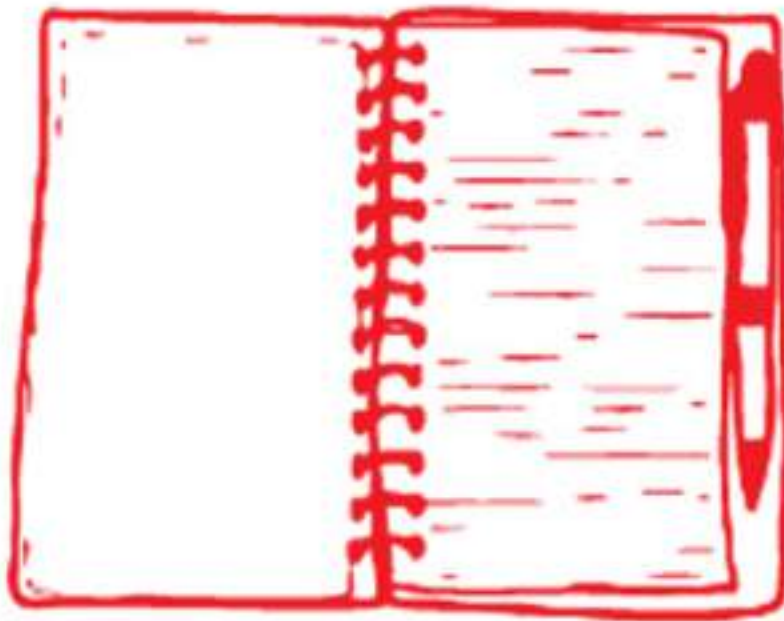


# ABOUT THE REPORT



Toyota Kirloskar Motor Private Limited is proud to present the fifth Sustainability Report for the FY 2013-14 and key initiatives of FY 2014-15 to all its stakeholders. This report represents the performance of TKM and its key stakeholders in India.

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 will take you 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)





## MESSAGE FROM MANAGING DIRECTOR

Toyota believes that there is always a better way than the best way - in everything that we do. We at Toyota Kirloskar Motor endeavour to consistently make quality cars, built to international quality standards, keeping in mind the local requirements and sentiments.

Though sustainability is a new concept in the emerging economies, the elements of sustainability are already embedded in all our processes through Global Toyota. To become sustainability champion par excellence it requires a paradigm shift in the way business is conducted. Sustainability as a concept needs to be integrated with the business strategy enveloping integrated values, ambitions, long term commitments, transparency and demonstrated results through participation of all stakeholders, that is nothing but Toyota way of "Simplicity in Sustainability".

We at Toyota are trying to adopt a similar kind of business model which is simple yet effective, embracing the concept of shared values where our economic value creation should create value for society. We are in the business of providing automotive products and services to our customers, which enrich the lives of people while contributing to the Indian Economy. Their firm belief in us creating value for society, should enthuse them to become a part of the Toyota family. We are proud that today, over one million Indians are part of this ever growing Toyota family and look forward to seeing it grow further.

We have taken the lead in driving various initiatives in the areas of education, community development and the environment. Our aim is to create and nurture a company that works in harmony with nature and society creating a never ending cycle of growth, which I believe is the essence of Sustainability.

As the automobile industry goes through a process of technological changes, we aim to be the pioneers and revolutionaries of this green path. Toyota has always been at the forefront of cutting edge automotive technology and the introduction of Hybrid Prius and Camry withstands testimony to this commitment.

It is this mindset and hard work, through generations, that is responsible for Toyota's renowned Quality, Durability and Reliability (QDR) which has led to our steady growth in the Indian automotive market, backed by products and services that are loved and cherished by our customers. I take this opportunity to express my heartfelt gratitude to all our stakeholders who have always stood by us.

I am delighted to present TKM's 2014 Sustainability Report to you and request your valuable feedback which I am sure will go a long way in improving our efforts.

**NAOMI ISHII**  
MD and CEO





## MESSAGE FROM VICE CHAIRMAN

At any point in time, anywhere in the world, sustainable development provides a practical and flexible approach for achieving concrete, measurable progress across economic and environmental pillars, while taking full account of the social consequences of greening the growth dynamic of economies.

Toyota has consistently exhibited its relentless commitment to add value through its world class systems and processes. We have embedded sustainability across all our business practices. We believe in sustainable development and seek to boost industrial infrastructure.

Since inception, TKM has continuously worked in India towards industrial growth and enriching people's lives. Our main goal is to produce quality products and ultimately to achieve Customer Satisfaction. We are committed to continue the journey towards sustainability.

Through innovative technologies we focus on producing fuel efficient and quality vehicles. The year has been challenging for the automobile sector with the economic headwinds. Nevertheless, we have utilised this period to strengthen our systems by adopting simplified strategies.

Conservation of Environment, Community Development and contribution to Indian Economy through business enhancement has always been a priority to our company. We have woven our sustainability goals into our business in India. Later in this report, you shall read more on our endeavour towards green initiatives which go beyond our campuses.

As our Environment policy says we believe in living in harmony with nature, we look forward to bring in more of such technologies which will reduce our impact on ecosystem. Our aim is to become water positive in all our operations in coming years. In our newly established 2nd manufacturing plant, the manufacturing process water requirement is met with 100% recycled water. In future our aim is to completely eliminate the fresh water consumption in all our operations.

We firmly believe that our activities should support inclusive growth. We have conducted various activities in the areas of Education, Road Safety, Health and Hygiene and we desire to meet long term community requirements.

All the initiatives are directed towards betterment of community and we also look forward to create an healthy and happy environment for the future generations.

We are striving to improve our sustainability performance and are extending this to our partners as well. We conduct activities by involving all our stakeholders as we believe that a company grows only when its foundation is strong enough and in our case stakeholders act as the foundation of our business. We look forward to working together and achieving greater heights not just in terms of Profitability but also in Environment and Community Development.

I look forward to your support as we continue on this journey.



**VIKRAM KIRLOSKAR**  
Vice Chairman





## Message from EDITOR DESK

It gives me immense pleasure in bringing to you TKM's Sustainability Report 2014. This report encapsulates TKM's best practices with an intention to showcase our key initiatives and best practices towards making TKM a sustainable company. We believe prioritizing and focusing on Economic, Environment and Social performance is the key to achieving sustainability. Accordingly, we focused our activities towards enhancing productivity and reducing adverse impact on environment and society, in collaboration with our stakeholders.

This year's special campaign was conducted to "INVOLVE, EDUCATE and DRIVE TO ACHIEVE SUSTAINABILITY" through special activities, focusing on making our processes "SMOOTH, SIMPLE and SLIM", which helped us in minimizing the resources and optimising manufacturing cost. While achieving resource optimisation we adopted 5R concept and we could reach a major milestone of "Zero fresh water for manufacturing" and now we are framing our future plans towards making TKM a water positive company. We are continuing our Global No.1 Positions in Volatile Organic Compound (VOC) emission reduction activity and also in Steel Yield Improvement activity.

We have been continuously working with our stakeholders to minimise the impact on business due to market fluctuations through simplification of all our operations which are elaborated upon in the later parts of the report.

We never compromised our commitment towards community development even during difficult times. Our

social contribution initiatives are focused towards health and hygiene, sanitation, education and safety.

This report constitutes TKM's practices in various spheres of activities among all our stakeholders. This report has been prepared in line with the GRI 3.1 Guidelines by a dedicated team which studied and consolidated the overall performance of the company in all three arenas of Sustainability.

I would like to thank all our Stakeholders for their continuous support in helping us achieve our target of becoming a sustainable company. You can contact us on [sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in) to share your feedback or seek additional information about this report.

Let's all work together and contribute towards a sustainable society.

**RAJU B KETKALE**  
(Environment Director and VP, Production)



# TOYOTA'S CORPORATE SUSTAINABILITY PHILOSOPHY



## YOUR SATISFACTION OUR COMMITMENT

### VISION

- » Delight our customers through innovative products, by utilising 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

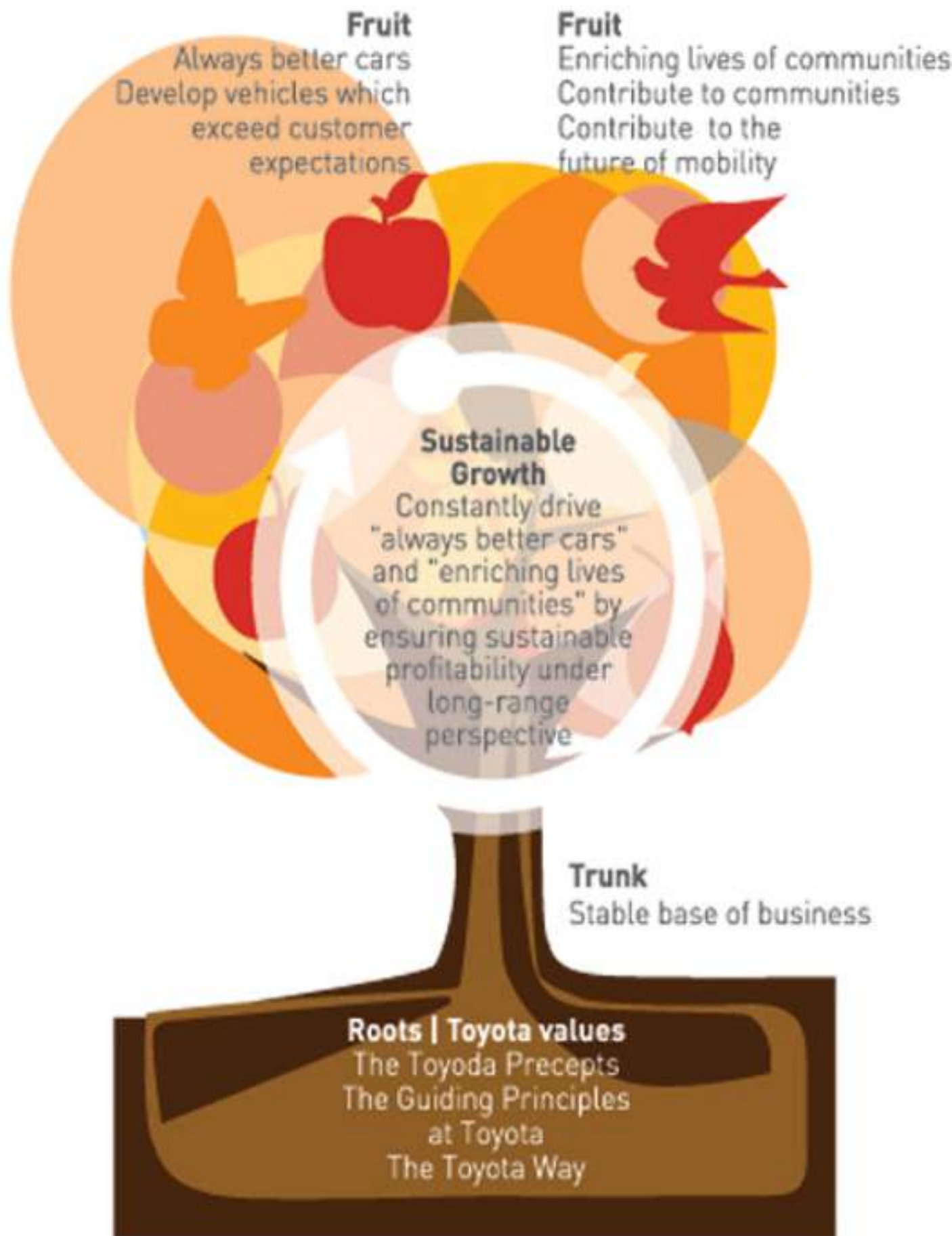
- » Create a challenging workplace that promotes a sense of pride, ownership, mutual trust and teamwork
- » Create an eco-friendly company in harmony with nature and society

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





## VISIONARY MANAGEMENT

The roots of the tree are the shared values that have steered Toyota from the beginning and underlain our monozukuri. They are values expressed in the Toyota precepts, in the Toyota Guiding principles and in the Toyota Way, which are the basis of our business. 'Fruit' that Toyota provides for customers is creating "always better cars" and enriching lives of communities. 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.

- 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 provide clean and safe products and to enhance 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

The Guiding Principles at Toyota 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 define the mission of Toyota and the value company delivers to the stakeholder.

## GUIDING PRINCIPLE







# EARTH CHARTER

The Toyota Earth Charter is based on the Guiding Principles at Toyota embodies Global Toyota's comprehensive approach to environmental issues.

The Toyota Earth Charter, to date has been adopted by about 530 affiliates worldwide.

## BASIC POLICY

- » **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 and 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 organisations 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, utilisation, 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 towards environmental improvement
- » Business partners are partners in creating a better environment: Cooperate with associated companies

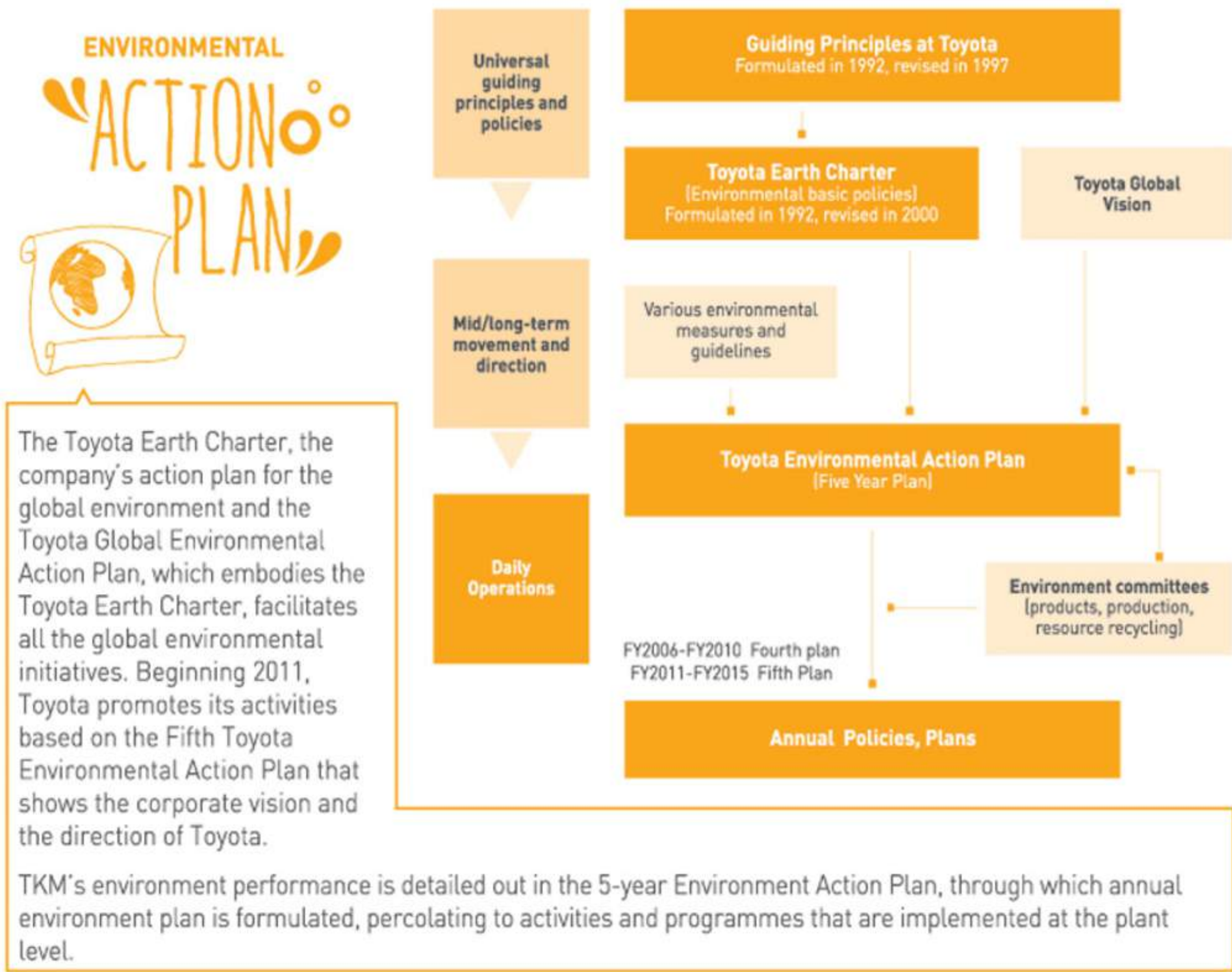
### As a member of society:

- » 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).







**COMPANY PROFILE**

Toyota Kirloskar Motor Pvt. Ltd (TKM) is one of the leading Auto manufactures in India established in the year 1997, as a joint venture between Toyota Motor Corporation, Japan and the Kirloskar Group, India. Toyota Motor Corporation holds eighty nine percent of the equity while Kirloskar Group, 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 3,10,000 vehicles per annum.

Commercially, Toyota Kirloskar Motor has more than 286 dealer outlets and 111 suppliers spread across the country.

ABOUT  
TOYOTA  
KIRLOSKAR  
MOTOR



	PLANT 1	PLANT 2
<b>Established</b>	October 1997 [Start of production: December 1999]	2008 [Start of production: December 2010]
<b>Location</b>	Bidadi Industrial Area, Bangalore	
<b>Products</b>	Innova, Fortuner	Corolla Altis, Etios, Etios Liva, Etios Cross, Camry and Camry Hybrid
<b>Installed production capacity</b>	Upto 1,00,000 units	Upto 2,10,000 units

**KEY PRODUCTS AND MARKET SEGMENTATION**

TKM manufactures Innova, Corolla Altis, Fortuner, Etios, Etios Liva, Etios Cross, Camry and Camry Hybrid. Also imports Land Cruiser, Prado, Prius as Completely Built Units.

TKM also exports Etios to South Africa, Mauritius, Zimbabwe, Seychelles, Sri Lanka, Nepal, Indonesia and Brunei and Innova to Sri Lanka and Fortuner to Nepal.





# PRODUCT LINEUP

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.



Import



Export



Manufacture



**Land Cruiser**  
The Pride of the World



**Prado**  
All Terrain Luxury



**Fortuner**  
The Art of Power



**Prius**  
Planet's Favorite Hybrid



**Etios Cross**  
Born with Attitude



**Camry Hybrid**  
Thoughtfully Advanced



**Camry**  
Lead by Example



**Etios Liva**  
Built on QDR



**Etios**  
The Real Sedan



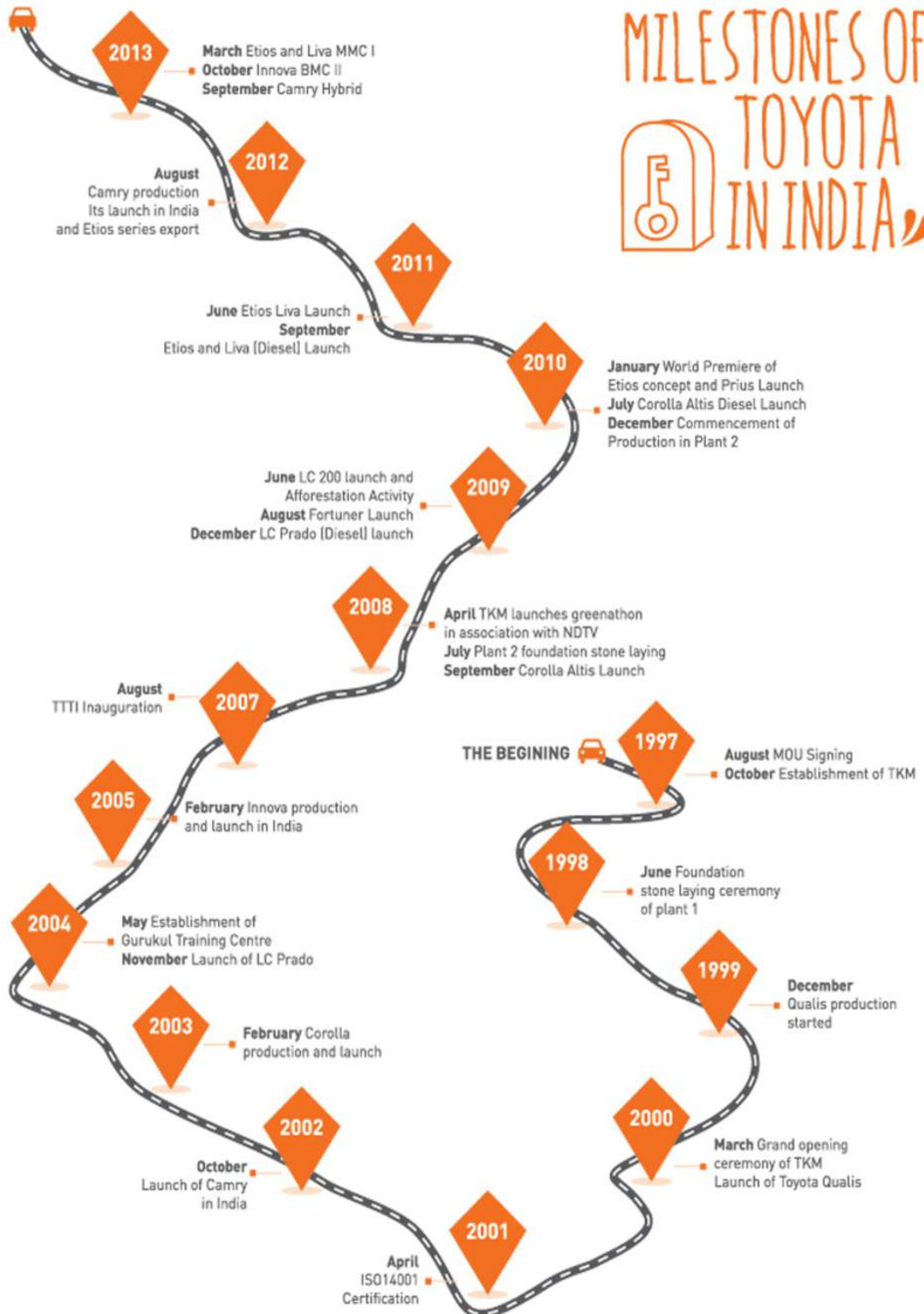
**Innova**  
Multi Premium Vehicle



**Corola Altis**  
Genius Inside  
Gorgeous Outside

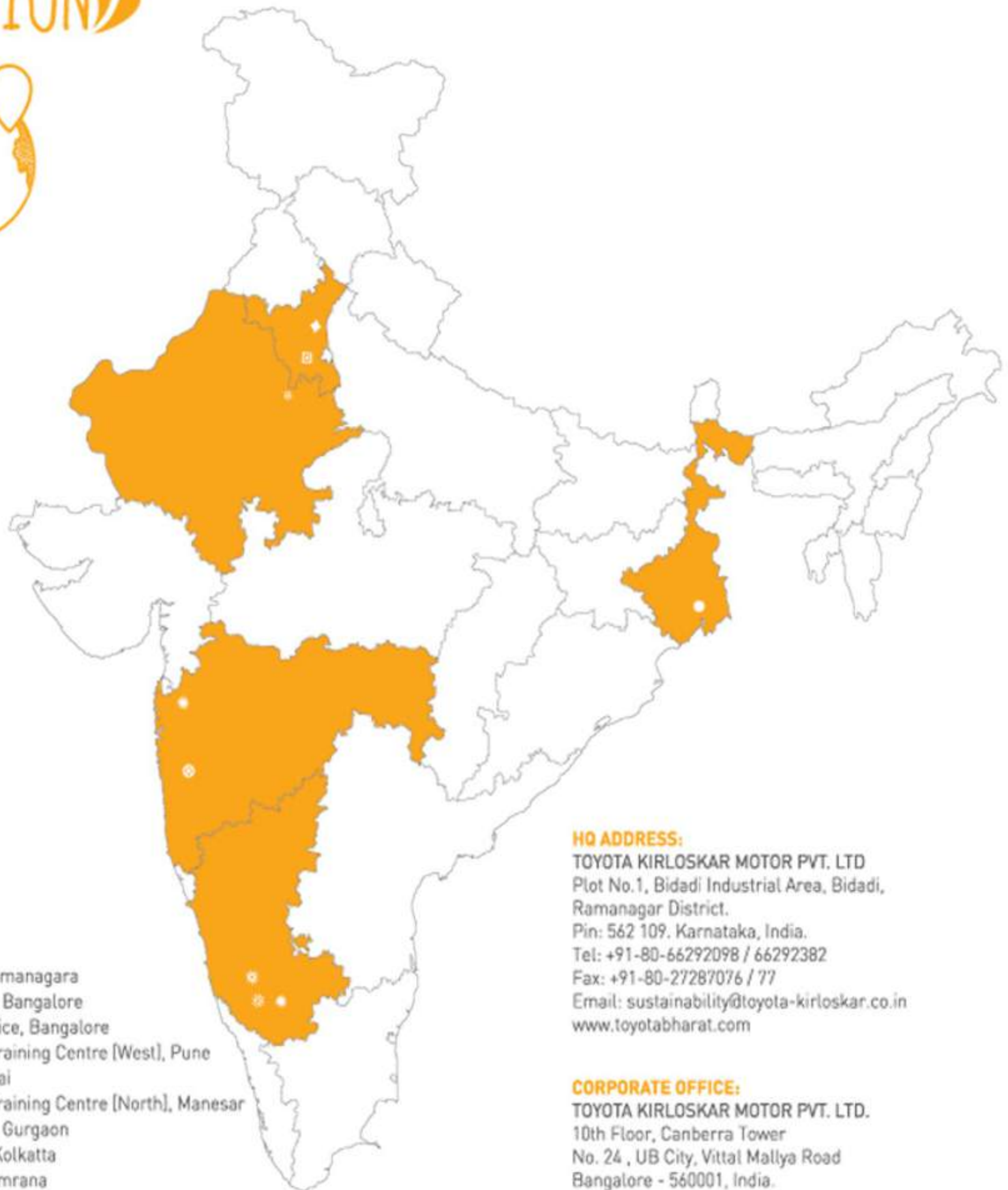


# KEY MILESTONES OF TOYOTA IN INDIA





# LOCATION



- Head Office [HO], Bidadi, Ramanagara
- ✱ Regional Office [RO], South, Bangalore
- ⊙ Regional Office [RO] - IS Office, Bangalore
- ⊙ Regional Parts Depot and Training Centre [West], Pune
- Regional Office [RO], Mumbai
- ⊙ Regional Parts Depot and 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.

# TKM POLICY FOR 2013-14

1. Drive austerity measure and sensitise the sense of emergency (KIKIKAN) across the organisation to ensure profitability
2. Maximise sales operation, true localisation and export potential through collaborative efforts of all stakeholders
3. Create lean and strong organisation with utmost consideration to quality, safety and compliance standards
4. Establish a robust relationship with all stakeholders through thorough communication
5. Develop productive and flexible human resource pool with customer first approach



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 conformance to the norms of corporate governance and believes in a system driven performance with the highest priority given to these systems.

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 its stakeholders through various initiatives. The Corporate Governance structure in TKM is depicted below.

# CORPORATE GOVERNANCE



## VALUE STATEMENT

TKM has released the value statement for the company after due deliberations and with the understanding of all its Stakeholders. These core values are to be cherished and imbibed by its members at all times in their personal and professional life. Our value statement was released by the senior management involving all functional heads. An oath is taken by all team members to inculcate these values.



### HONESTY

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



### HARMONY

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



### ACCOUNTABILITY

I will take ownership for all my actions.



### HUMILITY

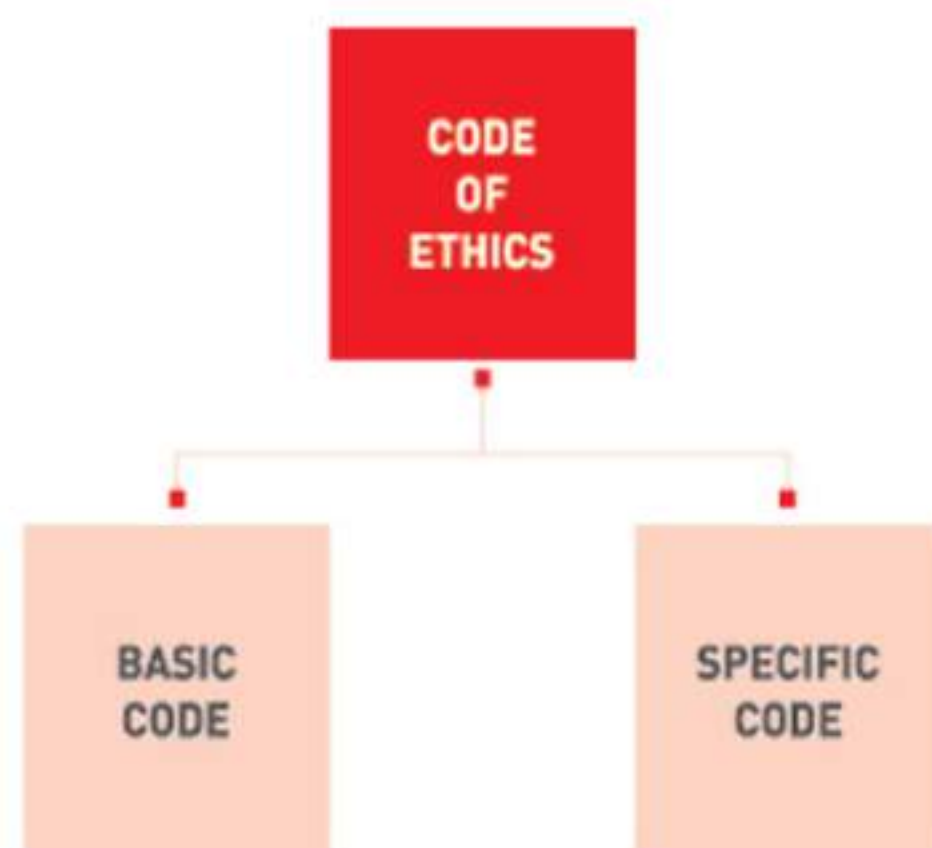
I am proud about myself and I will treat everyone with same respect that I expect



### COURAGE

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





## CODE OF ETHICS

Toyota Kirloskar Motor has a comprehensive Code of Ethics based on the Toyota guiding principles. The values along with the 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 stakeholders such as suppliers, dealers, local community, local authority and regulatory bodies. The broad areas covered by the code are legal compliance, conflict of interests, mutual trust and teamwork.

### BASIC CODE

1. Comply with Laws and Regulation
  - » Respect and obey the laws of the land and laws of the country you transact with and ignorance being no excuse
2. Be aware of local customs, traditions and social norms
  - » Respect the people, local customs, social norms and traditions of the society in which the company functions
3. Practice the "Values"

### SPECIFIC CODE

1. The Work Culture
  - » Every employee in TKM should perform his/her job following 'Toyota Way'
  - » Promote employee growth through good hands-on the training and development
2. Safe Products
  - » To deliver its customers, vehicles which provide a contented experience of driving with highest degree of reliability and safety
3. Comply with Working Regulations
  - » TM shall follow Labour laws, employment laws, services rules and regulations, standing orders and other laws applicable to the company
  - » Respect all religion and castes without discriminating any Team Member(TM) on account of his religious leanings
4. Environment Preservation
  - » TM should follow Environmental Policy of the company at all times and environment impact is

considered at all stages of vehicle manufacturing by the company

5. Customer First
  - » Always satisfy the customers requirement
  - » Fair and accurate while dealing with customers and dealers
  - » Shall not indulge in any unfair trade practices
6. Technology and Engineering
  - » TM should know and use the most advanced technology to produce outstanding products and touch the hearts of customers
7. Protect Company's Assets
  - » All employees (including past employees) should not disclose any confidential or important information to third party without authorization
  - » TMs should safeguard company assets and use it for company benefit and are personally responsible for those assets which are entrusted to them
8. In relation with Suppliers, Dealers or Contractors
  - » Practice fair and transparent transaction with all stakeholders
  - » Avoid any Conflict of Interest (Business with other company, insider trading, etc) which affects the interest of the company
  - » Ensure Conformance to Law/Regulations while purchase of goods/services
9. In relation with Government
  - » Maintain cordial relations with Government and Local Authorities and Public servants



### INTERNAL CONTROL MECHANISM

TKM practices a risk-based, focused, internal audit system. The company 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 part of Toyota Motor Corporation's global audit requirement.

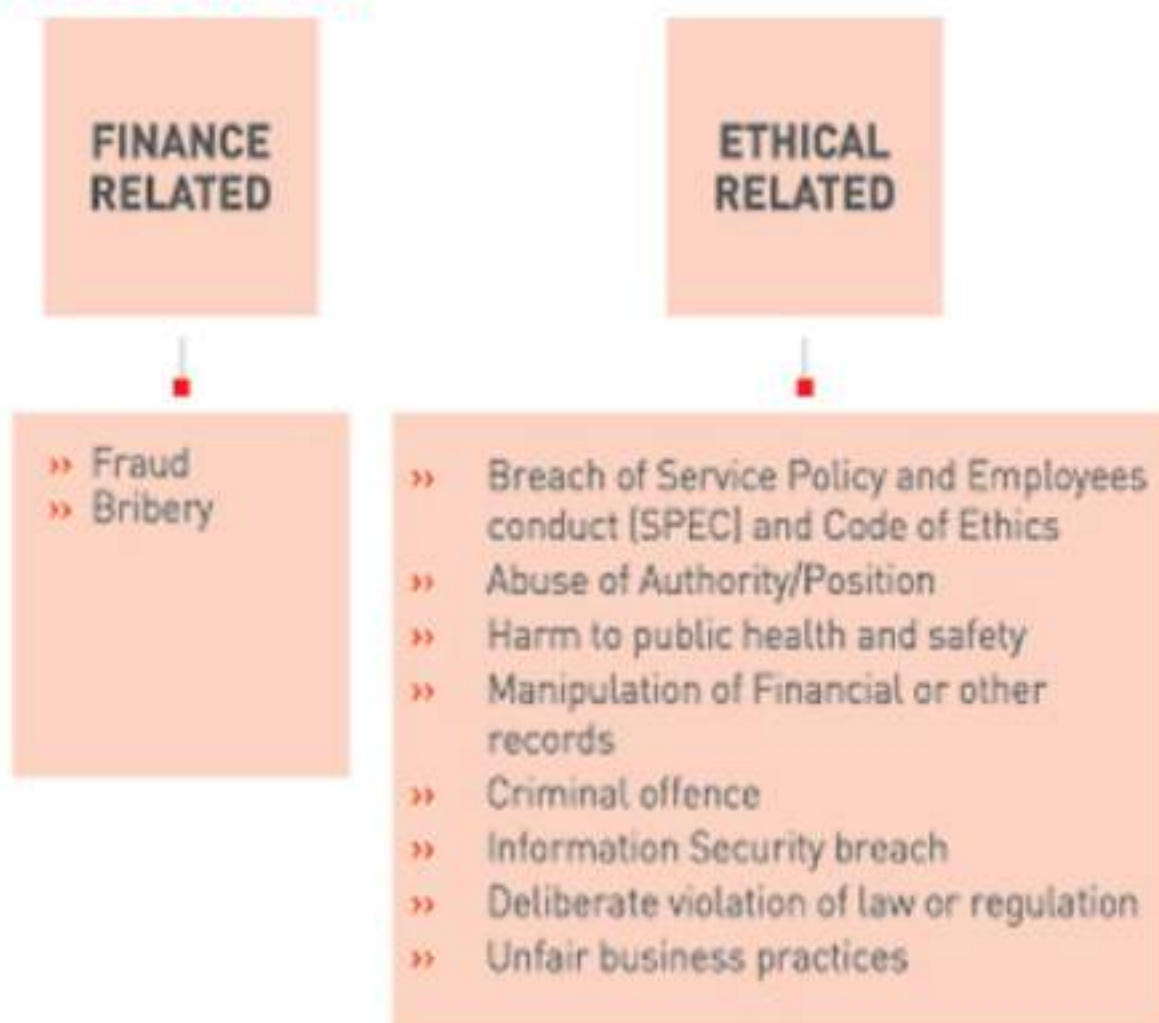
### WHISTLE BLOWER POLICY (WBP)

As a company which 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 report fearlessly on any unethical behaviour noticed by them. The scope of coverage is vast, channels provided for reporting are many and an Ombudsman has been appointed to receive and investigate the issues with the advice of a Whistle Blowing Committee, consisting of the senior management with a former civil service officer at the highest position in the Government is appointed as Ombudsman.

### WHO CAN REPORT UNDER THIS POLICY ?



### SCOPE OF WBP



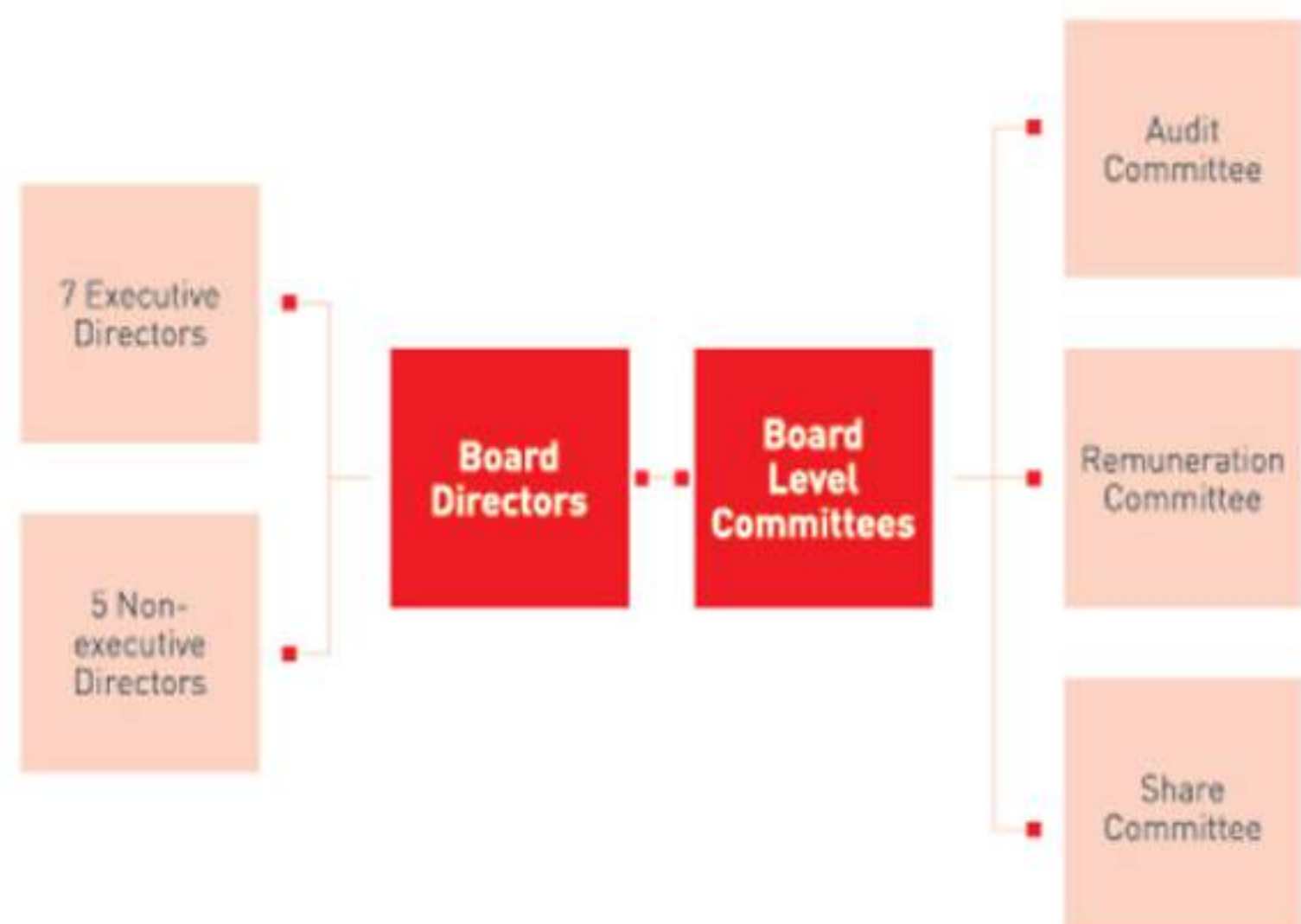
### CHANNELS OF REPORTING



### BOARD OF DIRECTORS

The Board of Directors at TKM form the highest governing body, responsible for corporate governance and represent the interests of our stakeholders. The Board provides strategic guidance and frequently reviews corporate policies, regulatory compliance's, significant management decisions and overall performance of the organisation. 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.





## BOARD STRUCTURES

Sl No.	Name of Company Director (Member of Board of Director)	Designation and Functional Responsibility	Category (Independent/ Executive)	Member of Board Level Committee
01	Mr. Kyoichi Tanada	Chairman	Non Executive	<b>Audit Committee and Remuneration Committee</b>
02	Mr. Vikram S Kirloskar	Vice Chairman	Non Executive	Audit Committee and Share Committee
03	Mr. Naomi Ishii	Managing Director	Executive	Audit Committee and Share Committee
04	Mr. Shekar Viswanathan	Whole time Director and Vice Chairman	Executive	
05	Mr. Masanori Takahashi	Deputy Managing Director	Executive	
06	Mr. Yoshihiro Horinouchi	Deputy Managing Director	Executive	
07	Mr. T S Jaishankar	Director Commercial and EVP	Executive	
08	Mr. Mao Saka	Director Finance, SVP and CFO	Executive	Share Committee
09	Mr. N Raja	Director and SVP	Executive	
10	Mr. Hisayuki Inoue	Director	Non Executive	Remuneration Committee
11	Mr. Yoshihiro Uozumi	Director	Non Executive	Remuneration Committee
12	Mr. Atul C Kirloskar	Director	Non Executive	

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

### 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.

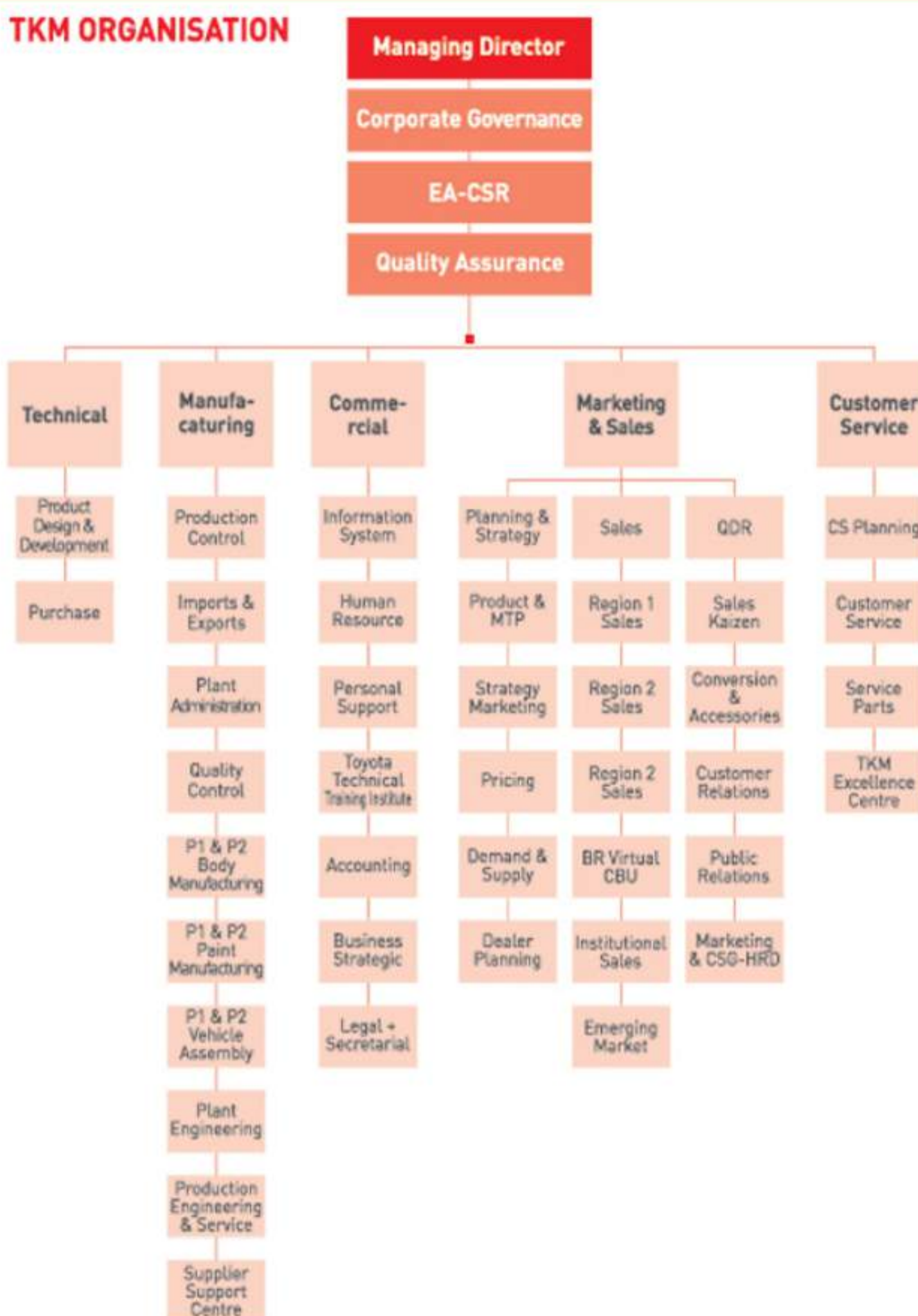
### REMUNERATION COMMITTEE

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

### SHARE COMMITTEE

Issue share certificates to the shareholders after allotment of shares by the Board and to register the transfers of shares as per Board authorization.

### TKM ORGANISATION





The company's vision, mission and values are evolved based on the inputs from employees across the organisation. Leadership gets guidance from the Global Hoshin (policy / direction) 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 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. 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 organisation's goals are derived at a Hoshin offsite meeting, which is communicated across the company through normal organisation.



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

**We do not restrict ourselves to just fulfilling the requirement stated under the compliance, but we intend to go beyond it by aiming at the intent behind the legal requirement.**

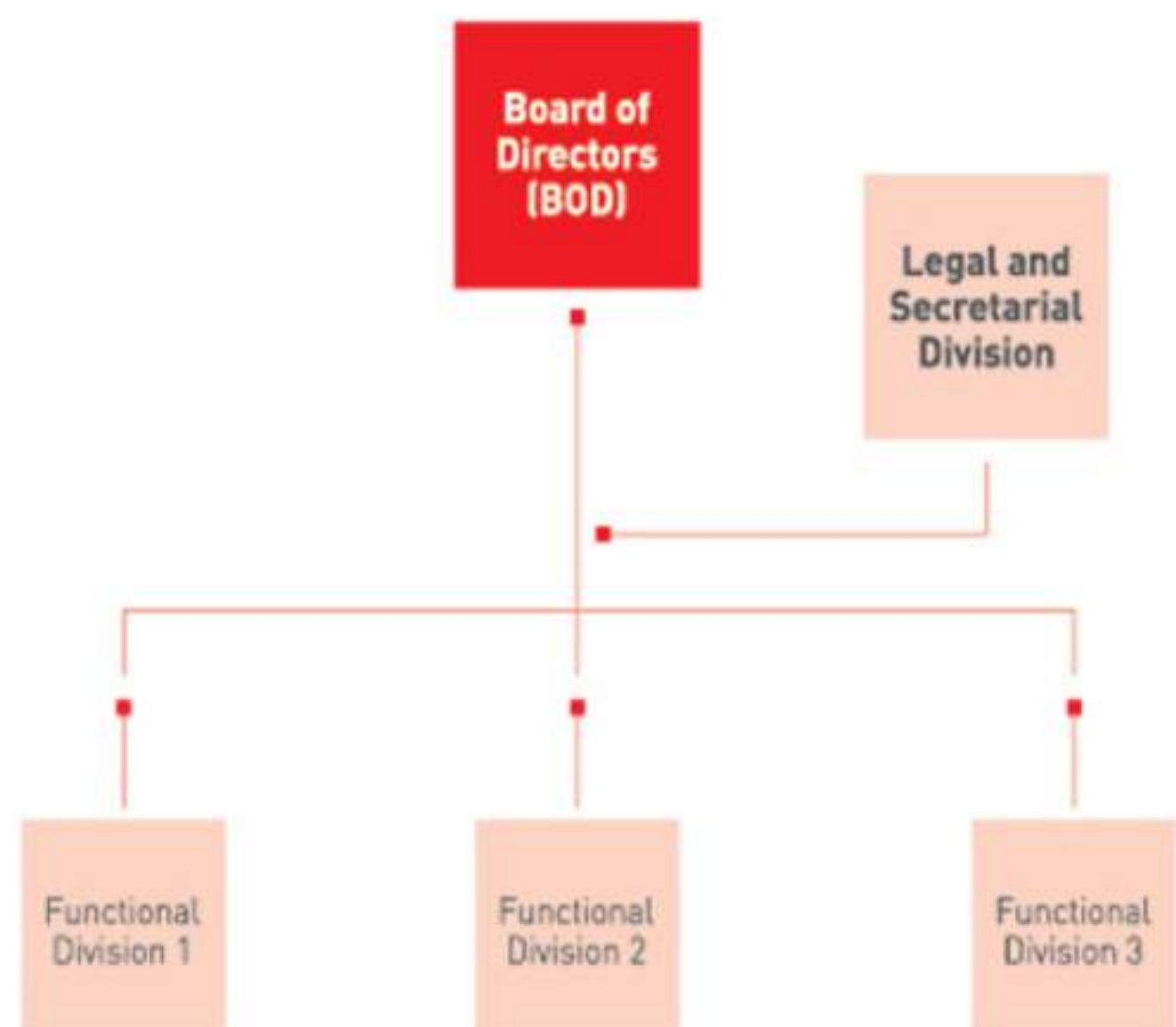
### LEGAL COMPLIANCE

As good corporate citizens we believe that adherence to the law is top priority.

Compliances of all statutory requirement is of utmost priority. In order to monitor the compliance across all the divisions, a Legal Compliance Management Tool has been implemented. This Tool helps in sending alerts to the person in charge for compliance activities. It also provides status report to the senior management and directors on real time basis.

- » To comply with each and every law is the essence of TKM's operations
- » Towards our approach to go beyond the legal requirements, the legal compliance management system at TKM has been de-centralised, making it more exhaustive and comprehensive
- » In this system, every applicable functional divisions are empowered to establish and ensure legal compliance at their levels. They are further responsible to confirm the compliance to the central legal team for Compliance management at the highest level
- » TKM Legal Manual acts as a guide to understand the laws applicable to each division.
- » Compliance policies are considered integral to company objectives

### LEGAL COMPLIANCE MANAGEMENT SYSTEM HIERARCHY



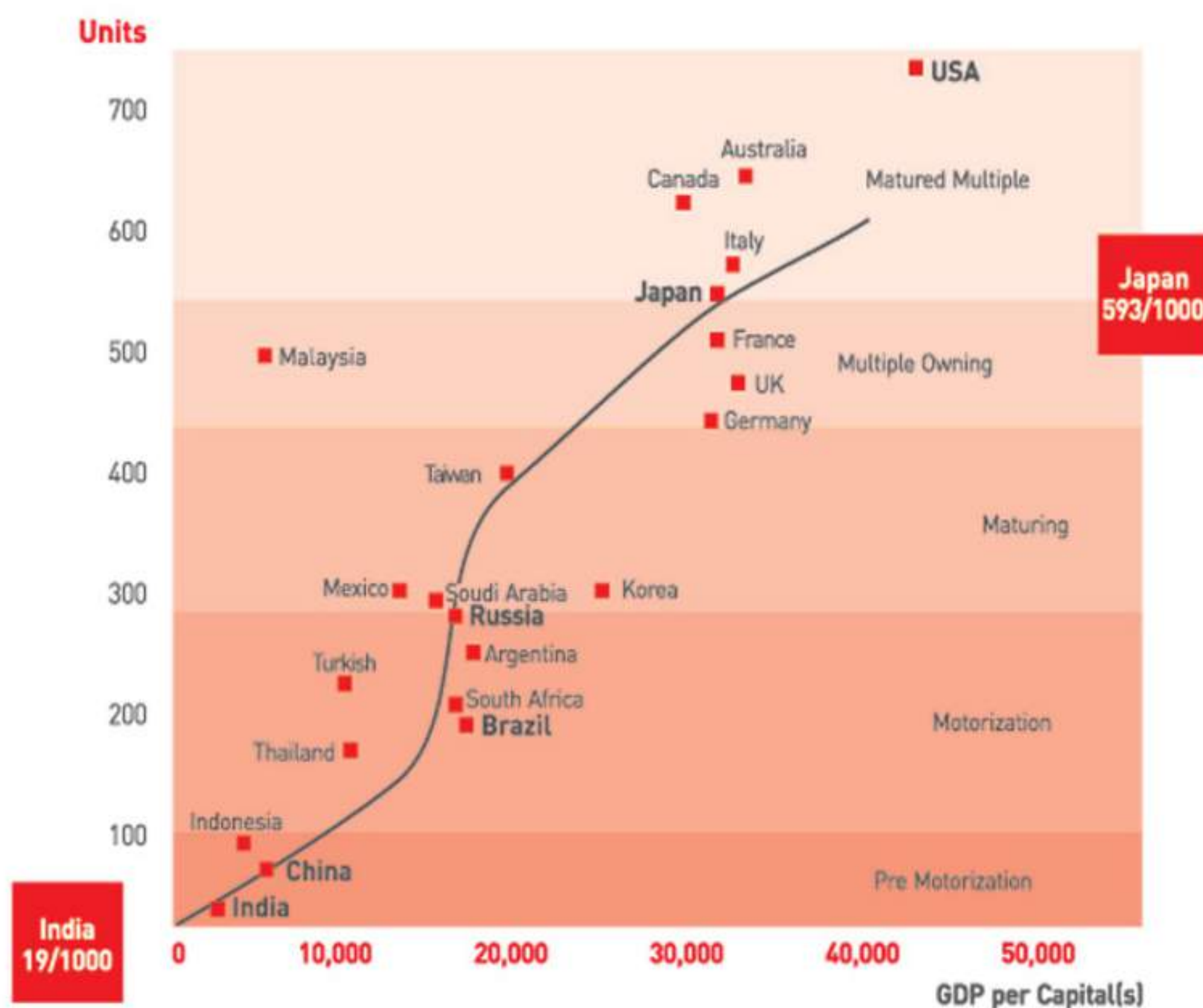


**PUBLIC POLICY**

MEMBERSHIP DETAILS OF VARIOUS ASSOCIATION FOR FY 2013-14

Sl No.	Association	Nomination	Name
01	Confederation of India Industry (CII) Karnataka	TKM	Mr. Shekar Viswanathan
02	CII Southern Region	TKM	Mr. Naveen Soni
03	CII National Council	TKM	Mr. Vikram Kirloskar
04	Bangalore Chamber of Industries and Commerce (BCIC)	TKM	Mr. V Ramesh
05	International Market Assessment (IMA)	TKM	Mr. Shekar Viswanathan
06	Bangalore Management Association (BMA)	TKM	Mr. Swapnesh Maru
07	Japanese Chamber of Commerce and Industry, Bangalore	TKM	Mr. Nakagawa / Mr. Masanori Takahashi / Kohei Yamada
08	Japanese Chamber of Commerce and Industry, Chennai	TKM	Mr. Nakagawa / Mr. Kohei Yamada
09	Indo Japan Chamber of Commerce, Bangalore	TKM	Mr. Masanori Takahashi
10	Federation of Indian Chamber of Commerce and Industry (FICCI)	TKM	Mr. Shekar Viswanathan
11	Indo American Chamber of Commerce and Industry	TKM	Mr. Shekar Viswanathan
12	Society of Indian Automobile Manufacturers (SIAM)	TKM	Mr. Vikram Kirloskar - President
13	Society of Indian Automobile Manufacturers (SIAM)	TKM	MD and CEO - Executive Committee member
14	CII - Global Innovation and Technology Alliance (GITA)	TKM	Mr. Vikram Kirloskar - Chairman

**POTENTIAL FOR RAPID MARKET EXPANSION WITH HUGE POPULATION**  
**Car Penetration Rate (R/1,000)**





**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 an increasing propensity to spend, the Indian customer's high expectations make the market competitive.

**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 years.

**OUR STAKEHOLDERS**



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, suppliers, government and regulatory authorities and TMC.

Following table details the method, mode and frequency of engagement adopted by TKM with key stakeholders and the resulting benefits to the business and the stakeholder.



KEY STAKEHOLDERS	ENGAGEMENT			BENEFITS TO	
	METHOD	MODE	FREQUENCY	BUSINESS	STAKEHOLDERS
Customers	VOC [Voice of customer]; Customer meets; Customer Satisfaction Surveys; Customer Feedback cell; Dealer Visits	Formal	Need based, Daily interaction through dealer network	Product related risk mitigation	Customer satisfaction
Employees	Round Table Meeting; Periodic direct communication opportunity with Sr. Mgmt. (Skip level meetings); Performance Review; Kaizens; Level-up group HR meetings; Employee Engagement Survey – 'Morale Survey'; Rewards and Recognition; The annual Talent Hunt event; Union Meetings	Formal and Informal	Daily/ Weekly/ Monthly/ Quarterly/ Biennially and Annually	Healthy relations with employees and Union	Better working environment and job satisfaction
Dealers	Dealer meets; Dealer visits; Special training programmes; Dealer councils; Kaizen programme; Dealer Environment Risk Assessment Programme (DERAP).	Formal	Daily, Monthly, Quarterly and Annually	Better quality and improving delivery performance capacity building	Profitability and customer satisfaction
Local Community and Society	Meetings with local community; Need assessment; Public hearing	Formal and Informal	Need based	Healthy relations with local community	Employability, livelihood
Suppliers	Supplier Meets, BCM; Kaizen Festival; Quality Circle Competitions; ASM; Promotion and Awards	Formal	Monthly and Annually	Better quality and delivery performance	Profitability
TMC	Regular Meetings and Communication	Formal	Need based/ Periodic	Streamlining of product and process improvement	Efficient process and business management
Government and Regulatory Authorities	Regular meetings; Meetings in industry forums;	Formal	Need based/ Periodic	Timely clearances; Successful operations and business continuity	Compliance with regulations

**MATERIAL ISSUES**

SIGNIFICANCE TO THE COMPANY			
SIGNIFICANCE TO THE STAKEHOLDERS	Low	Medium	High
	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> <li>» Non discrimination and 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 and Development</li> </ul>



# KEY PERFORMANCE PARAMETERS



## ENVIRONMENT KPI DATA

ENVIRONMENTAL PERFORMANCE	2011-12	2012-13	2013-14
Total Water Usage (m <sup>3</sup> / veh)	4.9	4.72	3.74
Hazardous Waste Generation (Kg's / veh)	6.01	4.51	4.3
VOC Emission (gm's / m <sup>3</sup> )	40.32	40.82	39.4
Suppliers (core) compliant with ISO14001	78%	100%	100%
Dealerships compliant with ISO14001	70%	67%	96%

SOCIAL PERFORMANCE	2011-12	2012-13	2013-14
Number of employees	9839	10275	8480
Turnover rate for employees	3.6%	1.8%	2.4%
Community Investments (Through Community Spirit and Community Sponsorships) in Million INR	72.8	72.32	49.57

ECONOMIC PERFORMANCE	2011-12	2012-13	2013-14
Units Manufactured (No's)	1,59,986	1,66,289	1,54,627
Units Imported as CBU (Completely Built Unit) (No's)	263	175	78
Net Profit after Tax in Million INR	(-) 268	(-) 63	(-) 629





# AWARDS



SL. NO.	Name of Award / Rating / Certification	Name of Awarding / Rating / Certifying Organisation	Year	Theme of the Award*
1	Green Car Of The Year	Car India Awards	2014	Green Car Of The Year
2	Green Steering Wheel	Autobild Golden Steering Wheel Awards	2014	Green Steering Wheel
3	Innovation of the year award	ET Zigwheels Awards	2014	Innovation
4	Executive car of the Year	CNBC TV 18 Overdrive Awards	2014	Executive Car Of The Year
5	Global Kaizen Award	Toyota Motor Cooperation	2013	VOC emission reduction in paint Shop
6	CII-ITC Sustainability Award for Commendation for Strong commitment	CII-ITC Centre of Excellence for Sustainable Development	2013	Sustainability Performance
7	Global CSR Excellence Award	Indian Institute of Corporate Affairs, Ministry of Corporate Affairs	2013	Best CSR Practices in Automobile Sector
8	The Best Safe Industry [Large Scale Industries Category]	Department of Factories and Boilers, Government of Karnataka	2013	For Best Safety Practices followed
9	Best Safe worker	Directorates of Factories and Boilers, Industrial Safety and Health	2013	Major hazardous industry
10	Best Safety Excellence award	Toyota Motor Corporation, Japan	2013	Safety management level-up



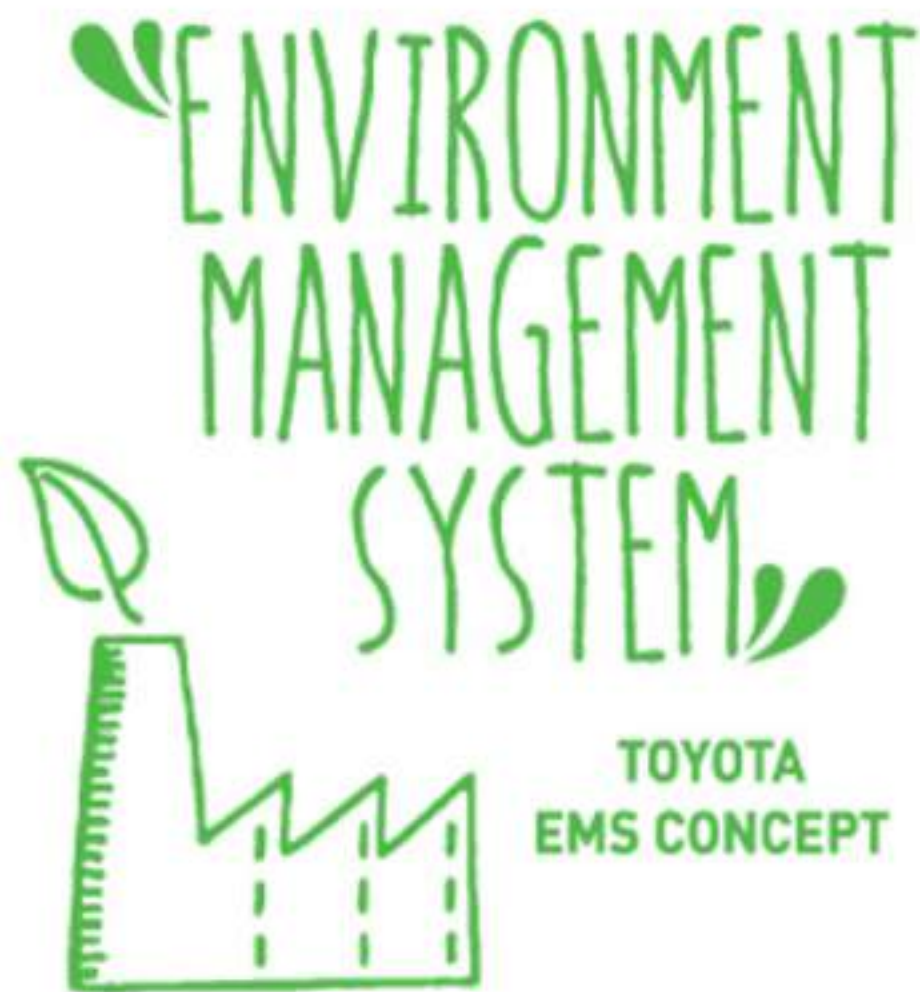




“OUR  
ENVIRONMENT,”



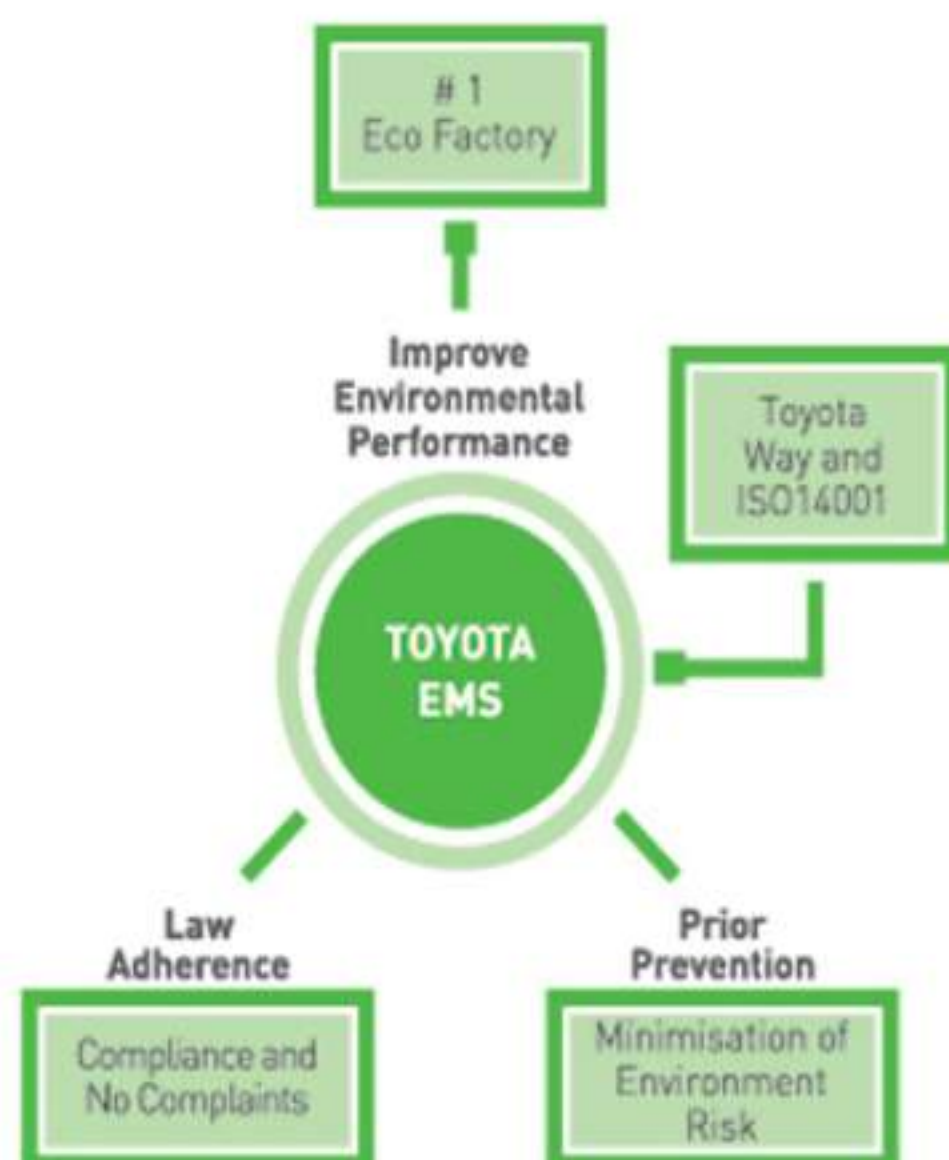




Toyota has established a Consolidated Environmental Management System (EMS) at all its affiliates including TKM. This Toyota EMS is designed to make Toyota an eco-friendly company and EMS forms the backbone of all the commitments towards reducing environment impact.

The Toyota EMS concept is based on three key pillars

- » Ensuring compliance and No complaints
- » Minimizing environmental risk
- » Achieving best environmental performance



**SIMPLICITY IN SUSTAINABILITY - REDUCING IMPACT, IMPROVING PERFORMANCE**

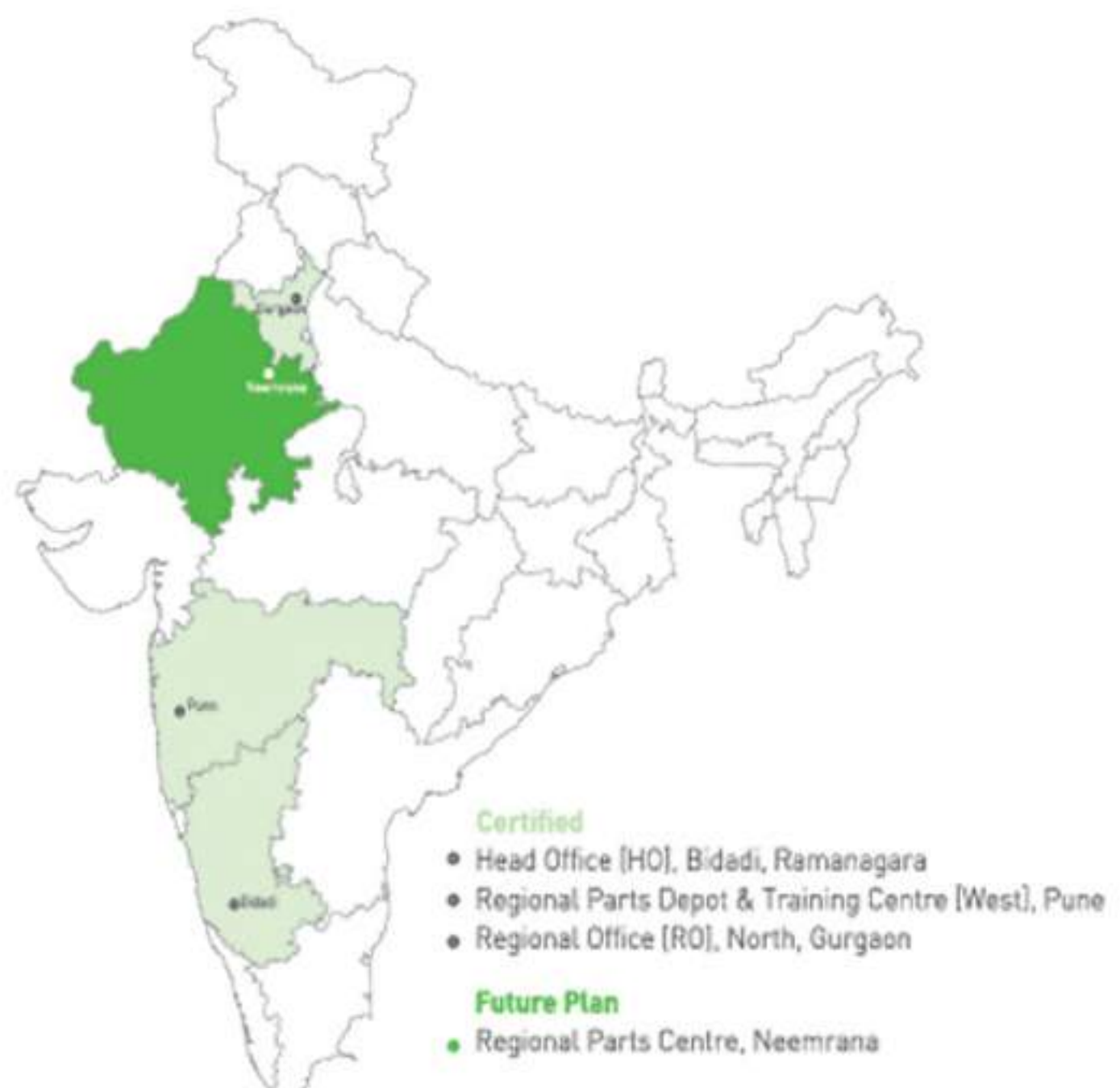
Sustainable development provides a practical and flexible approach for achieving concrete, measurable progress across its economic and environmental pillars, while taking full account of the social consequences of greening the growth dynamic of economies. The focus of TKM's economic sustainable strategies is to ensure that natural assets can deliver its full economic potential on a sustainable basis. The TKM philosophy dictates natural assets are not infinitely substitutable and the Company's policies take that into account.

**ISO14001 CERTIFICATION**

TKM has been certified with ISO14001 since 2001, by the certification agency AJA (Anglo-Japanese American) Registrars, Thailand.

We expanded the scope of ISO14001 certification to the new manufacturing plant located at Bidadi and also to the regional facility located at Pune. The regional facility was awarded with Zero Non-Conformance in 2013 - the first year of system implementation.

Our continuous efforts resulted in successful implementation of ISO14001 system. Environment committee core members are identified and nominated by each functional area to carry out, sustain and promote environment initiatives. Selected members are provided internal auditor training. These trained members are then involved in system implementation and quarterly ISO14001 internal audits, which provide them with the opportunity to implement their learnings and enhance the same. By this combined team efforts both the manufacturing plants including regional facilities have undergone surveillance audit in the year 2013 and were awarded with Zero Non-Conformance.







Document verification by ISO auditor



Genchi confirmation by ISO auditor

**TOYOTA GLOBAL EMS**

Being a responsible corporate citizen, Toyota has put in considerable efforts from the day of its inception to reduce the negative impact of its operations on the environment. Consistent observation of the global environment concerns and understanding local prevailing conditions of all affiliates along with specific action requirements lead to the formulation of the Toyota Global EMS (Environmental Management System). Setting up of ISO14001 system is the basic requirement for Global EMS. Two years of implementation period is provided after establishment to comply with requirements and get certified with Global-EMS.

During the FY2010 Environment team conducted self assessment based on Global EMS standards. TMAP-EM's expert's team conducted detailed audit and was awarded with 84% conformance. Based on the results and gap analysis, TKM Environment team with the continued support and efforts of all stakeholders, improved and reconfirmed the EMS system and achieved 100% conformance during FY 2012 TMAP-EM audit.

The second manufacturing set-up is being implemented with Global EMS standards and the plan is to get certified by 2015.

TKM has a record of "Zero Major Non-Conformance" for the past 5 years, a result of team work and continuous improvement of the Environment Management System.



TMAP-EM trained four different functional experts from TKM during G-EMS training programme conducted at Philippines



G-EMS training programme conducted at Philippines



### ENVIRONMENT POLICY

As a good corporate citizen, Toyota Kirloskar Motor Pvt. Ltd., an automobile manufacturing facility, Sales of automobiles and automobile parts is committed towards protection of the Environment by minimising our impact on the Environment through pollution prevention, conservation of natural resources and continual improvement.

To support this commitment, our policy is to:

1. Proactively promote environmental awareness and knowledge among Team Members through continual education and job specific training
2. Ensure compliance with legal as well as other requirements to which our company subscribes
3. Establish and review environmental objectives and targets annually to ensure better environmental performance through proactive continual improvement activities
4. 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 Neighborhood share our commitment in preserving a very valuable resource – OUR ENVIRONMENT.

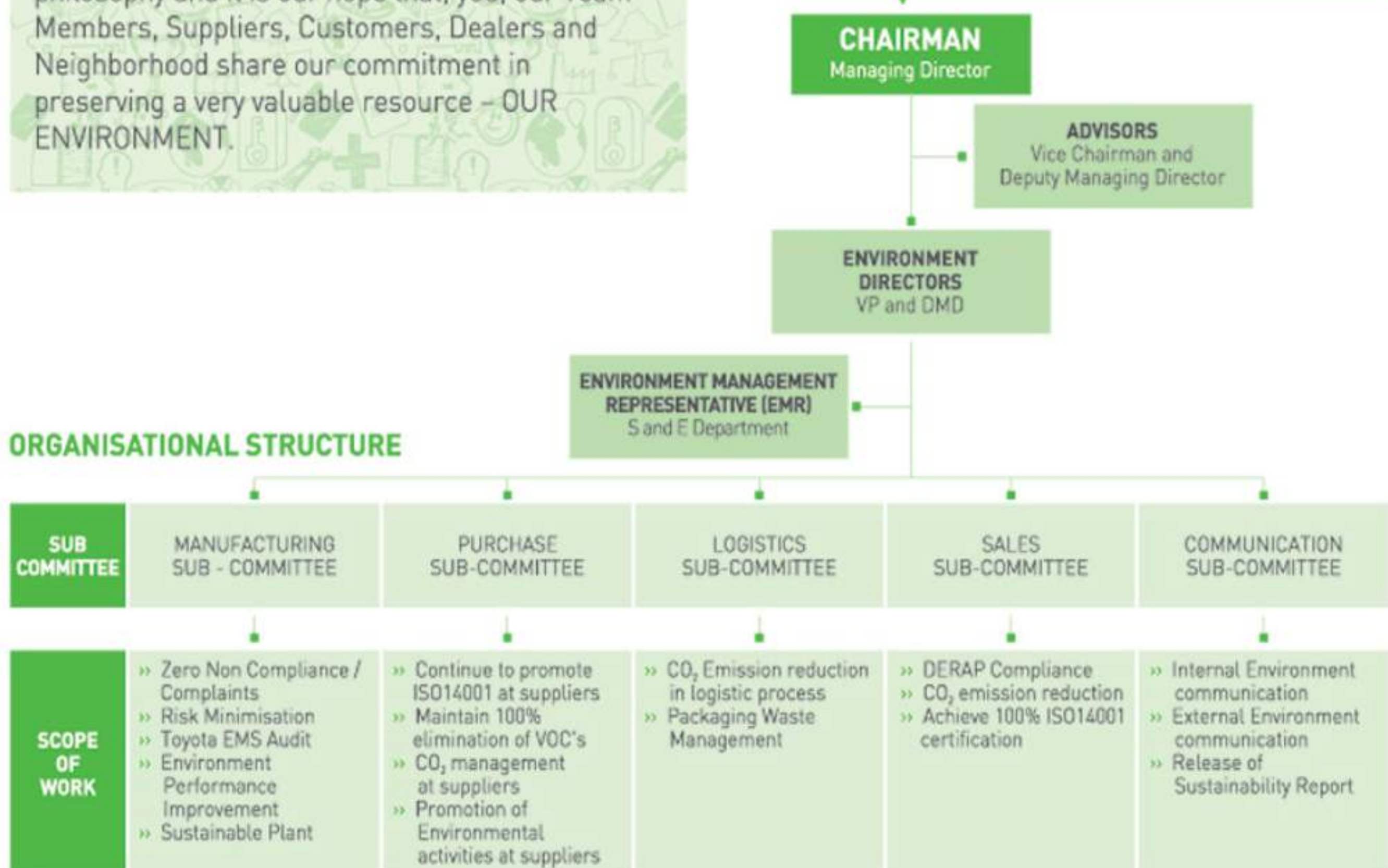
### TKM ENVIRONMENT COMMITTEE:

The environment committee comprises of representatives from all functions of the organisation. The committee is led by Managing Director as its Chairman, and Deputy Managing Director and 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 (EMR) comprising of Environment professionals, centrally co-ordinate the progress of environment related activities through all environment sub-committees.

With an intention to enhance the committee performance, centralised ohbeya is established by Environment team. The performance of individual sub committee's are updated every month to Environment director by EMR.

During quarterly Environment Committee meetings, results along with challenges and future actions are explained by each subcommittees to Managing Director and Environment Directors. Directions provided by them are then implemented, to enhance overall environmental performance.

### ORGANISATIONAL STRUCTURE





### TKM's 5 YEAR ACTION PLAN

Global Environment Action Plan provided by TMC which includes corporate vision and directions further percolates down to the affiliate specific environment action plans. TKM's environment performance is detailed out in the 5-year Environment Action Plan, through which the annual environment plan is formulated and implemented at the plant level.



### SUSTAINABLE PLANT INITIATIVES : At TKM, we keep it simple

Toyota has been promoting initiatives at production sites all over the world aiming to achieve zero waste to landfills. Toyota's philosophy and policies on the environment are based on the Guiding Principles of Toyota. The Toyota Global Vision announced in 2011 stresses the importance of "Respect for the planet."

Based on the above philosophy and policies, TKM is continuously working towards simplifying sustainability by reforming all our operations in line with our mission to "Create an eco-friendly company in harmony with nature and society" through innovative technologies which are continuously integrated into our operations to reduce the environmental impact. Our size and reputation as a leading automobile manufacturer presents us with the responsibility to operate sustainably and use resources efficiently. It also offers us the opportunity to develop sustainable innovations that make every day better for the planet, and for the people we touch— whether that's our suppliers, dealers, customers, or employees.

Action Item	Specific action items and Goals	5yr action plan status - FY 2013		Target		
		Target	Actual	FY 14	FY 15	
Promote activities to reduce CO <sub>2</sub> emissions through development / introduction of innovative low CO <sub>2</sub> emitting production technologies, and daily improvement activities	Reduce Electricity consumption (kwh / veh)	Plant-1	475	501	1%	1%
		Plant-2	367	367	1%	1%
	Reduction in LPG consumption. (Kgs/veh)	Plant-1	24.41	25.74	1%	1%
		Plant-2	19.87	19.87	1%	1%
	Total Reduction in CO <sub>2</sub> emission (ton/MWH) and Energy (GJ/veh) Electricity - 1kwh = 0.934kgs CO <sub>2</sub> = 0.0036 GJ LPG - 1 kg= 2.82 kg CO <sub>2</sub> = 50.23 GJ	Plant-1	0.512/2.94	0.46/2.84	1%	1%
		Plant-2	0.45/2.84	0.45/2.84	1%	1%
Promote Effective use of natural resources to further contribute towards realising a recycle based society	Water consumption reduction (m3/veh)	Plant-1	3.86	3.74	1%	1%
		Plant-2	3.40	2.89	1%	1%
	Increase the steel yield ratio (%) by enhancing 5R activity involving all stakeholders	Plant-1	73	73.14	73.51	73.87
		Plant-2	68.76	68.76		
	» Reduce hazardous waste generation » Continue efforts to achieve zero waste to landfill	Plant-1	6.8	4.3	4.23	4.21
		Plant-2	5.14	5.14	5.09	5.04
Promote clean air for a cleaner and greener environment	Reduce VOC emission (gm/m2)	Plant-1	39.4	36.46	36.10	35.73
		Plant-2	16.34	16.34	16.18	16.01

### PRODUCTION TREND:

Fiscal year 2013-14 was a slowdown for the automobile industry and TKM declared it as "Year of Kikikan" (Emergency).

The reduction in the production volume was observed due to external factors which affected organisations performance. The non-production hours were utilised for various constructive activities like human development and training, cost reduction, kaizen promotion and implementation

We target at improvising our systems across sectors including Resource Consumption; Energy Usage; Water Consumption; Air emissions; Land and Biodiversity Management; and Waste Management





### 3S, A UNIQUE AND SIMPLE CONCEPT

TKM expanded its production capacity from 210K to 310K during the year 2012. Influenced by economic crisis, FY 2013-14 we have faced a drastic dip in the auto market. It has become a challenge to overcome these fluctuations for TKM and to minimise the losses. These variations in the market have impacted our profitability due to non utilisation of the manufacturing capacity of the plant. The reduction in the production volume has severely affected fixed cost increase and denting the moral and motivation of team members.

Hence to fight this tough time, we have brought a unique concept called 3S (Smooth, Simple and Slim). Wherein Smooth means making a process free of irregularities such as improving line efficiency, Simple defines reforming present process and abolish unnecessary operation like material consumption optimisation at Shops, Slim represents improving productivity and eliminate muda (Waste in motion, inventory, waiting etc).

The 3S concept was brought into force by utilising the following approach- Communicate, Involve and Reform. We have built a strong communication link through various channels across all the levels of organisation by involving team members and the outcome of these approaches are depicted by reforming the process.

We have designed an exclusive Management system to bring this concept into action. Each problem faced at various areas of production has been broken down to identify their source which in turn has helped us understand the improvement points at every function. On identifying the source of the problem, we have formed a cross functional team that works on it and brings in processes for speedy implementation and also to maximise benefit. All these process are reformed under the guidance and management directions.

Utilising this concept, we have carried out the following activities:

1. Yosedome: Minimise fixed loss through flexible production
2. Gentan – I Management : Optimise consumption in terms of material and energy
3. Productivity Improvement : Optimise manpower

As a result of 3S, we have achieved 30% manufacturing cost reduction and 100% of team member involvement

**In the year 2013-14, the activities resulted in 5.3 Kg/vehicle reduction which amounts to lowering of steel consumption by 293 MT/year. This led to a saving of nearly Rs. 12,30,600/. It also led to enhanced adoption of Kaizen and greater synergy between the stakeholders to collectively achieve more.**

### RESOURCE CONSUMPTION:

Toyota aims at globally "establishing a low-carbon society," "establishing a recycling-based society," and "environmental protection and establishing a society in harmony with nature" to contribute to sustainable growth of society and the planet based on the Fifth Toyota Environmental Action Plan. Toyota globally has a strong commitment towards resource conservation and promotes activities to enhance resource use efficiency at all its affiliates.

Based on the Toyota Motor Corporation's (TMC) guidelines, TKM derives its policies and standards and strives to ensure efficient resource use by manufacturing and delivering high-quality products accompanied by innovation and quality services.

We endeavour to reduce the environmental impact at all stages of vehicle life cycle from development and design, procurement, production and logistics, sales to waste and recycling, and promote environmental management.

#### Steel:

Steel is an essential raw material for the passenger car automobile industry as it constitutes up to 23 percent of the weight of the final finished product. Steel consumption has an impact on both the business operations and environment as it involves large CO<sub>2</sub> emissions throughout its life cycle, right from mining to its scrapping and re-utilisation.

The objective of reducing steel wastage is to maximise the yield as well as reduce the carbon footprint. We have been driving initiatives for "Steel Yield Improvement" under 3 Tier concepts. With the result of potential kaizens identification and implementation by the previously established special task force, we could further improve the steel yield ratio compared to the previous years.

KPI		2011-12	2012-13	2013-14	
				Target	Actual
Steel yield ratio [%]	Plant-1	72.06	72.89	73.00	73.14
	Plant-2			68.76	68.76

Level	Stakeholder Involved	Major Viewpoint / Focus
Tier - I	Internal Team Members	Optimize steel sheet consumption @ source and reuse scrap to make smaller parts
Tier - II	Steel Suppliers	Modify the internal processes to supply steel in line with TKM requirements
Tier - III	Non - Auto Parts Suppliers	Scrap steel sent was reused for non-automotive parts



### ENERGY USAGE

#### Power and LPG consumption Reduction

Fiscal year 2013-14 was a very challenging year for reducing specific energy (LPG and Grid electricity). Reduction due to increase in the fixed loads by having a very low vehicle demand was a tough task. The senior management had directed to retain targets as per the five year action plan despite the low volumes. We realised energy reduction would be successful in this extreme condition only by involving all team members from shop floor people to senior management. We therefore utilised the Environment month (i.e. June 2013) as a platform to initiate the energy saving activities and coined a theme called "Eco thru Eco" (i.e. Economy through Eco initiatives) which was launched and driven by the senior management.

KPI		2011-12	2012-13	2013-14	
				Target	Actual
Electricity (KWhr/ Veh)	Plant-1	489	481	475	501
LPG (Kg/ Veh)		25.07	23.95	24.41	25.74
Electricity (KWhr/ Veh)	Plant-2		371	367	367
LPG (Kg/ Veh)			17.9	19.87	19.87

#### Major practices to reduce Power and LPG consumption:

- » Sequential oven switch off / on
- » Oven and Booth temperature optimisation
- » Optimise plant capacity utilisation by initiating Kaizen-theme based activities
- » Standardisation of electrical equipment usage hours
- » Promotion and implementation of Energy Conservation Ideas
- » Kaizen competition for team members

### ENERGY OHBEYA MANAGEMENT:

As a responsible corporate citizen, we continuously strive to bring down our energy consumption and work towards sustaining it.

Due to sluggish market demand, the impact of low capacity utilisation on energy cost (fixed and variable) and profitability was very high. The strategic energy auditor's group lead by Utility acts as centralised coordinating team where they develop strategies to achieve energy consumption reduction targets and support different divisions in deployment. The strategic team was developed to work towards achieving Environment Director's vision on Energy consumption optimisation.

Utility team has established an Energy Ohbeya, which is platform to visualise energy related abnormalities and kaizen from all the divisions. This is utilised to understand the consumption variations across the company and also various kaizen's suggested for consumption

reduction. The energy ohbeya (Visualisation) has been appreciated companywide and many affiliates have benchmarked this activity.

Energy Ohbeya Management has been divided into 3 phases wherein during the phase 1 the target of 3% energy consumption reduction was set. All shops conducted detailed study and identified Kaizens to achieve the reduction target.

During the phase-1 the control on supply and demand management was very weak and also we did not have a strong follow up mechanism to absorb these activities. As a result we were not able to achieve the set target.

Phase 2 was further classified into 4 steps.

**Step 1:** Visualisation to get clarity: An Energy management tree was established to grasp the weak points in the system. Through this Kaizens from all the shops were consolidated. Depending on the data acquired line wise and machine wise energy requirement were evaluated and an online energy monitoring system was established. This system helped Utility in grasping periodic data from all shops. The shops utilised this portal to communicate queries to Utility.

**Step 2:** Strategy for Energy Cost Reduction: main focus was on minimising loss of energy through fixed load reduction. As per the study conducted, it was inferred that as capacity decreases, variability increases.

**Step 3:** Energy Consumption Reduction: this was achieved by machine level evaluation ie;

- a. Energy Optimisation
- b. Run time Optimisation
- c. Fluctuation Reduction

**Step 4:** Unit Cost Reduction: This is achieved using the 5 R concepts that include Air pressure reduction, Increase in chilled water temperature, Purchase of Green Power and Reduction of freshwater usage.

The reflections of phase 2 were consolidated and as a result it was found that there was no in depth analysis carried out at shop levels.

Result: 1257 Rs/veh savings

Phase 3: As a result of Phase 2, we have categorised equipments into 3 major types ie;

- a. Equipment that run during break time and shift handover
- b. Equipment utilised during holidays
- c. Equipment running all the time such as emergency lights etc.

The energy utilised in these 3 categories is yet to be evaluated. A detailed road map is prepared and activities are designed to achieve the set targets.



**HARNESSING RENEWABLE ENERGY THROUGH BIO GASIFIER:**

Even during the critical business conditions, TKM never held back in implementing Eco-friendly technologies into its operations. As part of Eco-initiatives we have set-up a Bio-gasifier plant to convert food waste generated at TKM through canteen operations. A non-polluting and renewable source of energy is created in biogas plant. The technology has helped us reduce LPG consumption in canteen and created an opportunity to generate and utilise renewable energy.

The Bio-methanization technology is adopted at TKM to treat food waste hygienically. The technology comprises of aerobic and anaerobic digestion processes. The biological digestion process is composed of anaerobic bacteria which transforms wet food waste into methane rich Biogas and Bio manure.

**Capacity of the Biogas unit:**  
**1.5 tons of food waste/day**  
**Expected generation of Biogas: 100-120 M<sup>3</sup>/Day**  
**Reduction in LPG consumption: 40-50 Kg's of LPG/Day**  
**Generation of Manure: 140 Kg/Day**



Bio-Gasifier unit setup at TKM





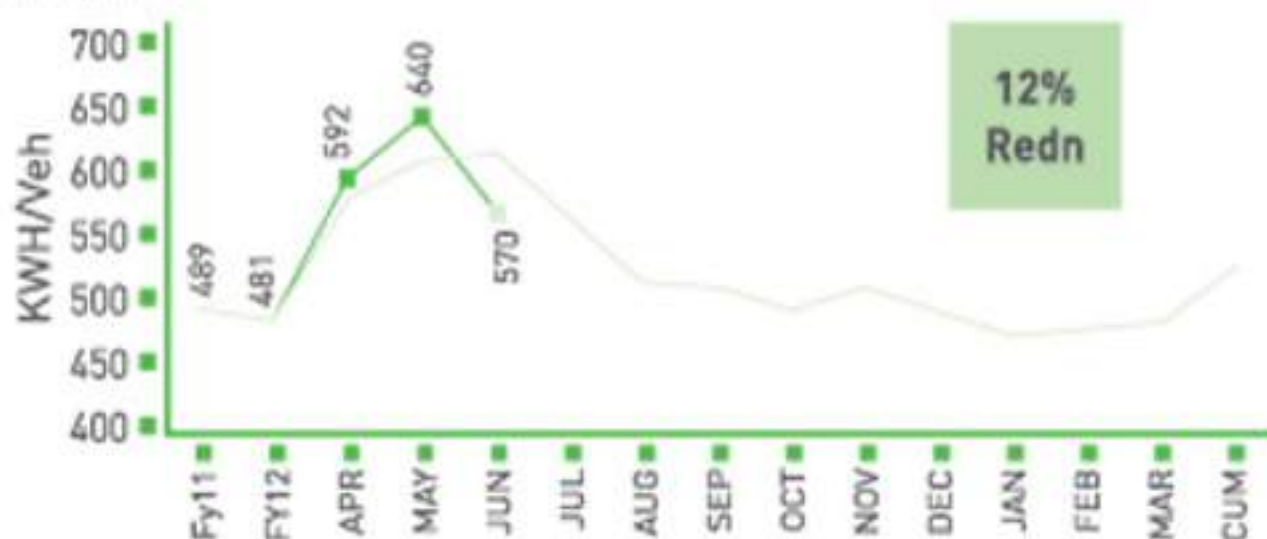
### ECO KAIZEN ACTIVITIES: DRIVE

Employees were motivated to exhibit their innovative ideas which help in reducing energy consumption. The main focus was towards implementing YOSÉDOME CONCEPT ← Convert Fixed to Variable Load→. The importance of this approach was explained to all the team members whose enthusiastic participation lead to phenomenal results.

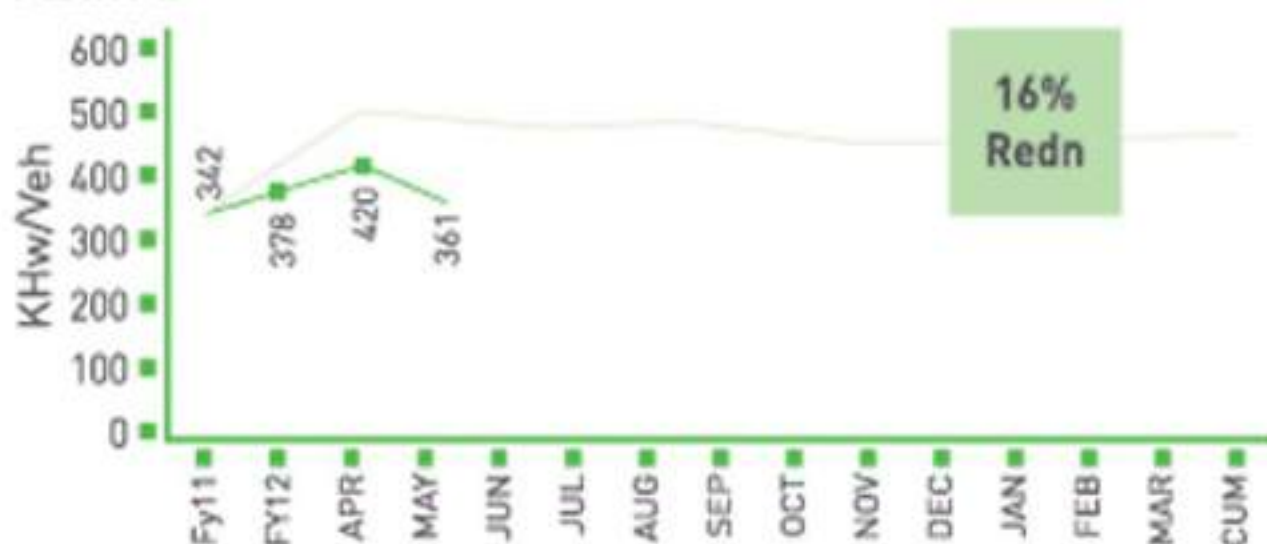
We received about 844 Kaizens. 674 of these Kaizens were implemented and as a result we achieved about 12% energy reduction in plant 1 and about 16% energy consumption reduction in Plant 2 compared to May 2013 by simply using our own employees suggestions. Yet another demonstration of how we believe in Simplifying Sustainability.

### IMPACT ON ENERGY CONSUMPTION

#### PLANT 1

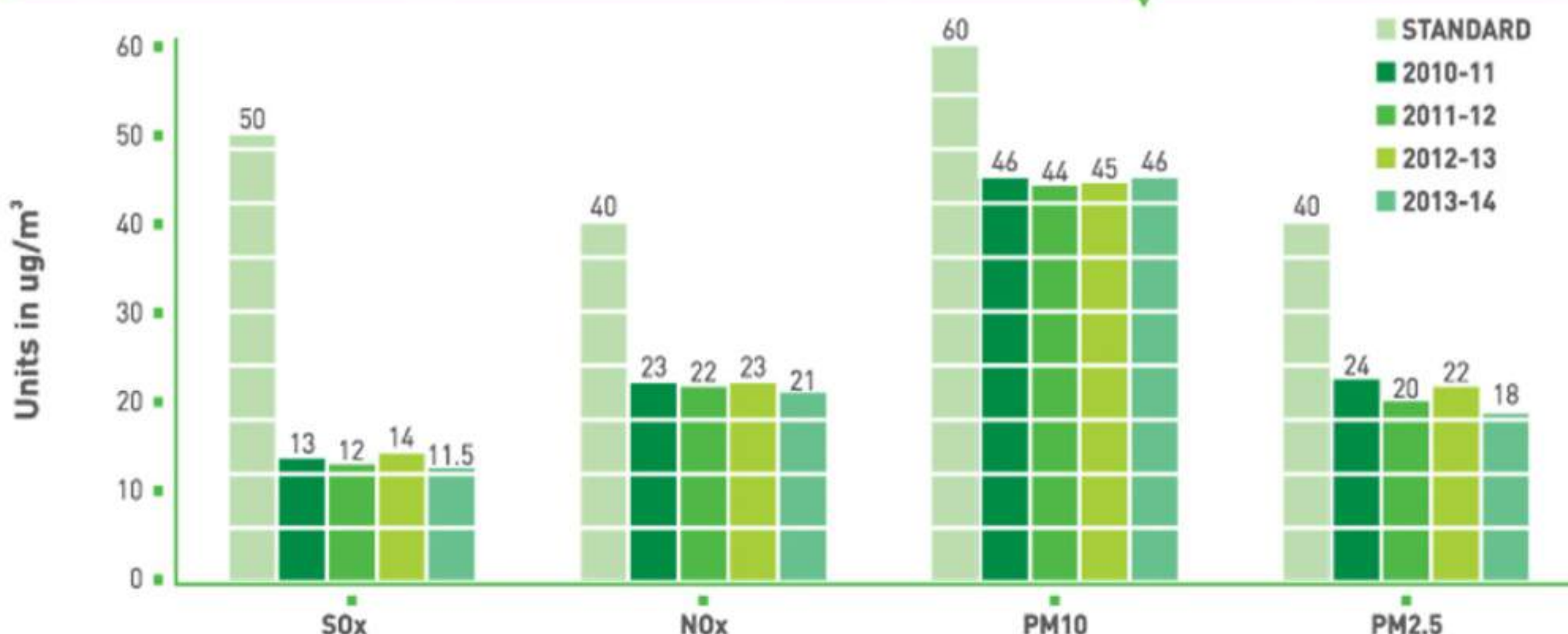


#### PLANT 2



### AIR EMISSIONS

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 monthly and the results are reported to regulatory authorities on a regular basis.



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.



### CO<sub>2</sub> EMISSION

Plant	Parameter	Specific Generation			Absolute Quality			Percentage [%] Reduction Targets	
		2011-12	2012-13	2013-14	2011-12	2012-13	2013-14	2014-15	2015-16
Plant 1	Scope 1 [Fuel consumption, company vehicles]	0.07 tCO <sub>2</sub> e/ Veh	0.06 tCO <sub>2</sub> e/ Veh	0.08 tCO <sub>2</sub> e/ Veh	5292 MT	5368 MT	5673 MT	1%	1%
	Scope 2 [Purchased electricity]	0.32 tCO <sub>2</sub> e/ Veh	0.33 tCO <sub>2</sub> e/ Veh	0.39 tCO <sub>2</sub> e/ Veh	24195 MT	31012 MT	27654 MT	1%	1%
Plant 2	Scope 1	#	0.04 tCO <sub>2</sub> e/ Veh	0.05 tCO <sub>2</sub> e/ Veh	#	3806 MT	4149 MT	1%	1%
	Scope 2	#	0.31 tCO <sub>2</sub> e/ Veh	0.34 tCO <sub>2</sub> e/ Veh	#	29502 MT	28168 MT	1%	1%

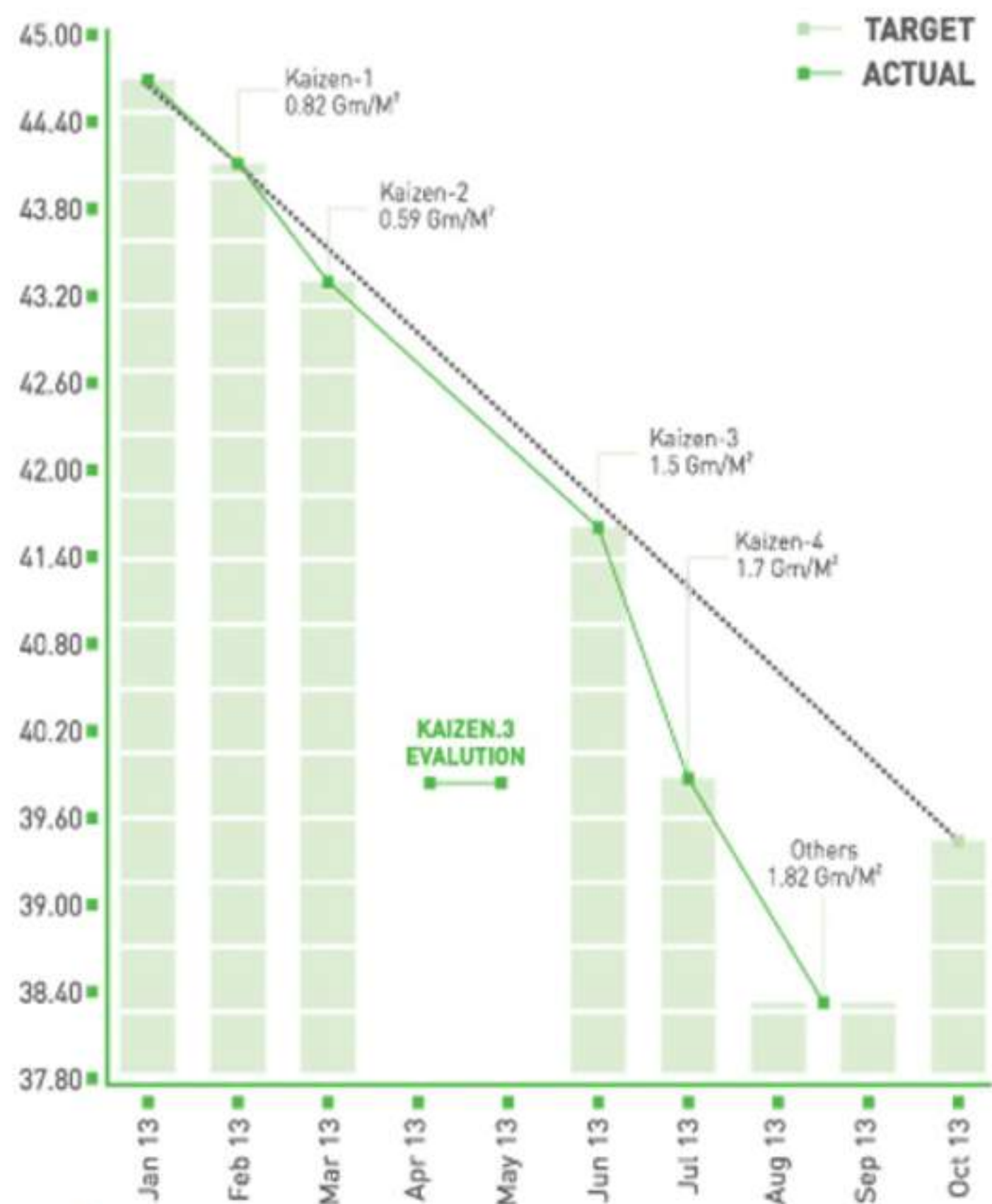
### VOC REDUCTION

At TKM, the activity of reducing paint consumption is taken through reducing VOC emission. The Kaizens taken up at a large scale have been recognized and awarded "Gold Medal" by TMC in a Global Competition among all Toyota affiliates. The trigger point to initiate the dozens of Kaizens has come through the sudden increase in the paint consumption post plant expansion. Therefore a team has been created to identify all probable root causes. A special task force comprising members from different functions [i.e. Maintenance, Utility, Production, Environment and Others] led by the Environment Director had identified gaps, change points and came up with all possible solutions after many brain storming sessions.

The detailed cause analysis has been taken up by using 4M method and nearly 129 opportunities were identified involving stakeholders and team members. Executing these Kaizens was thought-provoking and challenging as some activities required us to challenge equipment manufacturers, TPS and essentially to re-engineer the technical specifications. These innovations resulted in reduction of VOC emission from 44.87 gm/m<sup>2</sup> to 38.46 gm/m<sup>2</sup> against the set target of 39.8 gm/m<sup>2</sup> with "Zero Investment" and also further reduced to 36.4 gm/m<sup>2</sup> in the due course of the year. These efforts consolidated TKM's position as No.1 in VOC emission reduction among global Toyota affiliates.

### Major practices to Reduce Paint Consumption:

- >> Optimisation of Bell Cup cleaning
- >> Optimisation of Robot Pre-spray
- >> Colour Batching
- >> Enhance the Robot transfer efficiency
- >> Clear zone VOC reduction
- >> Cartridge flushing frequency reduction
- >> Paint overspray reduction



Overall savings of approximately 23,000 Kg of VOC/year was achieved. Intangible benefits being improvement in the ambient air quality and development of kaizen mind and synergy between the stakeholders to achieve more.



## CO<sub>2</sub> EMISSION REDUCTION THROUGH SIMPLIFYING LOGISTICS

### Enhancement of Truck load capacity utilisation:

TKM supplies service parts to all Regional parts distribution centres located across the India. The light commercial vehicles (LCV) were used to distribute parts to few parts distribution centres. It was identified that 20% of the capacity of LCV was used based on the load requirement of distribution centres.

With an objective of enhancing the truck utilisation or efficiency of vehicle-detailed study was conducted and arrived at by changing the distribution vehicle and also route standardisation. After the detailed analysis LCVs are currently replaced by smaller vehicles.

The modifications helped in enhancing the truck load capacity utilisation from 20% to 80% along with the distance reduction. This has ultimately resulted in reduction of 10.3 tons of CO<sub>2</sub> emission per year and savings of 0.28 Mn rupees in a year

With an intention of sustaining this kaizen further truck and route efficiency of all the routes are currently being monitored and corrective actions will be taken in the next financial area.

### Route Standardisation through Google Plotting:

Earlier distance for all Service Parts Logistics routes operating across India was calculated based on the check sheet provided by transporter through odometer reading of truck.

With an objective of standardising the process for distance confirmation route survey was done jointly by TKM and Logistics for the selected routes at each depot using the Google plotting.

Based on the survey results distance for all the routes was plotted in Google and made a standard visualisation for better monitoring. Keeping survey results as base, only +/- 2% deviation was given as operational confirmation to Transporters. The kaizen implemented with the latest Google plotting technology helped in achieving reduction in distance, transportation cost of about 20.7 Mn/year and CO<sub>2</sub> emission reduction of 726 tons/year.

Future plan is to make effective utilisation of enhanced technology like GPS tracking system and to provide real time information to attain cost reduction and CO<sub>2</sub> emission by reducing the distance.

### Eco-drive by Employee Commutation team

The commutation team at TKM took up initiatives to reduce CO<sub>2</sub> emission from its operations by implementing various Kaizen's on fuel consumption reduction.

- » **Alternate Route usage:** 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 which in turn saved a lot of time and the total travel distance of the vehicle also came down.
- » **Route standardisation based on member's availability:** We have been monitoring the capacity utilisation of vehicles. As a result each vehicle had been allotted a particular route based on the number of travelers wherein it would also cover other pickup points on the way to TKM, depending on the seat availability.
- » **Muda movement reduction:** It has been observed that, the vehicles were sent to service garages irrespective of the garage service capacity. Many times buses returned without being serviced and this lead to multiple visits to service garages. Based on the study a standard system is established to send vehicles in series depending on the garage service capacity.
- » **Cancellation of NICE road usage during empty movement:** (NICE road: 6 lane private tolled expressway that connects the important parts of Bangalore). The NICE road facility is used for commutation to avoid city traffic and also to reduce employee travel time. This has increased the total travel distance resulting in more fuel consumption. Hence to reduce the fuel consumption, the NICE road usage is eliminated during empty vehicle movement.





**WATER CONSUMPTION REDUCTION:**

TKM receives about 331262 m<sup>3</sup> of fresh water from KIADB every year. This water is utilised for both domestic and industrial purposes. In line with the philosophy "Zero Discharge", TKM has been promoting activities to reduce water consumption at the source. It is been possible through 2 distinct strategies.

- » Optimisation of consumption through kaizen
- » Installation of high end technologies for recycle and reuse

Optimisation of water consumption has been taken up involving the team members for "YOSEDOME" concept wherein lots of Kaizens have come up which eventually contributed to overall reduction in water consumption.

The fine CETP treated water quality is enhanced after the installation of MBR and RO that has in turn improved the quality and quantity of the recycled waste water. All the waste water is treated and utilised in the plant (Industrial, Domestic- Car wash, flushing, Gardening and Afforestation).

The company also proactively promotes re-use and optimal use of water. Furthermore, TKM is already practicing "Rain water harvesting pond" having installed 25000 cubic meter storage capacity.

**RAIN WATER HARVESTING POND:**

Our manufacturing unit gets its water supply from Karnataka Industrial Area Development Board (KIADB), catered by River Kaveri. The continuously depleting rainfall (failed monsoon) has resulted in severe water scarcity in the region.

As a responsible corporate, TKM has been continuously working towards reducing fresh water consumption in its operation. MBR and RO technologies are set up at both the manufacturing plants for recycling and reuse of waste water. 60% of total recycled water is used back in the production.

In continuation to the efforts of reducing fresh water consumption in production process we have built a rain water harvesting facility in our premises. The harvesting structure is built in the area of 14500 m<sup>2</sup> and which has got a water storage capacity of 25000 m<sup>3</sup>. Total surface run-off and roof top water will be collected in this tank. The collected water is processed and reused in the production.

Being a major industry in the locality, the effort has positively impacted in reducing the industry's water requirement, as it can be utilised to serve the domestic purpose of local community.

Our ultimate aim is to achieve Zero Freshwater (River Water) consumption at our 2nd manufacturing plant.

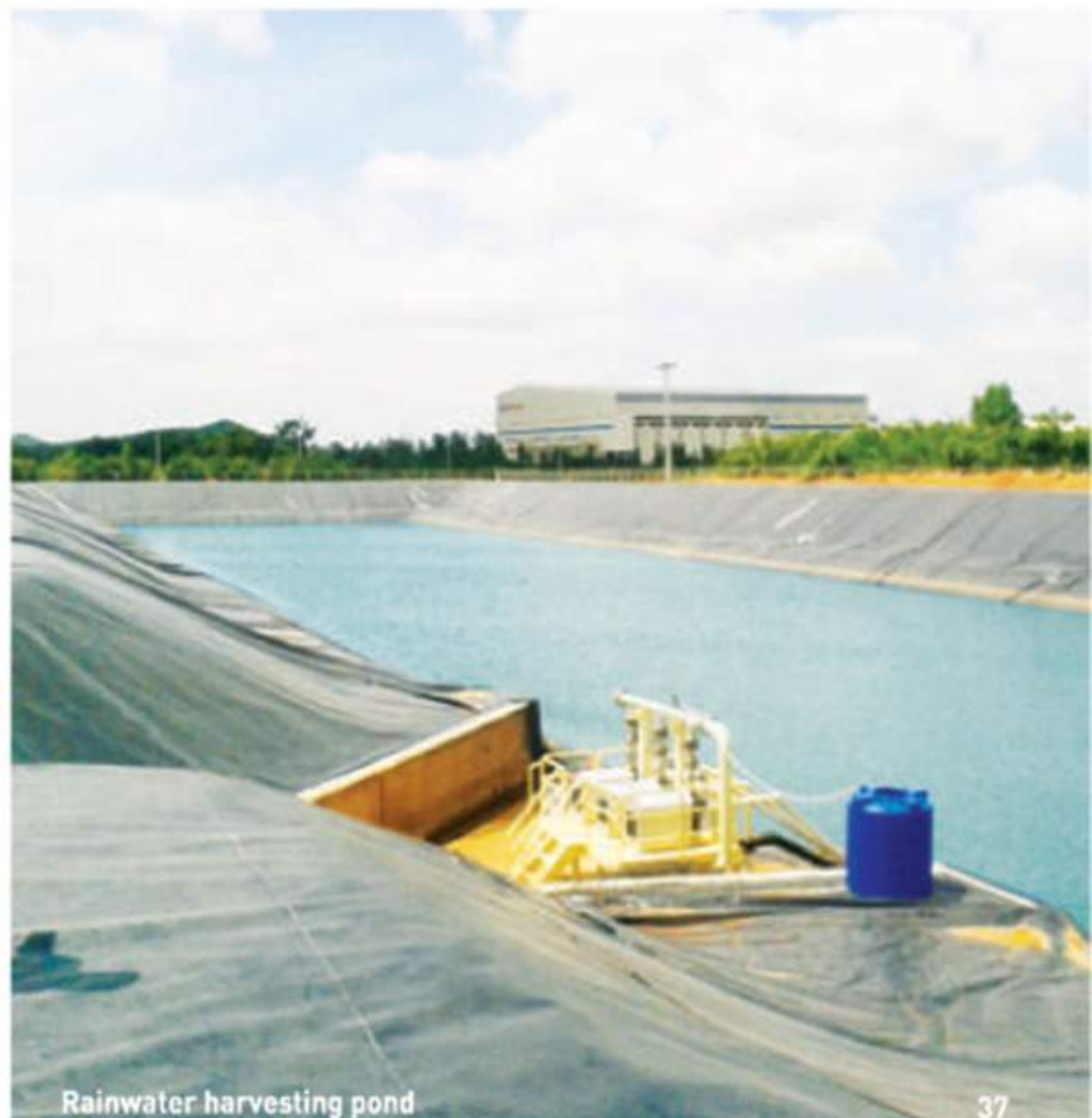
The Rain Water Harvesting tank was inaugurated by Managing Director and the Environment Director of the organisation.

KPI		2011-12	2012-13	2013-14	
				Target	Actual
Water (m3/ Veh)	Plant-1	4.9	4.72	3.86	3.74
	Plant-2		3.73	3.40	2.89

**Efforts to reduce water consumption:**

- » UF process elimination in WWTP
- » DI - RO process elimination in paint shop
- » Dormitory - STP process elimination
- » RO reject water usage for toilet flushing
- » PSF backwash water usage
- » Establishment of water and waste water Ohbeya to enhance the water management

**TKM has been able to recycle over 60% of the total wastewater whilst reducing its freshwater consumption over 60%**



Rainwater harvesting pond





Fauna at TKM



Flora at TKM



Fauna at TKM

### BIODIVERSITY SURVEY AT TKM:

The combination of a diversity of life forms and their interactions with each other and with the rest of the environment has made Earth a uniquely habitable place for humans. Biodiversity sustains human livelihoods and life itself.

TKM is continuously putting efforts in identifying the environmental dimension of sustainability concerns on non-living natural systems such as land, air, and water. We also realise that it is our prime responsibility to understand the similar concerns associated with living natural systems ie our Biodiversity as a whole.

With the said intention we engaged with Biodiversity experts in the region to conduct a biodiversity survey inside the plant and our neighbourhood (up to 10 KM radius). Biodiversity survey was conducted by experts during major climatological seasons of the region.

The objective of biodiversity survey is to

- » Understand the current biodiversity composition of the site and neighbourhood
- » Compare the survey results with biodiversity history of the site to understand impact of our operations on the biodiversity
- » Develop a conservation plan and implement the same to enhance biodiversity

Visual walk through survey of the area was carried out initially to identify and understand the existing physical and biological environments, which include the core zone (432 acres) of the TKM and the buffer zone (area of 10 km radius from the core zone). Preliminary scientific information was collected in the form of published papers, reports, books, state flora, etc.

The line transect method was adopted by experts to estimate the native species availability, distribution pattern and its relative abundance. Our intention is to keep this enumeration and obtained data as a baseline so as to compare the same with the future strategic surveys in order to conserve the native ecosystem. We also conducted survey in the similar habitats outside TKM and data comparison was done to determine the impact of our operations if any.

During the survey 133 (apart from species introduced as part of green belt development) plant species were found inside TKM. These plants belonged to 105 genera and 36 families. 173 species were found in the buffer area during the survey. The 173 species belonged to 136 genera and 51 families. Out of 133 species, 69 species found have medicinal properties. Due to continuous improvement in the floral composition of the TKM, more than 35 bird species were recorded during the biodiversity survey.

**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.**



**GREENBELT DEVELOPMENT:**

**Keeping it simple, keeping it green**

Afforestation activity initiated as part of Sustainable Plant initiatives in the year 2009 with the objective to spark the Eco-awareness among team members and all the stakeholders. It is an effort to create visual delight for our employees and TKM visitors and also to create a carbon sink.

TKM has reserved 33.33% (144 acres) of total land area (432 acres) to develop greenbelt inside the premises. We have planted 243,000 saplings covering about 12% (51 acres) of green belt area.

We are continuously engaging with forest experts and ecologists from universities and government departments to enhance the species composition inside and outside TKM. Group of TKM's green belt development team visited botanical gardens at GKVK (Gandhi Krishi Vignana Kendra) and Lal Bagh to identify various species, understand growth characteristics and suitability to grow inside industrial greenbelt area. Based on the study and experts advice more than 100 native species have been planted inside TKM.

The TKM's greenbelt development plan aims at overall improvement in the local ecosystem. By understanding the need of biodiversity conservation and in consultation with Forest experts we have made different concepts to establish conservation parks inside TKM. With respect to this, our plan is to develop Rare and Endangered plants, Timber yielding tree species, Medicinal and Aromatic plants, Edible fruit yielding plants and others.



Native trees planted inside greenbelt area

**WASTE MANAGEMENT**

**SIMPLE IDEAS, SUSTAINABLE RESULTS**



**SPECIAL DRIVE: REDUCTION OF FOOD WASTE AT TKM**

In accordance with UNEP theme "THINK-EAT-SAVE", TKM took up the initiative of promoting awareness among team members on 'FOOD SHORTAGE IN THE NATION and ITS IMPACT'.

Special initiatives to trigger awareness on food crisis at nation and global were initiated during entire month

- » Placard displays at all the canteen outlets
- » Video displays on food crisis
- » Sharing world facts about food shortage
- » Taking commitment from all the TKM members for not wasting the food in dining halls
- » Messages by Top-Management

All TKM members were educated on "Avoid Food Waste – Take how much you need" and how the food wastage reduction solves many issues such as hunger, poverty, child mortality and many more issues that affect developing countries like India.

To spread awareness among members various campaigns were also organised.

The consolidated efforts in educating all the members resulted in reduction of food waste from 24 tons to 14 tons per month.





Placard display at canteen outlet



Food waste reduction commitment campaign

**HAZARDOUS WASTE REDUCTION:**

TKM complies with the legal requirements restricting trans-boundary movement of hazardous wastes. We do not treat any waste inside the plant but send it to authorised vendors situated within Karnataka. TKM has no history of accidental spills and did not have any significant oil spills in the reporting period.

KPI		2011-12	2012-13	2013-14	
				Target	Actual
Hazardous waste (kg/veh)	Plant-1	6.01	4.65	6.8	4.3
	Plant-2		5.55	5.14	5.14

We always aim at Zero hazardous waste to landfill in line with our Toyota Earth Charter. The different categories of hazardous waste generated at TKM along with the disposal practices are mentioned.

Category	Waste description	Mode of Disposal
Non-hazardous waste	Paper, Plastic, Cotton, Glass, Wood, Steel, Dust	Recycling
Hazardous waste	Paint sludge, Oil and Paint contaminated residues, Waste oil, Sealer waste	Incineration
	Chemical sludge and Phosphate sludge	Co-processing
	Used oil, Spent solvents	Reprocessing
	Paint Containers	Recycling
E-Waste	Bulbs, computer hardware etc.	
Bio-sludge	Bio-sludge	Composting

**TO REDUCE / IMPROVE PACKAGING MATERIAL:**

TKM has 129 suppliers who supply nearly 800 to 1000 parts per vehicle of various sizes to the manufacturing line. These parts have to be delivered in an immaculately packed condition to ensure best quality vehicle to customer. Unpacking of parts generates huge waste and ultimately has enormous impact on the environment. TKM has adopted 3R concept to reduce packaging material reduction. We have achieved 100% returnable packing for our all local parts through continuous initiatives by involving suppliers and purchase function.

At our service parts division, we could achieve 118 MT of packaging material reduction by doing innovative design changes in packaging, enhancing returnable boxes and pallets and modification of packing material. One of the unique projects was taken up by conducting a packaging vendors meet at TKM. As the packing industry in India falls in the unorganised sector, this meet was utilised to educate and provoke a thought to look for quality, compliance and kaizen.

**We could reduce 65.96 MT of our export parts packaging material against an internal target of 10.56 MT by increasing export parts quantity in a consignment**





# ENVIRONMENT MONTH CELEBRATION

(JUNE 2013)

World Environment Day ('WED') is globally celebrated every year on 5th of June to raise global awareness which leads to positive environmental action to protect nature and the planet Earth. Globally it is promoted by the United Nations Environment Programme (UNEP).

TKM get direction from TMC every year on celebration of Environment month. In line with Global theme and the TMC guidelines TKM designs its own theme for Environment Month celebration. The FY2013 was a tough period for TKM's business sustainability. Currency fluctuation and the fuel price increase made the auto business markets down in India. The need for accelerated efforts towards enhancing PROFITABILITY was very much required.

The vision of our Environment Director "Eco through Eco" was to contribute in business profitability through Environment initiatives.



### ECO-MIND: INVOLVE AND EDUCATE

How do we ensure business success that is made by the people, for the people? By developing a companywide Eco-Mind through Involving and Educating.

ECO-MIND is a culture that we believe must get imbibed into the minds and souls of our stakeholders. The stakeholders identified and involved in Eco initiatives drive were team members, their family members, top management, maintenance vendors, suppliers, dealers and local community.

### DAILY ECO-KYT (KIKEN YOCHI TRAINING):

Based on current global Environment issues, efforts are made to share innovative ideas for environment management in daily life. 4 different areas were identified and set as education theme "Waste Management, Energy Conservation, Eco-activities and Water management".

Key facts about each theme along with the required contributions were summarised and shared through Daily KYT. More than 90% members participated.





**WEALTH FROM WASTE:**

The main aim of this activity was to educate the team members about the value which can be generated from waste. This has helped to motivate members to think innovatively and also reducing the waste generated at source. Team members designed 230 useful models from the discarded waste and the same were exhibited.

**ECO-POSTER:**

With a theme of Dream ECO-PLANT, team members were asked to design their thoughts of an Eco plant. This was an initiative to involve all the members in building an Eco-TKM. More than 1250 posters were prepared by team members.



ESCO Training Simulation DOJO



My Dream Eco Plant - Design by Team members

**GREEN-OWLEDGE - An Eco Seminar on Environmental Issues:**

Eco Seminar was organised during Environment Month Celebration with an intention to develop eco mind and create awareness among employees. More focus was on office side members since their involvement in Environment initiatives was not so evident. To draw member attention and inspire them to contribute their bit on Environment, the seminars were organised.

Eminent speakers from Environment background were invited to TKM to provide insights on 'Green building concepts' and 'Need for Natural resource conservation' which are current environment needs. The following are the details on the talks organised:

- » Talk on Green Building at office and house and Certification criteria by **Dr. Lokesh**, HOD Environment Engineering, SJCE College, Mysore.
- » Green Buildings with most simple natural resources with minimal carbon footprint. By **Ms. Monalika**, Sr. Architect, Biome Solutions
- » Talk on "Conservation of natural resources, lessons from history and responsibility" by

**Dr. Ganeshiah**, Professor and famous botanist from GKVK

- » Talk on, "Ecology and Eco citizenship" by **Mr. Suresh Heblikar** a well-known Filmmaker and an Environmentalist.

The knowledge shared by renowned speakers inspired all the participants to look into their own lifestyle and to adopt possible means of an Eco-lifestyle.



Talk on Green Building concept by Dr. Lokesh



**HASIRU SANTHE – An exhibition of Eco-friendly products:**

One stop shop for all eco friendly products ranging from Solar, LED lights, Rainwater Harvesting systems, Biogas to organic food and also large varieties of ornamental and medicinal plants were setup inside TKM.

The event was inaugurated by TKM top management and the Deputy Director of the Horticulture Department, Ramanagar invited as the chief guest. The event was very much appreciated by the guest who requested TKM to involve external stakeholders also in its Environment programmes and make the maximum utilisation of such platforms in educating all the stakeholders.

It gave an opportunity to local NGOs and SMEs to showcase their innovation to a large number of audiences like TKM employees, Top Management, Suppliers and Contract members. 2700 team members visited the stall. This was a successful eco step towards educating and motivating members about the possibilities of converting their homes into an ECO FRIENDLY HOME.



TKM's Top Management visit to stalls at Hasiru Santhe



Team members visit to stalls at Hasiru Santhe



TTTI students visit to stalls at Hasiru Santhe



The trial of E-bike TKM's Vice chairman



Promoters of Hasiru Santhe



**ECO-QUIZ:**

As managers are the prime drivers of environment initiatives in their functional areas, it is very important to keep them updated on current environment issues. Quiz was conducted wherein questions were framed with respect to current environmental concerns and general awareness for all the functional heads. 7 teams from both production and office side competed in the quiz.



Eco Quiz Winners

**ECO SHOWCASE ACTIVITIES: DRIVE**

**Involvement of Employees Families:**

This was the initiative of creating awareness for the Employees families. Activities such as poster making (for children below 14 yrs) and essay writing (for the spouses of the employees) were organised. Both competitions were theme based, Environmental Pollution for Poster making and Eco Homes for essay writing.

The Best Poster and the Essay were rewarded during Environment Month Awarding ceremony. It was an effort to motivate Team member's families to be part of TKM's Eco-drive and spread the same further.

**ECO-CSR:**

It is our conviction that building clean vehicles is not the only way towards building a cleaner future. We have expanded our green umbrella to other community driven ventures too. At TKM we are committed to environment protection and strongly believe in community involvement and public participation to develop a sense of responsibility and affinity towards the environment. The Environment team continuously motivates Employees to take up CSR activities voluntarily. During the Environment month celebration, members organised environmental awareness campaigns, training on waste management and plantation activities in neighbouring villages and schools. More than 1600 plants were planted at 16 locations by volunteer team members.

In order to make this approach more successful and sustainable, our long term plan is to develop an Eco-CSR road map involving NGO's, local panchayats and education departments. Our ultimate aim is to work closely with the local community to implement environment initiatives involving team members in addition to developing villages as Model Eco-Villages.



Employee Families participated in environment month



Eco CSR promotion by Team Members



**GREEN BUS CAMPAIGN**

Community is one of the key stakeholders of TKM. In order to spread the eco spirit of the company, we came out with a very unique idea, TKM initiated a concept of Green Bus where in important facts and eco conservation tips were displayed on the bus. The Green Bus operated in different routes for the entire month. Eco tips on various environmental concerns were visualised on the bus such as waste management, Water and energy saving tips and also eco lifestyle tips.

The Bus was flagged off by TKM Top Management on 5th of June. The bus was exhibited at the World Environment day event organised by KSPCB, where Dr. Vamanacharya, Chairman, KSPCB and Dr. Ramanath Rai, Minister for Environment and Forest (State) also appreciated this unique initiative of TKM.



Green bus Flag off by Top Management



Showcasing of Green bus in Regional Pollution control Board's Environment day celebration



Vehicle switch off campaign at traffic signals

**VEHICLE SWITCH OFF CAMPAIGN AT TRAFFIC SIGNALS**

The main aim of this activity was to sensitise the commuters on Fuel Saving, CO<sub>2</sub> Emission and Global Warming at 5 prominent and busy traffic junctions of Bangalore city (Corporation Circle Signal, MG Road Signal, Devegowda Petrol Bunk Signal, Gopalan Arcade and UB City Circle Signal). Our employees carried out the campaign by displaying placard with motivational slogans and by interacting with commuters on a one to one basis.

The Traffic Police present in these areas were also involved in the campaign. As a result, we received a good response by the public as many of them reciprocated by turning off their engines at these traffic junctions. This initiative was appreciated by the traffic police and commuters.



# ENVIRONMENT LEGAL COMPLIANCE



## GOING BEYOND COMPLIANCE

Being a good corporate citizen, TKM believes in adherence to the law as a top priority issue. Since the inception of operations, we have not faced penalties for non-compliance with applicable regulations. TKM has established its own benchmark that is 20% more stringent than the applicable regulatory standards which demonstrates strong commitment towards compliance. In view of this, the organisation has established both online and offline control method to proactively ensure 100% compliance.

- a. **"Legal Compliance Management Tool" (LCMT)** has been developed. It is online and acts as a real time monitoring system and ensures the compliance at all levels, across all the divisions. The tool helps in sending alerts to the responsible person for complying with the activities and also provides the real time compliance status report to the Senior Management and Directors.
- b. **"Comprehensive Legal Compliance System"** is an offline system consisting of all applicable legal requirements which have been identified and converted into procedures from which actions are derived. It is a multilayered monitoring system which begins from shop level to corporate level to ensure legal compliance. It is reviewed monthly by EMR in presence of the environment window persons and the division heads. Performance trend control is done through establishing the following:

- » Daily Management System
- » Root cause analysis of any environment accidents/incidents to establish adequate counter measures to avoid recurrence of the problem
- » Yokoten system has been established which ensures recurrence prevention through analysis of recurrence possibilities of any cases of environment near misses or accidents that have occurred
- » Companywide monthly legal compliance self confirmations from respective teams
- » Periodic compliance audits involving top management
- » Updating top management on the compliance status during Environment Committee meetings as part of EMS
- » The scope of legal compliance promotion is not just restricted to the TKM manufacturing facility, but even to our suppliers [on-site and off-site], dealers, contractors, etc.







OUR  
CUSTOMERS





# SUSTAINABLE CUSTOMER RELATIONS



## DEALER CUSTOMER ASSISTANCE CENTRE

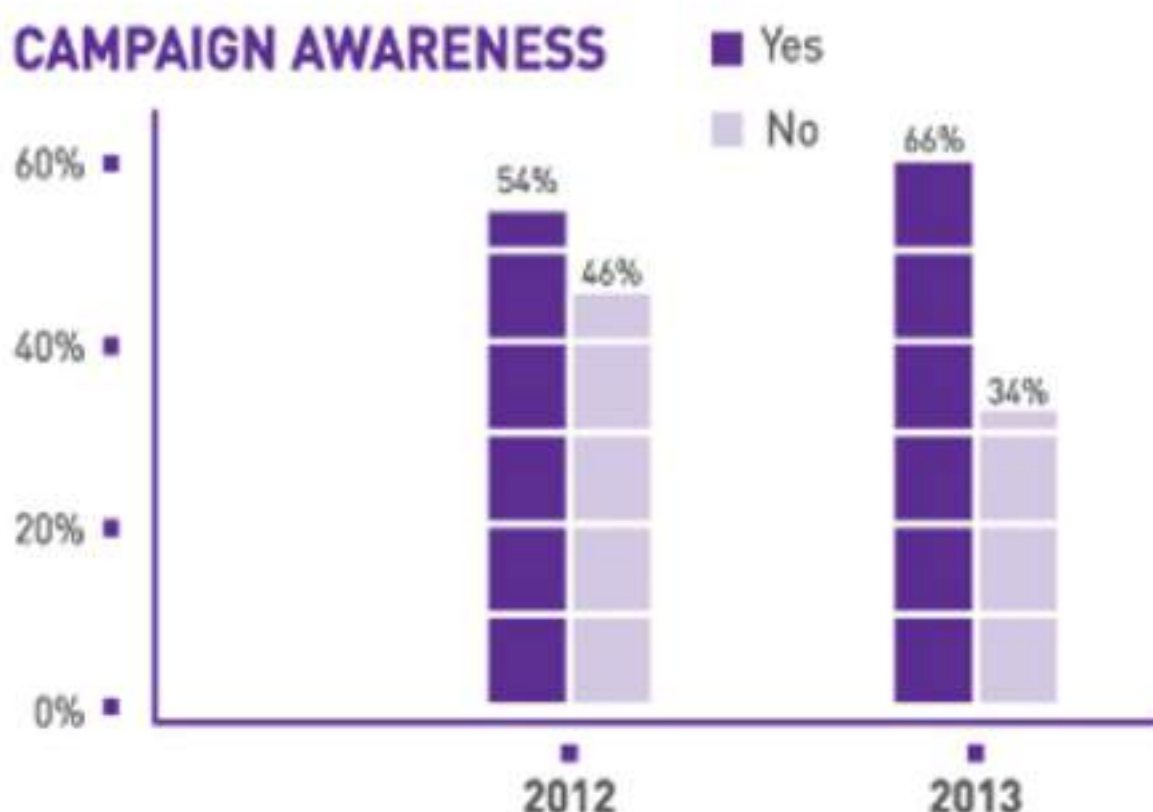
Over the period of time, we noticed customers complaining about the numerous calls they had to make to get access to their service requirements. This challenge has led to customer dissatisfaction and a low score on the customer satisfaction index. As a countermeasure, TKM initiated a single point of contact for any Query, Appointment or Feedback across Sales, Service and Customers Relation requirements. This initiative has helped TKM in monitoring the KPI monitoring with call quality adherence to ensure better customer experience and increase in business revenue generation through sales enquiry registration and reduction of service loss opportunities.

## SEASONAL CAMPAIGN

Seasonal Campaign is a tool for customer retention. Campaigns were carried out across the country to enhance dealer business and to create excitement for customers.

		Dealer Special Campaign
		+
	Regional Campaign	National Campaign
	+	+
National Campaign	National Campaign	National Campaign
Year 2012	Year 2013	Year 2014

## CAMPAIGN AWARENESS



MONSOON CAMPAIGN



CAMPAIGN DURING FESTIVAL

Campaign awareness enhanced from 54% to 66% with increase in number of campaigns

## CUSTOMER PRIVACY

TKM takes utmost care of their customer privacy and customer data handling. Through Centralised Toyota Dealer Management System [CTDMS] all the customers, vehicles, dealers, dealer employees and parts data are securely maintained in a centralised server placed at TKM. The information can only be accessed through highly secured TKM network. Only TKM authorised dealers can access this data. There have been no complaints regarding breach of customer privacy and loss of customer data during 2013-14.

## PRODUCT AND SERVICE INFORMATION

Product specification details are made available on the Toyota Website, which is intended to help the customers and stakeholders understand the product and vehicle related information. In addition, periodic campaigns are organised [No to Counter Feit, Seasonal Campaigns] for customer's awareness on various aspects of the product and safety.

No significant fines have been levied on the company for non-compliance with regards to laws and regulations concerning product service and their information and labeling during 2013-14.

## CUSTOMER SAFETY

All vehicles produced at Toyota Kirloskar Motor are of the highest safety standards with its 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 and 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 these aspects have been reported.

**EXPRESS MAINTENANCE**

Express Maintenance (EM) is derived from the concept of Toyota Production System to achieve shorter lead time and commitment towards 60 minutes service. The EM Programme is certified by TKM and implemented at all dealers across India.

Each dealership has different number of bays with 3 technicians for each bay. Standard Operation Procedures are shared with these technicians based on which they analyse and identify problems which can be serviced within 60 minutes. The vehicles serviced at these bays are usually the ones which come for periodic maintenance servicing.

**TEAM SYNERGY AND CUSTOMER CENTRE CITY WORKSHOP**

A workshop was organised at dealer outlets to reiterate and demonstrate the importance of Customer Focused Teamwork [Customer Delight] and lead to high Customer Satisfaction. These workshops are conducted for each and every individual working in the dealership as it motivates the employees and also triggers them to enhance their ability to enhance customer delight.

**Benefits of the workshop:**

- >> Enhanced Team Work
- >> Customer Satisfaction
- >> Better Communication and Co-ordination



**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 and Operation, Parts Logistics and Value Chain. Consecutively third time TKM has achieved GOLD Award in CSEA Programme.



Express service facility at dealership

**TOYOTA EXPRESS SERVICE (TES)**

TKM launched its Toyota Express Service (TES) outlet in Delhi and Bangalore. TES is designed to offer the renowned Toyota standard of high quality service to its customers in a very short time. It is a standard service centre with only EM60 concepts that take up servicing of periodic maintenance vehicle.

TES would exclusively accommodate the well known EM60 concept which has been appreciated by the customers all over India. With the help of sophisticated equipment, perfect ergonomics, synchronising processes and eliminating stagnation amidst them, TKM has managed to reduce the turn around time of servicing with the Express Maintenance concept.

The concept of TES was conceived keeping customer's needs in mind so that the patrons can spend quality time relaxing at the facility while the vehicle gets serviced, thus duly valuing the precious time of the customer.

The new TES outlet is conveniently located within close proximity to a full fledged TKM dealership. The due support is provided through its parts and other paraphernalia as required. TKM has also introduced Eco Washing technology at TES to clean the vehicle body.

Spread over a total area of around 8,000 sq ft, the Toyota Express Service outlet has 3 Express Maintenance bays. With its efficient operations following standard operating methods of Toyota, this facility can churn out around 34 units in a day.







OUR  
EMPLOYEES





“THE PEOPLE WHO HELP US SIMPLIFY SUSTAINABILITY.”



Employees are the core strength of our company. We had 6,438 employees in the reporting period and each of them is considered an important asset of TKM. All the employees are groomed to follow the Toyota Way.

At TKM we use the simple logic that if our employees are happy, our other stakeholders in turn will be prosperous.

We at TKM have built a strong Human Resource Development strategy which addresses key aspects such as Code of Conduct, Human Rights, Performance Review and others. We encourage a holistic approach of learning and development through our training programmes and workshops.

TKM encourages its employees to grow both personally and professionally by providing an equal opportunity to each of our employees.

### THE WORKFORCE DATA

TKM has 6342 Male employees and 96 Female employees. A detailed workforce data is as follows:

Categorization	2013-14			2012-13			2011-12		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>By Employee Contract</b>									
Permanent	6342	96	6438	6431	104	6535	6126	96	6222
Contract			701			2065			3355
Trainees			1341			1675			None
Total			8480			10275			9577
<b>By Employee Type</b>									
Full Time employees (Headcount)	6342	96	6438	6431	104	6535	6126	96	6222
India	6342	96	6438	6431	104	6535	6126	96	6222



## RECRUITMENT and REMUNERATION

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

Since, TMC plays a key role in product development and our business practices, the Japanese expatriates work very closely with us at TKM. These expatriates assist TKM management to understand TMC expectation and align all the activities to Toyota Way.

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 as applicable by the Government of India.

## PERFORMANCE REVIEW

Performance review is bi-annual process. It consists of outlining and assessing performance basis key targets, reviews, developmental feedback and training and development. All permanent employees and trainees are eligible to undergo performance reviews.

It ensures that the assessment of the employees is done in a well-organised manner by identifying the gaps and supporting them to progress accordingly. This helps in the overall growth and optimisation of personnel through periodic appraisals.

Performance review provides equal importance to result and processes. About 19% of TM's got promoted this year and the organisation was restructured based on business requirement.

**100% of Permanent employees (6438) completed performance review for the year 2013-14.**

## EMPLOYEE RETENTION

TKM carries out an Employee Engagement Survey – 'Morale Survey' once in 2 years. Morale survey is conducted to grasp team member's perspective on company's policies and systems. Improving the policies and procedures will have long term action plan. These results will be taken as key targets for the year to improve the current policies and a system which helps the company achieve the ultimate goal of Toyota Way.

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 wellbeing at TKM.

Observing the increase in the attrition rate, we have timely grasping of employee grievances through various activities like Morale survey, people connect, exit survey etc.

Hence to enhance the communication between the Management and employees, we have introduced various activities to build a healthy working environment.

**The employee turnover increased to 2.40% during FY 2013-14 as compared to 1.80% in 2012-13.**

## EMPLOYEE TURNOVER (%)



## PEOPLE CONNECT

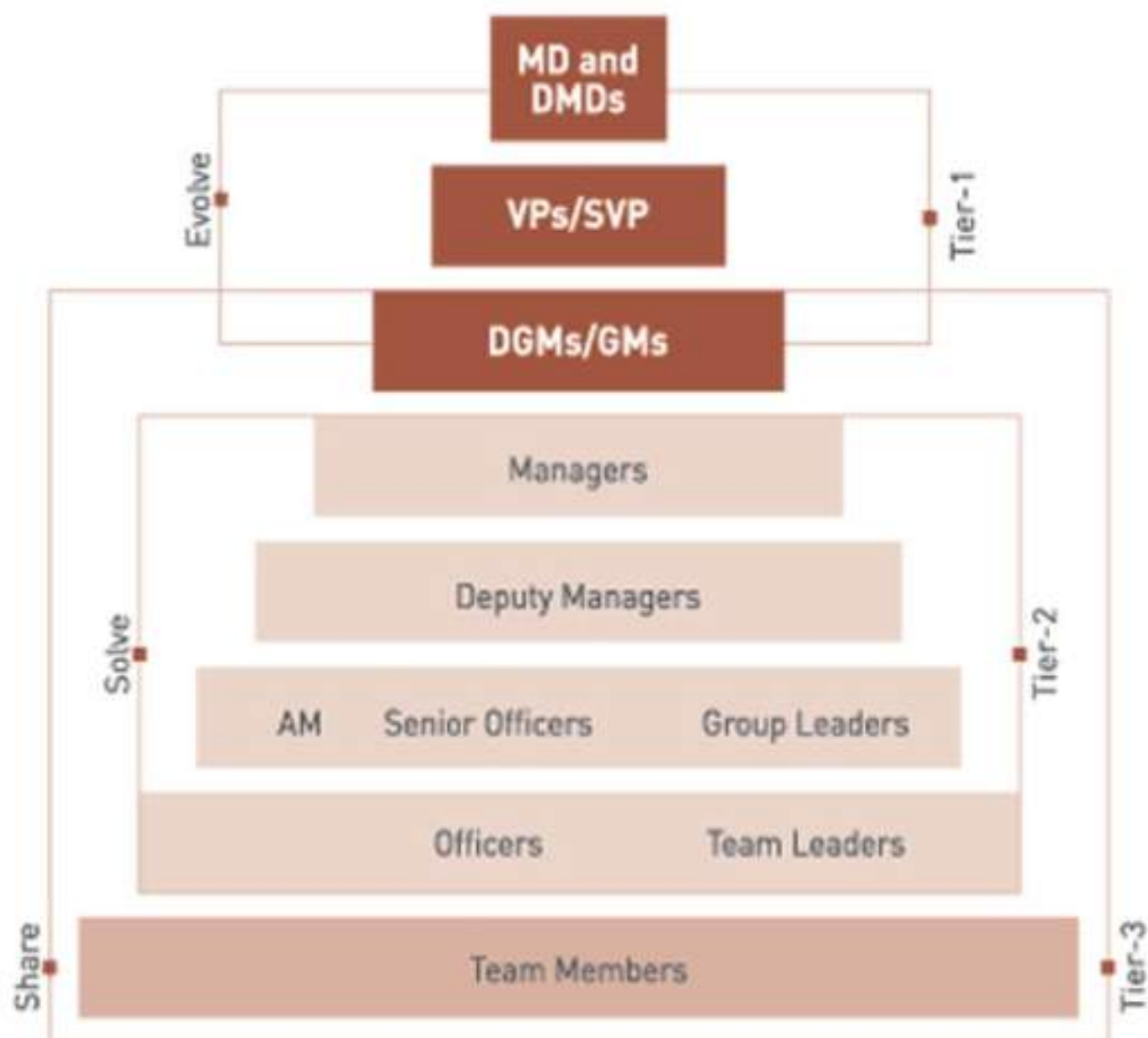
This is an initiative introduced in FY 2013 to provide an opportunity for employees and Top Management to share and understand each other's thinking on issues of common interest.

A well planned communication system is followed in TKM wherein any concern raised at a team member level is shared and solved at the Tier 2 level. In case of any changes the issue is taken up to the tier 3 level. These communications between the 3 tiers are controlled using the People Connect initiative.

People Connect is carried out once in a year and till date 187 concerns have been raised out of which 58 are solved and the rest are still in progress. Upon resolving the concern, a companywide mail or a circular is sent to ensure that the employees are aware of the progress.



### CONCEPT OF PEOPLE CONNECT



### SMALL GROUP ACTIVITY

A Small Group Activity is a group of people working to solve problem to achieve the same goal. With an objective of sharing Toyota Values and to develop Kaizen culture/mindset of employees.

This activity also helps us enhance the sense of belongingness among employees.

Small group of individuals belonging to a same division select a theme ie; problems in their work area and work together to establish a counter measure.

SGA has been made a mandatory process at TKM. Every year 3 – 4 cycles of SGA are carried out and a common theme is selected companywide. Each division manager has to participate in the activity. Based on the theme, division heads shortlist one best activity from their respective division. These shortlisted activities are judged by a panel from production, office, sales and marketing.

As a motivation a participation award is given to all the shortlisted participants. The winner team is given an award and felicitated by the Company.

### SHARE TOYOTA VALUES AND DEVELOP KAIZEN MIND AT TKM



WE ENSURE OUR TOMORROW IS BETTER THAN TODAY!!

### RAJYOSTHAVA

Kannada Rajyosthava ("Birth of Karnataka State") is celebrated in Karnataka on 1st of November every year. This was the day in 1956 when all the Kannada language - speaking regions of South India were merged to form the state of Karnataka.

TKM celebrates Kannada Rajyosthava by involving all its employees. A well planned event is organised including eminent personalities who have contributed to the empowerment of Karnataka State. A cultural event is organised wherein employees are given an opportunity to participate and exhibit their talent.



Kannada rajyosthava celebration at TKM



Kannada rajyosthava celebration at TKM



**EKIDEN**

Ekiden is a term referring to a long-distance relay running race, typically on roads. TKM hosts Ekiden once in a year to motivate employees. The main objective of organising this event is to develop a friendly environment and to create awareness on Healthy Living.



**LEARNING AND DEVELOPMENT (L&D) AT TKM**

Learning is a continuous and company-wide process wherein supervisors motivate and train subordinates and employees at all levels and share knowledge with one another. Every employee is motivated to learn for his or her own development.

Objective of Learning and Development is to:

- » Improve the abilities of each employee, by improving the performance of the entire organisation from a mid-to-long-term perspective.
- » Maintain and improve the morale of employees by providing them with the opportunity for self growth through work.

**TOYOTA WAY - PRINCIPLES AND PRACTICES:**

Key focus of learning and development is to impart the principles and practices of Human Resources Development. Key culture building modules include:

Training Modules	Composition
Toyota Way	Company's philosophy and values to all employees that are the foundation for all work in Toyota, in other words DNA of Toyota
Plan, Do, Check and Act (PDCA)	The approach to business to achieve continuous improvement in a seamless manner
A3 Reports	A tool used to communicate and build consensus in Toyota using a single sheet
Toyota Business Practices	Daily problem solving methodology that puts the philosophy, values, approach and tools into practice
On-the-job Development (OJD)	Employees to grow and sustain the skills and abilities
HoshinKanri	Enables to translate the Company vision into objectives and actions in all functions and at all levels of the Company

**TOYOTA PRINCIPLES AND PRACTICES**



**“People are the most important asset of Toyota and determinant of the rise and fall of Toyota. Because people make our automobiles, nothing gets started until we train and educate our people”**  
Eiji Toyoda

**LEARNING MODEL**

TKM's learning model is composed of On the Job Development, Self Initiated projects and Classroom training (OJD). Everyone who works in Toyota experience 70% of their development through the job itself; and the experience serves as a driving force in developing the next generation. Further, self-initiated projects to cultivate self motivation and enhance communication skills (20%) and classroom training (10%) supplement the learning needs of



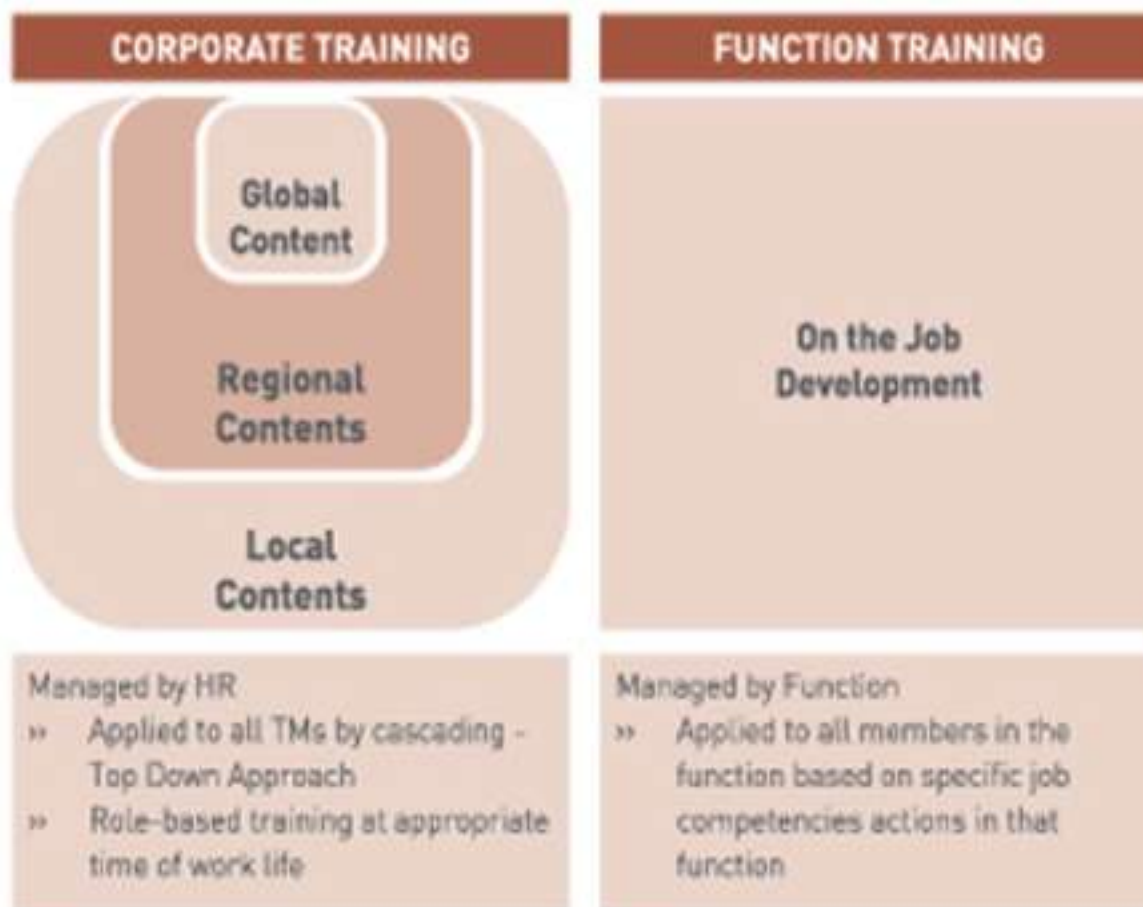
the employees which cannot be covered by OJD. Special focus is given to develop specialised knowledge, ability and skills to accomplish work operations.

Learning needs of the human resource is assessed as a first step of development and the content is designed based on the need assessment. Opportunities are created for employees to implement their learning in the respective job and continuously monitored to achieve complete learning utilisation.



**TRAINING STRUCTURE**

Work Life Plan is designed for all the employees, which helps them to improve their abilities and thoroughly fulfill their roles. Work life plan provides overall image to members about opportunities for development available at different point of their career and also provides support to develop competencies of all the members. It is purely designed based on member role, skill requirements with respect to their designation.



Overall training structure is classified into two:

**1. Corporate Training:**

Managed by HR team and broadly contains Global, Regional and Local need-based programmes. These are classified into Plant Trainings and Office Staff Trainings. Details are as given below:

**A. Plant Trainings**

Programmes	Team Member Trainee	Team Member	Team Leader	Group Leader
NannaPragathi [Self Development]	✓			
Team Member Role		✓		
Toyota Way Foundation		✓		
Quality Control Circle (QCC)		✓		
Toyota Production System (TPS) Fundamental		✓		
English Language Training		✓		
Supervisors Development Programme [Winning Together]			✓	
Toyota Job Instruction [TJI]			✓	
TPS – Standardised Work and Kaizen			✓	✓
Team Leader Role Training			✓	
Problem Solving Technique (PST)			✓	
Post Promotion Training for Team Leaders			✓	
Quality Control Circle Leader Training			✓	
Toyota Communication Skills (TCS)			✓	
Group Leader Role Training				✓
Post Promotion Training for Group Leaders				✓
Workplace Counselling Skills				✓

**B. Office Staff Trainings**

Office staff training include induction, basic Microsoft office, Cross Culture Awareness, Planning and Scheduling, Toyota Way Foundation, Power Your Presentation Skills, PDCA and A-3, Toyota Business Practice, Deputy Managers Development Programme and Post Promotion for Managers.

**2. Functional Training:**

Managed by each function, a need-based training is imparted to the employees within the function. For example: Auto-CAD, Macros, Robotics Training, Taxation, Budget Impact etc.

Apart from these trainings, employees attend trainings organised by external training agencies to keep abreast of the latest developments in their work arena.



## TRAINING COVERAGE

Training modules are developed for executives, non-executives and others including apprentice and contract members. Overview of training imparted is as given below:

Employee Category	2011-12	2012-13	2013-14
Executives (Grade 7 and Above)	1317	1535	1646
Non-Executives (Grade 8)	3936	4095	5368
Others (Apprentice & Contract)	2186	2247	1323
Total Trained	7439	7877	8337

## TRAINING IMPARTED TO EMPLOYEES

TKM also regularly imparts training to stakeholders – Suppliers, Dealers, Community and Corporates. TKM has adopted Ramanagar ITI under Public-Private-Partnership and is committed to the all-round development of the ITI students.

## TOWARDS SUSTENANCE

To ensure sustenance, L & D has focused on leadership pipeline development, supervisors development and employees development. Concerted efforts have begun to develop our suppliers and dealers.

**Campus Connect:** Keeping in mind the future skill requirement, TKM has initiated "Campus Connect" programme wherein Principals and Faculties of ITIs, Diploma and Engineering Colleges across Karnataka State are trained so that the quality of education improves from mid-to-long-term perspective and creates a productive workforce.

## FEEDBACK CONSOLIDATION AND PDCA (Plan, Do, Check and Act)

After training, feedback is consolidated on the content, understanding level of participants, facilitators knowledge and skill and administrative aspects. In case of identified trainings, for example, Group Leader Role training, visit to the shop floor is made to understand whether the learning has been implemented at the workplace. Based on the feedback, content and methodology of the training programmes are reviewed and the revised content is rolled-out. By this, PDCA of training programmes are ensured.

Sadashiv Uppar hails from Mudhol village in Bagalkot District of Karnataka. He is the youngest son (among six-children) of his parents who eke out their livelihood through masonry. After completing his schooling in a government school at Mudhol, he moved on to Bangalore to study his ITI. After completing ITI, he joined a Company in Jigani, a small industrial hub for a meagre salary of Rs. 1810/- per month.

Sadashiv joined TKM in 2002 as a Team Member in Assembly Chassis Line. He came across "Skill Contest" which is organised at TKM every year. He lost in shop-level contest during 2006, 2007 and 2008 consecutively. However, in 2010, he learnt from his previous mistakes and performed his level best. He won gold medal at Company level and further bagged the Silver medal at the Asia Pacific Skill Contest! In the meanwhile, he got promoted as a Team Leader.

In 2012, he contested in the "Skill Contest" in Team Leader category and won gold medals at Company-level and Asia-Pacific level. His dream came true when he also bagged gold medal at the Global Skill Contest held at Toyota Motor Corporation, Japan!

"Company has supported me to develop and showcase my skill at international levels. When I can achieve this, I believe that even my team members can do it. And it is my responsibility to develop and motivate my members," says Sadashiv.

TRAINING  
SUCCESS STORY



TKM believes that an organisation grows to achieve greater heights only when the employees understand the values and mission of the organisation. TKM Code of Conduct and Code of Ethics elaborates that the company stands against violation of human rights, child labour or violation of indigenous rights, Sexual harassment.

Human rights are strongly implemented 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 Government laws and regulations which bolster fairness, and strictly follow the internationally set standards on human rights transparency.

TKM believes that human rights supports in maintaining 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 employees and all project related contracts include human rights clauses in their formal agreements. Irrespective of the position and grade, all employees, service providers including security personnel and contractors are complied under the human rights policy.

We have a well established system in place to ensure implementation and compliance to the company policies, standards and protocols. Periodic audits are carried by Safety, Health, Environment, Human Resources and Legal teams.

Code of Conduct and Code of Ethics organises the basic attitude training necessary for people working at the company. Values and Ethics are communicated to all employees through newsletter, billboards and educational series on Value statement, Code of Conduct are circulated through mails.

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 FY 2013-14, 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.

The company has not made any financial and in-kind contributions to political parties, politicians, and related institutions.

# HUMAN RIGHTS



## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

TKM supports freedom of association and 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.

The Joint Declaration between Union and the Management is entered into is first-of-its kind in the Indian Automobile Industry. 48% of the employees are covered by collective bargaining agreements.

During the joint discourse of collective bargaining, matters pertaining to human rights and employee welfare are discussed and addressed. Every year, the Management and Union enters 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.

## 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.



**GRIEVANCE REDRESSAL MECHANISM**

TKM's grievance redressal mechanism is a unique approach wherein individuals from responsible departments assemble periodically to scrutinise and address issues as maybe reported. Employee grievances include matters related to workplace issues, discrimination, harassment, etc., at work place. The following table lists the various grievance redressal mechanisms that TKM has in place.

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.

Channel	Attendees	Formal / Informal	Frequency
Morning Meeting	HOD+Team mates	Formal	1 / Day
Workplace Committee Meeting	Shop Mgr+ShiftDM +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”



Occupational health services is committed to provide a healthy and safe working environment, well-functioning working community, prevent accidents and occupational disease.

The aim is to promote and maintain highest degree of physical, mental and social well-being at work; prevent employees from health hazards caused by their working condition; protect employees in their employment from risks resulting from factors adverse to health.

In support of the occupational health and safety policy, occupational health programmes are being developed to improve health and fitness of employees, reduce absenteeism and illness.

We have 2 Occupational Health Centres located at Plant

1 and 2 with physicians, nurse and physiotherapist managed by Chief Medical Officer, qualified in occupational health. There are 2 well equipped ambulances available within the premises.

There are five sections in the occupational health department providing the following services.

### 1. Primary care

Provides physician consultation for general illness, general health counseling, issue free pharmacy medication, diseases management and specialist referrals.

### 2. Emergency care

Provision of timely and appropriate first aid treatment in the workplace to save lives, reduce the severity of the injury, reduce the degree of pain and suffering, and the amount of lost work time due to work-related injuries and illness.

### 3. Health surveillance

- » Pre employment physical examination: To aid placing an employee in work for which he is physically and emotionally qualified
- » Periodic Health Surveillance: to ensure that worker continues to be able to handle his job and encourage to remain in good health and seek early treatment for minor ailment.
- » Executive health check - Employees above 40 years are eligible for offsite executive medical checkup at recognised facility.



#### 4. Health promotion

Occupational Health Centre conducts various health promotion activities such as:

- » KYT (KikenYochi Training) – Common health issues
- » Health Alerts on prevailing diseases in the locality
- » Health Advisory on Lifestyle and infectious diseases
- » Wellness programmes: Know your number, BMI counters
- » Trainings: Basic First aid, Ergonomics and Healthy Eating

#### 5. Physiotherapy

Physiotherapy has been introduced to support employees with musculoskeletal issue or injury to rehabilitate them. Aim is to provide a confidential and quick access physiotherapy service for employees requiring rehabilitation after injury or due to a musculoskeletal problem.



Health surveillance



Health surveillance



Primary care



Emergency care



Health promotion out side TKM

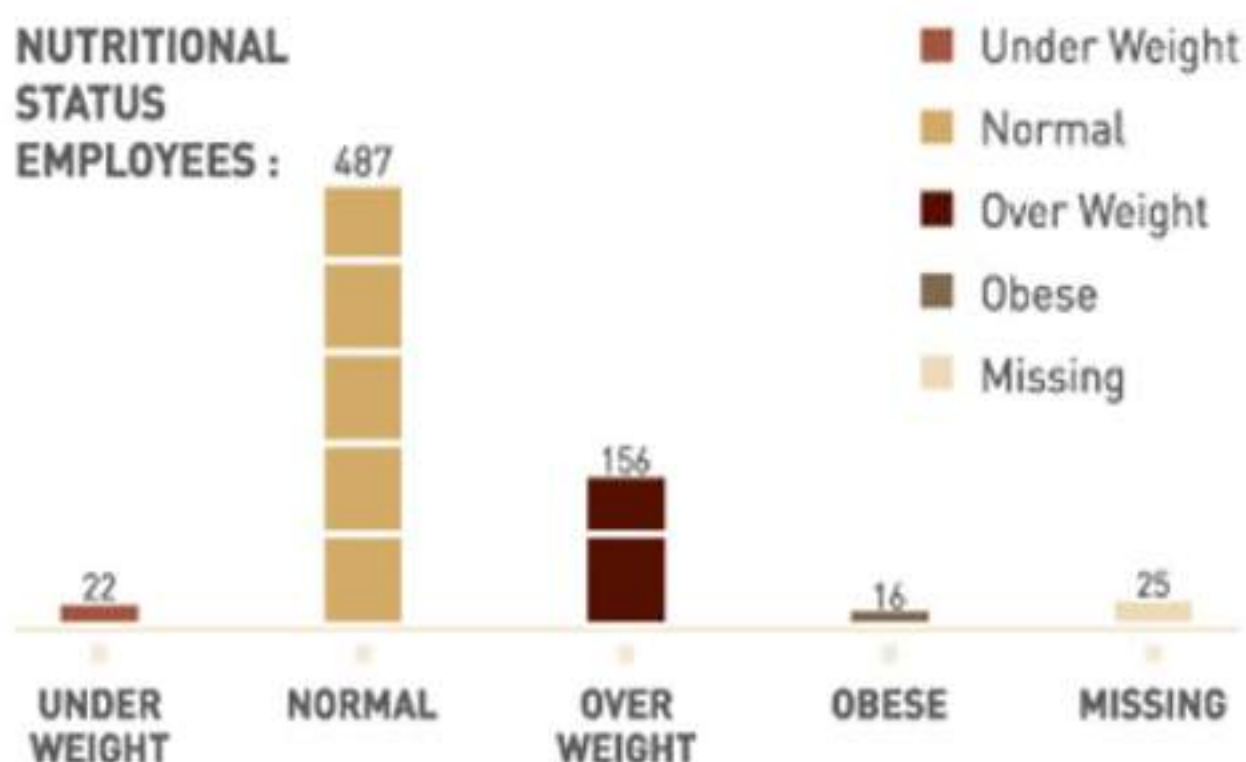
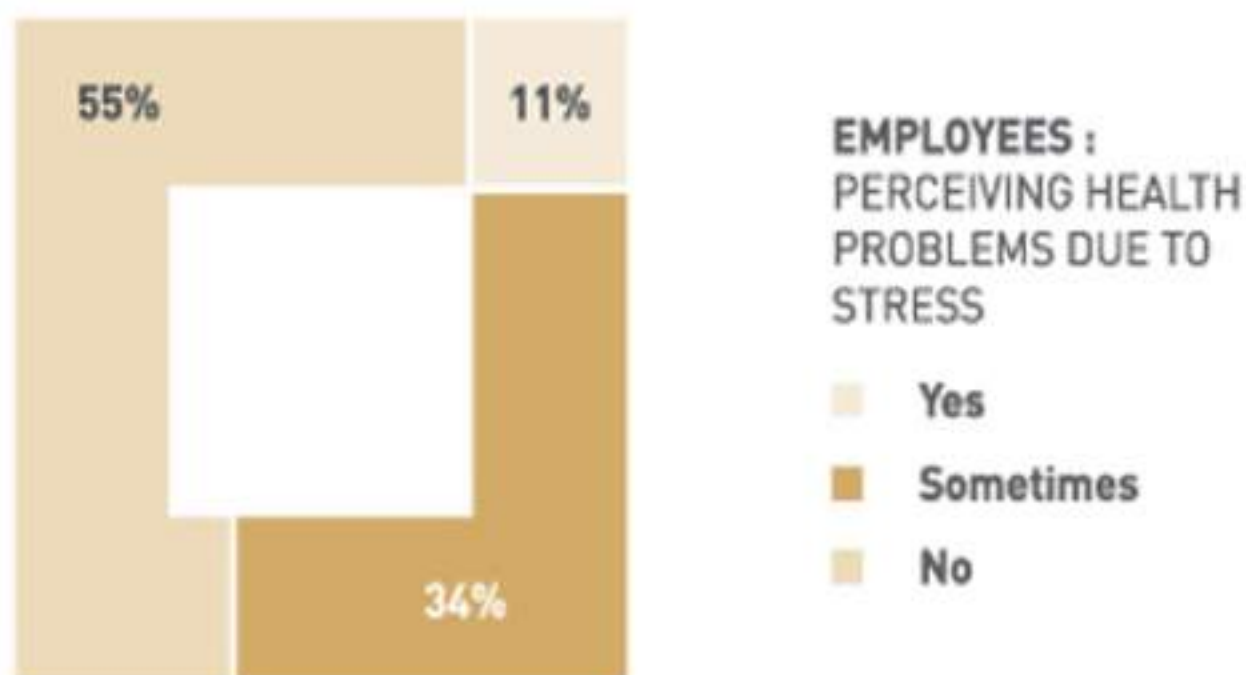
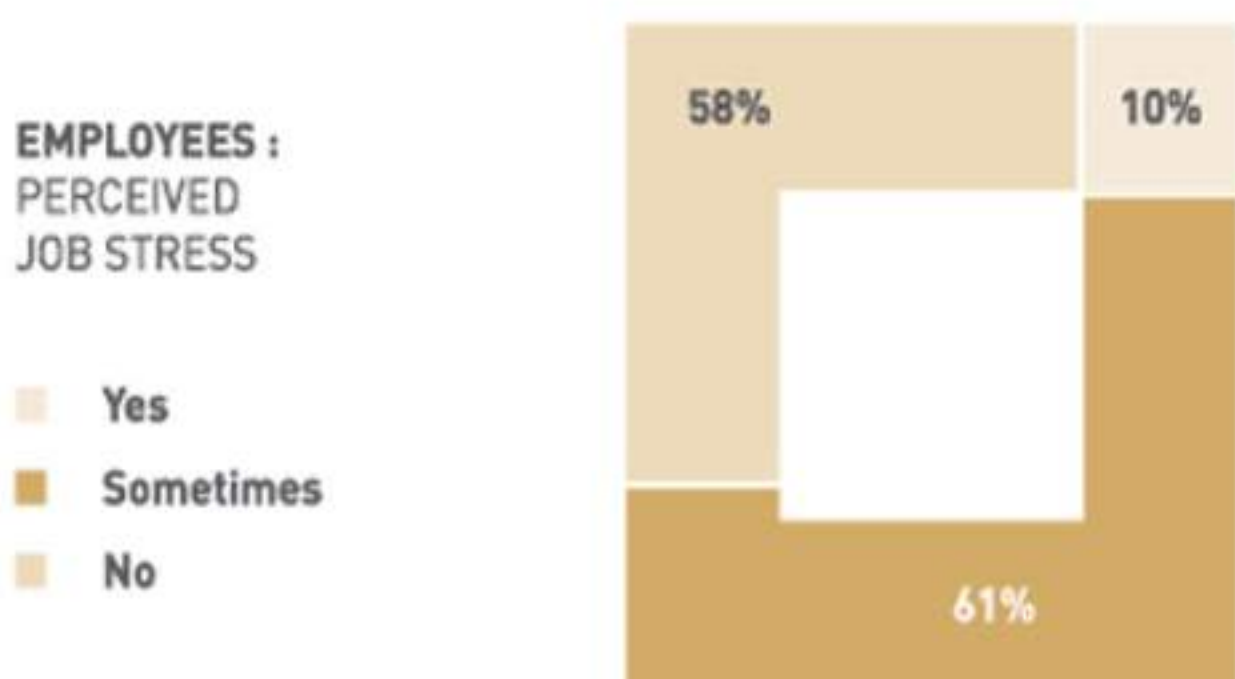


### IMPORTANT HEALTH ACTIVITIES

#### 1. RESEARCH

Exploring the feasibility to integrate mental health screening in annual medical examination

- » Mental health problems, substance use disorders and stress related issues have been less understood in Indian industrial settings, though Indian workforce constitutes 40% of the population.
- » In association with National Institute of Mental Health and Neuroscience, TKML OH department conducted an exploratory study, one of the first in India.
  - > To identify the proportion of employees with symptoms suggestive of common mental health problems (depression, anxiety).
  - > To assess proportion of employees with perceived job stress, tobacco and alcohol use.



#### 2. CSR ACTIVITY

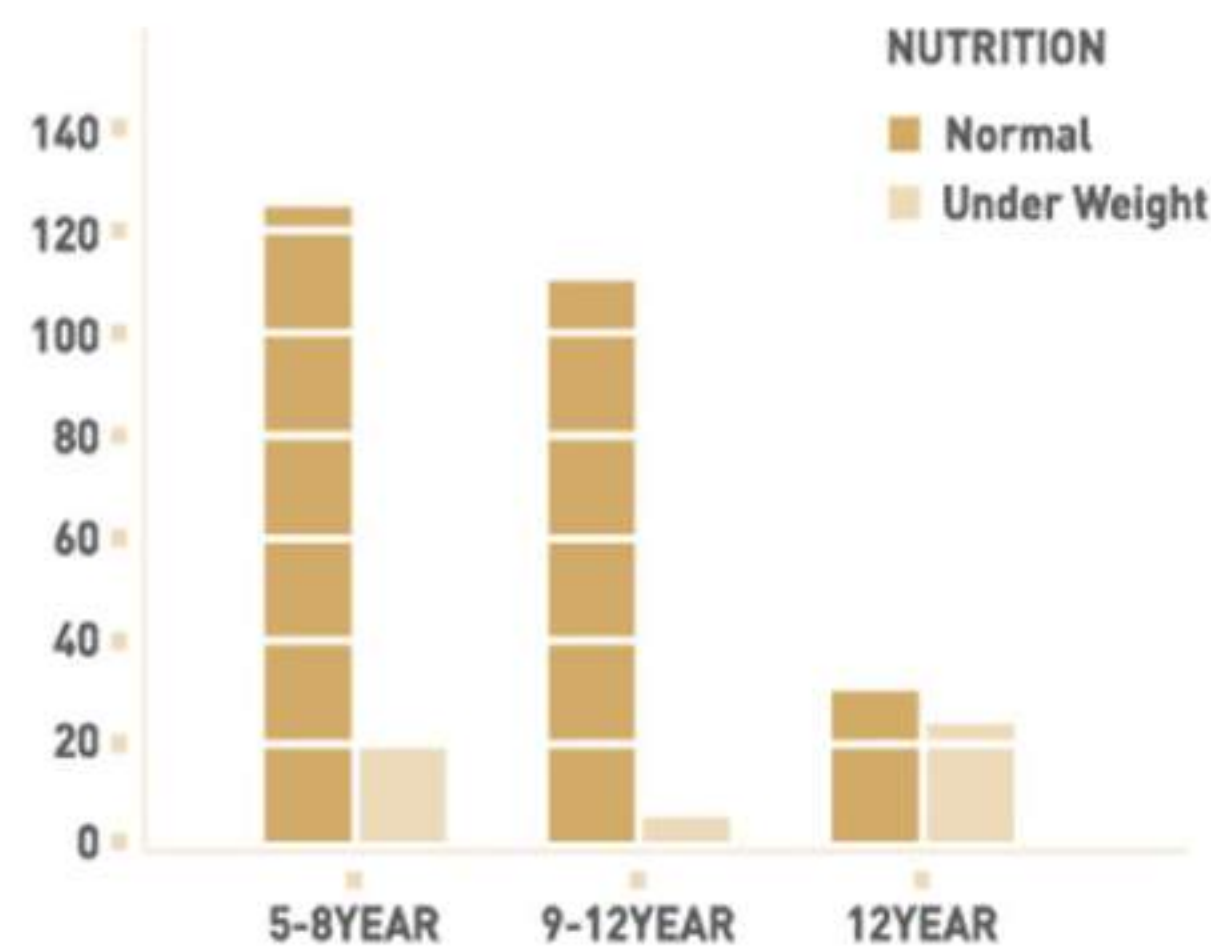
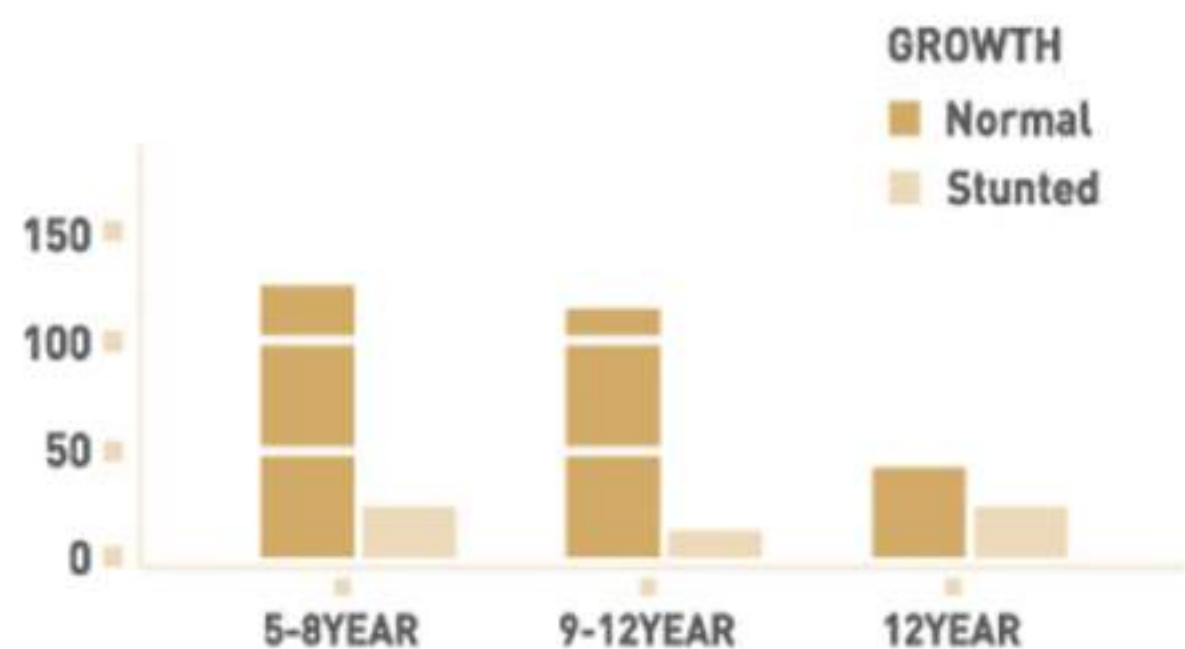
Health screening for School going children at nearby villages

As part of CSR initiative health check up and awareness on health was given to school going children in rural area.

The common health issues observed are malnutrition, caries teeth, visual problem, skin disease and Ear problem.

The programme consisted of:

- » Nutritional assessment by pediatrician
- » Vision test by eye specialist
- » Dental screening



Health camp organized at schools



### 3. WORKSHOP

#### Supervisor on OH Policy and Procedure

Series of workshop on Occupational health policy and procedure was organised to enhance the knowledge of supervisor's on Occupational health factors, supervisor's roles and responsibilities with respect to health and also to familiarise the supervisors on resources available within the company in fulfilling their responsibilities on occupational health

#### STRESS MANAGEMENT PROGRAMME

A stress management sensitisation training was organised for managers by Occupational health Unit, Toyota and Centre for Public Health, NIMHANS. Around 60 employees participated in the training.



TKM is committed to providing a congenial and safe work environment, which fosters employee engagement. The organisation believes in providing a pleasing and ergonomically designed workplace so as to improve productivity, reduce fatigue, take care of long term health of employees, bring in transparency, reduce the sense of hierarchy and bring in a sense of belongingness and pride.

A periodic assessment and audit of the workplace is carried out under the guidance of the safety committee that involves the top management and members. Audit focuses 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 to overcome the hazard through cross function team. After the implementation of the countermeasure, system to focus on standardisation and sustenance 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 TKM has been illustrated in the image below, showcasing:

- » TKM Safety Strategy
- » TKM Safety house concept

#### Safety Culture

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

TKM has in 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.

**25% of the employees have signed a formal joint management-worker health and safety committees. This helps the employees understand and abide by the directions provided by TKM Management to build a safe working environment.**



### 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.

### Safety Performance for FY 2013

We have a detailed TKM safety performance as per standards mentioned below:

Data for year 2013-14	Overall	
Total No of Injury Incidents	10	
This can Include :		
» Injuries inflicted at the workplace		
» Injuries inflicted during travel, commuting etc.		
» Occupational Disease Incidents like ergonomic injuries, both major and minor like RSI (Repetitive Strain, Injury), Stress, etc		
Number of lost days due to injuries	30	
Total Number of Person Hours Worked	21414423	
Total Number of Employees	7712	
Incident Rate per 100 employees = $\frac{\text{No. of Incidents} \times 100}{\text{Total No. of Employees}}$	0.13	
Frequency Rate = $\frac{\text{No. of Incidents} \times 100000}{\text{Total Person Hours Worked}}$	0.047	
Severity Rate = $\frac{\text{Total No. of Lost Days}}{\text{Total No. of Incidents}}$	3	

### WORK PLACE SAFETY

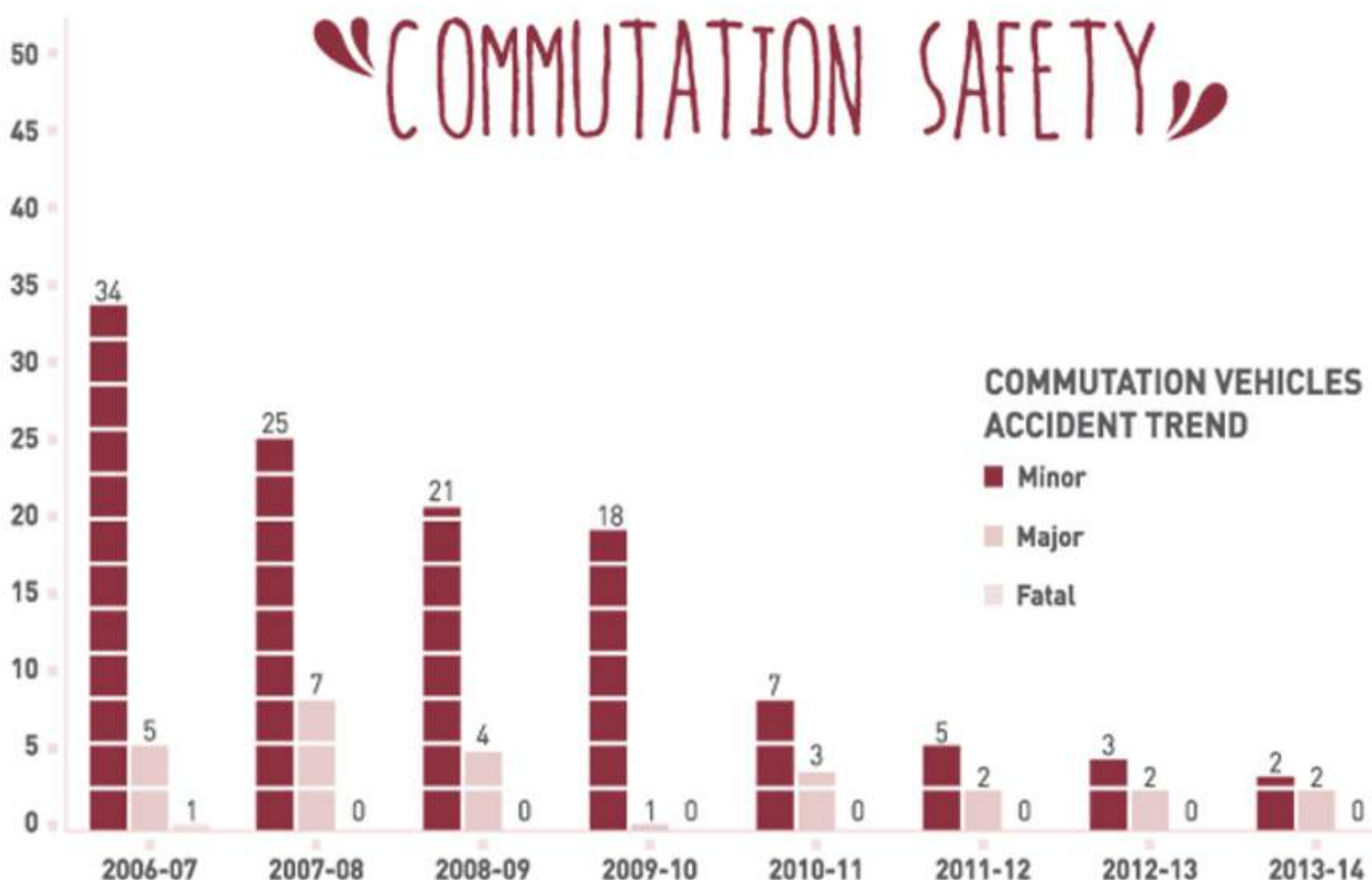
#### Ergonomics

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 of employees.

### SAFETY COMMITTEE

TKM has formed a safety committee to sustain healthy and efficient workforce. 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.

## COMMUTATION SAFETY







TKM provides commutation facility to all its employees both permanent and contract members. As we believe in "Safety First, Quality Must". It is our prime responsibility to ensure safety in all our operations including employee commutation.

During our initial years of commutation operations, we have experienced frequent accidents. Based on the increasing accident trends, we conducted a thorough study to understand the root cause. Study results were as follows:

- » Drivers worked continuously in multiple shifts
- » No proper resting facility for drivers
- » Lack of awareness on road safety rules
- » Weakness in recruitment of experienced drivers

Considering these lacunas, various practices were established and a standardised monitoring system was brought into force. Initiatives such as Stringent driver recruitment process, proper resting area for drivers during breaks, awareness programmes during Safety day, Standard

monitoring system to control driver's working hours. All these activities have been brought into action to create a safe commutation system for the benefit of employees and as well as drivers.

Hence to bring in awareness on all these aspects TKM has been conducting Safety Day on 4th of every month. Safety Day is a unique concept where all the commutation drivers are given a platform to understand the need of safety in their work life as well as their personal lives. During this event, various awareness seminars on traffic norms, safety rules, vehicle maintenance, health and lifestyle, global warming, carbon emission reduction are held. Apart from these we also conduct programmes on stress management, impact of alcohol and drugs, driving simulation etc.

Till date TKM has conducted about 102 Safety Days wherein different safety aspects have been covered and along with this we have introduced a standard driver recruitment process. This process has a series of assessment that is evaluated by TKM commutation team. The assessment involves criterions such as experience, basic knowledge on traffic norms, technical skills. With an objective of building a safe service facility for our employees and to achieve "Zero Accident", we have adopted various activities and this has led to cease down the accident rate.

We have established a strong monitoring system to maintain the developed standards and by periodic assessments we look forward to enhance our commutation facility.



Emergency Simulation Training to drivers



Safety Day Conference for commutation Drivers





OUR  
COMMUNITY





**"SIMPLE IDEAS; SUSTAINABLE SOLUTIONS"**

**CSR POLICY**

**VISION**

Be a socially committed corporate by building vibrant communities in harmony with nature. Aiming to become the most admired company in India. Meet customer expectation and be rewarded with a smile.



**STEP TOWARDS SUSTAINABILITY**

**SOCIAL**

Contribute to the development of the society by:

- » Imparting technical education
- » Raising road safety awareness
- » Promoting art and culture
- » Developing local communities through sustainable activities

**ECONOMIC**

Developing a harmonious relationship with society by contributing towards various community development activities.

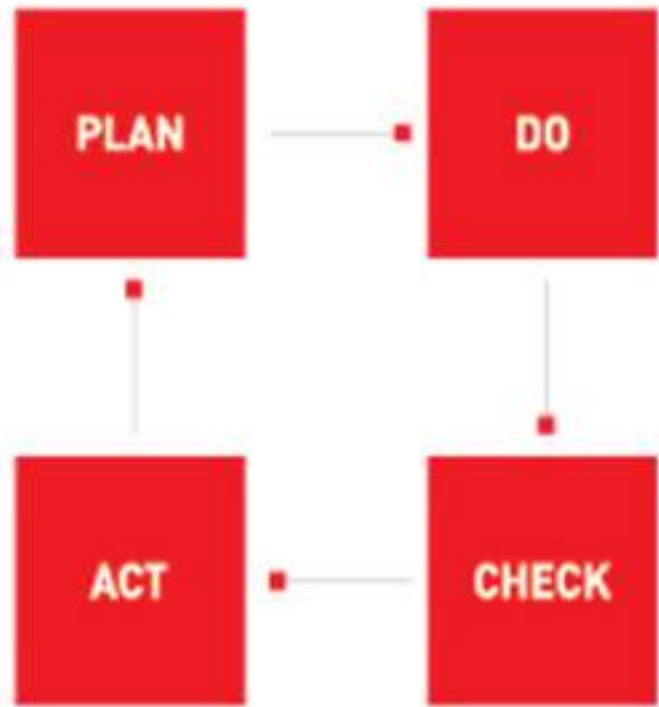
**ENVIRONMENT**

Undertaking measures to protect and safeguard the environment through effective eco initiatives.

**BUSINESS**

Complying with externally imposed social and environmental standards and conducting our business operations with honesty and integrity.

**PHILOSOPHY FOR SUSTAINABLE CSR**



**PLAN**

CSR Activities depends on:

- » Analyzing the needs
- » Feasibility study

**DO**

Need-based implementation of prioritised activities

- » In consensus with the local community
- » Involving the stakeholders
- » Sustaining the activity

**CHECK**

Monitoring evaluation of the programme by using effective implementation tools

**ACT**

Improvisation of the existing and plan for the new activity

**SIMPLICITY IN RESPONSIBILITY**

TKM always believes that there is always a better way, a simpler answer to all our sustainable needs. And in our constant strive towards keeping it simple, we believe we can build a better community with our simplistic initiatives.

Located amidst 4 gram panchayats - Bidadi, Manchanyakanhalli, Ittamadu and Byramangala (in the radius of 15 kms) which together comprise a population of 43,000 and 68 villages. TKM ensures that the activities conducted are in sync with the requirement of the target communities in order to provide the holistic development of the area.

TKM conducts the need assessment and social impact study once in 3 years to capture the needs of the local communities and impact of the CSR activities on the communities. Based on the report, the activities are meticulously planned to ensure that the benefits reach the target groups and avoid any sort of adverse impact on the local community. According to the need of the community TKM has divided its focus area into: Road safety, skill development and community development. TKM emphasis is on the effective implementation of its activities in local community to ensure the overall development. TKM also conducts the activities in collaboration with the on-site suppliers, Toyota group companies and employees. Most of the activities are conducted in partnership with local gram panchayat to ensure proper participation and sustenance of the activity by involving the true implementation partners.





# SANITATION



## HEALTH AND HYGIENE

We at TKM, made sanitation a top priority by implementing simplistic and effective task force as a first step towards ending the problems associated with sanitation.

### ACCESS TO SAFE DRINKING WATER:

1. Installation of bore well and construction of storage tank:

During Social need assessment survey it was identified that community around TKM plant was facing acute shortage of drinking water and had to walk for miles for accessing potable water.

During FY 12 TKM constructed bore well with storage tank in Manchanayakanahalli Gram panchayath. Based on the community's experience and response we decided to further expand the activity.

In the year 2013 TKM provided bore well and storage tank with the capacity of 1000 lts in Bidadi area in order to ease their burden for accessing potable water. Due to these interventions more than 200 families at Bidadi area have benefitted.

2. Community based water purification units:

The underground water in the surrounding villages was severely contaminated due to Byramangala Lake. This lake gets accumulated with sewage effluents coming from the Bangalore city leading to the severe underground water contamination and difficulty in getting potable water. As a result the villagers were affected with various water borne diseases.

TKM took an initiative of installing 4 purification units of capacity 1000 LPH each in collaboration with Gram panchayat and NGO (Prajwal Karnataka) to have a sustainable plan and ensure safe drinking water to the general public. The units have 6 stages purification process



to ensure safe drinking water to community. The units cater to the needs of 32000 people in 4 Gram Panchayat - Bidadi, Manchanayakanahalli, Byramangala and Ittamadu. The water is provided at nominal charges (Rs 5 / 20 lts) and is tested on daily basis to ensure the quality of drinking water. The water supplied to the community is as per the IS 10500 standards. Till today, more than 3Mn Ltrs of purified water has been dispensed through these units. This self sustainable model is well appreciated by local community and many of the industries have replicated the same model.

### 3. Health Camps:

The villagers are affected with water borne diseases due to the presence of contaminated lakes in the surrounding vicinity. TKM Conducts health camps at frequent intervals to minimise the risk of diseases and bring the medical facilities to the doors of the beneficiaries/communities.

For Community at large - conducted a special health camp focusing on skin, ortho, eye and general check-ups. Around 300 patients have been benefitted from this programme and about 28 cases have been reported who were referred to Raja Rajeshwari Medical College and Modi hospitals for further treatment.

School children - Here the focus was on BMI, dental, eye and general check-ups. Around 350 school children were benefitted from this programme and first aid kits were distributed to schools during the events.

The medicines and services were provided free of cost. The activity was conducted in collaboration with local gram panchayat, primary health centre and Raja Rajeshwari Medical College and Modi Hospitals.

### 4. Solid waste management:

Bangalore has witnessed the menace of improper waste disposal and lack of awareness among citizens on waste segregation. Currently around 3000 tons of waste is generated in Bangalore every day.

TKM is continuously working towards spreading awareness among the general public on segregating these wastes through various programmes.

During a survey conducted at Bangalore city it was observed that the satellite bus stations and key locations in Bangalore have very good infrastructure but do not have a proper disposal methods where the public can dispose the waste

appropriately. It was also observed that the major waste generated at public places falls under two major categories of waste such as Dry Waste and Wet Waste. Hence, TKM installed bins for dry and wet waste with an objective to ensure proper segregation and disposal.

The initiative started at Key bus stations at Jayanagar, Banashankari, Vijaynagar, Koramangala and Kengeri. It was further expanded to central locations like Kasturba Road to Trinity Circle Junction.

This activity has captured the media attention and both BMTD (Bangalore Metropolitan Transport Corporation) and BBMP (Bruhat Bengaluru Mahanagara Palike) officials have appreciated the initiatives. It has also motivated respective Govt. bodies to further take-up this initiative to other areas.

### 5. Sanitation - construction of household toilets:

With an intention to eradicate the practice of open defecation in villages TKM initiated the sanitation programme in the year 2010. Community based sanitation is focused on building infrastructure. TKM has engaged with Government in utilising available schemes such as Nirmal Bharath Abhiyana and NREG schemes. Till date we have completed the construction of 385 toilets and have planned to cover additional areas in coming years.



Water purification unit established at local community



Health camp organised at schools



## ROAD SAFETY

### Toyota Safety Education Programme

With six years left for the United Nation's Decade for Road safety, India has to redouble its efforts to reduce fatalities from road accidents by fifty percent. We at TKM want to be a part of this movement in reducing road death toll with our simplistic awareness strategies.

According to a survey from WHO, every year road traffic injuries take away lives of 1.2 million people around the globe and injure many more. The death toll is on the higher side for countries where pedestrians, motorcyclists and passengers are vulnerable majorly because vehicles lack basic safety norms, like India.

Road safety is one among the three focused areas of our CSR strategy. The Toyota Safety Education Programme is the pilot project launched in the year 2007 with an intention of spreading road safety awareness. Target audience are the children of 10 - 14 years. Since then the programme is successfully running across Delhi, Hyderabad, Chennai and Karnataka (Bangalore, Mysore, Hubli and Shimoga). Till date the programme has reached 650,000 school children creating an impact in young minds on the necessity of following the traffic rules in their lives.

The programme includes film shows and workbook on road safety which is an interactive module. Around 40,000 school children have been trained in 2013-14.

Future plan is to sustain the activity and further enhance the coverage by educating public transport drivers using improvised versions of education modules.



“SIMPLICITY  
IN  
SAFETY AND  
EDIFICATION”



Books and bags distribution at schools



Road safety education promotion at schools

## EDUCATION

Education is the true alchemy that can bring India its next golden age. TKM has the vision to help India open gates to this new age. Our programme aims for an overall growth in the education sector using simplistic tools.

### 1. Supply of educative materials to government school children:

Education is very important to shape the future of our children. Education with proper facilities and requirements are essential to keep the children motivated at government schools. The schools in and around Bidadi Hobli lacked the basic requirements.

TKM took the initiative of supplying the educative materials such as notebooks, stationary, bags as a motivational tool to help the children continue their studies and encourage their learning desires. Till date TKM has distributed materials to 8500 school children studying in 130 schools.

### 2. Reconstruction of orphanage, Hosadoddi:

TKM took the initiative of reconstructing the school at Hosadoddi with proper infrastructure to facilitate their comfortable stay during their academic session. The effort of TKM benefits 50 school children every year. Local panchayat also contributed to this noble cause by providing required land for construction of the building.



### NATURAL CALAMITY - SUPPORT TO UTTARAKHAND RELIEF FUND:

In June 2013, a multi-day cloudburst centred on the North Indian state of Uttarakhand caused devastating floods and landslide. It is considered the country's worst natural disaster since the 2004 Tsunami. According to figures provided by the Uttarakhand government, more than 5,700 people were presumed dead.

Many corporates extended their support in contributing towards the reconstruction and rehabilitation of flood victims.

TKM and TKAP extended its support by making contribution of Rs 8.08 Mn Rs. [this includes voluntary employee contribution also].

Overall contribution from Toyota was 10 Mn, which comprises of TKM's 6.9 Mn Rs., TKAP's 1.16 Mn Rs. and TMC's 1.94 Mn Rs.

### Simplicity for Posterity

The future of sustainability lies in simplicity and we at TKM hope to advance the green cause with our simplistic tools. We have used these tools to boost our various social causes. This report is just the first step towards this cause.



Training on physical health development at TTTI



Training on physical health development at TTTI

# 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 dependent families. This is TKM's way to Develop Leadership attributes through Toyota way and identify who can contribute to Indian industry.

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 and Mind within the state of the 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 vigorous 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].

TTTI selects about 64 students every year. The selection is based on parameters such as: **Entrance Examination, Physical Test + Skill test + Interview, Medical Check, Antecedent verification.**



## “CASE STUDY: JOURNEY OF A STUDENT”

TTTI is a platform where brilliant students coming from a rural and poor economic background are provided an opportunity to develop their skills and create a niche for themselves in the competitive world. The students are trained with skills to equip with the world class infrastructure in line with today's auto industry.

Every year we have 64 students coming out of TTTI who are well placed and contented with their lives. One such example is Mr. Pradeep, who hails from a remote village of Chikamagalore. His family consisted of four members, his father, mother, elder sister and the youngest member being Pradeep himself. When Pradeep was around 3-4 years of age; tragedy struck the family, when his father could not take these responsibilities and got separated from his family.

Pradeep's mother being an illiterate woman, took up the responsibility to run the family. Despite being the only earning hand, she continued educating her children in a nearby Government School. As days passed, Pradeep had to take up part time jobs to support his family.

As it was difficult to afford higher education, Pradeep decided to move to a bigger city like

Bangalore in search of better employment opportunity. He took up his first job in a bakery. Observing his urge to study, the owner decided to support Pradeep in perceiving his dream and played a role of his guardian during his admissions in TTTI.

Pradeep graduated from TTTI as the most outstanding performer of 2008 batch and went on to be an ideal team member of TKM and even represented his Company in the global Ekiden. He won the best runner award and took TKM to the 12th position. He has achieved a global recognition for his contribution. This has helped him grow in his professional life.

Being employed with TKM for about 4-5 years has helped Pradeep enhance his family's condition. He has supported his sister's education who is now working as a teacher.

Many such students have been developed at TTTI and are well placed in Auto industries. With an intension of providing an opportunity to develop and lead a good life, TTTI looks forward to be a medium to guide such students and help them achieve a better career and a happy life.







“BUSINESS PARTNERS”







TKM encourages its Dealers to implement Environment Management System (EMS). A standard operating procedure is established at the eligible dealerships to visualise ISO14001 certification status, surveillance audit and certification expiry date. To sustain ISO14001 we have introduced DERAP (Dealer Environment Risk Audit Programme).

**ISO14001 STATUS**



**ENVIRONMENT MANAGEMENT SYSTEM [EMS] ISO14001 CERTIFICATION:**

TKM supports its dealers to maintain a very effective Environment Management System (EMS). ISO14001 certification recommended by TKM to its dealers, acts as a standard to structure the effectiveness of the EMS implementation at dealerships. It has helped in creating awareness about Environment conscious function at the dealerships. On completion of a year of establishment, a dealer is eligible for the certification.

TKM has a specific team to support dealers in terms of identifying the certification agency and consultants. It also assists in developing Dealers for certification in terms of systems and infrastructure by providing basic training. This team closely monitors the certification rate and with the help of Territory Managers informs dealers who are due to certification.



**ENVIRONMENT RISK ASSESSMENT PROGRAMME:**

DERAP was introduced in 2004 by TMC, represents a minimum requirement of environmental risk management for Service Workshops at Dealers. It consists of 5 fundamental aspects:

- » Presence of Environment promotion staff
- » Declaration of abidance to law
- » Proper Storage and Treatment of Hazardous Waste
- » Proper treatment of Waste Water
- » Recovery of HFC gas (AC gas)

These 5 fundamentals assist a dealer to achieve the ISO certification. This programme is an indication of TKM's positive influence on

dealers to meet Environment Standards. TKM has committed to achieve 95% certification rate of eligible Dealers. Every year TMC sets target for all the distributors. For TKM it is 90%. However, TKM team had taken a challenging target of 95% and the result is depicted in the following graph.

**DERAP STATUS**





### ESTABLISHMENT OF S.H.E MODEL DEALERS

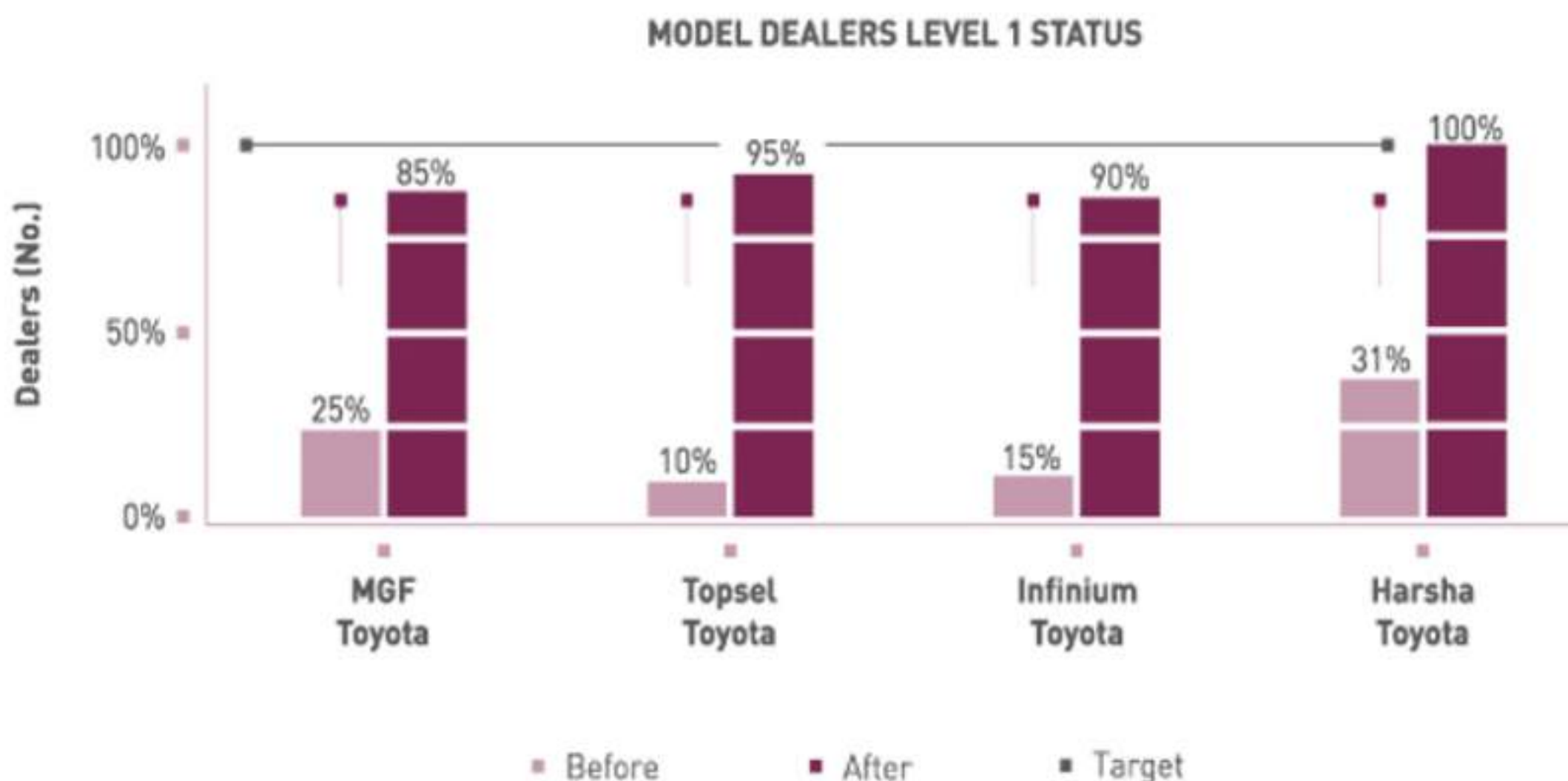
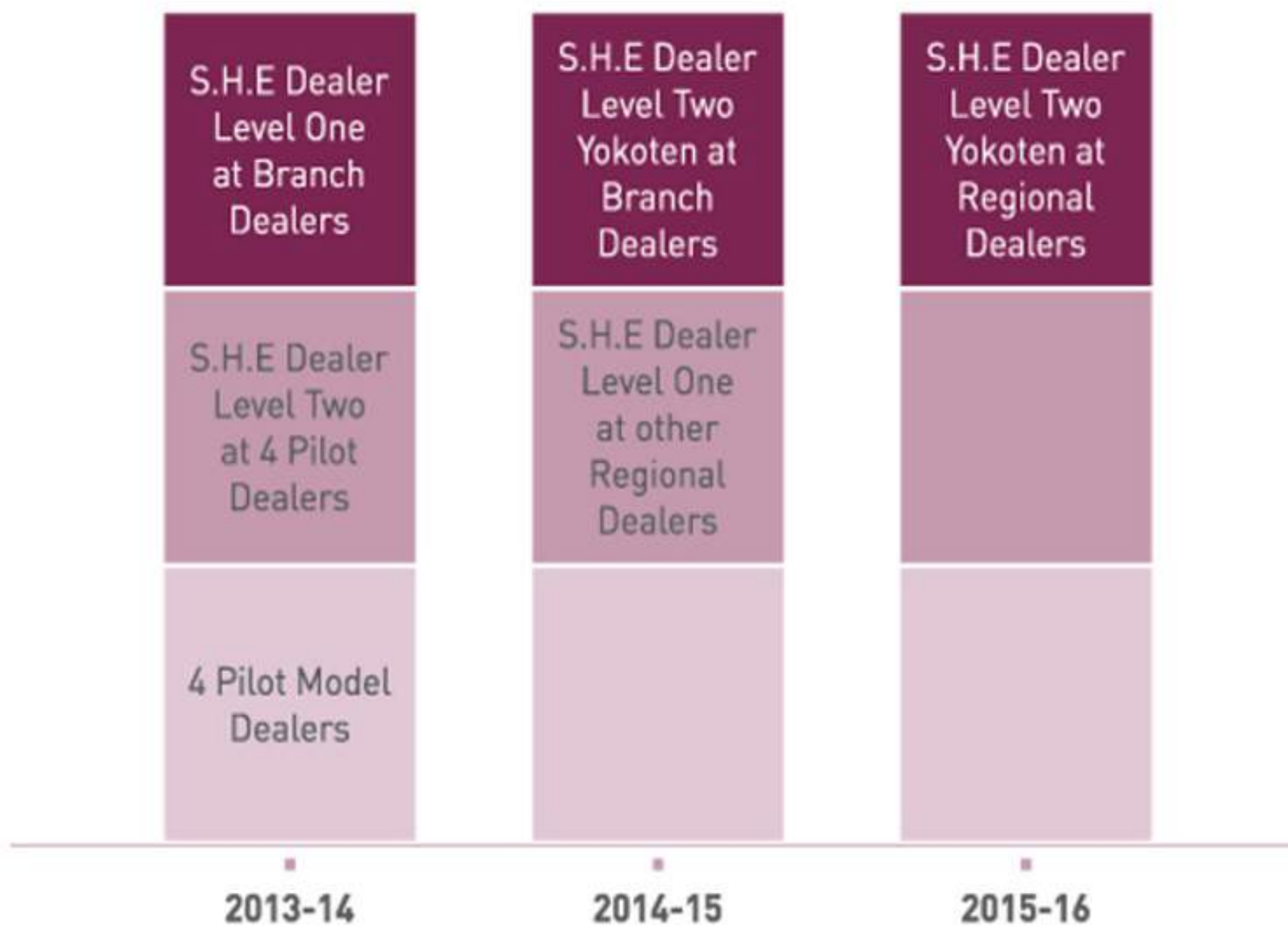
TKM has initiated S.H.E Model Dealer programme to promote and implement high Safety, Health and Environment (S.H.E) Standards at dealers. TKM has developed 4 Model Dealers in North, East, West and South regions.

We have achieved level 1 in 4 Model dealers and the same has been implemented in the rest of the Branch Dealers and is then to be communicated to regionally located dealers.

In TKM History, the first ever S.H.E Model Dealer Level 1 Workshop was conducted at all Region Model Dealers; South: Harsha Toyota, Hyderabad, East: Topsel Toyota, Kolkata, West: Infinium Toyota, Ahemdabad and North: MGF Toyota, Gurgaon. The main objective of the workshop was to

- » To certify Model Dealer
- » Share the Model Dealer concept to Branch Dealers
- » Educate them on the concept and build awareness and importance of S.H.E Model Dealer concept

As a result, we have achieved a safe and enjoyable work station and have also reached our target of ZERO accidents at dealerships.





# “ECO INITIATIVES AT DEALERSHIP”



## ECO WASH (WATERLESS WASH)

Waterless Wash was introduced for cleaning vehicle exteriors at Dealership without the use of water. This was developed in line with Toyota Global vision to lead the way in developing a future product that reduces Environmental Impact at TKM Dealership and it is a simple representation of our respect for the planet.

Waterless wash contains surfactants, lubricating, cleaning agents and polish-wax formula. Waterless wash cleans, polishes and renders glossy surface.

The product was hence developed with an objective to reduce water consumption and consequent impact on ecosystem.



Interior + Exterior + Mat wash



Consumption	Cost @ 80p/litre	Total
Per Vehicle	X '47	'47
Per Day	X 6,500 Repair Order	'305,500
Per Year	X 310 days	'94,705,000
Net Impact - Annual Cost of 94.70 mn.		
Cost saving of 0.5 Mn per dealership annually		

## EXPANSION OF “WATERBORNE PAINT TECHNOLOGY”

While there is no mandatory legislation of VOCs [Volatile Organic Compounds] emissions reduction, 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 technology at all its dealership with an objective of switching over from hazardous solvent paints to water borne paints. High emission of VOCs lead to Depletion of Ozone Layer, Acid Rain, Green House effect (Global Warming), Acute Disease (like Nausea, Dizziness, Asthma) and Chronic Diseases (like Cancer, Damage Liver/Nervous). Water borne paints are not just Environment friendly but also harmless for technicians. About 95% of our dealerships have adopted this technology and it has been appreciated by number of customers.

**TKM stands No. 1 among the Global Toyota affiliates in terms of VOC emission reduction.**



**REPLACEMENT OF NORMAL FLOOR FILTER TO PAPER KRAFT FILTER**

In Waterborne Paint - Since the Spray (Paint) mist evaporates slower than Solvent Borne Paint, the spray (Paint) settles on the Top most layer of floor filter and transform into Lumps. This Lump formation completely blocks the top layer of the filter causing -

Poor filtration, Reduce Filter Life, Pressure build up inside paint booth and Increase dust level.

Hence to evade these issues, dealers replaced normal Floor filters to Paper Kraft Filter.



Plantation drive at dealerships



Plantation drive at dealerships



Saplings handing over to customers

**WORLD ENVIRONMENT DAY CELEBRATION:**

Every year in the month of June, World Environment Day is celebrated to create eco awareness by involving dealer employees in environment initiatives.

**Activities at Dealership:**

- » Internal dealer staff communication through KYT meeting
- » Afforestation activities at dealerships or in their local community
- » Workplace Environment Kaizen competition
- » Maximum resource utilisation and conservation by adopting the 3R concept [Reduce, Reuse and Recycle]

**Activities to Customers:**

- » Free Pollution Check Camps
- » Give away a sapling with every new vehicle sold in the month of June-2013

As a result, 166 Dealers participated voluntarily. More than 500 saplings were planted across the country and around 600 vehicles were tested under Emission camps.

**SAFETY INITIATIVES**

National Road Safety Week is observed throughout Toyota Dealers under the guidance of SIAM. Road safety campaign was carried out across all Toyota dealers in the First week of January-2014.

The objective of the initiative is to improve behaviour of road users. It is aimed at renewing the commitment of employees, customers and general public to drive safely throughout the year. The campaign focused on education and awareness aspects on road safety targeting to TKM customers and likely beneficiaries were: road users, school children and public transport drivers.

Various activities were planned and suggested to dealers such as banner display on road safety,

distribution of pocket cards with road safety facts and guidelines. A road safety awareness movie was played at customer lounge and every dealership had to plan a small activity to enhance the knowledge of the customer and employees towards this issue.

We achieved 100% participation from dealers and it helped us reach out to 43,000 customers. We also involved respective state government officials and the initiative was highlighted in local newspapers.

The same was shared with Ministry of Road Transport and Highways and Transport Department of all states with an objective to motivate Dealers to voluntarily take up more of such activities.



### Customer Participation during National Road Safety Week 2014



#### INDIA DELIGHT COMMITTEE

TKM has been focussing on Customer Satisfaction since its establishment in India. With many of Toyota Dealers already providing superior level of service to their Customers, now TKM has geared up to go an extra mile for delighting its Customers.

India Delight Committee (IDC) is a new initiative designed with an objective of levelling up high performing Dealers to next level of Customer service & become a benchmark for next set of dealers & also sustain the performance.

The selection of IDC Dealers is based on Dealer Capability.

These Dealers will meet every quarter & discuss on moving towards Delight level of services.

##### IDC-1

- » Understanding "Delight"
- » Setting Direction i.e., theme creation

##### IDC-2

- » Pursuit of "Delight"
- » Dealer's Direction Alignment on theme
- » Delight Initiatives

##### IDC-3

- » Sustenance and Standardisation of "Themes"
- » Plan for Yokoten-Hub and Spoke

##### IDC-4

- » Concretely Establish Individual Dealer Theme
- » Sustenance and Standardisation of other "Themes"

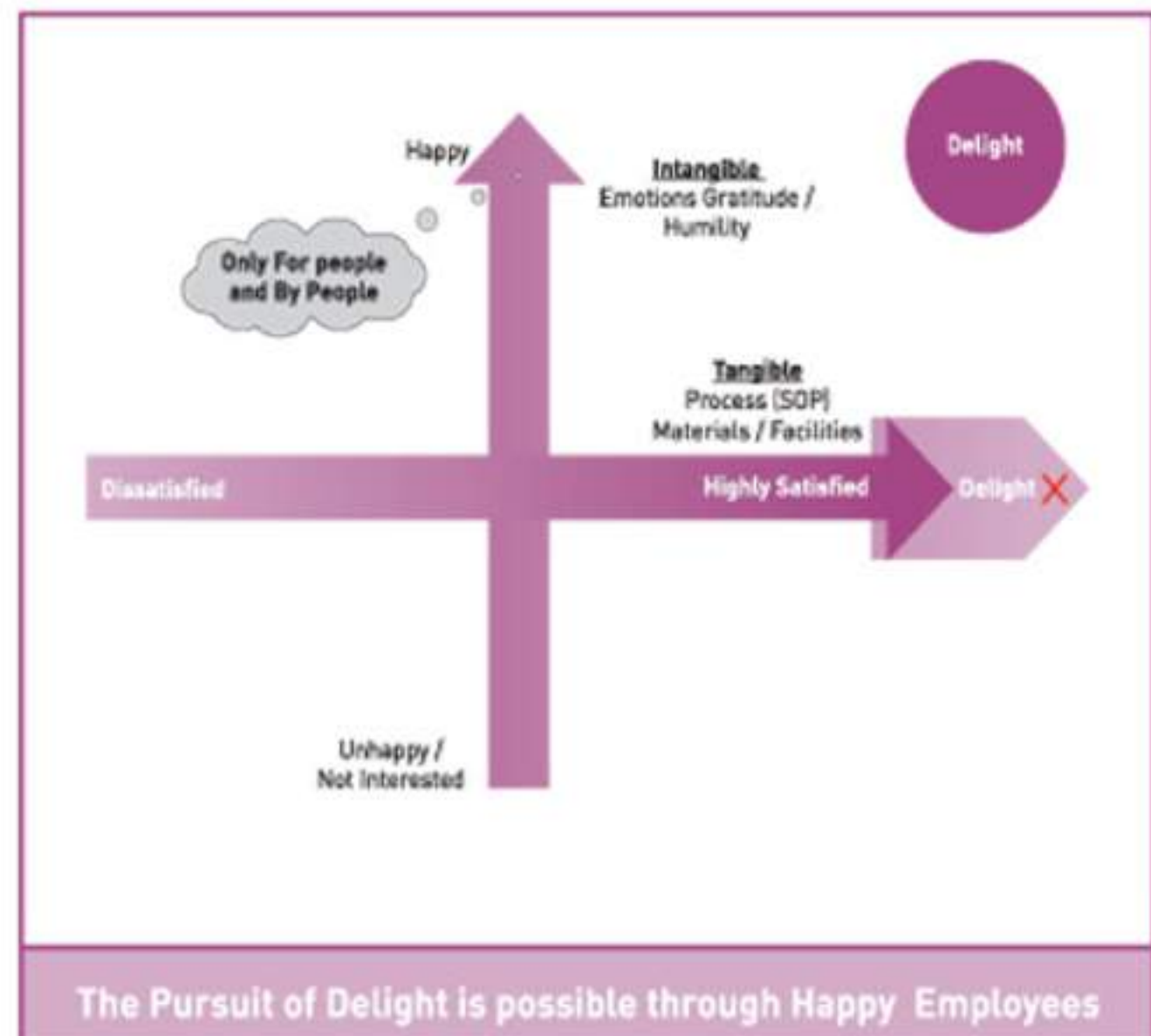
##### IDC-5

- » Thoroughly Establish all 3 themes across all dealers

##### IDC-6

- » Results and Reflections
- » Review IDC future

### WHAT IS DELIGHT?



In this regard, the 1st IDC for "Understanding Delight & Theme Creation" was successfully conducted at DSK Toyota, located at Pune, Maharashtra on 18th & 19th of Feb 2014.



## India Delight Committee



1<sup>st</sup> India Delight Committee at Pune, Maharashtra.



**DEALER COUNCIL SUBCOMMITTEE SERVICE MEETING**

Dealers are the face of TKM as they interact with customers on a regular basis. Though TKM has been working closely with the dealers, it was observed that there was a gap in understanding the dealer's expectation. As a result, whenever a policy was released by TKM it created a difficulty at dealerships to include the policy or guidelines in their operations.

Based on this, TKM created a common platform "Dealer Council Subcommittee Service Meetings" wherein the dealers and TKM management would discuss and have a common understanding on policy making and its implementation. This is a two-way communication forum to address dealer issues and to make them understand the importance of any policy or changes in the operation.



Dealer council subcommittee service meeting

**REGIONAL CUSTOMER SERVICE and CUSTOMER RELATIONS (CSCR) CONFERENCE**

A Customer Satisfaction Index (CSI) achieved defines the customer's satisfaction about a product. After evaluating the CSI results, TKM identifies the gap areas and develops comprehensive strategies. Hence a CSCR Conference was introduced to share these strategies with dealerships to enhance their operating systems and meet the customer's expectations. Earlier CSCR Conference used to happen at National Level, but with an increase in dealer partners and changing market dynamics, TKM shifted to Regional CSCR conference in 2013.

This Conference is held annually between November to December in all our prime dealership location i.e. Bangalore, Mumbai, Delhi and Kolkata.



Regional customer service and customer relations conference

**CAPACITY BUILDING AT TKM  
Dealer Centralized Training Centre [DCTC] :**

This is a basic training programme designed through which dealers will establish a Training centre at their main dealership and their respective branch dealers will obtain basic trainings at these centres.

This is inline with the HUB and SPOKE concept where the main dealership is the hub that conducts training to the spoke dealers (Branch dealers). Each group dealer identifies its HUB and enhances the quality of training at these centres.

This acts as an advantage for TKM as it has to monitor only the HUB dealerships to control the training mechanism.





### DIAGNOSIS MASTER SKILL EVALUATION

Diagnosis master technician is the highest certification programme. To certify the technician along with theoretical evaluation practical skill evaluation has also been introduced to gauge the practical skills of technicians.

Initially a technician would cross various levels of training by attending training sessions and after completing a final exam at the end of each session. These were based on theory than practical evaluation. Hence to scrutinise the technician's practical knowledge TKM developed a Practical Skill Test wherein the technicians are given problems to solve in TKM premises. Depending on their practical skills, they are awarded with the Master Certificate.

This evaluation was brought in to enhance the service quality at dealerships and make technicians understand customers need.

### ONLINE DEALER TRAINING MONITORING SYSTEM

In 2008, TKM introduced programme by name MDPP [Manpower Development Partnership Programme] through which dealer takes the responsibility to develop his manpower for basic training programmes. TKM supports to develop dealer instructor and also provides guidelines and study materials for dealer in house training. With increase in number of dealers, dealer training demands a stronger monitoring system. With an intention to enhance the monitoring system, TKM developed an online portal where:

- » Portal supports dealer to manage multi outlet training programme
- » Keeps track of manpower training and its evaluation
- » Clearly define the hub and spoke facility and enhance the training monitoring system



### ESTABLISHMENT OF TRAINING CENTRE AT EAST ZONE DEALERS:

Previously for every training session, East Zone candidates had to travel to North training facility which would take about 7 days that would affect dealer operations in their respective east outlets and in turn lead customer dissatisfaction.

Hence, to avoid the loss of manpower during these days a Training facility is established in the East zone to quickly develop east zone dealer manpower and meet the customer expectations.

### TOYOTA - TECHNICAL EDUCATION PROGRAMME (T-TEP)

Focused on benefiting the society and being a good corporate citizen, TKM undertakes a variety of social contribution activities. Some of them encompass Science and Technology promotion, Road safety campaigns, Environment conservation and local community development activities. Toyota Technical Education Programme is one such initiative.

T-TEP (Toyota-Technical Education Programme) is a CSR activity, jointly done by Toyota Motor Corporation and Toyota Kirloskar Motor: TMC supports TKM in providing training simulators and cut sections and Toyota Kirloskar Motor along with Toyota Dealer Partners at selected Industrial Training Institutes across India.

The objective of the programme is to provide training on automotive service and create stable employment opportunities to students who have aspirations in the automotive service industry.

Totally 3700 students have been trained nationwide since 2006. (there are 21 General, 12 Body and Paint and 3 SA Institutes functioning across India). More than 1800 students have been provided employment opportunities at Toyota Dealer Partners till date.

TKM organises Career Day in each of the institutes every year to provide employment opportunities at Toyota Dealer Partners.

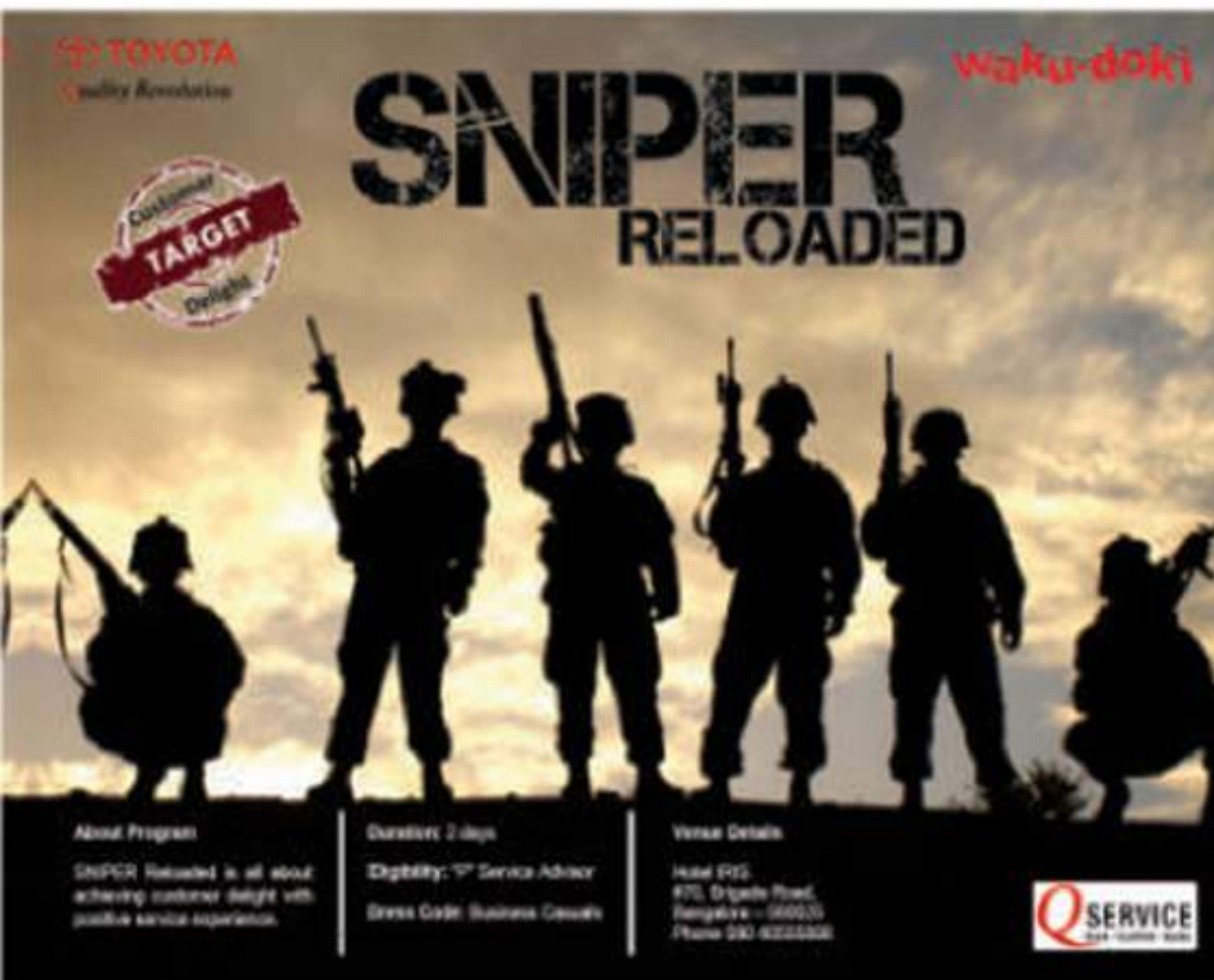
T-TEP TRAINING STATUS





**SNIPER RELOADED:**

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.

**MRS TRAINING MODULE – MAINTENANCE REMINDER SYSTEM**

MRS is an activity done to remind customer about the next service the vehicle is due for. The due date is estimated based on the running frequency/pattern of the vehicle observed in the past (Odometer reading captured during last services).

MRS is Integral part of Toyota Service Operation. It is expanded to all the dealers across India along with e-CRB Implementation. Customers due for service are identified with the help of e-CRB system few days before the service due date (say 15 days). MRS team uses this data and reminds the customer on their service through SMS or Direct mailer and telephone call. As a result of this process MRS teams create appointment for vehicle service as per customer convenience.

This process of reminding customer and fixing appointment for service in advance helps the dealer to confirm the additional repair requirement from customer and prepare the necessary parts before the customer arrives at dealership for service. This will in turn reduce the service lead-time and leads to customer satisfaction.

**BODY AND PAINT REPAIR v/s REPLACEMENT STANDARDISATION:**

In Body and Paint Service, key Customer expectations are:

1. Short Lead Time
2. Good Repair Quality
3. Reasonable Cost

Negotiation between Customer, Dealer and Insurance company is the main challenge which impacts all the above three factors. To avoid negotiation between Dealer and Panel Insurance companies, TKM has implemented standard B and P Repair Charges. This has helped in reduction of overall Repair Lead time for Customer vehicles.

As a next level to enhance "Customer Trust", keeping Customer Safety and Repair Quality in mind, TKM has released standard guidelines to decide on Repair or Replacement based on damage extent. This has helped Dealers and Insurance companies to have common understanding thereby eliminating negotiation which reduces the overall Lead time and enhances Customer Satisfaction.

**FIX-IT-RIGHT GEMBA SUPPORT TO DEALERS:**

Fix-It-Right is the backbone of Dealer Service Operation. Fix-It-Right is a process of ensuring all the customer's request are fixed "Right at First time". The main responsibility of Fix-It-Right team is to analyse the customer voice and find the gaps in Dealership service operation in order to develop suitable countermeasures to achieve our ultimate goal of CSI No 1.

In 2013, we changed our approach of Fix-It-Right implementation through Gemba Support to dealers to identify the gaps in their service operation and support them in taking action plan.

We also supported them in developing customised countermeasure for dealer specific struggle points. Apart from this we also established a clear daily monitoring visualisation at each Quality Gates and strengthened the review mechanism structure for close communication.



# SUPPLIERS



TKM has continuously strived to work with its stakeholders to contribute to the sustainable development of the society and the earth by providing high quality and innovative products and services. Our suppliers play a crucial role in production of the faultless vehicle.

To build a reliable vehicle, the parts that go into making it have to be reliable and it is with this understanding that we deeply involve ourselves with the suppliers production process. TKM expects business partners to ensure long term, stable and sustainable procurement of the best products at competitive price in most speedy and timely manner, complying with all applicable laws, regulations and social norms in consideration of the environment.

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

TKM maintains a healthy partnership with suppliers through two important modes, Toyota Kirloskar Suppliers Association (TKSA) and Supplier Support Centre.

In line with TMC's guiding principles and management philosophy, TKM has adopted its policies, values and code of conduct for the entire supply chain covering the suppliers, dealers, contractors and vendors.

The basic policies of Toyota purchasing focus primarily on

- » Fair competition based on an open-door policy
- » Mutual benefit based on mutual trust

- » Contributing to local economic vitality through localization: good corporate citizenship

Considering the increase in global expectations for enhancement of CSR activities, especially in the area of human rights and labour issues in the supply chain, Toyota has specifically issued "Supplier CSR guideline" with a focus towards:

- » Respect for our Employees and Monozukuri based on Genchi-Genbutsu
- » Safety, Quality, Productivity, Cost and Human Development
- » Legal Compliance, Human Rights/Labour, Local/Global Community

TKM has formalized its own detailed General Purchase Agreement (GPA) which is a summarized version of all Toyota's policies.

The basic principles of GPA are

- » Achieving "Customer Satisfaction" as a primary objective
- » Adopt TPS and JIT
- » Long standing business relationship based on the spirit of mutual trust
- » Comply with safety and environmental standards (Legal and TKM) and shall contribute to the sustainable development of society and promoting faithful and sound business activities

## GREEN PURCHASING GUIDELINES

TKM has developed "Green Purchasing Guideline" which explicitly describes the requirements and methodologies that expects the suppliers to adhere to as a part of Toyota's global commitment towards greening the supply chain. The major focus points include:

- » Acquisition or renewal of ISO14001 certification  
ISO certification has been expanded from OE parts suppliers to Raw material suppliers
- » Management of Product and Material delivered to Toyota (SoC and Banned Substances)  
Number of SoC's have been increased from 4 SoC's to 10 and are Lead (Pb), Cadmium (Cd), Mercury (Hg), Chromium VI (Cr 6+), Poly Brominated Biphenyl (PBB), Poly Brominated Diphenyl Ether (PBDE), Deca - Brominated Diphenyl Ether (D-BDE), Hexabromo Cyclododecane (HBCD), Perflourinated Sulfonic Acids (PFOS) and Asbestos
- » Environmental initiatives related to supplier business activities
- » Reduction of CO<sub>2</sub> emission and packaging material in logistics



100% suppliers certified to ISO14001  
 All the 104 eligible suppliers are ISO certified  
 100% compliance with the banned substance management  
 From January 2014 all the parts procured are SoC free  
 100% compliance to legal requirements  
 118 MT of packaging materials were reduced by doing innovative design changes in packaging material

**ALL THE PARTS  
 USED IN NEW  
 COROLLA  
 ARE SOC FREE**



**GREEN PURCHASE GUIDELINE TRAINING**

After the launch of New GPG, training on new guidelines was conducted. The training was held to create awareness among suppliers and make them understand the importance of these guidelines so that they would comply with the requirement.

As a part of Kaizen promotion in environmental activities, a Kaizen showcase among all suppliers was conducted to share the best practices and for further improvement.

GPG training for suppliers at TKM



Gemba during GPG training





**QUALITY CIRCLE COMPETITION:**

QCC is a best platform to extract quality from the grass root level, where Employees are motivated towards identifying the problematic areas, involved in problem solving and ease the work and results in improving the efficiency of the supplier companies. Suppliers association facilitates Gemba, Regional and Final QCC. Suppliers Association's QCC 2013 was successfully completed with 92% participation. Future plan is to achieve 100 % participation in QCC.



QCC final winners of FY13

**BENCHMARKING VISIT TO OVERSEAS SUPPLIER COMPANIES:**

TKSA organised bench marking visit for supplier representatives to the TMAP, Toyota Co-operation club and other Thailand Suppliers during June 2013.

Key learnings from the visit are Safety culture promotion, Built in Quality through system standardisation, Low cost automation, Productivity and Delivery control and TPS stimulations to impart better employee training.

Suppliers were delighted with the learning opportunity provided to them and future plan is to organise many such visits based on suppliers requirement.



Benchmarking visit to overseas supplier companies

# TOYOTA KIRLOSKAR SUPPLIER ASSOCIATION

The Suppliers Association consisting parts and components suppliers of TKM and TKAP was established in 2002 with an objective of "Progress through Sharing". Suppliers Association plays a Key role in aligning supplier's activities in meeting TKM's targets on Safety, Quality, Cost, Delivery and project preparation and also to create a strong supply base which will lead to Global competitiveness. Suppliers association has taken many initiatives towards mutual development.

**KNOWLEDGE SEMINAR**

The FY 2013 was the toughest journey for TKM due to the downfall in the auto industry. Suppliers were also affected due to fluctuations in the production pattern.

Hence to overcome this we adopted strategies to cut down the cost and improve the efficiency. In line with this TKM organised a seminar to showcase best practices to suppliers and share knowledge on TKM's Simple and Sustainable measures.

Key issues discussed in the seminar:

- » Reduce fixed cost and minimise the loss
- » Improve vehicle profitability by enhancing minotake
- » Kaizen re-formation to achieve profitability through employ motivation
- » Achieve 98% line efficiency by practicing standard work



» Challenge the Gentan-I (Direct material and Manpower)

Suppliers are very happy with the learning opportunity provided by TKM. The concepts were well received by suppliers to further work on enhancing the profitability at their end. Future plan is to organise many such visits based on suppliers requirement.



TKM's best practices sharing with suppliers

**SHARING BEST PRACTICES**

Region wise supplier companies with special achievements were identified and visit was organised for supplier representatives to learn and imbibe best practices in their respective operations.

Best practices showcased in the visit:

- » Tools maintenance system and pattern production system from MATE
- » Good practices in Daily work management from PPAP
- » TPS implementation from Gabriel
- » Best practices of quality and productivity from Wheels India
- » Associate Training, Change point Management from MSSL

Learnings were well appreciated by supplier members. Our plan is to continue with the programme by showcasing other suppliers best practices in the coming years.

**DEALER VISIT**

Dealer visit was organised for suppliers to make them understand how dealer operates and handles customers. This will help suppliers to understand the customer view points and support TKM in achieving customer satisfaction.

Learnings from the visit:

- » Excellent Visualisation of Service flow
- » Timely response in vehicle delivery system
- » Express Maintenance System

Suppliers were happy to receive the voice of customers through dealers.



Learning at Gemba during dealership visit



Best practices sharing at model suppliers



Best practices sharing at model suppliers

**SOCIAL CONTRIBUTION INITIATIVES BY TKSA:**

TKM continuously encourages its business partners to take up social contribution initiatives with an intention to empower the local community. Various social activities are conducted at regular intervals under TKSA. The efforts of TKSA also helped in motivating all the supplier partners to work towards community development.

**1. Education kits distribution**

Educational kits (Bags, Notebooks, Socks and Shoes) were distributed for under privileged students of 3 Government schools around Bidadi during June 2013.



## 2. Tree Plantation

Avenue plantation was organised by TKSA involving TKM Top Management and Supplier Top Management near Motherson Sumi Systems, Bidadi. 50 saplings were planted during the event.

## 3. Sponsorship for Education

TKSA also sponsored the Education expenses for 5 Orphan girls residing at Sumangali Seva Ashrama. Rs. 12,000/- per student was sponsored per orphan girl towards their education expenses.

## SUPPLIER SUPPORT CENTRE (SSC)

The Supplier Support Centre was set-up in month of January 2013 by TKM to strengthen overall shop capability and production management of its suppliers thereby contributing to Indian Industry and achieve Jiritsuka (Self reliance) in the future.

Ultimate aim of forming SSC is to level up TKM supplier's in line with Toyota global standards.

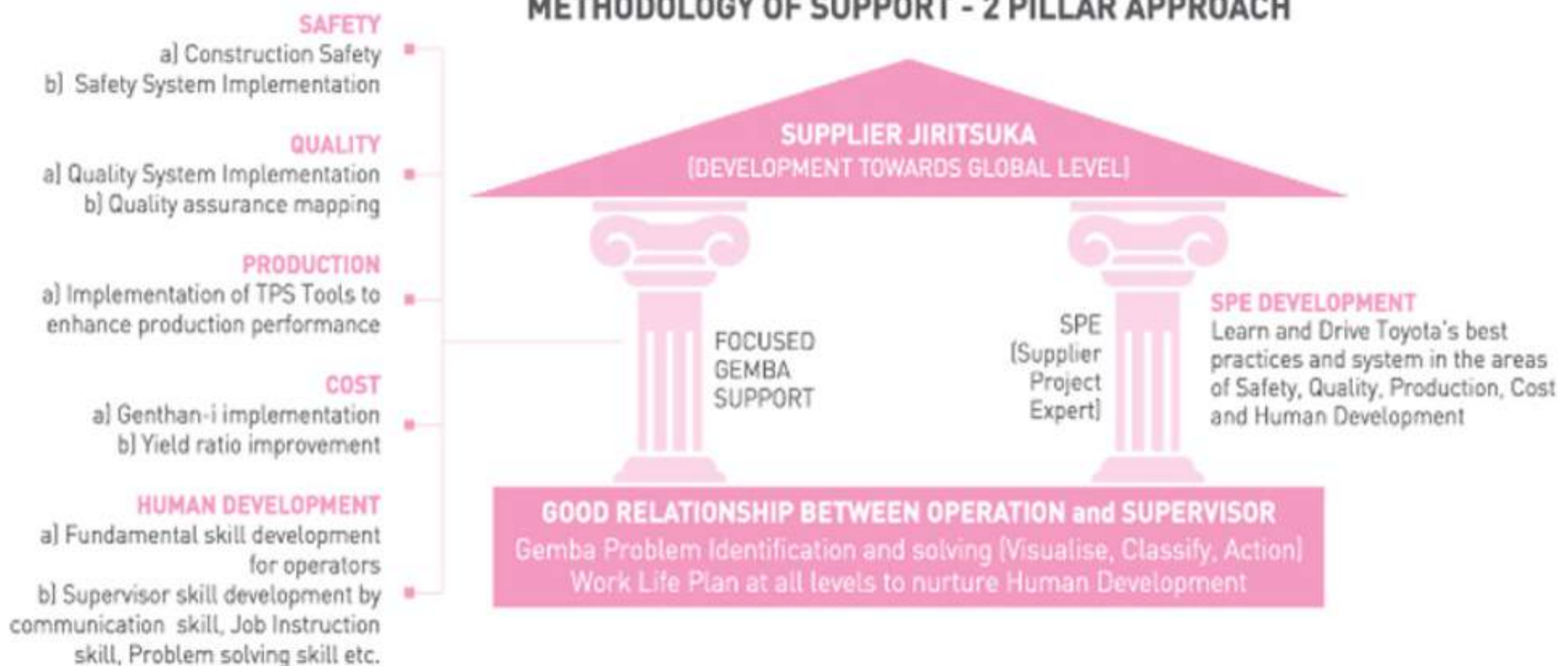
Objective of SSC is to support suppliers in the areas such as:

Safety	Inculcate "Safety First" approach through Human Development to ensure accident free operations
Quality	Ensure "Built in Quality culture" in manufacturing and Supply of 100% Quality Products
Productivity	Achieve right quantity at right time with right Quality
Cost	Produce cost competitive products
Human Development	Develop strong shop floor leaders for Gemba ability improvement and effective use of members skill



Plantation drive by TKSA

## METHODOLOGY OF SUPPORT - 2 PILLAR APPROACH



Focused Gemba support (working closely with supplier members at supplier's facility and improving shop floor condition, through human development) and SPE (Supplier Project Expert) one year training programme conducted at Toyota, where supplier member learns, practice and drive improvement at his company.



**ACTIVITIES DRIVEN UNDER PILLAR-1:  
FOCUSED GEMBA SUPPORT**

Focused Gemba Support was set as a first pillar to support the suppliers to be in line with Toyota global standards, by working together with the supplier partners at supplier's facility and improving the shop floor condition.

TKM experts worked together with suppliers at their manufacturing site to identify problematic areas and the solutions are found with the combined efforts. Focused activities were carried out at 13 Suppliers to improve overall performance in the areas of Safety, Quality, Productivity, Cost and Human development.

**SAFETY AND ENVIRONMENT:**

Our expert team worked with suppliers by promoting safety activities to bring-in a culture of "Member safety as priority". Creating awareness on construction safety requirements by involving supplier representatives in daily audit for weak area grasping and Yokoten of TKM's safety best practices are the focused activities.

We trained and certified 15 Anzen leaders utilising AP-Team Toyota Safety Committee. These leaders participated in TMAP-EM's safety training programmes, Construction safety Genchi observation and also in implementing activities in home companies during the process of development.



Daily audit involving all stakeholders for weak area grasping

The consistent efforts of TKM experts resulted in achieving 'Zero fatal accident at Suppliers'.

**QUALITY :**

The SSC quality team worked closely with supplier partners to inculcate Toyota quality culture, "Production ownership to quality" through human development. Quality awareness was enhanced by developing operator's quality mind in manufacturing, middle management involvement and support for Quality management system establishment and its sustenance at supplier's facility.

Concept of JIDOKA Built-in quality was strongly driven across suppliers to ensure that no defect passes on to next process.



Supplier safety training at TKM



Review of quality management systems



Review of quality management systems



### PRODUCTIVITY

The SSC production experts worked towards enhancement of supplier's middle management capability in normal/abnormal condition management to build a strong shop floor management.

The team worked with supplier to implement basic TPS tools line, Parts and Information flow chart, Performance analysis board, 4-S etc. to have better visual control management at supplier's facility. Also, implementation of standardised work at supplier and pull production system enhanced the production capacity, reduction of inventory stock and ensured that products are manufactured as per next process (customer) requirements only.



Implementation of effective production systems



Implementation of effective production systems

### COST

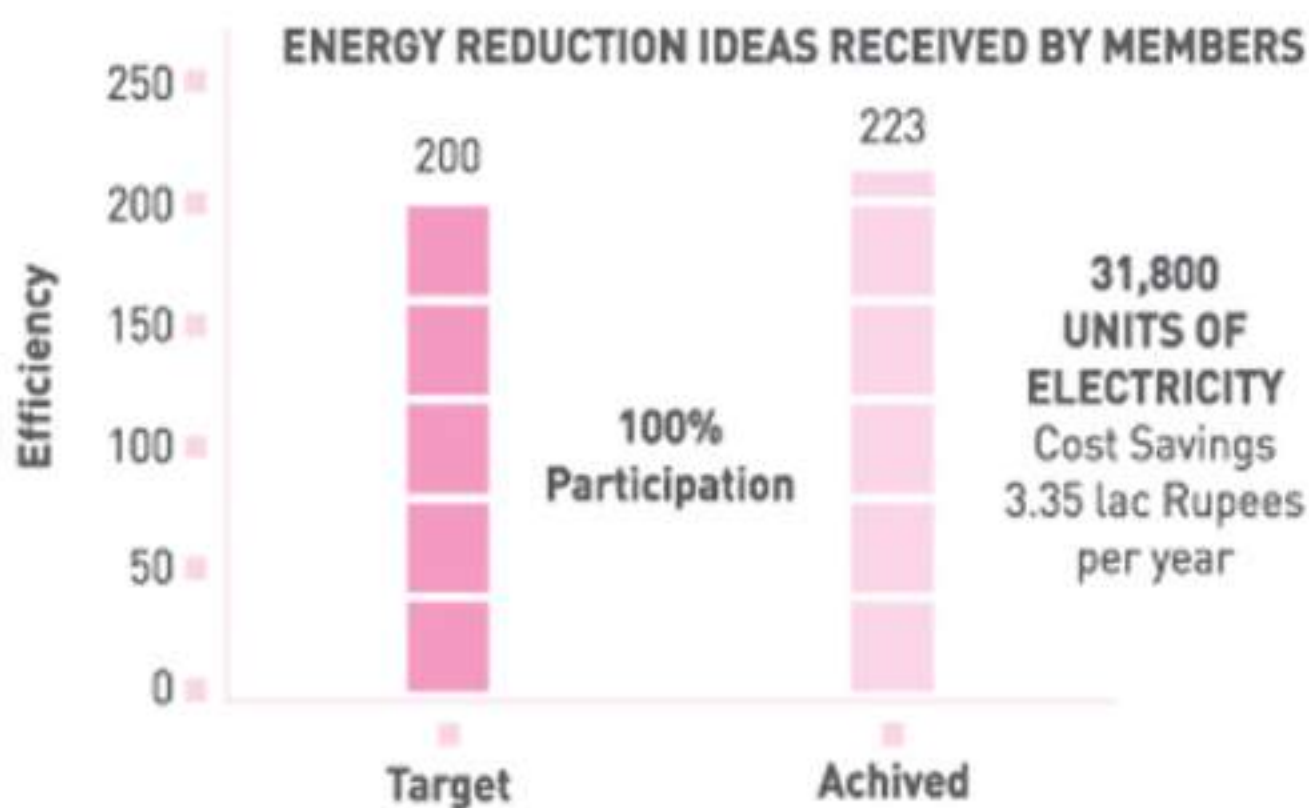
Activity was taken up by SSC experts with an objective to establish cost management system at one supplier and develop a model plant among Indian supplier partners.

Developing cost competitive shop floor management is the main focus of this activity. Cost awareness through human development of supplier's shop members was taken up as first step to bridge the gap in the cost monitoring.

Later, basic cost management system (Gentan-I) was established at shop floor for easy grasping of actual material consumption and control the consumption within Gentan-I targets. Also, theme based activities were carried out to achieve cost reduction.



Cost reduction activity review



Cost reduction activity review



**HUMAN DEVELOPMENT**

Training on fundamental skills for operators is undertaken for developing strong shop floor leaders on gemba ability improvement. Fundamental skill training facility was setup to enhance accuracy of elemental work at supplier in the areas of

- >> Wire harness soldering
- >> Bolt tightening and riveting
- >> Greasing



Fundamental skill facility setup at supplier



Fundamental skill facility setup at supplier

**ACTIVITIES DRIVEN UNDER PILLAR-2: SUPPLIER PROJECT EXPERT**

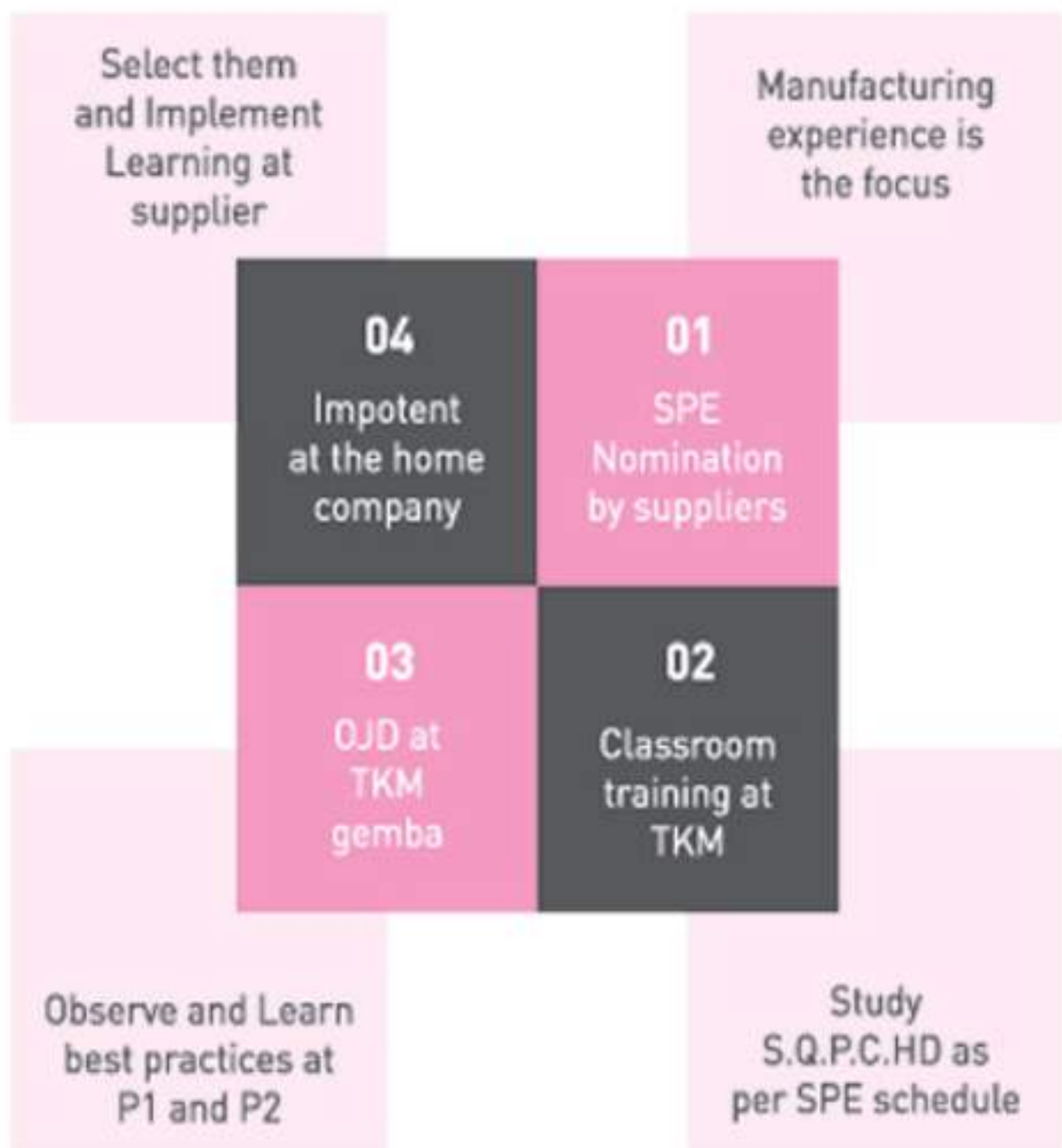
The development programme is designed based on Learn (at TKM), Perform (identify and implement kaizens) and Drive concept (develop systems at his own company and also to drive other suppliers).

The objective of the SPE program is to train atleast one person from each supplier company in line with SSC's objectives of Safety, Quality, Production, Cost and Human Development for about a year. Facility is provided at TKM for supplier members to understand the necessary skill and knowledge for managing production at the shop floor. Post training, SPE shall implement basic systems and sustain performance as a Kaizen Leader at their respective facilities.

**THINKING WAY**



**METHODOLOGY OF SPE TRAINING**



Class room training



Gemba training

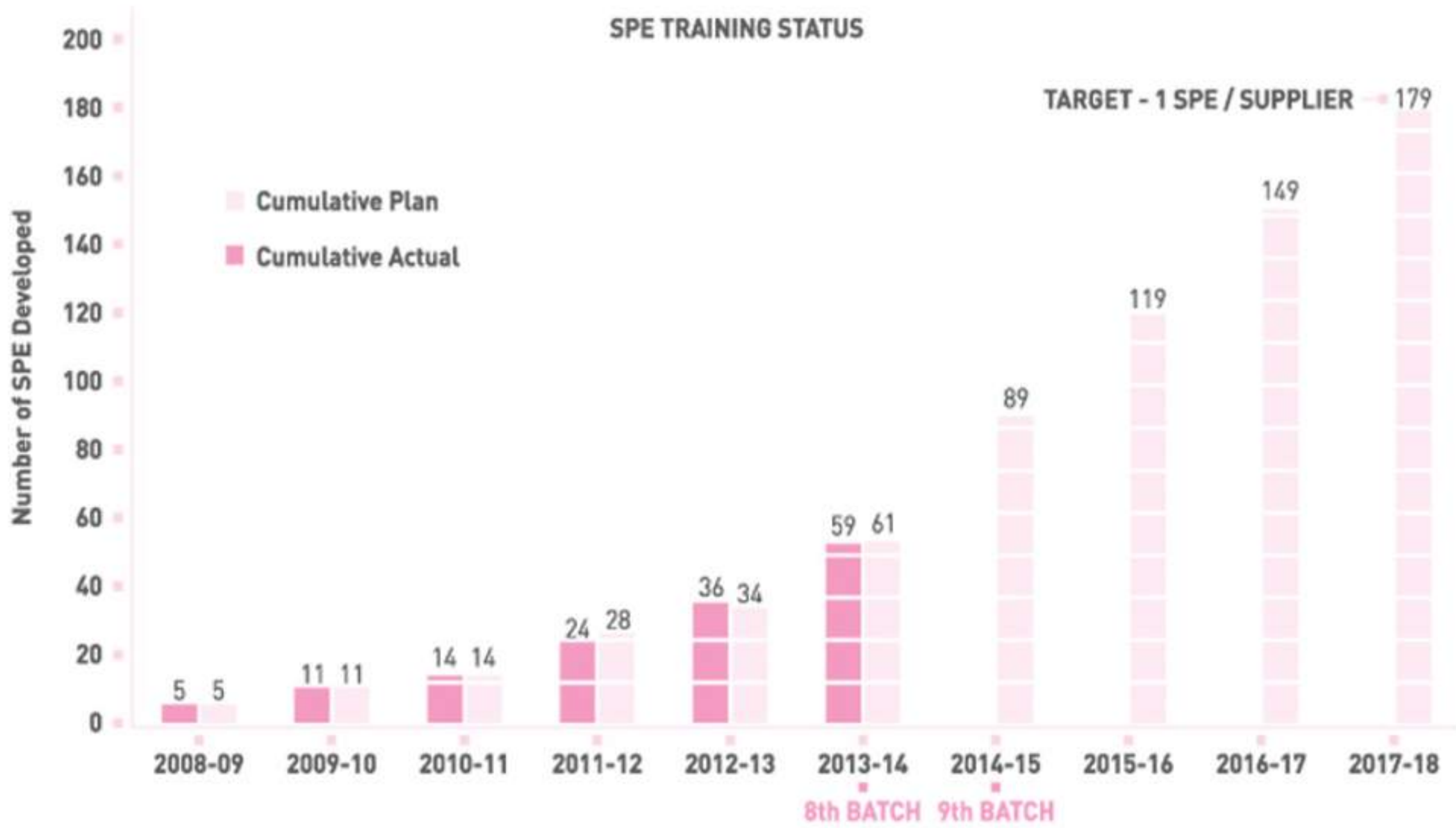


Interaction with MD San



SPE Activity review





Customized training at class room

#### CUSTOMIZED CLASS ROOM TRAINING

Team SSC also conducts various short-term classroom training programmes to share the knowledge on Toyota global best practices called "Customized training". The training is imparted in the areas of Safety, Quality, Productivity, Cost and Human Development as part of knowledge sharing programme.



Customized training at class room



# MARKETING & BRAND PROMOTION



## QUALITY DURABILITY RELIABILITY

Toyota's corporate tagline was "Moving forward" till 2008. This was representative of Toyota's first phase of journey in India.

After establishing Toyota brand in India it was felt that Toyota's key strength of quality had to be communicated strongly to the customers. The launch of 10th generation Corolla Altis was the perfect platform for rebranding of Toyota corporate brand as well. Therefore, with the launch of Corolla Altis FMC in Sept 2008, TKM adopted the new corporate logo Toyota - Quality Revolution (in short TQR).

## OBJECTIVE OF CHANGING TO 'QUALITY REVOLUTION'

- » Focus on Toyota's passion and commitment to Quality in India – create a differentiating USP for the brand
- » Emphasise Toyota's promise to give the customer a "quality product" for a "quality life"

To elucidate the Quality aspect of our Products and services, concepts such as Q World, Q Class, Q Service, and Q Promise wherein "Q" stands for Quality were executed. Every concept highlighted the prime objective of Toyota - to provide quality products/services to achieve customer delight. Various 'Q' facets of the brand were used to build a strong launch base for Brands Etios and Liva.

With time it was observed that, it was imperative to communicate that Quality revolution is made of "Quality, Durability and Reliability" which forms the DNA of our products/services. Hence, to

communicate the core aspects of "Quality Revolution" – QDR was introduced as a unit along with the existing logo. In addition to this, it also acted as a differentiator from the competition.

## THE MAIN OBJECTIVE OF INTRODUCING QDR

- » Communicate the core values of Toyota as a brand
- » Enhance customer's knowledge on the factors on which all Toyota's products and services are built

QDR was announced to key internal stakeholders during the Annual Dealer Meet on 15th Jan 2014. It was announced to the external audience during Delhi Auto Expo in Feb 2014. All advertisements featuring Toyota Products now carry the combined logo unit of Built on QDR to highlight that each individual product delivers Quality, Durability and Reliability.





# ECONOMIC PERFORMANCE



## THROUGH ECONOMIC SUSTAINABILITY

Toyota has continuously contributed to the sustainable economic development of society through the manufacture and provision of innovative and quality products and services that lead the times. Cars are useful because they afford us freedom of movement. On the other hand, they impact society and the environment in various ways. Always bearing this in mind, we listen carefully to our customers and neighbors in local communities to pursue our business successfully, seeking harmony with people, society, and the global environment, as well as the sustainable development of society through monozukuri (Manufacturing).

Economic Sustainability is a key driver for growth of an organisation. The automotive industry has been experiencing a roller coaster ride 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.

Toyota Kirloskar Motor and all the related stakeholders including the Toyota Suppliers and Dealers network make a significant contribution to the regional economies and communities, in which they operate, including direct and indirect employment, supporting local suppliers and community organisations, capital investment and payment of taxes leading to revenue of local authorities, skilled manpower development and enhancing technical expertise of local vendors.

Economic value Generated, Distributed and Retained (in INR Crore)	2013-14	2012-13	2011-12
Revenue (through core business segments)	13,215.77	14,881.73	11,452.21
Other Income (through other sources)	171.75	98.21	137.04
<b>Total</b>	<b>13,387.52</b>	<b>14,979.94</b>	<b>11,589.25</b>
Operating cost	12,772.23	14,320.06	11,120.05
Personnel expenses (wages+benefits)	743.27	590.41	458.77
Interest Charges	58.05	26.02	8.96
Community development/CSR investments	49.70	51.20	69.26



**FINANCIAL IMPLICATIONS DUE TO CLIMATE CHANGE**

One of the greatest threats 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. Economic risks to the business operations that affect profitability include continuous spikes in raw material prices, rising oil prices and volatility of foreign exchange, political stability etc.

Reducing energy consumption, dependency on fossil 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 improvement of vehicle efficiency, water conservation etc.

**COVERAGE OF THE ORGANISATION'S DEFINED BENEFIT PLAN OBLIGATIONS**

Contribution to Benefit Plan (In crore)	2013-14	2012-13	2011-12
Contributions to Provident and Other Funds	14.19	20.14	22.00
Staff Welfare Expenses	83.63	85.19	64.97
<b>Total</b>	<b>97.82</b>	<b>105.33</b>	<b>86.97</b>

**Statutory benefits like provident fund, gratuity is provided.**

**TKM adheres to minimum wages regulations applicable by the Government of India.**

**SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT**

Financial assistance received	2013-14	2012-13	2011-12
IT exemption	None	None	None
Land provided at subsidised rate	None	None	None
Incentives - Sales Tax deferral *	409.56	491.23	399.62
Custom, excise duties waived	0	335.88	220.66
Others			
<b>Total</b>	<b>409.56</b>	<b>827.11</b>	<b>620.28</b>

**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**

Financial assistance received (INR in Mn)	2013-14	2012-13	2011-12
Education	29.95	55.23	53.19
Environment	0.58	0.66	0.46
Road Safety	5.63	5.92	12.41
Art and Culture	0.00	0.00	0.00
Health and Human Services	2.59	2.83	1.95
Civic and community	5.38	3.60	0.98
others	1.40	3.59	0.00
Need based donations	0.32	0.46	0.27
Miscellaneous	0.27		
Emergency relief fund	3.45	0.00	0.00
	<b>49.57</b>	<b>72.32</b>	<b>69.26</b>

**SIGNIFICANT INDIRECT ECONOMIC IMPACTS**

TKM has played a vital role in creating a large local employment opportunity (State of Karnataka). 100% of our ITI employees are local. Thus, TKM has provided a direct local employment opportunity to the lower strata of the society and bring about an upliftment in their living standards.



# GLOSSARY

TERM	DEFINITION
<b>Anzen Leader</b>	Safety Leader
<b>BCM</b>	Business Communication Meeting
<b>EMR</b>	Environment Management Representative
<b>Gemba</b>	Japanese term for identification of problems and finding a solution to it at site
<b>Genchi Genbutsu</b>	Japanese term for going to the source to make correct decisions
<b>GPG</b>	Green Purchasing Guidelines
<b>Jidoka</b>	Built in Quality
<b>JIT</b>	Just in Time
<b>Jiritsuka</b>	Japanese term for Self Reliance
<b>Kaizen</b>	Japanese term for Continuous Improvement
<b>KIADB</b>	Karnataka Industrial Area Development Board
<b>Kiken Yochi</b>	Danger Prediction
<b>KPI</b>	Key Performance Indicator
<b>KSPCB</b>	Karnataka State Pollution Control Board
<b>MBR</b>	Membrane Bio-Reactor
<b>Mozukuri</b>	Japanese term for Manufacturing
<b>Muda</b>	Un-necessary movement
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OSS</b>	On site Suppliers
<b>RO</b>	Reverse Osmosis
<b>SOC</b>	Substance's of Concern
<b>SSC</b>	Supplier Support Centre
<b>TKSA</b>	Toyota Kirloskar Supplier Association
<b>TMAP</b>	Toyota Motor Asia Pacific
<b>TMC</b>	Toyota Motor Corporation
<b>VOC</b>	Volatile Organic Compound
<b>UNEP</b>	United Nations Environment Programme
<b>Yokoten</b>	Best practices sharing



**G3.1 CONTENT INDEX**  
APPLICATION LEVEL: A  
**STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES**

PROFILE DISCLOSURE	DISCLOSURE	REPORTED	PAGE NO
<b>1. STRATEGY AND ANALYSIS</b>			
1.1	Statement from the most senior decision-maker of the organisation	Fully	5-6
1.2	Description of key impacts, risks, and opportunities.	Fully	24
<b>2. ORGANISATIONAL PROFILE</b>			
2.1	Name of the organisation.	Fully	12
2.2	Primary brands, products, and/or services.	Fully	12-13
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	12, 18-20
2.4	Location of organisation's headquarters.	Fully	15
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	12,20
2.6	Nature of ownership and legal form.	Fully	12
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	12, 21
2.8	Scale of the reporting organisation.	Fully	12
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	14
2.10	Awards received in the reporting period.	Fully	25
<b>3. REPORT PARAMETERS</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	7
3.2	Date of most recent previous report (if any).	Fully	7
3.3	Reporting cycle (annual, biennial, etc.)	Fully	7
3.4	Contact point for questions regarding the report or its contents.	Fully	7
3.5	Process for defining report content.	Fully	22-24
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	7
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	7
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 organisations.	Fully	7
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	24
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	7



3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	7
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Index Page
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	22
<b>4. Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	16-18
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	18
4.3	For organisations 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 members.	Fully	18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	18
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Fully	12,20
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	16
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	18
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	8-11
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	12,20
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	23-24
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Fully	24
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	GRI Index Page
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	21
4.14	List of stakeholder groups engaged by the organisation.	Fully	23
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	23
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	23
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	23



**STANDARD DISCLOSURES PART II:  
DISCLOSURES ON MANAGEMENT APPROACH (DMAS)**

<b>DISCLOSURE ON MANAGEMENT APPROACH EC</b>			
Aspects	Economic performance	Fully	88-89
	Market presence	Fully	
	Indirect economic impacts	Fully	
<b>DISCLOSURE ON MANAGEMENT APPROACH EN</b>			
Aspects	Materials	Fully	26-45
	Energy	Fully	
	Water	Fully	
	Biodiversity	Fully	
	Emissions, effluents and waste	Fully	
	Products and services	Fully	
	Compliance	Fully	
	Transport	Fully	
	Overall	Fully	
<b>DISCLOSURE ON MANAGEMENT APPROACH LA</b>			
Aspects	Employment	Fully	49-62
	Labor/management relations	Fully	
	Occupational health and safety	Fully	
	Training and education	Fully	
	Diversity and equal opportunity	Fully	
	Equal remuneration for women and men	Fully	
<b>DISCLOSURE ON MANAGEMENT APPROACH HR</b>			
Aspects	Investment and procurement practices	Fully	70-86
	Non-discrimination	Fully	
	Freedom of association and collective bargaining	Fully	
	Child labor	Fully	
	Prevention of forced and compulsory labor	Fully	
	Security practices	Fully	
	Indigenous rights	Fully	
	Assessment	Fully	
	Remediation	Fully	
<b>DISCLOSURE ON MANAGEMENT APPROACH SO</b>			
Aspects	Local communities	Fully	63-69
	Corruption	Fully	
	Public policy	Fully	
	Anti-competitive behaviour	Fully	
	Compliance	Fully	
<b>DISCLOSURE ON MANAGEMENT APPROACH PR</b>			
Aspects	Customer health and safety	Fully	46-48
	Product and service labelling	Fully	
	Marketing communications	Fully	
	Customer privacy	Fully	
	Compliance	Fully	



### 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	88
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Fully	89
EC3	Coverage of the organisation's defined benefit plan obligations.	Fully	89
EC4	Significant financial assistance received from government.	Fully	89
Market Presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Partial	51
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	79-86
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not Reported	
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	89
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	89
Environmental			
Energy			
EN1	Materials used by weight or volume.	Fully	31
EN2	Percentage of materials used that are recycled input materials.	Fully	31
EN3	Direct energy consumption by primary source.	Fully	31
EN4	Indirect energy consumption by primary source.	Fully	31
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	32
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	33
Water			
EN8	Total water withdrawal by source.	Fully	36
EN9	Water sources significantly affected by withdrawal of water.	Fully	36
EN10	Percentage and total volume of water recycled and reused.	Fully	36



<b>Biodiversity</b>			
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	37
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	37
EN13	Habitats protected or restored.	Fully	37
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	38
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	37
<b>Energy</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	34
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	34
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	34-35
EN19	Emissions of ozone-depleting substances by weight.	Fully	31
EN20	Nox, SOx, and other significant air emissions by type and weight.	Fully	31
EN21	Total water discharge by quality and destination.	Fully	36
EN22	Total weight of waste by type and disposal method.	Fully	39
EN23	Total number and volume of significant spills.	Fully	39
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 percentage of transported waste shipped internationally.	Fully	37
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Fully	36
EN26	Initiatives to mitigate environmental impacts of products and services, and 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	88
<b>Overall</b>			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Fully	35
EN30	Total environmental protection expenditures and investments by type.	Not Reported	



<b>Social: Labor Practices and Decent Work</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	50
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	51
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Partial	89
<b>Labor/management relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	56
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	56
<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 programmes.	Fully	60
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	61
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	60
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	57
<b>Training and education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	55
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	53-55
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	51
<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	51
<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>			
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.	Partially	56
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	56
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.	Partially	53



<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and corrective actions taken.	Partially	57
<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	56
<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	56
<b>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 of all forms of forced or compulsory labor.	Fully	56
<b>Security Practices</b>			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	56
<b>Indigenous Rights</b>			
HR9	Total number of incidents of discrimination and corrective actions taken.	Fully	56
<b>Assessment</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	56
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	57
<b>Social: Society</b>			
<b>Local communities</b>			
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	Partially	65
S09	Operations with significant potential or actual negative impacts on local communities	Fully	62
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Fully	62-67
<b>Corruption</b>			
S02	Percentage and total no. of business units analysed for risks related to corruption.	Fully	56
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Fully	56
S04	Actions taken in response to incidents of corruption.	Fully	56
<b>Public policy</b>			
S05	Public policy positions and participation in public policy development and lobbying.	Fully	64
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	54



<b>Anti-competitive behaviour</b>			
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Fully	56
<b>Compliance</b>			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	20
<b>Social: Product Responsibility</b>			
<b>Customer Health and Safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	72-74
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, by type of outcomes.	Fully	46
<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	46
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Fully	46
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	76
<b>Marketing communications</b>			
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	87
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	87
<b>Customer Privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	87
<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