



# Think Green. Manufacture Lean.

It was once said, "The only countries (and companies) that are going to do well in the future are those that win the green race." Well, time to celebrate as we at TKM are well ahead of the race as the pioneers of Lean, Green Manufacturing.

Whether we are aware of it or not, we are truly a blessed generation to be living during the times of the New Industrial Revolution that is challenged to rethink everything owing to Sustainability.

Green manufacturing is not only eco-friendly but helps increase production whilst reducing all seven forms of waste which shall be discussed in coming sections. The centuries of mass production led to economies of scale that reduced costs as long as the company was making a single model with no options. Today, customers demand a customized product, whether it's a new car or a burger at the local restaurant. Along came Lean manufacturing also known as Toyota Manufacturing System to open the doors of an efficient future.

Thus the 2013 Sustainability report encapsulates the concept of Lean is Green to reintroduce to the world The Toyota Way!

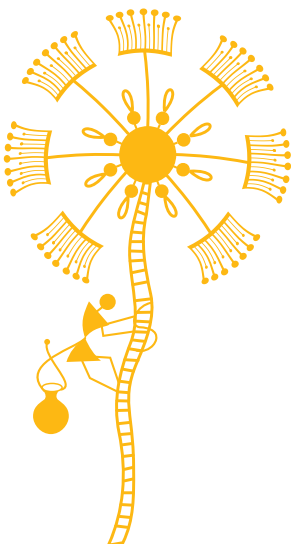
## Note on the Cover Page:

Warli painting is a folk art tradition of painting which existed in India since times immemorial. These paintings are an exemplar of multiplicity which resides in Indian paintings. Warli paintings of India bring information to us regarding life and communication which existed in the days of old. As Sustainability Report is one of the sources of communicating and making our stakeholders aware of our activities, we have chosen the theme as Indian Folk Art. This is our effort to imbibe the Indian culture into the report with an intension to extend our business roots into the rural segments of India.



# TABLE OF CONTENTS

Message from MD	04
Message from the Editorial Desk	05
About the Report	06
Toyota Corporate Sustainability Philosophy	06
Company Profile	10
Awards & Accolades	22
Our Environment	23
Our Customers	42
Our People	50
Our Community	62
Our Partners	70
Economic Performance	88
Glossary	91
GRI Index	92



# MESSAGE FROM MANAGING DIRECTOR



It gives me an immense pleasure in bringing out Toyota India's Sustainability Report 2013. The report gives an explicit insight to our performance in the areas of Economic, Environment and Social.

I take this opportunity to express my heartfelt gratitude to our committed employees, flexible suppliers, dynamic dealer partners, Government authorities and the local community who have always shown their deep loyalty and support towards Toyota India.

As part of Global Toyota, we endeavor to give the best to our customer in terms of Quality products to bring smile and Waku Doki experience (sense of excitement). We strive to minimize the environment impact from our process and products by living in harmony with nature.

Despite the unfavorable economic condition and slow down in Indian Auto market, we at Toyota India

have taken this opportunity to refine our processes of making it lean which is a way towards green.

The concept "Lean is Green" elucidates Toyota India's way of thinking which is "optimized manufacturing process with maximum output". With this ideology, we have laid out a plan to achieve resource optimization and cost reduction without compromising on Safety, Quality and Durability that continue to enhance our customer satisfaction.

We at Toyota India strive to foster a strong relationship with our stakeholders to build a basis for sustainable and responsible company while achieving our goals of creating Economic, Environment and Social values from our business activities.

Through this report we have tried to consolidate our efforts towards Sustainability. Best practices are showcased in the areas of strong Corporate Governance, Eco friendly processes, Greenbelt initiatives, Human development, CSR, Supplier and Dealer development programmes for betterment of community.

As team Toyota India, we will work together and get through this hard time and stand firm to achieve sustainable growth.

**"Let's make Lean is Green a way  
towards Sustainable world"**

**Hiroshi Nakagawa**  
MD & CEO



## MESSAGE FROM EDITOR'S DESK

It is a pride moment for me to present the Annual Sustainability Report first time as Editor.

Sustainability is the capacity to endure. The word Ecology describes how biological systems remain diverse and productive over time. Long – lived and healthy wetlands and forests are examples of sustainable biological systems. For humans, sustainability is the potential for long term maintenance of well being, which has ecological, economic, political and cultural dimensions. Sustainability requires the reconciliation of societal equity, environmental and economic demands-also referred to as three pillars of sustainability.

At TKM, we have been doing flurry of activities at all fronts to reduce the negative impact on environment as well as society. By engaging all the stakeholders passionately, we have been continuously improving our products and processes to have a harmonious relationship between cycle of industry and cycle of nature. Our activities at TKM are not confined to only production area but expanded to non production areas like canteen, commutation and office areas. Only by continuously expanding our areas and activities through innovation and creativity, we can have a sustainable development.

This year we reconstituted the Environment Management Committee by bringing all the 5 sub-committees under one umbrella with two Environment Directors to drive the activities in a structured way at all fronts. During the Environment Month in June 2013, we adopted the theme 'Eco through Eco', Economy through Environment activities, keeping in mind the year of Kikikan. This helped us in reducing the carbon footprint of the company along with huge cost reduction.

Main objective of bringing out this report is to showcase TKM's practices in various spheres of activities among all our stakeholders. This report has been prepared in line with Global Reporting Initiative (GRI) guidelines. A dedicated team has worked tirelessly to engage with the stakeholders, collect the content, review, refine and finally to bring out high quality and accurate information. I would like to thank all the members of this team and all the others who contributed to this mammoth task.

Hope this report will enrich your knowledge about TKM's initiatives towards sustainability. Also make us feel proud of our actions towards becoming the



most respected and admired company in India and among Global Toyota.

As continuous improvement is our DNA, we expect your feedback about this report at [sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in).

**“We understand our Responsibility  
to Respond to the Nature...!”**

*V. Ramesh.*

**V Ramesh**  
Environment Director &  
Senior Vice President, Manufacturing

# ABOUT THE REPORT

Toyota Kirloskar Motor Private Limited is proud to present the fourth Sustainability Report for the FY 2012-13 to all its stakeholders. This report represents the performances of TKM operations in India - Plant 1 and Plant 2 located in Bidadi Industrial Area, Bangalore. The Plant 2 has been included in the report scope for the first time.

The report has been prepared in accordance with Global Reporting Initiative (GRI) 3.1 framework. This report covers the economic, environmental, social performances and the sustainability strategic dimensions. The report is taking through the initiatives, activities and tasks implemented during the reporting period.

We welcome your valuable feedback and suggestions on this report [sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in)

## TOYOTA CORPORATE SUSTAINABILITY PHILOSOPHY

### YOUR SATISFACTION OUR COMMITMENTS

#### VISION, MISSION AND VALUES

##### 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

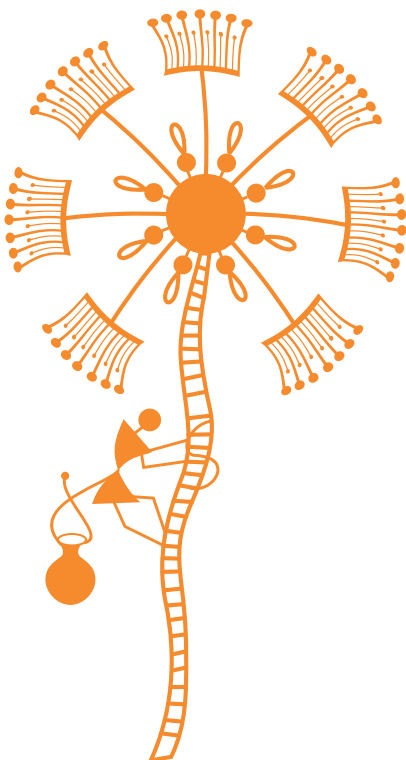
**Honesty:** I will be honest to my profession in spirit, word and action.

**Humility:** I am proud about myself and I will treat everyone with the same respect that I expect.

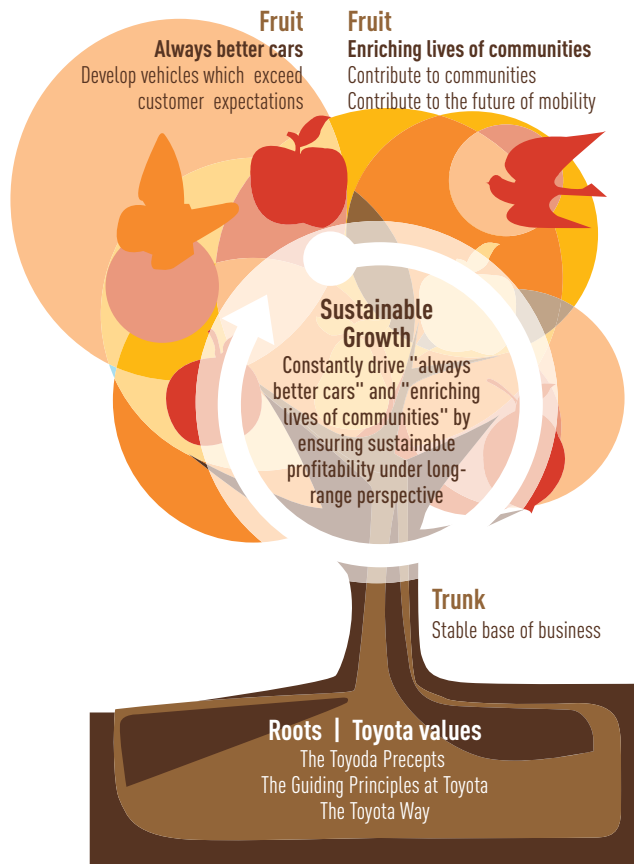
**Harmony:** I will work with team spirit and will not live at the cost of others.

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

**Accountability:** I will take ownership for all my actions.



# 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 Toyoda 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.

Though 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'** → **Stable base of business.**

# TOYOTA GUIDING PRINCIPLE

- 1 Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world
- 2 Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the community
- 3 Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities
- 4 Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide
- 5 Foster a corporate culture that enhances individual creativity and teamwork, while honouring mutual trust and respect between labour and management
- 6 Pursue growth in harmony with the global community through innovative management
- 7 Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping ourselves open to new partnerships

## 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.

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 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.

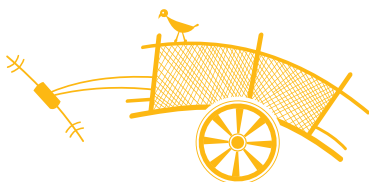
- Develop and provide products with top-level environmental performance
- Pursue production activities that do not generate waste
- Implement through preventive measure
- Promote businesses that contribute toward environmental improvement
- Business partners are partners in creating a better environment: 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.

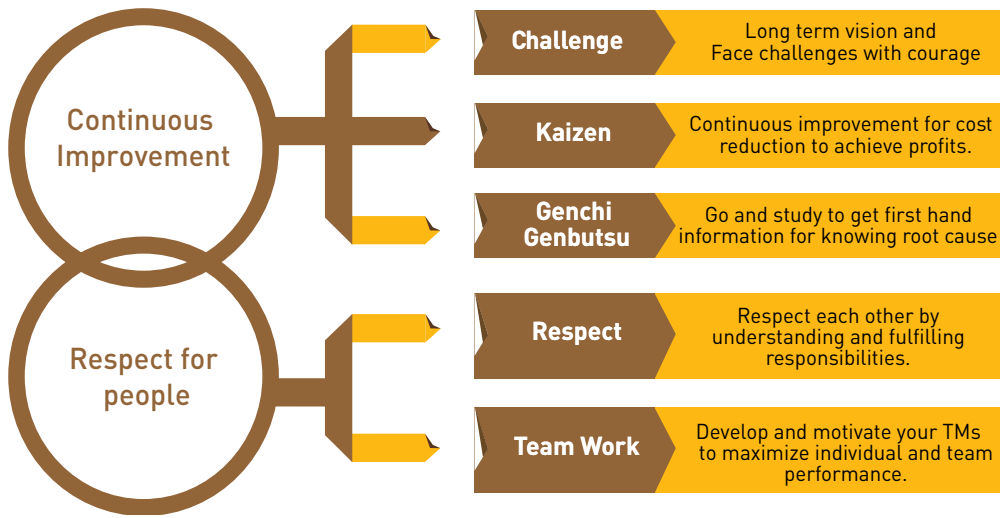
## ORGANISATION IN-CHARGE

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





## TOYOTA WAY



The Toyota Way is an ideal, standard and a guiding beacon for the people of the global Toyota organization. It expresses the beliefs and values shared by all of us.

The Toyota Way is based on the Guiding Principles at Toyota, which defines the mission of Toyota as a corporation and the values the company delivers to customers, shareholders, associates,

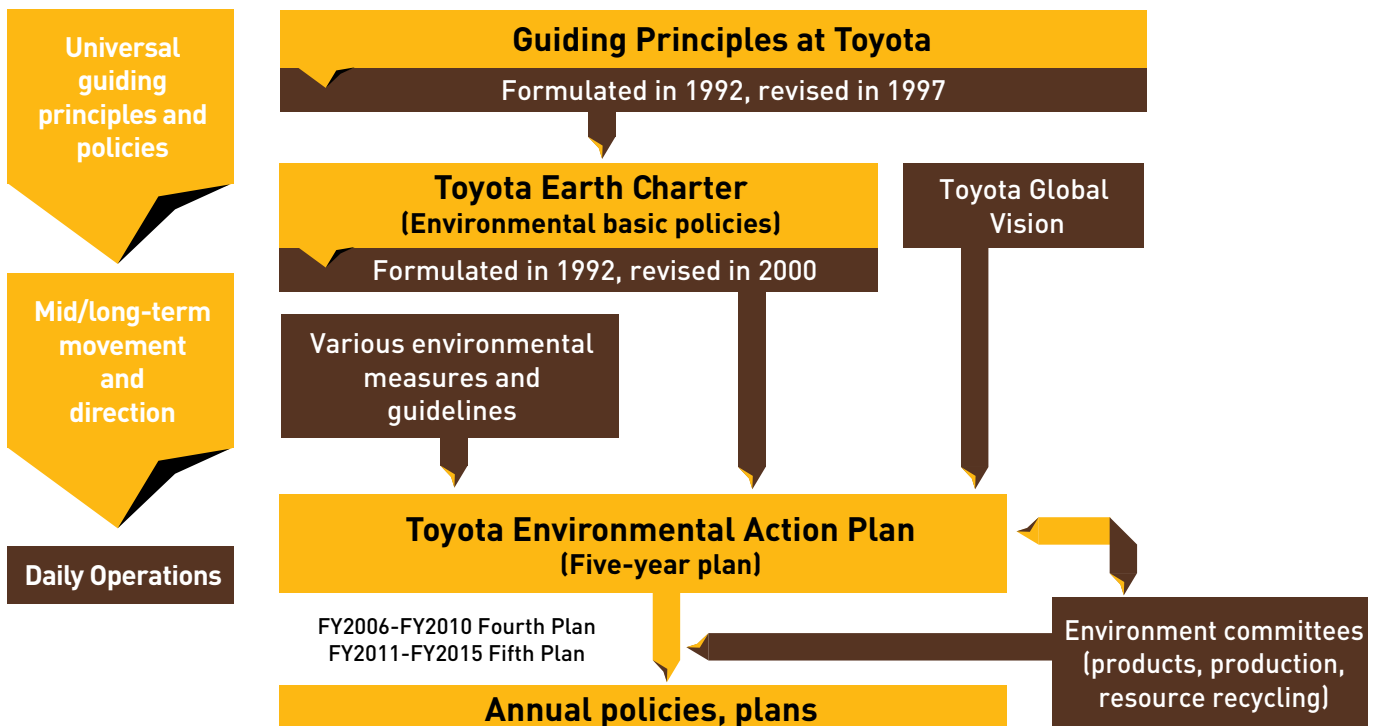
business partners and the global community. It defines how people of Toyota perform and behave in order to deliver these values. It functions as the automatic nervous system for Toyota organizations.

The Toyota Way is supported by two main pillars. They are "Continuous Improvement" and "Respect for People". We are never satisfied with where we are and always improve our business by putting forth our best ideas and efforts. We respect people and believe the success of our business is created by individual efforts and good team work.

## TOYOTA ENVIRONMENTAL 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 programmes that are implemented at the plant level.



# ABOUT TOYOTA KIRLOSKAR MOTOR



## COMPANY PROFILE

The fore bearers in Lean Manufacturing, Toyota Kirloskar Motor Pvt. Ltd (TKM) is one of the leading Auto manufactures of India established in the year 1997, as a joint venture between Toyota Motor Corporation, Japan and the Kirloskar Systems Ltd., India. Toyota Motor Corporation holds eighty nine percent of the equity while Kirloskar Systems Ltd.,

India, holds eleven percent.

Toyota Kirloskar Motor manufacturing plants are located in Bidadi industrial area in the outskirts of Bangalore city. The two plants are spread across 432 acres and have manufacturing capacity of 310000 vehicles per annum.

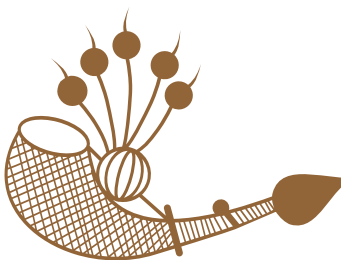
	PLANT 1	PLANT 2
Established	October 1997 (start of production: December 1999)	December 2010
Location	Bidadi Industrial area, Bangalore	
Products	Innova, Fortuner	Corolla Altis, Etios, Etios Liva, Camry
Installed Production capacity	Upto 1,00,000 units	Upto 2,10,000 units

Commercially, Toyota Kirloskar Motor has more than 215 independently owned dealerships and 106 suppliers spread across the country.

## KEY PRODUCTS AND MARKET SEGMENTATION

TKM manufactures the Innova, Corolla Altis, Fortuner, Etios, Etios Liva & Camry and imports Land cruiser, Prado, Prius as Completely Built Units.

Toyota Kirloskar Motor's also exports one of its well known cars in the market – Etios to South Africa, Mauritius, Zimbabwe, Seychelles, Sri Lanka and Innova to Sri Lanka during the year 2012-13.



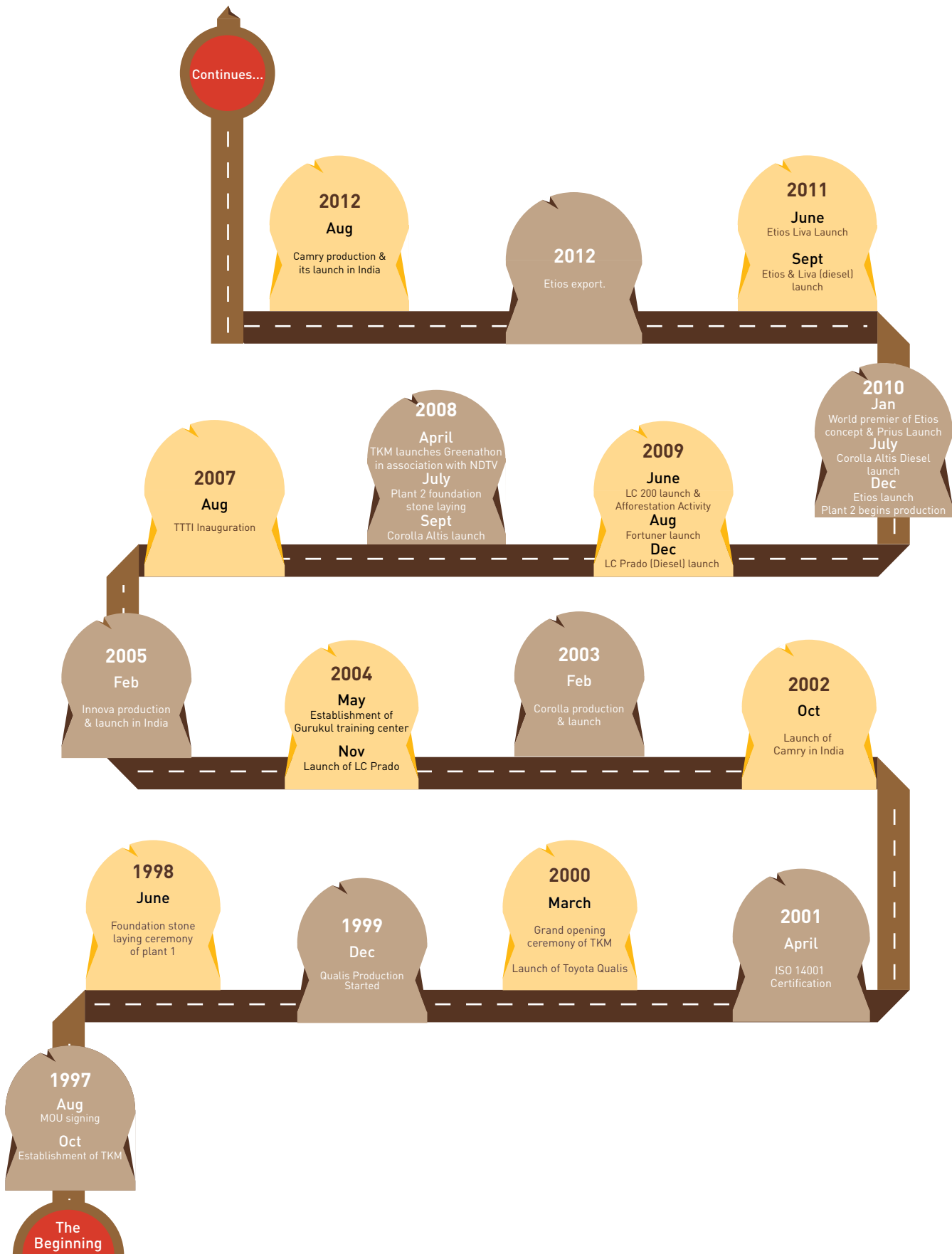
## PRODUCT LINE UP:

The Innova has been the best selling model in the MPV segment for the past seven years in succession and Fortuner has been the best selling model in the SUV segment in India since 2010-2011. Toyota's new small car, the Etios was first launched in December 2010. Toyota's luxury car Camry is also assembled at Plant-2.

TKM also imports and sell the Land Cruiser, Prado and Prius models as CBUs [Completely Built Units] throughout its dealer network in India.



# KEY MILESTONES OF TOYOTA IN INDIA





## LOCATIONS



- ★ Head Office [HO], Bidadi, Ramanagara
- ☀ Regional Office [RO], South, Bangalore
- ☀ Regional Office [RO] - IS Office, Bangalore
- ⚙ Regional Parts Depot & Training Centre [West], Pune
- ★ Regional Office [RO], Mumbai
- ◻ Regional Parts Depot & Training Centre [North], Manesar
- ◆ Regional Office [RO], North, Gurgaon
- ⊙ Regional Office [RO], East, Kolkatta
- ⊙ Regional Parts Centre, Neemrana

### HQ ADDRESS:

#### TOYOTA KIRLOSKAR MOTOR PVT. LTD

Plot No.1, Bidadi Industrial Area, Bidadi,  
Ramanagar District.  
Pin: 562 109. Karnataka, INDIA.  
Tel: +91-80-66292098 / 66292382  
Fax: +91-80-27287076 / 77  
Email: sustainability@toyota-kirloskar.co.in  
www.toyotabharat.com

### CORPORATE OFFICE:

#### TOYOTA KIRLOSKAR MOTOR PVT. LTD.

10th Floor, Canberra Tower  
No. 24 , UB City, Vittal Mallya Road  
Bangalore - 560001, INDIA.

## TOYOTA KIRLOSKAR MOTOR PRIVATE LIMITED POLICY FOR 2012-13

1. Maximize customer and stakeholder satisfaction by creating a **“Waku Doki Experience”**
2. **Capability enhancement** (Production, Sales and Others) to strengthen the foundation for the challenging phase.
3. Enhance **TKM Profitability** through optimized resource allocation and 100% localization.
4. Synergize Quantity (Q) and Quality (Q) by thorough preparation and execution with focus on **“Safety First, Quality Must”**.
5. **Human Development** to sharpen the skills of individuals and instil sense of accomplishment.

# CORPORATE GOVERNANCE

Toyota Kirloskar Motor promotes a culture of high ethical standards, integrity, transparency and accountability in all the business transactions and in compliance with all laws and regulations. The company has established internal control mechanisms to ensure the observance of the norms of Corporate Governance and believes in a system driven performance with the highest priority.

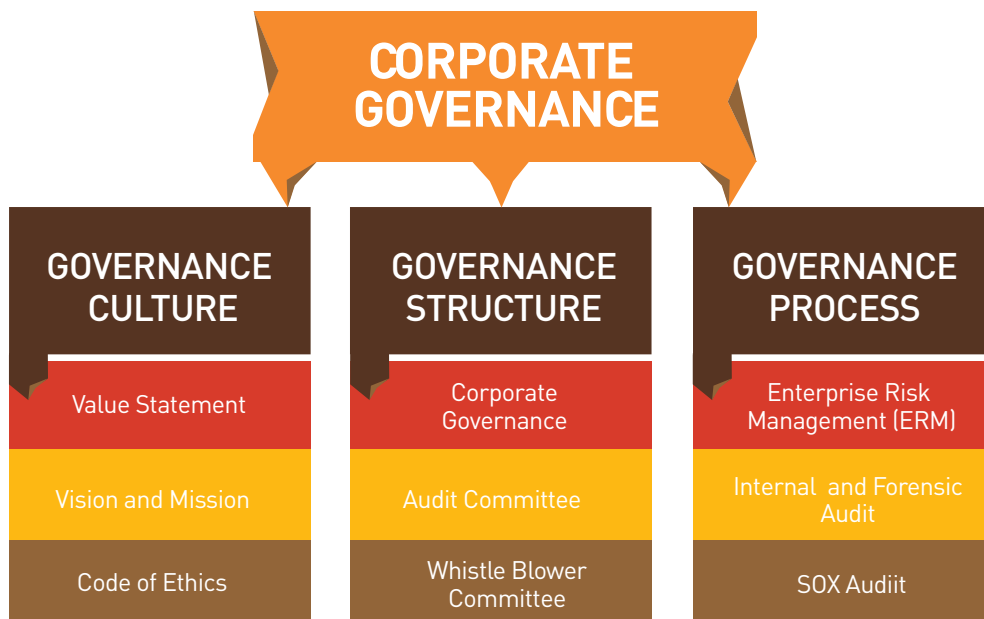
TKM recognizes that good governance is a sine qua non for sustainability. The value statement, code of ethics and internal control mechanisms define our value system and reflects our culture and commitment to the values of Corporate Governance.

TKM has initiated bold steps to enhance the Corporate Governance environment. The task of the Corporate Governance division is to establish good governance in the company and educate all stakeholders. The Corporate Governance environment in TKM is depicted in the schematic at right.

## INTERNAL CONTROL MECHANISM

TKM practices a risk-based, focused, internal audit system. TKM uses the services of an external audit firm so that the independence of the auditor is maintained. Critical issues of audits are reported to the Audit Committee on a half yearly basis, enabling the management to take corrective actions. TKM also conducts SOX audit as a part of Toyota Motor Corporation's global audit requirement.

## CORPORATE GOVERNANCE STRUCTURE



## VALUE STATEMENT

TKM has released the value statement for the company after due deliberations and with the understanding of all stakeholders. These core values are to be cherished and imbibed by its members at all times in their personal and professional life.

## CODE OF ETHICS

Toyota Kirloskar Motor has a comprehensive Code of Ethics based on the Guiding Principles of Toyota. The values along with Code of Ethics go a long way in establishing the company as a good corporate citizen. The code clearly charts out the manner in which the employees of the company should interact with internal and external environment superiors, subordinates, suppliers, dealers, local community, public and government.

The broad areas of coverage are:

- Legal Compliance
- Conflict of Interests
- Mutual Trust
- Team Work

### HONESTY

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



### HUMILITY

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

### HARMONY

I will work with team 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.



## WHISTLE BLOWER POLICY

As a company it encourages and respects professionalism, honesty, integrity and ethical behaviour, TKM has a well-established "Whistle Blower Policy" in place to ensure protection of its workforce, dealers and vendors and ensure Company Values are always followed. This gives the stakeholders an opportunity to fearlessly report any unethical behaviour noticed by them. The scope of coverage is vast and six channels are provided for reporting.

These reports are received by an Independent Authority (IA) who is one of the big four audit and investigating agency and IA will investigate the issues depending on the advice of a Whistle Blowing Committee consisting of the senior management.

## CHANNELS OF REPORTING

	<b>Toll free hotline</b>	1800 3000 00 19
	<b>Dedicated Email id</b>	complaint@tkmombudsman.com
	<b>Dedicated post box</b>	Toyota Kirloskar Motor (Ombudsman) PO Box No. -19 Ramanagara - 562 159
	<b>Dedicate SMS</b>	76 76 00 00 19
	<b>Online complaint</b>	www.toyota-kirloskar-corporategovernance.com
	<b>Whistle Blower Drop Boxes</b>	Placed at different TKM locations

## WHO CAN REPORT UNDER THIS POLICY



**EMPLOYEE**



**DEALER**



**VENDOR**

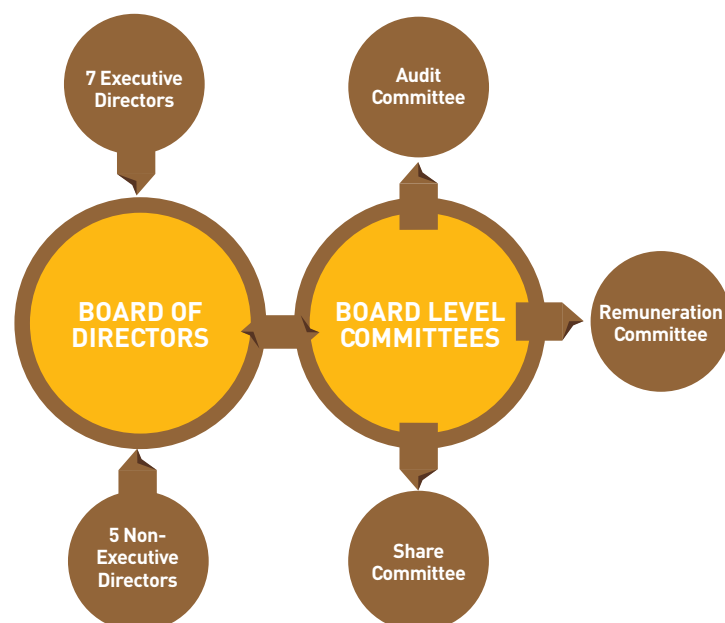
### SCOPE OF WBP

FINANCE RELATED	ETHICAL RELATED
Fraud	Breach of Service Policy and Employees' conduct (SPEC) & Code of Ethics
Bribery	Abuse of Authority/ Position
	Harm to Public Health and Safety
	Manipulation of Financial or other records
	Criminal Offence
	Information Security Breach
	Deliberate violation of law or regulation
	Unfair business practices

## BOARD OF DIRECTORS: STRUCTURE

The Board of Directors at TKM forms the highest governing body, 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 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.



### Audit Committee:

Audit Committee is formed as per the requirements of the Companies Act, 1956. It is responsible for reviewing half yearly and annual financial statements, internal control systems, Internal audit scope and discuss with Internal and Statutory Auditors about their observations and report.

### Remuneration Committee:

It decides the remuneration to be payable to the Directors and other policies with respect to managerial remuneration.

### Share Committee:

To issue share certificates to the shareholders after allotment of shares by the Board and to register the transfers of shares as per Board authorisation.

#	Name of Company Director [Member of Board of Directors]	Designation & Functional Responsibility	Category [Independent / Executive]	Member of Board-level Committee/s *
1	Takahiro Iwase	Chairman	Non Executive	<b>Remuneration Committee &amp; Audit Committee</b>
2	Vikram S Kirloskar	Vice Chairman	Non Executive	Audit Committee & <b>Share Committee</b>
3	Hiroshi Nakagawa	Managing Director	Executive	Audit Committee & Share Committee
4	Shekar Viswanathan	Whole-time Vice Chairman	Executive	
5	Sandeep Singh	Deputy Managing Director & COO	Executive	
6	Masanori Takahashi	Deputy Managing Director & COO	Executive	
7	Hidehisa Nagae	Director & EMC	Executive	
8	T S Jaishankar	Director - Commercial & EVP	Executive	
9	Mao Saka	Director - Finance & SVP	Executive	Share Committee
10	Kyoichi Tanada	Director	Non Executive	Remuneration Committee
11	Atul C Kirloskar	Director	Non Executive	
12	Yasuo Kawada	Director	Non Executive	Remuneration Committee

\* Note: Indicate in bold font the ones she/he chairs

## COMPANY ORGANIZATION

Toyota Kirloskar Motor has a strong organization that takes up sustainability initiatives and promote them effectively. The details are mentioned in the chart.





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, Managing Director, and Deputy Managing Director 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 the 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



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 off-site meeting, which is communicated across the company through normal organization.

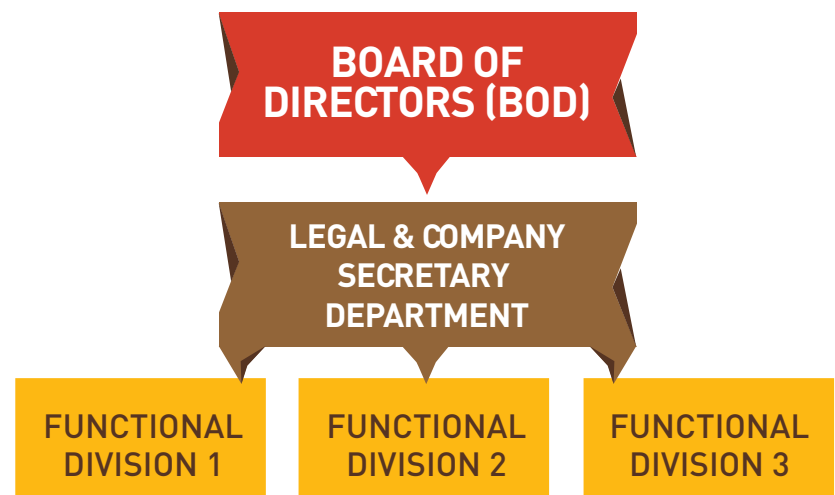
### LEGAL COMPLIANCE

At TKM, as a good corporate citizen, we believe adherence to law is a top priority issue. Compliances of all statutory requirements are of utmost priority of the Organisation. In this regard as a measure of monitoring the compliance levels across all the divisions, a Legal Compliance Management Tool has been implemented. The Tool helps in sending alerts to the responsible person for compliance activities. It also provides for status report of the compliance levels to the senior management and Directors on real time basis.

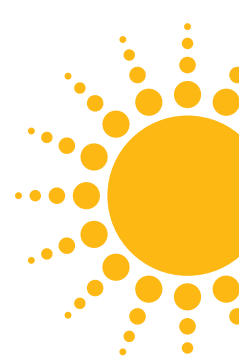
1. To comply with each and every law is the essence of TKM's operations.
2. Towards our approach to go beyond the legal requirements, the legal compliance management system at TKM has been decentralized, making it more exhaustive & comprehensive.
3. In this system, every applicable functional division are empowered to establish and ensure legal compliance at their levels. They are further responsible to confirm the compliance to the Legal & Secretarial team for Compliance management at the highest level.

Toyota Kirloskar Motor [TKM] aims to achieve 100% compliance to all applicable Legal requirements.

We do not restrict ourselves to just fulfil the compliance, but we intend to go beyond it by aiming to the intent behind the legal requirement



4. Thus, every Divisions/Departments are entrusted with the responsibility to ensure 100% Legal compliance.
5. TKM Legal Manual acts as a guide to understand the laws applicable to each division.
6. Compliance policies are considered integral to company objectives.
7. A good compliance culture is shown by the promotion of positive attitude towards legal compliance activity at all levels within an organisation.



## PUBLIC POLICY

FEW OF OUR MEMBERS ARE ASSOCIATED WITH SOME OF ORGANIZATIONS SUCH AS BCIC, CII, SIAM

SIAM	Mr Vikram Kirloskar, Vice President
CII - National	Mr Vikram Kirloskar, Member
CII Bangalore	Mr Shekar Viswanathan, Member
BCIC	Mr V Ramesh, Member

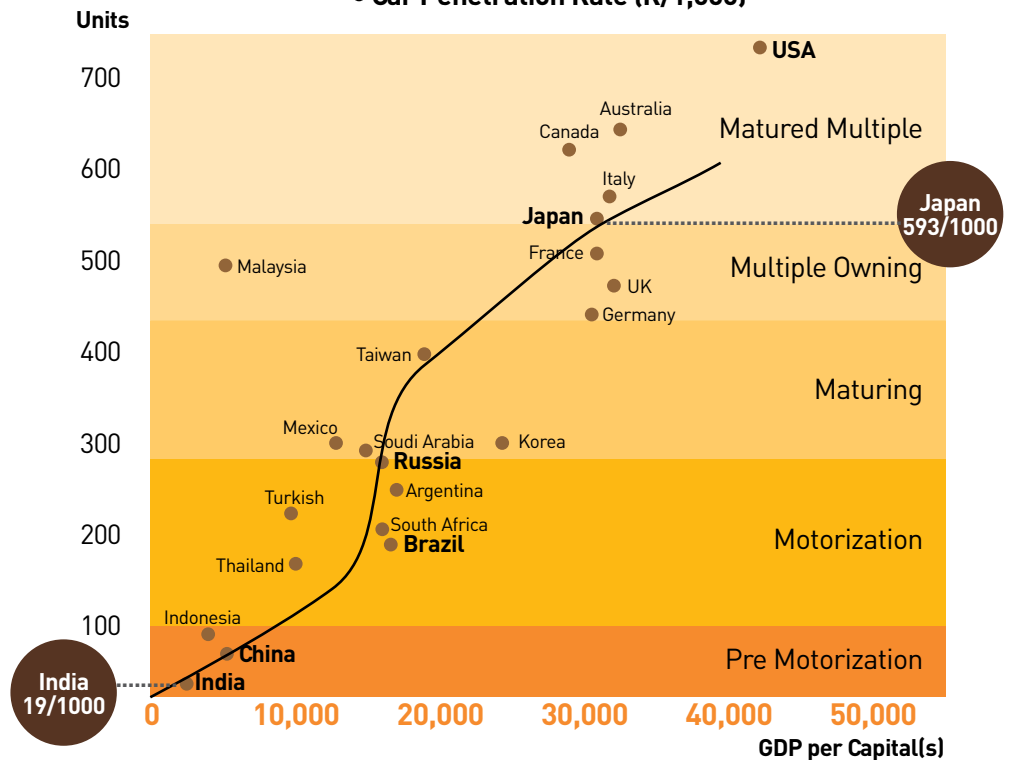
## MARKET SCENARIO

According to statistics, it has been noted that there are just about 19 cars for 1000 people in India. 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 make the market competitive.

### Potential for Rapid Market Expansion with Huge Population

#### Car Penetration Rate (R/1,000)



#### DATA METRICS:

##### Methodologies followed

The data and figures in the report are actual numbers based on the methodology and standard management systems followed by our Environment, Health and Safety department and other departments, in line with industry practices. Our performance is reported on a year-on-year basis, comparing the current year's performance against the previous year.



# OUR STAKEHOLDERS

## STAKEHOLDERS ENGAGEMENT

Based on the Global Vision Guidelines, TKM identifies and engages with a wide range of stakeholders on the issues that affect the company's operations and also the stakeholders. TKM has a diverse group of stakeholders that are directly or indirectly impacted by its operations. The stakeholders comprise of customers, employees, dealers, local community & society, suppliers & business partners, government & regulatory authorities and TMC.

During the Reporting year, an external agency was appointed to conduct a detailed internal stakeholder Engagement. The process involved identification of Stakeholders (direct internal, indirect internal, direct external and indirect external stakeholders) to each division individually. This engagement also helped in mapping the existing engagement mechanisms and issues and challenges faced by each division.

Following table details regarding the method, mode and frequency of engagement that exists at TKM for each of the key stakeholders and the benefits to the business and the stakeholder.

KEY STAKEHOLDERS	METHOD	ENGAGEMENT		BENEFITS TO	
		FREQUENCY	MODE	BUSINESS	STAKEHOLDERS
Customers	VOC [Voice of customer];	Daily interaction through Dealer Network.			
	Customer meets;	Annually		Product Quality Improvement & Enhance Customer loyalty	Customer Satisfaction
	Customer Satisfaction Surveys;	Need based/ Annually	Formal		
	Customer Feedback through Centralized call centres: 18004250001 (Talk to Toyota Toll free number) and through www.Toyotabharath.com website	Based on Customers/ Daily interaction through Dealer Network			
Employees	Round Table Meeting	Weekly			
	Direct communication	Periodic / Weekly			
	Opportunity with Sr. Mgmt. (Skip level meetings)	Quarterly			
	Performance Review Level-up group HR meeting	Quarterly			
	Employee Engagement Survey – 'Morale Survey'	Bi-annual	Formal & Informal	Healthy Relations with Employees and Union	Better Working Condition & Job Satisfaction
	The annual Talent Hunt event	Annual			
	Union Meetings	Bi-weekly			
	Employee training and development	Annual			
	News Letter	Quarterly			
	Rewards and Recognition	Annual			
Dealers	Dealer Visits	Monthly			
	Top Management visit to Dealer outlets	Monthly			
	Special Training programme	Quarterly			
	DERAP	Quarterly	Formal	Better Quality & Improving Delivery performance	Profitability & Customer satisfaction
	Kaizen Programme	Monthly			
	Dealer councils meetings	Twice a Year		Capacity Building	
	Dealer councils Sub Committee Meetings	Quarterly			
	Dealer Satisfaction Survey	Once in a Year	Carried by JDP		
	Dealer Employee Satisfaction Survey	Once in a Year	TKM		
Local Community & Society	Meeting with Local Community				
	Community Need Assessment				
	Public Hearing	Need Based	Formal/ Informal	Healthy relations with Local community	Employability, Livelihood
	Employee volunteering programmes				
	Impact Assessment	Annual			
Social Satisfaction Study	Annual				



KEY STAKEHOLDERS	METHOD	ENGAGEMENT		BENEFITS TO	
		FREQUENCY	MODE	BUSINESS	STAKEHOLDERS
Suppliers	Annual Supplier Meet	Annual	Formal	Strong Relationship building with Suppliers, Ontime delivery of parts & Alining Suppliers towards Toyota Way	SQPCH development & Global Recognition
	Business Convention Meeting	Monthly			
	Top Management Visits to Onsite Supplier Centre	Monthly			
	TKSA: Quality Circle Competition	Annual			
	Sharing Best Practices	Need Based			
	Kaizen Festival	Annual			
	Promotional Activities	Need Based			
	Top Management Visits to other Supply Centre	Need Based			
	Cross Functional meeting with OSS teams	Monthly			
	OSS Steering Committee meeting	Monthly/ Quarterly			
Team Toyota Safety Committee meeting	Biannual				
TMC	Regular Meetings & Communication	Need Based/ Periodic	Formal	Streamlining of Product & Process improvement	Efficient Process & Business Management
Government & Regulatory Authorities	Meetings in Industry Forum, KPI reports	Monthly /Need Based/ Periodic	Formal	Timely Clearances; Successful Operations and Businesss Continuity	Compliance to regulations

## MATERIAL ISSUES

Lean Manufacturing ensures that driving towards the overall organizational strategy by constant review of processes to the stakeholders. The materiality issues are identified through stakeholder engagement - identification of the issues of concern to both the stakeholders (direct and indirect) and the company. The material issues are derived at by reviewing and prioritizing

stakeholders' concerns, Sector/ Industry challenges, peer reports and issues faced by peer companies included Indian and Global Automotive Companies.

The issues which are of highest material significance to the sustainable development of the company are summarized in materiality matrix: a three-point scale of high, medium and low importance.

SIGNIFICANCE TO THE STAKEHOLDERS	HIGH	<ul style="list-style-type: none"> <li>Road Safety</li> <li>Employee training and development</li> <li>Scope 3 emission/carbon footprint</li> <li>Public policy and regulatory framework</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Product/ component quality</li> <li>Product Safety</li> <li>Occupational health and safety</li> <li>Supply chain and Vendor Engagement</li> <li>Environmental impacts of manufacturing – emission</li> <li>Corporate Governance</li> <li>Community development</li> <li>Employee satisfaction</li> <li>Material optimisation</li> </ul>	
	MEDIUM	<ul style="list-style-type: none"> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Non discrimination &amp; human rights</li> <li>Child labour and forced labour</li> <li>Product labelling</li> <li>Waste management</li> <li>Grievance Redressal</li> </ul>	<ul style="list-style-type: none"> <li>Water and Energy conservation</li> <li>Sustainable business growth</li> </ul>
	LOW	<ul style="list-style-type: none"> <li>Environmental impacts of products</li> <li>End of life recovery of vehicles</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Research &amp; Development</li> </ul>	
		LOW	MEDIUM	HIGH
SIGNIFICANCE TO THE COMPANY				





## KEY PERFORMANCE PARAMETERS



ENVIRONMENTAL PERFORMANCE	TARGETS ACHIEVED	2012-13	2011-12
Total Water Usage (m <sup>3</sup> / Veh)	3.6 % reduction	<b>4.72</b>	4.9
Hazardous Waste Generation (Kg / Veh)	24.95 % reduction	<b>4.51</b>	6.01
LPG Usage (Kg / Veh)	4.4 % reduction	<b>23.95</b>	25.07
Suppliers (core) compliant with ISO14001	100% of suppliers	<b>100%</b>	78%
Dealerships compliant with ISO14001	67% of dealerships	<b>67%</b>	70%

SOCIAL PERFORMANCE	2012-13	2011-12	2010-11
Number of employees (Permanent, Contract employees & Trainees)	<b>10275</b>	9839	7735
Turnover rate for employees	<b>1.8%</b>	3.6%	2.5%
Community Investments (through Community Spirit and Community Sponsorships) in Million INR	<b>72.32</b>	72.8	108.3

ECONOMIC PERFORMANCE	2012-13	2011-12	2010-11
Units Manufactured ((Plant 1 and Plant 2)	<b>189387</b>	161326	83841
Units Imported as CBU (Completely Built Unit)	<b>175</b>	689	681
Net Profit after Tax in Million INR	<b>(-)63</b>	(-)268	2216

## SUSTAINABILITY CHALLENGES, RISKS & OPPURTUNITIES

#	SUSTAINABILITY CHALLENGES / RISKS / OPPORTUNITIES	PROCESS TO IDENTIFY	STRATEGIES TO ADDRESS
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### RISK / CHALLENGES

1	Adverse currency impact	Periodic impact analysis by Finance	Localization & focus on exports
2	Sluggish auto market growth rates & Increasing New Competition Launches	SWOT Analysis process	Enhance marketing & brand promotion strategies like value added services, Launch of Etios MMC
3	Impact on supplier & dealer due to decrease in volume & increase in OEM component prices	SWOT Analysis process	Formation of Exclusive Supplier support centre to support supplier development in Safety, Quality, Production, Cost and Human development.
4	Adverse Government policies & regulations	SWOT Analysis process	Interaction with Government through CII & SIAM

### OPPORTUNITIES

1	Expand Sales in semi urban & Rural areas.	SWOT Analysis process	Dealer network expansion Rural penetration to increase sales
2	Enhance profitability through Expanding export operations.	SWOT Analysis process	Explore possibility of Exporting Products & Parts to SAARC & Other countries.



# AWARDS & ACCOLADES



JD Power Asia Pacific Award - 2012



CII National HR Excellence Award - 2012



Best Safety Excellence Award 2013



Global CSR Excellence & leadership Award 2013



CII-ITC Sustainability award 2012



Safe Industry Award and Safe Worker Award (major hazardous industry category) 2012

#	NAME OF AWARD / RATING / CERTIFICATION	NAME OF AWARDEE / RATING / CERTIFYING ORGANISATION	YEAR	THEME OF THE AWARD*
1	The Best Safe Industry [Large Scale Industries Category]	Department of Factories & Boilers, Government of Karnataka	2012	For Best Safety Practices followed
2	The Best Quality Car in the MUV/MPV segment for Innova	JD Power	2012	Product quality
3	Export Excellence Award	Federation of Karnataka Chamber of Commerce & Industry	2012	Export Excellence
4	Initial Quality Survey - MUV/MPV Segment	JD Power Asia Pacific	2012	Initial low vehicle Quality Problems Reported No. 1 - Innova
5	Vehicle Dependability Study (VDS) - MUV/MPV Segment	JD Power Asia Pacific	2012	Long Term vehicle dependability and low problem reported No. 1 - Innova
6	APEAL (Automotive Performance, Execution and Layout) Study - MUV/MPV Segment	JD Power Asia Pacific	2012	Customer liking of Design, performance & Layout No.1 - Innova
7	APEAL (Automotive Performance, Execution and Layout) Study - SUV Segment	JD Power Asia Pacific	2012	Customer liking of Design, Performance & Layout No.1 - Fortuner
8	Initial Quality Survey - SUV Segment	JD Power Asia Pacific	2012	Initial low vehicle Quality Problems Reported No.1 - Fortuner







### **Environment sustainability**

The environmental benefits driven from Kaizen and lean strategies are quite significant. It is a TKM goal to maximize the environmental benefits of lean by raising the awareness of the linkage between lean and the environment.

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.'

# OUR ENVIRONMENT



## SIGNIFICANT ACHIEVEMENTS OF ENVIRONMENT PERFORMANCE DURING THE REPORTING CYCLE

1. 100% suppliers certified for ISO 14001
2. 67% of Dealerships are ISO 14001 certified
3. Achieved 100% compliance to Toyota Global-EMS & risk minimization standards.
4. Reduction of 60% freshwater for production by enhancing recycling
5. Overall 3% reduction in energy consumption & 2.4 % reduction of logistics CO2 emissions.
6. 24.95 % hazardous waste generation.
7. 30 Acres Green belt development in by planting 47500 saplings of 51 species
8. Shared TKM's Environment best practices to 70 participants & 31 industries.
9. Environment awareness programs at 15 schools covering 1500 students
10. Received CII- ITC sustainability awards for 4th consecutive year.

### VERSATILE BACKYARD DEVELOPED BY TEAM MEMBERS:

Backyard / back garden is existing in India from ancient times to the present. The concept of backyards was initially restricted only to households. This was later adopted on a large scale. TKM brought in this concept to revive team members knowledge about the advantages of growing their own vegetables that can be utilized in their kitchens and which also acts like stress buster from the daily busy routine. This article deals with success story of backyard cultivated by enthusiastic team members at TKM.

With the intension of rejuvenating the knowledge on ancient medicinal herbs &

its importance, volunteer group of team members started developing backyard in available fallow land adjacent to production areas. Various vegetables, tumors, fruits and medicinal plants are grown in this patch of land such as carrot, radish, tomatoes, papayas, bananas, pomegranate & medicinal herbs. Team members utilized their break time to cultivate these plants. The vegetables & fruits grown are distributed among the team members.

Saplings of medicinal herbs also produced in this area and any member interested in doing the same activity at their houses is supported by giving free saplings. TKM plans on expanding this initiative in a large scale.



Fruit Garden at TKM



Herbal Plant sapling distribution



### SAKURA PLANTATION: NAKA-VANA

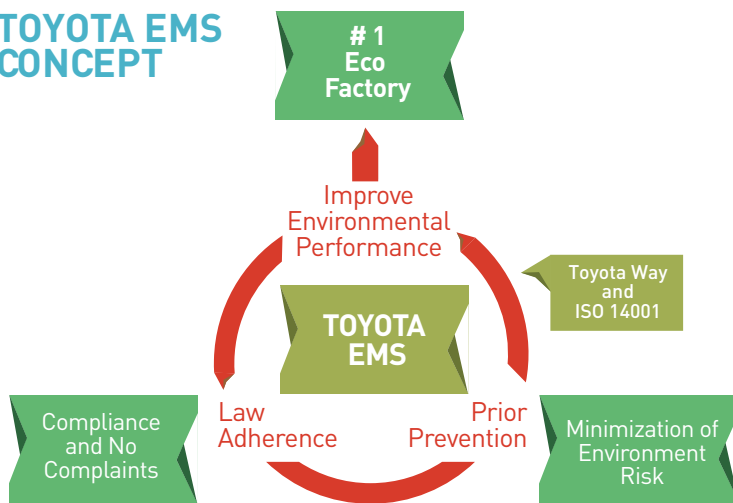
It was one of the highlights of this year. As it was our Managing Director's dream to have a lane of Sakura tree (Cherry Blossom Tree) inside the TKM campus. Species *Tabebuia avellanae* (Pink Trumpet) was selected to create the Sakura lane.

Plantation event was organized involving TKM's Top management where about 157 Pink Trumpet saplings were planted and this area is now known as NAKA-VANA named after Hiroshi Nakagawa, Managing Director TKM.



# ENVIRONMENT SUSTAINABILITY

## TOYOTA EMS CONCEPT



## TOYOTA EMS CONCEPT

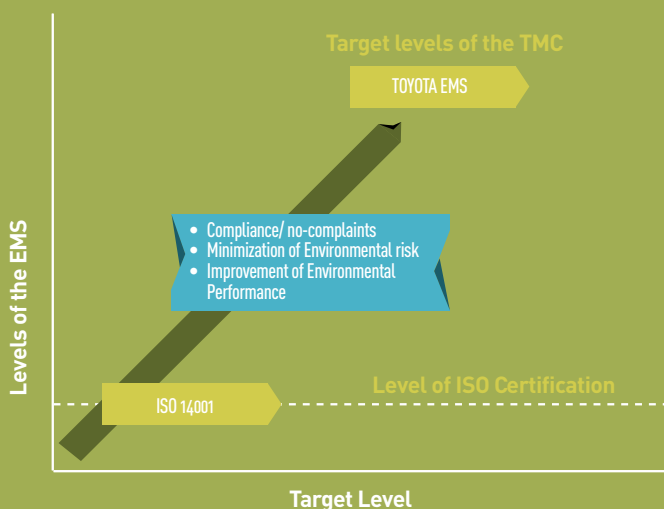
Toyota EMS is designed to make Toyota more Eco-friendly company. Toyota has established a Consolidated Environmental Management System (EMS) at all its affiliates including TKM.

EMS forms the backbone of all the commitment towards reducing environment impact.

TKM is one among top 4 Asia region affiliates out of 19 Asia pacific Toyota affiliates, who achieved 100% conformance to Global EMS standards. In order to achieve the objectives of environmental policy, the EMS used effectively at TKM.

## ISO-14001 CERTIFICATION

TKM has been certified with ISO-14001 since 2001, through the certification agency called AJA (Anglo-Japanese American) Registrars, Thailand. The highest degree of abidance to EMS (ISO 14001:2004) by TKM including its regional facilities have been recognized and awarded with Zero Non Conformance during the year 2012.



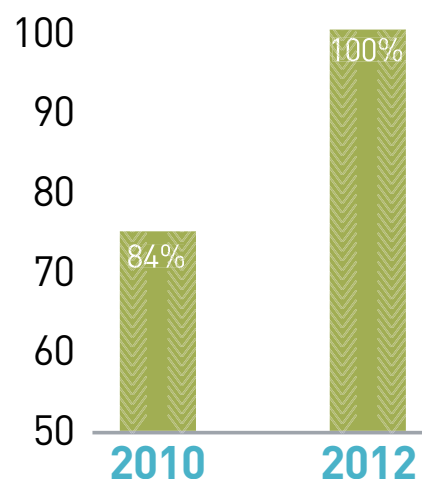
## TOYOTA GLOBAL EMS

Toyota based on experience, considering issues of environmental concerns and requirements of all the affiliates formulated the Toyota Global EMS. Whereas setting up of ISO14001 system is the basis for Global EMS, achieving Toyota global requirements is the next step.

During the FY 2010 TMAP has evaluated TKM based on Global EMS standards & awarded 84% conformance. Based on results & gap analysis, the TKM Environment team with the continued support and efforts of all stakeholders improved & reconfirmed the EMS system in the year 2011.

During FY 2012 the team of expert auditors from TMAP-EM audited & TKM achieved 100% conformance.

## Compliance percentage



Performance Status explanation to GEMS auditors

Genchi confirmation by GEMS auditors



# 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 programmes 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 neighbourhood share our commitment in preserving a very valuable resource – OUR ENVIRONMENT.

## THE LEAN TEAM: ENVIRONMENT COMMITTEE AT TKM

Lean manufacturing involves a fundamental paradigm shift from conventional “batch and queue” mass production to product-aligned “one-piece flow” pull production. This shift requires highly controlled processes operated in a well maintained, ordered environment. This is bought about by the most efficient Lean Committee.

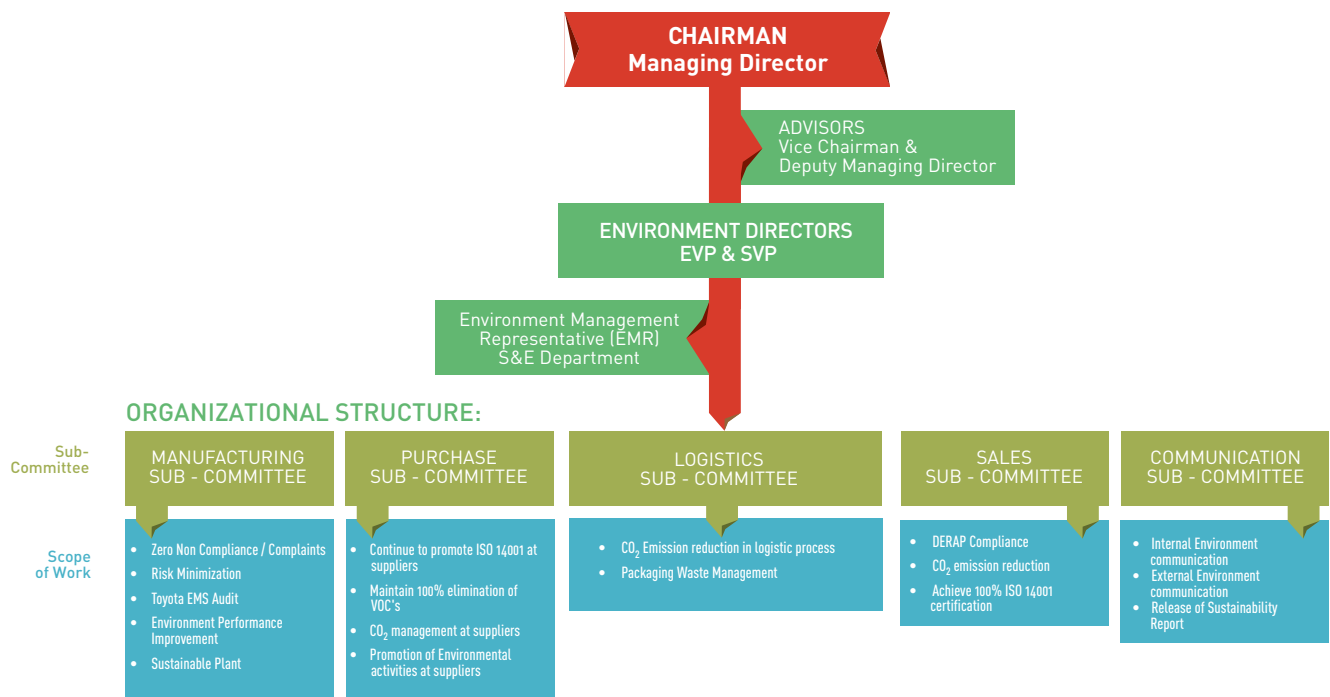
The environment committee comprises representatives from all functions across

the organization. The committee is led by our Managing Director as its Chairman, and Executive Vice President and Senior Vice President as Environment Directors who are supported by all the division heads and window persons.

The Environment team (as secretariat) headed by Environment Management Representative comprising of Environment professionals centrally co-ordinate the

progress of environment related activities through all environment sub-committees.

The performance of individual sub committee’s is reviewed on monthly bases. During quarterly Environment Committee meetings results along with challenges & future actions are explained to Top management and management directions are implemented to enhance overall environmental performance.



TKM Environment Organizational Structure is designed to support all the stakeholders in terms of Environment protection.

## SOWING THE LEAN SEEDS: SUSTAINABLE AND ECO FRIENDLY PLANT



A Lean plant Toyota Kirloskar Motor has come up with a unique ideology of sustainability drive in all its operations to transform into an eco-friendly plant. The Eco-factory was established with innovative technologies wherein the process & the products would cause less impact on the environment.

**TKM approach towards achieving SUSTAINABLE ECO-FRIENDLY PLANT**

The three dimension approach of Eco-mind, Eco-Kaizen & Eco-showcase has helped in sensitizing the employees and the community at large and thereby promotes sustainability in all frontiers of operation.

**Eco-Mind** aims at creating an environment conscious citizen. In other words, an employee with Eco-Mind will always think & act in the best interest of the environment and also influence their families & society towards eco-friendly behaviour.

In order to enhance the eco mind, we have adopted the methodology.



**Eco Kaizen** is the continuous improvement activity at work. Eco Kaizen includes all the improvement initiatives originating out of an Eco-mind towards creating a sustainable plant and a low-carbon society at large.

**Eco Showcase** is an effort to promote TKM's Eco Spirit to the community and neighbourhood. The activities include social outreach activities involving external stakeholders such as suppliers, dealers, customers and the whole of the surrounding eco-system.

## WORLD FOREST DAY CELEBRATION AT TKM

Each year more than 13 million hectares (32 million acres) of forests are lost worldwide. India has lost 367 square kilometers of forest cover in the past two years.

The total forest cover in the country is now at 6, 92,027 sq km. This accounts for 21.05 per cent of the total geographical area of India. To raise awareness about the importance of trees and forests, World Forest Day is celebrated on 21st March throughout the world.

At TKM, with an intension to spread awareness and impart the knowledge about the importance of forests and the need for them to be conserved, we observe this day. This is also one of our approaches towards realizing TKM vision of Sustainability to spark Eco mind and spread Eco spirit.

To symbolize this eventful day, TKM organized plantation activity. We had taken a target of ensuring

"One Plant for One Person". With an intension of promoting conservation of trees, TKM selected Sandalwood (*Santalum album*) as the species to be planted, this is the Karnataka State tree and is also recognized as a threatened species by the IUCN. And we have developed a Sandalwood Avenue in the plant premises by planting about 200 saplings.

As part of this event, using the non production hours team members planted 46 different varieties of native species. And about 15000 number of saplings were planted in 52,000 Sq.mtr of area within TKM premises.



*Plantation by Top Management*



*Plantation by Team members*





## ENVIRONMENT MONTH CELEBRATION

Every 5th of June is celebrated as World Environment Day & a theme is declared by United Nations Environment Programme (UNEP) in line with the current global environmental concern. The UNEP theme for the year 2012 was “**GREEN ECONOMY: DOES IT INCLUDE YOU?**”.

As a responsible corporate, TKM celebrates the entire Month of June as Environment Month wherein all our stakeholders are involved to promote eco awareness.

TKM sets a theme based on TMC’s & UNEP’s guidelines. The theme for the reporting period was “**ENHANCE ECO MILAGE, OPTIMIZE ECO USAGE**”. With regard to this activities were structured aiming to promote the idea of resource conservation by creating awareness.

### ECO-MIND

The activities were structured to promote the Eco minds of the Team members.

- **Establishment of Eco Ohbeya:** Visualize all the environmental activities in one place for better management.
- **Wealth from Waste:** Build a useful object from the waste material generated from the shops.
- **Eco-photography:** Team members had to take photographs showing Environmental Pollution and its impact on the environment. Through this employees were motivated towards identifying environment concerns in the neighborhood & take possible measures to address them.
- **Eco Commitment - a WAKU DOKI Activity:** The employees were motivated to suggest their ideas of a Green TKM. The TKM Environment team consolidated the best ideas suggested which would be referred during the development of the future Environment strategies.

### ECO KAIZEN

Employees were motivated to identify Environment improvement points in the areas of

1. Energy Consumption reduction
2. Water conservation
3. Waste management

The best kaizens were identified and rewarded by the Managing director.

### ECO SHOWCASE

Environment team conducted a need assessment study with respect to environmental issues in the surrounding communities. These issues were shared companywide and Team members had to voluntarily pick up any issue according to their convenience and interest and then work as a group to mitigate the issue.

The activities such as Environmental awareness campaigns, Training programmes, Waste management system establishment, Afforestation in schools & villages were conducted.

More than 7500 native saplings were planted in 15 villages & schools by involving students, teachers & village representatives. School Eco-clubs took active part in the entire event & also responsibility of sustaining all the activities carried out during Environment month.



*An Eco-model developed from waste*



*Eco-photography evaluated by Top Management*



*Eco-posters prepared by team member family*



*Participation of Team member families during the Environment month awarding ceremony*



*Eco-campaigns organized by team members at villages involving school children*

## ENVIRONMENT LEGAL COMPLIANCE: GOING BEYOND COMPLIANCE

TKM takes an extra leap in achieving the intent behind the regulation and not just comply as a legal requirement.

### BIODIVERSITY & AFFORESTATION:

TKM is situated in the Bidadi Industrial Area, which has been earmarked by the Government as an industrial area development project. No natural biodiversity habitats are affected by the location of the manufacturing facility.

TKM has taken the initiative of creating a green belt in the plant premises and about 48700 saplings have been planted during the reporting period.

Being a good corporate citizen, TKM believes in adherence to the law as a top priority issue.

To accomplish the stated objective of Complete Legal Compliance & No complaints, the Environment Management System is levelled 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.

Any exceedance to the internal limits are considered as Internal legal Non compliance and these are addressed by Top Management to ensure TKM does not violate any legal norms & standards to face an outdoor non compliance.

To achieve the target of "100% compliance & Zero complaints" TKM has incorporated an infallible system of Monthly Legal Compliance Monitoring System. The system will include check points on changes in Manpower and processes that are likely to affect the Environment components like water consumption, wastewater generation, hazardous waste generation, air emission quality, ambient air quality, noise generation and batteries disposed etc.

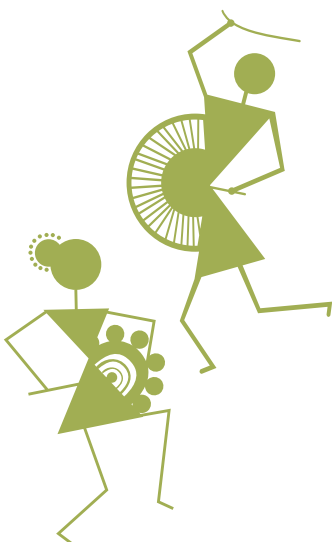
TKM expanded its production capacity to 3,10,000 vehicles / annum in November 2012. All the necessary environment legal clearances are obtained on time and the new conditions given in the clearance are incorporated into the existing system.

## WATER, WASTEWATER AND RECYCLING

TKM receives about 753500 m<sup>3</sup> of fresh water from KIADB every year. This water is utilized for both domestic and industrial purposes. TKM has 2 well planned Wastewater treatment plants designed to treat the effluent water depending on the wastewater generated at both the plants respectively. The fine Combined Effluent Treatment Plant (CETP) treated water quality is enhanced after the installation of MBR and RO. TKM has 2 in house laboratories where the treated wastewater is analyzed on an hourly basis to confirm the

efficiency of the plant and the treated waste water is sent for use.

Thus, TKM complies with all the legal compliance as it has Zero Discharge of effluents. All the wastewater is treated and utilized in the plant (Gardening & Afforestation, Domestic-Car wash, flushing, Industrial). TKM has been able to recycle over 60% of the wastewater and reducing its freshwater consumption over 60%.



## AIR QUALITY:

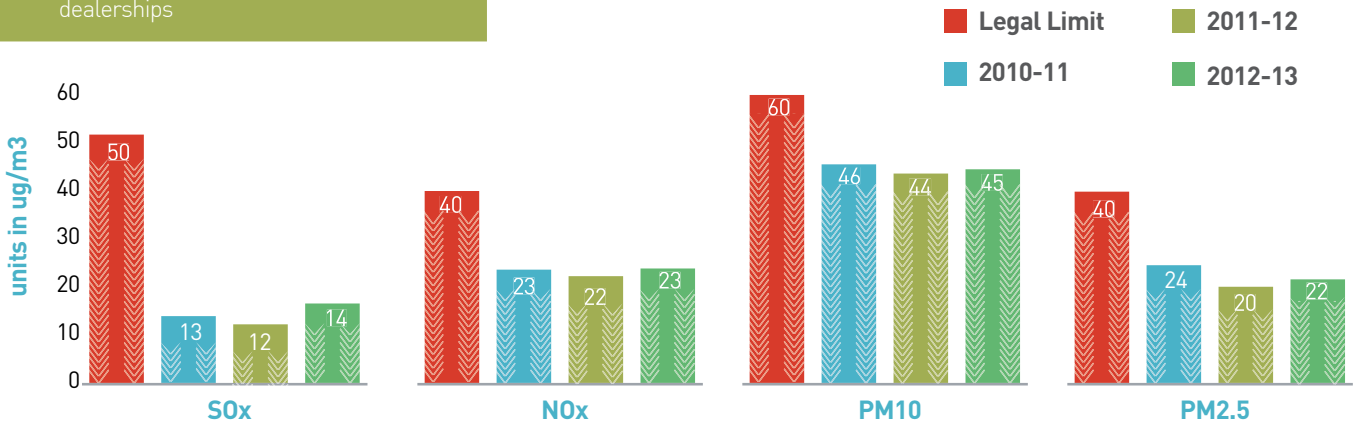
The main air emission sources at TKM are emissions from Paint Booth, Paint baking ovens, boilers and welding fumes. LPG is a major fuel used in the Ovens, Boilers and cooking operations.

Stack emissions and ambient air quality are monitored on monthly once and the results are reported to regulatory authorities on a regular basis.



### Special initiatives to reduce air emissions

1. RTO: Regenerative Thermal Oxidizer
2. Water borne Paint
3. Three Wet Painting Technology
4. Total elimination of Furnace oil & Diesel Generator by using Central power grid
5. Usage of electrical battery operated tow motors & fork lifts
6. Promotion of water borne paint at dealerships



### Ozone depleting substance

Ozone depleting substance emission is not monitored at TKM. But since the introduction of Innova, we have been using chillers' unit at paint process with R134 and thus the AC fixed in all the cars since 2005 are CFC free. However, the Air conditioners at the office side are still running with CFC AC's. TKM has been working on a plan to replace these phase wise based on the equipment condition.

### Greenhouse Gas Emissions

While there's no doubt that lean manufacturing will result in lower material and labor costs and greater production revenues, it has a greater impact on the environment. TKM has been highly conscious about the climate change and its global impact. The Greenhouse Gas emissions are quantified and the process for adopting the measures to reduce these emissions are in place.

### Scope I emissions:

TYPE		2012-13	2011-12	2010-11
Scope I (Fuel Consumption, Company Vehicles, Fugitive Emissions)	Specific Generation kg/ vehicle	11.6	75.26	144
	Absolute Quantity in Tons	903	5691	10850.7

**Scope II emission** (Purchased electricity, Steam and Heat) during the reporting year was 36591 tons with a specific generation of 444.21kg/vehicle.



## TKM 5 YEAR ACTION PLAN

Based on the TMC's Environmental Action Plan provided by Toyota, TKM has drafted and established environment management plan. The actions, goals and targets are then associated to form TKM's Five Year Environment Action Plan:

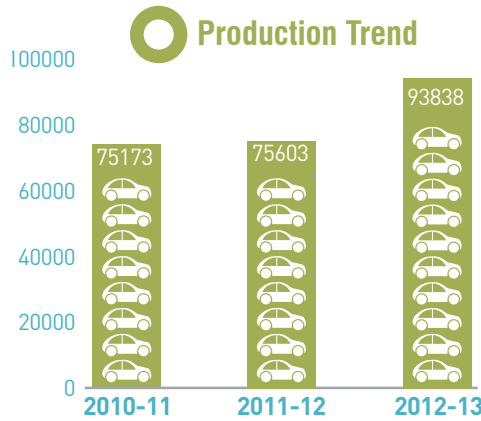
ACTION ITEM	SPECIFIC ACTION ITEMS & GOALS	5YR ACTION PLAN STATUS – FY2012	
		Target	Actual
Reduce CO <sub>2</sub> emissions from production & logistics activities of each country & region.	<b>Energy Reduction:</b>	3% Reduction	3% Reduction
	Reduction in electricity consumption. Purchased + generated (kWh/veh) 20% based on Current year status	481 kWh/veh	481 kWh/veh
	Reduction in LPG consumption. (Kgs/veh) 20% based on Current year status	25 kgs/veh	23.95 kgs/veh
	Reduction in energy. (Total of Electricity + LPG in GJ/veh) 20% based on Current year status	3 GJ/veh	2.77 GJ/veh
	CO <sub>2</sub> emission at Manufacturing areas	0.46 tons/veh	0.44 tons/veh
	<b>Logistics:</b> Reduction in emission of CO <sub>2</sub> /unit, 15% reduction based on 2006 values	2%	2.4%
Promote the effective use of resources to further contribute to the realization of a recycling based society	<b>Production:</b>		
	Increase Yield ratio	72.5%	73%
	Hazardous Waste reduction (kgs/veh):	24.95%	24.95%
	Reduction in generation of Hazardous waste 20% based on Current year status (Chemical sludge + Phosphate sludge + Paint sludge)	6.15 kgs/veh	4.65 kgs/veh
	Non-Hazardous Waste Reduction:	2%	2%
Reduce water consumption	Reduction of water consumption by 10% based on current year status (m <sup>3</sup> /veh)	2%	2%
		4.9 m <sup>3</sup> /veh	4.72 m <sup>3</sup> /veh
Initiative to reduce VOC emissions	VOC reduction	40.6 gm/m <sup>2</sup>	40.82gm/m <sup>2</sup>



# PRODUCTION TREND

During the reporting period, the production pattern was affected due to Forex fluctuation, severe market competition and unprecedented fuel hikes.

The non-production hours were utilized for various constructive activities like human development activities & training, cost reduction, Kaizen promotion & implementation, and Clean & Green drives in the neighbouring communities



# RESOURCE CONSUMPTION (PLANT 1)

Automotive industry being a carbon-intensive sector, resource availability and efficiency plays a key role in impacting production. 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, the objective is also aligned with TMC, aiming to utilize resources wisely and reduce waste from its operations.

**Steel:** 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, contributing towards cutting down on associated CO<sub>2</sub> emissions.

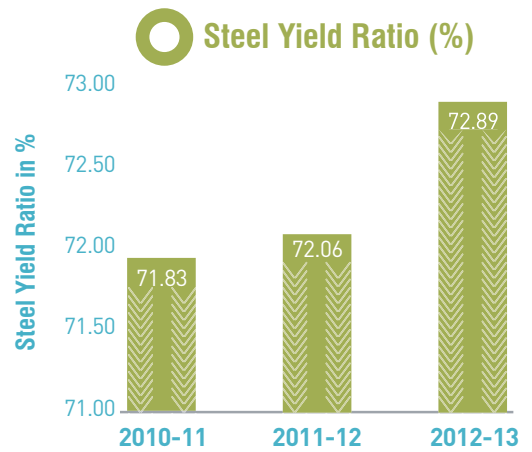
The Steel Yield Ratio is the Effective percentage of steel utilized from the total steel procured. We devised a three-tier activity to achieve one common goal - steel yield improvement. To drive this activity a special task force was created who had studied the existing utilization pattern and conducted brainstorming sessions with TKM team members, suppliers & steel manufacturer and came up many improvement ideas (Kaizen) to increase steel usage efficiency (yield ratio).

**Tier 1** of the activity is executed inside TKM Press Shop. Reuse is done by stamping smaller parts of the car body by utilizing the scrap offal's.

**Tier 2** of the activity is undertaken outside TKM at the steel supplier. The specific requirements are passed on the supplier after close study of his process so that he makes the necessary changes in his system to supply the steel blanks as per our requirements.

**Tier 3** of the activity is carried out at the Non- Auto parts supplier where the utilization of our steel for the manufacture of non auto parts like electronic components, locks, gears etc. are analyzed.

This Kaizen has been implemented and sustained to give better results and we have achieved a increase in the steel yield ratio.



**No. 1 \***  
Global Leader in Yield Ratio

- Tier III-Non Auto
- Tier II-Steel Supplier
- Tier I-TKM Activity



## REDUCTION OF CARBON EMISSION AT MANUFACTURING SITES:

Being an automobile company, TKM emits a lot of CO<sub>2</sub> with manufacturing and logistics operations. Annually TKM manufacturing unit emits about 40.33 tons/ year of CO<sub>2</sub> which includes Electricity, LPG, Diesel, Furnace oil and Compressed air.

Adhering to the five year environmental action plan of TKM, there is an emphasis to promote such reduction activities by motivating team members to identify improvement points that in turn brings down the energy consumption rate. The initiatives taken at each area are illustrated below.

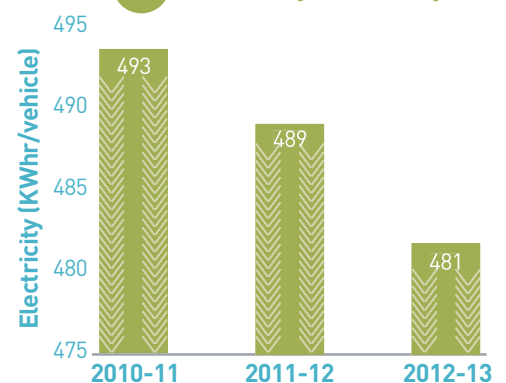
### ELECTRICITY CONSUMPTION

TKM have been achieving good results in electricity consumption reduction with its continuous efforts. TKM achieved a reduction of average per vehicle consumption of electricity from 489 to 481 KW hr (about 1.6% reduction) during the reporting period.

Various initiatives to reduce energy consumption have been promoted:

- TKM focused on energy saving activities along with optimum plant capacity utilization by initiating Kaizen-theme based activities.
- 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.

#### Electricity Consumption



Weld Shop

### WATER CONSUMPTION

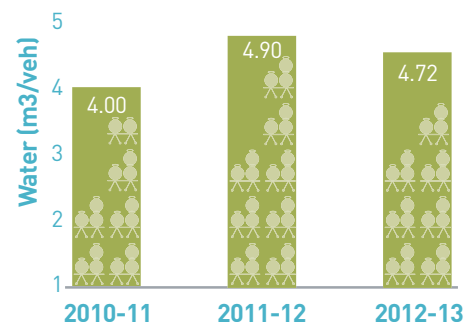
TKM's manufacturing units get their supply of water from Karnataka Industrial Area Development Board (KIADB), catered by River Kaveri. TKM does not depend on any other source for its water demand.

Water and wastewater handling systems, takes utmost care in conserving the precious natural resource - water. We are proactively promoting re-use and optimal use of water.

Steps taken to strengthen water management:

- Establishment of water and wastewater Ohbeya to enhance the water management.
- Pursuing Kaizen-led ideas & enhancing Team Members skill through establishment of Energy & resources doujou [kaizen idea demonstration centre].
- Affiliate benchmarking to gather best practices in water reduction.
- Review involving cross functional teams and Top management.

#### Water Consumption



Reverse osmosis unit

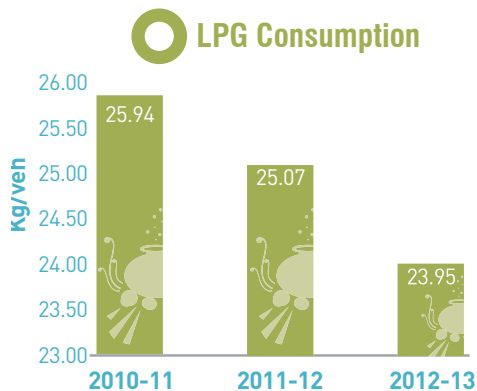
The state-of-the-art Combined Effluent Treatment Plant (CEPT) is equipped with MBR (Membrane Bio-Reactor) and Reverse Osmosis for enhancing the re-usability of the water. Thus, TKM has been able to recycle 60% of the treated wastewater back to the process, at the same time reducing its freshwater consumption by 60%.



## LPG CONSUMPTION

Liquefied Petroleum Gas (LPG) is the primary energy source as it is used for heating ovens and boilers at TKM. However, with new and innovative Kaizens, TKM has been able to maintain a decreasing per unit consumption trend.

The initiatives such as sequential oven switch off, oven and booth temperature control optimization are some of the improvement points adopted to reduce LPG consumption.



## VOC EMISSION REDUCTION

Volatile organic compounds are emitted during the painting activity which has the tendency to cause a photochemical smog in the environment.

Even though 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.

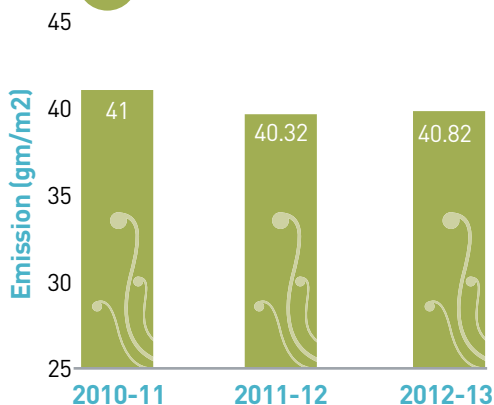
TKM has introduced waterborne paint technology at the new production facility, Plant II. Further,

the use of Regenerative Thermal Oxidizers (RTO) ensures destruction of VOCs emitted from painting operations. VOC emission data's are measured based on the raw material used.

TKM is best among the Toyota affiliates in VOC emission reduction for car manufacturing using solvent based paints. During the reporting period the VOC emissions have increased slightly due to the change point from 90 K to 100 K.



### VOC emission



## HAZARDOUS WASTE

The hazardous waste generated are in the forms of paint sludge, phosphate sludge, and chemical sludge, waste & used oil and contaminated rejects. TKM doesn't treat any hazardous waste on-site but the waste generated is sent for further treatment to authorized vendors.

Aligning TKM's goals with the Toyota Earth Charter, the Company aims to achieve zero hazardous waste to landfill. TKM sends 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 sludge drying facility (a Standardization Process) to reduce excess moisture content in hazardous wastes. In addition to this, various Kaizens are being implemented to reduce moisture content at the source.



### Waste Generation: Production



CATEGORY	WASTE DESCRIPTION	MODE OF DISPOSAL
Non-hazardous waste	Paper, Plastic, Cotton, Glass Wood, Steel, Dust	Recycling
Hazardous waste	Paint sludge Oil & Paint contaminated residues Waste oil, Sealer waste	Incineration
	Chemical sludge Phosphate sludge	Co-processing
	Used oil, Spent solvents	Reprocessing
E-Waste	Paint Containers	Recycling
	Bulbs, computer hardware etc.	Recycling
Bio-sludge	Bio-sludge	Composting

TKM strictly complies with the legal requirements restricting on trans-boundary movement of hazardous wastes. We do not treat any waste in the plant but send it to authorised vendors situated in Karnataka.

TKM has no history of accidental spills and did not have any significant oil spills in the reporting period. TKM's robust Environment management system with regular assessments done against ISO 14000:2004 International standards, there has been no instance of any non-compliance with environmental legislation during the reporting period.

## RESOURCE CONSUMPTION (PLANT 2)

TKM believes in continuous improvement and more emphasis is given on improvement in terms of environmental KPIs. With the establishment of plant 2, the company has brought in the concept of Eco Factory with new technologies with respect to energy conservation and VOC emissions like Servo Machines at Press shop, Global body line at Weld shop and water borne paint implementation at Paint shop.

With the Eco factory in its stabilization phase, we have been observing the difference in terms of energy reduction and the results achieved in the year 2012-13 and targets for 2013-14 are given below:

KPI	ACTUAL CONSUMPTION DURING 2012-13	TARGETS FOR 2013-14
Electricity (KWhr/ Veh)	371	479
Water (m3/ Veh)	3.73	4.16
LPG (Kg/ Veh)	17.9	21.4
VOCs (gm/m3)	23.5	23.1
Hazardous waste (Kg/ Veh)	5.55	5.69

Targets for FY2013 have been established and the facility capacity has been increased from 100K to 210K.



# CARBON EMISSION REDUCTION IN LOGISTIC OPERATION

TKM has constantly striving to reduce CO<sub>2</sub> emissions from all its activities as part of our greenhouse gas emissions abatement initiative so as to ensure a sustainable future for tomorrow. The main criteria concerned for reduction of CO<sub>2</sub> in the logistics activity are distance reduction,

fuel efficiency improvement, loading efficiency optimization, mixed logistics, Milk run, and periodic assessment, volume efficiency improvement, driving skill enhancement, alternate fuel & alternate equipments.

TKM has identified 3 different areas of CO<sub>2</sub> emission in its logistic operations:

- External Logistics
- Internal Logistics
- Vehicle Logistics



Based on this, TKM is working towards reducing its CO<sub>2</sub> emissions and some of the examples are:

### Alternate Mode of Transportation:

CO<sub>2</sub> emission reduction: 50.5 tons /Year

**Parts dispatch by Train:** Earlier, the transportation of parts from north suppliers to TKM was by trucks which would travel from Bangalore via Kolkata, resulting in high CO<sub>2</sub> emission and at present TKM implemented Train dispatch Kaizen through which we observed CO<sub>2</sub> reduction of about 50.5 tons/year. The parts are dispatched thrice on a weekly basis which in turn has proved this Kaizen to be time efficient.



Transportation of parts by Train

### Import Parts Container efficiency optimization:

CO<sub>2</sub> emission reduction: 448 Kg/month

TKM imports its major parts from Indonesia. TKM's shipment operations are the major contributors for the CO<sub>2</sub> emission. Logistics team of TKM identified that the Efficiency of import containers not meeting the standards (= 100% efficient). Loss of efficiency is resulting in excess containers receipt every month which in turn leads to more shipments every month.

An expert committee from TKM identified that number of shipments can be reduced by utilizing container space to the maximum. In the previous condition vaning was done based on order dates and shipment was carried out even with vacant

spaces. After studying the process completely and understanding the scope of improvement, the committee has enhanced the system by filling up the vacant space of the container with the carryover parts. So that 100% container efficiency is achieved.

#### Before Kaizen:

Avg efficiency per container: 82%  
40 Containers / month  
CO<sub>2</sub> emission: 497 Kg / month



#### After Kaizen:

Avg efficiency per container: 100%  
36 Containers / month  
CO<sub>2</sub> emission: 448 Kg / month





**ECO SHOWCASE**

**Resource Reduction initiative at the Canteen**

- 1. Reduction in consumption of electricity in centralized kitchen**  
**Initiative:** Introduction of bed switches for tube lights.  
**Result:**

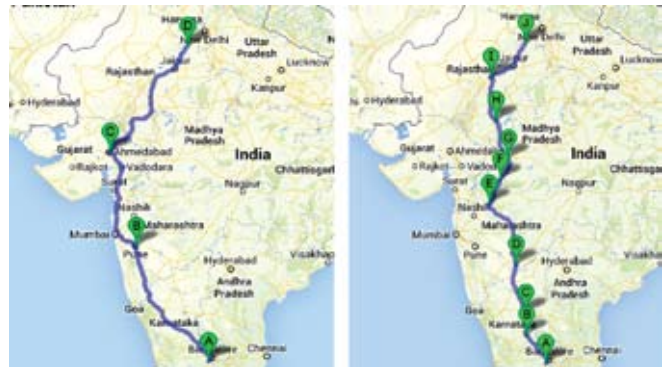
  - Reduction in Tube lights usage hours
  - Saving 0.230 Kw /day
- 2. Reduction in water Consumption in centralized kitchen**  
**Initiative:** Introduction of Shower for Utensils wash at pot wash area.  
**Result:**

  - Reduction in Water usage - 12480 ltr/day
  - Water saving is 12.5 Cum /day
- 3. Afforestation programme:**  
 An afforestation programme was conducted for the TKM and Sodexo members. Around 250 members participated and 4000 saplings were planted.

**Route standardization:**

CO<sub>2</sub> emission reduction: 207.6 tons / year

Previously, the route engaged in the distribution of parts to northern regions was via Pune, which was about 5010 kms from Bangalore. The logistic team made a thorough study and came up with the proposal of changing the route that is via Madhya Pradesh. This resulted in distance reduction from 5010 Kms to 4552 Kms (to-and-fro from Bangalore to Delhi). This in turn helped in reducing CO<sub>2</sub> emission by 207.6 tons/year.



Before condition: from Bangalore Via Pune to Neemrana

After condition: from Bangalore via Madhya Pradesh to Neemrana

**ECO-DRIVE BY EMPLOYEE COMMUTATION TEAM**

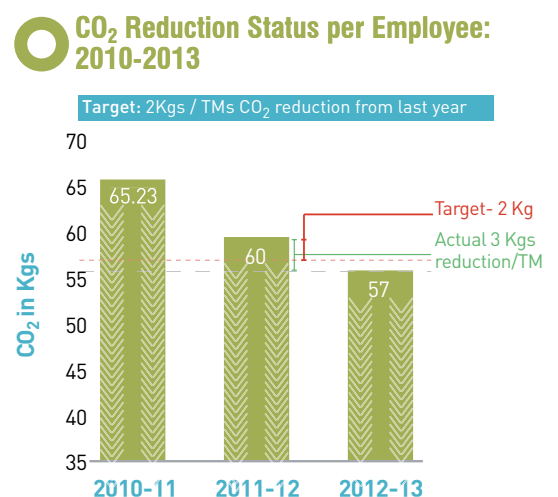
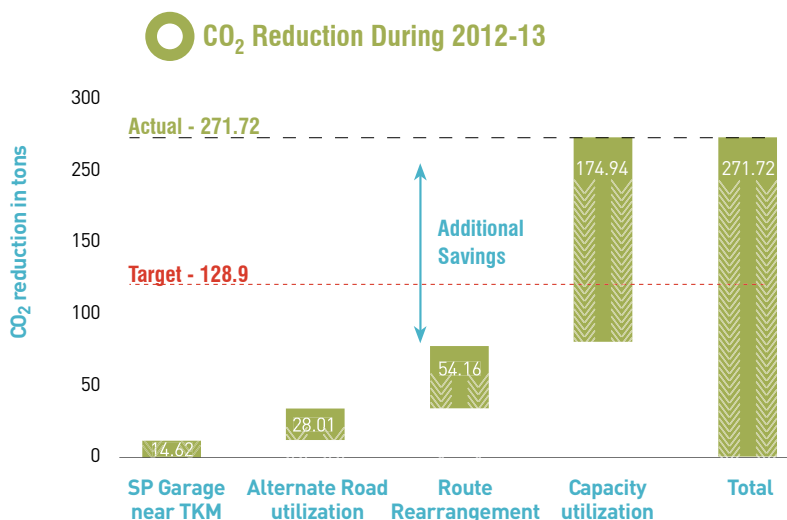
With the raising awareness about the CO<sub>2</sub> emission reduction, the TKM commutation department took up initiatives to reduce fuel consumption:

- 1. Service Providers Garage-near TKM:**  
 Previously TKM commutation vehicles had to travel all the way to the city garages for servicing and repair which was about 30 Kms from the source. Observing this, TKM initiated and advised its vendors to shift or to establish a garage facility near to TKM, exclusively for TKM and Bidadi Industrial Services.
- 2. Alternate Route Utilization:** Some vehicles were taking a longer route though there were no pickup points after a certain area. Thus to reduce this, we identified all the connecting routes between different areas of Bangalore and TKM and implemented usage of shorter routes that in turn saved a lot of time and the

total travel distance of the vehicle also came down.

- 3. Route Rearrangement- based on parking garages:** TKM has three parking garages situated in different localities of Bangalore city. TKM identified the nearby pickup points from the parking garages and assigned these nearby slots as the vehicles' starting points to reduce unnecessary movement of vehicles.
- 4. Optimum Capacity Utilization:** TKM has been monitoring the capacity utilization of vehicles. As a result each vehicle had been allotted a particular route based on the number of travellers wherein it would also cover other pickup points on the way to TKM, depending on the seat availability.

In order to reduce the fuel consumption and CO<sub>2</sub> emission, TKM has adopted the above measures and as a result we have achieved a great success and the reduction rate is as follows:



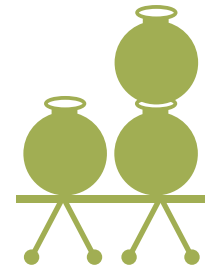
## RISK MINIMIZATION ACTIVITIES BY PRIOR PREVENTION:

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

To prevent any kind of hazard occurrence, TKM has a risk minimization activity in place that would help in reducing the impact of the hazard.

TKM has well resourced gauges that help to maintain and control a mass balance, regular monitoring of the underground tanks and pits by using dip rod check method. Monitoring wells have been installed at the boundary for monitoring groundwater level and quality. Regular examination is conducted on a yearly basis, a report is prepared and sent to TMAP-EM. A periodic auditing is carried out by TMAP and as on today, TKM has achieved 100% compliance.



### CASE STUDY 1

## CLEAN AND GREEN TKM THROUGH “MY AREA CONCEPT”

TKM has been certified with ISO 14001 since 2001 from external auditors AJA (Anglo-Japanese American) Registrars, Thailand. AJA visits Bidadi campus to monitor the plant performance with respect to the environment KPI's every year. In May 2012, the auditors identified a minor non-compliance related to waste disposal from project areas. It was observed that there was no system of controlling unscrupulous waste outside the production area. In order to overcome this, the environment team came up with the “MY AREA CONCEPT” as a solution for waste management.

Inside TKM, unused area's were identified and assigned to the division heads of the adjacent shops and made them responsible for maintaining 4S (Seiri- Sort, Seiton- Simplify, Seiso – Clean up, Seiketsu – standardize). The waste generated at each shop is collected and sent to value yard for further segregation. At value yard, the wastes are segregated and transported to recycling / reprocessing vendors. Based on the waste material size, a facility is provided to cut down the bigger sized waste into smaller bits to make packing & transportation easier from the generation point to the disposal units. Along with this, the contractors and the Team Members were educated about the consequence of proper waste segregation and disposal.

The implementation of the concept took a span of 3 months including the trial runs during non-production time in August 2012. The concept was standardized in all shops during the major shutdown in November 2012. As a result, zero abnormalities were reported and this initiative proved to be both successful, and beneficial.

TKM is one among the few automotive industries to have implemented robust waste disposal system on a large scale.



4s activity during non-production hours



4s activity during non-production hours

CASE STUDY 2

# PACKAGING MATERIAL: WASTAGE & COST REDUCTION

As we are aware, today Environment Conservation is taken as one of the highest priority of mankind for sustenance of Life on this Planet. For this, one of the fundamental approaches is to "Reduce Wastage".

In addition to the above cause, in the current economic scenario and highly competitive market, price increase is an option that is almost ruled out. At this juncture for optimising the profit, the highest focus is brought onto cost reduction. Along with these effects, the disposal of packaging material is a hard task and acts as a contributor to the environment pollution.

Packaging plays an instrumental role in ensuring that the products delivered are devoid any damage till it reaches the end customer. It also plays a significant role in establishing the brand image of the company.

Packaging by nature adds to the direct cost of the product, but is finally scrapped at the end customer as it hold no value

once the product reaches the end user. Considering this, it is very important to blend Quality, Cost & Brand into an optimised packaging solution across Supply Chain.

For this challenge, the basic approach by TKM is

## Approach for Packaging Cost & Waste Reduction

Innovative Design

Usage of Returnable Boxes

Material Specification Change

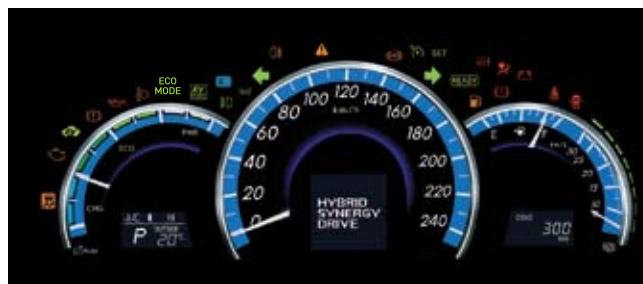
### Key Performance for 2012 ~ 2013

1. Material wastage reduction of 60 tons, Saved more than 1000 Trees.
2. Overall cost reduction of INR 9.4 Mn.

## ENVIRONMENT FRIENDLY PRODUCT DESIGN

Along with these facilities a Q service kit is given out to the customers during the time of vehicle delivery which includes **Safety Book, Toyota Value Pack [AMC], Q-Service features and Know Your Vehicle Book.**

**Know Your Vehicle Book** contains basic information to take care of frequent customer queries on comfort. It also contains product guidelines such as AC, handling of audio etc and General Usage Guidelines which would assist to increase the life & performance of the vehicle & accessories.



Applying the lean business model across the board would lead to immense productivity improvements and create an environment of deflation (a deflationary economy) and very significant wealth creation.

Toyota philosophy is a collection of thoughts & ideas based on an interrelated development of individuals, society & the environment. Hence when we build our products, we make sure to build it around the philosophy of growing together and not as an individual unit. Keeping the same philosophy in mind, in August 2012, we launched the new Camry. The new Camry comes with a special feature - The eco drive indicator, which gives you real time updates of your driving. In other words, it encourages environment considerate driving. This aims at increasing the fuel efficiency & thereby lowering Carbon di oxide emissions. And we are proud to say that such a feature is also part of our Corolla.

Also all our products are **OBD-II** Complained, which ensure lower emission rates.

We combine the principle of Reduce, Reuse & Recycle with the Toyota philosophy of Kaizen (continuous improvement). The process is initiated right from the design stage. They go through many cycles of improvement until the desired standard is achieved. They are also classified at the beginning itself based on their recyclability to facilitate easy identification later.

We also follow a strict policy on **SoC's (Substances of Concern)** such as Lead, Mercury; Cadmium & Hexavalent Chromium as these causes a serious impact on the environment. These materials are either prohibited or used in bare quantities. TKM has voluntarily adopted this since 2006, even though there is no such regulation in India. As we head into the future, we look forward to developing many more hybrids & other alternative fuel vehicles.

Hybrid vehicles are a significant part of the technological evolution and have a prominent presence in the automotive landscape. After the Prius, Toyota is bringing its second hybrid car in CAMRY platform. Toyota is planning on giving a wider publicity to HV as it promises to give better results in terms of energy efficiency and environmental aspects. TKM aims at introducing its first locally produced Hybrid model in India.

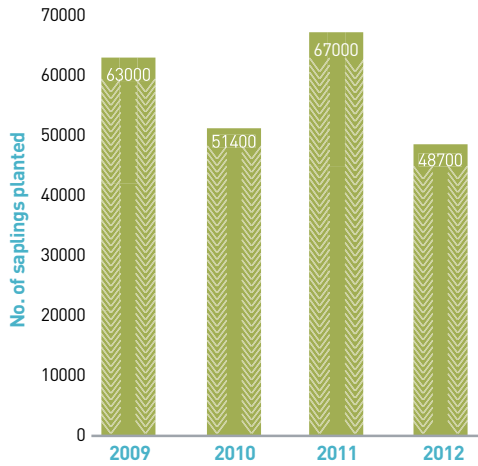




### CASE STUDY 3

## GREENBELT DEVELOPMENT

Toyota always believes that the future of a mobile society is "Living in Harmony with Nature". TKM has adopted many Eco-initiatives in its journey towards creating an eco-friendly company in harmony with nature and society. TKM has promoted many such initiatives with the involvement of Top management, employees & all other stakeholders.

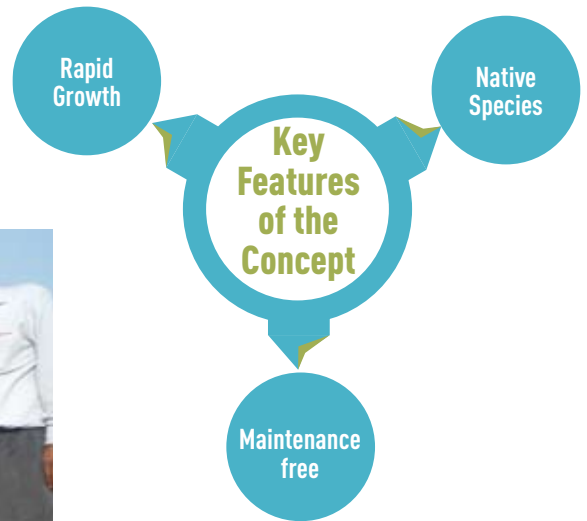


Afforestation is one of the major Sustainable Plant initiatives at TKM. The aim is to address challenges that our forests are facing today and promote a sustainable society through Afforestation.

The entire 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 native species so as to create biodiversity and aid food chain.

TKM has reserved 33% (142 acres) of total land area (432 acres) to develop greenbelt inside premises. The TKM's greenbelt development plan aims at overall improvement in the environmental conditions.

A detailed study of native ecosystem was carried out to understand the species distribution pattern. The greenbelt development team visited a botanical garden at GKVK campus & also Lalbagh in Bangalore to understand the growth pattern of various native species. Forest & Horticulture experts from Agriculture universities and the State Horticulture Department have been involved for their advice and expertise. More than 50 native species were selected & planted under the green belt area. During the reporting period more than 30 acres of land was developed under this programme. Team members were involved during planting activity to trigger Eco consciousness among them.





## 2009

- 5800 people including TKM members, their family, suppliers and dealers, school children, neighbouring industries, local community and government officials joined hands with TKM for this noble cause.
- 32,500 saplings planted within a short span of two hours.



## 2010

- About 1200 team members enthusiastically participated in afforestation programmes during the period of April 2010 - March 2011.
- Extended the initiative to Regional Man power Excellence Centre (RPMEC)- Pune
- 11200 saplings were planted by involving volunteer team members, government officials and school child.



## 2011

67000 native plants were planted inside TKM and also in the local community by involving employee volunteers and school children through the celebration of environment commemorative days.



## 2012

- During the celebration of World Environment Month, Team member volunteers planted more than 7500 saplings in schools & villages.
- The company has been promoting Afforestation among local community, schools & to its buiness partners.

The greenbelt is designed to enrich biodiversity at TKM and also in the surrounding area.

### Steps involved in Development of Green belt are as follows

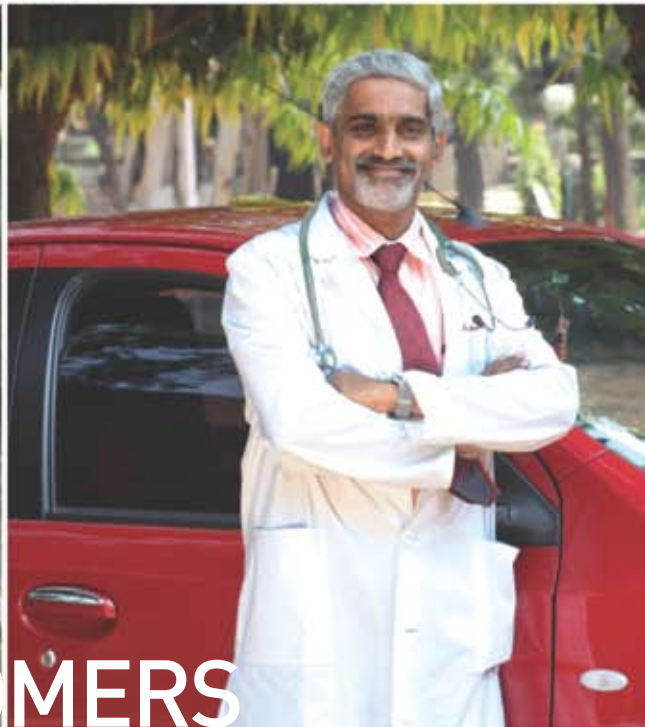
1. Detailed investigation of soil
2. Selection of native species keeping in view of conservation & aesthetic value
3. Sourcing of quality planting material
4. Designing of planting plan
5. Preparation of pit & planting media
6. Planting & mulching
7. Watering & periodic maintenance

### The benefits from Greenbelt development are

- Retention of native habitat
- Prevention of land degradation during construction phase
- Enhancing the tree cover to increase the biodiversity
- Enhancing the ecological equilibrium of the area
- Decreasing Rain water runoff & Increase in water percolation
- Create a habitat for endemic birds & fauna
- Providing aesthetic value to the area & ultimately providing a comfortable work environment.







## OUR CUSTOMERS



Toyota Kirloskar Motor has been living up to its image of trust, with credible products and delightful customer experiences 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.



# OUR CUSTOMERS

Toyota brand stands for Quality, Durability and Reliability all over the world

- Toyota has built a strong trust with Quality products in India.
- Toyota has Lived up to its image of trust with credible products and customer experiences.
- In the year 2010, Toyota launched its 'Q Promise' Campaign supported by the 'Toyota = Bharosa' campaign.
- Toyota has delivered to its image of trust with credible products and customer experiences.

## 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".

Toyota follows the philosophy of 'Customer First', which means the success is measured in terms of customer satisfaction and not just the growth in sales. The company is committed to provide high quality products at a reasonable price and cater to changing customer needs in India also.

World renowned products, combined with a thoughtful range of services, have won TKM a

## Q SERVICE:

Q Service as a brand was developed to promote Toyota Service as a differentiator in the market. This was meant to create an identity for the quality service provided by Toyota to the customers in quick time & through qualified manpower.

### OBJECTIVE:

- Perceptions about Q Service and communication feedback.
- Feedback on Initiatives taken to promote and made part of Q Service.
- Correlation of findings with various activities

Awareness and understanding of Q Service is checked on Quality & Quantity in association with Perceptions & Expectations from Dealers & Customers point of view. The results are analysed

special place in the hearts of Indian customers. As a result, to over 8, 28,087 satisfied customers, the name Toyota equals Trust.

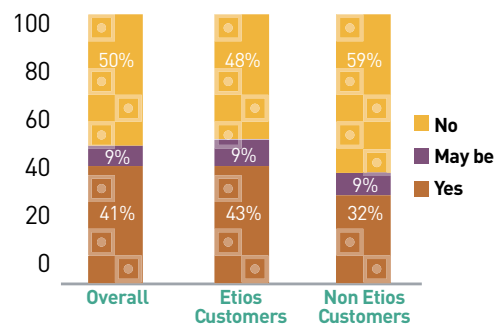
Toyota in India is perceived as a premium brand but with an entry into the B Segment car market – the objective is to make it more mass market friendly.

and the promotions of Q Service are enhanced by adopting robust Tool.

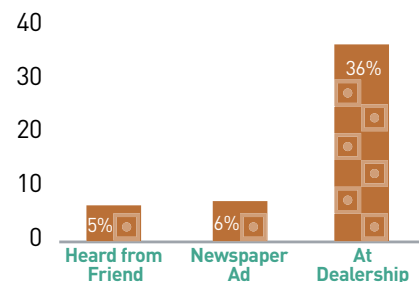
### This effectiveness check was conducted as per the following facts:

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

### Have you heard of Q Service

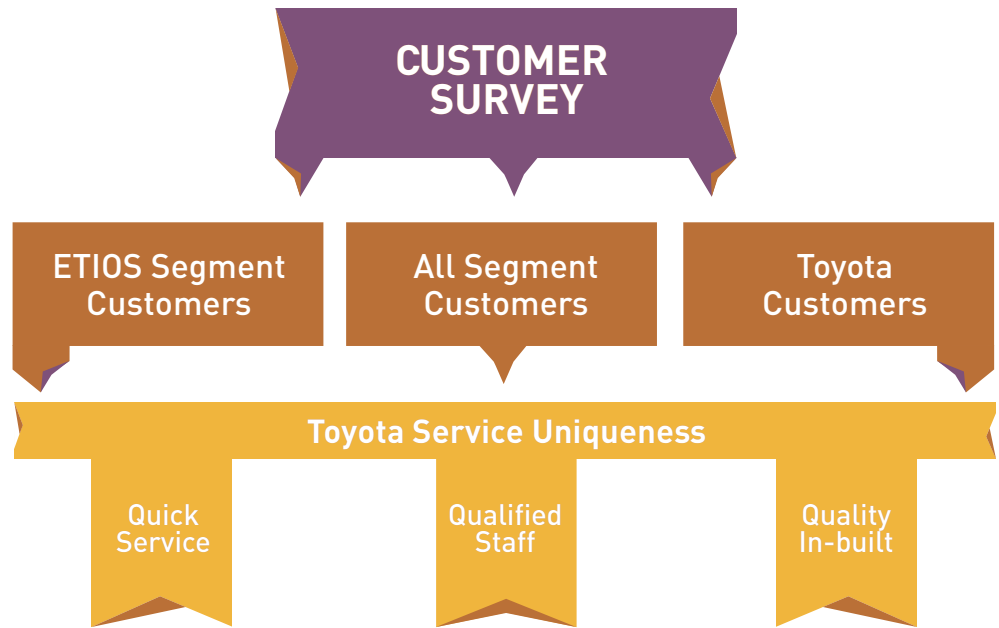


### Source of Awareness (SOA)



## OUTCOME OF THE SURVEY

- Results show awareness of Q Service is low however the awareness level among Etios customers is higher than rest.
- The major means through which customers are getting aware of Q Service is at dealerships.
- Promotional activities carried out at dealership needs to be strengthened & promotion through other mediums to be initiated



## FUTURE PLANS

Carryout Brand building activities through:

- Development of videos to promote Q Service features at dealership
- Promote unique Q Service elements like Express Maintenance through advertisements
- Enhance programmes like Q Service Kit dispatch & Shubharambh to enable better understanding of Q Service features

## Creation of new image of Toyota Service - Reiterate



## Expectations from the Survey



## CUSTOMER SAFETY

All vehicles produced at Toyota Kirloskar Motor are of the highest safety standards with new generation technology. All TKM vehicles meet the prevailing safety regulation of the country. Through Toyota philosophy of Kaizen combined with the principle of Reduce, Reuse & Recycle the products go through many cycles of improvement until the desired standard is achieved. TKM does a periodic assessment of its products and services to reduce their health and safety impact. No incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products & services and during the reporting period 2012-13.

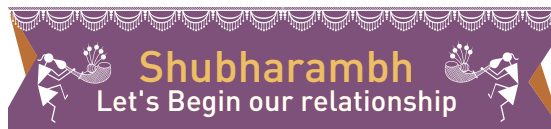


## RELATIONSHIP BUILDING PROGRAMME



### Q SERVICE- SHUBHARAMBH

TKM launched relationship building programme in January 2011 for Etios and Etios Liva in order to communicate unique features of Q service to the new set of customers. The programme was designed to build relationship with customer during 1000 Km service while showcasing our service strength and building confidence in their mind further leading to repeated service visits.



#### Sale of new Etios vehicles

- Communicate tangible & intangible cost of ownership to customers during new vehicle sales process

#### First time service after sale

- To provide Q Service experience to ETIOS customers.
- Make a good impression & 100% customer satisfaction

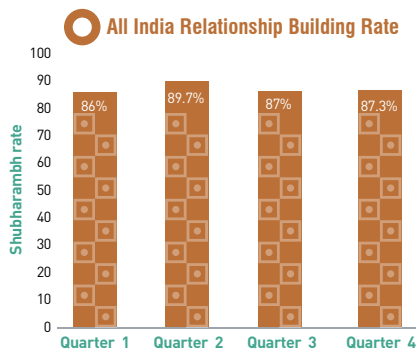
### CUSTOMER SERVICE EXCELLENCE AWARD (CSEA).

CSEA is given by TMC to Distributors who make considerable achievement in various categories like - Distributor Fundamentals, Customer Satisfaction Improvement, Service Capacity & Operation, Parts logistics and Value Chain. Consecutively second time TKM has achieved GOLD Award in **Customer Service Excellence Award (CSEA)**



## ANALYSIS ON RELATION BUILDING:

As a result, 90% of the customers are aware of this service and its salient features. As a step further TKM has also redesigned shubharambh brochure making it more interactive to highlight Q Service key feature effectively.

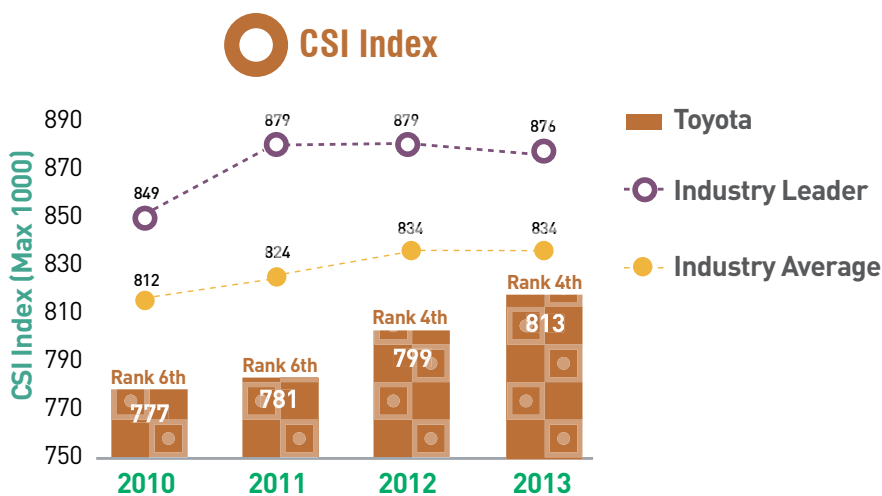


Happy Customer: Gift handed over to customer on his birthday

## JD POWER SURVEY ON CUSTOMER SATISFACTION:

One of the key indicators of Customer Satisfaction is the JD Power Syndicate CSI Index. Through strong activities focused on enhancing customer service experience, Toyota has been continuously improving in the CSI Index and the gap with market leader is reducing as shown in the chart below.

## JD POWER SYNDICATE CSI SURVEY RESULTS

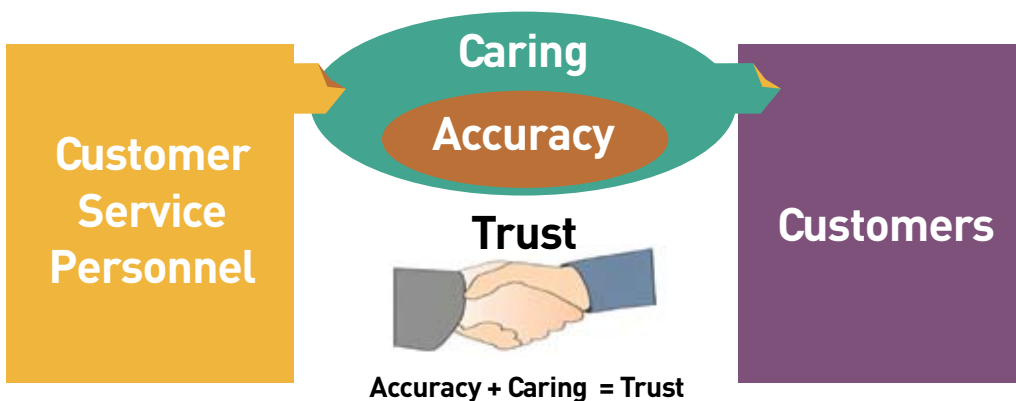


## INITIATIVES TO ENHANCE THE CUSTOMER SATISFACTION:

TKM has high focus on Customer satisfaction and striving to achieve CSI No.1 position by 2015.

Definition of Customer Satisfaction to Toyota is Accuracy + Caring = Trust. These are the core values that all personnel engaging in customer service keep in mind in order to build good relationships and to achieve customer delight.

TKM has initiated many activities for relationship building with Customer. To name a few are - Mass Customer meets, Customer home visits, in dealer engagement, etc.





### CUSTOMER MEET:

Customer first has always been the motto of TKM and its dealers. With an objective of building a good relationship with its customers, we organize a Customer Meet every year.

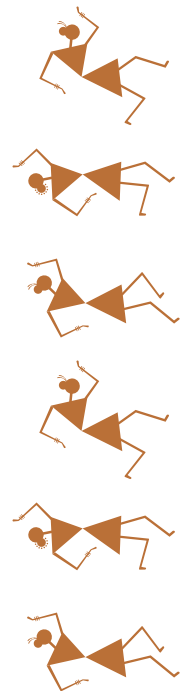


*Customer Participation during the Customer Meet*

### CUSTOMER FIRST EXHIBITION

Based on the Philosophy of Harmonious growth, Toyota Motor Corporation is committed to passing on to TKM the DNA of the Toyota Way, which is defined by the "Customer First Approach". This Approach has helped the company to form successful relationships with its supplier & Dealers & Develop a solid business base in India.

The Customer First Exhibition was organized at TKM to Motivate the Supplier and the in-house team to design and manufacture quality through flexibility & co-operation keeping the customer in mind. This event provided an opportunity to strengthen the concept of always keeping the customer first, among our key stakeholders.



*Explanation to top management during Customer First Exhibition*

### PRODUCT AND SERVICE INFORMATION

Information about the product is made available on Toyota Website, which would help customers/ stakeholders about the product and vehicle related critical/important information is displayed on the labels. In addition, periodic campaigns are organized [No to Counter Fit, Seasonal Campaigns] for customers awareness on various aspects of the product & safety.

No significant fines levied on the company for non-compliance with laws and regulations concerning product & service and their information and labelling during 2012-13.

## NO TO COUNTERFEIT (NTC) CAMPAIGN 2012

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 TKM to start an anti-counterfeit campaign.

A campaign was organized at key dealerships on the 2nd week of December, to make customers aware of the dangers of using counterfeit parts. They were informed that spurious and counterfeit parts



seriously compromise the efficiency, functioning of the vehicle and, more importantly, the safety of the passengers.

Survey was conducted among visiting customers to understand the reasons for the use of spurious parts. Gifts were handed out to participating customers.

## OUTCOME OF THE CAMPAIGN:

- 77% of the customers are buying counterfeit parts because of far off location of the dealer
- 98% of the customer wants to use Genuine parts after being aware of toyota's anti-counterfeit parts campaign



## SEASONAL CAMPAIGNS

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 had been carried out.



Special POP developed for Festive campaign



Promotional Poster used for Summer Campaign (16th April to 15th May)





### CENTRALIZED CALL CENTRE

A centralized call centre was designed in order to prepare an immediate reply SOP to the customer queries, with this centre in place any queries from customers can be addressed irrespective of the department. A single contact number is provided to improve the rate of immediate reply to the customers.

This also avoids multiple call transfer and establishment of this centre has not only benefitted the customers but the employees also have got a higher chance of career growth and skill development.

### CUSTOMER PRIVACY

TKM takes utmost care regarding customer privacy and customer data handling. Through Centralized Toyota Dealer Management System [CTDMS] all the customers, vehicles, dealers, dealer employees & part's data is securely maintained in centralized server placed

at TKM. The information can only be accessed through highly secured TKM network and only TKM authorized dealers can access the customers data.

There have been no complaints regarding breach of customer privacy and loss of customer data during 2012-13.



### EXPRESS MAINTENANCE SUSTAINMENT & ENHANCEMENT



[www.toyotabharat.com](http://www.toyotabharat.com)



Express Maintenance (EM) is derived from the concept of Toyota Production System to achieve shorter lead time service & commitment towards 60 minutes service. The EM Program is certified by TKM and implemented at 125 dealers across India. With the growing dealer network and increasing customer base [entered B segment], TKM is committed and focussed on achieving 60 minutes vehicle service to ensure customer satisfaction.

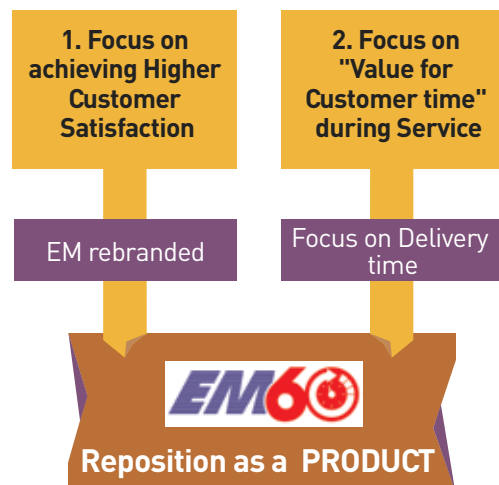
Express Maintenance itself is a Known Brand across India & stands for Quick Delivery of Quality Service by Qualified Manpower. To strongly communicate 60 minutes service commitment, TKM offered the Express Maintenance as EM 60 product to focus on quick delivery of vehicle to customers.

## 60 MINUTES COMPREHENSIVE SERVICE.

Kyunki nonstop zindagi mein full stops nahi hote.

- 3 highly trained technicians work simultaneously
- Quality check is an inherent part of each process
- Specially designed tools & equipments
- Watch your car being serviced

To know more SMS Service A to 566776







### **Our Strength, Our People**

Advocates of lean production argue that a work system is truly lean only if a given bundle of practices, including worker empowerment, is implemented in the proper configuration. Ask any satisfied employee of an organization, he or she will say employee engagement is truly about culture. The TKM employee culture follows the Kaizen (Kai-Good; Zen- change) way of life and business, which is also the crux of lean manufacturing.

# OUR EMPLOYEES



# OUR EMPLOYEES

## TOYOTA GUIDING PRINCIPLES

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

The Employees are one of the core strength of the company to grow as one of the largest automobile manufacture in India. 6535 employees of TKM are considered as the most important asset of the organization.

All TKM employees are groomed to follow The Toyota Way.

TKM encourages its employees to grow on both personal and professional end by providing opportunities for personal growth, foster the realization of their abilities, and compensate all individual contributions fairly. This in turn helps the employees to come up with fresh Kaizens for the improvement in the processes at the company and contributing to its growth.

## THE WORKFORCE DATA:

CATEGORISATION	2012-2013			2011-2012			2010-2011		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
<b>BY EMPLOYEE TYPE</b>									
Total no. of employees in FTEs	6431	104	6535	6126	96	6222	4965	88	5053
Full Time Employees (Headcount)	6431	104	6535	6126	96	6222	4965	88	5053
By Region									
- Local (Karnataka)	6273	96	6369	5996	90	6086	4840	82	4922
- Other Places	158	8	166	130	6	136	125	6	131
No. Of Employees (Permanent )		6535			6257			5231	
No. Of Employees (Contract)		2065			3355			2623	
Employee Turnover (%)		1.8			3.61			2.5	
Learning days		5 days			5 days			5 days	

## RECRUITMENT AND REMUNERATION

In lean manufacturing, the cultures are standardized, thus, unfavorable practices and behaviors of both the employees and the management are reduced, if not eliminated. The greatest advantage of lean manufacturing in terms of cultures adopted by companies is that lean manufacturing makes the differences between management and personnel reach to a verging point.

TKM follows a fair policy in recruiting prospective candidates to the workforce. The employees must be competent and should be able to contribute willingly to the development of the organization and also groom their persona in accordance. TKM is 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.

Since, TMC plays a key role in product development

and our business practices, the Japanese expatriates work very closely with us at TKM.

TKM's Remuneration policy states "equal pay for equal work". This illustrates the same compensation structure across the same pay scale, for men and women. The company also adheres to minimum wages regulations applicable by the Government of India.

As per company's policy, employees are given 3 months of maternity paid leave (as per Maternity Act) and 3 days of paternity leave.

## QUALITY CONTROL CIRCLE (QCC)

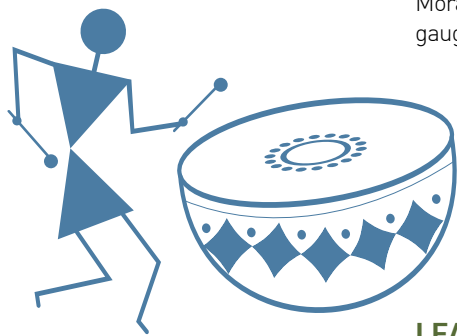
It is a group formed by employees that share same workspace. The circle members come together to solve problems by sharing ideas based on QC principles, QC steps and QC tools. The QCC helps in enhancing employee potential and augmenting better communication amongst the team members.



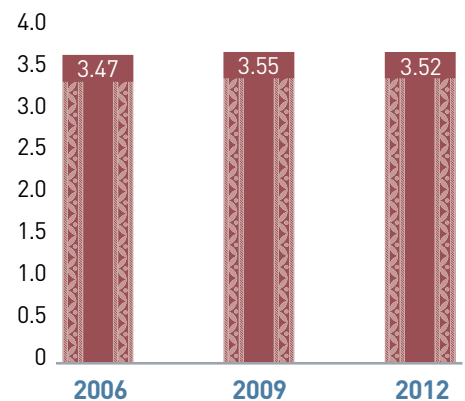
## MORALE SURVEY:

The latest Morale Survey was conducted in 2012-13. 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.

Morale Survey is conducted once in 2 years to gauge Employee satisfaction and wellbeing.



## Morale Survey Result



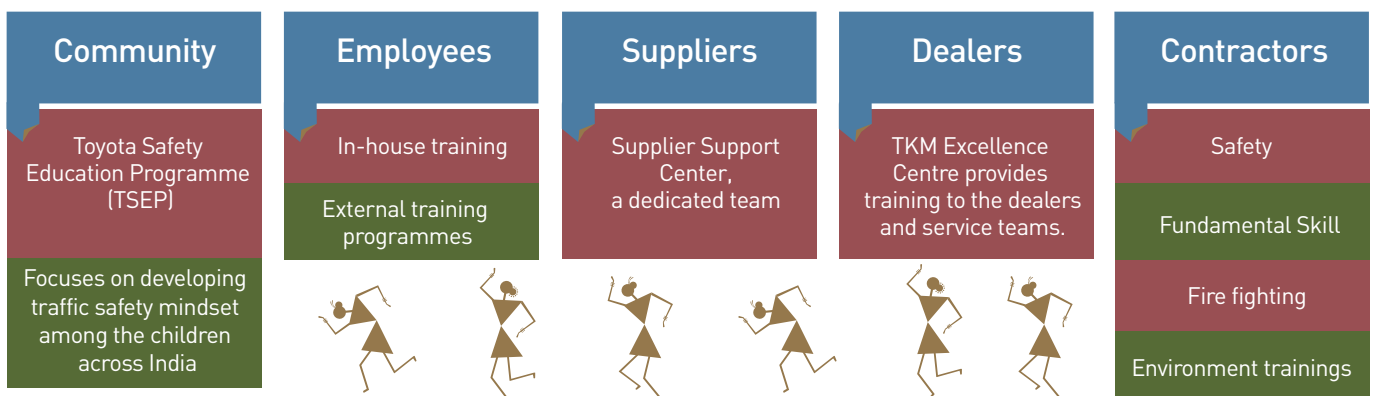
## LEARNING AND DEVELOPMENT

Training and development at TKM are focused with significant efforts for employees "Development and growth".

Right from the moment an employee is recruited - induction training on "Toyota Way" 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 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.

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 enhancing product safety & efficiency and optimizing costs.



### TRAINING AND CAPACITY BUILDING

Organisation's policy, practices and procedures are to impart training and awareness to its employees at all levels, including contractors & suppliers.

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

The employees at TKM get trained on custom-tailored training programmes for learning such as Workplace Leadership/SDP, Toyota Business Practices, New Competency Sensitization programme, Toyota Communication Skills, Cross Culture sensitization Training and focused training programmes for team leaders, group leaders, managers on making their roles more effective and efficient.

Average training hours since 2010	<b>5 hours</b>
Total learning days 2012-13	<b>376164 days</b>
Skill development & leadership quality training	<b>2622 days</b>

TKM also conducted **3.5 days** of induction programme for **2952 new joinees**.

<b>Thinking Way</b>	<ul style="list-style-type: none"> <li>-Company has designed a Training Work Life Plan for each employee.</li> <li>-Training Deployment Plan is designed across the organization from mid-to-long-term perspective. (3-years).</li> <li>-Broadly, training programmes are classified into Global Contents, Regional Contents and Local Contents.</li> </ul>
<b>Pre-Training</b>	<ul style="list-style-type: none"> <li>-Based on the Work Life plan, training need is assessed.</li> <li>-Pre-work is issued to the appropriate training programmes well in advance to the participants.</li> <li>-A robust Train-The-Trainer (T-3) Development process ensures that the best among the trainers are selected to deliver each content.</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>-Content-specific Certified Trainers are the facilitators. These trainers are certified by Toyota Motor Corporation, Japan and Toyota Institute Asia Pacific, Thailand.</li> <li>-Trainings are imparted in Gurukul, a dedicated training facility within the Company's premises.</li> </ul>



### TRAINEE SATISFACTION LEVEL FEEDBACK:

The feedback session is conducted for both internal and external trainees in the form of oral and written feedback at the conclusion of the training. Employees are encouraged to take up a theme / problem at their workplace and solve it. An A3 report has to be prepared and report-out of the A-3 has to be approved by the supervisor / Head of the Department.

Improvement points / reflections are incorporated in the immediate next batch by sharing the feedback with the trainer.

### EMPLOYEE ENGAGEMENT

#### KALOSTAVA AT TKM



Team member family members participation in Rangoli competition



Fancy dress & music competition for kids





## PERFORMANCE REVIEW

Performance appraisal is a key aspect in TKM's performance management system of an employee. It ensures that the assessment of the employees is done in a well-organized manner by identifying the gaps and supporting them to progress accordingly. This helps in the overall growth and optimization of personnel through periodic appraisals. Performance review provides equal importance to result and processes.

Performance Review is conducted twice in a year. At the beginning of the financial year, both employee and supervisor agree upon set key expectations and the same will be reviewed half yearly and at the end of the financial year.

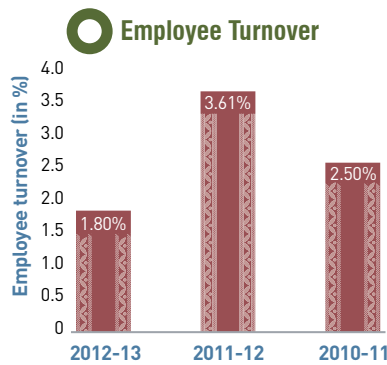
**100% of Permanent employees (6535) completed performance review for the year 2012-13.**

These systems have also helped in employee retention to a certain extent. TKM maintains the employee morale through its performance linked incentive systems.

## 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 counselling 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 employee turnover has come down to 1.8% during the reporting period as compared to 3.61% during 2011-12.



*Managing Director handing over the Long Service award to team member for completion of 10 years of service at TKM*

## RAJYOSTAVA AT TKM



*Dignitaries present during Kannada Rajyostava celebration*



*Kalotsava competition winners were awarded by Dr. H S Venkatesh Murthy, during Rajyostava celebration*



*State's Folk dance performance*

## EKIDEN



*Prize distribution to winning teams by Indian Cricket Team Vice- Captain Virat Kohli and Toyota India MD Mr. Hiroshi Nakagawa during Ekiden at TKM*





## HUMAN RIGHTS- THE LEAN FOUNDATION

**Toyota Guiding Principles** articulates that "Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities".

### TKM practices 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.

TKM Code of Conduct and Code of Ethics elaborates that the company's stand against violation of human rights, incidents of child labour or violation of indigenous rights. Human rights are strongly considered at operations, processes and contracts to avoid any sort of violation or discrimination against any. All the vendors and suppliers of TKM are expected to comply with the laws and regulations which bolster fairness, demonstrate and strictly follow the internationally set standards on human rights transparency and also ensure the economic use of resources.

TKM believes that human rights have to be kept in accord to maintain a healthy and functional workforce. Toyota's Guiding Principles form the backbone of the culture that it extends to the stakeholders as a whole. TKM ensures that the contract workers and all project related contracts include safety, health, and environment related human rights clauses. Irrespective of the position and grade, all the employees, service providers including security personnel and contractors are complied under the human rights policy.

We 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.

### CODE OF CONDUCT AND CODE OF ETHICS

Code of Conduct organizes the basic attitudes necessary for people working at the company. Values and Ethics are communicated to all employees through emails, communication meetings, newsletter, billboards and value standees. TKM's Code of Conduct and Code of Ethics awareness is imparted to every employee during their induction.

To ensure employees adhere to the code, TKM carries out reviews / assessments at all the business units. Contractors and regional offices are reviewed twice in a year.

During the reporting period, there were no incidents of discrimination on grounds of race, colour, gender, religion, political opinion, nationality, ethnicity or economic status, Anti competitive and corruption behaviour. TKM also has strict Human rights policy against any corruption and Anti Competitive behavior. The company has not made any financial and in-kind contributions to political parties, politicians, and related institutions by country.

### FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

TKM supports freedom of association & collective bargaining which in-turn helps the company to enhance the team work and unity amongst workforce. Management and the union work as the pillars of the company, it is from these pillars that TKM derives its strength thereby realizing all its goals.

The Joint Declaration between Union and the Management is entered into is first-of-its kind in the Indian Automobile Industry. About 63% of the employees are covered by collective bargaining agreements. During the joint discourse of collective bargaining 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 two weeks is provided as per law to employees 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".



*Signing of Memorandum of Settlement*



## 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 include matters related to workplace issues, discrimination, harassment, etc.

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.

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

## OCCUPATIONAL HEALTH:

TKM considers employee safety as one of the prime concerns. A well placed Health and Safety Policy is practiced with a periodic training programmes.

In case of emergency, TKM has a well equipped medical facility and a clinic in the premises. Safety team conducts a thorough investigation of the area and within stipulated time the report is shared with all the shops to confirm the similar hazards and precautionary measures.

TKM has various preventive measures being taken at workplace with Ergo study, Cross function audit, KPI management & control etc.

Ergo system, a Task team is developed, consisting of leaders from each shops where they will be trained, evaluated and certified for ergo study & improvement as a continuous process.

CrossFunctional Team development - The selected members will be trained on Toyota manufacturing standards and other basic risk assessment procedures. Later, the team would be auditing various hazards like men-machine interface, fire, logistics and work environment parameters confirmation. And the results are visualized in the shop and will be monitored until the measures are taken.

Hygiene, behaviour and regular, job specific exercise routines are part of TKM's programme to ensure healthy living, management of body mass index (BMI), No smoking campaign, healthy diet etc are our regular practices. TKM extends its healthy work environment culture to the family members of its employees by promoting health and welfare programmes. Counselling and annual medical

checkups are two other facilities provided to the employees to monitor their mental and physical health.

TKM attempts to resolve these by making suitable amendments to reduce the physical stress caused which is process specific. 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.

TKM runs "quit smoking" and "quit drinking" drives for all employees to discourage such bad habits. To promote a healthy work environment, TKM periodically reviews sanitation and hygiene conditions, food and water quality.

Over 75% of total workforce is represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.



Clinic Facility at TKM



Health and Safety commitment campaign at TKM

Many CSR activities have also been conducted by the clinic staff in the surrounding communities.



Dental Check-up for school children



Government School Health Check-up camps



Free Medicine distribution at community health check-up camp

### HEALTH PROMOTION ACTIVITIES:

#	PROCESS	APPROACH	DEPLOYMENT	A & R OF PROCESS & RESULTS	IMPACT
1	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"> <li>Adoption of safety &amp; environment systems (ISO 14001) at all units, which are more stringent than statutory requirements</li> <li>Strict compliance to all norms</li> <li>Communication and reinforcement through training on safety standards to all employees at all units</li> <li>Mandatory usage of personal protective equipments for all employees/visitors entering production/shop floor</li> <li>SHE training to all new joiners</li> <li>Refresher training to all</li> <li>Safety Month celebrations through involvement of all employees at all units</li> <li>All renovated offices/buildings to have high levels of built-in safety arrangements</li> </ul>	<p>Involvement of local community as part of Safety Day celebrations</p> <p>Sharing of best practices on SHE</p>	<p>Zero fatal accidents</p> <p>Improving trends for safe man-hours at all locations</p>
2	Workplace Health	Ensure high degree of employee well being by creating and maintaining a healthy work environment	<ul style="list-style-type: none"> <li>Annual health check-up for all employees at all locations</li> <li>Counselling by Company Doctor on health issues</li> <li>Mandatory usage of PPEs at workplace</li> <li>Providing healthy &amp; nutritious food to employees</li> </ul>	<p>Sharing of best practices on employee health by Company Doctor</p> <p>Engaged psychologists for counselling NMS on health issues</p>	<p>Improvement in health of employees</p>
3	Workplace Ergonomics	Provide for ergonomically designed workplace to improve employee productivity, reduced fatigue & sickness levels	<ul style="list-style-type: none"> <li>Implementation of Workplace Improvement Activities</li> <li>Offices have ergonomically designed workstations with lighting, sound and fresh air norms meeting or exceeding international standards</li> <li>Open office architecture</li> </ul>	<p>Improvement in workplace, lighting, sound and fresh air</p>	<p>Improvement in employee productivity</p> <p>Reduction in fatigue levels</p>

# OCCUPATIONAL SAFETY

TKM is committed to providing a congenial and safe work environment, which fosters employee engagement. The organization believes in providing a pleasing and ergonomically designed workplace.

A periodic assessment and specific theme based audit is carried out under the guidance of the safety committee that involves the top management and members. Audit is focused on various hazards like men-machine interface, logistics, process, fire risk and other etc. During the audit the hazards are identified and an immediate countermeasure is taken. Shopwise task team development for timely action & sustenance confirmation is well built.

TKM's safety commitment is to ensure Zero accident at Toyota or in its group companies and stakeholders. Since accidents are due to unsafe acts and unsafe conditions, at TKM, we strongly believe the following are the three pillars of safety: Machine safety, Human safety and Safety Committee. The overall image of the safety promotion activities at Toyota Kirloskar Motor has been illustrated in the image below, showcasing:

- a) TKM Safety Strategy
- b) TKM Safety house concept



## TOYOTA 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



## HUMAN SAFETY

Human safety is the state of mind towards knowledge, mind and sense. Safety knowledge is inculcated through DOJO training (simulation based training). Safety training is provided to every employee working both in the shop floor and in the office, this helps in making the members aware of the hazards that can occur at his/her workplace and also makes the member aware how to deal in such situations.

TKM has adopted Japanese practice of Hiyari Hatto i.e., a member identifies any hazard at his/ her workplace. The information is shared company wide so that other shops also verify their respective area & take countermeasure. . In order to motivate our employees and to encourage them to identify workplace hazards, annually a special award is given to the best Hiyari hatto by the Top Management.

TKM has the tradition of celebrating Safety Month. Every year, one month is identified as a Safety month and all the stakeholders are involved in all the activities. Activities with safety aspects such as training, walkathon, campaigning & awareness programmes are promoted. This helps us drive all

our stakeholders towards forming a healthy and safe work environment.



*TKM Managing Director handing over the Best Hiyari hatto Award to team member*







Top Management taking up the safety oath



Safety activities review at shop by Top Management

**TKM SAFETY CULTURE** +

Office

- 1 Do Not put hands in your pocket while Walking
- 2 Hold Handrail while using stairs.
- 3 Do Not use mobile phone while walking inside the shop floor.
- 4 Use Green Path/ Walk way
- 5 Don't carry materials in both the hands while climbing stairs
- 6 Perform 3-Point finger check at all intersections and pedestrain crossings

+ SAFETY FIRST APPROACH ALWAYS

Safety & Environment Department

### SAFETY CULTURE

Safety culture, the base for an organization and indeed practicing of safety culture makes oneself safe anywhere and anytime. It is basically the fundamental attitude which one can practice and preach.

In TKM, we practice various safety cultures that are taught to all the employees during the induction programme such as:

#### STOP/LOOK/GO:

Simple 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.

#### JOB SPECIFIC TRAINING:

is given to all the employees during their induction. Job specific trainings are also provided as per the employee's job profile e.g. safety driving training for commutation drivers.

#### KY ABILITY UP ACTIVITY:

In Toyota, we strongly believe that each employee should be aware of safety requirements of his workplace and act accordingly. With this context, we train employees on hazard identification ability through process study and risk assessment. With this, the hazard awareness is developed among employees and is able to understand not only unsafe condition but also the unsafe act what can lead to accident.

### TOYOTA 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.



Despite project's challenges such as dynamic work environment and high risk activities an achievement of **22.64 million safe man-hours** without any fatal/ serious accident.

## MACHINE SAFETY

Machine safety is ensured on a periodical basis by the 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.

## WORK PLACE SAFETY:

### Ergonomics:

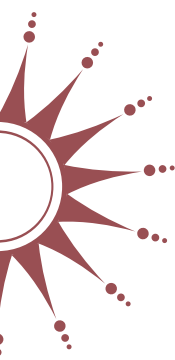
A thorough ergonomic study is carried out by an expert team periodically. Ergonomics is taken as a major factor to ensure that all the employees are comfortable in their workplace. New and innovative technologies have been adopted by the company to bring down physical stress on the employees.

### 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.

## TRAINING/ PROMOTIONAL ACTIVITIES

1. Stakeholder involvement in all the activities during the Safety month
2. Safety Walkathon by all contractor members & management
3. Safety dojou establishment on construction safety awareness. (Safety Dojo: Stimulated training)
4. Safety risk and sensitization among 2300 members
5. Critical job refresher training for about 1340 members and safety level up model in fabrication yards
6. Active involvement of OSS companies in safety month celebration and work place level up dojo / KY training to drivers with themes such as night driving, over speeding and continuous driving
7. Workplace and vehicle improvement in cases like men vehicle collision and safety device check
8. New Kaizen activity initiated in RO / RPTC dealer members. (34 new Kaizens)
9. Training / Campaign on logistics and road safety by dealer members & management



*Safety Simulation training to contractors*



*Safety Ohbeya Explanation to Top Management*

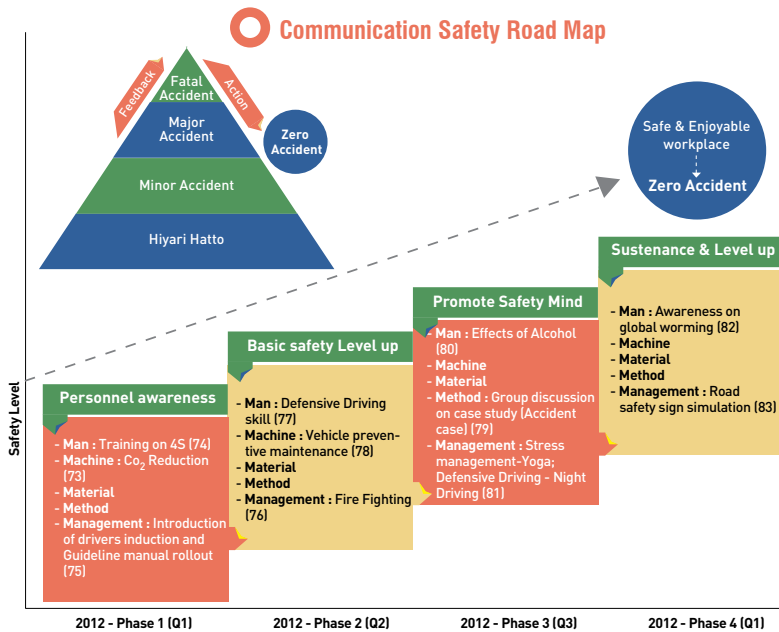




## SPECIAL STORY: "COMMUTATION SAFETY"

TKM has its own commutation service for its both permanent and contractor employees. This is an initiative to bring down the CO<sub>2</sub> emission per employee. There are about 295 vehicles totally that runs for about 8, 88,000 KMs per month within a radius of 80 KMs.

With the rising number of road accidents (Bangalore alone witnesses about 3539 accidents annually); TKM has under taken various initiatives to create awareness about road safety and its importance in and outside the plant. TKM believes in the concept of "Safety First". Thus the drivers, employees and the surrounding communities have been a part of this awareness programme.



With an objective of building a safe service facility for its employees and to achieve "Zero Accident", TKM developed a Roadmap according to which various activities were planned and executed for drivers, TMs and for Public awareness.

In order to develop a safe and a healthy working place, drivers were educated in three different areas

- Swayam Niyantrana (self discipline)
- Sampoorna Arogya (total health control)
- Uttam Koushalya (high skill)

All commutation vehicles at TKM have a very unique seating facility with a three pin seat belt. To avoid occurrence of injury in case of accidents comfortable seating, Good leg space, Wide hand rest, Three point seat belt, Extra cushion on the back of the seat, Push-back seating arrangements and Customized grab handles facilities are provided.

As part of team members safety awareness programme many activities such as Banner holding, pamphlet distribution with best safety practices, skits with safety themes were organized and as a result a huge number of participation was observed.

With the same intension of bringing road safety awareness among general public, safety training for the BMTC bus drivers, education on adverse effect of drink and driving and accident simulation were displayed.



Road Safety Awareness Campaign held in Bidadi



Road Safety Awareness Campaign by Team Members



Eye Check-up for Commutation Drivers during Health Camps



Best Safety Driver Award given to Commutation Driver





## OUR COMMUNITY



As a responsible citizen and follower of the lean philosophy, Toyota Kirloskar Motor is constantly working towards the development of people, surrounding community and indeed the society and the earth at large.



# OUR COMMUNITY

## SOCIAL PERFORMANCE: COMMUNITY

The CSR initiatives at TKM starts with the identification of the activities to be undertaken based on the needs assessment. Need assessment involves a thorough study of the current situation and needs of the local community. The company also involves with the gram panchayat, local leaders during the assessment period, who help in identifying the prospective recipients of these benefits. TKM also considers the guidelines from the parent organization while framing the CSR plan. TKM also encourages its employees to contribute their time and skills for social benefit through its employee volunteering programme.

The impact made by CSR activities is quantified with reference to baseline data to know the benefits obtained by the community. As TKM is located in an industrial area allocated by the Government of Karnataka, no violation is caused to indigenous rights of community.

All the CSR programmes are implemented in accordance with the Vision and Mission of TKM, thereby aligning it to the company's business goals as well.

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

### SKILL DEVELOPMENT

At TKM, we believe education is most powerful weapon that can change the world. Keeping this as our prime principle we aim to nurture the young minds and enhance the employability quotient. TKM helps the rural people of Karnataka in improving the quality of their life in the society and realize greater opportunity by promoting education and skill development.

TKM's 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 ITI's 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.

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

Based on the strategic focus, TKM has prioritized the following programmes:

- Observing the skill shortage, TKM initiated
  - The Toyota Technical Training Institute(TTTI)
  - The Toyota Technical Education Programme (TTEP)
- To support the society in creating awareness on traffic discipline & safe driving TKM initiated Toyota Safety Education Programme (TSEP)
- Activities have been undertaken in varied focus area by Toyota to uplift the livelihood of the local people around the plant. TKM strongly believes in 'growing together'.



## TOYOTA TECHNICAL TRAINING INSTITUTE (TTTI):

Toyota Kirloskar Motor established Toyota Technical Training Institute (TTTI) in the year 2007 with a philanthropic initiative to support the rural, intelligent but financially challenged candidates of Karnataka who are unable to pursue higher studies after SSLC. More than 90% of the candidates are children from the agriculture dependant families those rely mostly on rain fed farming. As of July 2013 TTTI has selected 448 students from all parts of rural Karnataka.

TTTI provides Three years full time residential course on the automobile manufacturing practices classified into four trades Automobile Weld, Automobile Assembly, Automobile Paint and Mechatronics (Plant Maintenance). The course is split into Six Semesters in which the Holistic development of the students is exclusively concentrated.

TTTI's curriculum is divided into domains namely Knowledge, Skill and Body & Mind with the state of art facility. Knowledge Training concentrates on the Communication, IT skill, Technical subjects like Production Technology, Machine Design etc. Skill Area is equipped with world class infrastructure in line with today's automobile industry. Students undergo vigours skill training specially developed with the support of Toyota technical skill academy (Japan), in addition to workshop training students are exposed to 400 hrs on the job training in production line (Toyota Kirloskar Motor).

In TTTI, in addition to regular training, students will be given opportunity to participate in suggestion & hiyari hatto schemes which will help in developing their critical eye for abnormality identification & involve in day to day problem solving techniques.

Ultimately, TTTI's Technical Training results in the metamorphosis of these candidates from financially challenged rural candidates to the most sought automobile technicians who are profusely admired for their Right Attitude, Skill and Knowledge.

TTTI has the credit catering the industry with eminent candidates equipped the knowledge and skill customized for automobile industry.

As of July 2013, 253 students have completed the training, 100% of the students graduated from TTTI has been employed & absorbed by Toyota group of companies & its associates.



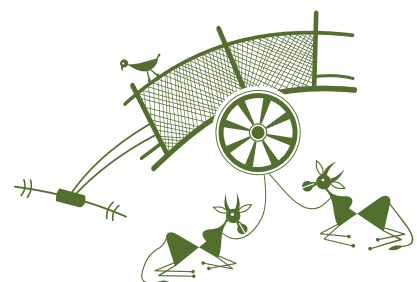
*Knowledge and Skill Development training imparted to TTTI students*

## CONVOCATION CEREMONY OF THE 4th BATCH OF STUDENTS:

During the Reporting period, Toyota Technical Training Institute (TTTI) conferred academic degrees to 64 students – the Fourth batch - on the successful completion of its 3 year training course (2010-2013).



*4th Batch students convocation was held on the 7th of August 2013 and graced by Mr. Vikram Kirloskar, Vice Chairman, TKM, Mr. Hiroshi Nakagawa, MD & CEO, TKM, Mrs. Geetanjali Kirloskar & Mrs. Junko Nakagawa amongst other important dignitaries from TKM & TKAP.*





Career Day Celebration

### Toyota-Technical Education Programme (T-TEP)

T-TEP is jointly undertaken by Toyota Motor Corporation & Toyota Kirloskar Motor along with Toyota Dealer Partners at selected Industrial Training Institutes across India to train the ITI students in order to make them competent enough to get the employment opportunities in the Indian Automotive Service Industry. Under this programme, 19 ITI's (Industrial Training Institutes) in General category and 5 ITI's in the Body and Paint category across India are being supported by TKM.

2800 students have been trained nationwide since 2006 across India (20 General and 8 Body & Paint Institutes functional across India). 1800 students have been provided employment opportunities at Toyota Dealer Partners till date.

#### As on date the statistics are:

	GENERAL	BODY	PAINT	TOTAL
Trained	424	110	103	637
Recruited	262	69	69	400

### Environment:

a. **Conducted Environment competition** covering around 680 school children with an objective of spreading the environment message to school children and general public, distributed fruit bearing saplings to mark the day.



Environment awareness competition at schools

b. **School afforestation activity:** to create awareness on planting trees and its benefits, TKM conducted school afforestation programme in 7 govt schools planted around 400 saplings.



Saplings distribution to students

c. **Avenue plantation:** 1800 saplings are planted as avenue plantation along the new access roads to enhance the greenery in the Bidadi Industrial Area.



Avenue Plantation in Bidadi industrial area

### LOCAL COMMUNITY DEVELOPMENT

TKM conducted a need assessment study in 2012-13 to understand the basic needs of the local community in the villages covering 4 gram panchayat that surrounds TKM. During the survey, it was found that many of the localities showed their concern about infrastructure problems in the school and the need for pure drinking water supply. According to the requirement of the community, TKM has addressed the issues.



Books and Bags distribution ceremony





## Education:

- a. Reconstruction of Medanahalli School :** Need assessment in the Medanahalli village showcased the need for reconstruction of school with poor infrastructure. The villagers were also resistant to send their children to the school because of the unacceptable infrastructure. TKM took up the project and reconstructed the school with all the required facilities. It is the



*Medanahalli Government School constructed by TKM*

only one school in Ramanagara Dist with all facilities and it is one of the model schools in the Ramanagara district, constructed by TKM. This has benefited 50+ children in and around the village and strength of the students has also improved.

- b. Distribution of basic requirements to school children:** To promote primary education TKM has been distributing basic education supporting materials - books, bags, shoes to rural govt school children as a motivation for the children to continue their education.

### Coverage

Children – More than 7500  
Schools – 120 numbers in 8 gram panchayat

## Health & Hygiene

### 1. Health camps :

The surrounding Byramangala village is highly affected due to presence of the Vrishabhavathi River. As a result of this underground water is contaminated and villagers are suffering from water borne diseases. Understanding the need of these villages TKM conducts health camps with special focus to skin, ortho, eye & other general health issues and supplies free medicines. General public & School children get benefitted under this programme. (1500 members were covered annually).



*Health camps conducted by TKM*

### 2. Provide potable water to local community:

#### 2.1 Installation of water purifiers

Due to presence of Vrishabhavathi river the underground water is severally polluted.

The water analysis conducted in these villages revealed the existence of physical and chemical contamination which is the root cause for the current health status of the villagers. To take precautionary measures TKM supported by installing a community based water purification units in these regions.

In 2012-13 two water purification units installed at Byramangala and Ittamadu villages. 7 stages of purification system is adopted to remove physical and chemical contamination in the underground water. Each unit has 1000LPH capacity and cater pure drinking water to 8000 members. To have the sustainability of the project the units are handed over to local Gram Panchayat and 15 year maintenance agreement is signed between Gram Panchayath & agency. Every month water analysis has been conducted to maintain the IS10500 standard in potable water. This is the first self sustainable model initiated by TKM.



*Water purification unit installed at Byramangala village*



**2.2 Setting up of Borewell and a water tanker**

The villages under Manchanayakanahalli Gram Panchayath were facing acute water scarcity and no access to potable drinking water.

TKM has set up a borewell and provided a water tanker to Manchanayakanahalli Gram Panchayath. The project has benefitted around 780 families of 5 villages.

**3. Support to total sanitation programme :**

Proper sanitation is important not only from the general health point of view but it has a vital role to play in our individual and social life too. Sanitation is one of the basic determinants of quality of life and human development index. Good sanitary practices prevent contamination of water, soil and thereby prevent diseases. To prevent the open defecation in local villages TKM took initiatives to construct individual

household toilet units in 2010. So far TKM constructed 310 units in Manchanayakanahalli Gram Panchayath. In 2012-13 TKM initiated pilot project of utilizing available govt schemes (Nirmal Bharath Abhiyana & NREG schemes) and provided financial incentives to the villagers who are willing to construct individual units. 25 units were constructed under this initiative and planned to expand the same in upcoming years.

**4. Restoration of the govt hospital premises :**

The Bidadi Community Health centre premises was in a very bad condition with no maintenance, as a result the patients were not availing the facility, TKM took initiative of restoring the premises through landscape development, erection of benches etc as a result the number of patients visiting this health centre have increased.



*Water storage tanks built at villages*



*Primary Health care premises at Bidadi after restoration*

**ROAD SAFETY: TOYOTA SAFETY EDUCATION PROGRAMME**

As an automobile manufacturer, TKM recognizes the importance of Traffic discipline & safe driving and Road Safety. Road Safety is one of the key focus areas of TKM's CSR strategy. TSEP was launched as a pilot project in 2007 in Bangalore followed by its launch in 2008, across all Indian metropolitan cities. Under this programme, Toyota teaches school children and teachers through a one day training programme and also participates in government initiatives to create awareness

about traffic safety. The Toyota Safety Education Programme includes The Traffic Safety Interactive Course, The animation film, Traffic Safety Games etc.

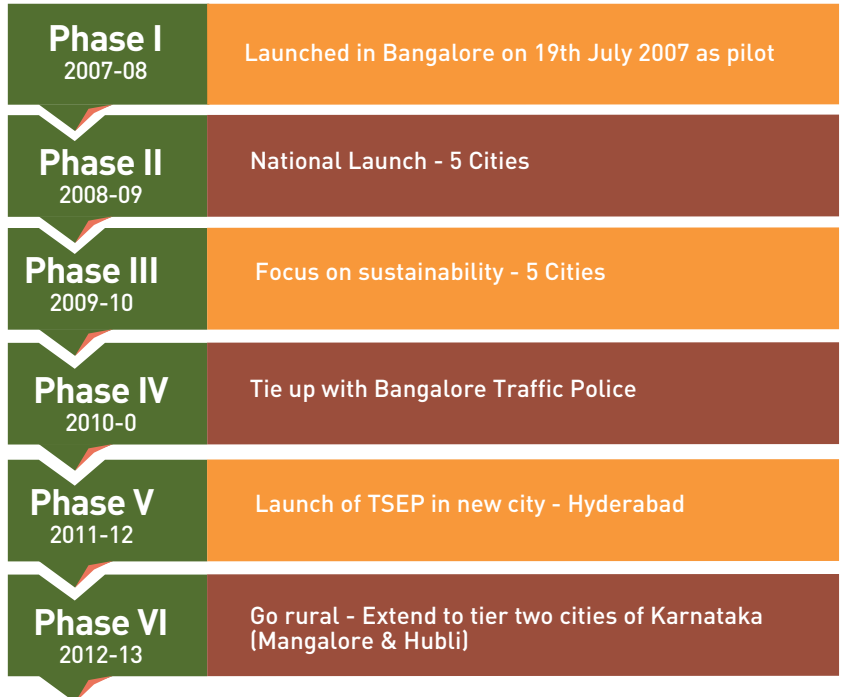
Road safety is one of the major social concern in India. Considering the increase in the number of fatal accidents happening in India every year, which is more than 130,000, highest among the world, Toyota in India has initiated the Toyota Safety Education Programme.

**Programme Objectives:**

- To spread traffic safety awareness amongst school children and the general public
- To train school children and teachers on road safety procedures
- To create a sense of discipline about road safety amongst children

TSEP has adopted a step by step approach to make sure Road safety education reaches all the citizens of the country.

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.



*Road Safety signages by Toyota*



*Road Safety Education at schools*

**CSR EXPENDITURE:**

In the reporting year, the Company spent INR 72 Million include TTTI & TTEP on community initiatives.

MAJOR CSR SPENDING ACTIVITY IN LOCAL COMMUNITY	EXPENDITURE
Reconstruction of school	3.18 million
water project	2.08 million
set up borewell & water tank	0.12 million



### BIDADI INDUSTRIES ASSOCIATION

Karnataka Industrial Area Development Board (KIADB) formed Bidadi Industrial Area 1997. Toyota Kirloskar Motor, its group Companies and Coca Cola were the initial few major Companies and Coca Cola were the initial few major companies to start their operators in the area. Since then the area has grown and as on date there are about 49 large, medium and small Industries that have come into existence in the area covering more than 3000 acres of land. The diversified sector of Industries in the area include Automobile, Auto Components, Engineering, Beverages, Textile, Entertainment, Food Processing, Health Care to mention a few. Over 30,000 employees are engaged in these Industries, who work round the clock. These employees are drawn from all over Karnataka including from local community and from around the neighbourhood.

The broad objectives of this Association is 'to serve as a common forum to provide needed services with non-profit intent to all its members apart from undertaking maintenance, upkeep, development, beautification, improvement, addition of amenities and infrastructure facilities to the area of operation and many others as laid out in details under the Memorandum Of Association and the Bye Law thereon.

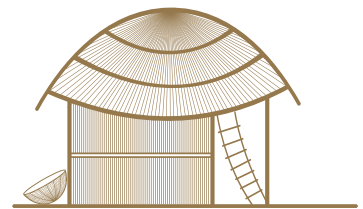
### MAIN OBJECTIVES OF THE ASSOCIATION:

- Taking over of Development & Maintenance of Industrial Area
- Proper approach roads and internal roads with proper storm water drains
- Power supply and street lighting
- Water supply

- Common Facilities Centres to accommodate Banks, Post Offices, Telephone Exchanges, Dispensaries and Canteens, among others
- Establishment of Fire station
- Augmentation of public transport system, creation of Traffic outpost to ensure safe traffic movement
- Earmarking a solid waste disposal and management yard
- Create awareness / conduct programmes on Safety, Security, Health and Environment

### BIA ACTIVITIES:

- Liaising with govt / concerned authorities for infrastructure facilities
- Bus service started in Bidadi Industrial Area after BIA intervention
- Request submitted to home affairs dept to establish Police out post
- Request submitted to Postal General to start Post office in industrial area
- Request submitted to KIADB for CA site allocation
- Plantation activity through BIA members
- Plan to take over industrial area maintenance
- Installed 4 Safety & BIA welcome board







## OUR PARTNERS: LEAN ALLIES

Toyota follows a basic concept for Business Partners in order to contribute to society through automobile manufacturing and monozukuri and put into practice the principle of "Customer First". It is necessary to implement various activities in a spirit of cooperation and share principles with our business partners. For TKM, suppliers are the hands that sustain the business continuity whereas dealers are the face of TKM.



# OUR PARTNERS : Lean Allies

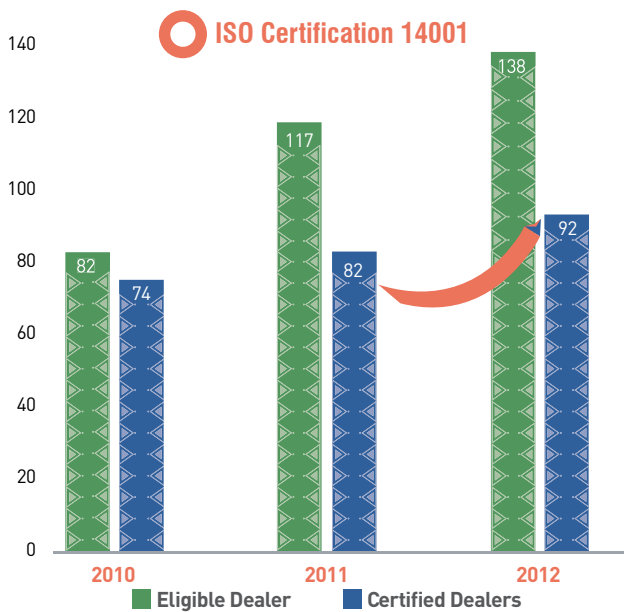
Business Partners, suppliers and dealers play a key role in the development and deployment of the faultless vehicle that the company aims to produce. The understanding about TKM's commitment "Customer First" has been imbibed in the Dealers and Suppliers. With rapid expansion of the supplier & dealer facilities, guidance and support to all partners is always a challenge. In TKM's five year environment action plan (2009-13), plans and targets for suppliers and dealers are also highlighted.

## OUR DEALERS

Dealers form the face of TKM as they are the direct point of contact for the customers. TKM encourages its Dealers to implement Environment Management System (EMS). A standard operating procedure is established at the eligible dealerships to visualize ISO 14001 Certification status, surveillance audit and certification expiry date. To sustain ISO 14001 we have introduced DERAP (Dealer Environment Risk Audit Programme).

### ENVIRONMENT MANAGEMENT SYSTEM [EMS] ISO 14001 CERTIFICATION:

ISO 14001 acts as a tool to structure the effectiveness of the EMS implemented at Dealers. A standard operating procedure is established at the eligible Dealership. 70% of the dealers are ISO 14001 Certified.

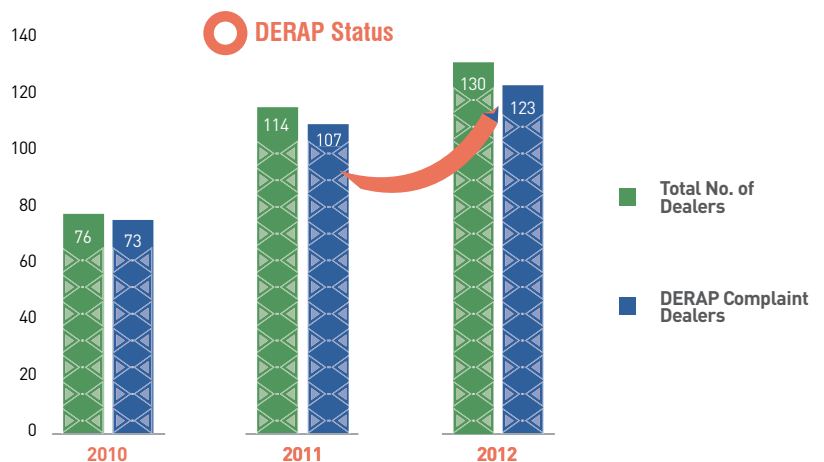


### DERAP – DEALER ENVIRONMENT RISK ASSESSMENT PROGRAMME

DERAP is designed by the Toyota Motor Corporation to ensure efficient environment risk management for the dealers. Complementing the ISO 14001 certification, this programme is designed for ensuring minimum requirement of Environment risk management for the dealer workshops.

DERAP encompasses 5 crucial aspects of Environment management

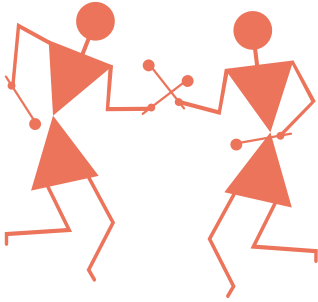
1. Presence of Environment promotion staff
2. Declaration of abidance to law



3. Proper storage and Treatment of Hazardous waste
4. Proper treatment of wastewater
5. Recovery of HFC / CFC gas

This programme is an indication of TKM's perseverance towards influencing stakeholders

in making informed decisions and building policies in alignment with our sustainable goals. We are dedicated towards ensuring 100% dealer compliance with this policy. 92% of the dealers are DERAP compliant during the reporting year 2012-13.

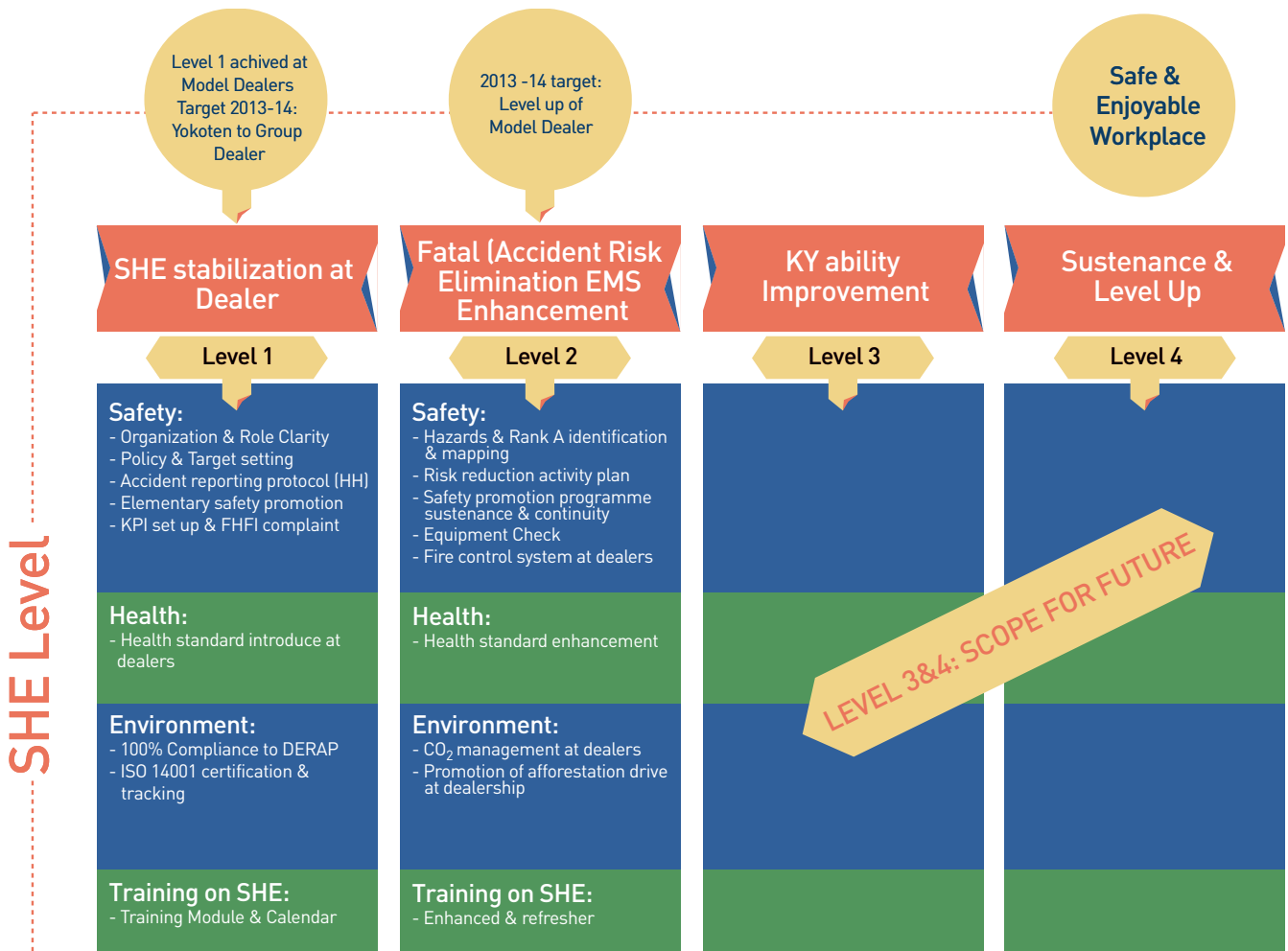


### ESTABLISHMENT OF SHE MODEL DEALERS IN 4 REGIONS OF INDIA

TKM has initiated SHE Model Dealer programme to promote and implement high Safety, Health and Environment (SHE) Standards at dealers. Disposal of hazardous waste has been a big concern at the dealers' point which also causes problems in the ISO 14001 certification but SHE Model implementation has helped them in overcoming this issue. During the last reporting year TKM had identified dealers in each zone based on the Safety, Health & Environment performance and established SHE standards at selected dealerships as per defined road map. The result of this

initiative is that currently TKM has achieved Level 1 in 4 Model Dealers; next step is to do yokoten in 4 groups of Dealerships and Level 2 Implementation at 4 Model Dealers.

\*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].



## ECO INITIATIVES AT DEALERSHIPS

### SETTING UP OF AN EFFLUENT TREATMENT PLANT:

TKM has made it mandatory for its dealers to set up an ETP in order to spread awareness to its dealers in conservation and proper usage of water.

The nature of effluents varies from one industry to another. Our Wastewater Treatment Plant is tuned specifically for effluents from an automobile workshop. Recycled water is used for plantation at some Dealer outlets.

Without compromising, we have planned to sustain this activity for upcoming dealers to promote Reuse / Recycle water, thereby reduce water wastage.

### WATER BORNE PAINT IMPLEMENTATION

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

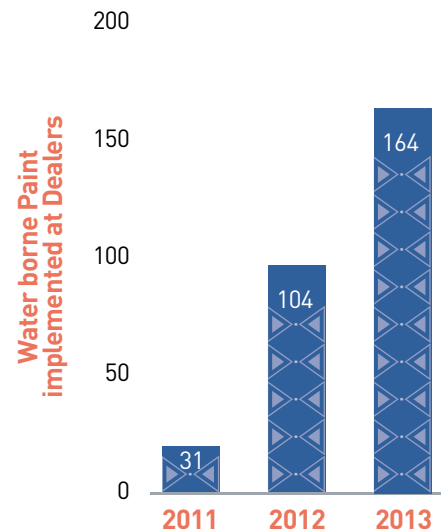
Through Water Borne painting process, up to 90% of the hazardous solvent is replaced by water and a ready for use base coat paint mixture. It would reduce overall reduction in VOCs level up to 47% in a Body Paint shop.

### RAIN WATER HARVESTING:

The Rain water is collected in a small man made pond. The water collected is then used for washing of the cars at Nippon Toyota.



Effluent Treatment Plant at Nandi Toyota



### OTHER INITIATIVES AT THE DEALERSHIPS:



Installation of Automatic Air Filters at Radiant Toyota, Ludhiana



Daylight Harvest using transparent Fibre Glass sheet at Toyota, Gurgaon



Proper Oil and Scrap Storage Area





## WORLD ENVIRONMENT DAY (JUNE 5TH)

Every year in the month of June, World Environment month is celebrated to create awareness by involving dealer employees in environment initiatives. In line with the objective of educating dealer staff many Eco-initiatives were taken up.

Following are a few of them:

- Sharing knowledge on Environment concerns during daily communication
- The Afforestation with 100 saplings at each dealerships outlets
- Workplace Environment Kaizen competition
- 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
- Maximum resource utilization and resource conservation by adopting the 3R concept [Reduce, Reuse & Recycle]
- Gift a sapling with every new vehicle sold in the month of June-2012



Afforestation at Dealers



Free vehicle check-up during environment month

## DEALER SAFETY INITIATIVES

### IMPLEMENTATION OF SAFETY MEASURES:

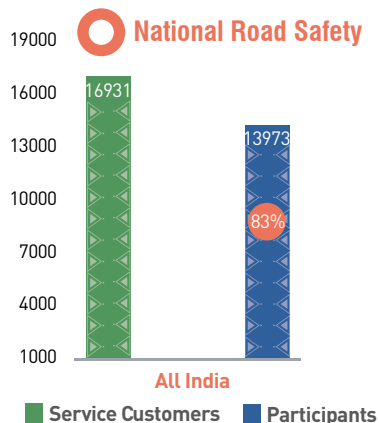
Accidents are unpredictable. TKM believes that all the accident prone areas should be well equipped with safety equipments so that in case any accidents, an immediate action can be taken. Thus this is one important criterion on the dealer activation check sheet. Implementation of fire extinguisher, proper lighting to avoid any kind of accidents are some of the major safety requirements. Dealer staffs are provided with Job specific Personal Protective Equipments.

### ROAD SAFETY CAMPAIGN

India has the second largest road network in the world with over 3 million km of roads of which 60% are paved. India accounts for about 10% of road accident fatalities worldwide. Hence to make the public and our customers aware, a Road safety campaign is carried out across all Toyota dealers in the First week of January-2012 and "Road Safety Week" is observed throughout the country. This activity is initiated by SIAM [Society for Indian Automobile Manufacturers] and sponsored by TKM. The customers are also given tips on Eco driving that will help them improve the efficiency of their vehicle and contribute their bit to the environment. 100% of Dealers [189] participated in the National Road Safety Week 2013.



Employee of Galaxy Toyota receiving Delhi Safety Award 2012 from Honourable Chief Minister Ms. Sheila Dikshit



Road safety campaign

## CAPACITY BUILDING AT TKM

### TOWARDS BUILDING SKILLED MANPOWER AT TOYOTA DEALERSHIP: NATIONAL MANPOWER EXCELLENCE CENTRE

Owing to the shortage of skilled manpower availability at the dealerships & service centres, 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 Centre at Bidadi in February 2013. With an exclusive facility built across 2000 Sq meter, this facility would support the Dealer partners in developing skills in Body & Paint Area with a capacity to train 3600 Dealer manpower in this new facility.

### EFFECTIVE OPERATION PLANNING THROUGH DEVELOPMENT OF JOB CONTROLLER TRAINING MODULE (J C MODULE)

The Job Controller Training Module has been implemented at dealers' with an objective of achieving On-time delivery of serviced vehicles and Workshop Management by improving productivity.

#### OUTCOME:

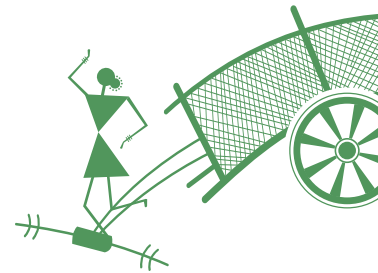
1. On-time delivery of vehicles to customer.
2. Overall Lead time reduction.
3. Irregularity Management



Manpower Excellence Centre opening ceremony

### DEALER CENTRALIZED TRAINING CENTRE [DCTC]

This is a basic training programme designed through which dealer will establish a Training centre at their main dealership & branch dealers will come to main dealer for attending the basic trainings. This programme is to evaluate dealer to give authorization for next level of training. Currently Galaxy Toyota and Nippon Toyota dealer outlets have carried out DCTC at their outlets.



Step 1: Job Controller role clarification & current skill mapping



Step2: Training Module & Simulation Game Development



Step3: Implementation at Dealership





## MANPOWER DEVELOPMENT PARTNERSHIP PROGRAMME [MDPP]

Manpower Development Partnership Programme [MDPP] is an authorization to Dealer partners to conduct basic training programme within the Dealership. With increase in service network & service volume, it is the responsibility of Dealer & TKM to ensure the availability of trained & skilled manpower at dealership to ensure customer satisfaction. Through this programme, TKM will train Dealer Training Instructor & he will further train the Dealer candidates for basic training.

## SNIPER TRAINING PROGRAMME FOR SERVICE ADVISORS

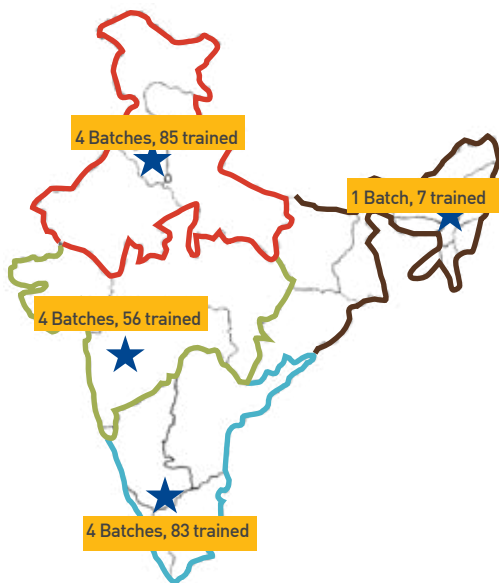
With the increase in service networking, a special training programme was initiated to enhance skills of service advisors at dealership outlets to strengthen CS organisation and to improve customer satisfaction. It was conducted in March 2013.



Manpower development training at dealership



SNIPER Training programme conducted at dealership



## SERVICE OPERATION KAIZEN

- 1 Kaizen Mindset Development at Dealership
- 2 Best Practices Sharing to pan-India Dealers
- 3 Reduction of Paper and e-Waste

## KAIZEN FORUM DATABASE CREATION

Service Operation Kaizen (SOK) is a Cross functional team that binds all dealers and shares any new kaizen that is adopted in any of our dealership outlets. Kaizen Ideas from dealership are shared with TKM from year 2003 in different categories viz, Operations, Technical, Environment, Service Parts & Storage, Facility, Customer relationship & promotions and Training & HR. Till 2009, TKM evaluates the idea & share with dealers as best practices in the form of TSM bulletin & Kaizen CDs.

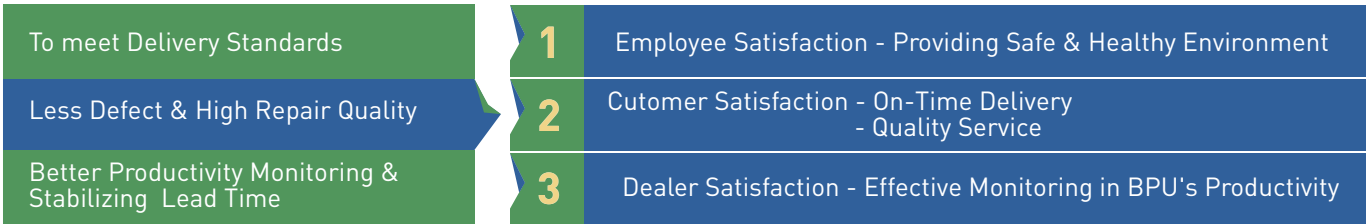
In 2012 SOK took a revolutionary step & developed an in-house Online Database (Online Portal) & shared dealer best practices to pan-India dealers through TKM central server CONNECT. The dealer best practices are now readily available & are helping new dealer partners to solve similar problems by referring Kaizen database. Hence developing a Kaizen mindset among the dealers.





### BODY AND PAINT BASIC PRO PROGRAMME ENCHANCEMENT:

This is a Kaizen programme implemented at dealers with an objective to meet the delivery standards, improve repair quality and to enhance productivity at dealership outlets.



*Small Group Activity (SGA)  
Introducing Kaizen Culture at shop floor*

*Visual Control Tools (VCT)  
Training on VCT to ensure On-Time Delivery*

*Quality Repair Panels  
Training on quality std to ensure Repair Quality*

As a result, we achieved a 92% increase in terms of on time delivery and the repeat repair rate came down to 1% from 5%.

## ACTIVITIES TO IMPROVE CUSTOMER SERVICE EXPERIENCE

### DEALER CERTIFICATION EXAMINATION:

Each dealer candidate attends a scheduled TKM training programme. After which the candidate goes back to On Job practice. As on completion of the On Job Practice, the candidate takes up the Dealer Certification Examination. As per 2012, 6000 dealer manpower had attended the examination and as a result 35000 papers were used for this purpose. On observing this, TKM initiated the concept of online examination.

### DEALER INTER COMPANY TRANSFER (DEALER ICT)

As a part of Dealer Manpower Development, Technical Department has taken initiative of Dealer ICT concept in 2012 in order to support and enhance Dealers Technical capability. This would enhance dealers self reliance on diagnosis and repair skills and also achieve high level of Customer satisfaction through "Fix It Right".

### BODY & PAINT LABOR CHARGES STANDARDIZATION

Body & Paint Labor charges are standardized across all Toyota Dealers which helps us to win the

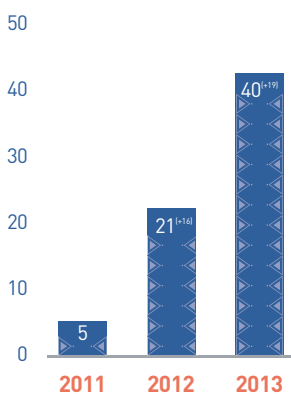
"Customer Trust" and eliminate the negotiation time between the Toyota Protect Insurance Cos. & dealer on BP repair charges and also reduces the lead time for repair of Body &Paint vehicles.

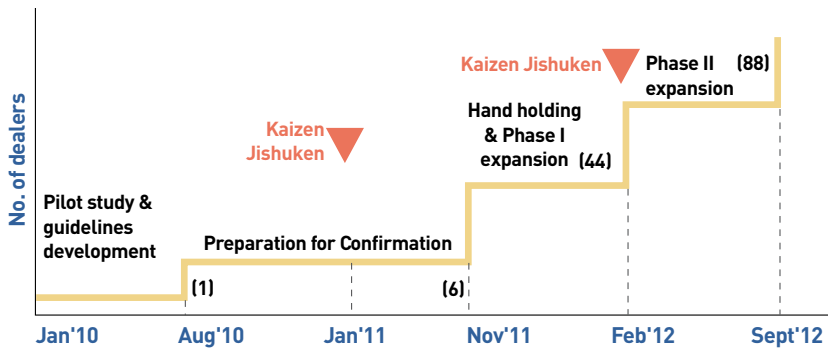
### DEALER EMPLOYEE SATISFACTION SURVEY

Employee Satisfaction Survey is conducted at dealerships with an objective of understanding the Employee Satisfaction Level and to contribute to build a highly motivated workforce to deliver high level operations at dealerships.

Dealer employee satisfaction methodology is finalized by TKM respective divisions. An external agency is hired to carry out the survey and analyze the final output. The questionnaires are distributed among the TKM representatives and representatives sit with group of dealer employees and fill the questionnaire. The results are analyzed and a final survey report (Dealer wise, Zone wise & All India) is prepared by the agency. Based on these results an action plan is established to enhance dealer employee satisfaction as it is one of the primary factors that will help Toyota, India build a good relationship with its customers.

**No. of Dealers**





## SGA REGIONAL JISHUKEN

SGA is introduced at dealerships to cultivate the kaizen culture and to make dealers self-reliant in enhancing the operation. SGA is implemented at 88 dealers so far (in 2 phases), after the pilot study in 2010. SGA Jishuken is held after each phase of expansion to provide a platform for the dealers to share the know-how.

## SOCIAL ACTIVITIES AT DIFFERENT DEALERSHIP OUTLETS

Various social activities are conducted at regular intervals at the dealers' place and the benefit of which can be availed by both the employees of dealers and customers.

- Blood donation Camps
- Promotion of Deaf & Dumb Society by recruiting 10 deaf & dumb employees.
- Eye & general health Check-up for dealer staff
- Career Guidance
- School Students Visit



Eye check up camp & Carrier guidance workshop

## SKILL CONTEST AT DEALERSHIP



Top Management with General Technician Category Winners

The National Manpower Excellence Centre-Bidadi hosted one of the most anticipated events organized by Toyota Kirloskar Motor, 11th National Customer Service Skills Championship. The one day event held on 20th July 2012 was conducted for the following categories of dealership personnel: General Technician(GT), Service Advisor(SA),

Service Parts(SP). This was also a milestone year as it marked the 11th 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 customers.

The 43 participants (14 in GT, 15 in SA & 14 in SP) 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.

	GENERAL TECHNICIAN	SERVICE ADVISOR	SERVICE PARTS
Winner	Mr. Kurt Lopes [ Wasan Toyota (Mumbai)]	Mr. Dhesingu Raja [Lanson Toyota(Vellachery)]	Mr. Sujit Dhomse [Millenium Toyota (Thane-Wagle)]
1st Runner Up	Mr. Santhosh Kumar Gupta [Sunny Toyota (Kanpur)]	Mr. Siddesh Salvi [Millenium Toyota (Mumbai-Andheri)]	Mr. Deepak Mhokar [DSK Toyota (Pune-Bhavdhan)]
2nd Runner Up	Mr. Sagar Chavan [DSK Toyota (Kohlapur)]	Mr. Gautam Pilankar [Sharayu Toyota (Goal)]	Mr. G Pydi Raju [Leela Krishna Toyota (Rajahmundry)]



## OUR SUPPLIERS:

TKM expects business partners to ensure long term, stable & sustainable procurement of the best products at lowest price in most speedy and timely manner, compliance with all applicable laws, regulations and social norms in consideration for the environment. TKM maintains a healthy partnership through two important modes, **Toyota Kirloskar Suppliers Association (TKSA) and Supplier development programmes.**

In a drive to build the perfect automobile, selecting the components that go in to it becomes a key criterion for success. Suppliers form a preliminary part of our product building process. They are always considered as Value Partner. TKM believes that an innovative, capable and cost competitive supplier base is critical to our viability. Suppliers are provided with the necessary technical knowledge and extended support in areas to ensure best quality product and sustainability of best practices.

To build a reliable vehicle, the parts have to be reliable and with this understanding TKM deeply involve with the supplier's production process. Through TKM Purchasing Policy the company aims and works towards mutual growth and success with its supplier partners.

TKM also provides advisory support to its suppliers regarding sustainable production practices by providing technical know-how to enhance productivity and efficiency.

### TOYOTA GREEN PURCHASING GUIDELINES FOR SUPPLIERS

"Toyota Green Purchasing Guidelines" was introduced in TKM in the year 2007; this was TKM's initiative to promote and encourage our suppliers to improve their environmental performance. GPG is issued to suppliers to fully understand and comply with these Guidelines in order to reduce environmental loads, develop and maintain "Green Supply Chain". Toyota suppliers are asked to "build quality" into all processes for Toyota products, from development to production and shipment / logistics.

During the reporting period, new and improved guidelines have been developed to upgrade the environmental performance of TKM and its suppliers. More updates on the GPG 2013 will be covered in the next reporting cycle.

#### Highlights

1. Consolidated EMS ISO-14001 (Compliance, Waste Management, Risk Minimization).
2. Banned substance Management

3. CO<sub>2</sub> reduction & Packaging material reduction
4. Environment Initiatives

#### 1. ISO 14001 STATUS

TKM has continuously promoted ISO14001 certification within suppliers. As per FY 2012-13, TKM's 98 eligible suppliers have obtained ISO 14001 certification.

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

**100% SUPPLIERS  
CERTIFIED FOR ISO  
14001**

#### 2. SOC / CHEMICAL MANAGEMENT SYSTEM

TKM has adopted the concept of eliminating the substances of concern (Lead, Mercury, Cadmium & Hexavalent chromium) from all the products manufactured in its plant.

Quality audit was done to ensure that no SoC parts are supplied to TKM from suppliers end. A well equipped in house laboratory has been established to confirm SoC compliance for all parts. Regular part audit is being done for critical parts on a yearly basis to ensure sustenance of the activity. For new projects, parts are checked for SoC before mass production stage.

**No supplier parts contain the above mentioned 4 SoCs. Thus we have a 100% compliance with the banned substance management.**

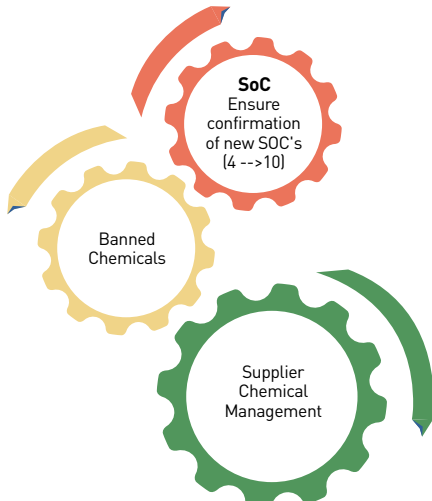
#### TKM PURCHASING POLICY:

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.







### 3. PACKAGING MATERIAL REDUCTION & LOGISTICS CO<sub>2</sub> REDUCTION:

TKM has constantly strived to reduce CO<sub>2</sub> emissions from all its activities onsite as a part of our greenhouse gas emissions abatement initiative so as to ensure a sustainable future for tomorrow. The scope for CO<sub>2</sub> reduction is in vehicle logistics, parts logistics and in-house logistics. The main criteria concerned for reduction of CO<sub>2</sub> in the logistics activity are distance reduction, fuel efficiency improvement, volume efficiency improvement, alternate fuel & alternate equipments.

through which reduction can be achieved and they were:

- Design Changes
- Usage of reusable boxes
- Material specification changes

Thus changes were made in the design of the Clutch disk packaging material and Fortuner back door glass packaging boxes.

**Waste reduction by design change:** The Clutch disk was packed in an over flap designed box and now has been replaced with Self locking flap of the box. By implementing this kaizen, about 1.36 tons / year of waste reduction has been achieved.

**Waste reduction by utilizing reusable boxes:** The back door glasses of Innova & Fortuner were sent in a carton box that would fit about 2 glasses at a time but now a reusable and returnable box has come into use that can be used for ab

#### Packaging Material Reduction:

The overall packaging consumption of TKM is about 790 tons / year. Used packaging materials are usually a large part of waste generated. Thus, as an initiative we outlined the kaizen area of scope

## TOYOTA KIRLOSKAR SUPPLIER ASSOCIATION (TKSA) INITIATIVES:



TKSA is formed by Toyota Suppliers. This allows all the TKM suppliers to share their best practices and develop in their field.

The main objective of this association is to build a mutual understanding between all the suppliers and grow at a global level.

#### QUALITY CIRCLE COMPETITION:

QCC brings a structured team effort to solve problems faced at supplier's production plants; it creates collective development of the supplier plants to become competitive.

#### Process involved

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 at National level

#### SHARING BEST PRACTICES:

**Showcase visit:** companies from each region will be identified & the same will be visited by the regional members to learn the best practices.

#### SUPPLIER DEVELOPMENT PROGRAMME:

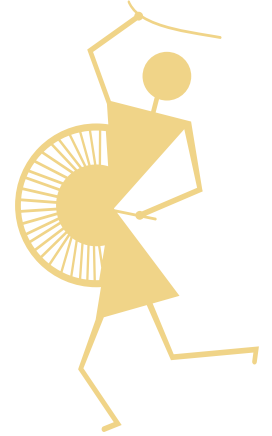
Supplier development programmes are designed to give a sense of partnership to the supplier, through which we can work along, as suppliers are an extended arm of the TKM operation. We at TKM, work jointly with Suppliers to implement Toyota Production System. The scope of implementation is not constrained to Toyota's Business, but we promote to implement the same to the supplier operation with an objective of contributing to the growth of Indian Industries.



Supplier QCC activity winners

### ANNUAL SUPPLIER CONVENTION (TKM/TKAP)

TKM and TKAP together organized the 15th Annual Supplier Convention on 26th April, 2013 with a focus on "Business Reformation". This helped supplier partners to understand the key to overcome short term challenges and move towards a capable export Global company. The convention had attendees from Supplier's top management, TMC, TMAP, TKM & TKAP top management and around 250 participants from 151 suppliers participated.



### SUPPLIER PROJECT (SPE) PROGRAMME:

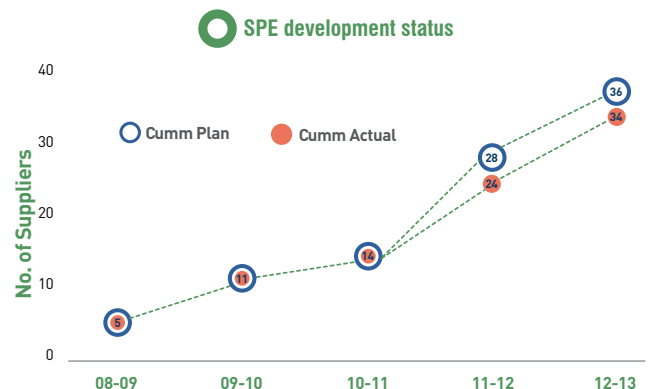
TKM believes that, the growth can be sustained by ensuring the development of its suppliers as the company moves ahead. Acknowledging the crucial role played by the suppliers TKM has in place various programmes for supplier development and capacity building.

SPE programme is a development activity with an objective to develop at least one person from each supplier company in disciplines such as Safety, Quality, Production, Cost and Human development for about a year.



Supplier Development Programme

### THINKING WAY AND PROCESS:



### JISHUKEN AT SUPPLIER < SELF DEVELOPMENT >

A Cross function Kaizen activity where Management identifies weak areas and solve them by keeping TPS (Standardized work) as the base.

- The themes identified are:
1. Defect out flow prevention
  2. Capacity Improvement

### SAFETY & ENVIRONMENT PROMOTIONS AT ONSITE SUPPLIERS:

TKM has been promoting mutually beneficial safe working practices among its supplier groups. The basic approach is to promote awareness through human development and inculcate safety culture among the suppliers by providing safe & enjoyable workplace.

### MACHINE SAFETY:

With an objective of reducing risk level, a thorough monitoring of the critical equipment was carried out by the experts from TKM.

During the reporting period 363 abnormalities were identified at all the OSS companies & 324 counter measures were implemented.

Based on this TKM aims to reduce risk level to 2 (on the scale of 1 – 5, where 1 indicates safest level & 5 is the fatal risk level).

Prominent Observations were:

- Guarding of Equipment and fencing
- LOTO related (Lockout Tag out)
- Layout Concern.



OSS Afforestation Activity



Safety Audit at OSS



Machine Safety Training

### HUMAN SAFETY:

Human development plays a crucial role in achieving Zero accident. We aim at developing master trainers in each supplier company. TKM team identified 3 leaders at each OSS Company & trained them in safety aspects such as

1. Hazard Identification skill
2. Counter measure skill
3. Training skill
4. Technical skill



Based on the training imparted to these leaders the Skill Level was enhanced from 44% to 76%.



**MANAGEMENT REVIEW:**

TKM has adopted top down approach in the areas of Safety & Environment. Safety & Environment committee meetings are being conducted by involving TKM top management, CEO's of each OSS Company along with its working group.

All the safety KPI's and workplace activities are reviewed and TKM has been giving guidance to all its supplier management in aligning OSS activities towards Toyota Way.

**ENVIRONMENT KPI MANAGEMENT:**

Environmental conservation is a top priority for TKM, not only just meeting regulations but also from sustainability point of view. Hence TKM expert team promotes various environment promotional activities at Suppliers Company.

During the reporting year TKM established KPI monitoring of Water, Electricity & Waste in all the OSS companies. Focus was towards understanding & monitoring the existing consumption pattern. Future plan is to achieve 2% reduction in energy and water consumption.

Apart from these regular activities TKM environment team also encourages supplier companies to participate & promote Environment commemorative days at their facilities. More than 40% of OSS employees participated in Environment day activities such as:

1. Eco-awareness campaigns
2. Afforestation

3. Identification of Energy Kaizens
4. Eco-vision

**Eco Promotion Activities at OSS:**

- Celebration of Environment Month and other Commemorative days such as World Forest day, Ozone Day, Climate Change day at OSS.
- Various awareness building programme and workplace activities are taken up to enhance the sustainability level of OSS companies.



*Management Review at OSS*



*Ozone Day Celebration at OSS*



*Best Eco-initiatives promoted OSS company awarded by TKM Top Management*



**SUPPLIER SUPPORT CENTRE (SSC):**

Toyota India realised that localization need to be enhanced for the sustenance of TKM & also to provide cost competitive vehicles (High Quality – Low cost) in the global market, TKM management decided to set up Supplier Support Center.

SSC comprises of experts from the Safety, Environment, Cost & Production. The SSC's objective is to work hand in hand with supplier partners to improve Safety, Environment, Quality, Productivity, and Cost, with Human Development as the base.

The main aim of establishing this support centre was to strengthen overall shop capability and management of Toyota suppliers thereby contributing to Indian Industry and achieve Jiritsuka (Self reliance) in the future.

**Objective of SSC is to support suppliers in the areas:**

<b>SAFETY</b>	Ensure accident free operations
<b>QUALITY</b>	Ensure manufacturing & supply of 100% quality products
<b>PRODUCTIVITY</b>	Achieve right quantity at right time with right quality
<b>COST</b>	Produce cost competitive products
<b>HUMAN DEVELOPMENT MAINTENANCE</b>	Energetic working by effective use of members skill

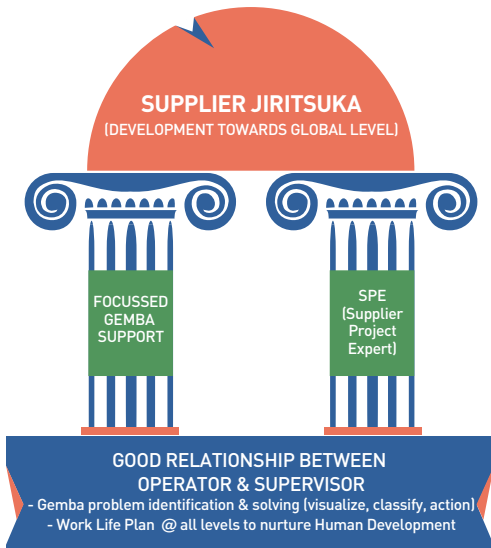


SSC helps to build supplier capabilities in terms of production and also in areas such as Safety, Quality, Cost and HR. Through SSC, the company intends to level up the Toyota suppliers to global standards.

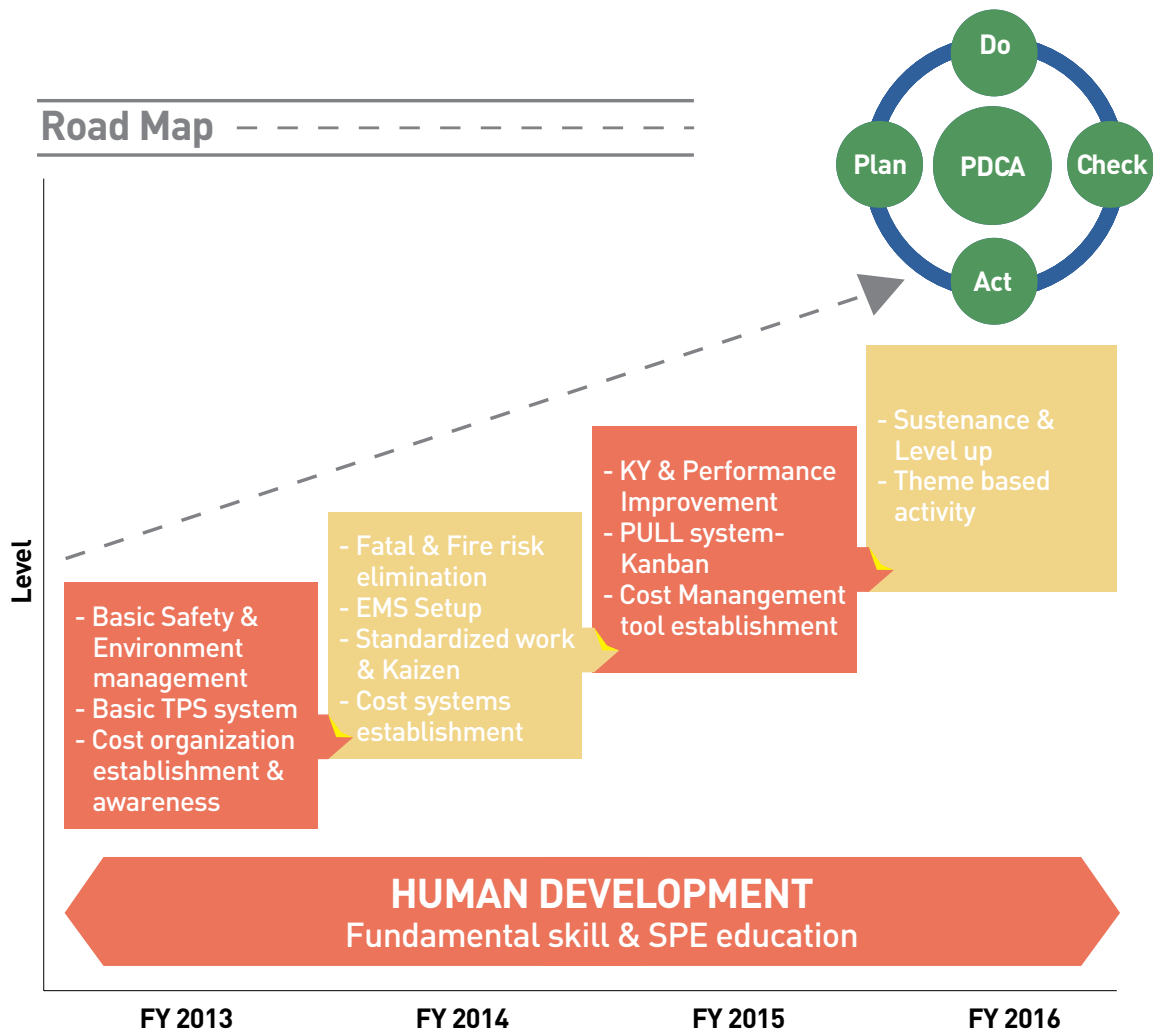
pillars supporting the initiative of developing our TKM's suppliers.

Human development is also being focussed so that not only TKM but also its suppliers reach great heights on the global arena. Supplier support centre was established in the month of January 2013. Programmes have been adopted to promote supplier development; updates on these will be published in the next year's report.

Focussed Gemba support (identification of problems and finding a solution to it) and SPE (Supplier Project Expert) are the



Launch of supplier support centre (SSC)



## MARKETING & BRAND PROMOTION:

The company follows Toyota Global Branding Guidelines and in-line with the Advertising Standards Council of India (ASCI). The company makes sure that its advertising content does not depict anti-competitive behavior and intentions. There were no incidents of non-compliance with regulations concerning marketing communications during 2012-13.

### NDTV- GREENATHON CAMPAIGN – OPEN UP TOMORROW TODAY

Launched in April 2008, the NDTV-Toyota Green campaign called Greenathon was India's first ever nationwide campaign aimed at creating awareness about the environment. Greenathon is a 24-hour live fund-raising event which brings together people to donate money to support TERI's **Lighting a Billion Lives** initiative which aims at providing solar power to villages without electricity.

The Greenathon, simulcast across the NDTV network, is a combination of musical extravaganza, live chats with celebrities, simultaneous green activities across India, reports on environment and green pledges by celebrities, politicians and the common man.

**Greenathon 1** - The Campaign in 2009 involved a 24-hour Green marathon in Mumbai. Delhi saw the filthy Yamuna being cleaned up in a 24-hour clean-up drive. A 12-hour beach clean-up drive was also held in Mumbai along with other simultaneous 24-hour activities conducted across India

The Greenathon 1 went on to become a 24-hour live event helping raise over Rs 2.4 crore in pledges.

**Greenathon 2** - The Campaign held in Delhi organized the Green Mela where mural wall paintings and sapling takeaways were the highlights. The Mumbai Eco Fest had hordes of celebrities cycle the Electric Pedal and erects art installations from collected waste materials. Actor Milind Soman ran 100 km in 24 hours to raise awareness about the environment. Clean-up drives were organized at the Elliott Beach in Chennai, Dal Lake in Srinagar and Gomti River in Lucknow; Tree plantation and sapling giveaway drives in Bangalore and Hyderabad were the other major highlights.

Greenathon 2 received an overwhelming response from Bollywood stars, corporates and the common man to raise Rs. 3.92 crore in pledges.

**Greenathon 3** - The campaign contributed to India's playing host to the World Environment Day by involving millions of people from across the globe

in building an environment conscious society. Greenathon expanded its reach internationally, with hubs in Tokyo, Los Angeles, Toronto, London and Sydney. Actor Milind Soman ran 550 km in 15 days to raise awareness for the environment. Greenathon 3 raised over Rs 11 crore in pledges.

**Greenathon 4** - The campaign held on 20th May 2012 focused on recycling waste, especially plastic in addition to fund raising. It was launched with a



'Clean the Yamuna' drive on the banks of the Taj Mahal in Agra which highlighted the issue of the need to reuse and recycle. This was followed by a month long awareness drive with innovative environment programming across the NDTV network leading up to the telethon.

Once again supporting this Green Initiative and raising awareness about the environment, Actor Milind Soman started his 1500 km Green Run running from New Delhi, across 5 states and ending his Green Run in Mumbai. Milind's 1500 km run in 30 days has been recognized as a World Record by the Limca Book of Records, a milestone for NDTV-Toyota Greenathon 4's environmental awareness campaign.

Greenathon 4 saw Rs. 8.89 crore being raised to benefit 508 villages.

The main aim of the campaign was to educate the citizen to do their bit in protecting and conserving the environment to build a GREEN AND CLEAN INDIA.

Since its launch in 2008 The Greenathon has already funded solar lanterns for over **600 villages** benefitting thousands of households.

*Milind Soman with Greenathon's campaign ambassador Priyanka Chopra & NDTV's Vikram Chandra launch the Greenathon 4 with a clean up drive in Agra on 9th April at Dussehra Ghat, Agra*



*Toyota's Senior Management presenting the first donation of Greenathon 4 to campaign ambassador Priyanka Chopra*



*Toyota's Senior Management presenting an Etios Liva to Milind Soman on his successful completion of a 1500 km run from Delhi to Mumbai*





## WAKU DOKI:

With the prime ideology of CUSTOMER FIRST, TKM has always believed in giving the best to its customers in terms of Quality. In 2010 & 2011, Toyota launched the Bharosa I & II campaign promoting Toyota = Trust. Toyota has delivered to its image of a high quality and trustworthy brand with its products that has brought credibility to the company. With the concept of Toyota = Trust established, it was time to extend the brand messaging to trust and quality leading to a fun and exciting experience with Toyota.

Also in line with its global brand message for 2012, Toyota in India launched the Waku Doki Campaign. Waku Doki is a Japanese word for a feeling equivalent to a 'heart thumping adrenaline rush' and 'anticipation' – an emotion felt when driving a Toyota.

To further the reach of the campaign among the youth, Toyota in April 2012 signed on sporting icon and vice captain of the Indian cricket team – Virat Kohli as the campaign's brand ambassador. Seen as a youth icon by thousands of youth in the country, Virat's exemplary performance in the cricketing arena and his image as a consistent and reliable player made him an obvious choice for promoting Toyota's image of a fun and exciting brand while sticking to its core values of Quality, Durability and Reliability.

The Waku Doki campaign was a nationwide 360 degree media campaign launched in June 2012 across the print, television, radio, cinema and digital mediums.

Advertisement featured Toyota products which are the mainstay of Toyota in India i.e Innova, Fortuner, Etios and Liva with the waku doki image being grafted on to their individual brand essences to highlight that Toyota delivers waku doki through each of its products.

The campaign received a lot of on ground support from Toyota's vast network of dealers who in their individual capacities promoted the waku doki campaign in and around their regions through in house and on ground promotions of Waku Doki.

The campaign which ran for 1.5 months generated a lot of media buzz and attention and positive word of mouth for Toyota with the brand images of **Fun to Drive** for Etios and Liva climbing up by 20 and 24 points respectively as per the India Brand Survey published in January 2013.

# Toyota. It makes your heart go waku-doki

## TOYOTA UNIVERSITY CRICKET CHAMPIONSHIP (TUCC):

To further the engagement of the Toyota brand with India's youth through India's most loved sport – cricket, Toyota collaborated with NDTV and the Ministry of HRD to encourage cricket at the university level. To take this forward, the Toyota University Cricket Championship (TUCC) was launched starting from January 2013. Designed in a Twenty20 format, TUCC reached out to more than 200 Universities and 20 lakh students across India. This initiative was backed by the Association of Indian Universities (AIU) and the Board of Control for Cricket in India (BCCI) to nurture and promote budding cricketers.

An extension of the all-India inter-university Rohinton Baria Tournament, TUCC featured the top 8 university teams for the T20 league. The participating teams for the 2013 Championship that were selected from the four regional zones are Jamia Milia Islamia, Aligarh Muslim University, Awadhesh Pratap Singh University, Veer Bahadur Singh Purvanchal University, Mumbai University, Jiwaji University, University of Madras and Jain University.

TUCC was launched in Mumbai via a televised press conference across the NDTV network in January 2013 with Bollywood superstar Shah Rukh Khan being announced as the campaign ambassador. The TUCC received extensive coverage across all NDTV networks while promotions were carried out across television, major national dailies in print, digital, mobile, radio and outdoor mediums.

Media promotions included a campaign anthem – Ab Hamari Baari Hai which received heavy airplay on NDTV and major radio networks across the country. In store radio promotions across Café Coffee Day and Barista outlets in major metro cities ensured Toyota reached out to the youth by using popular youth hangouts as campaign touch





*Toyota India's MD Mr. Hiroshi Nakagawa, handing over the Etios car keys to the Man of the Series, Kaunin Abbas of Jain University, Bangalore*



*TUCS campaign ambassador, Shah Rukh Khan speaking to the teams at the opening ceremony of TUCS in Mumbai - with him is former Indian cricketer, Rahul Dravid*

points. On ground promotions prior to the matches at each of the 8 featured universities in the tournament generated heavy footfalls at the matches while increasing interaction with the brand.

The campaign gained further traction through the immense support of Toyota's country wide network of dealers who promoted the campaign at their dealerships through on ground activations and lucky draw contests generating interest and buzz about the campaign among the youth.

Several former Indian cricket stars like Venkatesh Prasad, Murali Kartik, Robin Singh and Kiran More offered coaching tips to the eight University teams. Matches were telecast LIVE on STAR Cricket. The Man of the Match and Man of the Series received cash awards in the tournament which started on 23rd February 2013.

The finals of the TUCS culminated with the launch of the new Etios and Liva on March 11, 2013 at the Jamia Millia University grounds in Delhi witnessed by an on ground audience of 13,000 cheering fans and 2.7 million viewers on television.

## NEW INITIATIVES FOR BRAND PROMOTIONS

### Social Media Promotions – Facebook

Toyota has a dedicated Facebook page for each of the following brands – Toyota, Liva, Etios, Innova, Fortuner, Corolla, Prius and Camry. The objective is to engage and communicate with the right interest group for each brand on a daily basis.

### Social Media Promotions – YouTube

Every TVCF (Television Commercial Footage), video footage concerning the company deemed fit for external consumption is uploaded on YouTube.

Toyota has a dedicated channel in India on YouTube – Toyota India.

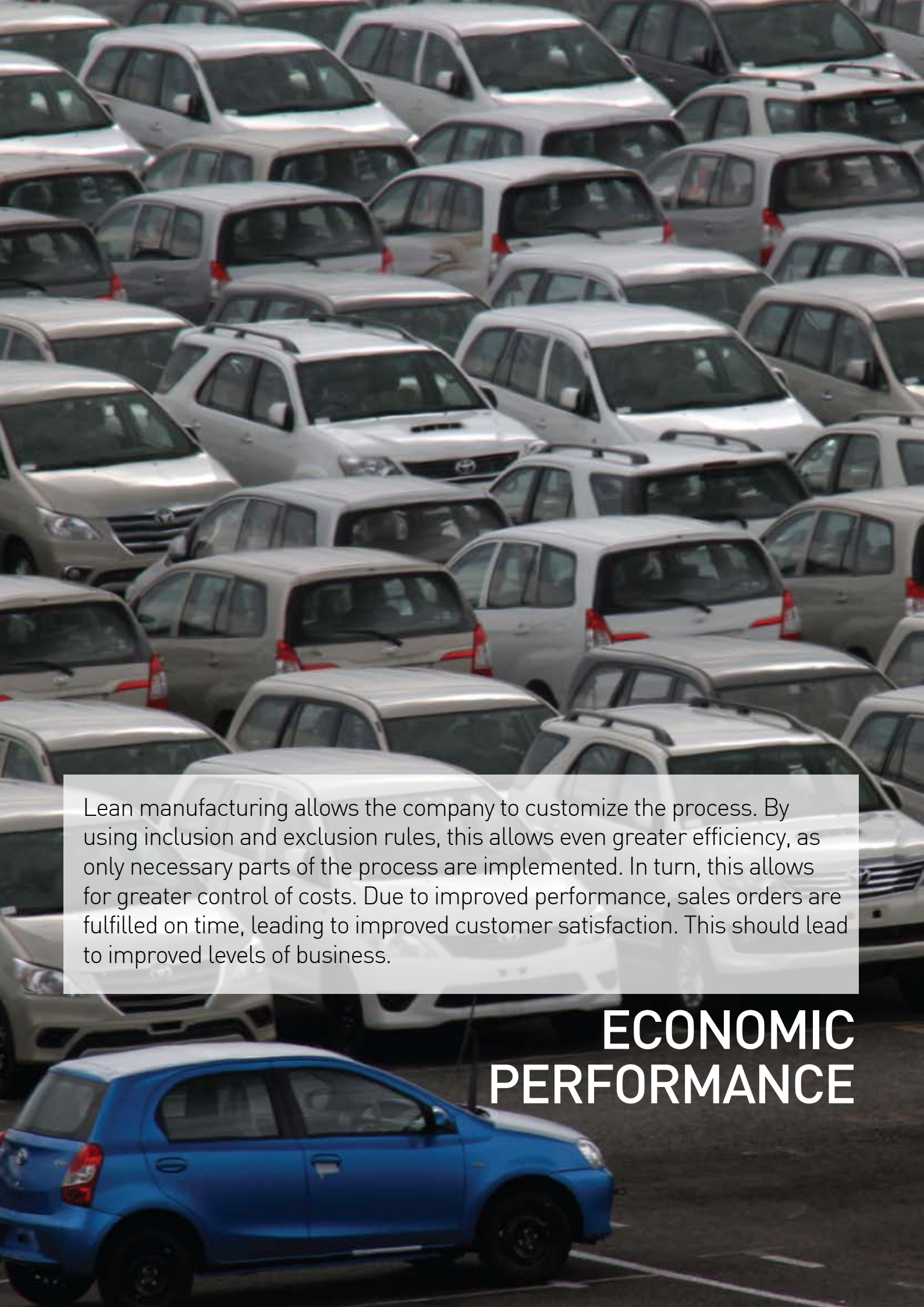
YouTube is the largest Video consumption portal in India. It is also an economical way for brand promotion through video content.

### Short-code inclusions on offline media

A short is placed. It is a method to capture audience responses to our ads via SMS in traditional media - Print, TV, Outdoor - it encourages mobile users to act immediately. Example - SMS Etios A to 566776 for a test drive now.





A large parking lot filled with many white cars, with a single blue car in the foreground. The cars are parked in rows, and the blue car is positioned in the lower-left corner of the frame. The background is filled with a dense array of white vehicles, creating a sense of a busy, organized parking area.

Lean manufacturing allows the company to customize the process. By using inclusion and exclusion rules, this allows even greater efficiency, as only necessary parts of the process are implemented. In turn, this allows for greater control of costs. Due to improved performance, sales orders are fulfilled on time, leading to improved customer satisfaction. This should lead to improved levels of business.

**ECONOMIC  
PERFORMANCE**



## ECONOMIC PERFORMANCE : Minting Lean

The automotive industry is at the vertex of the wheel, rolling up and down for quite some time. But in the long term, the industry's growth is closely linked to an increased need for automotives in developing country like India as its economies grow.

Economic sustainability is a key driver for growth of an organization. At TKM, economic value that the company creates takes a significant weightage during decision making as compared to financial growth alone.

Toyota Kirloskar Motor with its Supplier & Dealer networks has made a significant contribution to the regional economies and communities in its areas of operation, including direct and indirect employment, supporting local suppliers and community organizations, capital investment and payment of taxes.

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

#### ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED (IN INR CRORE)

	2012-13	2011-12	2010-11
Direct economic value generated: revenues	14979.94	11589.25	7837.8
Economic value distributed	19012.42	14558.04	9,270.35
Operating costs	14320.06	11120.05	7,171.39
Employee wages and benefits	590.41	458.77	310.77
Payments to providers of capital	26.02	8.96	4.25
Payments to governments (by country)	4,024.73	2,901.00	1,610.90
Community investments	51.20	69.26	108.44
Economic value retained	-4032.48	-2968.79	-1432.55

### FINANCIAL IMPLICATIONS DUE TO CLIMATE CHANGE

One of the greatest threat that could cause a huge impact on earth is Climate change. More than a quarter of global greenhouse gas emissions come from road transport as per OECD studies. The vehicle of next generation has to be highly fuel efficient and capable of running on renewable fuels.

Economic risks to the business operations that affect profitability include continuous shoot-up in raw material prices, rising oil prices and drop in rupee value. Consumer awareness and consciousness regarding climate change, combined with rising fuel prices, has led to greater consumer demand in more fuel-efficient vehicles.

Reducing energy consumption, dependency on fuels, limiting CO<sub>2</sub> emissions and curbing climate change is critical and a tough challenge to us as a company. As a responsible manufacturing company, TKM undertakes various kaizens on energy conservation and improving vehicle efficiency, water conservation etc.

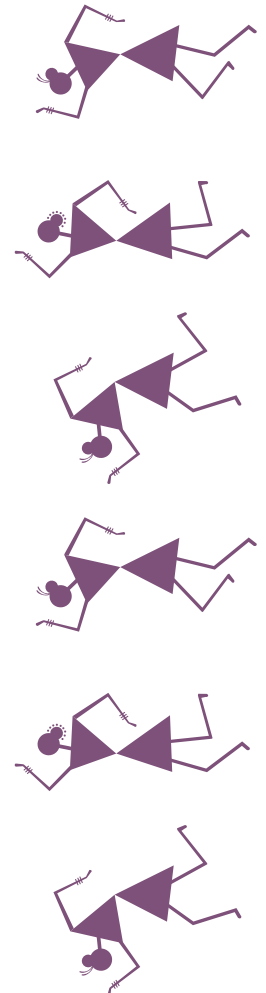
The challenge to curb climate change has to be through collective efforts from all stakeholders – nationally and internationally from vehicle development to logistics system that exist. The greatest opportunity and challenge is to technological development and innovation.

### COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS

#### CONTRIBUTION TO BENEFIT PLAN (IN CRORE)

	2012-13	2011-12	2010-11
Contributions to Provident and Other Funds	20.14	22.00	11.09
Staff Welfare Expenses	85.19	64.97	45.49
Total	105.33	86.97	56.58

Statutory benefits like provident fund, gratuity is provided.



## SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

FINANCIAL ASSISTANCE RECEIVED INR IN MILLION	2012-13	2011-12	2010-11
IT exemption		None	
Land provided at subsidised rate		None	
Incentives - Sales Tax deferral	491.23	399.62	254.58
Custom, excise duties waived	335.88	220.66	201.13
Total	827.11	620.28	455.71

TKM has received financial assistance from Government of India through various schemes such as **Sales Tax Deferral and EPCG (Export Promotion Credit Guarantee) Scheme.**

## CONTRIBUTIONS THROUGH CSR ACTIVITIES:

CSR FOCUS AREAS (IN MILLIONS)	2012-13	2011-12	2010-11
Education	55.23	53.19	57.59
Environment	0.66	0.46	0.19
Road Safety	5.92	12.41	14.80
Art & Culture	0.00	0.00	5.00
Health & Human Service	2.83	1.95	4.54
Civic & Community	3.60	0.98	0.08
Others/CSR Aid	3.59	0.00	0.00
Need Based Donations (Donation made by CSR dept)	0.46	0.27	0.45
Emergency Relief Fund (Natural Calamities -cumulative)	0.00	0.00	25.79
Total	72.32	69.26	108.44

## SIGNIFICANT INDIRECT ECONOMIC IMPACTS

TKM has played a vital role in creating a large local employment opportunity (State of Karnataka). As per the Government regulations, TKM has been providing employment to a large number of people from various parts of the state. Almost 100% of our ITI employees are local. Thus, TKM has provided a direct local employment opportunity.

TKM has been a major contributor in reforming the road networks, better electricity supply to the community to the local community (Bidadi). TKM also recruits locals for gardening, wood works

and other small yet significant activities. The company has indirectly created supplementary business and employment opportunities such as the development of small hotels, bakeries, garages and shops around the industry by the localities. Real estate business is at its high peak as the employees of TKM prefer staying close by.

# GLOSSARY

4S	Seiri- Sort, Seiton- Simplify, Seiso – Clean up, Seiketsu – Standardise
ASCI	Advertising Standards Council of India
BCIC	Bangalore Chamber of Industry and Commerce
CETP	Combined Effluent Treatment Plant
CFC	Chloro Fluoro Carbon
CSR	Corporate Social Responsibility
DERAP	Dealer Environment Risk Assessment Program
EMR	Environment Management Representative
EPCG	Export Promotion Credit Guarantee
FHFI	Fellow Health Facility Institute
GDP	Gross Domestic Product
Gemba	Japanese term for identification of problems and finding a solution to it
Genchi Genbutsu	Japanese term for going to the source to make correct decisions
HFC	Hydro Fluoro carbon
Hiyari hatto	Safety suggestion scheme
HV	Hybrid Vehicle
IMRB	Indian Market Research Bureau
ITI	Industry Training Institute
IUCN	International Union for Conservation of Nature & Natural Resources
Jiritsuka	Japanese term for Self Reliance
Kaizen	Japanese term for Continuous Improvement
Kikikan	Sense of Emergency
Kiken Yochi	Danger Prediction
Monozukuri	Japanese term for Manufacturing
NMS	Neuroleptic Malignant Syndrome
OECD	Organisation for Economic co-operation and Development
OEM	Original Equipment Manufactures
PPE	Personal Protective Equipment
RPMEC	Regional Parts and Manpower Excellence Centre
SAARC	South Asian Association for Regional Co-operation
Dojo	Safety Stimulated Training
SGA	Small Group Activity
SIAM	Society of Indian Automobile Manufacturers
SWOT	Strength, Weakness, Opportunity, Threat
TMAP	Toyota Motor Asia Pacific
TMC	Toyota Motor Cooperation
UNEP	United Nations Environment Programme
Yokoten	Best Practice sharing



## G3.1 CONTENT INDEX APPLICATION LEVEL: A

PROFILE DISCLOSURE	DISCLOSURE	REPORTED	PAGE NO
<b>STANDARD DISCLOSURES PART I: Profile Disclosures</b>			
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organization	Fully	4-5
1.2	Description of key impacts, risks, and opportunities.	Fully	21
<b>2. Organizational Profile</b>			
2.1 & 2.2	Name of the organization. Primary brands, products, and/or services.	Fully	6,10-11
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	10, 15-17
2.4	Location of organization's headquarters.	Fully	13
2.5	Number of countries where the organization operates, names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	10, 13
2.6	Nature of ownership and legal form.	Fully	10
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	10
2.8	Scale of the reporting organization.	Fully	10, 21, 89
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	10
2.10	Awards received in the reporting period.	Fully	22
<b>3. Report Parameters</b>			
3.1	Reporting period for information provided.	Fully	6
3.2	Date of most recent previous report (if any).	Fully	6
3.3	Reporting cycle (annual, biennial, etc.)	Fully	6
3.4	Contact point for questions regarding the report or its contents.	Fully	6
3.5	Process for defining report content.	Fully	19, 20
3.6	Boundary of the report	Fully	6
3.7	State any specific limitations on the scope or boundary of the report	Fully	6
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	6
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators	Fully	18
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Fully	6
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	6
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	92
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	6
<b>4. Governance, Commitments, and Engagement</b>			
4.1	Governance structure, including committees under the highest governance body responsible for specific tasks, such as setting strategy, organizational oversight.	Fully	14-16
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	16
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive	Fully	16
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	16
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure), and the organization's performance	Fully	16

PROFILE DISCLOSURE	DISCLOSURE	REPORTED	PAGE NO
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	14
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	16
4.8	Internally developed statements of mission, values, codes of conduct, principles relevant to economic, environmental, and social performance and the status of implementation	Fully	6-9
4.9	Procedures of the highest governance body for overseeing the organization's economic, environmental, and social performance, including relevant risks and opportunities, and compliance with internationally agreed standards, codes of conduct, and principles	Fully	8, 14-15
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	14-15
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	21
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	92
4.13	Memberships in associations	Fully	18
4.14	List of stakeholder groups engaged by the organization.	Fully	19
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	19-20
4.16	Approaches to stakeholder engagement, including frequency, type and stakeholder group.	Fully	19-20
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded, including through its reporting.	Fully	19
<b>STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)</b>			
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>		
Aspects	Economic performance, Market presence & Indirect economic impacts	Fully	89-90
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>		
Aspects	Materials, Energy, Water, Biodiversity, Emissions, effluents and waste, Products and services, Compliance, Transport & Overall	Fully	23-41
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>		
Aspects	Employment, Labor/management relations, Occupational health and safety, Training and education, Diversity and equal opportunity & Equal remuneration for women and men	Fully	51-61
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>		
Aspects	Investment and procurement practices	Fully	71-84
	Non-discrimination, Freedom of association and collective bargaining	Fully	55
	Child labor, Prevention of forced and compulsory labor & Security practices	Fully	55
	Indigenous rights, Assessment and Remediation	Fully	55
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>		
Aspects	Local communities	Fully	65
	Corruption, Anti-competitive behavior and Compliance	Fully	55
	Public policy	Fully	18
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>		
Aspects	Customer health and safety, Customer privacy, Marketing communications	Fully	42-49, 85-87
	Product and service labelling and Compliance	Fully	42-49

**STANDARD DISCLOSURES PART III: Performance Indicators**

**Economic**

**Economic performance**

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	89
EC2	Financial implications and other risks and opportunities due to climate change.	Fully	89
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	89
EC4	Significant financial assistance received from government.	Fully	90

**Market presence**

EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	89
EC6	Policy, practices, & proportion of spending on locally-based suppliers at significant locations	Fully	90
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	90

**Indirect economic impacts**

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	90
EC9	Understanding and describing significant indirect economic impacts and the extent of impacts.	Fully	90

**Environmental**

**Materials**

EN1& EN2	Materials used by weight or volume. Percentage of recycled materials used as input	Fully	32
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**Energy**

EN3 & 4	Direct and Indirect energy consumption by primary energy source.	Fully	33
EN5	Energy saved due to conservation and efficiency improvements.	Fully	33
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	33
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	33

**Water**

EN8 & 9	Total water withdrawal by source, sources significantly affected by withdrawal of water	Fully	33
EN10	Percentage and total volume of water recycled and reused.	Fully	33

**Biodiversity**

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	29
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	29
EN13	Habitats protected or restored.	Fully	40-41
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	40-41
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	27

**Emissions, effluents and waste**

EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	30
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	30
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Fully	30,36-37
EN19	Emissions of ozone-depleting substances by weight.	Fully	30
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	30





PROFILE DISCLOSURE	DISCLOSURE	REPORTED	PAGE NO
EN21	Total water discharge by quality and destination.	Fully	33
EN22 & 23	Total weight of waste by type & disposal method. Total number&volume of significant spills.	Fully	34-35
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and % of waste shipped internationally	Fully	35
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	33
<b>Products and services</b>			
EN26	Initiatives to mitigate environmental impacts of products & services, extent of impact mitigation	Fully	39
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	39
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	38
<b>Transport</b>			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	36-37
<b>Overall</b>			
EN30	Total environmental protection expenditures and investments by type.	Fully	25
<b>Social: Labor Practices and Decent Work</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, region and by gender.	Fully	51
LA2	Total number and rate of new employee hires and turnover by age group, gender, and region.	Fully	54
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time	Fully	89
LA15	Return to work and retention rates after parental leave, by gender.	Fully	51
<b>Labor/management relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	55
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	55
<b>Occupational health and safety</b>			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	56
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	61
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	58-61, 66-67
LA9	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	56-58
<b>Training and education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	53
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	53
LA12	% of employees receiving regular performance & career development reviews, by gender.	Fully	54
<b>Diversity and equal opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Fully	16



PROFILE DISCLOSURE	DISCLOSURE	REPORTED	PAGE NO
<b>Equal remuneration for women and men</b>			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	51
<b>Social: Human Rights</b>			
<b>Investment and procurement practices</b>			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	55
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	55
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	52
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	55
<b>Freedom of association and collective bargaining</b>			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	55
<b>Child labor</b>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	55
<b>Prevention of forced and compulsory labor</b>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination	Fully	55, 79
<b>Security practices</b>			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	55
<b>Indigenous rights</b>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	63
<b>Assessment</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	55
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	55
<b>Social: Society</b>			
<b>Local communities</b>			
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	63
S09	Operations with significant potential or actual negative impacts on local communities.	Fully	63
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	63-68
<b>Corruption</b>			
S02	Percentage and total number of business units analyzed for risks related to corruption.	Fully	55
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	55
S04	Actions taken in response to incidents of corruption.	Fully	55
<b>Public policy</b>			
S05	Public policy positions and participation in public policy development and lobbying.	Fully	18

PROFILE DISCLOSURE	DISCLOSURE	REPORTED	PAGE NO
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	55
<b>Anti-competitive behavior</b>			
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	55
<b>Compliance</b>			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	17
<b>Social: Product Responsibility</b>			
<b>Customer health and safety</b>			
PR1	Life cycle stages in which health & safety impacts of products and services are assessed for improvement, % of significant products & services categories subject to such procedures	Fully	44
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	Fully	45
<b>Product and service labelling</b>			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	44
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	47
PR5	Practices related to customer satisfaction, including results of surveys	Fully	46
<b>Marketing communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	85
PR7	Total number of incidents of non-compliance and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	85
<b>Customer privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	49
<b>Compliance</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	46





MOVING WITH GREEN



TOYOTA



***“Man shapes himself  
through decisions that  
shape his environment.”***

***- Rene Dubos***



For further information and feedback on this Report please contact:

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