

TOYOTA

Toyota Kirloskar Motor Pvt Ltd



2022-23 SUSTAINABILITY REPORT

(Concise Report)



**DELIVERING EXCELLENCE.
CONSISTENTLY. SUSTAINABLY.**

MY NEW HY
It's Awesome

▶ From the Leadership



The automotive industry is experiencing a dramatic shift due to factors, such as – climate changes, and evolving customer needs & preferences, across the world. Toyota in India, since its inception, has demonstrated leadership by embarking on an important journey towards providing safe & sustainable mobility solutions that align with India's Goals of COP26 and other initiatives be it "Self-Reliance in Energy", 'Skill India' mission, while delivering 'Awesome' experiences to the customers.

Our focus remains to evolve, become a true mobility company, and pursue all possible options to realise 'Carbon Neutrality', through our three key pillars of mobility – Electrification, Intelligence and Diversification.

In this direction, we have set strategic priorities to leave no one behind by adopting 'Multiple Pathway Approach', considering various aspects – country's energy mix, infrastructure, and consumer acceptance, to offer wider range of advanced, environment-friendly vehicle technologies. Needless to mention, rigorous mitigation plans and key metrics are seamlessly embedded in our sustainability targets, under Toyota's Global Environmental Challenge 2050, thus bolster the transparency and resilience of our climate strategies.

This year marks TKM's Silver Jubilee and we take immense pride in the progress we've achieved so far. As a corporate entity, we hold ourselves to the highest standards of governance. In accordance with the Toyota Global Risk Management Standard (TGRS), we drive our sustainable business by prioritizing transparency as our cornerstone, upholding principles of ethics and integrity.

I express my sincere thanks to every stakeholder for joining hands with Toyota and their relentless efforts, towards creating a beautiful place to live for the future generation.

- Masakazu Yoshimura
Managing Director & CEO



Our steadfast commitment to the national agenda through contribution to sustainable development goals is reflected in the "Toyota vision 2050". Over the years, we have invested great number of efforts in understanding the fluctuating climate dynamics, evolving regulations and shifting customer preferences. This understanding has enabled us to seamlessly transition towards sustainable mobility by bringing practical solutions, that best meet the customer needs and energy mix of the country leading the way to achieve the national objectives of "Aatmanirbhar Bharat", "Mass Electrification" and "Carbon Neutrality".

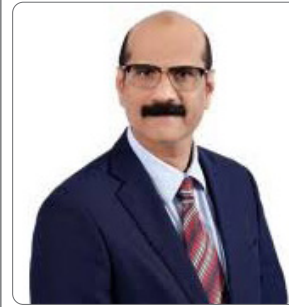
Our efforts towards carbon neutrality aimed at through resource optimisation, circular economy, nature preservation across all our operations and value chain showcase our commitment, tangible impacts and performance on well-defined metrics. We proactively engage our value chain partners and take sufficient measures that support creation of a sustainable society.

We are at the forefront of deploying technological interventions and making conscious efforts towards maximizing potential offered by digitalisation to produce vehicles that are connected, accessible, inclusive and are safer to drive.

Our endeavours in the field of education have helped youth to develop to their full potential and fulfil their ambitions. We focus on holistic well-being of our employees and ensure that each member's opinions and contributions are deeply valued & respected.

We believe that we must build a sustainable business that doesn't grow in isolation but ensures growth for all. We thank our value chain partners in being with us in this journey and assure that we will continue to grow together with their valuable support!

- Manasi N Tata
Vice Chairperson



The realities of climate change are becoming conspicuous and omnipresent around the World. As a sustainability-focused mobility solution provider, Toyota has relentlessly endeavoured to provide "Mobility for All" with better choices for an Awesome yet safer and greener ride.

We are accelerating progress with a strategic roadmap supported by Toyota Environment Challenge, adopting a multi-pathway approach, emphasizing accessibility.

Sustainable manufacturing is core to our business strategy; crafting vehicles that optimize natural resources while respecting the environment. We have demonstrated a strong pursuit of adopting best sustainable practices by achieving the 'GreenCo Platinum Company', conferred by the Confederation of Indian Industry (CII).

Diversity and inclusion have been our focus, as we actively seek talent from rural areas, providing training to make them industry-ready, aligning seamlessly with the initiatives of the Government of India. This year, our CSR efforts contributed significantly to advancing six UN SDGs, demonstrating our ongoing commitment to social progress towards the broader objective of producing "Mass Happiness for All".

Our digitalization initiative is redefining efficiency across key areas. Additionally, we actively partner with industries for innovative solutions and support the 'Make in India' initiative in crafting technology-driven solutions, aligning with our vision for a sustainable, prosperous future.

I am thankful to all our partners who have walked alongside us on this journey to create Sustainability embedded solutions for all. As we look ahead, we are excited to embark on continued sustainability led initiatives in collaboration with all to strengthen our contributions and create a better place to live.

- Sudeep S Dalvi
Senior Vice President & Chief Communication Officer

The cover page is a reflection of the varied sustainable initiatives of TKM, with each photograph and initiative reflecting TKM's substantial contributions to the Sustainable Development Goals (SDGs).

▶ About Toyota Kirloskar Motor Pvt. Ltd.

Toyota Kirloskar Motor Private Limited (TKM) is a prominent force within the Indian automotive industry, driven by a strong vision and commitment to excellence. Team Toyota India is dedicated to delivering advanced technologies and services while upholding our commitments to safety, the environment, the economy, and society. Through this dedication, we have carved a distinctive identity in the Indian market, renowned for our unwavering commitment to delivering high-quality products and services.

Overview of the Company

YEAR OF ESTABLISHMENT

6th October 1997

EQUITY PARTICIPATION

Toyota Motor Corporation: 89%
Kirloskar Systems Pvt. Ltd.: 11%

TOTAL INSTALLED PRODUCTION CAPACITY

3,10,000 units per annum

COMPANY ADDRESS

Bidadi Industrial Area,
Ramanagara District,
Karnataka

▶ Product Portfolio

TOYOTA

Innova Crysta



Innova Hycross



Fortuner



Legender



Glanza



Urban Cruiser Hyryder



Hilux



Camry



*FMC Vellfire***



LEXUS

ES



*LC 500h**



*LS**



*LX**



*NX**



*RX**



*LM***

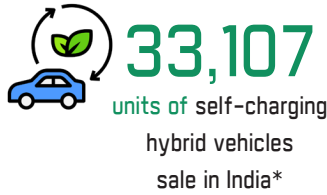
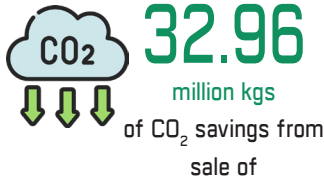


* Imported # Launched in August 2023

Sustainability Highlights

as on 31 March 2023 (for FY 22-23).

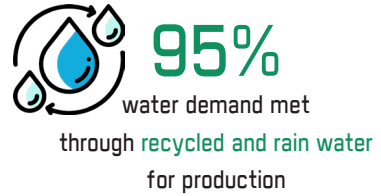
ENVIRONMENT



* Includes Camry, Innova HyCross,
and Urban Cruiser Hyryder



Ecozone education program reached

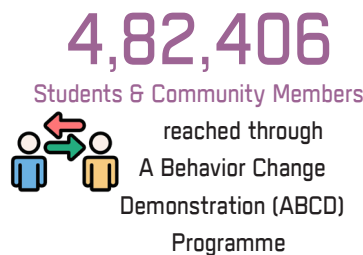
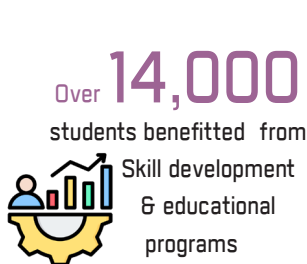


~3,28,000



112.61 acres

SOCIAL



FINANCIAL



Responsible Governance

Our business relations thrive on our core values – honesty, humility, harmony, courage, accountability and mutual trust.

Our guiding principles are central to our decision-making, as outlined in our Code of Conduct. Honesty and integrity are the essential core elements of our work environment. A strong **Speak-up Policy** has been established and approved by the highest governing body, to raise concerns and address grievances and encourages employees to raise their concern without fear of reprisal.

Legal Compliance & Ethics Conflict of Interest

Our objective of “Complete Legal compliance & No Complaints” is achieved through Legal Compliance Management System. We aim to achieve **100% compliance** to all applicable Indian legal requirements and all legal consents have been obtained from the respective regulatory authorities. Our strong Governance & Internal Control Systems further act as the pillars for effective implementation of the legal system.

Doing the right thing and following through on commitments is central to how TKM operates. All TKM employees should avoid any relationship, influence, or activity that may impair, or appear to impair, their ability to do their job, their ability to make fair and objective decisions or inhibit them from acting in the best interest of the company.

Internal Control and Audit

TKM has established a robust Internal Control system (ICS) in line with the requirement of the Companies Act that is commensurate with the size and operations of the business. Encompassing processes and procedures, we conduct **SOX and IFC Audit, Internal Audit and Other Audits**.

Governing Body

All committees of the Board are formed in strict accordance with the legal and regulatory requirements and to promote good corporate governance.



Audit committee



CSR committee



Share committee

Risk Management

A comprehensive, 3-tier structure encompassing Risk Infrastructure, Risk Management Process, and Risk Category ensures effective identification, execution, and management of risks over short, medium, and long term.

Approach to Sustainability

Our Sustainability strategy is a summation of our purpose, values, impacts, commitments, targets and actions.

In line with the Global agenda, we have aligned our business with the UN Sustainable Development Goals (‘UNSDG’) and assess our impact against the 17 Goals and specific targets.

Sustainability Governance

Our sustainability governance that thrives on best global practices propels us to take responsibility for the impact of our activities on society and the world around us. Our institutionalised set of mechanisms guide our path to achieve sustainability agenda, spearheaded by the specially constituted Board level committees.

Stakeholder Engagement and Materiality

We make constant efforts to effectively and proactively engage with our stakeholders. The diverse topics and the concerns that emerge from these discussions directly feed into the structured materiality process that is approved by the management and integrated into the overall business strategy to make the entire stakeholder engagement process meaningful and impactful. Recognising the importance of regularly engaging the key stakeholders or ‘Partners in Growth’, this year we conducted elaborative “Materiality Assessment” and “Perception Study”.

Material topics identified during assessment, FY 2022-23

Anti-Corruption	Product/vehicle safety
Anti-competitive behaviour	Occupational Health & Safety
Brand Value	Dealer Relationships
Compliance	Delivery Load time
Natural calamities	Diversity, Equity & Inclusivity
Environmental performance (Energy Management, Water Use and Recycling, Waste Management, Utilisation of renewable energy, Materials efficiency and recycling,	External Stakeholder Communication
Road Safety	Customer Satisfaction
End of life Management of Product	Sustainable sourcing
Operational Efficiency & Scalability	Digitalisation
Cost Management	Renewable energy
Product Performance & Innovation Strategy	Alternative fuel technology
New Product Launch & Line-up	Environmental Regulatory Compliance
Competitive Product Offering	Preservation of natural habitat/Biodiversity
Market Presence	Community Development
Profitable Economic Growth	Emissions across Value Chain
	End of life vehicle management
	Vehicle Usage Emission

Economic Performance

With rapid transformation taking place in the Automotive Sector, we have innovated to make Toyota products and services more accessible than ever before. We have witnessed tremendous demand from the market and our financial performance for the year stands testament to that.

(Rs. in Mn)

Financials	2022-23	2021-22	2020-21	2019-20
Economic value generated, distributed and retained				
Revenue (through core business segments)	3,37,337	1,95,634	1,31,818	1,56,662
Other income (through other sources)	2,881	2,018	2,232	3,520
Total	3,40,218	1,97,652	1,34,049	1,60,182
Other expenses	3,07,322	1,78,759	1,23,969	1,45,525
Personnel expenses (Wages+benefits)	13,040	11,295	10,126	11,063
Interest charges	993	446	398	361
Community development/CSR investments	131	101	164	196
Total Expenses	3,21,486	1,90,600	1,34,657	1,57,145
Net Profit before Tax	18,732	7,052	608	3,038
Contribution to Benefit Plan				
Contribution to Provident fund & other funds	858	809	706	724
Staff Welfare expenses	1,853	970	930	1,039
Significant financial assistance received from Government				
Incentive - Sales Tax deferral (Note)	-	-	1,985*	-

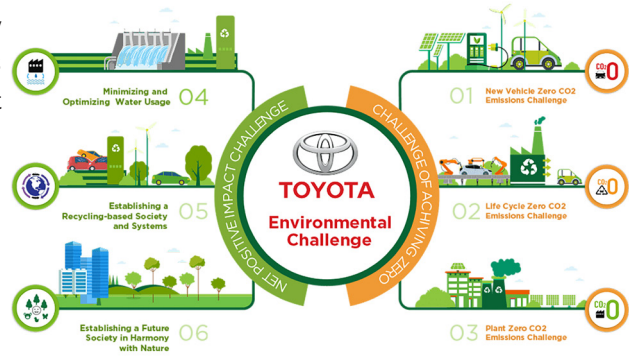
* Refundable interest free sales tax loan from Government

Approach to Taxation: Transactions with related parties, including international entities, are carried out in strict compliance with the spirit and letter of applicable regulations.

▶ Protecting the Environment

Environment Policy: Our environmental policy has played a pivotal role in advancing our initiatives and realizing the intended outcomes. [Read more at toyotabharat.com/toyota-in-india/environment/].

Environment Sub-Committees: TKM has instituted Environmental subcommittees to distribute environmental management responsibilities and encourage cross-functional collaboration in addressing key focal points.



CHALLENGE 1

**New vehicle
Zero CO₂
Emissions Challenge**

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

We are committed to enhance the range of more eco-friendly & economical options thus catering to a varied range of mobility needs of Indian consumers and **achieve carbon neutrality for average GHG emissions from new vehicles by 2050.**

Key Developments in India

▼ 6,835 units of Camry self-charging Hybrid Electric Vehicles were sold resulting in total **CO₂ savings** (compared to equivalent ICE Camry) of **29.12 million kgs** as on March 2023

▼ Overall, 26,272 Hybrid vehicles including Hycross and Hyryder have been sold as on March 2023 contributing to **savings of 3.84 million kg of CO₂** when compared to equivalent ICE Hycross & Hyryder vehicles

Towards Carbon Neutrality

Toyota Kirloskar Motor (TKM) exchanged Memorandum of Understanding (MoU) with the Indian Sugar Mills Association (ISMA) to create awareness and promote the use of ethanol as a sustainable biofuel in India.

TKM forayed into the **CNG segment** with CNG variants for two of its much sought-after offerings – the Toyota Glanza & the Urban Cruiser Hyryder.

Case Study: Sustainability journey of Lexus

Every Lexus has been crafted based on the principles of sustainable development. Various parts of the vehicle are created from the naturally available material, without harming the environment.

Lexus developed the industry's first bamboo-charcoal speakers. The luggage compartment trim is made from recycled plastics. From castor seeds to biodegradable sugarcane, we are always pushing the envelope of sustainable material design.

Lexus Design Award India: LDAI has seen more than 2,000 entries over the past 5 years. The 2023 edition of LDAI received around 1100+ entries to nurture and encourage designs for a better tomorrow.

Nature Electrified Campaign: By incorporating textures, colors, and forms inspired by nature, the design is based on integrating nature's five elements that showcase Earth's grounding qualities, water's adaptability, sky's freedom, wind's force and the sun's transformative energy for electrifying and propelling us to carve a better tomorrow.

Lexus Forest – GrowTrees: Lexus India partnered with Grow Trees in 2017, since its launch in India, to support Lexus's global vision of supporting the ecosystem and achieving Carbon neutrality. Over 40K+ trees have been planted in the names of Lexus car owners across India.

Green Supply Chain

With the goal of establishing a secure and sustainable supply chain, we have implemented various measures such as the “Green Purchasing Guidelines,” NSER, and the Supplier Development Program. Our robust Risk Management framework concentrates on early detection and mitigation of supply chain-related risks.

65 % of our Tier-1 supplier partners have initiated Renewable Energy and achieved 960 K Tons of CO₂ reduction against set target of 973 K Tons.

Eco dealership

We have established “Model Eco Dealer Program” under which all our dealer partners are required to comply with environmental regulations and undertake initiatives in alignment with Toyota Environment Challenge 2050.

To achieve this, various initiatives and activities are ongoing at dealerships

- CO₂ reduction guide with practices at optimal/ no cost of investment
- Trainings to dealer PICs on CO₂ reduction steps
- Focus activity during Environment Month campaign in June 2022
- Developed & shared dealer Energy Efficient Guide with all existing/new outlets

**CO₂ reduction:
8.01 Kg CO₂/Car service in FY 2022 against the target of 9.74 kg co₂/car service.**

Green Logistics

We are mindful of the environmental impacts of logistics activities and actively seek opportunities for improvement.

As a result of various Kaizens implemented in Road logistics like CNG truck introduction in WRPC and IJL direct dispatch to NRPC, **during the year, we achieved CO₂ emission reduction of 456 tons surpassing the target of 381 tons.**

Manufacturing Logistics

Paralelly, our efforts are underway to look for alternate fuel options in order to lessen our dependency on conventional fuels and reduce air pollution. We have introduced CNG Trucks in Delhi, Pune & Bengaluru region that have resulted in reduction of CO₂ emissions by 1.27 kg/vehicle, with cumulative reduction of 179 tons in the reporting year.

During 2022-23, utilization of rail services for transportation of vehicles from manufacturing location to the North Zone has resulted in 15kg/vehicle reduction of CO₂ emission, with cumulative reduction of 2,645 tons of CO₂.

Case Study: Using tractors for transportation

Transportation of a bumper for a new model which was slightly larger in size required designing of larger sized pallets that could club bumpers together. By introducing Muda in operations, larger sized pallets were designed but this demanded a larger number of fleets as the pallets could not be stacked and utilising vertical height became a challenge. To overcome the challenge, instead of using the conventional trucks, tow trucks [tractors] were used to pull the trailer carrying bumper pallets. This resulted in reduction of 26 MT of plastic waste in FY 2022-23.

Exports Logistics

As part of Environment activity, to achieve reduction in consumption of packaging material used, various kaizens are implemented, with importer acceptance.

During the year, 47% of the total packaging material [1BT & T1B steel containers] was reutilised in our operations.

Cumulative reduction of plastic waste by 2.8 tons, surpassing the target of 2.1 tons for the year

CHALLENGE 3

Plant Zero CO₂ Emissions Challenge

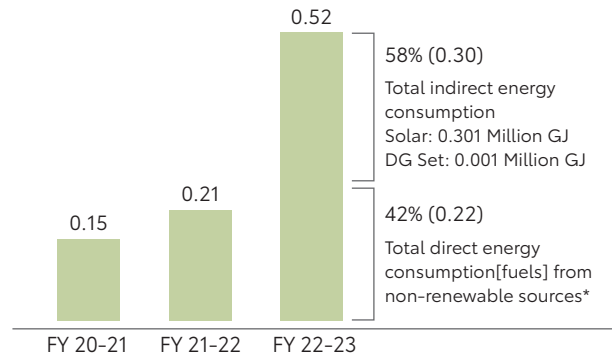


Toyota is committed to Carbon Neutrality by 2050 and aims to achieve Net Zero Carbon in Manufacturing Operations by 2035.

Energy Consumption

Ledification , BLDC Fan , Ventilation through HVLS resulted in 7,094 tons of CO₂ reduction with investment of INR 141 million.

Energy Consumption in Manufacturing Area (Million GJ)



Green Energy

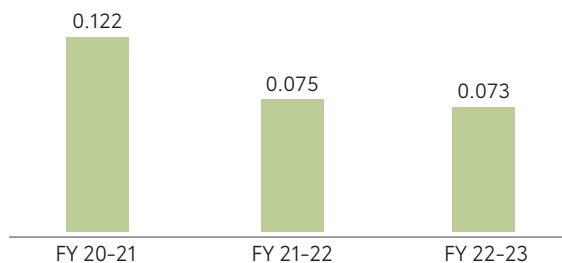
With this green power generation that is exclusively channeled to TKM, its total cumulative green energy adoption is 53.4 MW.

Since June 2021, TKM has been procuring 100% Renewable Energy (in Grid electricity), which has resulted in a reduction of 65,540.11 tons of CO₂ during FY 22-23

GHG Emissions

We align our GHG reduction targets to Toyota Vision 2050, and continue to improve our performance by implementing various measures such as enhanced use of recycled & reusable material, increased use of green energy along with minimization of fuel consumption. Our scope 1 Emission stands at 12,709 tons and for the Scope 2 emissions at 459 tons for FY 2022-23.

GHG Emissions Intensity (Tons CO₂/vehicle)



VOC (Volatile Organic Compounds) Emissions

We are proactively measuring our VOC emission and taking sufficient measures for its reduction. While there is

no mandatory legislation for VOC emissions, it has been a part of Toyota's global environmental policy to reduce VOC emissions from the painting process.

Our VOC Emissions from body stands at 34.44g/m³ and from bumper at 520.01g/m³ during FY 2022-23

ODS and Other Emissions

ODS: We have implemented a roadmap to reduce our consumption of R-22 and R-410 refrigerant gases. Our consumption of R-32 for the reporting year stands at 26.5 kg.

Other Emissions: The stack emissions are regularly monitored at all manufacturing locations for all the parameters specified by the standards, installing relevant air pollution control equipment, and following the rules of Ambient Air Quality Standards (AAQS).

During the year our refrigerant gas R-22, R410 & R 32 consumption stands at 147, 128,5 and 26.5 Kg respectively. The NO_x, SO_x and particulate matter emission stands at 5.7, 5.63 and 151.58MT/A respectively.

CHALLENGE 4

Challenge of Minimizing and Optimizing Water Usage



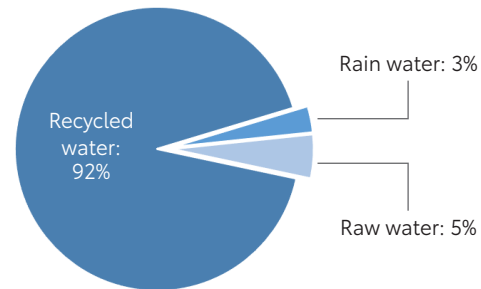
Of our total water consumption, 79% is met through total recycled and rain water, with fresh water accounting for only 21% of our total water consumption.

For the reporting year, the specific freshwater consumption stands at 0.26m³/vehicle.

The findings of a third-party hydrological study indicate a positive trend in the average groundwater level within the TKM premises over the years. Specifically, during the pre-monsoon season of May-June 2022, the recorded level was 25.8 feet, while in the post-monsoon season of November-December 2022, it measured 16.1 feet.

95% of the water consumption for production is met through recycled and rain water.

Water consumption in production (%) FY 22-23



CHALLENGE 5

Challenge of Establishing a Recycling-based Society and Systems



Resource Optimization

Our two primary raw materials are steel and paint which are heavily monitored to ensure efficient use with minimal wastage. We use some quantity of thinner as well during the painting process. Several initiatives have been taken to reduce our steel and paint consumption. During FY 2022-23, Steel Consumption was 297.5 kg/vehicle and Total paint Consumption was 21.30 kg/vehicle.

57% of the total thinner consumption is recycled.

Value Management

By rigorously implementing "segregation of waste at source and responsibly handling", **we strive to become a 'zero waste to landfill' company.**

Recycling Waste (MT/A)

24,468.13

Non-Recycling Waste (MT/A)

1,197.43

End-of-Life Vehicle Management

We strive hard to optimise our efforts towards reducing our impacts at all stages of product lifecycle. Under this pillar, we have set two ambitious projects – **Toyota Global 100 Dismantlers' Project** & **Toyota Global Car-to-Car Recycle Project**. TKM premises that ensures **96% recyclability of end-of-life vehicles.**

Case Study: Towards a Circular Economy by Reusing scrap

These manufacturers skillfully combine the recycled scrap with new material to create essential components like Knuckle Assembly, Axle Assembly, Caliper Bracket, and Stiffener Plate. These parts are then supplied to TKM which are assembled in Innova HyCross, Innova Crysta, Fortuner, and Hilux. Battery Scrap (all the components) is completely recycled as part of circular economy initiative.

All the mentioned components are made entirely from 100% recycled steel sourced from TKM Steel Scrap in the Press shop.

Recycled during FY 22-23

Product	Recycled Steel Quantity (Kg/vehicle)	Emission - CO ₂ Reduction (Kg/vehicle)
Innova HyCross	28.92	51.48
Fortuner	60.02	52.30
Innova Crysta	29.38	106.84
Hilux	2.42	4.31

CHALLENGE 6

Challenge of Establishing a Future Society in Harmony with Nature



Environment conservation and protection is part of our DNA.

Toyota Green Wave Project

Mass afforestation events at TKM: In our endeavour to become the 'model plant in Harmony with Nature' among Toyota Asia Pacific affiliates, we have undertaken several plantation and mass afforestation activities in alignment with Miyawaki concept. The afforestation activities resulted in carbon sequestration of 4,826.69 tons from plants [Carbon stored: 1,033.55 tons & carbon assimilated: 3,793.14 tons], 30.86 tons/acre from Miyawaki and 8.45 tons /acre from conventional plantation. Currently, **more than 100 acres of land** inside our premises has been covered under afforestation with native species.

For the reporting year, we distributed about **11,785 plants** to our employees, suppliers, and community members.

Today for Tomorrow (TFT)

TFT program focuses on large-scale conservation activities outside TKM, in collaboration with a variety of conservation focused organizations, including IUCN and CII-IBBI, to establish projects that address specific biodiversity-related issues.

Conserving Native Biodiversity

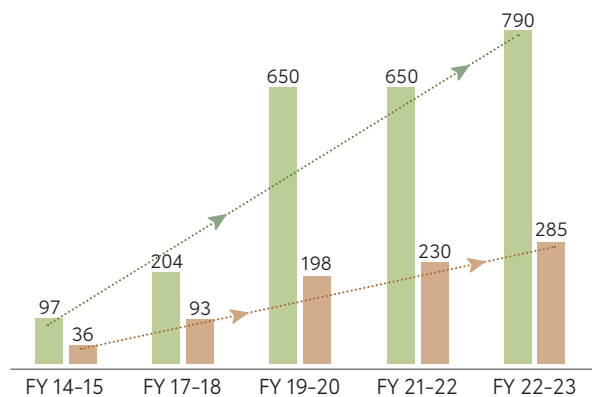
Our state-of-the-art environment learning centre – **Ecozone**, spread across **25 acres**, has been home to more than **650+ different species of plants**. A safe habitat has been created for the faunal species, including 4 RET bird-species – Black-headed Ibis, Indian River Tern, and Oriental Darter Bird. A **new member – Painted Stork** has been added, whose family visits during migration season.

Biodiversity Assessment Study

In collaboration with Bangalore University, TKM conducted an in-depth Biodiversity assessment study that intended to map Biodiversity inside and outside TKM. The study recorded minutest of details regarding different aspects under observation to understand how biodiversity has improved over a period of time. Till March 2023, there were 790+ different species of flora and 280+ species of fauna. Flora and Fauna Species.

It has been noted that the number of species in each of the categories has increased over the years reflecting on strong commitment of TKM to improve biodiversity.

Flora and Fauna Species (Till March 2023)



Education for Sustainable Development

We have established an Ecozone – an experiential environment learning centre that has enabled us to sensitize people about the ways our current lifestyle is affecting the environment. Thoughtfully developed offline and online training modules help to keep the learners actively involved in the knowledge sharing sessions.

The entire program aims at bringing behavioural change among the visitors, who carry the responsibility of building a society in harmony with nature. Several programs that have been conducted include:

- External trainings for employees through subject experts
- Ecozone training to employees and their families
- Induction training for new joiners
- Ecozone training to school children
- Ecozone training to team members through master trainers
- Employee volunteer activities towards environment
- Awareness through Commemorative Days

Through Ecozone education program we have reached out to 30,019 school children so far and 10,050 during FY 22-23.



Case Study: Mass Afforestation through Miyawaki concept

TKM is the **first Company in India** to initiate Miyawaki Method of Afforestation in FY 2009, when over 32,500 saplings were planted in a span of 2 hours involving 5,600 different set of stakeholders under the guidance of Dr. Akira Miyawaki.

About 20 acres of greenbelt area has been developed using this concept and about 250K saplings of more than 50 species have been planted.

Benefits

30 tons/acre

CO₂ sequestration through Miyawaki Plantation method against conventional pit method (8 tons/acre)

4,826.7 tons of CO₂
sequestration between 2009 and 2019

Case Study: Government Tool Room & Training Centre (GTTC), Maddur

With a notable presence of 31 GTTCs across Karnataka, the program has been instrumental in bridging the gap between academia and industry requirements. Toyota Kirloskar Motor (TKM) has partnered with 11 GTTCs currently, and extending its reach to 16 in the FY 2023-24.

TKM has taken a proactive step by establishing an eco-Park at GTTC, Maddur, in the year 2021-22. This

lush garden spans approximately 5000 square feet and stands as a testament to the commitment towards sustainable practices.

College students, in collaboration with GTTC faculty, devote 45 to 60 minutes daily to meticulously maintain this green haven. With our commitment to biodiversity, TKM has already established eco-Parks in nine GTTC colleges.



“GTTC has been an invaluable source of knowledge, equipping me with skills in Gear theory, Safety, Quality, Cost, Environment, and waste management. The insights I gained in Industrial safety, Vehicle Quality, and Environmental conservation through Energy and Water consumption are not just for my professional life but have also enriched my personal life. I owe much of my success to the guidance and support provided by GTTC.”

Jeevan N L, Assembly Fitter, P2 QC, Graduate of GTTC, Maddur

Other Initiatives

GreenCo Awarding

TKM has demonstrated a strong pursuit of adopting best sustainable practices by achieving the 'GreenCo Platinum Company', conferred by the Confederation of Indian Industry (CII) at its flagship event "GreenCo Summit 2023".

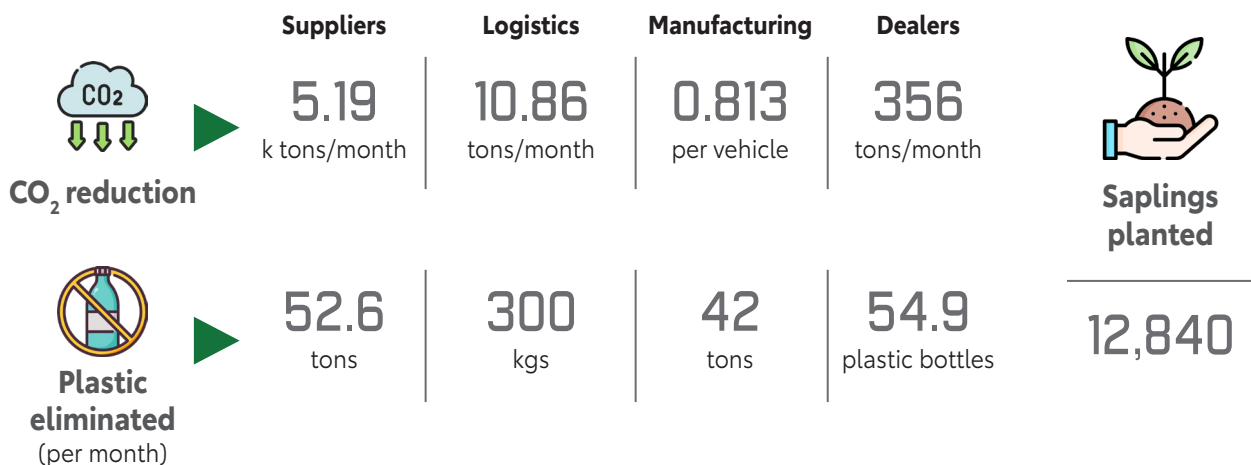


Environment Month

This year, along with UNEP’s direction to design “Solutions to Plastic Pollution”, Toyota focused on enhancing awareness through “Learn & Discuss” about Carbon Neutrality, and implement them in the workplace with an intent of “Leaving a Beautiful Hometown for our Future Generations”.

Our Approach is to **Sensitise, Collaborate and Reach-Out** to corporates, Individuals & Societies to create a meaningful impact.

Environment Month Summary



► Our People, Our Pride

5,612

Permanent employees

4,977

Other than permanent employees

4,274

New employee hires

2,149

Employee turnover

40.71

Rate of new joinee (including trainees)

1.82

Rate of new joinee (excluding trainees)

Employee Distribution & Welfare

We offer a variety of benefits to both, our employees and workers, including life insurance/compensatory package in the event of death, accident insurance, health care, disability and invalidity coverage, parental leave, retirement provision, stock ownership and access to daycare facilities to both our employees and workers. During FY 22-23, out of 5,426 employees, 472 availed parental leave and returned to work.

Our Association with Union: In the previous reporting year, we negotiated and entered into a settlement with the Union for FY 22-24. In case of significant changes, a minimum notice period of 3 weeks is provided to the employees as per law.

100% of our workmen (constituting 59.70% of total employees) exercise freedom of association and collective bargaining.

Human Rights: At TKM, Human Rights is part of Code of Ethics and Service Policy Guidelines. Human rights assessment is carried out during the selection process of team members and associates.

Diversity, Equity & Inclusion: In line with the United Nations Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth) and International Labour Organization's 2030 agenda of greater opportunities for women, TKM has initiated its thoughtfully devised Diversity, Equity and Inclusion (DEI) activities.

By 2030, TKM aims to have 22 percent women employees, as opposed to the current two percent.

Learning & Development

Our vision is to "Create a learning organization by developing competitive human resources among all stakeholders and thereby contribute towards business sustainability."

Learning Needs Assessment: With the objective of bridging skill gaps, learning needs assessment is conducted once in a year. An annual plan that includes month-wise and day-wise break-up is communicated at the beginning of the year and helps each supervisor and employee plan their training.

Types of Training Programs: Training programmes are broadly classified into Corporate Programs and Functional Trainings. Corporate trainings include modules from parent organization (Toyota Motor Corporation, Japan), Regional Headquarters (Toyota Daihatsu Engineering and Manufacturing) and TKM's need-based programs. A combination of classroom training, digital learning and on-the-job training provides best learning experience. 20,279 employees, spanning all levels, received trainings on various aspects, clocking in a total number of 3,75,452 training hours.

Training Effectiveness and Indicators to Measure Execution of Learnings

TKM has a unique methodology of report-out after each program. At the beginning of the year, all employees set their performance goals that are reviewed through the year – beginning, mid-year, and year-end. During the review period, 100% employees were covered under performance and competency evaluation.

Equal opportunity to women is provided to enhance their performance through training and development programs. 100% women went through performance and competency appraisal during the period.

Likith Kumar YP, Team Member at Toyota Kirloskar Motor (TKM), Bidadi made the entire nation proud when he bagged the Bronze medal in Prototype Modelling skills during the World Skills Competition 2022 (WSC 2022).

Karthik Gowda SN and Akhilesh N won the bronze medal for India in Mechatronics Skills during the WorldSkills Competition held in Germany from 4th to 7th October 2022.

Enabling Communities and Value Chain: A total of 25,630 school and college students have been trained on modules such as xEV technologies, Lean Principles, and Problem Solving. Through various programs we have enabled Distributors, Suppliers and built youth through competitive training internally and through industry bodies.

Toyota Technical Education Program (T-TEP): Through T-TEPs we develop highly skilled and competent technicians who have access to advanced technologies and hands-on training experience.

Employee Engagement

We have created various platforms and opportunities for employee engagement throughout the year through different media and modes like Toyota Mithra, library, creative suggestion scheme, sparsh, swasthya club, etc.

Employee Grievance redressal methods: To capture and address grievances of employee several methods have been established like Toyota mlthra Grievance forum, employee relations officer, Samvada, Plant HR meeting, Dedicated email/speak to HR, open house etc.

Safety at Workplace

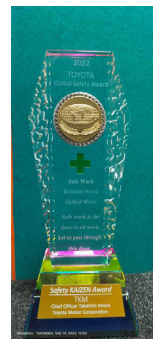
TKM conducts risk assessments to identify hazards and address hazards by using substitution, elimination, and engineering controls. We've created a robust "Safety Management System" and "Safety Rating System" to evaluate safety performance. Our injury rate during FY 2022-23 stands at 0.22.

Our "TMC Safety Management Framework" is based on international safety standards and evaluates safety across 69 key parameters regularly.

15,739 employees and contractual workers went through internal safety trainings.

Safety Promotional Activities

In an endeavor to continually enhance safety awareness & sensitize manpower, we organize various promotional activities across the year. One among which is "Safety Month" celebrations in the month of March every year. In FY 2022-23, the theme of the Safety Month was "**Zero repeated accidents to Freshmen**". Through this initiative, we focus on Knowledge Enhancement, Development of Safety Mindset, Safety Sense Development and Safety beyond work.



Global Safety Award: TKM participated in "GLOBAL SAFETY AWARD" competition with theme "Process Safety assurance system in Welding Shop through Safe Layout, Equipment & Process (P2 Weld Shop)" and won Safety Kaizen award in AP region.

Launch of "Safe Working at Height - 2023"

In association with Department of Factories, Boilers, Industrial Safety & Health (DFBISH), Govt. of Karnataka, TKM developed a Manual. The Manual was launched during 52nd National Safety Day Celebration on 4th Mar'2023 organized by DFBISH.

Occupational Health

TKM has an established Occupational Health Framework [OHF] that prioritizes occupational health into the organisation's strategy and governance. The OHF provides a systematic approach to consistently identify and reduce occupational health related risks, enhance productivity, improve safety and strengthen employee engagement.

Emergency Response Plan is an integral part of our OH framework. We conduct "Morale Survey every three years and ensure that the overall environment in which employees work is fit for them. To boost emotional and mental health, a program called "Aasare" lets employees consult Counsellors without any fee and their details are kept confidential.

Responsible Sourcing

Toyota supports 'Make in India' and empowers suppliers for compliance and sustainable manufacturing. Our risk management program identifies and addresses supply chain risks, emphasizing prevention, early detection, and supply base strengthening. Frequent PDCA meetings discuss risk readiness and issue resolution. 26 (tier-I) suppliers were screened during FY 2022-23.

Supplier Development Program

Several Supplier Partner Development programs were conducted during the year, such as 'single-use plastic', renewable energy booster conference, banned chemicals, Supplier Genba Leader Program and Carbon Neutrality.

950 Sub leaders developed from 160 Supplier Companies.

43,673 supplier partner members trained by Sub Leaders.

Engaging the Supplier Partners

We engaged our supplier partners through:

- Annual Supplier Meeting (ASM)
- Expectation Sharing Meeting (ESM)
- Business Communication Meeting (BCM)



Annual Supplier Meet 2023

Promoting Localization

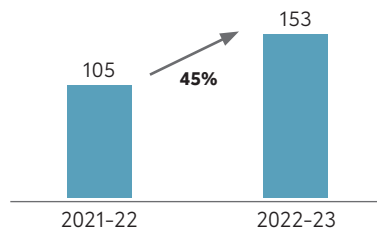
Several initiatives such as Smart Standard Activity (SSA) enable adoption of regional specifications and utilize local power.

Percentage of localized components has increased from 82% to 87% and for Engine & Transmission Parts from 53% to 76%.

Kaizens implemented by Supply Partners

Various kaizens were implemented by supplier partners during the year for water risk, waste reduction and CSR.

Reduction in plastic packaging material [Tons]



Distribution of mid-day meals to Akshaya Patra Foundation

Result - RE Initiatives

26 suppliers have successfully transitioned to more than 80% renewable energy sources

Approximate spend estimate during FY 22-23 towards parts, components & logistics procurement from local suppliers, is Rs. 59,160 million.

Result - Carbon Neutrality

65% of our Tier-1 supplier partners are transitioning towards Renewable Energy

15.62% CO₂ reduction achieved against our set target of 14.5% for FY 2022-23

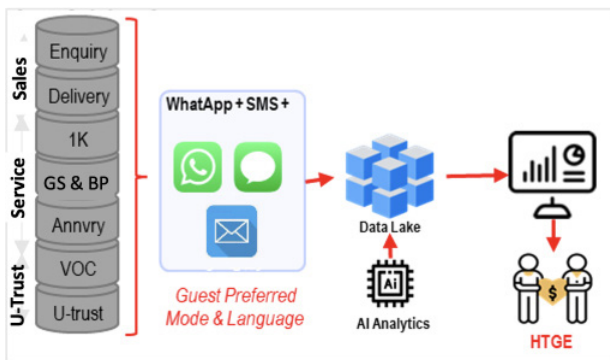
960 K Tons of CO₂ reduction against our set target of 973 K Tons for FY 2022-23

▶ Creating Customer Value

Our mission to create “Mass happiness for all” is evident in the way we deal with our customers. It not only guides our future strategy, but also influences the steps we should take to give them an *Awesome* experience.

Heart Touching Guest Experience (HTGE)

In line with our “customer-first” approach, we have launched multiple initiatives aimed at comprehending and meeting their expectations. One such concept, HTGE, helps us anticipate guest needs, pay attention to details and extend hospitality to our guests. The channels through which we gain insights into customers’ perspectives encompass Customer Requests, Feedback and Grievance Management, and Customer Survey Administration through **Centralized Call Centre** and **GX-360 Survey**.



Complaint Handling Process

We have devised 7-steps of complaint handling process that enables us to provide quality resolution to customer complaints. This serves us an opportunity to reflect on our own process and improve to ensure that customers get best experience at all touch-points.

Ensuring Peace of Mind

Extended Warranty: Toyota has provided power of choice to customers to extend the warranty of vehicle up to 5 years / 2,20,000Km from the date of purchase of vehicle.

Smile Plus: We have designed a prepaid periodic maintenance service package “Smile Plus” through which customers can avail services at any of the Toyota dealerships across India irrespective of package purchasing location.

Vehicle Safety

Vehicle safety is one of our top priorities. To create a society where mobility is safe, Toyota believes it is important to implement an integrated three-pronged approach involving people, vehicles, and the traffic environment, as well as to pursue real-world safety by learning from actual accidents and incorporating that knowledge into vehicle development. We have devised Integrated Safety Management Concept involving Active Safety, Passive Safety and Emergency Response System.

▶ Digitalization (DX)

TKM has taken structured efforts to implement digital transformation [DX] in its functions to leverage technological benefits with respect to three areas-Factory, Office and Customer+Car. Our DX journey is driven by well-structured approach with a set of defined activities and anchored by cross-functional Taskforce committee, supported by TKM Top Management and regional offices.

DX Journey Framework Verticals for execution of activities and enablers across the horizontal

Factory	Office	Customer+Car
Broad Theme: SMARTkm	Broad Theme	Broad Theme
Sensible: Logically adaptable	IT: Efficiency and Experience	HanSaChu
Modern: Latest in the Industry	HR: Be DigiTKM	[Sales, Service & UCar]
Agile: Expandable/mainainable		
Relevant: Appropriate to process		
Technology		

Social Responsibility

Our Vision

“To be a socially committed organization engaged at building vibrant communities in harmony with nature, aiming to become the most admired company in India & meet customer expectations and be rewarded with smile.”

We live our vision through our focused CSR interventions in two major areas “Empowering Communities” and “Enriching Environment” to achieve holistic development in realising India’s goals towards UN SDGs and Net zero emission. The CSR Committee guides and oversees the implementation of CSR interventions in an effective and meaningful manner.

To ascertain the impacts created by CSR interventions, we regularly conduct third party Impact Assessments. Gaps are identified and corrective actions are undertaken. The learnings are easily accessible to all stakeholders through our website and our [reports](#).

Our CSR Initiatives



Education



Early Childhood Care & Education

- Toyota Anganwadi Development Programme (TADP)
- Distribution of Teaching Learning Material (TLM) to Anganwadis
- **Modernization of Education**
- Modernization of Educational Infrastructure

Special needs Education

- Support for specially-abled children



Skill Development



Regional Focus

- Toyota Education and Skill Promotion (TESP)



Health & Hygiene



Transforming Access to Secondary Healthcare

- Community Health Center (CHC)

School Health Program

- Toyota Shaale Arogya Programme(TSAP)

Enabling Better Public Health Through Access to Clean Water

- Water Purification Units



Environment



Experiential Learning for Environment Education

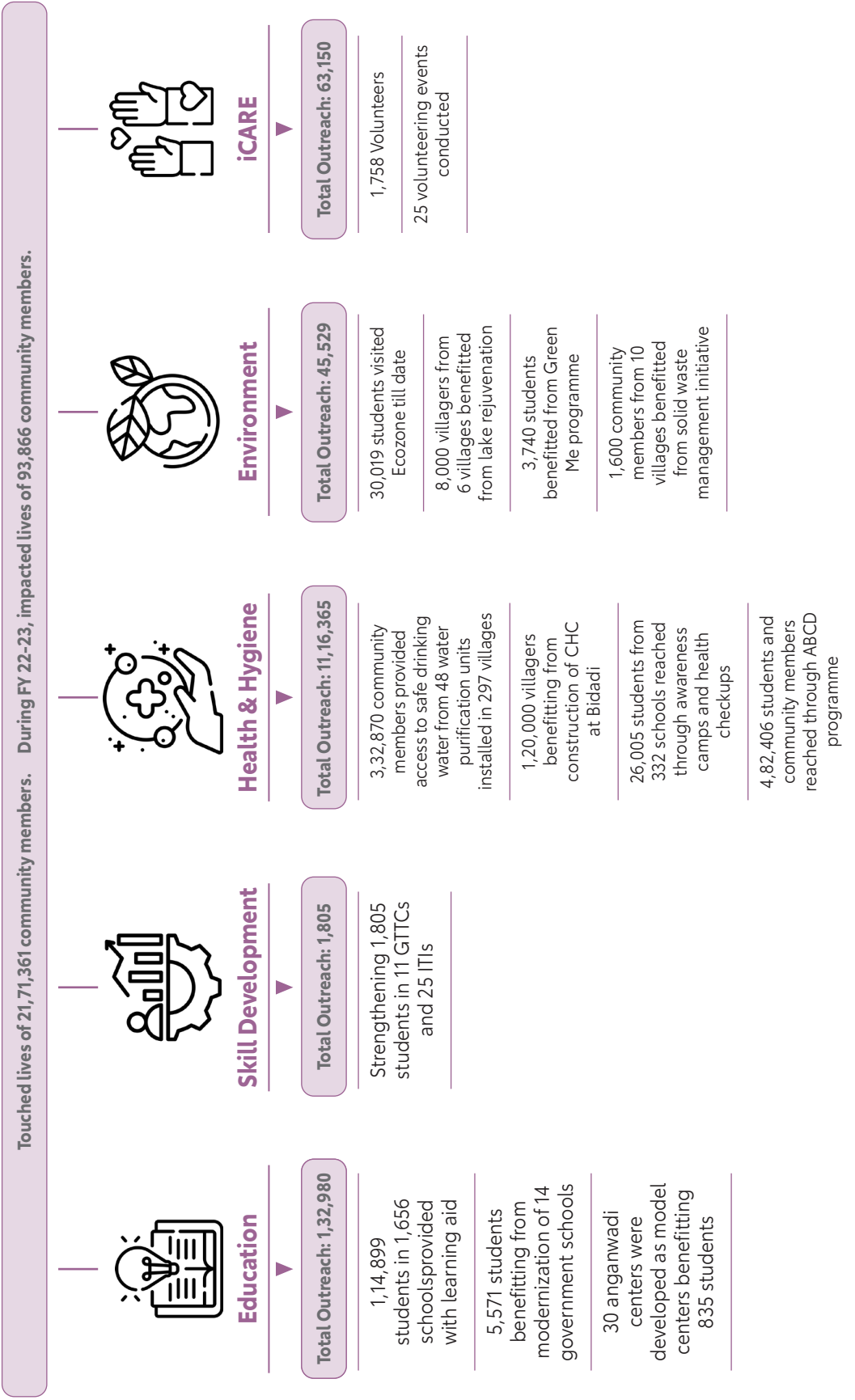
- Ecozone

Employee Volunteering

iCARE aims to strengthen our employees’ relationship with the communities. Under iCARE, employees and their families get an opportunity to actively contribute to communities around them and bring out transformative changes in the lives of community members.

During FY 22-23, the iCARE initiative created remarkable highlights across three editions that were focused on **Creating vibrant learning spaces, Empowering and educating visually-impaired students and Crafting engaging science models for government school children**. This year marked 26th iCARE environmental activity.

Cumulative Social Outreach



DELIVERING EXCELLENCE. CONSISTENTLY. SUSTAINABLY.

BY



**Contributing to
Economic Progress**



**Delivering high-quality
products and services**



**Integrating
Sustainability in
Design**



**Building Resilient
and Sustainable
Communities**



**Building a
Sustainable Value
Chain**



**Steering through Strong
Governance and Leadership**



**Embodying Environmental
Conservation**

We are Toyota Kirloskar Motor

with a purpose to produce "Mass happiness for all"



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