

Steering for better tomorrow



The Theme

Steering towards better tomorrow

Continuous improvement being a fundamental of Toyota Way, TKM always strives for excellence in the business that we do. In all the domains of sustainability, TKM is striving for continuous improvement and taking ownership to drive the change in the society with our efforts.

Being the leader in the sector, we aim to steer the industry in the direction of greater good and we intend to drive this inclusively. Our vision 2025 aims to "Grow India and Grow with India" which is our motto towards the sustainable growth.



About the report

Through this report we aim to showcase the company's fundamental values and our economic, environment and social performances in the year 2018-19. The previous report was published in September 2018.

The report is prepared in accordance with Global Reporting Initiative [GRI] Standards: In accordance Core criteria. The organization also considers UNGC principles and the performance against the processes is also demonstrated in the report. We work in consideration with the Global Context and have aligned our activities to United Nations Sustainable Development Goals. The detailed list of the GRI performance standards and their mapping is disclosed in the GRI index.

The report includes *



- Toyota Kirloskar Motor Bidadi operations
- Toyota Kirloskar Motor 6 Regional offices
- Toyota Kirloskar Motor Head office
- Lexus Operations, India

This report is externally assured by **DNV·GL**

* The report excludes data & details of Onsite Suppliers

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Message from
**Managing
Director**

The automotive industry has entered an era of profound transformation, the likes of which come only once every hundred years. The industry is observing several new entrants and disruptive technologies that are changing the mobility landscape in the days to come. Our future competitors are no longer limited to automakers. The aim is not just on selling, but delivering on what our consumers want and what is good for them. Our aim is to transform as a mobility solution company rather than an automaker.

India is a highly competitive market. The needs are diversified state by state, city by city. We must carefully monitor and understand the needs of our customers. The future of India is its young people.

The regulatory scenarios are also changing dynamically, and India is emerging as a leader in eco-mobility regulations in Asia. At this stage, it is our responsibility to ensure that there is regular communication with regulators, so that we can invest on the right technology based on regulations, infrastructure and taxes.

We have collaborated with Suzuki in the reporting year and the partnership is not only for India; it will be leveraged at the global scale. At the moment, we are understanding each other. I also hope it will give us a good opportunity to participate in the future of India.

We understand the fact that social and environmental sustainability is equally important as the economic sustainability. The future generation is looking towards the organizations to address the critical environmental issues that the planet is facing today. It is time for everyone to adopt environmental consideration in business decisions. Being a responsible corporate, we have always considered environment as a top priority element. During 2015, Toyota had announced Environment Challenge 2050, our commitment towards conservation of environment.

We are sourcing 88% of the electricity requirements from the renewable energy sources and avoided the CO₂ emissions by 68,121 tons in the reporting year. We have met 89% of our water requirement from the harvested rainwater and recycled water and reduced our dependency on the freshwater.

We are continuously engaging with community in our activities aiming to address their needs and issues. We have developed "Ecozone", an experiential learning centre to enhance the eco-consciousness of all stakeholders. Through Ecozone we would like to promote behavioural changes among the citizens of the future.

As we move towards sustainability, we believe it is essential to embrace inclusivity across our operations and foster sustainable values among our stakeholders. Through this report we would like to communicate our sustainability performance and thank all our stakeholders for being our strength and support to progress towards our vision.

Masakazu Yoshimura

Message from Vice Chairman



The Financial Year 2018-19 was crucial for automakers in India. While the economy observed GDP growth over 7%, the auto sector appears to have slowed down. Fluctuating exchange rates, rising fuel costs and high interest rates have impacted the sales. The year also witnessed many new entrants into Indian automobile business.

The direction of regulatory policies are also bringing the uncertainty to the business to a greater extent. 'Environment', 'Energy security' and 'Job creation through Make-in-India' are the basic issues facing the country. On the auto sector, the country cannot have economic growth without mobility and cannot have mobility without economic growth. This scenario makes the automakers a key player in building the future society landscape.

BS-6, the new emission norm kicking in from April 2020 onwards and the changes needed to make vehicles 'cleaner' will further make automobiles more expensive. Companies will need to be more efficient and reduce costs. But while it's too early to say whether or not BS-6 will hit vehicle sales, it will surely affect the cost. As a global leader in green mobility solutions, Toyota has all the technologies to remain agile for any regulatory directions in the coming days. The auto sector needs a long-term policy, maybe more than 15 years (the tentative life of a drivetrain). The way we are going ahead, carbon is the sin, it's time to tax automobiles based on their emissions and this need not be only for cars, but for all industrial products.

After announcing most ambitious Environment Challenge 2050, we have made substantial progress in our journey towards the goal. The intermediate milestone targets for 2030 are developed to bring out more clarity on the phase-wise actions towards achieving the same.

Being a responsible corporate, TKM has taken up community development activities which address the key issues that the society is facing today. Our ABCD (A Behavioural Change through Demonstration) project initiative has been accepted for publication by Ivey Publishing and is made available on Harvard Business Review and Harvard Business School Publishing case collections.

We thank our business partners & all stakeholders with whom our collaborative efforts have yielded significant impact on the areas that we operate. We seek continued support in the days to come to pursue our vision of inclusive growth.

Vikram Kirloskar

Message from Vice Chairman



Currently India is the world's 4th largest manufacturer of cars. The Indian automobile industry contributes to 7.5% of India's GDP and a whopping 49% of manufacturing GDP with a large economic multiplier impact. As an automaker, we understand the huge responsibility we have towards our customers and community.

The years to come are going to be challenging for the mobility business due to various reasons. A major cause will be the plethora of regulations and policies related to the automobile industry. Various regulations on electrification, taxation, End-of-Life vehicles etc. are bringing new dimensions and challenges to the automakers. At this moment of disruption, it is necessary for automakers to gear themselves to face the upcoming changes.

Toyota globally strives to reduce vehicle CO₂ emissions by 90 per cent in comparison with 2010 levels by 2050. Toyota has the core electrification technologies that enable it to develop and introduce various types of electrified vehicles such as hybrid electric vehicles, plug-in hybrid electric vehicles, battery electric vehicles and fuel cell electric vehicles. The company is closely monitoring customer needs and regulation trends in order to devote all its efforts towards the development

of the most appropriate technologies. We believe that encouragement of self-charging Hybrid EVs will augur well for the pure EV sector given the commonality of parts.

We have always worked in harmony with nature both in the products that we make and in our operations. We have taken measures to reduce environmental impact of our operations by reducing our water and carbon footprint. We have gone beyond our boundary of operations to handhold our supply chain partners to enhance their environmental performance.

We have been working very closely with the communities to catalyze sustainable impact through system and behavioural change. Children are at the core of these interventions and act as change agents. With a commitment to integrity and quality, Toyota is looking to transform India – one community, one village, one district at a time. Toward this endeavour, our experiential learning centre Ecozone has been instrumental in training more than 1500 school children on environmental aspects in the reporting year. We aim to cover more than 6,500 children in the coming year.

As we move forward, many more growth opportunities are certain to emerge, and it is up to each of us to accept these challenges. I hereby request all our stakeholders to join hands in the collaborative effort towards establishing a society in harmony with nature.

Shekar Viswanathan

Editor's desk



I am happy to present you TKM's Sustainability Report 2018-19.

Creating value from what we draw from the society has always been the fundamental moto of Toyota operations since its inception. We have devised our business model with the stakeholder inclusiveness in its core to produce always better cars. Our vision 2025 aims at growing with India, a clear demonstration of our commitment to the nation building in the areas in which we operate.

In this report, we showcase our performance for this financial year in the social, environment and economic spheres. We have reported on the progress that we have made in line with each of the Toyota Environment Challenge 2050. Through the renewable energy sourcing, we have reduced the carbon dioxide emissions from our operations, and we have reduced our freshwater demand for the production through the rainwater harvesting and wastewater recycling. We are proud to announce the establishment of experiential learning centre "Ecozone" at our premise which is one of its kind in the country. We have established a demonstration centre at our premises where various green mobility solutions of Toyota are demonstrated.

We believe in growing inclusively and in this regard, we work with our supply chain partners to enhance the environmental performance throughout the life cycle. We have outlined the guidelines for improving the environmental performance in our supplier operations and dealership operations and we share our best practices to them to assist them in idea development. Through these activities, we go beyond our operations and we continuously try to reduce our environmental footprint throughout life cycle.

Our social initiatives are devised around our key focus areas to address the local need and aligned to the national priorities and Sustainable Development Goals.

I would like to thank all our stakeholders for being our strength and support to progress towards our set targets. We welcome your feedback/suggestions on the report at Sustainability@toyota-kirloskar.co.in

Raju B Ketkale
Director & SVP

Sustainability Highlights 2018-19

Responsible Governance



8.4 MW in house solar power plants and **18 MW** offsite solar installations



89% of water demand met by harvested rain water & recycled water resulted in saving of **5,67,608 m³** of fresh water

2,84,000 saplings planted cumulatively till FY 18-19



88% of electricity sourced from renewable sources resulting in offset of **68,121** tons of CO₂

Greener Outlook

Enablers of change

168 villages benefitted from water purification unit

7,40,000 school children trained in Road Safety



20.72 crore INR CSR investment



100% compliance to the regulations

Responsible Sourcing

Customer Delight



24,500 school children provided with learning aids



100% of dealers trained on Eco dealership guidelines

1500+ students undergone environment training at Ecozone

92 villages were assisted by TKM to become **100%** ODF

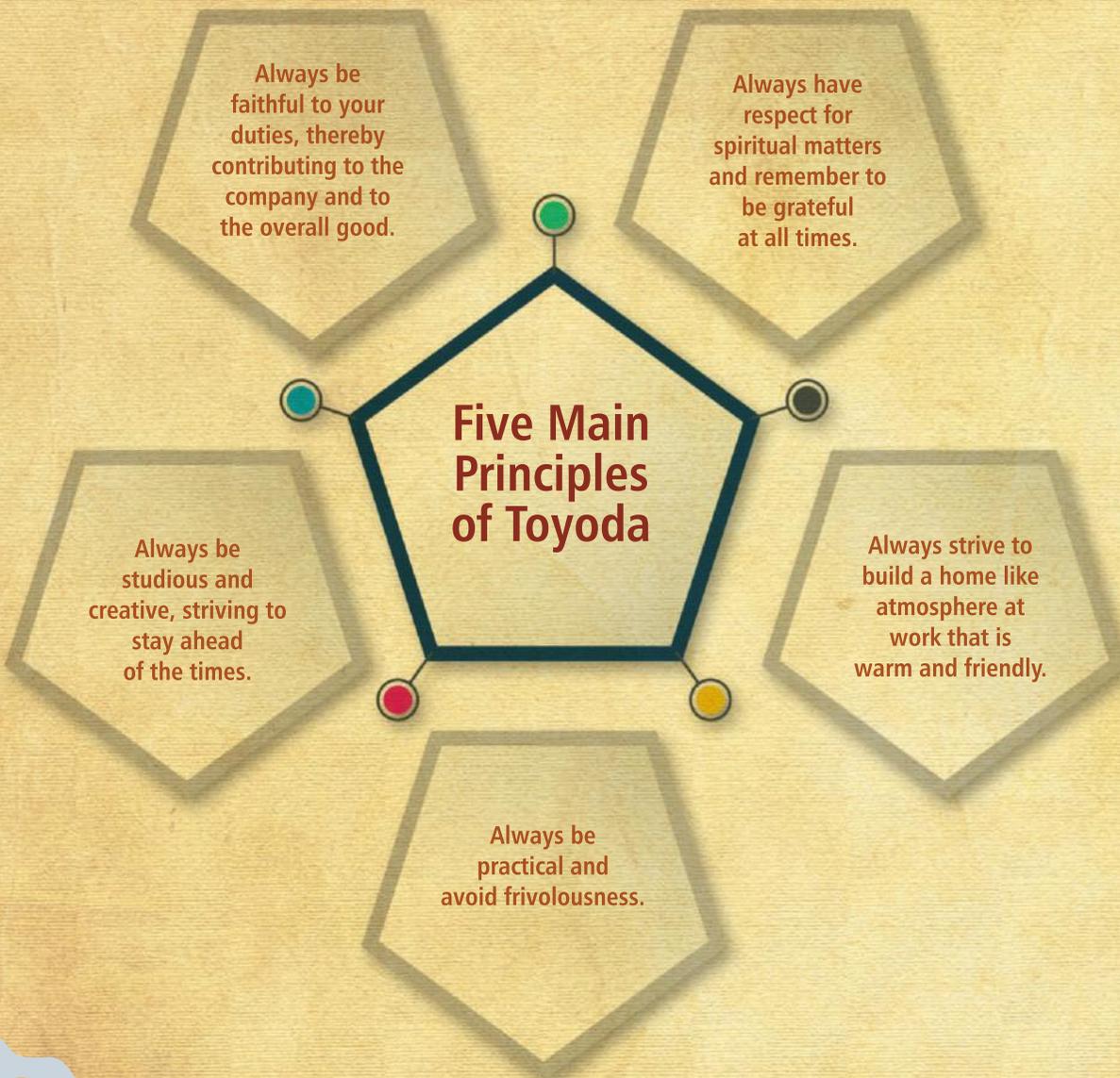
Inclusive Growth

Key Milestone



Company Overview

Fundamental Principles



Sakichi Toyoda

Overview of the company

Equity participation	Toyota Motor Corporation: 89% Kirloskar Group: 11%
Company Address	Bidadi Industrial Area, Ramanagara District
Year of Establishment	6th Oct 1997
Total Installed Production capacity	3,10,000 units per annum
Markets	India, South Africa, Mauritius, Bhutan, Nepal and Brunei

Team TOYOTA Vision 2025 GROW INDIA & GROW WITH INDIA

Toyota India will contribute to enrich the quality of life in India and help solve the societal problems by establishing high standards of Safety, Technology, Quality and Corporate Social Responsibility



With a spirit to constantly Learn, Teach, Improve and Innovate, all our stakeholders and families will collaborate to help make India a better place



We will strive for excellence in sustainability ensuring we are eco friendly in our products, services and customer experience



Products - Toyota



Manufactured



Imported



Yaris

All Sense, All Sedan



Prado

All Terrain Luxury



Platinum Etios

The Most Dependable Sedan



Etios Liva

Designed Stylish, Built Safe



Fortuner

True SUV, True Style



Etios Cross

Born with Attitude



Innova Crysta

Luxury meets Power



Innova Touring Sport

Designed to Distinguish



Camry Hybrid

A New Kind of Luxury, Ahead of its Time



Corolla Altis

The New Benchmark



Prius

The Planet's Favorite Hybrid



Land Cruiser 200

The Pride of the World

Products - Lexus



ES 300H

Mid-size Sedan



LS 500H

Full-size Sedan



NX 300H Luxury

Compact Luxury SUV



NX 300H F Sport

Compact Luxury SUV



RX 450H Luxury

Mid-size Luxury Crossover



LX 570

Full-size Luxury SUV

Toyota Kirloskar Motor is one of the leading companies in the automotive industry. The Company's business activities comprise of the Automotive Manufacturing and Services divisions. The business activities focus on

developing, producing and selling passenger cars. The product portfolio of the Passenger Cars Business Area ranges from fuel-efficient small cars and luxury vehicles.

Economic performance

The economic performance of a company is often considered as a measure of its success. We regularly analyze our financial soundness and ensure we remain economically stable, to create and share more value to all our stakeholders. Financial Year 2018-19 was a year of profits for us. Our strength lies in our responsible business practices, keeping 'customer satisfaction' as the focal point of our business operations.

Economic Performance

Values in Crores

	2018-19	2017-18
Economic value generated, distributed and retained		
Revenue (through core business segments)	19,633.38	18,998.09
Other Income (through other sources)	370.41	267.89
Total	20,003.79	19,265.98
Other Expenses	18,297.51	16,735.14
Personnel Expenses (wages + benefits)	1,015.67	988.86
Interest Charges	31.43	31.65
Community development / CSR Investments	20.72	18.29
Contribution to Benefit Plan	2018-19	2017-18
Contribution to Provident and other funds	63.84	62.16
Staff Welfare expenses	106.62	106.91
Significant financial assistance received from Government	2018-19	2017-18
IT exemption	0.00	0.00
Land provided at subsidised rate	0.00	0.00
Incentive - Sales Tax deferral	0.00	126.82
Custom, excise duties waived	0.00	0.00
Others	0.00	0.00

Financial Impact of Climate Change

As climate change may cause environmental, social, political and economic implications, it is important for businesses to recognize the need to adapt and consider climate change implications in their business risk management. This will not only aid the company's competitiveness in the long run but may also present financial opportunities through the process and product improvements. Hence, we have aligned ourselves with Toyota Global Challenge 2050. The six challenges are directly and indirectly aligned with the Sustainable Development Goals [SDGs].

Responsible Governance



Stakeholder Engagement and Materiality

Stakeholders are individuals, groups or organizations who influence or are influenced by our corporate decision-making processes and /or their outcomes. Stakeholder engagement process helps in identifying sustainability challenges, understanding the stakeholder's concerns and developing a broad consensus on the company's initiatives. Thus, we engage with them to understand what social and environmental issues matter most to them about their performance in order to improve decision making and accountability.

Assessing our most material

The stakeholder engagement and materiality assessment was conducted to define the report content and to align our strategy to the stakeholder interests in the FY 2015-16. The same material topics are considered relevant for the current reporting period.

Structured Materiality Assessment Process

TKM's approach towards stakeholder engagement and materiality assessment is developed to assist the organization to align our business strategies in line with the stakeholder expectations. It is also developed to engage our stakeholders in the value creation process through continuous engagement with them on the topics that are material to them. The materiality assessment process is depicted below:



TKM – Material Issues

1	Brand Strategy	■
2	Compliance	■ ■ ■
3	Natural Calamities and Climate Change	■ ■ ■ ■
4	Environmental Performance	■ ■ ■
5	Water Availability	■ ■ ■ ■
6	Availability of Grid Electricity	■
7	Road Safety	■ ■
8	Customer Satisfaction	■ ■
9	Profitable Economic Growth	■ ■ ■
10	Operation Efficiency and Scalability	■
11	Cost Management	■ ■
12	Alternate Fuel Technology	■
13	Product Performance and Innovation Strategy	■
14	New Product Launched and Line-Up	■ ■
15	Competitive Product Offering	■
16	End of Life Management of Product	■ ■
17	Occupational Health and Safety	■ ■ ■
18	Dealer Relationships	■
19	Delivery Load Time	■
20	Community Development	■ ■
21	External Stakeholder Communication	■
22	Market Presence	■
23	Corruption	■ ■ ■
24	Anti Competitive Behavior	■

TKM, Bidadi Operations
 Local Community
 Suppliers
 Dealers



Engaging with academia and community

Stakeholder Engagement

Stakeholders are our 'Partners in Growth'. We ensure sustainable business practices through a collaborative approach with our key stakeholders. They hold a vast amount of business information and knowledge and hence have the power to affect the outcomes of the company. Thus, we engage with them through various formal and informal channels around the year, to understand their concerns and develop a broad consensus on the company's initiatives.

We have identified the material topics that are of concern for our stakeholders in various functions and we engage with them at various platforms to understand the needs of the stakeholders and also take the inputs from the stakeholders which serve as a value addition for our business process. We believe in the creation of value of what we take from the society and informed decision making is key to the successful approach. We have a large supply chain including suppliers, logistics partners and dealers with whom we engage in various issues which are material to them.



Engaging with suppliers



Stakeholder Engagement

Material issues	Platforms of engagement
 <p>Road Safety Corruption Anti-competitive Behaviour</p>	<p>Employees</p> <ul style="list-style-type: none"> Employee engagement activities (Refer to Enablers of Change chapter)
 <p>Brand strategy Compliance Natural calamities & climate change Water Availability Availability of grid electricity Operational efficiency & scalability Cost Management</p>	<p>Suppliers</p> <ul style="list-style-type: none"> Supplier trainings, Annual Supplier meets Environment Month activities Safety month activities (Refer to responsible procurement practices chapter)
 <p>Brand strategy Compliance Water availability Customer satisfaction Road Safety Cost Management Occupational Health & Safety End of Life Management of Product Delivery Lead Time Dealer relationships</p>	<p>Dealers</p> <ul style="list-style-type: none"> Annual Dealer meets Environment Month & safety month activities Dealer manpower development programs (Refer to Customer delight chapter)
 <p>Compliance End of Life Vehicle Management Alternate fuel Technology</p>	<p>Regulators</p> <ul style="list-style-type: none"> Policy advocacy through industrial forums Regular compliance management
 <p>Water Availability Environmental Performance Community Development</p>	<p>Local Community</p> <ul style="list-style-type: none"> CSR Need assessments CSR activities & engagements
 <p>Road safety Customer Satisfaction New product launch and line up End of Life Management of product</p>	<p>Customers</p> <ul style="list-style-type: none"> Satisfaction surveys Customer service through dealers



Employee engagement



Activities conducted on Environment Month at dealerships

Corporate Sustainability and Philosophy

The 'Toyota Guiding Principles' reflect the management philosophy, values and methods the company seeks. The Guiding Principles are derived by the 'Five Main Principles of Toyota' which embody the thinking of Mr. Sakichi Toyoda, founder of the Toyoda Group. 'Sustainability' is an integral part of Toyota's Corporate Management Philosophy and is communicated across departments and generations to bring out all the businesses, subsidiaries, associates and joint ventures under its ambit and firmly instill Toyota's objectives in daily operations. Further, the Guiding Principles also form the basis of 'Toyota Way', the 'Toyota Code of Conduct', focusing on business operations; the 'Toyota Earth Charter' and 'Toyota Global Vision', focusing on the daily business operations contributing to Greener tomorrow.

The Toyota Way

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



Toyota Code of Conduct

The Toyota Code of Conduct (issued in 1998, revised in 2006) details out the basic code of conduct to be adhered by all the people working at Toyota in their daily business operations to practice and fulfill the social responsibilities. The details are further elaborated in Corporate Governance chapter.

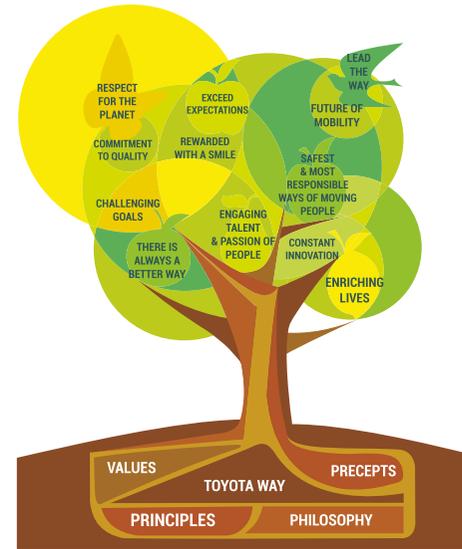


Toyota Global Vision

The Toyota Global Vision (issued in 2011) defines our esteemed



values and our actions to make 'always better cars' that exceed customer expectations and 'enriching lives of communities' leading to a 'stable base of business' to achieve sustainable growth of the company.



“
Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people. Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile. We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way.
 ”

Toyota Earth Charter

Toyota established the Toyota Earth Charter (issued in 1992, revised in 2000) as the action plan for global environment and has formulated policies for environmental initiatives. It is shared among 559 Toyota consolidated affiliates around the world.



Ethics and Governance

We recognize good governance as a sine qua non for sustainability. We promote high ethical standards, quality products and ensure compliance with all laws and regulations to achieve sustainable development, inclusive growth, integrity, transparency and accountability. The value statement, code of ethics and internal control mechanisms define our value system and reflects our culture and commitment to the values of corporate governance.

Code of Ethics

Formed in 1999, the Code of Ethics of TKM consists of principles for doing Ethical Business. The structure and coverage of the Code of Ethics is as below



Coverage



Suppliers



TKM Employees



Dealers

Anti – Bribery Policy

We at TKM are zero tolerant towards bribery and corruption. Under the Anti-Bribery Policy, there is a prohibition on bribing or being bribed including bribing a public official/servant (Government official), bribing through a third party and supporting bribery. The policy also prohibits facilitation payments and kickbacks, and prohibition of charitable contributions/ donations

Whistle Blower Policy (WBP)

“Whistle Blower Policy” ensures the protection of our employees, dealers, and vendors, thus ensuring the company values are always adhered to. This gives the stakeholders an opportunity to report fearlessly on any unethical behavior noticed by them. Please find the link to view our detailed WBP

<https://www.toyotabharat.com/toyota-in-india/wbp/>

Modes of grievance communication

Toll free hotline

1800 3010 00 19



Dedicated post box

Toyota Kirloskar Motor (Ombudsman)
PO box no.19, Ramanagara - 562159



Dedicate SMS

76 76 00 00 19



Dedicated Email ID

complaint@tkmombudsman.com



Online complaint

www.toyota-kirloskar-corporategovernance.com



Whistle Blower Drop Boxes

Placed at different TKM locations



Value Statement



Honesty

I will be honest to my profession in spirit, word and action



Humility

I am proud about myself and I will treat everyone with same respect that I expect.



Harmony

I will work with team sprit and will not live at the cost of others.



Courage

I will work for continuous improvement to lead from the front amidst all adversities.



Accountability

I will take ownership for all my actions.

Audit

Audits – Internal Control Mechanism

These audits are conducted to strengthen internal control systems by identifying the process deficiencies, if any, and improve the same by implementing effective countermeasures.

Internal Audit

We practice a risk-based, focused internal audit system and use the services of an external audit firm so that the independence of the auditor is maintained. Critical audit observations along with process owner explanations are reported to the Audit Committee on a half-yearly basis, enabling the management to take corrective actions.

Audit Committee

It is responsible for overseeing the financial reporting process and disclosure of the financial statements, to ensure the correctness of the financial statements.

SOX and IFC Audit

We conduct the SOX-404 audit based on COSO 2013 internal control framework, as part of TMC's global audit requirement. We also report on the design and operating effectiveness of internal controls as per The Companies Act 2013. Statutory Auditors are also required to report without solely relying on management / Board report about:

- An established internal control framework
- Adequate internal financial controls
- Operating effectiveness of internal financial controls

Other Audits

We also conduct various other audits based on the TMAP-MS/ TMC requirements and/or requirements as per the Companies Act 2013.

Enterprise Risk Management

TMC has established the Global Risk Management Committee by appointing Regional Chief Risk Officers with reporting frequency of twice a year i.e., in October and March. As a leader, our regional head quarter TDEM has established Risk Management Policy for all affiliate companies in Asian region. To comply with Companies Act 2013 requirement on risk management, we identify risks and develop mitigation plans on continuous basis for effective management of risk.

In the reporting year, we revisited our ERM policy (issued in 2015, revised in 2017) to become a Risk Intelligent Company. Through this, we aim to enhance our capability of "Prediction, Prevention and Treatment" to counter each risk while adhering to "Safety as our first priority".

Our Risk Management Framework encompasses three main pillars of responsibilities that cascade the scope of activities from the highest governance body to the employees.

Risk Governance

The Board is vested with guiding and providing continuous oversight for implementing and sustaining a successful risk management program. Whereas, the Audit Committee is entrusted with continuous evaluation of the risk management program, providing insights and direct the Risk Management Committee [RMC]

Risk infrastructure & management

This establishes the link between the Risk Governance and Risk Ownership.

Risk Management Committee

It oversees and sets the direction for risk management activities. It also establishes company's highest priority risk list, which is shared with the Board of Directors twice a year and is reported to the regional HQ annually.

Risk Management Secretariat

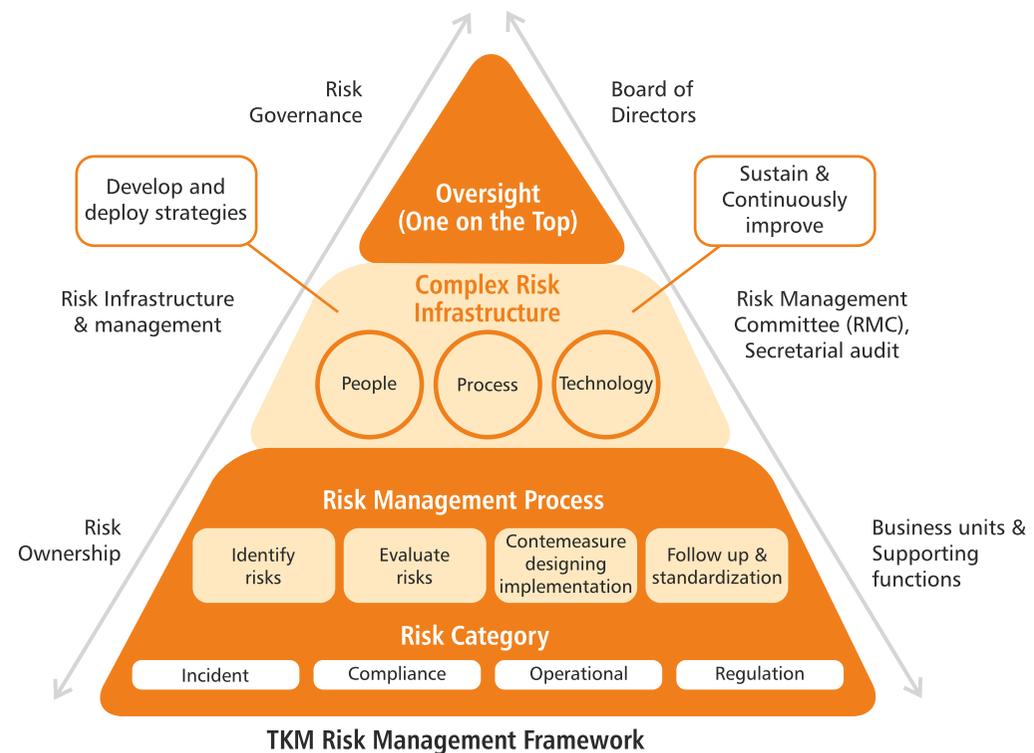
It provides consulting support towards implementation of risk management activities, by evaluating the risk management sheet from each function and evaluates the appropriateness of the countermeasures.

Corporate Governance division: It is responsible for the periodic assessment of risk management policy and evaluates controls and risk response plans for high priority risks. The report is submitted to the Board of Directors and Risk Management Committee.

Risk ownership

It regulates and ensures the effective implementation of critical risk management processes. It documents the risks related to internal and external stakeholders, review and approve the each function's prioritized risk list. With this policy, along with all relevant stakeholders' contribution, we aim to keep high standard and quality of risk management activities.

Through the ERM framework we identify material topics which govern our activities.



Board of Directors

The highest level of governance is the Board of Directors. The Board of Directors delegate powers to executives by way of resolution and granting power of attorney in specific cases. Executive directors are authorized through terms and conditions of the service agreement executed between the Company and them, as approved by the Board of Directors. The Board of Directors and Shareholders decide the remuneration of Executive Directors.

The remuneration of the Directors is approved by the shareholders using special resolutions. Remuneration for consultants is decided in consultation with global HR [TMC] as per set policy. As of 2018-19, TKM has no monetary or non-monetary fines for non-compliance with laws.

Committees of the Board

The committees of the Board are constituted in line with the requirements of the organization.

Audit Committee

It is responsible for reviewing half yearly and annual financial statements, internal control systems, and internal audit scope and discuss with internal and statutory auditors about their observations and report.

CSR Committee

It recommends CSR policy of the company and monitors progress of the implementation of the policy.

Share Committee

It is responsible to issue share certificates to the shareholders after allotment of shares by the Board and to register the transfers of shares as per the Board authorization.



Going Beyond Compliance

Compliance with all statutory requirements is of utmost priority to us. Hence, compliance with every applicable law is the essence of TKM's operation. For us, compliance policies are integral to company objectives and the TKM Legal Manual acts as a guide to understanding the laws applicable to each division. A good compliance culture is shown by the promotion of a positive attitude towards legal compliance activity at all levels within our organization.

Legal Compliance Management System

We at TKM, have a de-centralized, exhaustive and comprehensive the legal compliance management system. Under this, every applicable functional division is empowered to establish and ensure legal compliance at their respective levels.

Legal Compliance Management Tool [LCMT]

LCMT measures and monitors compliance levels across all the divisions. It sends alerts to the responsible person to ensure compliance with daily operations. It also provides compliance status report to the senior management and Directors on a real-time basis.

We ensure that we are 100% compliant to all applicable Indian legal requirements.



TKM representation in various associations & forums

Association / Organization	Mr. Vikram S Kirloskar	Mr. Masakazu Yoshimura	Mr. Shekar Viswanathan	Mr. Takuya Nakanishi	Mr. Raju B Ketkale	Mr. Naveen Soni
CII - President	✓					
CII - South (Management Committee Member)						✓
CII - State (Management Committee Member)						
BIC (Executive Committee Member) [Individual capacity]			✓			
BCIC (Management Committee Member)					✓	
BIC (Management Committee Member)				✓		✓
STS forum (Management Committee Member)	✓					
IACC (Management Committee Member)			✓			
JCCI Delhi (Executive Committee Member)		✓				
JCCI Chennai (Member)		✓				
JCCI Bangalore (President)		✓				
World Business Council for Sustainable Development (WBCSD)			✓			✓
Ananta aspen Centre	✓		✓			✓

Greener outlook



Greener Outlook

At Toyota, we show consideration to the planet in everything that we do. We investigate and promote systems and solutions that are eco-friendly. The aspiration that inspires team Toyota for the environmental conscious development started way back in 1992, when Toyota issued its "Earth Charter". As a responsible organization, we at TKM firmly believe in the philosophy of "Respect for the Planet" and we are aligning our activities to this vision.

Environment Management

We have aligned our actions in India to the global directions given by Toyota Motor Corporation. The alignment of the global directions to the local actions is depicted below :



To strengthen our Environment Management System, we have implemented ISO 14001:2015 Environment Management Standard and completed the certification audit with zero non-conformance to the standard.

Environmental Policy

We believe, to integrate environmental management in operations and to be compliant with norms, having a company-wide policy is important. Hence, we drive all our environmental initiatives through our environment policy. The detailed Environment Policy can be found in www.toyotabharat.com

Environment Sub Committees

Toyota established Environmental subcommittees to de-centralize the responsibilities of Environmental Management and promote Cross-functional efforts to manage the key focus areas in Environment Management. Environmental Assessment System was developed to give clear directions for each of the subcommittees and the organization is audited by our Asia Pacific head quarters on the performance against the EAS requirements.

In the reporting year two sub-committees are included to the Environmental Management organizations:

- Chemical Management Sub committee - to ensure the elimination of Substances of Environmental Concerns and prohibition of banned chemicals in vehicle parts, accessory parts, production materials and in packaging
- End of Vehicle Recycling Sub committee - To make TKM future ready to enhance recyclability of the vehicle.

Global EMS

To strengthen the Environment Management System and to appendage to the ISO 14001: 2015, Toyota Globally has developed Global Environment Management System (GEMS). GEMS contains specific directions for implementing a robust Environment Management System.

Legal Compliance – TKM and Value chain

As non-compliances might lead to legal action, we ensure that our vendors, suppliers, and dealers are compliant with all the applicable laws of the land. Hence, we assess our value chain on legal compliance before we associate with them.

Suppliers

Supplier basic compliance requirements are a part of our General Purchase Agreements.

Our suppliers undergo audits to confirm the compliance to the basic regulatory requirements

100 % of our Tier 1 suppliers are audited for Environmental Compliance requirements

Dealers

In 2018, Dealership EMS manual has been designed for dealerships.

In addition to this a star rating criteria has been developed to assess the dealerships on their environment management. Basic compliance requirements will be rated as 1 star.

Waste Management Vendors

In 2002, the criteria for waste management vendors was formulated to check whether they are compliant or not with legal/TKM requirements.

Before the agreement of contract, vendors are audited. After hiring the vendors are again audited annually. Hazardous waste vendors are audited bi-annually.

100 % of our waste management vendors have gone through the Environmental compliance audit

Toyota Environmental challenge 2050 Challenge to zero and beyond

The global environment is facing several challenges in recent days which are going to decide on the sustainability of the planet in the near future to come. Toyota has aligned its recent developments in the fields of environment sustainability and resource consumption in order to give back to the environment what we take from it. This implies going beyond our comfort zones to embrace sustainability in all Toyota initiatives towards a net positive impact.



Mr. Takeshi Uchiyamada announcing environment challenges on 14th October 2015

CHALLENGE 1
 New Vehicle Zero CO₂ Emissions Challenge

CHALLENGE 2
 Life Cycle Zero CO₂ Emissions Challenge

CHALLENGE 3
 Plant Zero CO₂ Emissions Challenge

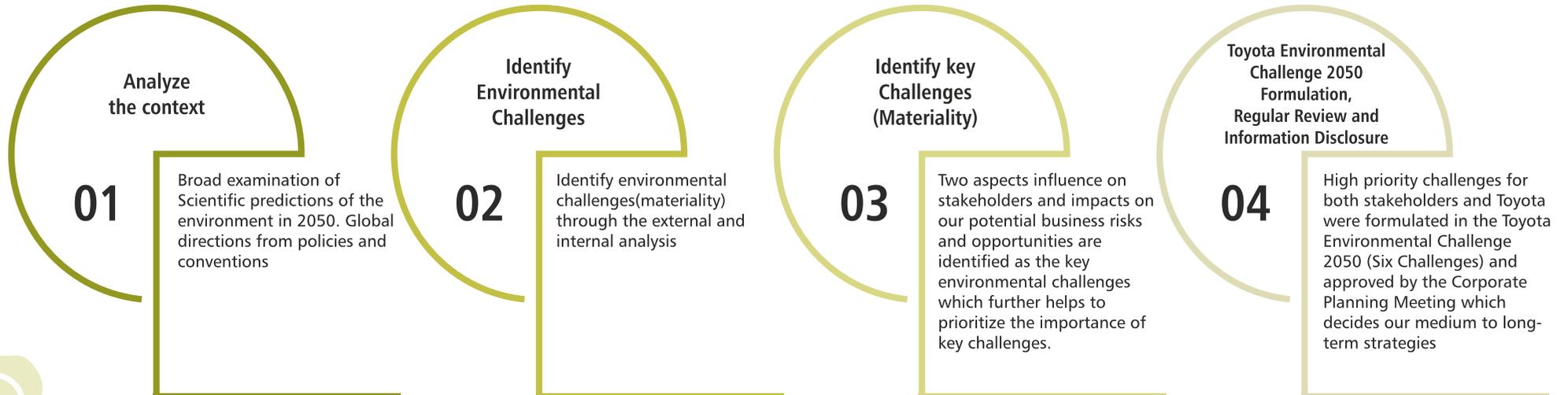
CHALLENGE 4
 Challenge of Minimizing and Optimizing Water Usage

CHALLENGE 5
 Challenge of Establishing a Recycling-based Society and Systems

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

⊙ Challenge of Achieving Zero CO₂ × ⊕ Net Positive Impact Challenge

Approach for setting the vision



2030 Milestone

The 2030 Milestone indicates how the six challenges will be as of 2030, including the details of this announcement. These activities are being further proceeded along with the Toyota Environmental Action Plan that sets the specific action plans and targets for every five-year period in order to contribute to the realization of a sustainable society.

Challenge 1 New Vehicle Zero CO₂ Emissions Challenge

Make annual global sales of more than 5.5 million electrified vehicles, including more than 1 million zero-emission vehicles (BEVs and FCEVs)The estimate of global average CO₂ emissions reduction in g-CO₂/km from new vehicles will be 35 percent or more, which may vary depending on market conditions, compared to 2010 levels

Challenge 2 Life Cycle Zero CO₂ Emissions Challenge

Reduce CO₂ emissions by 25 percent or more over the entire vehicle life cycle compared to 2013 levels by promoting activities for the milestones of Challenges 1 and 3, and with support from stakeholders such as suppliers, energy providers, infrastructure developers, governments and customers

Challenge 3 Plant Zero CO₂ Emissions Challenge

Reduce CO₂ emissions from all plants by 35 percent compared to 2013 levels

Challenge 4 Challenge of Minimizing and Optimizing Water Usage

Implement measures, on a priority basis, in the regions where the water environment is considered to have a large impact
<Water quantity> Complete measures at the four Challenge-focused plants in North America,
Disclose information appropriately and communicating actively with local communities and suppliers

Challenge 5 Challenge of Establishing a Recycling-based Society and Systems

Complete establishment of battery collection and recycling systems globally
Complete set up of 30 model facilities for appropriate treatment and recycling of End-of-life vehicles

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

Realize "Plant in Harmony with Nature"— 12 in Japan and 7 overseas —as well as implement activities promoting harmony with nature in all regions where Toyota is based in collaboration with local communities and companies
Contribute to biodiversity conservation activities in collaboration with NGOs and others
Expand initiatives both in-house and outside to foster environmentally conscious persons responsible for the future

Challenge 1 - New Vehicle Zero CO₂ Emissions Challenge

Our aim is to reduce 90% of new vehicle CO₂ emissions by 2050 compared to 2010 global level emissions



Our Approach



Toyota has been a pioneer in green technologies and over the years, Toyota has developed the technologies for hybrid electric vehicles, battery electric vehicles and fuel cell vehicles. In India we have already launched our hybrid electric products.

Transition towards electric - Hybrid System

Development of Toyota Hybrid Electric Systems in 1997, followed by the launch of Prius - world's first mass-produced hybrid passenger vehicle; made Toyota a pioneer in the global Hybrid electric vehicle space. In India, with the launch of Camry- India's first ever locally manufactured Hybrid electric in 2013, we marked a milestone in the history of the Indian Automobile Industry.

Globally **12 Million** hybrid electric vehicles have been sold till now and this has avoided the CO₂ emission of **94 million tons** (Till Apr 2018).

<https://global.toyota/en/sustainability/report/er/#>

Indian Hybrid Electric line up



Camry Hybrid

Prius

Preparing for Electric Mobility

Even though our Hybrid Electric Vehicles have gained extreme popularity in the Indian market, we consider the government's push for Electric Vehicles as a business opportunity. We strongly believe that the 'PHEV' Plug-in-Hybrid Electric Vehicle is a realistic solution considering the present status of the charging infrastructure available in the country.

Fostering Hydrogen Based Society

Toyota considers 'hydrogen' as a potential alternative fuel and is actively developing technologies to harness it from various primary sources. The launch of Mirai – the fuel cell vehicle [FCV] in 2014, was the first step towards promoting hydrogen powered vehicles. Toyota globally is a member of Hydrogen Council and working with various stakeholders to promote hydrogen-based mobility.

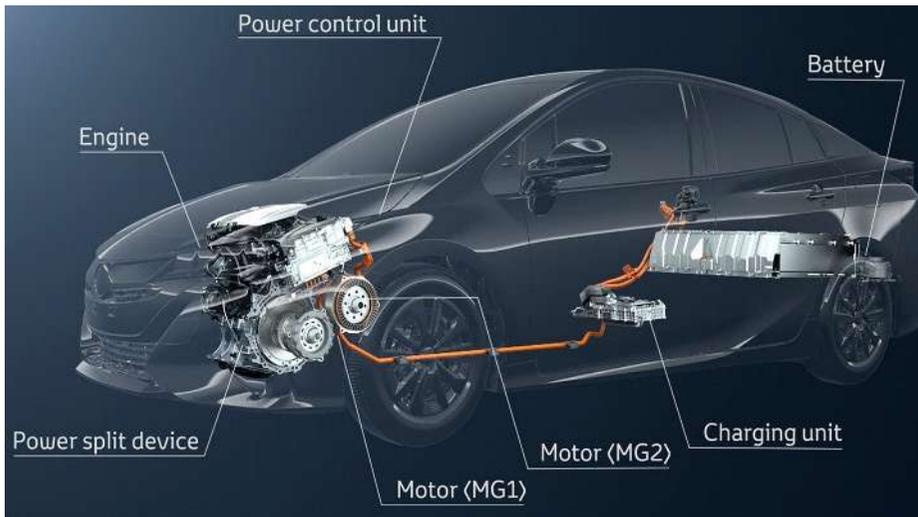


Toyota Mirai

Hybrid Electric Vehicles

An efficient solution for Indian Scenario

Toyota is a pioneer in Hybrid Electric Vehicle technology. A hybrid system is two or more power sources working together in unison. The Toyota Hybrid system seamlessly integrates the high torque of a battery-powered electric motor with the efficient power of a petrol-driven combustion engine.



Hybrid Electric Vehicle = IC Engine + Electric Vehicle

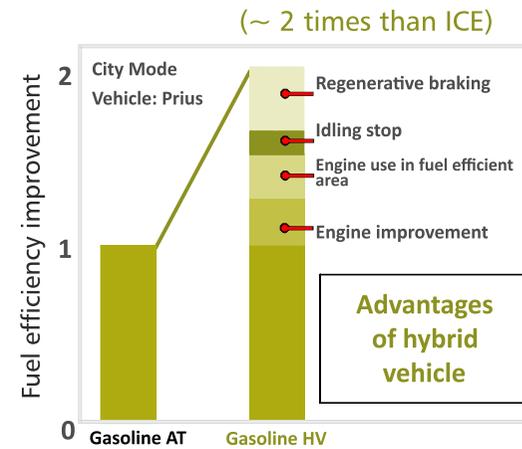
Key Characteristics of hybrids

Hybrid electrics have several key benefits over the ICEs and BEVs. The details of which is described below:

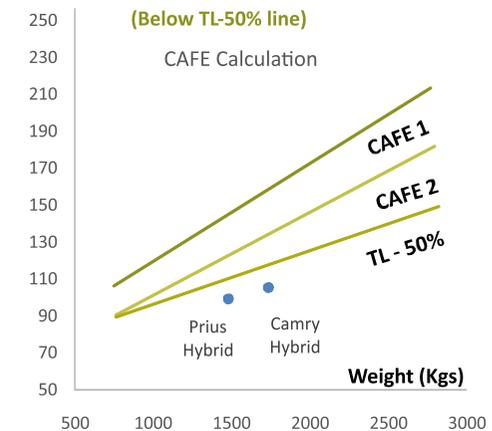
- High Fuel Efficiency
- Low Emission
- Cost
- Higher Power

Fuel Efficiency improvement

The hybrids are very fuel efficient as compared to the ICEs. The below figure depicts the advantage of the HEVs over the ICE. The enhanced fuel efficiency also helps in reduced CO₂ emissions from the vehicles.



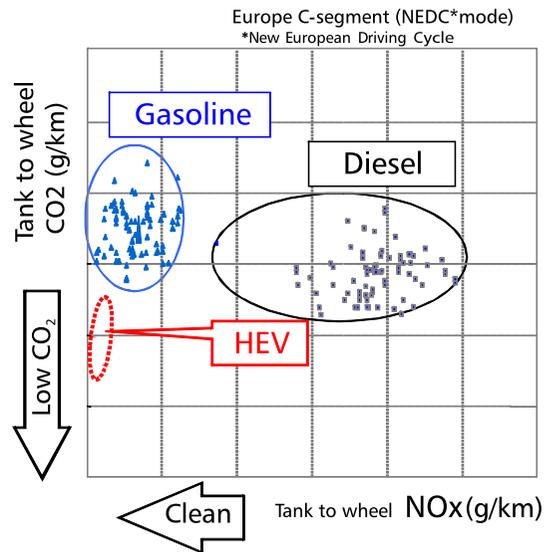
Camry Hybrid Electric Vehicle Fuel Efficiency 48% better than the conventional IC Engine



Camry Hybrid Electric Vehicle

Lower Emissions

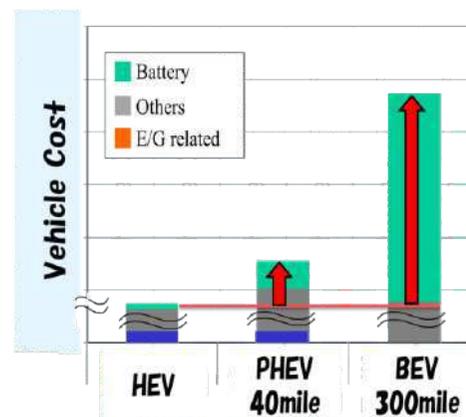
As per a study conducted on HEVs at Ireland, Camry HEV run 60% in EV mode. It is also found that Camry HEV emissions are 1/10th of BS 6.



Cost

The studies have shown that the HEVs are more cost competitive than the BEVs. The below figure compares the cost competitiveness of these vehicles

HEV is suitable solution and can be popularized with some support from Government.



Hybrid Power Performance

The Hybrid Electric Vehicles are designed for “Joy of driving Car”, They operate with two engines- one electric and one ICE- and have more power than the conventional ICE vehicles.

Make in India

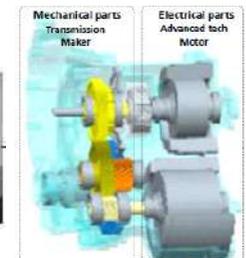
In our endeavor to increase the affordability of the HEV it is imperative to localize the component manufacturing in India. Further, this move enhances the efforts to contribute to the Make in India campaign of the Indian government.

The core components of a HEV are

Power Control Unit:



Battery Module & Pack



- Battery module and pack
- Power control unit
- Transaxle with motor

We are looking forward to a phase-wise localization of these components beginning with child parts manufacturing of battery modules and local assembly of power control units. The manufacturing of cell and semi-conductor will be initiated in subsequent phases.

Challenge 2 - Life Cycle Zero CO₂ Emissions Challenge

At Toyota we understand that our responsibility towards greener environment goes beyond our area of operation and we have a bigger role to play in making the mobility greener. With this perspective, we have set the Second Environment Challenge to make our supply chain carbon neutral. Currently we are establishing the baseline data and roadmap to achieve the same



Assessing the life cycle impact - GHG Emission Inventorization

To understand the impact our business on Global Warming, we have started accounting our Green House Gas emissions on monthly basis from reporting year.

Currently TKM has started accounting the scope 3 emissions from following categories

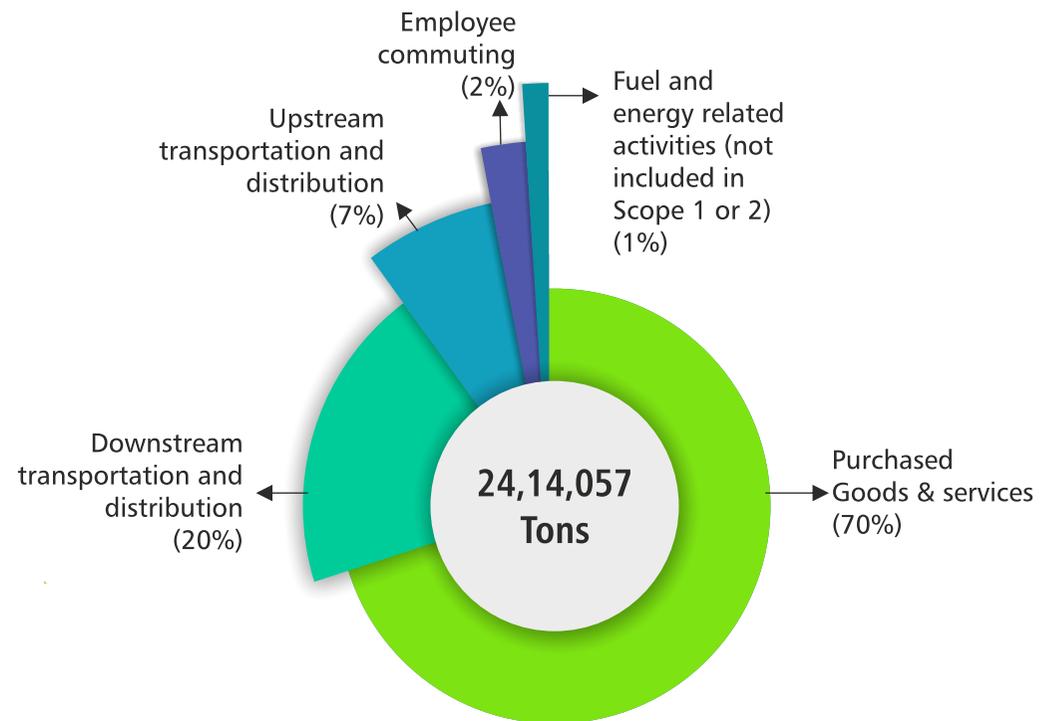


Our Approach



Life Cycle Consideration Design

To reduce the environmental impact of its vehicles, Toyota has introduced the Eco-Vehicle Assessment System (Eco-VAS) to set and achieve environmental targets such as those relating to life cycle CO₂ and recyclability, under the guidance of the chief engineer, including at the development stage. Under this system, we conduct LCA (Life Cycle Assessment), which assesses the impact of the vehicle life cycle on the environment at all stages including materials and parts manufacturing, vehicle assembly, driving, maintenance, disposal, and recycling.



Green supply chain Supplier CO₂ management

In 2016, Toyota revised its Green Purchasing Guidelines to align it to the Toyota Environment Challenge 2050. Through the revised Green Purchasing Guidelines, TKM is promoting CO₂ reduction at suppliers.

TKM has started grasping the CO₂ emission data from its all Tier 1 suppliers and critical Tier 2 suppliers. In FY 2018-19, 184 supplier company data were captured. In addition to this, TKM is promoting the voluntary target setting and kaizen culture at suppliers.

Green Logistics

Logistics emissions are one of the major sources of CO₂ emission in automobile supply chain. Understanding this fact we have established logistics sub committee which focuses on to reduce the logistics CO₂ emissions and to reduce the packaging waste in the logistics.

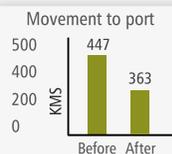
We aim at enhancing the efficiency of logistics through route grouping and loading efficiency enhancement

Truck Efficiency



We engaged with our logistics partners to optimize the routing and had been able to reduce 84 kms of our transport distance in reporting year

Optimizing Distance



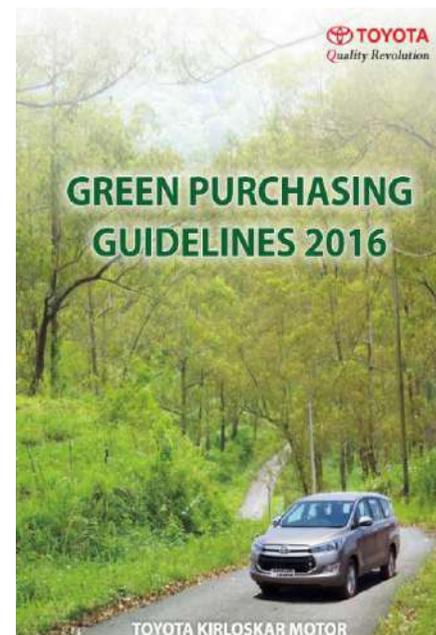
We enhanced our rail transport to North Eastern India which has reduced the CO₂ emissions from the transport

Alternate Mode



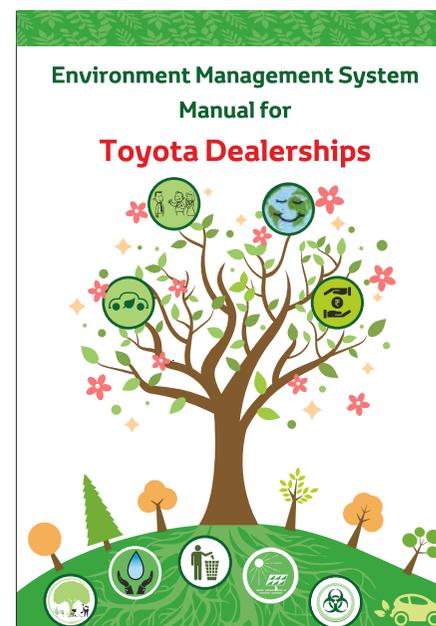
We have conducted the trial for the usage of Biodiesel in our logistics trucks in the reporting year

Alternate fuel



Handholding the supply chain Supplier CO₂ reduction

In the reporting year, TKM encouraged the suppliers to take voluntary targets to reduce the CO₂ emissions in their operations as per the Green Purchasing Guidelines



Green Dealerships - Dealership EMS Manual

In the reporting year, we developed Dealership Environment Manual. The dealership management and staff are trained on the requirements of this guideline.

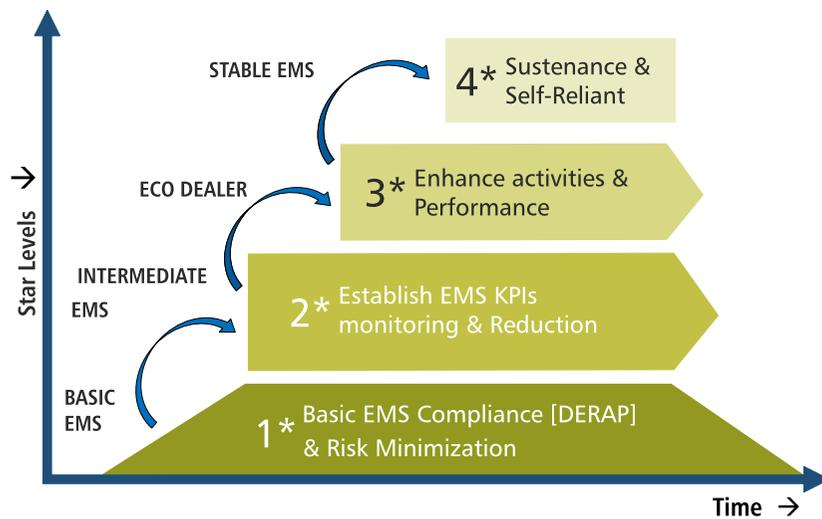
Also, the star rating criteria for the dealers to assess their performance against the requirement. A third-party consultant is hired to conduct the audit.

Toyota EMS Certification Program

Considering the global scenario and Toyota Long term commitment, we have introduced "TOYOTA CERTIFICATION PROGRAM" to replace with DERAP. This program strives to make our dealerships operations more ECO FRIENDLY and self-sustainable.

This program has 4 stages of certification which is broadly classified as 1 Star to 04 Star and kept timeline to achieve 4 star requirements by 2022 at all our dealers.

Under 1 star we mandate our dealers to comply all statutory requirements and monitoring of resources consumed and so on.



Framework and guideline

Considering the feedback from our dealerships we have designed our program which will help our dealerships to become self-sustained with respect to EMS. Our approach is EMS should be part of daily management, all our requirements are made part of daily management in the operations, so that these can be sustained.

We have developed EMS MANUAL which will help dealerships in clear understanding of the requirements and for implementation, which will have all the check sheets, procedures and other formats as a reference.

Guiding Factor
+ Major requirements



- Legal Compliance
- DERAP [Dealer Env. Risk Audit Program]
- HV battery management
- Internal EMS
- KPI Management (CO₂, Water, Waste)
- Eco driving, Plantation &etc

Capacity Building

Major challenges our dealerships were facing was KNOW HOW, for this along with the EMS Manual we have conducted 2 days workshop to enhance the current understanding on the requirements, which provides detailed theoretical and practical knowledge on EMS.

11 workshops covering 220 dealers



Capacity building for dealership staff

Gap assessment

To bring uniformity in the assessment, we have outsourced assessment to 3rd Party agency. The agency will carry out audit at all the locations against set criteria defined by TKM and provide guidance to dealers for achieving EMS.

Challenge 3 - Plant Zero CO₂ Emissions Challenge

The CO₂ emission in the manufacturing is on focus in global context post the commitments taken by the nation's in COP21. India has also taken targets to enhance its renewable energy installations and go for low carbon technologies in its Commitments. We at Toyota are committed for carbon neutral manufacturing and our third environment challenge aims at the same.



Our Approach

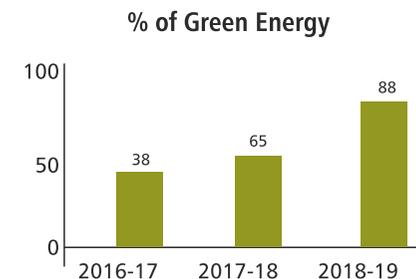


Supply

With key focus on its energy challenge, Toyota has been swiftly moving from non-renewable to renewable sources of energy across its business operations, as electricity consumption being one of the major sources of energy in manufacturing sector.

Toyota being a leader in the environmental stewardship started its journey towards greening its energy source since 2015-16 and has made substantial step-up over the years. TKM has gradually increased Green Energy Procurement and Investment in renewable energy sector to meet its energy requirements. The company has installed in-house solar power plants at roof tops and ground in its facility at Bidadi, which has a combined capacity of 8.4 MW of electricity.

TKM procures energy for the whole complex at Bidadi unit including the Onsite Suppliers who operate from the premises but are different entities. We have procured 88% of the energy that was consumed by the complex (including OSS) from the renewable sources. The net Scope 2 emission for the reporting year 741.45 tons.



Key Highlights:



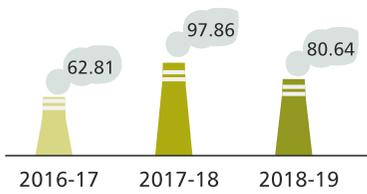
Renewable energy Used: 66867.54 MWh



CO₂ emission reduced: 68121 tons



Scope-1 emissions, kg/veh



Direct energy consumption, GJ/veh



Roof Top Solar

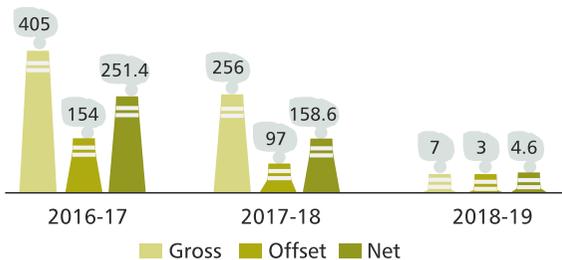
In Oct 2018, TKM sourced 100% of energy requirement from renewable sources.

Considering that the first right on the renewable energy is with the TKM, and excess is supplied to On Site Suppliers, TKM's renewable energy consumption percentage goes up to 99%.

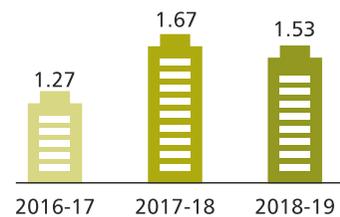


Bio Gas Plant

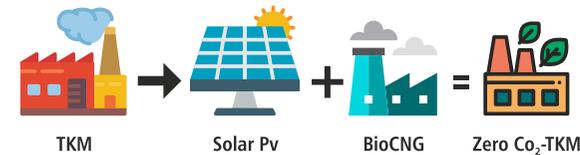
Scope-2 Emissions, kg/veh



Indirect energy consumption, GJ/veh



Case Study Feasibility Study on Compressed Biogas



LPG consumption is one of the major sources of CO₂ emission in the manufacturing process. The TKM used 3801 tons of LPG which had resulted in the emission of 11351.7 tons of CO₂.

Considering this, TKM is planning to replace LPG with Compressed Biogas and a feasibility study was undertaken in association with CII. TKM is evaluating the business model for the implementation of the same.

Efficient Conversion

The loss of energy during conversion from one form to the other is one of the major losses in the manufacturing process. TKM has utilized efficient technologies to ensure lower losses in conversion.

Emission Reduction

We recognize air pollution as a significant issue. Necessary steps are taken to curb the emissions at source by the installation of relevant air pollution control equipment in our production areas. We monitor our surroundings as per Ambient Air Quality Standards [AAQS]. Our stack emissions are monitored on a quarterly basis.

Monitoring Parameters	SPM	So2	Nox
MT/Annum	881.88 tons/A	1.47 tons/A	9.82 tons/A

VOC Data	Plant 1	Plant 2
g/m ²	31.84	11.21

The NOX, SOX values mentioned in the previous report were pertaining to AAQS. However, in the present period, we have reported the stack emissions of NOx, SOx and SPM.

Consumption Reduction

The reduction in consumption of energy in the production process is one of the major strategies which is driven through the effective daily management. The targets are set for the absolute consumption of energy in each of the shop. The net Scope 1 emission is 12,860 tons.

Case Study Green Building Certification



“Emission Analysis Center” at TKM Bidadi, has achieved **Platinum Rating** under LEED 2009 new construction and major renovation rating system.

- 42% Energy Cost Savings against ASHARE baseline Building
- 20% Used materials with recycled content
- 78% Solar reflective index of total building reducing heat deception into building
- 40% Less water consuming landscaping

Key Highlights

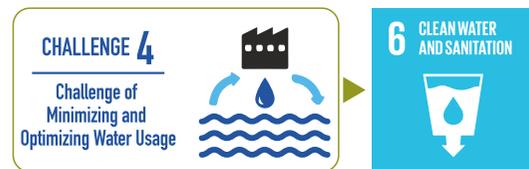
45% of the Allocated boundary is vegetated with less water consuming plants

25% Decrease in Strom water runoff by connecting to recharge pit (368 Cum / Year) as compared to conventional building

Challenge 4 - Challenge of Minimizing and Optimizing Water Usage

According to World Resource Institute, 54% of India faces High to Extremely High Water Stress. As TKM receives water from river Cauvery basin which faces water shortage more often, in case of shortage, industrial water supply can be reduced which can be a business risk. We are not impacting the community due to the waste water discharge as there is no waste water discharged from the plant.

Considering this fact, TKM considers water conservation as one of the priority issue and multiple efforts were taken to address the issue of water scarcity. We do not discharge any effluents outside our premises and we are not impacting surrounding community.



Rainwater Harvesting Pond at TKM premises

Reuse

TKM effectively utilizes the rainwater within the premises by installing the holistic, rainwater harvesting systems. TKM has constructed rainwater harvesting systems with a capacity of 51,000 m³. In FY2018-19, 15% of manufacturing water requirement was met by harvested rainwater.

Recycle

TKM has installed state of the art wastewater treatment facility with Membrane Bio Reactor and Reverse Osmosis technology. With this facility TKM in FY2018-19, TKM recycled 75% of manufacturing water requirement. We also treat the waste water from our On Site Suppliers.



RO and MBR Installation at TKM premises

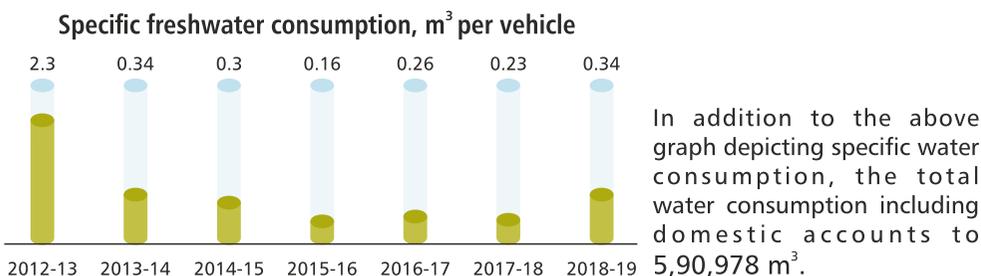
By these measures, TKM has avoided the freshwater consumption which could be enough to supply more than 2800 families throughout the year. (As per the CPHEEO Standard)

Our Approach

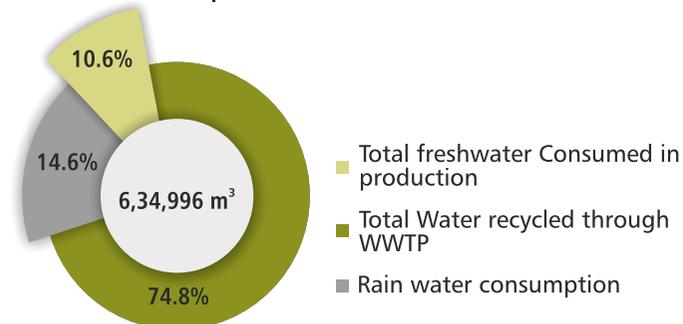


Reduce

We actively involve our employees in reducing water consumed in the robust daily management practices. By these actions, TKM is consistently reducing its absolute water consumption in manufacturing operations.



Water Consumption data



Challenge 5 - Challenge of Establishing a Recycling-based Society and Systems

We at Toyota understand the irreversible damage that we could cause to the environment. To combat this, we have embraced waste minimization at the source via the 5R strategy (Reduce, Reuse, Recycle, Refine and Retrieve). These are conscious efforts on our end to ensure resource conservation, optimization and efficient management as well utilization of waste throughout our value chain.



Our Approach



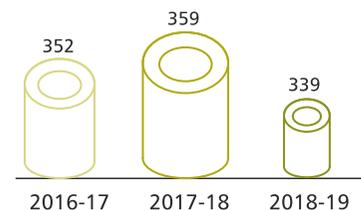
Resource Optimization

We strive to reduce resource consumption from production activities through effective utilization of resources while taking continual day-to-day improvements. The two most important raw materials Steel and paint consumption are monitored to reduce waste and utilize resources efficiently. Steel can be extracted and used as a renewable material whereas paint is a non-renewable material. Presently, we are not using any recycled material as input material. However, we are making efforts to increase the steel yield ratio.

In order to reduce the CO₂ emissions throughout its lifecycle, we are taking steps to maximize the steel yield and minimize the wastage by identifying and implementing kaizens. We have established a special task force involving steel

supplier, blanking vendor and nonautomotive vendors who use scrap steel as a raw material. The primary objective of the CFT is to maximize the utilization of steel thereby reduce the dependency on the virgin raw material. The materials that we use are not renewable, however steel can be recycled back.

Steel Consumption, Kg/veh



Paint Consumption, Kg/veh



Value Management

Toyota Earth Charter- Basic policy of Toyota defines and encourages “Pursuing production activities that do not generate waste”. TKM five-year action plan derived from earth charter also in place which speak son “Reduction in hazardous waste generation” and “Continuous efforts to achieve Zero Waste to Landfill”.

At Toyota, we consider waste as “Value”. These mindsets have driven a case for ensuring waste segregation and thereby enhance the overall recyclability. We also handhold our waste handlers who reprocess and dispose the wastes to ensure that there is no significant impact on environment. The audits are conducted at vendor sites to understand the gaps and we handhold vendors to handle and dispose waste in scientific manner.

	Hazardous Waste			Non-Hazardous Waste	
	Hazardous Waste	Spent solvents & used oil	Empty container	Recyclable Waste	Glass Wool (Landfilling)
FY 2016 - 17	1064.25 MT/A	-	-	23687 MT/A	-
FY 2017 - 18	1115.7 MT/A	73.5 KL/A	120017 Nos/Annum	24748 MT/A	-
FY 2018 - 19	1031 MT/A	75 KL/A	75365 Nos/Annum	26691 MT/A	4.93 MT/A

Management of sludge:

Two types of sludge are generated from the wastewater treatment plants at TKM; chemical sludge and biological sludge.

The chemical sludge is dried in solar sludge drying beds to remove the moisture content and sent to cement plants for co-generation. The removal of moisture content reduces the weight of the sludge to be transported to the cement plants and thus reduces the transportation CO₂ emissions.



Solar Sludge drying area

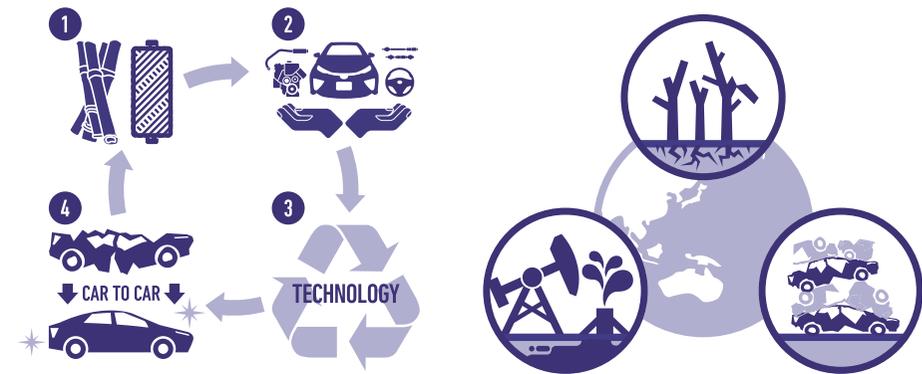


Vermi-composting unit

End of Life Management Toyota Global 100 Dismantlers Project

The prevailing end-of-life vehicle sector in India is an informal one. A car is an assembly of more than 800 parts can be dangerous to the environment if disposed unscientifically. With the auto industry going through a revolution, ELV is going to become one of the biggest challenges in the coming decades. TKM conducted a detailed study of the existing dismantling markets in India, only to realise that the prevailing informal sector can pose a severe threat to environment.

Considering this issue, Toyota has developed the program of "100 dismantler project".



Design to Dismantle Project

To promote material recycling of end-of-life vehicles, Toyota directly visits dismantling companies in Japan and overseas to investigate the conditions on the ground and gain insight into the development of vehicle structures that are easy-to-dismantle and separate parts.

We have actively adopted these designs for new models since 2003.



Material Breakthroughs

Responsible luxury is ingrained in Lexus' culture

At Lexus, we are determined not only to provide our guests with unparalleled experiences, and unrivalled luxury, but also to create an identity that is built on environmental consciousness. Guided by a clear vision of sustainable mobility, we work on a global scale to minimize the impact of Lexus's operations on the environment. From a product lineup focused on self-charging hybrid electric vehicles, to the materials used in our Guest Experience Centers; environmental consciousness has played a significant role in every decision that we have made in India.

Lexus embarked on its journey as a luxury hybrid leader with the launch of RX 400h in 2005. Since then, Lexus has diversified their uniquely crafted hybrid vehicles into a portfolio of self-charging hybrids. The product range in India has rapidly grown ever since the LS 500h launch in March 2017 to four models as of 2019, which include ES 300h, NX 300h, RX 450h, and LS 500h. Lexus manufactures lighter-weight vehicles that help conserve natural resources, reduce fuel consumption and minimize brake wear. Over the years, Lexus has demonstrated the potential of hybrid technology as a core feature of their vehicles, in a bid to negate the impact of its carbon footprint in India.

Lexus' global initiatives for sustainability

Lexus developed the industry's first bamboo-charcoal speakers, while making luggage compartments from recycled plastics. From castor seeds, kenaf stems to biodegradable sugarcane, we are always thinking innovatively for sustainable material design.

Lexus has continued to pursue a zero-emission goal to safeguard our planet by building vehicles using recycled steel and non-ferrous metals. Furthermore, several waste materials, like plastic wrap, used oil, packaging materials, etc. are also recycled in its manufacturing plants using large scale shredders. This has resulted in more than 100,000 tons of recycled material each year and prevented over 500,000 pounds of plastics from ending up in landfills.



We developed the industry's first bamboo-charcoal speakers. Our luggage compartment trim is made from recycled plastics. From castor seeds to biodegradable sugarcane, we are always pushing the envelope of sustainable material design.



RECYCLED PLASTICS



RECYCLED SOUNDPROOFING MATERIALS



STEM OF KENAF



CASTOR SEEDS



SUSTAINABLE BAMBOO



PLANT-BASED SOURCES

Lexus India's unique tree planting initiative

Lexus's carbon neutral initiative drives the idea of planting trees on behalf of each Lexus India guest, for every car sold in the country. As of 2019 this sustainability project has planted over 12,000 trees around India at the Sitamata Sanctuary in Rajasthan, the Sundarbans in West Bengal, Nimbora and Amravati in Maharashtra, with the support of Grow-Trees.com as well as at Toyota Kirloskar Motor's manufacturing facility in Bidadi, Karnataka. This initiative was developed considering the long-term impact on the environment, the average carbon emissions of each of the vehicles had, during its life cycle. The idea is to contribute more to the environment through every Lexus India guest who is doing their bid for a carbon neutral future and also accelerating green initiatives for the environment.

This brand social responsibility project initiated by Lexus India further emphasizes the environmental benefits of driving a Lexus self-charging Hybrid Electric Vehicle.

Lexus's commitment to sustainability even extends into its conferences. Materials used at these meetings are entirely recyclable with the use of seed paper note pad, seed pencils that can be planted and other environmentally friendly products.

“ This social responsibility project not only mitigates the impact of carbon emissions but also involves our guests to nurture and care for the environment that will build a better planet for the future generations.”



Mr. N. Raja,
Chairman, Lexus India



Periphery of Sundarbans National Park,
South 24 Parganas, West Bengal, India

“ Lexus India is carving the way with clear vision for sustainable mobility that works on unique ways to minimize the impact of its operations on the environment.”



Mr. P. B. Venugopal,
President, Lexus India



Challenge 6 – Challenge of Establishing Harmony with Nature

Toyota strongly believes conserving natural ecosystems for harmonious coexistence of humans with nature. Hence, with its sixth challenge it aims to conserve biodiversity and collaborate with all its internal and external stakeholders to create awareness and promote environment education. It has established 'Toyota Green Wave project', 'Today for Tomorrow' and 'Education for Sustainable development' projects to endeavor society in harmony with nature.

Toyota Green Wave

Since 2009, we are expanding our afforestation activities inside and outside our premises through cross-functional cooperation (involving all stakeholders). Till the end of reporting year, TKM has planted more than 2,84,000 saplings are planted by TKM at strategic locations.

TKM encourages its employees and supply chain partners to take up environmental activities in the community and in the month of June 2018, 63,564 number of saplings were planted by employees and supply chain partners within outside TKM.



Afforestation drive by TKM employees



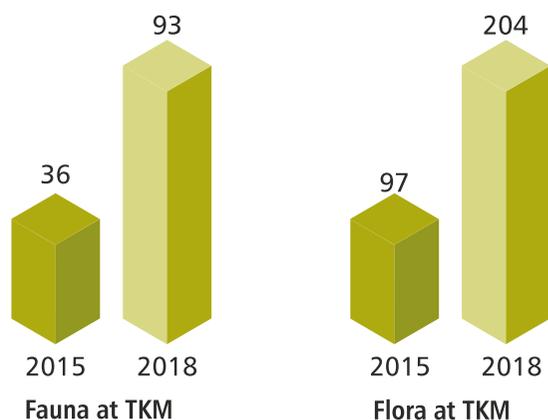
Our Approach



Today for Tomorrow

Through this program, TKM takes up large scale conservation projects in the community. With the aim of contributing to society, we will work together with organizations engaged in nature conservation by establishing projects to solve issues in the area of biodiversity.

Positive change: A survey conducted by IBBI on the biodiversity in and around TKM, Bidadi that there is significant increase in the flora and fauna in the area.

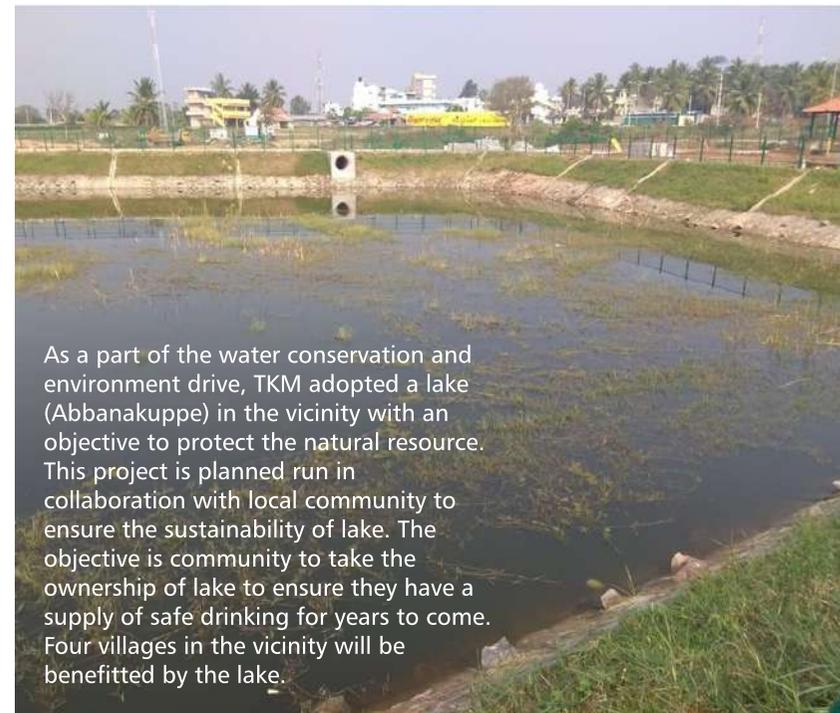


Collaborating with Global NGOs

We have collaborated with International Union for Conservation of Nature [IUCN] through their 'Leaders for Nature' project, to exchange our best practices with our peers and benchmark regional and global environment biodiversity conservation best practices. This will also empower us to respond to the emerging environmental challenges.

We have partnered with Confederation of Indian Industries [CII] under its India Business and Biodiversity Initiative [IBBI] to mainstream our biodiversity conservation agenda in a sustainable manner.

Lake Rejuvenation



As a part of the water conservation and environment drive, TKM adopted a lake (Abbanakuppe) in the vicinity with an objective to protect the natural resource. This project is planned run in collaboration with local community to ensure the sustainability of lake. The objective is community to take the ownership of lake to ensure they have a supply of safe drinking for years to come. Four villages in the vicinity will be benefitted by the lake.

Education for Sustainable Development

This program is aimed at developing young eco-minds who will be our ambassadors for Environmental Conservation in future.

Green Me

We started our Journey towards education for Sustainable Development with our unique practical based learning curriculum at Government Schools. Since its initiation in 2015, we have partnered with education department and 30 government higher primary and 5 high schools across Bidadi region, Ramanagara district. The program aims at promoting environment awareness and conservation activities through both knowledge enhancement and practical implementation. After the successful completion of Phase II, Phase III was initiated in August 2017. Consequently, the program has gained momentum and is successful in expanding environment awareness to the local community through 'Child as an agent of change' approach.

Student Connect

We continuously engage students in various ways to bring about a behavioral change. After the completion of Phase III, we evaluated children on their environmental awareness.

Highlights:

70
school
competitions

700
class
room
sessions

Awareness
among
1477
students

140
teachers



Highlights:

School Connect

We introduced Star Rating System to evaluate schools on a scale of 5. The evaluation criteria is based on child awareness levels and various activities such as plantation & clean up drives, water & waste management, community campaigns etc.

35
Government
schools



Village Connect

We engaged with the nearby villages to create awareness amongst the local community on environmental concerns. We introduced the concept of Green ME in Gram Panchayat meeting. Further, the school children along with the NGO partners actively engaged with the villagers through awareness campaigns, video shows and demonstrated environment good practices.

Highlights:

Village
Resource
Map at
85
Villages

Environment
project plan for
5-gram
panchayat



Ecozone Project

In our endeavor towards establishing future society in 'harmony with nature', we are developing "Eco Zone" in our TKM premises. Eco Zone is an outdoor environment learning center, specially being designed to provide experiential learning to students. It is spread across an area of 25 acres alongside 500KW solar park.

Eco Zone is designed to sensitize people and inspire change through a 4-tier structure:

- * Experience the Problem
- * Understand its cause
- * Create Solutions
- * Experiment to implement



Demonstration of Eco-friendly mobility solutions at ecozone



Ecozone site in 2017



Ecozone site in 2019

Purpose

Under this project, we aim to connect "Children with Nature" and promote environmental awareness beyond classroom learning. This is done through experiential learning by providing hands-on training on the varied environmental issues. Further, it also provides opportunities to learn and experience "harmonious coexistence" of humans and nature through various interesting activities. In addition to this we want to spread TKM eco-spirit to all our stakeholders

Making of Ecozone

The site where ecozone is standing now was a waste dumpsite. Thousands of trucks of

construction debris were dumped at the site for two decades. Our initial plan was to develop the area as a green belt area but eventually we came up with an idea of establishing an ECOZONE which could help in spreading the eco-spirit across the society through our stakeholders.

Ecozone Theme Parks

This state-of-art educational park has 11 theme parks, each of which educates the stakeholders on various environmental aspects.



Toyota Plaza



Silent Garden



Water Theme Park



Medicinal Garden



Timeline Walk



Forest Theme Park



Climate Change Theme Park



Value Theme Park

Glimpse of training at Ecozone

Enablers of Change



Enablers of Change

Employees are our most valued assets and play a crucial role in achieving business goals. Toyota believes that a diverse workforce and an inclusive environment that respects and nurtures different people is a way to improve Toyota's business growth and performance. The strength and team spirit of employees helps the organization to perform better and develop innovative high-quality products to ensure Customer Delight. We harness the best of talent and train them to align with the association's objective and vision. Year-long training and development programs are conducted to cultivate the practice of consistent learning.

Based on the Contract type

	Apprentice Trainees (ITI, DAT, GEAT & Toyota Tantrajna)		Office Contract + Plant Contract		Total
					
Fixed term	0	0	0	0	0
Third party	0	0	91	28	119
Others, if any	0	0	0	0	0

Employee Distribution

			Total
Bidadi	5534	44	5578
Gurgaon	56	4	60
IS office	31	6	37
Japan	25	0	25
Kolkata	18	0	18
Mumbai	28	1	29
RPTC - Neemrana	8	0	8
RPTC - Kolkata	7	1	8
RPTC - Manesar	11	2	13
RPTC - Pune	18	0	18
Singapore	16	1	17
Thailand	22	2	24
UB city office	168	20	188
USA	1	0	1

Based on the Employment type

			Total
Full time employees	5943	81	6024
Part time employees	0	0	0

Based on Location and Gender



- Bidadi
- Gurgaon
- IS office
- Kolkata
- Mumbai
- RPTC - Pune
- UB city office

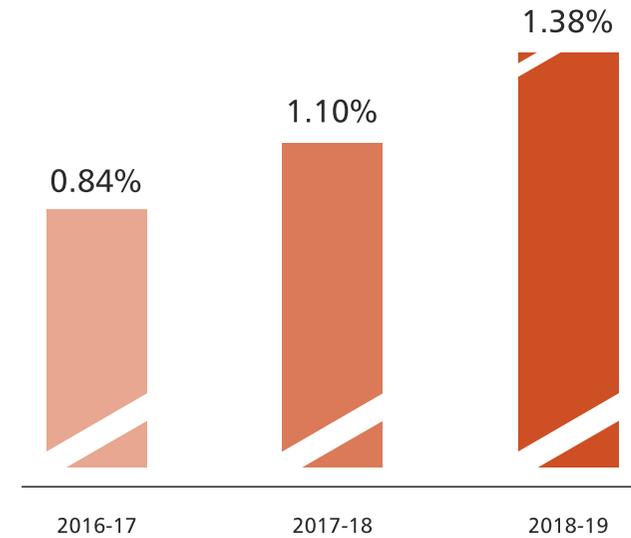
Apprentice Trainees (ITI, DAT, GEAT & Toyota Tantrajna)		Office Contract + Plant Contract		Total
613	2	89	18	722
			1	1
1			1	2
		1		1
			1	1
		1		1
1			7	8

Human Development – The Toyota Way

Our Philosophy: 'Respect for People'

For us, people are more than just a stream of assets; they are the key competitive competency of the company. Hence, Toyota views Headcount Management as an opportunity to continuously improve competitiveness of its employees. For this, we ensure most appropriate headcount size by controlled headcount management depending upon the present business situation, future business prospects and profitability. We consider controlled headcount management as an important factor to secure "Profitability" "Competiveness" & "Flexibility".

Talent Retention



Employee Welfare

We believe in fair labor practices. Gender is not a factor for recruitment, pay or retaining talent. We are an equal opportunity employer and practice equal pay for equal work, while strictly adhering to the country's minimum wage rules. Child labor or compulsory labor is strictly not encouraged in our operations or at our business partners.

Compensation

Our employees are rewarded with the most competitive compensation which is best in the industry. The factors influencing the compensation include the company's performance, market position, employee performance and other perspectives such as attrition, inflation, cost of living and the market price of labor.

Employee Benefits

We ensure the best of benefits to our employees. Apart from the mandatory and regular allowances, we support our employees with other benefit schemes such as

- Leave Encashment
- Employees Deposit Linked Insurance [EDLI] Scheme (Over & above the Act)
- Additional 51,000 insurance coverage (30 diseases)
- Personal Loan top-up with banks (w/ low-interest rate compared to market rate)
- Toyota My Car Scheme (Car Discount Scheme)
- Interest Free Car Loan Scheme
- Company interest free loans in case of emergencies
- Happiness (Only TM's) & Sadness Allowance (TM's & family)
- Suggestion Allowance
- Long Service Award (completion of 10 years)
- Maternity Benefit Policy (Over & above the Act - 30 weeks + max. 5-month childcare leave)



Our Association with Union

We believe that teamwork and transparency with employee union is crucial for our company's success. Hence, we are making efforts to strengthen our relations with the employee union through regular engagement. Our industrial relations team engages with the union daily and involves manager and successive levels on weekly, monthly, quarterly and annually.

The Memorandum of Settlement between the Company and union members is

renewed every two years. The expectations from the management and the union are also put forth making the negotiations transparent and fair. In the previous reporting year, we negotiated and entered the settlement for FY 2018-20. It covers the aspects of safety, code of conduct, productivity and quality in operations. In case of significant changes, a minimum notice period of two weeks is provided to the employees as per law.

To build a positive working environment in the shop floor, we have 7 employee relations officers, who act as ear and eye of HR management. They help us to understand the concerns of TMs at the shop floor and convey the same to the stakeholders to develop counter measures.

100% of our workmen exercise freedom of association and collective bargaining.

Appraisal

The performance planning, midyear and year-end evaluation of our permanent employees and trainees, are carried out through the HR Management System whereas the bi-annual performance review is conducted through online Performance Management System. They also receive their performance feedback from their respective supervisor on competency development, career planning, job rotation and learning and development programs. To strengthen our HR management system, we conduct Morale Survey once in two years. The 360-peer review is conducted to review senior management functioning. It involves an external consultant to maintain confidentiality in feedback collection.

In this reporting period, about 100% of our permanent employees received performance appraisals.

Creating a Vibrant Culture

Since 1999, we have established the structured employee engagement platforms which help in expanding human interaction. The activities are revisited based on the business contexts to strengthen our employee engagement activities over the years.

Overview of Activities

Employee Communication Activities



Employee Engagement Activities



Ekiden



Employee Talent show



Women's Day Celebration



Karnataka Rajoytsava

Ensuring Safety at Workplace

Safety is our top priority. We accord the same importance to safety of all our team members while working inside or outside the company premises. As safety leaders, we emphasize to create and strengthen the safety culture always and continuously strives to bring the safety consciousness in all our process/work carried out by TMs.

Safety and Health Committee

Safety and Health Committee meetings are undertaken at various levels to discuss means to improve health and fitness of the employees, reduce absenteeism and illness.

Manufacturing Safety Committee Meeting (MSCM) is conducted every month and is chaired by the occupier and manager of the industry and attended by the all top management along with representatives of Employees union. Shop safety Committee Meeting (Shop Level) is conducted once every month and is attended by safety committee members (50% workers) along with shop heads.

Safety Month

Theme “Enhance Safety management to prevent accidents by strengthening safety culture among TM by involving at all level”

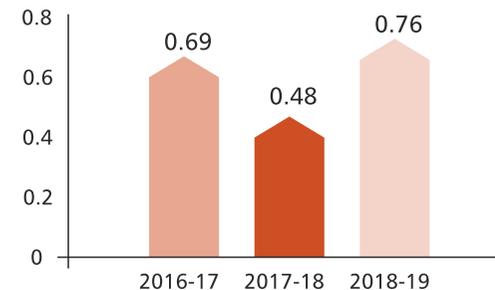
Initiatives and activities

- Demonstration of safety rules for supervisors and the office staff
- Rotation of the Safety team members to enhance safety mindset
- Enhancing people's ability to identify hazards
- Identification of critical activities that are high risk and ensuring safety countermeasures
- Shortlisting the difficulties in the working environment to follow safety rules and safety enhancements
- Safety improvements in shop floor to higher levels, to ensure a safety culture

Apart from the indoor safety enhancement, our safety team conducts indoor safety pre-holiday safety promotional activities pertaining to traffic safety awareness, the importance of wearing a seatbelt, helmet etc. considering the

traffic hazards in society

Safety Statistics (Accident frequency rate)



Commutation Safety

Some initiatives by commutation team are taken to ensure commutation safety. Strategies and achievement KPIs are designed to ensure commutation safety. Commutation Safety day on 4th of every month is organized. Discussions on various awareness topics are held. Seat Belt initiatives are designed to ensure safety of employees. 7 Golden Rules, driver recruitment process, and initiatives to reduce the CO2 emissions in the commutation activities are introduced.

Occupational Health and Safety

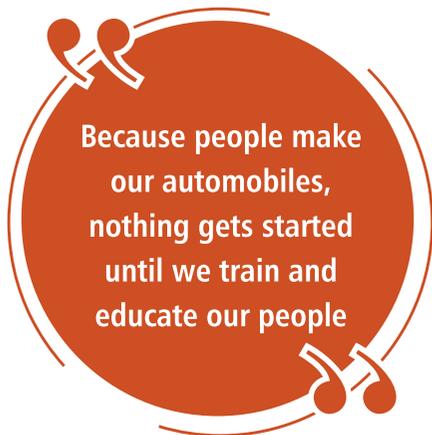
We at Toyota ensure our stakeholders well-being. Examinations, background checks and activities are conducted, and their outcomes are analysed to understand the gaps.

Pre-employment Medical Examination (PME) is provided to all employees, apprentice and contractors, to assess the health status and ensure fitness. Parameters included in the examination are as follows PEM- BMI, ECG, X-ray chest, Vision, Blood tests - Complete Blood Count, ESR, RBS, RFT, LFT, Lipid profile and Urine Analysis.

Annual Medical Examination (AME) is also conducted for all employees. Parameters included in AME examination are as follows BMI, BP, Vision, Audiometry, Pulmonary Function Test, Blood tests - Complete Blood Count, ESR, RBS, RFT, LFT, Total Cholesterol and Urine Analysis.

Learning and Development

Toyota Learning & Development India (TLDI)



Eiji Toyoda



Create a learning organization by developing competitive human resources among all stakeholders and thereby contribute towards business sustainability

VISION

Empower stakeholders to develop Human Resources in their workplaces

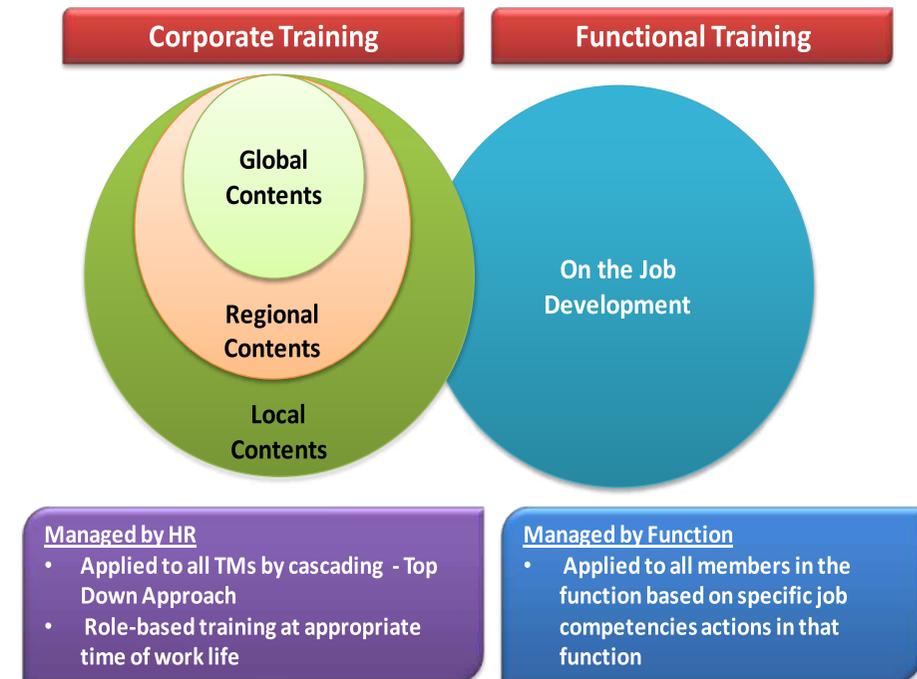
MISSION

Overview

Through Toyota Learning & Development India (TLDI) (TII), we accord equal learning opportunities to all our people. Skill Enhancement Plan (life-long learning) is designed which provides a plethora of training and development opportunities to employees to enhance the knowledge, skills and attitude throughout their career.

To develop Toyota Way competencies, employees are trained in global contents, regional contents and need-based local contents. Further, functional trainings are imparted to enhance their functional competencies.

Further, role-based and skill-based trainings are imparted as part of post-promotion programs. Employees are trained on policies and procedures (Service Policy Guidelines and Code of Ethics) including human rights. We train our security personnel in the organization's policies and procedures which includes safety, health, code of conduct and aspects related to human rights relevant to their operations during induction. We also provide periodic fire-fighting training to our security personnel.



Training need analysis

- Mid-to-long-term business plan
- Reflections from previous year
- Benchmarking
- Feedback from stakeholders
- Performance Management feedback

Employees' Training

To enhance problem solving skills, new program on Toyota Business Practice (TBP) Reinforcement Development was introduced for Deputy Managers and Managers. Based on the need shared from the manufacturing team, training to supervisors on soft skills was developed and imparted during the year.



TBP by Job Grade (New Program)



Post Promotion Training for Newly Promoted Deputy Managers

In line with changing times, TLDI also introduced e-learning modules on "HiyariHatto and KYT" and "Corporate Governance". All (100%) office staff completed these e-learning course.

Post-training Analysis

We focus on translating classroom learning into action by assigning Business Project/ Theme report - out. For example, after attending (TBP) Reinforcement Development training, participants took a business theme and solved the workplace problem. Further, after post-promotion trainings, employees took up a developmental theme and applied the learnings in their workplace.

Stakeholder Engagement

We believe in putting our efforts to develop the entire stakeholder value chain by providing specific training programs to our Suppliers, Dealers, Corporates and Communities.

Based on the need shared by Toyota Excellence Center Sales and Service, "Dealer Management Development Program" (DMDP) was imparted. Meanwhile, supplier plant heads were trained in "Supplier Management Development Program" Level 2 based on the need analysis shared by Purchase Engineering team.



Training to Dealer Partners - Dealer Management Development Program

TPS Training to Toyota Financial Services Success Story

Toyota Financial Services (TFS) India approached TKM to develop their leadership team in Toyota Production System (TPS). Three-phase program was designed wherein cross-functional leaders from across grades were handpicked for the project. In phase one, fundamentals of TPS was taught. In the second phase, TFS members worked in the line to get hands-on-experience of TPS. In the third phase,



Training to Toyota Financial Services Team

they attended TPS Standard Work and Kaizen training. Each phase of the program was followed with action learning project. In summary, 53 Muda were eliminated, job standards were developed and Turn-around-Time (TAT) of Bangalore operations reduced by one-hour!

Trainings imparted to stakeholders

Training	Duration (In Days)	Employees	Dealers	Suppliers	Corporates
Toyota Way Foundation	1	●	●	●	●
Plan Do Check Act	1	●	●	●	
A-3 Reports	1	●	●	●	●
Toyota Business Practices	2	●	●	●	●
Toyota Job Instruction	2	●	●	●	
Toyota Communication Skills	1	●	●	●	
Toyota Production System	3	●	●	●	●
Problem Solving Training	2	●		●	
Role of Supervisor	1	●		●	
Abnormality Management	1	●		●	

Skill Development

Skill contest is conducted every year to identify employees with best skills. It is conducted at three levels viz. Company Level, Asia Pacific Level and Global Level.

Company-wide Skill Contest

- 93% participation of shop floor members
- Selection of top 3 contestants in 9 skills
- Contest conducted in Team Member, Team Leader and Group Leader categories



TKM team at Asia Pacific Skill Contest held at Thailand

Asia Pacific Skill Contest

- 13 Asia Pacific Toyota Affiliates contest against each other
- Training at Asia Pacific Global Production Center
- TKM bagged 2 Gold, 4 Silver and 8 Bronze(2nd position in Asia Pacific)
- Gold Medalists represent Region at Global Skill Contest

Global Skill Contest

- Toyota affiliates contest globally at Japan

Toyota Technical Training Institute

Vision

Develop good corporate citizens equipped with Toyota specific methodologies, create learning opportunities for the deserving individuals and meet the future indigenous and social expectations.

Students are trained in Automobile Weld, Automobile Assembly, Automobile Paint and Mechatronics trades. Till now, TTTI has trained 540 industry-ready technicians who have been placed in Toyota Group Companies and supplier partner companies.

We are proud to note that Government of India and Japan Institute of Manufacturing (JIM) have identified TTTI as a benchmark training institute.



Dr. KP Krishnan, Secretary, Ministry of Skill Development and Entrepreneurship, Government of India delivered the Convocation Address



Toyota Team at India Skills 2018



World Skills Contest

TKM has bagged winner and runner-up position in Mechatronics and Prototype Modelling category in national level contest. Winners will be participating in the World Skills Contest which will be held at Russia

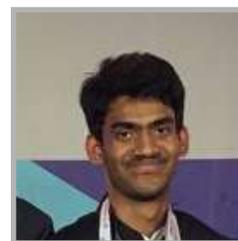
Getting ready for World Skills Contest

Toyota Apprenticeship Scheme

- Since 2002, TKM has trained over 11,000 Apprentice members
- ITI, Diploma and Engineers are also trained across Karnataka.

	Total Members Trained	Total Man Days Trained
Employees		
Executives (Grade 7 and Above)	1707	7094
Non-Executives (Grade 8)	4329	19568
Others (Apprentice and Contract)	2657	7971
	8693	34633
Suppliers		
Suppliers	304	1792
Dealers		
Dealers	258	1772
Community		
Community	324	12547
	9579	50744

World Skills Contest: Success Story of Kiran



Kiran hails from Udupi District in Karnataka. Having lost his father at the age of 10 years, his mother had to work as a daily wage worker to eke out their living. Due to difficult conditions, Kiran's elder brother and sister had to discontinue their education, who started working as daily wage laborers.

After his 10th standard, Kiran's brother-in-law motivated him to apply to Toyota Technical Training Institute (TTTI). He got selected in Mechatronics stream. He put efforts to learn every day. As a result, he secured fellowship in five

semesters. During his final semester, Kiran got shortlisted to the World Skills Contest. Rigorous training was imparted to him in India as well as from the TMC Japan. In the World Skills Competition, which was held at Abu Dhabi in 2017, he won the Bronze Medal for India in Prototype Modelling. "With continuous coaching from my trainers, I was able to hone my skills and give my best in the competition", says Kiran. Presently, he is working in Toyota Kirloskar Motor inhouse tool manufacturing team.

Responsible Sourcing



Responsible Sourcing

We believe integration of sustainability in supply chain, is crucial to deliver long-term profitability. We associate with business partners based on their overall strengths and realize mutual growth through mutual trust. With various development programs, we not only aim to create monetary benefits but provide significant competitive advantage for our suppliers in the rapidly changing market landscape.

Supplier Guidelines

Purchasing Policy

At Toyota, we ensure that we follow a fair policy for all suppliers evaluating and incorporating them at a similar platform. There are a few points which we believe stand at the crux of our values.

- Fair competition based on an open-door policy
- Realization of mutual benefit based on mutual trust
- Contributing to local economic vitality through localization and good corporate citizenship

General Purchasing Agreement

We believe in having clear lines of communication so that suppliers have a clear idea about deliverables from their end to ensure uninterrupted and mutually beneficial transactions

- 'Customer Satisfaction' is of utmost importance
- Toyota Production System (TPS) and Just-In-Time (JIT) are to be adopted
- Relationship with suppliers based on mutual trust and conscious efforts to maintain the same over time.
- Total compliance with safety and environmental standards
- Contribute to the sustainable development of society
- Promote healthy business practices

Supplier CSR guideline

In addition to these, TKM has formulated policies to cover aspects of climate change and social responsibility included as a part of 'Supplier CSR guideline' emphasizing on the following aspects

- Respect for employees and stakeholders
- Safety, Quality, Productivity, Cost and Human Development
- Legal Compliance, Human Rights/ Labor, Local or Global community

Green Purchasing Guidelines

After the announcement of Toyota Environment Challenge 2050, Toyota revised its Green purchasing guidelines in 2016 to align supplier activities in line with the vision. TKM developed and communicated Green Purchasing guidelines through out the supplier network and handholding suppliers to implement the Green purchasing Guideline requirements.

The Green purchasing Guideline covers various aspects of Environment including Environment Management System, Green House Gas reduction, water conservation, resource optimization, Chemical management and compliance management.

New Supplier Establishment System

We rely on our suppliers for the everchanging market needs. As procurement is very crucial for our business, managing supplier relations to assure a continuous supply without any delay in the delivery of products becomes imperative. We have established a system to identify the right suppliers for procurement of raw materials called 'New Supplier Establishment System'. Continuous engagement with suppliers through training and workshops help us maintain the synergy and manage risk and compliance to abide by organizational as well as industry specific regulations and compliances.

Before onboarding any supplier, we carry out a thorough background check of their Environment Social Governance parameters. The NSER includes 41 parameters ranging from labor practices, legal compliances to safety and environment.

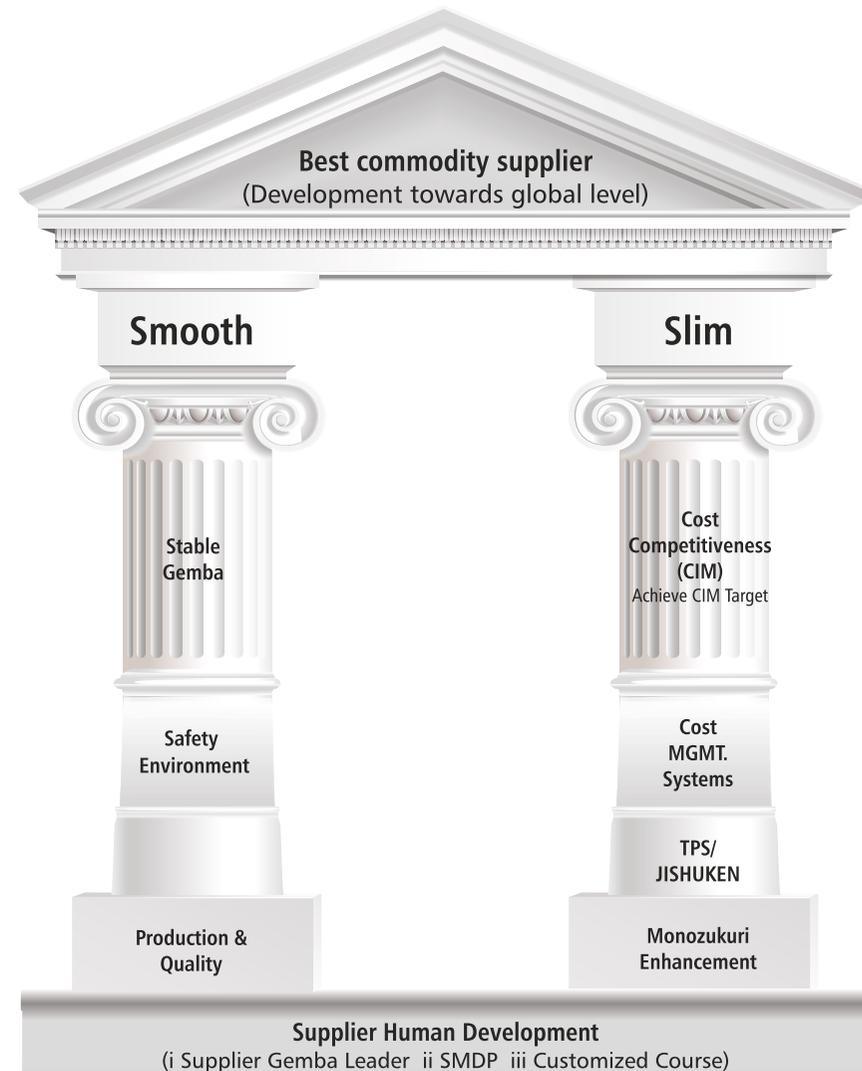


The environmental indicators are included in the evaluation in the reporting year.

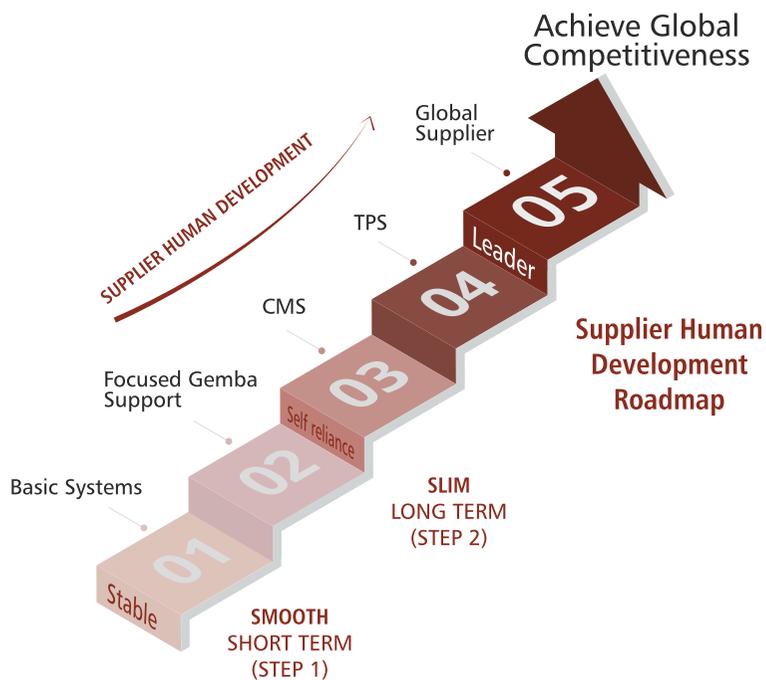
Transforming Suppliers as Leaders

With the aim of transforming the suppliers as leaders, TKM assessed its suppliers to identify the gaps in the operational practices. We developed road map for enhancing the safety and sustainability of the suppliers with the following key strategies

- Supplier Human Development
- Smooth Operations with enhanced safety, productivity & quality
- Slim Operations with effective cost management and productivity



We support our suppliers to strengthen the overall shop floor capabilities through a stable and sustainable Gemba management. For this, we have Supplier management development program to enhance their Gemba management skills to make them self-reliant in Gemba management.



Supplier Training Modules

TKM developed different training models to develop the skills of top management, middle management and operators.



Supplier management development program

The Gemba skills of supplier top management are enhanced through Supplier Management Development Program (SMDP). To make them self-reliant in Gemba management, we follow a four-step development program based on Smooth-Simple-Slim-Smart.



Classroom Sessions



Shopfloor visits

Supplier Gemba Leader

We provide focused Gemba support to the middle management (Manager Supervisors) through one-year Supplier Gemba Leader [SGL] program. Under this program, one window person from each supplier is trained at the TKM premises to implement the Toyota principles and best practices at their respective facilities.

Customized training for Operators

In addition to this, we trained several supplier operators on aspects related to Safety, Productivity, Quality, Cost, Health & safety and Environment.



Customized trainings for supplier staff

Smooth Operations

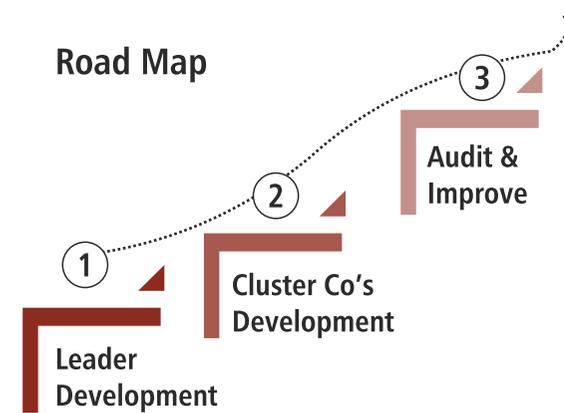
Safety at Supplier Operations



Training and audits on safety at supplier operations

In 2017-18, a detailed audit was conducted to identify the critical suppliers related to safety and we identified 27 high risk suppliers. A three-step approach was adopted to level up the suppliers to address critical fire and safety risks.

Road Map



In FY 2018-19, 16 of these suppliers have moved to medium risk and 2 suppliers have moved to the low risk.

Among 38 high risk suppliers for fire safety identified in FY 2017-18, 26 have moved to medium risk and 5 companies have moved to low risk.

Enhancing Environmental Performance



The Environmental performance of suppliers is enhanced through the effective implementation of Green Purchasing Guidelines. In FY 2018-19, Green House Gas emission inventorization of supplier operations was taken up and voluntary target setting for CO₂ reduction among supplier was encouraged.



Environmental trainings and audits

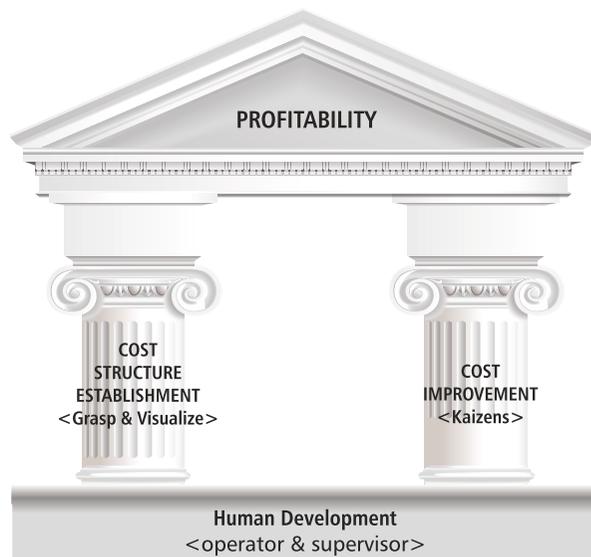
Compliance graph



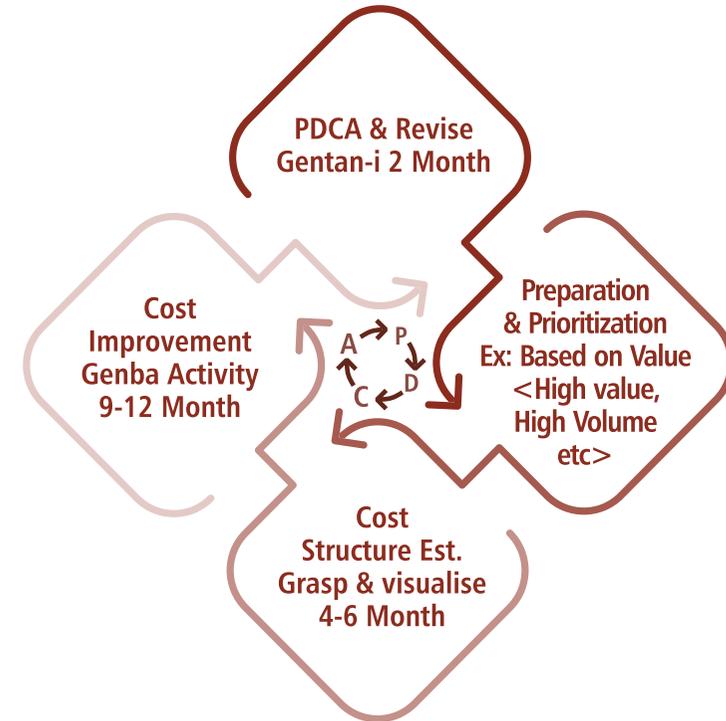
Slim Operations

Cost competitiveness

Life Cycle Costing is one of the key focus areas of TKM. Cost Competitiveness in Suppliers is one of the key factors to ensure the sustainability across the supply chain. TKM has taken up activities to enhance the cost competitiveness of the suppliers.



Roadmap



We assisted our suppliers in developing the system to effectively grasp and visualize the cost data and promoted kaizens among suppliers to reduce the cost.

Supplier Connect

Quality Circle Competition [QCC]

The QCC is held annually at regional level followed by national Level and provides a platform for all suppliers to exchange their ideas and share experiences. With the theme 'Progress through Sharing' this year, we laid emphasis on embedding 'Quality' from the grass root level at suppliers. Suppliers from various regions actively participate in the event and the best performing circles are recognized.

IR management at Suppliers

Our Supplier Kaizen Department observed that there were few instances of shortage in supply of parts due to poor labor relations at suppliers. The major challenges faced by our suppliers included issues with contract workmen and COD settlement.

Hence, reflections from the previous financial year, showed that there was no IR risk mapping and no logical analysis for the COD settlement at suppliers, leading to IR issues.

To ensure proper IR management at suppliers, our SKD along with HR department is jointly involved in IR foundation building at Suppliers and their expertized opinion is sought by the suppliers in case of IR turbulence at their base.



Meeting with supplier Top Management on IR Management

Annual Supplier Convention

The annual supplier meets communicate TMC's expectation and targets.

The annual supplier meet is the platform through which we share previous year performance and our goals related to the supply chain are shared with the suppliers. The ASM is used for the effective connect between TKM and the suppliers and top management of suppliers will be attending the meet. The updates of the FY 2018-19 were shared in the ASM conducted in the month of 9th April 2019.



TKM top management addressing suppliers

CSR

Our TKSA (Toyota Kirloskar Suppliers Association) team has always extended its support towards girl child education. Taking it further, we have sponsored education of 5 girls for one academic year. Apart from this, the educational kits were distributed for three Government schools followed by tree plantation activity to sensitize children on environment.

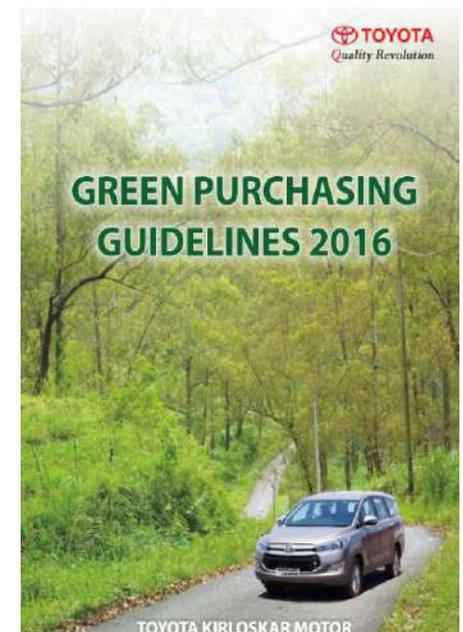


CSR Programmes conducted by TKSA

Green Purchasing Guidelines:

The green purchasing Guidelines were revised post the announcement of Toyota Environment Challenge 2050 and the same has been communicated to all the suppliers. The Green Purchasing Guidelines are developed to handhold our suppliers in enhancing their environmental performance and align to the greater vision of Team Toyota.

The green Purchasing guideline guides the supplier on different environmental aspects including water management, CO2 reduction, chemical management etc. The suppliers are trained on the expectations of the Green Purchasing Guidelines and suppliers submit the updates on their progress.



Customer Delight



Customer Delight

Loyal and happy customers are our promoters. To ensure ultimate customer delight, it is vital to consider qualitative customer voice as the key input in dealer operations and service offerings. We ensure customer delight by expanding our product portfolio with advanced technology that offers quality products and services.

Understanding the Customer Interests

Voice Analytics Tool

Till 2016 we were following JDP survey mechanism where we were focussing only on numbers. From 2017 TKM developed own Survey Structure focussing more towards Voice of Customer instead of Numbers. We receive millions of voices across India and it's impossible to analyse the voices manually. In addition to this TKM receives Feedback / Suggestion / Heart Touching Stories / Complaints from Customers in EYE, PSFU and NCDS Surveys. It becomes

difficult to identify the actionable points among all the customer voices and to act on the same.

The new Voice Analytics tool is developed to capture structured customer voices. A unique SOP is developed to capture screen and prioritize actionable points. The new analytical tool has enhanced the information available for the decision-making.

Strengthening Business Analytics in After Sales Service

To ensure Higher Satisfaction and Retention of Customers, it is very important we understand the services our Dealers are providing to the Customers in terms of adhering to commitments, Service charges, understand verbatims and sentiments of the Customers. It is necessary to measure the key KPIs on real time basis which will help in timely action on the same. To strengthen the monitoring of these key KPIs and to assist in better decision-making process through data analysis, the new business analytics dashboard in after sales service is developed. The major objective for the task is to develop solution to provide right information to right people [TKM & Dealer] at the right time on near real time basis in 3 areas - **Operations, CS and Business.**

With this tool, all stakeholders are referring to one data available in Analytics for discussions and action plans.

Ensuring Security of Customer database

We understand that Customer Data is the key for Sustained Business. We have developed secured system to maintain and update the customer data base. Roles and responsibilities for each function is well defined and screens are mapped in legacy applications to defined roles and responsibilities. The new roles are assigned only through our secured Security Centre. Limited access of Legacy application is provided outside TKM and Dealer Premises. Non-Disclosure Agreements is made with Development and Dealer partners to ensure data security.

Enhancing Customer Experience

National Skill Championship – 2018

TKM with its constant endeavour towards developing skilled workforce across its dealer network in the country conducted the 'National Skill Championship 2018'. An Annual Initiative for dealer personnel, the event serves as platform to reward exceptional sales/service skills and highlights best practices setting advanced skill level in the industry. To develop manpower to meet the skill gap in dynamically changing automotive market, TKM organized National Skill Championship -2018.

Themed "**Challenge My Impossible**", the overall event from dealership level to National Skill contest witnessed 7000+ dealer participants involvement from sales & service. A total of 102 champions competed for National crown held on 3rd Nov. A total of 18 winners, 3 from each category were honoured by the TKM Management for their specialized skill levels were awarded with cash prizes, rolling trophy, winner plaque and medals

Highlights

7000+
Participants



6
Categories
of skill



Awarding for the winners

Express Body & Paint Repair

Body & Paint plays a vital role in Dealer Business. Body & paint services account for 41% of the service revenue and the revenue per unit is four times higher than the general service. A customer survey was conducted to understand the customer expectations in the body & paint repair and found that timely delivery and cost of the service or the key factors that influence the decision of the customer.

With this background TKM developed India B&P model shop focusing on increase in BP market share by enhancing B&P service operations and introduction of new BP service products and promotion of B&P service.

The new model of express body and paint service was introduced to ensure the timely delivery with low cost. The express service was promoted for the customers.

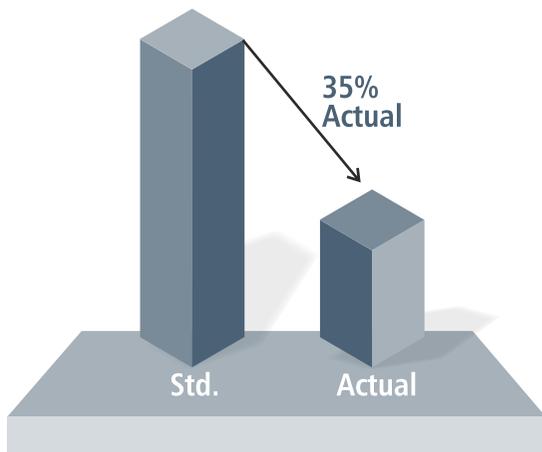


Customers being educated on new body and paint service

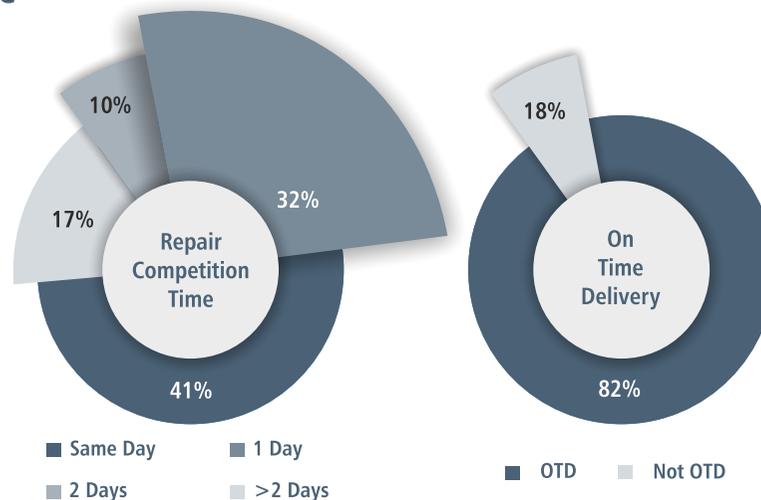


Body and paint service

Standard Vs Actual Time



Outcome



Enhancing Customer Service Through Service on Wheels

The dealership unavailability in the vicinity is one of the highest customer voices in the automotive industry. Even though we already have the tailored services like RSA and MSV, the accessibility of dealerships at the time of breakdown is still a concern. Based on these facts, it is very prominent that **convenience** is primary requirement for customer satisfaction.

Toyota introduced the Service on Wheels to enhance the customer convenience and introduced **"Service on Wheels"**.

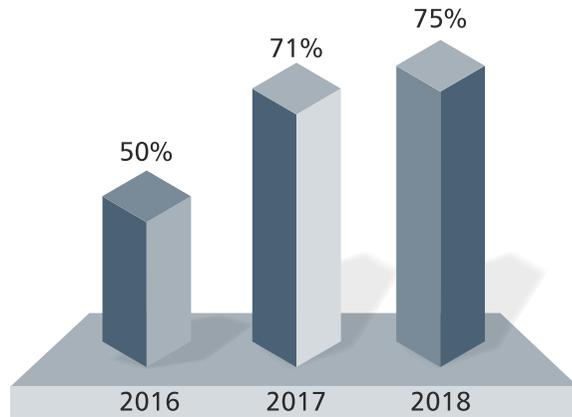


Service on Wheels

Customer Waiting Orders - Parts Delivery to PAN India Dealers within 24 Hrs

As a future step towards delivery of best value spare parts with minimum Lead time & cost to our customers, TKM continuously strives to increase the no of dealers to whom customer waiting parts are delivered within 24 hrs.

Under this activity, Route Kaizens (Continuous Improvements) were done constantly to utilize shortest & Fastest routes to reach customer faster. Standardized Process of Truck Halting lead time & Location to eliminate unwanted idle time.

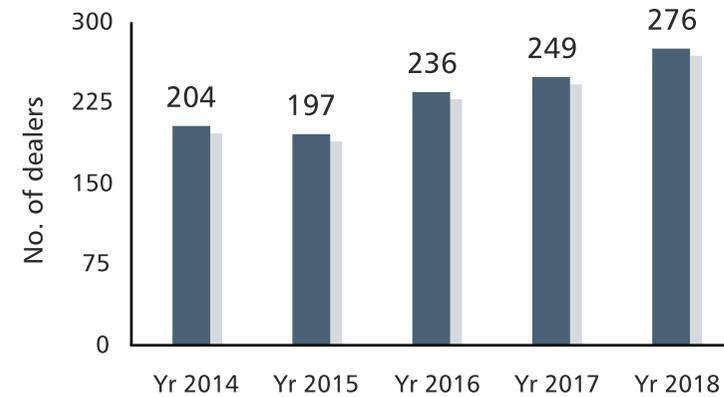


VOR Parts delivery within 24 hrs to Toyota Dealer Network (PAN India)%

National Road Safety Week

Road safety week is a national event aimed at raising public (Dealership employees, customers & community) awareness about traffic rules and ultimately to reduce casualties due to road accidents. TKM promoting National Road Safety Week since 2014 among our dealerships, last year we could see very good participation (176 dealerships reported) & reached to more than 2 LAKH people till date and ultimately helped in enhancing TOYOTA brand as

well. We are aiming to eliminate "UNSAFE CONDITION & UNSAFE ACT" at our dealerships through promotion of safety week initiatives such as Trainings, Banner Display, Video display by involving all the members of dealership which helps in improving accident reporting as well.



Activities conducted by dealers on national road safety week

Environment Month at Dealers

Toyota promotes June month as Global Environment month and promotes various environment initiatives and efforts to stakeholders. In line with the global direction and TKM thinking, 2018 Environment month campaign planned towards 'enhancing the eco brand at dealerships through consuming resources responsibly, engaging stakeholders and reach out to community'.

The main objective was to involve the dealerships, customers and community to realize the goal of sustainable company to elevate the eco brand image of dealership and TKM. This month is used as a trigger month whereby the eco activities are focussed this entire month and further activities to sustain through the year.

In 2018, we could engage the dealerships towards these focus campaign and all the activities under the theme of

- i) Proactive (To develop eco conscious citizens for future),
- ii) Collaborative (promote Toyota eco-spirit)
- iii) Inclusive (in harmony with nature).

Special focus on waste management activities at dealerships of segregation and storage were highlighted.



Awareness to customers on environmental issues



Afforestation drive by dealers

Outcomes

Outside People Reached
15,868

Team Members Participated in KY
2869 daily

Customers Sensitized in Eco-Driving
18,725

Saplings Planted
3,545

Saplings Distributed
8,385

PUC Check (Free Campaign)
1,665

Co₂ Reduced
79.6 tons

Water Saved
36,17,250 litres



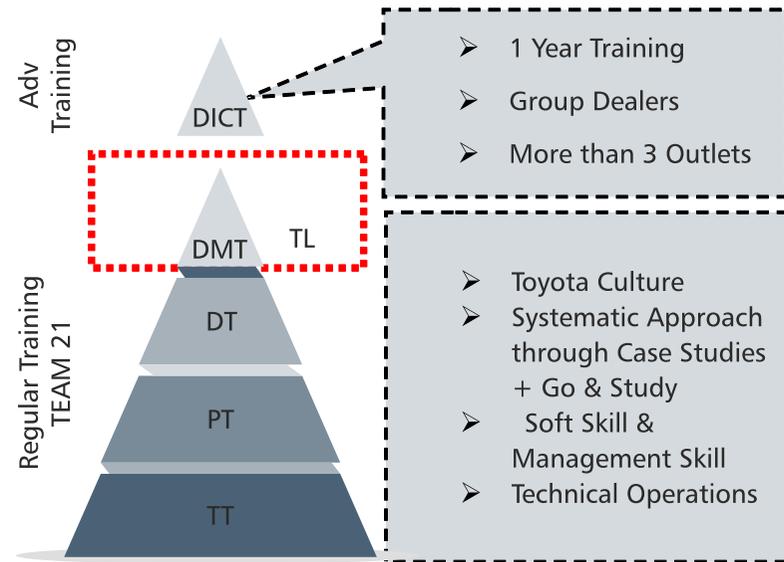
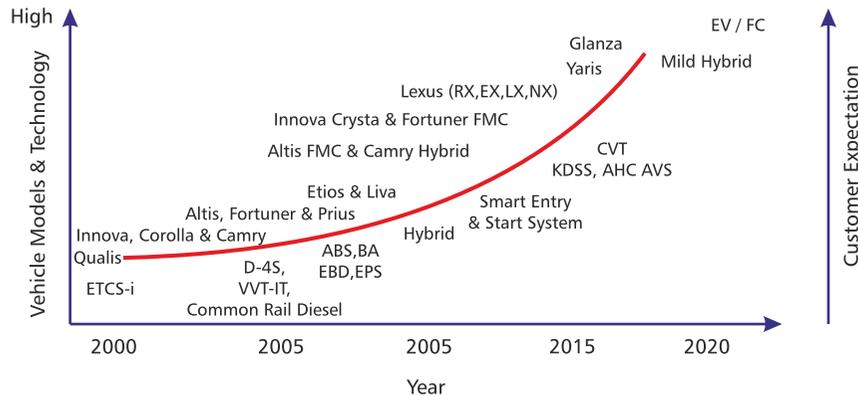
Advanced training programs for Dealership's staff

We have aligned ourselves with the demand shift as we realize the need to improve dealer diagnosis capability and hence advanced training programs have been introduced

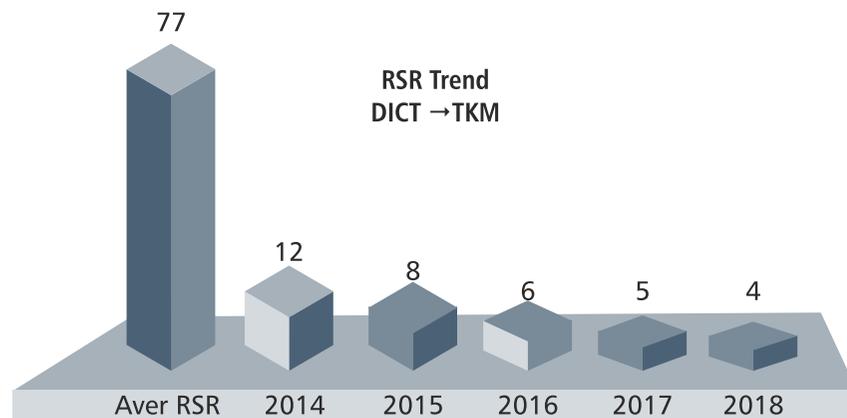
Activities conducted on Environment Month at dealerships

Advanced Training Programs towards Dealer Self-Reliance

Skilled manpower is very essential for customer satisfaction/delight. Over the years, with the advancement of technology, there is an increase in customer expectation.



In FY 2018-19, 26 trainees were trained in 10 batches



- > 70% of Dealer groups are covered
 - > With D-ICTs , Repair Support Requests (RSR) from these Dealer groups to TKM have reduced thus the dependency on TKM has come reduced.
2. Expert Development Program (EDP)
One-year advanced training for Technical Leaders is conducted to improve their diagnostic capability. In a year, 5 trainees are trained for 5 days on different modules for 5 times.
In FY 2018-19, 20 trainees have been trained in 5 batches

Awareness on Low Cost Maintenance

Toyota ensures that we provide valued services to their customers. We at Toyota are trying our best to create awareness about the low cost of maintenance. Since the cost of maintenance impacts the customer buying decision and the customer evaluates the strength of the after sales based on the money spend on maintenance. Various stakeholders at Toyota are involved in the end to end lifecycle management of production of vehicles to ensure that the cost of maintenance is low.

Measures have been taken to understand the current feedback on the cost of maintenance. Discussions have been organized with all relevant stakeholders to build a consensus. Strategies have been designed to have a competitive cost of maintenance.

After detailed analysis, it has been observed that the following factors like material cost and exchange rate impact the cost of maintenance. To maintain the material more money has to be spent as the spare parts available will be expensive. Also, the higher the exchange rate more will the price of the vehicle parts.

Toyota cost of maintenance is highly competitive due to these factors.

Revamping Q Service brand based on Customer Expectation

Q Service is the Toyota After Sales Service Brand in India which was introduced in 2010. We at Toyota ensure that we adapt to the changing trends in the industry. And hence we are trying to build an ecosystem where our communication and focus revolves around Quick, Qualified and Quality. The key is to deliver personalized service offering as per customer need & choice and enhance promotion to reach maximum customers and improve awareness.

Customers were surveyed across India to understand the Q Service and its features. Based on the Survey results it was observed that the Customer expectation is more towards Personalization and customized offerings as per the demand.

After the analysis of the current Q Service brand, it's been concluded that in addition to quick, qualified and quality, we will be adding care, convenience, cost effective and transparency as focus areas. We are at Toyota will now be incorporating feature-based promotions and personalization. The main features are express maintenance in 60/90/120 mins, fix it right the first time, trained manpower, service express truck, one stop shop and injector repair return. Customer Engagement Matrix to support Dealership Front Line Staff in promoting Right Product at Right time and as per Customer demand is being developed.



Social Responsibility



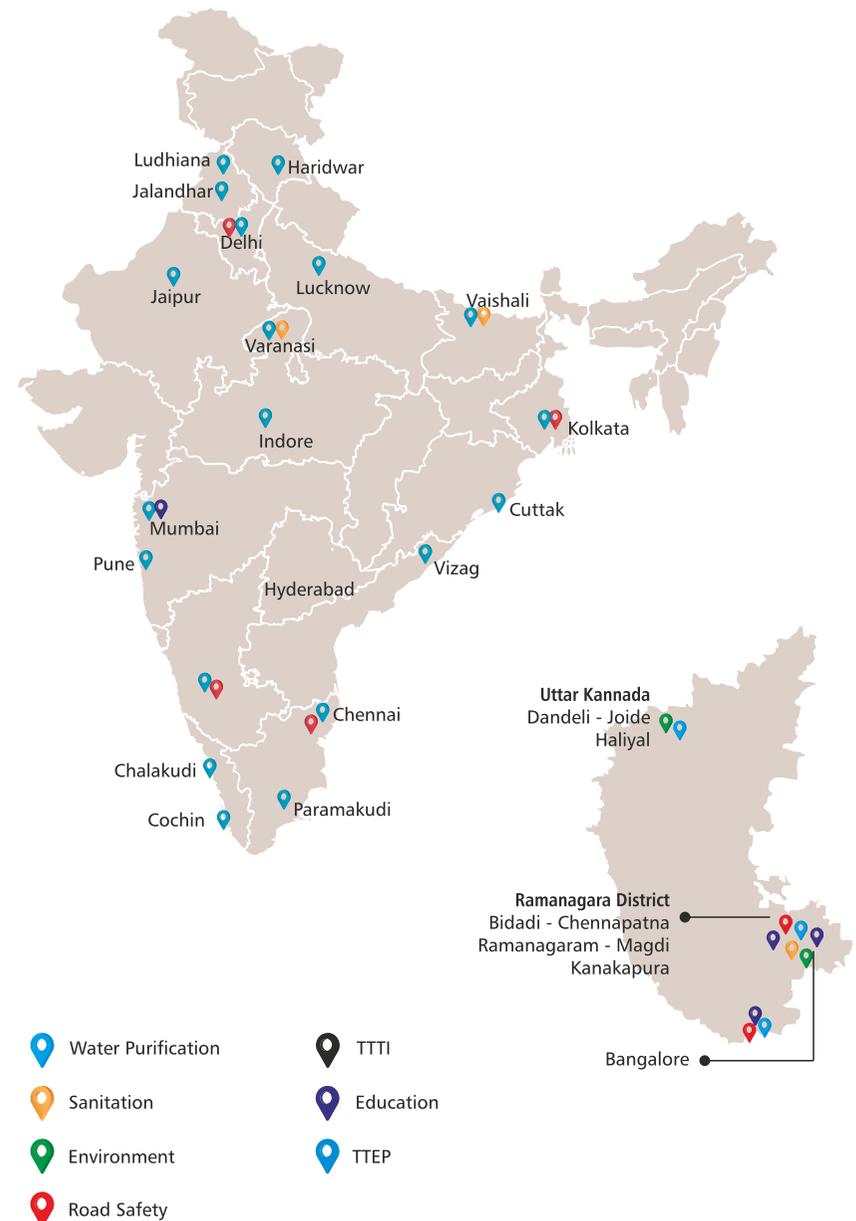
Social Responsibility

Toyota believes in making 'ever better cars' and 'enriching lives of communities' in which it operates. Honoring the local culture and the respecting the laws of land are integral to our guiding principles. Toyota's CSR policy (issued in 2005, revised in 2008) aims to contribute towards Sustainable Development of society considering both environmental and social interests.

CSR focus Areas

CSR interventions are spread across 5 Thematic Areas -

<p>Education</p> <ul style="list-style-type: none"> Improving infrastructure in Government schools Model School Providing learning aids 	<p>Health & Hygiene</p> <ul style="list-style-type: none"> A Behaviour Change Demonstration (ABCD) Water Purification Units Mobile Medical Units
<p>Road Safety</p> <ul style="list-style-type: none"> Toyota Safety Education Program Team Toyota activities 	<p>Environment</p> <ul style="list-style-type: none"> EcoZone Lake Rejuvenation Green Me
<p>Skill Development</p> <ul style="list-style-type: none"> Toyota Technical Education Programme (TTEP) Toyota Technical Training Institute (TTI) 	



1. Education

Infrastructure Support

9 Government Schools Upgraded and Reconstructed cumulatively (2 schools added in 2018-19)



Quality Education

24,500 Children in **305** School provided with Learning AIDS

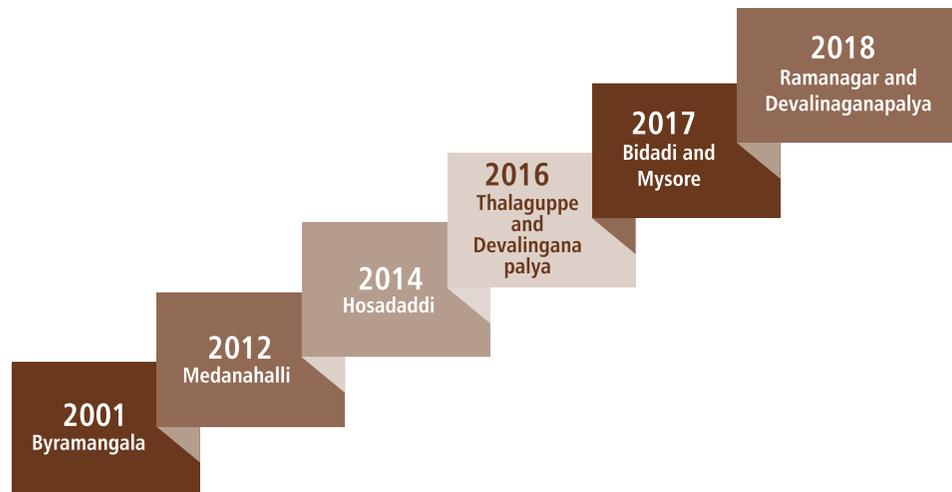


Quality infrastructure and quality workforce have a huge impact on the learning outcomes and the retention of children in schools. Studies have shown that poor infrastructure, inadequate teaching and learning resources affect the quality of education. TKM believes that quality education helps children to improve their mental, emotional, and physical skills.

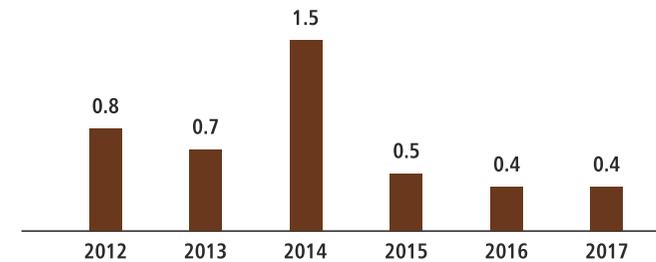
Improving Infrastructure in Government Schools

In Karnataka state, 24% of primary schools need infrastructure repairs to be done. TKM is addressing the lack of clean, safe, accessible, and adequate school infrastructure for students.

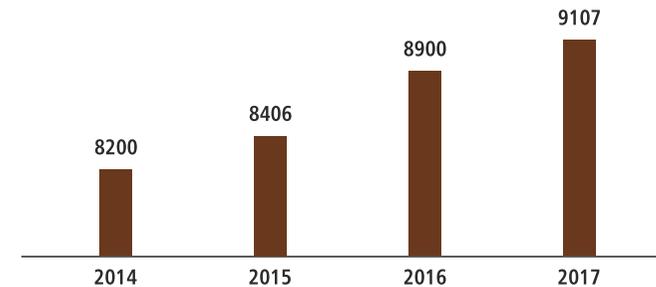
Since 2001, TKM is working with government schools to build modern pucca (solid) school buildings with functional toilets.



School drop out trend in Bidadi region (in%)



Increase in overall enrollment (120 schools last 3 years)



Model School

TKM believes that model school is the way to achieve the vision to create a sustainable village. In model school, we are focusing on all those factors responsible to nurture a student to achieve higher learning levels, which covers good infrastructure and amenities, e-learning material, teacher capacity building, eco-friendly environment, health & safety care, extracurricular activities, and many more.

Providing learning aids

(Project Location - Karnataka)

Learning aids provided

10th STD books provided to
15800 Government
 Schools Students
 Cumulative **25,800**



Educational aids such as books, bags, geometry boxes, math kits, and even sports materials are provided to students from various schools across Karnataka.

Ready reckoner which consists of study material in all 6 subjects for 10th std has contributed to take Ramanagara district rank from 17th place to 7th in SSLC board examination results.



2. Health & Hygiene

TKM believes Behavior Change is the key to sustain Health and Hygiene practices

Sanitation

91 Sanitation units in
56 Schools



Water

14 water purification
 units
168 Villages



Health

7000 School children in
90 Schools

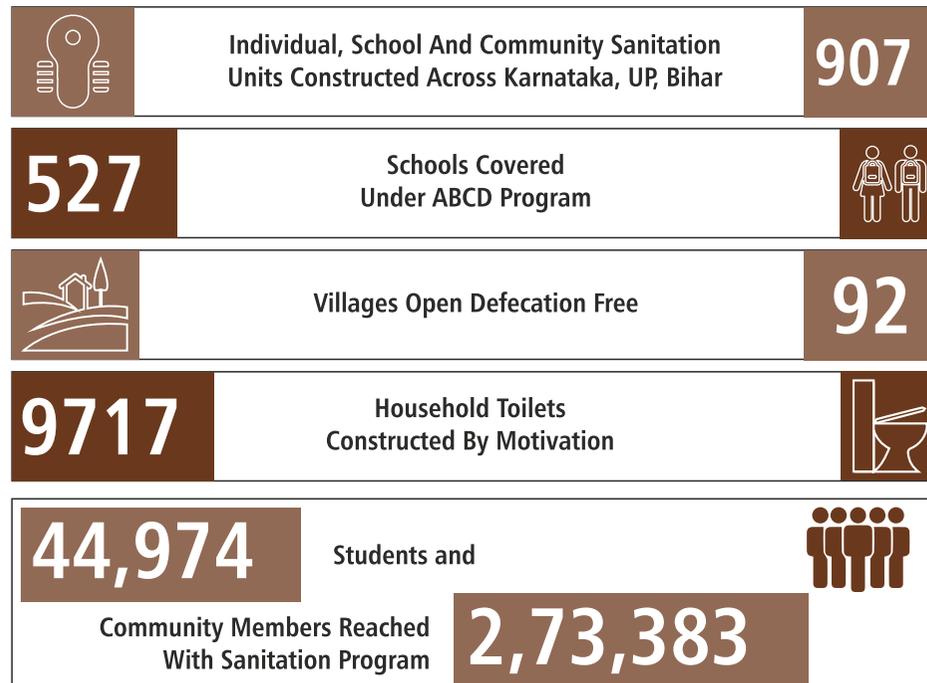


A Behaviour Change Demonstration (ABCD)

TKM is working to achieve sustainable sanitation practices in the communities. TKM has incorporated two-pronged approaches; first is to build sanitation facilities in schools and communities, and second is to sustain the impact. ABCD program focuses on promoting behaviour change in children. TKM believes that these children act as catalyst, where using ABCD they could promote awareness in their communities, and the ripple effect will continue to work.



Project Location – Karnataka, UP, Bihar

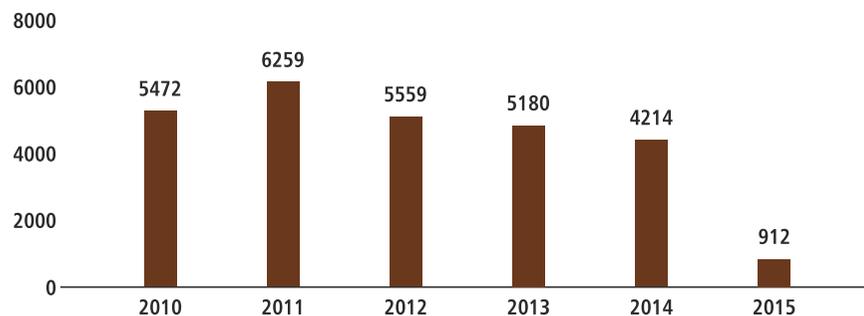


Water Purification Units

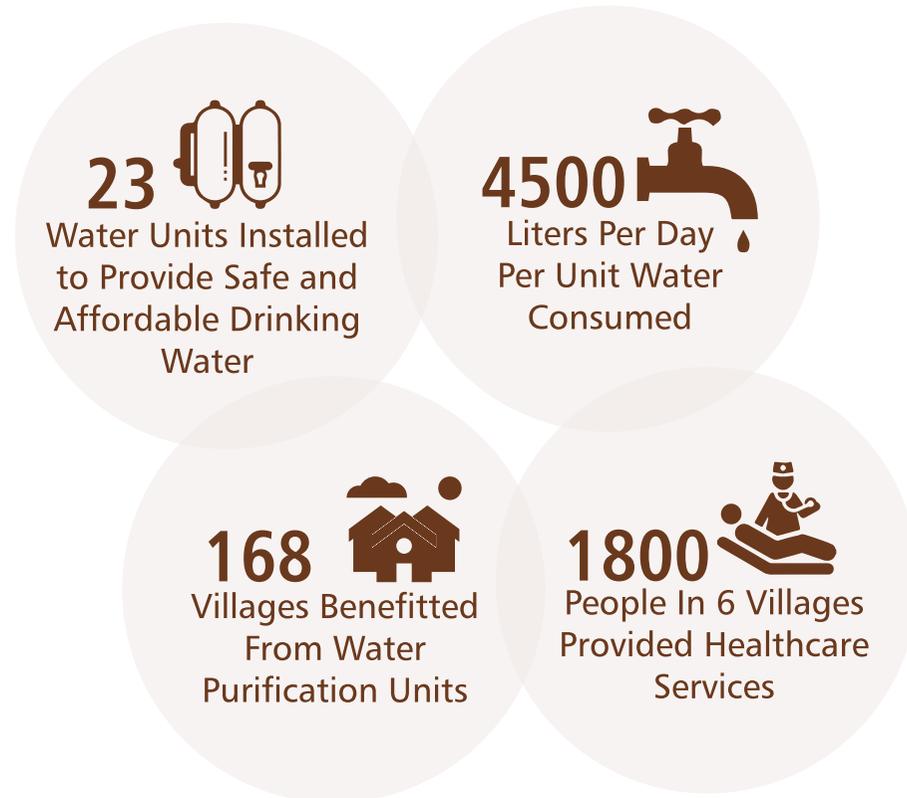
TKM installed water purification units which provides safe and affordable drinking water to the communities. Soon, villagers from the neighbouring villages have also started utilizing the water unit. Currently there are 23 water purification units serving population from 168 villages.



Drop in waterborne diseases in one locale of Bidadi



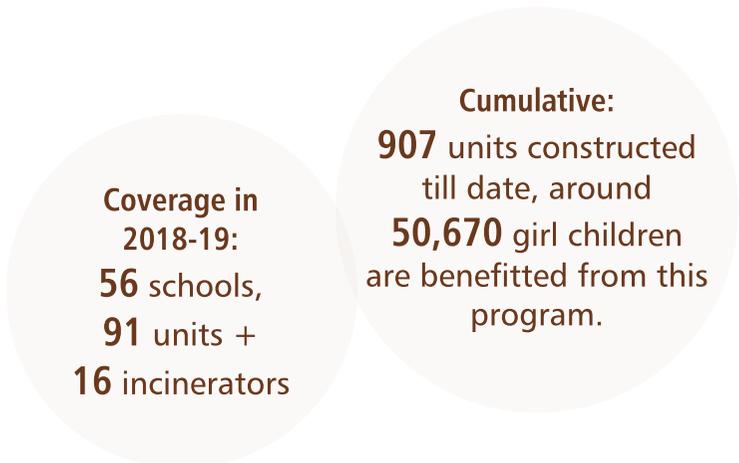
Project Location – Karnataka



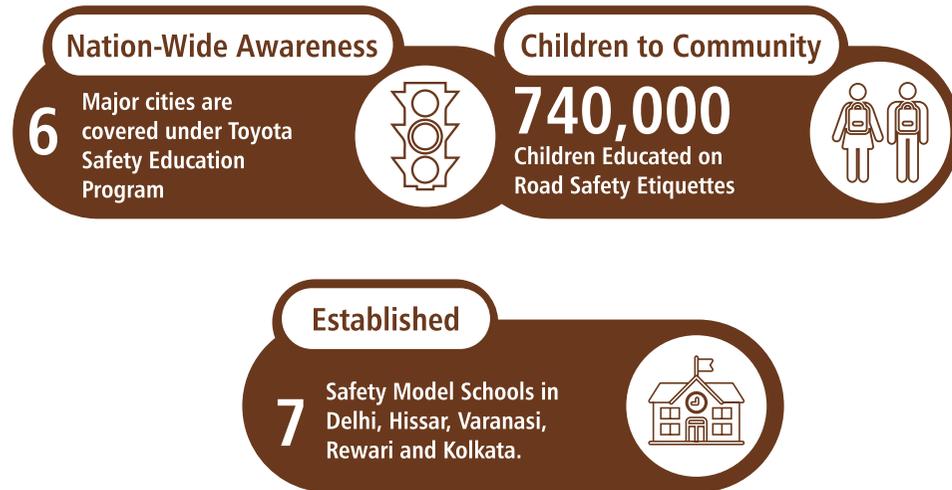
Mobile Medical Units

In the rural Ramanagara district, due to limited and distant health care facilities, community members in need of medical attention had to wait for the health camps to be conducted in their vicinity. To address this issue, last year TKM introduced a mobile medical unit which travels to various communities for regular health checkup and treatment, leading to a more preventive approach to primary healthcare. Within first year of operations mobile medical unit has catered to **1800** people in **6** villages.

TKM also felt the need to construct sanitation units for girl children in the surrounding schools and hence under Swachh Bharat Swachh Vidyalaya campaign. Under this programme all the schools are provided with 100% sanitation units for girl children



3.Road Safety



Road safety is emerging as a major social concern in the country. In the last decade alone, India lost 1.3 million people to preventable road crashes and another 5.3 million have been left disabled for life. India accounts for over 10% of global road crash fatalities – the highest in the world. Education and awareness measures, such as road safety campaigns continue to influence the attitudes and behaviours among all road users. At TKM we have been playing a pioneering role in promoting road safety in the country.

Toyota Safety Education Program

TKM takes responsibility to educate people around road safety who drive the cars. TSEP programme is framed to educate children on road safety and disciplined driving. Class 5th-8th students undergo classroom training, whereas class 9th students get hands-on experiential learning. Design of module is focused on behaviour change where it starts with building foundation of basic principles of road safety, moving towards self-demonstration of leaning.



Students trained on road safety

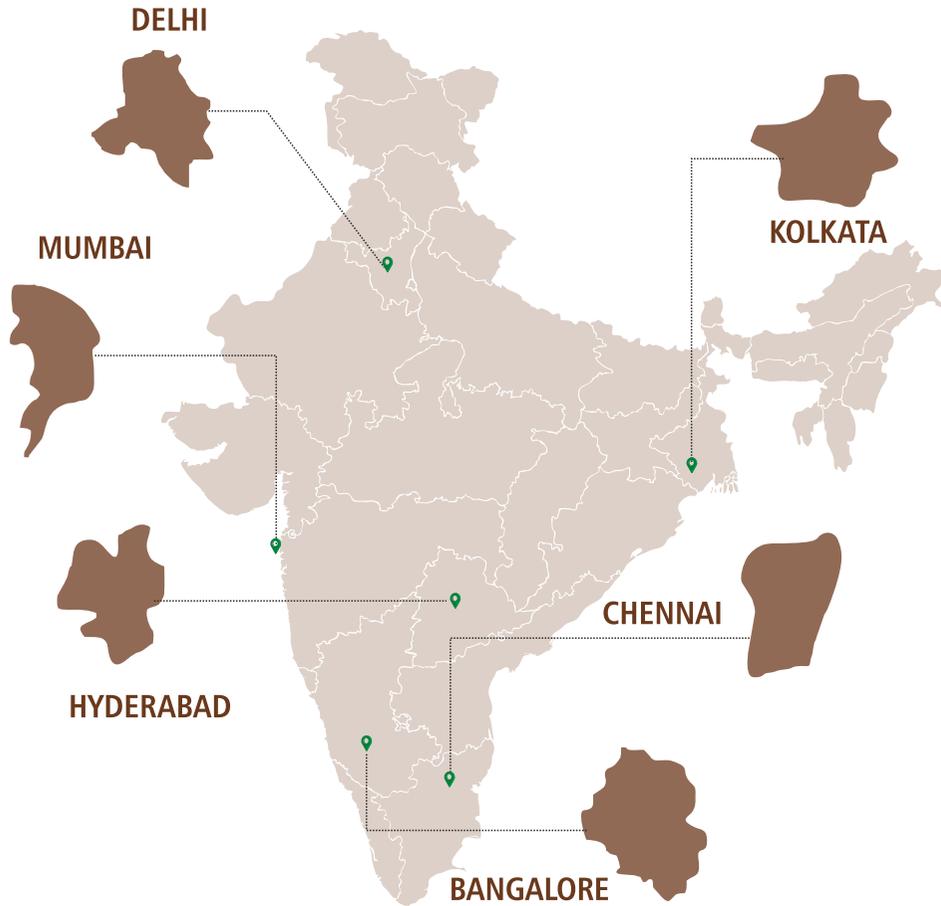


Road safety hackathon

Students of class 9th to 12th std were encouraged to provide solutions on road safety issues. Around 300 teams from 90 school registered and 50 teams were shortlisted. 10 teams were the finalists. Covered 32,000 school children in Delhi, Mumbai & Bangalore. 7,40,000 school children are educated on road safety. 7,40,000 school children are educated on road safety

Toyota Safety Education Programme

This initiative was started with the objective to disseminate road safety know-how nation-wide. A Road Safety Park is created to provide experiential learning to students and school bus drivers on road safety. It provides simulated learning on road safety, exposing them to various scenarios and knowledge to deal with it. Model school where Road Safety park is established acts as a knowledge hub for other schools in the neighbourhood.



Project location - Karnataka, Maharastra, Delhi



Established 7 Safety model school in Delhi, Hisar, Varanasi, Rewari, Kochi, Kolkata & Coimbatore.

7 Safety Model Schools established in Delhi, Hissar, Varanasi, Rewari, and Kolkata.

As a part of road safety initiative, in association with NHAI, the police department, and Bidadi Industrial Association, TKM has installed traffic signals at 2 unnamed junctions where risk for road accidents were high.

Along-with the product related safety features, we promote road safety awareness among dealerships and customers. Our objective is to be Role model and take safety to next level to eliminate accidents at workplace.

To promote the safety culture at dealerships, we have done a road safety campaign Feb 6- 12, 2019 aligned to SIAM where various awareness activities done by dealers to customers, community by safety videos, road rally, safety pledge, top management communication, trainings to sensitize on the cause.

Grasping of dealer accidents, incidents, near miss is done, analysis of cause and review done with CFT for suitable measures to prevent recurrence. These are shared with other dealers for awareness and check if such hazard exists at their outlets.

Safety is sensitized at all business forums to drive the safety program from dealer top to bottom level.

We also encourage dealer towards safety by evaluating their performance and awarding.

4. Environment

Covered in Greener Outlook Chapter

5. Skill Development

Covered in Enablers of Change Chapter

5000 
Skilled with Toyota
Technical
Education
Programme
across india

542 
Students Skilled
in Toyota Technical
Training
Institute

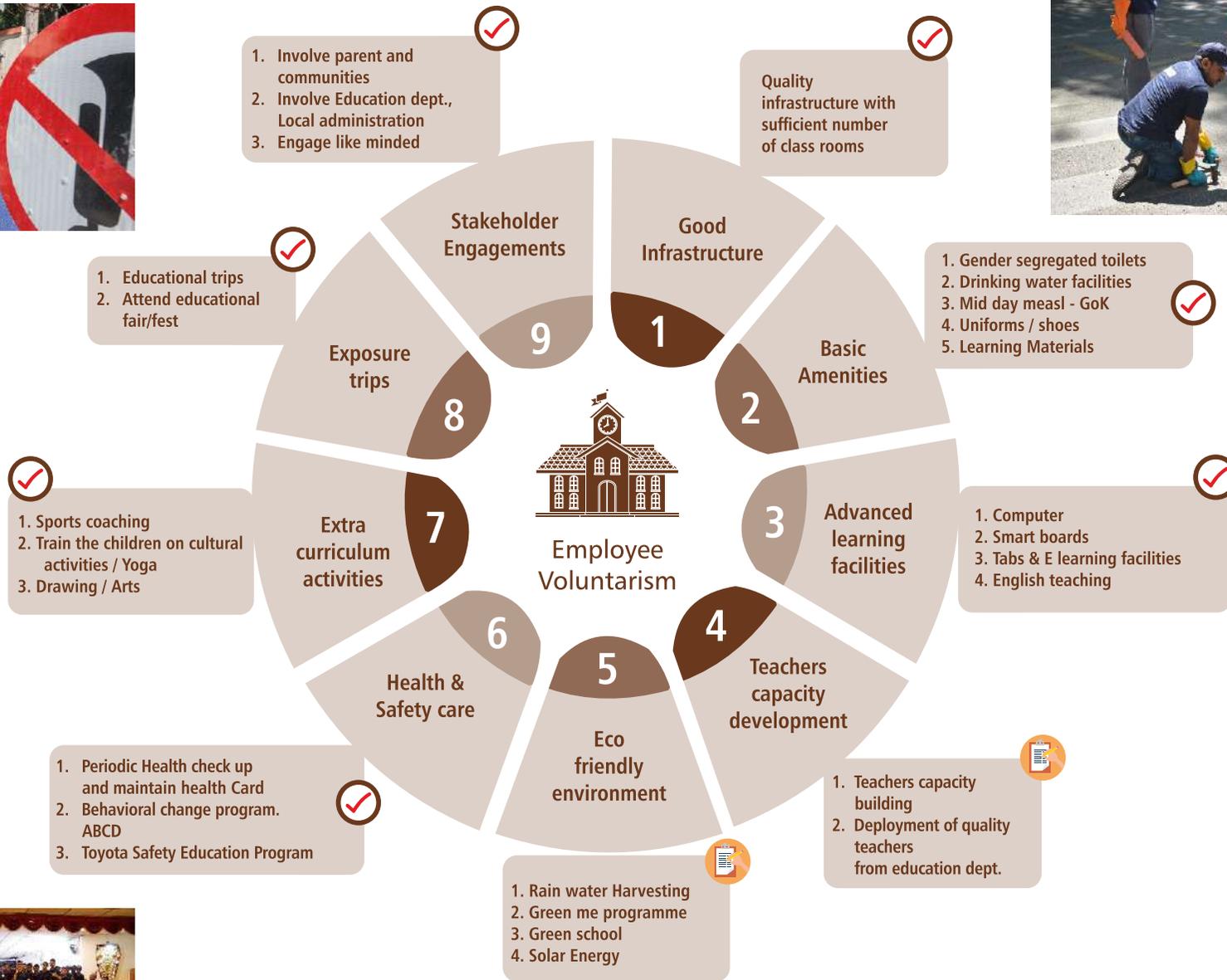


Students trained at Toyota Technical Training Institute

Employee Voluntarism in CSR

TKM encourages employee voluntarism in community activities and has developed I Care program to provide such platform. Various activities were taken up by the TKM employees in the community in the reporting year.

Project Location - Karnataka



Legend Completed Plan



TKM REPORT 2018-19

GRI Standard	GRI Standards	Chapter Name
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Company Overview, P.No. 11
102-2	Primary brands, products, and services	Company Overview, P.No. 11
102-3	Location of organization's headquarters	Company Overview, P.No. 11
102-4	Location of operations	Company Overview, P.No. 11
102-5	Nature of ownership and legal form	Company Overview, P.No. 11
102-6	Markets served including geographic locations, sectors served, types of customers and beneficiaries	Company Overview, P.No. 11
102-7	Scale of the organization	Company Overview, P.No. 11
102-8	Total number of employees by employment contract (temporary or permanent) and employment type (full time & part-time) by gender and region	Enablers of Change, P.No. 46
102-9	Description of organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products and services	Responsible Governance, P.No. 17 Company Overview, P. No. 12
102-11	Report whether and how the precautionary approach or principle is addressed by the organization.	Responsive Governance, P.No. 22, 31
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Responsive Governance, P.No. 24
102-13	Main memberships of industry or other associations, and national or international advocacy organizations	Responsive Governance, P.No. 24
2. STRATEGY		
102 - 14	Statement from the senior decision maker	Message from the MD, VC, P.No 6&7
102-15	A description of key impacts, risks, and opportunities.	Responsive Governance, P.No. 22
3. ETHICS AND INTEGRITY		
102-16	Organization's values, principles, standards and norms of behavior	Responsive Governance, P.No. 19
102-17	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and organizational integrity and concerns about	Responsive Governance, P.No. 16
4. GOVERNANCE		
102-18	Governance structure of the organization, including committees under the highest governance body and Committees responsible for specific tasks, such as setting strategy or organizational oversight.	Responsive Governance, P.No. 23
102-19	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Responsive Governance, P.No. 23

102-20	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	Responsive Governance, P.No. 23
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	Responsive Governance, P.No. 23
102-22	Report the composition of the highest governance body and its committees	Responsive Governance, P.No. 23
102-23	Report whether the Chair of the highest governance body is also an executive officer in the organization	Responsive Governance, P.No. 23
102-24	Nomination and selection processes for the highest governance body and its committees	Responsive Governance, P.No. 23
102-29	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Responsive Governance, P.No. 21&22
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Responsive Governance, P.No. 21&22
102-31	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Responsive Governance, P.No. 21&22
102-32	Highest committee or position that formally reviews and approves the organization's report and ensures that all material Aspects are covered.	Top Management message, P. No. 04
102-33	Process for communicating critical concerns to the highest governance body.	Responsive Governance, P.No. 23
102-35	Remuneration policies for the highest governance body and senior executives for the types of remuneration	Responsive Governance, P.No. 21
5. STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups engaged by the organization.	Responsive Governance, P.No. 16&18
102-41	Percentage of total employees covered by collective bargaining agreements.	Enablers of Change, P.No. 48
102-42	Basis for identification and selection of stakeholders with whom to engage.	Responsive Governance, P.No. 17
102-43	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Responsive Governance, P.No. 17
6. REPORTING PRACTICE		
102-45	A list of all entities included in the organization's consolidated financial statements or equivalent documents.	Economic Performance, P.No. 14
102-46	Explain the process for defining the report content, aspect boundaries and material topic.	Responsive Governance, P.No. 16&17
102-47	List of the material topics identified in the process for defining report content.	Responsive Governance, P.No. 16&17
103-1	Boundary for the material topic, which includes a description of impacts.	Responsive Governance, P.No. 16&17
103-2	A description of management approach including Commitments, Goals and targets, Responsibilities, Resources, Grievance mechanisms and Specific actions.	Responsive Governance P. No 17

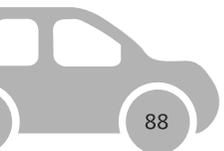
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries.	Responsive Governance, P.No. 16
102-50	Reporting period (such as fiscal or calendar year).	About the report, P.No. 2
102-51	Date of most recent previous report (if any).	About the report, P.No. 2
102-52	Reporting cycle (such as annual, biennial).	About the report, P.No. 4
102-53	The contact point for questions regarding the report or its contents.	Backpage
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI standards.	GRI Content Index
102-55	The GRI Content Index, which specifies each of the GRI Standards used and lists all disclosures included in the report	GRI Content Index
102-56	Description of the organization's policy and current practice with regard to seeking external assurance for the report.	About the report, P.No. 2
GRI 200 : ECONOMIC		
GRI 201 : ECONOMIC PERFORMANCE		
201	Management approach	Economic Performance, P.No. 14
201-1	Direct economic value generated and distributed (EVG&D), Economic value distributed, Economic value retained	Economic Performance, P.No. 14
201-2	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure	Responsive Governance, P.No. 14
201-4	Report the total monetary value of financial assistance received by the organization from governments during the reporting period	Responsive Governance, P.No. 14
GRI 203 : INDIRECT ECONOMIC IMPACT		
203-1	Extent of development of significant infrastructure investments and services supported.	Inclusive Growth, P.No. 74-81
GRI 204 : PROCUREMENT		
204	Management approach	Responsible Sourcing, P.No. 58
GRI 205 : ANTI CORRUPTION		
205	Management approach	Responsive Governance, P.No. 20
206: ANTI-COMPETITIVE BEHAVIOR		
206	Management approach	Responsive Governance, P.No. 24
ENVIRONMENTAL PERFORMANCE		
GRI 301 : MATERIALS		
301	Management approach	Greener Outlook, P.No. 40
301-1	The total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period.	Greener Outlook, P.No. 40

301-2	The percentage of recycled input materials used to manufacture the organization's primary products and services.	Greener Outlook, P.No. 40
GRI 302 : ENERGY		
302	Management approach	Greener Outlook, P.No. 36, 37
302-1	Total fuel consumption from non-renewable and renewable sources in joules or multiples, including fuel types used.	Greener Outlook, P.No. 36, 37
302-4	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.	Greener Outlook, P.No. 37
GRI 303 : WATER		
303	Management approach	Greener Outlook, P.No. 39, 44
303-1	Total volume of water withdrawn from the sources including Standards, methodologies, and assumptions used.	Greener Outlook, P.No. 39
303-2	Total number of water sources significantly affected by withdrawal by type, size and biodiversity value	Greener Outlook, P.No. 39
303-3	The total volume of water recycled and reused as a percentage of the total water withdrawal	Greener Outlook, P.No. 39
GRI 304 : BIODIVERSITY		
304	Management approach	Greener Outlook, P.No. 43
304-1	For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Greener Outlook, P.No. 44
304-2	Nature of significant direct and indirect impacts on biodiversity	Greener Outlook, P.No. 44
304-3	Size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals.	Greener Outlook, P.No. 45&46
GRI 305 : EMISSIONS		
305	Management approach	Greener Outlook, P.No. 32&33
305-1	Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent	Greener Outlook, P.No. 37
305-2	Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent	Greener Outlook, P.No. 37
305-4	GHG emissions intensity ratio for the organization	Greener Outlook, P.No. 37
305-5	GHG emissions reduced as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent.	Greener Outlook, P.No. 37
305-7	Report the amount of significant air emissions, in kilograms or multiples	Greener Outlook, P.No. 37
GRI 306 : EFFLUENTS AND WASTE		
306	Management approach	Greener Outlook, P.No. 40 &41
306-1	Report the total volume of planned and unplanned water discharges by, destination, quality of the water including treatment method	Greener Outlook, P.No. 40

306-2	Report the total weight of hazardous and non-hazardous waste, by disposal methods	Greener Outlook, P.No. 41
306-5	Report water bodies and related habitats that are significantly affected by water discharges based on the criteria described	Greener Outlook, P.No. 39
GRI 307 : ENVIRONMENTAL COMPLIANCE		
307	Management approach	Greener Outlook, P.No. 27
307-1	Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations	Greener Outlook, P.No. 27
GRI 308 : SUPPLIER ENVIRONMENTAL ASSESSMENT		
308	Management approach	Greener Outlook, P.No. 29
308-1	Percentage of suppliers that were screened using environmental criteria	Responsible Sourcing, P.No. 57 No new supplier is onboarded in the reporting year
308-2	Number of suppliers subject to environmental impact assessments and number of suppliers identified as having significant actual and potential negative environmental impacts.	Responsible Sourcing, P.No. 57 No new suppliers enrolled in reporting year
400 : SOCIAL PERFORMANCE		
SUB-CATEGORY: LABOR AND DECENT WORK		
401 : EMPLOYMENT		
401-2	Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	Enablers of Change, P.No. 48
401-3	Report the total number of employees that were entitled to parental leave, by gender.	Enablers of Change, P.No. 50
402 : LABOR/MANAGEMENT RELATIONS		
402	Management approach	Enablers of Change, P.No. 50
403: OCCUPATIONAL HEALTH AND SAFETY		
403	Management approach	Enablers of Change, P.No. 52
403-1	The level at which each formal joint management-worker health and safety committee typically operates within the organization.	Enablers of Change, P.No. 52
403-2	Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by, Region and Gender	Enablers of Change, P.No. 52
403-3	Occupational health services	Enablers of Change, P.No. 52
403-4	Whether formal agreements (either local or global) with trade unions cover health and safety. If so, report the extent, as a percentage, to which various health and safety topics are covered by these agreements.	Enablers of Change, P.No. 52

403-5	Worker training on occupational health & safety	Enablers of Change, P.No. 52
403-6	Promotion of worker health	Enablers of Change, P.No. 52
403-7	Prevention and mitigation of occupational health & safety impacts directly linked by business relationship	Not reported
404: TRAINING AND EDUCATION		
404	Management approach	Enablers of Change, P.No. 53
404-1	Average hours of training that the organization's employees have undertaken during the reporting period, by Gender and Employee category	Enablers of Change, P.No. 55
404-2	Type and scope of programs implemented and assistance provided to upgrade employee skills.	Enablers of Change, P.No. 55
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Enablers of Change, P.No. 55
405: DIVERSITY AND EQUAL OPPORTUNITY		
405	Management approach	Enablers of Change, P.No.49
406: NON-DISCRIMINATION		
406	Management approach	Enablers of Change, P.No. 49
407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407	Management approach	Enablers of Change, P.No. 50
407-1	Operations and suppliers in which worker's rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of type of operation (such as manufacturing plant) and supplier	Enablers of Change, P.No. 50
408 : CHILD LABOR		
408	Management approach	Responsible Sourcing, P.No. 58
409 : FORCED OR COMPULSORY LABOR		
409	Management approach	Responsible Sourcing, P.No. 52
410 : SECURITY		
410	Management approach	Enablers of Change, P.No. 50
410-1	Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.	Enablers of Change, P.No. 55
411 : RIGHTS OF INDIGENOUS PEOPLE		
412: HUMAN RIGHTS ASSESSMENT		
412	Management approach	Enablers of Change, P.No. 44 Responsible Sourcing, P.No. 58

413: LOCAL COMMUNITIES		
413	Management approach	Social Responsibility P.No. 74
413-1	The percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Responsibility P.No. 74
414: SUPPLIER SOCIAL ASSESSMENT		
414-1	Percentage of new suppliers that were screened using social criteria.	Responsible Sourcing, P.No. 59
418: CUSTOMER PRIVACY		
418	Management approach	Customer Delight, P.No. 66



Independent Assurance Statement

Scope and Approach

DNV GL Business Assurance India Private Limited ('DNV GL') has been engaged by the Management of Toyota Kirloskar Motor Private Limited ('TKM', or the 'Company', Corporate Identity Number U34101KA1997PTC022858) to undertake an independent assurance of the Company's performance disclosures in its Sustainability Report 2019 ('the Report') in its printed format. The disclosures in this Report have been prepared by the Company based on the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards ('GRI Standards') and its Core option of reporting.

We performed a limited level of assurance using DNV GL's assurance methodology VeriSustainTM1, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI's Principles for Defining Report Content and Quality. In doing so, we evaluated the qualitative and quantitative disclosures presented in the Report using GRI's Principles, together with TKM's protocols for how the data was measured, monitored, recorded and reported. The performance data and information in the agreed scope of work included the qualitative and quantitative information on sustainability performance which have been disclosed in the Report based on GRI Standards covering economic, environmental and social performance for the activities undertaken by the Company over the reporting period 1st April 2018 to 31st March 2019.

The intended user of this Assurance Statement is the management of the Company. Our assurance engagement was planned and carried out in August 2019 – October 2019. The scope and boundaries of the sustainability performance disclosures is as set out in the Report in the section 'Stakeholder Engagement and Materiality'.

The reported data on economic performance including expenditure towards Corporate Social Responsibility (CSR) and other financial data are based on disclosures and data from audited financial statements issued by the Company's statutory auditors which is subject to a separate independent audit process and not included in our scope of work.

Responsibilities of the Management of TKM and of the Assurance Provider

The Management of TKM has the sole accountability for the preparation of the sustainability disclosures in this Report and are responsible for integrity of all information disclosed in the printed version Report as well as the processes for collecting, analysing and reporting the information presented within the Report. In performing assurance work, our responsibility is to the Management; however, this statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of TKM.

We provide a range of other services to the Company, none of which in our opinion, constitute a conflict of interest with this assurance work. Our assurance engagement is based on the assumption that the Company has provided us data and information during our review in good faith and free from any misstatements. We were not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and Management Report highlighting our assessment findings for future reporting. We expressly disclaim any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

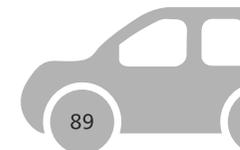
Basis of our Opinion

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion for providing a limited level of assurance by adopting a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to Company. As part of our engagement, a multi-disciplinary team of sustainability and assurance specialists performed work at TKM's Head Quarters at Bidadi, Karnataka. We undertook the following activities:

- Reviewed TKM's approach to stakeholder engagement and materiality determination and their outcomes as brought out in the Report. We did not have any direct engagement with external stakeholders;

¹The VeriSustain protocol is available on request from www.dnvgl.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.



- Interviewed selected senior managers and other representatives at TKM, including data owners and decision-makers from different functions of the Company to validate the disclosures made in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- Verified the information and claims made in the Report, and assessed the robustness of the data management system, data accuracy, information flow and controls for the reported disclosures. We examined and reviewed supporting evidence such as documents, data and other information made available by TKM related to the disclosures made in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report related to the identified material topics;
- Evaluated the Report's adherence to the requirements of the GRI Standards: Core option of reporting.

During the assurance process, we did not come across limitations to the scope and boundary of the agreed assurance engagement.

Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe TKM's adherence to the GRI Standards: Core option of reporting including GRI 102: General Disclosures 2016 and disclosures related to the following GRI Topic-specific Standards and related requirements as per GRI 103: Management Approach 2016, which have been chosen for reporting performance related to the identified material topics:

- GRI 201: Economic Performance 2016 – 201-1, 201-2, 201-4;
- GRI 203: Indirect Economic Impacts 2016 – 203-1, 203-2;
- GRI 204: Procurement Practices 2016 – 204-1;
- GRI 205: Anti-Corruption 2016 – 205-1;
- GRI 206: Anti-Competitive Behaviour 2016 – 206-1;
- GRI 301: Materials 2016 – 301-1, 301-2;
- GRI 302: Energy 2016 – 302-1, 302-4;
- GRI 303: Water 2016 – 303-1, 303-2, 303-3;
- GRI 304: Biodiversity 2016 – 304-1, 304-2, 304-3;
- GRI 305: Emissions 2016 – 305-1, 305-2, 303-4, 305-5, 305-7;
- GRI 306: Effluents and Waste 2016 – 306-1, 306-2, 306-5;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 308: Supplier Environmental Assessment 2016 – 308-1, 308-2;
- GRI 401: Employment 2016 – 401-2, 401-3;
- GRI 402: Labor/Management Relations 2016 – 402-1;
- GRI 403: Occupational Health and Safety 2018 – 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7;
- GRI 404: Training and Education 2016 – 404-1, 404-2, 404-3;
- GRI 407: Freedom of Association and Collective Bargaining 2016 – 407-1;
- GRI 410: Security Practices 2016 - 410-1;
- GRI 413: Local Communities 2016 – 413-1, 413-2;
- GRI 414 : Supplier Social Assessment 2016 – 414-1.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders

TKM conducted a structured materiality assessment process in 2015-16 through which it has identified a list of 25 material issues for defining report content; these issues have been considered relevant in the current reporting period as well. The Report brings out these issues and its applicability to TKM's operations, local community, suppliers and dealers. In our opinion, MSIL does not miss out any known

material topics for the chosen reporting boundary. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality, however, the materiality determination process may be further strengthened incorporating sustainability context and sectoral norms into the process.

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability
TKM considers employees, suppliers, dealers, regulators, local community and customers as its major stakeholder groups. The Report brings out how the Company engages with these groups at various platforms to understand key needs and concerns, and identify inputs for improving business processes. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organization responds to stakeholder issues
The outcomes of formal and informal stakeholder engagement processes are used in aligning TKM's strategy to key interests of stakeholders and arriving at a broad consensus on the Company's initiatives. The Report brings out the Company's responses to significant stakeholder concerns through strategies, policies, management approach and governance mechanisms. In our opinion, the Report adequately brings out responses to identified material topics and key stakeholder concerns. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems
TKM brings out its performance related to identified material topics through relevant GRI Topic-specific Standards. The majority of data and information verified at the Head Quarters were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported data and information. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported
The Report brings out key disclosures required by the GRI Standards for its Core option of reporting, for its identified boundary of reporting ie. TKM's Bidadi operations, six regional operations, head office and Lexus operations. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness with respect to scope, boundary and time.

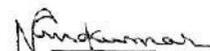
Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone
TKM brings out disclosures related to its sustainability performance in a neutral tone in terms of content and presentation along with key concerns and challenges faced during the reporting period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

For DNV GL Business Assurance India Private Limited
Bengaluru, India
15th October 2019



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Head - Regional Sustainability Operations
DNV GL Business Assurance India Private Limited, India.



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Environment Department, Plant Administration Division

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