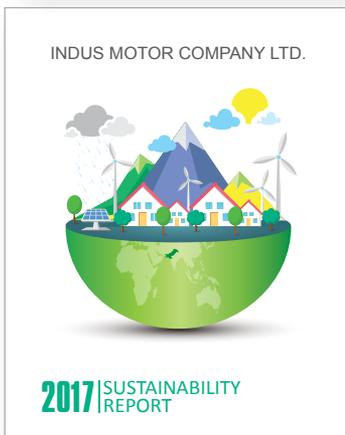
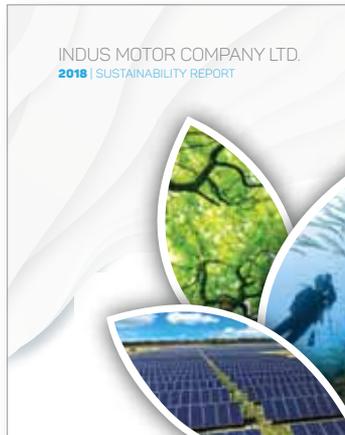


INDUS MOTOR COMPANY LTD.



Sustainability  
Report  
2019



## About this Report

This is the 4<sup>th</sup> Sustainability Report of Indus Motor Company Limited (IMC). It encompasses the activities and impacts of IMC covering the period of the financial year 2019, starting from July 01, 2018 to June 30, 2019. IMC equally weighs the impact and contributions of its non-financial activities along with financial results to measure the success of the Company during the period. This report includes information about IMC's operations covering assembly of Passenger Cars (Corolla), Light Commercial Vehicles (Hilux) and SUV (Fortuner) of the Toyota brand, our approach to sustainability, relationship with key stakeholders, contribution and impacts on economic development, environment and society and details of our plans and ambitions for the future.

GRI Sustainability Reporting Standards, international best practices and "Ten Principles" of UNGC guide the compilation of this report. The GRI Standards Reporting Principles - for defining reporting content and quality of the reported information – from GR 101: Foundation 2016 have been applied. The information about the process of defining the Report content and boundaries of the material topics can be found in the materiality analysis section of the Report. The data included in the Report is based on scientific measurement on actual basis. However, where data was not available, estimation has been used. The data collection and measurement techniques are applied consistently over the periods. There were no significant changes to the size and structure or ownership of IMC during the reporting period.

There were no changes in the reporting period, scope and boundary of material topics. Some restatement/revisions have been made in the Report to correct some calculation errors. These restatement/revisions are clearly mentioned in the relevant section where restatements/revisions have been carried out. **Last year's Report was published on September 21, 2018.**

This Report has been prepared in accordance with the GRI Standards: Core option. The Report is not externally reviewed this year. IMC has plans to get external review of the Report in future. However, the Report has been reviewed by the SHE Steering Committee – the highest decision-making forum on sustainability issues at IMC. The GRI content index is available on page 67. This Report is available in print and online at [www.toyota-indus.com](http://www.toyota-indus.com).

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

# Key Performance Highlights



**Vehicles Manufactured**  
*in numbers*

**65,346**

Production increased by 4% over previous year



**Vehicles Sold**  
*in numbers*

**66,211**

Sales increased by 3% over previous year



**Net Sales**  
*in billion rupees*

**158.0**

Revenues increased by 13% over previous year



**Net Profit after Tax**  
*in billion rupees*

**13.7**

Net profit decreased by 13% over previous year



**Water Consumption**  
*in m3/per year*

**469,527**

Water consumption increased by 2% over previous year



**Energy Consumption**  
*in GJ*

**479,758**

Energy consumption increased by 17% over previous year



**GHG Emissions**  
*in metric tons*

**24,393**

GHG emissions increased by 12% over previous year



**Community Investment**  
*in million rupees*

**230**

Community investment increased by 20% over previous year

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05

# Overview

Chairman's Message  
Chief Executive's Message  
Corporate History  
Corporate Profile  
Product Lineup



# Chairman's Message

Dear Stakeholders,

Mobility solutions are one of the key factors for accelerated economic growth and industrialization. At Indus Motor Company we strongly believe in sustainable mobility driving human progress. Year after year we continue to invest in transformational programs that provide people with modern and cleaner technologies, combating climate change, promoting a culture of safe driving and giving people access to basic needs such as education, healthcare and food provisioning. With our continued efforts towards the adoption of Sustainable Development Goals (SDGs) we have managed to create a meaningful impact through our business and socio-economic interventions. This approach is strongly manifested by a 20% increase in our community and social investment in the year 2019, amounting to PKR 230 million compared to 192 million in the year 2018.

Climate change is a global burning issue of our time, and remains a priority on the radar of the United Nations. Global emissions reaching record levels, increasing temperatures across the globe and rising sea levels are just some of the causes of increased, air pollution, heat waves, wildfires and lack of food security globally; serving as testament to the widespread life-threatening impact of climate change. Being a mobility company, we believe in creating a better world for our future generations. Toyota Indus is adopting cleaner technologies and renewable energy resources to reduce the impact of our operations on the environment. We have also

been working to address the issues of increasing Greenhouse Gases (GHG), water scarcity and loss of biodiversity, throughout our value chain. In order to institute a broader implementation of sustainable practices, we are working with our business and supply chain partners by deploying resources and conducting trainings that enhance their capabilities and skillset, whilst increasing their understanding of sustainability. Our commitment to plant 1 million trees by 2021 is another tangible measure taken in the right direction to stop climate disruption and reverse its impact.

The automotive industry is going through a significant change. Fundamental economic challenges such as a current account deficit, declining exports, a depreciating currency, increasing policy and inflation rates are creating an enormous pressure on demand. However, through its meticulous planning, plant expansion and upgradation, the Company has managed to attain new benchmarks even through these trying times. We are confident that we will forge ahead and deliver customer-centric products with the highest level of safety and quality, sustain profitability, strengthen the Toyota brand and capitalize on growth opportunities.

Skill development and innovative thinking is critical in order to solve current challenges and for building a prosperous future. Our diversified and inclusive workforce equipped with knowledge and experience will help us meet stakeholder expectations and deliver customer delight. We encourage inclusion and participation of females and differently-abled persons to bring diversity and innovation to the Company. We fully support volunteering efforts by our workforce as it not only impacts communities but also creates a feeling of belonging and accomplishment. This year, through various initiatives, our employees contributed more than 5,230 hours to volunteering and giving back to communities. We believe in a shared value approach and through our CSR activities we have given back to the community in the fields of Education, Health and Road Safety.

At IMC, we are committed to creating a sustainable future through mobility solutions focused on solving societal problems, managing the environmental impact of our operations and supply chain and investing in an innovative, healthier and educated society.



**Ali S. Habib**

Chairman

# Chief Executive's Message

Dear Stakeholders,

Global economic growth remained steady with a balanced pace of expansion. However, the risks of escalation of trade disputes, tightening of financial conditions and increasing climate risks can harm long-term development. Pakistan's economy has slowed down in 2019 on account of currency devaluation, higher policy rate and rising inflation. In the fiscal year 2019, the automobile industry showed a decline in sale due to imposition of ban on sale to non-tax filers which was later done away by the government and imposition of federal excise duty on luxury vehicles along with currency devaluation resulting in increase in vehicle prices. However, despite decline, the Pakistan automobile sector witnessed investment from around 15 new players which will result in increased choices, production and broadened after sales service.

Notwithstanding tough economic conditions, IMC has reached new milestones in vehicle sales, revenue and profitability in the year 2018-19. Our sale of vehicles surpassed the 60,000 mark for the fourth consecutive year, depicting customers' confidence in our products. The net profit for the year was PKR 13.7 billion with a decrease of 13%, compared to the previous year. We continuously strive to improve production processes, decrease overheads and increase efficiencies by applying Toyota's philosophy of Kaizen or continuous improvement. We aim to continue to delight our customers by delivering best and safe vehicles with the support of our business partners and upholding our efforts in nurturing localization.

Climate change is the important issue of this century which requires active support from governments and businesses to accelerate actions to implement the Paris Agreement. Being a responsible corporate citizen in the automobile sector, we endeavor to better manage the use of natural resources and reduce the environmental impact of our operations and of our supply chain partners. We are aligned with the "Toyota 2050 Environmental Challenge" which strives to reduce the environmental burden attributed to automobiles to as close to zero as possible. During the year, our energy consumption increased by 68,979 GJ while emissions and water usage increased by 2,527 Mt and 11,039 m<sup>3</sup>. However, we affirm to taking suitable measures to reduce the environmental impact in the coming years.

Our human capital is the cornerstone of our ability to deliver exceptional performance and meet customers' expectations. We invest on our people through training and provide opportunities for demonstrating their potential to deliver to the maximum potential.

Decent and safe working environment and provision of safe products is the utmost priority of our company. We are dedicated to health and safety of our operations, our workers and customers in line with Toyota global practices. Dealers and suppliers, along with other business partners, support us in meeting our stakeholder expectations. Support is provided to our value chain partners through training, guidelines and participation in events. We commit to work together with our partners for promoting sustainability practices in our supply chain.

We continued enriching lives of our communities through support for education, healthcare, promoting innovation, cleanliness and road safety. Our spending on CSR activities remained 1% of our pre-tax profit of the preceding year while our total CSR spending over the last ten years reached over Rs. 1 billion, showing our commitment to alleviate poverty, promote education and uplift the privileged.

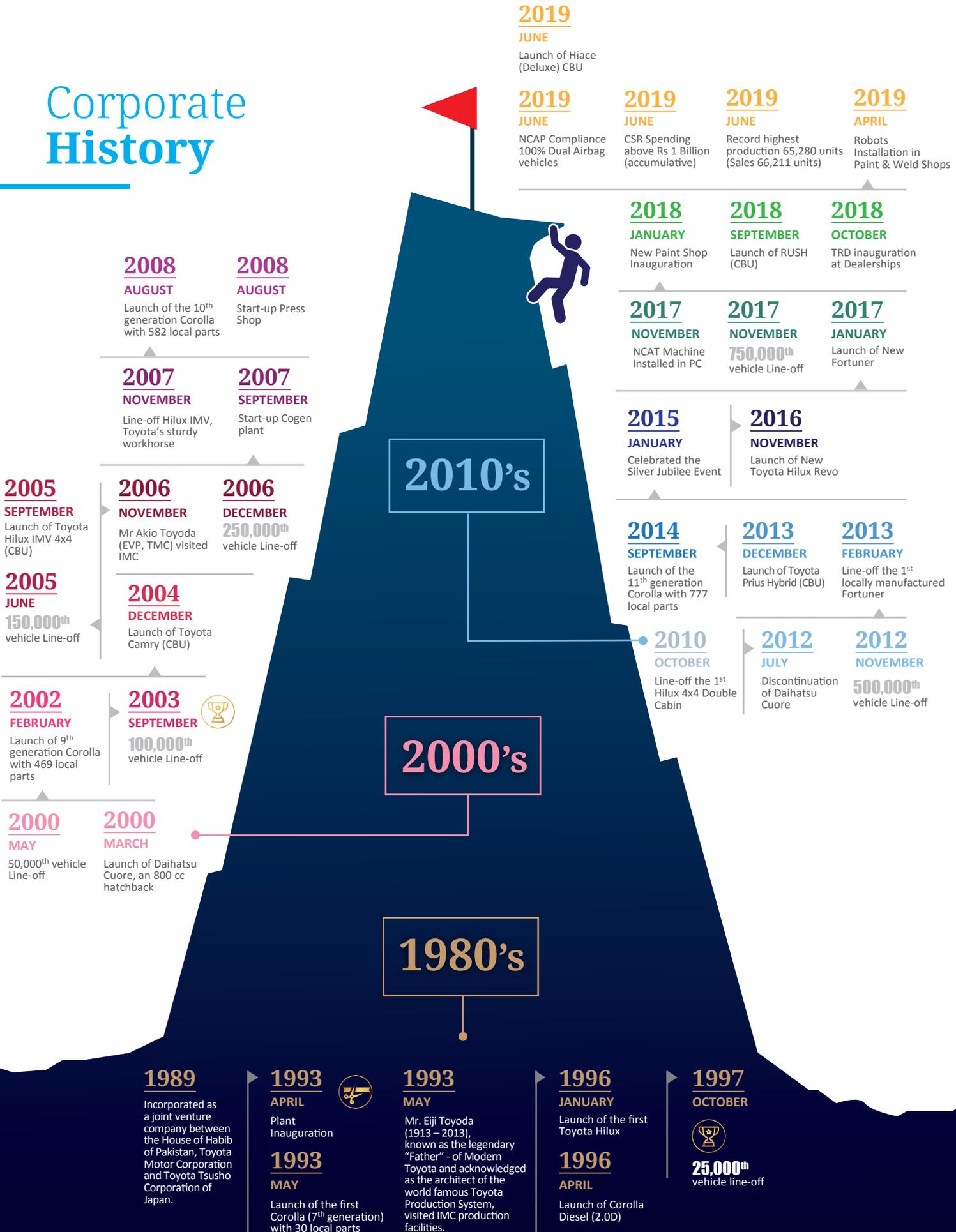
We pledge to support the "Ten Principles" of the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs) of the United Nations. This report exhibits our impact on economy, environment and society along with our contribution to the "Ten Principles" of the UNGC.

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

**Ali A. Jamali**  
Chief Executive Officer



# Corporate History



# Corporate Profile

Indus Motor Company Limited was incorporated in 1989 as a joint venture company between certain House of Habib Companies, Toyota Motor Corporation and Toyota Tsusho Corporation. The Company manufactures and markets Toyota brand vehicles in Pakistan. The main product offerings include several variants of the flagship 'Corolla' in the passenger cars category, 'Hilux' in the light commercial vehicles segment and 'Fortuner' Sports Utility Vehicle. The Company also markets genuine parts, motor oil in addition to providing maintenance services through a network of dealers spread across the country.

The manufacturing facility and offices are located at a 107 acre site in Port Qasim, Karachi, while the product is delivered to end customers nationwide through a strong network of 46 independent 3S Dealerships spread across the country. Our customers include organizations, government departments, security agencies and private buyers. There were no significant changes in the ownership, structure of operations at IMC or its supply chain during the year.

The total number of workforce at the end of financial year 2019 was 3,349 employees. The net sales for the year 2019 were Rs. 158 billion, while the total capitalization was Rs. 64 billion. Further details about assets, beneficial ownership and sales breakdown are available on page 92, 122 and 138 respectively of our Annual Report 2019. The total number of vehicles sold during 2019 was 66,211 units.



# Product Lineup

Toyota's Global Vision is to enrich lives through mobility, in the most responsible way. This guides our commitment to manufacture sustainable and safe products that delight our customers and help society to transition to a low carbon economy. The Corolla with several variants is the top selling car in the passenger category and the Fortuner has been the best-selling model in SUV category. The Hilux is the leading selling vehicle in light commercial category. IMC also markets imported cars with warranty and after-sales support through its widespread dealers' network. We are proud of our growing production operations. Over 29 years, since inception, IMC has sold more than 875,000 CBU/CKD vehicles.



Corolla



Fortuner



Hilux Revo



Hilux Single Cabin



Manufacture



Import



Camry



Land Cruiser  
Prado



Avanza



Land Cruiser



Prius



Rush



Hiace



Coaster



Manufacture



Import

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# Corporate Sustainability Philosophy

Toyota Global Commitment  
Our Commitment  
Stakeholder Engagement  
Materiality Analysis

Sustainability is central to IMC's Vision and Mission. It is articulated in our parent company's long standing Global Vision and Guiding Principles which have been adopted by Indus Motor Company in Pakistan. Our sustainability approach is led by our company values - "sustainable", "innovative", "excellence" - and steered by the Toyota Global Commitment. Sustainability at IMC is focused on improving IMC operations as well as managing supply chain impacts towards achieving balanced growth. Our commitment to sustainability is manifested through our "Concern Beyond Cars" approach which guides on expanding our sustainable practices beyond core operations, working with our partners and our communities to make a positive contribution towards sustainable development.

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



# Toyota Global Commitment

Toyota global commitment to sustainability is demonstrated through Toyota's vision and seven guiding principles.



## Toyota Global Vision

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



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



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



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

## The Toyota Way

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



# Toyota Guiding Principles

Toyota Guiding Principles embody the thinking of the founder of the Toyota Group, Sakichi Toyoda, and are the basis of the corporate management philosophy. The principles are echoed in the commitment to fairness in all corporate activities, provision of clean, safe and innovative products and respect for the environment and the culture of communities where Toyota operates.



## Toyota Global CSR Policy Contribution Towards Sustainable Development

Toyota's CSR policy is an interpretation of the Guiding Principles at Toyota with a focus on relationships with stakeholders. Toyota aims to build a corporate group that is admired and trusted by society through ensuring that all employees, including those at consolidated subsidiaries, recognize and act on our sustainability policy. Toyota also expects its business partners to embrace the spirit of our CSR policy and act in accordance with it.

Toyota Motor Corporation and its subsidiaries take initiatives to contribute to harmonious and sustainable development of society and the earth through all business activities that are carried out in each country and region, based on the Guiding Principles. Toyota complies with local, national and international laws and regulations as well as the spirit thereof and conducts its business operations with honesty and integrity.

# The Toyota Environmental Challenge 2050

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

In October 2015, Toyota formulated and announced the Toyota Environmental Challenge 2050 with the aim of going beyond zero environmental impact, hoping to achieve a net positive impact. Toyota has been striving to reduce the environmental burden attributed to automobiles to as close to zero as possible, while developing measures to contribute positively to the earth and its societies with the aim of achieving a sustainable society. The challenge is composed of six individual challenges across three areas: ever-better cars, ever-better manufacturing and enriching lives of communities. The activities implemented to meet the Environmental Challenge are outlined in the sixth Toyota Environmental Action Plan, which can be found on the Toyota website at [www.toyota-global.com/sustainability/environment/plan/sixth\\_plan/](http://www.toyota-global.com/sustainability/environment/plan/sixth_plan/).

**CHALLENGE # 1**

New Vehicle Zero CO<sub>2</sub> Emissions Challenge



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

**CHALLENGE # 2**

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



Completely eliminate all CO<sub>2</sub> emissions, target including materials, parts and manufacturing from the vehicle life cycle

**CHALLENGE # 3**

Plant Zero CO<sub>2</sub> Emissions Challenge



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



**CHALLENGE # 4**

Challenge of Minimizing and Optimizing Water Usage



Enact effective wastewater management and minimize water consumption based on individual local situations



**CHALLENGE # 5**

Challenge of Establishing a Recycling-based Society & Systems



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



**CHALLENGE # 6**

Challenge of Establishing a Future Society in Harmony with Nature



Promote global rollout of the nature conservation activities beyond the Toyota Group and its business partners



As the automobile industry is undergoing a transformation in the shape of electric and driverless cars. Toyota is committed to continuing to innovate so it can provide safety and peace of mind, security, environmental sustainability, and waku-doki (excitement and exhilaration that wows you) to its customers. While many of these challenges, in particular advanced technologies to further reduce vehicle greenhouse gas (CO<sub>2</sub>) emissions and manufacturing impacts, will be addressed by TMC at its overseas design and manufacturing locations, we will look for opportunities to support these at a local level.

# Our Commitment

Sustainability has long been embedded into our business model, enabling us to grow as a premium choice of our customers. Our sustainability approach is based on our long-term vision, with strategies to improve IMC operations as well as managing our impacts in the supply chain towards achieving sustainable growth. Being affiliates of Toyota, our commitment to sustainability is enlightened by the Toyota Global Vision and Guiding Principles. The “Toyota Way” sets the standards expected from the affiliates and is supported by our comprehensive corporate governance structure. Our integrated management system policy, health and safety policy, environment policy and code of conduct are the leading pillars of our commitment to be a responsible corporate citizen. These guiding documents set the principles for the business activities and conduct of our workforce.

## Sustainability Management

Responsibility for sustainability lies with IMC’s Board of Directors and management team. The Board has the responsibilities for defining sustainability initiatives and overseeing progress. The Management Committee “SHE Steering Committee” takes the lead role on sustainability for initiation, execution and control of sustainability activities. The Chief Executive heads the SHE Steering Committee which formulates the overall sustainability policies and health, safety and environment framework for the company. The Committee meets on monthly basis to discuss, evaluate and guide the sustainability efforts within the organization and supply chain partners. Performance is reviewed on a continuous basis and corrective actions are taken on need basis via efficient and swift decision-making. The sustainability impact of products and activities and the strategies proposed by SHE Steering Committee are discussed and endorsed at board meetings.



The sustainability is practiced through compliance with the requirement of our internal management systems within our operations as well as promotion of sustainability practices at our supply chain partners. Our commitment to the environmental aspect of sustainability is articulated through our five years’ environmental program based on Toyota Motor Corporation guidelines. Our 6<sup>th</sup> Environmental Action Plan (FY17 - FY21) is being implemented in line with Toyota’s global commitment to sustainability. Two key principles of TPS are: ‘Just- In-Time’ and Jidoka. ‘Just -In-Time’ is the cornerstone of our approach to efficient resource utilization while increasing productive potential of our workforce. These principles require that we make only what is needed, when it is needed and in the quantity it is needed, resulting in eliminating waste, including wasted time and effort. Jidoka means ‘automation with human touch’. It is based on corrective action. It requires that as soon as a problem is identified, production stops and action is immediately taken to resolve the issue.

Our activities result in impacts which not only occur at our plants but also extend beyond our operations and occur in our supply chain. In line with our sustainability approach, we work with our supply chain partners to reduce the environmental impacts of our activities through use of reusable packaging, efficient ordering and delivery of parts and initiatives to reduce emissions and energy usage by our suppliers. Our dealership engagement program is focused on promotion of sustainability practices at our dealerships. We have made sustainability a part of Toyota Way in Sales and Marketing (TWSM) Scoring Criteria applicable on all dealerships.

# Stakeholders' Engagement

We understand the important role every stakeholder plays within our business activities. A good relationship with stakeholders not only helps in meeting their expectations but also in maintaining a competitive advantage in the market. Keeping in view the importance of stakeholders for our success, we interact with our stakeholders and take their input for important business decisions. Our primary stakeholders include customers, dealers, suppliers, employees, government and community. Stakeholders are individuals, groups of individuals or organizations that are affected by our activities, products and services or whose actions and relationships can affect our ability to meet our corporate objectives.

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

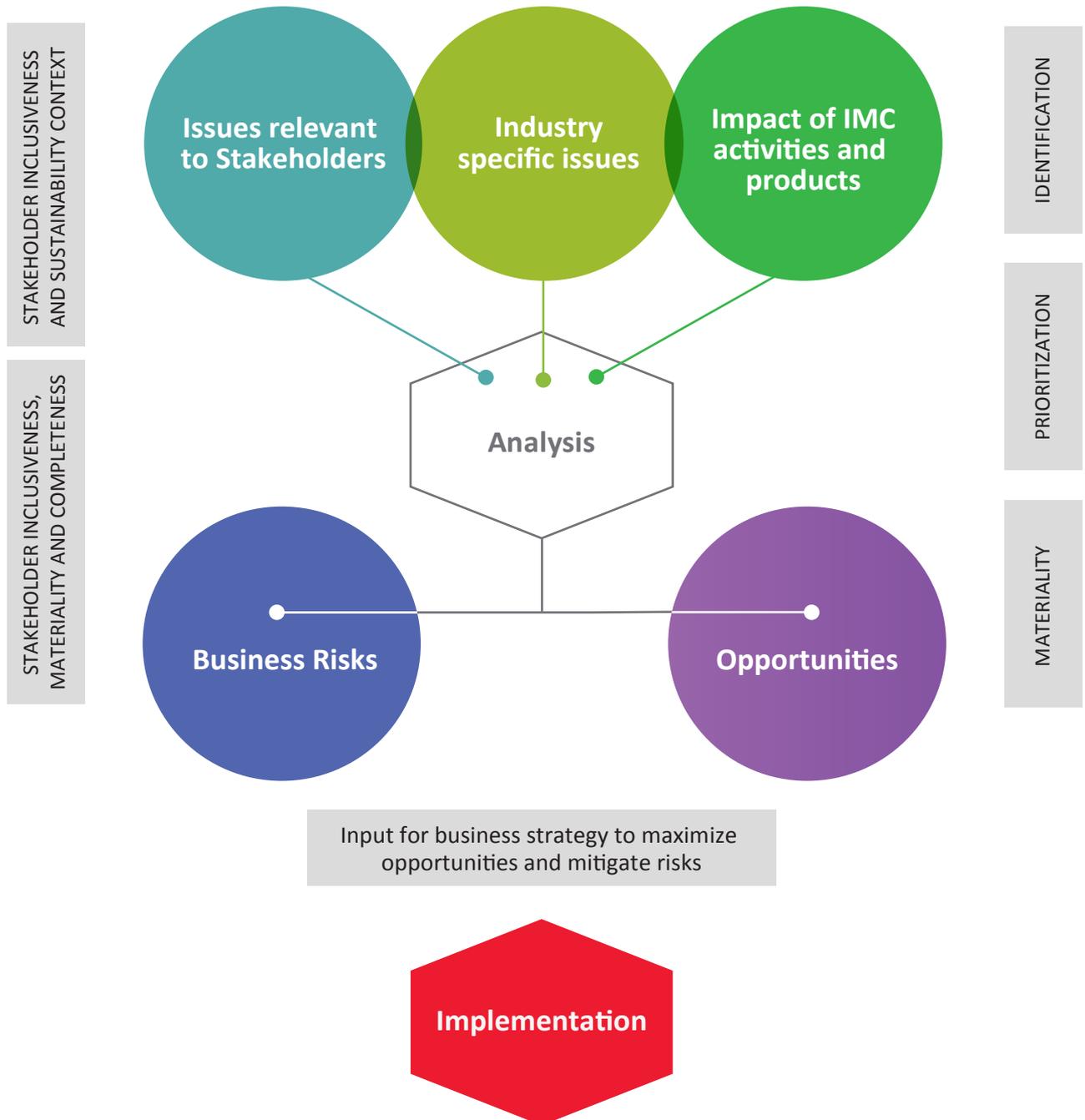
STAKEHOLDER GROUP	METHODS OF ENGAGEMENT	FREQUENCY	ISSUES/ CONCERNS	ACTION ITEMS
Customers	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Phone calls</li> <li>• Emails</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• Product availability</li> <li>• Product &amp; services quality</li> <li>• Customer safety</li> <li>• Cost and delivery time</li> </ul>	<ul style="list-style-type: none"> <li>• Provide quality products</li> <li>• Competitive prices</li> <li>• Focus on customer safety and comfort</li> </ul>
Toyota Motor Corporation	<ul style="list-style-type: none"> <li>• Review meetings and involvement in IMC management and operations</li> <li>• Toyota global initiatives and forums</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• Compliance with globally shared metrics, including health and safety, environment and community</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with Toyota Motor Corporation metrics</li> <li>• Continuous learning from international network</li> </ul>
Dealers	<ul style="list-style-type: none"> <li>• Dealer surveys</li> <li>• Focus groups</li> <li>• Meetings &amp; conferences</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• Product delivery mechanism</li> <li>• Compliance with IMC requirements</li> <li>• Dealer training &amp; support</li> </ul>	<ul style="list-style-type: none"> <li>• Better delivery management</li> <li>• Training on compliance requirement</li> <li>• Training on product attributes for improving customer experience at dealerships</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Quarterly workshops</li> <li>• Supplier surveys</li> <li>• Annual Supplier conferences</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• Technical support</li> <li>• Supplier site quality checks</li> <li>• Product safety</li> </ul>	<ul style="list-style-type: none"> <li>• Extend technical support and focus on Health and Safety initiatives</li> <li>• Improve quality of parts and reduce rejection at supplier end</li> </ul>

Shareholders & providers of capital	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Extra-Ordinary General Meeting</li> <li>Emails</li> </ul>	Annual/Quarterly	<ul style="list-style-type: none"> <li>Business strategy &amp; Direction</li> <li>Financial Performance</li> </ul>	<ul style="list-style-type: none"> <li>Provide regular updates on business, financial and operational developments and performance, including information on various initiatives including sales campaigns, etc.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Staff meetings</li> <li>Annual get-togethers</li> <li>Consultation with employee representative groups</li> <li>Employee satisfaction surveys</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Operational performance and productivity</li> <li>Training and education</li> <li>Health &amp; safety</li> </ul>	<ul style="list-style-type: none"> <li>Continuous investment in training and education of workforce</li> <li>Maintaining excellent health and safety standards</li> </ul>
Community	<ul style="list-style-type: none"> <li>Onsite visits</li> <li>Surveys</li> <li>Focus group meetings</li> </ul>	Ongoing/Annual	<ul style="list-style-type: none"> <li>Education, health, and skill development for community uplift</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to keep contributing 1% pretax profit of preceding year for education, health and skill development for community uplift</li> </ul>
Government and industry groups	<ul style="list-style-type: none"> <li>Meetings</li> <li>Focus group</li> </ul>	Ongoing/Need basis	<ul style="list-style-type: none"> <li>Sustainable automobile sector</li> <li>Compliance of laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with applicable laws and regulations and consultation with industry groups for a sustainable automobile sector</li> </ul>
Media	<ul style="list-style-type: none"> <li>Interviews</li> <li>Briefings</li> <li>Press releases</li> </ul>	Ongoing/Need basis	<ul style="list-style-type: none"> <li>Insights on business, market and industry</li> <li>Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>Provide regular updates on business developments, operational performance and information relating to automobile industry</li> </ul>



# Materiality Analysis

The material issues that shape our strategies and business decisions are not only limited to financial issues but also include issues relating to wider economic, environmental and social impacts. Materiality analysis aids in determining the most material issues for the organization making sense of sustainability landscape and concentrating actions in these high priority areas. The process involves identification, prioritization and validation of key sustainability topics showing major impact of the organization on the economy, environment and society.

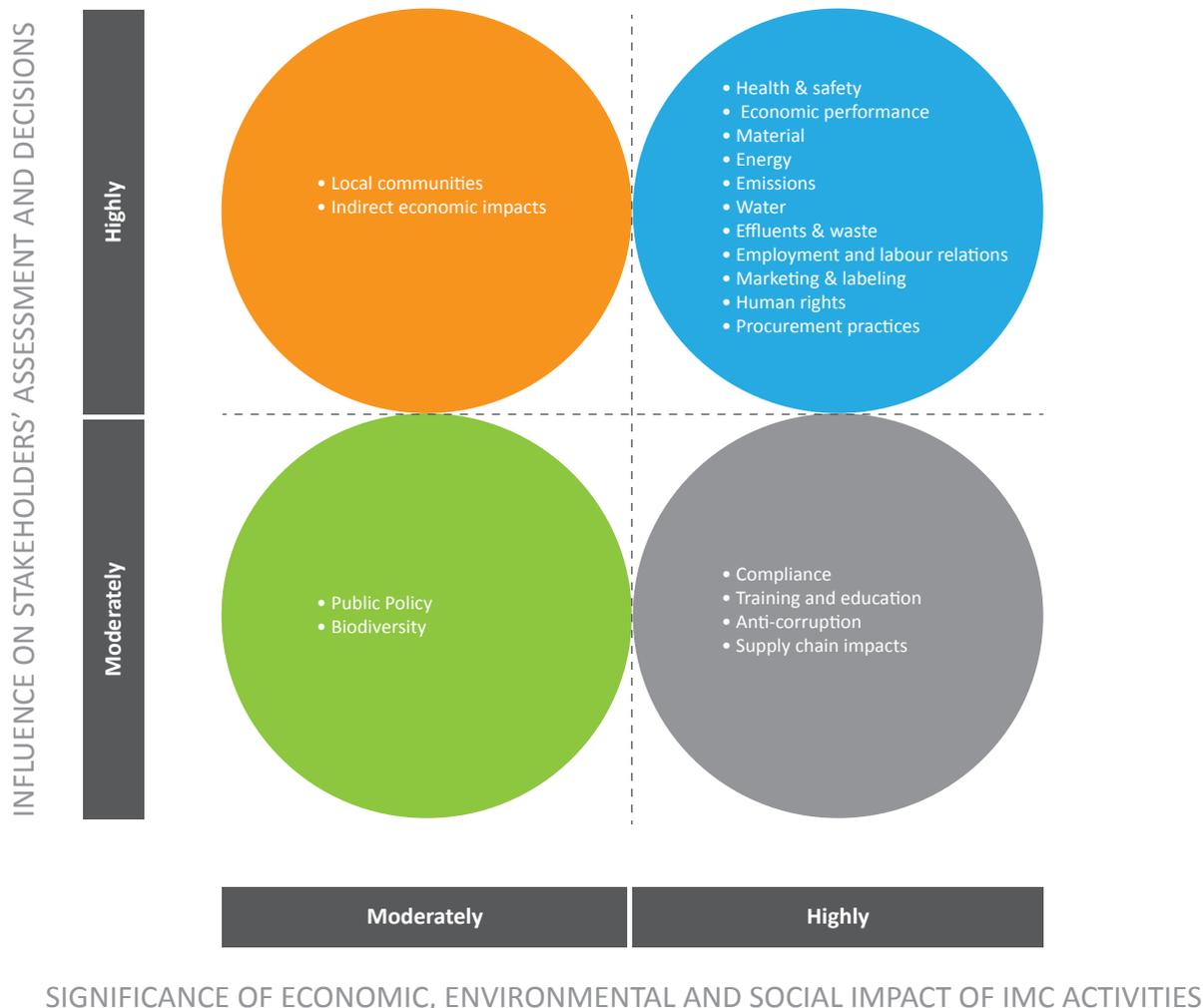


The materiality process takes into account our activities and related impacts, industry specific issues and issues identified by stakeholders. Once the topics are identified, these are shortlisted and reviewed by taking into consideration factors of severity of the impacts, relevance to stakeholders and our corporate objectives and strategy.

The principles of defining the report content from GRI 101: Foundation (2016) i.e. stakeholder inclusiveness, sustainability context, materiality and completeness were applied at various degrees during the process. The materiality process resulted in most important sustainability topics representing our impacts on the economy, environment and society and deemed important by stakeholders for their decisions.

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

# Materiality Matrix



# Boundary of Material Topics

<b>MATERIAL TOPICS</b>	<b>WHY MATERIAL?</b>	<b>TOPIC BOUNDARY</b>
Economic performance	Important for providing sustained returns, making contribution to economy, payment to workforce and suppliers and well-being of society through CSR.	IMC
Material	Important component in product and its impact on depleting finite materials.	IMC
Energy	Impact on depleting finite resources and environmental impact of use of nonrenewable resources.	IMC
Emissions	Negative environmental impact of greenhouse gases emitted due to our activities and use of products.	IMC, our customers, our suppliers
Water	Water is a scarce resource and usage of fresh water leading to water scarcity in the country.	IMC
Effluents and Waste	Negative environmental impact of waste handling, incineration, dumping and transporting of hazardous and non-hazardous waste.	IMC
Health & Safety	Directly relate to health and safety of workforce and customers. Impact the brand in the marketplace.	IMC
Employment and Labour Relations	Diversified workforce for better productivity and compliance with laws, international charters and conventions.	IMC
Marketing & Labeling	Provision of customer centric product information and compliance with laws and regulations.	IMC
Human Rights	Compliance with laws, international charters and conventions.	IMC, our customers, our suppliers
Procurement Practices	Opportunities for direct and indirect economic contribution through localization.	IMC
Compliance	Avoid noncompliance of laws and regulations.	IMC
Training & Education	Capacity building, enhancing creative potential of workforce for increasing productivity and succession planning.	IMC
Anti-corruption	Reducing risks of economic imbalance and compliance with laws, international charters and conventions.	IMC, our customers, our suppliers
Supply Chain Impacts	impact of suppliers activities on environment and society.	IMC, our customers, our suppliers
Local Communities	Socio-economic development of communities and provision of healthcare, education and food to needy communities.	IMC
Indirect Economic Impacts	Community uplift through infrastructure investments, skill development and jobs in supply chain.	IMC

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# Corporate Governance

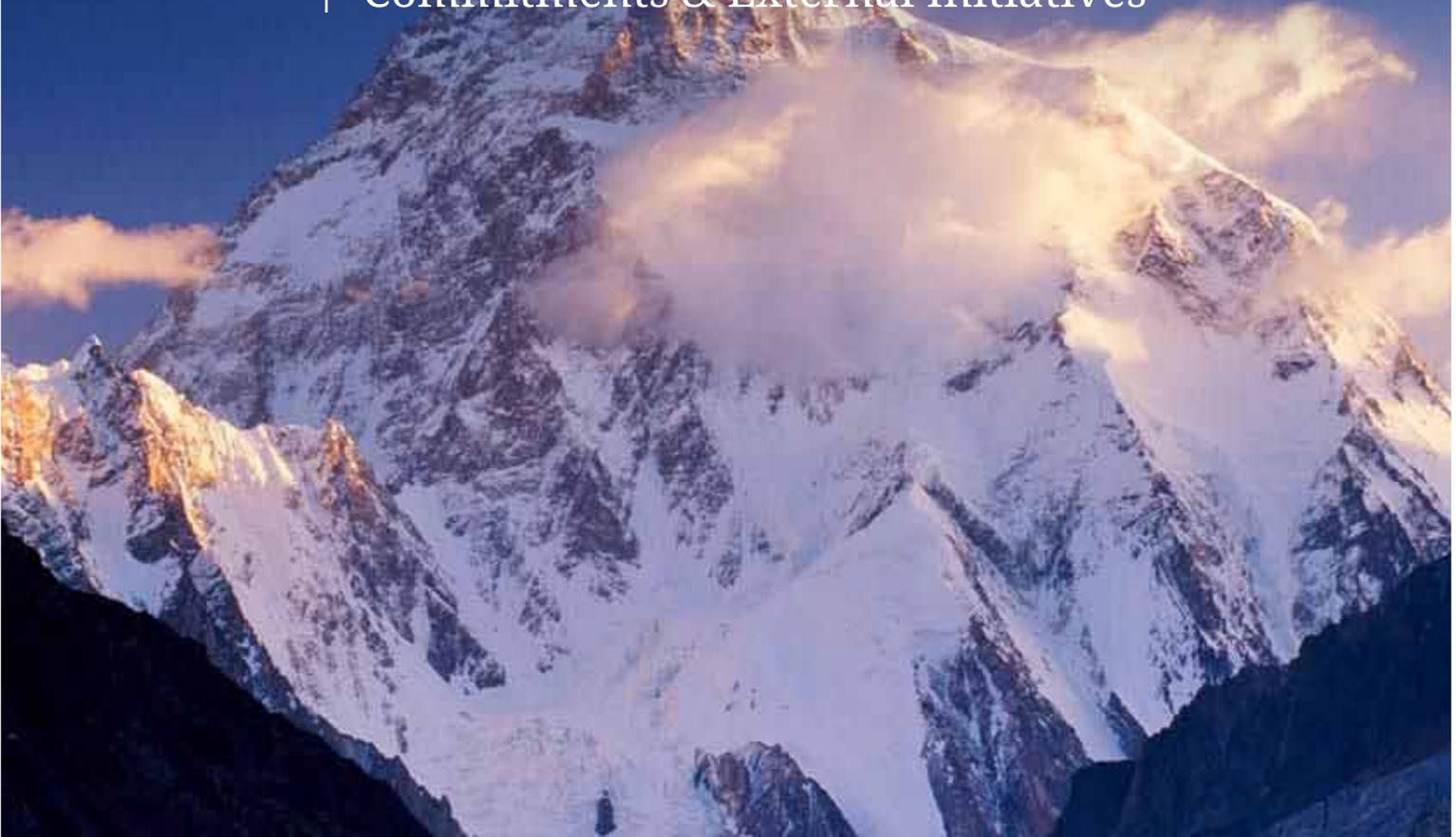
Vision, Mission & Core Values

Code of Conduct

Board & Board Committees

Risk & Compliance

Commitments & External Initiatives





## Vision

“

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

”

## Mission

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

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

## Core Values

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

# Code of Conduct



## CONFLICT OF INTEREST

Any personal interest, which may affect or might reasonably be deemed by others to affect an employee's impartiality, should be declared up front in writing. The company property must not be used for personal work unless specific permission is obtained. Each staff member is employed in the company on a full time basis and therefore, they are not to be involved, directly or indirectly, in any vocation, business or commercial activity. Any departure from this can only be made with the written permission of the Chief Executive Officer.



## GIFTS

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



## PROPER RECORDING OF FUNDS, ASSETS, RECEIPTS & DISBURSEMENTS

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



## CONFIDENTIALITY & ACCURACY OF INFORMATION

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



## HEALTH AND SAFETY

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



## ENVIRONMENT

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

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



## COMPANY IMAGE

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



## LEGAL PROCEEDINGS

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



## WORK PLACE HARASSMENT

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

# Board & Board Committees

We are aware that a good corporate governance structure is integral to our success and in meeting our stakeholders’ expectations. Applicable laws, regulations, code of corporate governance and Toyota Guiding Principles are the basis for our governance structure. These elements reinforce our commitment to promote a culture of high ethical standards, integrity, transparency, accountability and compliance with the applicable laws and regulations. We have a well-established governance structure and system in place comprising of an integrated management system and a code of conduct.

## Board of Directors

The Board of Directors consists of ten directors, out of which four directors represent Toyota Motor Corporation and Toyota Tsusho Corporation of Japan. Six directors are non-executive directors, three are executive directors and one is an independent director. The Board Members are well qualified, competent and have diversified experience and expertise in the fields of engineering, business, management, finance and economics. The Board Members are elected every three years while any casual vacancy is filled by the Board of Directors as per applicable laws and regulations. For more details about the profile of the Board of Directors, refer to page 18 of Annual Report 2019.



## Board Committees

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

The board committees are audit committee, human resource and remuneration committee and ethics committee. The management committees comprise of investment committee, marketing committee, technical co-ordination committee, ACT#1 management committee and Safety, Health and Environment (SHE) Steering Committee. The board committees are supported by the executive level committees which report to the board committees and assist in discharging their obligations.



# Risk & 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 is constantly changing on account of weak economic indicators including currency devaluation, current account deficit and low tax collections leading to macro-economic instability. These factors are posing risks to our complex operations which are directly affected by any change in economic conditions and decrease in disposable income of our customers. Our operations are also subject to risks on account of climate change due to increasing emissions from growth in number of new vehicles on the road and recent debate on introduction of carbon tax. We are fully aware that these risks are critical and require adequate strategies to overcome the negative impacts 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 implanted to manage the risks effectively.

Our corporate activities and our relationship with supply chain partners are governed by our strong internal compliance culture. Toyota Guiding principles are followed to comply with requirements from Toyota, local laws and regulations and meet our stakeholders expectations. 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 have resulted in better risk reporting and management.

IMC is subject to various laws and regulatory controls, voluntary initiatives relating to taxes and duties, employment practices, health and safety, environmental, product safety and marketing communications. IMC's approach to risk management and compliance is preventive and is primarily focused on compliance with applicable laws, regulations and voluntary codes and initiatives. The risk management approach is constantly reviewed internally. Based on the review results, the approach is adjusted accordingly to overcome the shortcomings, if any. During the year, no significant fines or non-monetary sanctions for non-compliance with the laws and regulations occurred.



# Commitments & External Initiatives

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



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

- Karachi Chamber of Commerce and Industry (KCCI)
- Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
- Overseas Investment Chamber of Commerce and Industry (OICCI)
- Pakistan Auto Manufacturers Association (PAMA)
- Pakistan Business Council
- Habib University Foundation
- Bin Qasim Association of Trade and Industry
- Landhi Association of Trade and Industry



## Awards & Accolades received during 2018-19

We are aware of precautionary principle of Article 15 of Rio Declaration on Environment and Development and are committed to fulfilling our responsibility towards risk management in business planning and product development. We apply precautionary approach to reduce the environmental impact of our operations and products through research and development, modernization and adoption of cleaner technologies.

Awards are not only the recognition of good work done but also serve as motivation for the organizations to do more better in its sphere of activities. Highlighted below is the list of a wide range of external awards received by IMC during the year 2018-19. (Awards received in the past have been mentioned in our Sustainability Report 2018):

- Corporate Excellence Award 2018 (1st Position in the overall Industrial Category by the Management Association of Pakistan)
- Overall Most Outstanding Company and Most Outstanding Company in Automobile and Components Sector in Pakistan 2018 by Asiamoney Publication, United Kingdom
- The Global SAP Innovation Award 2019 in Process Innovator category.
- Business Sustainability Award 2018 in recognition of its best practices in embracing SDGs and integrating the “Ten Principles” of UNGC (1st Position in Multinational company category by United Nations Global Compact, Network Pakistan)
- Corporate Social Responsibility Award 2019 in the category of Sustainable Initiatives by the National Forum for Environment and Health, Karachi.
- Consumer Choice Award - Corolla GLi 2018 and Toyota Fortuner 2018 by the Consumer Association of Pakistan as a grand tribute in cognizance of consumer product/corporate quality and features benefiting the consumers and the general public
- CEO of the Year Award 2018 by the Consumer Association of Pakistan for demonstrating exemplary vision, business acumen and success in delivering sustained performance
- Best Leadership Award 2018 by the CEO Club Pakistan recognizing the leadership of Mr. Ali Asghar Jamali, due to which IMC stands for highest standards of professionalism, immaculate leadership and credibility
- Annual Environmental Excellence Award 2019 by the National Forum for Environment and Health, Karachi.

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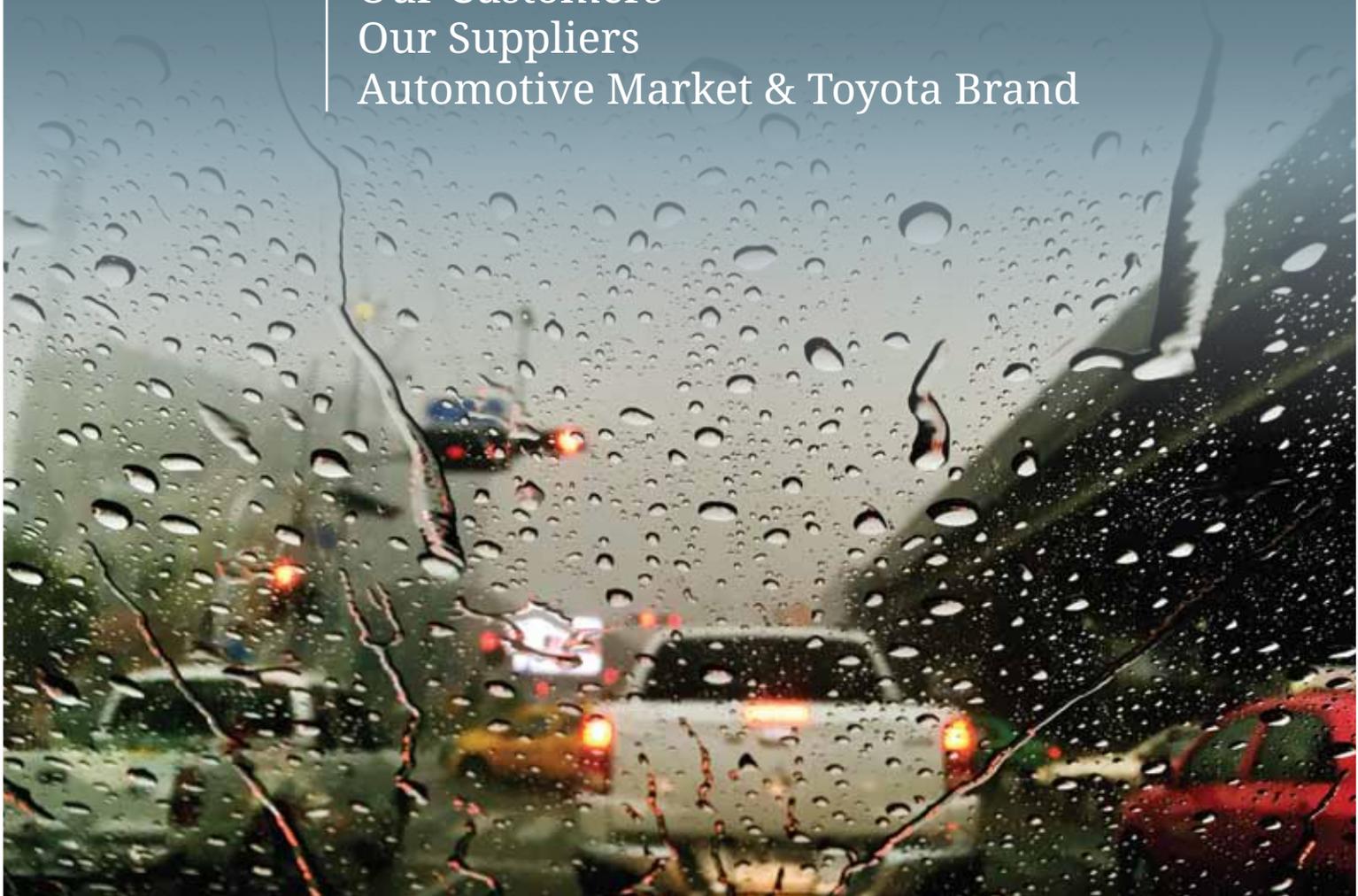
# Economic Performance

Our Dealers

Our Customers

Our Suppliers

Automotive Market & Toyota Brand



# Economic Performance

Economic performance is fundamental for business success. It brings economic stability and enables us to pursue the agenda of sustainable development. The dwindling economic conditions in Pakistan coupled with currency devaluation, reducing purchasing powers on account of higher inflation, increasing cost of financing and new taxes and duties have impacted the financial performance of the company, leading to reduced profitability. A strong and consistent financial performance is the key for better economic performance in shape of local hiring, spending on local suppliers and payments to providers of capital, employees and government.

The integrated management system, company policies and objectives along with Toyota Guiding Principles, guidelines and Kaizen techniques for continuous improvement are the guiding pillar for delivering sustained performance over the years. IMC operations have direct and indirect economic impacts attributable to our activities of car assembling and sales of parts and services. Direct economic impacts are the payment of dividend, interest, taxes and duties, salaries and benefits to employees, local procurement and spending on 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 sector through mobility solutions and economic development in plant site adjacent areas.

Corruption is a serious risk which results in abuse of human rights and undermining the rule of law. IMC has in place a risk management system along with the policies and procedure to combat corruption risks in its operations. IMC code of conduct prohibits corrupt practices while the compliance is regularly reviewed through the internal audit department. Internal audits are carried out on regular basis and the results are communicated to the audit committee for appropriate action. In 2018-2019 all operations were reviewed for risks related to corruption and no incident of corruption occurred. IMC employees are regularly trained on various topics related to their daily activities, including training on anti-corruption.

The Board of Directors is the highest body responsible for economic impact of IMC operations. The objectives, policies and targets are discussed and approved by the Board of Directors. The execution and decision-making on day-to-day company affairs is the responsibility of the Chief Executive. The economic performance is reviewed on quarterly basis at Board Meetings and appropriate actions are taken by the Board. More details about Board meetings and financial statements are available on page 72 and 92 of Annual Report 2019.

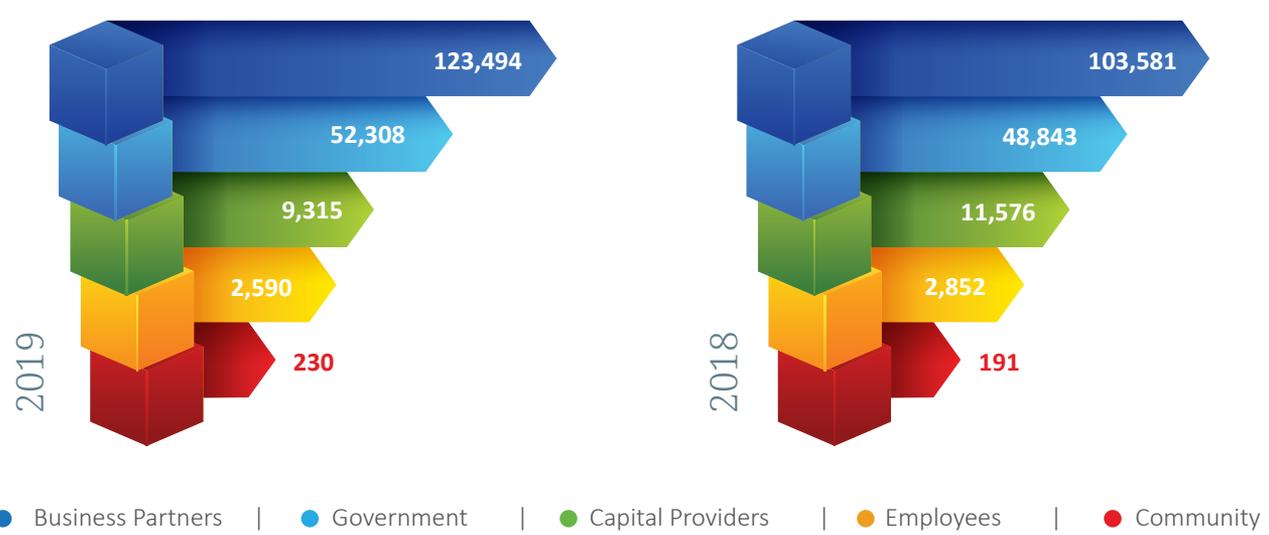
IMC financial performance for the year 2019 depicts a significant increase in revenues. However, the profits have declined due to economic slowdown, current devaluation and increasing interest rates. The revenue increased by almost 13% to Rs 158 billion from Rs 140 billion compared to the previous year ended June 2018, while profit after tax declined by 13% to Rs 13.7 billion from Rs 15.8 billion posted for the same period last year. For detailed information on financial performance for the year 2019, refer to Director's Report section of the Annual Report 2019 on page 46.



## Economic Value Generated & Distributed

	2019 (Rs. In Millions)	2018 (Rs. In Millions)	2017 (Rs. In Millions)	2016 (Rs. In Millions)
<b>DIRECT ECONOMIC VALUE GENERATED</b>				
Revenues	195,690	172,728	139,275	134,212
<b>ECONOMIC VALUE DISTRIBUTED</b>				
Business Partners	123,494	103,581	83,556	82,869
Employees	2,590	2,852	1,937	1,626
Capital Provider	9,315	11,576	9,437	7,937
Government	52,308	48,843	38,606	36,478
Community	230	191	174	141
	<b>187,937</b>	<b>167,043</b>	<b>133,710</b>	<b>129,051</b>
<b>ECONOMIC VALUE RETAINED</b>	<b>7,753</b>	<b>5,685</b>	<b>5,565</b>	<b>5,161</b>

### Economic Value Distribution



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

During the year, IMC spent Rs 192 million on defined benefit plans compared to Rs 170 million spent in 2018.

IMC provides different defined benefits to the workforce, including provident fund and pension fund. Employees contribute 10% of the basic salary in the provident fund and the same proportionate amount is contributed by IMC on a monthly basis. IMC contributes 9% of the basic salary of employees to the Pension Fund. A separate Pension Fund is maintained to meet the liabilities of pension. 77% of plan liabilities are expected to be met by the Pension Fund Assets based on the actuarial assumption made in June, 2019. The Provident Fund balance is paid when the employee leaves the organization. During the year, IMC spent Rs 192 million on defined benefit plans compared to Rs 170 million spent in 2018.

# Our Dealers

Dealers are the public face of IMC and critical partner in our success in the marketplace. Our work with dealers is focused on improving dealership experience of our customers and helping dealers to better manage their economic, environmental and social impacts in line with our supply chain sustainability strategy. Our dealers provide employment, pay taxes, serve customers through sales and aftersales services and support communities. We support dealers with trainings and provision of guidance for operational improvements and increasing customer's experience.

Our dealership network consists of 46 Toyota 3S dealerships nationwide. The dealerships are independently owned and operated. Our products and services such as new cars, spare parts and service (maintenance) are available at all our 3S dealerships. In addition, we have introduced T-Sure or Toyota Sure service at our dealerships where customers have option to buy or sell their Toyota vehicles with complete peace of mind. Our total Toyota Sure dealers at the end of the year were 36 out of which 1 was added during the year.

Changing market conditions coupled with increased competition require state-of-the-art services. In order to deliver exceptional services, we engage with our dealers during the year through trainings, workshops, certifications and Kaizen projects. Surveys/audits are carried out by third party auditors against defined performance metrics. Based on the survey/audit results, corrective action is planned and communicated to the dealers to overcome shortcomings.

The Annual dealers' conference is one forum to recognize the dedication and commitment of our dealers. The dealers delivering exceptional performance against defined KPIs are awarded at the conference. At IMC, we take pride in our dealership network which helped Toyota in becoming the first choice of customers.

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TOYOTA 3S DEALERSHIPS  
NATIONWIDE

- ✓ Trainings
- ✓ Workshops
- ✓ Certifications
- ✓ Kaizen



## Team 21

To deliver state-of-the-art after sales services as per Toyota's Standards, a comprehensive technical training program Toyota TEAM 21 (Toyota Technical Education for Automotive Master 21st century) is a pre-requisite for Toyota dealers' technicians. The program consists of four training categories; Toyota Technician, Professional Technician, Diagnostic Technician (Engine, Chassis & Electrical), and Diagnostic Master Technician (Engine, Electrical + MPX & NVH). Our 100% dealerships had Toyota-certified technicians at the end of financial year 2019.

Our 100% dealerships have Toyota certified technicians at the end of financial year 2019.



## Toyota Dream Car Art Contest

### The 13<sup>TH</sup> TOYOTA DREAM CAR ART CONTEST

Toyota Dream Car Art Contest is organized annually by Toyota Motor Corporation. The Contest, which is open to kids under 16 years, is intended to use their imagination to create the car of their dreams in the form of art. From its humble beginnings in 2015 and with two World Winners, the Toyota Dream Car Art Contest has evolved into becoming Pakistan's biggest drawing competition for children. During the contest, almost 48,500 artworks were received from across Pakistan from over 1,550 schools, maintained Pakistan's worldwide 3<sup>rd</sup> position for highest artworks.

The six-member independent jury comprising educators, painters, curators and visual artists selected the regional and national winners and the top 9 artworks from Pakistan to enter the World Contest in Japan. The Company celebrated the 39 winners who came from twenty-five Dealerships across the country, awarding those certificates and medals at the grand Award Ceremony in Lahore. The top 30 winners of the World Contest get a five day, all expenses-paid trip to Japan with their parents. Exposure to Japanese culture and its world-renowned hospitality plus the opportunity to make new friends, has far-reaching results on their mental development.

One of the special features of the Local Contest is the active participation of children who are differently-abled. The company has created the Royal category to encourage them, which as a result of the relentless efforts of the Dealership Customer Relations teams, saw an increased participation of 41% over the previous year. The artwork of Palwasha Azeem from Rahim Yar Khan for her 'Lantern Car' and 13 year old boy Ibrahim Qureshy from Lahore for his 'Car of Invisibility' were the World Contest Winners.

**World Winner:** This year is very special as the World Contest, held in Japan, announced two World Winners from Pakistan in two age categories viz.

**8-10 Years Category**

Palwasha Azeem from Rahim Yar Khan (Toyota Royal Motors) for her "Lantern Car" won the Bronze Award.

**12-15 Years Category**

Ibrahim Qureshy from Lahore (Toyota Sahara Motors) for his "Car of Invisibility" won the Bronze Award.



Winners of the 13<sup>th</sup> Toyota Dream Car Art Contest with Vice Chairman Indus Motor Company and Dealers

## Promotion of Environmental Management at Dealerships

We are aware that the boundary of environmental impact of our activities includes our dealerships. Moreover, being a responsible corporate citizen, we require our dealerships to adopt sustainability practices in their operations as without managing the impacts in supply chain, we cannot contribute effectively towards the goals of sustainable development. We equip our dealers with best practices on health and safety, environment, labor practices, human rights and contribution to society which has helped in managing supply chain impacts.

### Dealer Environmental Risk Assessment Program (DERAP)

Toyota Motor Corporation's environmental standard for environmental risk management is implemented at our dealerships service workshops to manage the environmental impact of our dealerships and ensuring compliance with the Toyota Standards. A total of 42 (about 91%) of our dealerships are DERAP-certified while the remaining are under the certification process. Waste management system is in place at our dealerships to treat hazardous waste and waste water at dealerships. Moreover, all dealerships have recovery and recycling equipment installed for CFC/HFC released from air conditioners to protect the environment.



### Green Dealer

Green Dealers Program, to improve the environmental systems and standards at dealerships and further reduce the negative environmental impact of dealership activities, was launched for DERAP-certified dealers. The program objective is to provide an optimal solution for the Environmental Management System after implementation of DERAP and introduce new techniques and procedures for personnel safety. Our 40 (about 87%) dealers are certified under the Green Dealer Program while the remaining are under the process of certification.

In addition to participation in various activities and programs focused on managing environmental impact, our dealership network also contributes toward betterment of local communities at dealerships through their CSR activities.

## Sustainability Practices at Dealerships



**“One-Car-One-Tree” Concept  
(Toyota Highway Motors)**

Toyota Highway Motors pioneered the “One-Car-One-Tree” concept years back for inspiring and encouraging customers for tree plantation activity on sustainable basis. For value addition, the dealership invited various prominent celebrities on a cup of tea for dedicated tree plantation endeavors. This Dealership has taken a lead of meeting their target of their part for IMC’s Million Tree Plantation Drive.



**“Plant-in-Pot” Campaign  
(Toyota Hyderabad Motors)**

Inspired by Million Tree Plantation Drive of IMC, Toyota Hyderabad Motors initiated “Plant-in-Pot” Campaign with the aim to foster a sense of civic responsibilities, awareness and ownership. All visiting customers including T-Sure business were engaged through provision of sapling at the time of purchase of vehicle. So far, 250 Saplings have been handed over to customers.



**“Blood Donation Camp”  
(Toyota Eastern Motors)**

Continuing the legacy of serving the humanity better, Toyota Eastern Motors organized a Blood Donation Camp for full day at Dealership. Management and cross functional employees donated their blood. Sufficient bottles of blood were collected by the Indus Hospital, Karachi.



**“Beach Cleaning Drive”  
(Toyota Creek Motors)**

Inspired by the Sustainable City Drive of IMC, Toyota Creek Motors conducted Beach Cleaning Drive at Sea View, Karachi. The objective behind this Cleaning Drive is to promote environmental awareness and ownership in building a sustainable society and to inspire individuals and other corporates to own the cities of Pakistan.



**“Smog & Fog Awareness”  
(Toyota Faisalabad Motors)**

Our dealer Toyota Faisalabad Motors carried out a three-day campaign to create awareness about safe driving in smog and fog for the safety of human lives. During the campaign 10,000 leaflets and 2,000 stickers were distributed.



**“Beat the Heat”  
(Toyota Central Motors)**

TCM setup a stall of Cold Water and Lemonade outside the dealership aiming at providing cold fresh water and juice to the people passing by the road, so that they can quench their thirst and prevent themselves from the harsh consequences of weather such as heat stroke. It was arranged on humanitarian ground based on the forecast of the Meteorological Department, which stated that during the first three days of May, maximum temperatures during the day will range from 40 to 42 degrees Celsius, and wind flows will be from the north/northwest.

# Our Customers

Customer loyalty is the basis for our long-term success and growth in the competitive automobile market in Pakistan. With the prospective rollover of new cars by new players in the automobile market in coming years, vibrant customer management and customer satisfaction will be the key differentiating factor for any automobile player. We know that a good customer experience is essential for our success and brand reputation. To better understand our customers requirements, we regularly interact with our customers through our dealerships as well as direct interaction for meeting their expectations and improving their experience of our products and services.

Our approach to customer management is governed by Toyota Global CR standards which are applicable at IMC and at all our dealerships. Our customers expect high quality products meeting customer's safety and comfort requirements. We take into account the customers needs and feedback during design, manufacturing and after sales to handle quality and comfort issues raised by customers. We have inherited a culture of collaboration and continuous improvement from Toyota which helps to make continuous improvement in our products for delivering exceptional customer experience. An integrated technology platform GENESIS is installed at our dealerships for improving customer experience and handling customer grievances on the most relevant product and service aspects. Our customers can also contact us through our dealerships on any issue related to product and services. We have a dedicated line 080011123 in Customers Relations department for handling customer suggestions/queries and complaints. The input is constantly monitored and forwarded to relevant departments for swift action as per need.

Our customers experience a complete ownership experience through our Customer First department which deals with parts and after sales services. We provide genuine spare parts to our customers through our dealerships and selected retail outlets which is well received by our customers. Provision of genuine parts and quality services to our customers not only increases customer satisfaction but also builds more trust in the Toyota brand.

Safety of our customers, vehicles and public is a prime concern for us on account of diverse driving habits and rough roads coupled with extreme weather conditions. Our campaigns on product safety and inspection of vulnerable parts help our customers to better manage their vehicles and ensure safety of all.



*We have a dedicated line*

**080011123**

*in Customers' Relation department for handling customer suggestions/queries and complaints.*

*Customer being welcomed at Dealership*

We regularly interact with our customers to gauge customer satisfaction levels related to products, parts and services. This helps in overcoming issues, if any, to ensure continuous support of our customers in keeping our pride of most reliable brand in automotive industry in Pakistan. Customers' satisfaction index research is conducted annually to collect data to evaluate our performance on key indicators and pinpointing areas of improvement.

**WE MAKE SURE TO KEEP YOU SECURE**

Always wear seatbelts and ensure all passengers are wearing seatbelts too.

SRS airbags inflate when the vehicle is subjected to certain types of severe impacts that may cause significant injury to occupants.

It is recommended that children sit in the rear seats to avoid any accidental contact.

Toyota strongly urges the use of ISOFIX Child Seat for children aged 1 to 4 years.

**TOYOTA COROLLA**

is equipped with modern safety features that ensure a safe and sound drive for its customers. The Best-In-Class in terms of safety standards.

Front Seat Belts 3-Point ELR with Pretensioner and Force Limiter

Dual SRS Airbags

Child ISOFIX Seat Anchors

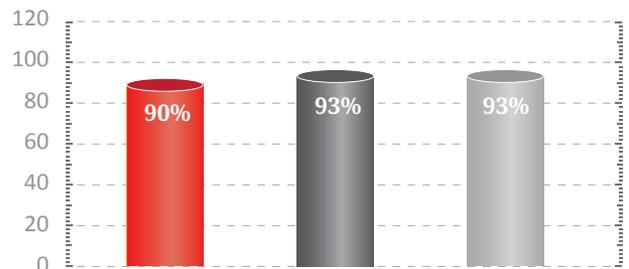
GOA Body with Reinforcement

**EQUIPPED IN ALL COROLLA VARIANTS**

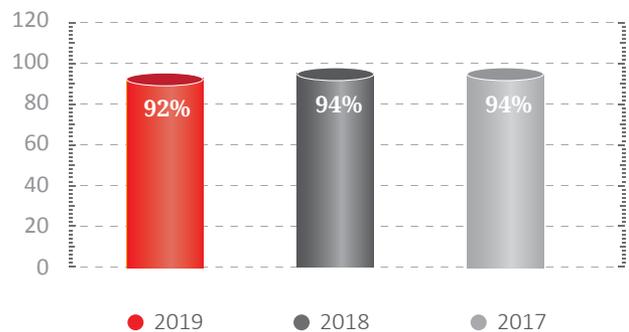
BE SAFETY LEADERS

FOR MORE INFORMATION SMS "SPECIAL" TO 8178

### Customers' Satisfaction Index



### Sales Satisfaction Index



## 4<sup>th</sup> Customer Satisfaction KAIZEN Evolution Cup

Toyota-IMC organizes the annual Customer Satisfaction Kaizen Evolution Cup (CSKE) which is attended by all qualifying dealerships and their principals, guests from Toyota Motor Asia Pacific, and IMC top management. The theme of this year's CSKE was "1 Million Interactions", which is a part of the Vision 2020 to serve and engage with over a million Toyota-IMC customers. The objective of the event was to cultivate and sustain the Kaizen philosophy and mindset across dealerships nationwide and to focus on developing human resources and training dealers' staff in the concepts of the Toyota Way, Toyota Business Practices, and Kaizen Culture Development.



# Our Suppliers

Long-term profitability depends upon vibrant supply chain management. We believe that integration of sustainability in our supply chain is vital for our success, brand reputation and meeting customers expectations. We collaborate with our supply chain partners based on their overall strength and work on sustainability for mutual growth. With various development programs focused on supply chain, we not only create financial benefits for our partners but also help in securing a competitive advantage in the market.

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

- Sourcing of CKD and CBU from Toyota Motor Corporation and parts from abroad;
- Direct and indirect purchasing of locally manufactured parts and material to produce vehicles;
- Locally procured service parts and accessories to support aftersales service; and
- Purchasing of goods and/or services to support the operations, maintenance services and corporate services.

Local product related suppliers are OEM level automotive part suppliers in the categories of resin, rubber, electrical, sheet metal, assembly, and others. Our suppliers are located in Sindh, Punjab and Balochistan. We have a total of 45 Tier-I parts suppliers and 7 consumable suppliers. Our supply chain is highly labor-intensive involving manual to semi-automated production line. Our total payments to our supply chain partners on account of purchase of goods and services were Rs.123,494 million, which were 19% higher compared to the year 2018. During the year, our 37% procurement was made from local suppliers compared to 42% in 2018.

IMC has been following parts localization program over the years to promote industrial development for availability of new technologies, job creation, skilled labor and contribution to economic development. IMC is actively engaged with its supply chain partners to help them meet the Toyota standards of safety and quality for local parts. Our close collaboration with our supply chain partners has encouraged them to make investments in production lines fully dedicated to manufacturing high-tech parts for our products. Our new Toyota Corolla consists of 727 parts and components manufactured locally.



Upto  
**24**  
Deliveries  
of certain local parts  
in a day

Workshop of Rubatech Engineering (Pvt) Ltd.

## Promotion of Environmental Management at Suppliers

We have always extended support to our suppliers in the areas of safety and environment, quality and productivity and good labor practices. Our corporate values, Toyota Quality Standards, our sustainability guidelines, 'Just-In-Time' techniques and Kaizen culture to reduce parts rejection and bring improvement in business processes and profitability, are communicated to suppliers. We work closely with suppliers on Kaizen (continuous improvement) culture and compliance targets to ensure conformity to all applicable laws and regulatory requirements. Regular assessments are conducted to ensure that all suppliers are in line with IMC vision, strategy and targets. Our supply chain department coordinates with supply chain partners to promote sustainable practices in the supply chain.

## Toyota Green Purchasing Guidelines (GPG)

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 Global Challenge 2050 and taking the changing environmental regulations into consideration, the GPG were 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 environmental impact of their operations to establish society in harmony with nature.

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

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

The Green purchasing guidelines are aligned with Toyota's Six Global Challenges.

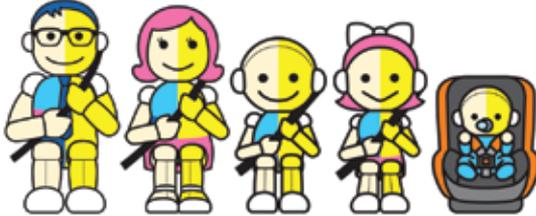


We encourage fair labor practices at our suppliers and we do not engage with suppliers who encourage child labor and forced and compulsory labor. 37 of our suppliers are ISO 14001 certified. Currently, we do not have in place a criterion for supplier social assessment. However, we have environmental assessment criteria for selection and monitoring of our suppliers. The new suppliers are selected through a process involving shortlisting, screening against criteria and confirmation from supplier for compliance against criteria. The monitoring is carried out through suppliers' audits and evaluation against KPIs followed by agreed actions for improvement.



# Automotive Market & Toyota Brand

TOYOTA | INDUS MOTOR COMPANY LTD



Let's make  
**SAFETY**  
our #1 Priority

[toyota-indus/besafetyleaders](https://toyota-indus.com/besafetyleaders)



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

The Toyota Guiding Principles to produce reliable vehicles and the sustainable development of society through ever-changing innovation and the provision of high-quality products and services require 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 unique buying experience and owning and driving a Toyota vehicle. Our Customer First Approach from Toyota, working on localization, creating new jobs, skills and contribution to economic development coupled with our work for promotion of technology among engineering graduates and spending on local communities have supported our brand. At IMC, we are committed to continuing our activities for the betterment of our stakeholders and strengthening of our brand in the competitive market. The brand strength is monitored through surveys across our dealerships, suppliers and industry-wide business. The strategies are adjusted accordingly for delivering better customer experience and maintaining brand strength.

Vehicle safety is one of the utmost 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 manual incorporates information regarding driver and passenger safety, vehicular features and technical and maintenance information. To ensure the safety of the consumer, a video is provided, which underlines all the safety attributes of Toyota Vehicles. IMC is proud to share that all the CKD vehicles are equipped with safety features which are equivalent to 4 star ASEAN NCAP quality standards. Over a span of 2 years, IMC has continuously made efforts to increase safety awareness and educate the users about the correct usage of safety specifications. Along with NCAP (New Car Assessment Program), IMC also promotes its Safety mascot THUMS (Total Human Model for Safety) over digital and other platforms to educate viewers on the safety features provided in all CKD variants.

In order to further promote safety features among customers, regular safety campaigns are carried out throughout the year at our dealerships to discuss safety features information and product attributes. The Toyota Safety mascot "THUMS (Total Human Model for Safety)" is also promoted during the campaigns which contains the details of some driving tips and safety features, including Anti-Lock Braking System, Dual SRS Airbags and child ISOFIX seat anchors.

In line with its growth strategy, brand management in the market place and to cater to higher production volume, the extension of Paint Shop, P.T.E.D and Painting Booth was completed during the year along with installation of robots in Weld Shop and Paint Shop.

The details about the source, safe use and disposal of the product also include Toyota genuine parts and Toyota genuine motor oil. We also follow ASEAN NCAP (New Car Assessment Program) in addition to applicable laws and Toyota Guidelines. Toyota Genuine Motor Oil is blended as per TMC's guidelines which are benchmarked on American Petroleum Institute (API) and the Society of Automotive Engineers (SAE) International standards. All our products are subject to compliance with the law and voluntary guidelines. Compliance is assessed on a regular basis. During the year, there were no incidents of non-compliance with regulations and voluntary codes concerning product and service information, marketing communications, including advertising, promotion, and sponsorship. Moreover, no complaints of breach of customer privacy were reported during the year.

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# Enviornmental Performance



# Environmental Performance

Environment management practices are vital at all levels of business operations. The automobile industry has complex operations of cutting, welding, assembling and painting in the production process which directly impact the environment. The automobile sector is the perfect example where automation and improved processes can reduce cost and minimize the environmental impact. Automation in shape of digital manufacturing is expected to reduce the environmental footprint of manufacturing operations. However, the environmental impact of products requires commitment from all players, including government and refineries for upgrading fuel standards in Pakistan.

At IMC, we are aware that our operations, products and supply chain partners have significant environmental impact and we are dedicated to effectively managing the negative environmental impact of our operations and in the supply chain. The material topics showing our significant environmental impact have been identified taking into account interaction of our business activities with the external environment, severity of impact and results of stakeholder engagement. The material topics are listed on page 22 which also shows the reason these topics have been categorized as material.

Toyota’s philosophy and policies on the environment which are based on Toyota Guiding Principles underpin our strategy and policies. We are also guided by the “Toyota Global Environmental Challenge 2050” while devising our strategies for environmental management. Our environmental policy has been revised in 2019 along with our five years plan implemented at our operations for managing our impact on the environment. Our policy also forms the basis for new investment in technologies and upgradation of existing facilities.

The Safety, Health and Environment 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 the responsibility for environment, health and safety-related issues. Our approach to environment management is proactive to reduce our environment footprint through adoption of cleaner technologies and efficient management of resources.

The responsibility for implementation and monitoring compliance with policies and applicable laws rests with Manager SHE. 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 effective management of the activities. We are aware that only management of environment impact at our operations is not sufficient as some of our impact lies in the supply chain. We work with our supply chain partners to reduce the impact of their operations by taking appropriate steps in line with our environmental policy and guidelines.

Our management approach is evaluated through external certification and Toyota Global Environmental Management System Audits, internal performance reviews against targets and compliance with applicable laws. We take appropriate corrective action based on the evaluation results, where required.

IMC commitment to keeping its environment targets 20% below legal requirement along with its continuous spending on environmental management has resulted in zero non-compliance with environmental laws and regulations during the year. We spent Rs 321.75 million on remediation, prevention and environmental management in 2019 compared to Rs. 442 million in the year 2018. Major expenditures include Rs. 180 million on spot cooling process – a very rare facility in production plants- for the comfort of workforce and environmental control in open atmosphere, Rs. 84.8 million on renewable energy (photovoltaic) and Rs. 3.0 million for installation of LED lights.



## Toyota Global Environment Month

An Environment Month is celebrated every year in June. This year the theme was "SAVE RESOURCES FOR TOMORROW". The purpose is to create awareness and remind people about their social responsibility towards the environment. Besides training and awareness, it creates competitive environment for employees and their families for sustainability in society through increased awareness. Focus activity in this month was to give awareness about conservation of energy & water resources and to promote 3R (reduce, reuse, recycle) activities. Other than this tree plantation was done inside, outside IMC & in the Port Qasim region. Schools and Universities actively participated in the Environment Month activities to show commitment towards Environment protection.



## Using Natural Resources

### Materials Usage

Natural resources drive economic development. With the recent expeditious use of resources and over-exploitation of natural systems, we commit to using the available resources wisely not only for economic benefit but also for the coming generations. Different materials and chemical substances are used in vehicle manufacturing. The major categories of materials are metals, plastics, elastomers, textiles and natural materials, fuels and consumable liquids, electronics, ceramics, glass and other compounds and non-dimensional materials.

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

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



## Addressing Climate Change

Climate conditions in Pakistan are rapidly changing on account of increasing temperature and have resulted in severe and changing weather patterns. The Government of Pakistan is pursuing strategies to shift the energy mix to renewables and low carbon resources coupled with a billion tree plantation drive to address the climate change. We, at IMC, are fully committed to using energy efficiently and convert to renewables and low carbon technologies in our operations and supply chain to reduce our environmental footprint.

### CHALLENGE # 3

Plant Zero CO<sub>2</sub> Emissions Challenge

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



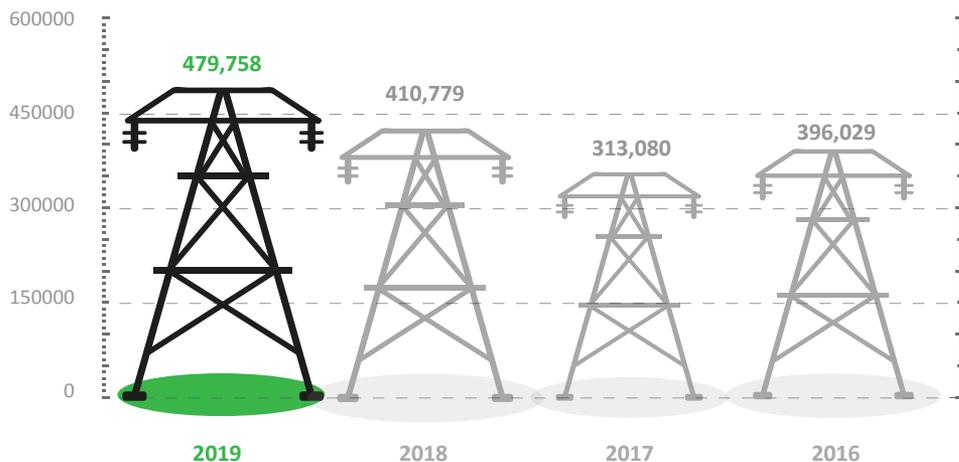
## Energy Usage & Shifting to Low Carbon Resources

Efficient energy usage is critical to preserving IMC’s competitiveness in the challenging economic and climate conditions. Our strategy of shifting to low carbon energy resources and energy conservation for improved efficiency focuses on efficient processes at our facilities to reduce our energy consumption. Our assembly plant design helps to maximize the use of natural light during 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 by energy production. Natural gas and electricity used at our plant are the main energy sources and the largest contributor to greenhouse gas emissions. During the year, the Co-Generation capacity was enhanced from 4.6 MW to 6 MW in line with future growth strategies. The energy consumption during the year increased by 68,479 GJ compared to the previous year. The energy used per manufactured vehicle increased to 7.341 GJ/per unit compared to 6.534 GJ/per unit in the year 2018.

	UNIT	2019	2018	2017	2016
Energy consumed within organization - Non renewable	GJ	477,901	409,384	313,080	396,029
Energy consumed within organization - Renewable	GJ	1,857	1,395	-	-
<b>Total Energy Consumption</b>	<b>GJ</b>	<b>479,758</b>	<b>410,779</b>	<b>313,080</b>	<b>396,029</b>
Energy used per vehicle produced	GJ/per Unit	7.341	6.53	5.22	6.17
Energy saving per year	GJ	25,630	22,320	17,307	12,498

TDEM guidelines were used in calculation of energy figures. Energy consumption per vehicle includes both renewable and non-renewable energy consumption. The energy saving figures includes electricity saved by using solar panels installed at the IMC plant, replacing conventional lights with LED lights and installing absorption chillers in the plant. The figures for energy saving for the year 2017 has been restated to correct the calculation mistake.

## Energy Consumption



## Moving Towards Renewable Energy

At IMC, we are committed to improving the energy mix by transforming from one source to another with continuous improvements in the operational processes. We have installed onsite photovoltaic to reduce energy consumption from conventional sources. 516 MWh of energy was produced in 2019 compared to 338 MWh in 2018 accounting for 0.38% of our total energy consumption compared to \*0.34% in 2018. Installation of additional system with capacity of **4.3 MW** is being undertaken which will be completed in financial year 2020.



## Greenhouse Gas Emissions (GHG)

Climate change triggered by increasing greenhouse gases is affecting the availability of natural resources, production and consumption patterns and declining quality of life. IMC is pursuing cleaner technologies and efficient processes to reduce the greenhouse gases emitted from its 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 gas emissions. We are currently monitoring our Scope I emission from our operations. There are no Scope II emissions. The Scope III emissions of employees commuting to work, business travelling and transportation of materials to plant and products to dealers through supply chain partners are not measured during the year due to non-availability of reliable data. We established Plan 2050 Zero CO<sub>2</sub> strategy to reduce emissions over the long run. Our initiatives of reducing energy usage through efficient lighting systems and installation of Solar PV has resulted in reduction in electricity use and CO<sub>2</sub> emission 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; which ultimately reduce emissions significantly.

Other significant emissions are release of volatile organic compound (VOCs) in processes using solvents, paints, sealers or hydrocarbon-based chemicals. The emissions are reducing over the years as a result of Kaizen (continuous improvement) activities of cartridge reduction for low share colour, introducing new chemicals to replace washing thinner for overall cleaning, reducing robot gun distance and adjusting on/off spray for robot paint loss reduction. However, during the year, emissions increased by 2527 Mt compared to 3803 Mt increase in previous year.

	UNIT	2019	2018	2017	2016
Greenhouse gas emissions (Scope I)	Mt	<b>24,393</b>	21,866	18,063	21,202
Emissions per vehicle produced	Mt/per unit	<b>0.373</b>	0.347	0.301	0.331
Reduction in emission	Mt	<b>8,515</b>	7,850	1,798	961
Emission of ODS	Mt	<b>Nil</b>	Nil	Nil	Nil
NOx, SOx and other significant air emissions	Mt	NOx, SOx and other significant air emissions within SEQS limits.			

There were no biogenic emissions during the year. Emission reduction figures includes only CO<sub>2</sub> emissions. The emissions reduced due to replacement of Fluorescent lights. TDEM and SEQS guidelines were used for emission calculations.

\*Renewable energy percentage was mistakenly calculated on higher side in 2018 which is restated.

## Million Tree Plantation Initiative

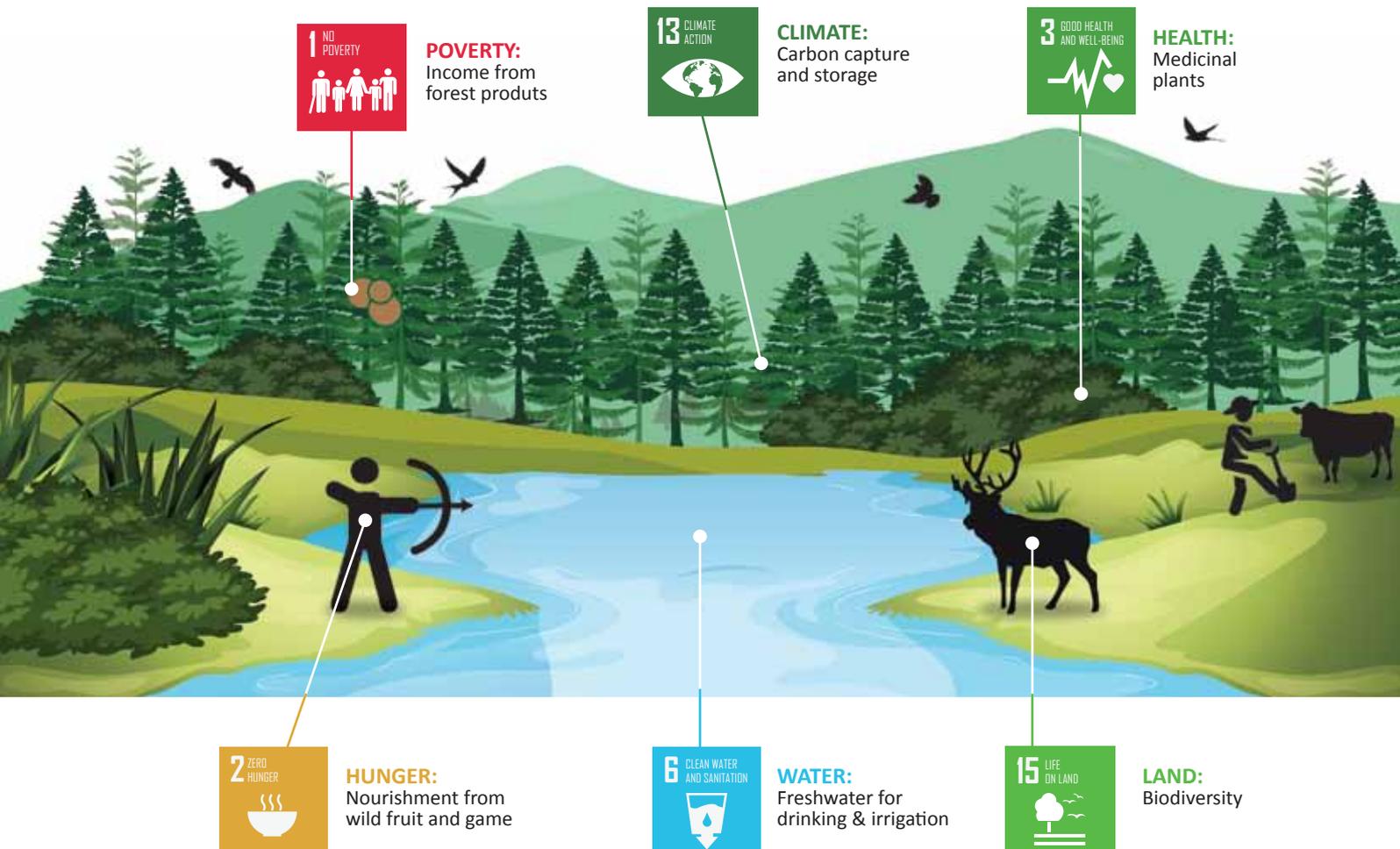
Considering the manifold benefits of trees, including that they release oxygen into the air, absorb unpleasant odors as well as harmful gases such as carbon dioxide, carbon monoxide and sulfur dioxide from the air and purify it, protect us from dangerous ultra-violet rays, provide us with food and the pivotal role played by trees in preventing soil erosion, maintaining ecological balance and most especially in lessening the effects of global warming, Indus Motor pledged for Million Tree Plantation Drive across Pakistan. IMC is constantly working on reduction of GHG emissions from its operations and moving to net zero carbon footprint for its production plant. This Plantation Drive will not only benefit environmentally but also economically and support different SDGs. The kickoff event for Million Tree Plantation Drive was held on November 20, 2018. Mr Waseem Akhtar, Mayor Karachi was the Chief Guest of the event. Only indigenous trees which are beneficial to our environment are selected. For ensuring sustainability of the trees, local communities are being engaged. For nationwide implementation, all dealerships enthusiastically join their hand with IMC.

Over the last few months, Indus Motor has planted more than 130,000 trees across Pakistan, majorly in Karachi. The plantation drive will help in tackling the most important issue of climate change and rising temperatures.



IMC affirms and determines plantation of 1 million Trees across Pakistan by 2021.

### MILLION TREE PLANTATION: Support SDGs



## Using Water Efficiently

Water scarcity is becoming a major risk for business on a global level. Pakistan is one of the scariest countries in terms of water availability per person; the ground water levels are falling and the availability of fresh water is a major concern. However, Pakistan is one of the top five countries worldwide in improving access to clean water. But despite this impressive progress, 22 million people still have no choice but to drink dirty water.

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

### CHALLENGE # 4

Challenge of Minimizing and Optimizing Water Usage



Enact effective wastewater management and minimize water consumption based on individual local situations



We source water from canal extracted from Keenjhar Lake which has capacity of 650 hm<sup>3</sup>. We have an agreement with the Karachi Water and Sewage Board for extracting water which is measured by flow meters installed at the point of extraction. Keenjhar Lake is the second largest fresh water lake in Pakistan and an important source of drinking water for Thatta District and Karachi city. Keenjhar Lake has been declared a Ramsar site under Ramsar Convention and a wildlife sanctuary. The lake is home of the winter migratory birds and breeding area as well. The water extracted does not significantly affect the water source. The used water is recycled to reduce the intake of fresh water leading to reduced impact on this scarce resource. The water recycling increased to 10.83% of the total water withdrawal during the year compared to 10% during 2018. Water consumption during the year increased by 2.4% compared to the previous year on account of marginal increase in production and construction of new paint shop.

	UNIT	2019	2018	2017	2016
Water withdrawal	m <sup>3</sup>	469,527	458,488	372,697	359,002
Water recycled and reused	m <sup>3</sup>	50,865	45,805	40,730	71,110

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

## Contribution for the Construction of Dams

Rising population and industrialization is increasing usage of water which is one of the basic problems in Pakistan. To manage water scarcity and availability of water, the government is working to construct Diamer-Bhasha Dam and Mohmand Dam. Embracing the spirit of national integrity and considering the criticality of national needs, IMC pledged a contribution of Rs. 100 million to support the government for the construction of dams. The contribution will be released in five equal tranches annually. IMC has paid Rs. 40 million out of the pledged amount in financial year 2019.



## Managing Effluent and Waste

Being an automobile company, we produce different types of hazardous and non-hazardous waste which is strictly handled as per our policy. All applicable legal requirements for waste handling and disposal are strictly followed and no hazardous waste is shipped internationally. Water discharged from operations and the waste thinner are properly treated and recycled to reduce the burden on the environment. For catering to further expansions of the manufacturing plant, we are undertaking installation of new state-of-the-art Waste Water Treatment Plant, which is based on Apple Edge technology from KABUTA Japan. We use the treated waste water for horticulture purposes, which is not suitable for use in production. The solid waste and oil are stored at a safe place for disposal to government-approved contractors. The staff 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.

	UNIT	2019	2018	2017	2016
<b>Hazardous and Non-hazardous waste</b>					
Reuse/reprocess (Used oil, batteries)	Ton	9	9	9	9
Recovery	Ton	N/A	N/A	N/A	N/A
Incineration (Paint sludge phosphate sludge, chemical sludge, caustic sludge, waste water sludge, chemical solvent)	Ton	245	213	236	244
Landfill	Ton	1	1	1	1
On site storage capacity (waste water)	m <sup>3</sup>	166	166	166	166
Others	Ton	N/A	N/A	N/A	N/A

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

## Environmental Conservation

### 5S Clean Drive 2019

This year again, IMC has launched an expanded “5S Clean Drive 2019-20” in March 2019 duly embedding education on 5S methodology and awareness Plastic Pollution in various schools of Karachi. This Drive is being run by WWF-Pakistan targeting 200 private and government schools where, after awareness session, clean activities are executed and students were encouraged for tree plantation at their controlled area. The objective of this Drive is to learn about the 5S and to create ownership among those and their neighborhoods.

### Sustainable City

Owing to the increasing trend of selling national flags made of paper and plastic, people enthusiastically buy such flags with a sense of national pride to celebrate national days, but sadly we find these flags trampled upon the roads. Indus Motor Company initiated a drive and collected fallen flags after Independence Day celebrations under “Clean Pakistan Drive” to pay respect to our beloved country.

### Clean Drive 2019 – Sea View Karachi

Under Employees Volunteering Program, a Clean Drive was carried out at Sea View Karachi on August 15, 2018 to promote environmental awareness and ownership, to build a sustainable society and inspire individuals and corporates to own the cities of Pakistan. Around 100 employees from cross-functional departments of IMC joined the drive and enthusiastically rolled up their sleeves for the drive and set an example of owning for corporates/citizens.



### Clean Drive - Hill Park

On the eve of Iqbal Day, on Nov 9, 2018, a Clean Drive was carried out at in collaboration with I-AM-KARACHI, an NGO, at Hill Park Karachi. Around 100 students of local schools and the students of our Toyota Goth Education Program along with their parents participated. The objective of the drive was to instill a sense of ownership, particularly among younger generation, to allow them to understand the positive impact they can make within their society.



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# Our People & Communities



# Our People

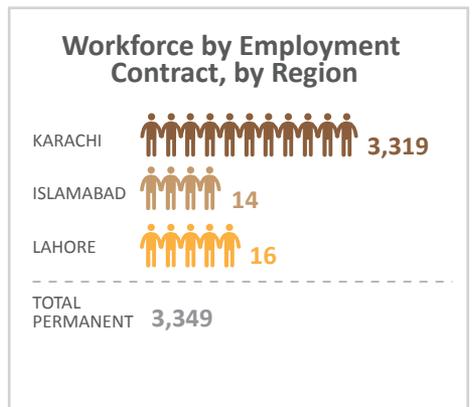
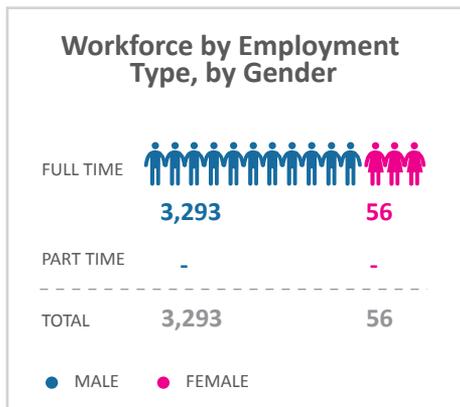
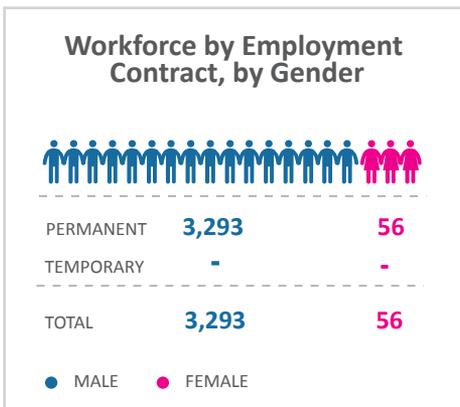
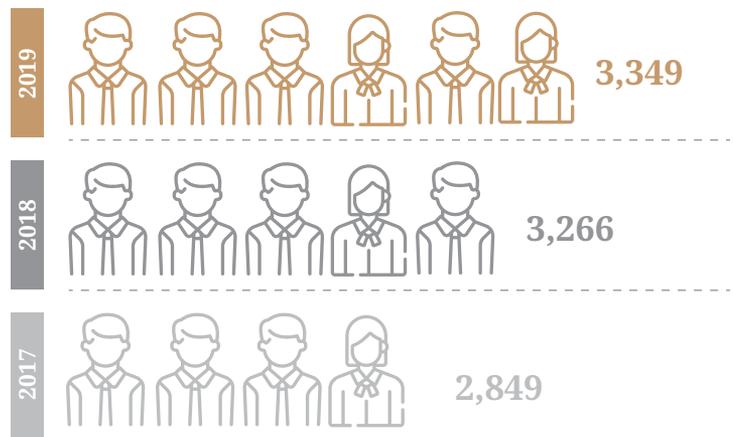


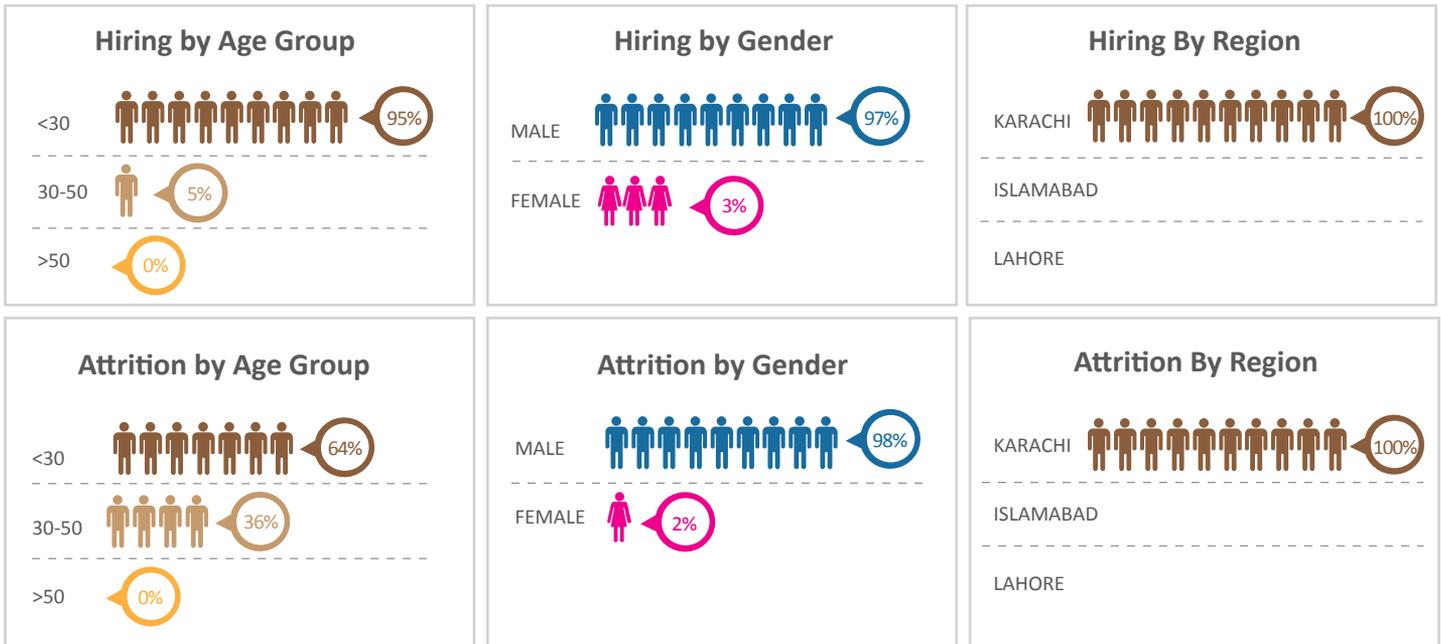
Automobile operations are the perfect example where technology and workforce is truly integrated. Our people play a central role to support our brand reputation and to deliver exceptional performance. IMC is aware that an enabling environment and inspired workforce is required to deliver high quality products meeting the ever-changing needs and requirements of our customer base. Our human resource strategy focuses on attracting suitable people, providing them a healthy environment and training to enable them to successfully showcase their potential. Our human resource initiatives are guided by Kaizen, a commitment to continuous improvement towards business growth – which requires every team member to join the team and to be trained to practice the Toyota Way - to develop our workforce capacity, knowledge and skills. We remained committed to ensuring that our operations follow, protect and respect labor standards, human rights laws, declarations and international conventions. Our material topics discussed in this section are identified on the basis of stakeholder engagement and the impact of our operations. These are listed on page 22 which also shows the impact on the basis of which these topics have been categorized as material.

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

## Workforce Profile

We provide a nourishing environment to our workforce where people from different backgrounds, ideas and beliefs are valued and motivated to deliver to their maximum potential. Our workforce figures are for the year ended June 30, 2019.





The figures for hiring and attrition relate to the financial year 2019. The hiring and attrition ratios are in accordance with industry ratios. The hiring and turnover rates were 17% and 15% compared to hiring and turnover rate of 23% and 10% in the previous year.

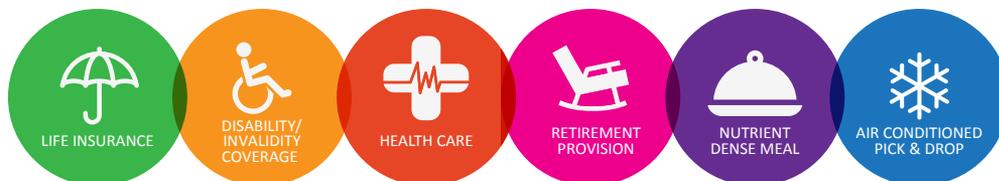
## Employee Satisfaction

A satisfied workforce helps in meeting the corporate objective smoothly and maintaining competitiveness in the market. In addition to regular engagements, surveys are conducted on regular basis to measure employee satisfaction and identify areas of improvement to meet the objectives of providing decent working condition and employee recreational activities. During the year, IMC has installed spot cooling system at its plant making IMC the only plant in Pakistan to do so for providing comfortable workplace to its employees. Based on our exceptional performance in this area, Pakistan Business Council has nominated us a leader on SDG 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. The best practices adopted by IMC will be shared with the industry to inspire businesses to meet the targets listed in SDG 8 for ensuring decent working conditions.

We, at IMC, fully comply with the applicable laws, regulations and international charters in the areas of employment practices and human rights. Employees are free to form associations for representing them in collective bargaining with the management as per applicable laws. Our supply chain partners comply with the applicable laws in this area and we have not come across any non-compliance at our supply chain partners. 41% of our workforce is covered by the collective bargaining agreement. We give notices to employees about any operational changes well before time. However, the notice period is not mentioned in the collective bargaining agreement. Our operations are free of child labor and forced or compulsory labor and we have not come across any such incident at our supply chain partners.

To keep our workforce motivated and deliver to their full potential, we provide them with market based salaries and benefits. Our ratio of basic salary and remuneration of women to men is 1:1 as the salary is based on merit only. We do not discriminate between workers on the basis of gender, religion and association and no incident of discrimination was reported during the year.

Following benefits are provided to full-time employees including management and staff.



## Training and Education

Developing the skills and capabilities of our people is a key part of our strategic priority to build a capable and effective human capital.

Our training is based on the global contents of Toyota and the most fundamental and best business practices which have contributed to Toyota's success. The training programs are designed to increase the knowledge, skills and attitude of our employees while taking into account the employee position and role for preparing them for future challenges.

All management and employees are briefed on anti-corruption policies and procedures as a part of the code of conduct and at the time of orientation session for new workers. Moreover, training on code of conduct- which includes anti-corruption policies- are regularly carried out throughout the year.

IMC provides trainee apprentices opportunities to the students through Trainee Apprentices under the ATM program focused to convert them into talented technicians via hands-on experience and classroom lectures. One of the important elements in our human resource policy is succession planning which is practiced through provision of training and development of our workforce. The effectiveness of training is ensured through regular reviews against defined objectives which also help in identifying areas of improvement. All of our employees received regular performance and career development reviews.

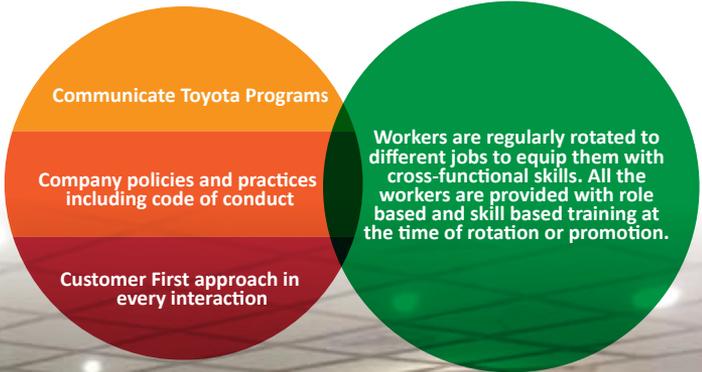
Training hours include management and non-management employees. During the year, we have organized various sessions to equip our staff with the latest knowledge and skills for improved operational management.

### Training in 2019

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



Average training hours per employee  
**51 man-hours**



Training of Management staff on "Accountability & Ownership"

## Toyota Asia Pacific Skill Contest 2019

The annual competition, Toyota Asia Pacific Skills Contest 2019 was held this year in Thailand. Total 121 contestants participated, belonging to 12 Toyota affiliated companies from 8 countries of the Asia Pacific region. IMC Technicians from various skill categories participated to showcase their skills and talent at global level. We are proud to announce the remarkable victory of the year:

### SILVER MEDALS



**Ather Mirza** | **Yasir Ahmed** | **Ghadeer Abbas**  
 Paint Category | Assembly Category | Quality Category

### BRONZE MEDALS



**Asif Khan** | **Haris Moin**  
 Press Category | Quality Category



Participants of Toyota Asia Pacific Skills Contest 2019 in Thailand

## Safe and Healthy Workplace

As a responsible manufacturer of vehicles, we emphasize on creating and strengthening a safety culture within our operations and at our supply chain partners. We practice health and safety culture which includes safety rules, procedures and practices to create awareness of safety practices. The health and safety management is informed by international best practices and standards along with Toyota guidelines. Our philosophy at IMC is to maintain the highest level of product and service quality without harming people and environment. 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 quality circles promote Jishuken (identification of areas requiring ongoing focus) which helps to stimulate Kaizen (continuous improvement). Our health and safety management practices are focused towards zero fatalities and injuries. Workers also take part in group-based activities like HIRA (Hazard Identification and Risk Assessment) to explore safety hazards which are not apparent in routine activities. The winners of the activity with the best theme are awarded while the best theme is publicized for greater awareness.

### Caring For Healthy Workforce

- Pulmonary function test and Audio Metry test of Shop floors workforce being undertaken by professional physicians regularly every year.
- For catering to health emergency of workforce, First-aid Centre has been established during the year which serves for 24/7 duration.

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



## Safety Month 2019

Each year April is celebrated as the Safety Month when various activities - safety walks, safety audit and training, including firefighting training, fire simulation evacuation drills, screening of safety videos and awareness sessions - are organized to reinforce the commitment to safety. Special safety audits are carried out during the month to check compliance with policies and procedures to enforce the safety system.

## 5S PMRs

A 5S system is in place to ensure safer workplace, compliance with regulations and a productive workforce. All our employees are part of the activities under this safety system. Based on our work on safety and guidance from Toyota, we have revamped the 5S concept to 5PMRs (plant management requirements) based on five steps. Extensive audits and periodic management walks ensure functionality of the system.

## Health and Safety Committees

Safety, health and environment committees, where all employees are represented exist. The committees include representatives from employees and management. The committee meetings are held monthly at various levels issues related to health and safety are discussed and actions to improve health and safety conditions are taken as per need. The agreements with the labour union covers topics of health and safety of the workforce.

In line with our commitment to health and safety of our workforce and operations, no Lost Work Day (LWD) injury occurred during the year. Minor Non-Lost Work Day Injuries (NLWD) occurred. All non-loss work day injuries occurred in non-production areas. IMC does not record loss work day injury and non-loss work day injury for contractors. The 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 schedule workday and the count begins the day after the incident. The figures of NLWD for the year 2018 and 2017 have been restated on account of calculation error.

	2019	2018	2017	2016
LTIR	0.0	0.0	0.2	0.0
NLTIR	0.5	0.3	0.7	1.5



# Our Communities

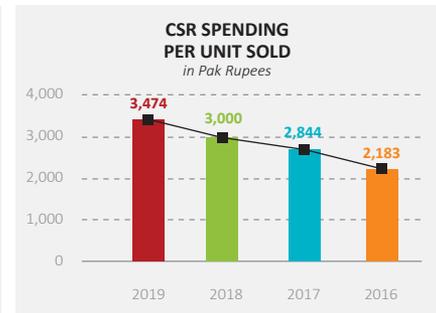
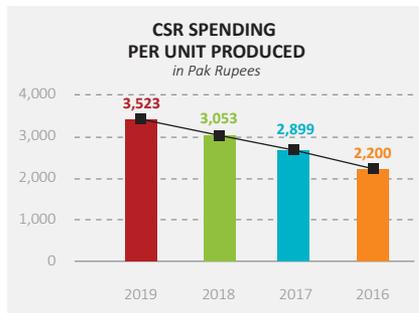
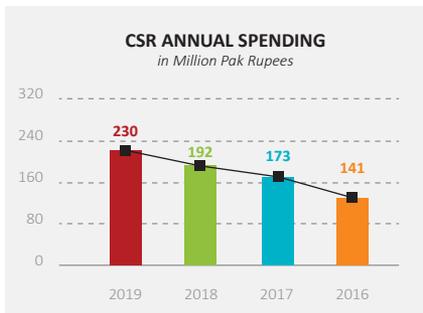
Enriching lives of the communities has always been the foremost part of our strategy. We are constantly working towards harmonious and sustainable development of the society. Our strategy to elevate our societies not only with our products but also with our activities has resulted in significant progress in the areas of education, health and customer safety. Long-term success depends upon strong relationship with society and playing a productive role in uplifting and developing the communities. IMC CSR policy takes lead from Toyota's Global Vision for 2020 'Seeking Harmony between People, Society and the Global Environment, and Sustainable Development of Society through Manufacturing'.

The CSR interventions are based on need assessment of the communities steered by well-defined policies and procedures for efficiently managing CSR interventions. A senior director supported by the team is responsible for need assessment, program design, implementation, and sustainability of the intervention in defined areas.



**Rs 1.11 billion**  
10 years' CSR spending

Plant site community is engaged on a regular basis to understand the requirements and identify the areas for possible intervention. The areas identified are reviewed in line with company policy to define the company intervention. The CSR function with the support of administrative department ensures smooth implementation of the programs. Our investments in communities benefit communities in defined areas. The results are reviewed against defined objectives and the relevant adjustments are carried out. No impact assessment of the interventions was conducted during the year. There was no significant actual or potential negative impact of our operations on local communities around the plant site. IMC's annual contribution toward community investment is 1% of the pretax profit of the preceding year.



## Employee Volunteerism

Employees' participation in CSR activities leads to higher satisfaction and productivity apart from benefiting the brand in the market and better stakeholder relations. IMC encourages its workers to participate in the volunteer activities to extend support for the causes benefiting the public at large.

During the year, employees volunteered 5,238 working-hours for various CSR activities including Million Tree Plantation Drive 2021, 5S clean drive, ration distribution for neighboring community well-being, provision of medical and educational assistance and road safety.



**5,238 hrs**  
of employee **volunteering**

**Increased by 76% over previous year**

## Health Initiatives

Healthy and productive population contributes to the economic development and reduces the health expenditures. Poor health limits opportunities and increases poverty within communities. It also affects water and sanitation, gender equality and peace and stability. Taking into consideration these imperatives, our interventions in this field focus on provision of basic health facilities to the underprivileged communities at their doorstep and support for SDG 3 “Good Health and Well-being”. We regularly donate to hospitals, blood banks and other healthcare institutions which provide life-care and health-care services to underprivileged communities.

Humans touched since inception near to **1 million**

## Provision of Basic Health Care Treatment



Weekly three Free Medical camps are organized on a regular basis at Razaqabad, Kohi Goth and Saleh Muhammad Goth located around the plant site. During the year, 28,365 patients were treated for various seasonal illness, such as Respiratory Tract Infection (RTI), Gastroenteritis and other general health problems arising from lack of immunity. Necessary patent medicines for a week were given to patients free of cost.

## Strengthening Mental Health Care

Mental health problems affect around one in four people in any given year. They range from common problems, such as depression and anxiety, to rarer problems such as schizophrenia and bipolar disorder. In collaboration with the Basic Needs Pakistan (an NGO) Free Medical Camps for Psychiatric in nearby communities are being organized twice a month.

Last year, around 3,249 checkups were carried out and 87 patients were identified for treatment and counselling. Around 20 persons successfully completed their treatment course and rejoined their normal life efficiently. Apart from checkups, awareness sessions were also organized which were attended by a large number of community members.

**Corporate Philanthropy for Health Care**

*For strengthening Foundation’s operations, IMC regularly donates to different health institutions to help them become more effective because they have unique assets and capabilities in providing quality medical support to downtrodden communities. During the year, IMC contributed Rs. 10 million to Indus Hospital, and Rs. 7.5 million each to Sindh Institute of Urology & Transplantation (SIUT), and to Shaukat Khanum Memorial Cancer Hospital & Research Centre.*



Mr Ali Asghar Jamali, CEO IMC handing over the cheque to Dr Abdul Bari Khan, CEO Indus Hospital, while Mr Parvez Ghias, the Ex-CEO IMC is also present there.



Dr Adibul Hasan Rizvi, Founder SIUT receiving the cheque from Mr Ali Asghar Jamali, CEO, IMC.

## Education

Education is one of the basic human rights and is the engine that drives individual and community prosperity. It does not only benefit the society by helping to increase economic growth, reducing poverty, reducing crimes, increasing employment etc., but also helps the individual to earn higher income and therefore improves their living standard. Our investment in education lies in the belief that education has a direct impact on the economic growth of the country.

We invest in innovative, 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 the children of underprivileged communities, promotion of technical skills 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 perspective.



### Partnering with The Citizens Foundation (TCF)

The Citizens Foundation has been imparting quality education in the disadvantaged areas for the betterment of communities. IMC is contributing to their noble cause by supporting two schools which were built by IMC at Baseera, Muzaffargarh and Hyderabad. These campuses are imparting education to around 1,000 students and generating employment for the local people. IMC supports these campuses by bearing operational expenses and has spent Rs. 2.6 million during the year. Moreover, during the year IMC contributed Rs. 28 million towards TCF Endowment Fund for meeting annual expenses of their campuses in Orangi, making a total contribution of Rs. 98 million.

### Toyota Goth Education Program

IMC started the Toyota - Goth Education Program (T-GEP) in 2008 providing full financial support with an objective of offering elementary and middle school education to economically disadvantaged communities of neighboring localities where IMC operates. Nurturing their dream for 12 years, the program has gradually expanded the area of operation and scope of classes.

This program has significantly improved their living standard, their way of thinking and above all it helps in eliminating their long tradition of Early Marriage of girls.

In Academic Year 2019, there were 239 children enrolled in T-GEP, out of which 98% of students have successfully passed their exams and have been promoted to higher classes. For the Academic Year 2020, there are 245 students (65% girls) enrolled in T-GEP. Total 16 students have successfully passed with their matriculation examination and IMC continuously supports fully for their college education.

### Excellent results of Matriculation

- Grade A-1 | 3 students
- Grade A | 10 students
- Grade B | 3 students



*For the first time this year, seven college students from T-GEP have been selected by the Youth Impact for their Leadership Training Program Markhor-19, scheduled for Oct 2 - 6, 2019 in Shogran.*

### Support to Special Education School "Deaf Reach"

The Government of Japan extended a grant of US\$ 77,476 to the Family Education Services Foundation under the scheme of Grant Assistance of Grassroots Human Security Projects (GGP) for improvement of Special Education School, Deaf Reach in Rashidabad, Sindh. The grant was utilized for the provision of two School Vans (Hiace) and Equipment for a Bakery for improving the situation and enabling the deaf students to get access to basic education facilities in order to acquire more social skills. IMC joined hands under a Public-Private-Partnership supporting seats addition, extended maintenance for one year and vehicle branding.

## Stimulating Technical Education

### Toyota – Technical Education Program (T-TEP)



Total Training Hours  
**967,340**

The main objectives of the Toyota - Technical Education Program (T-TEP) are 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.

With the support of Toyota Motor Corporation, IMC launched this program in 2000 and currently it is running at four institutes in three major cities. Three-year certification is offered under the program which enables the students to pursue a successful career in the technical field. Toyota philosophy and methods are the cornerstone of this program.

Since the beginning of T-TEP in 2000 in Pakistan, IMC has trained 56 instructors successfully, invested more than 950,000 man-hours, graduating 4,397 students who get employment opportunities both within Pakistan and abroad.

Because the objectives and accruing social benefits of the program had a direct business connect with IMC, the company is able to create a high quality curriculum cost effectively thereby creating far more social and economic value than if it had merely cash and equipment to a worthy cause.

### Shell Eco-Marathon Asia 2019

The Shell Eco-Marathon, an energy-efficiency competition event, has been organized annually in three countries for over 30 years. The 2019 Asia-Pacific edition held at the Sepang International Circuit in Kuala Lumpur, Malaysia witnessed participation of 100 student teams from 21 countries from across Asia and the Middle East, including 9 teams from Pakistan. The event inspires the brightest and smartest future scientists and engineers to design, build and test-drive their own built vehicles that can go the furthest distance using the least amount of energy. In line with objectives to support technical education in Pakistan, linking the creativity of young people and to institute a positive relationship with engineering universities and students, IMC provided financial support to "Team Toyota NUSTAG" of NUST-EME, Rawalpindi for the second time for competing in Urban Concept Gasoline.



Triumphing the success by Toyota NUSTAG team in Malaysia

The achievement of the "Team Toyota NUSTAG" was Excellent, as it was the first team which cleared technical inspection in the first attempt and secured 11th position in Urban-Gasoline Concept, which ranked 3rd position country-wise after China and Indonesia and emerged as the Best Urban Concept Team of Subcontinent.

After successful competition, the Team Toyota NUSTAG planted 5,000 trees getting inspiration from Million Tree Plantation Drive of IMC.



### First Skills Olympic Competition 2019

JICA, in collaboration with SMEDA and PAAPAM, organized 1st Skills Olympic Competition between all PAAPAM members for both Tier-1 and Tier-2 and parts suppliers with the objective of enhancement of quality and productivity of automotive parts manufacturing industry in Pakistan. IMC supported the Competition, along with five other Japanese OEMs. The competition was held in Lahore on March 2 and in Karachi on March 9, 2019.

## Promoting Innovation

IMC encourages engineering students for broadening their knowledge and competencies towards creativity, innovation and technological advancement as their final year's project. IMC supported a group of six engineering students of NUST-PNEC, Karachi for fabrication of a device (Vibsee) for their final year project. The device will help blind people to commute by detecting obstacles ahead through activation of selected vibrators attached to their body and legs. The device will be comfortable, portable, wearable and affordable. Taking into account the usefulness of the device, Chairman, IMC appreciated the innovation and directed to explore its utilization for safety purpose where interaction between man and machine happens frequently.



Equipped with Vibsee

## Safer Roads – Better Lives

Road safety has become a major global social, economic, development and health concern. Globally, 1.25 million people die every year and more than 20~50 million are injured or disabled. IMC promote safe driving habits for the safety of its customers as well as safety of the masses. As a mobility solution company, we are committed to creating safe products as well as stimulating safer use of our products for the safety of road users. IMC sponsored **“Pakistan Road Safety Conference 2018”**, organized by the Institute of Road Safety Traffic Environment Pakistan IRSTEP, Lahore. The objective of the Conference was also to contribute towards the implementation of the UN Decade of Action for Road Safety 2011-20. The conference recommended the full adoption of the WHO concept through integrating efforts to focus Road Safety problems involving all stakeholders. This would be submitted to the government for consideration.



At left: Mr Wajid Bux, Sr Manager CS&RA attending the Conference.

## Start Your Impossible

Toyota's vision of a barrier-free society is inculcated in "Start Your Impossible", global initiative launched in Pakistan by Indus Motors Company. 'Start Your Impossible' is Toyota's global corporate initiative that aims to develop a new perspective of achieving the impossible in oneself. Toyota supports the creation of an inclusive and sustainable society in which everybody is given a chance to explore their inner capabilities and inspire the communities across the globe. Toyota is a Worldwide Mobility Partner of the International Olympic Committee (IOC) and International Paralympic Committee (IPC) for Tokyo 2020 Games and will have the partnership through the 2024 Games.

As a mobility company, Toyota has dedicated itself to providing mobility solutions. In line with this, IMC hosted the launch of the "Start Your Impossible" initiative on the 27th of June at the Pearl Continental Hotel in Karachi. During this event, IMC officially introduced two ambitious national athletes; Saadi Abbas, First South-Asian to win the Asian Karate-do Championship, and Zainab Barkat, Wheelchair Table Tennis Champion, who will be sponsored by IMC throughout their journey to the Olympic Games and Paralympic Games in Tokyo 2020.





IMC rolled out the **'Start Your Impossible'** initiative in Pakistan with an internal launch event held on 29th August 2018 in Karachi. IMC is excited to begin its journey to Olympic and Paralympic Games Tokyo 2020 along with its local hero athlete 'Saadi Abbas Jalbani - a leading Karate Player'. Saadi will be working alongside Indus Motor Company and the National Institute of Karate-do Pakistan to promote Karate amongst kids of his hometown Lyari.

IMC also pledges to support Ms Zainab Barkat, the national wheelchair table tennis player, to represent Pakistan in the Tokyo 2020 Paralympic Games and fulfill her dream of returning as a gold medalist. Zainab is not only disabled but is also from a very poor family background. She is the champion at the national level and desires international exposure. Due to being from the under-privileged class, this was not possible for her in financial terms. IMC is supporting her fully to start her impossible. Recently, she was sponsored for fifteen days' training in China.



Saadi Abbas and Zainab geared up to Start their Impossible

## National Ability Sports Festival 2018

National Ability Sports Festival 2018 was organized on Nov 27-29, 2018 by the Friends of Paraplegics (FOP), a registered non-profit organization, in collaboration with ICRC. FOP is committed to researching/implementing the issues and rights of Persons with Disabilities (PWD). IMC sponsored the festival, held in Peshawar and showcased Toyota's first global corporate initiative "Start Your Impossible", at the event to inspire persons with disabilities and the audience. Around 3000 PWD competitors participated in the Sports Festival from all the four provinces - Sindh, Punjab, KPK and Balochistan.



Successful participants (PWDs) of the National Ability Sports Festival 2018

## MARKHOR-2018 - Wilderness based Leadership Conference

Markhor Conference is a distinctive social leadership development experiment, a wilderness-based Youth Leadership program that opens up a whole new perspective on the way we view nature, a program that tests limits of participants while creating a strong community for support and trust. The 5-day long Conference "Markhor-2018" was organized by The Youth Impact (a non-profit organization) from Sept 6 to 9, 2018 at Mukshpuri Peak, Nathiagali. IMC sponsored the Markhor-2018 as "Official Women Leaders Partners" providing scholarship to ten female delegates from small cities of Pakistan as brand ambassadors on merit and need basis.



## Provision of Food and Ration to Fight Hunger

Hunger leads to health and peace issues in societies and negatively impacts economic development. Good nutrition is fundamental for grooming healthier and productive societies. We are aware that business can play a role in solving this major issue by supporting the needy communities. Our activities of ration distribution support SDG2 "Zero Hunger" which seeks sustainable solutions to end hunger in all its forms and ensure that everyone everywhere has enough good quality food to lead a healthy life. Since inception, we have been actively playing our role through provision of cooked food to adjacent communities at their doorstep and ration distribution in the holy month of Ramzan. The average number of beneficiaries under this program are around 20,000 households.



Ration Distribution in holy month Ramazan in neighboring village of Indus Motor

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# The Way Forward >>



# The Way Forward

The prevailing tough economic conditions on account of fiscal deficit, currency depreciation, decreasing exports and increasing inflation coupled with changing climate, require corporates to play a more active role to effectively manage their economic, environmental and social impacts. IMC is fully committed to playing its role while taking guidance from Toyota Vision, Guiding Principles and best practices in corporate governance and sustainability management.

The rising automobile prices on account of currency devaluation and increasing taxes coupled with decreasing disposable income of consumers are affecting the automobile sector in terms of reduced demand. The dwindling economic conditions lead to decreased profitability and results in strategic changes in the business plan. However, we are committed to providing high quality safe products to our customers and keep upgrading our plant and facilities to meet the demand in the years to come after this economic crunch. Moreover, in line with “Toyota Environmental Challenge 2050” we aim to continuously make investments on clean energy resources, efficient energy management, reducing GHG emissions of our operations and supply chain partners, increased water recycling and better waste management to reduce our environmental footprint for meeting our target of net zero impact.

Our people are our strength in delivering exceptional results and meeting stakeholders’ expectations over the years. We are committed to inducting a quality workforce, nourishing them with trainings and education, providing them market-based remuneration and benefiting them with a safe and productive work environment for showcasing their talent. Our business partners help us to meet our corporate goals and achieve highest customer satisfaction levels. We are committed to supporting our partners in growth by working with them for improving economic returns, managing the environmental impact of their operations and contributing to the communities. A trusted relationship with our stakeholders is important for our long-term success and we commit to continue interacting with our stakeholders for their valuable inputs. Moreover, we aim to continue taking inputs from our stakeholders to make informed decisions.

We are committed to continuing our support for social responsibility initiatives in our communities and committed to following and supporting:

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



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# Annexures



# GRI Content Index

The GRI content index serves as 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 = 2019 Sustainability Report
- AR = Annual Report 2019
-  Fully disclosed
-  Partially disclosed
-  Not disclosed

**GRI 101: FOUNDATION 2016** GRI 101 contains no disclosures.

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# UNGC - COP



United Nations  
Global Compact

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<b>Principle 5</b>	Businesses should uphold the effective abolition of child labor.	53	408-1
<b>Principle 6</b>	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	52-53, 54	102-8, 401-1, 404-1, 404-3, 405-2, 406-1,
<b>Principle 7</b>	Businesses should support a precautionary approach to environmental challenges.	44, 45, 46 48	301-1, 302-1, 303-1, 305-1, 305-6, 305-7
<b>Principle 8</b>	Businesses should undertake initiatives to promote greater environmental responsibility.	39, 43, 44, 45, 46, 48, 49	301-1, 301-2, 302-1, 302-3, 302-4, 303-1, 303-2, 303-3, 305-1, 305-4, 305-5, 305-6, 305-7, 306-2, 306-3, 306-4, 307-1, 308-1
<b>Principle 9</b>	Businesses should encourage the development and diffusion of environmentally friendly technologies.	45, 46	302-4, 305-5
<b>Principle 10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.	24-25, 30, 54	102-16, 205-1, 205-2

# Sustainable Development Goals

SDGs		Page No.	GRI Standards Disclosure
	End poverty in all its forms everywhere	57	413-2
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	31, 57,58-63	201-1, 203-1, 413-2
	Ensure healthy lives and promote well-being for all at all ages	46,49,56	305-1, 305-6, 305-7, 306-2, 306-3, 306-4, 403-2
	Ensure inclusive and quality education for all and promote lifelong learning	54	404-1
	Achieve gender equality and empower all women and girls	26, 31, 53, 54,58-63	102-22, 201-1, 203-1, 401-1, 404-1, 404-3, 406-1, 414-1
	Ensure access to water and sanitation for all	48, 49	303-1, 303-2, 303-3, 306-2, 306-3
	Ensure access to affordable, reliable, sustainable and modern energy for all	31, 45, 58-63	201-1, 203-1, 302-1, 302-3, 302-4
	Promote inclusive and sustainable economic growth, employment and decent work for all	39, 44, 45, 48, 52, 53, 54, 56	102-8, 102-41, 201-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-3, 401-1, 401-2, 402-1, 403-1, 403-2, 403-4, 404-1, 404-3, 405-2, 407-1, 408-1, 409-1, 414-1
	Build resilient infrastructure, promote sustainable industrialization and foster innovation	31, 58-63	201-1, 203-1
	Reduce inequality within and among countries	53	405-2
	Make cities inclusive, safe, resilient and sustainable	58-63	203-1

	<p>Ensure sustainable consumption and production patterns</p>	<p>39, 41, 44, 45, 46, 48, 49</p>	<p>204-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-3, 305-1, 305-6, 305-7, 306-2, 306-3, 306-4, 417-1</p>
	<p>Take urgent action to combat climate change and its impacts</p>	<p>45, 46</p>	<p>302-1, 302-3, 302-4, 305-1, 305-4</p>
	<p>Conserve and sustainably use the oceans, seas and marine resources</p>	<p>46, 49</p>	<p>305-1, 305-4, 305-5, 305-7, 306-3</p>
	<p>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</p>	<p>46, 49</p>	<p>305-1, 305-4, 305-5, 305-7, 306-3</p>
	<p>Promote just, peaceful and inclusive societies</p>	<p>24-25, 26, 27, 30, 39, 41, 43, 53, 54, 55</p>	<p>102-16, 102-22, 205-1, 205-2, 307-1, 414-1, 406-1, 408-1, 416-2, 417-2, 417-3, 419-1</p>

## Glossary & Acronyms

ASEAN	Association of Southeast Asian Nations
ATM	Apprenticeship Team Member
CBA	Collective Bargaining Agent
CBU	Complete Built Unit
CFCs	Chlorofluorocarbons
CKD	Completely Knocked Down
COP	Communication on progress
CSR	Corporate Social Responsibility
GHG	Green House Gases
GRI	Global Reporting Initiative
GEMS	Global Environment Management System
GJ	Giga Joule
HFCs	Hydrofluorocarbons
HSE	Health Safety and Environment
ISO	International Standards Organization
LTIR	Lost Time Injury Rate
MAP	Management Association of Pakistan
MPX	Multiplex communication system
MW	Mega watt
NFEH	National Forum for Environment and Health
NGO	Non-Government Organization
NLTIR	Non-loss Time Injury Rate
NVH	Noise, Vibration and Harshness
OEMs	Original Equipment Manufacturers
SEQS	Sindh Environmental Quality Standards
SEPA	Sindh Environmental Protection Agency
TDEM	Toyota Daihatsu Engineering & Manufacturing
UNGC	United Nations Global Compact

# Feedback Form

## Sustainability Report 2019

Information provided on material topics covered in the report.

Comprehensive     Adequate     Not adequate

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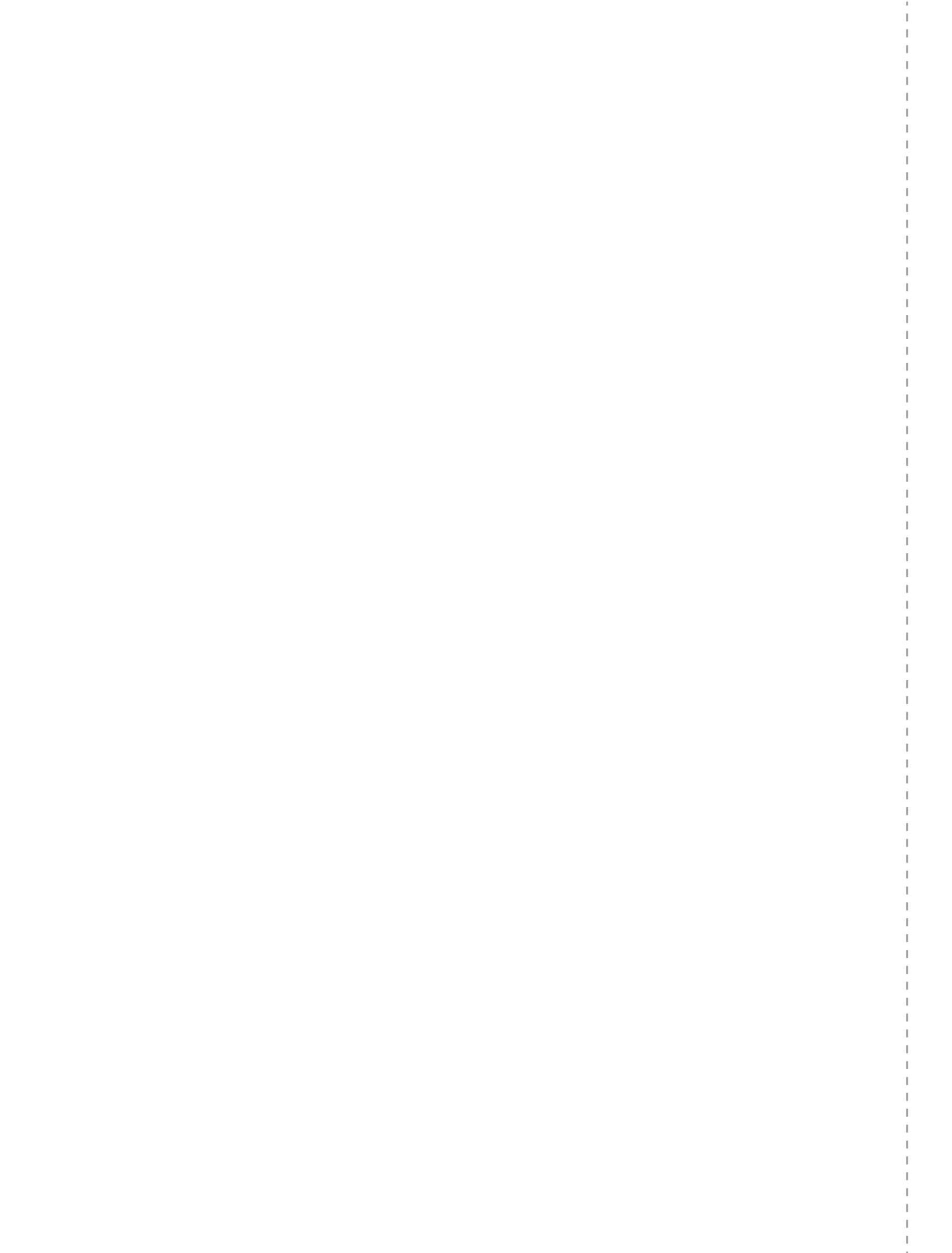
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