors and 3 teams from the Dealership network, presented their Kaizen efforts in improving quality within their respective business areas. The coveted Gold Medal was won by the Quality Assurance and Quality Control Departments, which are scheduled to represent IMC at a Global Quality competition in Japan based on revised plan due to the COVID-19 pandemic.



## Toyota Commendable Kaizen Award

The Customer Satisfaction Kaizen Evolution (CSKE) is hosted by Toyota Motor Asia Pacific (TMAP) every year. All affiliates from the Asia Pacific region take part in it to strive towards the common objective of providing the best customer service experience to customers.

**This year IMC won the Best Kaizen Award in the category of Body and Paint.**

## Safe and Healthy Workplace

Safety and Health of the workforce is of utmost priority at IMC. Being a responsible entity, we strive to create and strengthen a safety culture within our operations and in our supply chain. Our health and safety culture includes safety rules, procedures and practices to create awareness of safety practices. At IMC, all business processes are designed according to our safety policies, rules, standard procedures and global practices to comply with the requirements of Occupational Safety & Health Management System (OSHMS) which are Toyota's global standards developed

based on ISO 45001. Our philosophy at IMC is to maintain the highest level of quality product and service quality without harming people and the environment. Our Environmental Management System (EMS) is a comprehensive framework and conforms to ISO 14001 standards. Business processes and operations are managed in accordance with our environmental policies and Toyota's global standards. In IMC, we not only undergo regular ISO audits but also check our environmental conservation activities by conducting internal audits within the company applying our Environmental Assessment System (EAS) which is monitored globally throughout Toyota.

Safety culture at IMC is practiced through effective communication and reinforcement through a variety of channels, engaging all employees and contractors in understanding and adhering to safety programs and policies. Workers from each shop at IMC plant participate in regular safety circles (focus groups). Toyota's management tools are used to improve and enhance safety within operations. We believe in KAIZEN and continuously look for further improvement. The activity of JISHUKEN (Identification of areas requiring ongoing focus) helps to stimulate KAIZEN. Workers are also encouraged to participate in group-based activity of HIRA (Hazard Identification and Risk Assessment) to eliminate safety hazards from processes. Competitions are arranged and winners of the activity are awarded and selected themes are shared globally within Toyota. Our health and safety management practices are focused towards zero fatalities and injuries. Pulmonary Function test and Audio Metry test of Shop floor workforce is being undertaken by professorial physicians regularly every year. Moreover, for catering to health emergency of workforce, a First-aid Centre has been established which is available on a 24/7 basis.

Toyota Environment Challenge 2050 is reviewed along with our 5-Years Action Plan formulated to continue with our safety, health and environmental objectives. Globally, Toyota monitors each company against its standards and record the performance. Being a Toyota company, IMC also adheres to all standard operating procedures and strictly monitors Injury Free Rate as per direction of our Principal (Toyota).

All our products and services are regularly reviewed for their health and safety impact during design, production, services delivery and product use phases. There were no incidents of non-compliance with health and safety impact of products or services.

In 2020, the COVID-19 pandemic has brought unexpected variables and health risks, for some of which the existing crisis plans and teams weren't prepared to handle. IMC successfully developed Outbreak Management Plan in response to the global pandemic, in line with health experts, government notifications and World Health Organization (WHO). IMC took various

measures for safety of its workers and their families.

- Compulsory usage of hand sanitizers and face masks
- Ensuring social distancing at offices, across the plant and canteen
- Work-from-Home
- Social distancing in staff transport

## Safety Month 2020

Safety Month is observed each year in April to reinforce the commitment to safety. During the whole month, various activities - safety walks, safety audit and training, including firefighting training, fire simulation evacuation drills, screening of safety videos and awareness sessions - are organized. Moreover, special safety audits are carried out during the month to check compliance with policies and procedures to enforce the safety system. Competitions are also organized to encourage members for executing safety "Kaizens" in their processes. This year, the Safety Month could not be celebrated due to plant closure amid the COVID-19 pandemic, however, this activity will be scheduled later.

## 4S + Discipline Management System

5S PMRs has been revamped into 4S+Discipline Management System with additional emphasis on creating an ownership mindset along with other workplace management tools. It creates the culture of keeping the rules, visualize and communicate to understand. One of the key principles of this system is Zenin Sanka which demonstrates the importance of participation by every individual especially higher management with a clear policy.

## Health and Safety Committee

Health and safety culture is strengthened through the Health and Safety Committee. This Committee includes representatives from employees and management and cover all the workforce. The Committee meetings are held monthly at various levels where issues related to health and safety are discussed and actions to improve health and safety conditions are taken as per need. The agreements with the labour union cover topics of health and safety of the workforce.

In line with our commitment to health and safety of our workforce and operations, no Lost Work Day (LWD) injury occurred during the year. Minor Non-Lost Work Day Injuries (NLWD) occurred. All Non-Loss Work Day injuries occurred in non-production areas. IMC does not record loss work day injury and Non-Loss Work Day injury for contractors. Toyota global safety standards (Safety-PMRs) are used to record injuries. IMC does not take into account First Aid cases in calculating injury rate and as per directive of our Principal (Toyota), we monitor and take quick action for first-aid cases. However, fatalities are included in injury rate. Lost day calculation takes into account workday schedule and the count begins the day after the incident.

Injury rate	2020	2019	2018	2017	2016
LWD	0.0	0.0	0.0	0.2	0.0
NLWD	0.5	0.5	0.3	0.7	1.5

# Our Communities

## Concern Beyond Cars

Toyota's Guiding Principles and CSR Policy to pursue social contribution activities that help strengthen communities and contribute to the enrichment of society enlighten our CSR Policy. Our strategy to elevate our societies not only with our products but also with our activities has resulted in significant progress in the areas of education, health and customer safety. Our long-term success depends on strong relationships with society and playing a productive role in uplifting and developing the communities. The IMC CSR Policy also takes a lead from Toyota's Global Vision of enriching lives around the world through the concept of monozukuri (production), create jobs, develop people, and contribute to society.

Our CSR activities are based on need assessment of the communities steered by well-defined policies and procedures for efficient management and lasting impact. A senior management executive supported by a team is responsible for need assessment, program design, implementation, and

sustainability of the intervention in defined areas. The plant-site community is engaged on a regular basis to understand the requirements and identify areas for possible intervention. The identified programs are reviewed in line with Company policy to enrich lives and bring prosperity to society. The CSR function with support of the Administration department ensures smooth implementation of the programs. Our investments benefit communities in defined areas of health, education, customer safety and skill development. Monitoring of activities is carried out on a regular basis. Results are reviewed against defined objectives and relevant adjustments are carried out. No impact assessment of the interventions was conducted during the year. Based on our work with communities, we have determined that there were no significant actual or potential negative impacts of our operations on local communities around the plant site. IMC annually contributes 1% of its pretax profit of the preceding year towards community investment.



**Rs. 926 Million**  
spent over last 5 years

### Annual CSR Spending (Rs. in Million)



## External Response to COVID-19

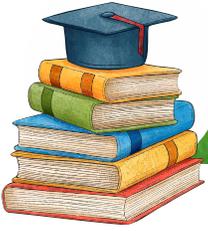
The COVID-19 pandemic is the defining global health crisis of our time and the greatest challenge we have faced since the World War.

The pandemic has threatened millions of lives and caused social and economic disruption suddenly. All public places were closed and employees of companies and universities were asked to work remotely. The banned economic activities and lockdown of cities caused hunger challenges and poverty in communities dependent on daily earnings. Unprecedented health challenges are additional implications of Coronavirus across the globe.

Realizing its national obligation, Indus Motor embarked upon with its external response to the COVID-19 pandemic spending around Rs 65 million for lessening the effects of pandemic, as follows;

- Donation of Rs. 20 million to "The Prime Minister's COVID-19 Pandemic Relief Fund 2020" to support and strengthen Government's effort to overcome the public health challenge due to spread of COVID-19.
- Donation of Rs 4.08 million to Aga Khan Hospital for procurement of a life-saving Ventilator machine.
- Donation of Rs. 1.25 million to SIUT for procurement of 50,000 surgical face masks for their COVID-19 services, in addition another donation of Rs. 7.5 million also made.
- Distribution of ration hampers to around 10,000 families of daily wagers in Karachi and Sialkot.
- Donated Rs. 10 million to Indus Hospital.





## Education

Quality education is the cornerstone for improving people's life and bringing prosperity to communities. Currently, Pakistan has the world's 2<sup>nd</sup> highest number of out-of-school children with an estimated 22.8 million aged between 5 and 16 years not attending school according to a UNICEF report. In Sindh alone, 6.4 million children are estimated out-of-school and which accounts for around 40% children of the province. We believe that education not only benefits the society by helping to increase economic growth, reducing poverty, reducing crimes, increasing employment, etc., but also helps the individual to earn higher income and therefore improve their living standard. Keeping in view this alarming situation, IMC entered into a partnership with The Citizens Foundation (TCF) for imparting quality education from grassroot level on the outskirts of Muzaffargarh and Hyderabad and also for its neighboring communities. IMC has been a great supporter of Habib University and has become one of its most cherished partners for bringing academic excellence through higher education to the nation.

Our investment in education is based on the belief that education has a direct impact on the economic growth of the country. We invest in innovative and sustainable education programs that connect students with classroom learning and real-world applications. Our contributions in this area are focused on provision of basic education to children of underprivileged communities, promotion of technology through support to students in pursuing their technological ambitions and partnering for bringing academic excellence through higher education that broadens students' intellectual horizons, harnesses their leadership potential and helps them learn to appreciate diverse perspectives.

Through our notable contributions in education, we support **SDG-4 "Quality Education"** which focuses on inclusive and equitable quality education and promotes lifelong opportunities for all.

### Toyota-Goth Education Program

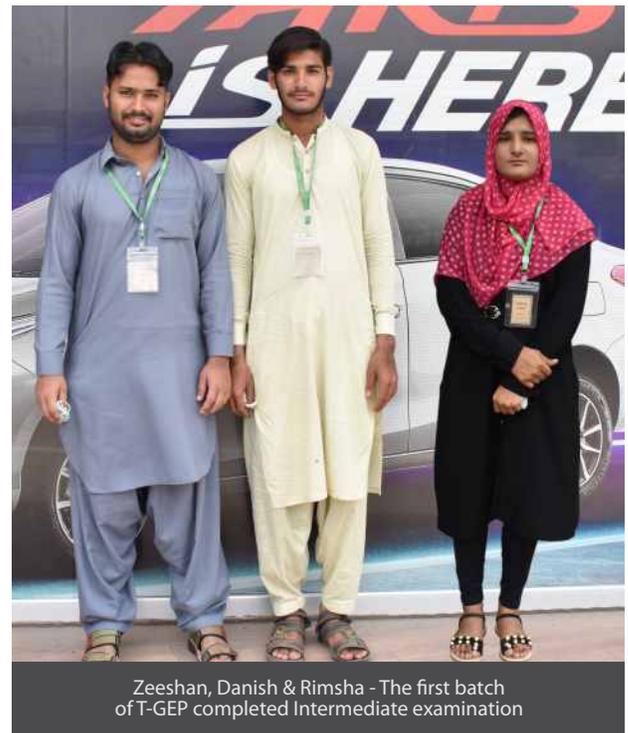
Toyota - Goth Education Program (T-GEP) was initiated in 2008 to provide full financial support with the objective of offering elementary and secondary school education to economically disadvantaged communities of neighboring localities where IMC operates. Nurturing their dream for 13 years, the program has gradually expanded the area of operation and scope of classes.

The first batch of T-GEP, consisting of three students, have completed their Intermediate. These students were enrolled in T-GEP from Class-II and successfully completed their Matriculation in A1 grade. Being from very poor families, two male students have shown their interest in building their career through Indus Motor's Apprenticeship Program.

The Program has resulted in significantly improving the living standard, way of thinking and, above all, it has helped in eliminating the long tradition of early marriage of girls in the neighboring communities.

In the Academic Year 2019-20, there were 261 students enrolled in T-GEP, out of which 58% were girls. A total of 16 students of two batches who have successfully passed their Matriculation examination, are being fully supported by IMC for their college education.

For the first time last year, seven college students from T-GEP were selected by the Youth Impact for their Leadership Training Program "Markhor-19", an experiential based training which was held in October 2019 at Shogran. This training program helped them in achieving self-exploration, social activism, instilling the markhor spirit, creating sustainable change through social entrepreneurship, innovation and creative thinking.



Zeeshan, Danish & Rimsha - The first batch of T-GEP completed Intermediate examination

## Partnering with The Citizens Foundation

The Citizens Foundation (TCF) is engaged in building and running schools, providing primary and secondary education to boys and girls in rural areas and urban slums of Pakistan. It is one of the largest privately-owned networks of low-cost formal schools in Pakistan. IMC has contributed to the noble cause by supporting two school campuses which were built at Muzaffargarh and Hyderabad. These campuses are imparting education to over 1,100 students and generating employment for the local people. IMC supports these campuses by bearing operational expenses through providing endowment fund as well as supporting annual contribution. During this year, IMC has released Rs. 3 million to TCF towards operational expenses of the campuses. Moreover, IMC has contributed a total amount of Rs. 98 million towards the TCF Endowment Fund for meeting annual expenses of their campuses including one campus at Orangi Town, Karachi.

**Rs. 98 million**  
Total contribution  
to TCF  
Endowment Fund

## TOYOTA - Eco-Youth Campaign by NUST Automotive Group

The Team Toyota NUSTAG of Automotive Group conducted an educational seminar for freshmen undergraduate students at the NUST College of Electrical and Mechanical Engineering. The objectives of the workshop were to educate and create awareness among students about climate change, threats posed to the planet, challenges faced while addressing climate change and the dedicated efforts of Indus Motor Company and its aims for the sustainability of the environment. Team Toyota NUSTAG was supported by IMC for competing in Urban Concept Gasoline in the Shell Eco-Marathon. The team was the first team which cleared technical inspection in the first attempt and secured 11th position in Urban-Gasoline Concept, which ranked at 3<sup>rd</sup> position country-wise after China and Indonesia and emerged as the Best Urban Concept Team of the Subcontinent.



## Promoting Skills and Competence to Boost Exports Export Managers Advanced Training (EMAT)

Pakistan is the world's 69<sup>th</sup> largest export economy with exports of USD 26.7 billion in 2018. The Government of Pakistan has been working to boost exports in the coming years through competence development, enhancing quality of products and exploring new markets. Exports play a vital role in the country's economic development, creation of employment opportunities and help maintain balance of payment. IMC partnered with Habib University Foundation to organize the program for helping Pakistan Exporters to skill up their competency to boost exports.



The training program was intensive, delivered by the experienced faculty of the University of Leipzig, Germany, where insights, best practices, winning experiences and strategies of exceptional German Mittelstand (SME) institutions were shared with participants. The EMAT program comprises 2 modules, each delivered over 20 hours, consisting of seminars and coaching characterized by a series of specialized workshops and practical case studies.

## Stimulating Technical Education

### Toyota–Technical Education Program

Toyota – Technical Education Program (T-TEP) is Toyota Motor Corporations flagship program to support its worldwide affiliates to train and develop human resource in their local communities by establishing long-term affiliation with running vocational institutes. The objective is to provide Service-to-Society through familiarizing the young generation with the latest automobile technology, to create employment opportunities and also to bridge the gap of trained automobile technicians in the country.

T-TEP was launched in Pakistan in the year 2000 and currently running at four institutes at Karachi, Lahore and Islamabad. A three-year certification is offered under the program which enables students to pursue a successful career in the technical field. The Toyota philosophy and methods are the cornerstone of this program. IMC has contributed an amount of Rs. 75 million to four T-TEP institutes across Pakistan in terms of trainings, tools and equipment and other development activities. During the year, IMC has contributed an amount of Rs 32 million for the development of Body & Paint facility at these institutes.

Since the beginning of T-TEP in Pakistan, IMC has trained 56 instructors successfully, invested more than 967,340 man-hours, graduating 4,397 students who got employment opportunities both within Pakistan and abroad. During the year, IMC conducted the Career Day event at all three T-TEP institutes and accordingly hired 27% graduates at Toyota Dealerships through the T-TEP recruitment drive.





# Health Initiatives

Economic development and prosperity depend on healthy societies. Healthy societies not only result in productive workforce, gender equality, and peace and stability but also reduce healthcare expenditure. Taking into consideration these imperatives, our interventions in this field focus on provision of basic health facilities to the neighboring underprivileged communities at their doorstep and support **SDG-3 “Good Health and Well-Being”**. We regularly donate to hospitals, blood banks and other healthcare institutions which provide life-care and health-care services to the underprivileged.

## Weekly Free Medical Camps

To provide basic health care treatment to our neighboring underprivileged communities, Free Medical Camps are being organized three times a week on a regular basis. In January 2020, IMC Management entrusted **Saylani Welfare Trust** for running the Medical Camps with additional facilities of Blood Sugar Test, Blood Pressure Test and referring serious patients to hospitals on its panel. During the year, 21,894 patients were treated for various seasonal illnesses such as Respiratory Tract Infection (RTI), Gastroenteritis and other general health problems arising from lack of immunity. The medicines were distributed free of cost.



## Bi-Monthly Free Psychiatric Medical Camps



The suicide rate around the globe is on the rise due to poor mental health. Mental health problems affect around one in four people in any given year and 95% of mental health problems are curable. They range from common problems, such as depression and anxiety to rarer problems of schizophrenia and bipolar disorder. Since 2017, IMC, in collaboration with the **Basic Needs Pakistan**, (an NGO) has been organizing free medical camps twice a month involving follow-ups as well as awareness campaigns for psychiatric ailments and epilepsy in nearby communities.

Last year, around 1,260 checkups were carried out and 49 patients were identified for treatment and counselling. Apart from checkups, counseling sessions were also organized which were attended by a large number of community members.

## Corporate Philanthropy for Health Care

IMC regularly donates to healthcare institutions to assist them in strengthening the facilities and providing better health services to the disadvantaged communities. During the year, to fight the COVID-19 pandemic IMC contributed;

- Donated Rs. 20 million to the “Prime Minister’s COVID-19 Pandemic Relief Fund 2020”;
- Donated Rs.10 million to Indus Hospital to help provide quality treatment to the underprivileged community during the unprecedented COVID-19 crisis;
- Donated a ventilator machine to the Aga Khan University Hospital;
- Donated Rs. 7.50 million and 50,000 surgical masks to SIUT to help our hospitals and frontline healthcare workers;
- Provided ration hampers to more than 6,500 families during the lockdown;
- Contribution to The Kidney Centre and Marie Adelaide Leprosy Centre Karachi.



CEO Indus Motor, Mr. Ali Asghar Jamali, presenting cheque to Syed Adeebul Hassan Rizvi of SIUT

## Employee Volunteerism

Employee volunteerism helps in strengthening employee satisfaction, retention and productivity while doing good in the society. It also benefits the brand and results in better stakeholders' relations. IMC encourages its employees to participate in volunteer activities to extend support for the causes benefiting the public at large.

During the year, employees volunteered 4,839 working-hours for various CSR activities including the Company's "Million Tree Plantation Drive", "5S Clean-up Drive", food and ration distribution for neighboring communities well-being, provision of medical and educational assistance.



**4,839**  
man-hours of employee volunteering

## MARKHOR-2019 – Wilderness-based Leadership Conference

Markhor Conference is a distinctive social leadership development experiment, a wilderness-based Youth Leadership program that opens up a whole new perspective on the way we view nature. It tests limits of participants while creating a strong community for support and trust. The Markhor-2019 objectives were to instill a Markhor spirit, develop self-awareness, and create innovative thinking and capacity building for social activism.

The 5-day Conference "Markhor-2019" was organized by The Youth Impact (a non-profit organization) in October 2019 at Shogran. IMC sponsored the Markhor-2019 as the "Official Women Leaders Partners," providing scholarships to ten female delegates from T-GEP senior students and three from Karachi (Lyari) and Jacobabad as brand ambassadors, on merit and need basis.



## Start Your Impossible

Toyota's global corporate initiative "Start Your Impossible" was formally launched in Pakistan by IMC in 2018. Start Your Impossible initiative inspires Toyota employees, partners and customers to connect to the Company's core belief that mobility goes beyond cars; it is about overcoming challenges and making dreams come true. IMC pledged support to Ms Zainab Barkat, the national wheelchair table tennis player, to represent Pakistan in the Tokyo 2020 Paralympic Games and fulfill her dream of returning as a gold medalist.

Ms. Zainab got robust training on Wheelchair Table Tennis in Pakistan and thereafter in China for her selection by the Pakistan Table Tennis Federation for competing abroad in T3 category Table Tennis. The Paralympic Games have been postponed till 2021 owing to the COVID-19 pandemic. However, her participation in the "Start Your Impossible" initiative is an inspiration for other people and highlights the Company's mission of creating a barrier-free society and reinforces its values of humility, hard work, overcoming challenges and perseverance.



## Provision of Food and Ration to Fight Hunger

Healthier and happier communities are important for peace, prosperity and economic development. Hunger results in discomfort, distorts law and order and hampers economic activities. Business can play an important role in solving this major issue of hunger by supporting the needy communities. Our activities of ration distribution support **SDG-2 "Zero Hunger"** which seeks sustainable solutions to end hunger in all its forms and ensures that everyone everywhere has enough good quality food to lead a healthy life. Since inception, IMC has been actively playing its role through provision of cooked food to neighboring communities at their doorstep and ration distribution in the month of Ramzan. The average number of beneficiaries under this program is around 20,000 households. In addition IMC continued to support to 110 persons every day by providing nutritious cooked food in Karachi through **Saylani Welfare Dasterkhan**.



## Relief Activities for Earthquake Victims in Azad Kashmir

Azad Kashmir witnessed a 5.8 magnitude earthquake in September 2019 that brought devastation in Mirpur District. It caused over 40 deaths and around 500 persons were injured. IMC immediately undertook humanitarian support activities for the victims in Azad Kashmir through distribution of ration hampers and blankets to around 500 families.



## Support to Saylani Welfare Trust

**A sympathetic and smart way for IMC to give back to society is donating its' surplus usable items to assist social initiatives**

- IMC donated an automatic bread-making machine to Saylani Welfare Trust to help it in extending outreach to the needy and poor sections of the society. Saylani Welfare Trust serves 125,000 destitute people every day with nutritious food. It does so without discrimination and with dignity and grace.
- IMC donated metal roofing to Saylani Welfare Trust for building shades at various Saylani-ka-Dasterkhan points.



IMC CSR Team pictured with children and adults of one village community supported by the Company



The Way Forward

# The Way Forward

Severe economic conditions, including currency depreciation, stagnant exports, inflation and unemployment are putting increased pressure on businesses. We must also manage impact of the COVID-19 pandemic outbreak and resultant lockdowns, which has entirely changed the way we live and work. IMC is fully committed to playing its role while taking guidance from the Toyota Vision, Guiding Principles and best practices in corporate governance and sustainability management.

Since last year, the automobile sector has been severely affected due to increasing automobile prices on account of currency depreciation, increasing taxes and decreased demand due to reduced disposable income of consumers. These factors have resulted in decreased sales and profitability and require strategic changes in the business plan. However, we are committed to providing high quality and safe products to our customers. We keep upgrading our plant and facilities to meet the demand in the years to come after this economic crunch. Moreover, in line with the “Toyota Environmental Challenge 2050,” we aim to continuously make investments on clean energy resources and efficient energy management. These will enable us to reduce environmental footprint of our operations and supply chain partners to meet our target of net zero impact.

Our human capital is important for maintaining our market position and delivering sustainable growth in the ever-changing competitive market. We are committed to nourishing our workforce with training and education, providing market-based

remuneration and benefits, as well as a safe, healthy and productive workplace to perform. Our supply chain partners help us in meeting our corporate objectives and achieving customer satisfaction. We are committed to supporting our supply chain partners by working to improve economic returns, provide guidance and training to manage their environmental footprint and making contributions for the benefit of society. Transparency helps in establishing a trusted business relationship with our stakeholders and long-term success of the business. We are committed to continuing engagement with our stakeholders, working for uplifting of our under-privileged communities through investment in education, health and livelihood generation, and promoting skill development and sports for healthier societies.

We are committed to continuing our sustainability reporting to share our sustainability story and impacts with our stakeholders for making informed decisions. We are also committed to keep following and supporting:

- “Ten Principles” of United Nations Global Compact
- Global Reporting Initiatives Sustainability Reporting Standards
- Corporate Social Responsibility Voluntary Guidelines 2013
- Sustainable Development Goals



Hazara Motorway - M15



# Annexures

# GRI CONTENT INDEX

The GRI content index serves as a navigation tool to locate the content within the report. The GRI Standards together with the related disclosures are listed and each disclosure is referred to the relevant page in this Sustainability Report or other publicly available source.

**Key**

SR = 2020 Sustainability Report  
AR = Annual Report 2020



Fully disclosed  
Partially disclosed  
Not disclosed

GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	OMISSION AND REASON
<b>GRI 101: FOUNDATION 2016</b>	GRI 101 contains no disclosures.		
<b>GENERAL DISCLOSURES</b>			
<b>GRI 102: GENERAL DISCLOSURES 2016</b>	<b>ORGANIZATIONAL PROFILE</b>		
	102-1 Name of the organization	10	████████████████
	102-2 Activities, brands, products and services	10, 11	████████████████
	102-3 Location of headquarters	10	████████████████
	102-4 Location of operations	10	████████████████
	102-5 Ownership and legal form	10	████████████████
	102-6 Markets served	10	████████████████
	102-7 Scale of the organization	10	████████████████
	102-8 Information on employees and other workers	59	████████████████
	102-9 Supply chain	45	████████████████
	102-10 Significant changes to the organization and its supply chain	10	████████████████
	102-11 Precautionary Principle or Approach	33	████████████████
	102-12 External initiatives	33	████████████████
	102-13 Membership of associations	33	████████████████
	<b>STRATEGY</b>		
	102-14 Statement from senior decision-maker	7-8	████████████████

<b>ETHICS AND INTEGRITY</b>			
	102-16 Values, principles, standards and norms of behavior	29-30	■■■■■■■■■■
<b>GOVERNANCE</b>			
	102-18 Governance structure	SR 31, AR 34	■■■■■■■■■■
	102-22 Composition of the highest governance body and its committees	SR 31, AR 34	■■■■■■■■■■
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	102-41 Collective bargaining agreements	61	■■■■■■■■■■
	102-42 Identifying and selecting stakeholder	22	■■■■■■■■■■
	102-43 Approach to stakeholder engagement	22-23	■■■■■■■■■■
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	102-50 Reporting period	2	■■■■■■■■■■
	102-51 Date of most recent report	2	■■■■■■■■■■
	102-52 Reporting cycle	2	■■■■■■■■■■
	102-53 Contact point for questions regarding the report	2	■■■■■■■■■■
	102-54 Claims of reporting in accordance with the GRI Standards	2	■■■■■■■■■■
	102-55 GRI content index	77	■■■■■■■■■■
	102-56 External assurance	2	■■■■■■■■■■
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<b>2016</b>	201-3 Defined benefit plan obligations and other retirement plans	37	■■■■■■■■■■
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<b>GRI 204: PROCUREMENT PRACTICES 2016</b>	204-1 Proportion of spending on local suppliers	45	■■■■■■
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<b>GRI 303: WATER 2016</b>	303-1 Water withdrawal by source	55	■■■■■■■■■■
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<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>	308-1 New suppliers that were screened using environmental criteria	45	■■■■■■
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<b>GRI 402: LABOUR/MANAGEMENT RELATIONS 2016</b>	402-1 Minimum notice periods regarding operational changes	61	■■■■■■
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	405-2 Ratio of basic salary and remuneration of women to men	61	■■■■■■■■■■
<b>GRI 406: NON-DISCRIMINATION 2016</b>	406-1 Incidents of discrimination and corrective actions taken	61	
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	61	■■■■■■■■■■
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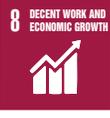
# UNGC - COP



**United Nations**  
Global Compact

PRINCIPLE	STATEMENT	PAGE NO.	GRI STANDARDS DISCLOSURE
<b>Principle 1</b>	Businesses should support and respect the protection of internationally proclaimed human rights.	65, 66-73	413-1, 413-2
<b>Principle 2</b>	Businesses should make sure that they are not complicit in human rights abuses.	45, 66-73	413-1, 414-1
<b>Principle 3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	61	102-41, 402-1, 407-1
<b>Principle 4</b>	Businesses should uphold the elimination of all forms of forced and compulsory labor.	61	409-1
<b>Principle 5</b>	Businesses should uphold the effective abolition of child labor.	61	408-1
<b>Principle 6</b>	Businesses should uphold elimination of discrimination in respect of employment and occupation.	59, 60, 62, 61	102-8, 401-1, 404-1, 404-3, 405-2, 406-1,
<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenge <sup>5</sup> .	50, 51, 55, 53	301-1, 302-1, 303-1, 305-1, 305-6, 305-7
<b>Principle 8</b>	Businesses should undertake initiatives to promote greater environmental responsibility.	50, 51, 55, 53, 56, 32, 45	301-1, 301-2, 302-1, 302-3, 302-4, 303-1, 303-2, 303-3, 305-1, 305-4, 305-5, 305-6, 305-7, 306-2, 306-3, 306-4, 307-1, 308-1
<b>Principle 9</b>	Businesses should encourage the development and diffusion of environmental-friendly technologies.	51, 53	302-4, 305-5
<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.	29-30, 35, 61	102-16, 205-1, 205-2

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 <p>2 NO HUNGER</p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	36, 65-73	201-1, 203-1, 413-2
 <p>3 GOOD HEALTH</p>	Ensure healthy lives and promote well-being for all at all ages.	53, 56, 64	305-1, 305-6, 305-7, 306-2, 306-3, 306-4, 403-2
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and quality education for all and promote lifelong learning.	62	404-1
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls.	SR 31, AR 34, 36, 65-73, 60, 62, 61, 45	102-22, 201-1, 203-1, 401-1, 404-1, 404-3, 406-1, 414-1
 <p>6 CLEAN WATER AND SANITATION</p>	Ensure access to water and sanitation for all.	55, 56	303-1, 303-2, 303-3, 306-2, 306-3
 <p>7 RENEWABLE ENERGY</p>	Ensure access to affordable, reliable, sustainable and modern energy for all.	36, 65-73, 51	201-1, 203-1, 302-1, 302-3, 302-4
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote inclusive and sustainable economic growth, employment and decent work for all.	59, 61, 36, 50, 51, 55, 60, 64, 62, 45	102-8, 102-41, 201-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-3, 401-1, 401-2, 402-1, 403-1, 403-2, 403-4, 404-1, 404-3, 405-2, 407-1, 408-1, 409-1, 414-1
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote sustainable industrialization and foster innovation.	36, 65-73	201-1, 203-1
 <p>10 REDUCE INEQUALITIES</p>	Reduce inequality within and among countries.	61	405-2
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities inclusive, safe, resilient and sustainable.	65-73	203-1

	<p>Ensure sustainable consumption and production patterns.</p>	<p>45, 50, 51, 55, 53, 56, 47</p>	<p>204-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-3, 305-1, 305-6, 305-7, 306-2, 306-3, 306-4, 417-1</p>
	<p>Take urgent action to combat climate change and its impacts.</p>	<p>51, 53</p>	<p>302-1, 302-3, 302-4, 305-1, 305-4</p>
	<p>Conserve and sustainably use the oceans, seas and marine resources.</p>	<p>53, 56</p>	<p>305-1, 305-4, 305-5, 305-7, 306-3</p>
	<p>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.</p>	<p>53, 56</p>	<p>305-1, 305-4, 305-5, 305-7, 306-3</p>
	<p>Promote just, peaceful and inclusive societies.</p>	<p>29-30, SR 31, AR 34, 35, 61, 32, 45, 61, 64, 47, 32</p>	<p>102-16, 102-22, 205-1, 205-2, 307-1, 414-1, 406-1, 408-1, 416-2, 417-2, 417-3, 419-1</p>
	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</p>	<p>16</p>	<p>Not applicable</p>

# GLOSSARY AND ACRONYMS

AP-ECO	Asia Pacific Ecology
ASEAN	Association of Southeast Asian Nations
ATM	Apprentice Team Member
CBA	Collective Bargaining Agent
CBU	Complete Built Unit
CFCs	Chlorofluorocarbons
CKD	Completely Knocked Down
COP	Communication on Progress
CSR	Corporate Social Responsibility
GHG	Green House Gases
GRI	Global Reporting Initiative
GEMS	Global Environment Management System
GJ	Giga Joule
HFCs	Hydrofluorocarbons
ISO	International Standards Organization
LWD	Lost Work Day
NLWD	Non-Lost Work Day
MAP	Management Association of Pakistan
MPX	Multiplex Communication System
MW	Mega Watt
NFEH	National Forum for Environment and Health
NGO	Non-Governmental Organization
NVH	Noise, Vibration and Harshness
OEMs	Original Equipment Manufacturers
SDGs	Sustainable Development Goals
SEQS	Sindh Environmental Quality Standards
SEPA	Sindh Environmental Protection Agency
TDEM	Toyota Daihatsu Engineering & Manufacturing
UNGC	United Nations Global Compact

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