

Pollution... it could cost the earth



Hino Environmental & Social Report 2009-10

Hinopak Motors Limited



The glimpses of yearly activities





Scope of the

Report

Contents

The report describes Hinopak's environmental and social activities which include the reduction in environmental impact at each business level, from development and designing of our trucks and buses to procurement, production and logistics and finally to its sales, disposal or recycling.

Report Period

Though the report, generally describes initiatives taken during April 2009 to March 2010, some initiatives carried out until the report issuance time are included as well.

Reference

This report has been prepared with reference to The Hino Japan's Consolidated Environmental Management Systems Guidelines. We look forward to hear your impressions and comments about this report. It is also available on the Hinopak website www.hinopak.com in PDF format. Our website also provides information on Hinopak's environmental initiatives.

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Corporate Profile

Capital:

Rs.124.01 Million (as of March 31, 2010)

No. of Employees:

1201 (As of November 31, 2010)

Products:

Trucks, Buses, Special-purpose Vehicles,
Commercial Vehicles

Bus and Truck Chassis Production:

6000 Units / Year

Bus and Truck Superstructures Production:

1200 Units / Year

Management Systems:

ISO14001:2004 Certified

ISO9001:2000 Certified

OHSAS 18001:2007 Certified

Year	Rs. in Million
2001	1669
2002	3078
2003	4261
2004	5522
2005	6368
2006	6392
2007	7827
2008-2009	12151
2009-2010	11128

Head Office and Plants

Head Office and Assembly Operation Plant

D-2, S.I.T.E., Manghopir Road, Karachi-75700, Pakistan.

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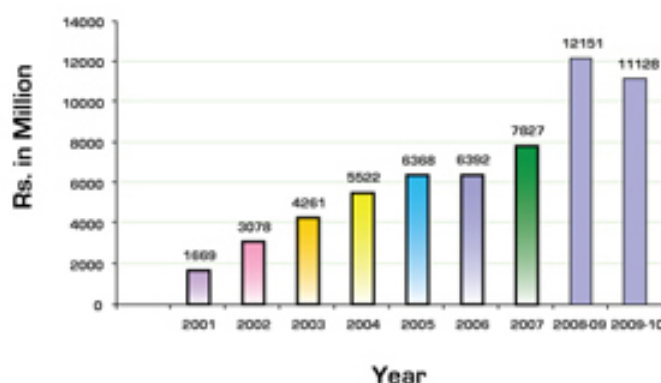
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Area Offices in other cities

Karachi | Lahore | Islamabad | Peshawar | Multan | Faisalabad | Quetta

Net Sales





All environmental issues are important ...

A Global Perspective

Some are more important than others

This year has seen the world struggle with a range of environmental and humanitarian challenges, including floods in Pakistan, landslides in China, wildfires in Russia and an oil spill in the Gulf of Mexico.

In order to identify regional environmental challenges, UNEP conducted a series of consultations in Africa, Asia-Pacific, North America, West Asia, Latin America and Europe. All the discussions show consistent themes and concerns across the regions on the need for environmental governance, sustainable water-use plans and the need to protect biodiversity and support renewable energy.

Consultations in the Asia and Pacific region identified some effective policies for addressing environmental issues, including policies in watershed management; financial mechanism, such as cap-and-trade systems, and crop insurance schemes in the agricultural sector. These discussions highlighted the importance of aligning developmental and environmental goals, noting that improved food security and sustainable development is crucial for preventing environmental degradation.

North America's regional consultations saw policy-makers identifying sustainable development and poverty eradication as top priorities with the goal of advancing the concept of a Green Economy that will support new technologies as well as introduce new jobs.

In Latin America and Africa, the consultations emphasized the need to minimize drought, desertification and flood effects (specifically natural disasters) as a key priority and called for the need for more conservation and sustainable use of coastal and marine ecosystems.

In Europe, air pollution and air quality emerged as top priorities, seeking solutions for successful policies which facilitate integration between air pollution and climate change policies. There is also a concern over chemical and waste management issues in Europe, issues of responsibility outside its borders, water contamination among others.

Ultimately, all these discussions spotlighted environmental themes that will be used to identify tangible, region-specific action plans that can inform progressive and sustainable environmental governance and responsible decision-making from the policy level to the individual level.

(Abstract of an Article from UNEP)





All environmental issues are important ...

A Local Perspective

Climate change, human failing behind Pakistan floods

Wed, Sep - 1, 2010 By Rebecca Conway

ISLAMABAD (Reuters) - Global warming might be one explanation for Pakistan's devastating floods, but scientists believe poor land management, outdated irrigation systems and logging are at least as much to blame.

Flooding has battered Pakistan since the onset of heavy monsoon rains a month ago, affecting a wide central belt.

More than 1,600 people have died and more than 6 million are homeless, according to the U.N. The total population affected is at least 17 million.

Water covers a fifth of the country - an area the size of Italy - much of which is agricultural. At least 3.2 million hectares (7.9 million acres) - about 14 percent of Pakistan's entire cultivated land, have been damaged.

A major factor that led to the massive flooding is illegal logging in the northwest province of Khyber Pakhtunkhwa, experts said.

Jamshed Ali, Secretary-General of Sarhad Awami Forestry Ittehad (SAFI), an organisation meant to protect forests in the province, said in parts of Malakand district more than 70 per cent of forests had been felled by a well-connected "timber mafia" that was difficult to stop.

In the militant-infested Swat region, the Taliban were behind much of the illegal logging, he said. The lack of trees leads to soil erosion and exhaustion because tree roots help bind soil, naturally retaining water.

Over-grazing by livestock - common in rural Pakistan - can also remove layers of topsoil and stunt plant growth, reducing the soil's ability to hold water, said Asad Jarwar Gureshi of the International Water Management Institute.

Abdul Gadir Rafiq of the United Nations Development Programme says without vital topsoil, flash-flooding in northern, mountainous areas can result, sending silt downstream which then reduces the amount of water the river channel can hold.

Diverting the Indus through irrigation channels to increase land for agriculture, may have further contributed to the human toll because it encouraged people to build closer to or even in the river channel.

"We need to clear the river channels of silt every four to five years and stop people living within a kilometre of the river channel. There are irrigation channels built using techniques from the 18th century. We need to react to the present-day," Gureshi said. **UNUSUAL WEATHER PATTERNS**

Extreme weather patterns may also have played a part, another expert said.

Just ahead of the floods, warm temperatures normally experienced across the Middle East were felt over Russia. Ghassem Asrar, director of the World Climate Research Programme, said. To the east, heavy monsoon rains overwhelmed the ground's ability to absorb them.

Asrar said warming over the Indian Ocean may have increased evaporation rates and water in the air, encouraging a period of more intense rainfall.

"Climate change is almost always a factor - but one in a number," said journalist Stephan Faris, author of "Forecast: The Surprising - and Immediate Consequences - of Climate Change."

"The United Kingdom, which saw heavy flooding last year, has the reserves to react - a country like Pakistan does not. The areas flooded have factors that make it more difficult to deal with something like this."

[This Article is taken from Reuters]!



Message from Managing Director

Welcome to our fourth 'Environmental & Social Report 2009-10'. Our prime business is to provide reliable and safe transport to our customer by providing better quality trucks and buses. As an ISO 14001:2004 certified company, we are committed to tackle environmental issues like Global warming, Environmental Pollution and Water Conservation. These environmental problems have become a threat to our business and for national economical growth. This year we have been badly hit by Supreme Flood, which have left more than 20 million people affected, Structural damages exceeding 4 billion USD and <http://en.wikipedia.org/wiki/Wheatcrop> damages over 500 million USD. The total economic impact is estimated as much as 43 billion USD.

Many experts are linking this flood with the result of climate change. We have experienced unpredictable weather changes like dry spell in March with hardly any rainfall, then it rained in areas which do not come under the monsoon range such as Gilgit-Baltistan, Broghil, Global warming is going much faster, causing catastrophic weather events. Thus the government is making different efforts to tackle environmental problems. Likewise, our principal Hino Motors Japan is also developing various technologies like improved fuel efficiency to reduce carbon dioxide emissions, clean emissions and safety technologies by incorporating them in our products. We are following the same steps where ever our technologies allow us to do so.



In Hinopak, we believe in people's strength, and therefore, enhance environmental consciousness of our employees and interested parties by providing different trainings and awareness programs.

We hope, we will move forward with the same challenging spirit that makes Hinopak the market leader in Pakistan, and be a trusted company appreciated by all stakeholders.

This report has been publicized to enhance shareholder's understanding about Hinopak environmental activities. We look forward to hearing your comments and opinions.

HIDEYA IIJIMA

Managing Director & CEO



Highlights of Environmental Activities:

Products that Reduce Environmental Impact



With environmental targets set from the product planning stage, the plan is implemented through the application of technologies that can contribute to reducing environmental load.

Recognizing that technologies designed to lower fuel consumption can make a significant contribution to reducing CO₂ emissions, Hino Motors enhanced the performance of its vehicles with eco-driving technologies that encourage low fuel-consumption practices by drivers.

Looking forward, Hino Motors intends to reduce its impact on the environment by continuing to carry out recycling activities and apply technologies that contribute to decreasing the amount of materials used.

Technologies for Environmental Impact

Low exhaust emission technology

Low fuel-consumption technology for reducing CO₂ emission

Recycling technology

Eco-driving support technology

Eco Meters and Eco Tree Display

The amount of leaves in the tree display corresponds with the level of economical driving, providing drivers with direct feedback.

• Multi-information display



• The eco-tree is filled with leaves during economical driving



• When economical driving continues the memory increases



To the technology introduction

My Drive Master

Display indicators and sounds give drivers guidance on economical driving.

To the technology introduction

Idle-stop System

When waiting in traffic jams or at traffic lights, the idle-stop system automatically turns off the engine when the vehicle is shifted to neutral.

To the technology introduction

Using recycled and recyclable materials

Hino Motors uses quality recyclable thermoplastic resin for interior plastic parts, and endeavors to use recycled materials for floor mats, seat cushions, and battery covers.

To the technology introduction

Reducing air resistance

- Truck cabs are designed to have less air resistance.
- Aerodynamic bumpers and wind deflectors contribute to reducing air resistance.

To the technology introduction

Pro Shift 12

A transmission that contributes to low fuel consumption by automatically selecting a fuel-efficient "green zone."

To the technology introduction



Auto-shift-down switch

Reducing vehicle weight

Hino Motors is reducing the weight of its vehicles by using lighter materials and fewer parts without affecting vehicle performance.

To the technology introduction

Shifting to hybrid vehicles

For its small- and mid-size trucks and buses, Hino Motors contributes to better fuel efficiency through advanced hybrid systems.

To the technology introduction

DPR System for mid-size vehicles

The Diesel Particulate Active Reduction (DPR) system employs minute pore filters that filter exhaust gas through a high-heat resistant ceramic wall. To utilize this filtering function, the system automatically shifts to cleaning mode when a certain amount of soot accumulates and starts burning it away, effectively regenerating it as exhaust. The system has improved the efficiency of this regeneration compared to Hino Motors' previous DPR model for vehicles of similar size.

To the technology introduction

DPR and SCR muffler for large-size vehicles

Hino Motors has reduced emissions of NOx and PM by combining its DPR System that has enhanced PM filtering with its Diesel Exhaust Fluid (DEF) Selective Catalytic Reduction (SCR) system that is designed to reduce NOx to harmless water and nitrogen.

To the technology introduction

Low-emission Engines

Cool EGR System

Hino Motors' Exhaust Gas Recirculation (EGR) system is designed to reduce NOx emissions by mixing a portion of exhaust gas with air intake to lower engine combustion temperature.

To the technology introduction

Pulse EGR System

Hino Motors' innovative system for reducing NOx re-circulates exhaust gas from exhaust valves by utilizing the pressure wave of exhaust.

To the technology introduction

Low fuel-consumption Engines

Engine control System

Hino Motors' engine control unit (ECU) processes information from a variety of sensors to provide feedback to respective systems. Through subtle and comprehensive control, the systems reduce emissions of NOx, particulate matter (PM), and CO2, while simultaneously improving fuel efficiency.

To the technology introduction

Message

World Water Day

22nd March, 2010



- This year UN-Water has dedicated World Water Day 2010 to the theme of "Clean Water for Health World".
- According to a report, in the next 25 years, some 3 billion people will be facing water shortages.
- Every day, 30,000 people die of illnesses world wide, caused by foul or polluted water, every 8 seconds a child dies of diarrhea or other water related causes.
- In Pakistan alone, the vast majority of the country's 135 million inhabitants do not have access to drinkable water, leading to all sorts of health-related problems such as dysentery, prolonged diarrhea, fever, weakness; cholera and typhoid.
- Every year, 230,000 children die from water borne diseases here.
- Pakistan is currently facing the worst water crisis. As much as 60% of Pakistan's fresh water is allowed to go wasted, flowing back into the sea. Only 40% of the water is used.
- We are also contaminating the water by discharging untreated industrial and domestic effluent in water bodies. On this important day, I would like to focus on Water Conservation and its importance for all living things. We should all try to preserve it for our future generation. Moreover, it is important to sustain water quality, and avoid its unnecessary usage. Good water quality affects the health of the nation, the productivity of its workforce and the arability of its land.



World Water Day
2 0 1 0
Clean Water for a Healthy World

Message from EMR

Today on this 'World Water Day', I seek the opportunity to encourage our employees for taking simple steps on water conservation, improving drinking water quality. We should use boiled water by which we can save ourselves from water borne diseases. We should all adopt Water conservation in our daily life, and also encourage our children to take these simple steps. For this, we have also organize Awareness session for our employees, as we seek to increase sustainability of environmental resources resulting in more secure future for our children and preservation of our natural environment resulting in sustainable development.

HIROFUMI WACHI
(Director Production/EMR)



Clean Water for a Healthy World



Every day millions of tons of inadequate, untreated sewage, industrial & agricultural waters are poured into world's reservoir water. Every year, lakes, rivers and delta take in the equivalent of the weight of the entire human population of nearly seven billion people in the form of pollution.

Every year, more people die from the consequences of unsafe water than from all forms of violence including war.

Ultimately the most polluted fresh water ends up in the oceans, causing serious damage to the environment of many coastal areas and fisheries. Among the most important tools for solving water pollution problems is education and communication.

Every year, International World Water Day is observed annually on 22nd March to focus attention on the importance of freshwater, and advocating for the sustainable management to promote clean water resources.

UN-Water had declared Year 2010 theme as "CLEAN WATER FOR A HEALTHY WORLD".

Keeping the same spirit, we also celebrated the day by organizing an awareness session on Water Borne Disease with collaboration of Aga Khan University. During the program the participants were informed about importance of clean water and how it affects all ecosystems and human well-beings such as health of a community, economic activities and biodiversity.

This program was organized in local language for easy understanding of employees.

The participants welcomed the program as it provided important and useful information for their social awareness.



A Wide Responsibility of...

Environmental, Social and Societal Challenges

There has always been a strong link between business and technology. Any business that wishes to survive in a changing world must be aware of the modern technological changes and also use technology to develop and modernize its products or services, to meet cost competition and to improve marketing.

Backed by our principal, we reiterate our commitment to conduct our business in a responsible and sustainable manner. At Hinopak, in line with Hino Motors Japan, we manufacture our products that can satisfy our customer in all respect comprising of safety, comfort, environmental protection and much more. Hinopak endeavors for taking concerted efforts throughout the company to realize global environmental preservation.

Pakistan has become the first in Asia and third in world after Argentina and Brazil in terms of housing over 1,450 CNG stations. Despite increasing the number of CNG stations across the country, the content of sulphur in air due to the use of high speed diesel is 1% as against the target of 0.5 to 0.25 set in the MDG for 2015. Moreover, absence of public transport service in major cities and the increasing number of private cars was deteriorating air quality. In order to make our contribution, we had developed first dedicated CNG Bus in the year 2006 and so far had delivered 48 buses to Government and other private customers. Unfortunately, government is focusing more on importing CNG buses from India and China. But this was strictly opposed by PAAPAM.

Since last year, we have entered the export market and delivered 37 buses to UAE, Algeria and Egypt. All these buses are Euro II complaint. Although for the last two

years, we are facing economical crises, yet we are adopting different ways to improve our environment. We challenge ourselves to ensure that all of our facilities operate efficiently with least adverse impact on the environment, by conserving energy, water and other resources and minimizing waste and chemical release.

We have adopted liberal policies and programs supporting our Environmental Management Programs. From Designing phase to After Sales Service activities, in every step, we try to put environment first in our list of priority. We track key performance indicators on regular basis, outline our approach to certain issues, identify future priorities and report the same to our principal.

Where ever possible, we are replacing common lights with energy savers lights. Synchronized the generators so that energy is utilized according to the required load. Ovens are restructured, for efficient utilization of natural gas. In order to ensure that no harmful chemical is brought to the company, we have adopted a strict system of checking every chemical for COC compliance, before entering Hinopak premises. We believe in people's strength, and therefore, enhance environmental consciousness of our employees and interested parties through different awareness programs. Environmental performance is communicated to interested parties via different channels like Environmental & social Reports, Annual Reports, Hino News-line, and Hinopak website, etc.

We continuously look forward for new ways to reduce the environmental impact of our Operations, Products and Services as the natural environment supports all human activities.



Hinopak Environmental Management Systems at a Glance

ENHANCEMENT OF EMPLOYEE AWARENESS:

In keeping with our basic EMS Policy, we are promoting our Environmental Management System in the following three key areas, Conservation of Energy, Material Discard and Water Conservation. No system is effective unless run by competent and efficient personnel. That is the reason why Hinopak gives great emphasis on providing awareness and training to all employees. As a policy matter, every new employee is given EMS Awareness during Orientation. Although, Environmental issues are frequently viewed as a purely technological or scientific manner that stand outside the purview of workers. Yet worker knowledge is critical to any effective environmental solutions. Workers are concerned being citizens about environmental matters because the environment shapes their lives and affects their communities and families.

Hinopak ensures that every non-management employee receive appropriate training where there is environmental risk involved. Training calendar is formulated on yearly basis for both management and non-management staff. In year 2010, following training were provided which imparted a significant difference in the working ways of our employees.

Training / Awareness	No. of Employees
ISO 14001: 2004 Internal Audit Session	18
ISO 14001: 2004 Awareness Session	148
Shop Floor Chemical Handling Training Both Plants	139
World Water Day Awareness Session	100
Introduction to Identification and Evaluation of Environmental Aspects & Impacts	10

Hazardous Substance Control:

The standard for control of Hazardous Substances with Environmental Impacts was drawn to minimize adverse environmental impacts that may arise during production. As per the directive of Hino Motors Japan, we ensure that every chemical is verified against COC (Chlorinated Organic Compound) Compliance. No chemical containing this element is allowed to enter Hinopak premises. COC is carcinogenic in nature and can cause adverse environmental and health hazard to our employees. So far, 87 chemicals were checked and were found free of this element.

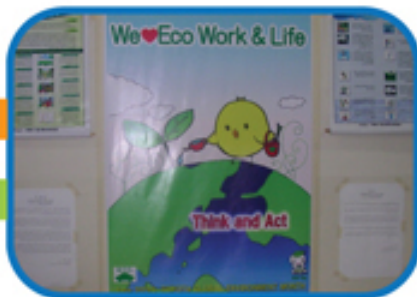
EMS Activities Monitoring Systems:

In order to strengthen our EMS system, we are increasing the level of monitoring that verifies the function of our system and results by initiating Environmental Patrolling system. EMS audits are also conducted on regular basis. Last year we underwent our third Recertification audit where no major or minor NCR was raised and the system was well appreciated by Bureau Veritas Auditors.

Hinopak celebrates Environmental Month

Display of Posters and Banners:

During the whole Environment Month, we educate our employees and interested parties, visiting Hinopak premises by displaying different posters and banners depicting information on "Global Warming, Water Conservation, World Environment Day, June 5, 2010, & Think & Act". The main idea is to enhance the awareness among personnel working in or for Hinopak Motors Limited.



Symbolic Tree Plantation Ceremony

The true meaning of life is to plant trees, under whose shade you do not expect to sit.

~ Nelson Henderson

Trees are one of the basic necessities of life. It helps us maintain ecological balance to preserve life on earth and it is also important for the development of economies. For few decades, forests are becoming fewer causing tremendous pressure on our environment, like global warming, Soil erosion etc. Realizing these dangers, our organization is continuously working for the improvement of environment.

This year we celebrate World Environment Day on Friday June 4th, 2010. The day began by conducting a symbolic tree plantation ceremony at Head Office lawn. This was attended by our top management, indicating their commitment towards environment.

The participants were apprised of the importance of tree plantation. Their awareness in promoting good environment by planting trees will provide neat & clean environment.



Environmental Projects & Posters Exhibition:



Children's are the future of our World; hence it is our moral duty to educate them time to time about importance of neat & clean environment for the future. Therefore like previous years, this year also we invited different schools to participate in Environmental Exhibition. The importance & need to preserve environment was depicted through projects, posters, practical models, shortscrepts, colorful banners and sketches, in which issues like Global warming, Energy conservation, Water Conservation, and Industrial Pollution was highlighted.



Beach Cleaning Activity by SITE Model School Students and HPML employees and their Families:

On June 19th 2010, Hinopak staff and their family joined hand with SITE Model School to conduct a beach cleaning activity at 3 Turtle Hatcheries at Sand-spit (a renown Beach in Karachi). A total of 193 beach cleaning volunteers participated in this activity in which 85 were children.

Brochures containing awareness messages were also distributed among the picnickers. An educational visit was also conducted to the SWLD laboratory and both the SMS students and the kids of staff enjoyed this experience.

The chief guest Mr. Hirofumi Wachi, Director Production & EMR actively participated in this program and appreciate the participant gesture.

More over an Educational Visit was also conducted to the Sind Wild Life Department Laboratory which was enjoyed both by SITE Model School Students and Staff children.

A total of 45 bags containing 500 kg of garbage was collected and disposed off in the Garbage dumps of CDGK





Inauguration of Free Tune up Camps in Karachi & up Country

On 10th June, 2010 Hinopak Inaugurated tune-up camps, at various locations in our country, as to reduce greenhouse gas effect on our environment (green house gasses directly effect Ozone layer).

11 camps were established country wide on environmental day, where Hino engines were tuned. Customers and interested parties were also given awareness on how tuned engine contribute in making environment clean as well as reduces the fuel consumption, hence save money against maintenance.

Employees' Children Summer Visit

As part of our CSR activity, we invited employees' children to Hinopak. The basic idea was to give them an overview about our business process so that they feel proud of being part of Hino Family. Various programs were organized like Awareness on Fire Safety & Prevention, Plant Visits and so on. They were also given know-how on environment by distributing 'Water Conservation Book' which was especially designed for them by EMC Secretariat.



EMS Training Program

Awareness session on "ISO 14001-2004 Standard" and training on "Introduction to identification and Evaluation of Environmental Aspects & Impacts" were conducted for concerned employees, where employees are made to refresh their minds on these topics.



Cleaning Up Activity around the Company

Hinopak employees and Management enthusiastically celebrated Cleaning Day on 25th June, 2010. The activity took place around our Head Office premises. About 120 participants took part in this activity, collecting 40 plastic bags of waste weighing (Approx 990 kg).

The clean environment gives sound, healthy and safe working environment as it reduces pollution resulting in increase in overall performance by promoting positive and better output.



CSR Performance

Showing the human face of business



STATEMENT OF CONTINUED SUPPORT

It is with immense pleasure that I submit our third, comprehensive COP. This feeling stems from the fact that for the third year in a row since we subscribed to the ten Global Compact Principles, challenges that our company faced have persisted but could not deter us from following our fundamental company principle of doing good and giving back to society.

Some of the major highlights of this report following the four categories of the ten principles are as under:

Human Rights: increased focus on employee safety and security, hands-on management and leadership involvement in uplifting plant and office working conditions.

Labour Rights: smooth negotiations and signing of the 12th collective bargaining agreement, supporting workers in their very first two-party elections.

Environment: extensive observance of energy conservation and cutting carbon footprints involving employees and other stakeholders.

Anti-corruption: revisiting our Code of Conduct, incorporating current practices making it more comprehensive and understandable.

Our initiatives can be further reviewed through our recent Annual Report also available on our website www.hinopak.com.

Through this, I would like to thank our employees and other stakeholders whose untiring efforts again made this third year of proud reporting possible. With further assurances of cooperation, Hinopak joins the responsible corporate community in its commitment to uphold the ten principles of the Global Compact.

Hideya Iijima
MD & CEO
17th June 2010

BASIC PRINCIPLES OF CODE OF CONDUCT

1. We develop and provide outstanding products and services that fulfill the demands of customers and sufficient attention given to safety and the environment, and we aim to be an enterprise which has a significant presence in the commercial vehicle market.
2. We undertake open and fair corporate activities in conformity with the spirit and letter of laws. We maintain sound and transparent relationships with governmental and administrative entities.
3. We build and maintain good communications with society as well as our stakeholders, and we are committed to accurate and timely disclosure of information.
4. We recognize that an environmental preservation activity in an integral part of our business, and we voluntarily and actively promote and engage in environmental preservation activities as an indispensable condition for Hinopak's corporate existence and activities.
5. We recognize the inherent dignity and fundamental human rights of all members of the Hino family and therefore respects and support the practice of human rights.
6. We actively promote and engage in philanthropic activities as a member of Hino Motors Ltd. And the Toyota Group, and as a good corporate citizen.



7. We respect the right of workers at the workplace and their right of freedom of association and the right to organize and bargain collectively. We believe in transparency, mutual trust and respect for each other's rights and obligations and need for bilateral dialogue and cooperation between employees and management for achieving decent work with safe and healthy work environment, growth and excellence in business performance.

8. We take a resolute stand against anti social power and organizations, and we act in compliance with ethical standards and sound social values.

9. We respect and abide the law of the land and applicable rules and the diversity of customs, and culture and we contribute to development in the communities through our business activities.

10. We support the principles of Global Compact and expect our employees to embrace them in the work culture of our enterprise for sustainable growth and development.

11. We pledge to comply and enforce the basic principles of Hinopak's Code of conduct and prevent its violation through the mechanism already in place from enforcing discipline, company-wide. Any member of Hinopak family observing any violation or abuse of this code of conduct may bring the same to the notice of the Management Committee or the Audit Committee in writing directly or through the suggestion boxes for necessary consideration and action.



Seeking harmony between

Technology, Society and Environment

PRINCIPLE # 1

Business should support and respect the protection of internationally proclaimed human rights

- 1,700 employees participated in health programs like Obesity/BMI checks, Hepatitis awareness, Hazards of smoking and eating ghutka, followed with check-ups wherever applicable.
- Hinopak received the UNGC Local Pakistan Network/RBI's "Living the Global Compact" Award for its CSR activities.
- Number of Subsidized MBA program members increased from 13 last year to 29 this year.
- Year-end training hours for our employees reached 45 hours per permanent employee including apprentices.
- Training given to 676 vendors/vendors' employees (equivalent to est. 2,700 hrs.) in areas like 5-S, Inspection Techniques, TQM, TPS, etc.
- Hinopak Skill Promotion Scholarship extended to 10 students of Pakistan's renowned engineering school.
- Hinopak Community Health Centre is supported through monthly provision of medicines and refurbishment of medical equipment., 508 patients examined during the period June 2009 - May 2010.
- Hinopak declared a "ghutka/betel nut-free zone" (Ghutka and betel nuts are chewable substances causing oral cancer very common in Pakistan.)

PRINCIPLE # 2

Business should ensure that they are not complicit with human rights abuses

- Complaints against Code of Conduct are monitored by Whistle Blowing Committee. Countermeasures are taken accordingly.
- 37 new employees were guided to practice 'Principle-centered leadership, to respect every individual and avoid any type of human rights abuse', in three Hino Spirit training sessions.
- We support Hino's Credo incorporating the Mission of "making this world a better place to live in" through social contribution and concern for all stakeholders.
- We ensure that foreign laws and regulations are absolutely referred in our local and export product development, ensuring public right to safety and health.
- A total of 545 Vehicle audits were conducted to ensure that our products conform to quality and safety standards. The audits resulted to an over all improvement by 8.95%.

PRINCIPLE # 3

We uphold freedom of association and the right of workers to collective bargaining.

- 12th collective bargaining agreement was successfully signed in February 2010, enhancing workers' benefits and promising cooperation from the midterms of productivity, quality, housekeeping, etc.
- Hinopak ensures reference to labor laws, IRA 2008 and Standing Ordinance 1968, such as freedom of association, including issues but not limited to disciplinary action and termination.
- Workers' active engagement in company affairs / operations has resulted to increased productivity and raised morale.
- Workers / CBA officers permitted to attend trainings both locally and internationally either through the company or through the Trade Union Federation.

PRINCIPLE # 4

Business should support the elimination of all forms of forced and compulsory labor.

- Employment contracts routinely checked to ensure they do not violate any human rights or labor laws.
- Hinopak workers receive above minimum wage specified by law. We also advise our vendors/contractors to meet minimum wage requirement for their workers/employees.
- Forced/compulsory labor part of our initial Vendor Evaluation Report, and contract with them requires that they do not employ the same.

PRINCIPLE # 5

Business should effectively support the abolition of child labor

- We have no record of underage employee/apprentice; youngest apprentice on board is 18 years old.
- Non-employment of child labor is ensured/checked through our Internal Vendor Evaluation Report.
- The Technical Training Program (TSC Part-I) for SITE Model School boys alongwith the scholarships we provided this year are intended to effectively keep the youth off the workforce.

PRINCIPLE # 6

Business should support the elimination of discrimination in respect of employment and occupation

- Females are considered and inducted for assembly/manufacturing/floor jobs, on merit basis.
- No report of exclusion of minorities in our employment activities.
- Minorities are given extra holidays for observance of their religious holidays/festivals.
- Minorities' food requirements are considered in our daily canteen services.
- Minorities and female employees are given the same training opportunities as the rest.
- We persisted with our Summer and Winter Internship Program to provide professional environment opportunities to college/university students.
- Vendors/Suppliers/Contractors belonging to minority groups are inducted as business partners and given equal rights.
- Contractors' employees (minority group) also extended benefits ("bonus") whenever company's financial conditions allow it.





PRINCIPLE # 7

Business should support a precautionary approach to environmental challenges

- Successful execution of Recertification audit was held in July 2010. Now, Hinopak is re-certified for next three years.
- Various EMS-related trainings were conducted as follows: ISO 14001:2004 Awareness Program (40 participants), Internal Audit Refresher Training (6 participants), and Shop-wise Chemical Handling, Storage & Disposal Training (118 participants).
- HPML in collaboration with Sind Wild Life Department, organized Environmental Awareness Session for S.I.T.E Model School, 120 students benefited from this activity.
- Water conservation activity books circulated among employees' children.
- Displayed different banners, mentioning "World Environment day and month, Tree plantation, Hino Global Environment Month, "Think & Act" posters etc.
- Students of two different Schools displayed their models, posters & Short Script, depicting different environmental issues on World Environment Month.
- This year, 11 Free tune up camps were organized all over the country on World Environment Day to provide awareness to customers.
- Posters imparting tips on 'Water Saving' & 'Global Warming' in local language were displayed in Tea Areas to create awareness among employees.
- 193 HPML staff alongwith 85 children conducted beach cleaning activity at all three turtle Hatcheries at Sandspit. 45 bags weighting approximately 500 kg of Garbage were collected and dump at City Dumping Area.

PRINCIPLE # 8

Business should undertake initiatives to promote greater environmental responsibility

- World Water Day was celebrated through an awareness program in collaboration with Aga Khan University Hospital, whose doctor spoke on "Water-borne Diseases" in both our plants.
- Participation and winning in the Horticultural Society of Pakistan's 59th Flower Competition held in February 2010.
- Hinopak enthusiastically celebrated Cleaning Day on 25th June, 2010, held outside AOP & Head Office premises. 20 Employees participated and collected approximately 990 kg of waste.
- A 'turtle watch' activity at Sandspit Area (a natural habitat for turtles endemic) was organized by HPML. The activity is preceded by a presentation/ video on environmental impact/improvement and participated by HPML families & SITE Model School.
- Attention to environment highlighted in our promotion and advertisement drives for CNG bus and High-power Dutro to sensitize customers/end-users and public in general to the linkage between our products and environment responsibility.
- 3,268 customers/end-users/drivers/technicians and general public were sensitized on the importance of vehicle maintenance and its positive impact to the environment in different programs like 'Motor Vehicle Training Program, Mobile Field Training Unit & Training Centre.'

PRINCIPLE # 9

Business should encourage the Development and Diffusion of environmentally friendly technologies

- Hinopak introduced the first locally-manufactured CNG bus in the country and has secured repeat orders for satisfactory performance.
- Euro-II engine technology fitted in some Hino products, despite the absence of local regulations on the same mainly because of absence of clean fuel.
- All products under go smoke bench tests to ensure quality of emission.
- We monitored and reduced use of diesel in our generator sets and other machinery used for production processes
- Paint sludge, FRP & glass wool incineration are done by third party to reduce hazardous waste.



PRINCIPLE # 10

Business should work against Corruption in all its forms, including extortion and bribery

- Internal controls are provided in the following areas: Rules for Dealer incentive calculation, Rules for advertising and sales promo activities, Online stationery issuance processing and Financial reporting.
- An independent Audit Committee ensures monitoring of compliance activities. Four review meetings were held in 2009.
- External auditors publicly attested Hinopak's financial reporting integrity as contained in our Annual Report.
- Hinopak's MD/CEO publicly affirmed compliance with corporate governance regulations as indicated in our Annual Report for the year ended March 31, 2010.
- Hinopak received 'SAFA Best Presented Accounts Award' (November 2009, Dhaka, Bangladesh) for transparent reporting and adequate inclosures in financial statement.
- Hinopak received 'Best Corporate Report Award 2009' for exemplary practices and corporate reporting from Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.)
- HR processes payroll, leave application, attendance of management and workers which are automated to ensure data integrity and avoid manual errors/tampering.
- Personal contact/interaction with Sales Tax personnel eliminated by electronic payment/processing.

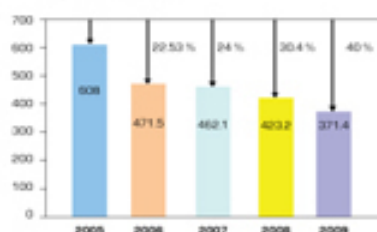
Plant Overview.....Environmental Performance

Head Office and Assembly Operation Plant

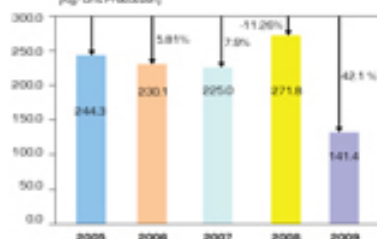


Our vision and mission is to achieve a healthy and pleasant environment by producing safe, durable and environment friendly vehicles. To fulfill this aim, we implement different measures like regular monitoring of applicable environmental regulations, review of our system by conducting audits, minimization of resources consumption, finding ways to conserve energy by adopting kaizen activities and enhancing employees' competency through training and professional development. These help in minimizing the environmental burden created during business process.

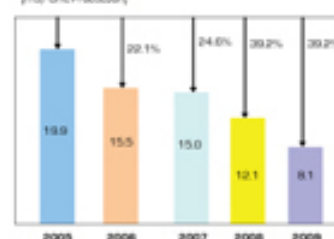
CO2 EMISSIONS
(kg CO2/Unit Produced)



Material Discard
(kg/Unit Produced)



Water Consumption
(m3/Unit Produced)



Reporting Period: April 2009 - Mar 2010

Water Release

Actual Conditions

Items	Official Regulations	Measurements	Max	Min	Avg
Water discharged (m3/month)	-	1/m	4020	1569	2794.5
Water discharged (m3/day)	-	1/m	134	96	96
pH	6-9	1/m	7.42	6.91	7.165
BOD (mg/l)	80	1/m	45	31	38
COD (mg/l)	400	1/m	180	76	128
TSS (mg/l)	200	1/m	31	10	20.5
Oil (mg/l)	10	1/m	3.9	1	2.45
TDS (mg/l)	3500	1/m	763	510	636.5

Air Release

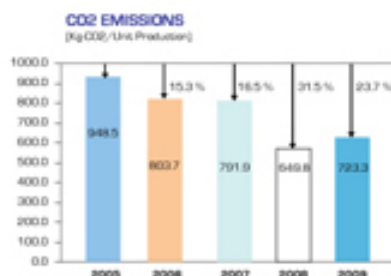
Facilities	Measurement Items	Official Regulations	Measurement	Max	Min	Avg
ED Oven (Natural Gas)	NOx	600 mg/Nm ³	1/m	4	1	2.5
	SOx	1700 mg/Nm ³	1/m	43	1	22
Top Coat Oven (Natural Gas)	NOx	600 mg/Nm ³	1/m	3	1	2
	SOx	1700 mg/Nm ³	1/m	8	1	4.5
Boiler (Natural Gas)	NOx	600 mg/Nm ³	1/m	52	32	42
	SOx	1700 mg/Nm ³	1/m	3	0	1.5

Plant Overview.....Environmental Performance

Body Operation Plant

Furthermore, we are striving to continue to be regarded as a good and trusted neighbor, demonstrating environmental care in the communities in which we operate. We enhance our employees' and interested parties awareness by involving them in different environmental activities like Environmental Posters competition, Tree Plantation, World Water Day, Beach Cleaning and other related activities.

It is almost 10 years since we started our journey, and it is finding ways to develop and implement promotional environmental improvement programmes in order to monitor environment quality and handle pollution complaints and incidents at our best.



RESULT OF WASTEWATER TREATMENT PLANT - BOP

Reporting Period: April 2009 - Mar 2010

Water Release

Actual Conditions

Items	Official Regulations	Measurements	Max	Min	Avg
Water discharged (m3/month)	-	1/m	2222.0	1740.0	1981.0
Water discharged (m3/day)	-	1/m	77.0	68.8	72.9
pH	6-9	1/m	7.3	7.0	7.2
BOD (mg/l)	80	1/m	45.0	22.0	33.5
COD (mg/l)	400	1/m	131.0	79.0	105.0
TSS (mg/l)	200	1/m	32.0	1.8	2.5
Oil (mg/l)	10	1/m	3.2	1.8	2.5
TDS (mg/l)	3500	1/m	704.0	332.0	518.0

Air Release

Facilities	Measurement Items	Official Regulations	Measurement	Max	Min	Avg
Parts primer baking oven	NOx	600 mg/Nm ³	1/m	49	2	25.5
	SOx	1700 mg/Nm ³	1/m	9	1	5
Paint baking oven	NOx	600 mg/Nm ³	1/m	34	2	18
	SOx	1700 mg/Nm ³	1/m	7	1	4

Hinopak conduct

Painting Competition



On July 08, 2010, Hinopak conducted a painting competition where different schools displayed their environment projects depicting environmental problems, their daily life and counter measures to taken as shown through posters and artworks.



Editorial Note



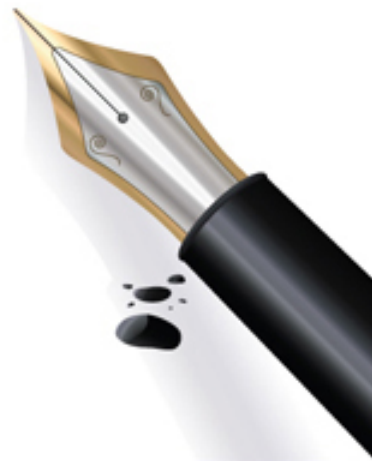
**We thank you for perusing the fourth Hinopak
Environmental & Social Report 2009-10.**

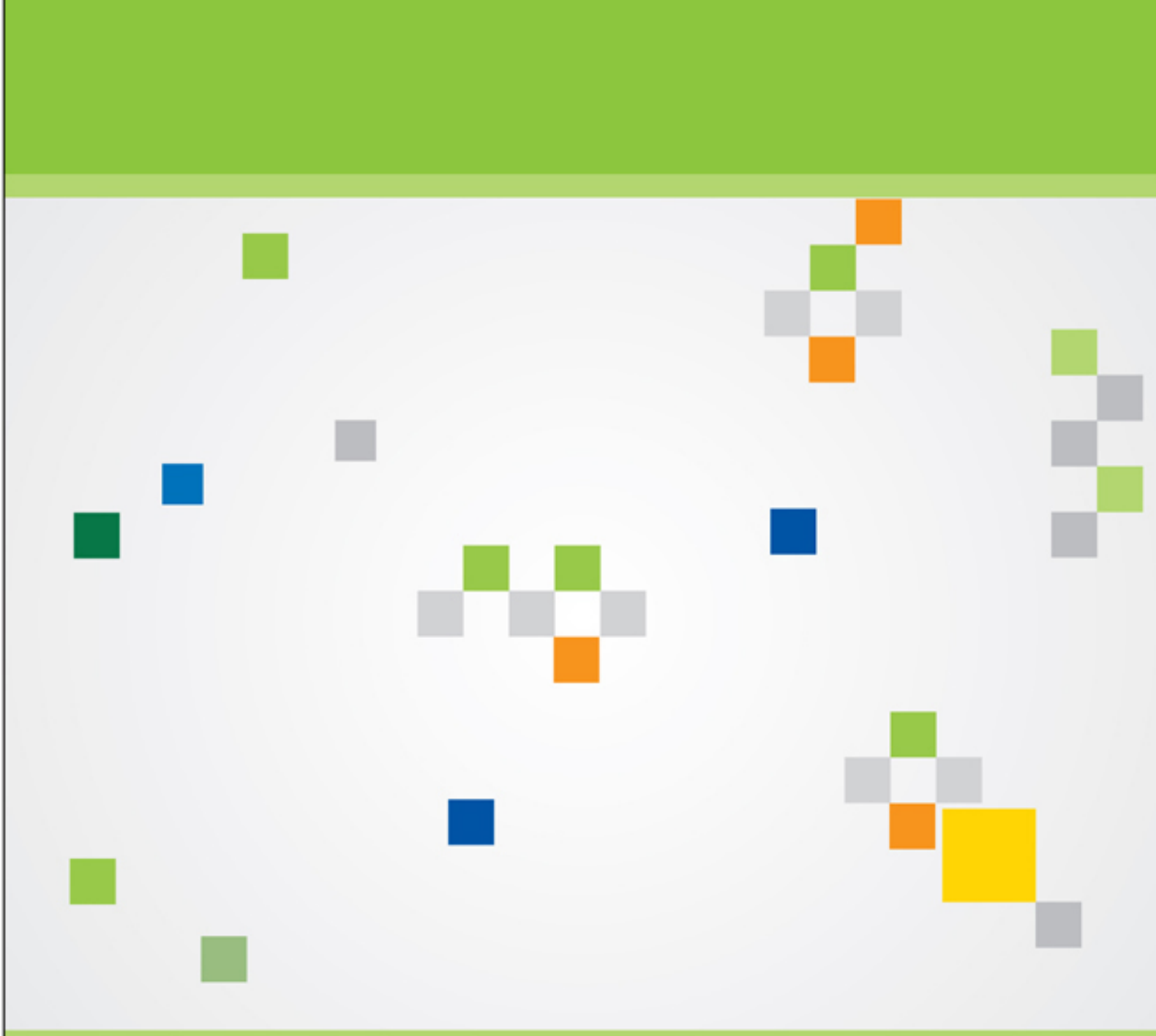
**We are publicizing this report with the aim of disseminating
information on the environmental and social achievements.
This report as well as other environmental initiatives may be
viewed at the Hinopak Motors Website: www.hinopak.com**

**In designing the layout and text, we considered
to incorporate all related information important for our
stakeholders and interested parties.**

**Environmental Management Representative
EMC Secretariat**

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Fax: 92-021-2561389**





HINO Hinopak Motors Limited