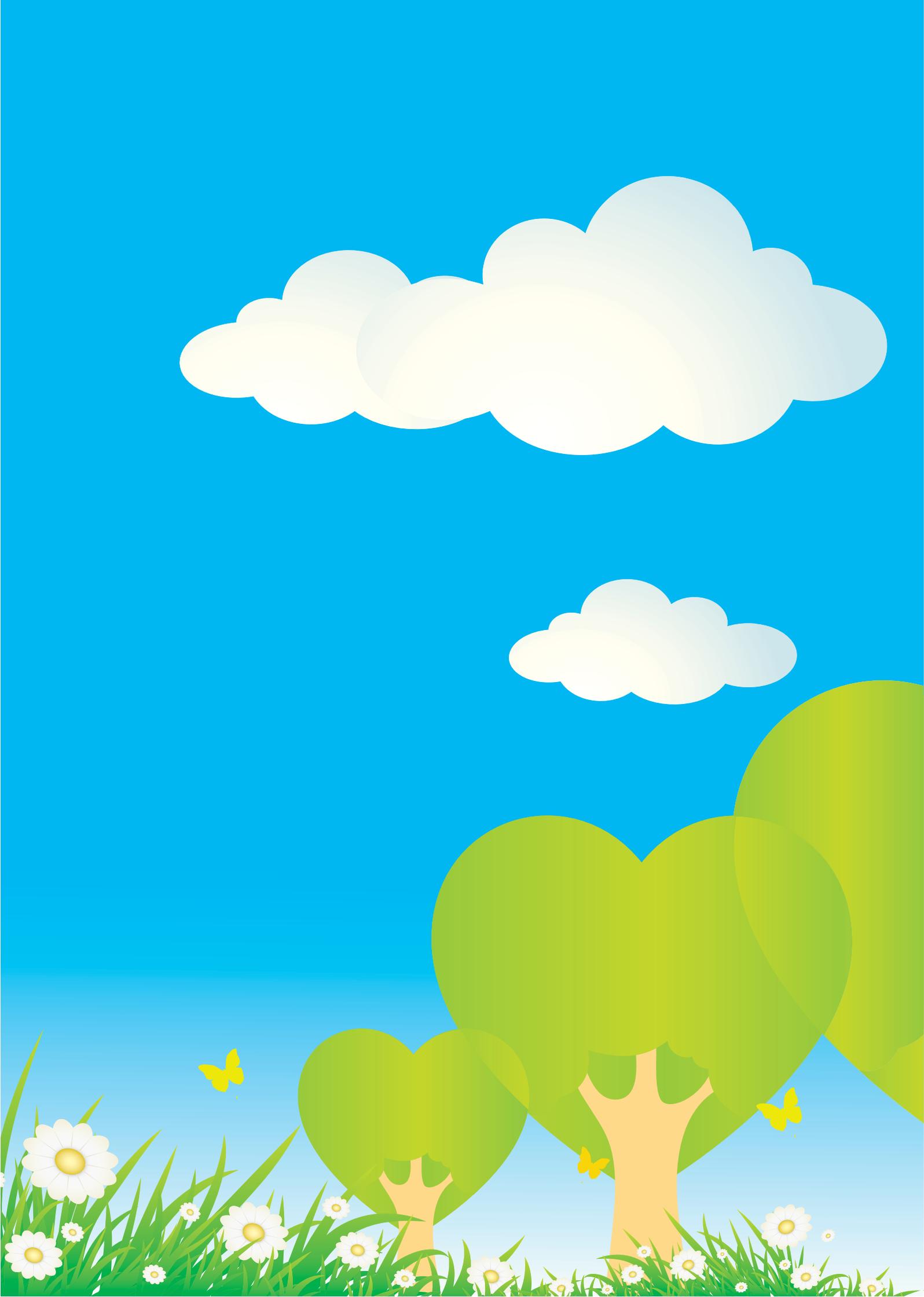


Environment & Social Report 2009

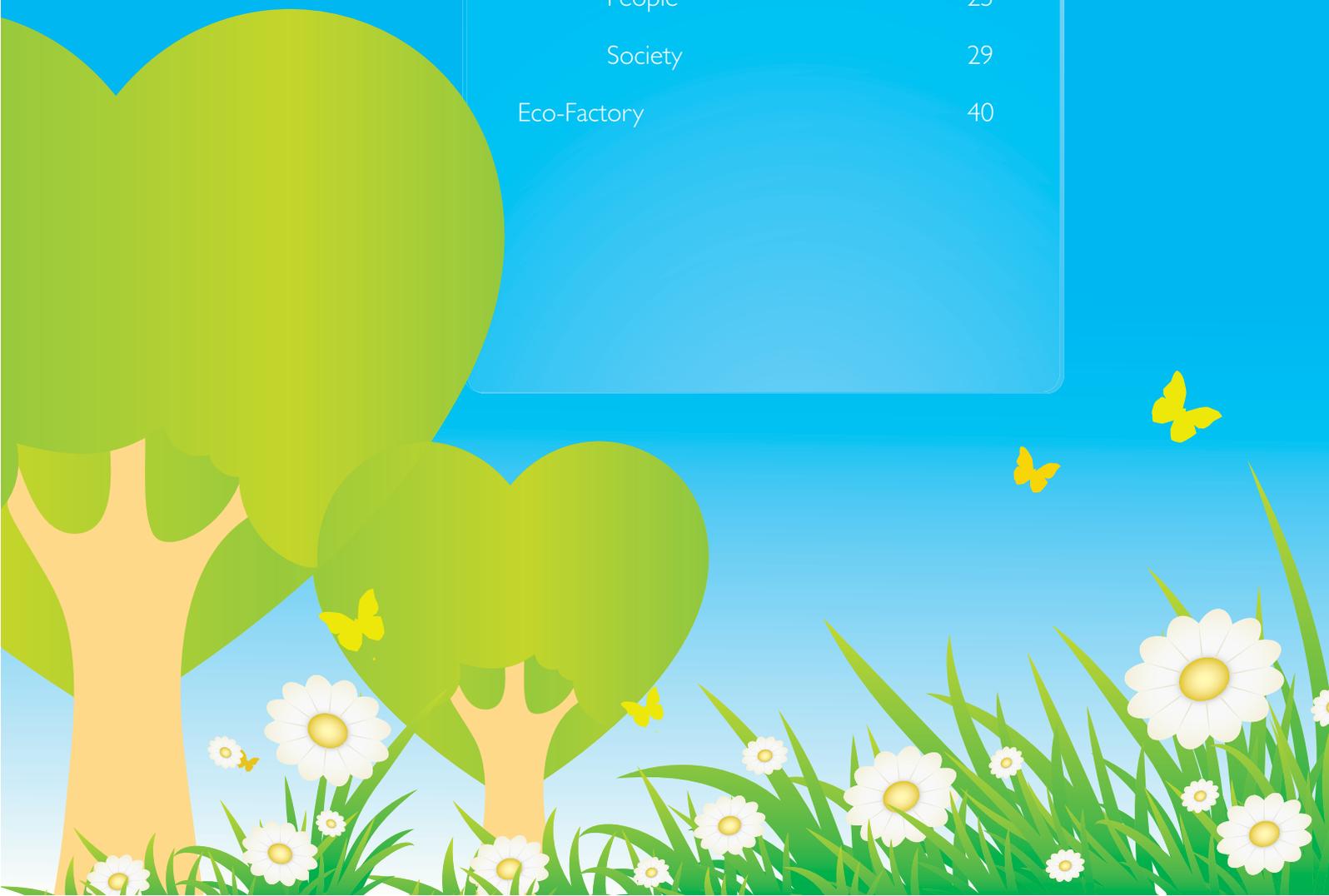






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Report Scope

Toyota Kirloskar Motor (TKM) is pleased to publish the Environment & Social Report 2009, a report on our business activities from the perspective of achieving harmonious relationships with society and the earth. We hope this report conveys our continuing commitment to the environment as a philosophy of our management policy. We have based this report on our perceived need to communicate with our stakeholders on sustainability issues.

The information presented in the report describes the concepts and policies that serve as the groundwork for Toyota's environmental and social initiatives conducted primarily during FY2008 (April 2008 to March 2009). Also relevant case studies have been presented to bring in unique features of our automobile business at Bidadi facility. We have attempted to highlight the social contributions and our approach to address local environmental issues towards promotion of CSR Activities.

Some significant activities taken up during the writing period of this report (June 09) have also been included in the report. These activities include the World Environment Day Celebration & Afforestation Activity.

Our environmental performance has been elaborated by presenting data on energy and water consumption, air emissions and waste generation. We have also given a brief account of activities focused on Employee awareness & physical involvement in Eco-activities. On the social sphere, we have included community initiatives. A detailed account of our Corporate Social Responsibility is outlined in the report along with various social initiatives taken up in spite of the gloom of the global economy slowdown.





Introduction

To Our Readers

The Toyota Kirloskar Motor (TKM) Environment & Social Report is published annually to enhance information disclosure to Toyota stakeholders by informing them of how our business

activities & Eco initiatives are helping to bring about a sustainable society. This report presents a concise summary of our environmental commitment, performance and our level of ambition for sustainable future.

Toyota Kirloskar Motor as we know

Over the past 7 decades, Toyota Motor Corporation (TMC) has grown into one of the most respected companies in the automotive sector today with its emergence as a diversified, multinational corporate leader. With its dawn in Japan, capturing hearts of millions of customers in North America and Europe, Toyota has

marked a strong presence in the Indian market and has been successful in delighting the customer by the quality products & also contributing to the social & economic development in the region.

Adopting the "Growing Together" philosophy of its parent company (TMC), TKM has established a unique and long-term business growth partnership along with its dedicated dealers and suppliers to not only create employment opportunities but also innovated itself in the Indian automotive industry. TKM is located at Bidadi Industrial Estate, about 30 kilometers from the city of Bangalore.

The journey so far...

The year 2008 saw few up's & downs concurrent with the global market scenario; nevertheless Toyota has been consistently driving towards its mission of creating an eco-friendly company in harmony with nature and society. Key highlights of the activities of the year include the steps towards our ambitious project of Afforestation.



Toyota Kirloskar Motor, Bidadi manufacturing facility, Bangalore, India.



MD Message

Towards building a sustainable society...

First of all I would like to express sincere gratitude to everyone who has supported Toyota Kirloskar Motors.

Year 2008-09 has been difficult for automakers around the world. Toyota is not been an exception. This recession has made us to revisit our fundamentals. However, India's cautious approach towards reforms has helped in recovering and currently marching towards stronger economy. While, TKM is also contributing towards growing market with 'Customer First' approach.

This year, we have marked a new milestone in the history of TKM. We have laid foundation stone for a new small car manufacturing facility which is expected to begin its operations from December 2010 with a vision to cater to a larger segment of the Indian community.

In line with the Toyota's global vision towards sustainability, our aim is to create an Eco plant which will be in harmony with nature & society. We are incorporating environment friendly technologies & to make products & process eco-friendly.

As a first step towards sustainable development to minimize the environment impact we have carried out large scale afforestation activity at TKM involving all our team members & their family members, suppliers, dealers, community representatives & all our stakeholders. Further, towards enhancing eco consciousness in the society, our team members have taken up environment awareness campaigns to spread the Eco-message.

We would like to thank our suppliers, dealers & all stakeholders for their support towards sustainable development. Together let us join hands towards creating a greener future for our future generations to come.



Hiroshi Nakagawa

Managing Director,
Toyota Kirloskar Motor

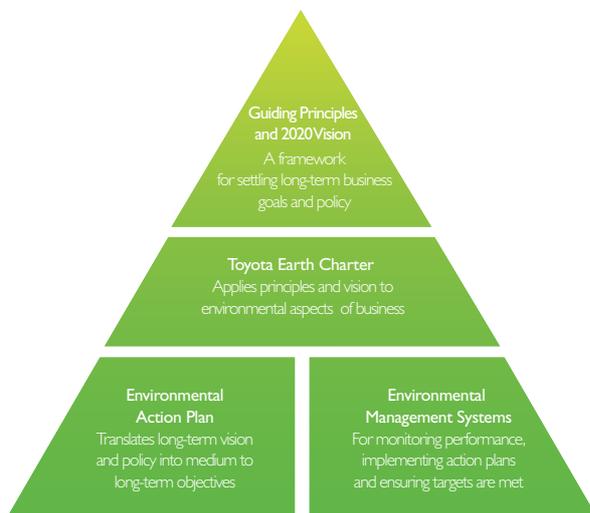
Guiding Principles and Earth Charter

Since its foundation, Toyota has strived to contribute to the sustainable development of the society & environment. TMC and its subsidiaries believe that this can be achieved by manufacturing and delivering high-quality products accompanied by innovation and quality services.

Evolving from such continuous efforts Toyota has constituted its own management philosophy, values and methods that have been passed down through generations throughout the company and across all the Toyota affiliates

4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances individual creativity and teamwork, while honouring mutual trust and respect between labour and management.
6. Pursue growth in harmony with the global community through innovative management.
7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping ourselves open to new partnerships.

Global Toyota Environment Plan



Toyota Global Vision 2020

Toyota established the Toyota Global Vision 2020 to mark the 70th anniversary of its foundation, in November 2007. It is based on the Guiding Principles at Toyota, as an expression of the type of company that Toyota is aiming to become. This future image that Toyota is working to achieve in 2020 was shared with employees around the world.

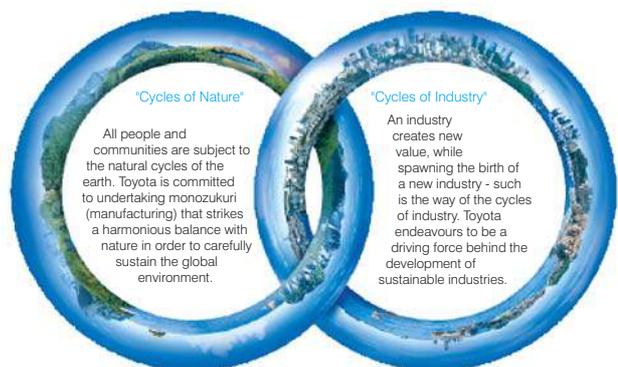
"Open the Frontiers of Tomorrow through the energy of people and technology" is the slogan for Global Vision 2020. This slogan expresses the commitment of Toyota and each and every employee to never be satisfied with the present condition, to create a path to a new world and to work steadily towards the realization of society's dreams. This progress is to be achieved "through the energy of people and technology" and achieving harmony between Cycle of nature & Industry as depicted below.

Toyota's Guiding Principles

Toyota's Guiding Principles corroborate our management policy for all our operations. The principles, which were adopted in January 1992 and revised in April 1997, reflect our commitment to fairness in all corporate activities, the provision of clean, safe and innovative products, and respect for the environment and culture of the communities in which we operate.

1. Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the community.
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all activities.

Toyota Global Vision 2020



Harmonize the "Cycles of Industry" with the "Cycles of Nature"

Toyota believes that re-examining the relationship between nature and industry and pursuing harmony between monozukuri, people, society in general, and nature is extremely important. Also, by seeking harmony between monozukuri and the cycles of nature, Toyota is helping promote efforts toward finding a harmonious balance between the cycles of nature and the cycles of industry. We believe that it is our mission to tackle challenges in new fields in order to achieve this. In our mission to achieve this balance, the Toyota Earth Charter serves as the guideline for all our actions & operations.

Toyota Earth Charter

The Toyota Earth Charter (formulated in 1992, revised in 2000) is based on the Guiding Principles of Toyota formulated in 1992 (revised in 1997), and embodies Toyota's comprehensive approach to environmental issues. The Toyota Earth Charter has been adopted by approximately 530 affiliates worldwide to date. In accordance with the Toyota Earth Charter, the medium- to long-term goals have been summarized to facilitate the promotion of environmental initiatives by each company.

Toyota Earth Charter

I. Basic Policy

- 
- 1. **Contribution toward a prosperous 21st century society** : Contribute toward a prosperous 21st century society. Aim for growth that is in harmony with the environment, and set as a challenge the achievement of zero emissions throughout all areas of business activities.
 - 2. **Pursuit of environmental technologies** : Pursue all possible environmental technologies, developing and establishing new technologies to enable the environment and economy to coexist harmoniously.
 - 3. **Voluntary actions** : Develop a voluntary improvement plan, based on thorough preventive measures and compliance with laws, that addresses environmental issues on the global, national, and regional scales, and promotes continuous implementation.
 - 4. **Working in cooperation with society** : Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation including governments, local municipalities, related companies and industries.

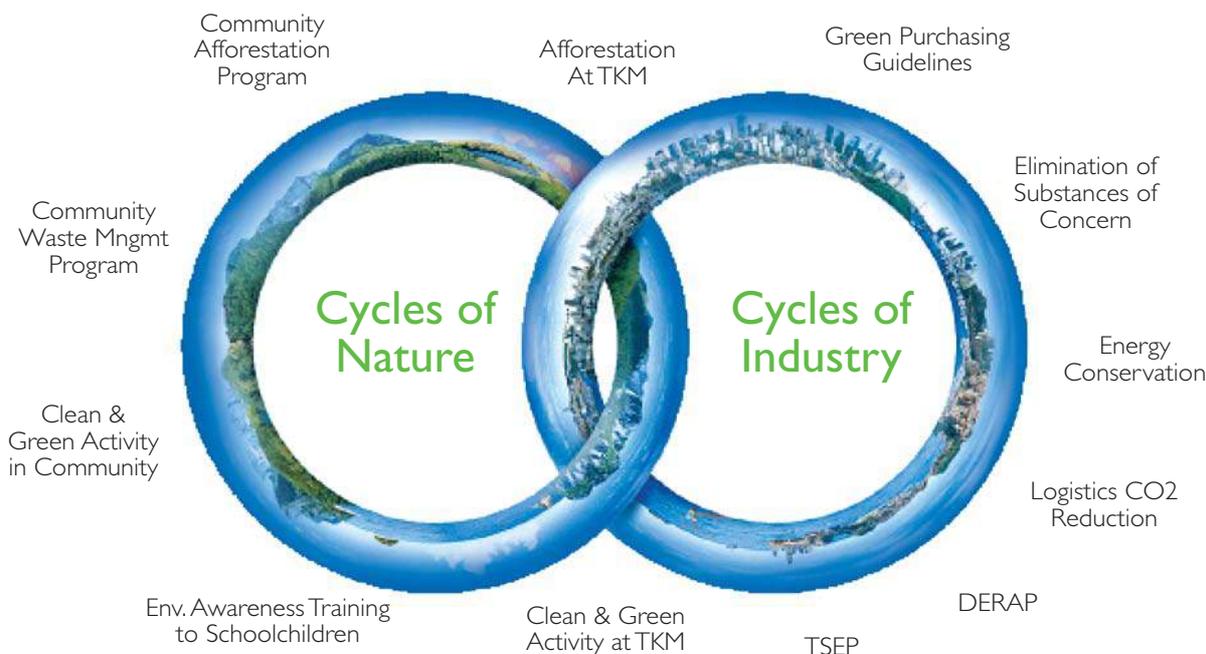
II. Action Guidelines

- 1. **Always be concerned about the environment**
Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization, and disposal.
 - (1) Develop and provide products with top-level environmental performance
 - (2) Pursue production activities that do not generate waste
 - (3) Implement thorough preventive measures
 - (4) Promote businesses that contribute toward environmental improvement
- 2. **Business partners are partners in creating a better environment**
Cooperate with associated companies
- 3. **As a member of society**
Actively participate in social actions
 - (1) Participate in the creation of a recycling-based society
 - (2) Support government environmental policies
 - (3) Contribute also to non-profit activities
- 4. **Toward better understanding**
Actively disclose information and promote environmental awareness

Our Steps towards Sustainability:

In tune with the Basic Policy and Action Guidelines of the Earth Charter, TKM has embarked on a mission towards sustainable industry in harmony with nature. It shall integrate energy from renewable sources and path

breaking research and development activities keeping in mind the ecology of the neighborhood. It has also consciously integrated its environmental policies and goals that lend itself seamlessly with the design and development of environmentally friendly technologies. Following is an illustration giving a paradigm image of Toyota's operation in India aligned to the Toyota Global Vision 2020.



Activities at TKM in alignment with Global Vision 2020

Towards an Eco-Friendly Plant

Toyota Kirloskar Motor has come up with an ideology unique & first of its kind to drive sustainability in all its operations. This ideology includes a comprehensive approach towards sustainability right from the grass-root level, i.e. the employees. A methodological approach of Eco-mind, Eco-Kaizen & Eco-showcase has been underway to sensitize our employees and the community at large on the need to become environmental conscious citizens & thereby promote sustainability in all frontiers of operation.

Eco-Mind: ECO-MIND is a culture that we believe must get imbibed into the minds and souls of our team members so that he starts thinking about the environment on every action in his life inside and outside the company.

Eco Mind activities include all the initiatives aimed towards creation of an environmentally conscious citizen. In other words, an employee with Eco-Mind will always think & act in the best interest of the environment.

Eco-Kaizen: ECO-KAIZEN is the continuous improvement activity that can be executed at the work area. Eco Kaizen includes all the improvement initiatives originating out of an Eco-mind towards creating a sustainable plant and a low-carbon society at large.

Eco-Showcase: ECO-SHOWCASE is an effort to promote TKM's Eco Spirit to the community and neighborhood. Eco Showcase activities include the entire social outreach activities involving our external stakeholders, may it be our suppliers, dealers or our customers and the whole of the surrounding eco-system.



TKM approach to Sustainable Eco-Friendly Plant

Corporate Governance

In order to enhance the quality of daily operations, inculcate a unique corporate culture that values innovative ideas, continuous improvements and nurtures a commitment to the environment, and build long standing relationships with the stakeholders to remain a trusted corporate citizen; we faithfully abide by the following statements:

Vision

- Delight our customers through innovative products, buy utilizing advanced technologies and services
- Ensure growth to become a major player in the Indian auto industry and contribute to the Indian economy by involving all stakeholders
- Become the most admired and respected company in India by following the Toyota Way
- Be a core company in global Toyota operations

Mission

- Practice ethics and transparency in all our business operations
- Touch the heart of our customers by providing products and services of superior quality at a competitive price
- Cultivate a lean and flexible business model throughout the value chain by continuous improvement
- Lead the Toyota global operations for the emerging mass market

- Create a challenging workplace which promotes sense of pride, ownership, mutual trust and teamwork
- Create an eco-friendly company in harmony with nature and society

Through these activities establish superior brand image in India



Unveiling of Vision & Mission Statement

Mr. H Nakagawa
Managing Director, TKM

Mr. Vikram Kirloskar
Vice-Chairman, TKM

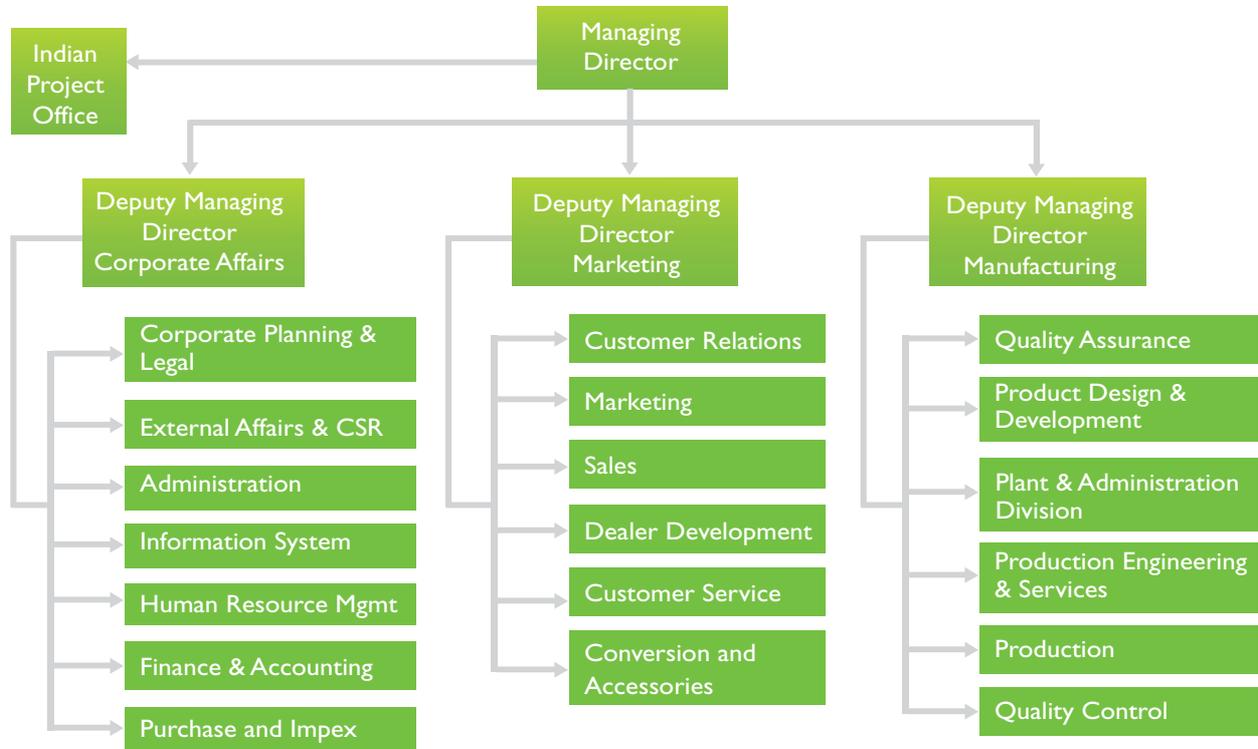
Ashok Sachdev
President, Toyota Dealer Council

Srivats Ram
President, Toyota Kirloskar Supplier's Association

TKM's Hierarchy:

Toyota Kirloskar Motor has a strong organization in order to take up environmental initiatives effectively and

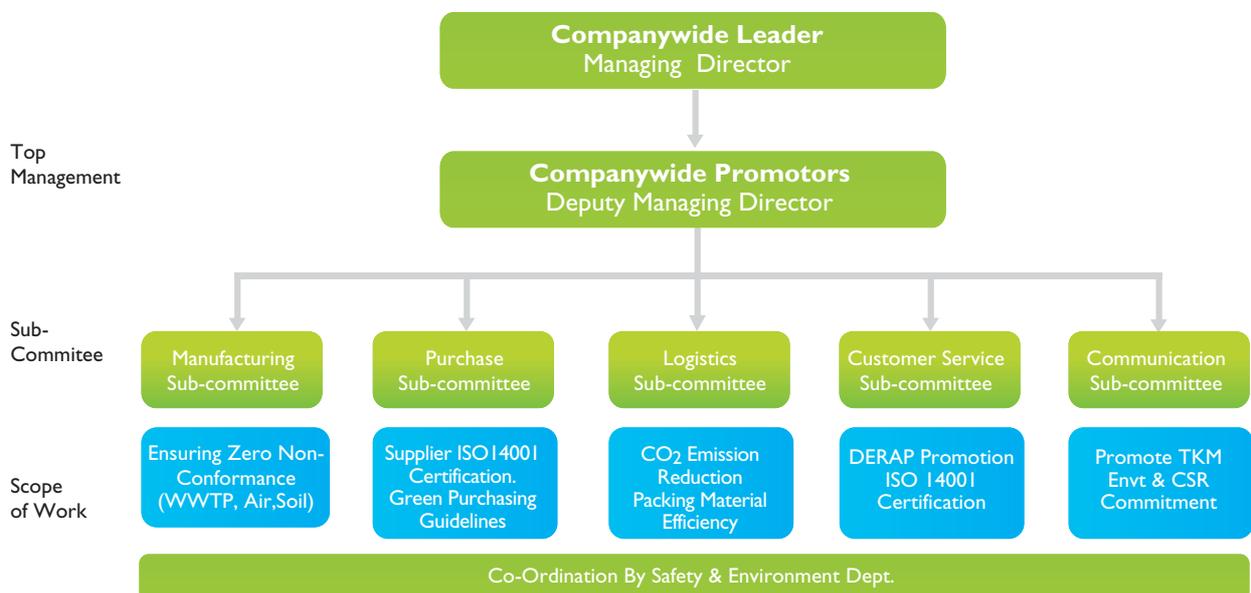
promote them throughout the company. The organization is mainly divided under three heads namely Corporate Affairs, Marketing and the Manufacturing. The details have been mentioned in the chart below.



Toyota Kirloskar Motor has established the Environment Committee in Year 2001, the first year of the production to drive Environment & CSR activities as a specialized organization. The Toyota Motor Corporation (TMC) has

established a regional headquarters TMAP (Toyota Motors Asia-Pacific) at Thailand. This organization is intended to support towards Energy conservation & Environmental Risk Minimization.

Organizational Structure:



Awards & Recognitions:

1. Regional Award for 'Best CSR Activity' and The Sunday Times State Excellence Award (by Planman MediaGroup)
2. "Best Merchant Exporter Award-Gold" by FKCCI (Federation of Karnataka Chambers of Commerce and Industries)
3. "Best Merchant Exporter Award-Gold" by Engineering Export Promotion Council (Ministry of Commerce, Govt. of India Sponsorship)
4. EXIM (Export-Import) Achievement Award conferred by the Tamil Chamber of Commerce, Tamil Nadu.
5. Safety Award for Best Maintained & Operated Boiler on the occasion of 37th National Safety Day

Celebrations - 4 March 2008 (National Safety Council, Bangalore Chapter, India)



Award for Best Maintained & Operated Boiler to TKM

Sustenance during Global Economic Recession - Year of Survival:

As we are all aware, the onset of economic recession in the second half of FY08 has affected all types of businesses worldwide. The auto industry, especially, has been badly hit. Sales of automobiles are at an all time low due to scarcity of disposable income, high interest rates, etc. Global sales of Toyota have also gone down drastically, so much so that Toyota recently announced its first operating loss in 71 years! Even at TKM, production volumes have been reduced and has declared year 2008-09 as the Year of Survival.

In spite of such adversities, TKM has taken up the expansion plan for Plant II for the manufacture & sales of small car. The launch of the new small car is anticipated to open the gates of opportunity to capture the Indian market and also win the hearts of customers. It has therefore become crucial for everyone at Toyota Kirloskar Motor to double efforts to overcome the current set-backs.

To tackle such a situation the Management has come up with following directives for operation: First, it is very important to survive the current crisis period, for a better tomorrow. Second, is to achieve a lean and flexible business. Thus, it necessitates everyone in the organization to come together, as One Strong Team, to overcome the challenges, to survive and to prosper.



Toyota & Sustainability

Since its inception, Toyota Kirloskar Motors has conducted business with a motto of the development of a prosperous society through the manufacture of automobiles. This not only means contributing to the development of a prosperous society but also contributing to the sustainable development of the earth as well. Sustainable development of the earth will require achieving compatibility between environmental preservation and economic growth. Toyota combines efforts of its employees with its technological capabilities to contribute to the development of a prosperous, low carbon society.

We at Toyota are keenly aware that without focusing on energy and global warming countermeasures there can be no future for motor vehicles. It is based on this awareness that we strive to achieve harmonious

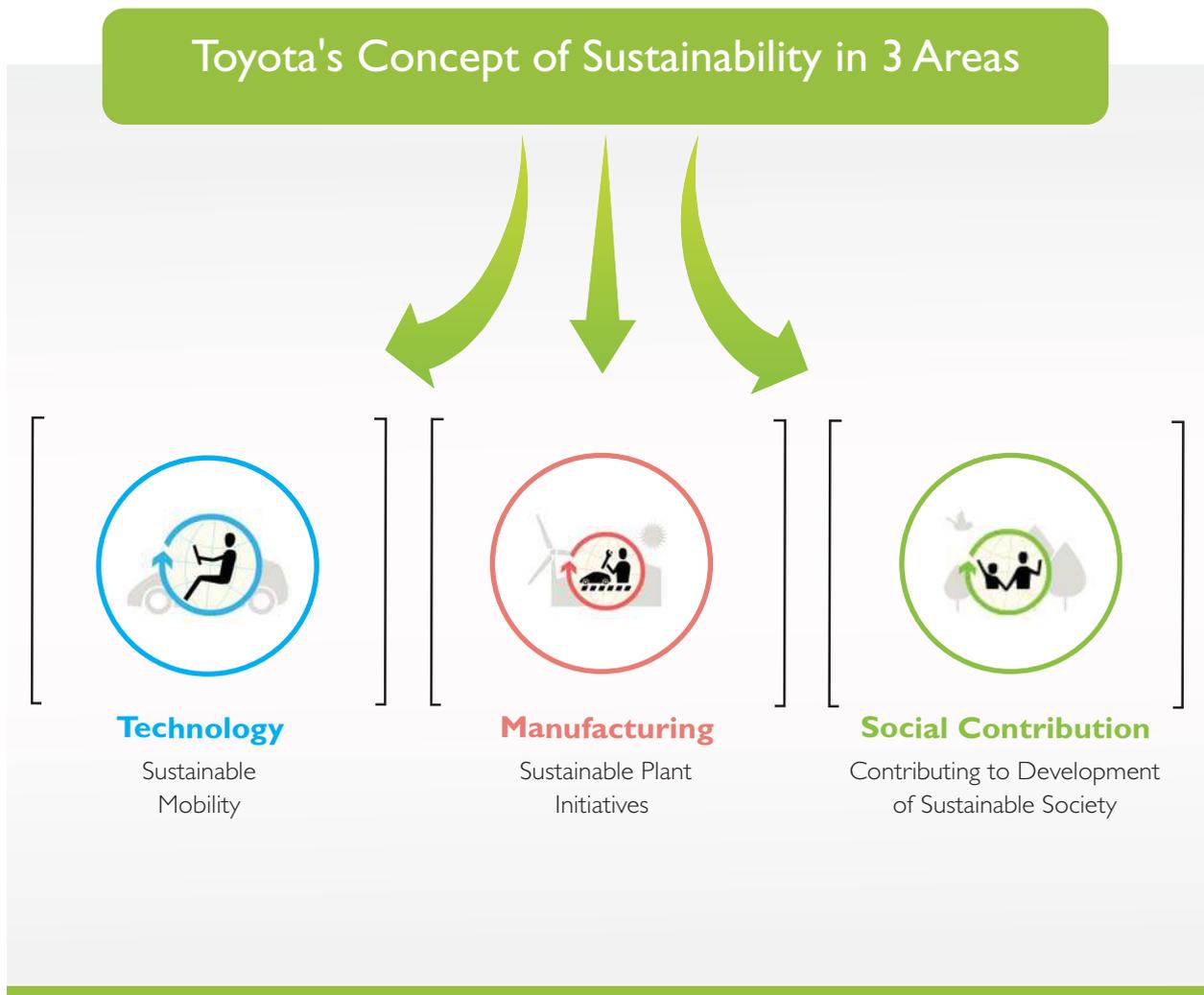
coexistence not only between the vehicles we manufacture and the environment, but also between our production activities and the environment.

Specifically, Toyota is pursuing sustainability in three areas-

- 1) Technology : to achieve sustainable mobility (includes Global warming and energy-related issues in research and development of the vehicle),
- 2) Manufacturing: driving towards sustainable plant initiatives at Production facility, and
- 3) Social Contribution: contributing to the development of a sustainable society through non-business activities.

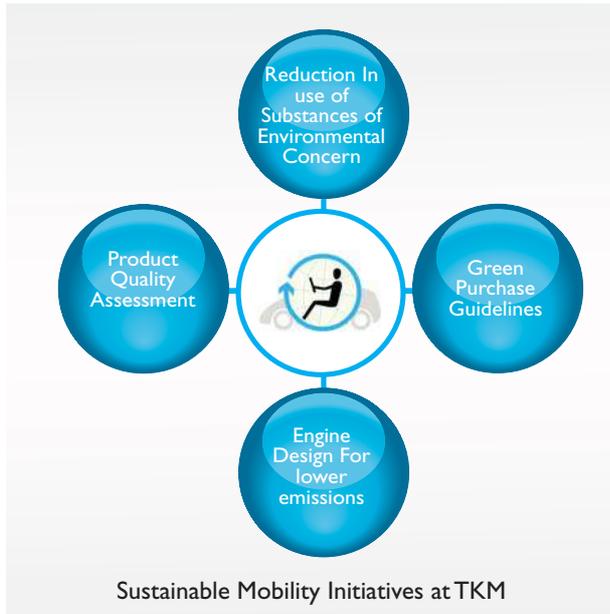
TKM's efforts towards achieving the terms of sustainability have been explained in further sections.

Toyota's Concept of Sustainability in 3 Areas



Technology

Sustainable mobility can be defined as 'the ability to meet the needs of society to move freely, gain access, communicate, trade and establish relationships without sacrificing other essential human or ecological values today or in the future.' For Toyota, sustainable mobility is about achieving harmony with the earth and society while growing our business.



Sustainable Mobility activities include all R&D aimed to create a mobile society enabling people to live in harmony with the earth. Toyota Kirloskar Motor is committed to manufacture technically advanced and environment friendly products. TKM has always believed that the best way to serve society is by providing automobiles that will not only make people happy, but also be environment friendly.

TKM's products namely Innova, Corolla, Fortuner, Land-cruiser, Prado & Camry are truly global products, are

designed and built to match the expectation of all regulatory requirements of all major countries. The quality of each of the products is in consistence with global standards. Our endeavor towards Sustainability through technology at our manufacturing site in India is described in this section.

Reduction in use of Substances of Environmental Concern

Toyota's global standard promotes the elimination of substances of environment concern. Hexavalent chromium, Cadmium, Lead & Mercury have been eliminated from almost all the parts of the Innova, Corolla & Fortuner at TKM.

Although, there is no requirement or any law on end of life of vehicle in India, we at TKM have taken up proactively in early elimination. This aims to create a better and safe environment for the future generations to come as the SOC's can be very toxic even in small concentrations.

Green Purchase Guidelines

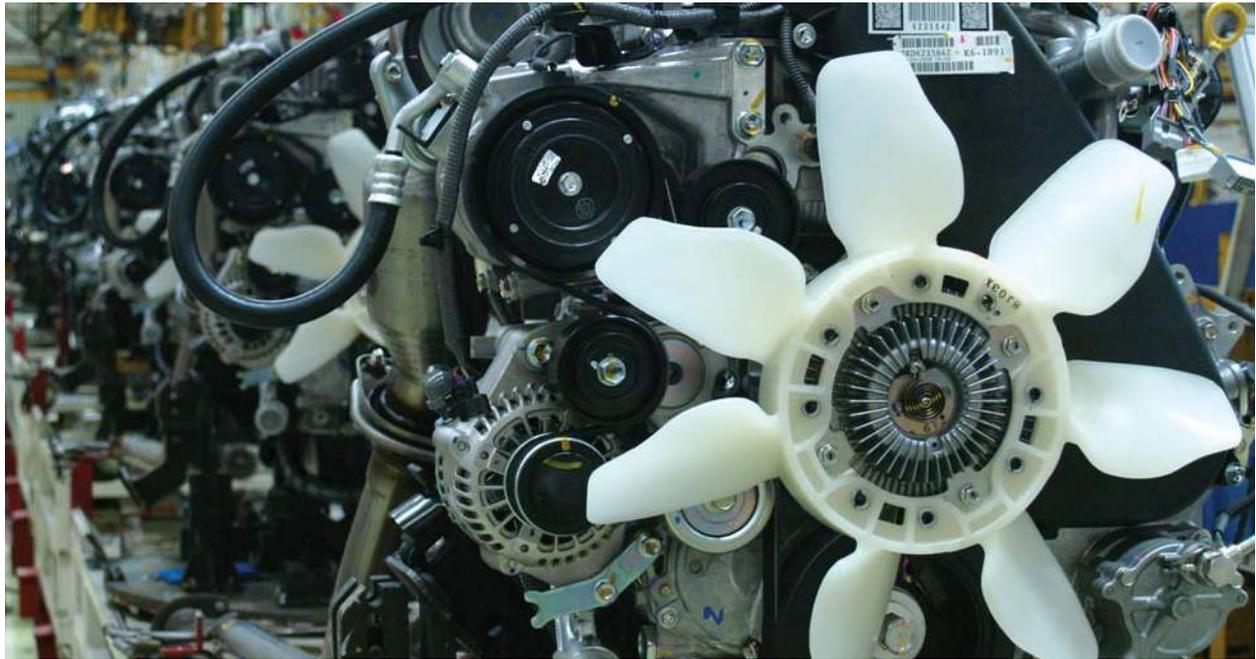
Comprehensive environmental management means looking beyond the boundaries of our own operations to our wider supply chain. TKM has adopted the 'Green Purchasing Guidelines' policy which includes environmental criteria in every purchasing decision we make and encourages our suppliers to improve their environmental performance. In addition to meeting traditional expectations of quality, service and price we give preference to suppliers and products with better social and environmental credentials.



Engine Design for lower emissions

The quest for innovation is the foundation for Toyota's new technology concepts. Unconventional ideas that nurture creativity are constantly encouraged that result in technologies for the future. This has been the main reason behind Toyota's award-winning engine range, which reflects the best design and quality standards set by

its engineers and these engines are developed for performance and responsiveness with a major focus on emissions reduction and fuel savings. TKM continues to introduce VVT-i & D-4D engines to reduce vehicle emissions. Toyota thus brings these benefits to customers with advanced variable valve technology (VVT-i) petrol engines, common-rail turbo diesels (D-4D). Designed to match the expectation of all the regulatory requirements globally, the VVTI engines are EURO 3 Certified - meeting all the emission norms.



Product Quality Assessment

Toyota's pursuit for quality has been built into the system and is reflected in the Global market leadership. Superior quality of the product has multiplier effects on the environment in terms of the product efficiency & performance. The moment an automobile rolls out of the manufacturing facility, Quality of the vehicle indirectly governs the ecological footprint of the vehicle in its subsequent use.

At TKM, the quality performance of the vehicle is tested under many of the internal & external ratings. The significant product quality assessment indicators include that of JD Power Awards.

In India, JD Power conducts multiple annual surveys of the Indian automotive industry. The surveys reflect customer satisfaction, Long-term dependability, consumer's attitudes towards a vehicle's attributes, dealership service surveys, and customer purchasing experience surveys.



Award by JD Power for Best MUV/MPV segment for fourth consecutive year

Innova Ranked **#1 in MUV/MPV** segment in Initial Quality by JD Power Asia Pacific for **fourth consecutive year.**

Manufacturing

Toyota Kirloskar Motors has focused on "sustainability in three areas," and its sustainable plant initiatives are designed to address the manufacturing element therein. The goal of these activities is to achieve harmony between manufacturing activities and the natural world, based on the concept of "a plant that optimally utilizes natural resources, while operating in harmony with the natural environment."

In concurrence with Toyota's Environment Action guidelines, TKM has come up with its own set of initiatives towards promoting sustainability at the manufacturing site in India. This section elucidates the activities taken up at the manufacturing site at Bidadi, Bangalore in detail.



TKM Environment Policy

In order to abide by the Guiding Principles and affirm our commitment outlined in the Earth Charter we have formulated our Environment Policy.

- **Actively promote environmental awareness and knowledge among team members through continual education and job specific training**
- **Ensure compliance with legal as well as other requirements to which our company subscribes**
- **Establish and review environmental objectives and target annually to ensure better environmental performance through proactive continual improvement activities**
- **We shall establish programs and conserve energy, natural resources, flora, and fauna and build a GREEN ENVIRONMENT, both within the facility and for the surroundings as a part of our policy.**

We recognize the importance of continual improvement in environment performance while creating economic growth and maintaining competitive advantage.

Toyota EMS Concept

The Toyota EMS holds the key to all environment management efforts across all Toyota affiliates and at TKM alike. Globally, Toyota has encouraged all affiliate plants to be ISO 14001 certified and TKM obtained the ISO 14001:1996 certification within a year of starting operations in India. With a robust EMS system, whose key element is 'Compliance / No complaints' and 'Environment Risk Mitigation', Toyota-EMS is applied to

drive continuous performance improvement cycle in line with site specific objectives, and corporate policies and strategies.

In order to achieve the objectives of environment policy, the 'environmental management system (EMS)' has been used effectively. EMS forms the backbone of our commitment towards reducing our ecological footprint and we have been re-certified for ISO 14001:2004.

TKM practices strict adherence to legal compliance as the basic requirement for all its EMS initiatives. At TKM, we strive to be No. 1 among the Asia Pacific countries by abidance to EMS values mainly through achievement of Zero-complaints & minimization of Environment risk facilitated through ensuring strict legal compliance, Risk assessment & risk minimization activities.

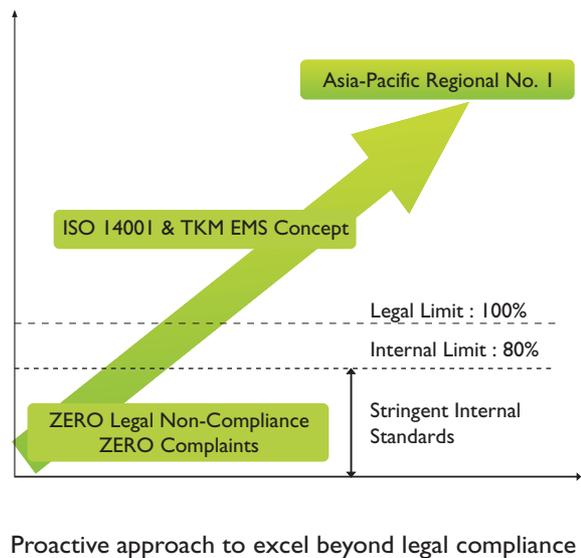
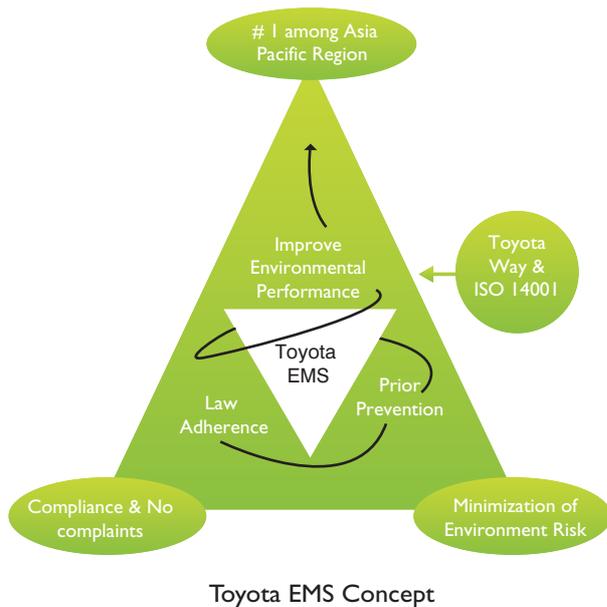
In a pioneering effort, TKM has been strongly promoting ISO-14001 certification to all of its suppliers & dealers. The core idea is to promote environment friendly operations among all the stakeholders involved. In a significant achievement TKM has been successful in promoting ISO-14001 coverage to its suppliers by 89% and Dealers by 76%.

The highest degree of abidance to EMS (ISO-14001-2004) has been recognized by the External Auditing Agency, which has awarded TKM with Zero NC for successively three years in row. Following is a representation of the milestones of TKM's EMS system:

Legal Compliance & No complaints through Law Adherence

TKM as a good corporate citizen, we believe adherence to law is a top priority issue for us. The legal requirements form the foundation for the establishment of our environment management system. To accomplish our stated objective of Complete Legal Compliance & No complaints, the Environment Management System is leveled up to a status which is well above the basic legal requirements. To ensure 100% compliance at all times, internal limits have been earmarked that are 20% more stringent than the legal requirements.

The tools in hand to achieve this condition include companywide Monthly legal compliance audits. These encompass monitoring of changes in Manpower and processes that are likely to affect the components of Environment.



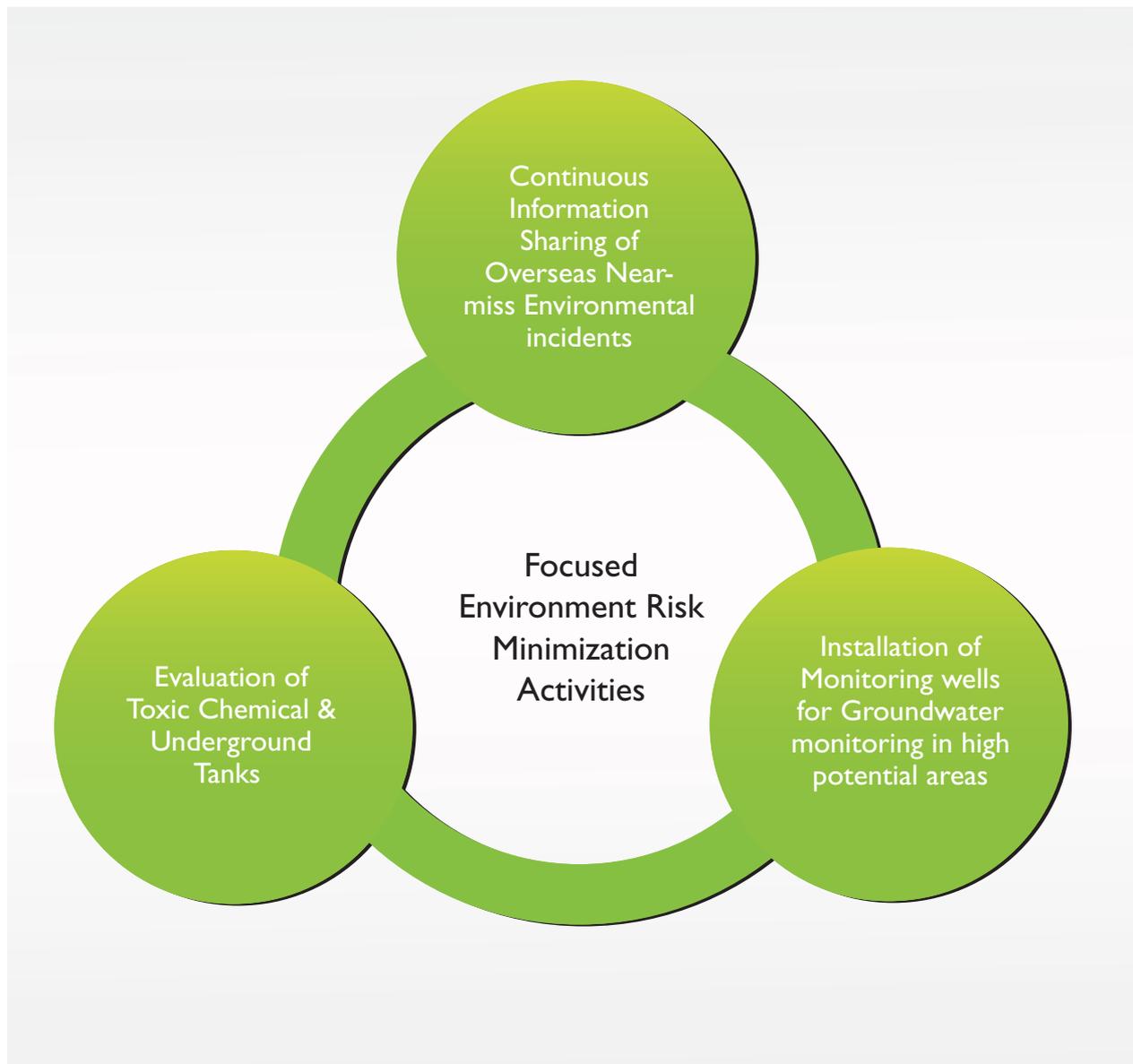
Minimization of Environment Risk through Prior Prevention

In consistence with the Toyota Way guideline for Jidoka (meaning prior prevention of faults or errors), TKM has been actively promoting Environment risk mitigation activities. In our endeavor towards achieving 100% Legal compliance & Zero External complaints, few of the activities undertaken are namely:

(Near-miss accidents: Potentially high-risk incidents that do not lead to actual accidents).TKM analyzes all cases of environmental non-compliance, complaints and "near-miss" accidents that occur at in-house & at overseas plants. By sharing the information, we could determine the environmental risk which can be prevented from recurring elsewhere.

TKM has been continuously promoting activities to prevent any possibilities of Groundwater contamination. These measures include activities in co-operation with overseas assistance to Monitor & prevent environment risks involved through:

- Continuous Information Sharing of Overseas Near-miss Environmental incidents
- Evaluation of Toxic Chemical & Underground Tanks for appropriate storage conditions aimed at prevention of Sub-surface water & soil contamination.
- Installation of Monitoring wells for Groundwater monitoring in high potential areas



Environmental Action Plan

It has been TKM's long term objective to minimize the impacts of its activities, thus contributing to maintaining the balance of economic, social & environment aspects of sustainability. The 5 year environment action plan sets the directions for the Environment Management &

promotion activity for its all operations. Annual environmental action plan is formulated based on the TKM 5 year action plan which in turn has percolated down from the Toyota's Global Environment action plan. During the course of implementation of annual action plans where, nearly 4% reduction targets are taken to continually improve upon the general performance of the previous year.

TKM FIVE YEAR ENVIRONMENTAL ACTION PLAN (FY 2008 - FY 2009)

| Action Item | Specific action items & Goals | Target | |
|--|--|--------------------------|--------------------------|
| | | 2008 | 2009 |
| | Production: | 4% Redn. | 4% Redn. |
| Reduce CO ₂ emissions in production & logistics activities of each country & region. | Reduction in electricity consumption. (Purchased+generated)(kwh/veh) 20% based on Current year status | 553 kwh/veh | 529 kwh/veh |
| | Reduction in LPG consumption. (kgs/veh) 20% based on Current year status | 30.5 kgs/veh | 29.2 kgs/veh |
| | Reduction in energy:(Total of Electricity + LPG in GJ/veh) 20% based on Current year status | 3.52 GJ/veh | 3.34 GJ/veh |
| | Logistics : | | |
| | Reduction in emission of CO ₂ /unit 15% reduction based on 2006 values | 4% | 4% |
| Promote the effective use of resources to further contribute to the realization of a recycling based society | Production : | | |
| | Increase Yield ratio | 68.0% | 68.5% |
| | Haz Waste reduction : | 4% | 4% |
| | Reduction in generation of Hazardous waste (kgs/veh). 20% based on Current year status (Chemical sludge+Phosphate sludge+Paint sludge) | 8.33 kgs/veh | 7.95 kgs/veh |
| | Non-Hazardous Waste Reduction: | 2% | 2% |
| | Reduction in generation of Non Hazardous waste (Miscellaneous solid waste) by 20% based on Current year status | 14.73 kg/veh | 14.42 kg/veh |
| | Logistics : | | |
| | Reduction of packaging & wrapping materials | 4% | 4% |
| Reduce water consumption | Reduction of water consumption by 10% based on current year status (m ³ /veh) | 2% | 2% |
| | | 4.66 m ³ /veh | 4.56 m ³ /veh |
| Initiative to reduce VOC emissions | VOC reduction | 49.3 gm/m ² | 48.8 gm/m ² |

Environmental Performance: KPI Management

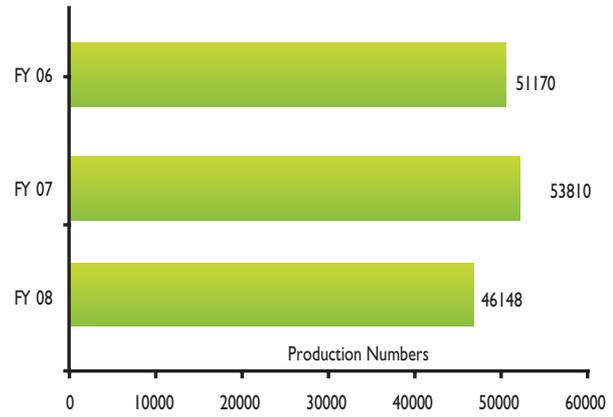
Part of our broader corporate responsibility to society is to use resources wisely and reduce waste from our business activities. For many years we have been reporting our energy and water usage, waste and recycling volumes from our site in concurrence to the saying 'what gets measured, gets managed.'

To guide our actions in this direction, environmental policy commits us to control pollution, reduce energy at every possible opportunity. We strive continuously to minimize generation of hazardous waste, water consumption, and air pollution, and continue to improve our energy efficiency and reduce CO₂ emissions. Our periodic internal audits and external audits have strengthened our environmental management system. Our environmental performance under various key indicators in the last 3 years is summarized below:

Note: The Key performance indicators are measured and controlled by units which is usually based on the per car

manufactured basis. Thus, the vehicle manufactured is always linked with the environment impact due to the manufacturing operations.

The market conditions for Toyota vehicles in the society which was in its most favorable condition during FY07 and came down drastically during second half of FY 08, ensuing the global market slowdown. This has directly impacted few of the Environmental parameters, which are expected to be related to the fixed manufacturing demands.



Production Statistics of TKM



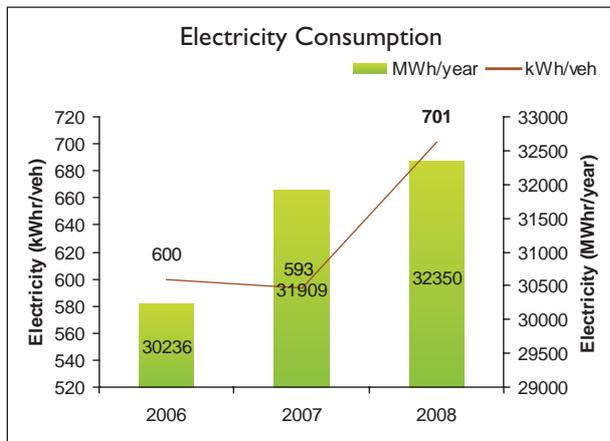
TKM Product line-up

Energy & Resource Conservation Activities towards maximizing the efficiency of processes

Automobile manufacturing process requires a large amount of energy. Most of the energy generated is by consumption of fossil fuels leading to an increase of the CO₂ emissions. TKM is promoting energy conservation activities in the manufacturing plant using the Five Year Action Plan which sets the annual reduction targets for all the environment parameters.

1. Electricity Consumption

Electricity consumption in the production area has increased as compared to last two years. In FY2008, the average amount of energy required to produce a vehicle increased by 18.2% to 701 kWh/vehicle. This decline in performance was due to the reduction of overall production volume which led to the increase in per vehicle consumption due to fixed loads. As a result, in FY2008 TKM concentrated heavily on ensuring the impact from loss of production volume was mitigated, where possible, by energy saving activities & kaizens.



ESCO (Energy Services Company) an in-house energy audit team at TMC, Japan visited TKM in FY 2008 and supported



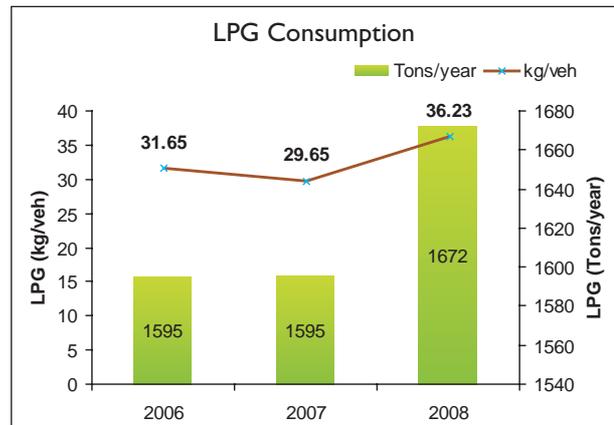
Energy conservation training by ESCO Team

TKM Team Members by organizing a workshop for the TMs on the methodology to identify energy Kaizen at workplace.

Our team members identified numerous work place energy Kaizens which helped us to reduce our energy consumptions & resultant carbon emissions.

2. LPG Consumption

The Gas (LPG) usage was also observed to be on an increasing trend as compared to previous financial years. The LPG consumption has risen to an average of 36.23 kg/vehicle by 22.19% as compared to the previous year.



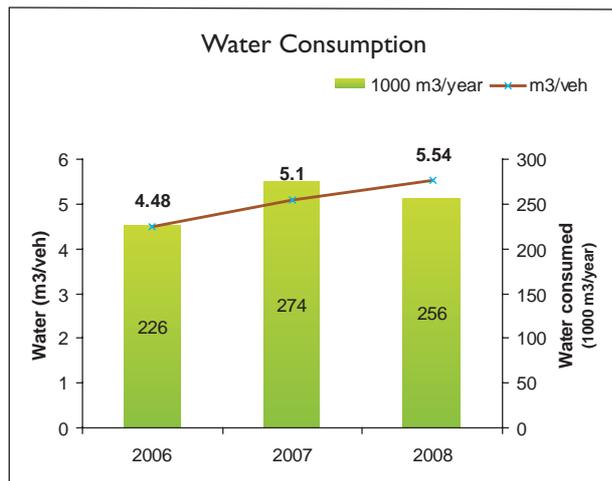
The main activity that was taken up at the paint shop to conserve LPG was the commonization of the primer painting in the Top coat booth. By this activity, the primer painting booth operation was totally eliminated in light of low production demands. This activity contributed greatly towards cost saving as it was in consistent with the need of the time, in the light of the market slowdown which forced us to reduce the production volumes. However, owing to the slowdown in the market the per vehicle consumption increased due fixed consumption of the LPG in all other processes, irrespective of the vehicles produced.



Utilization of cleaner fuel : LPG

3. Water Consumption

During FY2008, the amount of water TKM required to produce one vehicle increased by 8.6% compared with the previous year, to 5.54 m³/vehicle. Water usage levels, like those for energy, were affected by the rapid loss of production volume. Considerable efforts were made towards monitoring & standardizing day-to-day consumptions.



TKM will continue to target the elimination of unnecessary water usage through Kaizen, or continuous improvement, principles and by the implementation of best process technology such as Membrane bio-reactor (MBR) and reverse osmosis (RO) treatments that allow the recycling of wastewater.



Water treatment plant

Towards Zeronizing Impacts on Environment by Reducing Emissions

Concurrent to the Toyota Earth Charter which stresses on Zero Pollutant Discharge to the environment, TKM has also adopted the same in its Environmental Policy. The areas of concern related to the impacts of the Manufacturing facility onto the environment include Emission of Pollutant Gases (CO₂)/vapours (VOC).

CO₂ emission reduction from Logistic Activities

TKM has been constantly promoting CO₂ emissions reduction activities from all its activities onsite as part of our greenhouse gas emissions abatement initiative so as to ensure a sustainable future.

Our in-house study indicated that Logistic Activities have contributed to 74% of the carbon dioxide emissions among all CO₂ Sources, and therefore, ensuing us to reduce the CO₂ emissions by 4% from 335.21 kg/vehicle to 322.22 kg/vehicle. The methodology adopted and the outcome has been detailed below:

The Logistics operation has been divided into vehicle logistics, parts logistics and in-house logistics and targets were set for each of the three divisions. The main ideas that resulted for reduction of CO₂ in the logistics activity are

Distance reduction

- Route optimization undertaken to reduce the distance substantially, resulting in fuel savings and ultimately CO₂ emissions reduction
- Distance reduction strategy resulted in 2.34% reduction in CO₂ emissions from 335.21 to 327.33 kg/vehicle.

Fuel efficiency improvement

- Measures undertaken included monitoring driving speed, using standard spare parts and maintaining check sheet for tyre pressure etc.
- Resulted in the CO₂ emissions further reduced to 323.33 kg/vehicle.

Volume efficiency improvement

- Changeover of trucks from double axle to triple axle which increased the capacity of goods transported to 26 tons from 23 tons.
- These measures brought down the CO₂ emissions from 323.33 to 314.52 kg/vehicle.

Alternate fuel

- Utilization of bio diesel in forklift in the ratio of 1:9 along with diesel fuel.
- Reduction in carbon dioxide emissions by 0.12 kg/vehicle to 314.4 kg/vehicle.

Alternate equipments

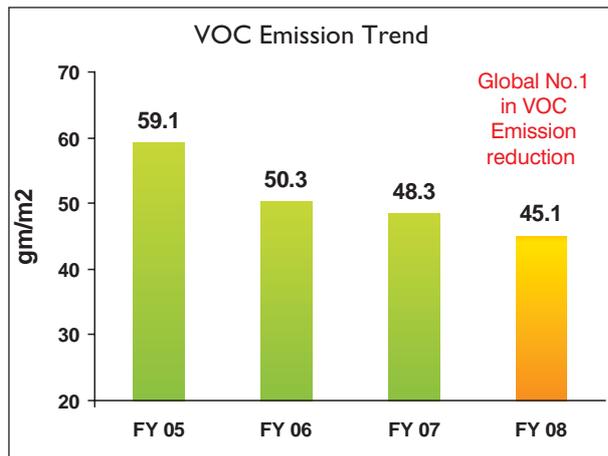
- Manual stacker was utilized instead of forklift which would reduce the movements in short shuttles and also result in fuel savings.
- This measure resulted in a marginal reduction in CO₂ emissions by 0.11 kg/vehicle.

Thus, the overall reduction in CO₂ emissions from 335.21 to 314.29 kg/vehicle is almost 6.23% reduction compared to the yearly of 4% that was earlier targetted.

2. VOC Management

Thinner based Paint used on automobiles contains VOCs (Volatile Organic Compounds), which are known to cause Odor & Health hazards. They have also been attributed to the formation of photochemical smog. It is therefore necessary to reduce their use and emissions. VOC's are present in the thinner contained in the paint. So if thinner consumption for painting operations is reduced and waste thinner is recovered, it will surely result in reduction of VOC emissions.

Although, there is no requirement or any law on VOC Emission control in India, we at TKM have taken up proactively, the activities aimed to reduce VOC's. This aims to create a better and safe environment for the future generations to come as the VOC's have potential for accelerating Global warming & creation of Photochemical smog.



During the year 2008-09, there has been a drastic decline in the VOC emission by 6.7% with the implementation of various kaizen (improvement activities) like transfer efficiency improvement in paint guns & robots, optimization of washing thinner usage, solvent consumption reduction in manual cleaning in robot operation and during the painting process.

Through all the best practices, we have achieved Global No.1 position among all the Toyota Affiliates having thinner based painting processes.

VOC Conference on Model Plant Activity

With the aim of achieving VOC emissions reduction globally, Toyota has identified TKM as the Model plant in leading VOC emission reduction activities globally. For the Asia-Pacific region, a VOC Emissions Reduction

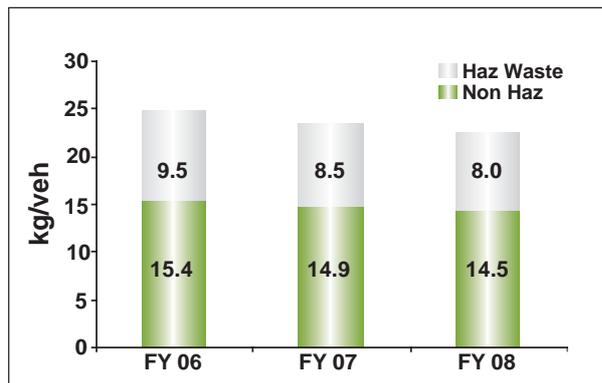
Conference was held in September 2008, with TKM as a model plant to share the best practices. A total of 21 delegates in charge of environmental issues and painting processes from nine Asia Pacific affiliates at India, Philippines, Vietnam, Thailand, South Africa and Australia, as well as TMAP-EM (Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.) and TMC (Toyota Motor Corporation) attended the conference. Participants confirmed firsthand the VOC emissions reduction activities in painting processes. During the two day session, TKM shared its successful activities and demonstrated to the delegates during the demonstration at paint shop. These best practices have been implemented among the affiliates successfully with good response.



Participants at the Asia-pacific Conference on VOC Model Plant Activity

Towards Zero-Wastes to Landfill

Solid wastes would find their way to Landfills if they are un-segregated or when there are no available technologies for safe disposal of wastes. With the aim of achieving "Zero Wastes to Landfill", TKM has been striving hard to reduce the ecological footprint in terms of waste generation. With the ideology of "Source Reduction is to garbage what preventive medicine is to health", we have our two main action guidelines towards our waste management activities:



Waste generation trend

- Ensuring 100% Segregation & Reuse/Recycle of the Non-hazardous process waste
- To achieve Zero Hazardous waste disposal at Landfill

During the year 08-09, TKM has been successful in reducing the Hazardous waste by 6.9% and Non-hazardous waste generation by 2%.

Non-Hazardous waste management: towards 100% segregation & recycle of process waste

TKM has been continuously encouraging activities to promote 5R's in the waste management system. The activities specifically aimed towards management of Non-hazardous wastes are:

- Periodic Awareness training to Team members & employees on requirements of waste segregation.
- Periodic audits by Environment Group for assessing waste segregation & Employee awareness.
- Activities on special occasions (like World Environment Day) to continuously encourage team member involvement in bringing about improvements in waste reduction activities.
- Promotion of 5R activity at individual working level teams to promote waste minimization.

Following is a representation of the improvements in waste reduction activities with reference to 5R



Hazardous Waste Management: Towards Zero Hazardous Wastes to Landfills

TKM has achieved a strategic milestone in achieving the target of "Zero Hazardous wastes to Landfill" during the year 2008-09. This year marked the beginning of the formal commencement of Hazardous Waste Disposal

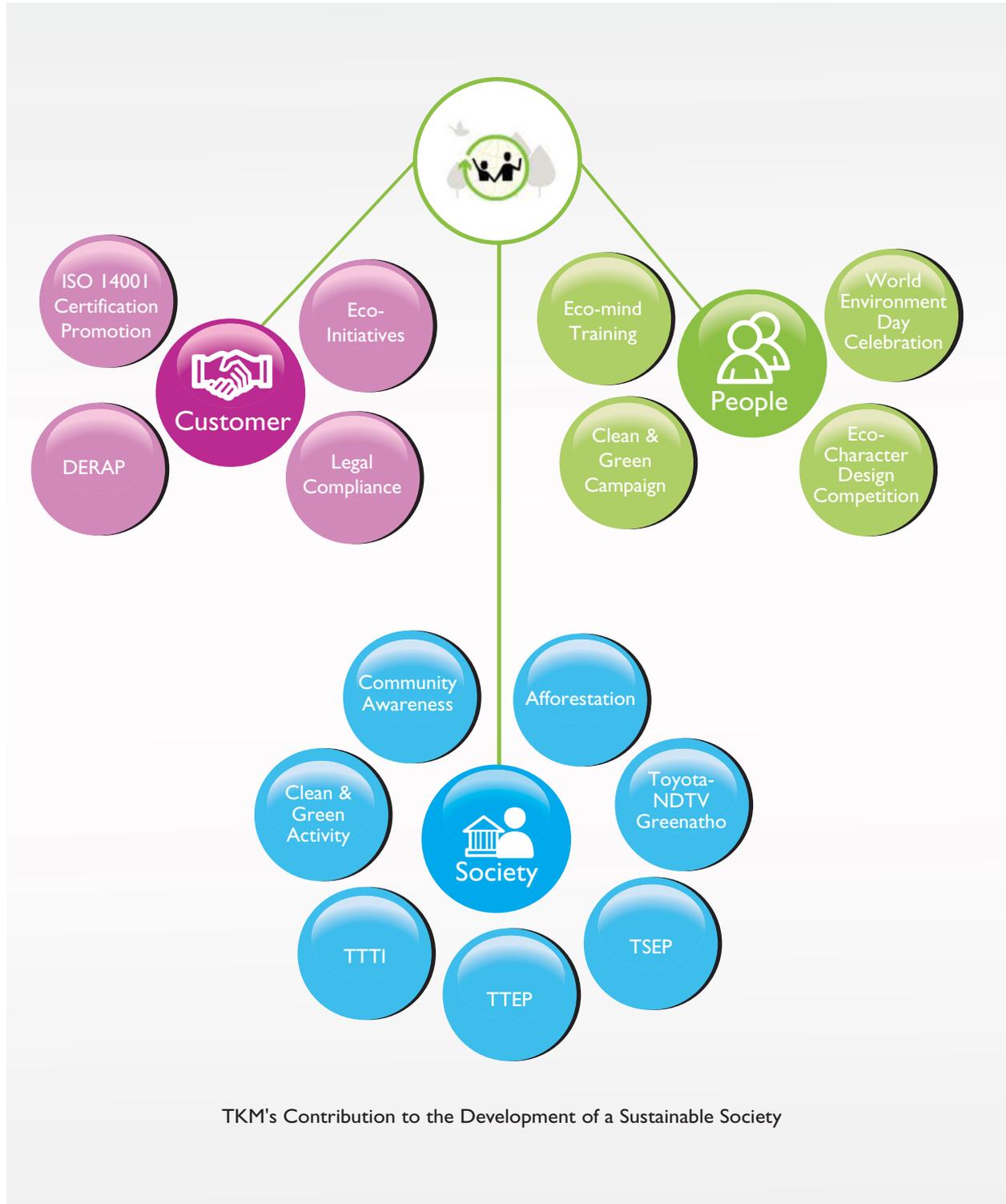
through Co-Processing at ACC Cement Plant at Wadi, Gulbarga, Karnataka.

In FY 08 Considerable reduction in hazardous waste quantum has been achieved in the light of activities promoted to reduce unnecessary moisture content in the sludges.

Social Contribution

Concurrent with contributing to society through its automobiles, Toyota Kirloskar Motor has been actively promoting social contribution activities for the environment in a wide range of areas. Toyota is undertaking social contribution activities that make use of the skills, expertise, and technologies that have been

developed through business activities. One aspect of this is the Afforestation Promotion, which promotes issues concerning global warming and biodiversity. The activities undertaken in this regard have been elaborately illustrated in further sections titled 'Customer', 'People' & 'Society'.



Customer

We, at TKM have been successful in delighting our Customers with our prime vision: To Delight our customers through innovative products, by utilizing advanced technologies and services.

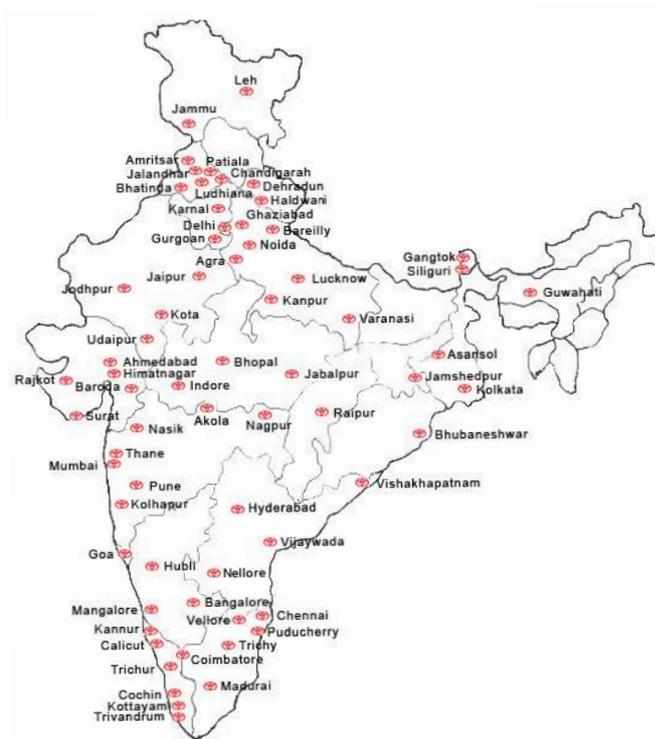
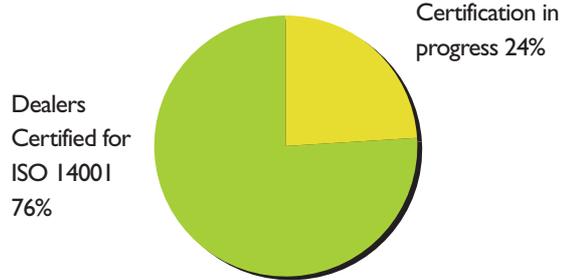
'Customer First' thinking way has been imbibed into the DNA of TKM since our customers have made Toyota the biggest selling vehicle brand worldwide. Concurrent with the technological developments, past few decades have seen a greater increase in the customer awareness of the global environmental issues. Also environmental concerns have become an integral part of the total brand promotion activities. At this juncture, the Dealerships act as the window organizations for any automobile manufacturer to promote showcasing their Eco-friendly products. At TKM, we promote & support all our dealerships not only to sell the product but also to follow best environmental practices at workplace as our joint corporate responsibility.

Some of the activities related to our Dealerships are mentioned below:

Dealer ISO 14001 certification Promotion

TKM has always promoted the Toyota dealerships to maintain a very effective Environment Management System (EMS). ISO 14001 certification of our dealerships act as a tool to enhance

the effectiveness of the EMS implementation. EMS practice at Toyota dealers has been very well appreciated in the automotive market. This has been a unique feature of TKM in Indian Automobile industry for promoting countrywide dealership ISO-14001 certification. TKM aims to ensure 100% ISO 14001 certification status for all of its dealerships within a short span of time.



Toyota dealership network in India : Total No. of 3S (Sales, Service & Spare parts) Facilities: 70

Dealer Environmental Risk Audit Program (DERAP) - Focus on EMS

Toyota Kirloskar Motor continues with the implementation of the Dealer Environmental Risk Audit Program (DERAP), which audits & counteract dealers' environmental risks.

To reduce risk and establish the foundation for introducing an environmental management system, the DERAP audit assesses dealers in terms of the following five fundamental 5 Aspects:

- Presence of Environment Promotion staff in the dealership
- Declaration of compliance with environmental laws
- Treatment of Hazardous waste as per local law
- Proper treatment of drainage water
- Recovery of air conditioner refrigerants (HFC recovery)

Against target coverage of 80% of the Dealers by 2010 TKM has excelled & stands at 81% (57 out of 70) well ahead of target by the end of FY 08. It has been our target to extend the coverage to more than 90% of the Dealerships by the end of the year 2010.

Salient features related to Environment Friendly Operation at Toyota Dealerships in India :

- A. Installation of Wastewater treatment facilities at all dealerships made mandatory. This requirement has been included in the clauses for commissioning of new dealerships.
- B. Complete recovery of AC gas. HFC recycling equipment made as a mandatory item for activation of the dealership
- C. At all the service areas, Painting activity exclusively carried out inside controlled environments of paint booths only.
- D. Only dry sanding recommended with proper equipment to restrict on the usage water.
- E. Safe disposal of Hazardous waste such as used oil and oil soaked cotton, container, battery etc compliant with the local applicable laws.
- F. Sharing of Best practices among the Dealerships through Yokoten of Best Practices

Next course of action:

- A. To ensure 100% DERAP compliance by all dealerships
- B. Promote knowledge sharing & kaizen on EMS front
- C. Promote EMS awareness among customers through dealership promotional activities.

Environment Initiatives at Toyota Dealership

World Environment Day "Pollution Check Campaign" at Dealers

On the occasion of World Environment Day on June 5th the Toyota Dealerships had organized "Free pollution check campaign" and conducted free emission test to all customers and provided Pollution under Control (PUC) certificates to the customers.



Distribution of PUC (Pollution Under Control) Certificates to Toyota Vehicle Owners.

"Say Goodbye to Polythene Campaign" by Grand Toyota Dealership, Dehradun

Social Contribution



Our dealership in Dehradun, Grand Toyota initiated social awareness program "Say Goodbye to Polythene" campaign with an objective of creating awareness for environment protection among Dealer staff, Customers & Public at large and promoting the awareness on impact of plastic towards environment.

Commendation Certificate by State Pollution Control Board to Nippon Toyota Dealership, Kerala.

Our Cochin dealership, Nippon Toyota has been awarded by the Kerala State Pollution Control Board for its Best Environment Management practices in the region. The survey was conducted by the State Pollution Control Board, the regulatory authority in charge of Environmental affairs for the state of Kerala, for the automobile dealerships to share the best practices in the region.



Commendation certificate to Toyota Dealership (Nippon Toyota)



Promotion of green landscaping cover at dealerships

People

TKM respects all stakeholders, and the primary stakeholders responsible for the success of our business are our Employees. Our social contribution starts with our Employees as they are the torch-bearers of our green messages to their family as well as to the extended community. Human resource development is vital and on-the-job training is not only essential but also creates vitality in the workplace by inculcating values in accordance with the Toyota Way. Environmental activities promote awareness as well as an understanding of the environmental footprint - both at the individual level as well as at the facility level - among our team members. Since employees are the ones who create society, human resource development is what ultimately leads to a prosperous society.

The total workforce of TKM during the reporting period was 3250 regular employees and 600 contractors. Compliance is ensured for laws of the land and strictly prohibits child labor; discrimination based on gender, religion or color; and also discourages any kind of bonded labor practices. Based on the trust and mutual respect between the labor and management, and effective communication, each employee is encouraged to enhance professional skills and work ethic.

TKM Eco-initiatives towards promoting Eco-mind:

"The Spirit of Being Studious and Creative" has been deeply embedded among employees in leading Eco-initiatives. The concept of "Good thinking, Good Products" (by Sakichi Toyoda, the founder of Toyota) is the slogan that is followed in all the activities of TKM. These thoughts have given birth to concepts like QCC, Suggestion schemes, Global Environment kaizen festival, Supplier kaizen festival all aimed to promote Eco-mind among stakeholders.

The success stories of the Eco-mind activities are more visible as TKM has become global leader in VOC emission reduction & Steel Yield improvement due to the continuous suggestion and QC circle activities in this area by the team members.



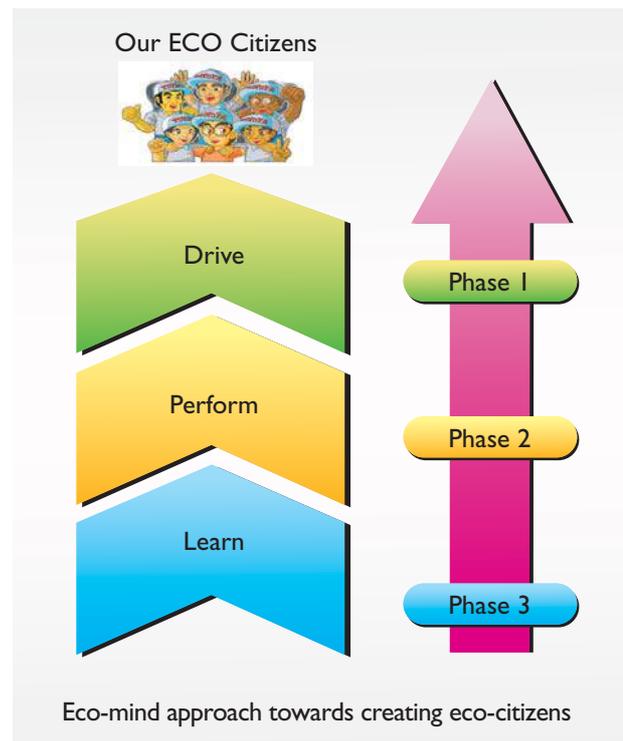
Paint Shop Team receiving Global Environment Kaizen award from Management

Three-phase Approach of TKM towards Eco-Mind promotion:

In our endeavor towards achieving sustainable environment, we at TKM have adopted a Three-way approach towards Eco-Mind promotion among employees. The ultimate aim is to enable every employee in leading Eco initiatives both at work area & back at home.

The Three phase approach for promotion of Eco-mind comprises of following steps:

Eco Mind Activities



Promotion of Eco-Mind through :

| LEARN | PERFORM | DRIVE |
|--|--|---|
|  <p>Classroom Training & On the Job Training on Energy Conservation</p> |  <p>Execute Environment Kaizens</p> |  <p>Organize Community awareness Campaigns</p> |
| <p>Training on Global Warming Awareness & Energy conservation</p> | <p>Competition for creating an Eco-character for the company</p> | <p>Celebration of World Environment Day to promote community awareness</p> |
| <p>Training on kaizen (work-place improvement) identification</p> | <p>Clean up of TKM premises : non-working common areas</p> | <p>Organization of Environment exhibition showcasing Eco-friendly technologies</p> |

LEARN :

It is the primary step of providing environment education to our team members to foster environment awareness and ability to think and act.

PERFORM :

Upon receiving training the Team Member performs his environment responsibilities focusing on continuous improvement in the shop floor. The team member realizes his duties and performs not only to meet the expectation of the company but also contributes towards environment sustenance outside the company.

DRIVE :

In this phase, the team member takes forth the eco-initiatives beyond the company premises. The eco-conscious employee shall lead by example in coordinating & promoting awareness in the community.

Thus the Eco-mind culture inculcated in our employee shall serve towards our ultimate goal of creating a sustainable society.

Eco-mind activities :

By the end of year 2008 the global market faced a slowdown. In order to sustain the demand-supply balance, the plant was forced to go on non-production days where the team members would either stay back as it was with any other company at the time. At this critical point, the TKM Management decided to take up this adversity as an opportunity. It was to promote & develop the one of it strongest force - the Team Member's mind. Under this initiative, activities were taken up to promote the Eco-mind among the team members.

The three-phase approach was adopted to promote the eco mind as described in following sections:

Learn: Training on Global Warming Awareness & Energy conservation

Utilizing the non-production period, all the team members on roll were made aware about the global warming phenomenon & trained on Energy conservation opportunity identification. The top-management also actively participated & motivated the participants.



Training to Team members on Global warming & taking commitment towards Environment Conservation

Perform: Clean & Green Activity - TKM

Clean & Green Activity at TKM was organized with a three-fold objectives in mind. First was to effectively utilize the Non-production days which was a resultant of poor market conditions. Second & third is to contribute towards Sustainable Society through building Eco-conscious mind among TKM Team members and thus promoting Eco-mind towards maintaining a cleaner surrounding, both at workplace and back at home.

The Clean & Green Activity was taken up in the months of December 08 to February 09 involving all the team members. As a result of the activity, approximately 20 tons of recyclable waste was collected and recycled offsite.



Enthusiastic Team members involving in the Clean & Green Campaign taken up During Non-production Days



Perform: Eco-Character Design competition

Mascots for any organization serve as symbols of ideology or the thinking way of the Management towards its operations. In an attempt to elevate team member's eco-mind thinking, an Eco-character design competition was organized company-wide. A great response of participation of more than 85% which demonstrated the enthusiasm of team member involvement in Eco-initiatives. The non-production days were thus effectively utilized to promote Eco-mind even out of workplace.

Criteria were set for the Eco-character selection which included;

- Reflection of TKM Plant in harmony with environment.
- Communication of TKM's commitment & eco spirit.

The selection process involved the company-wide voting & received excellent feedback from the participants & management alike.



Mr. Nakagawa (MD-TKM) unveiling the TKM Eco-character & Awarding the winner of the competition

Drive:World Environment Day Celebrations

June 5th is celebrated globally as 'World Environment Day'. This is a day dedicated to pay tribute to Mother Nature and to create awareness towards protecting our fragile environment. We at TKM, celebrated world environment day with the global theme "Stop Global Warming: through Eco-Life & Eco-Work"

This year's theme focused on making our lifestyle and workplaces more and more eco-friendly. Number of events and activities were planned across TKM. The activities included the environment awareness promotion activities and showcasing of eco-friendly technologies through display of exhibits.

Social Contribution

Eco Awareness Activities



Enhancing eco-awareness through placards display



Eco-message from Top-Management

Environment Exhibition



Solar energy systems on display



Rainwater harvesting model on display



Wastewater treatment plant working model on display



Afforestation methodology demonstration



Home composting methodology on display

Society

At Toyota Kirloskar Motors, our commitment to the environment extends beyond our products. As a responsible corporate citizen, TKM is constantly working towards the development of people, communities and earth at large. In our endeavour towards contributing to the development of a sustainable society through non-business activities TKM has taken up several significant activities:

- Toyota Safety Education Programme (TSEP)
- Toyota Technical Training Institute (TTTI)
- Toyota Technical Education Program (TTEP)
- Clean & Green Activity - at Local Community
- Toyota-NDTV Greenathon
- Afforestation Activity

Toyota Safety Education Programme



TSEP mascot : Traffy

Toyota Safety Education Programme (TSEP) - an interactive learning programme designed to teach school children about road safety - is a significant social contribution initiative of TKM. Designed specially for school children and launched in July 2007 at Bangalore, TSEP has reached out to more than 20,000 children from 20 schools in Bangalore City, alone. The success of the programme and favorable response received from the children, teachers and parents has propelled TSEP to extend its activities on a national scale. Now in its second year, and on a national scale, TSEP is slated to cover over one lakh school children across Delhi, Mumbai, Kolkata, Chennai and Bangalore. And in order to sustain the programme, the other two objectives of TSEP are to train teachers on road safety and conduct safety events for the public. Some of the TSEP activities initiated were

- animation film
- traffic booth
- interactive course
- website
- computer game
- giveaways

The website www.tsepindia.com will update the media and general public on details of the Toyota Safety Education Programme. The website will also allow downloads of reading material and educational wall papers.



Delhi



Mumbai



Chennai



Kolkata

TSEP Launch in Four Major Metropolitan cities of India

Toyota Technical Training Institute

Based on the results of survey made in the year 2005,TKM perceived the necessity of facilities imparting technical-skill based education. Envisioning the need for technically skilled manpower who could serve better for the present industrial needs, as a part of Corporate Social Responsibility to help economically weaker sections of society, TKM established Toyota Technical Training Institute (TTTI) in the year 2007. TTTI has been providing world class technical skill training in the areas of automobile manufacturing practices.

Into its third year of operation, TTTI has sheltered 192

students, empowering them with world class technical skills education. It is noteworthy that 85% of students hail from economically & socially backward classes of the rural society and whose parents are mostly seasonal agricultural daily wage workers.

The unique Training Methodology adopted includes:

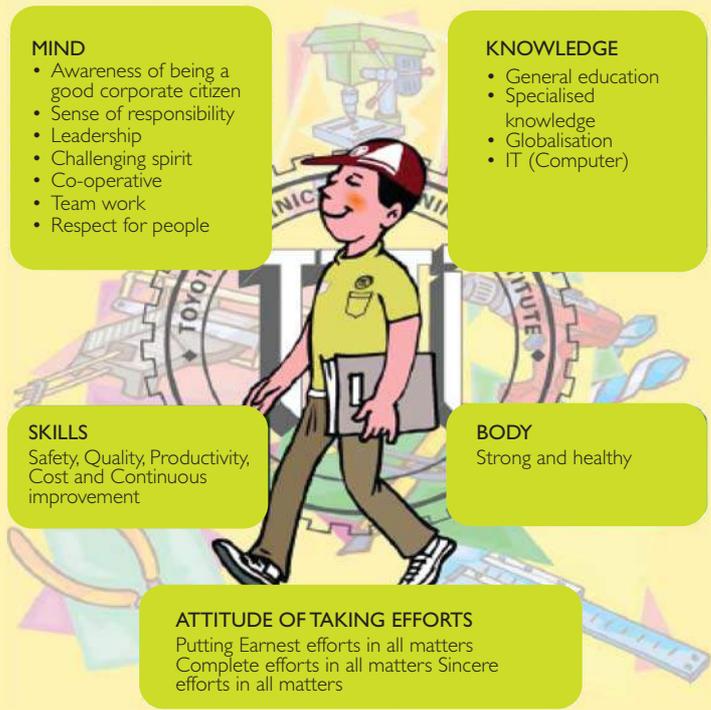
- Learning by performing
- Developing critical eye for abnormalities be it in class room, workshop, dormitory and propose countermeasures
- Development of 'Never Give up' attitude.
- Perception of Work=Work+ Improvement (kaizen)



AIM TO BE AN IDEAL STUDENT OF TTTI

AIM FOR THE IDEAL STUDENT AT TTTI BY INHERITING TOYOTA'S GOOD TRADITIONS

- A COMPETENT SKILL PERSON (SAFETY, QUALITY, PRODUCTIVITY AND COST)
- PERSON WHO CAN WIN THE ESTEEM OF SUPERIORS, SENIORS AND JUNIORS
- A SELF DRIVEN AND AGGRESSIVE PERSON WHO CAN BE AN EXAMPLE BY LEADERSHIP



The learning out come of the student after 3 year stay in TTTI

Toyota Technical Education Program

Toyota -Technical Education Program (T-TEP), is a unique training initiative by TKM, in conjunction with nationwide dealership network aiming at enhancing the skill sets and employability of ITI students. In partnership with ITIs (Industrial Training Institutes) in the country, this program seeks to develop highly skilled young talented technicians for the automotive industry.

Launched in 2006, this program is implemented in 14 institutes till 2008. The Training Department of Customer Service Division plans to bring more institutes under the T-TEP umbrella by the end of 2009. TKM also conducts periodical training for the Instructors, Seminars for the Principals and other faculty of the Institute. TKM has spent

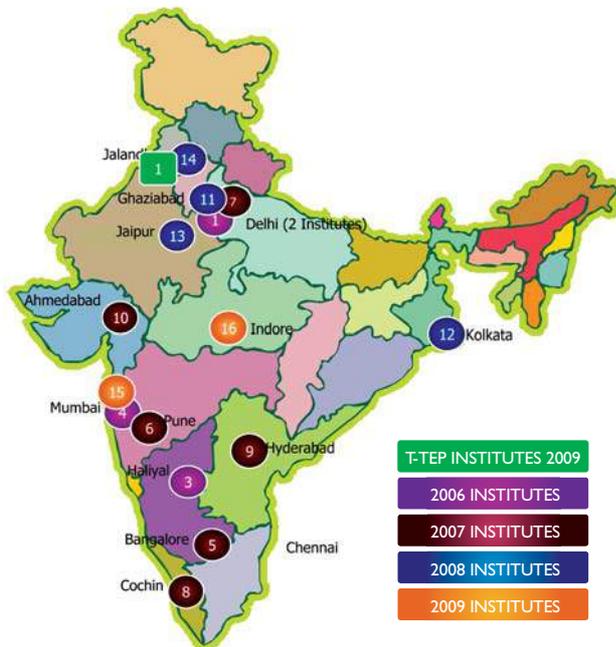
Rs. 15 Million for empowering the technical skills nationwide.

Activity Summary:

Total no. of institutes implementing T-TEP: 14

Total no of student's undergone TTEP course: 663 (332 Completed and 332 undergoing)

Total no of candidates employed at Toyota dealership: 194 till date (total of 60% of completed)



TTEP centers across India



Mr. H. Nakagawa, MD and Mr. Sandeep Singh, DMD, inaugurating the launch of 11th T-TEP Institute at Ghaziabad, Uttar Pradesh



Mr. Shekar Visvanathan, DMD, handing over the collaboration Certificate at Rajhans Industrial Training Institute, Jaipur, Rajasthan.



Mr. Sandeep Singh, DMD, handing over the course content board depicting the Toyota material support

Clean & Green Activity

TKM team members voluntarily engaged themselves in environment awareness activities as a part of company's corporate social responsibility activity. Tree planting, Dust bin installation, Plastic cleanup were done at Lalbagh, Bidadi, Kengeri and Kanakapura.

Lalbagh : Zero Plastic Campaign



Kengeri :Waste Management Awareness Campaign



Bidadi :Waste Management Awareness & Clean-up Campaign



Kanakapura :Waste Management Awareness & Clean-up Campaign



Other CSR Activities towards Community awareness and development



Road safety week at Ramnagara



Books & Bags distribution to local school children covering 85 schools & more than 4800 children



Environment month - saplings distribution



Environment month - painting competition

Toyota Classics – Vienna Operetta Orchestra

Toyota Motor Corporation has been organizing 'Toyota Classics', a cultural programme since 1990 in various countries in Asia. Toyota is proud to present, first time in India, the Vienna Operetta Orchestra live in concert on November 16, 2008 at the Jamshed Bhabha Theatre. This concert was a contribution to the local culture by bringing the world's leading classical ensembles and orchestras to the society of India. Featuring special guest Dr. L. Subramaniam - The Paganini of Indian classical music.

The entire proceeds from this concert, which was about 1.5 million rupees was donated to Save The Children India, an Organisation working towards the empowerment of the disadvantaged children and women.



Vienna Operetta Orchestra performance



Mrs. Geetanjali Kirloskar presenting the cheque

NDTV - Toyota Greenathon: India's First Ever 24 Hour Live Television Programme



OPEN UP
TOMORROW
TODAY

NDTV, in association with **Toyota Kirloskar Motor (TKM)**, organized a first of its kind 24-hour non-stop programming - **THE NDTV - TOYOTA GREENATHON** - with the sole aim of urging Indian citizens to take a pledge towards a greener tomorrow. In order to generate national awareness on environment and traffic safety, Toyota partnered with NDTV and launched a national campaign.

Highlight:

- Toyota reiterates its commitment towards a greener tomorrow
- 24 hours of nonstop television dedicated to creating awareness about environmental issues
- Rs. 2.40 crores of donations will light up 80 villages with solar powered lanterns

Greenathon:

A first of its kind 24-hour telethon was conducted by NDTV in February ahead of the World Earth Day in its bit to generate a national awareness and also raise funds for lighting a billion lives. The programme was aimed at powering villages across rural India with solar lamps which had a significant impact with nine villages in Rajasthan, sixteen each in Orissa and West Bengal, two each in Haryana and Assam and three in Jharkhand benefiting from the project.

The NDTV - Toyota Greenathon Campaign was inaugurated by **Dr. R.K. Pachauri, Nobel Prize winner, Chairman of the Intergovernmental Panel on Climate Change and Director-General of The Energy and Resources Institute (TERI)** on the banks of the Yamuna river.



Nobel laureate Dr. R.K. Pachauri (left) during the inaugural discussion

Sharing his views on The NDTV - Toyota Greenathon, Mr. Hiroshi Nakagawa, Managing Director, TKM, said, "At Toyota every issue that concerns the environment is our concern. As part of our CSR programme in India, TKM has various ongoing activities that create awareness amongst the local community about the benefits of a greener tomorrow. The "Open Up Tomorrow, Today" campaign in collaboration with NDTV is one such major initiative and we are privileged to be associated with it."



Mr. Nakagawa addressing media during the campaign

Added Mr. Nakagawa, "TKM's new automobile manufacturing plant in Bidadi, Karnataka, will be the most environmentally friendly in India and will set the benchmark for future facilities in the country."

The NDTV - Toyota Greenathon started across the NDTV network on February 7, 2009 at 7.00 pm.

A host of events were organized throughout the country as a part of the Greenathon:

Cleaning up the Yamuna - The NDTV-Toyota Environment Campaign in partnership with an NGO Swachha held the first ever 24-hour Yamuna clean-up drive on the 7th and 8th Feb '09. In an effort to bring the cause of the Yamuna to the minds of citizens and the government, people from all walks of life including activist Nafisa Ali, designer Rina Dhaka, etc. along with huge numbers of school children joined hands to leave a visibly cleaner Yamuna. This activity also witnessed active participation by TKM top management, including MD Hiroshi Nakagawa and EMC Koji Nagata, who joined the crowd at the banks of the Yamuna to contribute to the clean-up drive.



Glimpses of River Yamuna clean up activity

Marathon Man- Eminent Model & actor, well known as Marathon-Man: Milind Soman took up a day-long marathon for 24 hours supporting our cause of saving the environment.

Starting at 8:15 pm from Yashraj Studios, Mumbai on 7th Feb '09, Mr. Milind Soman ran for 60 km in 24 hours and raised INR 30,00,000 for the cause.



Snapshots of the Marathon event by Mr. Milind Soman

Children of the Environment Films - Short documentary films on children affected by climate changes and environmental degradation were telecast throughout the 7th and 8th of Feb '09.

Quizathon - Quiz competition for School children was organized in the city of Pondicherry

Green Gadget Hour - Rajeev Makhni took the viewers through some of the trendy new gadgets which are environmentally friendly at 12 noon 8th Feb 09.

Organic Food - NDTV's food connoisseur Seema Chandra along with Ritu Dalmia shared tips on organic and healthy food that leaves the least carbon footprint.



Quizathon for School children

Afforestation Activity at TKM

The concept of 'Potential Natural Vegetation' has been adopted in TKM's afforestation programme. This concept highlights the advantages of planting native tree species. Owing to the climatic and soil adaptations, these native species grow quickly and also require lower maintenance, in comparison to exotic species. Aim of Afforestation is to create 'real native forest' within 20-25 years.



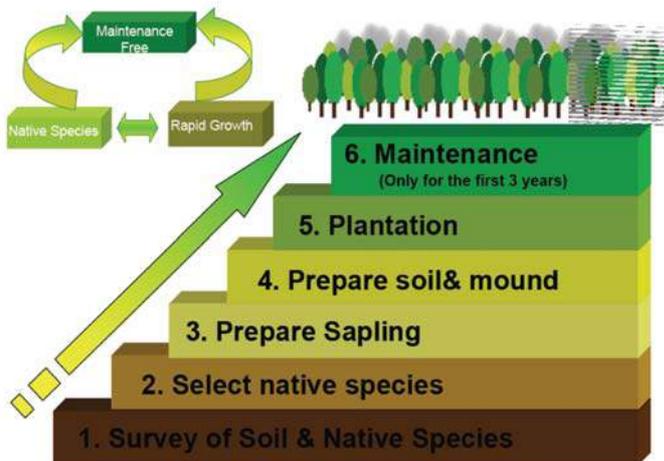
Bird-eye view of Afforestation area marking at the manufacturing plant art Bidadi, Bangalore

A peripheral area of approximately 40,000 sq.m is available for tree plantation with a potential of over 1,20,000 trees. This initiative also emphasizes the need to promote the plantation of native tree species. Preparation of the saplings and soil (mound preparation) is being undertaken. The soil has to be thoroughly mixed with compost manure, coconut-pith husk and rice husk to enrich its fertility. This fertility is very much necessary to be maintained in order to support the densely planted saplings. The soil that shall be so prepared must be formed into mounds & plantation needs to be done on this mound.

Activities in preparation up to the Afforestation Day

Methodology

Before plantation, the soil mounds are prepared to increase soil surface, avoid water stagnation, and increase air ventilation. Native species of Bangalore were identified and was decided to plant 51 native species under this initiative.



Study of soil characteristics by the Top Management along with Prof. Dr. Miyawaki.



Mound preparation at forestation site



Sapling development at the local nursery

Afforestation Day

June 21st 2009, is a unique milestone for TKM, in its journey towards creating an environment friendly company in harmony with nature and society. The dream of afforestation turned real when 5800 people including team members, their family, suppliers and dealers, school children, neighboring industries, local community and Government officials joined hands with TKM.

By the combined efforts of the participants, within a time of two hours, 32,500 saplings were planted. This kick started a new wave of green revolution, unique and first of its kind in India. The drive from top management, effort from all the team members combined with technical assistance from Dr. Miyawaki, TMC & TMAP helped TKM to complete the phase I of afforestation successfully.

However, in our journey towards a greener tomorrow, this is just the beginning...!

Glimpses from the Stage



A bird's eye view of the huge gathering on the Afforestation day (June 21st 2009)



Mrs. Meera Saxena, Principal Secretary, Ecology, Environment and Forest Department, State Government of Karnataka, appreciated Toyota's work culture and the Eco-Spirit towards creating a greener future which is first of its kind in the industrial community of India.



Felicitation of Dr. Miyawaki, the Advisor for Forestation activity by Top Management



Handing-over of saplings to Local Governing-body: Gram Panchayat members



Dr. Miyawaki demonstrating the plantation methodology to the gathering



Dr. Miyawaki demonstrating the plantation methodology to the gathering



Sapling Plantation by Top management along with Dr. Miyawaki





Enthusiastic team members with family



More than 200 school children from local schools participated



Sapling Plantation by more than 6000 people



Afforestation is for all ages: Members from all age-groups actively participated during plantation



Eco-factory: Our next step towards Sustainability...

ECO FA

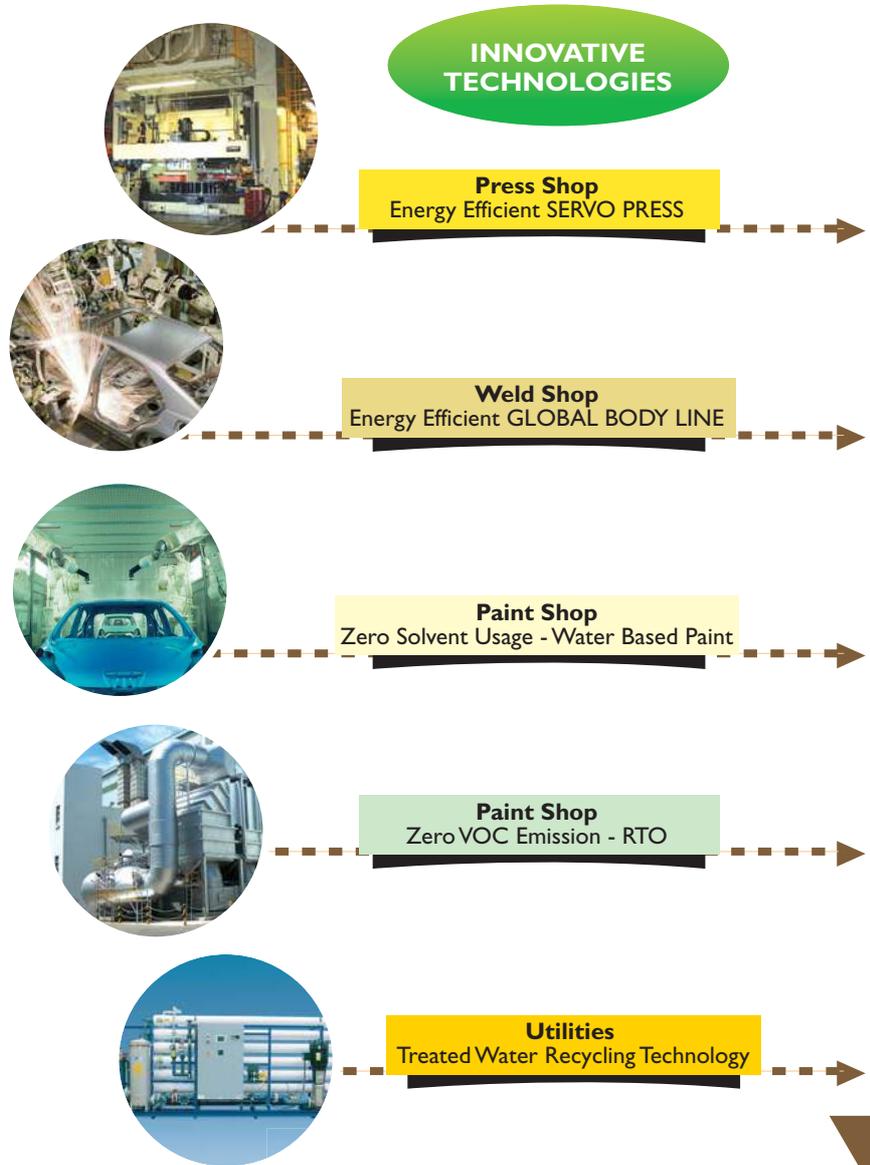
Eco Factory

TKM plant #2, base its operations on Toyota Eco-factory concept, designed to contribute towards reducing overall environmental impact.

Eco-factory activities are designed to firmly integrate environmental response from the planning & design stage through to the start of the operations.

Carbon dioxide from Manufacturing process: Slim & Simple production line ensures the CO2 Emission reduction from manufacturing process. Some of the key technologies are Innovative Stamping process, steam-less approach, global body line with robots, and 3-WET painting technology.

Volatile Organic Compound: Though there is no mandatory requirement from legislation point of view, it is our global environment policy to reduce VOC emission from painting process. In this view, we will be introducing Water-borne paint technology. Regenerative Thermal Oxidizers (RTO) will ensure further destruction of VOCs emitted from painting operations.



FACTORY

SUSTAINABLE PLANT ACTIVITIES

Greenery Development
Afforestation Activity



Clean Energy
Wind Mills



Clean Energy
Solar Energy



Clean Environment
Butterfly Park



Clean Mind Eco
Training Centre



Water Conservation: water recycling technology will be carried forward from TKM Plant #1. Second plant will have enhanced water recycling of 70% compared to Plant# 1 [50%]. Recycling will be done with Membrane Bio-Reactor [MBR] followed by 3-stage reverse osmosis unit. Emphasis has been made for separation of wastewater streams from the source based on the Strength/characteristics of wastewater thus minimizes the fluctuations during the treatment.

Waste Minimization: growing needs of the society is resulting with huge quantity of waste generation. It will be essential for TKM to minimize the burden through ensuring the reduction & recycling of waste material, thus achieve the ZERO LANDFILL waste. TKM is targeting to promote the recycling of waste material through co-processing technology in Cement plant.



We do not inherit the earth
from our ancestors, we
borrow it from our
children...

-Mohandas Karamchand Gandhi







For further information and feedback on this Report please contact:

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