



For further information and feedback on this report please contact  
Environment department  
Plant Administration Division

**TOYOTA KIRLOSKAR MOTOR PVT. LTD.**  
Plot No. 1, Bidadi Industrial Area, Bidadi, Ramanagara District  
Pin 562 109, Karnataka, India  
Telephone : +91 80 66292098 / 66292423  
Fax : +91 80 27287078 / 77  
E-mail : [sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in)  
[www.toyotabharat.com](http://www.toyotabharat.com)

To read the report online  
<http://www.toyotabharat.com/environment/sustain-report/2015/>

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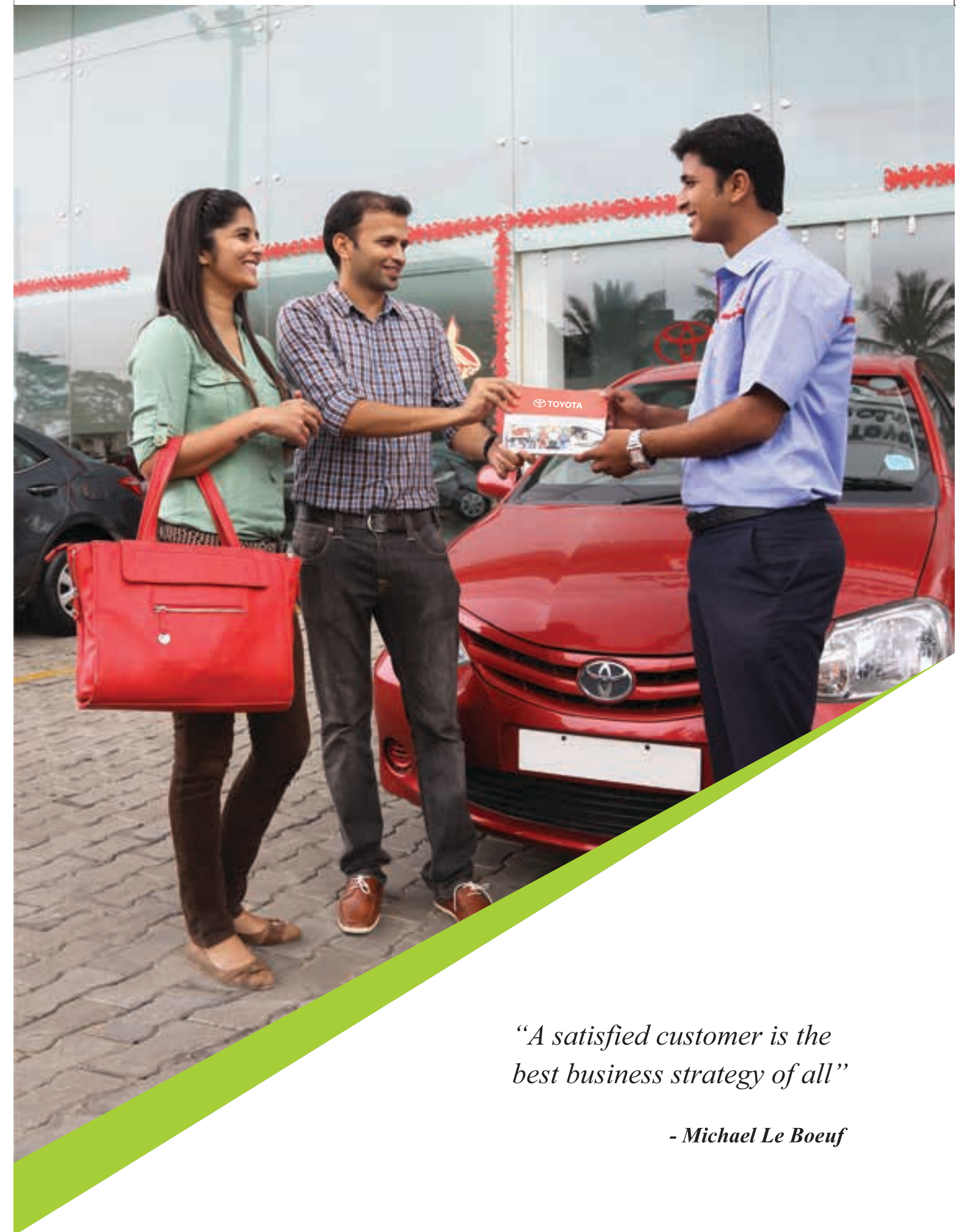
Toyota Kirloskar Motor Pvt. Ltd.  
**Fostering  
Stakeholder  
Values**  
**Sustainability Report 2015**



**BUILT  
QDR** **TOYOTA**  
Quality Revolution







# CONCEPT AND ABOUT THE REPORT

## CONCEPT

The Sustainability Report 2015 rides on the principle of fostering stakeholder values.

In any organization, successful transformation depends on the alignment of stakeholders across the business. At Toyota Kirloskar Motor Private Limited, our sustainability efforts are aligned with the business and the teams, to create a meaningful impact on the lives of our stakeholders. All sustainability projects, hence, are planned, executed, measured and monitored like any other business project. We continue to evolve in our work processes and with constant assessment of our performance; striving to make a greater effort in our daily functions to achieve higher and better results.

At TKM, our aim is to ensure that all our activities are more sustainable, and we support and encourage our stakeholders to do the same. This is our clear objective - to focus on enhancing the well-being of the stakeholders, while upholding the sustainability values that will give a boost to our business. We have also identified material issues within and outside of the organization that we are dealing with to ensure there is no loss of focus on sustainability.

## ABOUT THE REPORT

Toyota Kirloskar Motor Private Limited is pleased to present the sixth Sustainability Report for FY2014-15, to all its stakeholders. The report is a representation of TKM and the performance of its key stakeholders in India.

The Report has been prepared in accordance with the core requirements of the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines. As such, we undertook a materiality assessment to identify priority areas, which were then used as the framework for this Report. In its final form, it provides detailed narratives and performance metrics to help our stakeholders understand who we are, what we believe and how we have performed in areas such as safety, customer service, community outreach and reducing environmental impact during the reporting period.

Through this report we invite our stakeholders to continue advancing with a spirit of collaboration. We understand that together we can be more efficient in each of the economic, social and environmental projects in which we participate.

We welcome your valuable feedback and suggestions on this report at:

[sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in)

*“A satisfied customer is the best business strategy of all”*

*- Michael Le Boeuf*



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# MESSAGE FROM MANAGING DIRECTOR



*Naomi Ishii*  
**NAOMI ISHII**  
MD and CEO

Toyota Kirloskar Motor's stability, growth and resilience over time, are a result of its long-term focus and a balanced approach to decision-making that takes into account economic, social and environmental considerations.

At TKM, we are reinforced by a firm belief that a sustainable business can be versatile and flourish in a dynamic market. We have been able to uphold our strong commitment towards sustainability by ensuring certain basic parameters. Driving energy efficiency, reduction in carbon footprint and deploying water use efficiency, waste management and supply chain sustainability programs, are some initiatives that have supported us in this endeavor.

India faces some key challenges in the areas of safety, environment, energy, human resource development and advanced technology. TKM is addressing these challenges using the Toyota Way and Toyota best practices tool which are designed to drive business results and enhanced profitability while ensuring sustainability of the organization.

We, at Toyota, contribute to 'Swachh Bharat' through our CSR activities. In line with the Government's 'Make in India' vision, TKM manufactures best quality products and creates

processes that develop local youth into employable technicians, thus giving a boost to the 'Skill India' initiative. Also, we share our best practices like 5-S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) which help us in realizing our dream of 'In India, For India and By Indians'. These strategies instill a sense of pride in the minds of Toyota customers about their contribution to the society.

We recognize the fact that our sustainability program will evolve as the company grows. Concurrently we will update our stakeholders by issuing annual reports on our sustainability program and engaging them in initiatives they believe are important to our continued success. We partner with our stakeholders in enhancing the profit square.

We thank you for the opportunity to present our sustainability performance report that highlights how we are steadily moving forward creating value together. We hope this report brings many initiatives which may be of interest to you.

Let us work together as 'One Team One Goal', ensure sustainable performance and enhance the 'Competitiveness' of the organization.



# MESSAGE FROM VICE CHAIRMAN



Sustainability has emerged as an important component in our everyday lives, directly affecting our daily activities— the products we purchase, and the materials we recycle. It even shapes our views on politics, business, climate change and more.

As a company we are defined by our strong commitments to our customers, employees, shareholders and the communities we serve. We continue to relentlessly drive operational excellence and invest in innovation and sales development to deliver profitable growth. To meet this end, we are improving the time-to-market of new innovations and creating value propositions with greater local relevance in key markets around the world.

At TKM, environmental sustainability drives us to utilize resources more effectively, improve the reliability and lifecycle of our products and reduce their impact on the environment. In this context, there has been no contradiction between meeting our customers' needs and environmentally sustainable development. Our sustainability initiatives focus on three key areas: promoting health and wellness, minimizing our environmental impact and benefitting the local communities where we operate.

Issues of environment and technology are becoming important for industry and the auto sector too is required to adopt clean and green technologies. Accepting that energy security and oil is important for the country's future, Toyota has adopted the world's best automotive technology, and we are currently riding the wave of technological modernization in the automobile industry, introducing products like Prius and Camry. The company's Green Initiatives seek to inspire people to contribute to environmental improvement and sustainability.

With every new generation, Toyota has improved fuel efficiency of its automobiles by around 10 percent. Buoyed by the response to its hybrid sedan Camry, Toyota is seriously considering bringing more such alternate fuel technology vehicles to India.

Building community trust through responsible and sustainable management of our business is an integral part of our culture. Over the years, we have consistently worked to integrate corporate responsibility and sustainability across every aspect of our business. We continue to invest significantly in creating shared value with our employees, communities, customers and shareholders. Amidst all this, our people will continue to be a source of competitive advantage as we aggressively hire and develop the best-in-class talent. Thus helps us to build a strong employer brand and ensure full focus and execution towards achieving the objectives of our stakeholders.

We look forward to continuing our journey, working with many others toward our common goal of a brighter future for all. I thank you for your continued support to our company as we provide best-in-class, integrated solutions for a sustainable future.

**VIKRAM KIRLOSKAR**  
Vice Chairman



# MESSAGE FROM VICE CHAIRMAN



We, at TKM, believe it is essential to be conscious and responsible in our approach towards stakeholders and environment, with sustainability as the basic foundation of our business strategy. Our sustainability approach is directed towards the betterment of society and is based on economic, environmental and social principles.

The Indian automobile industry accounts for more than 7 per cent of the country's GDP (FY2014) and 22 per cent of the manufacturing GDP. The Government of India has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles under the National Electric Mobility Mission 2020 to encourage the progressive induction of electric and hybrid vehicles in the country. The launch of Camry Hybrid reiterates our desire to stay ahead of the curve in an automobile segment that is futuristic. We would like to thank our customers for accepting and appreciating a product which symbolizes our commitment towards conserving the environment. We will constantly work towards educating and encouraging the use of Hybrid vehicles in India.

We are very keen to spearhead the unique initiative of launching an online portal called Toyota Parts Connect

that aims to facilitate the distribution of genuine spare parts and accessories of all Toyota models for our customers, which is the first of its kind in the industry. This additional distribution channel reinforces our commitment towards leadership in customer satisfaction and safety, thereby enhancing customer delight.

In line with the core Toyota philosophy of achieving sustainable development, TKM has made numerous contributions towards the betterment of lives across the nation in the field of education, health, hygiene, road safety, environmental issues and skill development. TKM is increasing the scope of its activities with a focus on improving the lives of female students across the country. We have recently inaugurated the company's sanitation project in line with the Government's 'Swachh Bharat - Swachh Vidyalaya' campaign. Aimed at curbing school drop-out of girls, due to lack of sanitation facilities, the project provides access to hygienic sanitation facilities in all Government schools, across Varanasi. So far, we have constructed 500 units of sanitation facilities across the country.

We believe in conserving and propagating judicious use of natural resources in every possible manner. We take pride in spreading eco-awareness and also wish to inculcate a sense of responsibility amongst young minds and the society at large for a greener tomorrow. We shall strive for excellence by nurturing, developing and empowering our employees, by encouraging an open atmosphere that is conducive to learning and teamwork.

With sustainability being the core of our business model, we firmly believe and fully endorse the thought that 'Only those who grow sustainably will thrive'

**SHEKAR VISWANATHAN**  
Vice Chairman and Whole-Time Director



# MESSAGE FROM EDITOR'S DESK



**RAJU B KETKALE**  
Sr. Vice President - Manufacturing

It gives me great pleasure to present to you our Sustainability Report for the FY2014-15. It is an expression of our commitment towards the environment, community and progressive economy.

We have, over the years, taken rapid strides in our journey towards going green, covering new ground, touching the lives of people and overcoming challenges along the way. This report is a transparent and voluntary disclosure of our sustainability initiatives.

At TKM, we strive to lead in sustainability by including in it all our activities. Our business is committed not just to profitable growth but also to leaving a deeper impact on the society as a whole. We aim towards this larger goal by operating in a manner that minimizes our impact on the environment, even help in replenishing the planet, and lending a helping hand to the community.

Our sustainability solutions for industrial water, energy and air applications deliver what we describe as an environmental return on investment for our customers. We achieve this in two ways- by shrinking their environmental footprint, and reducing their total cost of operations.

Significant steps are being taken to not only reduce our carbon footprint but also continuously monitor waste generation by efficient operation of the effluent treatment plant. Rainwater

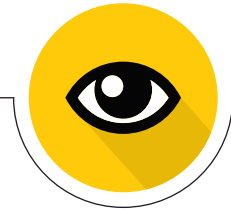
harvesting continues to be a focused activity at our manufacturing plant. Efforts are in full swing to conserve and maintain the groundwater level as well. We have further broadened our environmental focus by developing a conservation plan to enhance biodiversity in and around the plant.

As we expand our business operations across the length and breadth of the nation, we are also addressing the societal needs through community engagements. We will strive to fix and meet more stringent goals for ourselves while advancing on the road to establishing a more socially meaningful enterprise.

I invite you to explore this Sustainability Report in detail to learn more about our performance in our own operations, and for our customers, our growing number of CSR initiatives and how the people of TKM daily demonstrate their dedication to sustainability.

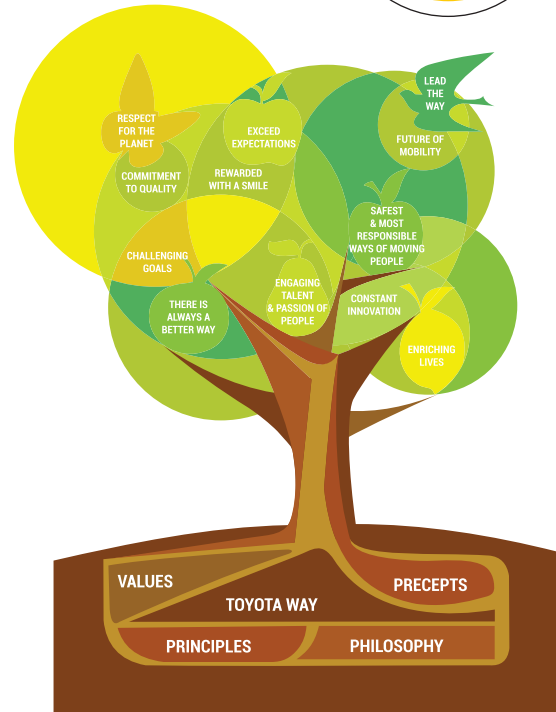
We welcome your feedback at  
**[sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in)**

# VISIONARY MANAGEMENT

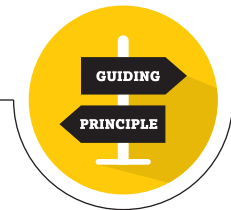


The roots of the tree are the shared values that have steered Toyota from the beginning and underlain our monozukuri. They are values expressed in the Toyota precepts, in the Toyota Guiding principles and in the Toyota Way, which are the basis of our business. 'Fruit' that Toyota provides for customers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



# GUIDING PRINCIPLE



**01** 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

**02** Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the community

**03** Dedicate ourselves to provide clean and safe products and to enhance the quality of life everywhere through all our activities

**04** Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide

**05** Foster a corporate culture that enhances individual creativity and teamwork, while honouring mutual trust and respect between labour and management

**06** Pursue growth in harmony with the global community through innovative management

**07** Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping our selves 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.



# EARTH CHARTER



The Toyota Earth Charter is based on the Guiding Principles at Toyota which 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 organizations involved in environmental preservation including governments, local municipalities, related companies and industries

## ACTION GUIDELINES

- ▶ Always be concerned about the environment: Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization, and disposal
- ▶ Develop and provide products with top-level environmental performance
- ▶ Pursue production activities that do not generate waste
- ▶ Implement through preventive measure
- ▶ Promote businesses that contribute 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

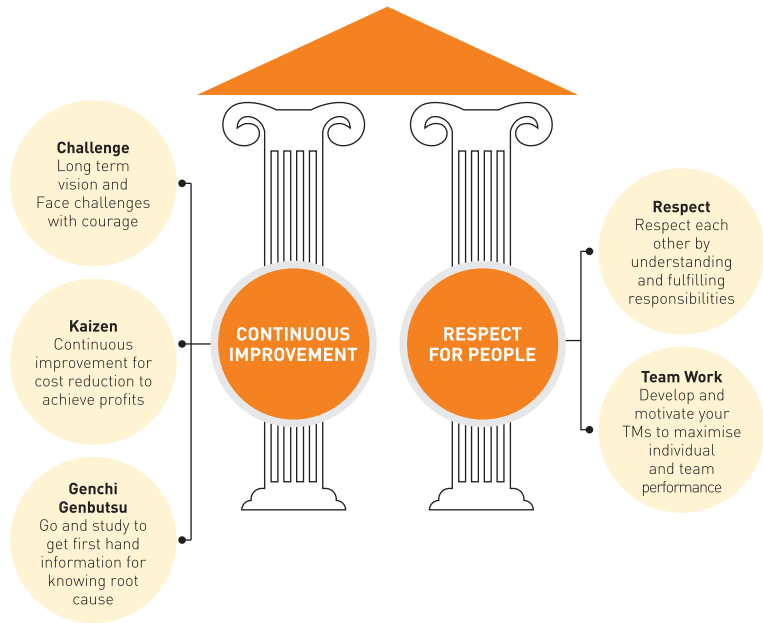
## ORGANIZATION IN CHARGE

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

# TOYOTA WAY

The Toyota Way is an ideal, standard and a guiding beacon for employees of Toyota across the globe. It expresses the beliefs and values shared by all of us. The Toyota Way is based on the Guiding Principles at Toyota, which defines the mission of Toyota as a corporation and the values the company delivers to customers, shareholders, associates, business partners and the global community. It defines how people of Toyota perform and behave in order to deliver these values. It functions as the automatic nervous system for Toyota organizations.

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

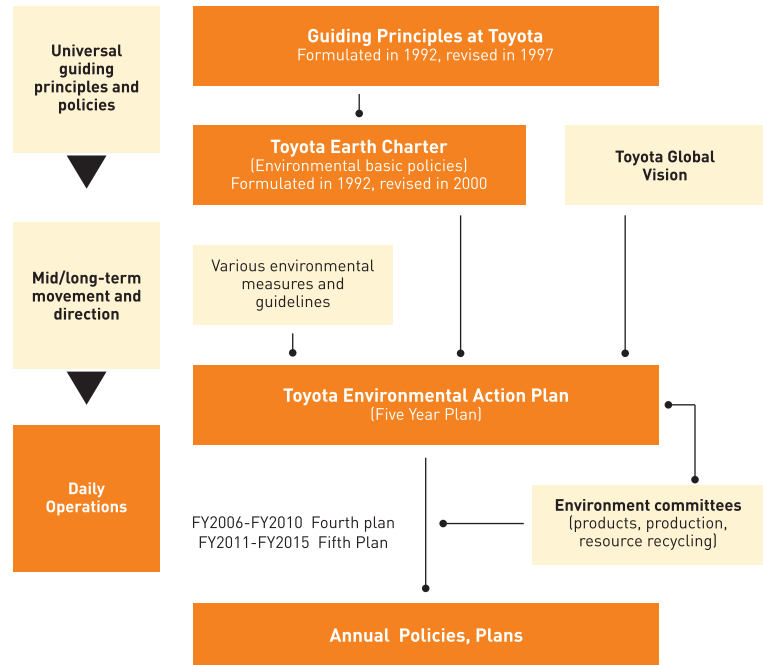


# ENVIRONMENTAL ACTION PLAN



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

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







# COMPANY PROFILE



**T S JAISHANKAR**  
DMD - Commercial

Our vision is to meet challenging goals by engaging the talent and passion of our people, who believe there is always a better way. As a responsible corporate citizen, we ensure fair labour practices, decent work and human rights. Further, we strive to make "always better cars" and "enriching lives of communities" by ensuring sustainable profitability from mid-to-long-term perspective.



# ABOUT TOYOTA KIRLOSKAR MOTOR



## COMPANY PROFILE

Toyota Kirloskar Motor Pvt. Ltd (TKM), one of the leading Auto manufacturers of India, was 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, India, holds eleven percent. The Toyota Kirloskar Motor manufacturing plants are located in Bidadi industrial area, on the outskirts of Bangalore city. Spread over 432 acres, the two plants have a total manufacturing capacity of 3,10,000 vehicles per annum.

Commercially, Toyota Kirloskar Motor has more than 283 dealer outlets and 121 suppliers spread across the country.

## Key Products and Market Segmentation

TKM manufactures Innova, Corolla Altis, Fortuner, Etios, Etios Liva, Etios Cross, Camry and Camry Hybrid. Land cruiser, Prado, Prius are imported as Completely Built Units.

TKM also exports the Etios to South Africa, Mauritius, Bhutan, Nepal and Brunei. Similarly, the Innova is exported to Bhutan and Fortuner to Nepal.

	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	Bidadi Industrial area, Bangalore
<b>Products</b>	Innova, Fortuner	Corolla Altis, Etios, Etios Liva, Etios Cross, Camry & Camry Hybrid
<b>Installed Production capacity</b>	Up to 1,00,000 units	Up to 2,10,000 units



# PRODUCT LINE UP



IMPORT



EXPORT



MANUFACTURE



**PRADO**  
Tough yet luxurious



**FORTUNER**  
The art of power



**LAND CRUISER 200**  
The pride of the world



**INNOVA**  
Multi premium vehicle



**PRIUS**  
Planet's favorite hybrid



**COROLLA ALTIS**  
The New Benchmark



**ETIOS**  
The real sedan



**ETIOS LIVA**  
Move in



**CAMRY HYBRID**  
A New kind of luxury,  
Ahead of its time

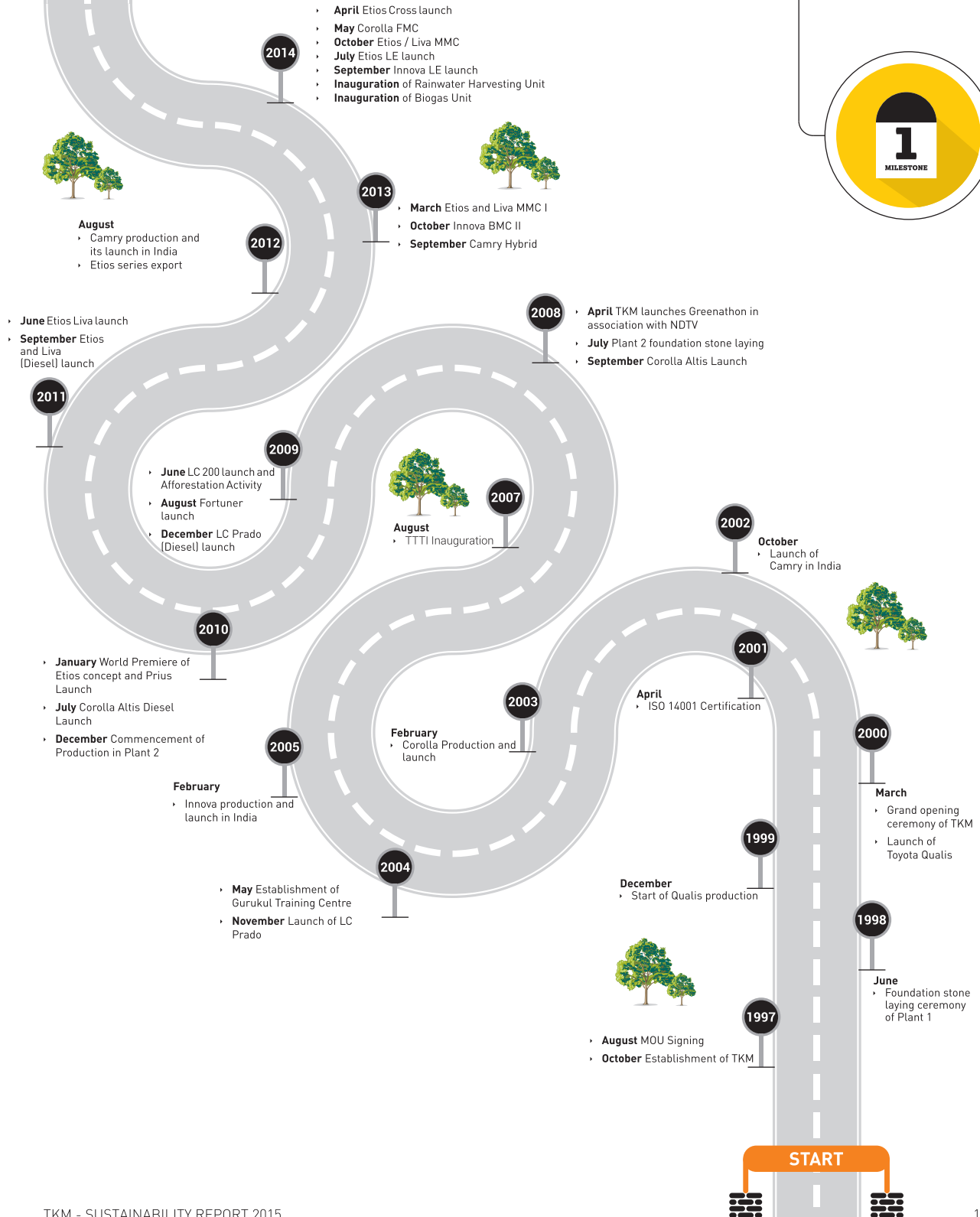


**ETIOS CROSS**  
Born with attitude

The Innova has been the best selling model in the MPV segment for the past ten years in succession and Fortuner has been the best selling model in the SUV segment in India since 2009. Toyota's new small car, the Etios was first launched in December 2010. Toyota's luxury car Camry is also assembled at Plant 2.

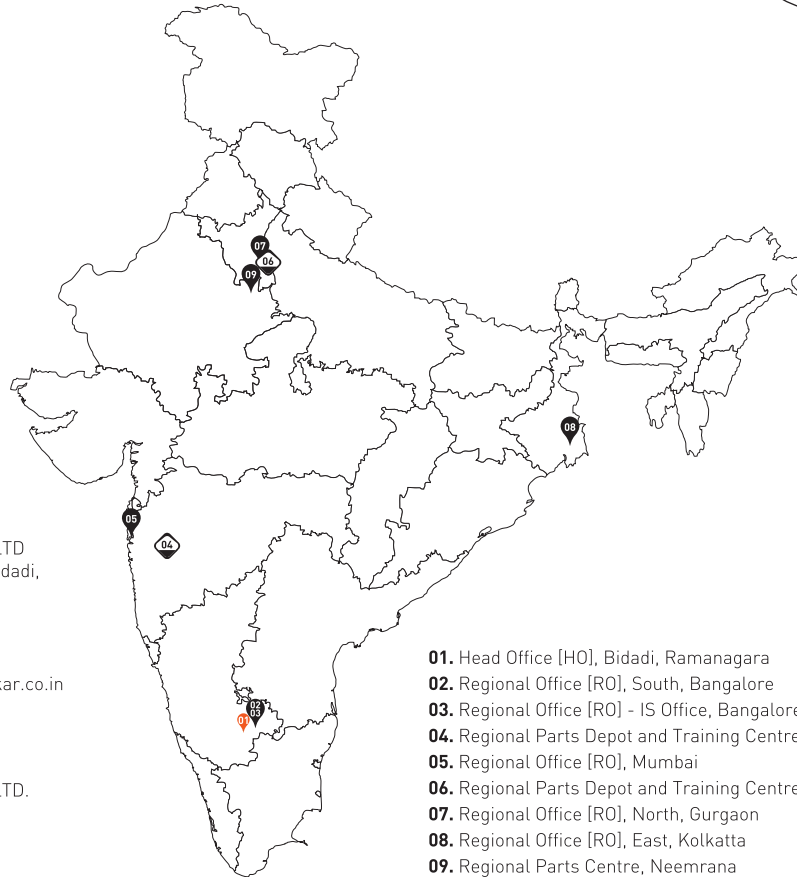
TKM also imports and sell the Land Cruiser, Prado and Prius models as CBUs [Completely Built Units] throughout its dealer network in India.

# KEY MILESTONES OF TOYOTA





# REGIONAL LOCATIONS



#### HQ ADDRESS:

TOYOTA KIRLOS KAR MOTOR PVT. LTD  
Plot No.1, Bidadi Industrial Area, Bidadi,  
Ramanagara District.  
Pin: 562109, Karnataka, India.  
Tel: +91-80-66292098 / 66292382  
Fax: +91-80-27287076 / 77  
Email: sustainability@toyota-kirloskar.co.in  
www.toyotabharat.com

#### CORPORATE OFFICE:

TOYOTA KIRLOS KAR MOTOR PVT. LTD.  
10th Floor, Canberra Tower  
No. 24, UB City, Vittal Mallya Road  
Bangalore - 560001, India.

01. Head Office [HO], Bidadi, Ramanagara
02. Regional Office [RO], South, Bangalore
03. Regional Office [RO] - IS Office, Bangalore
04. Regional Parts Depot and Training Centre [West], Pune
05. Regional Office [RO], Mumbai
06. Regional Parts Depot and Training Centre [North], Manesar
07. Regional Office [RO], North, Gurgaon
08. Regional Office [RO], East, Kolkatta
09. Regional Parts Centre, Neemrana

# ANNUAL POLICY 2014-15



- ▶ Achieve leadership position in industry by becoming No.1, in SSI, CSI, IQS and other brand related parameters to enhance customer Delight
- ▶ To grow our business in harmony with the goals of the government, community and shareholders
- ▶ Pursuit of perfection in all our operations through strong KPI management and profit square enhancement keeping ROI in mind
- ▶ Strong sense of ownership at all levels to enhance quality, productivity and profitability for organizational sustainability
- ▶ Human resource development across our business operation including suppliers and dealers for competitiveness enhancement
- ▶ Be a learning organization achieving high standards in problem solving through Toyota Best Practices (TBP) way and proactive to predictive approach
- ▶ To be a good corporate citizen by achieving 100% compliance in Safety, Regulation, Environment and all other operational areas

# CORPORATE GOVERNANCE



Toyota Kirloskar Motor promotes a culture of high ethical standards, integrity, transparency and accountability in all the business transactions, and in compliance with all laws and regulations. The company has established internal control mechanisms to ensure 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.

## 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.

## VISION

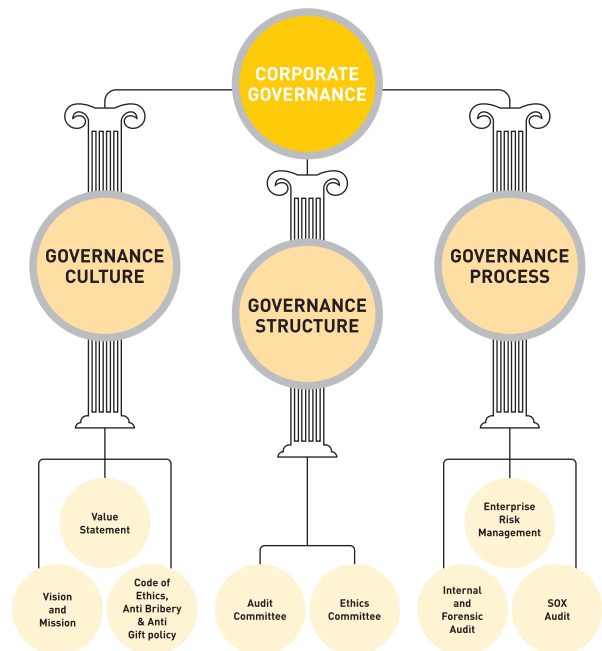
- ▶ Delight our customers through innovative products, by utilizing advanced technologies and services
- ▶ Ensure growth to become a major player in the Indian auto industry and contribute to the Indian economy by involving all stakeholders
- ▶ Become the most admired and respected company in India by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

## MISSION

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

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

Through these activities establish a superior brand image in India.



### HONESTY

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



### HUMILITY

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



### HARMONY

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



### COURAGE

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



### ACCOUNTABILITY

I will take ownership for all my actions

**CODE OF ETHICS**

## 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'**
  - ▶ TM should adhere to the value statement of the Company

### 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 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**
  - ▶ Team Member (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 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

**BASIC CODE**
**SPECIFIC CODE**

- ▶ 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
    - ▶ TM shall conform to all Standards of Quality and shall dedicate to provide genuine and safe products and enhance the quality of life 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

### ANTI-BRIBERY GUIDELINES

The following acts of omission shall be treated as 'Misconducts' by the company and is therefore subjected to further disciplinary action.

- ▶ Offer, authorize or give a bribe to a Government Official, or create the impression that a bribe has been offered, authorized or given
- ▶ Engaging in business directly or indirectly with a Government Official on Company behalf
- ▶ Not reporting to the Company any suspected violations by its employees or others doing business with a Government official on Company behalf
- ▶ Accept directly or indirectly any bribe, favors, gifts or anything of a financial advantage from any person while transacting on Company behalf
- ▶ Such other potential bribery activities and risks



- ▶ The direct or indirect provision of cash or anything of value to a Government Official to obtain an unfair business advantage or to obtain or retain business or in connection with any statutory/regulatory approval process
- ▶ Authorizing or providing travel benefits, gifts, entertainment, sexual favors or political contributions for the benefit of a Government Official or any other person without the required due diligence assessment and TKM internal business and legal approvals
- ▶ Making or facilitating payments without obtaining the required TKM internal business and legal approvals
- ▶ Making any incomplete, false or inaccurate entries on TKM's books and records
- ▶ Receiving favors from suppliers, dealers or any other person to favor them

**ANTI-GIFT POLICY**

Employee shall adhere to Company's Gift Policy while accepting any gift from or through any person who has any dealings with the Company. To reduce the ambiguity among the team members on acceptance of Gifts and Entertainment, Company has made the guidelines in the above policy.

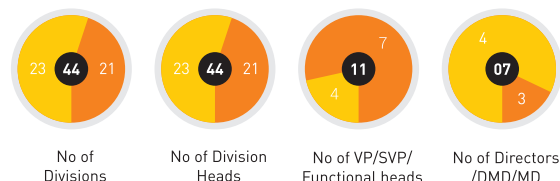
- ▶ Employees can accept only Customary Gifts, which is in the nature of corporate gifts, common to all, no expectations in return, small in value like dairies, calendars, pens, books, flowers, sweets but not any branded items or high value goods
- ▶ Special Gifts which is in the nature of special items, specific to individual, high value, branded market items, gifts which carry any expectation of return benefit are prohibited. Gifts from group companies are permitted
- ▶ Employees are not to accept any forms of Cash Gifts
- ▶ Employees need to have permission from the Head of the Department before participation in the dinner hosted by dealers or suppliers. Frequent meets, lavish dinners will be treated as unethical
- ▶ Employees can accept supplier or dealer hosted tours, which is in the nature of site visit for quality check, progress review are permitted only with the permission of the HOD
- ▶ The tours hosted by supplier or dealer which are in the nature of Promotional trips, tour packages, conferences, holiday trips are prohibited
- ▶ Employees are permitted to take part with prior permission from their HOD for any Industrial Associations, Professional Bodies, NGOs hosted visits, as a part of the delegation for study

- ▶ It is permitted, in the case of any awards received for professional contributions, Lectures or presentations which are purely recognition to an individual's professionalism
- ▶ Using business contacts for personal monetary benefits are prohibited, if the employees are from division involved in decision making for sourcing or payment. Others can be used with the written approval of the HOD
- ▶ Using the samples received as a part of sourcing and using the business contacts for personal benefits are prohibited. Such samples are to be surrendered to the Company

In Oct 2014, Corporate Governance released circular on Gift Policy in order to ensure awareness and effective implementation of the policy where in all the division heads are requested to submit the Gift Declaration in the prescribed format to Corporate Governance Division for themselves and their team for the period 1st April 2014 to 31st Oct 2014. Nil Declaration was necessary even if no favors/entertainment was received during that period. The Gift Declaration was also taken from VP and above up to the managing director.

**THE SUMMARY OF GIFT DECLARATION IS DETAILED BELOW**

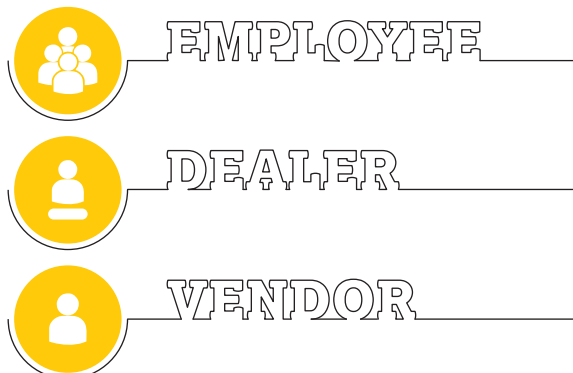
● Total Declaration ● Gifts Received ● Gifts Not Received



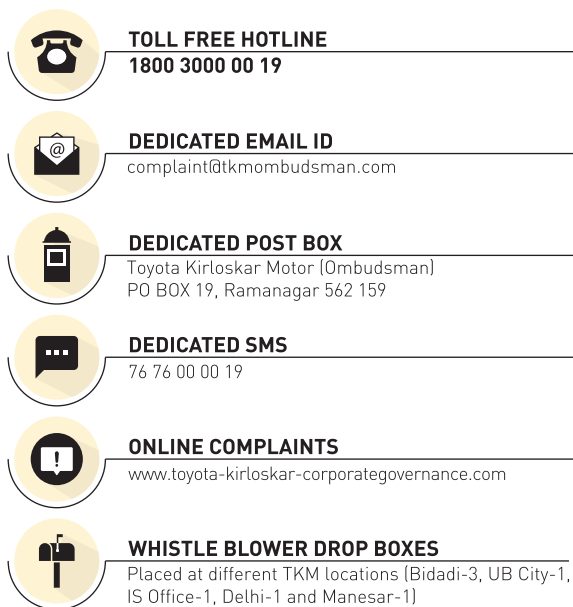
**WHISTLE BLOWER POLICY (WBP)**

As a company which encourages and respects professionalism, honesty, integrity and ethical behavior, 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 behavior noticed by them. The scope of coverage is vast, channels provided for reporting are many and an Independent Authority has been appointed to receive and investigate the issues with the advice of a Ethics Committee, consisting of the senior management with one of the big four audit and investigating agency appointed as Independent Authority.

**WHO CAN REPORT UNDER THIS POLICY?**



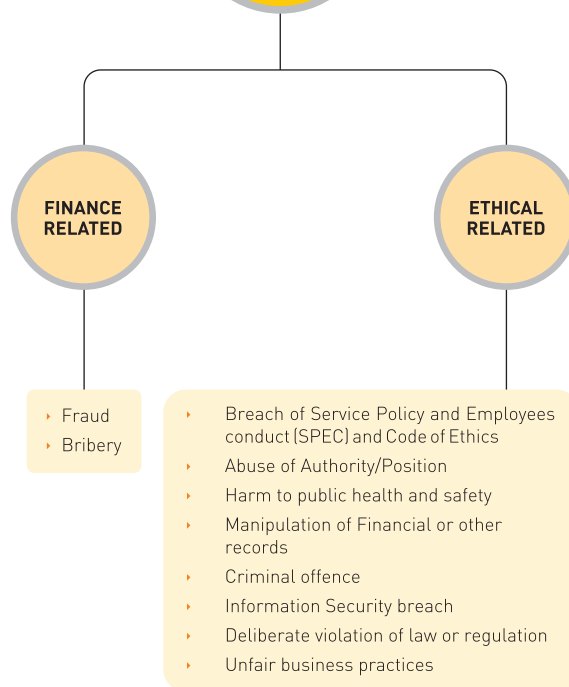
**REPORTING CHANNELS**



**WHO RECEIVES AND REVIEW THE REPORT**

- ▶ Independent Authority (IA) will receive the complaint
- ▶ IA to prepare the flash report and submit to Vice Chairman and MD of TKM
- ▶ MD (Chairman of Ethics Committee) will give direction to Corporate Governance (CG) to conduct preliminary study based on the outcome, MD will decide whether to proceed with investigation or drop the case
- ▶ If yes to proceed, CG will conduct the investigation and submit the report to Ethics Committee
- ▶ Ethics Committee will review the report and decide on next course of action

**SCOPE OF WBP**



**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 audit observations along with process owner explanation are reported to the Audit Committee on a half yearly basis, enabling the management to take corrective actions. TKM also conducts Sarbanes-Oxley Act (SOX) Section 404 audit based on Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 internal control framework as part of Toyota Motor Corporation's global audit requirement.

**ENTERPRISE RISK MANAGEMENT**

In the past, Toyota's business operation has been affected by various risks. The 2009 US quality issues which led to major product recalls, 2011 great East Japan earthquake and 2011 Thailand flood resulted in disruption of Asia as well as Global production operation.

Based on these experiences, considering the importance and necessity to predict and manage business risks, TMC established the Global Risk Management Committee appointing Regional Chief Risk Officers with reporting frequency of twice a year i.e., October and March.

As a regional business leader, TMAP-EM has established Risk Management Policy for affiliate companies in the Asian region.

Effective implementation of this Policy is to formulate comprehensive risk profiles and counter measures to achieve the organization's objectives. The Board and Audit Committee have been vested with specific responsibilities in assessing the robustness of risk management policy, process and systems.

TKM's task now involves preparation for possible recurrence of past events and foresees other critical risks that cause serious impact to business targets. By doing so, TKM needs to enhance the capabilities of 'Prediction, Prevention and Treatment' to counter each risk while adhering to 'Safety as our first priority'.

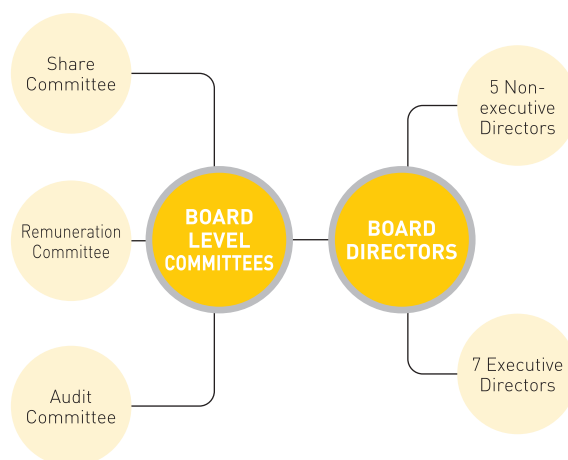
Based on the policy and guidelines by TMAP-EM and to ensure compliance with Companies Act 2013, TKM has taken initiative in identification and mitigation of risks by implementing appropriate countermeasures.

TKM has also come out with the ERM policy comprising of important contents such as Introduction, Scope, Purpose, Charter, Objectives of the Policy, Brief on how to become a Risk Intelligent Company, Risk Management Process, Documentation, Approval and Related documents.

This policy along with all relevant stakeholders' contribution will keep the high standard and quality of risk management activities.

### BOARD OF DIRECTORS

The Board of Directors at TKM forms the highest governing body, responsible for corporate governance and represents the interest of our stakeholders. The Board provides strategic guidance and frequently reviews corporate policies, regulatory compliance, significant management decisions and overall performance of the organization. The Board plays a vital role in overseeing the compliance of legal and operational requirements.

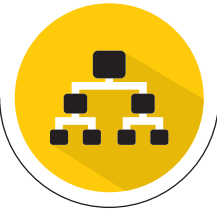


### BOARD STRUCTURE OF TOYOTA KIRLOSOKAR MOTOR PRIVATE LIMITED

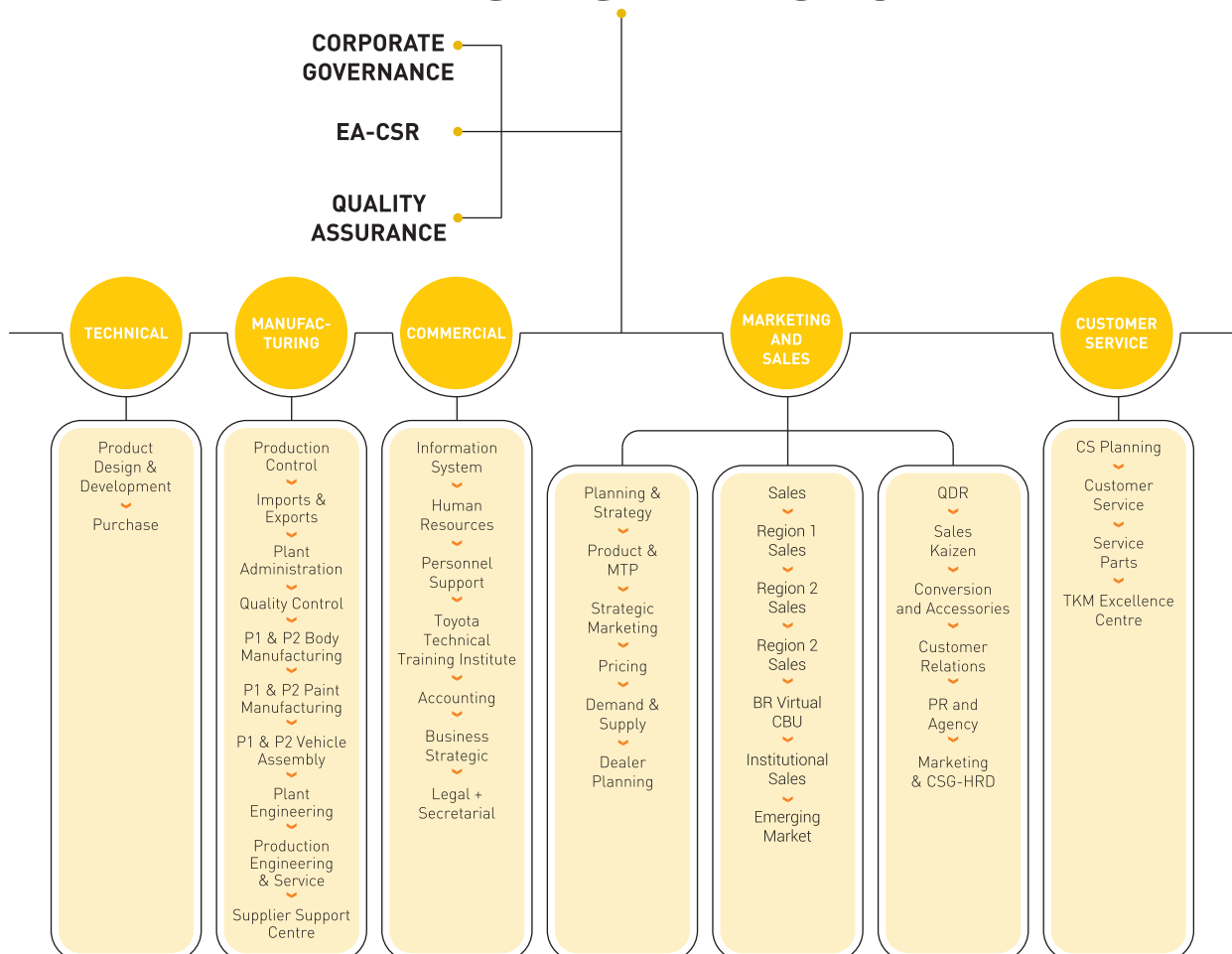
Sl. No.	Name of the Company Director (Member of Board of Directors)	Designation and Functional Responsibility	Category (Executive/ Non Executive)	Member of Board Level Committee
1	<b>Mr. Kyoichi Tanada</b>	Chairman	Non Executive	Audit Committee and Remuneration Committee
2	<b>Mr. Vikram S Kirloskar</b>	Vice Chairman	Non Executive	Audit Committee, CSR Committee and Share Committee
3	<b>Mr. Naomi Ishii</b>	Managing Director	Executive	Audit Committee, CSR Committee and Share Committee
4	<b>Mr. Shekar Viswanathan</b>	Whole time Director and Vice Chairman	Executive	
5	<b>Mr. Masanori Takahashi</b>	Deputy Managing Director	Executive	
6	<b>Mr. Yoshihiro Horinouchi</b>	Deputy Managing Director	Executive	
7	<b>Mr. T S Jaishankar</b>	Deputy Managing Director	Executive	CSR Committee
8	<b>Mr. Mao Saka</b>	Director Finance, SVP and CFO	Executive	CSR Committee and Share Committee
9	<b>Mr. N Raja</b>	Director and SVP	Executive	CSR Committee
10	<b>Mr. Hisayuki Inoue</b>	Director	Non Executive	Remuneration Committee
11	<b>Mr. Yoshihiro Uozumi</b>	Director	Non Executive	Remuneration Committee
12	<b>Mr. Atul C Kirloskar</b>	Director	Non Executive	



# TKM ORGANIZATION



## MANAGING DIRECTOR



# LEGAL COMPLIANCE



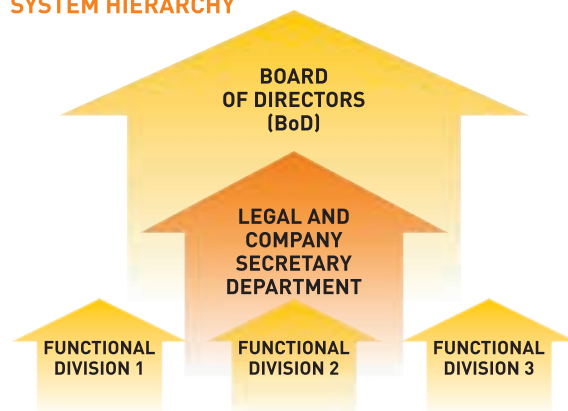
As a good corporate citizen, we, at TKM, believe adherence to law is a top priority issue. Compliance of all statutory requirements are of utmost priority of the organization. In this regard as a measure of monitoring the compliance levels across all the divisions, a Legal Compliance Management Tool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

- ▶ Compliance policies are considered integral to company objectives
- ▶ A good compliance culture is shown by the promotion of positive attitude towards legal compliance activity at all levels within an organization

Tools implemented to confirm compliance are mentioned below:

- ▶ 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-centralized, making it more exhaustive and comprehensive
- ▶ In this system, every applicable functional division is empowered to establish and ensure legal compliance at their levels. The divisions are further responsible to confirm the compliance to the central Legal and Company Secretarial team for Compliance management at the highest level
- ▶ Every Division/Department and every Team Member is entrusted with the responsibility to ensure 100% Legal compliance
- ▶ TKM Legal Manual acts as a guide to understand the laws applicable to each division

## LEGAL COMPLIANCE MANAGEMENT SYSTEM HIERARCHY



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

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

## PUBLIC POLICY

### MEMBERSHIP DETAILS OF VARIOUS ASSOCIATION FOR FY 2014-15

1	Confederation of Indian Industry [CII] Karnataka	TKM	Mr. Shekar Viswanathan
2	CII Southern Region	TKM	Mr. T S Jaishankar
3	CII National Council	TKM	Mr. Vikram Kirloskar
4	International Market Assessment [IMA]	TKM	Mr. Shekar Viswanathan
5	Federation of Karnataka Chamber of Commerce and Industry	TKM	Mr. Shekar Viswanathan, Mr. T S Jaishankar
6	Japanese Chamber of Commerce and Industry, Bangalore	TKM	Mr. Naomi Ishii / Kohei Yamada
7	Japanese Chamber of Commerce and Industry, Chennai	TKM	Mr. Kohei Yamada
8	Indo Japan Chamber of Commerce, Bangalore	TKM	Mr. Masanori Takahashi
9	Federation of Indian Chamber of Commerce and Industry [FIC]	TKM	Mr. Shekar Viswanathan
10	Indo American Chamber of Commerce and Industry	TKM	Mr. Shekar Viswanathan
11	Society of Indian Automobile Manufacturers [SIAM]	TKM	Mr. Vikram Kirloskar - President, MD & CEO - Executive Committee Member
12	CII - Global Innovation and Technology Alliance [GITA]		Mr. Vikram Kirloskar - Chairman

# CASE STUDY

## TOYOTA DRIVING SCHOOL

Road safety is emerging as a major social concern in the country.

According to a survey from WHO, road traffic injuries claim the lives of 1.2 million men, women, and children around the globe every year, and injure many more. The death toll is higher for countries like India, where pedestrians, motorcyclists and passengers are vulnerable and vehicles lack proper safety norms. With an average mortality rate of more than 100,000 persons dying in road accidents, the statistics on road risks are mind boggling. These accidents occur due to lack of professionalism in drivers' training, increasing proportion of untrained drivers and the absence of a positive driving culture.

At Toyota, customers' safety is of topmost priority. Toyota is committed to ensuring safe driving experience in India. To offer this commitment to our customers and combat the rise in number of accidents on road, Toyota Kirloskar Motor Pvt. Ltd (TKM) initiated the Toyota Driving School (TDS) through dealerships. The program is aimed at instilling Toyota safe driving culture in its customers, contribute to traffic discipline and road safety and introduce eco driving concepts and application across the nation.

The first of its kind amongst Toyota affiliates, TDS was launched at Nippon Toyota, one of dealers in south India on 21st March, 2015 with a capacity to accommodate 60 students per batch of training. TKM is confident that this initiative can help reduce the alarming number of accidents and casualties on road, predominantly due to poorly trained drivers. The School was inaugurated by State Fisheries Minister Mr. K Babu in the presence of Mr. Naomi Ishii, Managing Director, Toyota Kirloskar Motor and Mr. Babu Moopan, Chairman and Managing Director, Nippon Motors. Speaking on the occasion Mr. Naomi Ishii said,

"Today is an important day for Toyota as we are launching our pilot driving school in this beautiful state of Kerala. For us, this is a big opportunity to come closer to you with a solution for one of the biggest challenges our country is facing today - road safety."

"We believe everyone deserves to be safe and this is what drives us to make great cars which stand for safety and quality. It is our endeavor to ensure that we not only make the safest cars but also make sure that each one of you become the safest driver," he added.

The TDS program is designed to create responsible drivers who can take the wheel on the road safely. There are 2 programs under the TDS initiative - 'START' and 'SMART'. They will, together, cater to the needs of new drivers as well as experienced ones. While the 'START' program renders an empathetic approach towards novice drivers making them road ready, the 'SMART' program aims to fine-tune the skills of fleet operators and imbibe driving etiquette in them.

Launched in line with the company's vision of 'Safest car with safest driver', TDS, as an Institute, will place extreme emphasis on ensuring that every student becomes a responsible and safe driver. The quality auditing system, a comprehensive evaluation and feedback mechanism at every stage of driving training, make the program unique among the other driving programs that are available in the country. TDS in India boasts of high quality training and futuristic attributes. It is mainly based on a driver simulator mechanism which delivers an 'Etios Experience'. To make this experience worthwhile, TDS has incorporated all features and functions of an actual Etios car, thus, facilitating customer cooperation and commitment to prevent road traffic. Toyota is planning to open five such driving schools across India in the coming year.



INAUGURATION OF TOYOTA DRIVING SCHOOL AT NIPPON MOTORS-I

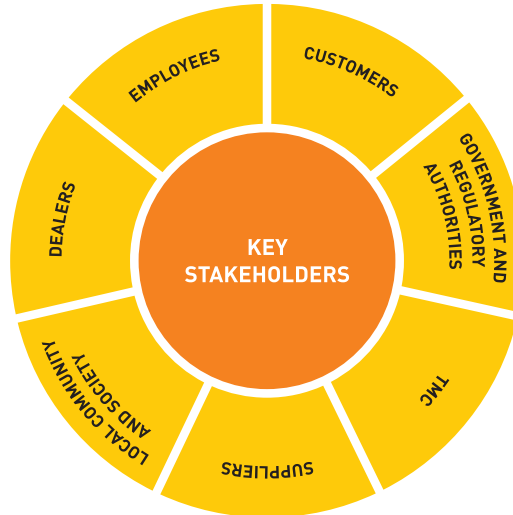


INAUGURATION OF TOYOTA DRIVING SCHOOL AT NIPPON MOTORS-II



# KEY

# 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.

## MATERIALITY MATRIX

		SIGNIFICANCE TO THE COMPANY		
		LOW	MEDIUM	HIGH
SIGNIFICANCE TO THE STAKEHOLDERS	HIGH		<ul style="list-style-type: none"> <li>» Operational Emissions</li> <li>» Fresh Water Availability</li> <li>» Localization</li> </ul>	<ul style="list-style-type: none"> <li>» Regulatory Compliance</li> <li>» Road Safety</li> <li>» Customer Satisfaction</li> <li>» Product Safety</li> <li>» Product Quality</li> <li>» Community Relationship</li> <li>» Employee Satisfaction</li> <li>» Brand Image</li> </ul>
	MEDIUM	<ul style="list-style-type: none"> <li>» Research and Development</li> </ul>	<ul style="list-style-type: none"> <li>» Grievance Redressal</li> <li>» Energy Consumption</li> </ul>	<ul style="list-style-type: none"> <li>» Employee Training and Development</li> <li>» Non Discrimination and Human Rights</li> <li>» Waste Management</li> <li>» Occupational Health and Safety</li> <li>» Product Environmental Impact</li> <li>» Changes in regulatory compliance</li> </ul>
	LOW	<ul style="list-style-type: none"> <li>» Political Contributions</li> <li>» Political Instability</li> </ul>	<ul style="list-style-type: none"> <li>» Biodiversity</li> <li>» End of life management of product</li> </ul>	<ul style="list-style-type: none"> <li>» Product Labeling</li> <li>» Business Ethics</li> <li>» Innovation (Kaizen)</li> <li>» Peers Strategy</li> </ul>



KEY STAKEHOLDERS	ENGAGEMENT			BENEFITS TO	
	METHOD	MODE	FREQUENCY	BUSINESS	STAKEHOLDERS
<b>Customers</b>	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
<b>Employees</b>	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
<b>Dealers</b>	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
<b>Local Community and Society</b>	Meetings with local community; Need assessment; Public hearing	Formal and Informal	Need based	Healthy relations with local community	Employability, livelihood
<b>Suppliers</b>	Supplier Meets, BCM; Kaizen Festival; Quality Circle Competitions; ASM; Promotion and Awards	Formal	Monthly and Annually	Better quality and delivery performance	Profitability
<b>TMC</b>	Regular Meetings and Communication	Formal	Need based/ Periodic	Streamlining of product and process improvement	Efficient process and business management
<b>Government and Regulatory Authorities</b>	Regular meetings; Meetings in industry forums	Formal	Need based/ Periodic	Timely clearances; Successful operations and business continuity	Compliance with regulations

# KEY PERFORMANCE PARAMETERS



## ENVIRONMENTAL PERFORMANCE

KEY PERFORMANCE INDICATOR		2012 - 13	2013 - 14	2014 - 15
Total Water Usage (m <sup>3</sup> /veh)		4.72	3.74	3.49
Hazardous Waste Generation (kg/veh)		4.51	4.3	4.24
VOC Emission (gm/m <sup>3</sup> )		40.82	39.4	35.74
CO <sub>2</sub> Emission (tCO <sub>2</sub> /veh)	Plant 1	Scope 1	0.06	0.08
		Scope 2	0.33	0.39
	Plant 2	Scope 3	0.04	0.05
		Scope 4	0.31	0.34
Suppliers (core) compliant with ISO14001		100%	100%	100%
Dealerships compliant with ISO14001		67%	96%	100%

## SOCIAL PERFORMANCE

KEY PERFORMANCE INDICATOR	2012 - 13	2013 - 14	2014 - 15
Number of employees	10275	8480	8347
Turnover rate for employees	1.80%	2.40%	2.14%
* Community Investments (Through Community Spirit and Community Sponsorships) in Million INR	-	-	64.65

\* Community Investment values are being reported from the FY2014-15 onwards.

## ECONOMIC PERFORMANCE

KEY PERFORMANCE INDICATOR	2012 - 13	2013 - 14	2014 - 15
Units Manufactured (Nos.)	1,66,289	1,54,627	1,59,347
Units Imported as CBU (Completely Built Unit) (Nos.)	175	78	136
Net Profit after Tax (Million INR)	(-) 63	(-) 629	5294.7



# AWARDS

## FY2014-15



<p><b>ASIA PACIFIC NO.1 ENVIRONMENT MANAGEMENT</b></p> <p>TOYOTA MOTOR CORPORATION, JAPAN</p> <p><b>THEME OF AWARD ENVIRONMENT MANAGEMENT</b></p>	 <p><b>ENVIRONMENT MANAGEMENT</b></p>	<p><b>COMMENDATION FOR SIGNIFICANT ACHIEVEMENT</b></p> <p>CII-ITC CENTRE OF EXCELLENCE FOR SUSTAINABLE DEVELOPMENT</p> <p><b>THEME OF AWARD ENVIRONMENT MANAGEMENT</b></p>	
	<p><b>GLOBAL ENVIRONMENT KAIZEN SILVER AWARD</b></p> <p>TOYOTA MOTOR CORPORATION</p> <p><b>THEME OF AWARD VOC EMISSION REDUCTION IN PAINT SHOP</b></p>	 <p><b>PRODUCTION QUALITY</b></p>	<p><b>BEST HSE MAINTENANCE AWARD</b></p> <p>DEPARTMENT OF FACTORIES, BOILERS, AND INDUSTRIAL SAFETY &amp; HEALTH, GOVERNMENT OF KARNATAKA</p> <p><b>THEME OF AWARD BEST SAFETY PRACTICES</b></p>
<p><b>PRODUCTION QUALITY AWARD</b></p> <p>TOYOTA MOTOR ASIA PACIFIC</p> <p><b>THEME OF AWARD EXCELLENT QUALITY COMPANY</b></p>		<p><b>DOMAIN EXCELLENCE AWARD</b></p> <p>CII-ITC CENTRE OF EXCELLENCE FOR SUSTAINABLE DEVELOPMENT</p> <p><b>THEME OF AWARD SUSTAINABLE SUPPLY CHAIN</b></p>	
	<p><b>JD POWER AWARD -2015</b></p> <p>JD POWER ASIA PACIFIC</p> <p><b>THEME OF AWARD INDIA'S MOST DEPENDABLE ENTRY MIDSIZE CAR SEGMENT -ETIOS</b></p>		<p><b>CNBC OVERDRIVE AWARD</b></p> <p>CNBC TV 18</p> <p><b>THEME OF AWARD SEDAN OF THE YEAR - TOYOTA COROLLA ALTIS</b></p>
<p><b>CAR INDIA AWARDS</b></p> <p>SHAPOORJI PALLONJI &amp; CO. PVT. LTD.</p> <p><b>THEME OF AWARD EXECUTIVE SEDAN- TOYOTA COROLLA ALTIS</b></p>		<p><b>INDIA DESIGN MARK AWARD</b></p> <p>GOOD DESIGN</p> <p><b>THEME OF AWARD GOOD DESIGN - ETIOS CROSS</b></p>	
	<p><b>ZEE ZGNITION AUTO AWARDS</b></p> <p>ZEE ZGNITION</p> <p><b>THEME OF AWARD EXECUTIVE SEDAN OF THE YEAR - TOYOTA COROLLA ALTIS</b></p>		<p><b>ET-PROMISING BRANDS</b></p> <p>THE ECONOMIC TIMES</p> <p><b>THEME OF AWARD ET-PROMISING BRANDS TOYOTA ETIOS SERIES</b></p>

# BIRD'S EYE VIEW OF TKM





## PLANT



### A BIRD'S EYE VIEW OF TOYOTA KIRLOSKAR MOTOR PVT. LTD, BIDADI MANUFACTURING FACILITY

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.

- |   |                                      |
|---|--------------------------------------|
| <b>01.</b> Toyota Technical Training Institute (TTTI) | <b>08.</b> Plant 1                   |
| <b>02.</b> Biogas Unit                                | <b>09.</b> Onsite supplier park      |
| <b>03.</b> National Manpower Excellence Centre        | <b>10.</b> Camry Unit                |
| <b>04.</b> National Parts Centre                      | <b>11.</b> Herbal Garden             |
| <b>05.</b> Completely Built Unit yard (CBU)           | <b>12.</b> Plant 2                   |
| <b>06.</b> Test Track                                 | <b>13.</b> Sludge Drying Yard        |
| <b>07.</b> Gurukul                                    | <b>14.</b> Rainwater Harvesting Pond |





# ENVIRONMENT



**Horinouchi Yoshihiro**  
DMD - Manufacturing

We strive to incorporate the elements of sustainability into all our business practices and processes adopting a holistic approach of SEQPCH (Safety, Environment, Quality, Production, Cost and Human Development). Our policies are designed to create a culture imbued with the concept of sustainability as an integral part of our day to day lives.

Optimizing our manufacturing process (Monozukuri) with maximum output has always been our priority. In line with this thinking way, we have brought in many eco friendly technologies and have been promoting Kaizen thinking that will enhance our productivity without compromising on quality.

We have been igniting the eco minds of our Team Members through approach of 'involve and educate'. The Skill Contest which witnesses participation of maximum number of Team Members stands as a testimony to Toyota's objective of developing skill culture.

As a responsible automotive manufacturer, we continue to develop automotives technologies and manufacturing processes to reduce carbon footprint associated with our operations.

# ENVIRONMENT POLICY



As a good corporate citizen, we are committed to the protection of the environment by minimizing impact on the environment through pollution prevention, conservation of natural resources, continual monitoring and improvement of processes.

To support this commitment, our policy is to:

- ▶ Proactively promote environmental awareness and knowledge among Team Members through continual education and job specific training
- ▶ Ensure compliance with legal as well as other requirements to which our company subscribes
- ▶ Establish and review environmental objectives and targets annually, to ensure better environmental performance through proactive and continual improvement activities
- ▶ Establish programs that conserve energy, natural resources, flora and fauna; building a green environment within and in our surroundings as a part of the policy

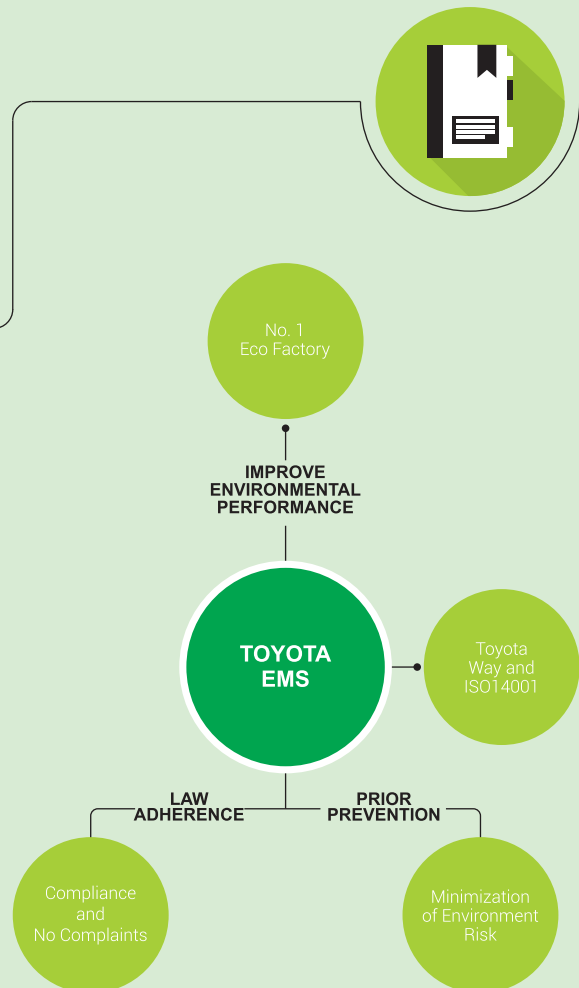
We recognize the importance of continual improvement in environment performance, while creating economic growth and maintaining competitive advantage. We are committed to this philosophy and it is our hope that, you, our Team Members, suppliers, customers, dealers and neighbors, share this commitment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

# EMS CONCEPT

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

The Toyota EMS concept is based on three key pillars

- ▶ Ensuring compliance and No complaints
- ▶ Minimizing Environmental risk
- ▶ Achieving best Environmental performance



# EMS



## GLOBAL EMS (ENVIRONMENT MANAGEMENT SYSTEM)

Right from the day of inception, Toyota has put in considerable efforts to reduce the negative impact of its operations on the environment. Consistent observation of the concerns on global environment and understanding the local prevailing conditions of all affiliates along with specific action requirements, lead to the formation of the Toyota Global EMS (Environmental Management System). In order for Global EMS to be effective, setting up of ISO14001 system is a basic requirement. Two years of implementation period is provided after establishment, to achieve compliance to the system requirements and get certified with Global-EMS.

Establishment of Global EMS at TKM has been a journey of learning with an objective of enhancing the robustness of EMS. We began with a self evaluation in the year 2010 to identify the gaps in the system. A team of TMAP-EM experts conducted a detailed audit and were awarded with 84% conformance. Based on the results and recommendations from the gap analysis, TKM Environment team improved and reconfirmed the EMS system, finally achieving 100% conformance for the first time during FY2012-13 TMAP-EM audit. TKM has also been awarded with Zero Non-Conformance for the FY2014-15.

The Global EMS Audit by TMAP EM also confirmed TKM's Zero Non Conformance and Complaints with respect to WWTP functioning, soil and underground contamination. The revamped standards for wastewater treatment plant management, soil and underground water contamination prevention were brought out by TMAP. Utilizing the revamped standards, the utility and plant administration division could implement the new system which could clear the stringent audit conducted by the expert audit team with Zero Non-Conformance.



DOCUMENT VERIFICATION BY TMAP AUDIT TEAM

## ISO 14001 CERTIFICATION

TKM subscribed to ISO 14001 (Environmental Management Systems) in the year 2000 and has been certified by AJA (Anglo-Japanese American) Registrars, Thailand since 2001. TKM believes that ISO 14001 serves as a tool to improve environmental performance and comply with legal requirements.

In recent years, TKM has expanded its operations and has set up regional facilities in Pune, Manesar and Neemrana. The scope of certification is not just limited to the manufacturing facility but also extended to all Regional facilities and has been recertified in the year 2012.

A committee is created to drive the EMS which comprises of EMR (Environment Management Representative), Coordinator, Core Members and a Certified audit team having clear roles and responsibilities.

TKM strongly follows Plan-Do-Check-Act (PDCA), a continuous improvement cycle through which annual objectives and targets are framed. Periodic trainings are planned and imparted at all levels in the organization. Internal audits are being conducted by a pool of 40 certified auditors at regular intervals to confirm the effectiveness of implementation. Bi-monthly, EMR reports the performance to the Senior Vice President- Manufacturing and is reviewed by the Managing Director on a quarterly basis which sets out a direction to strengthen the management system.

During the FY2014-15 was when numerous improvements were initiated which relatively strengthened the environmental management systems and set out a clear path for Zero NC during the recertification audit in April 2015. The initiatives included inducing Toyota Global requirements into ISO 14001 and enhancing the skill level of internal audit team through an external training program.

Our continuous effort towards implementation of ISO 14001 has led to Zero Non-Conformance for consecutive 5 years followed by successful recertification in April 2015.



GENCHI CONFIRMATION BY ISO AUDITOR

# ENVIRONMENT COMMITTEE



The environment committee comprises of representatives from all functions across the organization. The committee is led by the Managing Director as its Chairman, and Deputy Managing Director and Senior Vice President- Manufacturing ,supported by all the division heads and window persons.

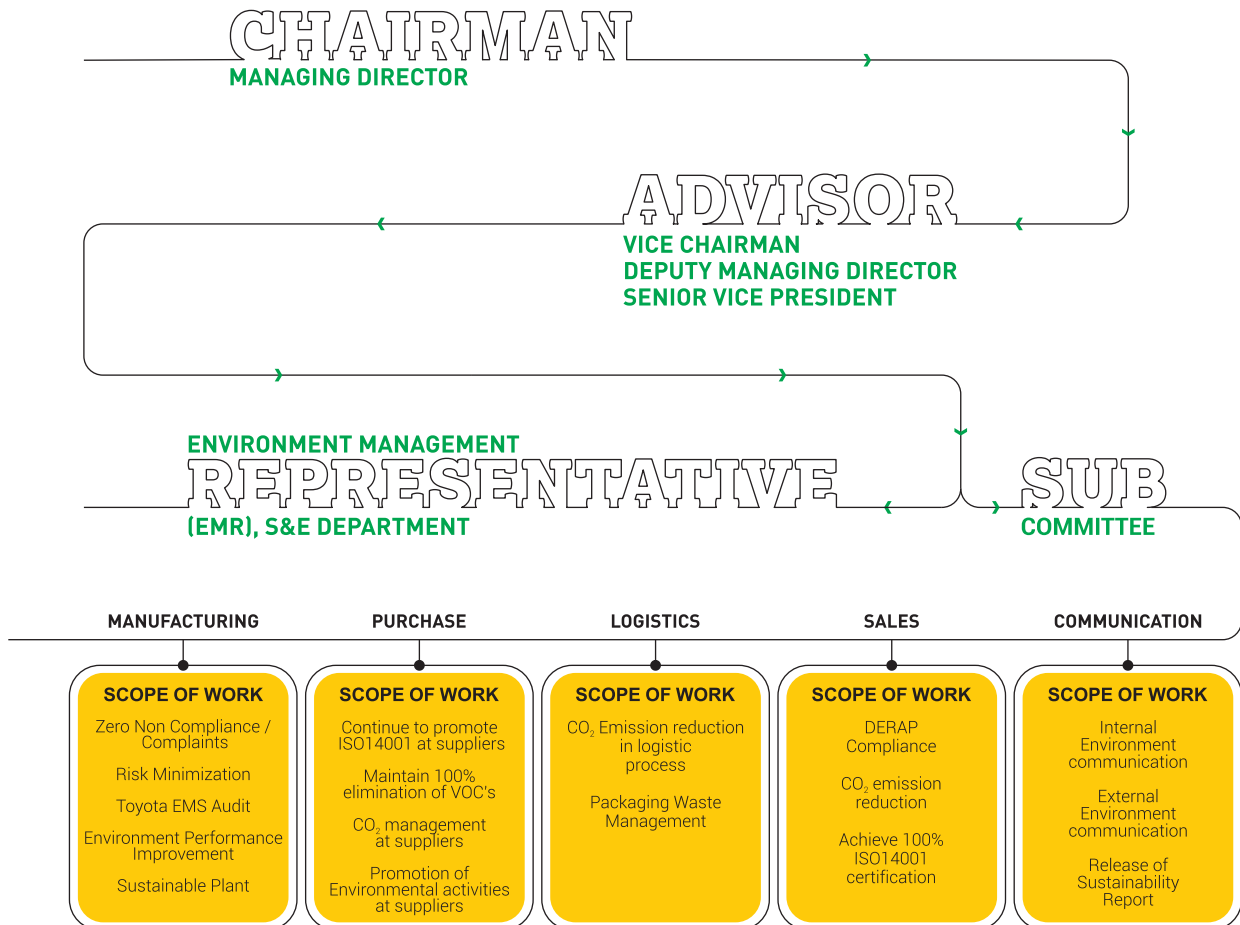
With an intention of enhancing the performance of the committee, a centralized ohbeya is established by Environment team. The performance of individual sub committees is updated every month to the Environment director by EMR.

The environment committee comprises of 5 sub-committees namely manufacturing, logistics, sales and service, purchasing and communication. Functional and respective heads (VP and above) have been designated as leaders of each respective sub-committee.

A quarterly gathering of the entire group heads with the top management enables a discussion regarding the achievements, challenges faced and strategic directions for the partner. A centralized environment group comprising of environment engineers and specialists work on translating the directions of the top management into action plan with clear milestones.

The environment management representative periodically reviews the progress and plays the role of vital link between the top management and deployment terms.

Clearly defined minutes of meeting with expected action plans are prepared and circulated among all group heads. The progress of implementation is tracked by the central environment team.





# ENVIRONMENT ACTION PLAN



## FOCUS AREAS



STEEL COILS LINED UP FOR PLANKING

## (B) OPTIMIZATION AND STANDARDIZATION OF PACKAGING MATERIAL SPECIFICATION AND USAGE

Conservation of environment and reduction of wastage has become an essential part of sustenance for life on this planet. Packaging is one of the key components in ensuring the quality of the end product to customer and is also responsible for the brand image of company. Packaging adds to direct cost of the product but is finally scrapped at the customer end which leads to material wastage and loss of value.

TKM, thus decided to optimize the packaging material usage from environmental and cost point of view while not compromising on the quality. To achieve optimization, innovative design changes in the packaging along with modification of existing packaging material specification in line with the Indian condition, were made. 'Go Paperless Campaign' was promoted to minimize the usage of paper in our operations. Service parts were supplied to all our dealers in Tier 1 cities through returnable boxes.

The increased emphasis on packaging sustainability over the past year has reduced the number of trees from being felled for manufacturing of packaging material. This has helped us save the natural resources, protect the environment and also reduce the cost.

As part of the action plan for the future, TKM intends to expand the returnable boxes usage to all dealers to Tier 2 cities and move from corrugated boxes to reusable metal pallets/modules.



BOX - ONE TIME USAGE

## PROGRESS ON TKM'S 5-YEAR ENVIRONMENT ACTION PLAN

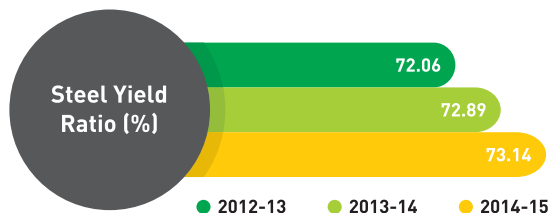
### 1. RESOURCE CONSUMPTION

#### (A) STEEL

Steel constitutes up to 23 percent of the weight of the final finished product and is an essential raw material for the passenger car automobile industry. However, 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-utilization.

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

TKM's objective is to reduce the carbon footprint from steel manufacturing by reducing steel wastage. Thus, TKM focuses on utilizing steel effectively, rather than letting it get wasted/scrapped.





RETURNABLE BOX - MULTIPLE TIMES USAGE (MINIMUM 60 TIMES)

**(C) ORIGINAL EQUIPMENT MANUFACTURING PARTS DOCUMENTATION STANDARDIZATION**

In a bid to reduce the usage of paper in our operations, we eliminated the extra copy of invoice for Bangalore routes. Also, the skid label was reduced to almost half the size by moving from A4 to A5 paper size. As a result of this we achieved 1750 sheets reduction/day accounting to 2.4 tonnes of paper annually.

**2. CLEAN AIR INITIATIVES**

**(A) VOC EMISSIONS**

TKM has always attempted to reduce the VOC emissions from the painting processes. Through the visionary 'one drop saving' concept, relentless efforts of the team members and the paint shop management, we could reduce the emissions by more than 40% in the last 10 years at Plant 1. We stand No.1 among the AP affiliates in the area of VOC emission reduction. In the year 2014, fifteen affiliates of Toyota visited TKM to learn and benchmark the best practices of VOC emission reduction.

**Water Based Painting:** The automotive painting involves organic based thinner solvents commonly known to contain harmful Volatile Organic Compounds [VOC]. TKM aims to reduce and eliminate the harmful VOC emissions and endeavors to promote newer non-VOC processes. As a start, at Plant 2 we have introduced water-borne painting in the Paint Shop, cutting down our VOC emissions by more than 50%. As a result of attaining success with the introduction of water based painting technology in the manufacturing facility, similar technology has been implemented at our servicing facilities of dealerships across the country.

The efforts by Plant 2 team members were recognized at the Asia-Pacific level by Toyota. TKM kaizen 'VOC Reduction through Eliminate and Optimize Activities' has been awarded the Silver Medal at the Global Environment Kaizen awarding ceremony.

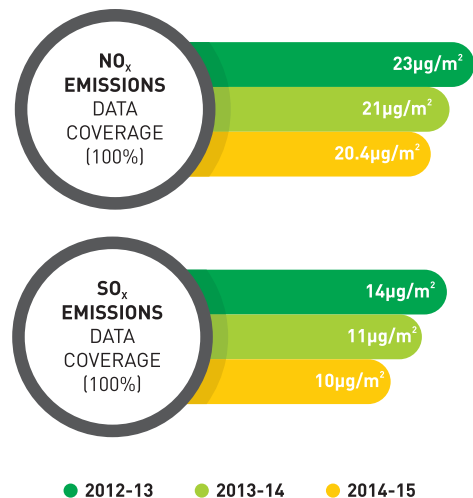


TKM TOP MANAGEMENT RECEIVING THE SILVER AWARD AT THE GLOBAL ENVIRONMENT KAIZEN AWARDING CEREMONY

**(B) AMBIENT AIR QUALITY**

While Carbon emissions form the largest part of emissions from manufacturing, oxides of nitrogen and sulphur and particulate matter are also considered relevant to environmental pollution. To keep the environmental damage in control, at TKM, the ambient air quality is checked on monthly basis. The following graph gives data regarding ambient air quality analysis. The analysis data shows that air quality inside TKM premises is well within the limits.

TKM does not use any Ozone depleting substance for manufacturing of vehicles. The Chiller unit at paint process is filled with R122 gas which is free from CFCs and all AC's fitted into newly manufactured cars are CFC free.



# CASE STUDY



## VOC REDUCTION THROUGH 'ELIMINATE AND OPTIMIZE CONCEPT'

The main painting process that emits large quantities of VOC is the top coat spray. A cross functional team was set up to drive the activities that could help eliminate or at least reduce these emissions.

The Paint shop at Plant 2 set a challenging target to reduce the VOC emissions by 15% from 20.92 gm/m<sup>2</sup> to 16.3 gm/m<sup>2</sup> within a span of 12 months, between FY2014 - 2015

Thus, the shop worked upon achieving reduction in VOC through the 'Eliminate and Optimize' activities by optimizing auxiliary wastages and eliminating muda.

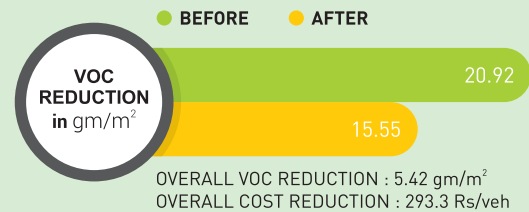
The activities involved muda sequence elimination from

- ▶ Both interior and exterior zone
- ▶ Black out Dry Film Thickness (DFT) optimize and transfer efficiency improvement
- ▶ Same color pre spray and flushing frequency reduction

- ▶ Low share color flushing frequency reduction and cartridge reduction
- ▶ Primer robot distance reduction from 300 mm to 200 mm
- ▶ Paint over spray reduction by pressure reduction in ES guns
- ▶ Adjusting the paint on and off cut for required area

The entire effort was taken up utilizing in-house materials and expertise. Our team members have personally formed a team to strategize, plan and execute the kaizen.

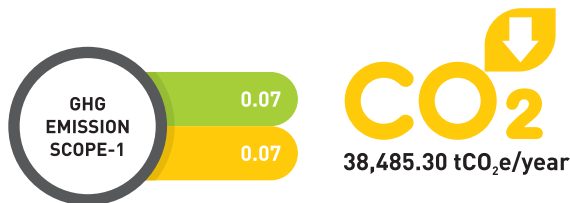
The sustenance of the kaizen largely depends on the involvement and ownership on the development by team members.



## CO<sub>2</sub> EMISSIONS

### PLANT 1 (TONNES/VEHICLE)

● 2013-14 ● 2014-15

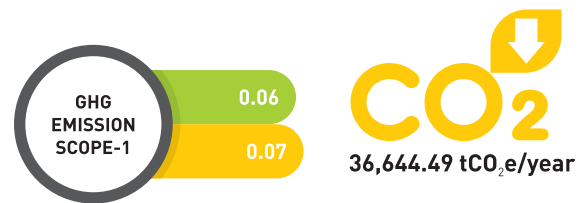


### PLANT 1 & 2 (MT/year)



### PLANT 2 (TONNES/VEHICLE)

● 2013-14 ● 2014-15



**SCOPE-1**  
Fuel consumption, company vehicles

**SCOPE-2**  
Purchased Electricity

**SCOPE-3**  
Indirect emissions in the value chain

**Note:** The increase in Plant 2 GHG emissions was because of the production loss of 4846 vehicles. Since some equipments use fixed load of energy even though the production is less, lower production usually results in increase of the per vehicle energy consumption.

### 3. CLIMATE CHANGE

#### (A) SMOOTH, SIMPLE AND SLIM [3S] CONCEPT

In order to address the challenges of market fluctuations and minimize losses, TKM has adopted a unique concept called 3S (Smooth, Simple and Slim). Smooth refers to making a process free of irregularities such as improving line efficiency, Simple defines reforming present process and abolish unnecessary operation like material consumption optimization at Shops where as Slim represents improving productivity and eliminate muda (Waste in motion, inventory, waiting etc).

The 3S concept was brought into force by utilizing the following approach- Communicate, Involve and Reform. We have built a strong communication link through various channels across all the levels of organization 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 maximize benefit. All these process are reformed under the guidance and management directions.

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

- ▶ **Yosedome:** Minimize fixed loss through flexible production
- ▶ **Gentan - I Management :** Optimize consumption in terms of material and energy
- ▶ **Productivity Improvement :** Optimize manpower

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

#### (B) ENERGY OHBEYA MANAGEMENT

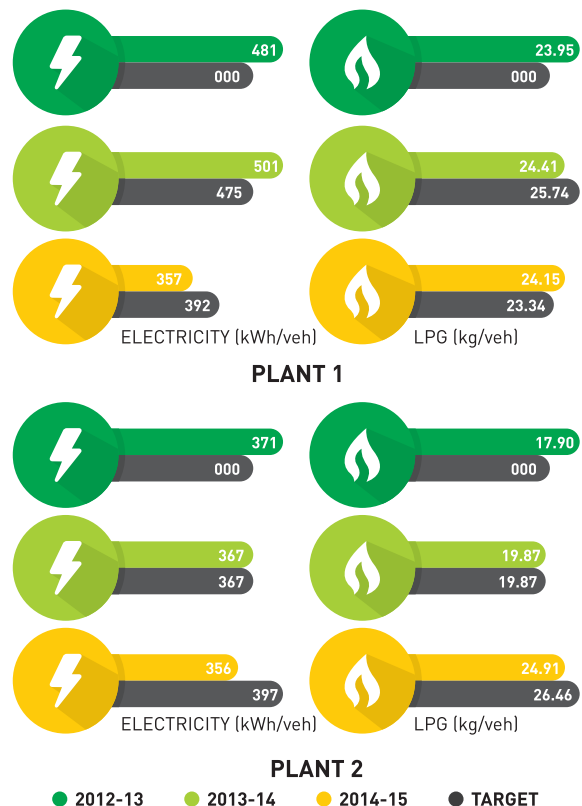
As a responsible corporate citizen, we continuously strive to bring down our energy consumption and work towards sustaining it.

The strategic energy auditor's group lead by Utility acts as centralized 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 top management's vision on Energy consumption optimization.

Utility team has established an Energy Ohbeya, which is platform to visualize energy related abnormalities and kaizen from all the divisions. This is utilized to understand the consumption variations across the company and also various kaizens suggested for consumption reduction. The energy ohbeya (Visualization) has been appreciated companywide and many affiliates have benchmarked this activity. All shops conduct a detailed study and identify kaizens to achieve the set reduction target.

#### (C) ENERGY USAGE

Energy consumption has a direct on operational costs and can increase exposure to fluctuations in energy supply and prices. The environmental footprint of an organization is shaped in part by its choice of energy sources. Changes in the balance of these sources can indicate the organizations efforts to minimize its environmental impacts.



Energy consumption occurs throughout organizations upstream and downstream activities associated with its operations, including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use.





**(D) REDUCTION OF ENERGY CONSUMPTION**

Energy efficiency is the most effective means with which to address concerns over climate change, rising energy prices, and security of supply while at the same time supporting economic growth. Energy conservation is at the top of the sustainable energy hierarchy as it lowers energy costs by preventing future resource depletion.

Despite making strides in reducing energy consumption in recent years, companies in these industries are still spending a lot of money on energy usage. Taking into account the repercussions of excess energy usage, TKM has promoted various energy conservation initiatives.

**(E) CO<sub>2</sub> EMISSION REDUCTION THROUGH PACKAGING EFFICIENCY IMPROVEMENT**

Climate change and CO<sub>2</sub> reduction have garnered enormous quantities of press coverage in both industry and general media. As a result, we are witnessing today a heightened public awareness which is in turn stimulating strong consumer expectations for regulators and the automotive industry to address this top priority issue.

Government Entities are asking worldwide for a huge effort to reduce the vehicle fuel economy, to promote the achievement of lower and lower levels of emissions and reduce the dependency from fossil fuels.

Reducing the CO<sub>2</sub> emissions from passenger cars is at the same time a global challenge and an opportunity for the whole automotive industry. Embracing this opportunity, TKM has been adopting ever cleaner technologies and is investing in massive technologies to alleviate the problem of CO<sub>2</sub> emissions into the atmosphere.

**PACKAGING EFFICIENCY IMPROVEMENT**

Efficient utilization of packaging materials is a fundamental strategy of maximizing the value derived from natural resources. Implementation of creative solutions to optimize the weight and volume of packaging and packaged products, impacts across the life cycle in terms of various other impacts and cost reduction. Thus, supported by the stakeholders, TKM works towards achieving trip reduction of imported

parts by changing the parts orientation and increasing container efficiency through space reduction. A dedicated task force was formed for continuous monitoring through Genchi Genbutsu. This ultimately resulted in a trip reduction of 3 containers/month, CO<sub>2</sub> reduction of 0.25kg/veh, Steel reduction of 1.9 Tonnes/month and a consequent saving of Rs.12/veh.

Future action plan is to apply Yokoten and review all less efficient modules, to reduce empty spaces in containers.

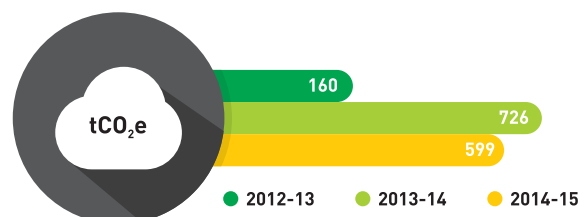
**‘OPTIMIZATION OF LOGISTICS OPERATION’ TO REDUCE ENVIRONMENTAL IMPACT**

India is a vast country comprising of 29 States and 7 Union Territories, with 3,200 km from North to South and 2,993 km from West to East. Each of the states have varied topography and terrain connecting them. Toyota Genuine Parts and Accessories are supplied to almost 200 authorized outlets across these regions. Logistics operation is backbone of the entire ‘Supply Chain’, in order that TKM assures the ‘RIGHT PART at RIGHT TIME in RIGHT QUANTITY’ to serve the Customer quickly and accurately. Logistics operation is carried out by a dedicated fleet of 354 trucks for TKM operation covering approx 24,960,000 km annually, emitting 9,800 Tonnes of CO<sub>2</sub>.

Efforts have been made to reduce the impact to environment by reducing the CO<sub>2</sub> emission from logistics trucks through:

- ▶ Strict guidelines of using vehicles not more than 7 year old
- ▶ Replacing the Older Vehicles with New ones complying to stricter emission norms of Bharat Stage IV
- ▶ Fuel efficiency improvement with load optimization and fill rate improvements in trucks
- ▶ Route restructuring to improve truck fill rate and reduce running km
- ▶ Using of Rail mode of dispatch to North eastern region

As a result of these activities, the CO<sub>2</sub> emission was reduced to 599 Tonnes during the FY2014-15.

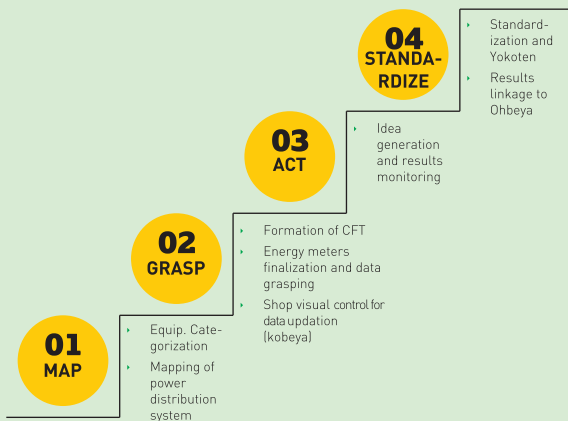


# CASE STUDY

## OPTIMIZATION OF ELECTRICITY AND INSTALLATION OF CENTRAL TIMER CONTROL IN PAINT SHOP IN PLANT 1

During the expansion of paint shop with higher and new capacity equipment addition, it was found that 56% of equipments were aged. The real challenges faced were insufficient energy grasping system and lack of clarity on power distribution system.

Upon brainstorming with the team members, the map-grasp-act-standardize approach was formulated to address the issues encountered during the expansion.



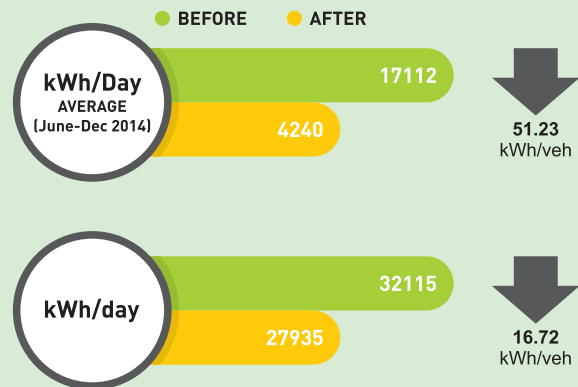
All equipments were subjected to the Type A (Production Pattern), B (Shift start 'ON', shift end 'OFF') and C (Always 'ON') categorization. Similarly on the supply end, run time optimization of Utility equipments like Chillers/Compressors and hot water generators was carried out.

Upon categorization, a Power Distribution Tree (PDT) was established followed by abnormality identification during production and holiday time. Conglomeration and implementation of ideas resulted in energy savings of 12872 kWh/day and a cost saving of Rs. 86,242/day.

## ENERGY REDUCTION BY REPLACEMENT OF FLUORESCENT TUBE LIGHTS WITH LED LAMPS

Energy reduction helps reduce the cost of operations in an industry. As part of resource and cost reduction initiatives, one of the major activities taken up last year to achieve energy reduction was the replacement of the fluorescent tube lights with LED lamp fittings. This activity was kick started at the office side areas and is now further horizontally deployed (Yokoten) to other areas.

Parallely, to meet the requirement of electricity demand in the paint shop, Centralized Timer Controls(CTC) were introduced thereby lessening the burden for member to switch-on /off the equipments each time. As a result of this 4180 kWh/day and Rs. 28,006/day of energy and cost savings respectively, were achieved.



The outcome of both the activities was a reduction of 9.6% in electricity, 12.2% in water and 4.7% in LPG usage from Plant 1 and Plant 2.



Appreciation by the Managing Director, TKM

The earlier existing fluorescent tube light fittings used in the office building have been progressively replaced by LED lamp fittings which maintain the Lux levels as directed by the Factories Act, with 80% reduction in energy consumption.

As a result of this replacement a total of 106 tCO<sub>2</sub>e has been eliminated in a year.

**Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanism during the reporting period were zero.**



### DOCK MERGING

At the TKM plant, separate docks with an operating distance of 650 meters were assigned for Innova and Fortuner. TKM, merged the two docks under a single roof by resizing the dock layout thorough layout modification followed by optimum utilization of free racks. The re-modification resulted in CO<sub>2</sub> emission reduction of 0.25 kg/veh yielding a cost benefit of Rs.0.52/veh.

In order to sustain this kaizen, muda work reduction through process auxiliary work will be identified.

### ALTERNATE ROUTE IDENTIFICATION THROUGH GOOGLE MAPPING

TKM supplies service parts to all regional parts distribution centers located across India. In order to reduce the travel distance and hence CO<sub>2</sub> emission, TKM identified an alternate route through Google mapping and a joint survey. The issues faced during the changeover to a new route were addressed by conducting a re-survey and creation of timeline. This move helped in achieving a distance reduction of 30 km/ trip, a CO<sub>2</sub> emission reduction of 0.38 kg/veh and transportation cost benefit of Rs. 50/veh.

As a sustenance plan, TKM is planning to conduct a re-evaluation of truck loading efficiency by supplier regrouping and mixing with Service parts logistics.

### CO<sub>2</sub> REDUCTION FROM EMPLOYEE COMMUTATION ACTIVITY

TKM commutation division has been monitoring the capacity utilization of vehicles to ensure lower CO<sub>2</sub> emissions.

In order to avoid city traffic and also to reduce employee travel time, a private tolled expressway facility is used for commutation. which has increased the total travel distance resulting in more fuel consumption. Hence to reduce the fuel consumption, the expressway usage is eliminated during empty vehicle movement.

Also, we have reduced the shuttle operational frequency along with vehicle reduction during Over -Time route operation through route merging. Similarly, standardization of vehicle service schedule was carried out to avoid buses from returning without being serviced, eventually leading to multiple visits to the auto service center.

## 4. WATER FOOTPRINT REDUCTION

Water is one of the core essential and basic necessities. Despite earth's majority of the cover is filled by water (97% by oceans), 2% of the water on earth is glacier ice at North and South Poles and only 1% is available as freshwater suitable for living organisms including humans. In recent year's water table is facing serious threat due to rapid population increase, industrial and urban development, over usage, climate change & global warming. With the increased exploitation of water, it has now become a serious issue. India is threatened with a difficult and tumultuous water future. Given these challenges, Toyota Kirloskar Motor is committed to conserve and manage this precious natural resource.

Our plant receives its supply of water from the Karnataka Industrial Area Development Board (KIADB), 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 two distinct strategies.

### Optimization through kaizen

Optimization of water consumption has been taken up involving the team members for 'YOSEDOME- stopping of processes to match demand' concept wherein lots of kaizens have come up which eventually contributed to overall reduction in water consumption.

### Installation of recycling technology



REVERSE OSMOSIS UNIT AT TKM

**5. SUSTAINABLE INITIATIVES**

**(A) BIOGAS**

As part of eco-initiatives we have established a Bio-gasifier plant to convert food waste generated at TKM through canteen operations to create a non-polluting and renewable source of energy.

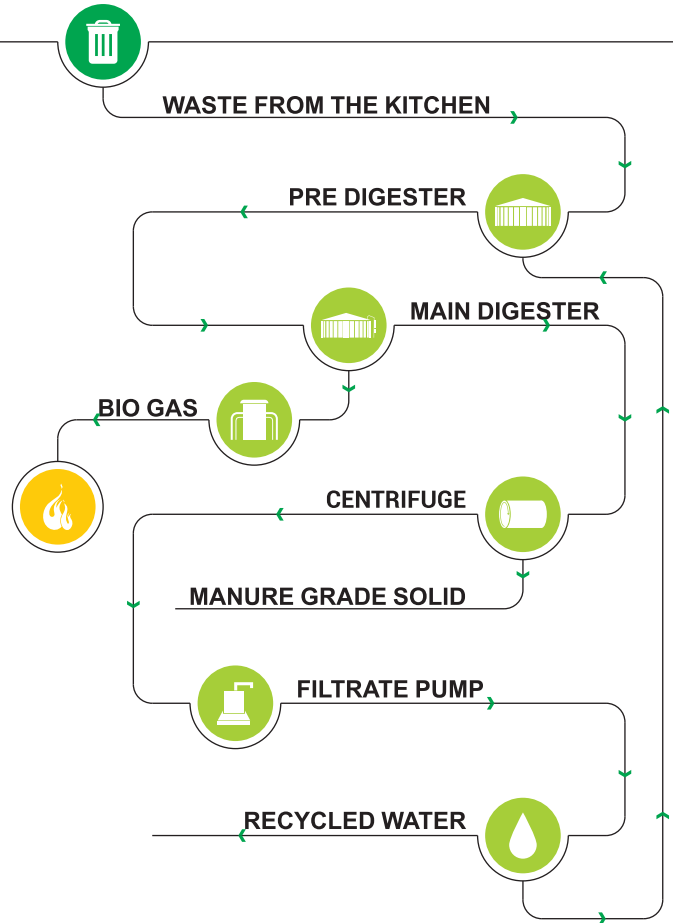
At TKM, the Biogas plant utilizes Bio-methanization technology to treat food waste hygienically. The technology comprises of aerobic and anaerobic digestion processes. The biological digestion process is composed of anaerobic bacteria which transforms wet food waste into methane rich Biogas and Bio manure.

We have constantly strived to implement best practices that promote reuse, reduce and recycle of wastes within the manufacturing plant. Our efforts were upheld when we decided to install a biogas plant at our premises to ensure scientific disposal of food wastes generated at the cafeteria catering to about 21,000 meals a day.

Kirloskar Integrated Technologies Ltd., Pune facilitated in Designing and Execution of the Project at TKM.

The technology comprises of aerobic and anaerobic digestion processes which transform wet food waste into methane rich Biogas and Bio manure in a hygienic way. The Bio-gasifier unit can handle 1.5 Tonnes of food waste/day and is expected to generate 100-120 m<sup>3</sup> gas / day leading to a reduction of 210 kg of CO<sub>2</sub> emission / day.

The biogas generated will be utilized as a cooking fuel at the TTTI kitchen and thus bringing down the LPG consumption by 40-50 kg/day. The unit will generate 140 kg of manure/day which will be utilized for TKM's afforestation activity within the plant. The unit is also expected to serve as a study module for the students, BIA and other industries. One large advantage of this project is that it will help mitigate environmental concerns and reduce the volumes of waste.



**FEATURES:**

- **A handling capacity of 1.5 Tonnes of food waste/day**
- **100-120 m<sup>3</sup>/day of Biogas can be generated**
- **Reduction of LPG usage by 40-50 kg/ day**
- **Generation of 140 kg of manure / day**



**BIOGAS PLANT AT TKM**





**EFFORTS TO REDUCE WATER CONSUMPTION:**

TKM has installed two Common Effluent Treatment Plants (CETP). The plants have been built with the latest technologies like membrane Bio Reactor and Reverse Osmosis.

The industrial wastewater is subjected to chemical treatment followed by activated sludge treatment and then passes through membrane Bio Reactors and Reverse Osmosis. Domestic wastewater is mixed along with chemically treated industrial wastewater prior to activated sludge for further treatment.

More than 60% of the treated water is sent back to manufacturing processes and remaining is being utilized for gardening, toilet flushing, etc.

TKM has well established in-house laboratory with qualified analysts for regular monitoring of quality and to ensure optimum performance of the treatment plant. We have established stringent internal controls which are 20% more stringent than the legal requirement.

The company also proactively promotes re-use and optimal use of water. Furthermore, TKM is already practicing 'Rain water harvesting pond' having installed 25,000 cubic meter storage capacity.

Following are the activities undertaken 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

**TOTAL WATER USAGE**

PARAMETER	PLANT	2013-14		2014-15	
		TARGET	ACTUAL	TARGET	ACTUAL
WATER (m <sup>3</sup> /veh)	PLANT 1	3.86	3.74	3.55	3.49
	PLANT 2	3.40	2.89	3.02	2.28



### PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED

ITEMS	2014-15	
	Plant 1	Plant 2
Recycling Ratio (%)	61.59	63.23
Volume of Recycled Water (m <sup>3</sup> /yr)	2,40,473	1,88,088
Volume of Reused Water for i) Landscaping (m <sup>3</sup> /yr) ii) Toilet flushing (m <sup>3</sup> /yr)	1,00,666	1,00,585
	15,946	27,428

**TKM has been able to recycle over 60% of the treated wastewater back to the process and other 40% to gardening and domestic purpose, at the same time reducing its freshwater consumption over 60%**

### RAINWATER HARVESTING

In continuation of the efforts to reduce fresh water consumption in the production process, we have built a rain water harvesting facility within our premises. The harvesting structure is built on an area of 14,500 m<sup>2</sup> with a water storage capacity of 25,000 m<sup>3</sup>. The total surface run-off and roof top water will be collected in this tank and further processed to be reused in the production. The effort has positively impacted our endeavor to reduce our water requirement. Our ultimate aim is to reduce the consumption of water provided by the government and use rainwater as our primary source at our second manufacturing plant.

In this plant, the augmentation and streamlining of recycling units has brought down the raw water usage to 0.28 m<sup>3</sup>/veh. Now, our challenge is to fully utilize rainwater from the rainwater harvesting pond at Plant 1.

RAINWATER HARVESTING POND AT TKM





## 6. ZERO WASTE TO LANDFILL HAZARDOUS WASTE MANAGEMENT

The most significant environmental wastes generated by an automotive industry include: machine lubricants and coolants, aqueous and solvent cleaning systems, paint, scrap metals and plastics. TKM strictly complies with the legal requirements restricting trans-boundary movement of hazardous wastes. All the waste generated inside the plant is sent to authorized vendors situated within Karnataka. TKM has always focused on achieving Zero hazardous waste to landfill in-line with the Toyota Earth Charter.

In the due course of the reporting period, the resin shop activities were shifted from Plant 1 to Plant 2 and excess sludge dump off, which was more than the projected volume, occurred, which were not accounted

for while target setting. Thus, there was an increase in the quantity of hazardous waste generated.

The amount and volume of significant spills during the reporting period were nil.

The total environmental expenditures and investments are as follows:

Waste disposal, emissions treatment and remediation costs : **Rs. 1,41,57,000**

Prevention and environmental management costs : **Rs. 3,37,27,000**

There have been no significant fines and zero non-monetary sanctions for non-compliance with environmental laws and regulations. TKM has no history of accidental spills and did not have any significant spills during the reporting period.

# CASE STUDY

## SLUDGE DRYING YARD

Industrial sludge can be disposed of in three basic ways: landfilling, incinerating, or land-spreading. The total dryness of the sludge has a direct impact on the method chosen and also on the sludge handling costs. Increasing sludge dryness reduces fossil gas consumption, transportation and disposal costs.

To take sustainable waste management a notch higher, TKM has built a Solar Sludge drying facility to handle hazardous waste sludge at the Bidadi plant, with a capital investment of more than 25 million rupees.

Attention at TKM has shifted well beyond hazardous waste, looking for environment friendly alternatives to landfilling for other waste categories. Co-processing, an environmentally superior waste treatment option recognized by international bodies and proven by life

cycle assessment studies, is TKM's preferred option for all non-recyclable waste. Co processing ranks higher in the waste processing hierarchy as it reduces the burden on TSDF (Treatment, Storage, and Disposal Facility), maximizes the recovery of energy while ensuring safe disposal of waste, immobilize toxic and heavy material and produces overall environmental benefits by reducing releases to air, water and land.

Despite the high cost of operation, TKM has embraced the co-processing technology to foster its environmental consciousness. A co-processing pioneer along with its partners is roped in to carry out the handling, processing and final disposal of waste in a highly professional, responsible, safe and reliable way.



SLUDGE DRYING YARD AT TKM



DRIED SLUDGE READY FOR DISPOSAL THROUGH CO-PROCESSING



**VERMI-COMPOSTING**

TKM conducted a study to find alternative options for waste minimization to utilize biodegradable waste (Non-Hazardous) in an eco-friendly manner. It was found that bio-sludge, an outcome of sewage treatment plant, was one of wastes which could be minimized by composting. After conducting an extensive study involving various composting techniques, the team arrived at vermi-composting, a process of composting using various worms, usually red wigglers, to create a heterogeneous mixture of decomposing waste.

Bio-sludge is being generated in huge quantities, ranging up to 720 Tonnes/year. With the use of vermi-composting technique, the waste generation quantity (to be sent for landfilling) can be reduced and the same can be converted to manure.

A trial conducted showed that out of the 7 Tonnes of bio-sludge generated, 2.5 Tonnes of waste converted to manure. This helped reduce the landfilling cost up to Rs. 28.8 lakh per annum and curtailed the emissions up to 18 tCO<sub>2</sub>e/annum. The vermi-manure, thus produced is supplied to the Bidadi Industrial Association to be used during sapling plantation. As part of the sustenance plan, we intend to utilize the bio-sludge converted manure for TKML gardening purpose as well.



VERMI-COMPOSTING FACILITY

**AFFORESTATION ACTIVITY**

TKM has focused on achieving harmony between its manufacturing activities and the natural world based on the concept of 'A plant that optimally utilizes natural resources, while operating in harmony with the natural environment. As its first step towards establishing a sustainable plant, TKM initiated afforestation activity in the year 2009 with the objectives of conservation of native ecosystem and also to spark the eco consciousness among team members and all the stakeholders.



DR. MIYAWAKI

Our aim was to address the challenge, that our forests are facing today and provide a favorable habitat for the growth of native species.

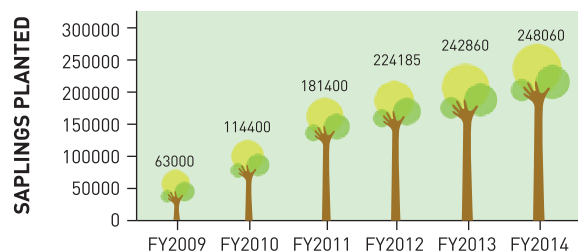
The entire initiative is based on the 'Dr. Miyawaki Method' to restore and reconstruct forests based on the concept of Potential Natural Vegetation', which helps in creating a fast growing Natural Forest at the rate of 1m/ year by planting native species so as to create biodiversity and aid the food chain. It was an effort to create visual delight for our employees and TKM visitors, while also an endeavor to create a carbon sink.

**KEY FEATURES OF THE CONCEPT**

- 01 SELECT NATIVE SPECIES
- 02 PREPARE SAPLING
- 03 PREPARE SOIL AND MOUND
- 04 PLANTATION
- 05 MAINTENANCE  
(Only for the first three years)

TKM has reserved 33.33% (144 acres) of total land area of its premises (432 acres) to develop a greenbelt within its boundaries. TKM's greenbelt development plan aims at overall improvement in the local ecosystem by developing theme based conservation parks.

To symbolize the beginning of 2014 afforestation program, TKM organized a kick-off plantation drive involving TKM's Top Management on 28th June, 2014. In continuation TKM has planned to develop a theme based conservation center in the premises by creating a home to rare and endangered species, timber yielding tree species, medicinal and aromatic plants, edible fruit yielding plants and other native tree species.







**BIODIVERSITY**

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.

No habitat change has been attributed due to the operations of TKM, since the land allocated for the industry is earmarked exclusively for Industrial area. The competent authority for identification of such areas is the Karnataka Industrial Area Development Board (KIADB). It is trusted that, due diligence shall and have been taken in selecting land for the industry, ensuring that it shall cause minimal damage to the natural settings.

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 livelihood and life itself.

We are continuously making efforts to identify the sustainability concerns of the organization on non-living natural systems such as land, air, and water. We also realize that it is our prime responsibility to understand the similar concerns associated with living natural systems i.e. our biodiversity as a whole.

With this intention we have engaged with biodiversity experts in the region to conduct a biodiversity survey inside the plant and our neighborhood (up to 10 km radius). This was carried out by experts during major climatological changes of the region.

A survey was also conducted 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) species of plant species were found inside TKM premises, and these belonged to 105 genera and 36 families. Out of 133 species there are 69 species were found to have medicinal properties. 173 species were found in the buffer area and they belonged to 136 genera and 51 families. Due to continuous improvement in the floral composition of the TKM, more



BIODIVERSITY AT TKM - II



BIODIVERSITY AT TKM - III



BIODIVERSITY AT TKM - I

than 35 bird species were recorded during biodiversity survey.

There are no environment sensitive areas located near TKM.

**KRISHI MELA – A FARMER DEVELOPMENT FEST**

Krishi Mela is an initiative taken up by the Agriculture University of Bangalore and Ramanagara District Administration in collaboration with the Karnataka State Pollution Control Board to sensitize farmers about technologies related to Farming and Horticulture.

TKM displayed details of Afforestation, Carbon Management, Eco factory approach, Water and Wastewater management activities. A working model of the WWTP was displayed and explained to visitors. Government representatives visited the fest and had a detailed discussion about TKM’s wastewater treatment and recycling technologies. The efforts were well recognized and appreciated.

TKM aspires to enhance its eco brand image by utilizing this as a reach-out to local community and create awareness on Environment Protection.

# ENVIRONMENT MONTH



## BACKGROUND

World Environment Day (WED) is the United Nation’s principal vehicle for encouraging worldwide awareness and action for environment consciousness. Over the years it has grown to be a broad, global platform for public outreach that is widely celebrated by stakeholders in over 100 countries. It also serves as the ‘people’s day’ for doing something positive for the environment, galvanizing individual actions into a collective power that generates an exponential positive impact on the planet.

The UNEP adopted theme for World Environment Day 2014 was ‘Small Islands and Climate Change’ In support of the UN designation of 2014 as the International Year of Small Island Developing States (SIDS), WED this year adopts SIDS in the broader context of climate change as its theme. The aim was to encourage a greater understanding of the importance of SIDS and of the urgency to help protect the islands in the face of growing risks and vulnerabilities, particularly as a result of climate change.

In line with Global theme and the TMC guidelines TKM designs its own theme for Environment Month celebration each year. The theme for the 2014 Environment Month was ‘Involve Stakeholder to Elevate Eco Brand and Delight Customer’.

TKM set out with objectives for enhancing the Eco Mind to level up Environment Performance of all Stakeholders by making them realize the goal of Sustainable Company and elevating the Eco Brand



**INVOLVE**  
STAKEHOLDERS



**ELEVATE**  
ECO BRAND



**DELIGHT**  
CUSTOMER

image of TKM.

## ECO-MIND: INVOLVE AND EDUCATE

TKM believes in developing Eco-Mind of the people through the approach of Involve and Educate. Eco-Mind is a culture that we believe must be imbibed into the mind and soul of our stakeholders. The group of stakeholders was identified based on their influence on TKM’s Environment Management System activities. The stakeholder identified and involved in Eco initiatives drive are the Team members, their family members, top management, maintenance vendors, suppliers, dealers and local community.

Activities are designed with an aim to educate and engage the entire stakeholder group.

## DAILY ‘KYT’ TO TEAM MEMBERS

The theme based Eco-KYT (Kiken Yochi Training) is an initiative to propagate the eco message and to daily administer an eco-pledge company-wide to educate the TMs on global environment issues and its impact on planet earth.

Different themes selected on weekly basis were - Climate Change, Water Conservation, Waste Management, Eco Awareness, Air and Noise pollution. The initiative was flagged off with a message on environment conservation from the Top management reaching out to more than 6700 TMs daily. The activity was carried out in all locations of operation including TKM’s regional offices.



**WASTE MANAGEMENT**



**ENERGY CONSERVATION**



**ECO ACTIVITIES**



**WATER MANAGEMENT**

## GREEN-OWLEDGE: AN ECO SEMINAR ON ENVIRONMENTAL ISSUES

The first of many Eco Seminars was initiated in the year 2013 during the Environment Month Celebration with an intention to develop an eco-mind and to create awareness among employees.

The initiative which was orchestrated in the consecutive year covered the topics on Biodiversity and Bio-mimicry. Renowned ecologists Dr. Umashankar, Professor, Dept. of Crop Physiology, GKVK and Dr. M B Krishna, Consulting Landscape Architect Advisor, GoK delivered talks which helped in understanding the new dimensions and dynamics of science along with its connection to nature. This evoked a lot of enthusiasm from about 250 participants who attended the seminar.



ATTENDEES AT THE ECO-SEMINAR

### ECO-SMS CAMPAIGN

SMS marketing is the most powerful way to engage with customers on their mobile devices because it is the most frequently used mobile feature, ahead of voice calls and emails. Making use of the proliferation of technology devices, TKM reached out to more than 5.5 lakh customers through SMS to inculcate a pro-environmental behavioral change in terms of eco-driving, fuel saving techniques and to delight Customers.



ECO SMS TO CUSTOMER

### ECO POSTER COMPETITION

Eco-posters show the impact we have on the environment through our everyday choices and actions, how we can reduce our ecological footprint by making a little difference, and the beauty of nature.

Thus, TKM moved forward to start a visual conversation with the creative TM community around environmental issues and climate change and to create a movement of eco awareness through art. The 1560 nos. of eco-posters received were inspiring, impactful and engaging with respect to the theme 'My Dream Eco-Planet'.

Similarly, a poster competition themed 'Impacts of Pollution' was held for TMs' children below the age of 11 years. The idea was to inspire children to become life-long environmental stewards through nature connection and play.

### GREEN BUS CAMPAIGN

The Green Bus with a display of important facts and eco conservation tips was flagged off by the TKM Top Management with a purpose to spread the eco-spirit to local community and team members.



GREEN BUS FLAG OFF TKM TOP MANAGEMENT

### SWITCH OFF CAMPAIGN

TKM joined hands with the traffic police present at five prominent and busy traffic junctions of Bangalore city (Corporation Circle Signal, MG Road Signal, Devewowda Petrol Bunk Signal, Gopalan Arcade and UB City Circle Signal) by holding placards with motivational slogans and by interacting with commuters on a one to one basis in order to sensitize them on fuel saving, CO<sub>2</sub> emission and global warming.

### ECO KAIZEN ACTIVITIES

TKM stood witness to the many Eco kaizen, wherein the TMs were motivated to identify Environmental improvement points in their area of work such as Yosedome, CO<sub>2</sub> reduction kaizen and environment emergency mock drill.

### ECO SHOWCASE ACTIVITIES

Eco Showcase on the other hand, is an opportunity for TMs to utilize the environment month as a platform to conduct activities involving local community, and to create awareness in them towards global environmental issues. This provided a platform for various proactive social activities thereby contributing to the environment and as well as the community.

### ECO CSR ACTIVITIES BY TEAM MEMBERS (TMs)

Building an eco conscious society has always been one of TKM's motives. Twelve major voluntary Eco-CSR activities were undertaken by more than 210 Team members.

Our team members were also involved in Eco-CSR Campaigns for promoting tree plantation, environment awareness and motivating the local communities to conserve the natural resources. The objective behind



this initiative was to trigger the minds of employees towards social responsibility and ownership.

The TMs intend to establish a sustenance plan involving eco clubs at schools and to develop a long term plan for engagement and development.



TEAM MEMBER INVOLVEMENT IN ECO CSR ACTIVITY - I



TEAM MEMBER INVOLVEMENT IN ECO CSR ACTIVITY - II

**CLEAN-UP DRIVE AT BIDADI, RAMANAGARA**

As a part of the Environment Month celebrations, to spread TKM's eco-spirit to the local community, a clean-up drive was organized at Bidadi. The Bidadi Gram Panchayat and Karnataka State Pollution Control Board partnered with TKM to make this event more successful by reaching each and every household in Bidadi town. The call for action was to organize a neighborhood clean-up drive and encourage usage of eco-friendly bags.

More than 500 team members volunteered to take part in the campaign. Over 5000 environment friendly bags were distributed to individual households along with pamphlets addressing the public awareness on environment. Through collective efforts of team members, TKM served the purpose of the program by ensuring that solid waste is managed in a way that protects both public health and the environment.



TKM TOP MANAGEMENT FLAGGING OFF THE CAMPAIGN BY DISTRIBUTING ECO-FRIENDLY BAGS



TKM VOLUNTEERS IN ACTION

**PLANTATION ACTIVITY- GURU BHAVAN, RAMANAGARA**

TKM always believes in creating awareness amongst the future generation as they are the leaders of tomorrow. Continuing with its tradition of preserving environment and hosting eco-friendly activities, TKM conducted a tree plantation program at the Guru Bhavan campus, Ramanagara.

The Green drive was flagged off by planting over 200 saplings inside Guru Bhavan campus involving 300 students. The activity was driven inside the campus under the able guidance of TKM employees, the Karnataka State Pollution Control Board and the Education Department, Ramanagara.

The plantation activity focused on celebrating the five elements of nature namely, earth, water, air, fire and the sky, by administering of green pledges in the school. The students took an oath to keep their school, house, neighborhood and public places clean along with spreading awareness in their surroundings.



PLANTING OF SAPLINGS BY KSPCB OFFICIALS AND DEPARTMENT OF EDUCATION, RAMANAGARA



STUDENTS SEEN PLANTING SAPLINGS IN THE PREMISES



# ECO-DIARIES



## INSTALLATION OF PUSH TAPS FOR OPEN PIPES IN ANNUR VILLAGE, MANDYA

With one-third of the world's population living in countries which are experiencing water shortages, it is unforgivable that so little is done to preserve and ensure proper management of this invaluable and life giving resource. The consequences of wasting water could be many and troubling as human development depends on water. It is a known fact that conservation of clean water depends on minimizing wastage from leaks and

reducing unnecessary or excessive consumption. Hence, the need of the hour is stop wastage of water be it from faulty faucets.

The residents of Annur village, Mandya have access to water through an open pipe water distribution channel connected to the water storage units. Water from the storage units overflowed due to faulty faucets and related leakages. As a responsible eco-conscious citizen, Mr. Chandresh stepped forward to fix these issues by bearing the cost of installation of push taps for open pipes in Annur village. Thus, a permanent leak proof connection was put in place thereby avoiding wastage of water.

This initiative serves as an example for the community to realize that it is vital that we conserve our water supplies in a way that meets the needs of the community and the environment now, and for generations to come. The voluntary action carried out by Mr. Chandresh was published in the local newspaper and given its due credit.



INSTALLATION OF PUSH TAPS FOR OPEN PIPES



## GREENING OF BARREN LAND

Mr. Manoj J T, an employee from the Weld Shop at TKM has taken upon him a huge responsibility of looking after a BBMP park present in his locality. The park area was earlier turned into a barren land and a dump yard of waste for the surrounding community. The initiative was kick started during the Environment Month, 2012 wherein 150 saplings were planted in a barren park by a team of Weld shop members. Post plantation activity, Mr.

Manoj took care of the saplings by watering, nourishing with manure and ensuring proper growth. Species of plants in the park include Singapore Cherry, Jamoon, Mango, Kumkum, Banyan, Peepal and Pongamia. Since then Mr. Manoj is caring for the park and is also bearing all the maintenance cost on his own. At present, the park is tastefully landscaped consists of about 200 well grown trees. Also, a fully functional sewage system has been installed in place.

This feat was recognized by the Government of Karnataka by inviting Mr. Manoj to be a part of 'Namma Bengaluru Nanna Koduge', a citizen-corporate-corporation collaboration for

transformation under the auspices of Bruhat Bangalore Mahanagara Palike. Mr. Manoj is one of those people who have set an example to others by walking that extra mile to conserve the environment.



RESTORED PARK AREA



## CITY CLEANING DRIVE, 100 FEET ROAD, MANDYA

Consumerism has crept into our lives in such a way that we don't even spare a thought for our environment. The carefree attitude of the people has led to a problem of high magnitude. Ultimately this problem needs to be addressed in a pro-active way. People need to understand the gravity of the situation and realize that if not for us, nobody else can keep the surroundings clean. It is also necessary that they control the urge to litter and

develop an attitude that would help in keeping our environment clean and green.

The 100 feet road, an arterial thoroughfare of Mandya city, Karnataka stood as a reflection of apathy of the public towards hygiene and street cleanliness resulting in unappealing aesthetics of the main business area of the city. The area needed immediate attention due to growing ignorance of the public towards waste disposal.

Mr. Arjun M S and his friends' efforts have been lauded by the local government authorities and the public. It's true that civic agencies are responsible for taking care of our

society but it's also important that we must realize our responsibilities to our society and environment; and do our share.



CLEAN UP ACTIVITY BY VOLUNTEERS



# CUSTOMERS



**B PADMANABHA**

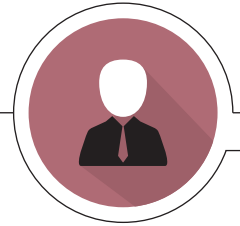
Vice-President, Customer Service Group

Our business depends on building partnerships with our stakeholders, especially our customers. As we acknowledge the interdependency between our business and that of our customers, we have developed long term relationships through customer engagement that align with our sustainability agenda. This engagement model is designed to increase touch points, enabling us to remain aligned to their priorities and focus on building valuable partnerships.

A host of distinctive facilities and services are being offered to meet the customers' requirements in the company's nationwide service network. We bring in state-of-the-art service centers with qualified and trained manpower to ensure that the Customers and their cars are well taken care of.

We understand that the depth and breadth of our customer relationships are critical to the ongoing economic sustainability of our business. Thus, we intend to create and share new values by providing high quality services beyond customer's expectation. Also, we will continue to foster stable business performance and share the environmental and social values created with our customers.

# OUR CUSTOMERS



At Toyota Kirloskar Motor, we aim to establish a lifelong relationship with our customers by creating 'Delight' element during each interaction. 'Trust' is the core value that all personnel engaged in customer service keep in mind. We build long-lasting relationships by providing prompt and timely service, making sure that we meet our customers' needs to our best possible ability.

Ensuring effective communication and consistently high quality of the products and services, with support from factors such as the kaizen culture, enhanced service capacity and technology to support efficient operations, we have achieved the highest level of customer satisfaction amongst our customer base.

In order to ensure customer satisfaction, we have initiated several Customer Satisfaction Surveys at different stages. To understand how the industry is performing, we also subscribe to an industry level customer survey whose results are carefully analyzed along with the customer expectation and shared with all dealers, regional offices and key departments at actionable points for quick action and usage in their day to day activities. The consolidated report is also shared with our management for easy decision making and driving future activities. It also forms a part of the input to prepare our next year's customer service strategy to further enhance customer satisfaction. No substantiated complaints regarding breaches of customer privacy and losses of customer data were recorded during the reporting period

## PRODUCT AND SERVICE INFORMATION

Product specification details available on the Toyota website are intended to help the customers and stakeholders understand the product and vehicle related information.

**No significant fines have been levied on the company for non-compliance with regards to laws and regulations concerning product service, and labeling during FY 2014-15.**

## CUSTOMER SAFETY

All vehicles produced at Toyota use new generation technology and are of the highest safety standards. All TKM vehicles meet the prevailing safety regulation of the country. Toyota's kaizen philosophy combined with the 3R (Reduce, Reuse and Recycle) principle makes sure that 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.

## STANDARDIZATION OF AIRBAGS ACROSS ALL MODELS AND GRADES

Airbags, which serve as a passive safety device to safeguard the occupant in the event of crash, were not available across all grades of Etios, Etios Liva and Innova models, earlier. Although fitment of airbags does not legally mandate the requirement in India, in order to enhance customer safety in vehicles in India, airbags were provided across all models of TKM cars.

Vehicle safety has boosted up post airbag installation in the Etios and Etios Liva since October 2014 and in Innova since January 2015.

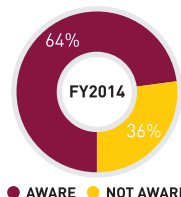


## EM 60

Service is a key differentiator in the decision of vehicle purchase. Each Toyota service outlet understands that a focus on valuing customer time has a huge influence on customer service perception. Thus, Toyota Production System (TPS) has initiated Express Maintenance (EM), a unique tool to provide customer delight in the outlets. It helps to achieve shorter lead time service and ensure our commitment towards 60 minutes service without compromising on the quality. The EM Program is certified by TKM and implemented at all dealers across India.

Aggressive promotion of EM 60 was carried out through Radio Jingle, Digital media key and TVCF [Close Circuit Television] at 30 JD Power cities to enhance the awareness about the swift service.

### EM 60 AWARENESS



The EM 60 service awareness increased from 50% to 64% during the year 2014.



# MONSOON CAMPAIGN



Seasonal Campaigns are carried out across the country to enhance dealer business and create excitement for customers. This is a very useful tool for customer retention.

Toyota Kirloskar Motor carried out the 'Monsoon Campaign' across its dealerships in western India for a period of one month, during July 2014. This limited period service campaign ensured that customers

have a monsoon-fit vehicle, with a free 20 points monsoon season check-up for their Toyota vehicles, during the stipulated period. Additional offers and discounts in service parts for car beautification and other benefits were given to the customers.



Always Insist on  
Toyota Genuine Parts

## NO-TO-COUNTERFEIT CAMPAIGN

In December 2014, the No-To-Counterfeit (NTC) Campaign was successfully launched in India with an aim to increase awareness amongst the customers on Toyota genuine parts, their safety and quality.

A customer survey was conducted to assess the customers' awareness level on counterfeit parts.

As a part of the promotional strategy, posters, dangler and banners were displayed across all Toyota

dealerships, and related SMS and emails were sent to the customers. An interview and training program were conducted to educate the customers on genuine parts and their safety.

The NTC Campaign reached out to 11% of the customers during the promotion period and was effective in boosting the customers' awareness on Toyota genuine parts and their safety.

## ASIA PACIFIC CUSTOMER SERVICE KAIZEN AWARD

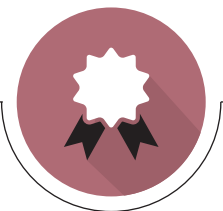
TMAP-MS (Singapore) organizes Customer Service Kaizen Evolution (CSKE) to reignite our Kaizen culture, to accelerate Kaizen activities and to develop younger members to take up leadership in future.

TKM Customer Service Group participated in CSKE-2014 marathon contest on 12th January in Thailand, and won the gold award for enhancing service quality through an improvised training module. It also introduced the customers' voice recording concept.



ASIA PACIFIC CUSTOMER SERVICE KAIZEN AWARDING CEREMONY

# QUALITY ASSURANCE



The advent of mass production has made quality management an increasingly important aspect in the manufacturing process of modern cars. Safety and environmental concerns have also influenced many of the manufacturing standards. Since these standards change as knowledge and technology progresses, implementing automotive quality management systems can be quite a challenge.

The Quality Assurance Division (QAD) at TKM comprises of administrative and procedural activities implemented in a quality system, so that requirements and goals for the product, service or activity will be fulfilled. The QAD understands the current and future customer needs and thus meets the customer requirements.



### CORPORATE QUALITY MONTH (CQM) 2015

The Quality Assurance Division at TKM conducts Corporate Quality Month (CQM) every year in February as a reminder about the past quality issues. This year CQM was inaugurated on 30th January 2015 by the MD, Naomi Ilshi, along with guests from dealer and supplier partners. The Theme for this year was 'Pursuit of Perfection for better job Quality'. The three main activities carried out were Remind, Reflect and Reform.

#### REMIND ACTIVITY

To remind ourselves of previous Quality issues, Customer First Exhibition was carried out involving TKM Bidadi, Regional offices, Suppliers and Dealers.

#### REFLECT ACTIVITY

All 46 divisions took up theme '1Task-100% accomplishment' and successfully completed [TBP approach].

#### REFORM ACTIVITY

Establish companywide Standard Operating Procedure (SOP) for all operations and training to relevant stakeholders.

### ASIA PACIFIC PRODUCTION QUALITY AWARD 2014-15

Toyota Motor Asia Pacific awards its affiliates (vehicle manufacturers) with Excellent Quality Company awards on achieving the targets in Warranty Reduction, Field Action and TMC-Shipping Quality Audit results.

During FY2014-15, TKM achieved all the targets in Warranty Reduction, Field Action and Shipping Quality Audit, and received the:

- Warranty Reduction Achievement Award
- Zero Field Action Achievement Award
- Excellent Quality Company Award



ASIA PACIFIC PRODUCTION QUALITY AWARDS CEREMONY

## CASE STUDY

### PRODUCT ENHANCEMENT (INITIAL QUALITY STUDY AND VEHICLE DEPENDABILITY STUDY)

The customer product experience was assessed over two varying study periods, namely the Initial Quality Study (IQS) period and Vehicle Dependability Study (VDS) period. During the IQS, overall vehicle quality experience, comprising of the vehicle's fit, finish and performance were evaluated over a period of six months. The VDS estimates experience in Durability and Reliability of the vehicle over a period of 36 months.

Product enhancement was achieved through timely and continuous improvement of the product to meet the market demands. The Quality rules, management and audit contributed to the betterment of customer satisfaction process. A periodic and systematic method of sharing the field failure information contributed to quality mind enhancement of in-house, supplier and dealer members.

The IQS showed that as a brand, Toyota was ranked No.2 and the Innova stood no.1 in the segment for the consecutive year. As per VDS, the Etios was ranked No.1 as well as the Innova stood no.1 in the segment yet again for the next year. A periodic management review is conducted for achieving all milestones for becoming a No. 1 brand in all segments by 2016.

### CUSTOMER SATISFACTION SURVEYS INITIATIVES AT TOYOTA KIRLOSKAR MOTOR

At Toyota Kirloskar Motor, we aim to establish a lifelong relationship with our customers by creating delight at every interaction.

We have initiated several Dealer level and National level Customer Satisfaction Surveys at different stages, to assess our levels of achievement and improve upon them. We also subscribe to an industry level customer survey to have a perspective of how the industry is performing.

The information from the surveys is analyzed in detail at the Head Office and along with the customer expectation shared to all dealers, regional offices and key departments in actionable points for quick action and usage in their day to day activities. The consolidated report is also shared with our management for easy decision making and driving future activities. It also forms a part of the input to prepare our subsequent business year's customer service strategy to further enhance customer satisfaction.



# EMPLOYEES



**T S JAISHANKAR**  
DMD - Commercial

Human resources are our assets. TKM provides them a safe and healthy working environment, while respecting their fundamental human rights by following the principle of mutual trust and responsibility. We aim to stimulate personal and professional growth, share the opportunities of development and maximize individual and team performance by following the Toyota Way and Toyota Business Practices.

To ensure sustainability in the value chain, we train our stakeholders – suppliers, dealers, community, outsourced staff, educational institutions and corporates, on Toyota's best practices.

# OUR EMPLOYEES



Employees are the core strength of a company. The 6403 employees are considered an important asset for the organization. All the employees are groomed to follow the Toyota Way.

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

TKM encourages its employees to grow on both personal and professional level by providing an equal opportunity to each of the employee.

## RECRUITMENT AND REMUNERATION

TKM follows a fair policy of recruiting prospective candidates into the workforce. TKM is an equal opportunity employer and is 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 organization and also groom their persona in accordance.

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

TKM's Remuneration policy states 'equal pay for equal work'. This illustrates the same compensation structure across the same pay scale, irrespective of their gender. The company also adheres to minimum wages regulations formulated by the Government of India.

## EMPLOYEE WELFARE BENEFITS

A good employee welfare benefit plan is essential to ensure an employee's well-being and to develop

efficiency and productivity among workers. Employee Welfare benefits help in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. It also helps earn goodwill and enhance public image of the company. These welfare benefits entail all those activities of the employer which are directed towards providing the employees with certain facilities and services in addition to wages or salaries.

Some of the benefits provided to full-time employees at TKM that are not provided to temporary or part-time employees, by major operations are Retirement benefits, Annual Appreciation, Relocation loan, Medical Insurance, Maternity Benefit, Personal Accident Insurance, Death Relief Fund, Personal Loans, Shift Allowance, Hospitalization Leave Compensation, Accident and Insurance Leave, Promotion Policy and Global Exposure.

## PERFORMANCE REVIEW

Performance review is a bi-annual process. It consists of outlining and assessing performance based on key targets, review, 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-organized manner by identifying the gaps and supporting them to progress accordingly. This helps in the overall growth and optimization of personnel through periodic appraisals. Performance review provides equal importance to result and processes. About 17% of TM's got promoted during the reporting period and the organization was restructured based on business requirement.

100% of Permanent employees (6403) completed performance review for the year FY2014-15.

CATEGORIZATION	2014-15			2013-14			2012-13		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
<b>BY EMPLOYEE TYPE</b>									
<b>PERMANENT</b>	6311	92	6403	6342	96	6438	6431	104	6535
<b>CONTRACT</b>			799			701			2065
<b>TRAINEES</b>			1145			1341			1675
<b>TOTAL</b>			8347			8480			10275

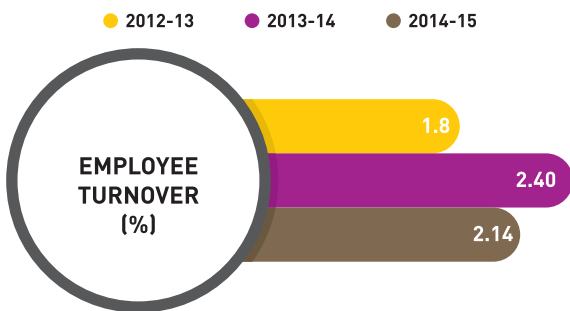
# EMPLOYEE ENGAGEMENT

## ACTIVITIES



### EMPLOYEE RETENTION

TKM carries out an Employee Engagement oriented 'Morale Survey' once in 2 years. Morale survey is conducted to grasp team member's perspective on company's policies and systems. 3780 TMs (about 60% of the workforce) participated in the Morale Survey conducted in the month of February 2015, yielding a company-wide result at an average rate of 3.3 (Scale: 1-5). These results will be taken as key targets for the year to improve the current policies and systems which help the company achieve the ultimate goal of Toyota Way.



Employee counseling sessions, open house forums, People Connect, HR perception survey, communication meetings, annual communication, annual functional meets, discussion forums etc., are a few other means to assess employee well-being at TKM.

**THE EMPLOYEE TURNOVER IS AT 2.14% DURING THE FY 2014-15 AGAINST 2.40% IN 2013-14.**

In order to curb the increase in attrition rate, a timely grasping of employee grievances is carried out through various activities such as people connect, exit interviews etc.

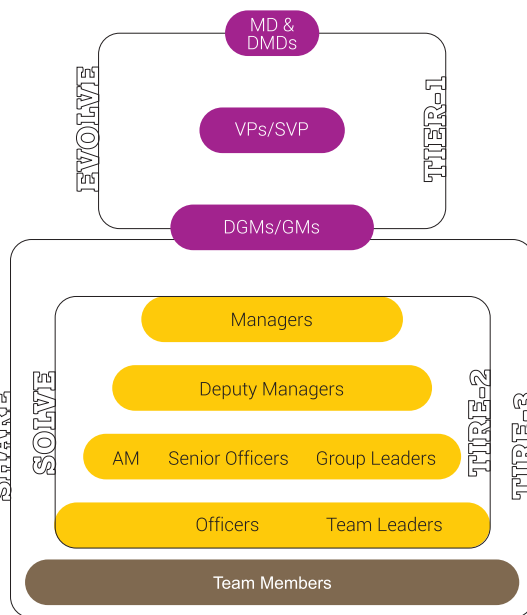
TKM is thus working towards enhancing the communication between the management and employees by introducing various activities to build a healthy working environment.

### PEOPLE CONNECT

People connect serves as a platform 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 TM 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 103 concerns have been raised which will eventually be resolved. Upon resolving the concern, a company-wide mail or a circular is sent to ensure that the employees are aware of the progress.



### SMALL GROUP ACTIVITY

Small Group Activity (SGA) is a group of people working to solve problems to achieve the same goal. With an objective of sharing Toyota Values and to develop kaizen culture/mindset we have introduced a group of people called 'Small Group Activity' working towards problem solving and uniting the employees.

This activity also helps us to enhance the sense of belongingness among employees. The individuals of the Small Group Activity are chosen from the same division.

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

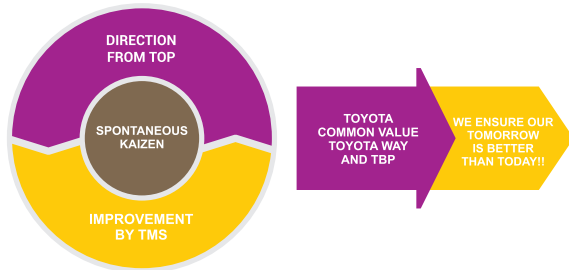
SGA has been made a mandatory process at TKM. Every year 3-4 cycles of SGA are carried out and a common theme is selected companywide. Each division manager has to participate in the activity.





Based on the theme, division heads select the best activity from their respective division. These selected activities are judged by a panel from Production, Office Sales and Marketing.

A participation certificate is given to motivate all the selected participants. The winning team is given an award and felicitated by the Company.



**QUALITY CONTROL CIRCLE (QCC)**

Quality control circle is an activity conducted twice a year to improve the work place environment, enhance thinking level of Team Members and to enhance team work.

As an appreciation, all members are given attendance bonus. The winners are then sent to Japan Global Quality Control Circle (GQCC)/ Bangkok Toyota Asia Pacific Quality Control Forum (TAPQCF) for competing with affiliate companies.

Quality Control Circle Wave II 2014 was held from July 2014 to Dec 2014. Around 434 circles registered for the activity and the Top 23 circles competed in the company-wide shift wise competition. The Top 6 circles showed their best performance in the finale.

**RAJYOTSAVA**

Kannada Rajyotsava (‘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 Rajyotsava by involving all its employees. A well planned event is organized including eminent personalities who have contributed to the development of Karnataka State. A cultural event is organized wherein employees are given an opportunity to participate and exhibit their talent.



RAJYOTSAVA CELEBRATIONS AT TKM - I



RAJYOTSAVA CELEBRATIONS AT TKM - II

**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 organizing this event is to develop a friendly environment and to create awareness on Healthy Living. The winners will participate in TMC Japan for Global Ekiden.



TEAM PARTICIPATION IN EKIDEN

**FAMILY PLANT VISIT**

Once a year, TKM opens its doors to the family members of the employees to allow them to have a first-hand experience of how the company works and facilities provided to the employees. Also, it embraces this opportunity to demonstrate the company's commitment towards the community including the company's contribution to local economy, its environmental efforts and successes.



SAMMILANA, DRAWING COMPETITION FOR KIDS



INTERNATIONAL WOMEN'S DAY CELEBRATIONS AT TKM



FAMILY MEMBERS PARTICIPATION IN RANGOLI COMPETITION



SPORTS ACTIVITY



SAMMILANA EVENT AT TKM



FUN ACTIVITY FOR EMPLOYEES' CHILDREN

FAMILY PLANT VISIT





# LEARNING AND DEVELOPMENT

(L&D) AT TKM



## 1. BASIC THINKING WAY

Learning is a continuous and company-wide process wherein superiors motivate and train subordinates and employees at all levels 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 organization 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

## 2. TRAINING STRUCTURE

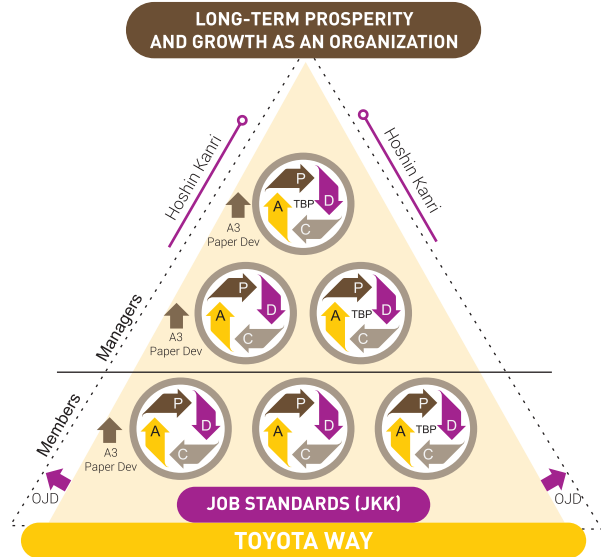
Overall training structure is classified into Corporate and Functional trainings. Corporate trainings are managed by HR which broadly contains Global, Regional and Local need-based programs. Functional trainings are managed by the respective divisions.



## 3. IMPROVEMENTS DURING 2014-15

### A. GLOBAL CONTENT STRUCTURE

Global Content training refers to the most fundamental and best business practices which have contributed to the success of Toyota. It is a common business language of all Toyota members to communicate effectively and practice Toyota way in daily work. During the FY2014-15, Ji kotei Kanketsu (JKK) module was introduced. As a first step, trainers have been developed by Toyota Institute, Japan. Training is being rolled out to the relevant employee levels.

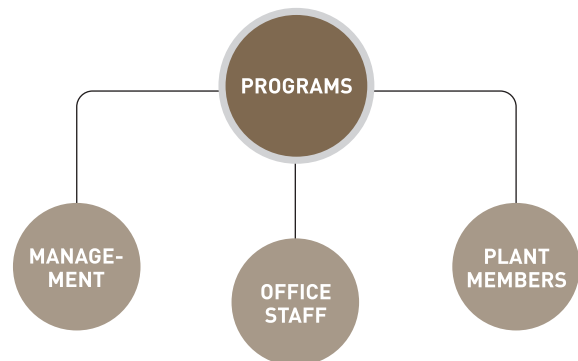


### B. TRAINING NEED ANALYSIS

Training Need Analysis (TNA) was grasped through three pillar research activity. Firstly, Focused Group Discussions (FGDs) were conducted at all levels. Secondly, HR systems were reviewed. And finally, organization wide learning needs were grasped. As a result, Work life plan i.e., training roadmap for both plant and office members were revised.

### C. NEW PROGRAMS

Training programs are broadly classified into three areas based on the category of employees viz. Management, office staff and plant members. Apart from the training programs applicable as per work life plan, following new programs were organized in life with changing business and people's need.





**MANAGEMENT NEW PROGRAMS (AS PER NEW WORK LIFE PLAN)**

Program	Applicability	Duration	Key Topics
Leadership Insights	Manager and Above	2 days	<ul style="list-style-type: none"> <li>Competency framework</li> <li>Performance Management</li> </ul>
Thought Leadership	DGMs and Above	2 hours	<ul style="list-style-type: none"> <li>Leadership</li> </ul>
Simplified Competency Framework	Managers and Above	4 hours	<ul style="list-style-type: none"> <li>Simplified Competency Framework</li> <li>Art of giving performance Feedback</li> </ul>
On the job Development	Managers and Above	1 day	<ul style="list-style-type: none"> <li>4 Steps of on the job Development</li> </ul>

**OFFICE STAFF NEW PROGRAMS (AS PER NEW WORK LIFE PLAN)**

Program	Applicability	Duration	Key Topics
Personality Enhancement Program (PEP)	Officers, Senior Officers and Assistant Managers	1 Day	<ul style="list-style-type: none"> <li>Personality Development</li> </ul>
Lead-Inspire-Perform (LIP)	Assistant Managers and Deputy Managers	2 Days	<ul style="list-style-type: none"> <li>Situational Leadership</li> <li>Transactional Analysis</li> </ul>

**PLANT MEMBERS PROGRAMS (AS PER NEW WORK LIFE PLAN)**

Program	Applicability	Duration	Key Topics
Business Reality (Unnathi)	Shop Floor Team Members	1 Day	<ul style="list-style-type: none"> <li>Understanding Business</li> <li>Automobile Business Cycle</li> </ul>
Health and Happiness (Art of Living)		2.5 Days	<ul style="list-style-type: none"> <li>Understanding Self</li> <li>Yogasana &amp; Praanayama</li> </ul>
Financial Management (Kilaadi Kaasu)		2 Hours	<ul style="list-style-type: none"> <li>Financial Management</li> <li>Develop Savings Mindset</li> </ul>
Personal Safety & Personal Health		2 Hours	<ul style="list-style-type: none"> <li>My Safety my Responsibility</li> <li>Nutrition and Exercise</li> </ul>
People Management	Team Leaders and Above	1 Day	<ul style="list-style-type: none"> <li>People Management Skills</li> </ul>
Counselling Skills	Group Leaders and Above	2 Days	<ul style="list-style-type: none"> <li>Neuro Linguistic Programming</li> </ul>

**4. SKILL CONTEST**

With the objective of developing skill culture, Skill Contest is observed every year. First, a competition is organized at Company level wherein 100% shop floor Team Members put their skills to test. Further, TKM was able to bag 5 gold medals and 1 silver medals at the Asia Pacific Skill Contest at Thailand and 2 gold medals during the Global Skill Contest held at Japan.

**5. TRAINING EFFECTIVENESS**

Tools were developed to measure the effectiveness of the training programs. For example, report-outs, interviews, workplace measurements, observation etc.

**6. TRAINING COVERAGE**

Training modules are developed for management, office, plant members including apprentice and contract members. Overview of training imparted is furnished:

TRAINING IMPARTED TO EMPLOYEES				
Employee Category	2011-12	2012-13	2013-14	2014-15
Executive (Grade 7 & Above)	1317	1535	1646	3456
Non-Executive (Grade 8)	3936	4095	5368	4448
Others (Apprentice & Contract)	2186	2247	1323	2190
<b>Total Trained</b>	<b>7439</b>	<b>7877</b>	<b>8337</b>	<b>10094</b>

**7. STAKEHOLDER ENGAGEMENT**

Apart from the training to its employees, TKM also regularly imports training to stakeholders suppliers (through supplier support center), Dealers (e.g. Toyota Driving School community (Public-Private Partnership with Ramanagar ITI) Corporate (e.g. Infosys knowledge exchange program) and Educational Institutions (Campus Connect).



**8. WAY FORWARD**

The Toyota Institute, India (TII) was established to cater to the needs of stakeholders on a larger scale.



# SUCCESS STORIES



“I failed in practical while pursuing my ITI. This was the shock of my life. When I joined TKM and heard about the Skill Contest, I decided to put my skills to test. Continuous mentoring from Gurukul trainers, shop supervisors, acquiring additional knowledge about spray painting and constant practice strengthened my muscle memory”

**- Parashuram**

Parashuram, who is now a team member trainee, has won Gold Medal in the Asia Pacific Contest and Silver Medal in the Global Skill Contest conducted by Toyota Motor Corporation, Japan. Until January 2010, his source of income was minimal. The family survived on scarce resources.

When Parashuram joined Toyota Kirloskar Motor in January 2010, he was obliged to receive regular mentorship and training from Gurukul Trainers and shop supervisors, equipping him for the skills contest. Continuous practice and additional knowledge on spray painting helped him strengthen his muscle memory.

Parashuram's story is one of many of those whose life has indeed taken a turn for the better with Toyota Kirloskar Motor.



SKILL DEMONSTRATION



“During practice, my trainers used to give me challenging targets. This motivated me to improve my performance. My managers, family and well-wishers used to give suggestions. I accepted them all and the result is here”

**- Sandeep**

Sandeep, who is a part of the Set Part Supply group of Assembly shop since 2010, has won kudos to Team India by winning gold at Global level in Skill Contest. He was also a gold medalist in the Asia Pacific Skill Contest.

TKM trainers set challenging targets which helped him improve his performance. He was also put to continuous mentoring by his managers. These training and mentoring sessions helped him win the Group level, Shift level and Company level skills competitions.

TKM instills a sense of hope and encourages employees to achieve their dreams and aspirations of a bright future.



SKILL DEMONSTRATION

# HUMAN RIGHTS



TKM believes that an organization grows to achieve greater heights only when the employees understand the values and mission of the organization. TKM Code of Conduct and Code of Ethics elaborates that the company stands against violation of human rights, forced labor, child labor or violation of indigenous rights and Sexual harassment at the facility and throughout the supply chain.

Human rights are strongly implemented at operations, processes and contracts to avoid any sort of violation or discrimination against anybody. 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 the employees, service providers including security personnel and contractors are covered 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 out by Safety, Health, Environment, Human Resources and Legal teams.

Code of Conduct and Code of Ethics organizes the basic attitudes 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 FY2014-15, there were no incidents of discrimination on grounds of race, color, gender, religion, political opinion, nationality, ethnicity or economic status, anti-competitive and corruption behavior. The company has not made any financial and in-kind contributions to political parties, politicians and related institutions.

## 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 has been first-of-its kind in the Indian Automobile Industry. 65% 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.

Formal agreements are not made with trade union with respect to Health and Safety. However health and safety topics are covered in the meeting with trade unions in the presence of Top management and MOM of same is communicated to all stakeholders. Some of the topics covered are:

- › Health improvement of members e.g.: H1N1 vaccination as a proactive approach
- › Road safety
- › Work environment monitoring

## TKM PRACTICES HUMAN RIGHTS IN THE FOLLOWING MANNER:

- › Abiding by the law of the land as maybe applicable to our business
- › All our operations and business units follow TKM policies and standards
- › All our business heads are trained and empowered to ensure the implementation of fair labour practices
- › Periodic inspections by regulatory body officials to our operations 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
- ▶ Formulation of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to provide protection against sexual harassment of women at workplace, prevention and redressal of complaints of sexual harassment
- ▶ Devised a policy on Business Relationship with Ex-Employees of the Company, Contractors' Relatives and Conflict of Interest to prohibit any contractor/vendor/supplier from flouting the business ethics and render their services with basic principle of Mutual Trust and Respect. The policy also ensures that there is no Conflict of Interest in any business transaction

**GRIEVANCE REDRESSAL MECHANISM**

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

CHANNEL	ATTENDEES	FORMAL/ INFORMAL	FREQUENCY
Morning Meeting	HOD+Team mates	Formal	1 / Day
Workplace Committee Meeting	Shop Manager+ Shift DM+ECMs+ERO	Formal	1 / Month
One-to-One	Supervisor+TM	Formal	Need-based
Employee Relations Officers	ERO+TM	Formal	Need-based
ECM+Plant+HR	HR+ECMs+PlantMgt	Formal	1 / Week
Plant - HR Meeting	Plant Heads+HR Heads	Formal	1 / Week

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

# OCCUPATIONAL HEALTH & SAFETY



Occupational Health is about the effects of work on people's health and vice versa. As a manufacturing company, TKM considers good labor relations material and gives utmost importance to Occupational Health of employees. TKM ensures that the employees' health is not damaged by their working environment or the job they do.

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

In support of the occupational health and safety policy, occupational health program is being developed to improve health and fitness of employee, reduce absenteeism and illness.

TKM monitors trends of occupational illness on a continuous basis. An occupational health assessment is undertaken through consultation or a telephone assessment with an occupational health professional present at the clinic. Health surveillance ensures that early signs of ill-health can be detected and dealt with promptly before becoming a long-term problem.

We have two 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 two well equipped ambulances available within the premises.

TKM also carries out frequent health screening for the betterment of communities in which it operates.

# CASE STUDY

## FLU VACCINATION PROGRAM 2015

A report on confirmed cases of Swine flu steadily increased in India during the early months of 2015. More than 35,000 people were infected and 2,200 lost their lives in the first three months of flu outbreak. The only mode of prevention apart from maintaining personal hygiene was vaccination.

The 10 phase wise vaccination drive against Seasonal and Swine Flu was initiated throughout India by TKM covering 8000 no. of employees across 10 locations. The cost of this voluntary activity was borne by the company.

A total of 7825 people were provided vaccination and no cases of adverse reactions were reported post vaccination.

TKM intends to conduct an annual seasonal flu vaccination program to cover all TKM workers across locations, pan India.



HEALTH PROFESSIONAL ADMINISTERING VACCINATION TO THE TKM EMPLOYEE

## WORKSHOP ON WEIGHT MANAGEMENT

More than 30% of the team members at TKM are found to be overweight which is a major contributor for diabetes and cardiovascular diseases. Obesity's hidden costs stem from the fact that obese people tend to be less productive than normal-weight people while at work — simply accounting for the extra sick days they seek.

A workshop was organized to tackle the subsequent increase in health-care costs and lost workdays. The workshop focused on weight management, nutrition and individual diet counseling.

The program aided in enhancing the knowledge on weight management.



ATTENDEES AT THE WORKSHOP ON WEIGHT MANAGEMENT

## EMPLOYEE SAFETY

Occupational health and safety are the foundation of well being at work. Toyota deems that prevention of workplace injuries and illnesses is a sound investment in the economy and future, and is vastly preferable to the payment of compensation for the suffering caused by injury and disease. We, at Toyota are convinced time and again that companies which put safety first turn out higher quality products. TKM has been constantly contributing to continuous improvements in the workplace environment and the progressive reduction of all objective and behavioral risks that could result in accidents, injuries and occupational diseases.

Toyota is committed to providing a congenial and safe work environment, which fosters employee engagement. TKM follows 'Safety First' approach and strives to achieve 'Zero Accident' at its manufacturing facilities and offices. It has put in place a robust safety structure which ensures safety training, execution of safety activity plan and compliance. The company

comprehends safety practices such as Kiken Yochi Training (KYT) and Hiyari Hatto Training (HHT) to identify and manage safety risks.

Regular Safety Audits are carried out under the guidance of safety committee that involves top management and members, to identify gaps against own standards and industry benchmarks. Audit focuses on various hazards like men-machine interface, logistics, process, fire risk and others. During the audit, 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 standardization and sustenance is put in place.

In response to demand for vigilance, TKM has chalked out an Emergency preparedness plan. The company reinforces emergency response capabilities by preparing mock emergency scenarios and conducting regular emergency drills for all company staff.



The cost of prevention is significantly lower than the cost to employers, workers, and society as a whole of continuing to endure unsafe and unhealthy working conditions. Thus, we have improved our management systems, engineered out known safety risks wherever possible and augmented our training to build a culture of safety in the company.

TKM monitors and reports on key workforce personal safety metrics. Our workforce recordable injury frequency reduced considerably during the FY2014-15, however, we have seen an increase in our day away from work case frequency. TKM continues to focus its efforts on safety and is continuously reviewing the personal safety programs along with instituting improvement initiatives.

There have been no significant fines and non-monetary sanctions levied against the company for non-compliance of laws and regulations in FY2014-15

SAFETY PERFORMANCE FOR THE YEAR 2014-15	
DATA FOR YEAR 2014-15	OVERALL
Total No of Injury Incidents This can Include : <ul style="list-style-type: none"> <li>› Injuries inflicted at the workplace</li> <li>› Injuries inflicted during travel, commuting etc.</li> <li>› Occupational Disease Incidents like ergonomic injuries, both major and like RSI, Stress, etc</li> </ul>	3
Number of lost days due to injuries	38
Total Number of Person Hours Worked	20196385
Total Number of Employees (From La1)	7380
Incident Rate per 100 employees = $\frac{\text{No. of Incidents} \times 100}{\text{Total no. of Employees}}$	1.041
Frequency Rate = $\frac{\text{No. of incidents} \times 100000}{\text{Total no. of Employees}}$	0.15
Frequency Rate = $\frac{\text{Total No of Lost days}}{\text{Total No of Incidents}}$	12.6

**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 following are the three pillars of safety: Machine Safety, Human Safety and Management

# CASE STUDY

**SAFETY MESH FIXING OVER POLYCARBONATE**

Poly carbonate sheets are placed on the roof for better illumination during day time .These sheets are of 2 mm thickness and with a load holding capacity of 45 kg/sqm. Few near-miss cases were reported upon stepping on the poly carbonate sheet during maintenance activity which has a potential towards fatality. This unsafe condition was considered during the planning stage and rectified in the newly constructed building. However, the old buildings still posed a fatality risk.

A detailed study was carried out at TKM to understand the possible modifications which could be made to eliminate the risk without altering the existing design. The idea of fixing safety mesh was developed after considering the safety factors and post-discussion with the stakeholders. A total coverage of 7000 sqm was planned with a budget of 13 Million, as safety is a value incorporated in the company activities. The entire safety mesh installation was completed within duration of seven months with zero incidents.

A standard operating procedure was developed for the maintenance of the polycarbonate sheet, there by fool-proofing the roof and completely eliminating the chance of any incidents.



**INSTALLATION OF SAFETY MESH OVER POLYCARBONATE SHEETS**



## COMMUTATION SAFETY

Road traffic crashes are one of the world's largest public health and injury prevention problems. Best-practice road safety strategies focus upon the prevention of serious injury and death crashes in spite of human fallibility. As sustainable solutions for all classes of road have not been identified, a hierarchy of control should be applied, similar to best practice Occupational Safety and Health.

TKM provides commutation service for its both permanent and contractor employees. With the rising number of road accidents, TKM has under taken various initiatives to create awareness about road safety and to share its importance in and outside the plant. Thus the drivers, employees and the surrounding communities have been involved in awareness programs which aim at building a safe service facility for its employees and to achieve 'Zero Accident'. TKM developed a roadmap according to which various activities were planned and executed for drivers, TMs and for public awareness as well.

The driver recruitment process is carried out in three levels. Firstly evaluation of the potential driver's license and past experience by supervisor, secondly the inspection of technical skills and finally evaluation by the shift-in-charge of the driver's knowledge on Traffic rules and regulations inclusive of a practical test.

These tests help us recruit individuals with good driving skills. Induction training is provided to these selected drivers who are eventually educated on Safety, Traffic norms and TKM standards.

Every year we organize training session involving Traffic Police Authorities and RTO officials who educate the drivers on road safety etiquette.



The 100<sup>th</sup> Commutation Safety day was celebrated at TKM to promote road safety awareness among commutation and Toyota affiliates drivers. Mr. Naomishi, Managing Director, TKM presided over the function.

Training programs on wide array of topics such as Fire Fighting, Road safety Awareness, Stress management

and Battery Management were provided to over 250 and odd commutation drivers.

As part of the 100<sup>th</sup> Commutation Safety day celebrations, a health check up and awareness training program were conducted for the commutation and executive drivers.

The event also recognized the achievements of drivers who had clocked maximum number of kilometers on road with a zero accident record. Best Sarathi award was presented to the winners.



## ENVIRONMENT MONTH ACTIVITY

Adding to the Environment Month Activities at TKM, the commutation department organized an afforestation drive involving commutation members (team) and commutation drivers at three locations namely Sharma Transports Garage-Byramangala Cross, SRS Travels Garage-Medanahalli and Megha Travels Garage- Thimegowdadoddi.



## SPEED VIOLATION MONITORING

With an aim to curb about road safety violations, the commutation department carried out daily monitoring of speed violation, usage of seat belt, over- taking, lane discipline, rash and negligent driving.

15 drivers operating in different shifts were monitored in person and with the help of the Global Positioning Equipment (GPS) during their travel between Byramangala cross to TKM.

The initiative yielded outstanding results with a decline in number of speed violations, compulsory usage of seat belts, adherence to lane discipline and no reports of rash driving or overtaking.

**EMPLOYEE SERVICES**



HEALTH CHECKUP FOR COMMUTATION DRIVERS



CANTEEN FACILITY AT TKM



PLACARD DISPLAY OF SAFETY NORMS AT TKM



CANTEEN FACILITY AT TKM



SIGNATURE CAMPAIGN KICK OFF



PLACARD DISPLAY AT CANTEEN OUTLET



PATHWAY AND ZEBRA CROSS MARKING BY THE DRIVERS



FOOD WASTE REDUCTION COMMITMENT CAMPAIGN





# COMMUNITY



**NAVEEN SONI**  
Vice-President  
External Affairs & CSR Division  
Public Relation Division

At TKM, sustainability is at the core of our business operations. In order to be sustainable, we also must have sound business fundamentals. Sustainability of business therefore includes not merely economic sustainability but social and environmental sustainability.

CSR is different from routine philanthropy since it creates value for society as well as business. It is an opportunity for the business to be responsible while being profitable.

CSR at TKM is not only a compliance but it's being socially responsible and hence, TKM is doing CSR from 2003 onwards. We have been focusing on various areas – Supporting primary education through supply of educative materials at government schools, safe drinking water facilities to communities, make children a responsible road users, conduct eco conscious drive across all stakeholders, support national mission of Skill India and Swachh Bharat and Swachh Vidyalaya and many others.

Our CSR operations have gained momentum we are trying to have a long term impact on our business. We, at TKM, continuously work towards assessing the social return on investment created in community through setting a clear metrics which are based on ROI concepts.

At TKM, we believe to grow with society.



# OUR COMMUNITY



Community activities and the concept of Corporate Social Responsibility have long been ingrained in our DNA. Over the years, we have made significant progress in our core thrust areas of Sanitation, Education, Skill Development, Health and Hygiene, Road Safety, Environment and Arts and Culture. Through our CSR initiatives we have been striving to create an impact on the communities in the neighborhood of our businesses, across the country in urban as well as in rural areas. In our constant endeavor to build a sustainable partnership with society, we have scaled up existing projects, taken up newer initiatives and exited from those that have been taken over by the stakeholders involved.

Toyota Kirloskar Motor recognizes the strong synergy between business and society and has always aspired to create 'Real Value' for the marginalized through its CSR activities.

The Corporate Social Responsibility programs of TKM are focused on addressing the real needs of the community. They generate both a societal benefit as well as a business benefit, while allowing for sustainable and credible corporate philanthropy. Our need assessment has helped identify priorities for community improvement, that help us develop more effective strategies for generating social and environmental community benefits.

TKM has involved all the key stakeholders during planning, implementation and monitoring stages of each program. All the initiatives are taken up after discussion with the local community and the relevant stakeholders.

With the New Companies Act 2013 and Corporate Social Responsibility Rules, 2014, and the schedule VII, our efforts only got dovetailed with added institutional strength to our strong foundation. Our deep insight and commitment for CSR has made us appreciate the various challenges that exist in the third sector, but at the same time we have ensured that every rupee spent not only reaches the last person but also creates the required change. We achieve this through strategic interventions and stringent monitoring processes. Hence, our focus has always been on supporting quality projects that deliver value.

As a company we are aware that our business impacts millions of people every day. We acknowledge our responsibility towards our stakeholders, including the communities near our business locations and also the deprived and marginalized, living in rural areas. We are involved in community engagement activities to the best of our capacity, with strong impact

assessment mechanisms in place. All the above mentioned verticals are also part of the Schedule VII under the New Companies Act 2013 and Corporate Social Responsibility Rules, 2014.

TKM has set up a CSR Committee which also publishes a report that is carried in the company's annual report, detailing all our CSR activities with the corresponding CSR spends, the composition of CSR committee, and reasons for not spending the allocated CSR amount in the FY 2014-15.

TKM considers the community as an important stakeholder and an integral part of our core business. Senior management and the CSR team conduct regular periodic meetings in rural areas with the Panchayat members to offer support for their village level requirements. TKM also participates in the local village events as a part of community engagement programs, and also conducts informal meetings with other officials, key leaders and the local government to understand their unique requirements and update them on the progress of activities.

We consider the government as an important stakeholder in CSR, and hence a strategic approach is adopted to maintain and strengthen the relationship with the governance. TKM engages with the local government and district administration to identify the local requirements, secure an approval of the community engagement programs, and to seek administrative support for smooth implementation of those programs, however, staying strictly apolitical. TKM does not make any contributions towards any political parties either financially or through contributions in kind.

## PLAN

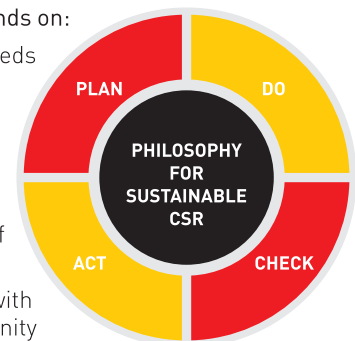
CSR Activities depends on:

- ▶ Analyzing the needs
- ▶ Feasibility study

## DO

Need - based implementation of prioritized activities

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



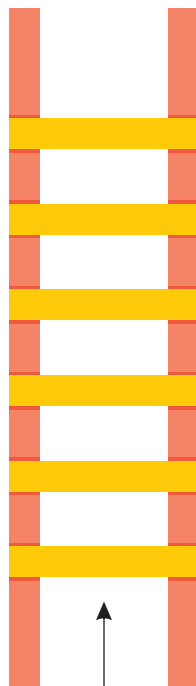
**CHECK**

- ▶ Monitoring evaluation of the programme by using effective implementation tools

**ACT**

- ▶ Improvization of the existing and plan for the new activity

**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.



**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.

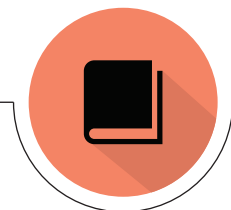
**ENVIRONMENT**

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.

# SAFETY AND EDUCATION



**ROAD SAFETY AWARENESS PROGRAM**

Road safety is emerging as a major social concern in the country. With an average mortality rate of 1,00,000 road accident deaths, the statistics are mind boggling. The frequency of traffic collisions in India is amongst the highest in the world. In most cases, driver distraction has been noted as the cause of the increased safety risks.

Interventions are generally much easier to identify in the modern road safety paradigm, whose focus is on the human tolerances for serious injury and death .Hence defensive driving courses are very important for road safety.

TKM contributes to this cause by organizing defensive

driving training to drivers on the roads with special focus on vehicle handling, economical driving techniques, safe tips and passenger safety.

**DISTRIBUTION OF SCHOOL SUPPLIES TO GOVERNMENT SCHOOL CHILDREN**

Education is the best hope of children everywhere for breaking free from the circle of poverty. Yet, even school supplies are hard to come by for many children. TKM volunteered to help plug this need for poor children to continue their studies and encourage their ambition for learning by distributing school supplies to 8500 children across 108 government schools.

# SANITATION

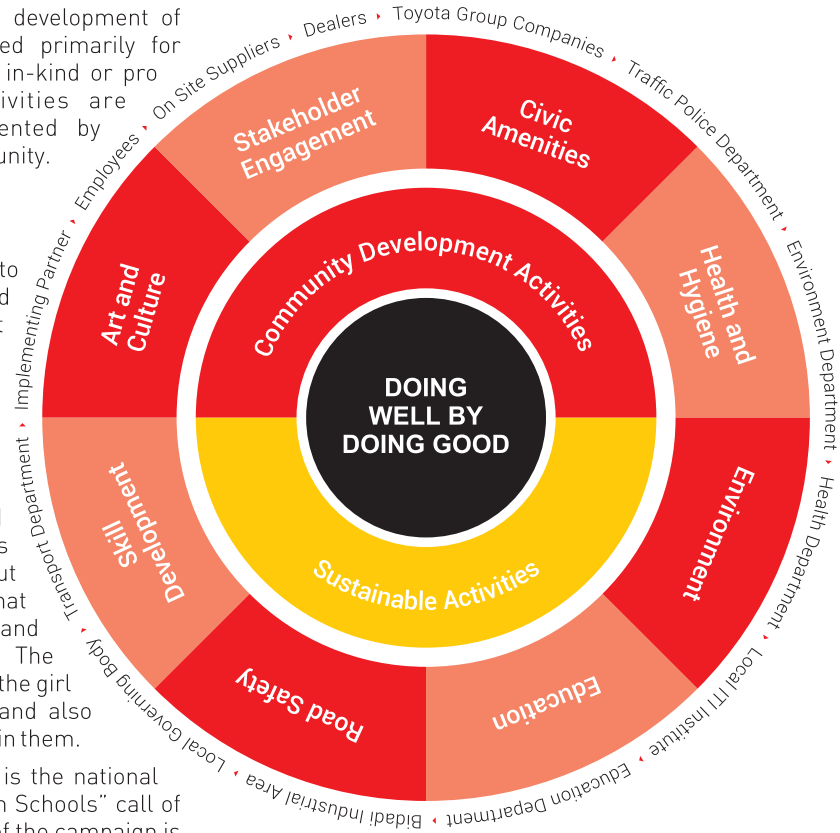


TKM is continually investing in the development of infrastructure and services provided primarily for public benefit through commercial, in-kind or pro bono engagements. These activities are thoroughly planned and implemented by consciously involving the local community.

## GIRL CHILD SANITATION FACILITY

Sanitation and hygiene are the key to child survival, development and growth. Improved sanitation has yet to reach 2.6 billion people in the developing world – almost 980 million of which are children under 18 years of age. However, in India, one in four girls does not complete primary school, compared with one in seven boys. It has been observed that lack of sanitation facilities has been a major cause for high dropout rates among girl students. Schools that have water and sanitation attract and retain students, particularly girls. The solution to ensuring the education of the girl child is to build toilets in schools and also ensure there are resources to maintain them.

‘Swachh Bharat: Swachh Vidyalaya’ is the national campaign driving “Clean India: Clean Schools” call of the Modi government. A key feature of the campaign is to ensure that every school in India has functioning and well maintained water, sanitation and hygiene facilities. This Government’s National Campaign supports Girl Child Sanitation in India. Taking a step further towards protecting the dignity of girl child, TKM is constructing sanitation units at schools identified by the Government in three locations across India to realize the mission ‘Clean India - Clean School’. To date, around 500 toilets have been constructed through this program.



“The previous school was in a very bad condition, TKM took the initiative of building the school completely. This has encouraged the school children to attend the classes and even their parents send them without any inhibition.”

**Mr. Kumaraswamy**  
Block Education Officer,  
Ramanagara



# CASE STUDY

## WATER PURIFICATION UNIT

Water in the Byramangala region is highly polluted as a result of the release of industrial and sewage pollutants into Vrishabhavathi River which finally get collected in the Byramangala reservoir. This results in the water here being highly contaminated by heavy metals in underground water channels.

An analysis of underground water sample revealed increased Total Dissolved Solids (TDS) levels and chemical contamination in the water. During an interaction with the local Community Health Centre and Gram Panchayat, it was observed that people were affected by water-borne diseases including Cholera, and other serious illnesses such as Guinea worm disease, Typhoid, and Dysentery.

Toyota decided to address the concerns of local community by establishing large scale community based water purification units at Byramangala, Ittamadu, Bidadi and Manchanayakanahalli in partnership with the local Gram Panchayat.

An NGO was roped in to help in creating awareness on health and hygiene, for conveying the benefits of safe drinking water to the community through distribution of pamphlets, door-to-door campaigns and public announcements.

### TKM Water Purification Unit- A Sustainable Model

TKM liaised with local Gram Panchayat to procure land for setting up the water purification unit, to seek access to the water source and power to run the unit. Co-ordinating with the local government, TKM made an one-time investment in setting up the water purification unit. This unit hosts a six step filtration process with reverse osmosis technology and exposure to UV rays to deliver IS10500 standard

potable water. Currently, each unit has a purification capacity of 1000 liters per hour and caters to over 40,000 people across 42 villages.

A nominal fee is collected towards maintenance of the unit and to ensure it is sustainable.

Along with the Gram Panchayat, TKM has also entered into a Memorandum of Understanding (MoU) with an NGO, to assist in implementation and maintenance of the unit, and help in alleviating the water contamination issue by providing insights on safe drinking water to the local communities.

Communities have not only realized the immediate benefits of having access to clean water - from improved health and well-being, but also have benefitted by investing in full ownership of that center. In addition to reducing instances of water-borne diseases, providing better access to improved water quality confers many other diverse benefits ranging from the easily identifiable and quantifiable to the more intangible and difficult to measure. Also, the initiative has enhanced TKM's image amongst the local community.



WATER PURIFICATION UNIT



“Initially, no corporates used to take measures to bridge the gap in providing medical facilities to local community. TKM has done lot of work in health related issues like renovation of primary health centre, conducting camps etc.”

**Dr. Niveditha,**  
Bidadi, Primary Health Centre

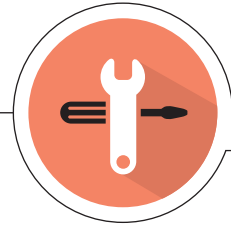


“Getting access to potable water was a concern, now we have water tanks which has been the source of drinking water, thanks to Toyota Kirloskar Motor for listening to our request.”

**Ms. Nandaprabha**  
Gram Panchayat Member,  
Manchanayakanahalli

# TOYOTA TECHNICAL TRAINING INSTITUTE

(TTTI)



Toyota Kirloskar Motor established the Toyota Technical Training Institute (TTTI) in 2007 with a philanthropic motive. It intended to support the intelligent but financially challenged candidates of rural Karnataka who are unable to pursue higher studies after SSLC. More than 90% of the candidates are children from agriculture-dependent families.

TTTI offers a three-year full time residential course within the state of art facility. It offers a course on automobile manufacturing practices which is classified into four trades - namely, Automobile Weld, Automobile Assembly, Automobile Paint and Mechatronics (Plant Maintenance). The course is split into six semesters, and concentrates exclusively on the holistic development of the students.

TTTI's curriculum is divided into different domains - Knowledge, Skill and Body and Mind. Knowledge Training concentrates on the Communication, IT skill, Technical subjects like Production Technology, Machine Design etc.

The Skill training area is equipped with world class infrastructure, in line with today's automobile industry technology. 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 1600/6336 hrs on-the-job training on the production line at TKM.



**TTTI selects maximum of 64 students every year for this course. The selection is based on parameters such as: Entrance Examination, Physical Test + Skill Test + Interview, Medical Check and Antecedent Verification.**

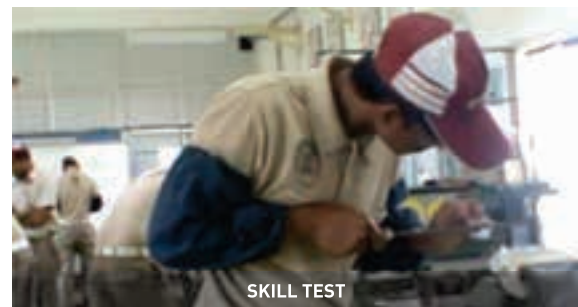
## WORLD SKILL CONTEST

World Skill Contest is the collective voice for skills excellence and development in vocational, technological and service oriented careers around the globe.

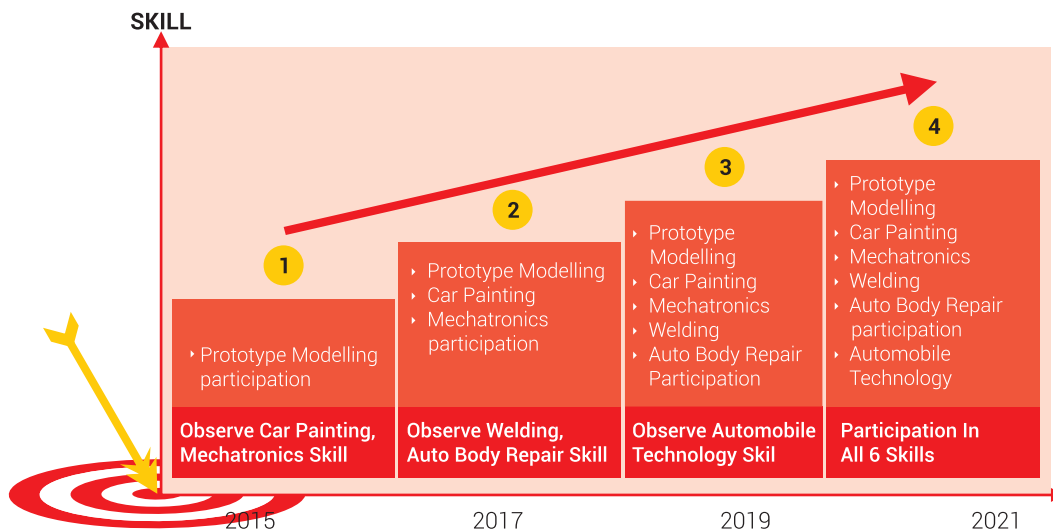
This contest promotes the benefits of and need for skilled professionals through grass-root community projects, skill competitions and knowledge exchange. They show how important skills education and training is for youth, industries and society, by challenging young professionals around the world to achieve excellence in the skill of their choice.

Two out of the sixty four students at TTTI, were short listed to take part in the National Skill Competition and the winner will represent India in the World Skill Contest. The internal selection process was graced by Mr. Naomi Iishi, Managing Director, TKM, Mr. Ravi Kharabanda, Technical consultant from National Skills Development Corporation and the top management of TKM.

The World Skill Contest thus provides a sustainable platform for skill movement and human development.



**TTTI'S FUTURE PLAN FOR THE WORLD SKILL CONTEST**



**AUTOMOBILE AWARENESS TRAINING PROGRAM**

The TTTI conducted an Automobile Awareness Training program at the Assembly shop. It included basic automobile and transmission training for the PES members to improve their knowledge and enhance the efficiency at work.

The Automobile Awareness Training offered by TTTI training helped us understand various working parts of vehicle. We also understood the repercussions of vehicle parts failure and its effects on equipment parameters. We can now easily identify the issue of vehicle parts failure as the training gave us sufficient knowledge about the vehicle and working of its internal parts. We are thankful to the entire TTTI team for providing such an excellent training, Thank you.

**- Participant, Automobile Awareness Training Program**

**SUCCESS STORY**

Ananth Kumar T A, a mechatronics student of 2009 Batch, from Chittoor, Andhra Pradesh, got employment at TKM post his graduation at TTTI. He is now financially supporting his family and has been a reason for their pride and joy. His family in Chittoor lived under one roof with no agricultural land to sustain. Due to mounting financial constraints, the entire family of five moved to Bangalore to seek a living. His father worked as a vegetable vendor and the mother as a maid-servant.

With a bright mind like his, Ananth excelled in his studies and ultimately obtained a scholarship from his school. On completion of his 10th grade, Ananth had to choose between pursuing his education or joining hands with his parents to be a bread-winner for the family. An acquaintance informed him of TTTI and supported him through the application process. An

excellent academic record along with the right attitude towards life fetched him admission into TTTI and subsequently a job at TKM. He is now doing well for himself professionally.







# BUSINESS PARTNERS



## SUDEEP .S. DALVI

Vice President  
Product Design & Development Division  
Purchase Division  
Quality Assurance Division

Together with our business partners, Toyota aims to achieve sustainable growth built on a foundation of 'mutual trust' and 'transparency'. The purchase division is constantly fortifying its key areas including capability building and establishing an efficient purchase management system with our supplier partners.

Our suppliers are very important allies in establishing strong footprint in the Indian market keeping 'Customer First' approach as always. We promote long-term relationships with suppliers in alignment on sustainability mandates such as human rights, compliance, working conditions, environmental responsibilities, etc.,. We leverage our supply chain to make a positive influence in the society.

Additionally, we support suppliers through organized development programs in an effort to forge a wonderful companionship by constructing a foundation for sustainable growth. The programs included are a systematic mechanism for management enhancement, workplace improvement to foster lean and efficient production system keeping 'Safety first and Quality must' as a basic policy.

We continue to drive Toyota Way of 'Open door and Transparent' purchasing policy throughout the entire supply chain. We are committed to have long term relationship with all of our supplier partners with 'Mutual trust and Respect' as core principle to promote long term sustainable business.

# DEALERS



The Environmental Management Systems (EMS) in place at our facilities, provide a framework for identifying areas for improvement and measuring progress towards performance targets. This framework helps us to manage our environmental footprint and moves us closer toward our long-term vision of operating in harmony with the environment

EMS help us ensure that our activities comply with all applicable federal, state, provincial, territorial and local requirements, as well as our own internal requirements.

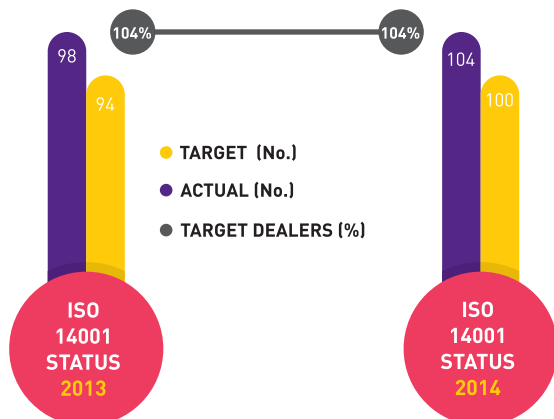
## ENVIRONMENT MANAGEMENT SYSTEM - ISO 14001

With regard to ISO 14001 certification; TKM promotes the implementation of activities to acquire certification and other activities in line with its management system. This is the best opportunity to review compliance, improve transparency, and raise the environmental awareness of employees, thus aiming to achieve ongoing improvement of environmental awareness.

TKM recommends that its dealers be ISO 14001 certified for them to be run a safe and environmentally friendly enterprise. On completion of a year of establishment, a dealer is eligible for the certification. A minimum of 70% certification target is set for the eligible dealer. TKM Regional Heads, Territory Managers and Dealer Management are made aware of these targets.

In order to increase the validity and objectivity of the certification, quarterly evaluations are carried, and these are followed by gap analysis.

With the acquisition of ISO 14001 certification, dealers gain a clear competitive advantage due to reduced costs as also an improved public image, that give a boost to dealer-employee involvement.

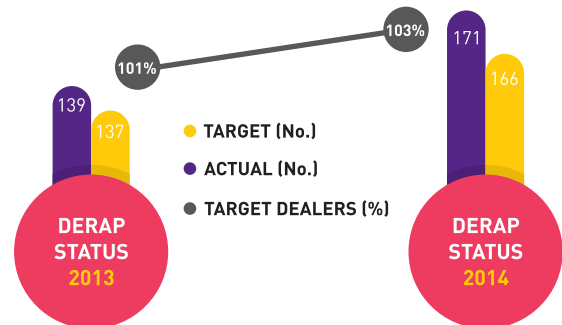


## DEALER ENVIRONMENT RISK AUDIT PROGRAM (DERAP)

The Dealer Environment Risk Audit Program (DERAP) Introduced by TMC in 2004, represents a minimum requirement of environmental risk management for Service Workshops at Dealers. The program comprises of five fundamental aspects, namely:

- ▶ Presence of Environment promotion staff
- ▶ Declaration of abidance to law
- ▶ Proper storage and treatment of Hazardous waste
- ▶ Proper treatment of wastewater
- ▶ Recovery of HFC gas (AC gas)

By carrying out a self audit based on these five fundamental aspects, each of the dealers confirm that they are in compliance with the local environment regulation. There is a confirmation that by minimizing environmental risk, they are doing their best to be good corporate citizens.



Implementation and 100% compliance of DERAP not only enhances the awareness among dealerships on environment and conservation of natural resources but also help in sustenance of ISO 14001 certification.

TMC sets a target for all distributors each year. However, TKM took up a challenging target of 95% against the 90% allocated by TMC.

## S.H.E MODEL DEALER ACTIVITY

The SHE Model Dealer program initiated by TKM is aimed at promoting and implementing high Safety, Health and Environment (SHE) Standards at dealers. During the FY 2014-15, TKM developed 4 Model Dealers in the North, East, West and South regions with an intent to share the Model Dealer concept with Branch Dealers and to create awareness about the importance of the concept.



Taking forward this initiative, Dealers of this Level 1 Workshop at 4 Model Dealer's Branch Dealer was conducted with an objective.

- ▶ To provide safe, healthy and environment friendly work ambience at Dealers
- ▶ To mitigate the risks involved in day-to-day work
- ▶ To have model dealers yokoten to rest of the Dealers - zone wise

Thus, the Branch Dealers were able to accomplish 100% compliance to TKM standards and achieve a target of ZERO accidents.

TKM advocates the DERAP (Dealer Environment Risk Audit Program) to uphold the ISO 140001 standards.



DEALER LEVEL 1 WORKSHOP AT MODEL DEALER'S BRANCH DEALERS - I



DEALER LEVEL 1 WORKSHOP AT MODEL DEALER'S BRANCH DEALERS - II

**ECO INITIATIVES AT DEALERSHIP  
ENERGY CONSERVATION**

The increasing demand for power has led to considerable consumption of fossil fuels, which in turn has had an adverse impact on environment. Efficient use of energy and its conservation assumes even greater importance in view of the fact that one unit of energy saved at the consumption level reduces the need for fresh capacity creation by two to 2.5 times.

In this context, efficient use of energy and its conservation is of paramount importance. Considering this, TKM has been promoting environment conservation to all its stakeholders. As a responsible citizen TKM believes in living in harmony with nature and the same concept is imbibed to all our

stakeholders. Dealerships being the face of Toyota, they act as a medium to connect with our prime stakeholders i.e., customers and through this we can promote the environment initiatives practiced at TKM.

As an example of the eco spirit of TKM, Anaamalais Toyota has adopted the usage of solar energy as an alternative to the conventional electricity usage. Through this activity the consumption has reduced by 23% (i.e. 31947 units of electricity consumption through solar usage) at peak utilization which has led to CO<sub>2</sub> emission reduction of up to 29,839 kg.

In addition to this, there are various initiatives conducted at dealerships which are in line with the Environment Policy of TKM which include environment conservation, awareness and promotion of eco initiatives. One such example is of Globe Toyota Ambala, tracking of electricity consumption. The facility started monitoring their electricity consumption on a daily basis and the electricity utilized by the air conditioner was monitored by setting it up at high temperatures which lead to conservation of more energy. This in turn would decrease the consumption. In addition, mount fans were installed to circulate the flow of air.

As a result of these initiatives (especially Visualized Tracking Sheet of Electricity Consumption), a reduction of 15 Units per Day and 450 Units in a month was observed.

**INSTALLATION OF INCINERATOR**



In our Dealership lot of infectious garbage is produced in day-to-day activities. Storage of the waste material is impossible and it leads to unhygienic solid pollution. To overcome this issue we introduced an incinerator that destroys the waste.

- Amana Toyota

**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 the Dealership during FY2014-15 World Environment day included:

- ▶ Internal dealer staff communication through KYT
- ▶ Afforestation activities at dealerships or in their local community



- ▶ Workplace Environment Kaizen competition
- ▶ Clean drive at public area by having a concept of 'MY AREA CLEAN' under 'Swachh Bharat Abhiyan' Scheme at Uttanahalli Village

**CLEAN AND GREEN DRIVE**

Swachh Bharath is an initiative launched on 2nd Oct 2014. This campaign aims to accomplish the vision of a 'Clean India' by 2 October 2019, the 150th birthday of Mahatma Gandhi.

In line with this thinking, TKM has been promoting clean and green drives. The same concept has been absorbed by all our dealerships and promoted activities such as:

- ▶ Removing Garbage waste
- ▶ Cleaning sanitary waste
- ▶ Ensuring waste bins are in order and its maintenance
- ▶ Tree plantation along road side
- ▶ Educating the public about importance of cleaning in day to day life through cleanliness awareness drives



AFFORESTATION ACTIVITY AT DEALERSHIPS - I



AFFORESTATION ACTIVITY AT DEALERSHIPS - II

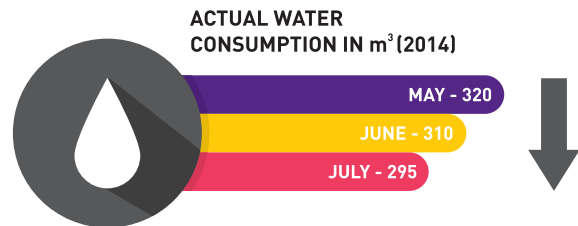
**Nandi Toyota has tied up with the Government organization, BBMP and continues to do Swachh Bharath activity every 3 months.**

**WATERLESS WASH FOR TRAINING VEHICLES**

Water conservation has become the need of the day. The most important step in the direction of finding solutions to issues of water and environmental conservation is to change people's attitudes and habits.

Toyota has made great strides in the car wash industry by reducing its environmental footprint. This trend will continue to accelerate due to regulation and consumer demand.

TKM is contributing to reduction in water consumption by implementing Waterless Wash for training vehicles. Its easy usability and reduction in water consumption while washing, we have achieved a reduction in lead time required for washing and in the cost of vehicle washing.



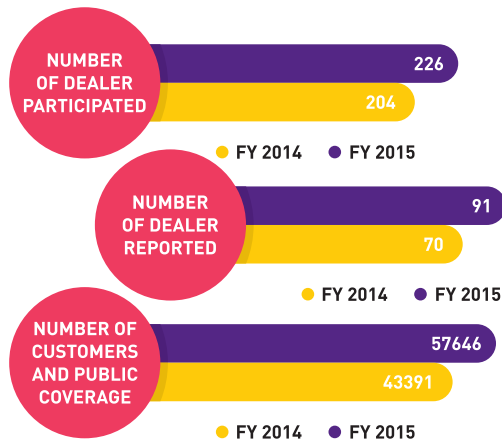
**NATIONAL ROAD SAFETY CAMPAIGN**

According to estimates of the Global status report on road safety 2013, more than 2,31,000 people are killed in road traffic crashes in India every year. Approximately half of all deaths on the country's roads are among the more vulnerable travelers on the roads - motorcyclists, pedestrians and cyclists.

A heterogeneous traffic mix, that includes high-speed vehicles sharing the road space with vulnerable road users, along with unsafe road infrastructure and vehicles that are in poor condition, contributes to the high fatality rates seen on India's roads.

In India, the Ministry of Transport and Highways celebrates National Road Safety Week every year in the month of January. The Society of Indian Automobile Manufacturers (SIAM) has initiated the 'National Road safety awareness Campaign' to commemorate this event and requests automobile dealers to participate in this campaign.

In line with this, TKM Customer Service Group conducted the 'National Road Safety Awareness Campaign' at all Toyota Dealers. The campaign was aimed at spreading awareness amongst the stakeholders and all Toyota customers. It was also meant to sensitize the public to safety precautions while on the road. The campaign witnessed a participation of 100% of Toyota dealers.



As a part of the campaign, S.H.E. with the assistance of members of the organization, initiated activities like road safety march, road safety awareness training to the staff, pocket card distribution to customers and public, road safety workshop for customers and drivers, competitions on road safety and other dealer initiatives.

**NATIONAL ROAD SAFETY WEEK CAMPAIGN DEALER PARTICIPATION**



In order to boost participation, dealers are accorded with the 'Good Dealer Award' comprising of cash prize and a letter of appreciation from TKM.

The insidious notion, that higher mobility will be at the cost of higher number of road accidents, needs to be changed. This is best done by instilling a culture of road safety in the future generations. The prime task is to sensitize all planners, engineers and road managers to tackle this man-made calamity with extra zeal and passion, and produce better safety outcomes with yearly targets.

**MOBILE AUTO SERVICE CAMP**

As a goodwill gesture, Toyota has rolled out a Mobile Auto service facility that is camped at Sabarimala, a famous pilgrim center in Kerala. During the Sabarimala pilgrimage season, thousands of vehicles arrive at the pilgrim center at all times of day and night. Preventive Maintenance is much recommended for vehicles travelling long distances to reach the venue. In order to assist these vehicles, TKM is running the Mobile Auto Service camp for more than a decade.

- ▶ One mobile service vehicle with a team of two technicians and essential service parts is camped at Sabarimala region.
- ▶ Informative leaflets with the Mobile number are distributed to customers from all our outlets during their visit.
- ▶ Any additional support required as technical or Service parts availability, is provided to this team during the full course of this camp.

This service was appreciated and recognized by the RTO authorities and a request has been extended to other auto manufactures to offer a similar facility.

**OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SERIES (OHSAS) TRAINING**

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.

Toyota dealerships have extended the safety initiatives by providing trainings to all their staff and technicians on a periodic basis to avoid occurrence of accidents, and promote workplace safety. Responsibilities are fixed to the OHSAS organizational team members in the creation of safety awareness for all dealer staffs. Once in a month they conduct Safety Committee meeting for all responsible members and implement several initiatives (e.g. adding PPE usage in daily performance, one rupee coin concept for Body and Paint Technicians, conducting the pulmonary test once annually).

**CHILD PARTS UTILIZATION ENHANCEMENT**

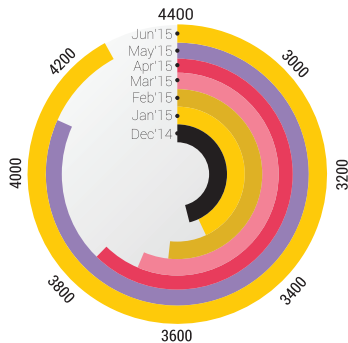
Body and Paint (B&P) Service is an integral part of Dealer after-sales operations and plays a vital role in Customer Satisfaction and Dealer Business. Key Customer expectations in B&P Service are:

- ▶ On-Time Delivery
- ▶ Good Repair Quality
- ▶ Reasonable Cost

On-time delivery and repair quality standards are continuously strengthened by the implementation of B&P Basic Pro Kaizen program. From repair cost point of view, TKM had earlier standardized B&P repair charges for all categories of jobs in 2012.

Another major step to ensure balanced B&P repair cost without compromising on repair quality is the 'Child Parts Utilization Enhancement' activity rolled out in Dec'2014. In addition, this environment friendly initiative also aims at reducing the hazardous waste generation at the B&P Shops located at dealers' premises.

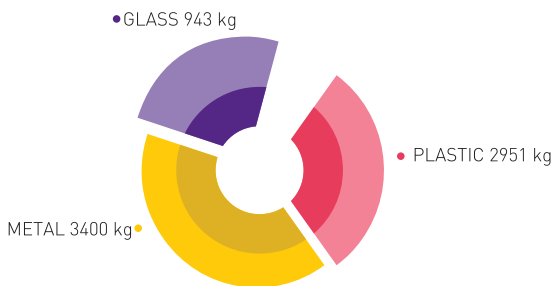
In B&P Service, about 65% of the vehicles reported are with minor damages i.e. damage occurred only on external panels/parts of the vehicle body. In such conditions, the repair can be performed with the replacement of minimum required parts (i.e. Child Parts) rather than replacing the entire assembly.



Child Parts Utilization Trend

Subsequently, all India roll out was initiated in Dec'2014. In order to strengthen the repair procedure for child parts replacement, clear B&P service bulletin was also prepared and shared with all Dealers. Focused trainings are conducted for B&P technicians to enhance their skill on specific child parts replacement.

**WASTE REDUCTION**



7294 KG UNDAMAGED PARTS ARE REUSED/ MONTH

As a result, Child Parts utilization has shown very good improvement leading to significant B&P Repair cost savings for customers as also reduced hazardous waste generation at the dealers.

**RESULT**

- ▶ Average parts cost reduction by up to 5% and overall repair cost reduction by up to 3%
- ▶ Reusing of undamaged parts leading to reduced disposal of environment hazard materials

**DEALER - INTER COMPANY TRANSFEREE**

DICT is termed as 'Dealer Inter Company Transferee', where a Skilled Technical Leader from a group dealer attends a one year training program of simulated case studies and real-time 'go -and -see' to strengthen his technical knowledge in TKM.

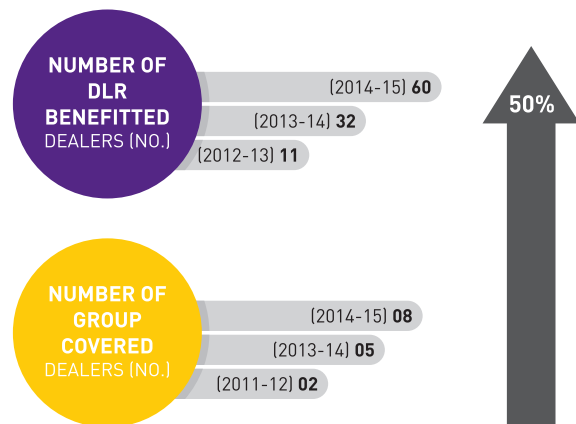
TKM trains the Main Dealer Technical Leader [DMT] in technical area for one year, so his skill level can help his whole group to handle technical complaints. It is done to make the dealer self-reliant, and capable of handling customer complaints independently from TKM.

**DICT'S LEARNING**

- ▶ Enhanced diagnosis knowledge
- ▶ Effective field fix development
- ▶ Confidence of handling high tech repairs
- ▶ Soft skills and managerial skills
- ▶ Toyota way thinking on problem solving



**CUMULATIVE DICT'S AND BENEFITTING DEALERS**



MORE THAN 50% OF DEALERS WILL BE SELF RELIANT





**TOYOTA TECHNICAL EDUCATION PROGRAM (T-TEP)**

Toyota Kirloskar Motor Pvt. Ltd., in collaboration with Toyota Motor Corporation and its nationwide dealer network, runs a distinctive training model for Automotive Service Advisor under the Toyota Technical Education Program (T-TEP).

T-TEP, a special training module in which Toyota has tied up with industrial training institutes, was launched in 2006 in India. In its first year, the program was implemented in Delhi, Mumbai, Chennai and Hubli. The program was subsequently introduced in Bengaluru, Pune, Cochin, Ahmedabad, Hyderabad, Ghaziabad, Kolkata, Jaipur, Jalandhar, Indore, Vizag, Ludhiana, Cuttack, Haldwani and Nalbari (Assam).

After successfully running for 8 years, T-TEP is now associated with more than 36 Institutes (Industrial Training Institutes and Polytechnics) under the program. During the FY2014-15, Toyota Kirloskar Motor Pvt. Ltd. Launched its distinctive training model for Automotive Service Advisor under the Toyota Technical Education Program (T-TEP) at the Government CPC Polytechnic College, Mysuru and Government Polytechnic, Joida.

Till date more than 3700 students have been trained under this program and more than 2400 have been offered employment opportunities at Toyota Dealerships across India.

TKM plans to introduce this program to Polytechnics across the country in the coming years and reach out to over 1000 students per year. This year, TKM plans to introduce this program at 4 more Polytechnics. Toyota India provides T-TEP institutes with hi-tech training packages, Toyota service training manuals and materials.

T-TEP supports Toyota’s comprehensive human resource development system that extends from training at T-TEP institutes to recruitment and development at Toyota dealerships. As a part of this program, TKM will also train institute instructors in the latest technology, used at Toyota and the automobile industry.

Considering this success, Toyota is introducing the advanced level of this program, known as, SA T-TEP for the Polytechnic Institutes.

With this program, Toyota Kirloskar Motor intends to enhance the technical abilities and employability of Polytechnic / Diploma students in the age group of 16 to 18 years. The program will benefit Polytechnics in providing skillful service advisors for the Indian automotive service industry. Around 40 students of Automobile/Mechanical Diploma will undergo this training every year.

The SA T-TEP, a 1 year syllabus, introduces students to Toyota’s advanced technology and service techniques. It also includes, on the job training, at Toyota’s dealerships. The syllabus imparts training on automotive skills and service advisor skills in addition to dealer specific requirement to students, thereby improving their knowledge of automotive service and facilitating the adoption of latest technology.

**INTRINSIC AND EXTRINSIC MOTIVATION**

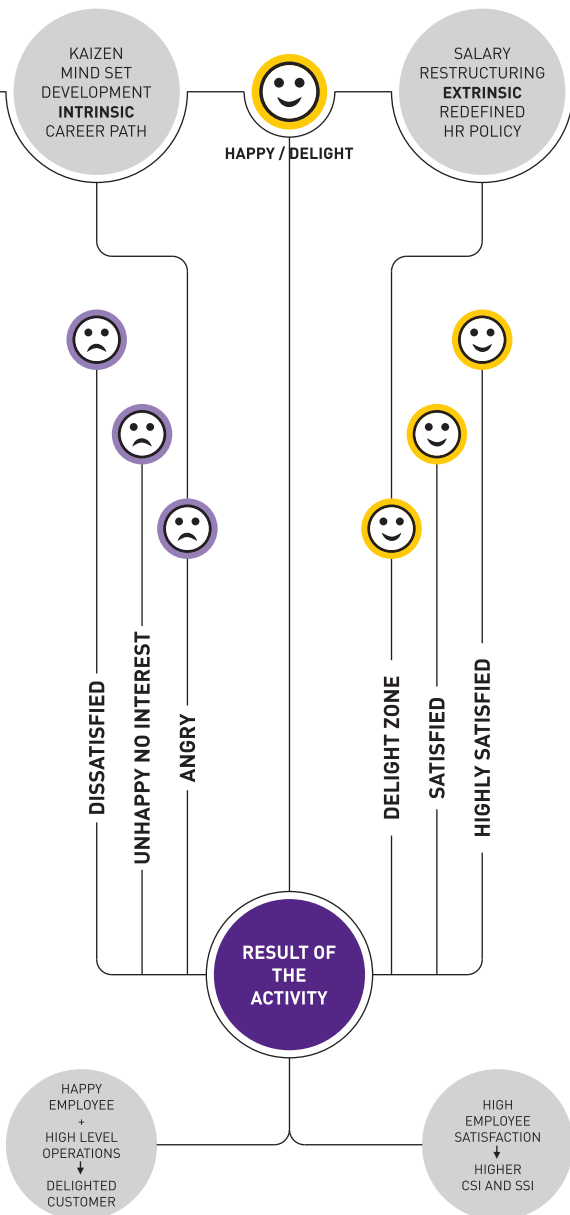
TKM has been focusing more on customer satisfaction since its establishment in India. With many of its dealer groups already providing superior level of service to Toyota customers, now TKM is geared up to go an extra mile for Customer Delight. With this plan, TKM created the concept of India Delight Committee (IDC) which would empower dealer organizations to deliver quality, delightful service with strong employee satisfaction, and customer satisfaction and operation management as its core principles. With 6 India Delight Committee (IDC) meetings already under their belt, Toyota dealers have made giant strides in Employee Satisfaction along with Customer Satisfaction.

The main objective of this initiative is to move high performing dealers to the next level of customer service and to become a benchmark for the other dealers, by sustaining their performance.

**CUSTOMER CENTER CITY WORKSHOP**

TKM flagged off the Customer Center city workshop to reiterate and demonstrate the importance of customer focused teamwork [Customer Delight], and also to ensure delivery of every customer vehicle as per the committed time line.



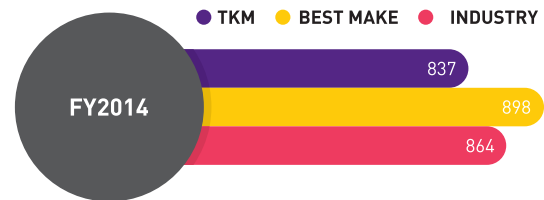


The workshops helped in improving the and coordination between different departments and eventually lead to high customer satisfaction.

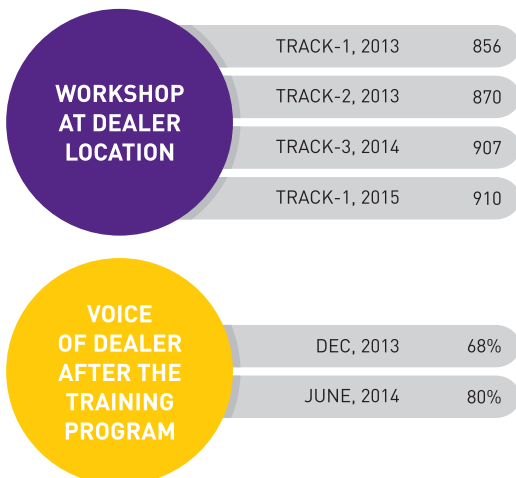
**SNIPER RELOADED**

Sniper Reloaded, a special training program, was initiated to sensitize the dealers on the importance of standard operating procedures at Service Advisor Level and its effect on Customer Satisfaction Index survey (CSI) [JDP Evaluation].

The training laid emphasis on the importance of CSI and established the approach to improve the knowledge and quality of service provided to JDP customers. This helped reduce the gap between TKM and Best Make along with contribution to the CSI score.



WORKSHOP AT DEALER LOCATION



**DEALER CENTRALIZED TRAINING CENTER (DCTC)**

The dealer training activity is designed to enhance self-reliance in the dealer group, in conducting and monitoring the training program for development of their human resources.

Due to the rapid expansion of dealer groups, the lead time for developing skilled manpower increases and that affects the repair quality.

The non-uniformity throughout the training delivery at HUB and SPOKE locations has lowered the effectiveness of overall training. This has resulted in multiple investments across each outlet, multiple instructor requirement and lack of coordination between HUB and SPOKE dealers.

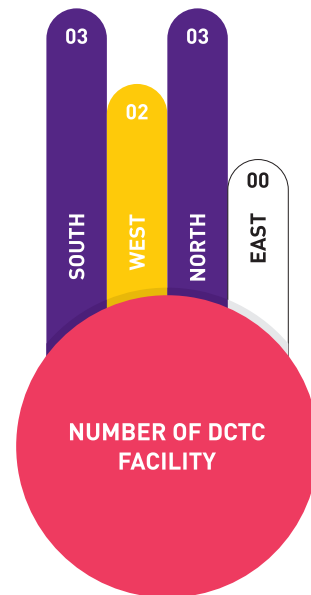


The DCTC thus came into existence with the following objectives.

- ▶ To bring a centralized training culture amongst group dealers for developing faster and quality manpower
- ▶ To develop dealers' capability in handling higher level of training independently
- ▶ To promote self-sustenance of group dealers for the training

With the establishment of DCTC, customers were assured of quality service and repair operation and qualified manpower working on their car. The dealers were now able to provide qualitative and quantitative training to the manpower within a short duration at a reduced cost. Also, it has helped TKM in leveling up the customized training.

TKM intends to expand DCTC to other major group dealers and study the scope of training authorization for next level of training at DCTC.



## SUPPLIERS



### SUSTAINABLE SUPPLY CHAIN

Sustainability is a core principle and inherent in Toyota culture. Our vision, philosophy and guidelines are true reflections of our commitment towards a clean and green sustainable future. We truly believe that a company in itself cannot be sustainable, unless it takes along its supply chain. Companies are retooling their supply chains to make them responsive towards the ever changing dynamics of economic, social and environmental fronts. New technology, analytics and frameworks can make the supply chain transparent, enabling them to adapt to the changes. We understand, to enhance flexibility TKM needs to partner and collaborate more with the suppliers. With this thought, TKM continuously strives to work with its stakeholders, contributing towards the goal of sustainable development.

A sustainable supply chain is a collaboration of disparate elements of the supply chain, working towards generating economic value, delivering social benefits and minimizing the impact of the environment. We believe sustainability should be imbibed throughout the supply chain, beginning with the concept followed by development and then continuing through all phases of production and finally, customer distribution. Spreading good business practices around the globe

has enormous potential to contribute to more inclusive markets and advance sustainable development.

TKM expects business partners to ensure long term, stable and sustainable procurement of the best products, compliance with all applicable laws, regulations and adherence to social norms in consideration for the environment. TKM is continuously working towards improving product quality, reducing costs and rationalizing manufacturing, through measures that include promoting localization and improving logistics.

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 UPON:

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



To ensure that our suppliers are aware and on-board with the sustainability culture, we have taken up various initiatives dedicated to suppliers that focus on and address social and environmental objectives.

### SUPPLIER CSR GUIDELINE

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, Delivery and Production, Cost, Technological capabilities
- ▶ Legal Compliance, Human Rights / Labour, Local / Global Community

### GENERAL PURCHASE AGREEMENT (GPA)

The complexity of the supply chain makes it challenging to effectively manage business and sustainability issues. To address this challenge, 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:

- ▶ Focus on 'Customer Satisfaction' as a primary objective
- ▶ Adopt Toyota Production System (TPS) and JIT
- ▶ Long standing business relationship based on the spirit of mutual trust
- ▶ Comply with safety and environmental standards
- ▶ Contribute to the sustainable development of society
- ▶ Promote faithful and sound business activities

### GREEN PURCHASING GUIDELINES

To improve environmental performance throughout the value chain, TKM has developed the 'Green Purchasing Guideline'. The guideline clearly demonstrates the requirements and methodologies that the suppliers are expected to adhere to, as a part of Toyota's global commitment towards greening the supply chain.

The major focus points include:

- ▶ ISO 14001 certification
- ▶ Elimination of SoC and banned chemicals
- ▶ Environment legal compliance
- ▶ Logistic CO<sub>2</sub> reduction
- ▶ Reduction of packaging material

- ▶ 100% suppliers certified to ISO 14001
- ▶ 100% compliance with the banned substance management
- ▶ Vehicle parts procured from our suppliers are SoC free
- ▶ 100% compliance to legal requirements

We, at TKM, work continuously to ensure environmental compliance, thorough understanding and implementation of appropriate measures in the supply chain, based on the Green Purchasing Guideline.

### TKM AND SUPPLIERS

We instill sustainable production practices in our suppliers by providing technical know-how to enhance productivity and support in areas where suppliers can inculcate the best sustainable practices. TKM maintains a salubrious association with its suppliers through two important modes-

- ▶ Toyota Kirloskar Suppliers Association (TKSA)
- ▶ Supplier Support Centre

These institutions help TKM to connect with the suppliers on multiple areas, which lead to a collaborative association.

### TOYOTA KIRLOSKAR SUPPLIER ASSOCIATION

Toyota Kirloskar Supplier Association was established in 2003 with a motto of 'Progress through Sharing'. The spirit of TKSA is to create a platform to make 'One Team One Goal' by aligning suppliers' activities with TKM's targets on Safety, Quality, Cost, Delivery and Project preparation. TKSA has continuously enhanced these activities under the leadership of Association Office Bearers.



QUALITY CIRCLE COMPETITION, WINNER YAZAKI, BANGALORE



**QUALITY CIRCLE COMPETITION (QCC)**

Quality Control Circles create a conducive and stimulating atmosphere for the members so that their creativity can be energized and properly channelized. QCC motivates employees in identifying the problematic areas, staying involved in problem solving and thus improving the efficiency of the supplier companies. Suppliers association facilitates Gemba, Regional and Final QCC.

TKM works towards achieving maximum participation in QCC, since it provides a forum to exchange ideas and share their experiences. The Suppliers Association's QCC 2014-15 was successfully completed in the month of December.

**BENCHMARKING VISIT TO OVERSEAS SUPPLIER COMPANIES**

During their visit to TMC GPE, Sango, Shinmei and Motomachi, the representatives had a first hand exposure to the quality culture of the organization. Other key learnings from the visit were:

- ▶ Re-occurrence prevention activity
- ▶ Change management control
- ▶ Pika-Pika 80 (Clean and shining shop floor)
- ▶ 10 cycle check concept
- ▶ TPS implementation
- ▶ Work place management by Floor Management Development System (FMDS) through KPI

Suppliers were delighted with the window of opportunity that opened up for learning and we intend to organize more such visits.



**SHARING BEST PRACTICES**

Sharing best practices has long been critical to continuous improvement and we believe that dissemination of ideas occurs during the course of this activity. TKM encourages this and the best practices of

region wise supplier companies are identified and shared with all others. Recently, a suppliers meet was organized for supplier representatives to notch up their level of performance by imbibing the best practices being shared, in their respective operations.

Best practices demonstrated during the visit were:

- ▶ 5S concept and 2S, Safety visualization was much appreciated
- ▶ Tool rank with proper identification was excellent
- ▶ Excellent visual control system over change point Management
- ▶ Quality corner - with NG / OK sample explanation daily was a new point of learning

TKSA intends to provide a platform for other suppliers to showcase their best practices in the future as well.



**DEALER VISIT**

TKSA organized region wise dealer visit for the suppliers to understand the dealer operations and handling of customers. The reflections of these visits will help suppliers contribute to TKM initiatives in achieving higher customer satisfaction.

The take away points from the visit were:

- ▶ Systematic Spare parts storage
- ▶ Timely response in vehicle delivery system
- ▶ VAVE operation to minimize the time frame
- ▶ Excellent Lean Management and 5S level maintenance
- ▶ Transparency in interlock systems to fulfill customer requirements
- ▶ Excellent Express Maintenance System

Suppliers were delighted to understand customers' perception, channeled through the dealers.



**CSR INITIATIVES BY TKSA**

TKM continuously encourages its business partners to take up social contribution initiatives with an intention to uplift of local community. Various social activities are conducted at regular intervals under TKSA and these efforts are lauded by all, thus motivating suppliers to work towards community development.



DISTRIBUTION OF EDUCATION KITS AT MEDANAHALLI SCHOOL



TREE PLANTATION

**DISTRIBUTION OF EDUCATION KITS AT MEDANAHALLI SCHOOL**

Educational kits (Bags, Notebooks, Socks and Shoes) were distributed for underprivileged students of 3 Government schools around Bidadi during June 2014.

**TREE PLANTATION**

Avenue plantation was driven by TKSA involving TKM Top Management and Supplier Top Management near KTTM.

**KAIZEN FESTIVAL**

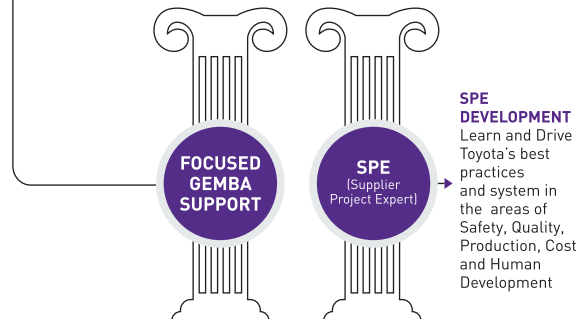
Kaizen is one of the foremost core values of the Toyota way. TKSA conducted the Kaizen festival to promote continuous improvements within the organization. To be in line with TKM Quality month activity, TKSA derived Quality theme for promotion of Kaizen. Best Kaizen at Suppliers from four regions were chosen and awarded in recognition of their service.

**SUPPLIER SUPPORT CENTRE**

Supplier Support Centre (SSC) has been contributing towards the supplier's development to ensure they meet global standards through strengthening shop capability and production management. The methodology of support to suppliers is based on a two pillar concept which includes focused Gemba support and Supplier Project Expert (SPE) development.

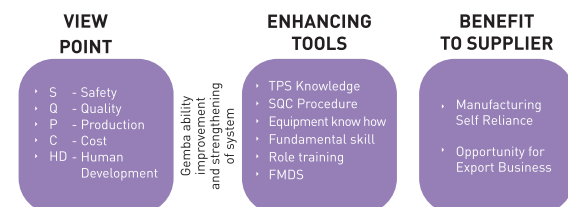
**METHODOLOGY OF SUPPORT 2 PILLAR APPROACH**

- **SAFETY**
  - a) Construction Safety
  - b) Safety System Implementation
- **QUALITY**
  - a) Quality System Implementation
  - b) Quality assurance mapping
- **PRODUCTION**
  - a) Implementation of TPS Tools to enhance production performance
- **COST**
  - a) Genthan-i implementation
  - b) Yield ratio improvement
- **HUMAN DEVELOPMENT**
  - a) Fundamental skill development for operators
  - b) Supervisor skill development by communication skill, Job Instruction skill, Problem solving skill etc.



**GOOD RELATIONSHIP BETWEEN OPERATION and SUPERVISOR**

Gemba Problem Identification and solving (Visualize, Classify, Action)  
Work Life Plan at all levels to nurture Human Development





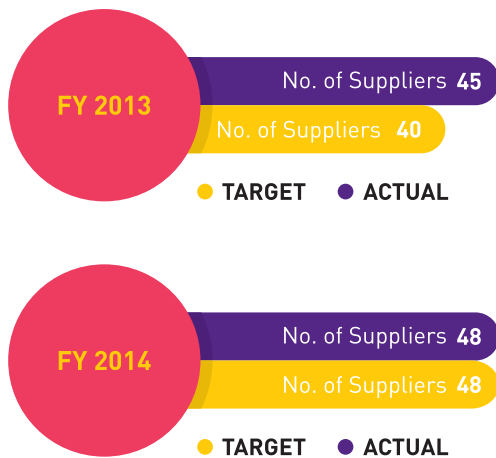


**ACTIVITIES DRIVEN UNDER PILLAR-1: FOCUSED GEMBA SUPPORT**

SSC supports in human development of production shop floor member and supervisor to enhance the daily management for built-in quality product and meet customer demands on timely basis.

In the FY2014-15, SSC supported 48 nos. of suppliers located at various part of India to bring them in line with Toyota global standards. The focussed gemba support has been provided in areas of safety, manufacturing cost reduction and implementation of Just in Time (JIT) manufacturing system.

**TREND OF SUPPLIERS DEVELOPMENT THROUGH SSC GEMBA SUPPORT**



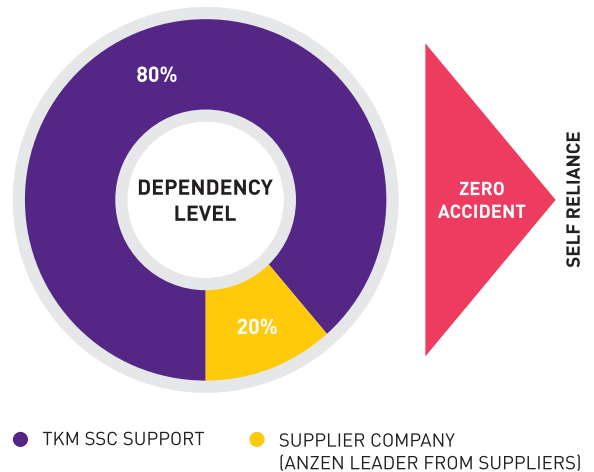
**SAFETY AND ENVIRONMENT(S&E)**

SSC has been providing focussed gemba support for safety and environment to suppliers in their construction project and manufacturing units.

In addition to gemba support for safety, SSC is also supporting 13 nos. of Toyota group company suppliers who have manufacturing plants in India and expanding their new plants.

a) S &E, SSC support for Construction Projects:

- ▶ Establishment of Safety and Environment organization
- ▶ Specialist Development (Anzen leaders)
- ▶ Equipment installation and pre commissioning confirmation



PROGRESS REVIEW BY TKM TOP MANAGEMENT



SAFETY TRAINING - CONSTRUCTION



**ROAD MAP FOR SSC SUPPORT FOR ACHIEVING SELF-RELIANCE AT SUPPLIER**

In order to enhance the construction safety in construction projects in India, 'All Toyota safety committee' has been established. The committee is headed by TKM-MD as a Chairman and 13 other group companies MDs as members where TKM S&E, SSC team working as a coordinator of this overall activity.

The objective of the committee is to enhance safety management at construction through PDCA approach in,

**Human development**

- ▶ Construction management system establishment
- ▶ Sharing of best practices among each other (Yokoten)

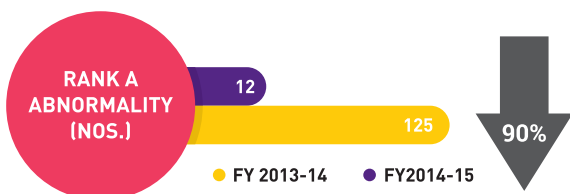
As a part of human development, 15 nos. of certified master trainers referred as Safety Anzen leaders developed at TMAP, Toyota Asia Pacific head quarter. They internally developed 210 nos. of sub leader and 650 nos. of job leader for daily management and system implementation.

All Toyota safety committee meets once in a year to review the progress of the activity and advice of future direction.



TKM MD SAN COMMENTS ON 2ND TEAM TOYOTA INDIA SAFETY MEETING

**RESULT**



“Construction safety management support from S & E, SSC team was a unique learning experience for us, as we could understand and bring in “Safety First approach” in construction projects and could achieve 2.65 million safe man hours which resulted in “zero accidents”. We also learnt obheya way project management and could keep “high level of safety, quality and schedule” at our new project.”

**MR. KIYOTSUGU KURIMOTO**  
JMD, KTTM

**b) S&E, SSC Support for Manufacturing**

SSC has supported On-Site Suppliers (OSS) and other suppliers for,

- ▶ Establishment of Safety and Environment organization
- ▶ Specialist Development
- ▶ Safety and environment system establishment
- ▶ Set up daily and periodic management system through obheya control
- ▶ Sustenance of S&E activity through Top management audits and direction
- ▶ Level up work place activity through commemorative day celebration

**NUMBER OF FATAL ACCIDENTS DURING FY2014-15 WAS RECORDED AS ZERO**

**TOTAL MAN HOURS 4.2 MILLION**

# CASE STUDY

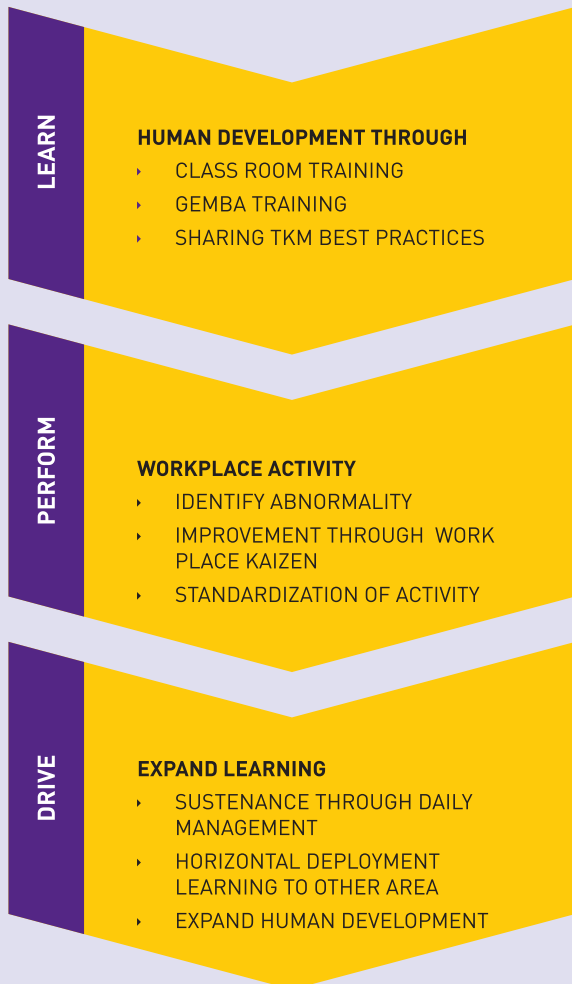
**OBJECTIVE:**

To inculcate 'Safety First' Approach through Human Development and Gemba support at supplier.

**'A COMPANY'**

Achieve 'Safe and Enjoyable work environment'

**APPROACH FOR SUPPLIER DEVELOPMENT**



**SAFE AND ENJOYABLE WORKPLACE**

**FOCUSED ACTIVITIES**

**MAN**

- ▶ Development of 3 nos. of sub leaders for safety and environment management at each area of the plant
- ▶ Trainings provided on,
  - ▶ Fire protection and prevention
  - ▶ Safety devices for equipment risk elimination i.e. Lock Out and Tag Out (LOTO) etc.,
  - ▶ KPI management for daily activity control

**METHODS**

- ▶ Strengthening of Job licensing system for critical equipments
- ▶ Periodic confirmation of SOP for critical activities

**MACHINE**

- ▶ TKM SSC supported to develop cross functional team (CFT) to carry out the periodic equipment risk assessment
- ▶ LOTO system level up for all critical equipment
- ▶ Elimination of Rank A equipment risk through regular audits with the help of TKM SSC team

**MANAGEMENTS**

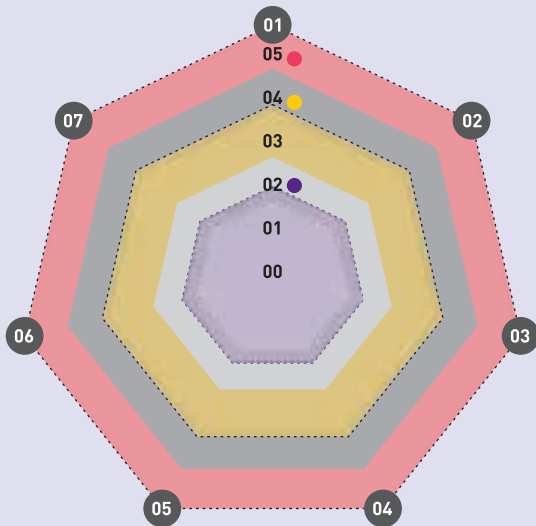
- ▶ Bringing Safety and Environment ownership through My area concept implementation
- ▶ KPI establishment for Daily management
- ▶ Activity review through Top management audits





## RESULTS

The human development program enhanced the team member skill level and helped the supplier A company to achieve the target of zero fatal and fire accident. In FY 2014-15, Supplier 'A' company received the 'Best HSE maintained company' award from Department of Factories, Boilers, Industrial safety and Health for their overall improvement in safety management system.



- 01. BASIC SAFETY
- 02. KYT AND HIYARI HATTO
- 03. EQUIPMENT RISK ASSESSMENT
- 04. FIRE PROTECTION
- 05. SAFETY CULTURE
- 06. WASTE MANAGEMENT
- 07. ESCO

● BEFORE      ● PRESENT      ● TARGET



## QUALITY

SSC team has been continuously supporting suppliers to achieve built-in quality product and quality awareness among suppliers.

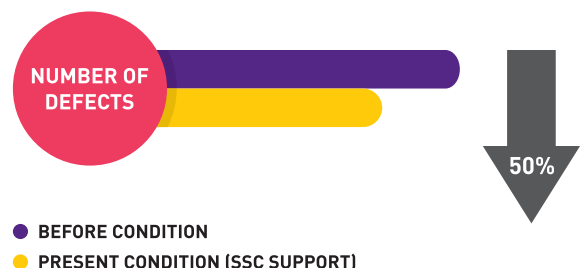
The objective of defect free product at supplier is being achieved through,

- i. Human development among supplier members;
  - ▶ Operator skill up
  - ▶ Middle management Training
  - ▶ Training and evaluation
- ii. Establishment of process wise quality assurance system;
  - ▶ Quality check standardization
  - ▶ Quality parameter monitoring
  - ▶ Visualization and daily management
  - ▶ Defect analysis and PDCA
- iii. Conduct periodic audits with supplier plant head to confirm the sustenance and guide supplier

During the year, SSC has supported 7 nos. of suppliers. The support included training to plant site middle management teams to establish Quality Management System, thereby enhancing the quality mind of operators to understand normal and abnormal condition.



## QUALITY IMPROVEMENT AT SUPPLIER - 1





“ Focused Genba support activity is one of the unique initiative by TKML for Supplier development. We sincerely thank TKM SSC team for their strong support & guidance extended to level up our Chennai plant by which we could able to become No.1 LEAN ENTERPRISE among Henkel India-Middle East-Africa region. This journey took us to receive "BEST IMPROVED SUPPLIER" award from TKML.”

**MR. SUNEEL KUMAR AGGARWAL**  
PLANT HEAD, HENKEL TEROSON  
INDIA LTD. CHENNAI PLANT.



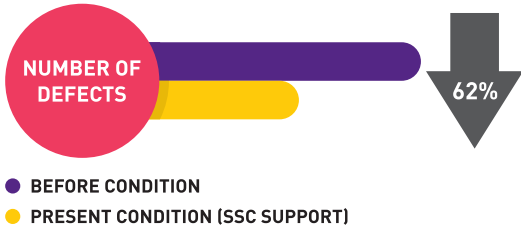
**PRODUCTIVITY**

SSC team has been supporting suppliers for smooth and slim (lean) production system establishment. The above objective is being achieved by Establishment of basic TPS system through,

- i) Normal/Abnormal visualization
  - 4S system establishment
  - First In First Out system (FIFO)
  - Production Analysis Board (PAB)
- ii) Shop floor management enhancement
- iii) Standard work establishment
- iv) Pull system
- v) Theme based activity

Productivity team has supported 9 nos. of suppliers to build a strong shop floor management. The team worked with supplier for implementation of standardized work and pull production system to enhance the production capacity, reduction of inventory stock and manufacturing of product as per requirement.

**QUALITY IMPROVEMENT AT SUPPLIER - 2**



**EFFICIENCY IMPROVEMENT AT SUPPLIER - 1**



# CASE STUDY

**OBJECTIVE**

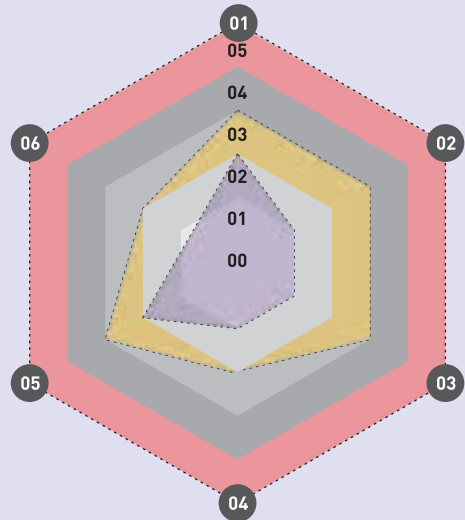
- Human development to improve shop floor culture at supplier 'B' company
- Just-in-time (JIT) manufacturing system to meet customer demand on timely basis with built in quality and daily work management improvement

**FOCUSSED ACTIVITIES**

SSC team supported the 'B' company through focussed gemba support and human development with following focussed activities,

- Human development of middle management and operators
- Implementation of Minimum/Maximum stock control
- First In First Out (FIFO) management at stores
- KPI management (Production Analysis board, Morning meeting) for strengthening the daily management
- Work standardization across all processes, Logistic system and Kanban system

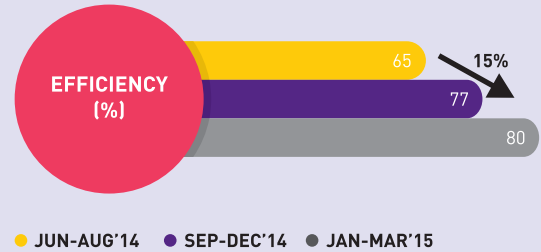
### SKILL LEVEL MONITORING



- 01. TPS BASICS
- 02. STANDARDIZED WORK
- 03. LOGISTIC
- 04. KANBAN
- 05. STOCK MANAGEMENT
- 06. JISHUKEN

● BEFORE ● PRESENT ● TARGET

### PRODUCTION EFFICIENCY IMPROVEMENT AT SUPPLIER 'B' COMPANY



### COST

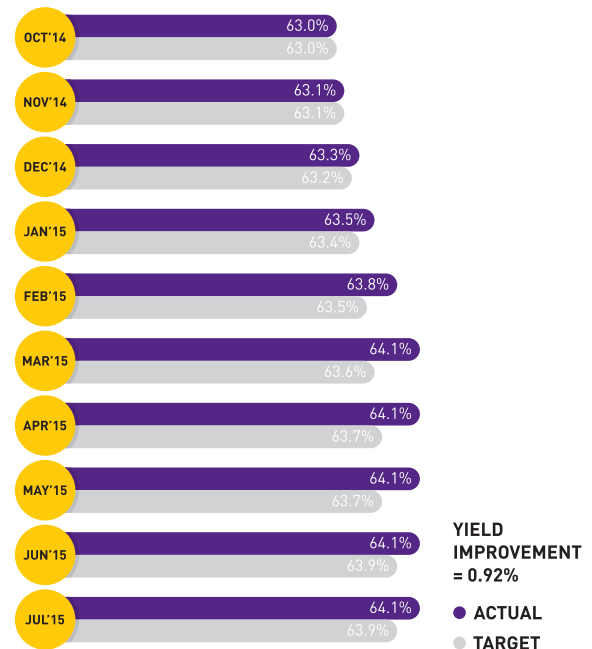
SSC has been working towards developing the cost awareness and competitive shop floor management at our supplier partners.

In FY2014-15, Team SSC cost has taken a theme of overall steel yield improvement (No of Phase 1 supplier partners = 4 nos).

Various kaizen activities right from design to disposal stage are carried out for overall steel yield improvement such as,

- ▶ System establishment for effective gasping of data and use the data to prioritize the next action plan
- ▶ Reducing scrap generation in form of packing improvement (Design stage)
- ▶ Optimization of blank and coil sizes (Design stage)
- ▶ Reusing process scrap and trial stages by involving various stockholders (Disposal stage)
- ▶ Generate ideas for reuse of generated scrap/offal (Disposal stage)
- ▶ Supervisor development (Human development) for sustenance of activity

### OVERALL STEEL YIELD RATIO IMPROVEMENT





**RESULT**

- ▶ Overall 9.43 Kg of steel saved by the unified efforts of all (team work)
- ▶ Overall steel yield improved by 0.92%
- ▶ Leaders learnt the methods of steel savings and can practice by their own

**BENEFITS**

- ▶ Reduction in steel waste generation
- ▶ Carbon footprint reduction
- ▶ Overall conservation of natural resources through reuse of steel

**FUTURE ACTION PLAN**

- ▶ Rotate PDCA and continue this activity
- ▶ Yokoten of this activity to Phase 2 suppliers

**HUMAN DEVELOPMENT (HD)**

SSC has been supporting suppliers to develop strong shop floor leaders for gemba ability improvement and strengthening activity.

The objective to develop strong shop floor leaders being achieved through,

- Fundamental skill training
  - ▶ TOYOTA way
  - ▶ Toyota communication skill
  - ▶ PDCA and A3 report preparation
- Supervisor development
  - ▶ TOYOTA job instruction
  - ▶ TPS-standardization work and kaizen
  - ▶ FST set up support
- Floor management development system (FMDS)
  - ▶ Abnormality management
  - ▶ KPI management

**ACTIVITIES DRIVEN UNDER PILLAR-2: SUPPLIER PROJECT EXPERT (SPE)**

The development program 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).

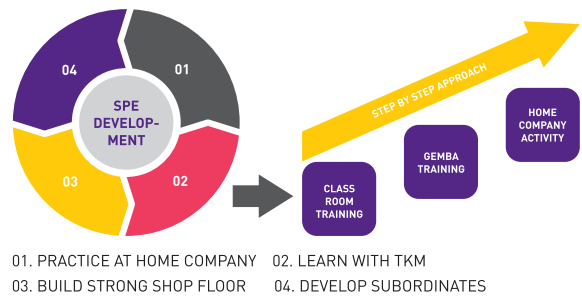
SSC team has taken a target of developing at least one person (SPE) from each supplier company in line with SSC's objectives of Safety, Quality, Production, Cost and Human Development for about a year.

**APPROACH OF SSC FOR HUMAN DEVELOPMENT**



**METHODOLOGY OF SPE DEVELOPMENT**

SL.No.	N	N+1	N+2	N+3	N+4	N+5	N+6	N+7	N+8	N+9	N+10	N+11
ACTIVITY	SAFETY		QUALITY		COST		PRODUCTION AND HD				FINAL REPORT	



The benefits observed from the SPE programs are,

- ▶ Kaizen spirit and culture is observed in supplier's shop floor
- ▶ Awareness about muda and kaizen mind to eliminate it is seen
- ▶ Supervisors role clarity and good communication with shop floor members



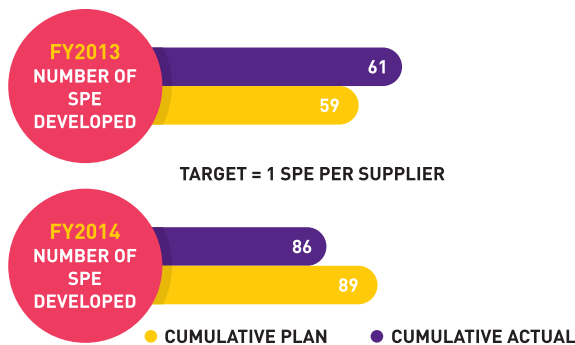
### CUSTOMIZED CLASS ROOM TRAINING

The customized training (short term) is also being conducted by SSC to share the knowledge on Toyota global best practices. The training is imparted in the areas of Safety, Quality, Productivity, Cost and Human Development as part of knowledge sharing program.

### REGIONAL SPE SHOWCASE PROGRAM

SSC team has also conducted various showcase programs for supplier's Top Management to spread importance of SPE development to improve their shop floor.

### YEAR-WISE TREND OF SPE DEVELOPMENT BY SSC



### SUSTENANCE AND CONTINUOUS IMPROVEMENT PLAN OF THE ACTIVITY

- ▶ Periodic sustenance audit at the supplier plant
- ▶ Second generation supplier exposure to TPS activities
- ▶ Evaluate suppliers to identify improvement points
- ▶ Jishuken promotion throughout suppliers
- ▶ SPE Program - regional showcase program
- ▶ Top Management education on SPE activities
- ▶ Utilize TKSA top management seminar for realization of cost benefit sharing

### 2015 ANNUAL SUPPLIER CONVENTION

TKM Purchase division had organized the 2015 Annual Supplier Convention at Bangalore on 21st April, 2015.

This convention was organized to communicate:

- ▶ TMC global expectations, TMAP-EM Direction, the TKM vision and purchase policy for FY 2015-16, including the target and expectations, communicated to our Supplier Partners
- ▶ This year's theme for suppliers is 'Pursuit of Perfection' in all actions
- ▶ To achieve beyond Zero PPM
- ▶ TKM Hoshin for suppliers this year is based on 3 pillars

Supplier of the year: Motherson Automotive Technologies and Engineering

Runner Up Suppliers: Wheels India Limited and Mother Sumi Systems Limited

The event saw participation from a number of TKM top management personnel, purchase division heads, CFT division heads, TMC purchase, TMAP-EM purchase team, dealer council representatives and suppliers.





# MARKETING AND BRAND PROMOTION



**N RAJA**

Sr. Vice-President, Director-Sales and Marketing

An integral part of Sustainable growth, is to grow with the society. Being instrumental in its growth or facilitating to eliminate the hurdles that obstruct it are means to ensure sustainable growth.

We endeavor to contribute towards energy consumption and environment pollution by spreading awareness on hybrid, encourage and popularize the use of it in India. We debuted Toyota's world renowned Hybrid system with the launch of Prius in India in 2012. From there on we went on to launch India's first ever locally manufactured Hybrid – Camry Hybrid in 2013. Camry Hybrid is a Strong Hybrid/ Full Hybrid. It is 47% more fuel efficient and emits 32% lesser CO2 emissions when compared to the Camry petrol variant. We will continue to work towards spreading awareness on hybrid.

India records one of the highest number of deaths related to road accidents, in the world. Although there is an improvement in the levels of the awareness it continues to remain low. Continuous efforts were made by our dealer partners and extensive safety related customer campaigns were conducted to sensitize our customers towards safe driving practices. Toyota Driving School for beginners, Toyota Safety Education Program for school children, Driver Training Program, 'Health Check-up Camp' for taxi drivers and THUMS, a safety campaign are some of the activities we implemented, aimed at spreading awareness on safety. In Jan this year, Toyota Kirloskar Motor became the first manufacturer in the mass segment to have standardized front SRS airbags across all our models and in all grades.

# MARKETING AND BRAND PROMOTION



Toyota has taken a leap on the marketing front, from displaying print advertisements to running creative social media campaigns, thus increasing brand awareness and customer acquisition. Toyota's social media marketing strategy provides insights about the different social media programs that large corporations use to increase competitiveness and business performance.

As part of the marketing mix, promotion includes all activities that involve communicating with the customer about the product and its benefits and features. With several brand promotion strategies in its kitty, Toyota is driving the awareness of its product and service, fostering customer loyalty, increasing sales and boosting the company value. It has also helped the company retain an edge over its competitors.

## CASE STUDY

### MEDIA COVERAGE ON TOYOTA'S SAFETY INITIATIVES

With the launch of the new 'Innova' in January 2015, TKM became the first manufacturer in the mass segment to have standardized front Supplemental Restraint System (SRS) airbags across all our models and in all grades. As a part of the Public Relations (PR) strategy and to move towards obtaining the most admired company image, one of the key priority areas is Safety.

TKM's Public Relations team has been seeding the message of Etios series sales picking up after the introduction of airbags since October 2014. The message was made public through a press release and also during various monthly interviews.

TKM has received huge feedback from several news persons on the introduction of airbags has been well received by the customers. This voluntary initiative taken up to introduce airbags across all Toyota products was well appreciated by the media. Following this support, the media has been proactively contacting TKM to do stories on introduction of airbags and response from customers.

TKM PR is expecting more coverage on similar lines as the media is hooked onto the Toyota safety message well. As a part of the sustenance plan, TKM PR will further enhance the safety image by leveraging the Toyota Driving School project to be launched at various dealerships this year.





# CASE STUDY

## TOTAL HUMAN MODEL FOR SAFETY (THUMS) CAMPAIGN

According to the World Health Organization (WHO) survey, 1.24 million people worldwide die in road accidents each year, making it the eighth leading cause of death. The number of deaths due to road accidents has been steadily increasing in emerging nations like India, where traffic safety education and transportation infrastructure have not kept pace with the increase in number of vehicles on the road. On a global scale, traffic fatalities continue to increase steadily and are expected to become the fifth leading cause of death by 2030 unless countermeasures are implemented. In India, development of infrastructure is not in proportion to motorization which is resulting in increasing fatal accidents.

Toyota utilizes the trinity or considers following the 3 pillars: 'People/Vehicles/Traffic Environment' to implement the mobile society's ultimate goal of achieving zero casualties from traffic accidents. As much as it is important to achieve this goal, it is also essential to educate drivers and pedestrians regarding road safety and to create a safe traffic environment.

To achieve a safe mobility society, Toyota believes that it is important to promote 'Vehicle Safety' and pursue 'real-world safety' by learning from accidents and incorporating that knowledge into vehicle development.

As a first important step towards achieving this goal, Toyota took up standardization of airbags in all Toyota vehicle models which has been very well received and appreciated by Toyota customers and prospects.

Other key initiative was to promote Total Human Model for Safety (THUMS) as a safety mascot for automobiles.

The promotion for THUMS started from October 2014 with displays at Toyota Dealerships and direct communication to Toyota customers. Going forward, TKM would be promoting Safety using THUMS as a message hook with key positioning of 'We are Safety Leaders'.

The activity was carried out in five phases targeting Toyota dealerships, Toyota customers and potential non-Toyota customers. Point-of-purchase items included THUMS cutouts, safety standee, window stickers, table stickers, table top, safety booklet, digital promotion, Bangalore airport signage, button buddy, dangler, wobblers, windshield stickers, magazine ad and a safety website ([www.besafetyleaders.in](http://www.besafetyleaders.in)).

TKM was overwhelmed with responses from the esteemed customers, prospects and general public. Toyota's active presence on social media played a pivotal role in driving visibility and fostering safety related conversations.

More than two lakh people visited our website to understand more about TKM's safety initiative. The website ([www.besafetyleaders.in](http://www.besafetyleaders.in)) visitors showed tremendous interest and involvement by sending selfie images wearing seat belts while driving their cars. More than 200 entries were received towards the safety pledge.

Toyota wishes to promote safety using THUMS as the safety mascot, highlighting the importance of both active and passive Safety. With the Global Safety Ratings soon to be launched in India, car buyers would be more aware about the safety parameter which is going to be a key criteria for vehicle selection.

### POINT OF PURCHASE ITEMS FOR THUMS CAMPAIGN



**THUMS SAYS WEAR SEAT BELT FOR YOUR LOVED ONES**





# ECONOMIC PERFORMANCE



**MAO SAKA**

Sr. Vice-President, Finance & Accounting

We, at TKM, maintain a healthy financial position throughout an economic cycle and provide stakeholders with competitive returns on their investment. Also, our financial performance is assessed and reported on approval of the Board, periodically. We are poised to build on the growth momentum for revenue in the years ahead.

We believe in a sustainable business growth model, while caring for the environment. We have achieved a better balanced footprint of profitability by strengthening our business through product line-up transitioning and continuous improvement of our operations, while responding to trade and currency policy changes from the Government as well as to CSR requirement in this region.

Our operations intend to mitigate the risks by focusing on safety, quality cost saving initiatives. By fully leveraging our capabilities, we aim to create jobs and other value for society as a whole. At the same time, we continue to invest in strategic initiatives and key markets to ensure future sustainable growth. These efforts continue as we pursue a suitable level of profit and increase the value created for society. We will also continue our endeavors which we will lay solid foundations for long term performance by strengthening the balance sheet.

# ECONOMIC PERFORMANCE



Economic development can have an impact that goes well beyond the confines of economic growth per se, and can help achieve every company's development goals. Sustainable economy serves as a vitally important leverage for structural poverty reduction, employment promotion and mobilization of indigenous resources.

The automotive industry has been experiencing a roller coaster ride for quite some time. But for the long term, the industry's growth is closely linked to an increased need for automotives in developing countries like India, as their economies grow.

Toyota has paved the way for sustainable economic development to foster economic growth while preserving the quality of environment for future generations. At TKM, we believe that a company's sustainable, profitable growth is the objective of its business activities. Profitable industrial growth also contributes to the economic development of society as a whole, through the creation of jobs and regional development. With an increase in financial stability, we are investing in our products, our people and our communities.

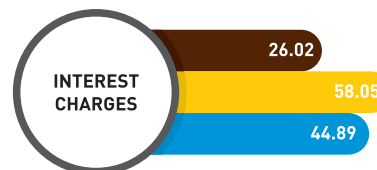
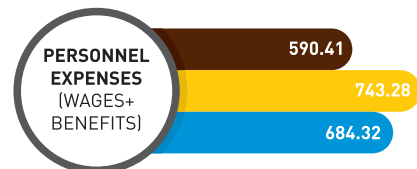
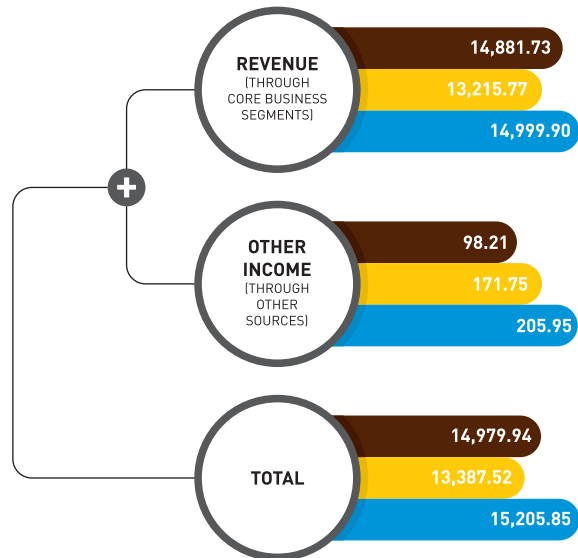
## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Sustained economic value creation and distribution is possible when companies innovate and remain competitive in the market. The economic value created by a company changes over time due to technological innovations and improvements in efficiency.

A company's economic status is captured by stakeholders in various forms. The following creation and distribution of economic value provide an initial indication of how TKM generates wealth for its stakeholders. The economic value generated is distributed to stakeholders and re-invested in the firm.

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

● 2012-13 ● 2013-14 ● 2014-15





During the FY 2014-15, TKM lapped an increase in revenue through core business segments and income through other sources. A substantial amount of investment was made for community development by creating opportunities where value can be created for business by improving community well-being.

### FINANCIAL IMPLICATIONS DUE TO CLIMATE CHANGE

Climate change is no longer a conjectural concept. It affects the corporate world as much as it affects the flora and fauna.

One of the greatest threats that could cause a huge impact on earth is Climate change. As per OECD studies, more than a quarter of global greenhouse gas emissions come from road transport. Economic risks to the business operations that affect profitability include continuous shoot-up in raw material prices, rising oil prices and drop in rupee value.

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

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

TKM adheres to minimum wages regulations applicable by the Government of India. There is no gender differentiation in the company's wages. The other benefits include:

- ▶ Employees' gratuity fund
- ▶ Leave encashment
- ▶ Statutory benefits like provident fund and gratuity are provided

### CONTRIBUTION TO BENEFIT PLAN (IN CRORE)

Contribution to Benefit Plan (In crore)	2014-15	2013-14	2012-13
*Contributions to Provident and Other Funds	51.88	32.77	36.94
Staff Welfare Expenses	83.47	83.63	85.19

\* Includes all Retirements Benefits which were not considered in the previous years' reports

### SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT (IN CRORE)

Financial assistance received	2014-15	2013-14	2012-13
IT exemption	None	None	None
Land provided at subsidized rate	None	None	None
Incentives - Sales Tax deferral *	496.52	409.56	491.23
Custom, excise duties waived	None	None	None
Others	None	None	None

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

### SIGNIFICANT INDIRECT ECONOMIC IMPACTS

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

CONTRIBUTIONS THROUGH CSR ACTIVITIES ( Rs. Million)								
[1]	[2]	[3]	[4]		[5]	[6]	[7]	[8]
Sl No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs		Amount Outlay (budget) project or program wise	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
			Local area or other	Specify the state and district where projects or programs were undertaken				
1	Books and Bags distribution to the needy children	Promotion of Education	Bidadi Hobli	Ramanagara, Karnataka	1.19	1.19	1.19	Direct
2	Toyota Technical Training Institute		Bidadi Hobli	Ramanagara, Karnataka	17.58	17.58	17.58	Direct
3	Avenue Plantation	Promoting Environment Consciousness	Bidadi Hobli	Ramanagara, Karnataka	0.09	0.09	0.09	Direct
4	Eco Education		Bidadi Hobli	Ramanagara, Karnataka	0.75	0.75	0.75	Implementing Agency Centre for Environment Education
5	Girl Child Sanitation	Eradicating extreme hunger and poverty	Ramanagara District Varanasi District Vaishali District	Karnataka UP Bihar	34.66	34.66	34.66	Direct
6	Water Purification Unit		Ramanagara District Varanasi District Vaishali District	Karnataka UP Bihar	4.61	4.61	4.61	Implementing Agency Sarvodaya
7	Reconstruction of Orphan school	Promoting gender equality and empowering women	Bidadi Hobli	Ramanagara, Karnataka	4.99	4.99	4.99	Direct
8	Sports kit distribution	Promote sports	Bidadi Hobli	Ramanagara, Karnataka	0.78	0.78	0.78	Direct
<b>TOTAL</b>					<b>64.65</b>	<b>64.65</b>	<b>64.65</b>	



# GLOSSARY

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

# GRI G4 CONTENT INDEX

## G4 GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DISCLOSURE	REPORTED	PAGE NO
<b>STRATEGY AND ANALYSIS</b>			
G4-1	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Fully	4-6
G4-2	Description of key impacts, risks and opportunities.	Partially	19,25-26
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	Name of the organization.	Fully	12
G4-4	Primary brands, products, and/or services	Fully	12-13
G4-5	Location of the organization's headquarters	Fully	15
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	12
G4-7	Nature of ownership and legal form	Fully	12
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	12,24
G4-9	Scale of the reporting organization	Fully	12,56
G4-10	Total number of employees by employment contract and gender	Fully	56
G4-11	Percentage of total employees covered by collective bargaining agreements	Fully	63
G4-12	Organization's supply chain	Partially	84
G4-13	Significant changes during the reporting period regarding size, structure, ownership or its supply chain	Fully	12
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Fully	10
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Fully	8 - 9
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	Fully	22
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	Fully	22
G4-18	Process for defining the report content and the Aspect Boundaries	Partially	24
G4-19	All Material Aspects identified in the process for defining report content	Fully	24
G4-20	For each material Aspect, the Aspect Boundary within the organization	Fully	2
G4-21	For each material Aspect, the Aspect Boundary outside the organization	Fully	2
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatement	Fully	103
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Fully	7
G4-24	List of stakeholder groups engaged by the organization	Fully	24
G4-25	Basis for identification and selection of stakeholders with whom to engage	Fully	24
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	25
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Partially	72,89,92



GENERAL STANDARD DISCLOSURES	DISCLOSURE	REPORTED	PAGE NO
<b>REPORT PROFILE</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Fully	2
G4-29	Date of most recent previous report (if any)	Fully	7
G4-30	Reporting cycle (such as annual, biennial)	Fully	4
G4-31	Contact point for questions regarding the report or its contents	Fully	7
G4-32	The 'in accordance' option the organization has chosen	Partially	104-112
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	Not Reported	-
<b>GOVERNANCE</b>			
G4-34	Governance structure of the organization, including committees of the highest governance body	Partially	16-22
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Partially	16
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Partially	20-21
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Partially	20-21
G4-38	Composition of the highest governance body and its committees	Fully	20-21
G4-39	Whether the Chair of the highest governance body is also an executive officer.	Fully	16
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	Partially	16
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Partially	17
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Fully	17
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Fully	17
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Fully	17
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	Fully	17
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Fully	17
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Partially	17
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Fully	20
G4-49	Process for communicating critical concerns to the highest governance body	Fully	19
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Partially	17-20

GENERAL STANDARD DISCLOSURES	DISCLOSURE	REPORTED	PAGE NO
G4-51	Remuneration policies for the highest governance body and senior executives	Partially	56
G4-52	Process for determining remuneration	Partially	17-20
G4-53	How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals	Fully	57
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country	Not Reported	-
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country	Not Reported	-
<b>ETHICS AND INTEGRITY</b>			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Fully	16
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines	Partially	19
G4-58	internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines	Fully	16-20

# SPECIFIC STANDARD DISCLOSURES

## DISCLOSURE ON MANAGEMENT APPROACH

SPECIFIC STANDARD DISCLOSURES	DISCLOSURE	REPORTED	PAGE NO
<b>DISCLOSURE ON MANAGEMENT APPROACH- EC</b>			
Aspects	Economic performance	Fully	100-103
	Market presence	Fully	100-103
	Indirect economic impacts	Fully	100-103
	Procurement practices	Fully	100-103
<b>DISCLOSURE ON MANAGEMENT APPROACH- EN</b>			
Aspects	Materials	Fully	31
	Energy	Fully	31
	Water	Fully	40
	Biodiversity	Partially	46
	Emissions, effluents and waste	Fully	40, 44
	Products and services	Fully	30
	Compliance	Fully	30
	Transport	Partially	44



SPECIFIC STANDARD DISCLOSURES	DISCLOSURE	REPORTED	PAGE NO
Aspects	Transport	Partially	44
	Overall	Fully	30
	Supplier environmental assessment	Fully	88
	Environmental grievance mechanisms	Fully	30
<b>DISCLOSURE ON MANAGEMENT APPROACH -LA</b>			
Aspects	Employment	Fully	56
	Labor/management relations	Fully	56
	Occupational health and safety	Fully	64
	Training and education	Fully	60
	Diversity and equal opportunity	Fully	56
	Equal remuneration for women and men	Fully	56
	Supplier assessment for labor practices	Fully	63
	Labor practices grievance mechanisms	Fully	64
<b>DISCLOSURE ON MANAGEMENT APPROACH-HR</b>			
Aspects	Investment and procurement practices	Fully	64
	Non-discrimination	Fully	64
	Freedom of association and collective bargaining	Fully	64-65
	Child labor	Fully	64
	Prevention of forced and compulsory labor	Fully	63
	Security practices	Fully	64
	Indigenous rights	Fully	64
	Assessment	Partially	64
	Supplier human rights assessment	Fully	89
	Human rights grievance mechanisms	Fully	64
<b>DISCLOSURE ON MANAGEMENT APPROACH -SO</b>			
Aspects	Local communities	Fully	70
	Anti-Corruption	Partially	16-20
	Public policy	Partially	16-20
	Anti-competitive behavior	Partially	16-20
	Compliance	Fully	22
	Supplier assessment for impacts on society	Fully	89
	Grievance mechanisms for impacts on society	Partially	72-73
<b>DISCLOSURE ON MANAGEMENT APPROACH - PR</b>			
Aspects	Customer health and safety	Fully	80-82
	Product and service labeling	Fully	52
	Marketing communications	Fully	97
	Customer privacy	Fully	52
	Compliance	Fully	22

# SPECIFIC STANDARD DISCLOSURES

## PERFORMANCE INDICATORS

CATEGORY: ECONOMIC			
<b>Economic performance</b>			
G4-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	100
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Fully	101
G4-EC3	Coverage of the organization's defined benefit plan obligations	Fully	101
G4-EC4	Financial assistance received from government	Fully	101
<b>Market Presence</b>			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Not Reported	-
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Not Reported	-
<b>Market Presence</b>			
G4-EC7	Development and impact of infrastructure investments and services supported	Fully	101
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Partially	102
<b>Procurement Practices</b>			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Not Reported	-
CATEGORY: ENVIRONMENTAL			
<b>Materials</b>			
G4-EN1	Materials used by weight or volume.	Fully	34
G4-EN2	Percentage of materials used that are recycled input materials.	Fully	40
<b>Energy</b>			
G4-EN3	Energy consumption within the organization	Partially	37
G4-EN4	Energy consumption outside of the organization	Partially	37
G4-EN5	Energy intensity.	Partially	37-38
G4-EN6	Reduction of energy consumption.	Fully	38-40
G4-EN7	Reductions in energy requirements of products and services	Fully	39
<b>Water</b>			
G4-EN8	Total water withdrawal by source	Fully	43
G4-EN9	Water sources significantly affected by withdrawal of water	Partially	
G4-EN10	Percentage and total volume of water recycled and reused	Fully	43
<b>Biodiversity</b>			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	46
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not Applicable	-

G4-EN13	Habitats protected or restored	Fully	46
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	46
<b>Emissions</b>			
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Fully	36-37
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Fully	36-37
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Partially	36
G4-EN18	Greenhouse gas (GHG) emissions intensity	Partially	36
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Fully	38
G4-EN20	Emissions of ozone-depleting substances (ODS)	Fully	39
G4-EN21	NOx, SOx, and other significant air emissions	Partially	38-39
<b>Effluents and Waste</b>			
G4-EN22	Total water discharge by quality and destination	Fully	44
G4-EN23	Total weight of waste by type and disposal method	Partially	45
G4-EN24	Total number and volume of significant spills	Fully	44
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention 2 annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Partially	44
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Partially	46
<b>Products and Services</b>			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Fully	38
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Partially	38
<b>Compliance</b>			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully	44
<b>Transport</b>			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Partially	44
<b>Overall</b>			
G4-EN31	Total environmental protection expenditures and investments by type	Fully	44
<b>Supplier Environmental Assessment</b>			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Fully	88
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Fully	84-85
<b>Environmental Grievance Mechanisms</b>			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Fully	39
<b>CATEGORY: SOCIAL</b>			
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>			

<b>Employment</b>			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Partially	56
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	Fully	56
G4-LA3	Return to work and retention rates after parental leave, by gender	Partially	57
<b>Labor/Management Relations</b>			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Fully	63
<b>Occupational Health and Safety</b>			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Fully	64
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Fully	66
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Fully	66
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Fully	66
<b>Training and Education</b>			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Fully	60-61
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Fully	60-61
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Fully	60-61
<b>Diversity and Equal Opportunity</b>			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Partially	56
<b>Equal Remuneration for Women and Men</b>			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Partially	56
<b>Supplier Assessment for Labor Practices</b>			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Partially	84-85
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Partially	84-85
<b>Labor Practices Grievance Mechanisms</b>			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Fully	64
<b>SUB-CATEGORY: HUMAN RIGHTS</b>			
<b>Investment</b>			
<b>Employment</b>			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Partially	64



G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Partially	60-61
<b>Non-discrimination</b>			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Partially	64
<b>Freedom of Association and Collective Bargaining</b>			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Fully	64
<b>Child Labor</b>			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Fully	63
<b>Forced or Compulsory Labor</b>			
G4-HR6	Operations and 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	63
<b>Security Practices</b>			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Partially	64
<b>Indigenous Rights</b>			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Partially	64
<b>Assessment</b>			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Partially	64
<b>Supplier Human Rights Assessment See refer</b>			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Partially	89
<b>Remediation</b>			
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	Fully	64
<b>Human Rights Grievance Mechanisms S</b>			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Fully	64
<b>SUB-CATEGORY: SOCIETY</b>			
<b>Local Communities</b>			
<b>Employment</b>			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Fully	70
G4-S02	Operations with significant actual and potential negative impacts on local communities	Partially	70-73

<b>Anti-corruption</b>			
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Partially	16-20
G4-S04	Communication and training on anti-corruption policies and procedures	Partially	16-20
G4-S05	Confirmed incidents of corruption and actions taken	Partially	16-20
<b>Public Policy</b>			
G4-S06	Total value of political contributions by country and recipient/beneficiary	Partially	16-20
<b>Anti-competitive Behavior</b>			
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Partially	16-20
<b>Compliance</b>			
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Fully	44
<b>Supplier Assessment for Impacts on Society</b>			
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	Fully	88
G4-S10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Fully	88
<b>Grievance Mechanisms for Impacts on Society</b>			
G4-S11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Partially	72-73
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>			
<b>Customer Health and Safety</b>			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Not Reported	-
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Fully	52
<b>Product and Service Labeling</b>			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Partially	52
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Fully	52
G4-PR5	Results of surveys measuring customer satisfaction	Fully	52
G4-PR6	Sale of banned or disputed products	Not Applicable	-
G4-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	52
<b>Customer Privacy</b>			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	52
<b>Compliance</b>			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Partially	22

**TOYOTA KIRLOSKAR MOTOR PVT. LTD.**  
**SUSTAINABILITY REPORT 2014-15**



**FEEDBACK FORM**

Your feedback is important in helping us improve our Sustainability Reporting and Performance. Please spare a few minutes to answer the below:

**1. RATE THE REPORT ON THE FOLLOWING PARAMETERS.**

	Poor	Average	Good	Excellent
Layout and Design				
Quality of information				
Transparent approach				
Ease of understanding content				
Usage of G4 Guidelines				

**2. HOW DO YOU RATE OUR PERFORMANCE ?**

	Poor	Average	Good	Excellent
Corporate Governance				
Environment				
Customer Relations				
Employee Relations				
Occupational Health & Safety				
Community Development				
Supply Chain Management				
Marketing & Brand Promotion strategies				

**3. IS THERE ANY OTHER INFORMATION YOU WOULD LIKE US TO INCLUDE IN THE NEXT YEAR'S REPORT?**

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**4. HOW ARE YOU RELATED TO TOYOTA KIRLOSKAR MOTOR PVT. LTD. ?**

Employee		Contractor	
Customer		Consultant	
Dealer		Regulatory Body	
Supplier		NGO Partner	
Industry Peer		Others:	

**5. HOW DO YOU RATE THE REPORT OVERALL ?**

Poor	Average	Good	Excellent
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Respondent Details:**

Name:

Organization:

Address:

Telephone:

E-mail:

**To,**  
**TOYOTA KIRLOSKAR MOTOR PVT. LTD.**  
Plant Administration Division - Environment Department  
Plot No. 1, Bidadi Industrial Area  
Bidadi, Ramanagara District  
Karnataka-562109, India  
Tel: +91 80 66292098



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