

Sustainability Report 2021



Indus Motor Company Ltd.

TOYOTA

Concern Beyond Cars 

LOOKING TO A HAPPIER WORLD

Brown Bear Forest, Kaghan Valley, Pakistan
Courtesy: Mr. Naseem Zafar Iqbal, Training Impact

ABOUT THIS REPORT

This is our 6th Sustainability Report. The Report has been prepared in accordance with **GRI Sustainability Reporting Standards: Core option**. The Report also complies with UNGC **Ten Principles** on Human Rights, Labor, Environment and Anti-corruption and demonstrates our contributions and commitment thereof.

Scope and Boundary

The Report covers information about IMC's activities and impacts for the period commencing July 1, 2020 and ending June 30, 2021. The Report does not include information about subsidiaries, associated companies and joint ventures.

Report Content and Methodology

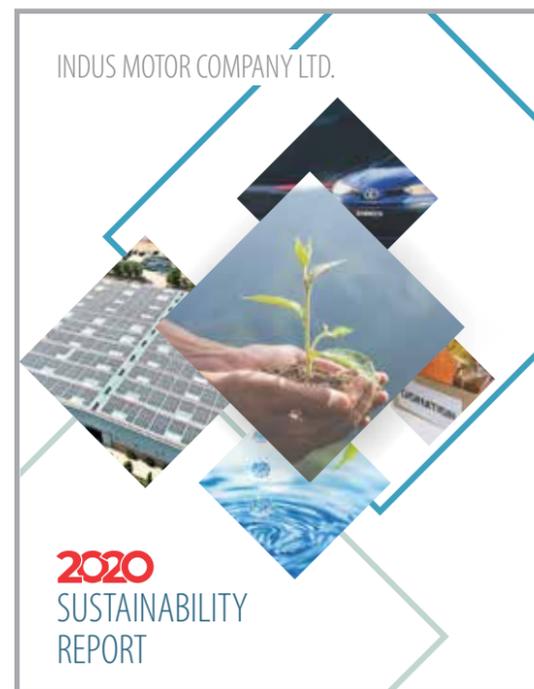
The Report content is derived from our engagement with stakeholders, our impacts on economy, environment and society and the requirements of UNGC "Ten Principles". The information about process of defining report content and boundaries of material topics can be found in the Materiality Analysis section of the Report.

The information and data included in the Report is derived from existing management systems. The quantitative data 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. 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. There were no changes in the reporting period, scope and boundary of material topics.

The Sustainability Report is produced annually to share information about sustainability initiatives, activities and impacts. 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. Last year's Report was published on September 21, 2020.

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 100. This Report is available in print and online at www.toyota-indus.com.



KEY PERFORMANCE HIGHLIGHTS



vehicles manufactured



108%

59,187 units



vehicles sold



100%

57,731 units



net sales



108%

Rs 179.20 billion



net profit after tax



151%

Rs 12.80 billion



community investment



61%

Rs 74* million



energy consumption



62%

407,654 GJ



water consumption



8%

347 ML/per year



GHG emissions



50%

19,524 metric tons

* Based on FY 2019-2020 PBT

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OVERVIEW

Brown Bear Forest, Kaghan Valley, Pakistan
Courtesy: Mr. Naseem Zafar Iqbal, Training Impact

Mohamedali R. Habib



THE CHAIRMAN'S MESSAGE

Dear Stakeholders,

Global economic recovery amidst better pandemic management and vaccination drives are promising signs for managing the economic and social disruption occurred due to COVID-19. Still, the pandemic variant waves remain a threat to economic and social systems. This not only requires better management of operations with focus on health and safety of workforce, their families and community but also contribute towards uplifting vulnerable communities.

Pakistan's economy has shown a modest recovery and expected to improve on account of Government's policy decisions to boost the export sector, facilitation in ease of doing business, lower interest rates and business friendly policies. During the FY 2020-21, IMC showed an encouraging increase in revenues and profitability, witnessing higher number of units sold and IMC's Toyota Yaris establishing itself as the best-selling B-Segment sedan in Pakistan. We are humbled by the trust and confidence our customers have in our products. We are confident to tap the growth opportunities while producing high quality and safe products meeting customers' delight.

Our strong economic performance fuels our mission to support economic development through our mobility solutions and play our part to overcome the severe challenges faced by our Nation. Our corporate actions have been aligned with the SDGs for making impactful contribution towards Sustainable Development. We continued our commitment to invest 1% pretax profit of preceding year to support our initiatives for betterment of communities, development of technical skill and instill agility among youth.

The World Economic Forum Global Risk Report 2021 ranked climate risk as a priority. Being a manufacturing company having environmental impact of operations and products, managing our environmental footprint is our topmost

priority. Apart from environmental management at our operations and supply chain partners, we undertook to plant 1 million trees by 2023 for playing our part in tackling climate change and developing a clean and green Pakistan. Until 2021, over 500,000 saplings have been planted, which are growing into mature trees.

Our people are our strength to deliver our mission, maintain brand position and meet stakeholders' expectations. We are committed to nourish their talent, ensure safer and productive workplace and providing competitive benefits. Our "employees volunteering program" not only benefits our communities but also increases productivity. During the year, our employees volunteered 1,524 working-hours for various CSR activities. In line with Toyota CSR Policy "Contribution towards Sustainable Development", we are committed to support our communities through our CSR program.

We re-affirm our commitment to play a meaningful role to create a sustainable future for all stakeholders through our products, and through our elaborate CSR programs, we have been at the forefront of giving back to people in the areas of Education, Health and Safety.

Mohamedali R. Habib
Chairman

THE CHIEF EXECUTIVE'S MESSAGE

Dear Stakeholders,

The COVID-19 pandemic unfolded a global crisis which greatly impacted the key economic indicators. The economic growth for 2022 is expected to be on the lower side amidst pandemic-induced disruptions and the extent of policy support.

Rising climate risks coupled with uncertainties and virus mutations can slow down the long-term economic recovery. Pakistan's economy has witnessed a recovery after the pandemic and is expected to reach a growth rate of 4.5% in 2023.

The Government's efforts to boost exports, improve the ease of doing business and the prevailing low policy rate are expected to bring stability to economic growth. The automobile industry witnessed a tremendous year in terms of sales and profitability amidst the restoration of economic activity and low car financing rates. The entry of new players coupled with the introduction of new models and features have resulted in increased consumer choices and after-sales services.

The automobile industry has shown increased sales and production of vehicles, leading to a recovery in sales and profitability. Our vehicle sales increased to 57,731 units this year. The economic recovery coupled with the low interest rate of vehicle financing led to the increased sales of vehicles. The net profit after tax for the year was PKR 12.8 billion, with an increase of 151%, compared to the previous year. Toyota Yaris established itself as the best-selling B-Segment sedan in Pakistan in FY2020-21, being the customer's first choice for comfort and value. Keeping in view the increasing demand, we strive to keep upgrading our plants, improving our production processes, and managing costs through increasing efficiencies by following the Toyota philosophy of Kaizen or continuous improvement. We are confident of surpassing our customers' expectations, continue delighting them by offering high-quality and safe vehicles, with the support of Toyota and our localization program.

The risk of climate change remained as one of the top risks for 2021. We are committed to investing in cleaner technologies, increasing process efficiencies, and sharing environmental management practices with supply chain partners to reduce our environmental footprint. 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. We believe there is good reason for a higher global adoption of Hybrid powertrains – they deliver adequately in terms of the travel objectives of citizens and fuel conservation in the environment at a considerable cost advantage to both the consumers and the economy. Hybrids are environmental-friendly, emitting 50% lesser CO₂ than their Internal Combustion Engine (ICE) equivalent and are up to 100% more fuel-efficient than the latter.

During the year, our energy consumption increased by 156,750 GJ while emissions and water usage increased by 6,535 Mt and 27 ML, respectively, on account of increased production levels after COVID-19. IMC has become Pakistan's first Company to install one of the largest - 4.5MWp rating – rooftop mounted Solar Photovoltaic (PV) plant and the largest Solar PV plant in the automobile industry in Pakistan. This is expected to reduce the factory's carbon footprint by more than 3,000 tons annually and reduce energy costs. Furthermore, IMC is the first automobile company in Pakistan to commence use of environment-friendly gas, R-134a in car air-conditioning system, instead of CFC-12.

Our workforce is vital for delivering sustainable returns, meeting our customers' expectations, and maintain brand leadership. Their commitment and passion are our strength in the competitive automobile market. We invest in training and education to develop their skills and offer competitive benefits. Health and safety is of the utmost priority at our plant, witnessed through 6.3 million safe man-hours at our plant. We value the role of our dealers and suppliers in our efforts to deliver customer delight and become a leading brand in the marketplace. We commit to supporting our dealers and suppliers through the provision of guidelines and training to increase economic benefits and play a role in society. We commit to pursuing sustainability practices in our supply chain for better management of our supply chain impacts.

The Toyota CSR Policy, Contribution towards Sustainable Development, enlightens our approach to enriching the lives of our communities. Our spending on CSR activities remained at 1% of our pre-tax profit from the preceding year. We are committed to continue our interventions in education, healthcare, environment conservation and Toyota 5S philosophy and road safety. Our employees' volunteering program furthers our commitment to corporate social responsibility towards our communities.

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.

Ali Asghar Jamali
Chief Executive

Ali Asghar Jamali



CORPORATE HISTORY

1989 December | **Indus Motor Company Limited**, incorporated as a joint venture between certain companies of the House of Habib, Pakistan, Toyota Motor Corporation and Toyota Tsusho Corporation, Japan.

'93 April	'93 May	'93 May	'96 January	'96 April	'97 October
Plant inauguration	1st Corolla Launched (7th generation, with 30 local parts)	Late Eiji Toyoda (1913-2013), known as the legendary Father of Modern Toyota and acknowledged as the architect of the world famous Toyota Production System, visit to IMC	1st Hilux Launched	Corolla Diesel 2.0D Launch	25,000th vehicle line-off
'00 March	'00 May	'02 February	'03 September	'05 June	'05 September
Daihatsu Cuore Launch	50,000th vehicle line-off	Launch of 9th Generation Corolla (with 469 local parts)	100,000th vehicle line-off	150,000th vehicle line-off	Toyota Hilux IMV 4x4 (CBU) Launch
'06 November	'06 December	'07 September	'07 November	'08 August	'08 August
Mr Akio Toyoda (EVP, TMC) visit to IMC	250,000th vehicle line-off	Cogen Plant start-up	Hilux IMV line-off	10th Generation Corolla Launch (with 582 local parts)	Press Shop Start-up

'10 October	'12 November	'13 February	'13 December	'14 September	'15 January
1st Hilux 4x4 Double Cabin Launch	500,000th vehicle line-off	1st Fortuner line-off	Launch of Toyota Prius Hybrid (CBU)	11th Generation Corolla Launch (with 777 local parts)	IMC's Silver Jubilee Celebrations
'16 November	'17 January	'17 November	'18 January	'19 April	'19 June
New Hilux Revo Launch	New Fortuner Launch	750,000th vehicle line-off	New Paint Shop inauguration	Robots Installation in Paint & Weld Shops	Highest Annual Production: 65,346 units & Vehicle Sales: 66,211 units
'19 June	'19 June	'19 November	'20 March	'21 March	'21 April
100% NCAP Compliance - Dual airbag vehicles	CSR Spending over Rs 1 Billion (cumulative)	IMC's 30 years Celebrations	Toyota Yaris Launch	Highest Production: 6,700+ units Highest Sales: 6,700+ units	4.5 MWp Solar Photovoltaic Plant inaugurated Corolla Cross Hybrid Launch

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 109.5 acres site at Port Qasim Industrial Estate, Karachi. Products are delivered to end customers nationwide through a strong network of 50 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 31 years, since inception, IMC has sold more than **961,500** CKD/CBU 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 **288** (with overtime) 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 2021 was 2,943 employees. Net sales for the year 2021 was Rs. 179.20 billion, while the total capitalization was Rs. 48.90 billion. Further details about assets, sales breakdown and beneficial ownership are available on pages 101, 136 and 152 and 153 respectively, of our Annual Report 2021. The total number of vehicles sold during 2021 was 57,731 units.

IMC employees are encouraged to pursue high standards of business ethics and safety according to the core values of the Company; they communicate candidly by giving bad news first and extend respect to people. Employees rate IMC high on work environment and level of job satisfaction as per the bi-annual TMC morale survey.

PRODUCT LINE-UP

The Toyota 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.

CKD PRODUCT RANGE



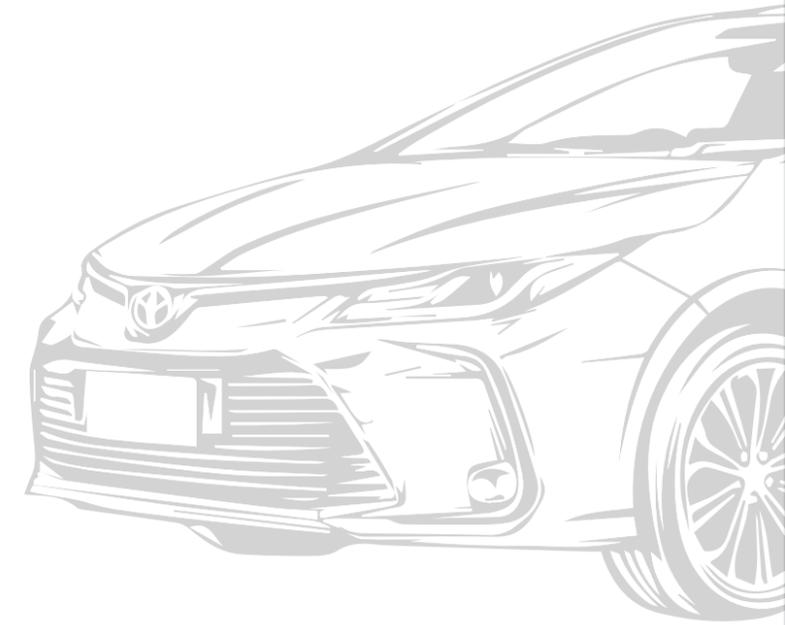
THE NEW
FORTUNER



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.



CBU PRODUCT RANGE

C A M R Y
HYBRID

PRIUS
HYBRID

COROLLA
CROSS
HYBRID

Rush

LAND CRUISER
PRADO

LAND CRUISER

HIACE

COASTER



CORPORATE SUSTAINABILITY PHILOSOPHY

Brown Bear Forest, Kaghan Valley, Pakistan
Courtesy: Mr. Naseem Zafar Iqbal, Training Impact

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

Act #
Action,
Commitment,
Teamwork



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

<p>Conflict of Interest</p>	<p>Confidentiality and Accuracy of Information</p>	<p>Gifts</p>
<p>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.</p>	<p>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.</p>	<p>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.</p>
<p>Proper Recording of Funds, Assets, Receipts and Disbursements</p>	<p>Health and Safety</p>	<p>Environment</p>
<p>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.</p>	<p>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.</p>	<p>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.</p>
<p>Workplace Harassment</p>	<p>Conflict of Interest</p>	<p>Legal Proceedings</p>
<p>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.</p>	<p>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.</p>	<p>It is essential that a staff member, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his superior in writing.</p>

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 become volatile due to continuous erupting of pandemic waves globally. However, mass vaccination drives, smart lockdowns and V-shape economic recovery coupled with Government and State Bank's policy support, are providing stimulus for restoration of economic activities in all sectors of the economy. The Large Scale Manufacturers (LSM) sector shows remarkable performance during FY2021 and posted a growth of 14.9%. A broad-based economic rebound is underway on the back of targeted fiscal measures, incentives provided to construction and export industries and subsidized credit to ensure employability of workers.

The PKR to USD parity improved during the year but the gain was nullified on account of higher prices of inputs. The economic recovery has resulted in rebound growth of our product sales during the year which is expected to gain further growth in coming years. The Government's decision to cut Federal Excise Duty has resulted in decrease of prices across all product offerings and is expected to increase sales. However, increasing competition, currency exchange rate fluctuation, geo-political and security situation in the region, along with decreasing disposable incomes are the major risks to our economic growth.

Climate change is one of the major environmental risks expected to affect our operations. The increasing emissions from internal combustion vehicles and increase in on-road vehicles has spurred the debate on Electrified Vehicles (EVs). The upcoming Auto Policy is expected to introduce measures for increased vehicle production and rationalizing vehicles prices in Pakistan.

We are constantly reviewing the policy developments on this front to position ourselves in the competitive market. The changing climate conditions coupled with recent developments, offer opportunities as well as significant risks.

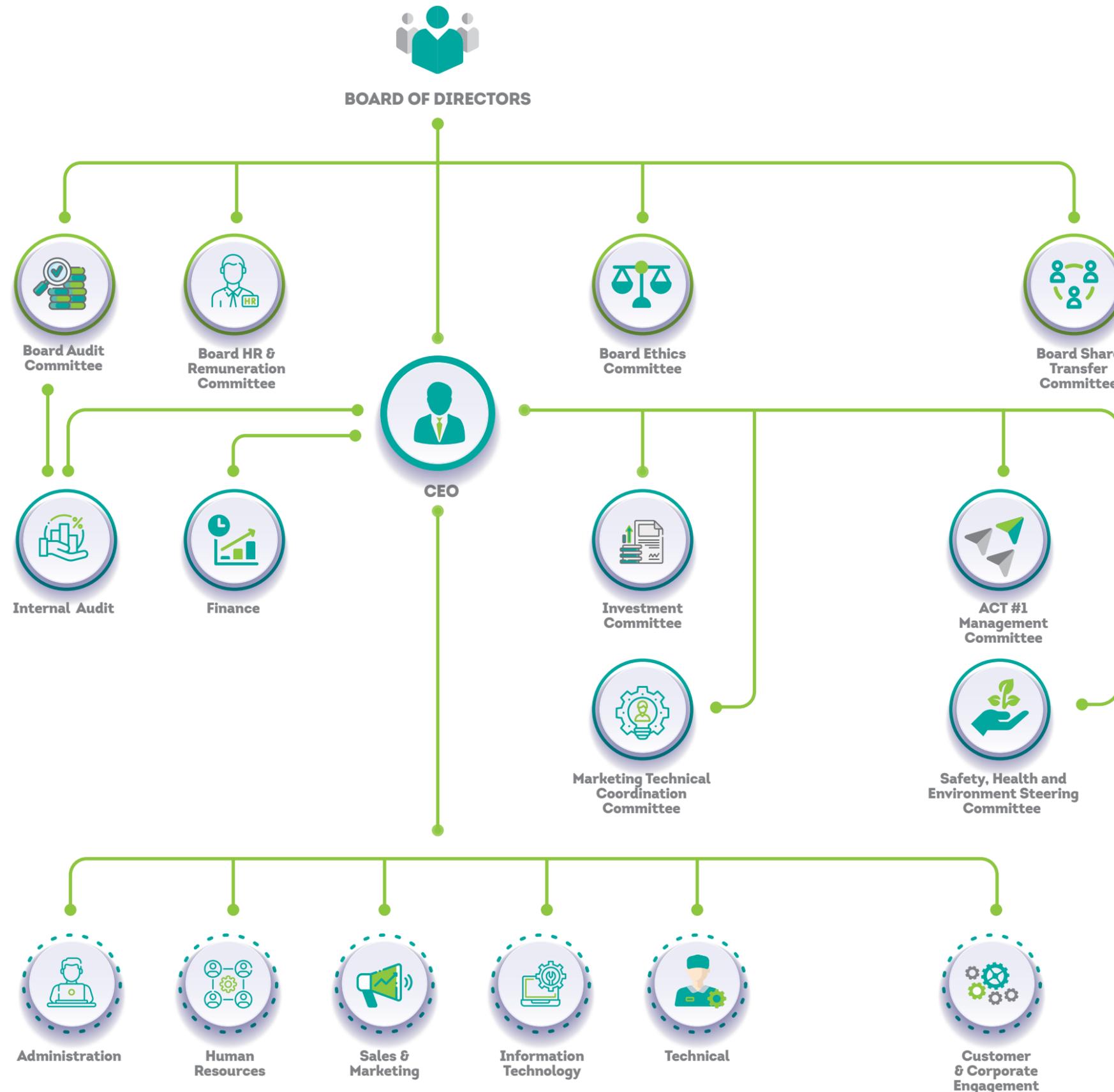
Adequate strategies are required to capitalize the opportunities and manage the impact of risks on our operations. Our Risk Management system assesses risks

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.

Toyota Guiding Principles, along with applicable laws and regulations, are implanted in the true spirit to comply with requirements from Toyota, local laws and regulations and to meet our stakeholders' expectations. Our activities and our relationships with our supply chain partners are governed by our strong internal compliance culture. Our Risk Management System is aligned with TMC's Toyota Global Risk Management Standards (TGRS) which defines 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.

We are subject to various laws and regulatory controls, voluntary initiatives relating to taxes and duties, employment practices, health, safety and environment, product safety and marketing communications. Our 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.

ORGANOGRAM



THE BOARD AND BOARD COMMITTEES

Corporate governance entails a responsible and transparent management of operations for delivering sustained corporate success, competitive advantage and enhancing the confidence bestowed by stakeholders.

The Companies Act 2017, Code of Corporate Governance for listed companies, applicable regulations and Toyota Guiding Principles forms the basis of our corporate governance structure. Our sound governance structure strengthens our commitment to high ethical standards, integrity, transparency, accountability and compliance with applicable laws and regulations. Integrated management system and code of conduct governs our management practices for delivering sustained economic performance and meeting customer expectations.

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 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 pages 18 to 21 of Annual Report 2021.

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. The Board is assisted by various Board Committees which help the Board to effectively focus on important issues requiring deliberation and discharging its duties in an effective manner. 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, Ethics Committee and Share Transfer Committee. The Management Committees comprise of Investment Committee, Marketing Technical Co-ordination Committee, ACT#1 Management Committee and Safety, Health and 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.

COMMITMENTS AND EXTERNAL INITIATIVES

We are committed to follow and support following external international initiatives, charters and principles:

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

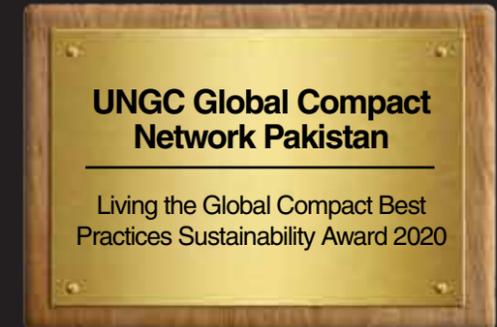
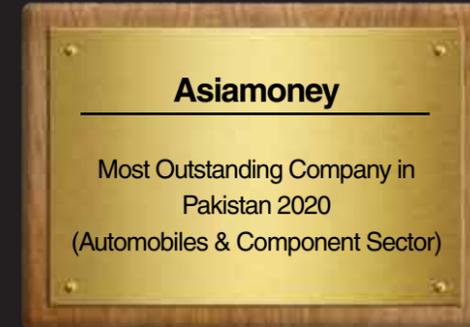
We apply precautionary approach to reduce the environmental impact of our operations and products through research and development, modernization and adoption of cleaner technologies.

- ISO 9001:2008 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- United Nations Global Compact UNGC “Ten Principles”
- GRI Sustainability Reporting Standards
- Sustainable Development Goals (SDGs)

IMC is a member of various industry associations. It does not hold any position in these associations except chairmanship position of the Pakistan Automotive Manufacturers Association, and only provides support through sponsorships and participation in various programs organized by the following 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

AWARDS & ACCOLADES





**ECONOMIC
PERFORMANCE**



ECONOMIC PERFORMANCE



A strong economic performance is vital for our ability to provide healthy returns to our investors, competitive benefits to our workforce, payments to our supply chain partners, pursue sustainability aggressively, making contributions to solving societal issues and uplifting our communities. In 2020-2021, the V shaped economic recovery on account of supportive Government and State Bank policies, lower mark-up rates have resulted in higher sales and positively impacted economic performance of the Company.

Our 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. Our 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 2020-2021 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 economic impacts 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 pages 49 and 101 of Annual Report 2021.

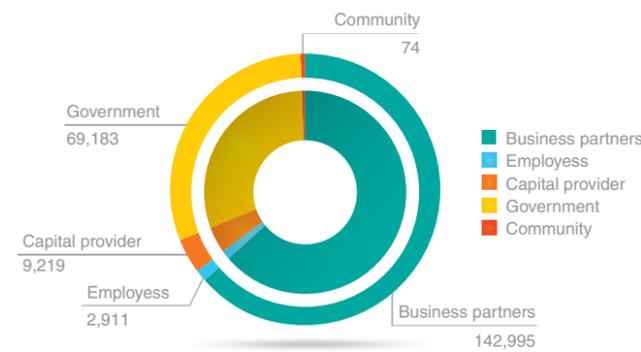
IMC financial performance for the year 2021 depicts a significant increase in revenues. The profits have increased due to post pandemic economic recovery and increased demand. The revenue increased by 108% to Rs 179.2 billion from Rs 86.2 billion compared to the previous year ended June 30, 2020, while profit after tax improved by 151% to Rs 12.8 billion from Rs 5.1 billion posted for the same period last year. For detailed information on financial review and performance for the year 2021, refer to Directors' Report section of the Annual Report 2021 on page 47.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

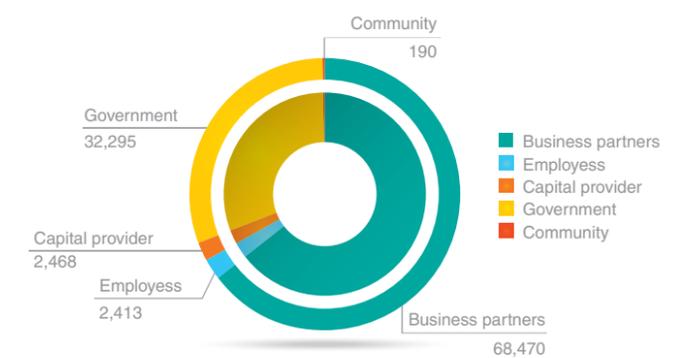
	2021	2020	2019	2018	2017
Direct Economic Value Generated	(Rs in millions)				
Revenues	232,199	111,399	195,690	172,728	139,275
	232,199	111,399	195,690	172,728	139,275
Economic Value Distributed					
Business partners	142,995	68,470	123,494	103,581	83,556
Employees	2,911	2,413	2,590	2,852	1,937
Capital providers	9,219	2,468	9,315	11,576	9,437
Government	69,183	32,295	52,308	48,843	38,606
Community	74	190	230	191	174
	224,381	105,836	187,937	167,043	133,710
Economic Value Retained	7,817	5,563	7,753	5,685	5,565

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Economic Value Distribution 2021



Economic Value Distribution 2020



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, 2021.

The Provident Fund balance is paid when an employee leaves the organization. During the year, IMC spent Rs 182 million on defined benefit plans compared to Rs 231 million in 2020.

Rs 182
million
defined benefit plans

OUR DEALERS

Dealers play an integral part in our success and help in managing our customers' expectations. Our Dealerships experience strengthens our brand and create customer delight.

Our Dealerships have direct and indirect impacts 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 have **50** authorized Dealerships nationwide which are independently owned and controlled. All our products and services including new cars, spare parts and services (maintenance) are offered at our authorized Dealerships. Toyota Sure (T-Sure) service is also offered 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 **38** Dealerships with T-Sure facilities across the country.

With the entrance of new players in the automotive market, exceptional Dealership services will drive success of the brand in a competitive market. We support our Dealers through workshops, trainings, Dealer certification programs, Kaizen projects and provision of guidance for operational improvements and enhancing the customer's experience at our Dealerships. Dealers surveys/audits are conducted by third party auditors against defined performance metrics. Based on survey/audit results, corrective actions are planned and communicated to Dealers to overcome shortcomings.

An annual Dealers' Conference is organized to recognize the dedication and commitment of our Dealers. Dealers delivering exceptional performance against defined KPIs are awarded at the conference. However, during the year, owing to COVID-19, no Dealer Conference was held.





Team 21 (Toyota Technical Education for Automotive Master 21st 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.

Promotion of Sustainability Practices at Dealerships

Sustainability management requires handling impacts occurring within organization boundaries as well as in supply chain. We are aware that to make a meaningful contribution towards Sustainable Development Goals (SDGs), we have to devise strategies for effective management of the impact in our operations and in our supply chain. 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

The **Toyota Environmental Challenge 2050** was launched in 2015 with the aim to contribute to the realization of a sustainable society. The environmental challenge reaffirms Toyota's 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.

The **AP-ECO** program was initiated by Toyota to ensure implementation of Environmental Management System at Dealerships with strong focus on CO2 reduction, waste management reduction, water usage reduction and improvement in handling of hazardous chemicals.

3R activities or Reduce/Reuse/Recycle are ensured and promoted at all Toyota Dealerships

In order to deliver vision of 2050 and contributing to the betterment of environment and community, IMC has 37 of its Dealers certified as per AP-ECO standards. These standards ensure that the Dealerships are 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 Planation Drive

Our Dealers across the country, have also joined hands with IMC in its **Million Tree Plantation Program**, and actively participated during the year, making efforts to attain a green cover in their respective territories. Some examples are:

Toyota Chenab Motors

In collaboration with the Parks and Horticulture Authority (PHA), Faisalabad, the Dealer undertook to plant 550 young trees of different species, on a 1 km area at Wapda City, located on the outskirts of the city. Mr Zaheer Malik, CEO, Toyota Chenab Motors and PHA Director, Mr. Abdullah Cheema took part in the activity along with the Dealerships Senior GM, Mr Muhammad Riaz and the team.



The team of Toyota Chenab Motors during the plantation drive at Faisalabad

Toyota Jinnah Motors

A total of 1,470 tree saplings which included lemon, olive, pomegranate, chikoo, etc. were planted over a 70 marla area.

The Dealer went a step further and distributed potted young trees to residents around the locality. Participating in the event were TJMs CEO, Mr. Mian Asad Munir, Directors and the Dealership's Sales team.

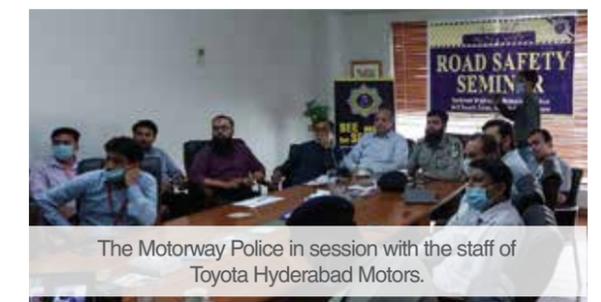


Mr. Mian Asad Munir, CEO, Toyota Jinnah Motors, planting a tree sapling during the drive

Promoting Road Safety

Toyota Hyderabad Motors

Toyota Hyderabad Motors in collaboration with the Motorway Police organized a seminar on road safety for Dealership staff with the objective to educate customers and providing relevant information about road safety.



The Motorway Police in session with the staff of Toyota Hyderabad Motors.

Mental Health

Toyota Central Motors

Mental illness, is not an open talking point anywhere around the world. Unfortunately, in Pakistan, the subject still remains taboo owing to the social stigma that surrounds it. Nevertheless, its importance and lack of awareness cannot be over emphasised. With this in mind, Toyota Central Motors (TCM) - as the first dealership in the network - in collaboration with the Karachi based, ReliveNow, organized the first ever virtual, awareness session on "Depression – It's not just a phase" for its management staff in June.

The session helped clear misconceptions, create awareness of symptoms and warning signs one should be mindful of and treating psychiatric disorders in the same way as any physical illness. Most importantly, it highlighted that "depression" was a serious, life-threatening illness that necessitated prompt attention.

"The Coronavirus situation has been mentally stressful for all of us. Taking care of our people is important at Toyota and this depression awareness session, the brainchild of our Customer Relations team, was a good idea and the timing just right. The encouraging part is that we have received good feedback from many of the staff."

Mr. Salim Godil, CEO Toyota Central Motors

Promoting Sports Spirit amongst Women

Toyota Hyderabad Motors

To promote healthy life style and sports spirit amongst women, Toyota Hyderabad Motors sponsored the Pakistan Women Squash Championship 2021, which was organized at the Squash Courts by Hyderabad Gymkhana.



The winner of the Pakistan Women Squash Championship 2021

Toyota Creek Motors

Building an inclusive society is a shared responsibility and it takes on a whole new meaning when promoting parasports. One such sports event, the National Women Para Sports 2021, supported by Toyota Creek Motors as one of its sponsors, was organized by the Pakistan Blind Sports Federation, in collaboration with RCC Binae Avenue and 360 Digital Eyes.

The event for the visually impaired was the first of its kind in Pakistan with twenty-one female athletes participating from different regions across the country.

Promotion of Environmentally Friendly Practices

Toyota Eastern Motors

Toyota Eastern Motors has recently introduced Water Borne Aqua Plus Paint at its Express Body & Paint works, with high finish quality & durability. The next-generation technology not only delivers technical excellence and high performance in paint works but also reduces the environmental impact.

Sustenance for the Underprivileged

Toyota Eastern Motors Toyota Faisalabad Motors

Toyota Eastern Motors and Toyota Faisalabad Motors, started providing nutritious food to the underprivileged people in a respectable manner through **Safaid Posh Dasterkhawans**, both of which are located in front of the Dealerships. A total of 500 people are provided food on a daily basis.



Mr Zaheer Malik, CEO, Toyota Faisalabad Motors , at the Safaid Posh Dasterkhawan



Food distribution in progress at Toyota Eastern Motors, Safaid Posh Dasterkhawan

Health

Toyota Sahiwal Motors

The Lahore based Pakistan Society of Internal Medicine (PSIM) provides medical facilities to the under privileged community across Pakistan. To further its mission, Toyota Sahiwal Motors donated a Suzuki ambulance to the PSIM which was handed over by the dealership's CEO, Mr Sheikh Allauddin to its President, Professor Javid Akram and Professor and Sr Vice President, Professor Aftab Mohsin at Lahore in June 2021.

Education

Toyota Western Motors

Believing that Education is a catalyst for transformation of society, Toyota Western Motors has released a contribution to The Citizens Foundation for its primary school - Rehmat Campus, located at Musharaf Colony, Hawksbay. Around 210 children of underprivileged communities will benefit with elementary education.

TCF in their email mentioned,

" We heartily appreciate your generosity and dedication towards the noble of cause of educating these young children from less privileged area. Your support helps them to dream towards a better future."

Toyota Zarghoon Motors

In collaboration with the Regional Blood Centre, Quetta, Toyota Zarghoon Motors organized a Blood Donation Camp in memory of martyrs of the Army Public School, Peshawar. Forty bags of blood, having various blood groups, were collected.



Mr Malik Bashir, CEO, Toyota Zarghoon Motors with the Dealership team



An employee of Toyota Zarghoon Motors, donates blood during the Blood Donation Camp

Mr Malik Bashir, Dealership CEO, expressed his thanks to the Regional Blood Centre, Quetta for its cooperation and for providing an opportunity for serving the humanity.

OUR SUPPLIERS



In the wake of disruptions caused by COVID-19, a reliable and efficient supply chain is vital for timely delivery of products. Lockdowns and restrictions imposed by governments have caused supply issues of raw material and parts in the automotive sector.

However, due to efficient handling and vibrant supply chain partners, we were able to manage the supply of materials and parts to meet our production plans. 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. Our development programs for supply chain partners, 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 parts suppliers in the categories of resin, rubber, electrical, sheet metal, assembly and others. Our suppliers are located in Sindh, Punjab and Balochistan. We have a total of 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. 142,995 million in 2021, which were 109% higher compared to 2020. During the year, we made 31% procurement from local suppliers as compared to 34% in 2020.

We have in place a localization program since our inception and our objectives are to promote industrial development, adoption of new technologies, creation of jobs, skill development and economic development of the country. We work closely with supply chain partners to assist 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 640 parts and components manufactured locally, whilst the Yaris consists of 424 parts and components manufactured locally. Moreover, the investment in the development of the local industry has created opportunities for export of automotive parts to other countries.

Promotion of Sustainability Practices at Suppliers

Sustainability of our supply chain is critical for effective management of our impact and long-term success. Our environmental footprint management requires effective management of environmental impact of our operations as well as our supply chain partners. Support is provided through the Product Development department to promote sustainable practices 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 the Kaizen (continuous improvement) culture and compliance targets to ensure conformity to all applicable laws and regulatory requirements. Regular assessments are conducted to make certain that all suppliers are in line with IMC's vision, strategy and targets. Based on the assessments, necessary actions are planned and implemented.

Toyota Green Purchasing Guidelines (GPG)

The 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.

IMC has started using returnable trolleys for supplying parts to IMC, which has helped in eliminating packaging material from our supply chain. 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":

The Green Purchasing Guidelines are aligned with Toyota's Six Global Challenges.



- 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)

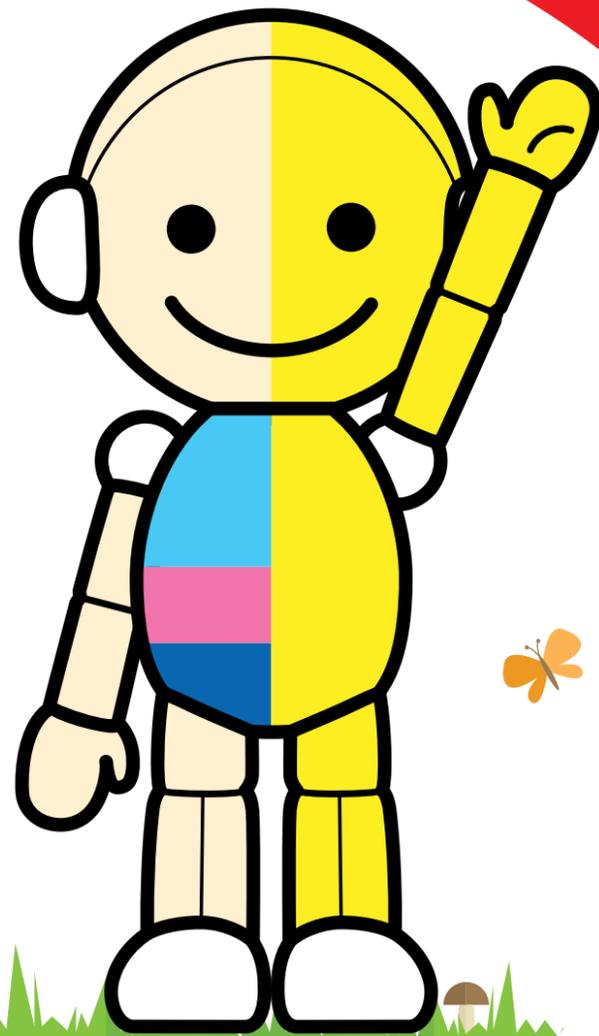
We strictly follow fair labor practices and ask our supply chain partners to follow the same. We do not engage with suppliers who have child labor and forced and compulsory labor in their operations. Currently, we do not have in place a criterion for supplier social assessment. However, we have environmental assessment criteria for selection and monitoring of our suppliers. All 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.



FUN FACTS & TIPS FOR SAFETY



Hello!
I am
THUMS

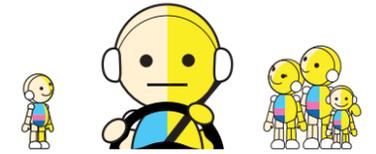


BE
SAFETY
LEADERS
besafetyleaders.com



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 is in your hands every time you're behind the wheel.



SAFETY MULTIPLIER

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



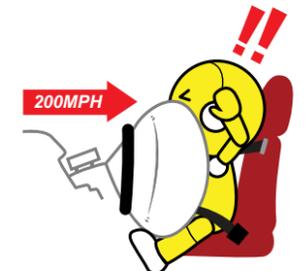
S IS FOR SAFETY

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.



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.



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.



SAVED BY A SEATBELT

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



OUR CUSTOMERS

we believe that every interaction with customers is an *“ichigo ichie”*

Customer First - included in the Toyota DNA - is Toyota's cornerstone principle and, customers the mainstay of our success. Their unwavering confidence in our products and services has made Toyota the #1 brand in the Pakistan automotive market. At Toyota, we believe that every interaction with customers is an ichigo ichie, “a once in a lifetime meeting”, giving them a waku doki experience with its products and services.

We are aware that the automotive market dynamics are changing on account of entry of new players and offering of wide range of products. Efficient customer management, customer support services and delivering products that delight customers will be the deciding factors for long-term success and brand positioning in a competitive market.

We regularly engage with customers through our Customer Relations Department, Customer First Department and authorised Dealerships, to better understand customers' requirements and expectations. The customer's input helps us to meet their expectations and improve experience of our products and services.

Delivering the best possible service that Toyota customers demand and living up to their high expectations is a daunting challenge. For a business to grow and succeed, it needs a strong backbone and at IMC, that backbone is its Customer Relations team, charged with the task of keeping customers happy, win their loyalty and reinforce their confidence in the company and its products. The Company has an in-house, dedicated **Customer Assistance Center** where customers can call toll free and speak with our team of zealous Communicators, 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 as per need.



The in-house Customer Assistance Center team of Communicators at IMC

At Toyota, the Voice of Customer serves as the basis for corporate renewal. Keeping engaged with customers through regular Customer satisfaction Surveys is one way of capturing the customers voice. The third-party CS research, helps the Company to gauge customers buying and ownership experience. The results help identify areas requiring improvement and developing countermeasures through a culture of hansa renkei (collaboration amongst cross functions), kaizen (continuous improvement) and regular PDCA, inherited from Toyota, for delivering exceptional customer experience.

SAFETY FEATURES TO KNOW

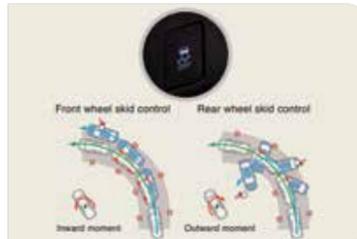
ISOFIX CHILD SEAT ANCHORS

ISOFIX child seat anchors allow you to fit a car seat directly into a vehicle without using a seatbelt. It is used for the safety of children so that child seat is installed properly on a regular basis.



VSC (VEHICLE STABILITY CONTROL)

VSC helps suppress vehicle lateral skidding when cornering or during emergency steering maneuvers for excellent handling and stable performance.



GOA BODY WITH REINFORCEMENT

GOA (Global Outstanding Assessment) is collision safety body consisting of an impact absorbing body structure and high integrity cabin. In the case of a crash, the GOA body helps in minimizing cabin deformation.



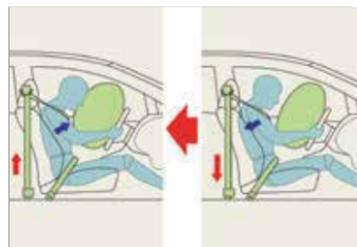
DUAL SRS AIRBAGS

The SRS (Supplemental Restraint System) airbags inflate when the vehicle is subjected to certain types of severe impacts that may cause significant injury to the occupants. They work together with the seat belts to help reduce the risk of death or serious injury. They can help protect the head and chest of the driver and front passenger from impact with interior components. SRS front airbags do not generally inflate if the vehicle is involved in a side or rear collision, if it rolls over, or if it is involved in a low-speed frontal collision.



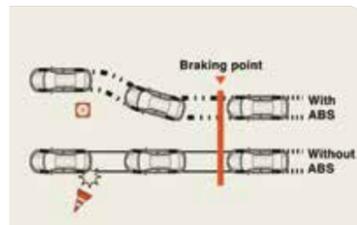
SEATBELT: PRETENSIONER WITH FORCE LIMITER & ELR

The pretensioners help the seatbelts to quickly restrain the occupants by retracting the seatbelts when vehicle is subjected to certain types of severe frontal collision. Force limiters mitigate the impact applied to the chest, thus contributing to achieving excellent occupant restraint performance. minimizing cabin deformation.



ABS AND EBD

Anti-lock Braking System (ABS) helps to prevent the wheels from locking up and skidding during hard braking, allowing you to retain steering control. Electronic Brake Distribution (EBD) ensures brake-force is distributed optimally between all wheels for effective braking.



AUTOMOTIVE MARKET AND TOYOTA BRAND

Our strong brand leadership has been steering our success in the competitive automotive market for last 31 years. With the entrance of new players in the automotive market in Pakistan both in Sedan and SUV categories and the expected Auto Policy 2016-2021, the market competitiveness and brand strength will be the key factors for success in the marketplace. We are confident about maintaining our brand leadership position by providing safe and quality products to our customers.

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 products and services is shared.

Increasing competition, continuous innovation and provision of high-quality products and services requires 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 made Toyota a leading brand in Pakistan. 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 value chain partners and industry-wide 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.

A video is provided to customers, 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.

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.

Dealerships regularly organize safety campaigns 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 have 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 and marketing communications, including advertising, promotion, and sponsorship. Moreover, no complaints of breach of customer privacy occurred during the year.





ENVIRONMENTAL PERFORMANCE

Brown Bear Forest, Kaghan Valley, Pakistan
Courtesy: Mr. Naseem Zafar Iqbal, Training Impact



ENVIRONMENTAL PERFORMANCE



The automobile industry impacts the environment through operational activities of pressing (stamping), welding, assembly and painting in the production process and emissions resulting from use of vehicles. These activities directly contribute to climate change, leading to severe weather patterns and floods. The automobile industry's use of automation and improvement in production processes is resulting in not only economic benefits but also reducing the negative impact on the environment.

The production processes impact is expected to be further reduced through adoption and use of automated digital manufacturing and robotic processes.

The major impact of product use can only be managed and reduced through commitment from all actors, including government and oil refineries, to upgrade fuel standards in Pakistan which will result in reduced emissions from vehicle use.

Last year, the Government took a policy decision to allow imports of EURO-V fuel. This is expected to increase the fuel efficiency of vehicle engines as well as reduce the environmental impact. Moreover, the Government's initiative to promote Electric Vehicles (EV) will also result in reducing the environmental impact of vehicle use. The electricity mix favoring use of renewables will also help to reduce the overall emissions.

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 2020-21.

Our operations, products and supply chain activities have significant environmental impact and we are dedicated to effectively managing the negative environmental impact of our operations and supply chain. The material topics depicting our significant environmental impact and topic boundaries are listed on page 35 which also explains the impact which has resulted in categorization as a material topic.

Our strategy and environmental management policies are derived from Toyota's philosophy and policies on the environment, which are based on the **Guiding Principles at Toyota**. The **Toyota Global Environmental Challenge 2050**, serves as a guide for devising our strategies for environmental management. Environmental Policies are revised along with our Five-Year Plan which is implemented to manage the environmental footprint of our operations. The Environmental Policy also forms the basis for new investments in technologies and upgradation of existing facilities.

The Safety, Health and Environment (S.H.E.) 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. The Manager S.H.E., is responsible for the implementation and monitoring compliance with policies and applicable laws. 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 approach to environment management is proactive to reduce our environment footprint through adoption of cleaner technologies and efficient management of resources not only at our operations but also at our supply chain partners.

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 pages 56 and 57 for more details about our work in the supply chain.

The management approach is evaluated through external certification, ISO audits 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 2020-21.

Our approach to environment management is proactive to reduce our environment footprint through adoption of cleaner technologies and efficient management of resources not only at our operations but also at our supply chain partners.

IMC's Environment Month



IMC celebrates the Environment Month every year in June with the objective to raise awareness and remind people about their social responsibility towards the environment and specific environmental issues.

Training and awareness sessions are organized to impart knowledge about loss of the ecosystem and the devastating impacts on human life. Employees are encouraged to share ideas for sustainability and environmental conservation.

The Eco-Kaizen Award 2021 was organized focusing on four Kaizen themes of CO2 Reduction, Water Conservation, VOC Reduction and Waste Reduction.

Children's Eco-Art Competition

The Children's Eco-Art Competition 2021 was organized for children of IMC employees, falling in two age categories i.e. Under 8 years and 8 to 13 years. The objective of the drawing contest was to promote awareness on environmental issues amongst children.



Winning drawing by 13 year old, Alvina, daughter of Faisal Nadeem - AM, Customer First Dept



Winning drawing by 7 year old, Samiullah, son of Khurram Shahzad - Specialist, Press Shop

Tree Plantation

The Management and team of Indus Motor Company (IMC), engaged in planting 1,000 tree saplings on an area measuring two acres at plant site during the Environment Month in line with its Million Tree Plantation Drive, supporting SDG-13: Climate Change and the Toyota Environmental Challenge 2050.



Mr. Shinji Yanagi, Vice Chairman, IMC plants a tree sapling at the Plant site



Ladies of IMC lined up to plant tree saplings at the Plant Site



Mr. Asad Abdullah, Head CSR & Media Management in action



Mr. M.Kubota, Senior Director-Manufacturing, IMC, plants a tree sapling at the Plant site

Using Natural Resources

Materials' Use

Cautious use of natural resources is fundamental to economic development as well as sustainability of the resources. We, at IMC, are committed to using the natural resources in a sustainable manner for delivering economic returns and meeting customers' expectations. Different materials and chemical substances are used in vehicle production. 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.



- Metals
- Plastics, elastomers, textiles and natural materials
- Electronics, ceramics, glass and other compounds
- Fuels and consumable liquids
- 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 endeavoring 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 risk remained at the top on the list of risks report of the World Economic Forum. Increasing temperatures, rapidly changing weather patterns and extreme weather have increased the need for quick and meaningful actions to combat climate change

Challenge 3
Plant Zero CO₂ Emissions Challenge



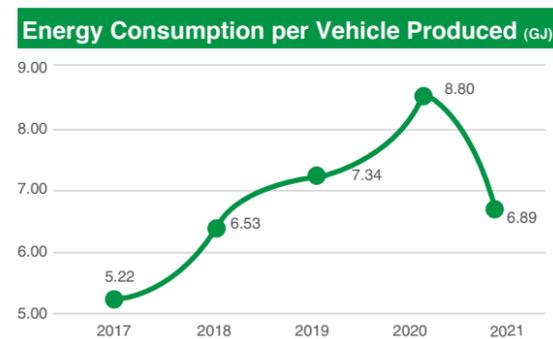
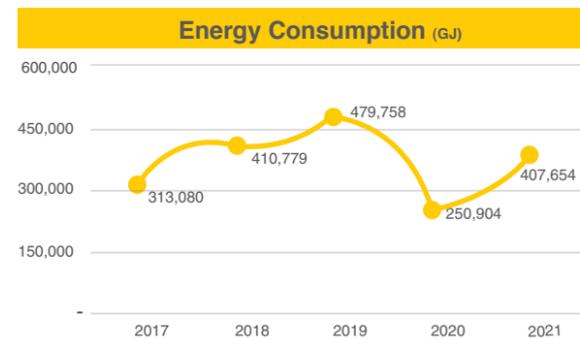
The Government of Pakistan has been pursuing strategies for combating climate change through promotion of renewables and Electric Vehicles (EV), ban on plastic bags and the billion tree plantation drive. IMC is fully committed to using energy efficiently and converting energy sources to renewables and low carbon technologies in our operations and supply chain to reduce our environmental footprint. Refer to pages 71 and 73 for our work on using renewable energy and Million Tree Plantation Drive.

Energy Use and Shifting to Low Carbon Resources

Our success and competitive advantage are dependent on adoption of new techniques, technologies and low carbon resources. 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. A 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. 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 increased by 156,750 GJ compared to the previous year. However, the energy used per manufactured vehicle decreased to 6.89 GJ/ unit compared to 8.80 GJ/ unit in 2020.

	Unit	2021	2020	2019	2018	2017
Energy consumed within organization Non-renewable	GJ	392,764	248,622	477,901	409,384	313,080
Energy consumed within organization Renewable	GJ	14,890	2,282	1,857	1,395	-
Total Energy consumption	GJ	407,654	250,904	479,758	410,779	313,080
Energy used per vehicle produced	GJ/unit	6.89	8.80	7.34	6.53	5.22
Energy saving per year	GJ	17,783	19,821	25,630	22,320	17,307

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

Renewable energy not only results in reducing the overall environmental impact but also helps in fighting climate change. In line with the Toyota Environmental Challenge 2050, we are working to adopt green technologies to reduce our GHG emissions and improve the energy mix for continuous enhancements in the operational processes. Onsite photovoltaic technology has been installed to reduce energy consumption from conventional sources and increase share of renewables.

the largest roof-top mounted solar Photovoltaic Plant in Pakistan

IMC, in its efforts to achieve Carbon Neutrality, became Pakistan's first company to install one of the largest roof-top mounted solar Photovoltaic (PV) plants and the biggest Solar PV plant in the automobile industry in Pakistan. It is also the first such unit in the Toyota Asia-Pacific Region.

The installed capacity of onsite solar power is 4.5MW. The share of solar energy in our total energy consumption was 15% compared to 4.25% in 2020. The shifting to solar power has resulted in reduced emission of 2,250 ton of CO₂.



IMC Senior Management being briefed on the Solar Photovoltaic Plant at the inauguration



A birds-eye view of the Solar Photovoltaic Plant at IMC

Greenhouse Gases Emissions

Greenhouse Gases (GHG) emissions are a major cause of rising average temperature levels and climate change.

Climate change is negatively 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.

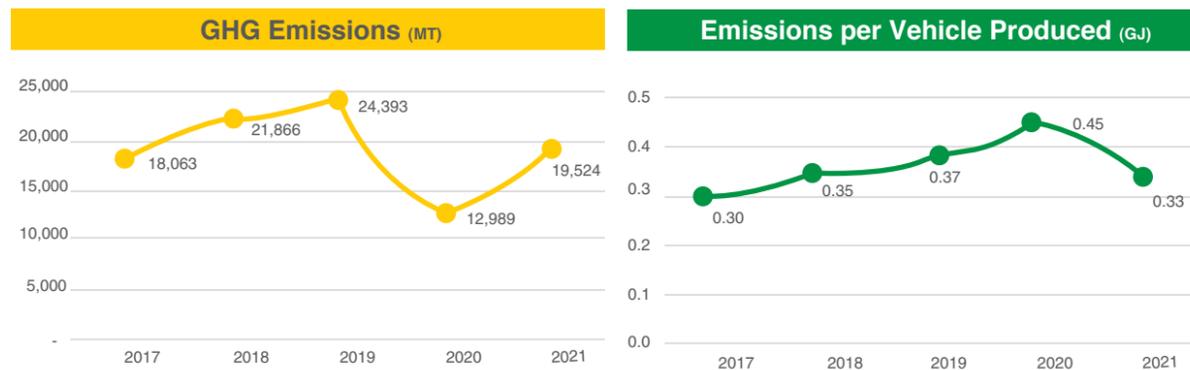
Our consumption of natural gas and electricity in production activities are the major contributors to our Greenhouse Gases emissions. We are currently monitoring our Scope-I emission from our operations. The emissions of employees commuting to work, business travelling and transportation of materials 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 CO2 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 CO2 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 increased by 6,535 Mt on account of increased production. The emissions per vehicle produced were 0.33 Mt compared to 0.45 Mt in 2020.

In line with the Toyota Environmental Challenge 2050, we are working to adopt green technologies to reduce our GHG emissions and improve the energy mix for continuous enhancements in the operational processes. Onsite photovoltaic technology has been installed to reduce energy consumption from conventional sources and increase share of renewables.

	Unit	2021	2020	2019	2018	2017
Greenhouse Gases emissions (Scope I)	Mt	19,524	12,989	24,393	21,866	18,063
Emissions per vehicle produced	Mt/unit	0.33	0.45	0.37	0.35	0.30
Reduction in emissions	Mt	9,607	9,274	8,515	7,850	1,798
Emissions of ODS	Mt	Nil	Nil	Nil	Nil	Nil
NOx, SOx and other significant air emissions	Mt	NOX, SOX and other significant air emissions within SEQS limits.				

CO₄, CH₄, N₂O gases are included in the calculation of CO₂ 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



MILLION TREE PLANTATION DRIVE

Extreme weather, climate action failure and human led environmental damage are amongst the highest likelihood risks of the next ten years as per the World Economic Forum Global Risk Report 2021. There is no vaccine available for environmental degradation. Climate change has resulted in highest temperatures and extreme flooding in various parts of the world which not only affect the economic growth but also valuable human lives. Climate related financial risks of physical and transitional nature are driving businesses to formulate strategies for managing these risks. Our environmental management policy covers climate risks management in our operations and we are committed to playing our part to meet the climate change impact. 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.

The Government had launched a Billion Tree Tsunami in 2014 to cope with climate change impact and reduce climate related disasters affecting Pakistan's infrastructure and economic growth, resulting in loss of valuable lives. Pakistan's Billion Tree Tsunami was lauded globally and referred to as an example of fighting climate change.

1/2 Million⁺

tree saplings planted across Pakistan

In continuation of Pakistan's efforts, this year, Pakistan hosted the World Environment Day on June 5, 2021, which also kicked off the formal launch of the UN Decade of Ecosystem Restoration (2021-2030). Now, Pakistan is embarking on an ambitious plan to plant 10 billion trees across the country by 2023, in order to restore landscapes while providing much-needed employment. Popularly known as the 10 Billion Tree Tsunami, this project entails both planting and naturally regenerating forests, and might possibly serve as a pilot for other countries to use nature restoration goals to reduce national debt owed to foreign creditors.

IMC pledged the **Million Tree Plantation Program** across Pakistan to support the Government's initiatives and inspire the corporate sector in Pakistan. This Plantation Program 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 Program and in order to ensure sustainability of the trees planted, local communities are being engaged. Moreover, all our Dealerships have enthusiastically joined hands with IMC for nationwide implementation and our vendors too have agreed to do so.



Over a period of two and half years, Indus Motor Company has planted over 531,000 tree saplings across Pakistan, primarily in Karachi. During the year, more than 200,000 tree saplings were planted.



Using Water Efficiently

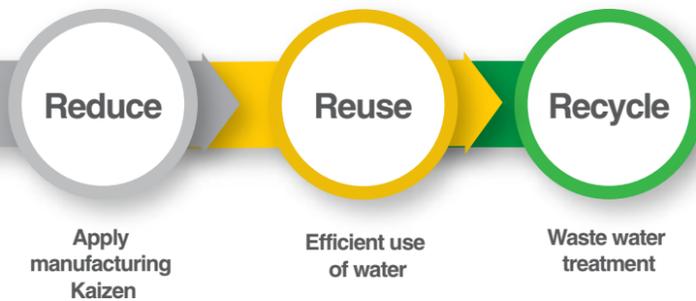
CHALLENGE 4

Challenge of Minimizing & Optimizing Water Usage



Water scarcity and availability of fresh water are growing problems worldwide. Pakistan is suffering from a decreasing level of availability of fresh water per person as well as scarcity. Water scarcity poses a risk to business and, being a shared resource with the surrounding communities, requires cautious management.

Our approach to water management takes into account water as a shared resource with communities. 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, Reuse and Recycle and to manage our impact on water.



Water is sourced from canals, from Keenjhar Lake which has a capacity of 650 hm³. 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 winter migratory birds and a breeding area as well.

The water extracted does not significantly affect the water source keeping in view the capacity of source. We do not withdraw water from water stressed areas. We are persistently exploring technologies and defining water consumption targets to increase water efficiency at our plants in line with the Toyota Environmental Challenge 2050. We also work with our supply chain partners to reduce the overall impact on fresh water. The used water is recycled to reduce the intake of fresh water. Water withdrawal increased to 347 ML during the year, compared to 320 ML during 2020-21. During the year, an additional tank with capacity of 1 ML was added to our water storage system.

Water Withdrawal by Source in ML/year	2021	2020	2019	2018	2017
Surface water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	347	320	470	458	373
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Ground water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)					
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Total water withdrawal	347	320	470	458	373



Water consumption	2021	2020	2019
Total water consumption ML/year	309	285	409

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

Wastewater and Water Discharge

Water discharged from operations and the waste thinner are properly treated to reduce the pollutant level to acceptable levels as prescribed by SEPA. 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 and is not suitable for human consumption.

Water Discharge by Destination in ML/year	2021	2020	2019
Surface water			
Freshwater (≤1,000 mg/L Total Dissolved Solids)	29	28	55
Other water (>1,000 mg/L Total Dissolved Solids)	9	7	6

Water disposal is recorded with the help of flow meters.

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. The solid waste and oil are stored at a safe place for disposal to government approved contractors. The staff working at 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 by disposal method	Unit	2021	2020	2019	2018	2017
Hazardous and non-hazardous waste						
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	288	181	245	213	236
Landfill	Ton	1	1	1	1	1
Onsite storage (waste water)	m ³	614	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



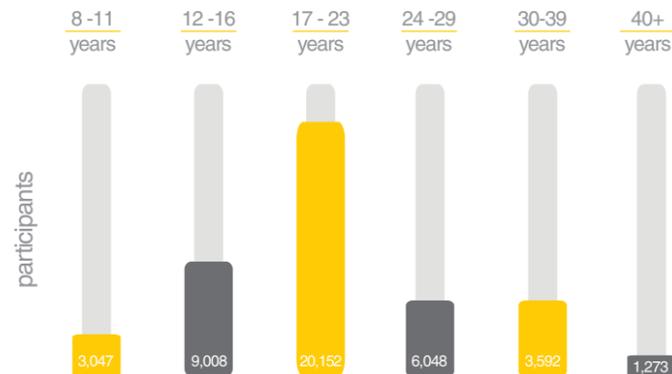
Toyota 5S Ecological Conservation Program

The 5S methodology is a workplace organization method and systematic form of visual management that increases productivity, efficiency, safety and organization of one's immediate environment.



It refers to five Japanese terms used to describe the steps of the 5S system of visual management, each term starting with an 'S' i.e. *Seiri, Seiton, Seiso, Seiketsu, and Shitsuke*, translated to English as Sort, Set in Order, Shine, Standardize, and Sustain, respectively. To benefit a wider audience outside the realm of IMC and its partners, the outreach **Toyota 5S Ecological Conservation Program**, was coined in collaboration with the United Nations Association of Pakistan.

The prime objective of the program is to educate children and young adults - through online awareness raising sessions - about the **Toyota 5S Philosophy** and its application, effects of plastic pollution and tree plantation that helps in environmental conservation. Developing this mindset amongst them, will create a sustainable and positive impact on the environment.



Trained **50,000+** individuals

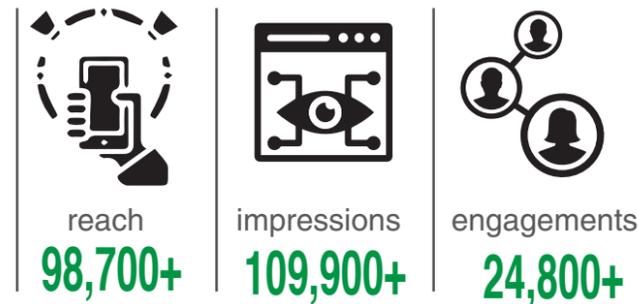
Owing to the global health crisis, all 60+ sessions were held on-line and received an overwhelming response from over 50,000 participants across the country. The sessions attracted varied age groups and represented individuals which apart from students, included homemakers and professionals like architects, lawyers, engineers, etc.

Each participant was awarded with an **E-Certificate of Participation** upon the session's conclusion. The program for FY 2021 concluded with a competition offering prize money. Many participants, post sessions, actually put the learning to practice which was the ultimate objective.

A glimpse at who joined the 5S momentum



Our Reach Across Pakistan



What people had to say...



We also implement 5S but the way this has been explained is outstanding and it has indeed been an eye opener. Not only does it perfectly relate with daily life but also with the workings in any industry including the automobile sector. Well done!

Ahmed - Pak Suzuki Motors



I want to extend my gratitude to both IMC Toyota and UNAP for this fantastic session! One hour is definitely not enough for such an interesting and innovative session. The way all steps are explained and connected with relatable examples made it fun for everyone from every age group. Was astonished to see the diversity of different cities and different professions. Kudos to the trainer for keeping it humorous and full of knowledge for one whole hour. Others from my dept. will join in next week INSHALLAH.

Adil - Procter & Gamble



Thank you for the excellent work and sessions! 5S helps and is applicable when in media industry and production. I'll be taking back today's learning and helping my colleagues to prepare how to be more organized more efficient and productive with this 5S methodology. Importance of climate is also need of the hour. Excellent job today and was great interacting with everyone.

Maryam - HUM TV



I MUST give a big thumbs up to the UNAP and the Toyota IMC team for this free learning opportunity for people of all ages, all across Pakistan. It was great to interact today with the youth, people from our industry and from a plethora of other industries. Stay Blessed ALL! Thanks again for the interaction and the learning. I will surely be encouraging others from my team to join the upcoming sessions.

Zawwar - Kia Motors



Just wanted to drop my two cents before I exit the session. This is an excellent initiative by UNA Pakistan and Toyota Indus Motor Company. Not only is it inclusive - it is also packed with knowledge and learning! I am really happy to meet everyone today and learn so much. Wish everyone the best and look forward to more sessions like the one today. Thanks again!

Navin - Unilever



OUR PEOPLE AND COMMUNITIES

OUR PEOPLE



Our people are the focus of everything we do. Their skill sets, passion and commitment help us to deliver exceptional performance and maintain a brand leadership position.



Team Member at work in the Factory

We are aware that our long-term success depends on a skilled, trained and diversified workforce, therefore we provide an enabling workplace to our workforce where people from different backgrounds and with different ideas and beliefs are valued and motivated to deliver to their maximum potential. Our Human Resource strategy focuses on attracting suitable people, providing them a healthy environment and training them to successfully showcase their abilities.

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. The 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 35 which also shows the impact on the basis of which these topics have been categorized as material.

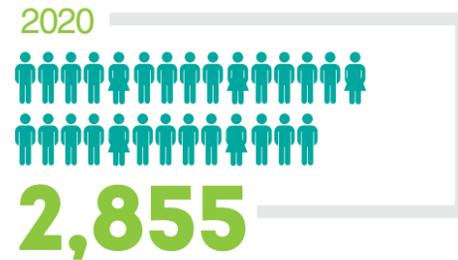
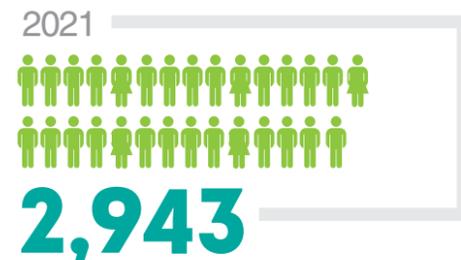
The responsibility for implementing policies and reviewing performance of labor practices and human rights at IMC rests with Head of HR. The Safety, Health and Environment department is responsible for monitoring and ensuring health and safety and safe working conditions at IMC. We regularly review the policies and practices of labor, 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. During the year, we remained committed to ensuring that our operations follow, protect and respect labor standards, human rights laws, declarations and international conventions.



Apprentice Team Member undergoing training at IMC Training Centre

Workforce Profile

Our workforce figures are for the year ended June 30, 2021.

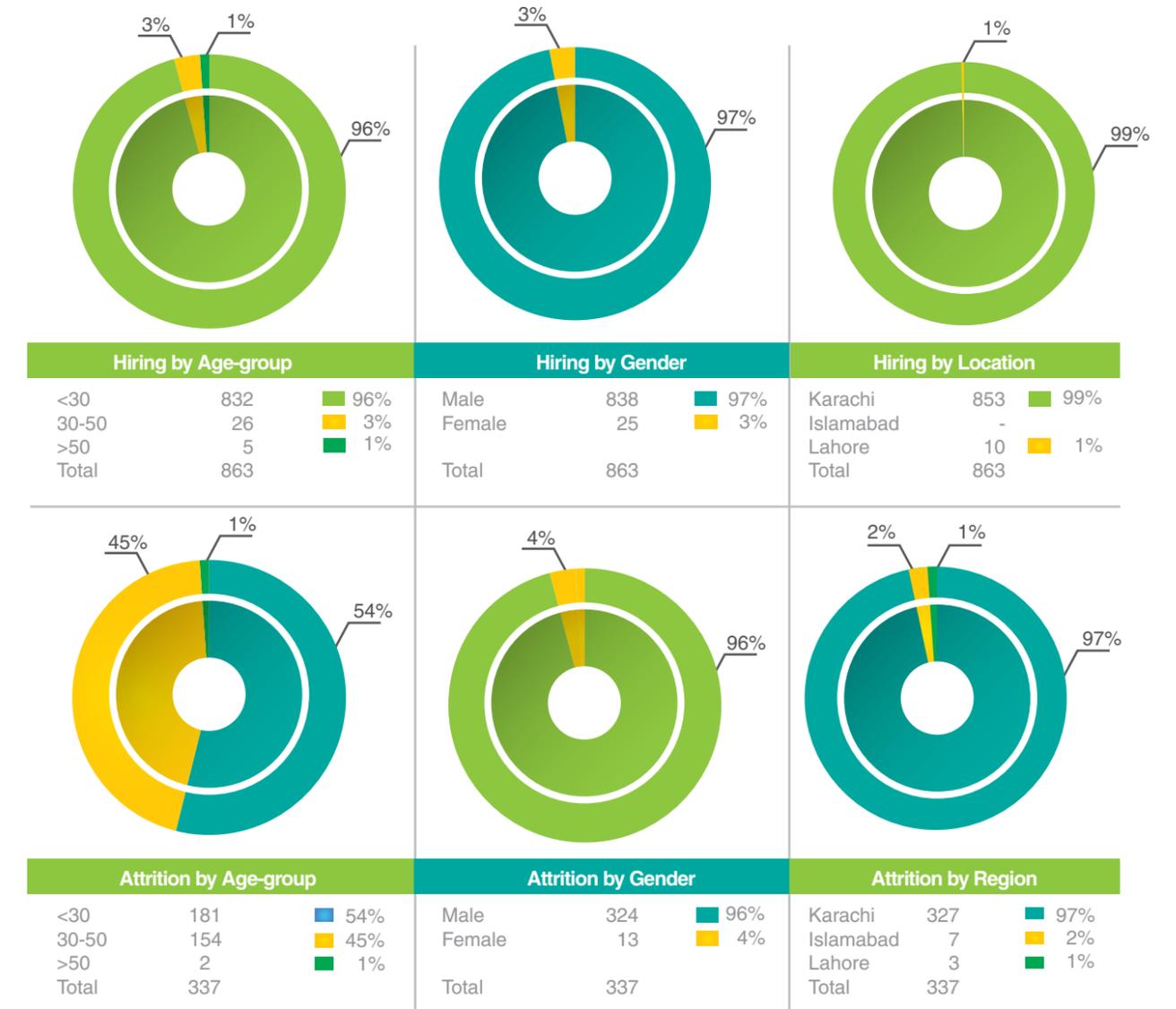


Workforce by Employment Contract - by Gender			
	Male	Female	Total
Permanent	1,992	53	2,045
Temporary	897	1	898
Total	2,889	54	2,943

Workforce by Employment Contract - by Region			
	Male	Female	Total
Karachi	2,916	-	2,916
Islamabad	10	-	10
Lahore	17	-	17
Total	2,943	-	2,943

Workforce by Employment Type - by Gender			
	Male	Female	Total
Full-time	2,889	54	2,943
Part-time	-	-	-
Total	2,889	54	2,943

Hiring and Attrition



The figures for hiring and attrition relate to the financial year 2021. The hiring and turnover rates were 29.32 % and 11.45% compared to the hiring and turnover rates of 7.6% and 20% in the previous year. The hiring and attrition ratios are in accordance with industry ratios.

Employees' Satisfaction



Gauging employee satisfaction level is an integral part of our Human Resource Strategy. Employee engagement not only helps to identify the areas of improvement but also aids in fine-tuning our policies and procedures to meet our corporate objectives. Employee engagement is carried out on a regular basis to measure employees' satisfaction and identify areas of improvement to meet the objectives of providing decent working conditions and recreational activities to employees. The details of engagement with employees are available on page 32 "Stakeholder Engagement".

To further improve the working environment, we provide a comfortable workplace and enhance productivity of the workforce, IMC has installed a spot-cooling system at its plant, making IMC the only plant in Pakistan to do so. Acknowledging IMC's leadership position in ensuring decent working conditions for its workforce, 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**. IMC will showcase and share the best practices under this program to inspire the industry for meeting SDG 8 targets and ensuring decent working conditions. Refer to page 24 for further details of this initiative.

IMC complies with the applicable laws, regulations and international charters in the areas of employment practices, labor practices and human rights. Workers are free to form associations for representing them in collective bargaining with the management as per applicable laws. 40% 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. Our supply chain partners also comply with the applicable laws in these areas and no non-compliance was reported at our supply chain partners.

IMC is a signatory to the UNGC **Ten Principles** and has a strict policy to curb corruption practices in its operations and relationship with its supply chain partners. New employees are briefed on anti-corruption policies and procedures at the time of orientation sessions. Moreover, training on Code of Conduct, which includes anti-corruption policies, is regularly carried out throughout the year for management and workers. The policy on anti-corruption is communicated to supply chain partners as a part of code of conduct for suppliers.

We provide competitive market-based salaries and benefits 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.



Corporate employees celebrate the Highest Ever Monthly Production in March 2021

The following benefits are provided to full-time employees, including management and staff.

Benefits	Management	Staff
Life Insurance	Yes	Yes
Health Care	100%	100%
Disability/invalidity Coverage	Yes	Yes
Retirement Provision	Yes	Yes
Nutrient Dense Meal	Yes	Yes
Air-conditioned Pick and Drop	Yes	Yes



Team Members on the Assembly Line, work in comfort, cooled by the spot-cooling system



The smiling faces of our office help

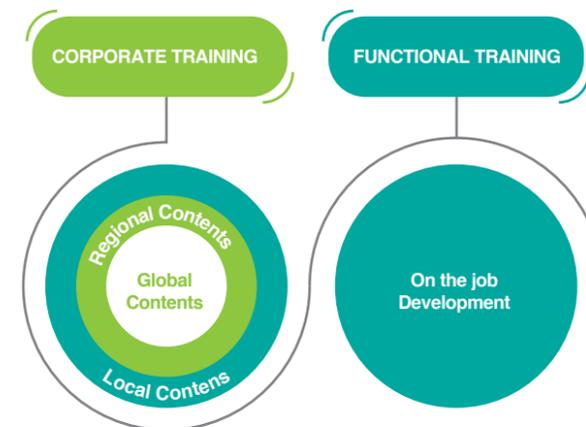
Employee Care Program is in place for creating a friendly working environment where employees are recognized and valued. Under this program, special events/birthdays are celebrated to make employees feel valued, recognized and imparting a sense of belonging.

Employees Financial Assistance

IMC provides financial assistance to its employees and apprentices in their hour of emergency financial needs, particularly for medical purpose which is not covered under health insurance. The scheme is being run in collaboration with Mohammed Ali Habib Welfare Trust of House of Habib (HOH), and is regulated by the HR department through a joint Financial Assistance Committee of IMC and HOH. Employees are provided with non-repayable financial support in emergencies.

Training and Education

Training and education are fundamental for a productive and skillful workforce. The 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.



Our training and development programs supplement our approach to succession planning and ensures achievement of our corporate objectives. To ensure the effectiveness of training, regular reviews against defined objectives are conducted, which also help in identifying areas of improvement. All our employees receive regular performance and career development reviews.

During this year, 126,383 man-hours were spent on training compared to 58,966 man-hours spent in 2020.

126,300+
man-hours training

Focused on learning and development to:

- Communicate Toyota programs
- Company policies and practices including Code of Conduct
- Customer First approach in every interaction

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

Training hours include management and non-management employees. During the year, various sessions were organized to equip the staff with the latest knowledge and skills for improved operational management.

Apprenticeship Program

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. The program benefits young students in learning technical skills and assists in securing reasonable livelihood opportunities. The program also supports skill development in the automotive industry.

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. The Inter-Company Transfer program helps in employees' development and value addition to the Company through knowledge and skills gained during their relocation to overseas operations. 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. Encouraging feedback has been received on the performance of employees in the ICT programs, indicating the skill and ability of the Pakistani workforce as well as IMC culture and system.

Succession planning is vital to ensure smooth operations, delivering sustainable returns and meeting customers' expectations.



Apprentice Team Members in classroom training

SAFE AND HEALTHY WORKPLACE

A safe and healthy workplace is vital for employees to deliver their best potential and help meet operational targets. At IMC, we are committed to creating and strengthening a safety culture within our operations and in our supply chain partners

We are aware that our long-term success depends on a skilled, trained and diversified workforce, therefore we provide an enabling workplace to our workforce where people from different backgrounds and with different ideas and beliefs are valued and motivated to deliver to their maximum potential. Our Human Resource strategy focuses on attracting suitable people, providing them a healthy environment and training them to successfully showcase their abilities.

Our health and safety culture includes safety rules, procedures and practices to create awareness of safety practices. All business processes are designed according to our safety policies, rules, standard procedures, requirements of Environmental Protection Act, 1997, Industrial Relations Act, National Environmental Quality Standard (NEQS) and the requirements of Occupational Safety & Health Management System (OSHMS) which are Toyota's global standards based on ISO 45001. All activities and operations of IMC are covered under the health and safety system. The agreements with the labour union cover topics of health and safety of the workforce.

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). The work-related hazards are identified through viewpoints, guidelines and audits. Moreover, workers are encouraged on a routine basis to participate in group-based activities of HIRA (Hazard Identification and Risk Assessment). Competitions are arranged and winners of the activity are awarded, while selected themes are shared globally within Toyota.

The HSE Department and shop safety window persons perform the risk assessment on shop processes. The hierarchy of controls is applied to eliminate safety hazards from processes. Workers can report work related hazards and hazardous situations to the immediate supervisor of the shop through *hiyari hatto* (near miss reporting), under which members submit hazards related information on monthly basis to the HSE Department and get incentives on best hazards identification. Our safety principle from IMC Safety Policy, empowers all employees to stop any unsafe job or act. No reprisals are made against workers for stopping work. An accident investigation SOP and Genba is performed to make an accident investigation report. The report is shared company-wide and with other affiliates to learn reflection so that recurrence can be avoided. 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. The workers are trained on occupational health and safety through organizing regular trainings. The trainings include Basic Safety Awareness, Safety DOJO (Accidents Simulators), KY (Hazards Identification), Work at Height, LOTO, Low Voltage, Driving Safety, etc.

Our health and safety management practices are focused towards zero fatalities and injuries. Occupational health services are provided to our workers to ensure health and safety of workforce. Pulmonary Function test and Audio Metry test of shop floors workforce is being undertaken by professorial physicians regularly every year. Hepatitis vaccination for food handler staff is mandatory to ensure workers health. Moreover, for catering to health emergencies of the workforce, a First-aid Centre has been established which is available on a 24/7 basis. IMC believes that a healthy workforce is critical for business continuity and promotes worker health by offering medical insurance to workers and their families. The workers are also encouraged to adopt a healthy lifestyle.

Trainings in 2021

- Understanding Material Safety Data Sheet (MSDS)
- Handling and storage of hazardous chemicals
- Basic environmental awareness
- Spill control and spill kit management
- Eco-driving, waste management
- Eco-tips based on waste reduction
- Energy conservation
- Water conservation and CO2 reduction
- ISO 50001 energy management system
- Toyota Global Challenges 2050
- EAS (Environmental Assessment System)
- Importance of tree plantation
- Environmental quiz and video screening
- 4S + Discipline training

Health and Safety Committees

The Health and Safety culture is strengthened through health and safety committees. These committees include representatives from employees and management and cover the entire workforce. Committee meetings are held regularly 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 following meetings are organized on daily, bi-monthly and monthly basis.

- Daily *Asakai* (morning) Meeting to address safety issues and activities progress and presentation for any kaizen.
- Sub-Committee Meeting with working level shop safety PICs. (Bi Monthly)
- Steering Committee Meeting with Top Management (Monthly).

To create awareness about safety, monthly safety bulletins are

circulated company-wide, safety instructions are displayed on canteen television screens and Top Management campaigns (Mask Awareness) are regularly carried out.

The Toyota Environment Challenge 2050 is reviewed along with our Five-Year Action Plan formulated to continue with our safety, health and environmental objectives. Globally, Toyota monitors each company against its standards and records 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.

Response to COVID-19

The COVID-19 had resulted in health emergency and disrupted operations globally. However, throughout these difficult times and uncertainty, the health, safety and well-being of our workers have remained a priority for all, including IMC. IMC successfully developed a COVID-19 outbreak management plan and took various measures for health and safety of workers, contactors, customers and general public. These measures included:

- Company-wide vaccination of employees
- Compulsory usage of sanitizers and face masks
- Ensuring social distancing at offices, across the plant and canteen
- Social distancing in staff transport
- Provision of financial assistance to 2,700 non-management staff in the form of one month's supply of food rations
- Work from home facility
- Conducting COVID-19 audit and facility audit at dealers



Team Members being vaccinated for COVID-19 at plant



In-house Customer Assistance Centre, Communicator working from home

Safety Month 2021

Safety Month is observed each year in April to reinforce the commitment to safety. During the entire 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.

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 sanku* which demonstrates the importance of participation by every individual, especially higher management, with a clear policy.

Injury rate	2021	2020	2019	2018	2017
LWD	0.0	0.0	0.0	0.0	0.2
NLWD	0.47	0.5	0.5	0.3	0.7

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 on the day after the incident.

The work-related hazards posing a risk of high-consequence injury are fire, machine injury and cut injury hazards. These hazards are identified through internal fire and machine risk

assessment audits, external fire risk assessment by external auditors, 4RKY participation activity of shops, routes and risk assessment for driving safety, process safety audit, viewpoints and HRD. IMC organizes a competition amongst shop workers in the safety month for best 4RKY (HAZARDS) identification. The participants are awarded cash rewards and a trophy is given for the best hazard identification.

No work-related ill health or fatality occurred during the year. The work-related hazards posing ill health risks are paint fumes and high noise operations. These are identified through application of Toyota Guidelines and Standards and PPEs are provided to workers. The Safety, Health and Environment department regularly conducts PPEs compliance audits and ensures yearly health check-up of pulmonary, respiratory and audiometry test for the high-risk members is conducted.



IMC CSR Team at Nadee Goth

OUR COMMUNITIES

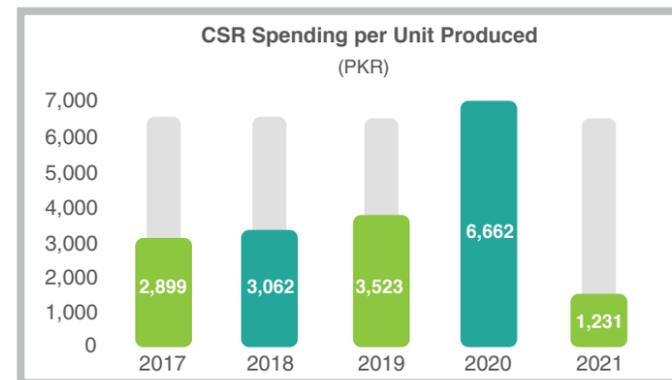
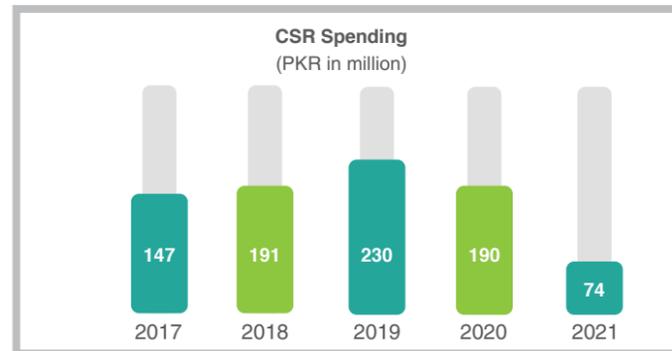


We are aware of our responsibility towards our communities. We work for the betterment and uplift of our societies not only through our mobility products but also through our activities and investment in the areas of education, health and customer safety.

The **Guiding Principles at Toyota** and **Toyota Motor Corporation CSR Policy** help strengthen communities and contribute to the enrichment of society, form the basis of our CSR Policy. The IMC CSR Policy also takes lead from the **Toyota Global Vision** of enriching lives around the world through the concept of *monozukuri* (production), create jobs, develop people, and contribute to society.

Need assessment of the communities, forms the basis for our CSR activities which are guided by well-defined policies and procedures. 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 the 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 CSR 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 was no significant actual or potential negative impact of our operations in local communities around the plant site. IMC annually contributes 1% of its pretax profit of the preceding year towards community investment.



Education

Education benefits societies through increased income levels, reducing poverty and crimes and bringing prosperity. The level of education and number of out-of-school children, especially in underprivileged communities, is alarming which is burdening the national economy. To support the country in increasing its literacy rate, IMC partnered with **The Citizens Foundation** (TCF) for imparting quality education from grass root level on the outskirts of Muzaffargarh and Hyderabad and also for its neighboring communities around the plant site. IMC is also making contributions for bringing academic excellence in higher studies and has been regularly supporting the Habib University.

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.

Partnering with The Citizens Foundation

The Citizens Foundation (TCF) is engaged in building and running schools and in 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 building and supporting two school campuses at Muzaffargarh and Hyderabad. These campuses are imparting education to over 1,145 students and generating employment for the local people. IMC supports these campuses by bearing operational expenses through providing an endowment fund as well as supporting annual contributions. 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 the campus at Orangi Town, Karachi.

Toyota Goth Education Program

The Company's flagship, **Toyota Goth Education Program** (T-GEP), run in collaboration with **The Citizens Foundation** (TCF), was initiated in 2008, under IMC's *Neighbouring Community Upliftment Program*, to provide quality education from grassroots level, to the economically disadvantaged, out-of-school children living in goths (villages) neighboring IMC, providing full financial support for elementary and secondary school education.

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

Total contribution to TCF Endowment Fund

Rs 98 million

In the Academic Year 2020-21, there were 247 children enrolled in T-GEP, studying at five TCF campuses located at Karachi, out of which 60% of students were girls. During the year, IMC has extended its support for an additional 30 children under T-GEP, belonging to Nadee Goth - a new village with Hindu community - added during the year to the existing five villages supported by IMC - selected for enrolment for the next academic year beginning August 2021.

In addition, a total of 17 students of two batches, who had successfully passed their Secondary Education last year, are being fully supported by IMC for their college education.

This year, eight senior students - six girls and two boys - of T-GEP qualified for participation in the Markhor-20, Pakistan's 1st wilderness-based Youth Leadership Conference, organized by the Youth Impact. The conference is focused on promoting self-exploration, social activism, instilling the Markhor



1,350
Student Scholarships

Stimulating Technical Education

Toyota Technical Education Program

The **Toyota Technical Education Program (T-TEP)** is Toyota Motor Corporation's 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 is 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. 103 million to these four T-TEP institutes across Pakistan in terms of trainings, tools and equipment and other development activities. Since the beginning of T-TEP in Pakistan, IMC has trained 53 instructors successfully and invested around 1 million man-hours, graduating 5,397 students who got employment opportunities both within Pakistan and overseas.



5,300+
graduates

Employed within Pakistan and overseas.

Donation of Corolla Cut-body Structure to NED University

A well-trained and skilled work force is the cornerstone for manufacturing of safer and efficient vehicles compliant with vehicle manufacturing standards. To provide an effective learning opportunity to engineering students, IMC donated a **Cut body Corolla Structure** to the NED University, Karachi. We are confident that the structure will provide tremendous value and an experiential learning opportunity to the engineering students and will boost hands-on experience.

Health Initiatives

Our health care initiatives are focused to ensure healthy societies which are vital for economic prosperity. Healthy societies not only result in a productive workforce, gender equality, and peace and stability but also reduce the burden on the national health care system especially in the wake of a pandemic. 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**. In addition to our health initiatives for communities, 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

In collaboration with the **Saylani Welfare International Trust**, free Medical Camps are organized thrice weekly on a regular basis to provide basic health care treatment to the neighboring underprivileged community. Last year, the Saylani Welfare Trust was entrusted to run the Medical Camps with additional facilities of Blood Sugar Test, Blood Pressure Test and referring serious patients to hospitals on its panel. Due to the COVID-19 spread, Medical Camps were not organized during the last quarter of 2020-21. During the year, 6,440 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.



6,000+
patients treated

Bi-monthly Psychiatric Medical Camps

COVID-19 has resulted in surge of mental health problems on account of anxiety, fear, isolation, social distancing and restrictions. Uncertainty and emotional distress experienced have become widespread as the world struggles to bring the virus under control and to find solutions. Mental health problems 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. From FY 2021-22, our new partner for this community service will be Karwan e Hayat.

Around 1,454 checkups were carried out and 64 patients were identified for treatment and counseling. Apart from checkups, counseling sessions were also organized which were attended by a large number of community members.



1,400+

individuals under treatment

Corporate Philanthropy for Health Care

Corporate philanthropy for healthcare supports health care institutions to strengthen the facilities and providing better health services to the disadvantaged communities. During the year, IMC made following major donations:



Shaukat Khanum Memorial Cancer Hospital

Donated **Rs. 20 million**, out of a total pledged sum of Rs. 60 million, towards the hospital's under- construction facility at Karachi.



Patients' Aid Foundation

Donated **Rs. 12 million**, towards operational expenses



Sindh Institute of Urology & Transplantation

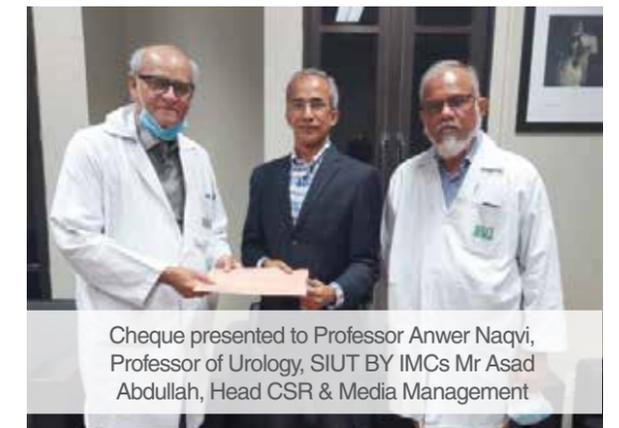
Donated **Rs.5 million** to help provide quality treatment for COVID-19 to the underprivileged community.



Indus Hospital

Donated **Rs.2.5 million** to help provide quality treatment for COVID-19 to the underprivileged community.

IMC also contributed to **The Kidney Centre and Marie Adelaide Leprosy Centre, Karachi**



Cheque presented to Professor Anwer Naqvi, Professor of Urology, SIUT BY IMCs Mr Asad Abdullah, Head CSR & Media Management

Employee Volunteerism

IMC encourages its employees to participate in volunteer activities to extend support for the causes benefiting the public at large. Employee volunteerism benefits in building relationships with local communities, reinforcing the corporate culture, employee retention and strengthening the brand.

During the year, employees volunteered 1,524 working hours towards various CSR activities, including the Company's "Million Tree Plantation Drive", "5S Clean-up Drive", food and ration distribution for neighboring communities' well-being and provision of medical and educational assistance.

1,500+

man-hours of employee volunteering

Start Your Impossible

Start Your Impossible (SYI) is Toyota's global corporate initiative that aims to support the creation of a more inclusive, sustainable and mobile society in which everyone has the freedom to move and challenge their impossible. In Pakistan, Indus Motor Company rolled out the SYI initiative in 2018 pledging its support for two national athletes towards their journey to the Tokyo Olympic Games and Paralympic Games.

One of them is Pakistan's star wheelchair table tennis player, Ms Zainab Barkat, the National Paralympics Champion, who was selected as the Toyota Brand Ambassador for the Tokyo Paralympics 2021 in Japan. Unfortunately, owing to the COVID-19 pandemic limitations, she was unable to score qualifying points and thus unable to participate in the Games. We wish her good luck and health, for all future endeavours.



Zainab Barkat whilst recuperating in the hospital at Lahore, paid a visit by Mr Yousuf Hamid, Manager Customer Relations, Toyota Ravi Motors

“I am thankful to Toyota for supporting me in my critical time. Having your people in hospital, makes me feel at ease.”



Chief Executive IMC with the Toyota Goth Education Program participants at the Markhor

MARKHOR-2020 – Wilderness-based Leadership Conference

The 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-2020 objectives were staying ahead of VUCA (volatility, complexity, and ambiguity), instilling a Markhor spirit amongst youth, inspiring green leadership, economic innovation, emotional and spiritual growth and increasing receptivity to intercultural awareness.

The 3-day Conference "Markhor-2020" was organized by The Youth Impact (a non-profit organization) in March 2020 at Khanpur Dam, Haripur. IMC sponsored the Markhor-2020 as the "Official Women Leaders Partners," providing scholarships to 8 delegates from T-GEP senior students and two from Quetta as brand ambassadors, on merit and need basis.

Provision of Food and Ration to Fight Hunger



Food being distributed at a IMC supported village, by IMC, Mr Muhammad Arshad – CSR

Hunger results in discomfort, distorts law and order and hampers economic activities. We are aware that 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 Ramadan. The average number of beneficiaries under this program is around 20,000 households. In addition IMC continued to support 110 persons every day by providing nutritious cooked food in Karachi through **Saylani Welfare Dastarkhawn** and made donation to **Safaid Posh Dastarkhawn**.

Relief to Flood Victims

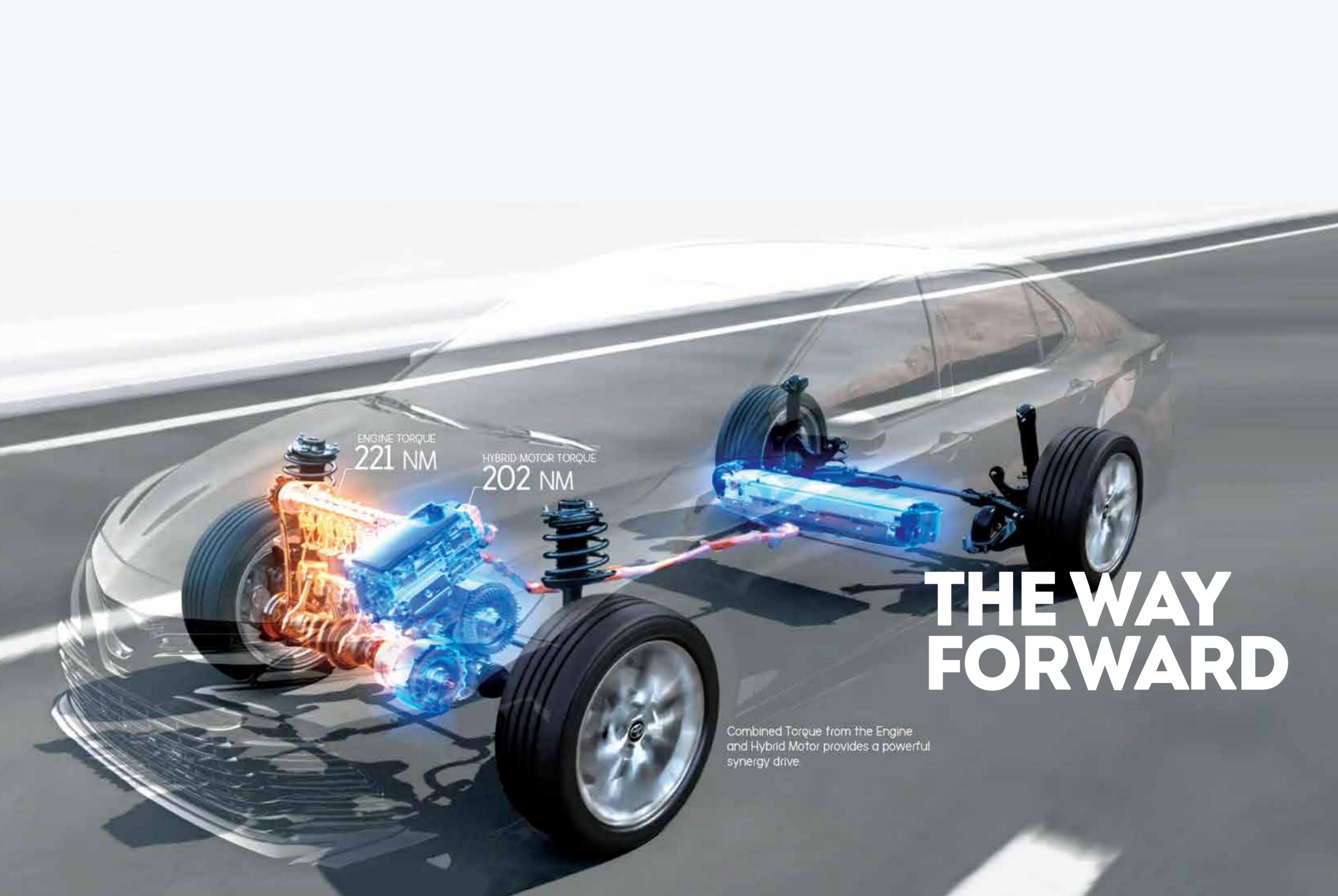
In August 2020, torrential rains caused wide spread destruction throughout Pakistan, particularly in Karachi city. Around 200 families residing near Malir River were badly affected by the flood. IMC supported these families in difficult times through supply of cooked food and water through Saylani Welfare Trust.

Support to Saylani Welfare Trust

- IMC donated the entire leftover metal roofing to Saylani Welfare Trust for building sheds at various Saylani-ka-Dastarkhawn points.
- Surplus disinfectant walkthrough booth with complete motorized system and plastic water tank was donated to Saylani Welfare Trust



Food rations distribution in progress at a IMC supported village, during Ramadan



ENGINE TORQUE
221 NM

HYBRID MOTOR TORQUE
202 NM

THE WAY FORWARD

Combined Torque from the Engine and Hybrid Motor provides a powerful synergy drive.

THE WAY FORWARD

Encouraging economic recovery after COVID-19, coupled with increasing exports, construction sector uptake, surging demand of vehicles coupled with supportive government policies are positive signs for businesses to pursue growth strategies.

However, the risks of climate change as mentioned by the IPCC in its 6th report, along with continuous risk of waves of pandemic, need to be cautiously tackled while pursuing corporate strategies. IMC is fully committed to playing its role in economic development while taking guidance from the Toyota Vision, Guiding Principles and best practices in corporate governance and sustainability management.

This year, the automobile sector witnesses rebound in demand on account of positive economic indicators along with entry of new vehicles in the competitive market. However, the shortage of semi-conductor chips globally on account of supply-chain and production disruption due to COVID-19 is expected to result in delayed production and delivery of vehicles.

However, we are committed to providing high quality and safe products to our customers on time through effective management of our supply chain. In order to tap the surging demand, we will keep pursuing our plans for upgrading of our plant and facilities in the coming years. Moreover, in line with the "Toyota Environmental Challenge 2050," we aim to continuously make investments in clean technologies, energy resources and efficient energy management. Our investments will help us to reduce environmental footprint of our operations and supply chain partners to meet our target of net zero impact.

Our human capital is vital for maintaining the leadership position and capitalizing opportunities in the growing automobile market. We are committed to maintaining our leadership position in providing decent working conditions in line with SDG 8. We commit to keep

nourishing our workforce with training and education, providing market-based remunerations 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, providing guidance and training to manage their environmental footprint and making contributions for the benefit of society.

We are aware that transparent business practices result in a relationship of trust with our stakeholders which is essential for long-term success. 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 approach, practices and impact with our stakeholders. We are also committed to keep following and supporting:

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

*Brown Bear Forest, Kaghan Valley, Pakistan
Courtesy: Mr. Naseem Zafar Iqbal, Training Impact*

TRANSFORMING LIVES



Umaima with her mother

Umaima

Teacher - TCF School

In 2012, Umaima was enrolled to the Toyota Goth Education Program (T-GEP), studying in Class II at The Citizens Foundation (TCF) school near Saleh Mohammad Goth, where she lives with her parents. Whilst Umaima studied there, her mother worked at the same school as a peon to make ends meet.

“To support the family, my mother served the school as a peon, which I didn’t quite like as a child. It was then that I made a promise to myself that I would one day be a teacher. As fate would have it, my father passed away and with my mother as the sole bread earner for the family, it became increasingly difficult for me to continue studies. My mother, however, was not the one to give in to the circumstances and stood like a pillar with me”.

She wanted to see her daughter educated. I guess I have inherited this determination from her.” Umaima has passed her Matriculation and today, proudly teaches at the same TCF campus, she had earlier studied.

When the determination is there, then the sky is the limit. Saleh Mohammad Goth which neighbours IMC, is one of the six under privileged villages, supported by the Company under its Neighbouring Community Upliftment Program.



Zeeshan Hussain

Apprentice Team Member Weld Shop

Zeeshan Hussain comes from Abdullah Goth, a village neighbouring IMC and belongs to the first batch of the Toyota Goth Education Program (T-GEP) operating under IMC’s flagship CSR initiative, the Neighbouring Community Upliftment Program. After completing his matriculation with an A-One grade, he was counseled by IMC’s CSR team to pursue Higher Secondary education and thus also completed his Intermediate.

Later, he showed interest in building his career through IMC’s flagship Apprenticeship Program and joined IMC in 2020. He is currently working in the Weld Shop, mastering the ropes and developed a confidence to match.

Zeeshan is a true success story and a source of pride and inspiration for many including those in his village. When the determination and will to achieve something is there, then opportunities find their own way.

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 = 2021 Sustainability Report
AR = Annual Report 2021



GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	OMISSION AND REASON
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MARKETING AND LABELING			
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GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1 Non-compliance with environmental laws and regulations	67	
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	419-1 Non-compliance with laws and regulations in the social and economic area	41	

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PRINCIPLE	STATEMENT	PAGE NO.	GRI STANDARDS DISCLOSURE
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	88-93	413-1, 413-2
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	89-93, 57	413-1, 414-1
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	82	102-41, 402-1, 407-1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	82	409-1
Principle 5	Businesses should uphold the effective abolition of child labor.	82	408-1
Principle 6	Businesses should uphold elimination of discrimination in respect of employment and occupation.	80, 81, 83, 82	102-8, 401-1, 404-1, 404-3, 405-2, 406-1,
Principle 7	Businesses should support a precautionary approach to environmental challenges.	69, 70, 74, 72	301-1, 302-1, 303-1, 305-1, 305-6, 305-7
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	69, 70, 74, 72, 75, 57, 67	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
Principle 9	Businesses should encourage the development and diffusion of environmental-friendly technologies.	70, 72	302-4, 305-5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	38, 40, 48	102-16, 205-1, 205-2

SUSTAINABLE DEVELOPMENT GOALS

SDGs	STATEMENT	PAGE NO.	GRI STANDARDS DISCLOSURE
1 NO POVERTY	End poverty in all its forms everywhere.	88	413-2
2 NO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	88	413-2
3 GOOD HEALTH	Ensure healthy lives and promote well-being for all at all ages.	72, 75, 86	305-1, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 203-2, 401-2, 403-6, 403-9, 403-10
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning.	83	404-1
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.	43, 89-93, 81, 83, 82, 57	102-22, 203-1, 401-1, 404-1, 404-3, 405-2, 406-1, 408-1, 409-1 414-1
6 CLEAN WATER AND SANITATION	Ensure access to water and sanitation for all.	74, 75	303-1, 303-2, 303-3, 303-4, 303-5, 306-1, 306-2, 306-3
7 RENEWABLE ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.	70	302-1, 302-3, 302-4
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all.	80, 82, 49, 56, 69, 70, 81, 84, 85, 86, 83, 57	102-8, 102-41, 201-1, 204-1, 301-1, 301-2, 302-1, 302-3, 302-4, 401-1, 401-2, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-8, 403-9, 403-10, 404-1, 404-3, 405-2, 407-1, 408-1, 409-1, 414-1

SDGs	STATEMENT	PAGE NO.	GRI STANDARDS DISCLOSURE
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation.	49, 89-93	201-1, 203-1
 10 REDUCED INEQUALITIES	Reduce inequality within and among countries.	80, 81, 83, 82	102-8, 401-1, 404-1, 404-3, 405-2
 11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable.	89-93	203-1
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	56, 69, 70, 74, 72, 75, 63	204-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-1, 305-1, 305-6, 305-7, 306-2, 306-3, 306-4, 417-1
 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.	70, 72	302-1, 302-3, 302-4, 305-1, 305-4, 305-5
 14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources.	72	305-1, 305-4, 305-5, 305-7
 15 LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.	72, 75	305-1, 305-4, 305-5, 305-7, 306-3
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful and inclusive societies.	38, 40, 43, 48, 67, 84, 86, 82, 57, 85, 63, 41	102-16, 102-22, 205-1, 205-2, 307-1, 403-4, 403-9, 403-10, 406-1, 408-1, 414-1, 416-2, 417-2, 417-3, 419-1
 17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	24	Not applicable

GLOSSARY AND ACRONYMS

AP-ECO	Asia Pacific Ecology
ASEAN	Association of Southeast Asian Nations
ATM	Apprentice Team Member
CBA	Collective Bargaining Agent
CBU	Completely Built Up
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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