



SUSTAINABILITY
REPORT 2012

Sustainability Goes **waku-doki**

TOYOTA KIRLOSKAR MOTOR

THE REPORT THEME

Origami is the Japanese word for paper folding. It involves the creation of paper forms usually entirely by folding. Different models such as animals, birds, fish, geometric shapes etc., are some of the popular models made using this art.

However, today's engineers are using this ancient oriental technique to help solve some of the world's great challenges from nano-technology to design of collapsible packaging which can reduce recycling processes.

We have therefore used the 'Origami' as a visual concept for our Sustainability Report 2012. To reinforce the belief that Sustainability like Origami can be used to solve the most complex issues with a consistent and focused approach.



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ABOUT THE **REPORT**

Sustainability. It makes Toyota go **waku-doki**

This report is an Annual Feature! Waku Doki!

Every new year is a new beginning – a beginning of new goals, better performances, and the passion to gain more inroads in our sustainability journey. And, a desire to communicate and demonstrate our efforts to all our stakeholders.

We welcome your feedback about our performance, as it will inspire us to excel in our journey towards sustainability.

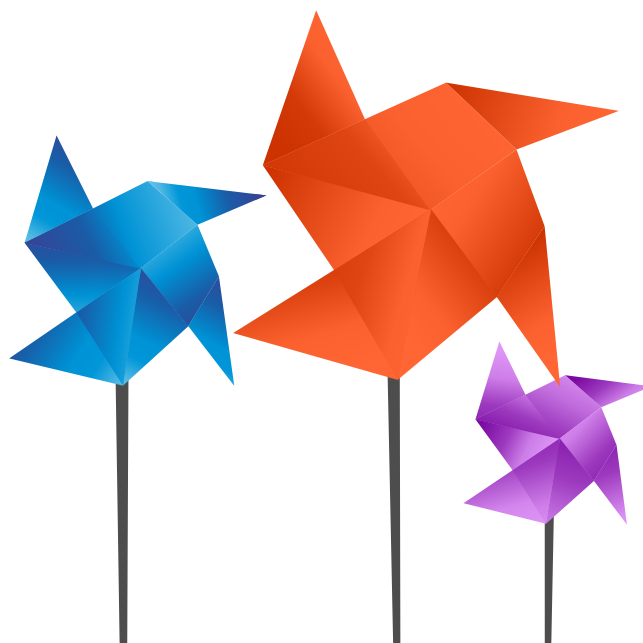
The reporting period – 2011-12! The year of Waku Doki!

This report details Toyota Kirloskar Motor Pvt. Ltd. (TKM)'s sustainability performance from 1 April 2011 to 31 March 2012 as per the GRI G3.1 Guidelines. The report covers TKM's operations in India and its engagement with stakeholders & initiatives.

The report feedback! Hearing from you makes our heart go

Waku Doki!

We welcome your feedback on this report. Please email us at: eco@toyota-kirloskar.co.in. An online version is available at: <http://toyotabharat.com/in/en/environment/index.asp>



THE BRAND MESSAGE

This year, Toyota the brand has a new brand promise -
Heart-thumping exhilaration!

waku-doki

- Value that promises "Toyota is fun"
- Value that propels new motivation internally
- Value that assists each model

What is Waku Doki?

A feeling of heart pounding anticipation;
A rush of pure adrenaline.
A feeling so powerful we call it

Waku Doki.

Toyota. It makes your heart go Waku Doki.

But what makes Toyota go Waku Doki?

Sustainability. It makes Toyota go
waku-doki



MESSAGE FROM MD's DESK

I am glad to present TKM's Sustainability Report 2012 elucidating our achievements & performance in Environmental, Societal, Governance and Economic arena of Toyota's operations in India.

The year gone by brought in some harsh business environment like the Forex fluctuation, severe market competition and unprecedented fuel hikes. These setbacks turned out to be instrumental for us to approach our business in a holistic way. Through the strong teamwork of Team Toyota India we could sail through the situation and get ourselves prepared to face the future challenges.

I take this opportunity to express my sincere gratitude for the consolidated efforts of all our stakeholders. I am grateful to our committed employees, flexible supplier partners and a dynamic dealer network. My hearty thanks to the magnanimous support extended by the government authorities and local community on behalf of Team Toyota India.

We at Toyota always strive to make better cars that exceed expectations and bring smiles to those who choose them.

Sustainability is inherent in Toyota culture and our vision, philosophy and guidelines are true reflections of our commitment for a sustainable future. Let me assure you that Team Toyota India will continue to delight its customers through advanced technologies and services, thereby fulfilling its commitment to economic, environmental and social stewardship in the Indian society. Some of our key sustainable plant initiatives at TKM include afforestation activity, utilization of best available technology, and promotion of Eco-CSR activities to reach out to the community.

This report bears testimony that hard work always pays especially when combined with the spirit of Waku Doki (excitement, joy & fun while carrying out tasks) and Q-Sense (the harmony of quantity and quality). We have put in a lot of effort to bring to you a comprehensive report on TKM's Sustainability focus. But we would truly appreciate your feedback as it will help us progress rapidly on the journey of Sustainability.



Let's become more Sustainable together,

Hiroshi Nakagawa,
Managing Director

VISION, MISSION AND VALUES

Our vision, mission and values drive us to excel in each of our business operations. This is how we bring quality to our stakeholders and manage to sustain it as well. Our values create an environment of common culture and practice, which have kept us steadfast in realizing our vision. Our aim is to continuously improvise and innovate and make quality a part of the process rather than the goal. TKM's goals are defined by the ability with which we care for the environment and stakeholders, while maintaining a productive financial outlook.

VISION ►

- Delight our customers through innovative products, by 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 hearts 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 Toyota's global operations in the emerging mass market
- Create a challenging workplace that promotes a sense of pride, ownership, mutual trust and teamwork
- Create an eco-friendly company in harmony with nature and society

Through these activities establish a superior brand image in India.

VALUES ►

- **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 the same respect that I expect
- **HARMONY** - I will work with team spirit 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

COMPANY PROFILE

GOING WAKU DOKI

Toyota Kirloskar Motor Pvt. Ltd. (TKM) is a subsidiary of Toyota Motor Corporation, one of the world's leading auto manufacturers, offering a wide range of automobiles. It was formed in 1997, as a joint venture between Toyota Motor Corporation and the Kirloskar Group. Today, TKM is amongst the leading car manufacturers in India. It has been considered amongst the most admired companies in India, in recent ratings by the leading magazine Fortune India in its March 2012 issue.



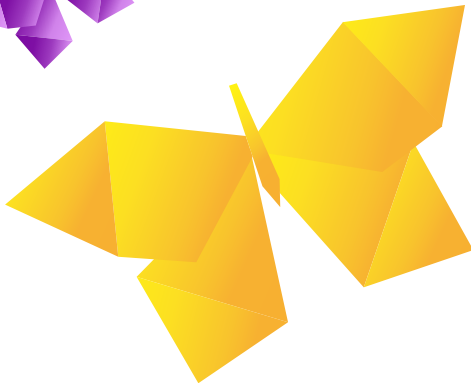
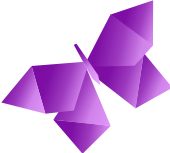
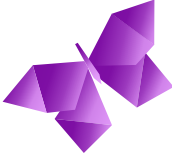
Toyota Kirloskar Motor's manufacturing plants are in Bidadi, on the outskirts of Bangalore city in the state of Karnataka, India. The two plants are spread across 432 acres and have a capacity of 2,10,000 vehicles per annum. The first plant manufactures the Toyota Innova and the Fortuner. The second plant manufactures Corolla Altis along with the recently launched Etios and Etios Liva. Apart from this, Camry, Prado, Land Cruiser and Prius are imported as Completely Built Units. Commercially, Toyota Kirloskar Motor has more than 173 independently owned dealerships and 104 suppliers spread across the country.



PRODUCT LINE-UP

TKM manufactures the Innova, Corolla Altis, Fortuner and Etios model vehicles. The Fortuner has been the best selling model in the SUV segment in India since 2010-2011.

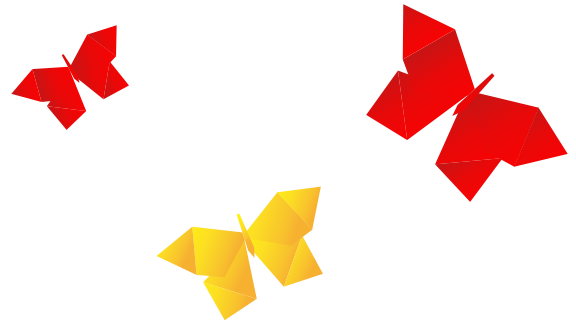
Toyota's most anticipated new small car, the Etios was first launched in December 2010. The Etios has been very well received and is expected to form a substantial part of the product market share for TKM.



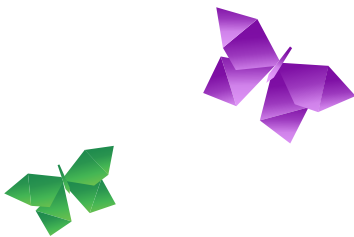
PRODUCT LINE-UP

Also the Innova has been the best selling model in the MPV segment for the past six years in succession. We also import and sell the Camry, Land Cruiser, Prado and Prius models as CBUs [Completely Built Units] throughout our dealer network in India.

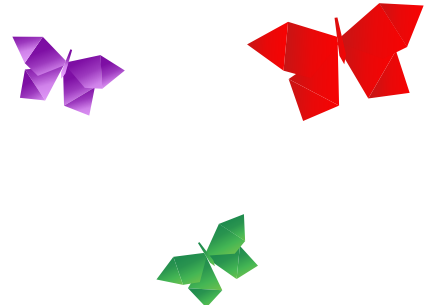
Fortuner



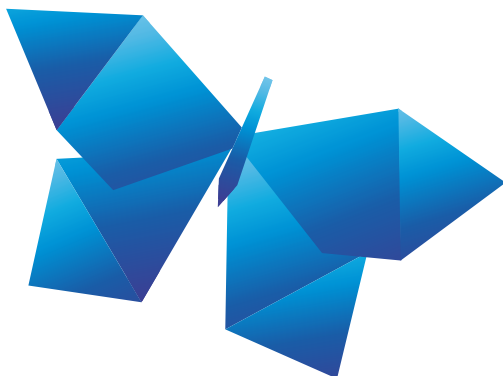
Innova



Prado



Land Cruiser



MILESTONES - JUMP UP

2011-2012 MAJOR MILESTONES:

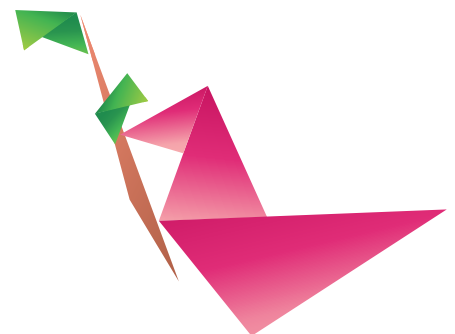
- 5 lakh vehicle production mark reached in April 2011
- Diesel version of Etios & Liva launched
- Liva launched in April 2011
- TKM completed planting 1.8 lakh saplings at its premises



Etios: The Car for India, by India, from India. Now being exported to South Africa since March 2012.



Afforestation promotion among community & regulatory authorities.
TKM has completed planting 2 lakh saplings by the end of 2012

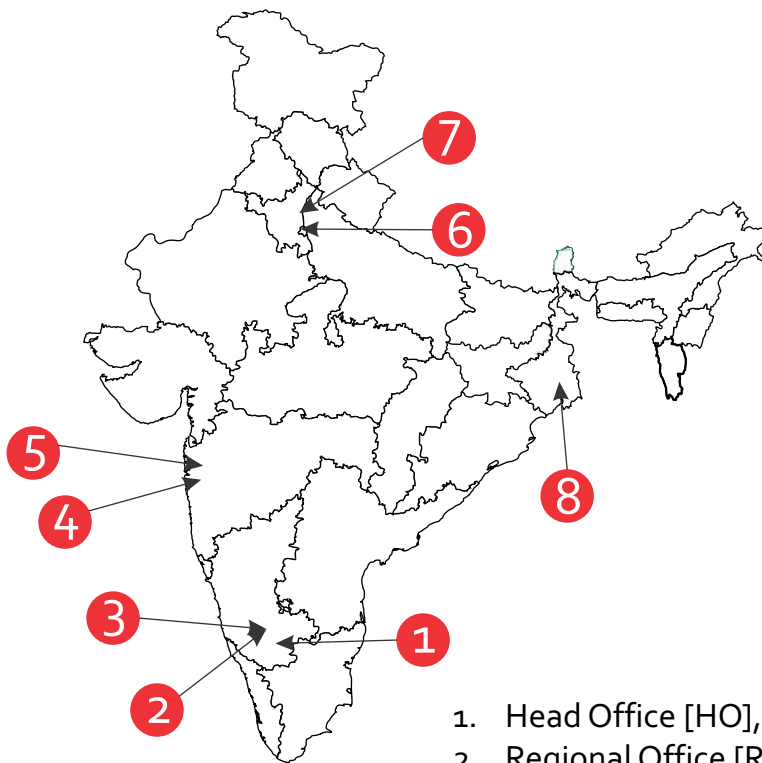


LOCATIONS

Producing Waku Doki

Our Location & Operations

Toyota manufactures cars in 50 sites in 26 countries across the globe. We have two manufacturing plants in India, and both are located in Bidadi, Karnataka.



1. Head Office [HO], Bidadi, Ramanagara
2. Regional Office [RO], South, Bangalore
3. Regional Office [RO] - IS Office, Bangalore
4. Regional Parts Depot & Training Centre [West], Pune
5. Regional Office [RO], Mumbai
6. Regional Parts Depot & Training Centre [North], Manesar
7. Regional Office [RO], North, Gurgaon
8. Regional Office [RO], East, Kolkatta

HQ ADDRESS

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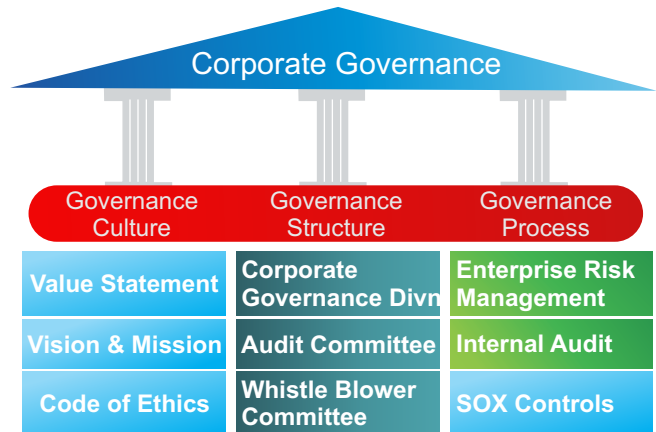


CORPORATE GOVERNANCE

Toyota Kirloskar Motor promotes a culture of high ethical standards, integrity, transparency and accountability in all business transactions as well as in compliance with all laws and regulations. The Board of Directors and the Legal Compliance System are the two most important pillars of TKM's Corporate Governance. TKM's Vision, Mission and Values are the inspiration behind the common work culture throughout the company.

Top management encourages improvement activities across the organization by enabling improvement in processes, systems, products, services, safety, quality, productivity, cost reduction and human development. People are encouraged to participate in Creative Suggestion Scheme, Quality Control Circle (QCC), Small Group Activity (SGA), Workplace Improvement Activities, 5-S, HiyaHatto, etc.

Employees are also encouraged to participate in task forces and improvement teams. The effectiveness of the improvement activities are assessed periodically and measurable benefits of the team work are assessed.



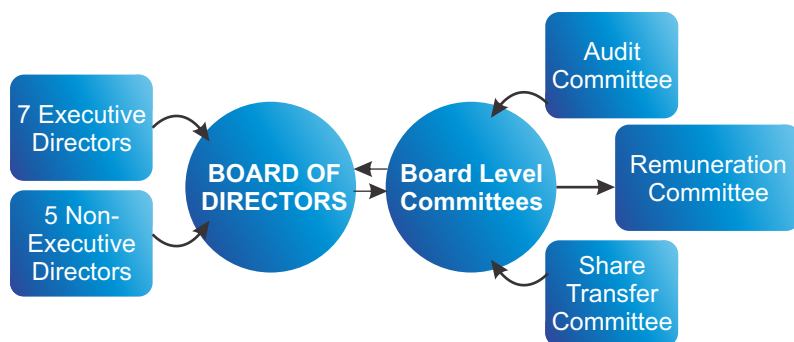
CG Values Explanation by MD to TKM Members



BOARD OF DIRECTORS

The Board of Directors at Toyota Kirloskar Motor form the highest governing body, which is responsible for corporate governance and represents the interests of our stakeholders. The Board provides strategic guidance and frequently reviews corporate policies, regulatory compliance, significant management decisions and overall performance of the organization. The Board comprises of

seven executive directors and five non-executive directors who meet at least once in every three months. The Board of Directors provide direction to the management on labour practices, corporate social responsibility, environmental and sustainability initiatives.

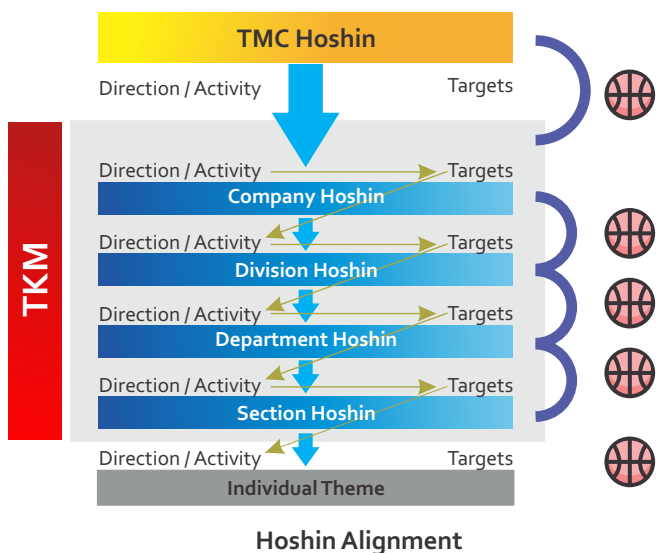
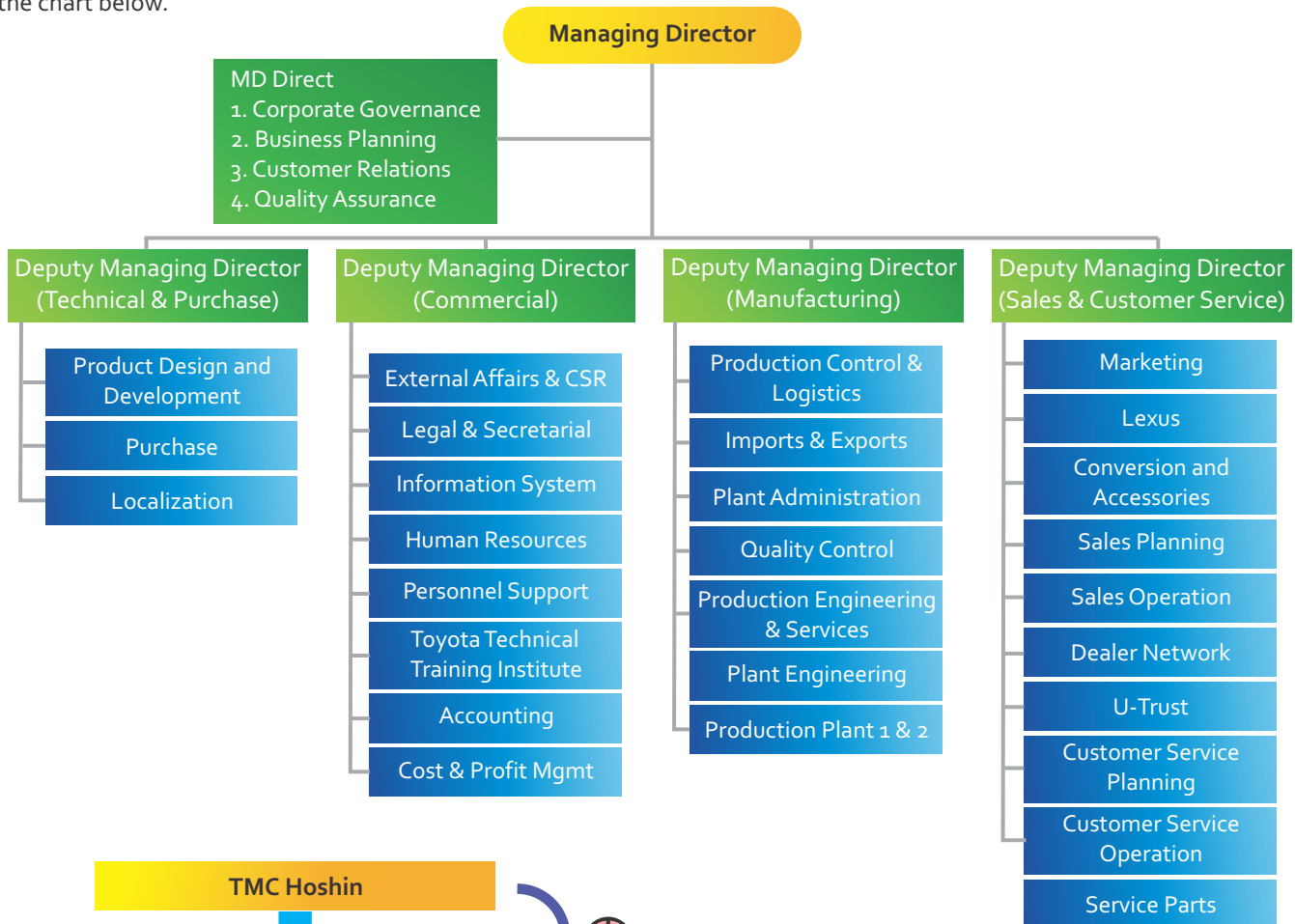


Further, the Board plays a vital role in overseeing the compliance of legal and operational requirements. TKM has established three important committees at the Board level to review significant policies and activities and make recommendations in their respective areas.



MANAGEMENT PROFILE

Toyota Kirloskar Motor has a strong organization that takes up sustainability initiatives and promotes them effectively. The organization is mainly divided under three heads, namely Commercial, Marketing and Production. The details are mentioned in the chart below.



The company's vision, mission and values are evolved based on the inputs from employees across the organization. Leadership gets guidance from the Global Hoshin and the Regional Hoshin. Based on this, leadership discusses on the previous year's achievement and deliberates in detail on the future business challenges. In this perspective, year-wise targets are listed out. To achieve these targets, company's Hoshin (policy / direction) for the year is derived. Vice Chairman, MD and DMDs communicate during off-site meeting to the Division Heads. Further, the Division Heads communicate to all employees during Annual Communication. Leadership reviews the progress of set target twice in a year.

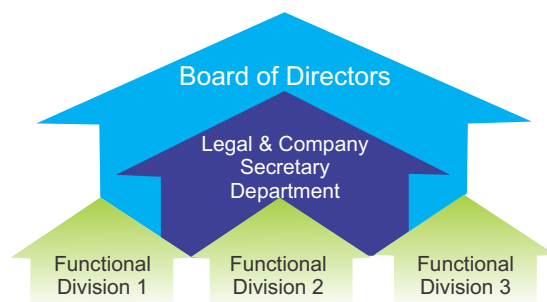
Leadership personally shares the vision, mission, strategy, performance and future challenges of the Company/Division and solicits feedback through various channels such as [i] Annual Communication [ii] People Connect [iii] Cross Functional Committee Meeting [iv] Executive Committee Meeting [v] Managing Committee Meeting [vi] Half-yearly Hoshin Review Meeting [vii] Internal Newsletter, etc. The feedback received is reviewed by the leadership and appropriate action is taken. Also major decisions are taken during the Board Meeting where the leadership sets the momentum. The organization's goals are derived in the Hoshin offsite meeting, which is communicated across the company through normal organization.

GOVERNANCE

TKM recognizes that good governance is a sine qua non for sustainability. 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.

LEGAL COMPLIANCE MANAGEMENT SYSTEM

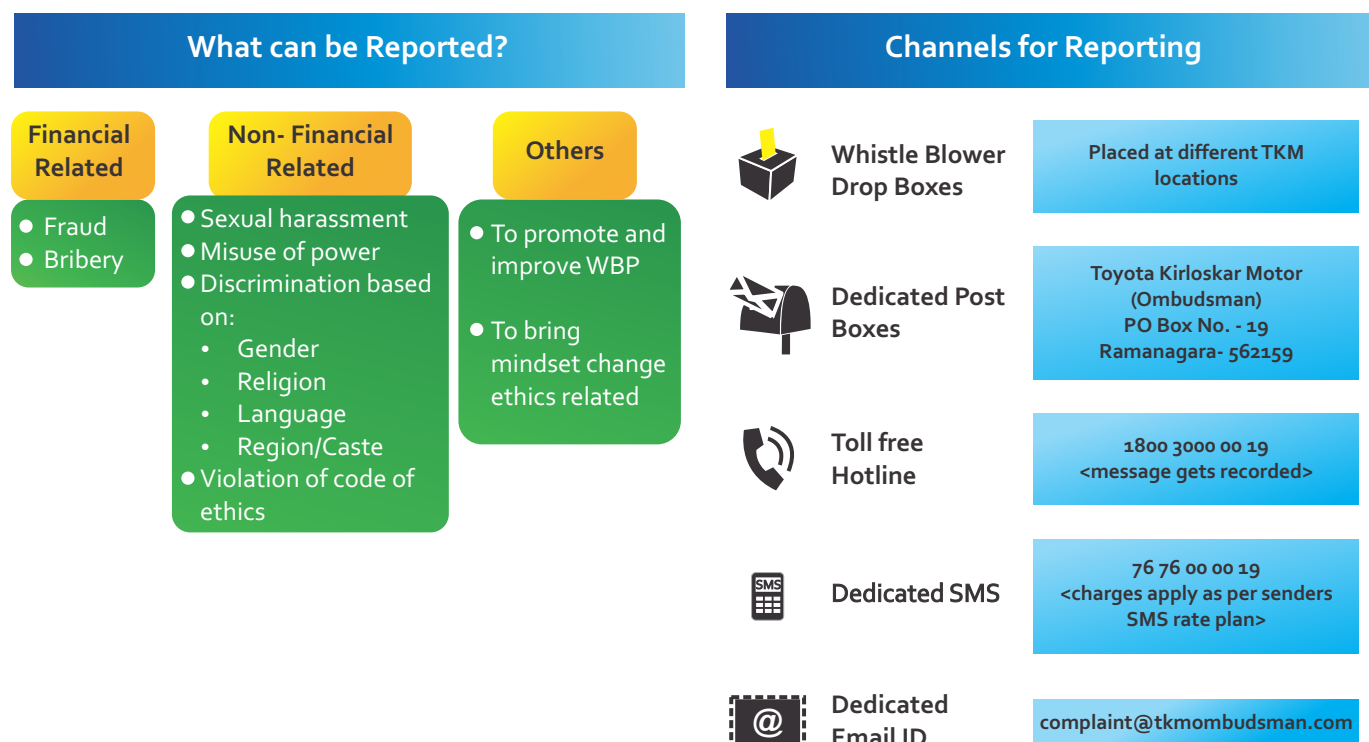
The role of Legal Compliance Management System is to comply with each and every law applicable to our operations. Towards our approach to go beyond the legal requirements, the legal compliance management system at TKM has been de-centralized, making it more exhaustive & comprehensive. In this system, all applicable functional division are empowered to establish and ensure legal compliance at their levels. They are further responsible to confirm the compliance to the central Legal & Company Secretarial team for Compliance management at the highest level. TKM aims lead amongst Toyota affiliates in legal compliance.



Toyota Kirloskar Motor [TKM] aims to achieve 100% compliance for all applicable legal requirements. We do not restrict ourselves to just fulfil the compliance, but we intend to go beyond it by aiming at the intent behind the legal requirement

WHISTLE BLOWER POLICY

To ensure protected interest of it's workforce, dealers and vendors, TKM has a well established "Whistle Blowing System". This system gives an opportunity to all stakeholders to fearlessly report any unethical behavior noticed by them. The scope of coverage is vast, channels provided for reporting are many and an ombudsman has been appointed to receive and investigate the issues with the advice of a Whistle Blowing Committee consisting of the senior management.



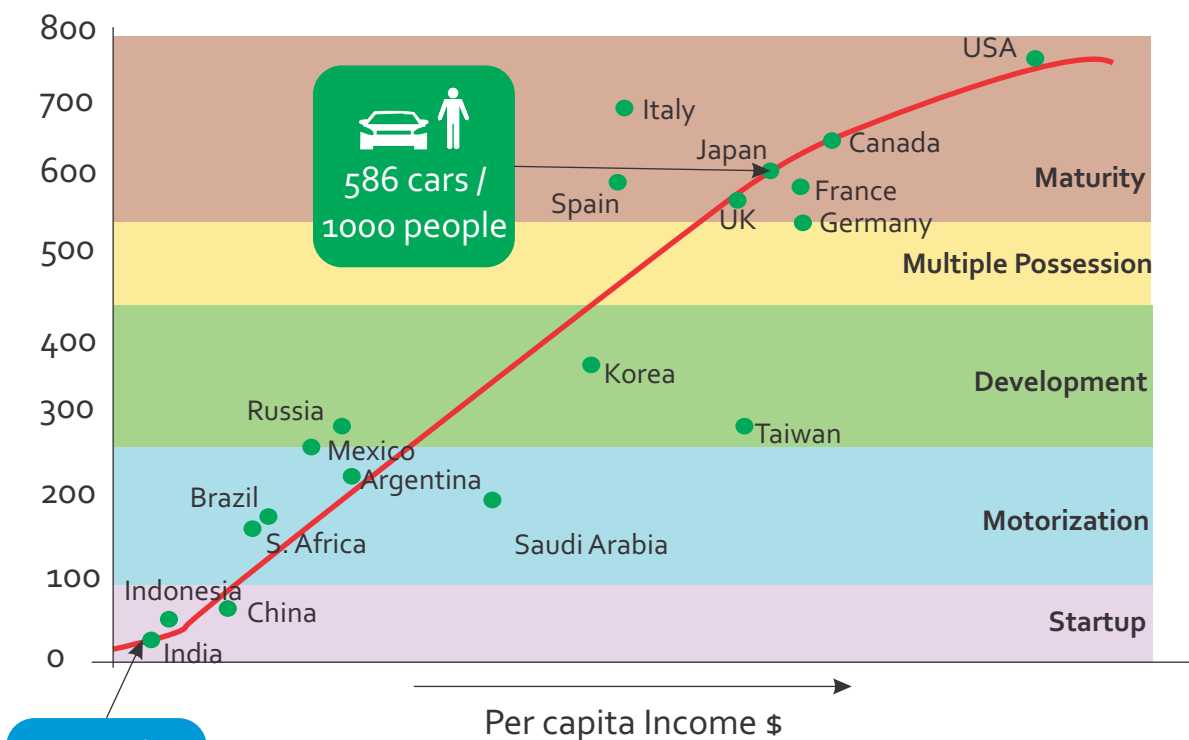
MARKET SCENARIO

The statistics show that, in India, there are just about 21 cars for 1000 people. However, India is the second fastest growing automobile market in the world after China. This growing market not only makes India attractive for leading global automobile manufacturers, for Toyota, it represents an unlimited growth story.

With the rising demand and increasing propensity to spend, the Indian customer's high expectations makes the market competitive.

Unlimited possibility of Indian Market

India leading market of the future & highly competitive



21 cars / 1000 people

586 cars / 1000 people

Sustainability Challenges

- High expectations due to global exposure.
- Strong awareness of price and quality.
- All major players & attractive line-up.



TOYOTA EARTH CHARTER

The Toyota Earth Charter (formulated in 1992, revised in 2000) is based on the Guiding Principles at Toyota formulated in 1992 (revised in 1997), and embodies Global Toyota's comprehensive approach to environmental issues. The Toyota Earth Charter has been adopted by about 530 affiliates worldwide to date.

BASIC POLICY

- Contribution toward a prosperous 21st century society: Contribute towards 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.
- Pursuit of environmental technologies: Pursue all possible environmental technologies, developing and establishing new technologies to enable the environment & economy to coexist harmoniously.
- Voluntary actions: Develop a voluntary improvement plan, based on thorough preventive measures and compliance with laws that address environmental issues on the global, national and regional scales, and promote continuous implementation.
- 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.

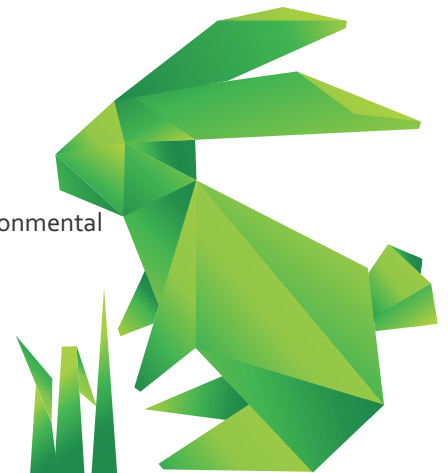
ACTION GUIDELINES

Always be concerned about the environment: Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization, and disposal.

- Develop and provide products with top-level environmental performance
- Pursue production activities that do not generate waste
- Implement through preventive measures
- Promote businesses that contribute toward environmental improvement
- Business partners are partners in creating a better environment: Cooperate with associated companies
- As a member of society:
 - Actively participate in social activities
 - Participate in the creation of a recycling-based society
 - Support government environmental policies
 - Contribute also to non-profit activities
- Towards better understanding: Actively disclose information and promote environmental awareness.

ORGANIZATION IN CHARGE

Promotion by the Toyota Environment Committee which consists of top management (chaired by the president)



TOYOTA GUIDING PRINCIPLES

Guiding Principles at Toyota

The Guiding Principles at Toyota (adopted in 1992 and revised in 1997) reflect the kind of company that Toyota seeks to be in light of the unique management philosophy, values, and methods. Toyota, together with its consolidated subsidiaries, hopes to contribute to sustainable development through its corporate activities based on understanding and sharing of the Guiding Principles at Toyota.

Guiding Principles at Toyota

The Guiding Principles at Toyota (adopted in 1992 and revised in 1997) define the mission of Toyota and the value company delivers to the stakeholder



TOYOTA WAY

Toyota Way

The "Toyota Way", which embodies values, beliefs, principles and business methods at Toyota, is supported by two pillars: respect for people and continuous improvement. Together, they define how the people of Toyota treat others and perform their duties in order to deliver the company's values to customers, shareholders, associates, business partners and the global community.

TOYOTA WAY

RESPECT FOR
PEOPLE

CONTINUOUS
IMPROVEMENT

Respect : We respect others, make every effort to understand each other, take responsibility and do our best to build mutual trust.

Team Work : We stimulate personal and professional growth, share the opportunities of development and maximize individual and team performance.

Challenge : We form a long-term vision, meeting challenges with courage and creativity to realize our dreams.

Kaizen : We improve our business operations continuously, always driving for innovation and evolution.

Genchi Genbutsu : We practice genchi genbutsu - go to the source to find facts to make correct decisions, build consensus and achieve goals at our best speed.



TOYOTA & SUSTAINABILITY

Toyota Global Vision

The "Toyota Global Vision" announced in March 2011, is an articulation of what kind of company we want to be - what kind of company we ought to be. It clarifies our value, "we want Toyota to be a company that customers choose and bring a smile to every customer who chooses it."

The Toyota Global Vision is a distillation of our resolve at Toyota forward the future.

REWARDED WITH A SMILE by exceeding your expectations

- "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 Visionary Management

The roots of the tree are the shared values that have steered Toyota from the beginning and underlain our monozukuri. They are values expressed in the Toyota precepts, in the Toyota Guiding principles and in the Toyota Way, which are the basis of our business.

'Fruit' that Toyota provides for customers is creating "always better cars" and enriching lives of communities. Through the efforts, we aim to become an admired and trusted company in the various regions where we conduct business.

The trunk of the tree, underlying support for Toyota's creating products that earn smiles from our customers, is stable base of business. Toyota's business activities are based on the concept; ensure sustainable growth by fostering the virtuous circle. Always better cars enriching lives of communities - the stable base of business.

Fruit: Always better cars: Develop vehicles which exceed customer expectations

Fruit: Enriching lives of communities:

Contribute to communities

Contribute to the future of mobility

Trunk: Stable base of business: Constantly drive "always better cars" and "enriching lives of communities" by ensuring sustainable profitability under long-range perspective.

Roots: The Toyota Precepts: Toyota values Guiding Principles at Toyota, The Toyota Way

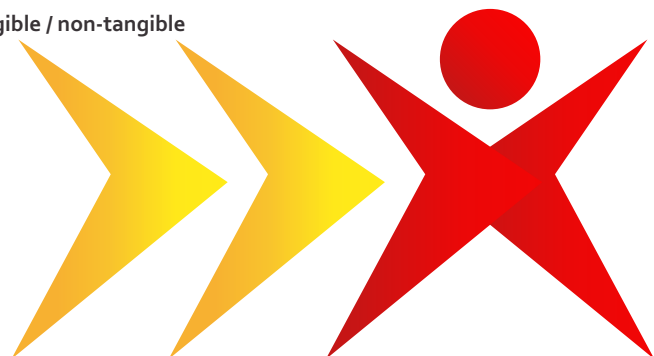


STAKEHOLDER ENGAGEMENT

Any individual or organization affected by Toyota Kirloskar Motor's operations, or whose activities affect our sustainability trends is perceived as a key stakeholder of the organization. Following is a schematic representation of the perceived stakeholders of TKM. Please refer to the table below illustrating how the organization and the stakeholders benefitted in terms of risks identified / reduced, opportunities created / taken advantage of, or any other way.

Stakeholder [by priority]	Engagement			Benefits* to	
	Method	Mode	Frequency	Business	Stakeholder
Customers	VOC [Voice of customer]	Formal	Day-to-day basis	Product related risk mitigation	Customer Satisfaction
Employees	Engagement & Communication	Formal & Informal	Day-to-day basis	Healthy relations with Emp. & Union	Better working conditions
Suppliers	ASM, BCM	Formal	Annual, Monthly	Better Quality & Delivery performance	Profitability
Dealers	DP Meeting	Formal	Quarterly/ Monthly	Better Quality & Delivery performance	Profitability & Customer satisfaction
Local Community	Engagement & Communication	Formal & informal	Need based	Healthy relations with Local com.	Employability, Livelihood
Regulatory authorities	Engagement & Communication	Formal	Need based/ Periodic	Timely clearances	Compliance to regulations
Toyota Motor Asia Pacific – Engineering & Manufacturing, Thailand	Engagement & Communication	Formal	Need based/ Periodic	Streamlining of Product & Process improvement	Efficient process & business management

* Note: Includes financial / non-financial and tangible / non-tangible



STAKEHOLDER ENGAGEMENT



KEY PERFORMANCE PARAMETERS

Key Figures

Environmental Performance

- 3.3 % reduction in LPG (Liquified Petroleum Gas) usage
- 16.5 % reduction in Hazardous Waste Generation
- 78% of suppliers (core) compliant with ISO14001
- 70% of dealerships compliant with ISO14001

Social Performance	FY 2009-10	FY 2010-11	FY 2011-12
Number of employees	5637	7735	9839
Turnover rate for employees	2.8%	2.5%	3.6%
Community Investments (through Community Spirit and Community Sponsorships) in Mil. Rs.	105.5	108.3	72.8

Economic performance	FY 2009-10	FY 2010-11	FY 2011-12
Units Manufactured	63269	83814	159986
Units Imported as CBU (Completely Built Unit)	504	681	689
Net Profit after Tax [Rs. in Mil] (09/10, 10/11 and 11/12 fiscal years)	3093	2216	(-) 268

Our Sustainability Challenges, Risks & Opportunities in 2011-12

Challenges & Risks

- **Supply Chain:** As an automobile manufacturer with a vast supply chain spread all around the world, logistics bears a heavy influence on our business sustainability.
- **Changing Global Dynamics:** Any change or volatile situation occurring at any part of the world, can affect the business dynamics.
- **Natural Disaster Management:** As having experienced the effects of the tragic Japan tsunami crisis wherein many of our stakeholders namely our customers, suppliers and dealers were affected. The aftereffects of the tsunami resulted in unanticipated supply chain problems, eventually leading to production losses.
- **Climate change:** The carbon-intensity of the automotive sector is high – both in the process of manufacturing as well as product-usage and as responsible car manufacturers, the need is to look at a low-carbon future.

Risk Mitigation

- As a mitigation to assuage such risks from arising again, we have strengthened our two basic deliverables: Quantity & Quality.
- The Japan crisis also provided us with time & opportunity to look towards improving our flexibility towards manpower utilization, enhance human development & strengthen corporate governance systems.
- And, utilizing the non-production as a result of the crisis, as an opportunity to promote corporate volunteerism & environment awareness among the employees.
- TKM believes the effective strategy for a low-carbon future is to promote low-carbon products & processes. The launch of the Toyota Eco-Project in 1997 created a multilateral approach to developing the ultimate eco-car, calling for continuous improvement of existing technologies, such as petrol and diesel engines, in parallel with new technologies, such as electric and alternative fuel vehicles. To enhance and implement eco-friendly processes in the plant floor, the 2nd manufacturing plant of TKM is based on the Eco-Factory concept, thus increasing the resource efficiency, reducing the energy consumption and enhancing risk minimization.
- Toyota believes that the future of a mobile society is living in harmony with the environment. Through our strategy of sustainable mobility, actively participating and promoting the global discussion on sustainable mobility through the activities of the WBCSD (World Business Council for Sustainable Development) concerning future mobility, in cooperation with automakers and other organizations around the world.

2011 AWARDS

Sustainability



TKM won the CII-ITC SUSTAINABILITY AWARD 2011 [Commendation for Strong Commitment to Sustainability] for the third consecutive year in the Large Business Organizations category in recognition of significant achievement in Environment, Social and Economic dimensions.

Mr. Raju B Ketkale - VP, TKM receiving award from Mr. Anand Sharma, Union Minister for Commerce & Industry and Textiles, Government of India.

Safety



TKM was awarded the Best Safe Industry [Large Scale Industries Category] by Department of Factories and Boilers, Government of Karnataka on the occasion of National Safety Day celebration (04th Mar '12).

The award was conferred by Sri. B.N. Bachegowda (Hon'ble Minister for Labour & Sericulture, Govt. of Karnataka).

Human Resource



TKM won the "CII National HR Excellence Awards 2012" for Significant Achievement in HR Excellence.

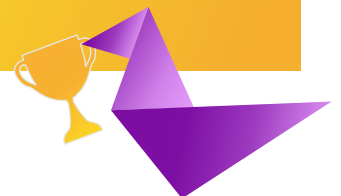
Mr. Arun Maira, Member-Planning Commission handing over the Award to Mr. Gopinath Rao, DGM-HR Division. Mr. S. Gopalakrishnan, Executive Co-Chairman of Infosys (Left) and Mr. H.M. Nerurkar, Chairman, CII National Committee on HR are seen.

Quality



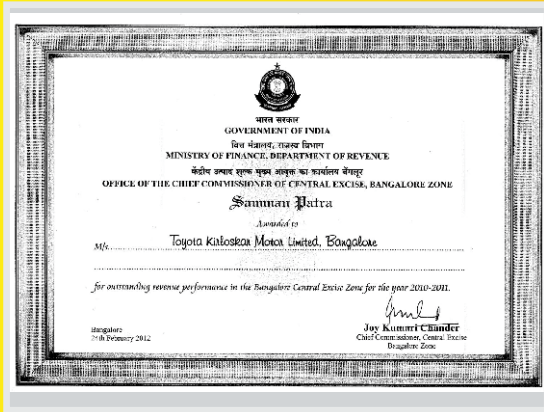
Mr. Nagae (EMC), Mr. Rajesh Mehrotra (DGM, CR), Mr. Tomonaga (DMD, Plant) and Mr. Raju B. Ketkale (VP) receiving the 20th JD Power Asia Pacific Annual Awards for Toyota Innova and Corolla Altis.

Award by JD Power for best car in the MUV/MPV segment to the Innova for the SIXTH CONSECUTIVE YEAR



2011 AWARDS

Economic Performance



TKM was awarded the Commendation Certificate: "Sanman Patra" on the occasion of Central excise day celebrated on 24th February 2012 by Central Excise department, Ministry of Finance, Government of India.

The award is in recognition of TKM's outstanding revenue performance and highest level of tax compliance in Bangalore Central excise zone for the year 2010-11.

Export Excellence



TKM was awarded the "Export Excellence Award - 2012" under Manufacturer Category by the Federation of Karnataka Chambers of Commerce and Industry.

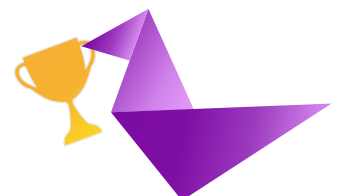
The award was received by Mr. V Ramesh, Vice President, TKM from Mr. Anup K Pujari, IAS, Director General of Foreign Trade.

Customer Service



The Customer Service Group management and members with the "Outstanding Customer Service Award - 2011" (GOLD Award).

It was awarded to TKM by TMC [Toyota Motor Corporation]



2011 AWARDS

DR. TOYODA VISITS TKM



Dr. Toyoda, Honorary Chairman, TMC visited TKM on 8th February 2012. "I have visited India after six-years. I am deeply impressed with many signs of great economic growth that India has achieved. A very well organized visit.

Thanks for the hospitality," said Dr. Toyoda.

TKM AMONG 50 MOST ADMIRABLE COMPANIES

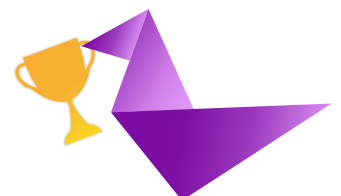
Congratulations! TKM is recognized as one of the 50 Most Admired Companies in India! This definitive report card on corporate reputations was put together by Fortune India Magazine in collaboration with the Hay Group (Global Management Consulting Agency). A total of 507 executives across 291 companies participated in the survey. The survey was carried out from October 2011 to January 2012.

- TKM secured 31st position among 50 Most Admired Companies in India
- In the Automotive sector, TKM bagged the 3rd place (among Top 20)

Evaluation criteria included Endurance, Corporate Governance, Performance and Investment Value, Financial Soundness, Innovation, Product and Service Quality, Leadership, Talent Management and Corporate Social Responsibility.

Thanks to all Team Members for putting continuous efforts to meet TKM's vision to "Become the Most Admired and Respected Company in India."

(Source: Fortune India, March 2012)



OUR CUSTOMERS

Making their hearts go **waku-doki**

All over the world, Toyota has carved a niche for itself as the company that people can trust – that does its very best to delight its customers. At Toyota, this philosophy is described as 'Customer First'. This leads Toyota to evaluate success not just in terms of sales growth, but also using a measure of customer satisfaction. In India too, Toyota is committed to providing high quality products at a reasonable price and cater to changing customer needs. World renowned products, combined with a thoughtful range of services, have won TKM a special place in the hearts of Indian customers. Like the rest of the world, India also has welcomed and accepted the legendary Toyota quality. As a result, to over 6 lakh satisfied customers, the name **Toyota equals Trust.**



OUR CUSTOMERS

Toyota as a brand worldwide which stands for quality and reliability is evolving:

- ▶ Toyota has built a strong equation with Quality products in India
- ▶ In the year 2010, Toyota launched its 'Quality Promise' Campaign supported by the 'Toyota yani Bharosa' campaign
- ▶ Toyota Kirloskar Motor has delivered to its image of trust with credible products and customer experiences

Toyota in India is perceived as a premium brand but with an entry into the B Segment car market – the objective is to make it more mass market friendly.

The 2012 Delhi Auto Show presented a new face of 'Toyota – Harmony in Motion' with the promise that Toyota is fun.



Toyota makes customers happy through: **HAPPY EXPERIENCES**
(in driving, with people, families, and with nature)

This year in 2012... The Toyota brand is also going to be fun and thrilling. The focus will be to connect with the youth. Heart-thumping exhilaration is Toyota's new brand promise. And hence Toyota adopted Waku Doki as a brand message for this year.

waku-doki as a message:

- Value that promises "Toyota is fun"
- Value that propels new motivation internally
- Value that assists each of its products



ASSESSMENT OF EFFECTIVENESS FOR Q SERVICE

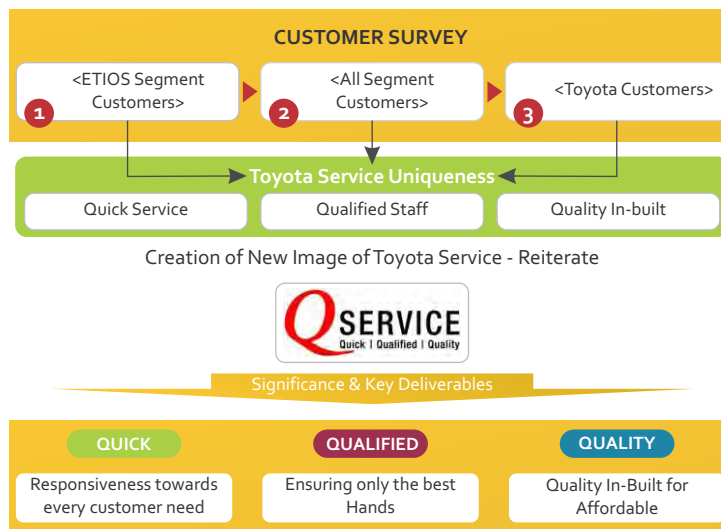


TOYOTA CUSTOMER SERVICE PHILOSOPHY

We must accurately keep the promises we make to customers regarding quality, price, and delivery timing, together with providing superb, sincere, caring customer service if we are to satisfy our customers and earn their trust.



We have taken it forward through our Q Service, keeping human touch as one of the prime factors in India. A new benchmark in auto-industry was set with introduction of the Toyota Q Service in the year 2010. Awareness and understanding of Q Service is checked on Quality & Quantity in association with Perceptions & Expectations from Dealers & Customers point of view. After analyzing the results, promotions of Q Service will be enhanced through proper Content and Tool.



Expectations from the survey



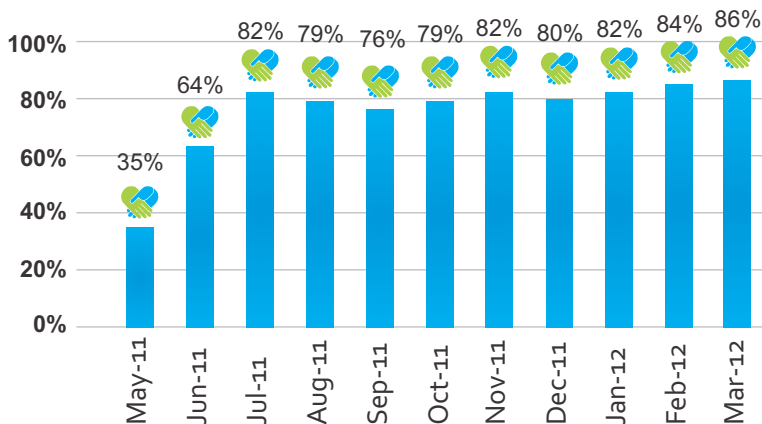
This effectiveness check was conducted as per the following facts:

- 1 Mock survey was conducted at select cities
- 2 Dealer level GM-CS, SA & Technicians were interviewed. A, B, C type of dealers are considered
- 3 Customer category selected are [Etios only, Etios + Other brand, Etios + Toyota Brand, Toyota + Other Brand]
- 4 Mock survey was done for a sample size of 60 Nos followed by the main survey covering a sample size of 600+ Nos



RELATIONSHIP BUILDING PROGRAM Q SERVICE-Shubharambh

Many initiatives have been taken up by TKM in order to meet the customer satisfaction rate and to build good relationships with the customers. Shubharambh was started with a launch of the new ETIOS vehicle. This program is basically designed to build the Q Service experience to ETIOS customers during their first time visit for service.



All India Relationship Building Rate



NO TO COUNTERFEIT [NTC] CAMPAIGN 2011 Q SERVICE - QUALITY

Counterfeit parts in the Indian market have become a cause for major concern. A study conducted by Indian Market Research Bureau (IMRB) endorsed by the Society of Indian Automobile Manufacturers (SIAM) suggests that India has become a global hub for counterfeit parts. This has motivated Toyota Kirloskar Motor Private limited to start an anti-counterfeit campaign.

TKM chose to focus on promoting awareness by educating about the dangers of using counterfeit parts in vehicles for their customers. NTC campaign was carried out in 30 dealerships across 12 cities in India from 15th Nov 2011 to 30th Nov 2011.

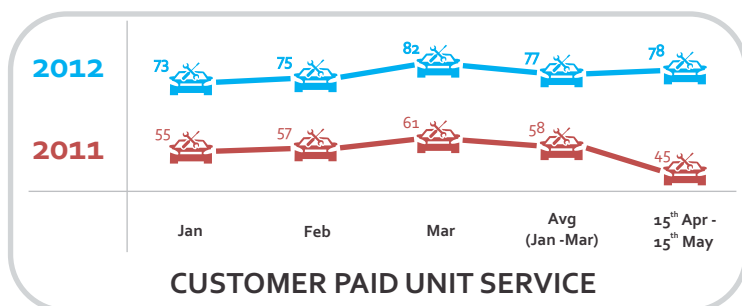


OUTCOME:

Majority of our Toyota customers are using Toyota Genuine spare parts only and are aware of counterfeit parts and its impact.

SEASONAL SERVICE MARKETING CAMPAIGN

Seasonal campaigns are carried out across the country to spread the awareness to all the customers. With these campaigns, customers are delighted with some excitement discounts on sales / service / on Toyota genuine parts. As every year, this year too, a Summer Campaign was held in the Eastern, Western & Southern regions of India from 15th April to 15th May 2011 & 2012. Whereas North region was carried out on 15th May to 15th June 2011 & 2012.



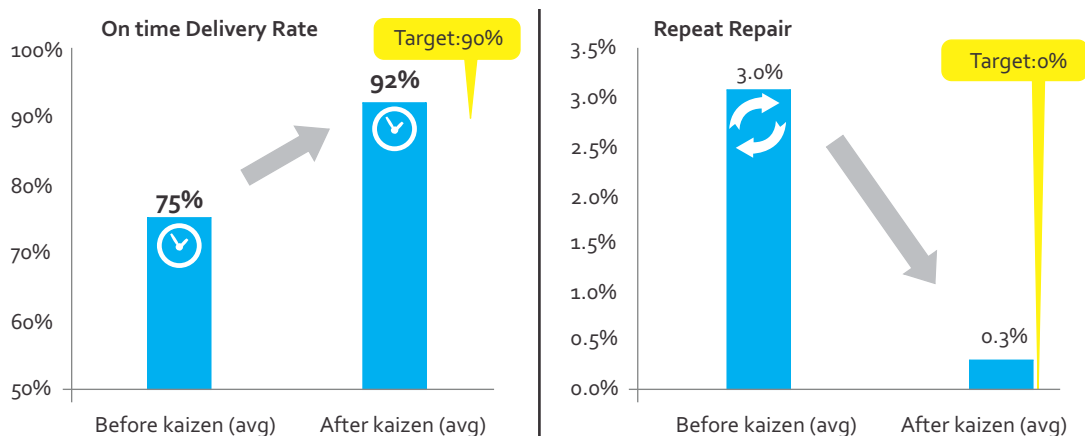
Above graph indicates the positive reflections compared to the previous year out of the campaigns

BASIC PRO KAIZEN ACTIVITY AT DEALERSHIP BODY & PAINT

A survey was conducted along with Toyota dealers for the current market condition and the vehicle traffic in India. Body & Paint has a very good business opportunity and more contribution towards the Dealer revenue generation [General Business : 40% and Body & Paint Business: 60%]. TKM being the first distributor to globally initiate & successfully complete the study of B&P repair operations enhancement activities [Focusing on On-Time Delivery & Repair Quality].



A pilot study was conducted at five selected Dealers across the country and the outcome of this activity was appreciated. Hence this we planned to start this activity at 16 other dealers across country and later YOKOTEN to rest of the dealers. This will result in enhancement of "Customer Satisfaction" and also improve the Dealer business. Some of the key results of this activity are listed below:



Before activity, the **On time delivery rate** & **Repeat Repair rate** of the pilot Dealer was as shown above. By continuous kaizen & process monitoring Dealer achieved the set targets. This resulted in enhancement in Repair Quality which further resulted in Customer Satisfaction.

CAR SEAT FOR SPECIAL NEEDS EASY SEAT

TKM launched Easy Seat an accessory for Corolla Altis at the Auto Expo held on 7th January 2012. Largely vehicles completely rule out the needs of people with disability (PWD) and other such pressing health ailments which render mobility to many. Automobiles are a hope for such individuals to move around and travel distances. But the biggest hindrance is in getting into the vehicle; TKM came up with a simple solution that makes people suffering from arthritis, multiple sclerosis, paralysis, stroke patients, paraplegics, amputees, parkinsons, PWDs, backbone & knee ailments to easily get inside the vehicle. The Easy Seat is recommended by doctors for PWDs and pregnant women as well. The Easy Seat feature allows the seat to rotate, swivel and slide making it easier for entry & exit for people with special mobility needs.



29TH JUL 2011 10TH NATIONAL SKILLS CHAMPIONSHIP

The National Manpower Excellence Centre-Bidadi hosted one of the most anticipated events organized by Toyota Kirloskar Motors, the National Skill Contest. The one day event held on 29th July 2011 was conducted for the following categories of dealership personnel: Body, Paint & Customer Relations. This was also a milestone year as it marked the 10th successful year of the event being organized.

The key objective of Skill contest is to provide a platform for the best among the Toyota Dealership personnel across India to showcase their talent & proficiency in their respective job

roles. This also provides an opportunity to TKM to recognize & felicitate the actual people who represent & uphold the image of Toyota standard of service provided to customer.

The 36 participants (12 in each category) had earned their place in the contest by emerging as the champions in similar competitions organized at their dealership level & then at the respective zonal Manpower Excellence Centers. The contest tested them further by pushing the challenge a notch higher.

	Body	Paint	Customer Relation
Winner	Mr. Binu M B (Nippon Toyota Tl01A)	Mr. Keyar Singh (Grace Toyota GU02A)	Mr. Vijay Kumar (Nandi Toyota BL02A)
1st Runners Up	Mr. Deepak (Galaxy Toyota DL01A)	Mr. Santosh MF (Nandi Toyota BL03A)	Mr. Saileelesh (R K Toyota HY03A)
2nd Runners Up	Mr. Wahid Maner (DSK Toyota KH01A)	Mr. Jagmohan (Radiant Toyota LU01B)	Ms. Meera (Galaxy Toyota DL01A)



TKM Top management with CR Category winners



NSC Champions with H Nakagawa, MD TKM



TKM Top management with Body & Paint Category winners



OUR PEOPLE

Making TOYOTA go **Waku-doki**

The intensity and the passion that has made TKM one of the leading automobile companies in India in such a short time, is due to the contribution of our over 6000 employees. They are the reason that makes our heart go Waku Doki every day.

Toyota being one of the world's largest car manufacturer has defined its own path to streamline the workforce globally by - 'The Toyota Way'. The Toyota Way in a gist summarizes our work culture and ethics. Toyota's Guiding Principles drives The Toyota Way which constitutes two important aspects: Continuous Improvement and Respect for People. These two aspects support five key concepts that sum up The Toyota Way: Challenge, Kaizen, Genchi Genbutsu (going to the source to make correct decisions), Respect, and Teamwork. All TKM employees are groomed to follow **The Toyota Way**.



HUMAN RESOURCES ACTION PLAN 2011-12

OUR PEOPLE



Business Imperatives	Approach	Deployment	Measure	Target	Actions & Results
 <p>Develop talent pool of quality human resources</p>	Attract Right talent, for the Right job at Right time	<ul style="list-style-type: none"> Tie-up and partnership with identified institutes Pooled campus recruitment scheme Regional recruitment Tie-up with ITI Institutes Campus recruitment for apprentice 	Engg/Dip/ Mgt Time Numbers	<ul style="list-style-type: none"> 5 Institutes Sept 1st Week 1000 Nos by Dec. 2nd week 650 App. 	<ul style="list-style-type: none"> Hired 1043 through campus recruitment Diversity in manpower due to Regional Recruitment (employees + Apprentice) Tie-up with 5 ITIs Continue Regional & Campus Recruitment
 <p>Enhance skill management capability to take on business challenges</p>	Develop culture of skill excellence	<ul style="list-style-type: none"> Enhance fundamental skills & standardized work capability of new joinees Promote activities to foster spirit of competitiveness <Skill Olympics> 	Participation ratio	<ul style="list-style-type: none"> >90% 	<ul style="list-style-type: none"> Developed skills of 100% new joinees
 <p>Ensure stable Employee Relations, within TKM including Group Companies</p>	Strengthen company-wide communication on pipe	<ul style="list-style-type: none"> Strengthen Round Table communication Strengthen Supervisor Communication 	Time Freq	<ul style="list-style-type: none"> By Jan 12 1/Month 	<ul style="list-style-type: none"> Revised Round Table Meeting Covered 600 TMs Decentralized Supervisors Commu. Need to train supervisors
	Accelerate grievance resolution	<ul style="list-style-type: none"> Strengthen ERO system for shop 	Grievance Ratio	<ul style="list-style-type: none"> >80% 	<ul style="list-style-type: none"> Achieved 80% grievance resolution Need to train in counseling skills
	Mentor & mould new joinees into Toyota culture	<ul style="list-style-type: none"> Periodic direct communication opportunity with Sr. Mgmt. Pre-confirmation training program 	Frequency Number	<ul style="list-style-type: none"> 2 p.a. 100% 	<ul style="list-style-type: none"> 100% pre-confirmation training to all TMTs conducted Need to review the module
	Develop proactive leadership capability of Union Leaders	<ul style="list-style-type: none"> Develop training program for Union Office Bearers and EC Members 	Number	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> 100% coverage Improved co-operation by OBs & ECMs
	Leadership to proactively support group companies to manage good IR	<ul style="list-style-type: none"> Level-up group HR meeting 	Frequency	<ul style="list-style-type: none"> 1/month 	<ul style="list-style-type: none"> Group HR meeting reduced labor risk issues Need for focused group discussions
 <p>Maximize efforts to realized labor cost</p>	Strengthen manpower management with focus on labor cost	<ul style="list-style-type: none"> Visualize KPI to monitor and track headcount 	Frequency	<ul style="list-style-type: none"> 1/month 	<ul style="list-style-type: none"> Headcount tracking easy

EMPLOYEES

Human resources are considered the most important asset of the organization. We trust our team members, provide opportunities for personal growth, foster the realization of their abilities, and compensate all individual contributions fairly. Team members exercise their abilities and take responsibility for improving the company and contributing to its growth.

Toyota Guiding Principles:

Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.

WORKFORCE DATA



Number of Employees	2009 - 2010	2010 - 2011	2011 - 2012
Permanent (Nos.)	3622	5231	6221
Temporary (Nos.)	1374	2623	3618
Daily wage workers (Nos.)	None	None	None
Other - please specify (Nos.)	None	None	None
Total (Nos.)	4996	7854	9839
Number of management (or executive / officer) grade employees (Nos.)	1710	1819	2136
Ratio of non-management cadre to management cadre employees	2:1	2:1	2:1

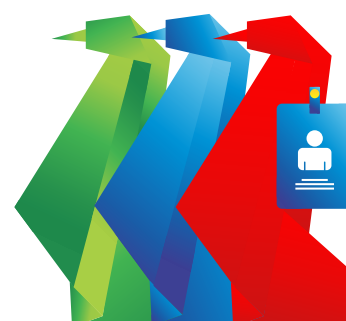
RECRUITMENT AND REMUNERATION



TKM has a fair policy in recruiting prospective candidates to our workforce. The employees must be competent and be able to contribute willingly to the development of the organization and also groom their persona in accordance. We are an equal opportunity employer and are open to gender, age, ethnicity, geography with due respect to the local laws, essential skill sets and requisite qualifications.

Segmentation of employees by gender	2009 - 2010	2010 - 2011	2011 - 2012
Male (Nos.)	4902	5130	6125
Female (Nos.)	94	89	96

Since, Toyota Motor Corporation (TMC) plays a key role in product development and our business practices, the Japanese expatriates work very closely with us at TKM.



EMPLOYEES

TKM's remuneration policy is based on factors like organizational position, performance, market rates. TKM follows "equal pay for equal work" thereby illustrating same compensation structure across the same pay scale, for men and women.

As of March 31st 2012, the organization had a total of 97 female employees and 6160 male employees, i.e. a total of 6221 permanent employees.

About 66% of the employees are covered by collective bargaining agreements. A Memorandum of Settlement is entered into between Union and Management every year. A minimum notice period of 14 days, as per law is followed in case there are any significant operational changes.

EMPLOYEE RETENTION

TKM carries out an Employee Engagement Survey – 'Morale Survey' once in 2 years to gauge employee well-being, satisfaction and motivation levels. Employee counseling sessions, open house forums, People Connect, HR perception survey, communication meetings, annual communication, annual functional meets, discussion forums etc are a few other means to assess employee well-being at TKM.

The latest Morale Survey was conducted in 2009, next survey

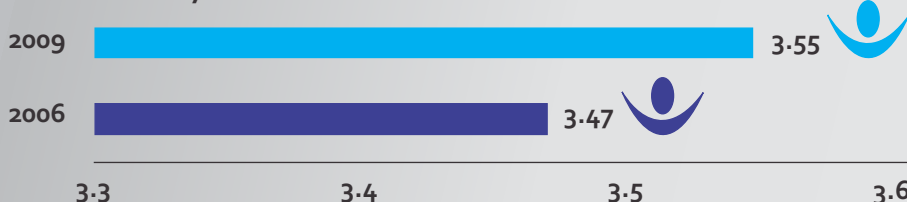
will be conducted in 2012-13 period. Parameters assessed in this survey are opportunity to learn and grow, leadership, training and development, recognition, target setting and appraisal, facilities & services, job security, pay & benefits, peer relationship, health & safety, organization administration, role clarity, sense of belongingness, work environment, organization-vision, mission, policy, involvement & engagement, empowerment, communication, people perception measures related to motivation.

Overall Morale Survey Results (2006 Vs. 2009)

There is significant improvement in employee perception scores due to the improvements in HR processes and practices in TKM over the years.

While various segmentation of the survey results have been done, the following graph indicates satisfaction level is improving & dissatisfaction level is decreasing as per MS [managerial staff] & NMS [non-managerial staff]

Morale Survey Scores



EMPLOYEE DEVELOPMENT EMPLOYEES

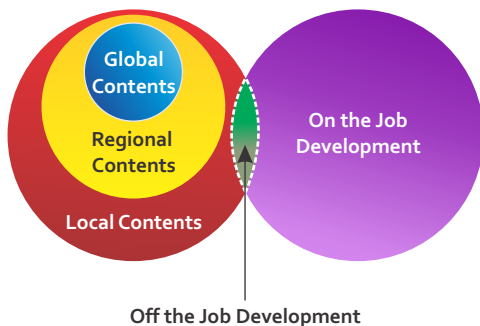
TKM believes in a work environment that guarantees continuous improvement and better culture. This is possible only if there is teamwork and knowledge enhancement through training programmes. TKM associates human development with the growth of the company. Hence, we ensure all human development programs must attribute to key takeaways that aim at lifelong learning of the employees.

LEARNING & DEVELOPMENT

TKM has outlined training as a major part of employee development and growth; during the reporting period approximately 5 days/person/year training was provided to the workforce. This is the reason, right from the moment an employee is recruited - induction training on "ToyotaWay" and the Code of Conduct is imparted. The induction process helps the new hires to understand to the integrated work culture of Toyota. Formal training on the organization's policies and

procedures on human rights issues and their applicability are also given during induction. Each employee receives training based on the defined Training Work Life Plan, which also caters to their career needs. Standard training programmes that are essential and job related containing Global Contents are imparted to the employees as prescribed by TKM.

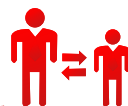
Types of Training in TKM



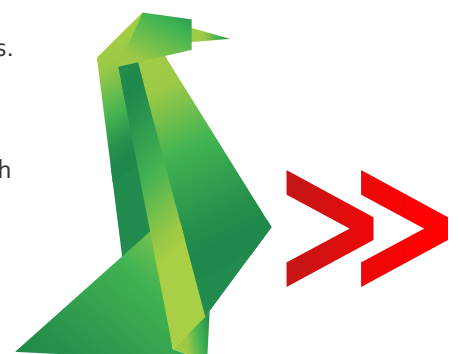
Each employee receives assessment and training on a periodic basis. Contractors are also trained on safety and environment procedures by us. To improve learning quality and safe working conditions - Safety Dojo (Simulated training) is imparted in technical areas.

Periodic functional trainings are imparted by expert faculty from the Indian Institute of Management, Bangalore (IIMB), Stephen Covey Consultants, TV Rao Learning Systems, Oscar Murphy International etc.

PERFORMANCE REVIEW



TKM maintains the employee morale through its performance linked incentive systems. Performance appraisal is a key aspect in our performance management system of an employee. These systems have also helped in employee retention to a certain extent. Our human resources team has systems in place to gauge the abilities and traits of each employee in an astute manner. This helps in the overall growth and optimization of personnel through periodic appraisals. Performance review provides equal importance to result and processes.



LEADERSHIP AT TKM EMPLOYEES

TKM believes that Leadership can be developed from within the organisation by imparting the right amount of training to the deserving employee. Thus, grooming a leader in-house also assures ingrained value and principles of Toyota within the employee. This employee will be an embodiment of leadership combined with Toyota's values. To keep up with the industry's demands, TKM imparts Advanced Leadership Development

Programme to leaders in its workforce. Effectiveness of this programme is done through PMS (Performance Management System). TKM steadily develops its talent pool through a rigorous and scientific succession planning exercises, these employees selected from middle & senior management levels are trained and groomed so that they can handle pressures of their future responsibilities.

All leaders are trained in their leadership roles by Stephen Covey Consultants. Leadership plays a crucial role in aligning organizational structure with changes in business strategy periodically. The organization structure is reviewed annually based on the feedback received from internal stakeholders and changes assimilated.

All leaders are trained in their leadership roles by Stephen Covey Consultants.

BEST PRACTICES

Knowledge Exchange Programme with Infosys Centre of Excellence, Maruti Suzuki, Hyundai, Ford etc. are other areas of knowledge enhancement and skill development for employees. It is important to stay updated with the latest in the industry in terms of practices and processes. Staying alert to new findings can always help in optimizing resources. At TKM, employees avail plenty of opportunities to participate in benchmarking studies both at international and domestic

levels through symposiums, workshops, surveys, seminars, etc.

TKM actively participates in events and forums such as the Delhi Auto Expo, CII Summits, SIAM Conclaves, FICCI Seminars, NHRD Network, BCIC, QCFI Forums, CII, Global Quality Control Circle Forum, Global HR Meet, Asia Pacific HR Meet, etc. Annual Meet for TKM's dealers & suppliers is another platform through which knowledge is exchanged.



Infosys-Toyota Knowledge Exchange Programme

TKM's division heads attended a Knowledge Exchange Programme at Infosys-Mysore's NRN Centre of Excellence on 17th February 2012. A team from Infosys had also visited TKM during December 2011 to witness our best practices.

Knowledge Exchange Programme with Infosys Centre of Excellence, Maruti Suzuki, Hyundai, Ford etc. are other areas of knowledge enhancement and skill development for employees.



EMPLOYEE INVOLVEMENT EMPLOYEES

Creative Suggestion Scheme is an employee engagement and participatory platform exercise at TKM, which has garnered a lot of participation from employees, and the ideas suggested helps in producing more efficient automobiles. This scheme helps in making an improved product, enhancing product safety & efficiency, optimizing costs.



QUALITY CONTROL CIRCLE (QCC)



Quality Control Circle (QCC) is a group formed by employees that share same workspace. The circle members come together to solve problems by sharing ideas based on QC principles, QC steps and QC tools. The QCC helps in enhancing employee potential and augmenting better communication amongst the team members.

REWARD AND RECOGNITION

Event	Internal Awards	Individual / Team	Award Given By
 Annual Communication	Best Employee & Team – Safety Best Employee & Team – Quality Best Employee & Team – Cost Best Employee & Team – Kaizen	Individual & Team	DMD Functional Head
 Company Day	Highest Suggestion Contributors Highest High Value Sugg. Contri. Highest Star Sugg. Contributors Skill AP Region Winners Skill Global Winners Marathon (Ekiden) Winners Top 3 Singers Best in Talent Hunt Events Awards to Children – Talent Hunt	Individual & Team	MD DMDs Popular Personality from Society
 Family Awards	Top 3 Drawings by Kids Top 6 Fancy Dress Kids	Individual	MD
 Skill Olympics	Best Skill Gold – TM Category Best Skill Silver – TL Category Best Skill Bronze – GL Category	Individual & Team	MD DMDs
 Quality Month	Best Quality Mind Best Quality Shop	Individual & Team	MD DMDs
 Safety Month	Best Safety Mind Best Safety Shop Best SGA Best Hiyari hatto (safety suggestion scheme)	Individual & Team	MD DMDs
 E-Bandhana	Program for Newly Wed couples	Couples	GM, VP, SVP



EMPLOYEE INVOLVEMENT

EMPLOYEES

Event	Internal Awards	Individual / Team	Awarded Given By
 Suggestion Committee Meeting	Highest Suggestion Contributors Highest High Value Sugg. Contri. Highest Star Sugg. Contributors	Individual & Team	DMDs, SVPs
 Environment Committee Meeting	Best Eco Kaizen Best Eco Mind Best CSR Activity	Individual & Team	DMDs, SVPs
 Long Service Awards	10 years of service	Individual	MD
 Ayudhapuja Celebrations	Shop Internal Awards	Individual & Team	Functional Head
 Superannuation	Completion of service	Individual	
 Sports Awards	Ekiden Top 20 Runners Ekiden Top 5 Teams 4x400 mt. Top 3 Teams Top 3 teams in Cricket Top 3 teams in Volleyball Top 3 teams in Carrom	Individual & Team	MD & DMDs
 Annual Dealer Conference	Best Dealer Best CR & CS Team	Individual & Team	MD & DMDs
 Annual Supplier Meet	Best Supplier	Individual & Team	MD & DMDs



Recognition of Services - Long service awards to all team members completing 10 years



Annual Business Communication - Towards enhancing trust among workforce

KALOTHSAVA AT TKM EMPLOYEES

The annual Talent Hunt event is focused on fostering ethnic and cultural activities for the employees and their families. Eminent musicians and artists are involved during this event.



**Top Management involvement
in the Talent Hunt activities**



Kid's Talent Show at Kalothsava



**Judges panel consisting of
prominent artistes**



**Top Management Communication Channels
- State Foundation Day Celebration**



**State Foundation Day presided over by
eminent Kannada theatrical, literature &
film celebrities**

EMPLOYEE BENEFITS

At TKM, we strive hard in our endeavor to provide the best working environment through facilities like:

- ✓ Canteen Services
- ✓ Insurance Coverage for employees and their families
- ✓ Financial support in the form of Personal and Education loans at lesser interest rate
- ✓ Leave facilities including hospitalization and accident leave, maternity leave; we have also introduced paternity leave.
- ✓ Employees can avail 12 weeks of maternity leave and 3 days of paternity leave.
- ✓ Transportation facilities for all employees - to and fro from home to the plants.
- ✓ We are now introducing latest ergonomic buses to enhance convenience to employees.



OCCUPATIONAL HEALTH AND SAFETY EMPLOYEES

TKM Safety Policy

- Be the best company of safety and health
- Safety first, and make the work-place free from accident
- Make work-place free from health hazards

Safety Commitment

Ensure Zero accident at Toyota or in its group companies and stakeholders. Since accidents are due to unsafe acts and unsafe conditions, we strongly believe the following are the three pillars of safety:

Machine safety, Human safety and Safety Committee.

HUMAN SAFETY

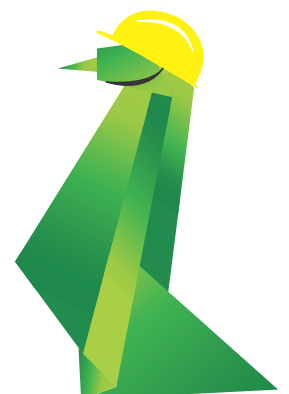
- Dojo training is simulated based training that ensures that employee gets a practical idea of the possible risks associated with the job and its resultant impact
- Safety sense or KY (KikenYochi: danger prediction), the ability of risk identification through safety suggestion schemes like Hiyari hatto
- Brainstorming sessions in small groups help in promoting safety sense and team work
- Safety culture involves elements such as 3-point finger check during crossing, no mobile usage while walking, no hands in pocket while walking, holding handrails at stairs, etc.

MACHINE SAFETY

- Machine safety is ensured on a periodical basis by our expert team and also cross confirmed by the expert group from TMC, Japan
- Machine safety is a process and results are managed through KPIs, consolidated as Plant Management Requirement (PMR) for safety and closely monitored by management frequently for upgradation
- Supplier chain, dealers and contractor organization are a major part of our safety network, they are also included in the processes undertaken in machine safety
- Despite projects challenges such as dynamic work environment, high attrition rate of contractor members and high risk activities an achievement of 15 million safe man-hours without any fatal/serious accident.

SAFETY COMMITTEE

TKM has formed a safety committee to sustain healthy and efficient work force. The committee follows a top down approach such that management is fully involved in safety initiatives. The committee reviews the key performance indicators (KPI) and awards are given to team members in recognition of adherence to the existing safety policies. It also conducts workplace safety observation activities and supplier company safety audits.






HEALTH PROMOTION ACTIVITIES EMPLOYEES



To promote a healthy work environment, TKM periodically reviews sanitation and hygiene conditions, food and water quality. TKM extends its healthy work environment culture to the family members of its employees by promoting health and welfare programmes. Employees undergo medical examinations and also management of body mass index (BMI). Hygiene & behavior and regular, job specific exercise routines are part of TKM's programme to ensure healthy living. TKM runs "quit smoking" and "quit drinking" drives for those employees to discourage such bad habits. Counseling and annual medical check ups are two other facilities we provide to our employees to monitor their mental and physical health.

Processes that may hamper the health of the employee: TKM attempts to resolve these by making suitable amendments to reduce the physical stress caused. Processes are ergonomically designed to suit the lower back and upper limb area that are likely to be affected at work. TKM constantly monitors illumination, noise, dust and gas, temperature and vibration at work to ensure that they all are within the prescribed limits. Employees are made aware of seasonal and serious diseases such as dengue, H1N1, malaria and common fevers. There were no reported cases of work related fatal accidents at TKM during the reporting period.

Workplace Safety, Health and Ergonomics				
Process	Approach	Deployment	Actions & Results of Process & Results	Impact
 Workplace Safety	Ensure focused commitment of employees to their jobs by creating a safe work environment by setting safety norms for all processes and ensuring strict adherence to defined standards	<ul style="list-style-type: none"> • Adoption of safety & environment systems (ISO 14001) at all units, which are more stringent than statutory requirements • Strict compliance to all norms • Communication and reinforcement through training on safety standards to all employees at all units • Mandatory usage of personal protective equipments for all employees/visitors entering production/shop floor • SHE training to all new joinees • Refresher training to all • Safety Month celebrations through involvement of all employees at all units • All renovated offices/ buildings to have high levels of built-in safety arrangements 	<ul style="list-style-type: none"> • Involvement of local community as part of Safety Day celebrations • Sharing of best practices on SHE 	<ul style="list-style-type: none"> • Zero fatal accidents • Improving trends for safe man-hours at all locations
 Workplace Health	Ensure high degree of employee well being by creating and maintaining a healthy work environment	<ul style="list-style-type: none"> • Annual health check-up for all employees at all locations • Counseling by Company Doctor on health issues • Mandatory usage of PPEs at workplace • Providing healthy & nutritious food to employees 	<ul style="list-style-type: none"> • Sharing of best practices on employee health by Company Doctor • Engaged psychologists for counseling NMS on health issues 	<ul style="list-style-type: none"> • Improvement in health of employees
 Workplace Ergonomics	Provide for ergonomically designed workplace to improve employee productivity, reduced fatigue & sickness levels	<ul style="list-style-type: none"> • Implementation of Workplace Improvement Activities • Offices have ergonomically designed workstations with lighting, sound and fresh air norms meeting or exceeding international standards • Open office architecture 	<ul style="list-style-type: none"> • Improvement in workplace, lighting, sound and fresh air 	<ul style="list-style-type: none"> • Improvement in employee productivity • Reduction in fatigue levels



HUMAN RIGHTS

TKM believes that human rights have to be kept in accordance to maintain a healthy and functional workforce. Human rights are strongly considered in our operations, processes and contracts to avoid any sort of violation or discrimination against any. TKM procures from only those vendors and suppliers that have demonstrated and strictly follow the internationally set standards on human rights.

Toyota's Guiding Principles form the backbone of the culture that we extend to our stakeholders as a whole. These Guiding Principles help us to streamline our efforts and resources in sustaining our workforce and enable us to harness the optimum performance from our employees. TKM ensures the contract workers and all project related contracts include safety, health, and environment related human rights clauses.

Toyota Guiding Principles:

Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

TKM has established systems in place to ensure implementation and compliance to the company policies, standards and protocols through rigorous and periodic audits by Safety, Health, Environment, Human Resources and Legal teams. At TKM, we practice human rights in the following manner:

- By abiding the law of the land as maybe applicable to our business
- All our operations and business units follow TKM policies and standards
- All our vertical heads are trained and empowered to ensure the implementation of fair labour practices
- Periodic inspections by regulatory body officials to our operation sites to ensure compliance to labour, environment, safety, factory acts, etc., as applicable
- Adherence to TKM's human rights policies by all service providers /suppliers /vendors operating within our premises
- Whistle Blower Policy (WBP) and Ombudsman take care of Human Rights' violations, if any

CODE OF CONDUCT AND CODE OF ETHICS

TKM's Code of Conduct and Code of Ethics awareness is imparted to every employee during their induction. Values and Ethics are communicated to all employees through emails, communication meetings, newsletter, billboards and value standees. The Code of Conduct elaborates on TKM's stand on violation of human rights, incidents of child labour or violation of indigenous rights. To ensure employees adhere to the code, we carry out reviews/assessments at all the business units. Contractors and regional offices are reviewed twice in a year.

Our policies and training ensure smoother and non-discriminative work environment. During the reporting period, there were no incidents of discrimination on grounds of race, color, gender, religion, political opinion, nationality, ethnicity or economic status.

TKM adheres to the norms and statutes as defined by the ILO, UN Declaration on Human Rights.



FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING HUMAN RIGHTS

To enhance the team work and unity amongst workforce; TKM supports freedom of association & collective bargaining. TKM Employees Union serves as the platform for the same. Management and the union work as the pillars of the company, it is from these pillars that TKM derives its strength thereby realizing all our goals. About 62% of the employees are covered by collective bargaining agreements. Joint Declaration between the Union and Management is entered into, which is first-of-its kind in the Indian Automobile Industry.

During the joint discourse of collective bargaining between the Union and Management; matters pertaining to human rights & employee welfare are discussed and addressed. Every year, they enter into a Memorandum of Settlement. A minimum notice period of 14 days, as per law is followed in case there are any significant operational changes. Here, both the parties participate in the common well defined goal and purpose of - every team member must put in continuous efforts with a vision of making a global car.



Mr. T.S. Jaishankar, SVP greeting Mr. S.R. Deepak, President of TKM-EU during the signing of Memorandum of Settlement. Mr. S.R. Umashankar IAS, Commissioner of Labour are seen

GRIEVANCE REDRESSAL MECHANISM

TKM's grievance redressal mechanism has a multi dimensional approach wherein individuals from responsible departments assemble periodically to scrutinize and address issues as maybe reported.

Employee grievances may include matters related to workplace issues, discrimination, harassment, etc., at work place. The following table lists the various grievance redressal mechanisms that TKM has in place:

Channel	Attendees	Formal / Informal	Frequency
Morning Meeting	HOD+Team mates	Formal	1 / Day
Workplace Committee Meeting	Shop Mgr+Shift DM+ECMs+ERO	Formal	1 / Month
One-to-One	Supervisor+TM	Formal	Need-based
Employee Relations Officers	ERO+TM	Formal	Need-based
ECM+Plant+HR	HR+ECMs+Plant Mgt	Formal	1 / Month
Union Weekly	HR+Prod.HOD+Union	Formal	1 / Week
Plant - HR Meeting	Plant Heads + HR Heads	Formal	1 / Week

Besides this, every supervisor is personally in charge of the welfare of his / her team and is required to interact with team members on a regular basis to know their grievances and report them through appropriate channels.

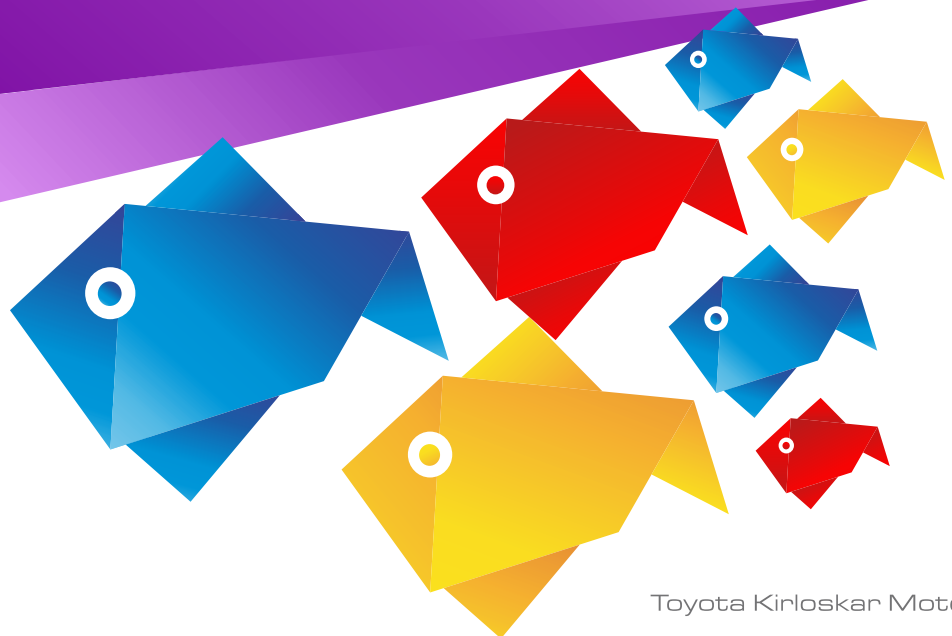


OUR COMMUNITY

Engaging with **Waku-doki**

At Toyota Kirloskar Motor, everything we do is with a passion – a passion to innovate, to create change, to experience joy. A passion called Waku Doki, that we believe in spreading around, sharing it with society and our community. Under the Guiding Principles of Toyota, TKM promotes and engages in social contribution activities that help strengthen communities and contribute to the enrichment of society.

The passion and commitment to Community Development at TKM is seen with the involvement of the Board of Directors and the top management, who are involved in evaluation of each activity prior to the implementation of the programme. TKM uses the Hoshin Kanri system that serves as a mechanism to control the activities throughout the organization. It helps in maintaining a unified way of thinking through all the verticals of the organization.



APPROACH STRATEGY FOR COMMUNITY DEVELOPMENT

All the CSR initiatives implemented undergo a thorough assessment cycle from the moment of brainstorming up to the final assessment of benefits to the community. The process involves study of the current situation & needs of local community and society at large. Undertake studies and co-ordinate with local authorities to frame CSR plan. We also consider the guidelines from our parent organization, TMC.

Based on all above inputs, we have following prioritized CSR initiatives:

- Observing the skill shortage, we have initiated TTTI & TTEP
- As a responsible auto-manufacturer & growing numbers of road accidents, we have initiated TSEP
- Observing the poor health & sanitation conditions around our site, we have initiated Sanitation & Water supply infrastructure development activities
- Observing the high drop-out rates in schools neighboring our site, we have initiated free books & bags

We follow a tripartite approach to all our social contribution programmes – with all key stakeholders i.e., local community, local regulatory authorities and the local panchayat involved in planning and implementation of the programmes. The programmes are implemented in accordance with our Vision and Mission, thereby aligning it to our business goals as well.

All our activities are outreach programmes aimed at development and enhancement of the local community and implemented under a 3-pronged strategic focus:

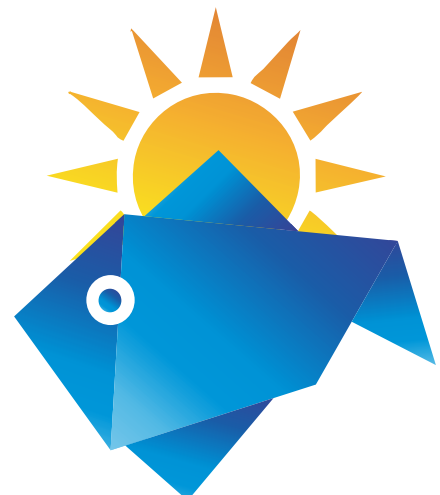
- Skill & Education
- Road Safety
- Health & Infrastructure



SKILL & EDUCATION DEVELOPMENT

Education is wealth without which no nation can term itself progressive. Aiming to nurture the young minds and enhance the employability quotient, TKM pays special emphasis to education and skills development. TKM has two unique programmes – Toyota Technical Training Institute (TTTI) and Toyota Technical Education Programme (TTEP), in an effort to close the gap of skilled and unskilled manpower in the market. TTEP is a training programme where TKM's Customer Relations team collaborates with various ITIs throughout the country. Under the programme, some part of syllabus is provided as per Toyota curriculum and Internship for the students is provided at Toyota Dealerships. Hence it is a program in collaboration with ITIs to enhance the employability.

Besides, these two programmes, TKM also works in collaboration with the Bangalore University to promote the Japanese language in the city.



TOYOTA TECHNICAL TRAINING INSTITUTE SKILL & EDUCATION

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.

It provides three years full time course on Automobiles to the students who have passed 10th standard (SSLC), free of cost. Into its fifth year of operation, TTTI has been empowering youth 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.

Toyota Technical Training Institute (TTTI):

State-of-the-art institute launched in 2007, to train the rural youth in Automobile Technology. It provides three years full time course on Automobiles to the students who have passed 10th standard (SSLC), free of cost.

So far, over 128 have been employed, with 192 students presently undergoing the course.

The unique Training Methodology adopted includes:

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



TOYOTA TECHNICAL TRAINING INSTITUTE SKILL & EDUCATION

AIM TO BE AN IDEAL STUDENT OF TTTI

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

- A COMPETANT 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

MIND

- Awareness of being a good corporate citizen
- Sense of responsibility
- Independent
- Leadership
- Challenging spirit
- Co-operative
- Team work
- Respect for people

KNOWLEDGE

- General education
- Specialized knowledge
- Globalization
- IT (Computer)

SKILLS

Safety, Quality, Productivity, Cost and Continuous improvement

BODY

Strong and healthy body

ATTITUDE OF TAKING EFFORTS

Putting earnest efforts in all matters. Complete efforts in all matters. Sincere efforts in all matters



In addition to making quality automobiles, TKM believes in proactively contributing to society by consolidating the knowledge and know-how within the organization to develop capable human resources and thus contribute to the development of a prosperous society. TTTI is one of the brightest outcomes of this aspect of the company. The institute was built with a vision to support intelligent students from economically poor backgrounds, coming from various parts of Karnataka and making them employable.

The institute is a fully residential school concentrating on theoretical, practical and physical training as part of the students including Fellowships which are provided to deserving students to promote excellence. Furthermore, TKM encourages potential graduates of TTTI to join the company as team members.

The courses involve training at TKM plant where students are exposed to the practical experience of applying the world renowned Toyota Production System to the various manufacturing processes.

In addition to building a healthy body & soul, the students at TTTI have also been active in understanding & doing their part of social responsibility through Local Community Contribution.



Dr. Toyoda, Honorary Chairman-TMC, visit to TTTI – Interaction & Motivation to Students

Toyota Technical Education Programme (TTEP)

TTEP is aimed to impart advanced skill training on automobile technology to the students of Industrial Training Institutes. Over 2300 students have benefitted.

TOYOTA TECHNICAL TRAINING INSTITUTE SKILL & EDUCATION

CONVOCATION CEREMONY OF THE 3RD OUTGOING BATCH

Toyota Technical Training Institute (TTTI), a center of design excellence, inspiration, ambition, creativity and automotive passion, held its 3rd Convocation on July 30, 2012. The institute presented academic degree to the students (third batch) on the successful completion of its 3 year training course (2009-12). A total of 62 students graduated from TTTI.

The convocation was graced by Mrs. Sudha Murthy, Chairperson of the Infosys Foundation. Mrs. Sudha Murthy toured the facilities at the institute and also spent time interacting with the students.



Convocation- Ceremony graced by the presence of Mrs. Sudha Murthy, Infosys foundation



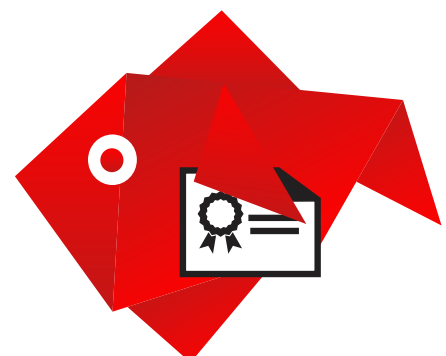
Convocation-Felicitation of Mrs. Sudha Murthy by Mr. Nakagawa, MD [left] and Mr. Vikram Kirloskar



TTTI Convocation ceremony



TTTI Students actively involved in Local Community Contribution



TOYOTA TECHNICAL TRAINING INSTITUTE SKILL & EDUCATION

An effort to support primary education by distributing materials
(Books, bags , shoes and socks)



Key Results: Increase in the attendance of the students resulting in less dropouts and parents are encouraging the children to go to schools

Free distribution of over 40,000 books and 1000 bags and shoes and socks to more than 8000 school children at over 120 schools

ROAD SAFETY

As an automobile manufacturer, TKM recognizes the importance of Traffic and Road Safety. Road Safety is one of the key focus areas of TKM's CSR strategy. In 2007, TKM initiated the Toyota Safety Education Programme, an interactive awareness-building and learning program on traffic safety among the school children in the age group of 10 -14 years. Under TSEP, TKM also observes Road Safety Week in the month of January to create road safety awareness among general public and school children. Several activities were conducted – drawing competition , slogan writing , quizzes and experience sharing by key traffic policemen . These activities are conducted involving general public, traffic police, teachers and school children.

In 2011-12, the program had an outreach of 650,000 children in the 5 metropolitan cities of Delhi, Mumbai, Chennai, Kolkata and Bangalore.



Toyota Safety Education Programme (TSEP) was launched in Hyderabad on 21st December 2011.



Learning road safety through Toyota Safety Education Programme



Children learn road safety through picture games



ECO CSR COMMUNITY - ENVIRONMENT

waku-doki moments

TKM is committed to environment protection and strongly believes in community involvement and public participation to develop a sense of responsibility and affinity towards the environment.

Environment Awareness

Every year the month of June is observed as Environment Month in the factory. As a part of environment activities, TKM organizes environment awareness, painting and project work competition for 1st – 10th std school children of Bidadi Hobli. TKM also distributed fruit-bearing saplings to all participants. Plant visit also organized for nearby school children to understand the importance of environment conservation. In 2011-12 TKM continued these activities with additional plan of debate competition for the PU college students.



Eco Mind promotion to students through Eco-quiz & other activities



Eco Mind promotion to students through Painting competition



Health promotion to students through distribution of water filters



Plantation at local schools



NDTV – TOYOTA GREENATHON COMMUNITY

To bring the light on Indian poor villagers, NDTV-Toyota Greenathon was launched in April 2008. The Greenathon, a 24 hour live telethon for the environment is simulcast across the NDTV network. The campaign is aimed at creating awareness about environmental issues by involving the people of our country to make a difference. The 3rd edition of NDTV-TOYOTA GREENATHON, was a grand success and attracted worldwide appreciation and support. The program collected Rs. 11.60 cr. as donation to light 580 villages in India.

- The fourth edition of NDTV-Toyota Greenathon came to an end with a promise of building a greener, cleaner India. Actor-model Milind Soman flagged off the event with a Green Run from Delhi to Mumbai.
- Actress Priyanka Chopra took up the task of cleaning the banks of the Yamuna River in Agra. The main event however was held at Yashraj Studios on May 20th.
- A 12-hour show was broadcast live, with the theme of 'Reduce, Reuse and Recycle'.
- Some of the celebrities present at the studio were, Aamir Khan, Shah Rukh Khan, Sridevi, Malaika Arora and Shahid Kapur. Toyota kicked off the Bangalore activities with Mr. V. Kirloskar (VC) leading a cleanup drive at Cubbon Park.



2012
Over INR 88mil. raised and 508 villages (40,000 households) lit up

2011 Over INR 145 mil. raised and 580 villages lit up

2010 Over INR 39 mil. raised and 156 villages lit up

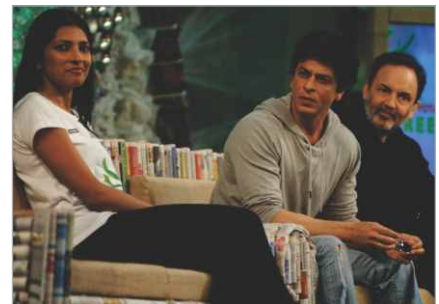
2009 Over INR 24 mil. raised and 67 villages lit up



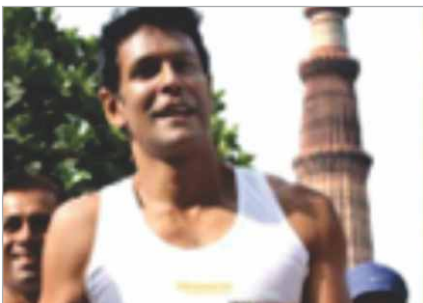
Mr. Nakagawa [MD-TKM] at the Toyota Hybrid Craft Program in Bangalore



Toyota Hybrid Craft Program aimed towards promoting awareness on eco friendly vehicle concepts



Participation of eminent film celebrities in promoting Environment Awareness



Marathon man Milind Soman on his run from Delhi to Mumbai for NDTV Toyota Greenathon



Actress Priyanka Chopra with Mr. Sandeep Singh [DMD-TKM] & Mr. Nagae [EMC-TKM]



TKM Team at Greenathon Campaign at Bangalore



HEALTH & INFRASTRUCTURE COMMUNITY

In 2009-10, TKM conducted Need Assessment study in the local community to find out the basic amenities and expectations from TKM in the villages covering 4 gram panchayats that surrounds TKM. During the survey it was found that 23% of villagers in Manchanayakanahalli gram panchayat expressed their concern for sanitation requirement. To address these issues TKM initiated the Sanitation Project in six villages of Manchanayakanahalli Gram Panchayat. Under this project TKM built 310 individual toilets and contributed for the total

sanitation campaign of the panchayat.

To address the increasing health related issues and also to bring down the risk of diseases, TKM conducts regular Health camps continued with follow-up camps to general public and school children in the surrounding villages. The health camps mainly focus on - General health check ups, diabetic camps, skin and orthopedic related camps to general public and nutrition camps to school children. More than 1500 members of the public and more than 600 school children availed the benefit.



Total Sanitation campaign

Construction of over 310 individual household toilets

Benefits:

Six villages in Manchanayakanahalli now have better living and hygiene condition and a sense of ownership



Nutrition Camps for school children

Around 643 govt school children & children of 16 schools of Manchanayakanahalli Gram Panchayat were screened for malnutrition, dental problems & vision in Phase I

Benefits:

Identified defects among school children and provided a patient's history chart for reference. Awareness to teachers and students through audio visuals

CSR EXPENDITURE COMMUNITY

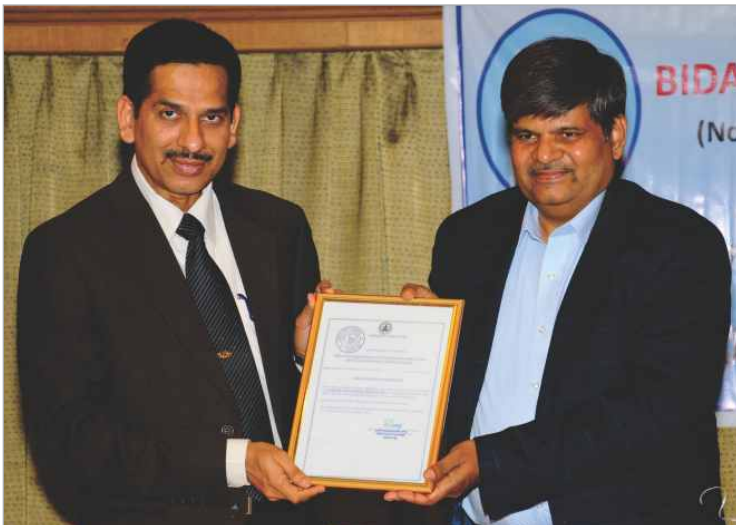


Health camps

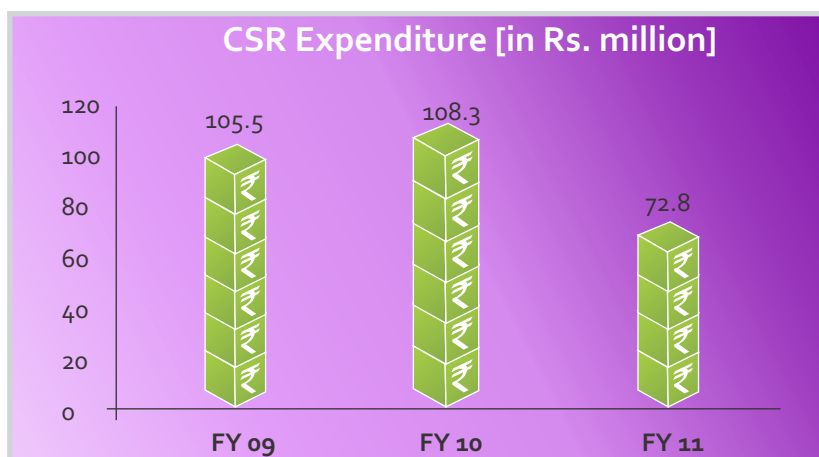
Diabetic camp for the general public – Provided free screening of diabetic patients and free medicines with a booklet containing patients' history.

Benefits:

Around 140 people in five villages benefitted from this programme – creating awareness about the disease



Bidadi Industries Association (BIA) was officially inaugurated on 16th February 2012 at Bangalore. Mr. B. Heera Naik, Special Deputy Commissioner, KIADB (Karnataka Industrial Area Development Board) handing over Registration Certificate to Mr. K. Srikanth, President of BIA (Senior Vice President, TKM).



OUR PARTNERS

Spinning **waku-doki**

We at Toyota Kirloskar Motor perceive our suppliers and dealers as equal stakeholders in our drive towards sustainability. For TKM, suppliers are the hands that sustain our business continuity whereas dealers are the face of TKM. In this section we shall brief you upon the sustainability initiatives taken up along with our business partners during the reporting period.

Our business partners, suppliers and dealers play a key role in development and deployment of the faultless vehicle that we aim to produce. The understanding about our commitments towards our customer base has been imbibed in the dealers and suppliers we associate with. With rapid expansion of our supplier & dealer facilities, guidance and support to our partners is always a challenge. In our five year environment action plan (2009-13), we have also incorporated plans and targets for the suppliers and dealers.




OUR SUPPLIER PARTNERS

TKM's basic approach to supplier is embracing Supplier as a 'VALUABLE PARTNER'. Toyota Kirloskar Suppliers Association [TKSA] & Supplier development programs are two important modes through which we maintain our partnerships. Our suppliers are involved in our production processes and it is for this reason that we promote sustainable production practices.

We provide them with the necessary technical knowledge and extend our support in areas to ensure best quality product and sustainability of best practices.

In our drive to build the perfect automobile, selecting the components that go into it becomes a key criterion for success. At TKM we believe that an innovative, capable, and cost competitive supplier base is critical to the viability of the Indian automotive industry. Suppliers form a preliminary part of our product building process. We work towards mutual growth and success with our supplier partners.



Our suppliers are expected to abide by the Green Purchasing Guidelines (GPG) we have issued and the dealers are made aware of our requirement through Dealer Environment Risk Assessment Program (DERAP).

This is necessary for ensuring the high quality standards maintained in Toyota vehicles. To build a reliable vehicle, the parts that go into making it have to be reliable and it is with this understanding that we deeply involve ourselves with the supplier's production process.

We provide sustainable production practices among our suppliers by providing technical know-how to enhance productivity, and support in areas where suppliers can inculcate best and sustainable practices.

TKM Purchasing Policy

Toyota Kirloskar Motor's fundamental approach to building business relationships has not changed since the foundation of the Toyota Motor Corporation (TMC) 70 years ago. The company's approach is articulated in the Purchasing Mission. A supply based company that gains the respect and trust of society while remaining competitive and long-term provides a stable procurement of the best products at the best prices and in the best time possible.

- 1 Fair competition based on an open-door policy:** Fair competition based on an open door policy supporting TKM's aim of continuously improving the supplier base and preparing a solid foundation for the future.
- 2 Mutual benefit based on mutual trust:** Mutual benefit based on mutual trust ensuring that the purchasing activities are managed by equal business partners and result in an even stronger interdependent relationship based on openness and honesty.
- 3 Contributing to the local economic vitality and being a good corporate citizen:** Toyota aspires to be a good corporate citizen by contributing to local economies and societies, thus contributing to the company's vision even in these challenging times.

TOYOTA KIRLOSKAR SUPPLIERS ASSOCIATION [TKSA] PARTNERS

To ensure smooth communication and liaison with our huge supplier base; TKM constituted TKSA. The association plays a crucial role in networking, staying connected and also sharing of best practices amongst the entire Toyota suppliers' base. TKSA is an independent body working essentially for the suppliers under the aegis of TKM.

PROMOTIONAL ACTIVITIES SUSTAINABLE SUPPLIER BASE

Quality Circle Competitions (QCC)

QCC involves a structured team effort to solve concerns. Due to the competition it brings out the best from suppliers.

1. Genchi Genbutsu : Case studies verified by judges visiting supplier companies
2. Regional QCC : Suppliers to give presentation for evaluation
3. Final QCC : Regional winners to compete for Final QCC for National level



Supplier QCC Promotion & Awarding



Supplier Kaizen Festival

Kaizen Festival

Theme-based Kaizen exhibition for all regions was held. 10 best kaizens from each company displayed under one roof, so that regional members visited and learnt from the best practices

Sharing Best Practices

Companies from each region was identified and the same was visited by the regional members to learn the best practices



Best Practices Sharing among Supplier Partners



Supplier Top Management Knowledge seminar

Knowledge sharing with Top Management

Imparting knowledge among supplier companies by professionals. TKM Experts share the knowledge to supplier members for all regions

PROMOTIONAL ACTIVITIES SUSTAINABLE SUPPLIER BASE

Dealer Visit

- Dealer Visits were organized for Supplier Top management
- To understand the dealer operations & new initiatives
 - To understand the voice of customers



Dealer visit to Lanson Toyota & Nandi Toyota

TKSA CSR Activities

- As we grow, we like to contribute towards CSR.
- Sponsorship for five orphan girls education for one academic year
 - Sponsorship for note books for 135 orphan girl students



TKSA CSR Initiatives

TPS Implementation Programme

- Basic TPS implementation, TPS training expanded to 2nd ring and 3rd ring suppliers, Supplier Project Expert training (training for one year in TKM for identified suppliers)
- Jishuken Implementation in 44 companies region wise

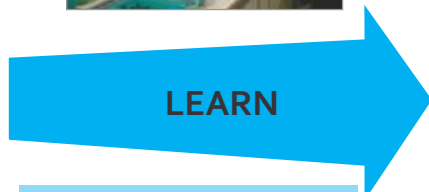


TPS Implementation at Supplier Facilities
Phase 2 Review by TKM Top Management

SUPPLIER DEVELOPMENT PROGRAMS

Our growth can be sustained if we ensure the development of our suppliers as we move ahead. Acknowledging the crucial role played by suppliers, TKM has involved them in Toyota Production System through our suppliers & spread TPS concepts are the supplier project expert programme. In this programme, suppliers' nominate one member to work at TKM for about a year and train

- in:
- ✓ Learn TPS actual implementation
 - ✓ Practice his learning in TKM & Home Company
 - ✓ Drive activities at his own company & as well as his Group company.



- Regular training on TPS Basics, S/W training, PF, PAB, Kanban etc.
- Classroom training on Safety, Quality, Productivity & Cost



- I/H Genchi activity
- Jishuken Participation



- Home company & Regional supplier development

PROMOTIONAL ACTIVITIES SUPPLIER ENVIRONMENT

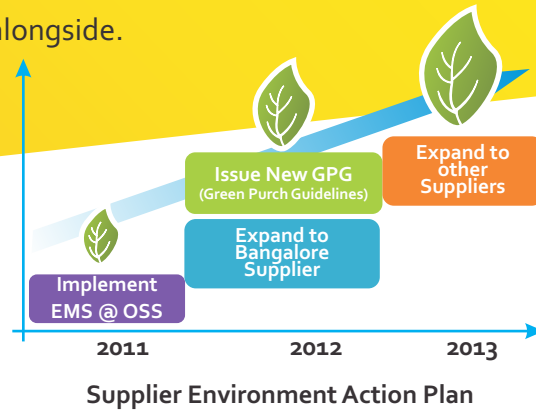
Environmental conservation is a concern for us not only from regulatory perspective but also from sustainability point of view. We gauge the environmental performance of our suppliers through a simple supplier environment action plan as shown alongside.



Waste Mgmt. Training



Envt. Day Celebrations & Awarding



OSS Environment sub-committee activities

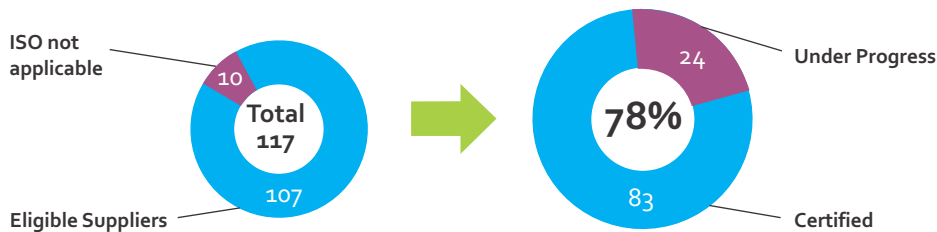
- Monthly review involving OSS & TKM Mgmt.
- Gemba Audits of OSS
- OJT to OSS PICs on TKM Best Practices
- Promotion of Environment Month Activities

Key Activities for promotion

- Legal Compliance Mgmt.
- ISO 14001 awareness
- Env. KPI Management
- Afforestation promotion
- Waste Management
- Env. Risk redn. activity

Status of Key Environment performance of Suppliers

Supplier ISO 14001 certification Status



Target: Achieve 100% ISO certification by FY 2012

* Eligible Suppliers refers to ones who are sufficiently old enough and stabilized over a period of time.

SERVICE PARTS SUPPLIER MEET-2011

Service parts supplier meet was held in the month of November 2011 in order to understand the current condition and to enhance the awareness of:

- Service parts operation and Role in Customer Satisfaction
- Supplier role to ensure accurate and timely delivery of parts
- Warehouse Gemba Explanation to Supplier Partners

GPG: Green Purchasing Guidelines
 OSS: On-Site Suppliers
 KPI: Key Performance Indicators
 PIC: Person In-Charge
 OJT: On-Job Training



SERVICE PARTS SUPPLIER MEET-2011 SUPPLIER DEVELOPMENT



Warehouse Gemba
Explanation to Supplier
Partners



Best Practice Sharing By
Supplier Partners



Representatives from
Supplier Partners

SERVICE PARTS EXPORTS TO SOUTH AFRICA

In line to meet the service parts and accessories requirement to South African customers, TKM Service Parts Division [SPD] started the export activity in the month of February-12. The kick off meeting was held and flag off ceremony was done by Managing Director Mr. Nakagawa. The objective of this activity is to:

- Meet the customer demands and to enhance the customer satisfaction
- To supply Right parts, Right Quantity, Right Time & Right Quality
- To achieve the target of "Zero Quality Error"



Flag off by
Managing Director

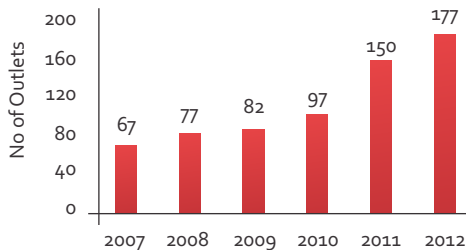


TKM-SPD team with
Top Management

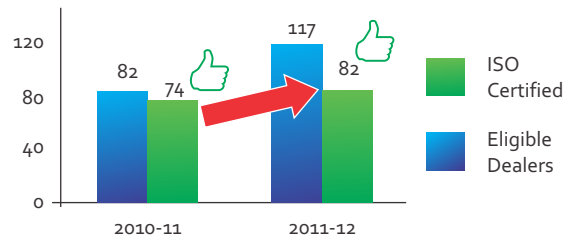


DEALER ENVIRONMENT

Our dealers play a crucial role in being the primary point of contact for our customers. Toyota Kirloskar Motor ensures that rigorous quality standards and sustainable work processes are adopted by dealers to reflect the values and beliefs of the company. A standard operating procedure is established at the eligible dealerships to visualize ISO:14001 certification status, surveillance audit and certification expiry date.



Dealer Network Expansion trend



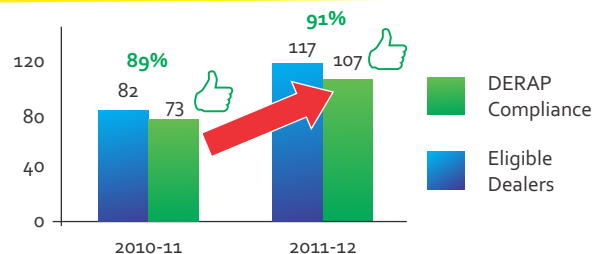
Dealers ISO 14001 Status

DEALER ENVIRONMENT RISK AUDIT PROGRAM [DERAP]

DERAP is designed by the Toyota Motor Corporation to ensure efficient environment risk management for the dealer workshops. It has five important aspects of environment management i.e.

- I. Presence of environment promotion staff
- II. Declaration of abidance to law
- III. Proper storage and treatment of hazardous waste
- IV. Proper treatment of waste water [drainage water]
- V. Proper recovery of AC gas

The Dealer Environment Risk Audit Program (DERAP) of Toyota Motor Corporation, continues to ensure efficient environment risk management for our dealers workshops.



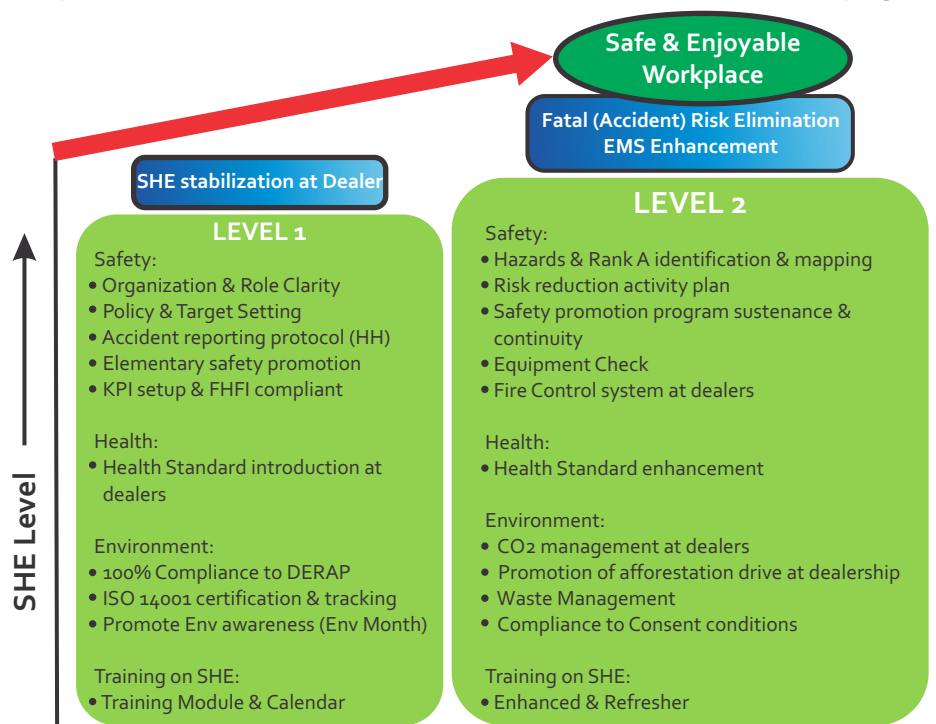
DERAP compliance status

Establishment of SHE Model Dealers in 4 regions of India

Disposal of hazardous waste is a big concern at the dealers' point, which also causes problems in the ISO 14001 certification of dealers. To promote and implement high Safety, Health and Environment standards (SHE) of Dealers, TKM initiated a program called 'SHE Model Dealer'

- Identify good dealers in each zone based on the Safety, Health & Environment performance
- Establish TKM SHE standards at these selected dealerships as per defined road map
- Develop four good dealers into Model Dealers by implementing the SHE standards
- With the help of Model Dealers YOKOTEN* to be done for rest of the dealers- Zone wise

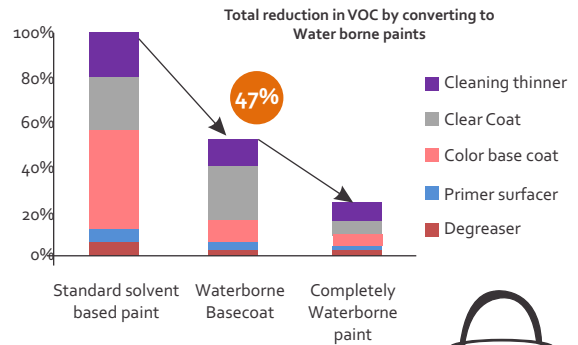
*Note: Yokoten is a Japanese word and it means sharing of best practices [the sharing of information may also be related to any accidents] or issues / things that need to be looked into similar places to share best practices [or prevent recurrence of accidents].



WATER BORNE PAINT OUR DEALERS

While there is no mandatory legislation of VOC [Volatile Organic Compounds] emissions, it has been a part of Toyota's global environment policy to reduce VOC emission from the painting process. With this end in view, TKM has introduced water borne paint technology at the new production facility and also introduced at all Toyota Dealerships.

TKM takes pride in being the first among automobile companies in introducing Water Borne paints at all dealers' body & paint shops. As per the new technology, up to 90% of the hazardous solvent is replaced by water and a ready for use base coat paint mixture. It would reduce overall reduction in VOCs level up to 47% in a BP shop.



Water Borne paints implemented at dealers



TEAM SYNERGY AND CUSTOMER CENTRICITY WORKSHOP [CCW]

Toyota believes in team work. A team building success is when your team can accomplish something much bigger and work more effectively than a group of the same individuals working on their own. You have a synergy of individual contributions. But there are two critical factors in building a high performance team.

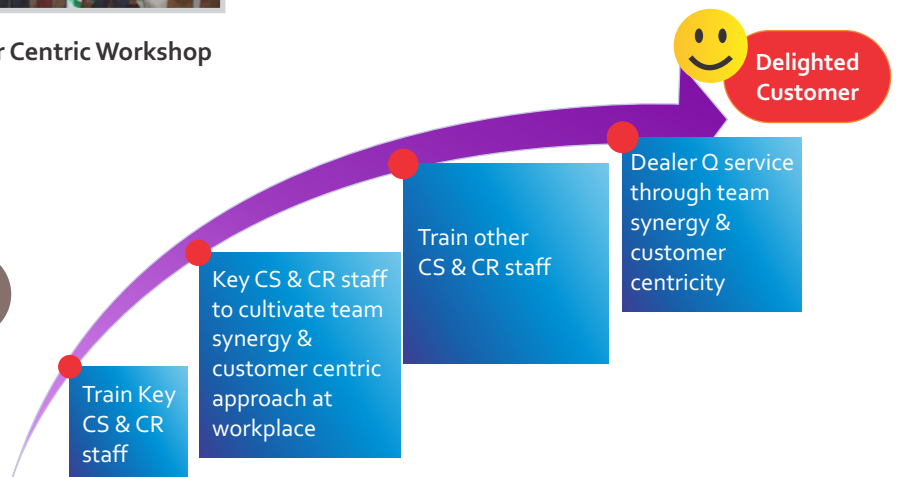
The first factor in the team effectiveness is the diversity of skills and personalities and the second one is team performing in the right direction to achieve the common goal.

The TKM Dealer Training Team imparted 'Team Synergy and Customer Centricity' Training Workshop to all the JD* located dealers with the aim to improve the coordination between different departments at the Dealers' Units to work as a single team and achieve our common goal of Customer Satisfaction.



*Note: Here "JD located dealers" refers to the dealers located at cities that come under the survey of the globally renowned JD Power awarding for Automobile Sector survey & rating system. [Please refer to the website <http://www.jdpower.com/> for more details on the rating & awarding system.]

Dealer staff during training on Customer Centric Workshop



IMPROVING CUSTOMER SERVICE EXPERIENCE OUR DEALERS

At TKM we believe that customer delight is of paramount importance and hence we encourage and provide lot of training support to the customer service personnel of our dealers. Some of the initiatives are:

Dealer Certification Examination

Each dealer personnel has to pass through the Process of Trainings and Certification Examination to become Certified Toyota Master Technician.



Technician attends
TKM Trainings



Technician writes
Certification Examination



Technician becomes Certified
TOYOTA Technician

Rewarding STAR-SA award [SA: Service Advisor]

Motivating the dealer's frontline staff by rewarding and recognizing them for their role in ensuring customer satisfaction.

CSR INITIATIVES @ TOYOTA DEALERSHIPS

Road Safety Campaign: To build awareness about road and traffic safety, TKM conducted a Road Safety Campaign through its dealer network across India.

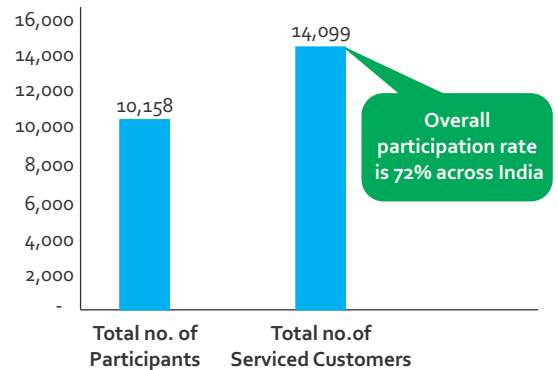


A Road Safety drawing competition has been organized for all employee families - DSM Toyota, Ahmednagar



In account of the National Road Safety Week, conducted EYE camp for drivers in co-ordination with the Eye Hospital - Annamalai Toyota, Trichi

National Road Safety Week-2012



World Environment day: TKM observed the world environment day on June 5th, 2011 by various Eco-CSR activities at their dealership networks.

Workplace Environment Kaizen competition

- I. Internal Dealer staff communication through KYT meeting on World Environment day
- II. Afforestation activities at your dealerships or outside [Recommended 100 saplings/dealer]
- III. Free Pollution Check Camps - check vehicles reporting during service for emission standards and give suitable advice for correction if the same does not comply with the norms. [You may also issue Certificates if you are authorized for the same by the State Transport Department]
- IV. Give away a sapling / plant with every new vehicle sold in the month of June
- V. Workplace Environment Kaizen



KYT Meeting: Briefing on World Environment Day Akshay Toyota



Afforestation activity at dealer facility Akshay Toyota



Handing over saplings to customers during new vehicle delivery



Free PUC check carried out at dealerships

CSR INITIATIVES @ TOYOTA DEALERSHIPS

OUR DEALERS

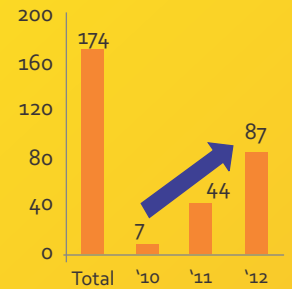
Small Group Activity: Toyota Kirloskar Motor believes in Kaizen activities and it has motivated its dealers also to undergo some Kaizen activities at their facilities. Kaizen Cultivation is key to Sustenance & Enhancement of implemented programs at dealerships. It enhances employee satisfaction, communication, build trusting relationship & strengthen working culture at dealership to give customer delight.



Training on SGA at dealership



SGA at work place
Leela Krishna Toyota, Hyderabad



SGA Status 2012 - 13

INCORPORATING THE TOYOTA CULTURE AT DEALERSHIPS

DEALER INITIATIVES

Chandra Toyota, Dealer Initiatives towards improvement of employee motivation

Toyota Dealers also follow the Toyota Way in order to retain the manpower at their dealership.



Award for best employee



Inter dealer competition & best practices sharing



Lanson Toyota, Chennai : Program on driving tips

Lanson Toyota – Chennai initiated a “Chauffeur Training” program across Chennai. The team conducted about 10 training programs across the city in various topics - Good driving practices for better fuel economy, Rainy Season Vehicle Care Maintenance, 'Why Periodic Maintenance is required', Safety features training.

VIVA Toyota Bangalore: Training on Safe Driving

VIVA Toyota Bangalore conducted training programs to the drivers of Cabs to improve the safe driving habits and ensure safety of the passengers.

Around 200 drivers benefitted from this program.



Award being handed over by Mr. K K Aziz, hon'ble member of Legislative Assembly to Mr. E K P Abdul Jabbar [MD, Amana Toyota]

Amana Toyota, Calicut: SAFETY AWARD

Toyota and its dealer partners have always been driven to maintain highest standards of safety at infrastructural or operational level. The adoption of this safety culture, over a period of time, starts reflecting in the service provided as well as soon get recognized by one and all. This was validated when “Amana Toyota”, Calicut, was bestowed with “SAFETY AWARD” by the department of Factories and Boilers for the year 2011 by the Government of Kerala. This award was presented to Managing Director Mr. E K P Abdul Jabbar in a grand function conducted at Kollam on 26th March 2012. This award is given for excellence in implementing safety norms at workplace by the Dealership.

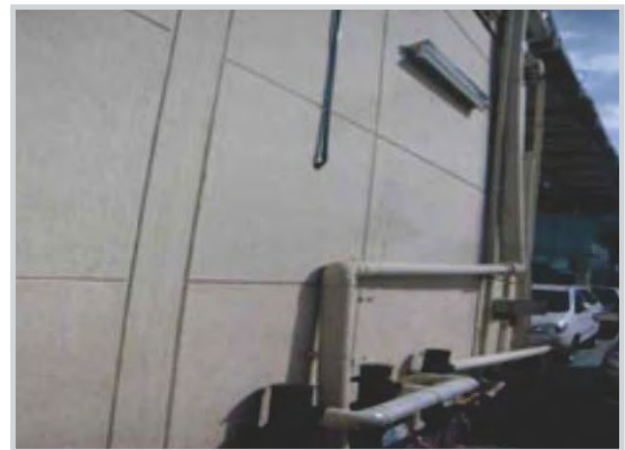
ENVIRONMENT INITIATIVES AT DEALERSHIPS DEALER INITIATIVES

NANDI TOYOTA, BANGALORE - RECYCLING OF WASTE WATER

Nandi Toyota installed a waste water treatment plant [WWTP] of capacity 25KL/day, which has now reduced the water consumption, as 25KL/day of water is reused in water wash area. Apart from ETP water recycling, Nandi Toyota Bangalore has implemented rain water harvesting in the dealership. The water from the roof and terrace of the building is routed through a filter and collected in a tank of capacity 25KL. This water is also used for the wash area and also for other applications. "Rain water harvesting & wastewater recycling system have been implemented at all Nandi Toyota dealerships"



Wastewater Treatment System at Nandi Toyota, Bangalore



Rainwater Harvesting System at Nandi Toyota, Bangalore

TOWARDS BUILDING SKILLED MANPOWER AT TOYOTA DEALERSHIPS: NATIONAL MANPOWER EXCELLENCE CENTER

Owing to the shortage of skilled manpower availability at the vehicle dealerships & service centers, TKM has initiated several activities to enhance automotive technical skills of Indian youth. One of such initiatives is the establishment of the

National Manpower Excellence Center at Bidadi, Bangalore. This center shall serve as the state-of-the-art training facility for the dealership manpower enabling them to deliver best of the Q-service at Toyota Dealerships across India.



Mr. H. Nakagawa and Mr. Vikram Kirloskar inaugurate the Toyota National Manpower Excellence Center at Bidadi on March 26th, 2012. Mr. Sandeep Singh, Mr. Tomonaga and Mr. Mahesh Salkar watch on.



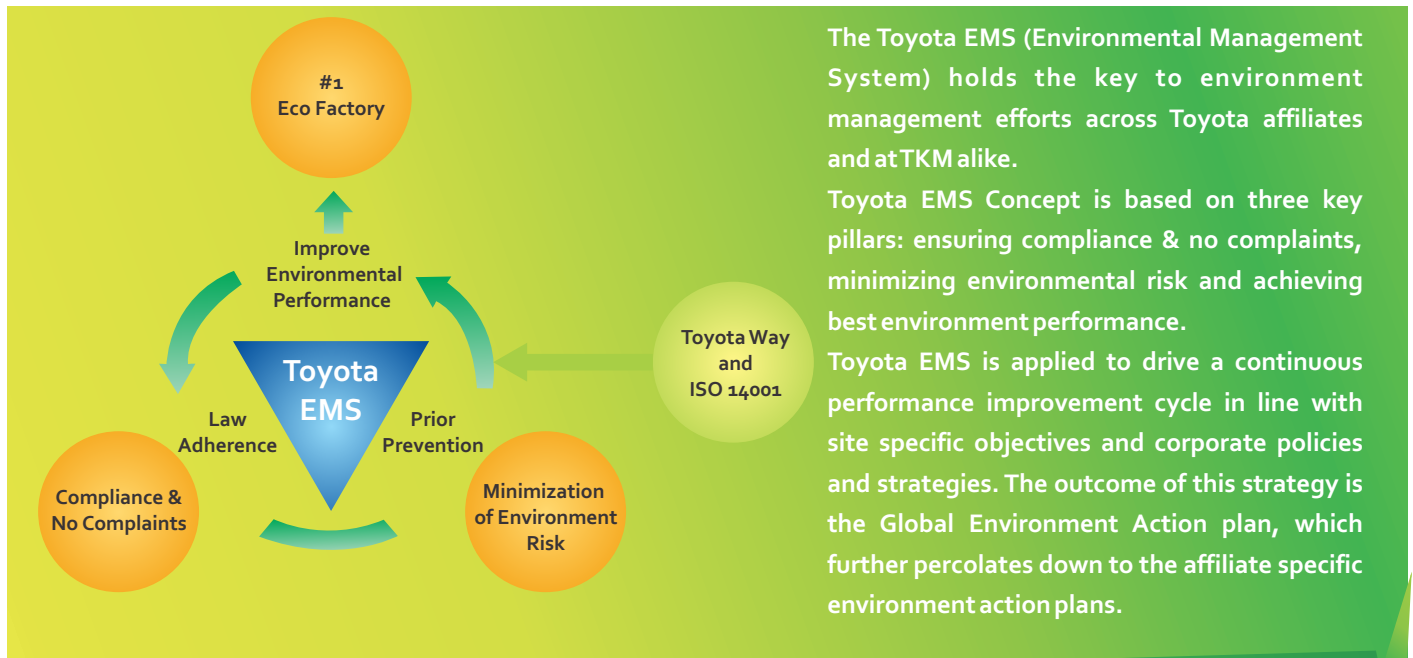
ENVIRONMENT & TOYOTA

Going green with **waku-doki**

Globally, Toyota envisions “establishing a low-carbon society,” “establishing a recycling-based society,” and “environmental protection and establishing a society in harmony with nature” to contribute to sustainable growth of society. To realize these aims, Toyota promotes activities to reduce the environmental impact at all stages of vehicle life cycle from development and design, procurement, production, logistics, sales, service and end-of-life of vehicles. Toyota applies appropriate environment management systems during each & every stage of vehicle life cycle. In alignment with Global Toyota, TKM too aims to contribute to the sustainable growth of society and the planet, based on the Toyota Way and Earth Charter.



TOYOTA EMS CONCEPT ENVIRONMENT & TOYOTA



The Toyota EMS (Environmental Management System) holds the key to environment management efforts across Toyota affiliates and atTKM alike.

Toyota EMS Concept is based on three key pillars: ensuring compliance & no complaints, minimizing environmental risk and achieving best environment performance.

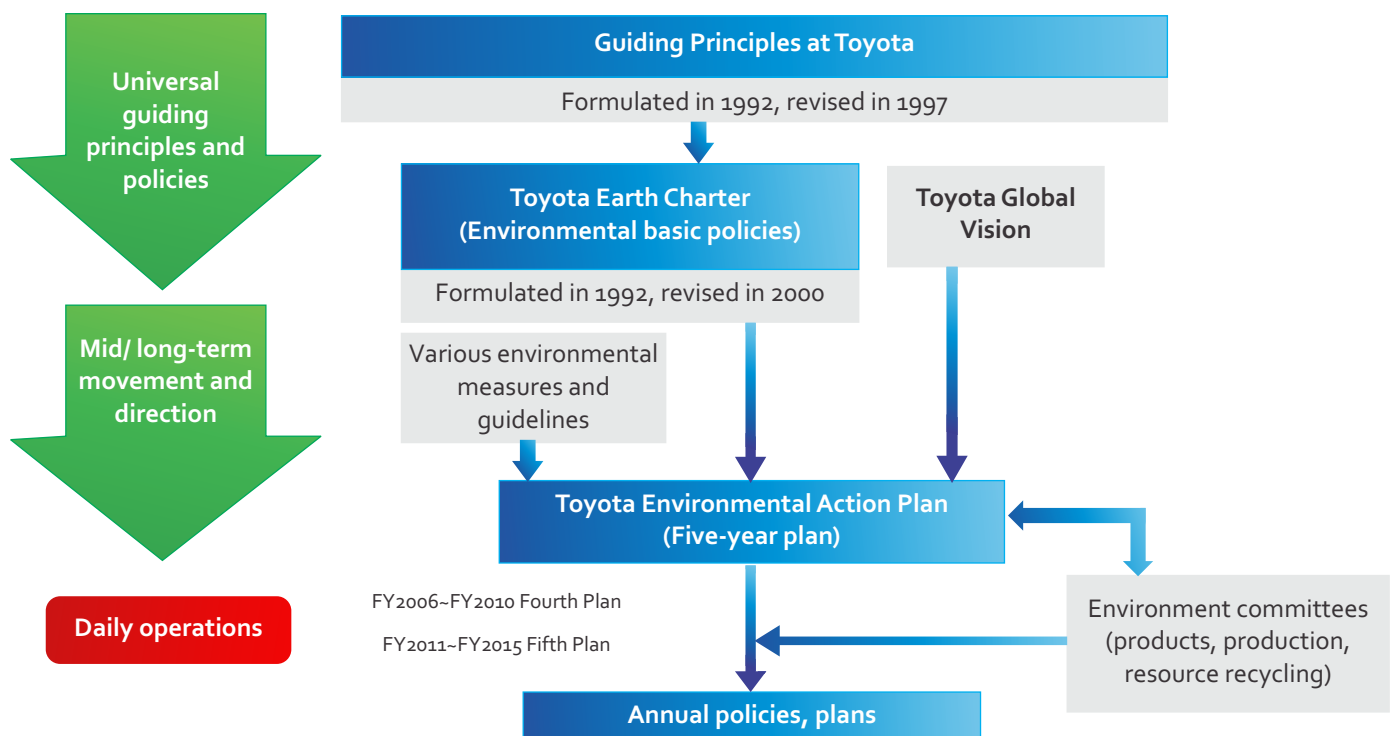
Toyota EMS is applied to drive a continuous performance improvement cycle in line with site specific objectives and corporate policies and strategies. The outcome of this strategy is the Global Environment Action plan, which further percolates down to the affiliate specific environment action plans.

TOYOTA GLOBAL ENVIRONMENT ACTION PLAN

The Toyota Earth Charter, the company’s action policy for the global environment, was formulated in 1992, and the Toyota Global Environmental Action Plan, which embodies the Toyota Earth Charter, facilitates all the global environmental initiatives. Beginning 2011, Toyota promotes its activities based on the Fifth Toyota Environmental Action Plan that shows the corporate vision and the direction of Toyota.

TKM’s environment performance is detailed out in the 5-year Environment Action Plan, through which annual environment plan is formulated, percolating to activities and programs that are implemented at the plant level.

Toyota Environmental Action Plan System



IMPLEMENTATION OF GLOBAL ENVIRONMENT ACTION PLAN





ENVIRONMENT & TOYOTA

The annual policies and plans formulated as a part of Toyota Global Environmental Action Plan trickle down into respective affiliate's annual action plans, in this case TKM. The affiliates, based on the prevalent local business & environment requirement will further prepare their annual Environment Management Plan, which further percolates down to the smallest functional group in the respective affiliate.



TKM ENVIRONMENT POLICY

As a good corporate citizen, we are committed towards the protection of the environment by minimizing impact on environment through pollution prevention, conservation of natural resources and continual improvement. To support this commitment, our policy is to:

-  Proactively 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 targets annually to ensure better environmental performance through proactive continual improvement activities.
-  Establish programs and conserve energy, natural resources, flora, fauna and build a green environment, within and surroundings as a part of our policy.

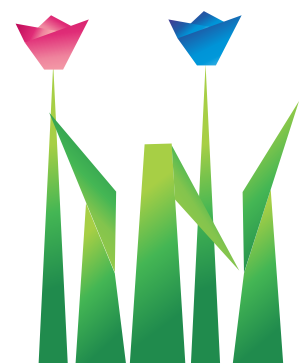
We recognize the importance of continual improvement in environment performance while creating economic growth and maintaining competitive advantage. We are committed to this philosophy and it is our hope that, you, our Team Members, suppliers, customers, dealers and neighborhood share our commitment in preserving a very valuable resource – OUR ENVIRONMENT.



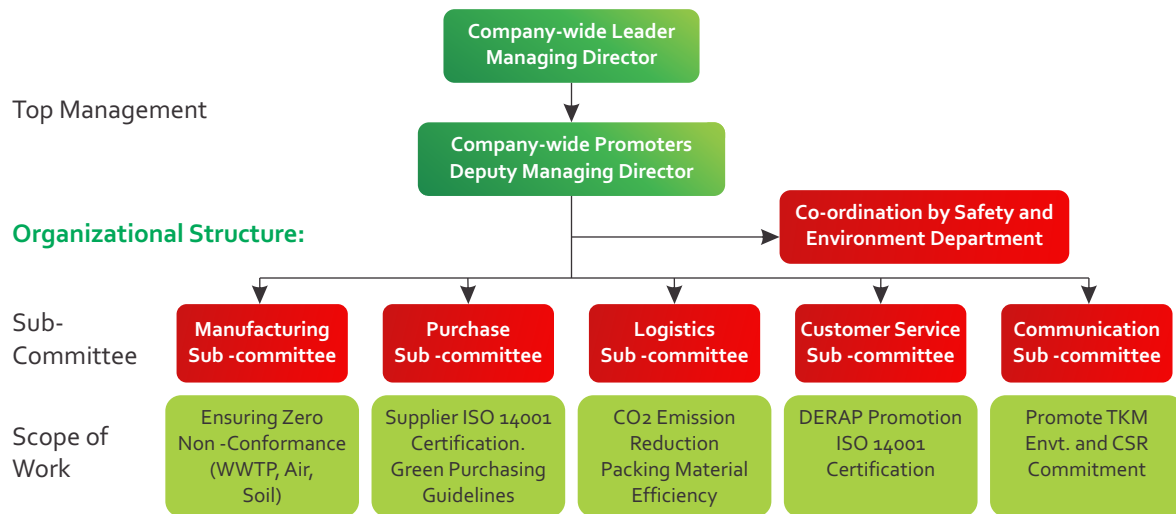
TKM ENVIRONMENT COMMITTEE

At TKM, all our goals and objectives towards achieving environmental sustainability is spearheaded from the front by our top management and steered by the Environment Committee. TKM's Environment Committee is led by the Managing Director, the Deputy Managing Directors and implemented by all the division heads.

The Environment Committee comprises representatives from all functions across the organization. A team of environment engineers centrally co-ordinates the progress of environment related activities through various environment sub-committees.



TKM ENVIRONMENT COMMITTEE ENVIRONMENT & TOYOTA



TKM Environment Organizational Structure:
Designed to cater support to entire community in terms of Environment protection

THE BIG CHALLENGE:

ESTABLISHMENT OF ENVIRONMENTAL MANAGEMENT SYSTEM AT THE NEW PLANT WITHIN A YEAR

In order to achieve the objectives of environment policy, the Environmental Management System (EMS) has been used effectively at TKM. EMS forms the backbone of our commitment towards reducing our ecological footprint and we have been re-certified for ISO 14001:2004. TKM's Plant 1 at Bidadi had obtained the ISO 14001:1996 certification within a year of commencing operations in India.

With the establishment of the new plant, the next big challenge was to establish the Environment Management System there in the shortest possible time span. With the concerted efforts of

Some of the key features of the system established are:

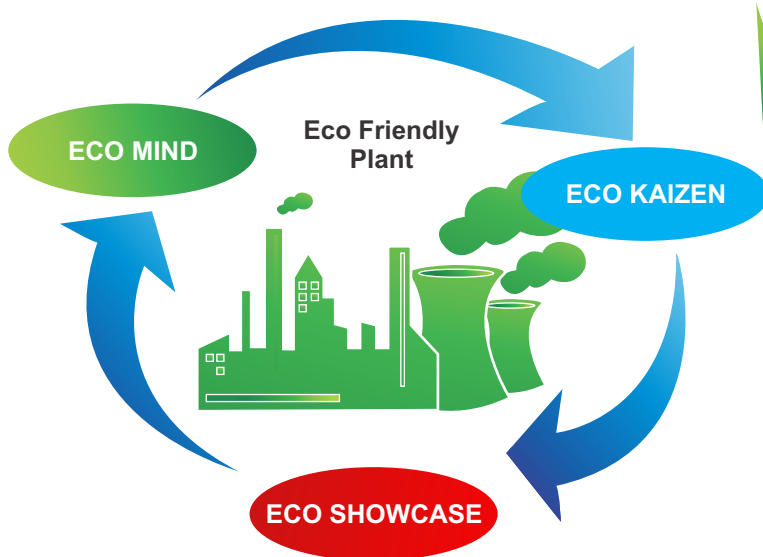
the 16 cross functional teams, the Environment Management system was established within six months of kick-off. The teams included the Plant Environment team & various shops, which meticulously put together the entire system in place.

The highest degree of abidance to EMS (ISO 14001:2004) by TKM at the new Plant 2 has been recognized by the External Auditing Agency, which has awarded TKM with Zero NC during the first year of Certification.

- 1 In depth aspect identification & evaluation customized to TKM specific processes.
- 2 Frequent review by top management & a strong team work involving 16 teams.
- 3 The whole process was taken up totally by the in-house team without any support from external agency except for the final external ISO 14001 certification which was done by the AJA Registrars, Thailand.

TKM APPROACH - SUSTAINABLE ECO-FRIENDLY PLANT ENVIRONMENT & TOYOTA

Toyota Kirloskar Motor is continuously moving towards sustainability in all its operations to reform itself into an eco factory in harmony with nature. TKM has devised and implemented a comprehensive approach towards sustainability right from the grass-root level, i.e. the employees. In this regard, a methodological approach of Eco-Mind, Eco-Kaizen and Eco-Showcase have been taken up to sensitize our employees and the community at large. We aim to promote sustainability in all our operations.



Eco-Mind is a culture that we believe must get imbibed into the minds of our team members so that they start thinking about the environment in their lives both inside and outside the company. Eco-Mind activities include all initiatives aimed at creating an environmentally conscious citizen. In other words, an employee with an Eco-Mind will always think and act in the best interests of the environment. The activities to promote eco-mind among the team members have been based on the concept of Learn-Perform-Drive.

Eco-Kaizen is a continuous improvement activity that can be executed at the work area. Eco-Kaizen includes all the improvement initiatives that are taken towards creating a sustainable plant and a low carbon society.

Eco-Showcase is an effort to promote TKM's eco spirit to the community and the neighborhood. The activities include social outreach activities involving our external stakeholders whether they are our suppliers, dealers or customers and the surrounding eco-system too.

The activities that have been initiated at TKM to promote Eco-Mind, Eco-Kaizen and Eco-Showcase during the reporting period towards promoting environmental sustainability have been elucidated in the following sections:

ECO MIND

We believe in developing Eco-Mind of the people towards creating them as corporate Eco-citizen. We follow the approach of Learn, Perform & Drive.



- 1 Learn:** The process of learning involves imparting knowledge on Environment and impacts on our day-to-day activities on environment. In this first phase of 'learn', the team member develops a critical eye for environment aspects both at his workplace and outside.
- 2 Perform:** The process of putting to use, the skills learnt in identifying & improving the conditions for the betterment of the environment is the second phase. Here the member identifies kaizen (Japanese term for improvement) based on the critical eye towards resource conservation, process optimization or waste minimization.
- 3 Drive:** In this phase, the team member is involved in the activities where he performs the activities as an exemplary role model to motivate & drive the eco-mind thinking way in others also. These activities may include the celebration of environment commemorative days or activities where the team member participates and motivates the team work towards environment.

ECO MIND



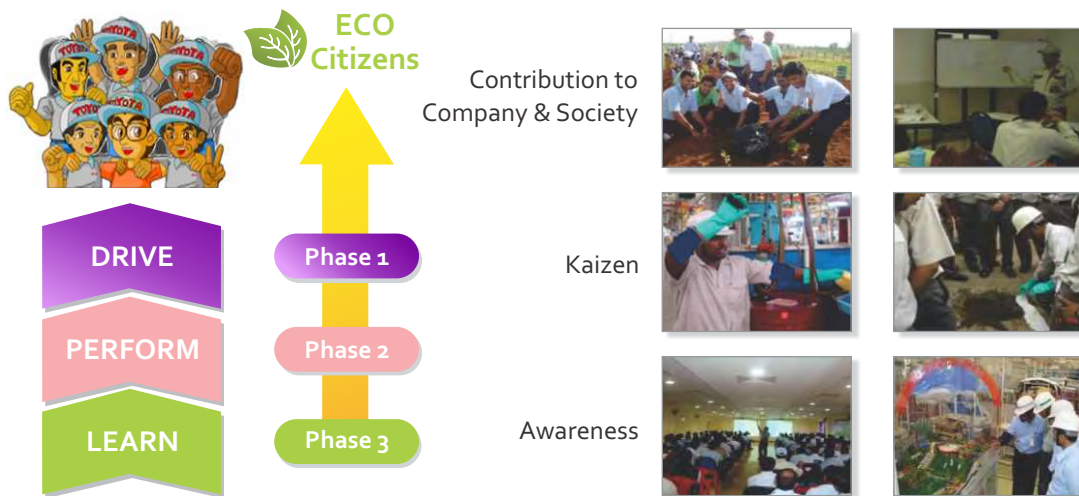
Critical situations of 2011:

During the reporting period, the business conditions that prevailed due to the Japan tsunami & Thai floods forced the manufacturing operations to go onto a few non-production days & shifts. Seizing the opportunity of adversity, TKM's top management promoted activities to promote eco-mind among team members rather than letting the time go wasted.

The following sections illustrate the eco-mind development process flow at TKM:

Objective:

Contribute towards Sustainable Society through building ECO-CONCIOUS MIND among TOYOTA MEMBERS



World Environment Day and Environment Month Celebration [June-2012]

Celebrating with members

World Environment Day was celebrated at TKM to enhance ECO-MIND of team members with the theme of "LET'S SAVE ENERGY AT WORK!".

Global Theme for WED 2011



TMC Theme for WED 2011

"LET'S SAVE ENERGY AT WORK!"



The activities during the entire month of June 2011, focused on involvement of key stakeholders in promotion of awareness, generation of momentum towards workplace energy conservation.

Section	Activities Planned	Target Group
Eco Mind	Awareness Campaign at TKM & Outside TKM	All TMs & their Family Members
Eco Kaizen	'Save Energy @ Workplace' - Kaizen Festival	
Eco Showcase	Voluntary CSR Activities	

ECO MIND



Emission check campaign



Environment conservation awareness



Environment Day Awareness Message from TKM Top Management

World Forest day on March 21, 2012 – Celebrations involving all the stakeholders

Marking the 3rd year Anniversary of TKM's Afforestation Activities and concurrent with the Global celebration, World Forest Day was celebrated at TKM on 21st of March 2012.

Creating a platform for people with an interest in forests and climate change, a commemorative Afforestation event was organized involving more than 1250 members who planted 15000 saplings inside TKM premises of more than 40 native tree species. These native fauna play vital roles in ecosystem such as water filtration, flood moderation, carbon storage, moderation of water-table level, local temperature moderation, erosion control, and development and enrichment of soil. Native plant communities are the major contributors for sustainable resource use.

The event was organized involving the Chairman & Member Secretary of KSPCB and representatives from Forest Department, Local Governing Bodies, Neighboring industries, Education Department, and school children from neighboring villages.

The celebrations marked one of the key milestones for TKM, in its journey towards creating an eco-friendly company in harmony with nature and society. The celebration turned into to a great success by the participation of 1250 people including team members, On-site suppliers, school children & local community leaders & members joined hands with TKM.



Mr. H. Nakagawa - Managing Director, Dr. Sadhashivaiah, Chairman – KSPCB Mr. Puttabudhi, Member Secretary – KSPCB and Dr. H.Ramesh, Chairman – SEAC were present as chief guests in the event.



Mr. Nakagawa H, Managing Director –TKML He was very much delighted to see local community members, school children, OSS members & our TMs on this occasion and requested all stakeholders to carry forward similar activities at their respective areas.



Dr. A S Sadashivaiah, Chairman - KSPCB

He was very much happy with the Eco-initiatives of TKM and appreciated TKM's efforts towards afforestation activity. He had requested TKM to ECO nurturing programs to local community and Govt. Schools. He requested TKML to promote afforestation at schools & local communities.



ECO MIND



TKM Top Management & Chairman-KSPCB involved in plantation activity



Gram panchayath members & school children participated in plantation event



ECO KAIZEN

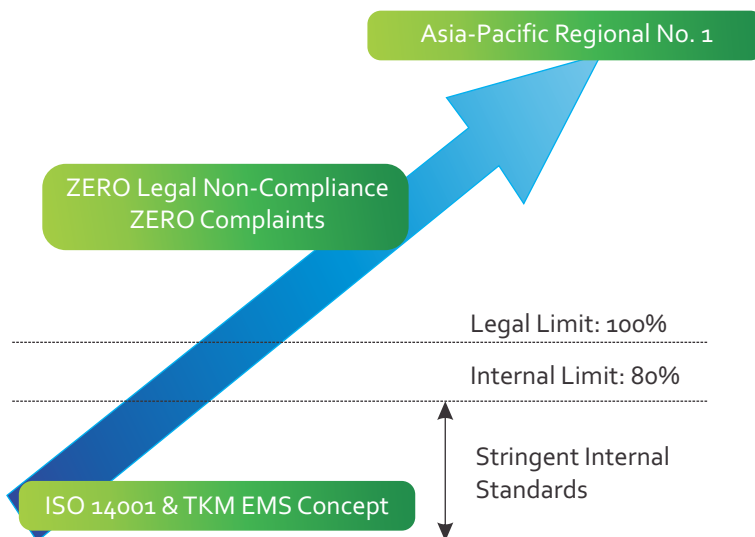
ENVIRONMENT LEGAL COMPLIANCE



TKM being a good corporate citizen, we believe in adherence to law is a top priority issue for us. The legal requirements form the foundation for the establishment of our environment management system.

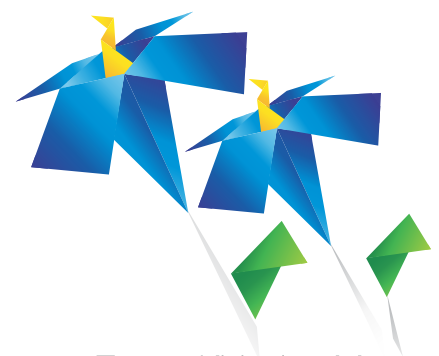
The driving force from Management Direction towards the legal compliance being; "Do not just comply with the legal requirements just for the sake of fulfilling them. But rather look beyond the requirement, towards achieving the intent of the law."

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 self-confirmations from respective teams.
- Periodic compliance audits involving top management.
- Updating top management on the compliance status during Environment Committee meetings as a part of EMS.
- These encompass monitoring of changes in manpower and processes that are likely to affect the components of environment.
- The scope of legal compliance promotion is not just restricted to the TKM manufacturing facility, but even to our suppliers [on-site & off-site], dealers, contractors, etc.

Proactive approach to excel beyond legal compliance



ECO KAIZEN

At TKM, the ambient air is monitored regularly as per the compliance and all the emissions are well within the permissible limits. With reference to wastewater, TKM plant at Bidadi has been a zero discharge facility. All the pollution levels are well within the limits set by Consent for Operation (CFO) issued by the regulatory authority [Karnataka State Pollution Control Board]. We strictly comply with the legal requirements governing the management of Hazardous wastes.

The CFO covers all aspects of the allowable discharge of effluents under the Water (Prevention and Control of Pollution) Act of 1974 and emissions under the Air (Prevention and Control of Pollution) Act of 1981. TKM also has no history of accidental spills or has had any action taken against it for noncompliance with environmental laws and regulations.

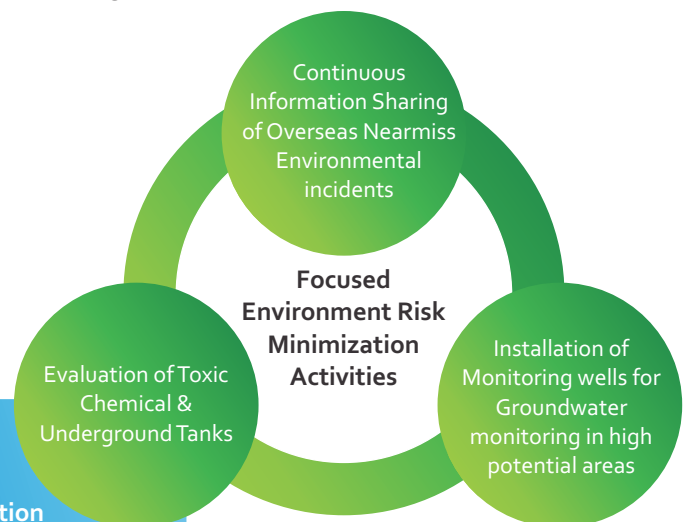
ENVIRONMENT RISK MINIMIZATION ACTIVITIES THROUGH PRIOR PREVENTION

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 and zero External complaints, many activities have been implemented. TKM analyzes all cases of environmental non-compliance, complaints and "nearmiss" 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. (Near-miss accidents: Potentially high-risk incidents that do not lead to actual accidents).

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



Environment risk minimization during new plant construction

- Environment risk mitigation measures during the construction phase – 1) Soil and underground water contamination prevention activities like epoxy floor coating for chemical handling areas, elimination of sub-surface chemical tanks, double hulled underground fuel tanks and 2) Establishment of monitoring wells for groundwater monitoring
- Ensuring legal requirements – e.g. stack design, air quality modeling to study air quality impact, etc



ECO KAIZEN

ENVIRONMENT PERFORMANCE MANAGEMENT

Toyota Kirloskar Motor Pvt. Ltd has promoted environment performance management with three major themes: Energy/global warming, recycling of resources and atmospheric quality.

TKM Five Year Environment Action Plan

Based on the Global 5 year Environment Action Plan, the activities and targets percolate down to national level and finally, environment management plan is established at plant level. These objectives and targets in association are then termed as TKM FiveYear Environment Action Plan.

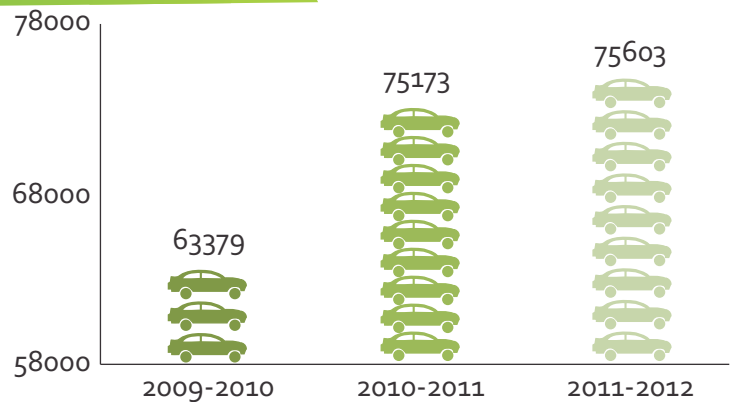
Action Item	Specific action items & goals	5yr action plan status – FY2011	
		Target	Actual
 Promote activities to reduce CO ₂ emissions through development/ introduction of innovative low CO ₂ -emitting production technologies, and daily improvement activities	Production:	78715	75610
	Energy Reduction:	4% Redn.	4% Redn.
	Reduction in electricity consumption. (Purchased+generated)(kwh/veh)	490 kwh/veh	489 kwh/veh
	Reduction in LPG consumption. (kgs/veh)	26.69 kgs/veh	25.07 kgs/veh
	Reduction in energy.(Total of Electricity + LPG in GJ/veh)	3.11 GJ/veh	3.07 GJ /veh
	Energy :		
	Reduction in emission of CO ₂ /unit 4% reduction based on 2010 values	4% 0.530 kg/veh	4.5% 0.503 kg/veh
Promote the effective use of resources to further contribute to the realization of a recycling based society	Production:		
	Increase yield ratio	72	72.06
	Hazardous waste reduction :	4%	4%
	Reduction in generation of hazardous waste (kgs/veh). 20% based on current year status (Chemical sludge+Phosphate sludge+Paint sludge)	7.08 kgs/veh	6.11 kgs/veh
	Non-hazardous waste reduction:	2%	2%
	Reduction in generation of non-hazardous waste (miscellaneous and solid waste) by 20% based on current year status	26.48 kgs/veh	26.48 kgs/veh
	Reduction of water consumption by 10% based on current year status (m ³ /veh)	2% 4.1 m ³ /veh	2% 4.9 m ³ /veh
Promote clean air for a cleaner & greener environment	Reduce VOC emission (gm/m ²)	40.83 gm/m ²	40.77 gm/m ²



ECO KAIZEN

PRODUCTION TRENDS

During the reporting period, the production pattern was affected by two major events – the East Japan Earthquake & Tsunami and the floods in Thailand. Whilst the East Japan Earthquake and Tsunami in March 2011, led to shortage of parts at TKM in the subsequent months of April & May, the floods in Thailand caused the shortage of parts from October to December 2011. During these periods, the limited availability of parts supply caused a few non-production days and no-production shifts.



The non-production hours were utilized for various constructive activities like human development activities & training, cost reduction, Kaizen promotion & implementation, and eco-CSR activities in the neighboring communities.

RESOURCE CONSUMPTION



Automotive industry being a carbon-intensive sector, resource availability and efficiency play a key role in impacting production as well as creating a low-carbon society. Globally, Toyota aims to establish a low-carbon and recycling-based society, and operating business in harmony with nature. As part of TKM's five-year plan, our objective is also aligned with TMC, aiming to utilize resources wisely and reduce waste from our operations.

Shortage of water and power pose significant risk to the production operations at TKM. Hence, to address these two issues; TKM has been actively promoting rain-water harvesting and re-use of waste water. Identifying areas & processes that may lead to wastage of water and optimizing them.

The power crisis in the state of Karnataka, affected many industries, with the State declaring staggered weekly off for every major industrial area including Bangalore and Bidadi. Due to the power crisis, TKM too was forced to follow the Staggered Weekly Off along with its suppliers.




Please note that the KPI data is only for Plant 1 for the year 2011-12, as the newly launched Plant 2 is in the stabilization, monitoring and standardization phase. Reporting of Plant 2 KPIs shall be taken up in the next reporting cycle.

ELECTRICITY CONSUMPTION

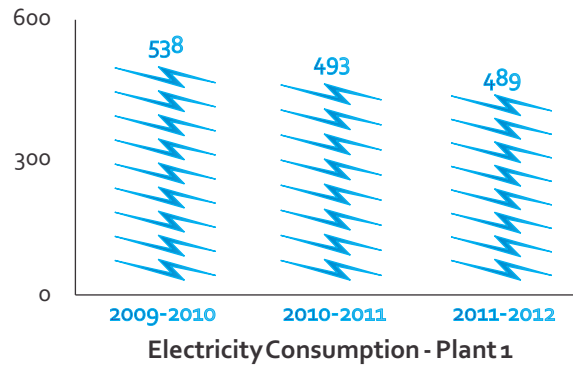


TKM is managing sustenance of its electricity consumption, by initiating Kaizen-theme based activities.

Adhering to the five year environmental action plan of TKM, there is an emphasis to promote activities that reduce electricity consumption as we continue using the dedicated supply lines from the Karnataka Power Transmission Corporation Limited as below:

-  Standardization of electrical equipment usage timings
-  Promotion & implementation of Energy Kaizens under Environment Month Activities
-  Promotion & implementation of quarterly Environment Kaizen competition for team members

ECO KAIZEN



WATER CONSUMPTION



Our manufacturing units get their supply of water from Karnataka Industrial Area Development Board (KIADB), catered by River Kaveri. TKM does not depend on any other source for its water demand.

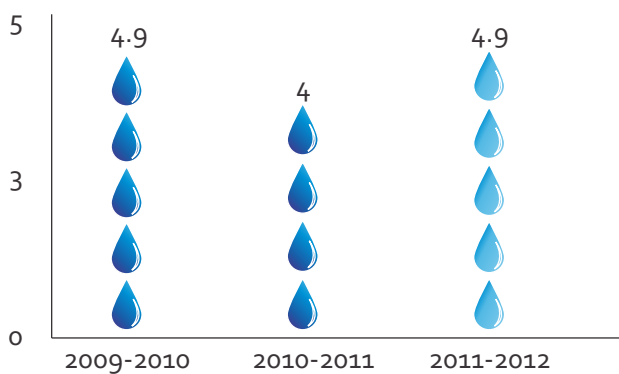
During this reporting period, there was an increase in the specific water consumption for production by 22.5%. The increase is essentially due to the increase in production. The amount of water required to maintain the quality has

increased. This fixed load requirements have increased in light of the higher production requirement whilst maintaining the same infrastructure. Although the water consumption at paint shop has increased, the installation & utilization of RO system has compensated for the increase, thus maintaining the status quo at the overall plant level.

Considerable efforts were made towards monitoring and standardizing variable and fixed load consumption.

We are proactively promoting re-use and optimal use of water and some of the measures undertaken are:

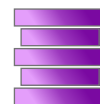
- Strengthening water management through KPI review involving management
- Pursuing Kaizen-led ideas



Kaizen and water management at TKM

- Enhancing Team Members kaizen skill through establishment of Energy & resources doujou [kaizen idea demonstration centre]
- Kaizen ideas for reduction of water through water audit utilizing external specialist & affiliate benchmarking to gather best practices in water reduction.
- Continuing elimination of unnecessary water usage through Kaizen and by implementing best process technology such as membrane bioreactor (MBR) and reverse osmosis (RO) treatments that allow the recycling of wastewater.

STEEL CONSUMPTION / STEEL YIELD



Steel is an essential raw material for the passenger car automobile industry as it constitutes up to 23 percent of the weight of the final finished product. Steel consumption has an impact on both the business operations and environment. As it involves large CO₂ emissions throughout its life cycle, right from mining to its scrapping & re-utilization.

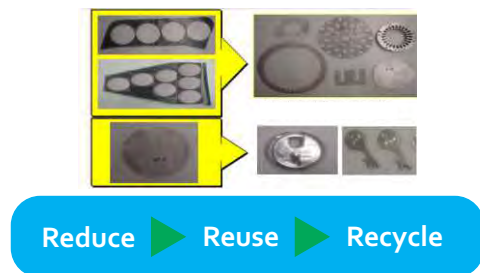
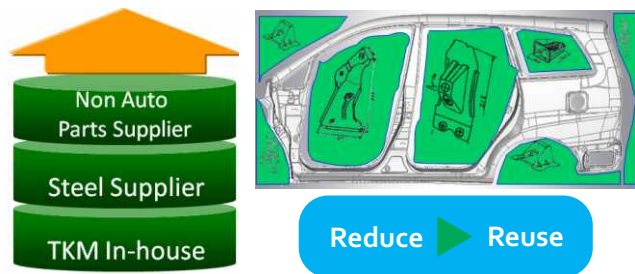
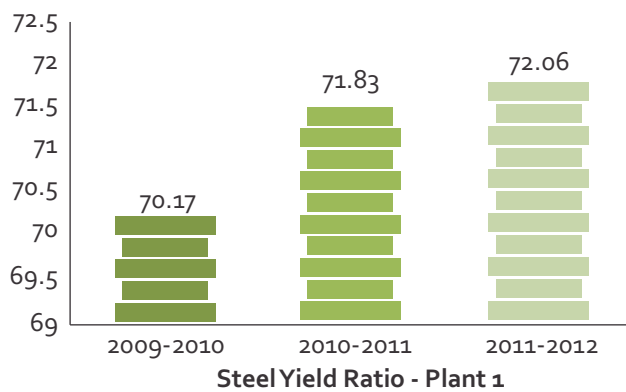


STEEL CONSUMPTION / STEEL YIELD ECO KAIZEN

As a responsible automobile manufacturer, TKM believes that optimum utilization of resources at its manufacturing process goes a long way in the life cycle of the steel that is used. TKM utilizes steel effectively, rather than letting it get wasted / scrapped, contributing towards cutting down on associated CO₂ emissions during its production / manufacturing. Use of steel in the manufacturing process strengthens the car's body to be the epitome of safety, stability, durability and consistency. TKM's objective in reducing steel wastage is to reduce the carbon footprint from steel manufacturing.

Reducing steel wastage

We continued the Kaizen idea for Steel Yield Improvement activities – the three-tier level consisting of continuous improvement at various levels including the press shop, the steel supplier and non-auto parts suppliers and manufacturers. The process involved the joint teamwork of all the related stakeholders towards identification & utilization of steel for non automotive parts manufacturing. During the reporting period, the Kaizen ideas have been sustained to give better results with a marginal increase in steel yield ratio.

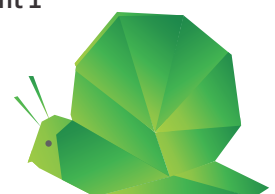
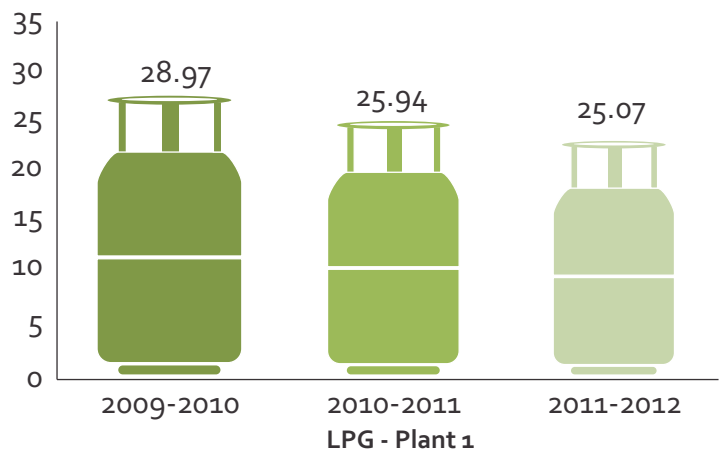


REDUCTION OF LPG



Liquefied Petroleum Gas (LPG) is the prominent primary energy source for heating in ovens and boilers at TKM. However with some path-breaking innovations and improvement initiatives, we have been able to sustain a decreasing per unit consumption trend.

Our improvement initiatives include standardization of oven start-up and shut down and processes ensuring effective reduction of energy use. With the building of Plant 2 as an Eco-factory, LPG consumption has drastically reduced in Plant 2 due to the replacement of boilers by Hot Water Generators.



WASTE MINIMIZATION ECO KAIZEN

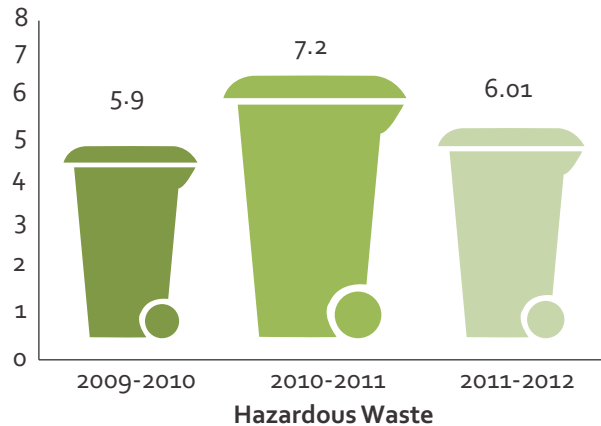


Minimizing Effluents, Emissions and Waste

The automobile industry influences atmospheric pollution in two ways: through the business operations including factories and plants and through mobility, i.e., the very product manufactured – automobile. With the goal of creating a low-carbon society and manufacturing at a minimal environmental impact, both Toyota and TKM recognize the importance of minimizing effluents, emissions and waste. It is a key target focus area of environmental action plan of both TKM and Toyota.

Aligning our goals with the Toyota Earth Charter, TKM aims to achieve zero hazardous waste to landfill.

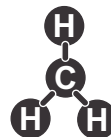
We have been sending hazardous wastes to co-process at the cement plant to realize the philosophy of "zero hazardous waste to landfill". Other initiatives towards hazardous waste reduction include the establishment of a solar drying facility to reduce excess moisture content in hazardous wastes.



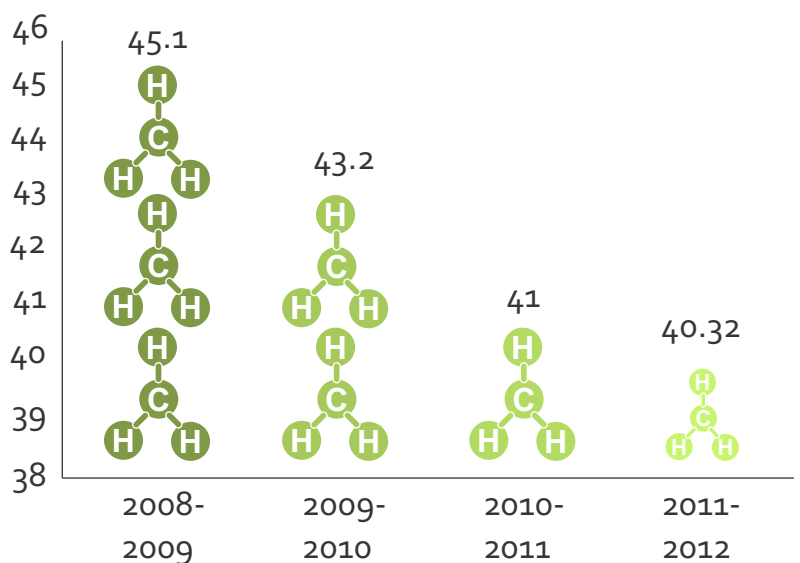
There has been an increase in the non-hazardous waste quantity resulting from the introduction of a new production facility and a new model. With the introduction of the Etios, the packing material waste contributed to the increase in non-hazardous waste. However, we would like to draw the reader's attention to the fact that the waste under this category is subjected to complete material recovery and/or recycling.

We strictly comply with the legal requirements restricting trans-boundary movement of hazardous wastes. TKM also has no history of accidental spills or has had any action taken against it for noncompliance with environmental laws and regulations.

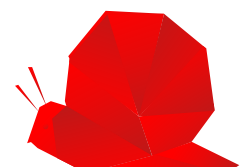
EMISSION REDUCTION: VOLATILE ORGANIC COMPOUNDS



Thinner based paint used on automobiles contains VOCs (Volatile Organic Compounds), which are known to cause odour and health hazards as well formation of photochemical smog. Hence it is imperative to reduce the use of VOC and its emissions. While there is no mandatory legislation for mitigation of VOC emissions, it has been a part of Toyota's global environment policy to reduce VOC emission from the painting process. With this end in view, we have introduced waterborne paint technology at the new production facility, Plant II. Further, the use of regenerative thermal oxidizers (RTO) ensures destruction of VOCs emitted from painting operations.



VOC - Plant 1



SOLAR SLUDGE DRYING FACILITY ECO KAIZEN



Reducing waste generation and carbon emission: the Waku Doki Way

Toyota has been promoting initiatives at production sites all over the world aiming to achieve zero wastes to landfills.

TKM in alignment with Toyota's goal is continuously striving to promote various initiatives which help reduce land filling of hazardous waste. One of the Kaizen ideas is reduction of waste sludge - unwanted excess moisture content in waste sludge increases the volume of waste and results in higher environment impact. It induces higher CO₂ generation from logistics and co-processing, resulting in higher disposal costs. TKM implemented source moisture reduction kaizen and established the Solar Sludge Drying Facility.

The sludge drying facility operates on the mechanism of Greenhouse concept, where heat radiation will heat up the air inside the building. This causes the inside temperature to rise more than the ambient temperature and helps in speedy drying of sludge. The sludge generated from wastewater treatment

plant is moved in trucks, spread on the leach proof concrete floor and let to dry for 5-6 days. After this period, there is about 35-40% reduction in the moisture content.

Though rains and cold weather have impact on the drying efficiency, the unique design of the drying facility helps retain the heat inside the structure even when there is fluctuating weather. This drying process works solely on solar energy and no additional energy is used. This has helped to reduce greenhouse gas emissions and excess moisture by an estimated 40%. The dried sludge is then disposed through co-processing at cement kilns. The sludge drying yard is first of its kind of experiment as known to us and that proved to be successful above expectations [both among Toyota affiliates and other industries in the region]. Expected design reductions were 20-25% but the actual results showed much better results [>40%].



Dewatering of sludge using solar energy



Sludge yard based on solar Greenhouse effect

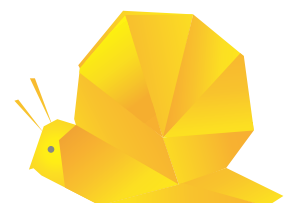


Up to 40% reduction in hazardous waste content

ECO SHOWCASE



During the reporting period, there were some non-production days at TKM (as explained earlier in the section), due to the East Japan Earthquake and Tsunami and the floods in Thailand. However, these non-production days were utilized effectively by involving employees in Eco-CSR activities through Eco-mind, Eco-kaizen & Eco-showcase promotion activities.



ECO SHOWCASE



Clean & Green Campaign

In May 2011, TKM organised Clean and Green drive in 8 villages of Byramangala and Ittamadu Gram Panchayath. Nearly 600 TKM members participated in this initiative planting 750 saplings in schools, colleges, hospitals and other government office premises. Environment Friendly bags were distributed to every house in the villages to motivate them to say no to plastic. TKM top management and local villagers actively participated and motivated TKM members. The collected plastic waste was disposed as per environmental policy.

Clean & Green initiatives have been carried out at 13 neighboring villages which come under Byramangala, Manchanayakanahalli & Ittamadu gram panchayaths. Local community members & their leaders, Women Self Help Groups & young volunteers from TKM participated in these activities.



Top Management driving the activity



Tms in clean up & plantation drive

Team Member's volunteer promotion of Eco-initiatives @ Local community as part of Environment Month celebration.

Activities like greening of community lands & schools at neighboring villages, environment awareness training to school children, clean-up drive, and awareness campaigns on waste segregation, eradication of destructive weed – Parthenium, no-plastic & distribution of reusable bags.

Eco-CSR Activities – Training to School Children & Society



WELD – Plant 2 : SUGGANAHALLI Village Waste Mgmt & Plantation



Plant Engg. Div. : KENGERI & NANDI HILLS : Plastic Awareness



Assembly – Plant 2 : Aware Rampura & Gollara Koppalu Village

Team members Voluntary Eco CSR initiatives



Assembly Shop Team Eco-CSR at Siddaganga Mutt, Tumkur District - Interaction with Dr. Sree Sree Sree Shivakumara Swamiji



Assembly Shop Team Eco-CSR at Siddaganga Mutt, Tumkur District - Interaction with students at the study centre



Plant administration Team at Avverahalli, Ramanagar District



Press Shop Team Eco-CSR at Honganur village, Ramanagar District

ECO SHOWCASE

Conference on Environment Management & Afforestation at Industries

TKM in collaboration with TKAP (Toyota Kirloskar Auto Parts) organized a conference during July-2011 involving Bangalore Region Industries in coordination with Karnataka State Pollution Control Board (KSPCB). More than 120 Environment officers participated from 40 industries located in and around Bangalore.



Inauguration by KSPCB Chairman & TKM Top Management



Sharing of TKM Best Practices



Participation by delegates from more than 40 industries

Hosting of the CII-Southern Region Conference

Conference held in September 2011 – presenting the best eco-friendly practices of TKM and sharing afforestation activities to 50 delegates from 20 industries. More than 120 Environment officers participated from 40 industries located in and around Bangalore.



Afforestation Genba



Learning Best Practices @ WWTP

Industry-Educational Institute interactions - Internships and student project programs

•As part of Environment Month celebration, TKM has been organizing environment awareness building competitions for school children of Ramanagar dist. With an objective of creating clear awareness on basic principles & concerns about ecology interdependence among school children. More than 580 children participated in the competitions from Ramanagar dist. Details of the competitions held during July 2011:

- Drawing competitions for lower primary schools
- Painting competition for higher primary schools
- Science projects exhibition for high schools
- Debate competition for pre-university students
- And also provided an opportunity to visit TKM, during the visit conducted class room session on environment awareness, plant tour and planting activity.



ECO SHOWCASE

Eco-Mind Promotion at Schools

Environment initiatives conducted for school children to promote TKM's ECO SPIRIT among the Young Minds of Local Community

FY - 2011



Drawing & Science Project Competition



Saplings & Eco Friendly bags distribution to all participants



Debate Competition

FY - 2012



Painting Competition



Environment Quiz



Essay Competition



Environment Skit

VISION to BUILD & SUSTAIN the awareness on the IMPORTANCE OF ENVIRONMENT

Toyota Asia Pacific Conference at TKM

TKM has been one of the front runners in terms of environment & safety performance among the Toyota affiliates in the Asia Pacific region. TKM hosted Asia Pacific Conference on Safety, Environment and Facility from 13th to 15th February 2012. Highlights of the Conference:

- 19 Toyota affiliates from 9 countries participated
- Attendees witnessed best practices in Safety, Environment and Facility
- Jointly organized by TKM, TKAP & TMAP-EM
- Appreciated by all delegates



ECO-FACTORY INITIATIVES ECO SHOWCASE



Toyota Kirloskar Motor is continuously moving towards sustainability in all its operations to reform itself into an eco factory in harmony with nature. In line with Toyota's global vision towards sustainability, our aim is to make the process and products eco-friendly.

This second plant of TKM was built under the concepts of compactness, flexibility and harmony, and represents a fusion of wisdom and revolutionary manufacturing technology. Efficiency and concern for the environment are known to result in a reduction of 30% in energy use.

The plant was designed to employ new environmental technologies, new systems and processes with the aim of creating a technology transfer point for emerging economies.

Key features of the Eco-factory



- Incorporating eco-friendly and environmental initiatives at the design stage itself.
- Advanced technologies for minimized energy and raw material consumption e.g. Servo press in press shop, global body line in weld shop, water-based paints, continuous 3 wet painting process and RTO in paint shop, water recycling in wastewater treatment, sludge drying yard, returnable packing for all local parts, daylight roofing, and battery operated forklifts/tow motors.
- In its first year of operation, TKM's second plant was operated with the design capacity of 1,00,000 vehicles per annum.

PRESS SHOP

A car gets its skeletal parts from a press shop, where steel sheets are pressed into various sized panels forming the shell body of the car. TKM has adopted innovative technology and processes at Plant 2, thus increasing the productivity whilst reducing the environmental impact.

- TKM, adopted the latest eco-friendly Servo Press in its Press Shop in Plant 2, lowering the carbon footprint of the Press Shop by consuming 40% less electricity.
- The Servo press helps in creating a calmer work environment as it is significantly 15% more silent than other conventional press machines.
- As compared to a conventional Tandem Press, installation of Servo Press has made the Press Shop 40% more productive.



WELD SHOP

A car gets its shape and structure at a weld shop, the second process in the car manufacturing, where hundreds of pressed parts are welded into a shell body.

Due to the nature of its manufacturing processes, Weld Shops are labor and energy intensive, requiring huge amounts of energy. TKM's new weld shop is equipped with the state of the art, global body line. This global body line is capable of welding 8 different car models in a single line, thus cutting down significantly, the space & energy requirements.



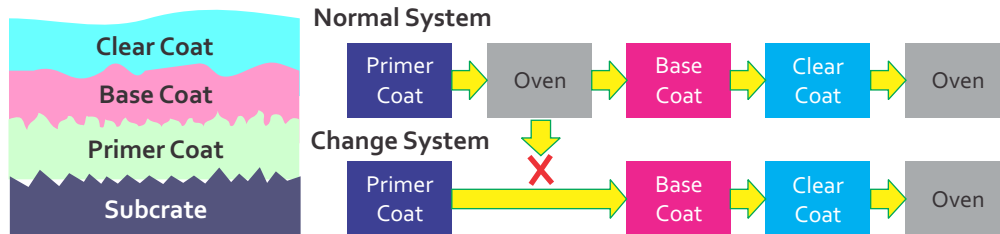
PAINT SHOP

A car isn't a car desired to be driven, without its beautiful colors and design. At the paint shop, the car is not just painted in beautiful colours, but the steel body is also rendered weather-proof. TKM strives to bring about newer processes in the paint shop that reduces the environmental impact of paint.



ECO-FACTORY INITIATIVES ECO SHOWCASE

The 3-wet process: In the new Paint Shop at Plant 2, three processes - primer, base coat and clear coat - are painted continuously. Unlike conventional processes which involves an oven at the end of each step, the 3-wet process saves up to 65% on the energy requirements.



Water based painting: The automotive painting involves organic based thinner solvents commonly known to contain harmful Volatile Organic Compounds [VOC]. TKM aims to reduce and eliminate the harmful VOC emissions and endeavors to promote newer non-VOC processes. As a beginning, at the new Plant 2, we have introduced water-borne painting in the Paint Shop, cutting down our VOC emissions by more than 50%.

With the successful introduction of the water based painting technology in the manufacturing facility, we are now aiming to implement the same at our servicing facilities of dealerships across the country.

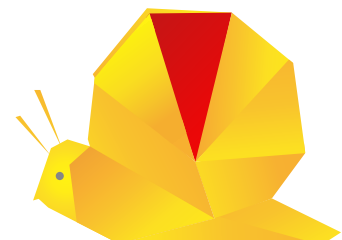


Regenerative Thermal Oxidizer (RTO): TKM has implemented the RTO systems for all its Paint Shop exhaust systems, a major technological achievement. Regenerative thermal oxidizers (RTOs) destroy almost all the VOC compounds that may be emitted from the painting lines & ovens, making the new Paint Shop of TKM, an eco-friendly painting facility.

ASSEMBLY SHOP

When designing and building the plant, the concept was to make the facilities as compact and efficient as possible while maintaining production flexibility. Some key highlights of the design behind the eco-factory are:

- Environmental harmony especially energy and CO₂ reduction went hand-in-hand with efficiency.
- Effective redesigning of the body painting and assembly processes – making the assembly lines shorter and the plant more compact.
- Innovative assembly lines: In the new assembly process, no vehicles are suspended from the ceiling by hangers, and certain components such as engines and chassis are installed from the side, thus reducing building and installation costs. Compared to conventional assembly lines, the distance between units was shortened, assembly of front and rear portions is done at the same time and the overall assembly line is 35% shorter.



ECO-FACTORY INITIATIVES ECO SHOWCASE

PLANT UTILITIES: WATER RECYCLING

Our new plant's water and wastewater handling systems, takes utmost care in conserving the precious natural resource - water. The state-of-the-art Wastewater Treatment Plant (WWTP) is equipped with MBR, i.e. Membrane Bio-Reactor and RO: Reverse Osmosis for enhancing the re-usability of the water. Thus, we have been able to recycle 40% of the treated wastewater back to the process, at the same time reducing our freshwater intake by 40%.



RETURNABLE PACKING MATERIAL

To safely transport the parts and components from our suppliers to the factory, a lot of packing material is utilized to pack the key parts and components required for assembly of the car. These packing materials range from a simple plastic bag to a carton box, which after the car is fitted becomes a waste material. TKM has adopted returnable packing system for 100% of its parts, procured in India, thus reducing tons of packaging materials. In this system, once the part is fitted to the vehicle, the packaging material is returned to the supplier for further re-use in the future.

<p>BEFORE KAIZEN</p> <p>Use of Disposable Packaging</p>			
<p>AFTER KAIZEN</p> <p>Use of Returnable Packaging</p>			

Target: 100% Returnable Packing Material

BATTERY OPERATED FORKLIFTS AND TOW MOTORS

Battery operated forklifts and tow motors for CO2 emission reduction - at the new Plant 2 of TKM, we have adopted the used of battery operated forklifts and tow motors, by which the CO2 emissions are reduced encouraging a cleaner environment and fuel conservation.



TKM AFFORESTATION

Toyota Kirloskar Motor has focused on achieving harmony between its manufacturing activities and the environment, 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 Karnataka.



A journey towards
GREEN TKM

Toyota Kirloskar Motor

ACTIVITIES TKM AFFORESTATION

Afforestation activity initiated as part of Sustainable Plant initiatives in the year 2009 with the objective to spark the eco-awareness among team members and all the stakeholders. Our aim is to address the challenges that our forests are facing today and promote a sustainable society through afforestation programs.

The afforestation initiative is based on the 'Dr. Miyawaki Method' to restore and reconstruct forests based on the concept of 'Potential Natural Vegetation' which helps in creating the "perfect forest" by planting with native species so as to create biodiversity and aid food chain and ecology



Dr. Miyawaki is an emeritus professor from Yokohama National University and also a director of Japanese Center for International Studies in Ecology.

June 21st 2009, was a unique milestone for TKM, in its journey towards creating an environment friendly company. 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 for this noble cause. By the combined efforts of the participants, within a short span of two hours, 32,500 saplings were planted.



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.



A bird's eye view of the huge gathering on the Afforestation Day



Top management along with Dr. Miyawaki



Team members along with their family, local community members & school children involved in afforestation activity



MEMORIES OF AFFORESTATION DURING FY 2010 & 2011

Continuing our efforts to create an environment friendly company, voluntary afforestation activities were conducted within the company premises and the concept was extended to the local community. About 1200 team members enthusiastically participated in voluntary afforestation programmes between April 2010 – March 2012. 11200 saplings were planted at Regional Manpower Excellence Center (RPMEC) – Pune involving volunteer

team members, government officials and school children.

During the year 2011 TKM stepped ahead by spreading its innovative methodology to local community and other neighbouring industries. Around 67000 saplings were planted inside TKM and also in the local community through various employee volunteer initiatives and through the celebration of environment commemorative days.



AFFORESTATION DURING 2011 TKM AFFORESTATION



Afforestation by volunteer team members



Afforestation by Top Management & KSPCB officials



Afforestation @ Local Community



Afforestation by school children



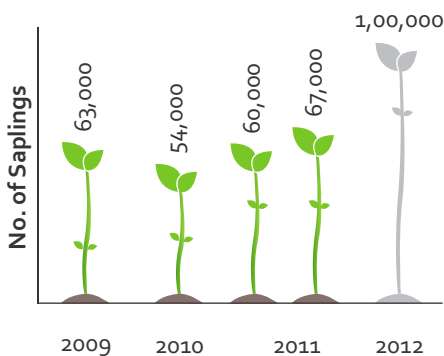
Afforestation involving KSPCB and other industry representatives



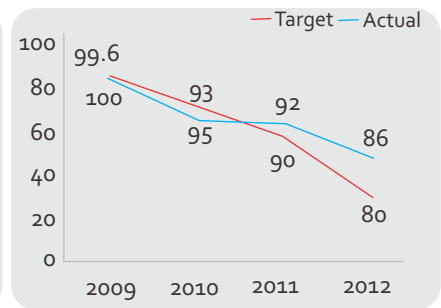
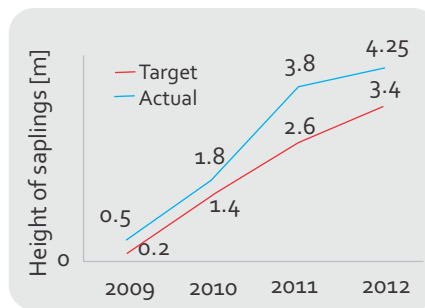
SUMMARY

Till date we have planted around 181400 saplings under afforestation programme and plan to plant another 1 lakh saplings during the FY 2012.

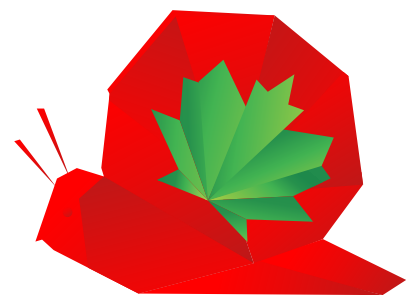
We are also planning to promote the afforestation concept at Toyota's suppliers, dealers and the local community.



Status of Stage 1 Afforestation



PLANTATION STATUS AT SPECIFIC PHOTO-POINTS



ECONOMIC PERFORMANCE

Making Toyota go **waku-doki**

Toyota Kirloskar Motor and all the related stakeholders including the Toyota Suppliers & Dealers network make a significant contribution to the regional economies and communities, in which they operate, including direct and indirect employment, supporting local suppliers and community organizations, capital investment and payment of taxes.



THE YEAR GONE BY ECONOMIC PERFORMANCE

The last financial year was challenging for Toyota due to floods in Thailand and the earthquake in Japan, impacting supply conditions across Toyota global operations and India alike. In addition, the global economic crisis, ever rising inflation and the depreciation of currency continues to exert pressure on business. However, through the combined efforts of our business functions, we have improved TKM's economic flexibility by encouraging efficiency-improvement in our operations and strengthening risk management in the supply chain.

Other highlights include: On a regional basis, we have made significant cost reduction efforts over the past years and we continued our efforts in 2011. We are now starting to reap the benefits of our improved cost structure. To mitigate the effects of catastrophes such as the Thailand flooding on our global supply chain in the future, we are focusing on using more standard parts and increasing regional parts sourcing.

Key Economic Challenges faced by TKM

- 1 Japan tsunami
- 2 Thai floods
- 3 FOREX conditions [rupee depreciation against dollars: leading to higher cost incurred on imports of production parts from countries like Japan, Thailand, Vietnam, etc. who trade in terms of US \$
- 4 Inflation & Loan RoI increase affecting the consumer's capacity to buy
- 5 Strong competition in the market with entry of many brands/models in small car segment, MPV & SUV segments



Toyota Kirloskar Motor's outstanding revenue performance and highest level of tax compliance in Bangalore Central excise zone for the year 2010-11 has earned it the Award: SANMAN PATRA on the occasion of Central Excise Day celebrated on 24th February 2012, hosted by Central Excise department, Ministry of Finance, Government of India.

The cumulative sustainable efforts taken during the course of reporting year have resulted in a positive economic performance. The reporting period saw a rise in turnover by over 47.86%.

TKM has been granted tax deferment for 18 years by the state exchequer.

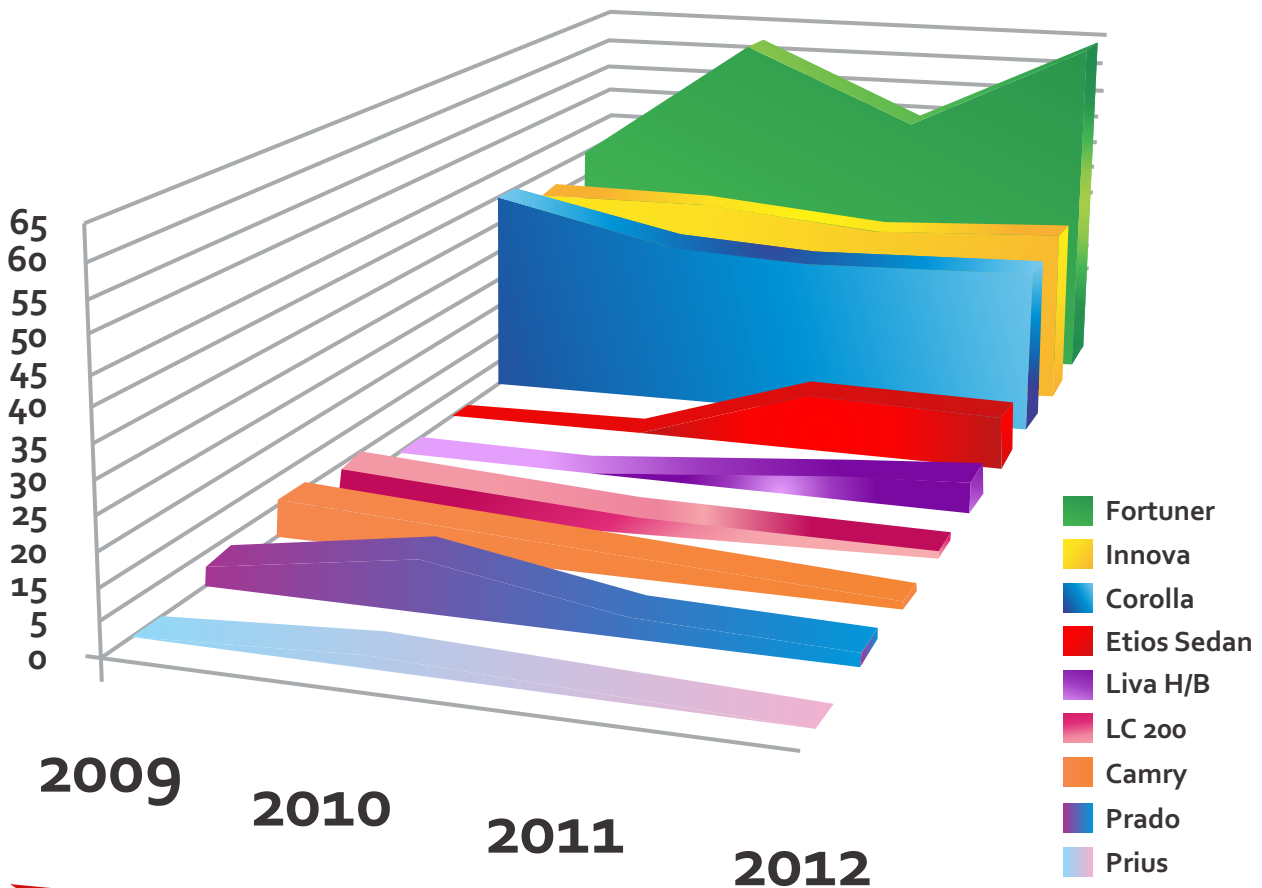


KEY FINANCIAL DATA

		2010-2011	2011-2012
Total Revenue	Rs. Crore	7838	11589
Profit after Tax	Rs. Crore	222	(-) 27
Total Assets	Rs. Crore	3637	4527
Shareholder's Equity	Rs. Crore	700	700
Basic/ Diluted Earnings Per Share	Rs. Crore	3.17	(-) 0.38

THE YEAR GONE BY ECONOMIC PERFORMANCE

Sales Volume & Market Share Data 



Sales Volumes & Share of Turnover 

Product / Services	Production			Share of Turnover (%)		
	2009 - 2010	2010 - 2011	2011 - 2012	2009 - 2010	2010 - 2011	2011 - 2012
Manufactured Vehicles	63269	83814	159986	84%	84%	88%
Traded Vehicles	504	681	263	3%	3%	1%



Etios Export to South Africa

The year 2011-12 saw a major milestone for Automobile exports for TKM. TKM has now transformed from a domestic company to a global player. TKM started the exports of Etios to South Africa and parts to Brazil and Indonesia. Two functions were held to celebrate TKM's union with TSAM [Toyota South Africa Motors]. The export business is known to boost the local & national economy at large. TKM shall continue to enhance the exports to more regions in future, thereby creating & strengthening the customer base and economic sustainability.

Etios goes to South Africa



Mr. Anand Pather (VP-TSAM) is given a traditional welcome at Bidadi.



Mr. S.R. Deepak, Mr. K. Jothiramalingam (Principal Secretary, C&I), Mr. S.V. Ranganath (Chief Secretary), Mr. Vikram Kirloskar, Mr. H. Nakagawa and Mr. Anand Pather (VP-TSAM) at the Etios Export Ceremony.



Mr. Tomonaga and TKM representatives officially handing over the keys to Mr. Anand Pather and the TSAM team.



Shipping quality confirmation team.



Mr. R. Ashok and Mr. Murugesh R. Nirani at the official lamp lighting ceremony.



TKM and members from Govt of Karnataka officially opening the ceremony.



Rows of Etios waiting for shipment.



View of Etios under shipment.

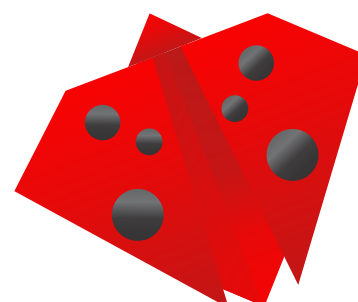


GLOSSARY

TERM

DEFINITION

QCC	Quality Circle Competitions
CFO	Consent for Operation
CSR	Corporate Social Responsibility
DERAP	Dealer Environment Risk Audit Program
EMS	Environmental Management System
Genchi Genbutsu	A Japanese phrase meaning "go and see for yourself", which is a central pillar of the Toyota Way
GPG	Green Purchasing Guidelines
Hiyari hatto	Safety suggestion scheme
Hoshin Kanri	Mechanism to control the activities throughout the organization
IMRB	Indian Market Research Bureau
Kaizen	A Japanese word that means "continuous improvement" and "change for the better"
KIADB	Karnataka Industrial Area Development Board
Kiken Yochi	Danger Prediction
KPI	Key Performance Indicator
KSPCB	Karnataka State Pollution Control Board
LPG	Liquefied Petroleum Gas
OJT	On-Job Training
OSS	On-Site suppliers
PIC	Person In-Charge
RTO	Regenerative Thermal Oxidizers
Safety Dojo	Stimulated Training
SGA	Small Group Activity
SIAM	Society of Indian Automobile Manufacturers
SPD	Service Parts Division
TKAP	Toyota Kirloskar Auto Parts
TTEP	Toyota Technical Education Programme
TTTI	Toyota Technical Training Institute
VOC	Volatile Organic Compounds
YOKOTEN	A Japanese word that means "Across everywhere"





For further information and feedback on this Report please contact:

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