

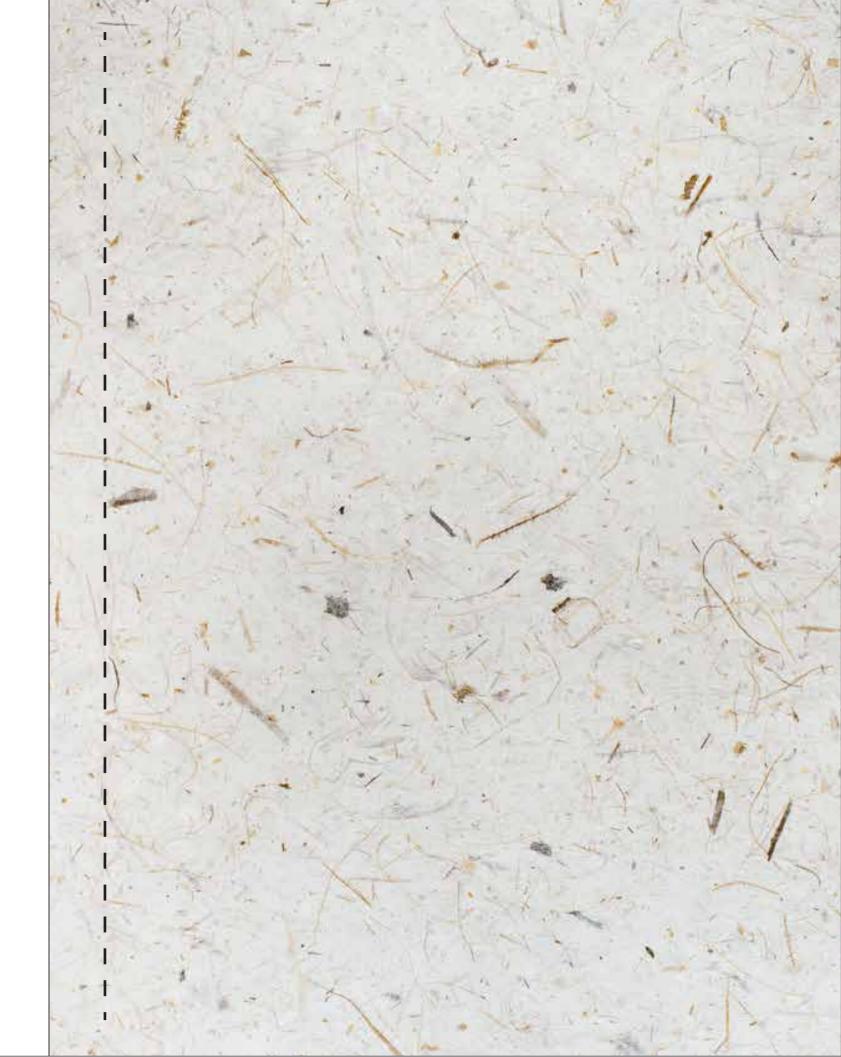
## Planting a seed makes a difference

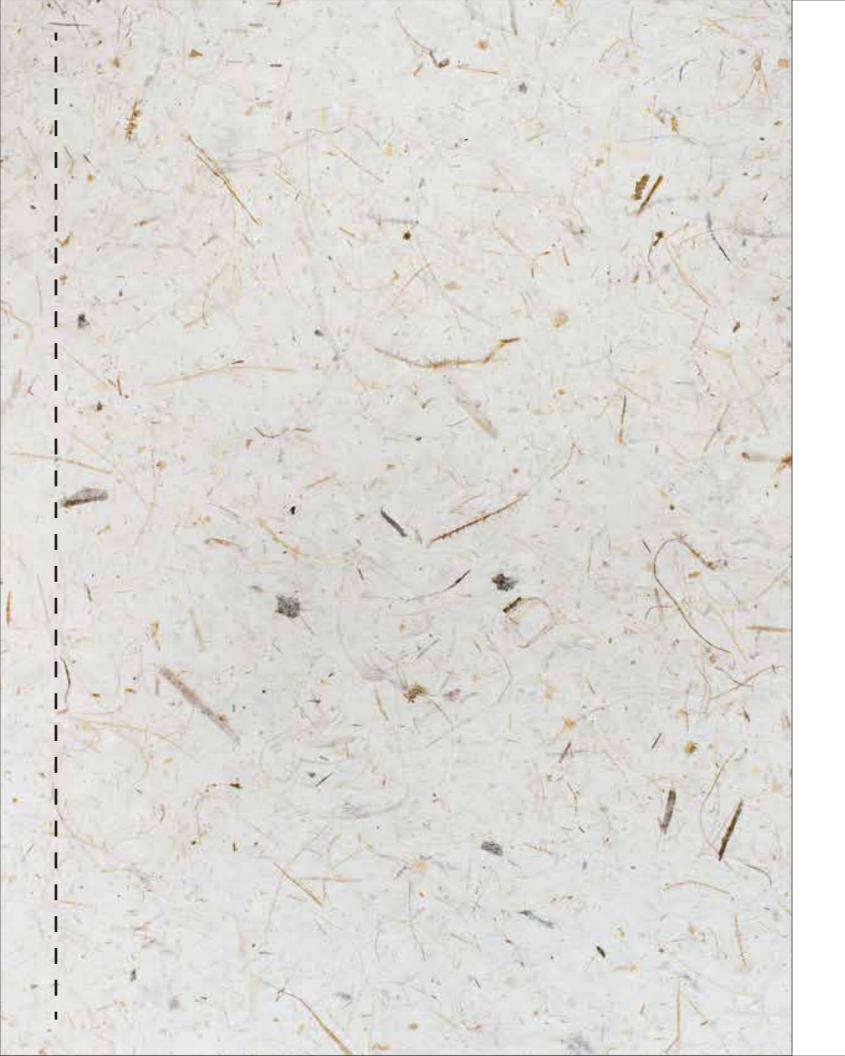
# PLANT S PAGE

We want to encourage everyone to plant a tree and be the first 'seed of change' in helping improve the air of our country & our planet.

### **Planting instructions**

Soak in water | Plant under a thin layer of loose soil | Place in a sunny spot | Keep moist |





## **TOYOTA**

Concern Beyond Cars





This is our 7th Sustainability Report. The Report has been prepared in accordance with GRI Sustainability Reporting Standards: Core option. The Report also complies with UNGC's 'Ten Principles' on Human Rights, Labor, Environment and Anti-corruption and demonstrates our contributions and commitments thereof.

#### **Scope and Boundary**

The report covers information about IMC's activities and impacts for the period commencing July 1, 2021, and ending June 30, 2022. The Report does not include information about subsidiaries, associated companies and joint ventures.



#### Report Content and Methodology

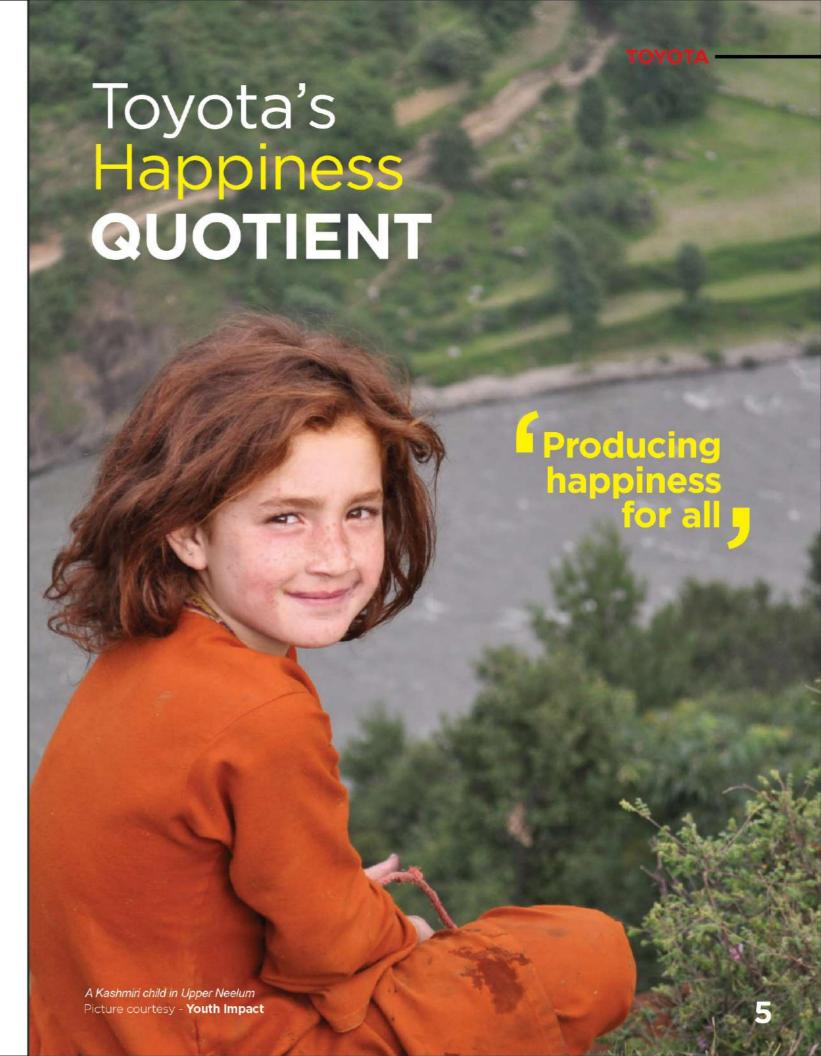
The Report's content is derived taking into consideration our engagement with stakeholders, our impacts on the economy, environment and society, and the requirements of UNGC's "Ten Principles". The information about the process of defining report content and boundaries of material topics can be found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

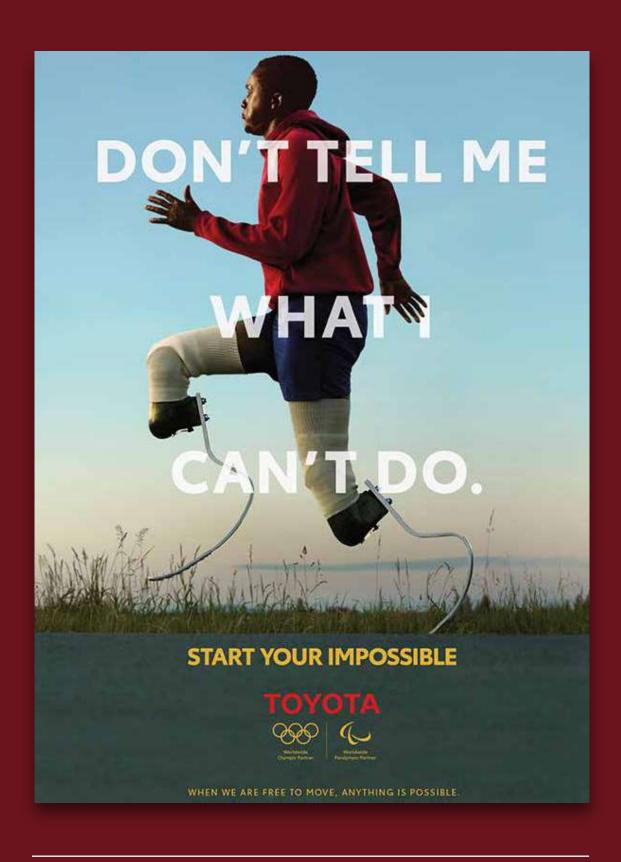
Sustainability Report 5

The information and data included in the Report are derived from existing management systems. The quantitative data is based on scientific measurement on an actual basis. However, where data was not available, estimation has been used. The data collection and measurement techniques are applied consistently over the periods. The revisions / restatements made in the reported information to correct the errors are mentioned in the relevant section where revisions/restatements have been carried out. There were no changes in the reporting period, scope list of material topics and boundary of material topics.

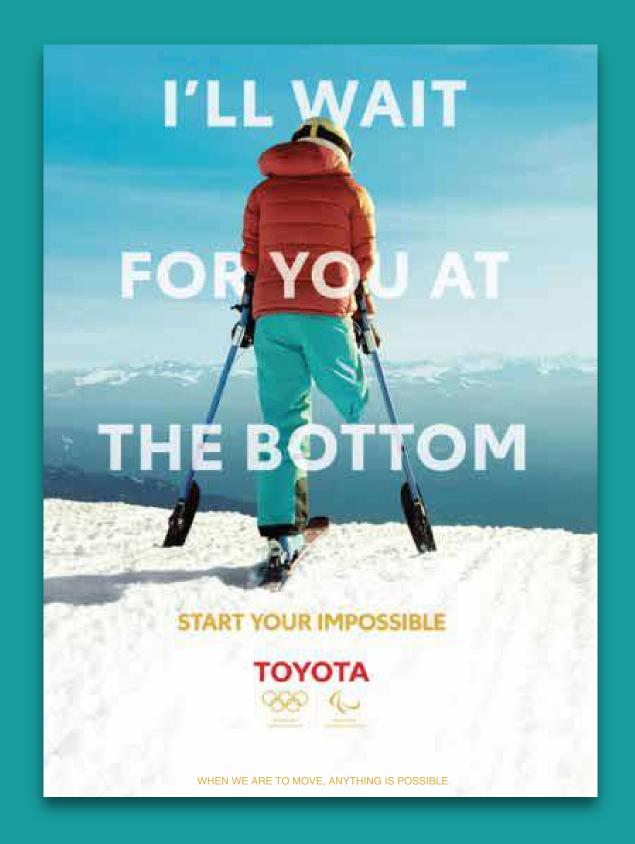
The sustainability report is published annually to share information about sustainability initiatives, activities and impacts. This report also contains information about: how our activities support different Sustainable Development Goals (SDGs) and contains links to the relevant SDGs on respective pages. Last year's report was published on September 21, 2021.

The report is not externally assured. IMC has plans to get external assurance of the report in the future. However, the report has been reviewed by the S.H.E. Steering Committee – the highest decision-making forum on sustainability issues at IMC. The GRI content index is available on page 138. This report is available in print and online at www.toyota-indus.com





**MOBILITY FOR ALL** 



**MOBILITY FOR ALL** 





**72,438** units





Net Revenues



**75,611** units









338 ML/per year



\* Based on FY 2020-2021 PBT

## Targets 2025

**Emissions** 



**Energy** 



reduction from 2022 level

Water

reduction from 2014 level

## Waste



from 2022 level Thinner Recycling Rate to increase from 30% to 45%

## **Health and Safety**



**Employee Volunteerism** 



**Training** 



man-hours

**Gender Diversity** 



from 2022 level

Outreach to

people, through awareness sessions

# **Road Safety**



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# 



## Dear Stakeholders,

The weakened global economic outlook coupled with geo-political tensions are denting the economic recovery signs after COVID-19. The increasing global inflation and food problems are signs of economic and social disruption and threats to global economic and social systems.

Pakistan's economy showed a healthy recovery but shattered the gain due to political instability, massive currency devaluation, higher policy rate and increased inflation. These factors along with a ban on imports of vehicles and parts are the main challenges for the industry. However, in 2021-22, IMC showed impressive performance with soaring vehicle sales, increased revenues, and profitability. We are thankful for our customers' trust and confidence in our brand. We commit to continue delivering customers' delight through high-quality products in these difficult times.

Our strong economic performance enables us to pursue our strategic objectives to support economic development and actively contribute toward sustainable development. We have aligned our actions with SDGs to make a meaningful contribution and uplifting of vulnerable communities. We continued our commitment to spend 1% pretax profit of the preceding year to support the betterment of communities, promote education, development of technical skills and ignite agility among youth.

Environmental risks including climate change remained the top risks faced by the global community in coming years according to the World Economic Forum Global Risk Report 2022. The environmental impact of our operations,

products and value chain contribute to climate change and we are committed to managing these impacts as a top priority. This year, we have introduced sustainability targets for all important areas which will help to reduce our impact on the environment. To fight climate change and support the government in its plantation drive, we pledged to plant 1 million trees. Until 2022, over 680,000 saplings have been planted.

Our human capital is the power behind our success in delivering healthy returns, maintaining brand position and meeting customers' expectations over the last 32 years. We are committed to developing our human capital knowledge and skills, providing a safe and productive workplace, and offering competitive benefits.

Our employee volunteerism program not only benefits our communities but also instils responsibility and productivity among the workforce. During the year, our employees volunteered 1,133 working hours for various CSR activities. In line with Toyota's Sustainability Fundamental Policy "Contribution towards Sustainable Development", we are committed to supporting our communities through our CSR program.

We reaffirm our commitment to play a meaningful role to create a sustainable future for all.

Mohamedali R Habib Chairman

## Dear Stakeholders,

66 Our peoples'

commitment and

passion help us to

meet our strategic

objectives, deliver

healthy returns and

maintain brand

leadership

Global economic growth is expected to slow down amidst commodity prices, supply chain disruptions, monetary tightening, and the Russia-Ukraine conflict. The rising climate change risks resulting in massive floods, droughts and heatwaves are expected to negatively affect the global economies. Pakistan's economic recovery after the pandemic trembled to political instability, halting of the IMF program, higher policy rate and massive currency devaluation against the USD. The economy is expected to grow at 4.5% in 2023. The automobile industry witnessed an encouraging year in terms of sales and profitability on account of the restoration of economic activity after the pandemic and healthy economic growth. However, the ban on the import of parts in the last quarter is expected to negatively affect production plans in the coming year.

Our vehicle sales increased to 75.611 units this year on account of economic recovery. The net profit after tax for the year was PKR 15.8 billion, with an increase of 23%, compared to the previous year. The Toyota Yaris again bagged the number one selling car in 2021-22, being the customer's first choice for comfort and value. In light of the increasing demand for vehicles, we are committed to investing in upgrading our plant, improving production processes, managing costs and achieving efficiencies by following the Toyota philosophy of Kaizen or continuous improvement. With the support of Toyota and our localization program, we are confident to achieve our objectives and meet customers'expectations from the Toyota brand.

Climate change risk remained one of the top risks for 2022 among other associated environmental risks. Climate change is posing a serious threat and requires active management at IMC. We are committed to managing the environmental footprint of our operations and value chain through the adoption of cleaner technologies, process efficiencies and sharing environmental management practices with our value chain partners. However, managing the environmental impact of vehicle use requires active support from government and industry players for better fuels. We are fully aligned

with the "Toyota 2050 Environmental Challenge", which strives to reduce the environmental burden attributed to automobiles to as close to zero as possible, with interim five years targets to reduce the environmental burden. During the year, our energy consumption decreased by 28,826 GJ while emissions increased by 1,872 Mt.

Our peoples' commitment and passion help us to meet our strategic objectives, deliver healthy returns and maintain brand leadership. Our work culture and practices have been selected as industry best practices under the CERB SDGs leadership program to share with the industry and peers. We are committed to offering a productive workplace, developing workforce skills through training and education, and rewarding with competitive benefits. The health and safety of our workforce, customers and society is a top priority, witnessed through 6.809 million safe manhours at our plant and our initiative to join the Pakistan Road Safety Collation for safer roads. Our dealers and suppliers are the important players enabling us to meet our customer expectations and maintain brand leadership. We commit to promoting sustainable practices in our value chain by supporting our dealers and suppliers through guidelines and training.

Keeping the commitment of spending 1% of our pre-tax profit from the preceding year, we spent PKR 182 million on CSR activities during 2022. To pursue our vision of "Concern Beyond Cars", we are committed to uplifting the needy communities and investing in education, healthcare, cleanliness, and road safety.

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

Ali Asghar Jamali Chief Executive

## CORPORATE HISTORY

1989

**DECEMBER** 

**INCORPORATED AS** A JOINT VENTURE **COMPANY BETWEEN CERTAIN COMPANIES OF** THE HOUSE OF HABIB, PAKISTAN, **TOYOTA MOTOR CORPORATION AND TOYOTA TSUSHO** CORPORATION,

**JAPAN** 

1993

**PLANT INAUGURATION** 

LAUNCH OF 1ST **7<sup>TH</sup> GENERATION COROLLA** 

with 30 local parts

JANUARY

**LAUNCH OF** 1ST TOYOTA HILUX

LAUNCH OF **COROLLA DIESEL 2.0D** 

OCTOBER

25.000TH **VEHICLE LINE-OFF**  2000

**LAUNCH OF DAIHATSU** CUORE

2000

**LINE-OFF** 

50.000TH **VEHICLE** 



2003

SEPTEMBER

100.000TH VEHICLE LINE-OFF

2002 FEBRUARY

**LAUNCH OF GENERATION** 

**COROLLA** 

with 469 local parts

2006 NOVEMBER

**MR AKIO TOYODA** (EVP. TMC) **VISIT TO IMC** 

150,000TH **VEHICLE LINE-OFF** 

2005

2006 **DECEMBER** 

250.000TH **VEHICLE** LINE-OFF

2008

**PRESS SHOP INAUGURATION** 

**LAUNCH OF** 10<sup>TH</sup> GENERATION **COROLLA** 

with 582 local parts

2007 SEPTEMBER

**COGEN PLANT START-UP** 



2010

**OCTOBER** 

LAUNCH OF 1ST HILUX 4X4

**DOUBLE CABIN** 

2013 **FEBRUARY** 

1<sup>ST</sup> FORTUNER LINE-OFF

2012 **NOVEMBER** 

500,000TH **VEHICLE** LINE-OFF

2014 **SEPTEMBER** 

LAUNCH OF 11<sup>TH</sup> **GENERATION COROLLA** with 777 local parts

2015

**JANUARY** 

SILVER JUBILEE **CELEBRATIONS** 

2016

**NOVEMBER** 

LAUNCH OF **HILUX REVO** 

2017

**JANUARY** 

**LAUNCH OF NEW FORTUNER** 

> 2018 **JANUARY**

**NEW PAINT** SHOP **INAUGURATION**  2019 **NOVEMBER** 

**30 YEARS CELEBRATIONS** 

2019

**APRIL** 

**ROBOTS INSTALLATION IN PAINT & WELD SHOPS** 

2021

**MARCH** 

**HIGHEST PRODUCTION:** 6,700+ UNITS **HIGHEST SALES:** 6,700+ UNITS

2020

MARCH

LAUNCH OF **TOYOTA YARIS**  2022

MAY

1 MILLION<sup>TH</sup> **VEHICLE LINE-OFF CELEBRATIONS** 

2021

APRIL

4.5 MW SOLAR **PHOTOVOLTAIC PLANT INAUGURATION** 

LAUNCH OF **COROLLA CROSS HYBRID (CBU)** 

20

21



ndus Motor Company Limited (IMC) is a joint venture between certain companies of House of Habib of Pakistan, Toyota Motor Corporation (TMC), and Toyota Tsusho Corporation (TTC) of Japan. Incorporated in 1989, the Company manufactures and markets Toyota brand vehicles in Pakistan. These include several variants of the flagship Corolla and Yaris in the passenger car segment, Hilux in the light commercial vehicle segment, and Fortuner in the sports utility vehicle segment.

IMC's manufacturing facility and offices are located at a 109.5 acre site in Port Qasim, Karachi. The product is delivered to end customers nationwide through a strong network of 52 independent authorised dealerships spread across the country. Over 32 years, since inception, IMC has sold more than 1.03 million CKD/CBU vehicles. It has also demonstrated impressive growth in terms of volumetric increase. From a modest beginning of 20 vehicles per day production in 1993, the daily production capacity of the Company has now increased to 288 (with overtime) units per day. This has been made possible through the development of human talent embracing the "Toyota Way" of quality and lean manufacturing.

The Company has made large scale investments in enhancing its own capacity and in meeting customer requirements for new products. For the second year running, Toyota Yaris has been crowned the bestselling sedan in Pakistan under 'B segment' Sedan category, whereas Toyota Corolla continues to reign as the best-selling sedan in 'C Segment' Sedan category. With the availability of multiple variants for these models, they have achieved success in their respective segments in the Pakistani automobile market. Furthermore, the Company also launched Toyota Hilux REVO Rocco and Toyota Fortuner Legender in FY 2021-22.

The Company has a workforce of 3,139 persons at year-end. It invests heavily in training the team members and management employees, as well as creating a culture of highperforming and empowered teams who work seamlessly across the various processes in search of quality and continuous improvement.

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

The total workforce at the end of the financial year 2022 was 3,139 employees. Net sales for the year 2022 were Rs 275 billion, while the total capitalization was Rs 54 billion. Further details about assets, sales breakdown and beneficial ownership areavailable on pages 113, 148 and 164-165 respectively of ourAnnual Report 2022. The total number of vehicles sold during 2022 was 75,611 units. There were no significant changes in the ownership and structure of operations at IMC or its supply chain during the year.

IMC has played a major role in the development of the entire value chain of the local auto industry. It is also proud to have contributed in poverty alleviation at the grass root level by nurturing localization. This, in turn, has directly created thousands of job opportunities and transferred technology to 54 vendors supplying parts. The Company is also a major tax payer and a significant contributor to the Government's exchequer.

CORPORATE



## PRODUCT LINE-UP

The Toyota Global Vision of enriching lives through mobility in the most responsible way enlightens our commitment to manufacturing sustainable and safe products to help transition to a low carbon economy.

Our flagship Corolla with several variants is the top-selling car in the passenger car category while the Fortuner has been the best-selling model in the SUV category. The Hilux remains the highest-selling vehicle in the light commercial category.

IMC, in addition to marketing locally assembled cars, also markets imported cars with warranty and after-sales support through its widespread Dealer network.

Toyota Yaris remained the best-selling car since its launch in 2020 on account of its development concept of The New Value Pioneer, enhancing design and comfort and offering the best-in-class value to customers. The new Toyota Yaris is more fuel-efficient and effectively reduces air pollution, offering an environment-friendly motoring experience with cutting-edge eco-technology.



**PRODUCT RANGE** 



FORTUNER LEGENDER





HILUX



**PRODUCT RANGE** 



HYBRID/









COASTER



# Promising MILLON STEPS



CORPORATE SUSTAINABILITY PHILOSOPHY

*Mukshpuri Peak Nathiagali*Picture courtesy - **Youth Impact** 

## Corporate Sustainability Philosophy

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

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



Libelieve that happiness can take various forms depending on the person. "Producing happiness for all" does not mean producing the same thing for everyone. Thinking through diversification and engaging in high-mix, low-volume production is the kind of "production of happiness for all" for which we aim.

Looking at the 17 Social Development Goals (SDGs) as a set of squares laid out in three rows of six, you will see that the space for the last square is empty. It might be a decidedly arbitrary way of looking at it,



but I believe that people's happiness is the 18th goal.

# SIDICIS and IMC

Sustainable Development Goals (SDGs) are a universal call to action to solve the world's most critical issues, including climate change, poverty, hunger and increasing inequalities. The SDGs offer tremendous opportunities and serve as a blueprint for a more sustainable future for all by 2030. The global challenges require collective efforts not just from national governments, but a combined effort from private sector organizations and civil society including companies, NGOs, and every person too.

## **S** DGs and Toyota Motor Corporation

Toyota Motor Corporation's approach toward SDGs is underpinned by the Toyoda Precepts or the five main principles of founder Sakichi Toyoda which remained at the core of Toyota operations since the company's establishment. Moreover, in May 2020, Toyota President Akio Toyoda reinforced the commitment to fully engage with the SDGs in response to the United Nations call for "The Decade of Action".

Toyota Motor Corporation's approach toward SDGs has resulted in transformation into a mobility company offering improved value and expanding contribution towards SDGs. Toyota's global approach to solving social issues by producing safe, reliable, and environment-friendly vehicles, adapting CASE, pursuing socially contributory activities, tackling human rights issues, and promoting diversity serve as a guiding pillar for affiliates' approach toward SDGs.

## DG Leadership Program

Pakistan Business Council launched the Centre for Excellence in Responsible Business (CERB) SDG leadership program in the year 2020 to build the capacity and capability of businesses on SDGs by sharing the best practices of industry leaders. IMC has been recognized as the industry leader for SDG 8 (Decent Work and Economic Growth) under this Leadership Program. IMC partnered with CERB to share its practices on decent work with the corporate sector. IMC has participated in two programs under this initiative to share key attributes of the Toyota Production System (TPS) for quality and efficiency and the policies, procedures, and systems at IMC to support women empowerment and provide a decent and safe working place. We are committed to sharing the best practices related to SDG 8 with the program participants and industry.

## S DGs and IMC

Our approach and activities are aligned with Toyota Motor Corporation's approach toward SDGs. Being a member of the United Nations Global Compact (UNGC), we support UNGC's"Ten Principles" and SDGs. We are actively contributing toward sustainable development through investments in renewable energy, the "Million Tree Plantation Drive", offering a productive and safe workplace, respecting human rights, spending on education, health and sports, working for the betterment of underprivileged communities, promoting safe driving

icon appears in relevant sections of the Report where IMC's activities have contributed toward SDGs.

habits and Toyota 5S Program. The SDGs

Our activities and operations directly or indirectly impact all SDGs. However, to make a more meaningful contribution, we commit to refining our approach by identifying and prioritizing SDGs that are most relevant to our business, aligning our policies with relevant SDGs and defining targets. This activity will also result in meeting the SDGs report requirement of the Pakistan Stock Exchange which requires listed companies competing for the "Top 25 Companies Award" to report on minimum SDGs for such companies.



In an age of growing diversity,
we produce happiness for all
individuals, with a "YOU
perspective" that sees the other
side of the story. At the heart of
this is our desire, passed down
since the company's founding, to
work for the benefit of others.



SUSTAINABILITY

EUNDAMENTA

**Contribution toward Sustainable Development** 

We will contribute to the sustainable development of our society/planet by promoting sustainability, as we have, under the "Toyota Philosophy," based on the Sustainability

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

- We respect our employees and believe that the success of our business is led by each individual's creativity and solid teamwork. We support personal growth for our employees. (Guiding Principle: 5)
- · We support equal employment opportunities and diversity and inclusion for our employees. We do not discriminate against them. (Guiding Principle: 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principle: 5)
- We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principle
- Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility," working together for the success

company. We recognize our employees' right to freely associate, or not to associate, complying with the laws of the countries and regions in which we operate. (Guiding Principle: 5)

Management of each company takes leadership in fostering a culture implementing policies that promote ethical behavior. (Guiding Principles: 1 and 5)

#### **Business Partners**

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principle: 7)
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or scale of the company, and evaluate them based on their overall strengths. (Guiding Principle: 7)
- We maintain fair and free competition in accordance with the letter and spirit of each country and region's competition laws. (Guiding Principles: 1 and 7)

#### **Shareholders**

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

## **Global Society / Local** Communities

#### **Environment**

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

#### Community

We implement our philosophy of respect for people by honoring the culture, customs, history, and laws of each country and region. (Guiding Principle: 2)

We constantly pursue safer, cleaner, and improved technologies that satisfy the evolving needs of society for sustainable mobility. (Guiding Principles: 3 and 4)

We do not tolerate bribery of or by any business partner, government agency, or public authority, and maintain honest and fair relationships with government agencies and public authorities (Guiding Principle: 1)

#### **Social Contribution**

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

POLCY

## TOYOTA GLOBAL VISION

## Fruit Ever Better Cars

Develop vehicles which exceed customer expectations

IN 2011, TOYOTA MOTOR CORPORATION ANNOUNCED TOYOTA'S GLOBAL VISION. TO BE SUSTAINABLE IN SOCIETY, WE STRIVE TO IMPLEMENT A POSITIVE CYCLE OF MAKING EVEN-BETTER CARS THAT EXCEEDS CUSTOMERS' EXPECTATIONS; CONTRIBUTING TO ENRICHING THE LIVES OF COMMUNITIES BY BEING REWARDED WITH THE SMILE OF CUSTOMERS AND COMMUNITIES; AND ACHIEVING A STABLE BUSINESS BASE.

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.

## Sustainable Growth

Trunk

Stable base of business

# TOYOTA's Tree of Life

Roots
The
Toyoda
Precepts

Guiding Principles at Toyota

TOYOTA

Fruit

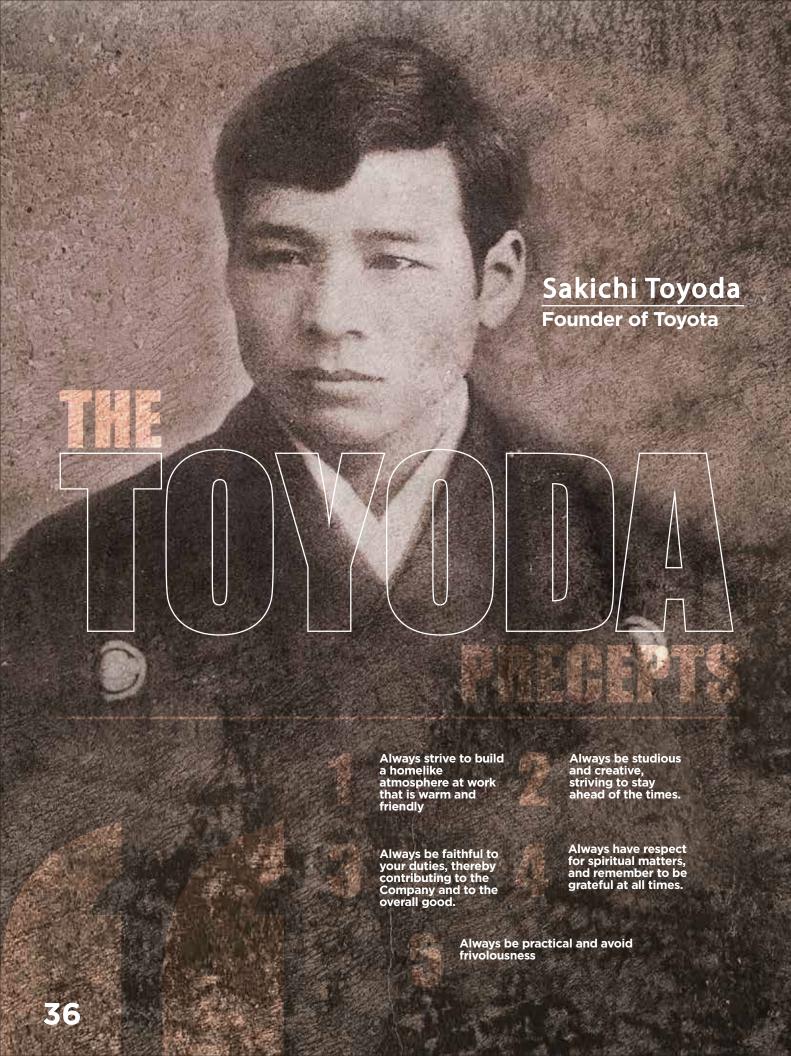
**Communities** 

Contribute to communities

Contribute to the future of mobility

**Enriching Lives of** 

The Toyota Way



# Guiding Principles at TOYOTA

SINCE THE COMPANY WAS FOUNDED IN 1937, TOYOTA MOTOR CORPORATION AND ITS SUBSIDIARIES HAVE CONTINUOUSLY STRIVEN TO CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF SOCIETY AND THE EARTH THROUGH THE PROVISION OF HIGH-QUALITY AND IMPOVATIVE PRODUCTS AND SERVICES

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

- Honor the language and spirit of the law of every country and region, and undertake open and fair business activities to be a strong corporate citizen of the world.
- Respect the culture and customs of every country and region, and contribute to economic and social development through corporate activities in their respective communities.
- Dedicate our business to provide clean and safe products and to enhancing the quality of life everywhere through all of our activities.
- Create and develop advanced echnologies and provide outstanding products and services that fulfill the needs of customers worldwide.
- Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
- Pursue growth through harmony with the global community via innovative management.
- Work with business partners in research and manufacturing to achieve stable, long term growth and mutual benefits, while remaining open to new partnerships.

#### **CHALLENGE 1**

New Vehicle Zero CO2 **Emissions Challenge** 



#### **CHALLENGE 2**

Life Cycle Zero CO2 **Emissions Challenge** 



#### **CHALLENGE 3**

Plant Zero CO2 **Emissions Challenge** 



#### **CHALLENGE 4**

Challenge of Minimizing and Optimizing Water Usage



### **CHALLENGE 5**

Challenge of Establishing a Recycling - based Society and Systems



#### **CHALLENGE 6**

Challenge of Establishing a Future Society in Harmony with Nature

In 2015, Toyota announced the Toyota Environmental Challenge 2050 with the aim of realizing a sustainable society. The aim of Toyota Environmental Challenge 2050 was to continue to tackle challenges from a

> years ahead. In order to achieve the Toyota Environmental Challenge 2050, in 2018 Toyota set the 2030 Milestone and set the 2025 Targets in 2020. Toyota will take concrete action under these short-to medium-term measures, contributing to the realization

> > of a sustainable society.





## Toyota aims Toyota aims for carbon Toyota aims Toyota neutrality by 2050

Toyota is contributing to achieving the goals and targets of the SDGs through measures to realize the Toyota Environmental Challenge 2050. Further information regarding contributions to the SDGs through companywide business activities, is available in the "SDGs Initiatives" section on the Toyota's global website.

> Toyota strives to identify the various risks and opportunities that will arise from environmental issues, takes action while continuously confirming the validity of strategies such as the Toyota Environmental Challenge 2050 works to enhance competitiveness. Toyota encourages its partners to look for opportunities to support these initiatives at the local level.



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



## Our COMMITMENT

oyota Motor Corporation's Guidelines and the Toyota Production System (TPS) articulate our sustainability programs including our five years environmental programs.

The two key principles of TPS: Just-In-Time and Jidoka are the cornerstones of our approach to efficient resource utilization while increasing the 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 a human touch. It is based on corrective action and requires that as soon as a problem is identified. production should stop and immediately take action to resolve the issue.

Our sustainability strategy guides our actions to identify, measure and manage our impacts on the

economy, environment, and society. Impacts of our activities, operations, and business relationship require sustainability initiatives not only in our operations but also in our value chain. We work with our value chain partners to promote sustainable practices to enhance positive impacts while reducing negative impacts. The details about our sustainability initiatives in the value chain are available in our dealers and suppliers sections of the

The "Toyota Way" sets the standards expected from Toyota affiliates and is implemented in the true spirit at IMC. Our integrated management systems policy, health, and safety policy, environmental policy, and code of conduct are the cornerstone of our commitment to being a responsible corporate entity and sets the principles for our business activities and the conduct of our workforce.

## Sustainability MANAGEMENT

The Board of Directors is the highest body responsible for IMC's sustainability performance. The Board has the responsibility for defining sustainability initiatives and overseeing progress. The Board has delegated the responsibility of implementing the sustainability initiatives to the Chief Executive. The Management Committee "S.H.E. (Safety, Health and Environment) Steering Committee" which is headed by the Chief Executive is responsible for the initiation, execution, and control of sustainability activities. The S.H.E. Steering Committee also develops overall sustainability policies covering health, safety, and the environment. The Committee meets on monthly basis to discuss, evaluate and guide the sustainability efforts within the organization and in the supply chain. The sustainability reporting team members in the respective departments act as sustainability champions to promote sustainability at IMC. The sustainability performance is reviewed on a continuous basis and corrective actions are taken on a need basis via efficient and swift decision-making. The impact of products and

activities, performance against targets, and the strategies proposed by the S.H.E. Steering Committee are discussed and endorsed at Board meetinas.



## Stakeholders' ENGAGEMENT Our stakeholders and approach to engagement

TOYOTA -

community uplift

consultation with industry groups for a sustainable

ustainable automobile ector and compliance of ws and regulations

Our primary stakeholders include shareholders, customers, dealers, suppliers, employees, the government, and the community. We identify stakeholders on the basis of dependence, responsibility, influence, diversity, and involvement. Stakeholders are prioritized taking into account willingness to engage, relationship with IMC, influence, and proximity. The relevant departments engage with respective stakeholders throughout the year to identify stakeholder concerns, devise strategies to resolve stakeholders' concerns, and report to the management. sust

Stakeholder Group			Concerns	Our Response		
nareholders nd providers f capital	Annual General Meeting (AGM) /Extra-Ordinary General Meeting (EOGM), Corporate Affairs Department	Ongoing	Financial returns and sustainability initiatives	Innovation and investment for plant upgradation to provide sustained economic returns and interventions in the fields of education, health and skill development for community uplift		
ustomers	Surveys, Customer Assistance Centre, Customer Relations Department, Customer First Department	Ongoing	Customer safety, product specification and product quality, product availability, prices and delivery time	Continuous investment in plant upgradation, ensuring customer health and safety in product design and production to provide quality products at competitive prices		
oyota Motor orporation	Review meetings and involvement in IMC management and operations, Toyota global initiatives and forums	Ongoing	Compliance with globally-shared metrics, including health and safety, environment and community development	Ensuring compliance with Toyota Motor Corporation's metrics through continuous learning from international network		
ealers	Dealer surveys, focus groups, meetings, trainings and conferences	Ongoing	Product delivery mechanism, compliance with IMC requirements and Dealers' training and support	Provision of training on compliance requirements and product attributes for improving customer experience at Dealerships. Improving product delivery mechanism		
uppliers	Supplier meetings, quarterly workshops, supplier surveys and annual supplier conference	Ongoing	Technical support to suppliers, carrying out supplier site quality checks and product safety	Provision of technical support to suppliers and focus on health and safety initiatives, carrying out supplier site quality checks to improve quality of parts and reduce rejection at suppliers' end		
mployees	Staff meetings, trainings, performance appraisal, annual get-togethers, consultation with employees' representative groups and employee satisfaction surveys	Ongoing	Operational performance and productivity, training and education opportunities and employee health and safety	Continuous investment in training and education of workforce and maintaining excellent health and safety standards for a safe and productive workplace especially in the wake of COVID-19		
ommunity	On-site visits, surveys and focus group meetings	Ongoing	Education, health, and skill development for community uplift	Committed to keep contributing 1% pretax profit of preceding year on education, health and skill development for community uplift		

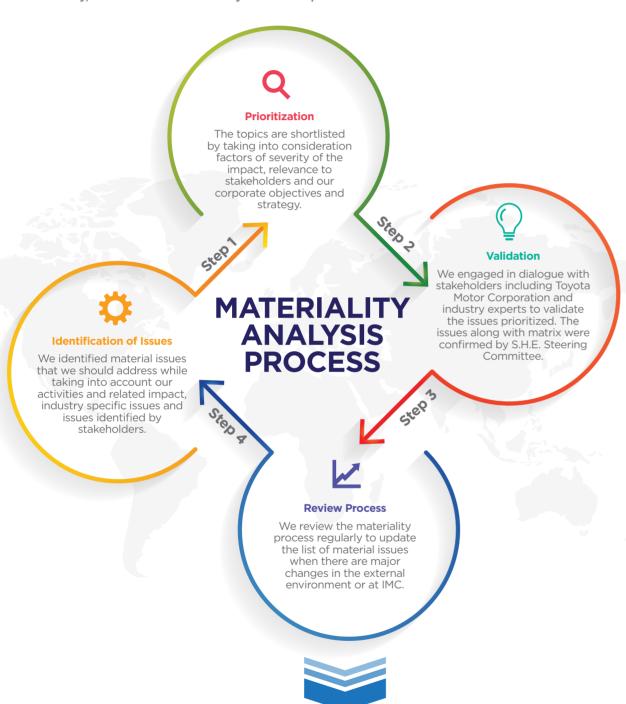
Ongoing/ Need basis

Government and industry

Media

## Materiality **ANALYSIS**

The sustainability impacts of our operations and business relationships are not of equal importance and therefore require to be prioritized and divided into risks and opportunities. This activity helps us to properly allocate our resources, manage the risks and develop effective business strategies. The process of determining material matters takes into consideration the importance of issues to stakeholders, our impact on the economy, environment and society and the importance to our business.

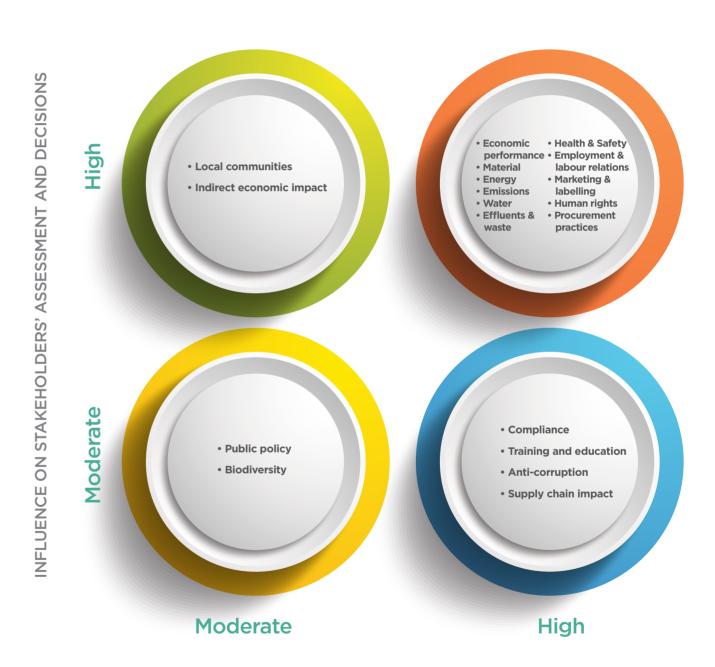


Input for business strategy to maximize opportunities and mitigate risks



## Materiality MATRIX

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 are guided by the matrix. The report only covers the impact of Indus Motor Company Limited's operations and does not include information on any impact of associated companies, subsidiaries, or supply chain partners.



SIGNIFICANCE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS OF IMC ACTIVITIES

43

## MATERIAL TOPICS

#### Relevant Topic **Material Topic** Why Material? **SDGs Boundary** Provision of sustained returns, making Economic IMC contribution to economy, payment to performance workforce and suppliers and well-being of society through CSR activities. Impact on depleting finite materials. IMC Material Energy Impact on depleting finite resources and IMC, our environmental impact of use of Suppliers, our non-renewable resources. Dealers **Emissions** Negative environmental impact of IMC. our greenhouse gases emitted due to our Customers, our activities and use of products. Suppliers, our 0 Dealers IMC, our Water Water is a scarce resource and use of fresh water leading to water scarcity in Suppliers, our Dealers IMC. our Effluents and Negative environmental impact of waste Suppliers, our handling, incineration, dumping and transporting of hazardous and Dealers non-hazardous waste. Health and Health and safety of workforce and IMC, our 21 customers. COVID-19 directly impacting Suppliers, our health of workers and communities. Affects Dealers the brand in the marketplace. Employment and Diversified workforce for better productivity IMC, our and compliance with laws, international labour relations Suppliers, our charters and conventions. Dealers Marketing and Provision of customer-centric product IMC. information and compliance with laws labeling and regulations. Human rights Compliance with laws, international IMC, our charters and conventions. Suppliers, our Dealers IMC, our Procurement Opportunities for direct and indirect practices economic contribution through localization. **Suppliers** Avoid non-compliance of laws and regulations Compliance IMC Capacity building, enhancing creative Training and **9 1** potential of workforce for increasing education productivity and succession planning. Anti-corruption Reducing risks of economic imbalance and IMC. our compliance with laws, international charters Suppliers, our and conventions. Dealers Supply chain Impacts of suppliers' activities on IMC. our impact environment and society. Suppliers, our Dealers Local Socio-economic development of IMC, our communities communities and provision of healthcare. Suppliers, our education and food to needy communities. Dealers Indirect Community uplift through infrastructure IMC, our investments, skill development and jobs in Suppliers and economic impact

the supply chain.

## Safety FEATURES TO KNOW

#### **ISOFIX CHILD SEAT ANCHORS**

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



#### **VSC (VEHICLE STABILITY CONTROL)**

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



#### **GOA BODY WITH REINFORCEMENT**

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



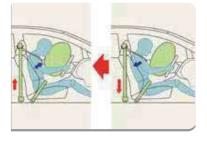
#### **DUAL SRS AIRBAGS**

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



#### **SEATBELT: PRETENSIONER WITH FORCE LIMITER & ELR**

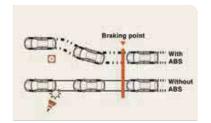
The pretensioners help the seatbelts to quickly restrain the occupants by retracting the seatbelts when vehicle is subjected to certain types of severe frontal collision. Force limiters mitigate the impact applied to the chest, thus contributing to achieving excellent occupant restraint performance and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



#### **ABS AND EBD**

Dealers

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



Initiatives for a

It's not about being best in the world or best in Japan, but the best in town. In shifting from being an automobile manufacturer to a mobility company, Toyota is working with stakeholders to contribute to society in more diverse ways.

## Global Environment,

We're working to eliminate carbon emissions from both our production process and products. In the same way we care for our hometowns and home countries, Toyota pursues sustainable and practical initiatives to protect and preserve our planet, the shared home of all human kind.

## Working

Diverse workers are the true driving force of innovation. To facilitate this diversity, we strive to provide safe, comfortable workplaces and work styles tailored to each individual. Toyota seeks to create an environment where everyone can play an active role; we're committed to becoming a company where people feel recognized by their peers and all workers have opportunities to take on new challenges.







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.



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

CODE OF

## COREVALUES



World-class production quality



Achieving the ultimate goal of complete customer satisfaction



Fostering the spirit of teamwork



Being seen as the best employer



Inculcating ethical and honest practices

Act #
Action,
Commitment,
Teamwork

Respect & Corporate Image

**Customer Satisfaction** 

**Production & Sales** 

Quality & Safety

Best Employer

Profitability

## onflict of Interest

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

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



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.

# CONDUCT onfidentiality and Accuracy of Information

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

## nvironment

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
- Promote conservation of resources, waste minimization and the minimization of the release of chemicals/gases into the environment;
- Strive continuously to improve environment awareness and protection.



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.



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.



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.



The staff will maintain an environment that is free from harassment and in which all employees/Directors are equally respected.

This means any action that creates a hostile or offensive work environment; such actions include, but are not limited to, sexual harassment and any disparaging comments based on gender, religion and race or ethnicity.



## egal 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.

## **BOARD OF DIRECTORS** BOARD SHARE TRANSFER COMMITTER BOARD AUDIT COMMITTEE BOARD HR & REMUNERATION BOARD ETHICS COMMITTEE INVESTMENT COMMITTEE **MANAGEMENT** FINANCE COMMITTEE SAFETY, HEALTH AND ENVIRONMENT MARKETING TECHNICAL CO-ORDINATION COMMITTEE PARES HUMAN RESOURCES SALES & INFORMATION TECHNOLOGY TECHNOLOGY

# THE BOARD & BOARD COMMITTEES

strong corporate governance structure is vital for responsible and transparent management of operations. It helps to deliver corporate success, maintain competitive advantage, and enhance the confidence of stakeholders.

The Companies Act 2017, Code of Corporate Governance for listed companies, applicable regulations, and Toyota Guiding Principles form the basis of our corporate governance structure. Our sound governance structure strengthens our commitment to high ethical standards, integrity, transparency, accountability, and compliance with applicable laws and regulations.



AN INTEGRATED MANAGEMENT SYSTEM AND CODE OF CONDUCT GOVERN OUR MANAGEMENT PRACTICES FOR DELIVERING SUSTAINED ECONOMIC PERFORMANCE AND MEETING CUSTOMER EXPECTATIONS.

## oard of Directors

The Board of Directors consists of ten Directors, out of whom three Directors represent Toyota Motor Corporation and Tovota Tsusho Corporation of Japan. Four Directors are Non-Executive Directors, three are Executive Directors and three are Independent Directors. The Board Members are elected every three years while any casual vacancy is filled by the Board of Directors as per applicable laws and regulations. For more details about the profile of the Board of Directors, refer to page 22 of Annual Report 2022.

## oard Committees

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

The Board Committees are Audit Committee, Human Resource and Remuneration Committee, Ethics Committee and Share Transfer Committee. The Management Committees comprise Investment Committee. Marketing Technical Co-ordination Committee, ACT#1 Management Committee, and Safety, Health and Environment (S.H.E.) Steering Committee. The Board Committees are supported by the executive level committees which report to the Board Committees and assist in discharging their obligations. For more details about Board Committees, their structure and meeting frequency, refer to page 32 of Annual Report 2022.

## RISK & COMPLIANCE

oyota'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 performance in the marketplace is affected by the volatility in the external environment that poses risks and opportunities for our business. The external environment remained stable, except for the global supply chain disruption in the first half of the year, which has resulted in good performance in terms of sales and production. However, the suspension of the IMF funding program in the 2nd half of the financial year along with the uncertain political situation resulted in economic instability coupled with the current account deficit and balance of payment issues. The increase in policy rates by the State Bank of Pakistan along with the ban on imports of various items resulted in the non-availability of parts leading to the halting of production activities in the last quarter. The massive currency depreciation in the last quarter of the financial year along with the Government's decision to increase Federal Excise Duty and withholding taxes for non-filers in the recent budget is expected to result in increased prices across all product offerings. Global supply chain disruptions, increasing competition, currency exchange rate fluctuation, higher policy rates, geopolitical and security situation in the region, along with decreasing disposable incomes are the major risks to our economic growth. These risks are expected to result in decreased sales over the next

Climate change is one of the major risks expected to affect our business in the longer run. The increasing emissions from internal combustion vehicles and increase in on-road vehicles have spurred the debate on

emissions and Electric Vehicles (EV). However, the higher prices of the electric vehicles and lack of supporting infrastructure are the major hurdles in phasing out internal combustion vehicles in Pakistan. The current situation requires increased investment in cleaner technologies for increased fuel efficiency and reduced emissions from internal combustion vehicles. We are constantly reviewing the policy developments on this front and making continuous upgradation of the plant to position ourselves in the competitive market. The changing climate conditions coupled with recent developments in fuel-efficient technologies. offer opportunities as well as significant

Adequate strategies are required to capitalize on the opportunities and manage the impact of risks on our operations. Our Risk Management system assesses risks and opportunities in the context of the broader political and macroeconomic environment faced by IMC and divides these risks into categories of strategic, regulatory, financial, operational, reputational, and sustainability risks. The Audit Committee reviews the risks and recommends the course of action to the Board for review and discussion in Board meetings. Based on the discussion in the Board meetings, appropriate strategies are formed and adopted to manage these risks effectively.

Toyota Guiding Principles, along with applicable laws and regulations, are applied in the true spirit to comply with requirements from Toyota, local

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

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

# COMMITMENTS EXTERNAL INITIATIVES

external international initiatives, charters, and principles mentioned below:

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

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

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

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

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

**56 57** 

## $\Lambda CCOL\Lambda DES$

#### TOYOTA MOTOR ASIA PACIFIC

- CUSTOMER DELIGHT EXCELLENCE AWARD 2021 GOLD AWARD
- CUSTOMER DELIGHT KAIZEN EVOLUTION 2021 BEST KAIZEN AWARD IN CUSTOMER ENGAGEMENT CATEGORY

## TOYOTA DAIHATSU ENGINEERING AND MANUFACTURING

WARRANTY REDUCTION AWARD 2021
 QUALITY PERSON AWARD 2021









DG RANGERS - SINDH, MAJOR GENERAL IFITIKHAR HASSAN CHAUDARY, PRESENTING AWARDS TO CFO, MOHAMMAD IBADULLAH & MANAGER S.H.E., FAISAL MEGHANI

CHIEF GUEST, SHABBAR ZAIDI, FORMER CHAIRMAN FBR, PRESENTING THE AWARD TO IMC GM FINANCE, IBRAR KHAN STATE MINISTER FOR INFORMATION
BROADCASTING FARRUKH HABIB, PRESENTING
THE AWARD TO IMC REGIONAL MANAGER
NORTH, SAQIB ABBAS







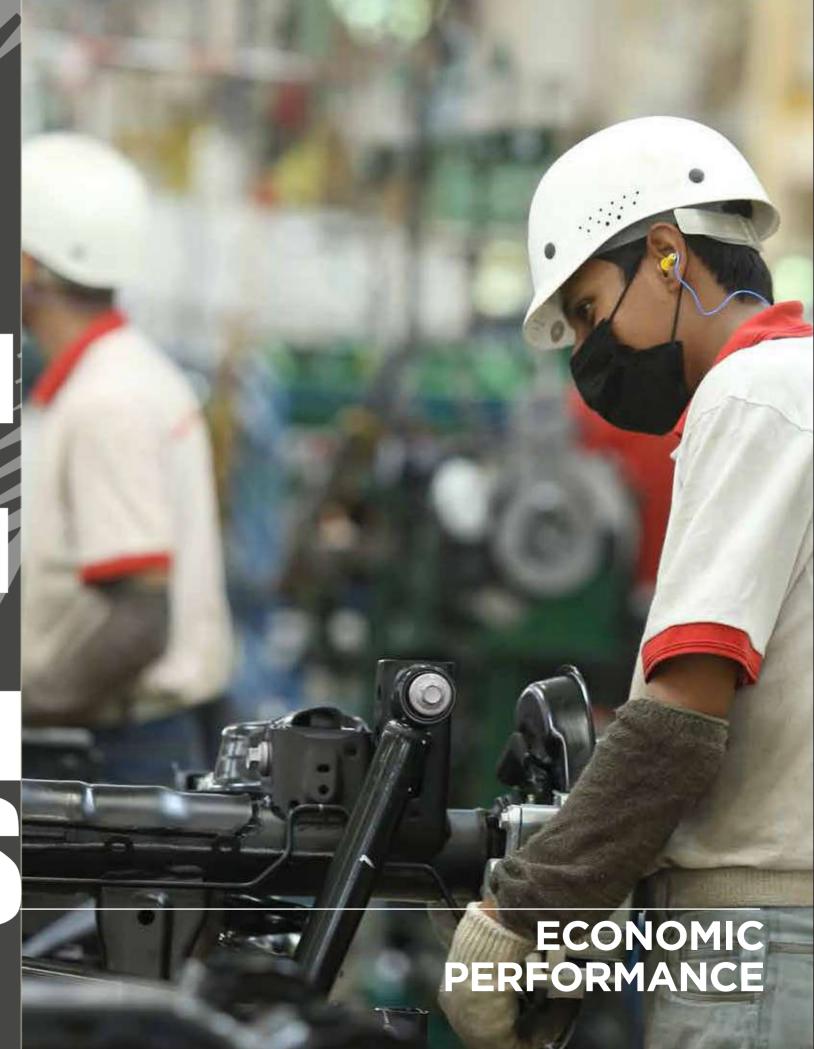
TE GLOBAL CO

SYED AMIN UL HAQUE, FEDERAL MINISTER FOR INFORMATION TECHNOLOGY AND TELECOMMUNICATION, PRESENTING THE AWARD TO MARKETING MANAGER, ALAM AYUB

AWARD PRESENTED BY SYED NASIR HUSSAIN SHAH, MINISTER FOR LOCAL GOVERNMENT OF SINDH, TO IMC HEAD OF CSR & MEDIA MANAGEMENT, ASAD ABDULLAH

COMMISSONER KARACHI DIVISION, MUHAMMAD IQBAL MEMON, PRESENTING THE AWARD TO IMC CFO, MOHAMMAD IBADULLAH HIS EXCELLENCY, AMBASSADOR OF NORWAY
TO PAKISTAN, PRESENTING THE AWARD TO
ASAD ABDULLAH, HEAD OF CSR & MEDIA
MANAGEMENT





conomic performance is critical for our success as a leading automobile company and to pursue our sustainability strategies aggressively. It enables us to provide sustained economic returns, competitive benefits to our workforce, payments to our supply chain partners, upgradation of the plant and investment for the betterment of communities. In 2021-2022, the continued economic recovery despite exchange rate fluctuations has resulted in higher sales and positively impacted the economic performance of the Company. However, the uncertain economic conditions, increasing policy rates and the falling value of Pakistan Rupee against the US Dollar are expected to affect the economic performance in the coming year. Refer to the Risks and Compliance section of the report for further

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

Corruption is a serious risk and results in human rights violations and undermines the rule of law.

IMC has in place a well-defined Risk Management System along with policies and procedures to combat corruption risks in its operations. The IMC Code of Conduct prohibits corrupt practices while compliance is regularly reviewed through the Internal Audit department. Internal audits are carried out on regular basis and the results are communicated to the Board Audit Committee for appropriate action. In 2021-2022 all operations were reviewed for risks related to corruption and no incident of corruption occurred. IMC employees are regularly trained on various aspects related to their daily activities, including training on anti-corruption.

The Board of Directors is the highest body responsible for the economic impact of IMC operations. The objectives, policies and targets are discussed and approved by the Board of Directors. The Board has delegated the execution of policies and decision-making on day-to-day Company affairs to the Chief Executive. The economic performance is reviewed on a quarterly basis at Board meetings and appropriate actions are taken by the Board. More details about Board meetings and financial statements are available on pages 51 and 113 of Annual Report 2022.

IMC's financial performance for the year 2022 depicts a significant increase in revenues. The profits have increased due to post-pandemic economic recovery and increased demand. The revenue increased by 54% to Rs 275.5 billion from Rs 179.2 billion compared to the previous year ended June 30, 2021, while profit after tax improved by 23% to Rs 15.8 billion from Rs 12.8 billion posted for the same period last year. For detailed information on financial review and performance for the year 2022, refer to the Director's Report section of the Annual Report 2022 on page 49.

## Economic PERFORMANCE

## **ECONOMIC VALUE GENERATED & DISTRIBUTED**

(Rupees in Million)

7,753 5,685

2022 2021 2020 2019 2018

## **Direct Economic Value Generated**

	362.838	232,199	111.399	195,690	172,728	
Revenues	362,838	232,199	111,399	195,690	172,728	

### **Economic Value Distributed**

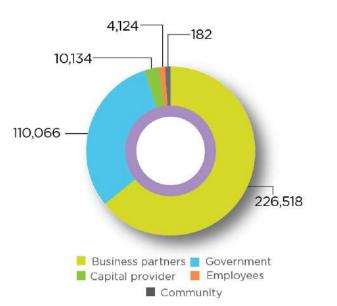
	351,024	224,382	105,836	187,937	167,043
Community	182	74	190	230	191
Government	110,066	69,183	32,295	52,308	48,843
Capital providers	10,134	9,219	2,468	9,315	11,576
Employees	4,124	2,911	2,413	2,590	2,852
Business partners	226,518	142,995	68,470	123,494	103,581

11,814

### **Economic Value Retained**

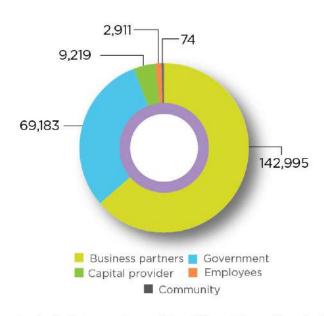
## 7,817

#### **Economic Value Distribution 2022**



#### **Economic Value Distribution 2021**

5,563



The Auto Development Policy 2021-26 governs the auto sector in Pakistan and provides different incentives to the auto industry. However, during the year, IMC did not receive any financial assistance from the government.

## **ORGANIZATION'S DEFINED BENEFITS**

MC provides different defined benefits to the workforce, including Provident Fund and Pension Fund. Employees contribute 10% of their basic salary to 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 the pension.

47.5% of pension plan liabilities are expected to be met by the Pension Fund Assets based on the actuarial assumption made in June 2022. The Provident Fund balance is paid when an employee leaves the organization. During the year, IMC spent Rs 125 million on defined benefit plans compared to Rs 182 million

Rs 125 million

defined benefit plans

TOYOTA —





Your well-being is our priority, stay happy and healthy!

65 64

## OUR DEALERS

Toyota Canal Motors

ealers are our first contact point with our customers, they represent our brand and help us to manage our customers' expectations. Our Dealerships experience supports the strengthening of our brand, marketing our products, and creating customer delight. Dealership activities have direct and indirect impacts in the form of payment of taxes, provision of employment, energy and water use, emissions and effluents, supporting communities, and complying with applicable laws.

We have 52 authorized Dealerships nationwide which are independently owned and controlled. All our products and services, including new cars, spare parts, and service (maintenance) are offered at our authorized Dealerships. Toyota Sure service is also offered at our Dealerships where customers have the option to purchase reliable, certified used cars or exchange them in order to upgrade their existing vehicles. At year-end, there are 41 Dealerships with Toyota Sure facilities across the country.

Increasing competition, the introduction of new products and changing customer expectations require exceptional Dealership services to maintain the leading position in the competitive market. We support our dealers through workshops, trainings, dealer certification programs, Kaizen projects and provision of guidance for operational improvements and enhancing the customer's experience of our Dealerships. Dealer surveys/audits are conducted by third-party auditors against defined performance metrics. Based on surveys/audit results, corrective actions are planned and communicated to dealers to overcome shortcomings. An annual Dealers' Conference is organized to recognize the dedication and commitment of our dealers. Those dealers delivering exceptional performance against defined KPIs are presented awards at the conference.

TOYOTA



Centra



Team 21 (Toyota Technical Education for Automotive Master 21st century) is a comprehensive technical training program designed for Toyota dealers' technicians. It is a prerequisite for technicians to deliver state-of-the-art after-sales service as per Toyota standards. The program consists of four training categories; Toyota Technician, Professional Technician, Diagnostic Technician, and Diagnostic Master Technician. All Dealerships had Toyota-certified technicians at the end of the financial year 2022.

#### Promotion of Sustainability Practices at Dealerships

Sustainability management entails the management of the impacts of our operations as well as our value chain. Our sustainability strategy takes into account the management of impacts at our Dealerships, being an integral part of our value chain. Dealerships are supported through the introduction of best practices on health and safety, environmental management, labour relations and human rights, and managing societal impact. The support is also provided through trainings which has resulted in effective management of our value chain impact. 3R activities i.e., Reduce/Reuse/Recycle are ensured and promoted at all Toyota Dealerships in order to deliver the vision of 2050 and contribute to the betterment of the environment and community. IMC has 44 of its Dealers certified as per AP-ECO standards.

These standards
ensure that the
Dealerships are as
environment-friendly
as the values set by
Toyota for all its
Dealers in the
Asia-Pacific Region

### **Introduction of AP-ECO Standards**

Toyota Motor Corporation launched the Toyota Environmental Challenge in 2050 which reaffirms Toyota's commitment to reducing the environmental burden of automobiles to as close to zero as possible while developing measures to contribute to a positive impact on the Earth and its societies.

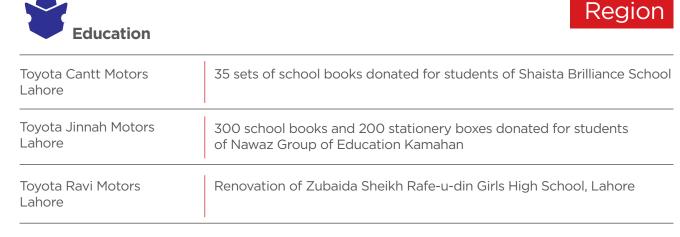
Toyota initiated the AP-ECO program to ensure the implementation of the Environmental Management System at Dealerships with strong focus on CO2 reduction, waste management reduction, water usage reduction, and improvement in the handling of hazardous chemicals. 3R activities i.e., Reduce/Reuse/Recycle are ensured and promoted at all Toyota Dealerships in order to deliver the

vision of 2050 and contribute to the betterment of the environment and community. IMC has 44 of its Dealers certified as per AP-ECO standards. These standards ensure that the Dealerships are as environment-friendly as the values set by Toyota for all its Dealers in the Asia-Pacific Region.

# TOYOTA Certificate of Achievement This certificate is presented to Toyota Shaheen Motors For the successful achievement in AP Eco-Dealership Program 2021 Toyota Motor Asia Pacific Pte Ltd Motormu Sendo Executive Vice President Customer First

#### **Sustainability Practices at DEALERSHIPS**

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





Toyota Airport Motors Lahore	Installation of 140 KW Solar Photovoltaic (PV) panels at dealership resulting in 75% savings in utilities cost. Plans underway to enhance to 200KW
Toyota Garden Motors Lahore	200 trees planted at Beli Pur, Raiwind, Lahore
Toyota Jinnah Motors Lahore	1,470 trees planted at Al-Rehman Garden, Lahore
Toyota Walton Motors Lahore	3,000 plants planted around Lahore Cantt., in collaboration with Walton Cantonment Board



Toyota City Motors Multan	Blood Donation Drive - 35 bags of blood donated by dealership staff - for 50 patients - in collaboration with Regional Blood Centre, Multan
Toyota Chenab Motors Faisalabad	Blood Donation Drive - Blood donated by dealership staff for 50 thalassemic / hemophilic patients in collaboration with Sundas Foundation, Faisalabad.
Toyota D G Khan Motors D G Khan	Wooden benches donated to DHQ Hospital, D.G.Khan





TOYOTA —



Toyota Azad Motors

2,000 tree saplings planted in Mirpur city under Green Pakistan Campaign in collaboration with Muslim Hands Mirpur



Mirpur

Toyota Frontier Motors	Thalassemia awareness session to 300 persons of Islamia College
Peshawar	Peshawar, in collaboration with Jehad for Zero Thalassemia (JZT)
Toyota GT Motors Islamabad	Monthly donation to Pakistan Foundation Fighting Blindness engaged in helping improve quality of life of the partially sighted and visually impaired



#### Sustenance

Toyota Capital Motors	Free cooked food distributed weekly to 1,000 persons in Raja Bazar,
Islamabad	Rawalpindi
Toyota Rawal Motors Rawalpindi	Free cooked food distributed daiy, to 100 persons in the dealership vicinity and Chaklala Scheme 3



#### Other

	40 blankets donated to Panah Gah Markaz, DHQ Hospital, Jhelum
Jhelum	



#### Education

Toyota Central Motors Karachi	20 desks donated to Moonlight Foundation School for differently abled students
Toyota Point Motors Hyderabad	100 school bags and giveaways donated to children of SOS Children's Villages, Jamshoro



Toyota Faislabad Motors Faisalabad	Blood Donation Drive - 23 bags of blood donated by dealership staff in collaboration with Al Zaib Foundation, Faisalabad
Toyota Jinnah Motors Lahore	Distribution of 40 boxes face masks during COVID pandemic at PSO fuel station
Toyota Lyallpur Motors Faisalabad	Blood Donation Drive - Blood donated by dealership staff for 20+ patients in collaboration with Sundas Foundation, Faisalabad.
Toyota Multan Motors Multan	Blood Donation Drive - Blood donated by 15 staff members of dealership in collaboration with Fatimid Foundation
Toyota Royal Motors Rahim Yar Khan	Reverse Osmosis Water Plant installed at dealership providing filtered drinking water to around 500 members of the general public
Toyota Shaheen Motors Lahore	Ambulance donated to Mayo Hospital, Lahore, benefitting 150 to 200 patients a month



Toyota Bahawalpur Motors Bahawalpur	Gifts and food distribution to orphans living at Bait ul Mussarat, Bahawalpur
Toyota Faisalabad Motors Faisalabad	Free cooked food distribution to 500 persons daily
Toyota Gujrat Motors Gujrat	Free cooked food distribution on daily basis in the close vicinity of the dealership



#### Othe

Toyota Sialkot City Motors
Sialkot
Distribution of gifts to orphans at SOS Childrens Villages

70

South Region





Toyota Quetta Motors Quetta	Tree Plantation Drive - 200 trees planted at City School, Apostolic Vicariate & Wilderness School, Quetta
Toyota Hyderabad Motors Hyderabad	100 KW solar photovoltaic panels intallation at dealership. 55% less dependency on HESCO



Toyota Highway Motors Karachi	Blood donated by 55 staff members of dealership to Indus Hospital Blood Centre
Toyota Defence Motors Karachi	Free Eye Check-up Camp at Shah Latif Medical Center, Thatta, for over 400 persons
Toyota Southern Motors Karachi	Free Eye Check-up Camp at Shah Latif Medical Center, Thatta, for over 400 persons
Toyota Hyderabad Motors Hyderabad	30+ CBC tests carried out & 20 bottles of blood donated by Dealer staff to Indus Hospital Blood Centre and Regional Blood Centre, Jamshoro
Toyota Eastern Motors Karachi	20 bags of blood donated by dealership staff to Indus Hospital



#### Sustenance

3	Food Distribution to 1,500 persons daily (Lunch: 1,000 persons & er: 500 persons)
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#### Othor

	Clothes donation to 350 persons in two villages - Ibrahim Hyderi and Chakra - in the vicinity of the dealership
Naraciii	Charle with the vicinity of the dealership



As a signatory to the UN Global Compact, IMC supports the Sustainable Development Goals or SDGs and our social responsibility initiatives are accordingly aligned.

Toyota considers environmental and social issues of paramount importance to improving our future society, and constantly seeks to enhance governance to build strong relationships with all its stakeholders. As such, at IMC, our prime focus areas remain on education, health, road safety, environment and natural calamities.

### OUR SUPPLIERS

ur vibrant and reliable supply chain drives our success and ability to timely deliver products to our customers. However, the delays and disruption caused by COVID-19, increased demand for automobile parts coupled with recent geo-political tensions and the war between Ukraine and Russia are major issues expected to affect our supply chain. However, with efficient handling and vibrant supply chain partners, we are taking the necessary steps to manage the supply of materials and parts to meet our production targets. These disruptions highlight that effective supply chain management and integration of sustainability in our supply chain are important factors for our success, brand reputation and meeting customers' expectations. We collaborate with our supply chain partners based on their overall strength and work on sustainability for mutual growth. Our development programs for supply chain partners, not only create financial benefits for our partners but also help in securing a competitive advantage in the market.

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

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

Local product-related suppliers are OEM-level automotive part suppliers in the categories of resin, rubber, electrical, sheet metal, assembly and others. Our local suppliers are located in Sindh, Punjab and Balochistan. We have a total of 54 Tier-l parts and consumable suppliers. Our supply chain is highly labour-intensive, involving a manual to the semi-automated production line. Our total payments to our supply chain partners on account of the purchase of goods and services were Rs. 226,518 million in 2022, which were 58% higher compared to 2021. During the year, we made 29% procurement from local suppliers as compared to 31% in 2021.

To promote industrial development, new technologies, job creation, skill development and

economic development of the country, a localization program was launched with the inception of our operations. Our product development and supply chain teams work closely with supply chain partners to assist them to follow and meet Toyota standards of safety and quality. Our close collaboration, support and long-term relations with the supply chain partners have led our suppliers to invest in fully dedicated production lines to manufacture high-tech parts for our products. Our new Toyota Corolla consists of 777 parts and components manufactured locally. The close coordination among industry players and parts manufacturers along with investment for the development of the local industry have created opportunities for export of automotive parts to other countries.

#### **Promotion of Sustainability Practices at Suppliers**

We understand that management of sustainability issues in our supply chain is critical for our success and making contribution towards sustainable development. The Product Development department supports the supply chain partners to promote sustainable practices in the areas of health and safety, environment, and good labor practices. Toyota Quality Standards, sustainability guidelines, 'Just-In-Time' techniques and Kaizen culture to reduce parts rejection and bring improvement in business processes and profitability, serve as the guiding principles for sustainability management at our suppliers. We work closely with suppliers on the Kaizen (continuous improvement) culture and compliance targets to ensure conformity to all applicable laws and regulatory requirements. Regular assessments are conducted to make certain that all suppliers are in line with IMC's vision, strategy and targets. Based on the assessments, necessary actions are planned and implemented.

#### **Toyota Green Purchasing Guidelines (GPG)**

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

IMC has been using returnable trolleys for supplying parts to IMC, which has helped in eliminating packaging material from our supply chain. Our Green Purchasing Guidelines restrict the following substances for packaging materials according to the Toyota Technical Standards TSZ0001G "management, practice latest edition of the environmental load material":

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 guidlines are aligned with Toyota's Six Global Challenges.

#### CHALLENGE 2

Life Cycle Zero CO2 Emissions Challenge



#### **CHALLENGE 4**

Challenge of Minimizing and Optimizing Water Usage



CHALLENGE 5
Challenge of Establishing a
Recycling-based Society and

#### CHALLENGE 6

Systems



Challenge of Establishing a Recycling a Future Society in Harmony with Nature Establishment of Environmental Management System

> Management of Chemical Substances\*

Compliance with Environmental Laws and Regulation\*

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

**Supplier Selection**  Criteria To Suppliers

Supplier Confirmatio Supplier Audit

Eva

**Corrective Action** 

### OUR CUSTOMERS

#### **TOYOTA**

#### knows its customers best

ustomers' confidence in our brand has made Toyota the #1 brand in the Pakistan automotive market. We are aware that automotive market dynamics are changing on account of the entry of new players and a wide range of new products. At Toyota, we believe in giving customers a "waku-doki" (adrenaline racing) experience with our products and services. The brand position and success in the ever-changing competitive market will be decided by efficient customer management, customer support services and smooth and timely delivery of products that delight customers. We regularly engage with customers through the Customer Relations Department and Customer First Department and our Dealerships to better understand customers' requirements and expectations. The customer's input helps us to meet their expectations and improve the experience of our products and services.

Toyota Global CR Standards are the basis of our approach to customer management and are applicable at IMC and at all our Dealerships. Our customers expect high-quality products meeting safety and comfort requirements. We conduct a detailed need and feedback analysis during manufacturing and after sales to handle safety, quality and comfort issues. We have inherited a culture of "hansa renkei" (collaboration amongst cross functions) and Kaizen (continuous improvement) from Toyota which helps to make constant development of our products for delivering exceptional customer experience.

An integrated technology platform GENESIS is in place across Dealerships nationwide for improved customer experience and handling grievances on the most relevant product and service aspects. The Company has a dedicated Customer Assistance Centre where customers can call toll-free for any enquiry or complaint they may have and be assured of a quick response/resolution. The input is constantly monitored and forwarded to relevant departments for swift action as per need.



The Customer First Department offers a complete ownership experience to our customers. Our Dealerships provide genuine spare parts and quality services to customers which not only increases customers' satisfaction but also builds more trust in the Toyota brand. We regularly organize campaigns on product safety and inspection of vulnerable parts. Safety campaigns help our customers to better manage their vehicles and meet our prime objective of ensuring the safety of our customers, vehicles and the public.

Customer feedback is essential to measure their satisfaction levels related to products, parts and services. We carry out regular customer satisfaction surveys to identify the important action items and to ensure continuous support to our customers in keeping our pride of the most reliable brand in the automotive industry in Pakistan.

Customer Satisfaction Index research is conducted throughout the course of a year to collect data to evaluate our performance on key indicators and to pinpoint areas of improvement, on a regular basis. Similarly, the Sales Satisfaction Index is a measurement criterion of

satisfaction level for customers who purchase Toyota Vehicles from authorized Dealerships to assess areas that require improvement. The Customer Relations Department, with the support of related departments, constantly endeavours to launch and execute creative ideas to improve the Satisfaction Rate.

## TOYOTA

it makes your heart go

Waku-doki



## FUN FACTS Read Safety



#### YOU NEVER DRIVE ALONE

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







#### **SAFETY MULTIPLIER**

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



#### **'S' IS FOR SAFETY**

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



#### **AIRBAG SPEED**

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



#### **AIRBAGS ENDANGER CHILDREN**

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



#### **SAVED BY A SEATBELT**

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



## & TOYOTA BRAND

oyota's brand strength and leadership have resulted in another successful year for IMC. In the wake of increasing competition in the Pakistan automotive market on account of new entrants, the launching of new products and the recently launched automobile policy 2021-2026, brand strength and competitiveness will be the core success factors. With a successful history of delivering customer delight for the last 32 years, we are confident about maintaining our brand leadership position by providing safe and quality products to our customers.

Our brand direction and marketing activities are guided by Toyota's core global values which require compliance with applicable marketing communication and advertisement laws and voluntary codes. Our brand management

strategy requires that accurate and features, services and practices is other stakeholders. We ensure through an internal review process information on products and

We endeavour to form a lasting offering peace of mind and a owning and driving a Toyota approach from Toyota, working on skills and contributing to economic work for the promotion of graduates and spending on local leading brand in Pakistan. We are activities for the betterment of our brand in the competitive market. through surveys across our value business. The strategies are

a better customer experience and maintaining brand strength.

TOYOTA

Customer

First

reliable information on product disseminated to our customers and compliance with our strategy to confirm that only accurate services is shared.

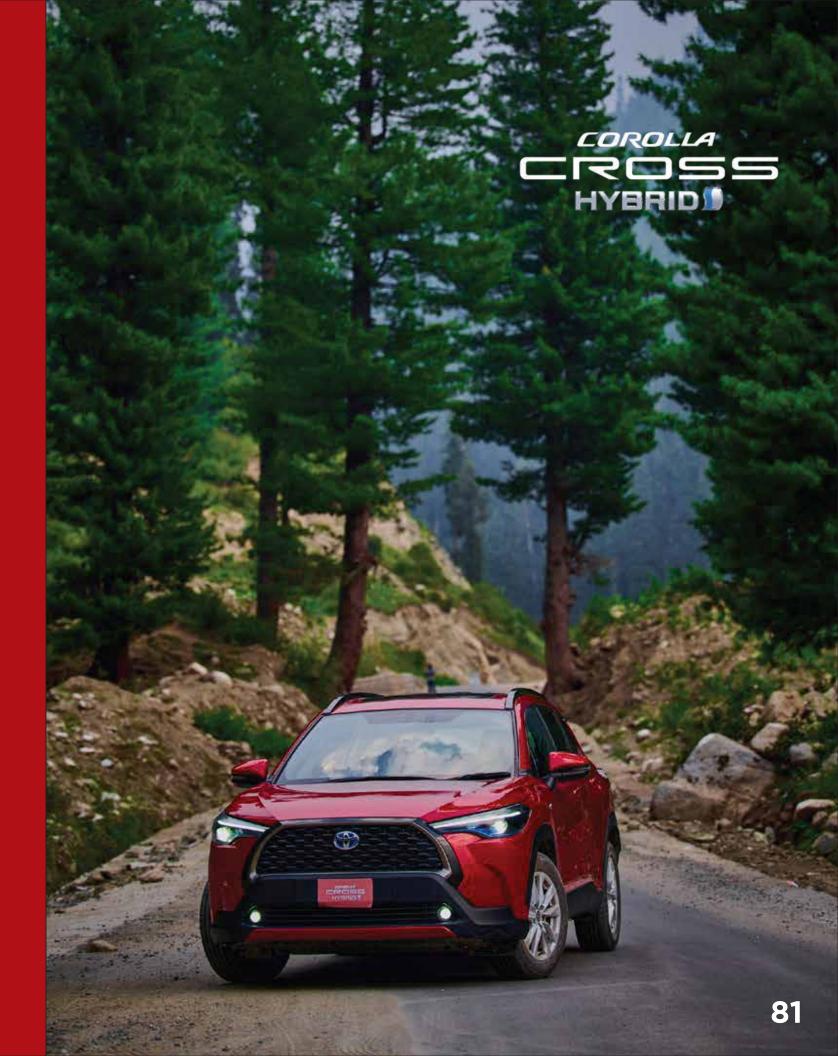
relationship with our customers by unique buying experience of vehicle. Our Customer First localization, creating new jobs, and development, coupled with our technology among engineering communities, have made Toyota a committed to continuing our stakeholders and strengthening our The brand strength is monitored chain partners and industry-wide adjusted accordingly for delivering

The safety of vehicles and our customers is one of the topmost priorities at Toyota. In line with the 'Safety First' philosophy, IMC provides detailed information to customers on product attributes, safe use, environmental impact and disposal of the products. The Owner's Manual incorporates information regarding driver and passenger safety, vehicle features and technical and maintenance information. The details about the source, safe use and disposal of the product are also provided for Toyota Genuine Parts and Toyota Genuine Motor Oil. Toyota Genuine Motor Oil is blended as per TMC's guidelines which are benchmarked on the American Petroleum Institute (API) and the Society of Automotive Engineers (SAE) International standards.

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

Along with NCAP (New Car Assessment Program), IMC also promotes its Safety mascot THUMS (Total Human Model for Safety) over digital and other platforms to educate viewers on the safety features provided in all CKD variants. Dealerships regularly organize safety campaigns to discuss and communicate safety features information and product attributes among our customers. The Toyota Safety mascot THUMS is also promoted during the campaigns which have details of some driving tips and safety features, including an Anti-lock Braking System (ABS), dual SRS airbags and child ISOFIX seat anchors.

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



## Promising

MILLORIRES





#### 2022 Toyota Global Environment Month



In accordance with the UN General Assembly's 1972 declaration proclaiming 5 June to be "World Environment Day", Toyota designed June as "Toyota Environment Month" in 1973.

This year, we will observe Environment
Month by pushing June forward as a
period to look back on announcements
and messages on carbon neutrality
released in the past year and plan action
for the future. With the aim of realizing a
world in which everyone living on the
planet can continue to live happily. Toyota
is striving to achieve carbon neutrality.

We believe that achieving carbon neutrality is Toyota's obligation and our mission as a global company is to mass produce happiness. As part of your daily environmental activities, please take this opportunity to look back on the year and hold discussions in each workplace".

— Kaita President Carbon Neutral Advanced Engineering Development Center

Toyota Motor Corporation

#### **IMC's Environment Month**



o increase awareness and apprise people about their social responsibility towards the environment, June is celebrated as an environment month at IMC. Awareness and training sessions are conducted to share knowledge about the loss of ecosystem, its impact on human life and the possible contribution, we can make to protect the planet. The ideas to protect the environment and promote sustainability are invited from the workforce and included in different competitions.



#### **Using Natural Resources**

#### **Materials' Use**

Decreasing finite materials and resources requires efficient use to maintain economic development and ensure the sustainability of the resources. We, at IMC, are committed to using natural resources in a sustainable manner for delivering economic returns while meeting customers' expectations. Different materials and chemical substances are used in vehicle production. The major categories of materials are metals, plastics, elastomers, textiles, natural materials, fuels, consumable liquids, electronics, ceramics, glass, and other compounds and non-dimensional materials.

- Metals
- Plastics, elastomers, textiles, and natural materials
- Electronics, ceramics, glass, and other compounds
- Fuels and consumable liquids
- Non-dimensional materials

The calculation of the 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 endeavouring to identify and report the weight of different materials used in the production of our products.

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







CHALLENGE 3
Plant Zero CO2
Emissions Challenge

#### **Addressing Climate Change**

Climate change is affecting the world through heat waves, droughts, and devastating floods causing huge economic losses to countries and the global economy. These severe impacts have increased the need for quick and meaningful actions to combat climate change. The governments and the private sector require to play an active role to manage the adverse effects of climate change through provision of enabling environment, pursuing cleaner technologies and plantation.

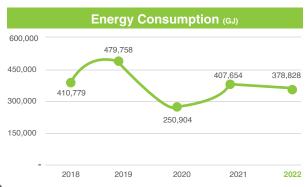
IMC is fully committed to using energy efficiently and converting energy sources to renewables and low carbon technologies in our operations and value chain to reduce our environmental footprint. Refer to pages 89 and 90 for our work on using renewable energy and the One Million Tree Plantation Drive

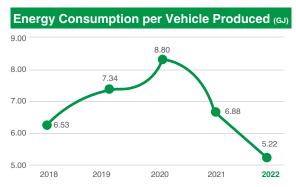
#### **Energy Use and Shifting to Low Carbon Resources**

Our success and competitive advantage and reduction in environmental impacts are dependent on the adoption of new techniques, technologies and low carbon resources. Our strategy focuses on efficient processes at our facilities to reduce our energy consumption and related GHG impact. Our assembly plant design helps to maximize the use of natural light during the daytime to reduce energy use. Moreover, LED energy-efficient bulbs are installed throughout the plant. A Combined Heat & Power System (CHP) has been installed which reuses the heat produced during energy production. Natural gas and electricity used at our plant are the main energy sources and the largest contributor to Greenhouse Gas (GHG) emissions. We have a Co-Generation capacity of 6 MW to cater for our energy usage in line with future growth strategies. The energy consumption during the year increased by 28,826 GJ compared to the previous year. However, the energy used per manufactured vehicle decreased to 5.22 unit compared to 6.89 GJ/ unit in 2021.

<b>Energy Consumption</b>	Unit	2022	2021	2020	2019	2018	2017
Energy consumed within organization							
- Non-renewable	GJ	359,016	392,764	248,622	477,901	409,384	313,080
Energy consumed within organization							
- Renewable	GJ	19,812	14,890	2,282	1,857	1,395	-
Total Energy Consumption	GJ	378,828	407,654	250,904	479,758	410,779	313,080
Energy used per vehicle produced	GJ/unit	5.22	6.89	8.80	7.34	6.53	5.22
Energy saving per year	GJ	19,876	17,783	19,821	25,630	22,320	17,307

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





#### **Moving Towards Renewable Energy**

**TOYOTA** 

IMC is Pakistan's first
company to install one of
the largest roof-top
mounted solar
Photovoltaic (PV) plants
and the biggest solar PV
plant in the automobile
industry in Pakistan



To fight climate change, emissions reduction strategies are the top priorities globally which include the adoption of cleaner and renewable energy sources.

At IMC, we are pursuing green technologies in form of onsite photovoltaic technology to reduce GHG emissions, improve the energy mix of our operations and reduce energy consumption from conventional sources.

The current installed capacity of onsite solar power is 4.5MW. The share of solar energy in our total electrical energy consumption was 15% compared to 15% in 2021. The shifting to solar power has resulted in reduced emission of 3,000 tons of CO2 compared to 2,250 tons of CO2 in 2021. IMC is Pakistan's first company to install one of the largest roof-top mounted solar Photovoltaic (PV) plants and the biggest solar PV plant in the automobile industry in Pakistan in line with its goal of achieving carbon neutrality. It is also the first such unit in the Toyota Asia-Pacific region.

#### **Greenhouse Gases Emissions**

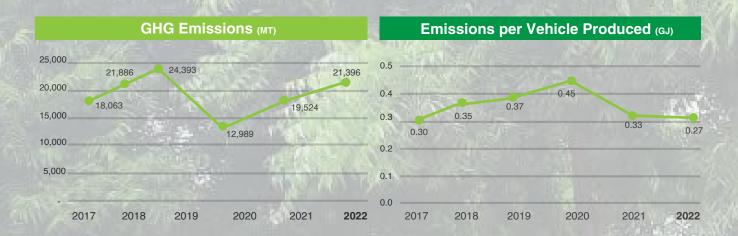
Greenhouse Gases (GHG) emissions are a major cause of climate change and are required to be reduced for tackling the adverse impacts of climate change. At IMC, we are pursuing cleaner technologies and efficient processes to reduce greenhouse gases emitted from our operations which are already well below the legally allowable limits. The Kaizen and Just-in-Time techniques have helped us to reduce the emissions over the years along with savings in the shape of reduced delivery cost of parts and efficient operations.

Our consumption of natural gas and electricity in production activities are the major contributors to our Greenhouse Gases emissions. We are currently monitoring our Scope-I emission from our operations. The emissions of employees commuting to work, business travelling and transportation of materials to plant and products to dealers through value chain partners were not measured during the year due to the non-availability of reliable data. In line with the Toyota Environmental Challenge 2050, we have in place a Zero CO2 strategy to reduce emissions over the long run. Our initiatives of reducing energy use through efficient lighting systems and installation of Solar PV have resulted in reduction in electricity use and CO2 emissions over the years. Moreover, our manufacturing plant not only uses highly efficient power generators but also utilizes the heat produced by these generators via absorption chillers and support cooling requirements; this ultimately reduces emissions significantly. During the year, the GHG Scope I emissions increased by 1,872 Mt on account of increased production. The emissions per vehicle produced were 0.30 Mt compared to 0.27 Mt in 2021. The emissions' intensity increased due to reduced production during the year.

Other significant emissions comprise Volatile Organic Compounds (VOCs) in processes using solvents, paints, sealers, or hydrocarbon-based chemicals. The emissions are reducing over the years as a result of Kaizen (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.

	Unit	2022	2021	2020	2019	2018	2017
Greenhouse Gases emissions (Scope I)	Mt	21,396	19,524	12,989	24,393	21,866	18,063
Emissions per vehicle produced	Mt/unit	0.27	0.33	0.45	0.37	0.35	0.30
Reduction in emissions	Mt	10,015	9,607	9,274	8,515	7,850	1,798
Emissions of ODS	Mt	Nil	Nil	Nil	Nil	Nil	Nil
NOx, SOx and other significant air emissions SEQS limits.	Mt	NOX,	SOX and	l other sig	gnificant a	ir emissior	ns within

CO2, CH4, N2O gases are included in the calculation of CO2 emissions and emission reduction. There were no bio-genic emissions during the year. TDEM and SEQS guidelines were used for emission calculations.



#### **Million Tree Plantation Program**

2022, perceived the environmental risks to be the five most critical long-term threats to the world as well as the most potentially damaging to people and the planet. According to the WEF risk report, "climate action failure", "extreme weather", and "biodiversity loss" rank as the top three most severe risks. Environmental degradation is difficult to be restored in the short term. Climate change has resulted in rising temperatures, heat waves, and extreme flooding in various parts of the world affecting economic growth and damage to infrastructure and human lives.

Climate-related financial risks of physical and

The World Economic Forum Global Risk Report transitional nature are driving businesses to identify the relevant risks and design strategies to effectively manage these risks. Our environmental

management policy covers climate risk management in our operations and we are committed to playing our part to meet the climate change impact. At our manufacturing plant, we are constantly working on the reduction of GHG emissions from our operations and moving to a net zero carbon footprint for our production plant.

PLANTATION DRIVE Pakistan's Billion Tree Tsunami program launched in 2014 was lauded globally and referred to as an example of fighting climate change. The objectives were to cope with climate change impact, climate-related disasters, and loss of valuable lives.

In continuation of Pakistan's efforts, last 680,000+ year, Pakistan hosted the World Environment Day on June 5, 2021, which also kicked off the formal launch of the UN Decade of Ecosystem Restoration (2021-2030). Now, Pakistan is embarking on an ambitious plan to plant 10 billion trees across the country by 2023, in order to restore landscapes while providing the planted much-needed employment. Popularly known as the 10 Billion Tree Tsunami, this project entails both planting and naturally regenerating forests, and might possibly serve as a pilot for other countries to use IMC pledges nature restoration goals to reduce national debt owed to foreign creditors. plantation of 1 million trees across Pakistan IMC pledged the One Million Tree Plantation Program across Pakistan to support Government's initiative and inspire the corporate sector in Pakistan. This Plantation Drive will benefit both environmentally and economically and support different SDGs. Only indigenous trees which are beneficial to our environment, are selected under this drive, and in order to ensure the sustainability of the trees planted, local communities are being engaged. Moreover, all our Dealerships have enthusiastically joined hands with IMC nationwide implementation. Over a period of two and half years, Indus Motor Company has planted more than 680,000 tree saplings across Pakistan,

primarily in Karachi.

The grove of "Neem" trees seen

in this image were actual tree

saplings planted outside the

premises of IMC, which are now

turning into mature trees.

#### TOYOTA -



Challenge of Minimizing and Optimizing Water Usage

#### **Using Water Efficiently**

Pakistan is facing a serious water crisis and rapidly moving from a water-stressed to a water-scarce country. The availability of fresh water is a rising issue not only in Pakistan but also globally. Water scarcity poses a risk to business and, being a shared resource with the surrounding communities, requires careful management.

Our approach to water management takes into account water as a shared resource with communities. We use water in painting and other production processes which puts a responsibility on us to manage the water in an efficient way. Over time, we have been working to reduce the consumption of fresh water with the 3R concept of Reduce, Recycle and Reuse and to manage our impact on water.







nt waste v ater treatn

Water is sourced from canals from Keenjhar Lake which has a capacity of 650 hm3. We have an agreement with the Karachi Water and Sewage Board for extracting water which is measured by flow meters installed at the point of extraction. Keenjhar Lake is the second largest freshwater lake in Pakistan and an important source of drinking water for Thatta District and Karachi city.

Keenjhar Lake has been declared a Ramsar site under the Ramsar Convention and a wildlife sanctuary. The lake is home to winter migratory birds and a breeding area as well. The water extracted does not significantly affect the water source keeping in view the capacity of the source. We do not withdraw water from water-stressed areas. We are persistently exploring technologies and defining water consumption targets to increase water efficiency at our plants in line with the Toyota Environmental Challenge 2050. We also work with our supply chain partners to reduce the overall impact on fresh water. The used water is recycled to reduce the intake of fresh water. Water withdrawal decreased to 338 ML during the year, compared to 347 ML during 2021-22.

66
the used water is
recycled to reduce the
intake of fresh water

Water Withdrawal	2022	2021	2020	2019	2018	2017
Surface water						
Freshwater (≤1,000 mg/L Total Dissolved Solids)	338	347	320	470	458	373
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-	-
Ground water						
Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-	-	-
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-	-
Total water withdrawal	338	347	320	470	458	373



Water consumption	2022	2021	2020	2019
Total water consumption				
ML/year	294	309	285	409

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

#### **Wastewater and Water Discharge**

Water discharged from operations and the waste thinner are properly treated to reduce the pollutant level in discharged water to acceptable levels as prescribed by SEPA. A state-of-the-art wastewater treatment plant, which is based on Apple Edge technology from KABUTA Japan, is installed at our plant for effective treatment of wastewater generated from our operations. Treated wastewater is being used for horticulture purposes only and is not suitable for human consumption.

Water Discharge by Destination in ML/year	2022	2021	2020	2019
Surface water				
Freshwater (≤1,000 mg/L Total Dissolved Solids)	35	29	28	55
Other water (>1,000 mg/L Total Dissolved Solids)	8	9	7	6

Water disposal is recorded with the help of flow meters

#### **Managing Waste**

The used-up thinner is collected and processed through a heating process to separate the thinner and the contaminants. 30% of the thinner is recycled onwards. We are working to increase the recycling of thinner up to 45% by 2025.

Our operational activities result in different types of hazardous and non-hazardous waste which is strictly handled as per our policy. The input material consists of metals, plastics, elastomers, textiles, natural materials, electronics, ceramics, glass, other compounds, fuels and consumable liquids and non-dimensional materials. These are used in assembling operations and result in different types of waste which are segregated into hazardous and non-hazardous waste. The non-hazardous waste is disposed of as well as sold to third parties. The disposed of waste consists of non-hazardous material, domestic, plastic, and metal while the sold waste consists of scraps, plastic trim, wood, iron, general items, hardware, steel cutting, and metal covers. The hazardous waste consists of hazardous material (oil drums and batteries) and paint shop waste. The hazardous waste generated by our paint shop & resin parts painting operations is paint sludge and thinner. We regularly monitor paint consumption to control sludge generation. The water extracted from the sludge is filtered and treated. The treated water is only used for gardening purposes. A new water treatment plant was installed during the year to increase the capacity of the treated water substantially and the ability to withdraw more water from sludge, therefore, retaining more water content and

reducing the weight of the sludge. The used-up thinner is collected and processed through a heating process to separate the thinner and the contaminants. 30% of the thinner is recycled onwards. We are working to increase the recycling of thinner up to 45% by 2025. The solid waste and oil are stored in a safe place for disposal by government-approved contractors. The hazardous waste is being disposed of through approved contractors on a daily basis. The figures for reuse/reprocess, landfill and onsite storage are on an estimated basis. To improve waste management and reduce the waste in supply chain and its own operations, IMC uses returnable trolleys for supplying parts to IMC. This has resulted in eliminating packaging material from our supply chain and packaging waste handling and disposal at IMC.

The waste-related impacts include health and safety risks, and soil and water contamination risks. IMC strictly follows applicable legal requirements regarding waste handling and disposal to effectively manage the waste-related impacts. The staff on the shop floor is regularly trained to reduce waste and effectively handle the waste which is inevitable. No waste is diverted from disposal except thinner due to product quality and safety requirements.

#### Waste by Composition, in metric tons (t)

	2022			2021		2020			2019			
	Waste generated	Waste diverted from disposal	Waste directed to disposal									
Waste con	nposition											
Hazardous	557	-	557	298	-	298	181	-	181	245	-	245
Non Hazardous	5,476	4,774	702	4,870	4,168	702	2,861	2,276	585	5,276	4,574	702
Total Waste	6,033	4,774	1,259	5,168	4,168	1,000	3,042	2,276	766	5,521	4,574	947

### Toyota 5S Ecological CONSERVATION PROGRAM

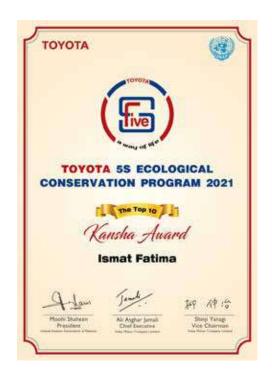
ast year, IMC in collaboration with the United Nations Association of Pakistan, rolled-out the outreach Toyota 5S Ecological Conservation Program, to benefit a wider audience outside the realm of IMC. The prime objective of the program was to familiarise children and young adults - through online awareness raising sessions - with the **T** and its application, effects of plastic pollution and tree plantation that helps in environmental conservation. Developing a 5S mindset amongst them, will create a more sustainable and positive impact on the environment.

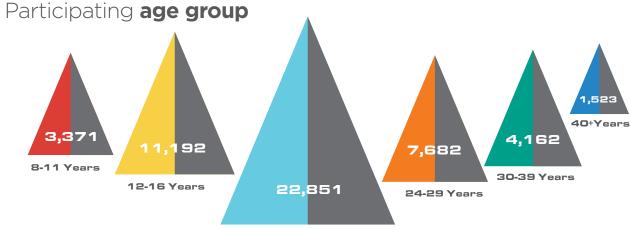
The program received an overwhelming response from over 50,000 individuals across the country and concluded with a competition offering prize money. The competition attracted over 12,000 entries pan Pakistan. After a thorough scrutiny process spanning multiple rounds, the national Top 10 entries were chosen and announced at a Virtual Award Ceremony hosted by IMC in March 2022.

## Trained 50,000 individuals



These included 8 young ladies and 2 young men, their ages ranging between 13 years and 30 years, hailing from Karachi, Lahore, Attock and Mandi Bahauddin, which speaks volumes of the diversity the program attracted.





94 17-23 Years 95

#### 5S Clean-up Drive POST INDEPENDENCE DAY

the "kaumi parcham" is our pride and demands our ultimate and collective respect

August is celebrated with loads of patriotism and gusto across the length and breadth of the country every year. Every city, every neighbourhood is ubiquitously decorated with national flags, buntings, balloons, available in all shapes and sizes. However, in all the excitement, these flags which just a day earlier fluttered high above ground, eventually find their way either strewn on the ground and sadly trampled under-foot or pitifully hanging from a stick, torn. The sight is not only painful but adds insult to our national pride.

To mitigate the risk of disrespect to the kaumi parcham (national flag), IMC for the fourth year running, initiated a drive to rescue such flags. On the morning of 15th August, under the slogan "Respect Our Nations Pride", a team of around 50 IMC employees under company's **Employee** Volunteering Program, set out to gather these strewn flags and buntings, littered around the city's roads and open spaces, travelling along pre-determined routes. The group, prominent in their two-toned t-shirts, inspired by the national flag and navy blue baseball caps - designed in-house by the Head of CSR & Media Management - with Toyota

lent an air of solidarity.



The activity garnered quite a bit of attention with citizens joining in as did the law enforcement personnel. The entire group converged at the Clock Tower on Clifton Beach, Karachi, where the team with the biggest haul, was declared the winner. Staying mindful of the company's Safety First policy, the team engaged in the activity strictly following safety protocols against protection of COVID-19 pandemic.

#### **Pakistan Climate Conference 2022**

#### **Reducing Emissions & Increasing Renewable Energy**

he Pakistan Climate Conference 2022 was organized on March 16th, 2022 by the OICCI. The core purpose of the Pakistan Climate Conference 2022 was to bring together the global climate experts, corporate decision-makers, and policymakers to share the learnings and to help Pakistan meet the global climate commitments and ensure the sustainability of Pakistan's economy. The best practices and positive climate action of OICCI member companies were showcased. IMC, Chief Executive, Mr. Ali Asghar Jamali, participated in panel discussion on the subject.





The happy children of *Nadee Goth* from the Hindu community, newly admited to TCF School under IMC's **Toyota Goth Education Program** 



#### **Our PEOPLE**

ur brand strength and exceptional performance over the years manifest our people's skills, passion, and commitment. Their knowledge, skillset and extensive experience help us to achieve our corporate objective and meet our customers' expectations.

The increased competition in the marketplace has amplified the need for a skilled, trained, and diversified workforce to deliver sustained healthy returns and maintain brand leadership in the

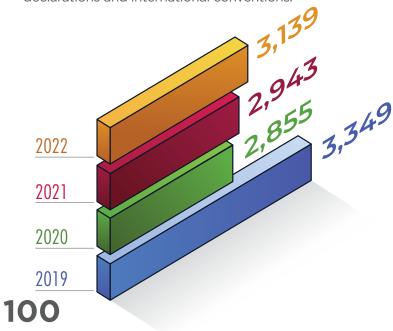
competitive provide our workforce where backgrounds and with beliefs are valued and their maximum strategy Resource suitable people, healthy environment successfully showcase Resource initiatives are commitment to improvement towards which requires every the team and to be Toyota Way - to capacity, knowledge



automobile market. enabling workplace to people from different different ideas and motivated to deliver to potential. Our Human focuses on attracting providing them with a and training them to their abilities. Human guided by Kaizen, a continuous business growth team member to join trained to practice the develop our workforce and skills. The material

topics discussed in this section are identified on the basis of stakeholders' engagement and the impact of our operations. These are listed on page 44 which also shows the impact on the basis of which these topics have been categorized as material.

The responsibility for implementing policies and reviewing the performance of labour practices and human rights at IMC rests with the Head of HR. The Safety, Health and Environment department is responsible for monitoring and ensuring health and safety and safe working conditions at IMC. We regularly review the policies and practices of labour, human rights and health and safety through meetings at the unit level, function level, department level and Company level. Our performance is externally reviewed through safety audits and certification of systems and required changes are made in policies and procedures based on the results of the reviews. During the year, we remained committed to ensuring that our operations follow, protect and respect labour standards, human rights laws, declarations and international conventions.



## **Workforce**Profile

Our workforce figures are for the year ended June 30, 2022.

#### Workforce by Employment Contract - by Gender

	Male	Female	Total
Permanent	2,031	55	2,086
Temporary	1,052	1	1,053
Total	3,083	56	3,139

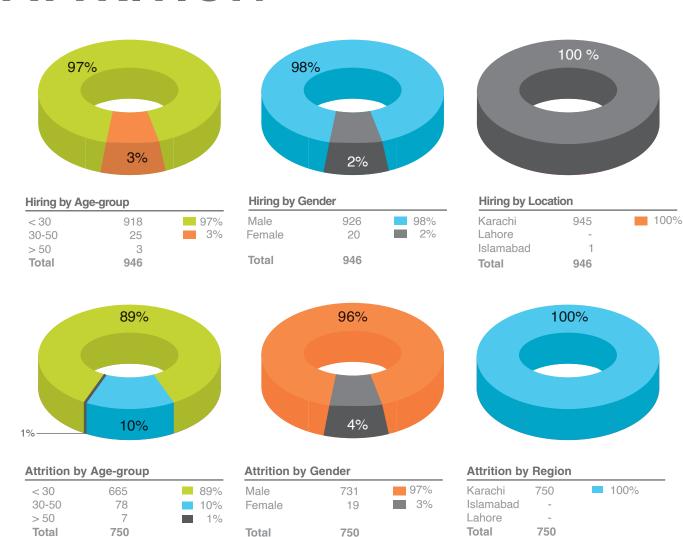
#### Workforce by Employment Type, by Gender

	Male	Female	Total
Full-time	3,083	56	3,139
Part-time	-	-	-
Total	3,083	56	3,139

#### Workforce by Employment Contract, by Region

	Permanent Temporary		Total
Karachi	2,061	1,053	3,114
Islamabad	10	-	10
Lahore	15	-	15
Total	2,086	1,053	3,139

## Hiring & ATTRITION



The figures for hiring and attrition relate to the financial year 2022. The hiring and turnover rates were 30 % and -24% compared to the hiring and turnover rates of 29.32% and 11.45% in the previous year. The hiring and attrition ratios are in accordance with industry ratios.



#### **Employees'** Satisfaction



ur Human Resource strategy focuses on the provision of a productive and safe work environment. Employee engagement is carried out on a regular basis to measure employees' satisfaction and identify areas of improvement to meet the objectives of providing decent working conditions and recreational activities to employees. The details of engagement with employees are available on Page 41 "Stakeholder Engagement".

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

IMC provides a comfortable workplace with the objective to enhance workforce productivity and has installed a spot-cooling system at its plant, making IMC the only plant in Pakistan to do so. IMC's leadership position in ensuring decent working conditions for its workforce is acknowledged by the Pakistan Business Council which has nominated IMC as a leader for SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". Under this program, IMC will share the best practices with peer companies to inspire the industry for meeting SDG 8 targets and ensuring decent working conditions. Refer to page 31 for further details of this initiative.

IMC complies with the applicable laws, regulations, and international charters in the areas of employment practices, labor practices, and human rights. Workers are free to form associations for representing them in collective bargaining with the management as per applicable laws. 32.3 % of our workforce is covered by the Collective Bargaining Agreement (CBA). Employees are informed about any operational changes affecting them well before time. However, the notice period is not mentioned in the agreement. Our operations are free of child labor and forced or compulsory labor. Our supply chain partners also comply with the applicable laws in these areas and no non-compliance was reported at our supply chain partners.

IMC is a signatory to UNGC's "Ten Principles" and has a strict policy to curb corrupt practices in its operations and

relationship with its supply chain partners. The new workers are briefed on anti-corruption policies and procedures during orientation sessions. Moreover, training on the Code of Conduct, which includes anti-corruption policies, is regularly carried out throughout the year for management and workers. The policy on anti-corruption is communicated to supply chain partners as a part of the code of conduct for suppliers. We provide competitive market-based salaries and benefits to our workforce, enabling them to deliver to their full potential. Our ratio of basic salary and remuneration of women to men is 1:1 as the salary is based on merit only. IMC does not discriminate between workers on the basis of gender, religion, and association and no incident of discrimination was reported during the year.



On the occasion of achieving the 1 Million line-off milestone, IMC distributed notorbikes to all employees who have served the company for 10 or more years. A total of 970 employees were recognized by IMC for their dedicated service.

	Benefits	Management	Staff
	Life Insurance	Yes	Yes
	Healthcare	100%	100%
E	Disability/invalidity coverage	Yes	Yes
	Retirement provision	Yes	Yes
	Nutrient dense meal	Yes	Yes
	Air-conditioned pick and drop	Yes	Yes

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

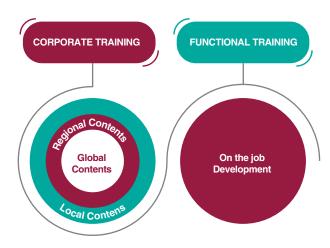
#### **Employees'** Financial Assistance

TOYOTA

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

#### **Training** & Education

skilled and trained workforce is critical for our business success and producing high-quality vehicles. Endowing the workforce with the required level of skills requires extensive training and technical education. 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.



Focused on learning and development to:

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

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

Training targets both technical and soft side competencies which help our employees not only to equip themselves with required skills but also decision-making capabilities. Our Inter-Company Transfer (ICT) program, involves assigning IMC employees to Toyota affiliates in Japan, Thailand, and Singapore and also the other way around.



The Inter-Company Transfer program helps in employees' development and value addition to the Company through knowledge and skills gained during their relocation to overseas operations. It provides employees with an enriching platform to learn in a new environment while also demonstrating their skills in regional Toyota setups in a multicultural environment. Encouraging feedback has been received on the performance of employees in the ICT programs, indicating the skill and ability of the Pakistani workforce as well as the IMC culture and system.

To ensure smooth operations, maintain the brand leadership position, and continuous delivery of healthy returns, the right blend of the trained and experienced workforce is critical. Our training and development programs supplement our approach to succession planning and ensure the achievement of our corporate objectives. We conduct regular reviews against defined objectives to ensure the effectiveness of training and identify the areas for improvement. All our employees receive regular performance and career development reviews.

Training 102,000+ man-hours

Average training hours per employee

32.57

During this year, 102,238 man-hours were spent on training compared to 126,383 man-hours spent in 2021.

#### **Apprenticeship** Program

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



#### **Health** & Safety

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

Safety is a top priority at IMC and we are and strengthening a safety culture within our supply chain partners.

Safety culture at IMC is practised 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 the IMC plant committed to creating participate in regular safety circles (focus groups). The work-related hazards are identified through viewpoints, guidelines, and audits. Moreover, workers are encouraged on a routine basis to participate in group-based activities of HIRA (Hazard our operations and in Identification and Risk Assessment). Competitions are arranged and winners of the activity are awarded, while selected themes are shared globally within Toyota. Moreover, training for hazards identification (KY Training) is provided to all employees and refreshers are also conducted to refresh their knowledge.

The S.H.E. Department and shop safety window persons perform the risk assessment on shop processes. The hierarchy of controls is applied to eliminate safety hazards from processes. Workers can report work-related hazards and hazardous situations to the immediate supervisor of the shop through Hiyari Hatto (Near Miss Reporting), under which members submit hazards-related information on a monthly basis to the S.H.E.

Department and get incentives for best hazards identification. Our safety principle from IMC Safety Policy empowers all employees to stop any unsafe job or act. No reprisals are made against workers for stopping work. An accident investigation SOP, Genba, is performed to make an accident investigation report. The report is shared companywide and with other affiliates to learn reflection so that recurrence can be avoided. Toyota's management tools are used to improve and enhance safety within operations. We believe in KAIZEN and continuously look for further improvement. The activity of JISHUKEN (identification of areas requiring ongoing focus) helps to stimulate KAIZEN. The workers are trained on occupational health and safety through organizing regular training. The training includes Basic Safety Awareness, Safety DOJO (Accidents Simulators), KY (Hazards Identification), Work at Height, LOTO, Low Voltage, Driving Safety, etc.



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



#### **2022 Trainings**

- Basic Safety & Environment Awareness
  - Work at Height
  - Low Voltage Electrical Work
  - Construction Safety Management
    - Ergonomics Evaluation
    - 5S Awareness Session
    - Chemical Spillage Control
      - Fire Fighting

#### **Health &** Safety Committees

he Health and Safety culture is strengthened through health and safety committees. These committees include representatives from employees and management and cover all workforce. The safety committee meetings are held regularly at various levels where issues related to health and safety are discussed and actions to improve health and safety conditions are taken as per need. The following meetings are organized on a daily, bi-monthly, and monthly basis.

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

To create awareness about safety, monthly safety bulletins are circulated companywide, safety instructions are displayed on canteen LED and Top Management campaigns (Mass Awareness) are regularly carried out.

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

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

#### Safety Month 2022

Safety Month is observed each year in April to reinforce the commitment to safety. During the whole month, various activities - safety walks, safety audits and training, including firefighting training, fire simulation evacuation drills, screening of safety videos and awareness sessions - are organized. Moreover, during the month, special safety audits are carried out to check compliance with policies and procedures to enforce the safety system. Competitions are also organized to encourage members for executing safety KAIZENs in their processes.

Injury Rate	2022	2021	2020	2019	2018	2017
LWD	0.0	0.0	0.0	0.0	0.0	0.2
NLWD	0.48	0.47	0.5	0.5	0.3	0.7

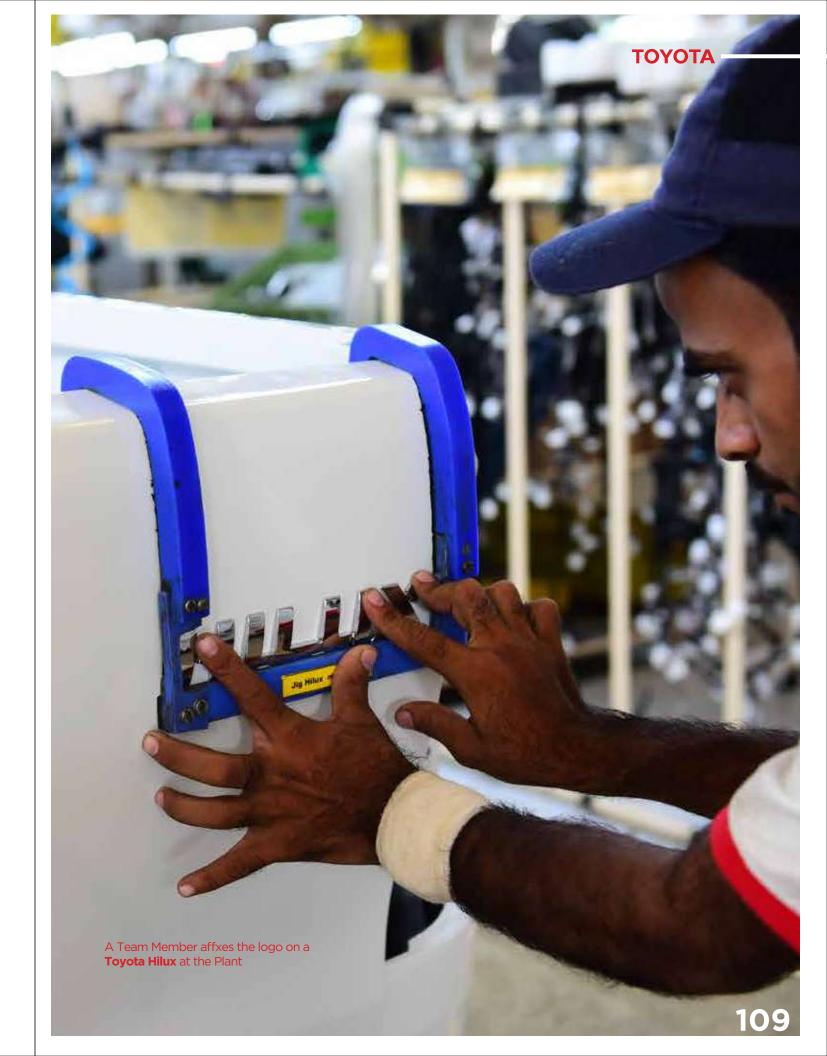
In line with our commitment to the health and safety of our workforce and operations, no Lost Work Day (LWD) injury occurred during the year. Minor Non-Lost Work Day (NLWD) injuries occurred. All Non-Loss Work Day injuries occurred in non-production areas. The NLWD consists of sharp parts handling and processing related cut injuries. These hazards are addressed by multiple measures including cut-resistant PPEs, sharp edge interference elimination and safety guards. IMC does not record loss workday injury and Non-Loss Work day injury for contractors. Toyota global safety standards (Safety-PMRs) are used to record injuries. IMC does not take into account First Aid cases in calculating injury rate and as per the direction of Toyota Motor Corporation, we monitor and take quick action for first-aid cases. However, fatalities are included in the injury rate. Lost day calculation takes into account the workday schedule and the count begins on the day after the incident.

The work-related hazards posing a risk of high-consequence injury are fire, machine injury, and cut injury hazards. These hazards are identified through internal fire and machine risk assessment audits, external fire risk assessment by external auditors, 4RKY participation activity of shops, routes and risk assessment for driving safety, process safety audit, viewpoints, and HRD. IMC organizes competition amongst shop workers in the safety month for the best 4RKY (HAZARDS) identification. The participants are awarded cash rewards and a trophy is given for the best hazard identification.

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

#### **4S + Discipline** Management System

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



## **COMMUNITIES**









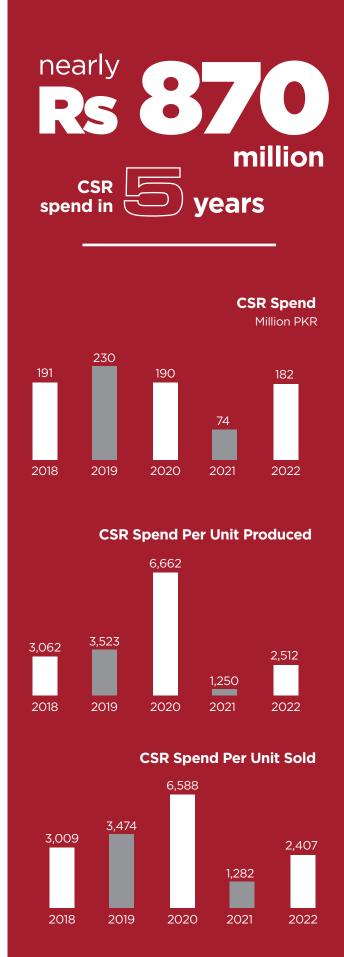




ur success as a leading automobile brand in Pakistan is gauged by economic returns, meeting customers' expectations and our role as a responsible corporate citizen taking care of communities and investing in the country's socio-economic development. Our work in communities is focused on improving and uplifting our societies not only through our mobility products but also through our activities and investments in the areas of education, health sports, skill development and customer safety. Toyota's Guiding Principles and CSR Policy guide our CSR Polic to pursue social contribution activities that help strengthen communities and contribute to the enrichment of society. The IMC CSR Policy also takes a lead from Toyota's Global Vision of enriching lives around the world through the concept of monozukuri (production), creating jobs, developing people, and contributing to society.

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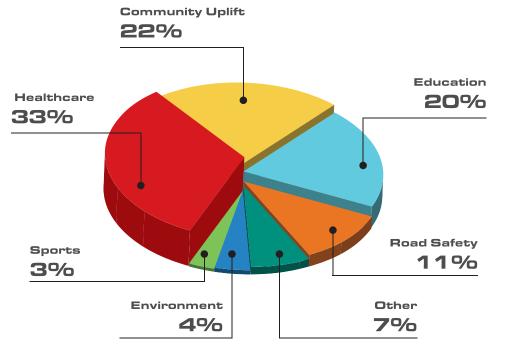
Our CSR activities are planned on the basis of need assessment of the communities and input from the non-profit associations in defined areas. A senior management executive supported by a team is responsible for need assessment, program design, implementation, and sustainability of the intervention in defined areas. The plant-site community is engaged regularly to understand the requirements and identify the areas for possible intervention. The identified programs are reviewed in line with Company's CSR policy. The CSR function with the support of the Administration department ensures smooth implementation of the programs. The monitoring of CSR activities is carried out regularly and the results are reviewed against defined objectives and relevant adjustments are carried out. No impact assessment of the interventions was conducted during the year. Based on our work with communities, we have determined that there was no significant actual or potential negative impact of our operations in local communities around the plant site. IMC annually contributes 1% of its pretax profit of the preceding year towards community investment.

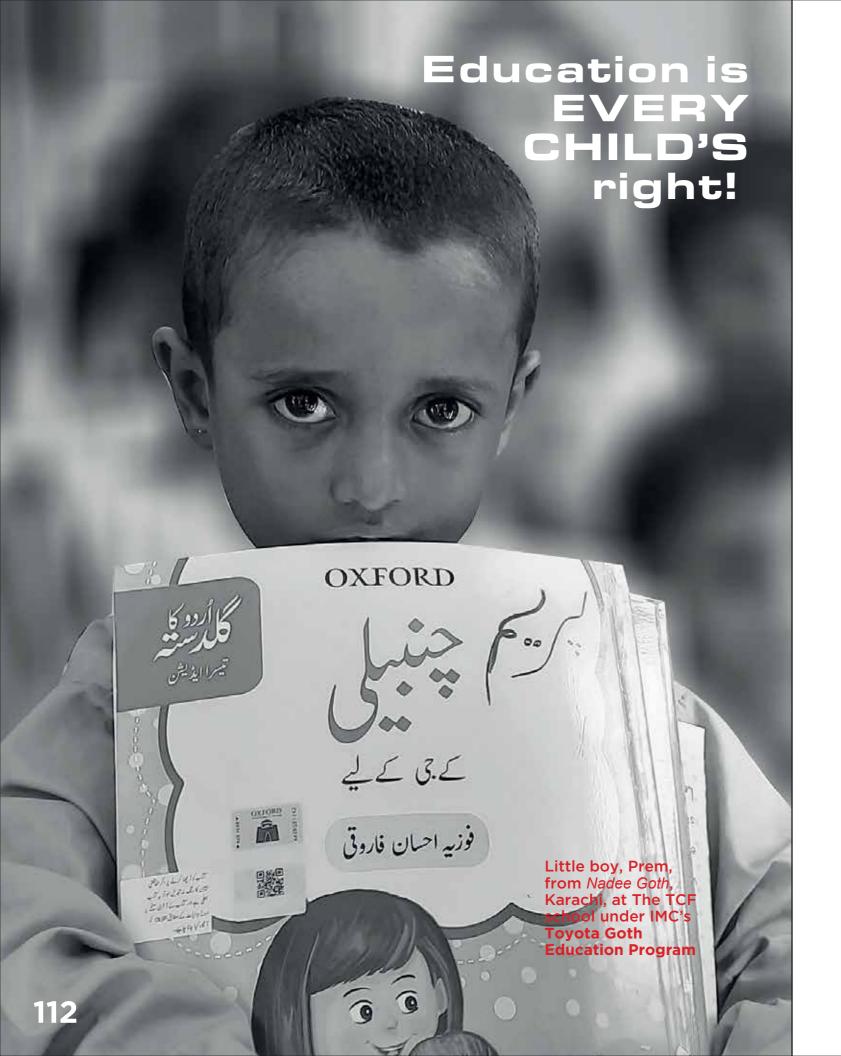


#### For the Happiness of Someone Other Than Ourselves 99

FY 2022 Spend







#### Education

ducation is a leading determinant of economic growth, employment, earnings, and healthy and peaceful societies. It benefits through increased earnings resulting in reduced poverty levels, crimes and bringing prosperity. Our contributions in this area are focused on the provision of basic education to the children of underprivileged communities, promotion of technology through support to students in pursuing their technological ambitions. It also encompasses partnering with different institutions for bringing academic excellence through higher education that broadens students' intellectual horizons, harnesses their leadership potential, and helps them learn to appreciate diverse perspectives. We invest in innovative and sustainable education programs that connect students with classroom learning and real-world applications.

The out-of-school children especially in underprivileged communities are alarming and are burdening the national economy in the form of unskilled workers. To play its part, IMC partnered with The Citizens Foundation (TCF) for imparting quality education from the grassroots level on the outskirts of Muzaffargarh and Hyderabad and also to its neighbouring communities around the plant site. IMC is also making contributions to bringing academic excellence in higher studies and has been regularly supporting Habib University.

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

### Partnering with The Citizens Foundation

he Citizens Foundation (TCF) is engaged in building and running schools and in providing primary and secondary education to boys and girls in rural areas and urban slums of Pakistan. It is one of the largest privately-owned networks of low-cost formal schools in Pakistan. IMC has contributed to the noble cause by supporting two school campuses which were built at Muzaffargarh and Hyderabad. These campuses are imparting education to over 1,140 students and generating employment for the local people. IMC supports these campuses by bearing operational expenses through providing an endowment fund as well as supporting annual contributions. During this year, IMC has released Rs. 3.5 million to TCF towards operational expenses of the campuses. Moreover, IMC has contributed a total amount of Rs. 92 million towards the TCF Endowment Fund for meeting the annual expenses of their campuses, including the campus at Orangi Town, Karachi.

Total Contribution To
TCF Endowment Fund





#### **Toyota Goth Education Program**



instituted the Toyota Goth Education Program (T-GEP) in 2008 under its Neighbouring **Community Uplifting Program**. The objective was to provide full financial support for elementary and secondary school education to out-of-school children from economically disadvantaged communities living in 'goths' (villages) neighbouring IMC. IMC partnered with The Citizens Foundation (TCF) to run these schools and impart quality education to these children from the grass-root level. Nurturing their dream for 15 years, the program has gradually expanded its area of operations and scope of classes. The program has resulted in significantly improving the living standard and way of thinking and, above all, it has helped in eliminating the long tradition of

early marriage of girls in the neighbouring communities. There are currently 300 students enrolled under T-GEP, studying at five TCF campuses located in the neighbouring vicinity.

During the year, on International Literacy Day, IMC under its flagship Toyota Goth Education Program, run in partnership with The Citizens Foundation, enrolled 50 out-of-school children from the Hindu community, living at Nadi Goth, a village neighbouring the company and supported by it. During the year, IMC donated in total Rs. 4.5 million to Ghulaman-e-Abbas Education & Medical Trust, Habib Education Trust, Karachi, Mohamedali Habib Welfare Trust, Karachi to provide quality education to all sectors of society.

### Stimulating Technical Education **Toyota - Technical Education Program**

oyota - Technical Education Program (T-TEP) is Toyota Motor Corporation's flagship program to support its worldwide affiliates to train and develop human resources in their local communities by establishing a long-term affiliation with running vocational institutes. The objective is to provide Service-to-Society by familiarizing the young generation with the latest automobile technology, creating employment opportunities, and also to bridge the gap of trained automobile technicians in the country.





4,397 employed graduates

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

## INTERNATIONAL & September LITERACY DAY



**On International Literacy Day,** IMC under its flagship **Toyota Goth Education Program**, run in partnership with The Citizens Foundation, enrolled 50 children from the Hindu community, living at Nadi Goth, one of the six impoverished villages neighbouring the company and supported by it.

#### 1,100+students enrolled

Nadi Goth ('goth' is Sindhi for village) is an impoverished village with around 150 families residing there, mostly inhabited by the Hindu community. Owing to their meagre means of livelihood, parents are unable to send their kids to school. A gemba (Japanese term meaning, the real or actual place) by IMCs CSR Team to the village and interactions with the residents, including kids, revealed that parents were keen to get their kids - girls in particular - educated.



IMC instituted the Toyota Goth Education Program (T-GEP) in 2008 under its **Neighbouring Community Uplifting Program** with the objective to provide full financial support for elementary and secondary school education to out-of-school children from economically disadvantaged communities living in villages neighbouring IMC. To run the program, IMC partnered with The Citizens Foundation (TCF) for imparting quality education to these children from grass-root level.

There are currently 300 students enrolled under T-GEP, studying at five TCF campuses located in the neighbouring vicinity.

## INTERNATIONAL DAY OF EDUCATION

Right to education is every human's right and we believe that obtaining quality education is the foundation to improving people's lives and sustainable development. It is by far the only game changer for our country. With this belief, Indus Motors flagship, Toyota Goth Education Program, run in tandem with The Citizens Foundation for the 13th year running, is committed to provide an opportunity and transform underprivileged communities through quality education, at grass-root level.



On this 4<sup>th</sup> **International Day of Education**, the **Rung De 25** project, the brain-child of a group of fourteen young girls and boys, is a remarkable endeavor to uplift through education, their humble fishing village of *Goth Mamum Mallah*, situated in the close vicinity of IMC. The Markhor - Pakistan's first wilderness-based leadership program for the youth - and **Toyota 55 Philosophy** both played a pivotal role to kick-start this project, striving to bring a positive change for a cleaner, greener, healthier, and sustainable environment. It is their way of giving back to their community through this *social action initiative*.

The Rang De 25 project is a culmination of the foresight, resilience and passion of all those involved, who collectively worked towards uplifting and educating the individuals of Goth Mamum Mallah.

The Rung De 25 project is captured on video and uploaded to IMCs Facebook page and Youtube too. We want to give out a special thanks to our partners, Youth Impact, United Nations Association of Pakistan and Kaizen Paint, for their cooperation on the project. <a href="https://fb.watch/dnrFBCdwX/">https://fb.watch/dnrFBCdwX/</a>

#### Youth Leadership Conference



Obtaining quality
education is the
foundation to improving
peoples' lives and
sustainable development

he Markhor, is Pakistan's first wilderness-based Youth Leadership Conference run by the award-winning not-for-profit organization, Youth Impact, which is the brain-child of its founder, Abdul Samad Khan. The Markhor Conference is a five-day, all outdoors program held at an off-the-beaten track location, usually around March/April every year.

The autumn setting for the Markhor 2021 was the vividly breath-taking and picturesque Manoor Valley, snuggled 8,500 feet above sea level in Kaghan, KPK.

Group diversity is Markhor's unique stamp. To see the 70+ young kids, belonging to different regions, religions and socio-economic backgrounds, in their full element, was a visual treat.

**TOYOTA** 

Social

Contribution

The elaborate themes were #WorldofPossibilities and #ItsTheTime, which focused on how leadership and management methodologies were forced to evolve and adapt in the face of challenges the COVID-19 pandemic brought on.

IMC has been a regular sponsor for the Markhor since 2014, however, this was the second consecutive year that IMC has sponsored students studying under its flagship Toyota Goth Education Program (T-GEP) - run in tandem with The Citizens Foundation since 2008 which functions under the Neighbouring Community Uplift Program. This time it was a group of 10 students, eight of them girls, from economically disadvantaged communities, residing in Abdullah Goth, one of the villages neighbouring IMC and supported by it.



A moment to rejoice was when two of the five Markhor Icon winners, chosen by the young participants themselves, were from the T-GEP group.



Group diversity is
Markhor's unique stamp.
To see the 70+ young kids,
belonging to different
regions, religions and
socio-economic
backgrounds, in their full
element, was a visual treat



#### **Pakistan Road Safety** Conference

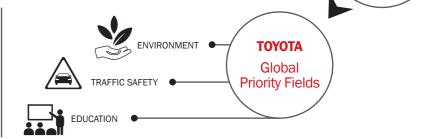


he Institute of Road Safety Traffic Environment Pakistan organized the 5th annual Pakistan Road Safety Conference on Nov 11, 2021 at Lahore. The Conference theme was "Road Safety for All - Saving Lives Together" and was co-hosted by the University of Engineering and Technology, Lahore. During the Conference flow, Experts' Consultation Session of various stakeholders was held, participated from government and semi-government departments, academia, Industry, Operator Companies, Consultants, Enforcement & Infrastructure departments, media, etc. The conference concluded with five recommendations with determination to continue collaboration nationwide on road safety.Indus Motor Company participated in the conference and supported as the Prime Sponsorship.

#### Road Safety, a Shared Responsibility

Traffic Safety is one of Global Priority Fields at TOYOTA

TOYOTAs ultimate goal is to reduce fatalities from traffic accidents to zero.



oyota's ultimate goal is to reduce fatalities from traffic accidents to zero. To realize this, in addition to developing safe vehicles, it is essential to educate people, namely, drivers and pedestrians, and to ensure safe traffic infrastructure such as roads and traffic equipment.

Striving toward a safe mobility society, Toyota believes it is important to promote an "Integrated Three Part Initiative," involving people, vehicles, and the traffic environment, as well as to pursue "Real-world Safety" by learning from real accident data and incorporating such knowledge into vehicle development.

Road safety is taking a serious turn in Pakistan and addressing it is surely, not any one person's job. It is a shared responsibility. That being said, in December 2021, as a first for Pakistan, IMC together with a group of leading private sector companies in Pakistan, signed a Coalition Charter with the International Road Federation (IRF), based in Switzerland - and supported by Total Energies Foundation - to use their combined knowledge and expertise to reduce road fatalities and injuries in the country. This initiative is rooted in the belief that one road crash victim is one too many.

IRF in Geneva. IMC CEO, signed the Charter along with the other CEOs/MDs. The project aims to mobilise and federate private sector stakeholders to support road safety efforts in Pakistan and to substantially improve road safety via hands-on, impact-oriented and scalable activities.

#### one road crash victim is one too many

According to WHO, most road crashes occur in developing countries where road transport constitutes one of the leading causes of death. In recognition of this global crisis, the United Nations has declared the years 2021 to 2030 as the new Decade of Action for

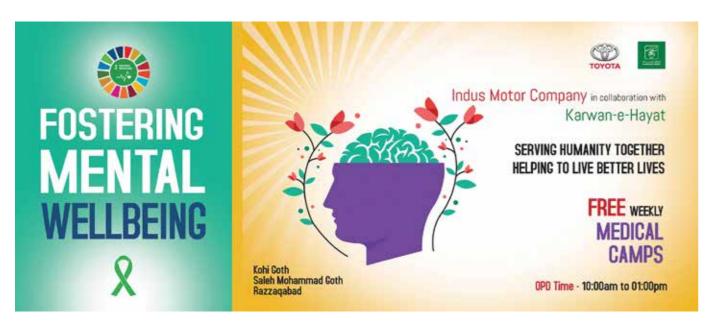


Road Safety, setting the ambitious target of reducing road traffic deaths and injuries by at least 50%. The United Nations have urged all stakeholders, including business leaders, to support the implementation thereof. Besides Pakistan, IRF has already launched a private sector coalition in Tanzania this year and is currently working on the launch in Morocco.

#### **Health** Initiatives

ealthy societies are vital for a productive workforce, gender equality, peace and stability, economic development, and prosperity. Our health care initiatives are designed to ensure healthy and safe societies to reduce the burden on the national healthcare system. Taking into consideration these imperatives, our interventions in this field focus on the provision of basic health facilities to theneighbouring underprivileged communities at their doorstep and support **SDG-3 Good Health and Well-Being**. In addition to our health initiatives for communities, we regularly donate to hospitals, blood banks, and other healthcare institutions which provide life-care and healthcare services to the underprivileged.

### 



Mental health is the most neglected and under-served area of public health. The dearth of basic understanding of psychiatric disorders coupled with the social stigma attached to it, sadly prevents people from seeking the care they need. In a country of 220 million, Pakistan has only five specialized mental institutions or one psychiatrist for 500,000 people.

On **World Mental Health Day**, IMC under its Neighbouring Community Uplifting Program, partnered with Karwan e Hayat, cementing the collaboration with an MoU for carrying out free psychological health-related camps for the economically disadvantaged communities. An important element of this arrangement is educating and creating better awareness on the importance of good mental health in the same way as we care for our physical health.

Karwan e Hayat, a not-for-profit institution, is the country's largest psychiatric care hospital and for the last four decades has been at the fore-front in providing quality psychiatric and rehabilitation services to the most neglected, mentally ill patients in Pakistan, at absolutely no cost.

Since 2016, IMC has been extending psychiatric medical services - free of cost - to the underserved communities, residing in six villages located in the company's vicinity and supported by it.



## WORLD SIGHT 13 October DAY



n World Sight Day this year, Indus Motor Company (IMC) pledged to fight childhood blindness in Pakistan. Fast forward December 2021, IMC and Al-Ibrahim Eye Hospital (AIEH), sealed the alliance by signing an MoU, at the company's head office at Port Qasim.

The Childhood Blindness Prevention Program functioning under IMCs Neighbouring Community Uplift Program, aims to mitigate the risk of blindness and visual impairment, pervasive amongst both school going and out-of-school children belonging to low socio-economic communities, residing in adjoining villages supported by the company.

The free vision screening camps, were setup at The Citizens Foundation schools, where children from these villages study under IMCs Toyota Goth Education Program. For out of school children, camps were setup at the villages. Post screening, children with refractive error were provided free spectacles and medicines wherever needed, whilst patients requiring further treatment/surgery were referred to AIEH.







15 awareness sessions







The two exciting aspects of this collaboration with AIEH, is capacity building and more importantly, creating awareness of childhood vision impairment, which will have far reaching results in the communities.

#### Weekly Free **Medical Camps**

ree Medical Camps are being organized three times a week on a regular basis to provide basic health care treatment to theneighbouringunderprivileged community. In 2020, the Saylani Welfare Trust was entrusted to run the Medical Camps with additional facilities for Blood Sugar Tests, Blood Pressure Tests, and referring serious patients to hospitals on its panel. During the year, more than 17,000 patients were treated for various seasonal illnesses such as Respiratory Tract Infection, Gastroenteritis and other general health problems arising from lack of immunity. The medicines were distributed free of cost.

17,000 patients treated

#### Weekly Free Food Distribution

Hunger is one of the major challenges faced by humanity. It results in unhealthy societies, distortion in law and order and hampers economic activities. We understand our responsibility to play our part in solving this issue and supporting the needy communities. Our activities of ration distribution support **SDG-2 Zero Hunger** which seeks sustainable solutions to end hunger in all its forms and ensures that everyone everywhere has enough good quality food to lead a healthy life.



We have been supporting needy communities since the inception of our operations by providing cooked food at their doorstep and ration distribution in the month of Ramazan. The average number of beneficiaries under this program is around 20,000 households. In addition to supporting our communities, IMC through Saylani Welfare Dastarkhawn continued to support 110 persons every day by providing nutritious cooked food in Karachi and making donations to Safaid Posh Dastarkhawn. During the year, 110,718 persons benefited from Food and Ration program.

During the year

### 110,700+

#### persons benefited

Food and Rations Program

#### **Start Your Impossible**

Fostering opportunities - Realising a young mountaineer's dream

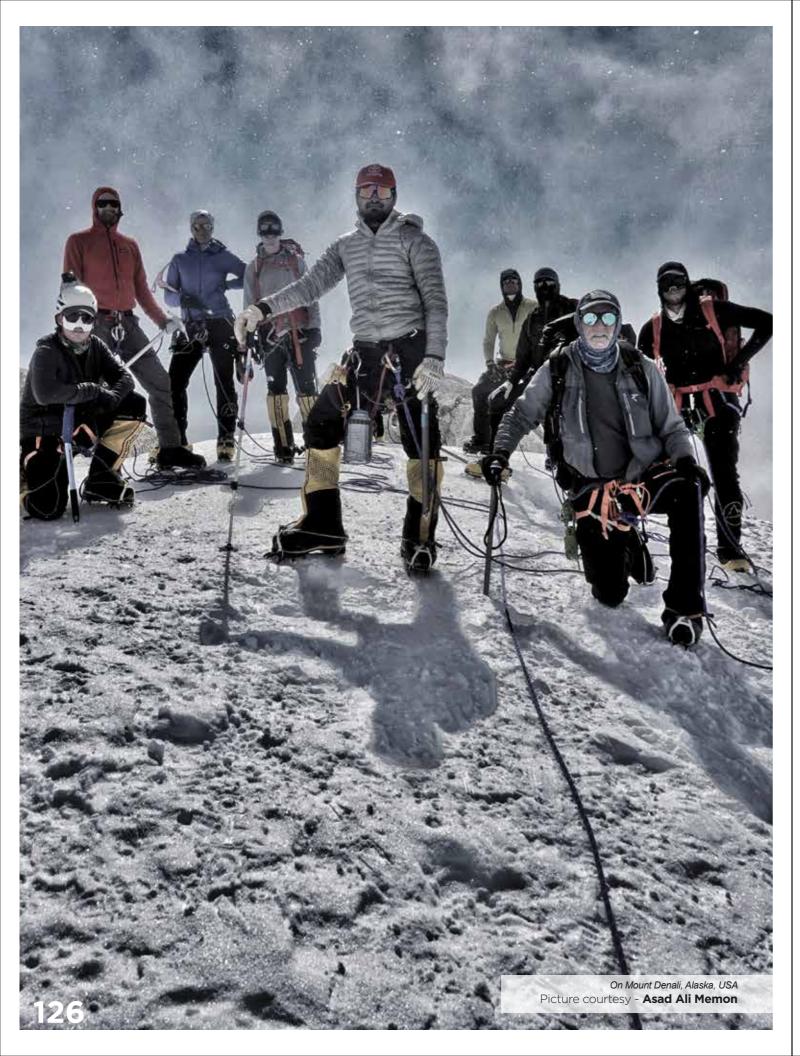


he 2030 Agenda for Sustainable Development acknowledges sport as an important enabler of sustainable development, recognizing the growing contribution of sport to the realization of development and peace in its promotion of tolerance and respect and the contributions that it makes to the Sustainable Development Goals.

In line with Toyota's transformational vision, Mobility for All and the creation of a more inclusive and sustainable society, IMC in its endeavor to foster opportunities for young talented individuals, sponsored a young emerging mountaineer from Larkana, Asad Ali Memon, in his quest to climb the world's highest mountains in each of the seven continents, known as the Seven Summits Challenge.

Sponsored by Indus Motor in May this year, the 24-year-old, Asad Ali successfully climbed the 6,190m Mount Denali in Alaska, USA, which is North America's highest peak. Of the total seven peaks, he has now summitted four. The earlier ones being the Elbrus in Europe in 2019, Aconcagua in South America in 2020 and Mount Kilimanjaro in Africa in 2021.

Since the start of his mountaineering career in 2016, Asad has climbed several peaks both in Pakistan and internationally. He has set a world record to be the first Pakistani and Asian to climb Mount Kilimanjaro and back, in 20 hours, which on an average takes anywhere between 6 and 10 days.



my vision is to promote extreme sports ie mountaineering as a key sport in Pakistan and help young people train and become professionals in this unexplored field of extreme sport

—— Asad Ali Memon

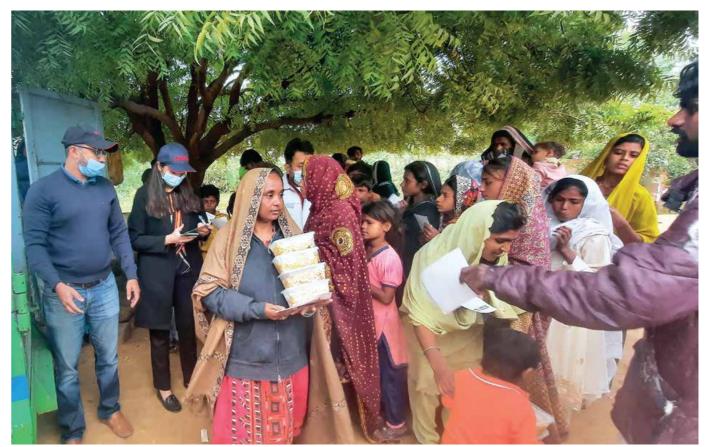
Once he has climbed the Seven Summits, he plans to attempt the 5 tallest peaks in Pakistan, including K2.



#### Employee Volunteering

oday, more and more customers like to do business with socially conscious organisations. Likewise, employees, potential hires, and especially younger workers increasingly want to work at companies that pursue diversity, equity and inclusion (DEI).

Volunteer experiences must be seen as meaningful in order to create a natural draw for employees. With this mind, IMC formulated a structured volunteering platform. The main objectives of the program are:



- Expand awareness of IMCs social contribution initiatives to a wider audience within IMC
- Sensitize employees to giving back to communities and provide a platform to engage
- Foster meaningful employee engagement
- Promote transparency and communication
- Help uplift brand image as a responsible corporate entity committed to giving

The Company's social contribution initiatives are focused on Toyota's three global priority fields i.e. education, environment conservation and traffic safety. In addition, healthcare, livelihood opportunities for the less privileged, sports, etc. are also some of the Company's social contribution areas. During the year, both management and nonmanagement employees actively participated in the social initiatives IMC undertakes.

To this end, IMC has partnered with several NGOs (not-for-profit organisations). Employees have the opportunity to volunteer time for any of the following social initiatives.

#### HEALTH

#### FREE MEDICAL CAMPS

**Partner** 



#### CHILDHOOD BLINDNESS PREVENTION PROGRAM

**Partner** 



FREE PSYCHIATRIC MEDICAL & AWARENESS CAMPS

**Partner** 



#### FREE FOOD DISTRIBUTION PROGRAM

**Partner** 





#### **EDUCATION**

#### TOYOTA GOTH EDUCATION PROGRAM

**Partner** 



#### **ROAD SAFETY**

#### PAKISTAN ROAD SAFETY COALITION

**Partner** 



#### **ENVIRONMENT**

#### TOYOTA 5S ECOLOGICAL CONSERVATION PROGRAM

**Partner** 



TOYOTA MILLION TREE PLANTATION PROGRAM

**Partner** 







### Giving Back to **Communities**





#### Rs 20,000,000

Second tranche against a Rs 60 million pledge for its under-construction facility at Karachi



#### Rs 17,000,000

Second tranche against a Rs 60 million pledge for its under-construction facility at Karachi



#### Rs 10,000,000

Second tranche against a Rs 60 million pledge for its under-construction facility at Karachi



#### Rs 6,500,000

Establishment of ChildLife Resuscitation Room - equipped with cutting-edge life-saving medical equipment - at the Children's ER (Emergency Room) at the Pakistan Institute of Medical Sciences (PIMS), Islamabad, providing Telemedicine support



#### Rs 5,000,000

For operational expenses



#### Rs 500,000

For operational expenses



#### Rs 500,000

For operational expenses





#### Rs 3,500,000

For operational expenses of TCF Indus Motor Company Campus I, Muzaffargarh. The facility has been constructed by Indus Motor Company



#### Rs 15,000,000

For Habib University's operations



#### Rs 15,000,000

For refurbishment of Toyota Gymnasium



#### Rs 1,800,000

Setting up Recycle Research Lab



Rs 1,000,000





#### Rs 1,400,000

Assistive Devices for HANDS Independent Living Centre



Rs 500,000



## The Way FORWARD

windling economic conditions on account of political instability coupled with massive currency devaluation and increased policy rates are posing a difficult time ahead for Pakistan's economy. Apart from the economic front, the increasing climate change risk resulting in heatwaves and massive rains and floods, geopolitical tension is expected to affect business globally. This difficult situation is posing risk to the growth strategies and testing business resilience strategies. However, weare fully committed to playing our role in economic development while taking guidance from the Toyota Vision, Guiding Principles and best practices in corporate governance and sustainability management.

This vear, the automobile witnessedincreased demand on account of positive economic indicators in the first half of the financial year. However, from March 2022 onwards the decreasing currency value along with a ban on imports resulted in reduced sales. The prevailing disruption in the global supply chain coupled with uncertain economic conditions is expected to result in delayed productionand delivery of vehicles. The sales are also expected to reduce in the coming year due to increased prices on account of the weaker Pakistan Rupee and the non-availability of parts.Despite of economic downturn and reduced sales, we aim to continuously make investments in clean technologies, energy resources and efficient energy management in line with the "Toyota Environmental Challenge 2050". Our investments will help us to reduce the environmental footprint of our operations and supply chain partners to meet our target of net zero impact.

In these difficult times, maintaining brand leadership and strengthening our capabilities, we count on our valuable human capital. We are committed to providing decent working conditions,keeping nourishing our workforce with training and education, providing market-based remunerations and benefits, as well as a safe, healthy and productive workplace to perform. Our supply chain partners help us in meeting our corporate objectives and achieving customer satisfaction. We are committed to supporting our supply chain partners by working to improve economic returns, providing guidance and training to manage their environmental footprint and making contributions for the benefit of society.

Transparency is vital for our success and relationships with our stakeholders. We are committed to continuing engagement with our stakeholders, working for the uplifting of our under-privileged communities through investment in education, health and livelihood generation, and promoting skill development and sports for healthier societies.

Moreover, we are committed to sharing our sustainability practices and impact with our stakeholders and keep following and supporting:

- Ten Principles" of the United Nations Global Compact
- Global Reporting Initiatives Sustainability Reporting Standards
- Sustainable Development Goals



## Establishing a Future Society in Harmony with Nature





## **M D**

### CONTENT INDEX

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

#### **KEY**

SR = 2022 Sustainability Report

Fully disclosed

AR = Annual Report 2022

Partially disclosed

Not disclosed

**OMISSION PAGE GRI STANDARD DISCLOSURE NUMBER (S) AND REASON GRI 101: FOUNDATION 2016** GRI 101 contains no disclosures. **GENERAL DISCLOSURES GRI 102: GENERAL DISCLOSURES 2016 ORGANIZATIONAL PROFILE** 102-1 Name of the organization 23 102-2 Activities, brands, products and services 23-25 23 102-3 Location of headquarters 102-4 Location of operations 23 102-5 Ownership and legal form 23 23 102-6 Markets served 23 102-7 Scale of the organization 102-8 Information on employees 101 and other workers 102-9 Supply chain 56 102-10 Significant changes to the organization and its supply chain 23 102-11 Precautionary Principle or 57 Approach 102-12 External initiatives 57 57 102-13 Membership of associations **STRATEGY** 102-14 Statement from senior decision-maker 17-19 **ETHICS AND INTEGRITY** 102-16 Values, principles, standards and norms of behavior 52-53 

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	103-2 The management approach		
	and its components	110	
	103-3 Evaluation of the		
	management approach	110	
			***************************************

GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	OMISSION AND REASON
GRI 413: LOCAL			
<b>COMMUNITIES 2016</b>	413-1 Operations with local		
	community engagement, impact		
	assessments and development		
	programs	111-130	
	413-2 Operations with significant		
	actual and potential negative impac	ets	
	on local communities	110	
MARKETING AND LABELING			
<b>GRI 103:MANAGEMENT</b>			
APPROACH 2016	103-1 Explanation of the material top	oic	
	and its boundaries	44	
	103-2 The management approach		
	and its components	80	
	103-3 Evaluation of the		
	management approach	80	
<b>GRI 417: MARKETING</b>			
AND LABELING 2016	417-1 Requirements for product and		
	service information and labeling	80	
	417-2 Incidents of non-compliance		
	concerning product and service		
	information and labeling	80	
	417-3 Incidents of non-compliance		
	concerning marketing communicati	ons 80	
COMPLIANCE			
<b>GRI 103: MANAGEMENT</b>			
APPROACH 2016	103-1 Explanation of the material		
	topic and its boundaries	44	
	103-2 The management approach a	nd	
	its components	56	
	103-3 Evaluation of the		
	management approach	56	
<b>GRI 307: ENVIRONMENTAL</b>			
COMPLIANCE 2016	307-1 Non-compliance with		
	environmental laws and regulations	85	
GRI 419: SOCIOECONOMIC			
COMPLIANCE 2016	419-1 Non-compliance with laws and	k	
	regulations in the social and		
	economic area	56	

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PRINCIPLE	STATEMENT	PAGE NO.	GRI STANDARDS DISCLOSURE
Principle 1	Businesses should support and respect the protection of internationally proclaimed		
D: : 1 0	human rights.	111-130	413-1, 413-2
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	75, 111-130	413-1, 414-1
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective		
	bargaining.	104	102-41, 402-1, 407-1
Principle 4	Businesses should uphold the elimination of all forms of forced and	10.4	400.4
Duin sinds E	compulsory labor.	104	409-1
Principle 5	Businesses should uphold the effective abolition of child labor.	104	408-1
Principle 6	Businesses should uphold elimination of discrimination in respect of employment		
	and occupation.	101, 104, 105	102-8, 401-1, 404-1, 404-3, 405-2, 406-1,
Principle 7	Businesses should support a		
	precautionary approach to		
	environmental challenges.	97, 88, 90, 92	301-1, 302-1, 303-1, 305-1, 305-6, 305-7
Principle 8	Businesses should undertake		
	initiatives to promote greater		
	environmental responsibility.	75, 85,	301-1, 301-2, 302-1,
		87, 88,	302-3, 302-4, 303-1,
		90, 92,	303-2, 303-3, 305-1,
		93, 94	305-4, 305-5,
			305-6, 305-7, 306-2,
			306-3, 306-4, 307-1, 308-1
Principle 9	Businesses should encourage the development and diffusion of		
	environmental-friendly technologies.	88, 90	302-4, 305-5
Principle 10	Businesses should work against corruption in all its forms, including extortion	n	
	and bribery.	52, 53, 63	102-16, 205-1, 205-2

#### SUSTAINABLE DEVELOPMENT **GOALS**

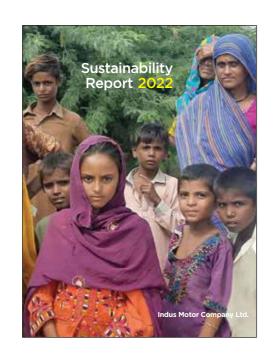
SDGs		PAGE NO.	GRI STANDARDS DISCLOSURE
1 MO POVERTY <b>市中市市</b>	End poverty in all its forms everywhere.	110	413-2
2 NO HUNSER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	110	413-2
3 GOOD HEALTH	Ensure healthy lives and promote well-being for all at all ages.	90, 93, 94, 104 107-108	305-1, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 203-2, 401-2, 403-6,
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning.	105	403-9, 403-10 404-1
5 GENDER EDUALITY	Achieve gender equality and empower all women and girls.	55, 75-101, 104, 105, 111, 130	102-22, 203-1, 401-1, 404-1, 404-3, 405-2, 406-1, 408-1, 409-1 414-1
CLEAM WATER AND SANITATION	Ensure access to water and sanitation for all.	92-94	303-1, 303-2, 303-3, 303-4, 303-5, 306-1, 306-2, 306-3
7 ENEWABLE ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.	88	302-1, 302-3, 302-4
8 DECENT WORK AND ECHRONIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all.	64, 74, 75, 87, 88, 93, 101, 104, 105, 106, 108	102-8, 102-41, 201-1, 204-1, 301-1, 301-2, 302-1, 302-3, 302-4, 401-1, 401-2, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5. 403-7, 403-8, 403-9, 403-10, 404-1, 404-3, 405-2, 407-1, 408-1, 409-1, 414-1
9 MULTIN MANUTER OF THE PROPERTY OF THE PROPER	Build resilient infrastructure, promote sustainable industrialization and foster innovation.	64, 111, 130	201-1, 203-1
10 HOROZE	Reduce inequality within and among countries.	101, 104, 105	102-8, 401-1, 404-1, 404-3, 405-2

## SUSTAINABLE DEVELOPMENT GOALS

SDGs		PAGE NO.	GRI STANDARDS DISCLOSURE
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable.	111-130	203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	74, 80, 87, 88, 90, 92, 94	204-1, 301-1, 301-2, 302-1, 302-3, 302-4, 303-1, 305-1, 305-6, 305-7, 306-2, 306-3, 306-4, 417-1
13 SUMATE	Take urgent action to combat climate change and its impacts.	88, 90	302-1, 302-3, 302-4, 305-1, 305-4, 305-5
14 UFF BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources.	90	305-1, 305-4, 305-5, 305-7
15 UF ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.	90, 94	305-1, 305-4, 305-5, 305-7, 306-3
16 PEACE JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful and inclusive societies.	52, 53, 55,56, 66, 63, 75, 80, 85, 104, 106, 108	102-16, 102-22, 205-1, 205-2, 307-1, 403-4, 403-9, 403-10, 406-1, 408-1, 414-1, 416-2, 417-2, 417-3, 419-1
17 PARTHERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	31	Not applicable

## GLOSSARY AND ACRONYMS

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



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