

TOYOTA

Toyota Kirloskar Motor Pvt Ltd

2022-23 SUSTAINABILITY REPORT



**DELIVERING EXCELLENCE.
CONSISTENTLY. SUSTAINABLY.**

MY NEW
It's Awesome **HY**

Toyota Kirloskar Motor Pvt Ltd (TKM) exemplifies its commitment to
“Delivering Excellence. Consistently. Sustainably.”

Delivering high-quality products and services with consistent standards, TKM integrates sustainable practices into every operational level, showcasing an unwavering commitment to excellence, reliability, and environmental stewardship. The company’s concerted efforts in aligning with the SDGs highlight its dedication to tackling global challenges and fostering a sustainable future for all.

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).

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About the Report

We are immensely pleased to present to our stakeholders our Sustainability Report for FY2022-23. As we continue to make progress on our sustainability reporting journey, the sustainability report FY 2022-23 focuses on our relevant materiality topics to provide holistic view of our sustainability performance. The Sustainability Report FY 2022-23 has been prepared on the basis of the latest Global Reporting Initiative (GRI) Standards and mapped to BRSR. The report demonstrates our progress on various initiatives and challenges that we have undertaken towards realizing our ambition of driving excellence consistently and sustainably. We have defined metrics and targets to achieve carbon neutrality and create a net positive impact on the environment. We have made significant progress on the Toyota Environmental Challenge 2050 – a set of six challenges and our relentless efforts in contributing to SDGs. We continue to engage our value chain partners– suppliers, dealers, communities etc who play a crucial role in the realization of our strategy and plans to bring about a positive change to produce “Mass happiness for all”.

Our stakeholders have always supported us in our sustainability journey; we invite their valuable feedback/inputs. We commit ourselves to performing even better in the years to come!

The GRI index and BRSR mapping have been provided at the end of the report.

The report covers following operations:

- Toyota Kirloskar Motor Bidadi Operation
- Toyota Kirloskar Motor 5 regional Offices
- Lexus Operations, India (key initiatives)

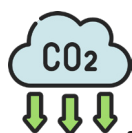
The report has been externally assured by LRQA. The assurance statement is part of the report.



Sustainability Highlights

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

ENVIRONMENT



32.96

million kgs
of CO₂ savings from
sale of



33,107

units of self-charging
hybrid vehicles
sale in India*

* Includes Camry, Innova HyCross,
and Urban Cruiser Hyrider

65,540.11 tons of CO₂
reduction through utilization of



100%

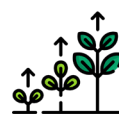
Renewable Energy



95%

water demand met
through recycled and rain water
for production

~3,28,000



plants planted in
TKM premises
spread across

112.61 acres

Ecozone education program reached



30,019

school children

SOCIAL



Over **14,000**

students benefitted from
Skill development
& educational
programs

950

Sub Leaders



developed from 160 Supplier Companies

43,673

Supplier Partners

trained by Sub Leaders



58,580+

Customers

reached through
Smiles Plus digital platform



3,32,870

Community Members
provided access to
safe drinking water
from **48 water purification**
units installed in **297 villages**

4,82,406

Students & Community Members



reached through
A Behavior Change
Demonstration (ABCD)
Programme

63,150

Beneficiaries



impacted through
employee volunteering program

FINANCIAL

2 million

cumulative wholesale units since our
inception in India



Entered into an MOU with
the Government of Karnataka
to invest



INR 4,100 Cr.

contributing towards the "Make in India" mission

FROM THE MANAGING DIRECTOR



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.

We at Toyota believe that the times ahead will continue to bring new opportunities and possibilities to change the future of cars. 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. Further, towards achieving carbon neutral goals, energy is one of the most critical elements that determine the real emissions. We continue to enhance our efforts to increase renewable energy including Ethanol, that can help power mobility from biowaste. 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. Furthermore, our relentless pursuit of sustainability has earned us the esteemed 'GreenCo Platinum Company' award, for Toyota Kirloskar Motor's overarching sustainability vision including the entire value chain and reaffirming commitment to decarbonisation.

In our unwavering quest for excellence, we extend our reach far beyond boundaries of the industry. Our aim is to produce 'Mass Happiness for All', by involving all our valued stakeholders, who are an integral part of our successful business operations. This year marks TKM's Silver Jubilee and we take immense pride in the progress we've achieved so far, delving deep into various social dimensions, contributing to community development, and weaving an ecosystem of inclusivity and empowerment that has resulted in positively impacting more than 2.2 million lives.

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. With robust governance practices at our core, we stand poised to make a positive impact on the world that we collectively cherish.

With our strong commitment to build a better future, we continue to accelerate various initiatives to meet the set targets with the support of all our stakeholders including government. 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

FROM THE VICE CHAIRPERSON



Our steadfast commitment to the national agenda through contribution to sustainable development goals is reflected in the "Toyota vision 2050". In the realization of our vision, we embrace sustainable practices in all domains of our performance to produce "Mass happiness for all". 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".

We have continued to evolve our processes to show the indelible link between our commitment to sustainability and our continued success in becoming the pioneers in the automotive industry. Our holistic sustainability approach is dictated by the Toyota Milestones 2050 that also acts as our guiding force in making relentless efforts to aggressively pursue our targets under "Toyota Environmental Challenge". We continue to enhance our competitiveness by making most out of the opportunities emerging from transition to low carbon solutions effectively engaging our stakeholders to amplify the benefits through their participation while supporting the ecosystem.

Climate action has been a key focus area for us ever since our existence and it has been translated into long-term and high-impact programmes pertaining to issues that are more deeply connected with climate change. 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.

Our deep knowledge about the industry, ability to capitalise technological strengths and innovation has been a key differentiator for us in providing best in class products and services. We go a step beyond by sensitizing and promoting awareness on sustainable mobility, road safety, environment protection, resource optimization amongst our value chain partners in making a smooth and safe transition towards sustainable mobility.

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. Additionally, the digitalisation initiatives are being mainstreamed to make daily operations and customer services smooth and hassle free. We collaboratively engage our value chain partners to scale technology-led solutions to address Sustainability challenges.

Thriving on the purpose which is bigger than just producing vehicles, we are enabling creation of an inclusive and equitable world by strengthening communities around us, investing in the talent and capabilities, and rejuvenating nature. Our endeavours in the field of education have helped youth to develop to their full potential and fulfil their ambitions. We feel honoured that this has not only brought about a positive change in their lives but has also brought laurels to the nation.

Towards building an inclusive organisation, we have worked together with our people, for more than two decades in creating a positive and a balanced work environment. We focus on holistic well-being of our employees and ensure that each member's opinions and contributions are deeply valued & respected. We stay true to our values and vision in building a sustainable future for all while continuing to deliver the iconic vehicles and rewarding experiences.

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

FROM THE CHIEF COMMUNICATION OFFICER



The realities of climate change are becoming conspicuous and omnipresent around the World. As the need for radical shift mounts, the newer generations are looking for smarter, climate-adaptive, and efficient technologies-based solutions. 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.

Toyota is deeply committed to a comprehensive environmental perspective, aiming for global carbon neutrality in vehicles, facilities, and value chain by redrawing boundaries of technological and product excellence. 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 are committed to the Toyota Environmental Challenge 2050, embedding sustainability throughout the value chain, emphasizing circular economy and biodiversity. 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). This recognition reflects upon our remarkable environmental performance system, implemented across the entire value chain including products, services, and processes.

Our people are our most valuable assets., and we endeavour to foster a positive, world-class work environment that fosters learning. We believe in the transformative power of education and actively support the ‘Skill india’ mission, empowering students to reach their full potential. 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”.

By engaging with various stakeholders including government, NGOs, educational institutes, employees, and communities, we aim to foster shared understanding and collective responsibility. Through unwavering dedication, we’ve fortified our operations’ foundation, enabling effective synergy with our value chain partners. 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.

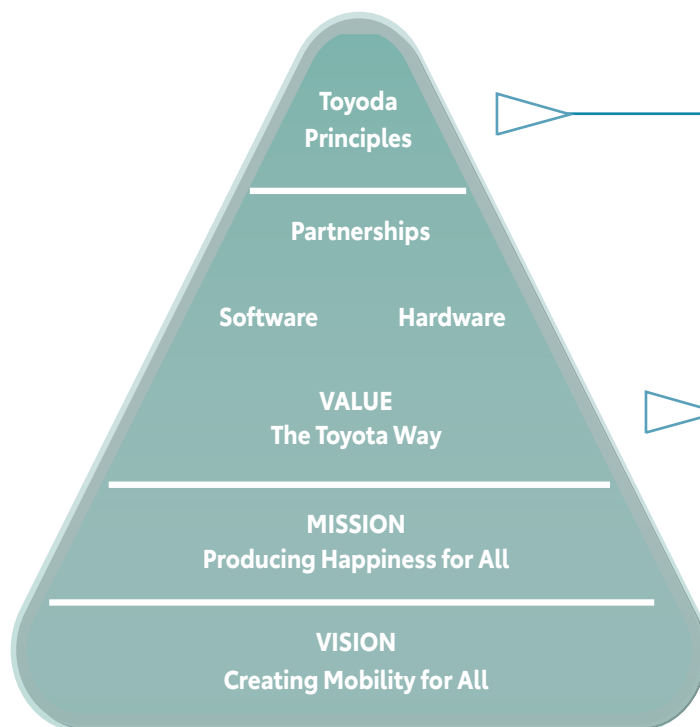
- Sudeep S Dalvi
*Senior Vice President &
Chief Communication Officer*

Toyota Way 2020

Toyota has evolved from manufacturing to a mobility-focused company, uniting a diverse workforce. The “New Toyota Way 2020” encapsulates core values for all employees worldwide, guiding their roles in shaping the company’s future as a mobility leader.

Five Main Principles of SAKICHI TOYODA

- Always be faithful to your duties, thereby contributing to the company and to the overall good.
- Always have respect for spiritual matters and remember to be grateful at all times.
- Always be studious and creative, striving to stay ahead of the times.
- Always be practical and avoid frivolousness.
- Always strive to build a home like atmosphere at work that is warm and friendly.



10 Values

- Act for Others
- Work with Integrity
- Drive Curiosity
- Observe Thoroughly
- Get Better and Better
- Continue Quest for Improvement
- Create Room to Grow
- Welcome Competition
- Show Respect for People
- Thank People

Value Statement

- 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.



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 | EQUITY PARTICIPATION | TOTAL INSTALLED PRODUCTION CAPACITY | COMPANY ADDRESS |
|------------------------------|---|-------------------------------------|--|
| 6 th October 1997 | Toyota Motor Corporation: 89% Kirloskar Systems Pvt. Ltd.: 11% | 3,10,000 units per annum | Bidadi Industrial Area, Ramanagara District, Karnataka |

Team TOYOTA Vision 2025

GROW INDIA & GROW WITH INDIA



Toyota India will contribute to enrich the quality of life in India and help solve the societal problems by establishing high standards of Safety, Technology, Quality and Corporate Social Responsibility



With a spirit to constantly Learn, Teach, Improve and Innovate, all our stakeholders and families will collaborate to help make India a better place.



We will strive for excellence in sustainability ensuring we are eco-friendly in our products, services and customer experience.

Industry Association



Confederation of Indian Industry



Society of Indian Automobile Manufacturers



INDIA BUSINESS & BIODIVERSITY INITIATIVE



Federation of Indian Chambers of Commerce and Industry



indian sugar mills association



India Energy Storage Alliance



Idiate · Innovate · Impact

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

Key Milestones

Legender
launch

2021

2022

Hilux launch,
Urban Cruiser Hyryder Launch

2020

Vellfire launch
Urban Cruiser launch

2019

Toyota Glanza
launch

2023

Launch of
Innova Hycross

2018

Toyota Yaris
launch,
Toyota - Suzuki
collaboration

2016

Innova Crysta
launch, All-New
Fortuner launch

2015

Land Cruiser
200 launch

2014

Etios Cross
launch

2013

Camry Hybrid
launch in India

2012

Camry production &
launch in India

2011

Etios Liva
launch

2010

Prius Launch, commencement
of production in Plant 2

2009

Fortuner
launch

2008

Corolla Altis
launch

2005

Innova
production &
launch in India

2003

Corolla Production & Launch

2002

Launch of
Camry in India

1999

Start of Qualis
production

1998

Foundation stone laying
ceremony of Plant 1

1997

MOU Signing
Establishment of TKM

Responsible Governance

TKM embraces sound governance practices to ensure economic growth is in alignment with environment protection and value-creation for all its stakeholders. Our business relations thrive on our core values – honesty, humility, harmony, courage, accountability and mutual trust.

Our strong institutional governance framework focuses on sustainable business growth. The governing body guides strategy development and ensures we reach our goals. Our guiding principles are central to our decision-making, as outlined in our Code of Conduct. This code sets expectations for employees and stakeholders based on applicable laws and regulations.

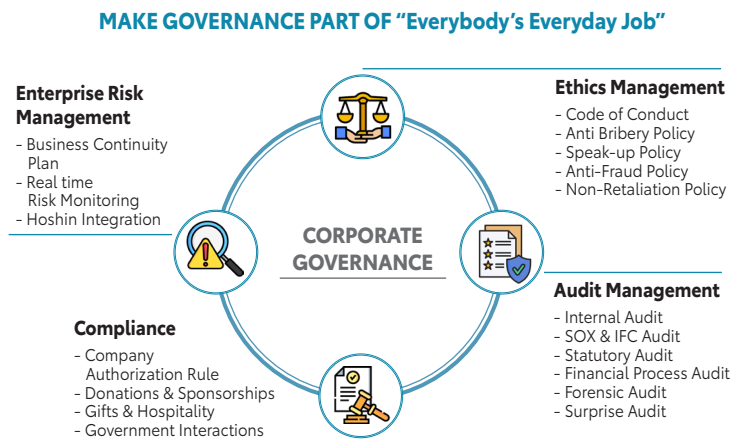
Honesty and integrity are the essential core elements of our work environment. We promote a positive work culture and ensure that all our employees are treated with respect and dignity. A strong **Speak-up Policy** has been established and approved by the highest governing body, to raise concerns and address grievances and encourages employees to raise their concern without fear of reprisal.

Legal Compliance & Ethics

We believe that business operations should go hand in hand with the highest compliance and ethical standards and have stringent compliance management systems. The TKM Legal manual acts as a guide to understand the laws applicable to each division.

Our objective of “Complete Legal compliance & No Complaints” is achieved thorough Legal Compliance Management System through which functional divisions are empowered to establish and ensure legal compliance at their respective levels. We aim to achieve **100% compliance** to all applicable Indian legal requirements and all legal consents have been obtained from the respective regulatory authorities.

TKM Overall Governance Framework



The responsibility to implement the Speak-up policy and Anti-bribery & Anti-corruption policy across the organization lies with the Corporate Compliance Division, and is overseen by the respective division heads. The integration of commitments into organisational strategy is achieved through annual Company Policy (Company Hoshin) and reiterated through quarterly communication on Ethics & Compliance. These policies and mechanisms are reviewed periodically and recommendations, if any, are implemented without delays. Periodic surveys are also undertaken to obtain inputs from all relevant stakeholders to understand the effectiveness of policies and improve upon the gaps. The designated Service Policy and Employees’ Conduct (SPEC) has adequate provisions to deal with negative impact and its remediation on a timely basis. Anti-bribery and Anti-Corruption policies have been enhanced to strengthen the Global Compliance Framework. All these policies are communicated to employees through internal communications and trainings during induction, awareness sessions, business meets, internal repository and external website.

Our strong Governance & Internal Control Systems further act as the pillars for effective implementation of the legal system.

Conflict of Interest

TKM acts with integrity and keeps promises. Acting with integrity means doing what is right and not allowing personal interests or relationships to interfere with what is best for the company. 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

Internal control is a system that is integral to the activities of the company and consists of the whole system of controls, financial or otherwise, established by the management to ensure smooth functioning of business. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks). 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, ICS helps to

- establish integrity of the financial and accounting information thereby helping to prevent fraud and protecting our resources, both tangible (e.g., machinery and property) as well as intangible (e.g., reputation or intellectual property such as trademarks),
- ensure adherence to policies,
- safeguarding assets,
- check the accuracy and completeness of the Management Information Systems,
- timely preparation of reliable financial information,
- adherence to various statutes and compliance with Related Party Transactions.
- Business developments, including changes in information technology and business
- processes, changes in key management, and acquisitions, mergers, and divestments.
- Legal and regulatory developments such as changes in industry regulations and new regulatory reporting requirements.
- Changes in the financial reporting framework, such as changes in accounting standards

To provide assurance on the adequacy and effectiveness of Internal Control System, policies and procedures and for segregation of duties, we also have a well-established and independent Internal Audit processes. Corporate Governance, through the process in place, provides independent and objective assurance by bringing valuable improvements in business operations, helps to accomplish our objectives through a systematic and disciplined approach, risk management, and governance processes. It also supports in the proper implementation of the system in accordance with the Internal Controls Framework.

Several committees that have been put in place to ensure effective implementation of the internal control systems.

Twice in a year, the **Audit committee** reviews the effectiveness of the Internal Control system, monitors the implementation of action plans emerging out of review of significant Internal Audit findings including those relating to regulatory compliances. The Audit Committee is also responsible for overseeing the financial reporting process and disclosure of the financial statements to ensure the correctness of the financial statements.

SOX and IFC Audit

We conduct the SOX-404 audit based on COSO 2013 internal control framework as part of TMC's global Audit requirement and the Companies Act 2013. It lays added responsibilities on the board to report on details of Internal Financial Controls through testing of Design and Operating effectiveness of Internal Controls. Statutory Auditors are also required to report without solely relying on management / Board report about:

- Established Internal control framework
- Adequate Internal financial controls
- Operating Effectiveness of Internal Financial Controls

Internal Audit

We practice a risk-based, focused internal audit system and use the services of an external audit firm so that the independence of Audit and Reporting is maintained. The scope for Internal Audit is approved by the Audit Committee at the beginning of the year and the summary of significant audit observations along with process owner explanation and follow-up on remediation action is presented on a half yearly basis to Audit Committee.

Other Audits

Corporate Governance Division also conducts various focused Audits which are primarily undertaken to assess the effectiveness of process and controls in Risk prone functions. Such Audits involve identifying the process and system gaps and the implementation of effective counter measures. These Audits are aligned with Global Audit Framework and are steered by the Regional Audit Division. The Audit findings as well as the effectiveness of the countermeasure plans implemented are periodically reported to the Top Management.

Governing Body

The apex authority within the organization is the Board of Directors that exercises its authority by passing resolutions and conferring powers of attorney in specific instances, thereby delegating responsibilities to the executive team.

The executive directors receive their authorization and guidelines through the terms and conditions outlined in the service agreements established between them and the Company. These agreements are subject to approval by the Board. Additionally, the remuneration packages for

the Executive Directors are subject to approval by both, the Board of Directors and the Shareholders.

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

Board of Directors



Mr. Masahiko Maeda
Chairman

Non Executive Director



Mr. Masakazu Yoshimura
Managing Director & CEO

Executive Director



Ms. Manasi N Tata
Vice Chairperson

Non Executive Director



Mr. Takuya Nakanishi
Director, Treasurer & Exec. Advisor

Executive Director



Mr. Shigeo Iriyama
Director & Exec. Advisor

Executive Director



Mr. Kenji shozu
Director & SVP

Executive Director



Mr. Sudeep S Dalvi
Director, SVP and Chief
Communication Officer

Executive Director



Mr. Tadashi Asazuma
Director & EVP

Executive Director



Mr. Swapnesh R Maru
Director, EVP & Chief
Compliance Officer

Executive Director



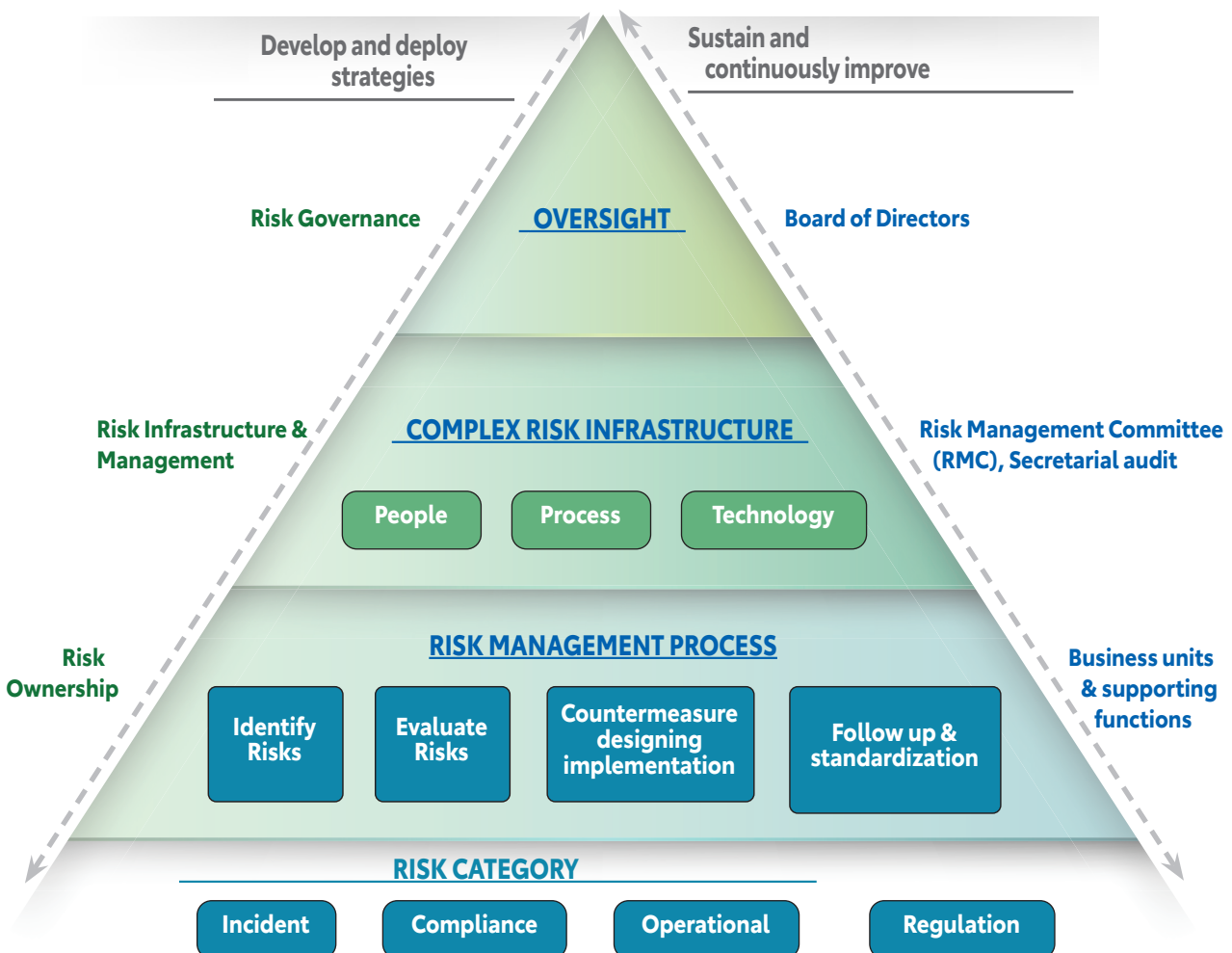
Risk Management

TKM has extensive and effective risk management processes, involving systematic identification, execution, and management of legal compliances and sustainability risks. Our Governance body is committed to the effective oversight of the risks and their mitigation through a well-structured Risk Management Framework.

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. Our risk management strategies clearly define roles and responsibilities to exercise effective internal controls. The structure allows a smooth transition of responsibilities from governing body to employees ensuring close and dynamic collaboration, as well as a strong focus on communication at all levels.

TKM works in tandem with its regional headquarters Toyota Daihatsu Engineering & Manufacturing [TDEM], in the implementation of the Risk Management Policy. A global risk management committee led by the regional Chief Risk Officer provides necessary guidance and oversight for the identification and management of risk-related matters and also ensures adherence to relevant standards. The Board and the Audit Committee routinely monitor the top business risks and review the effectiveness of mitigation plans. Any risk thus identified is discussed for its mitigation in the initial stages and if found inherent in nature, measures are adopted to manage the risks. The existence of a strong internal control system ensures operations are performed in a transparent and conducive manner.

TKM Risk Management Framework



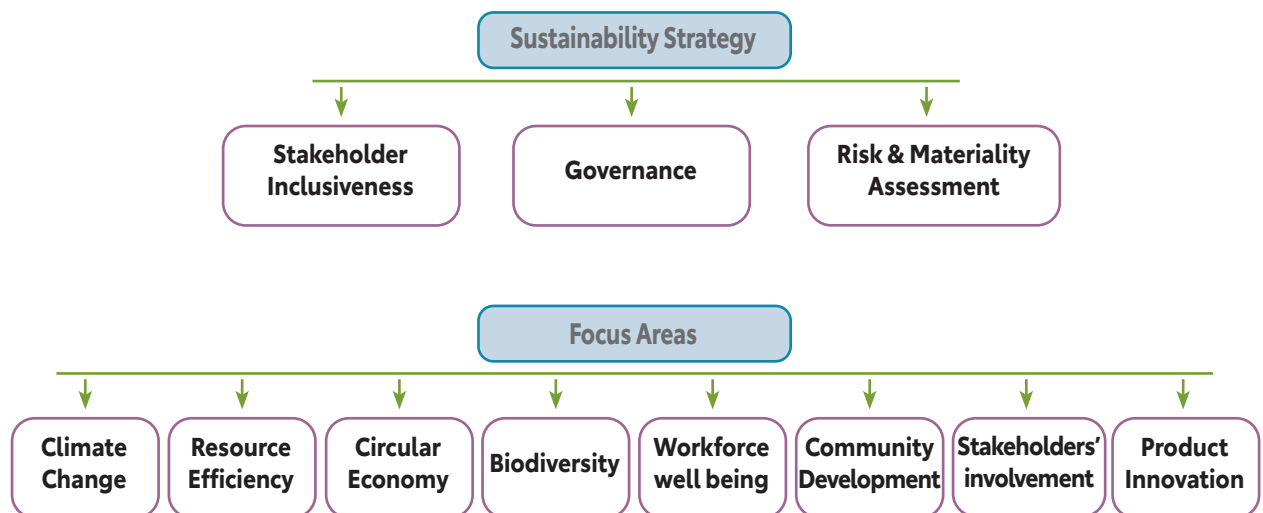
Approach to Sustainability

Our Sustainability strategy is a summation of our purpose, values, impacts, commitments, targets and actions achieved through deployment of necessary resources, creation of necessary infrastructure, technological advancements, innovation and digitalisation, integral to becoming a progressive automotive industry. As we progress towards our electric future, we are continually focussing on creating sustained value for our stakeholders.



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. The later chapters disclose our performance on the sustainability milestones and our contribution towards SDGs.

In our relentless pursuit of excellence, we have extended our sustainability performance objectives to our supply chain partners. It's heartening to observe the same unwavering dedication and support from them.



Sustainability Governance

We employ a variety of governance systems and processes to manage different aspects of our performance across our operations and our value chain. 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 like risk management, corporate governance, internal control & audits, policies & procedures, defined metrics to monitor performance and improvement targets, guide our path to achieve sustainability agenda, spearheaded by the specially constituted Board level committees.

The Committees function in an independent manner to guide implementation of decisions on relevant matters and periodically review the performance against commitments on different aspects. Based on requirements, midcourse corrections are suggested and implemented to improve the quality of final outcomes. Open-communication approach is the key factor behind success of our sound sustainability governance system.

Stakeholder Engagement and Materiality

We are dedicated to cultivating a sustainable business model and it is supported by our robust governance framework which forms the basis of our decision-making process. It ensures both flexibility and consistency, allowing us to embrace opportunities, manage risks, and actively contribute to national goals through our commitments. Our stakeholders play an important role at every stage of the value chain, which has resulted in the overall success of our endeavors.

- Swapnesh R Maru, EVP & Chief Compliance Officer

We believe that the environment in which we operate and the way we function, has a significant impact on our stakeholders; our operations are in turn, affected by their actions. We make constant efforts to effectively and proactively engage with our stakeholders in the implementation of various sustainability initiatives to help reduce the environmental impacts and ensure

that our contributions to the surrounding communities remain positive and progressive. 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.

Stakeholder Engagement Process

| Stakeholder | Rationale of Engagement | Method & Frequency | Topics Discussed |
|-------------|--|--|--|
| Employees | Strengthening Relationships; Transparent communication to enable competitiveness (flexibility & productivity) | <ul style="list-style-type: none"> Email & Toyota Mithra Sparsh, twice a year Samvada, year long Swasthya Club Suraksha CLub Kannada Habba Suggestion Scheme Cultural Club (Employee Talent Show) Family Plant Visit Monthly and Yearly Business Communication Festival Wishes with Co. message Birthday Celebrations Happiness/Sadness Connect | <ul style="list-style-type: none"> Work place culture Assessing effectiveness of existing engagement channels Learning & development opportunities Concerns and grievances Employee satisfaction Market Condition and Business Performance Changes in the operations Overall development of Employees Lifelong Learning <ul style="list-style-type: none"> Goal Setting (workmen) and Mendumi training (supervisors) Diversity, Equity and Inclusion <ul style="list-style-type: none"> Compliance, Infrastructure, Ecosystem (sensitization program to employees) |
| Customers | Understand Customers' needs and expectations to deliver better products and services in alignment with our "Customer First" policy | <ul style="list-style-type: none"> Centralized Call Centre (as needed) GX-360 (continuous process) Official website & product websites Responding to customer opinions by telephone, email and WhatsApp Chat Information sharing through social media (as needed) Customer Complaint Handling Process | <ul style="list-style-type: none"> Products related expectations/ concerns of customers Customer concerns Providing speedy & quality services, market scenario |

| Stakeholder | Rationale of Engagement | Method & Frequency | Topics Discussed |
|------------------------|---|--|--|
| Suppliers | Strengthening relationship and exchange of perspectives to be able to jointly deliver safe and sustainable products | <ul style="list-style-type: none"> • Annual Supplier Meeting (ASM) • Expectation Sharing Meeting (ESM) once in a year • Business Communication Meeting (BCM) on monthly basis | <ul style="list-style-type: none"> • Resource optimization • Sharing best practices • Improving overall performance through Kaizen Implementation • Understanding their concerns • Supply related specific issues • CO₂ reduction targets and initiatives |
| Logistics partners | Effectively engaging with logistics partners to identify areas of improvement, especially environmental performance | <ul style="list-style-type: none"> • Weekly meeting about Kaizens of on going and future requirement • Hoshin review once a year <p>SPD Logistics team -</p> <ul style="list-style-type: none"> • Meeting on monthly/quarterly basis • Environment month special activities | <ul style="list-style-type: none"> • Resource optimization, • Sharing best practices • Time, Route and Distance study • New Technology • Improving overall performance through Kaizen Implementation • Understanding their concerns • logistics related specific issues • CO₂ reduction targets and initiatives • Study on Electric Vehicles |
| Community members | Create long-lasting relationships to empower communities and provide facilities to cater to their identified needs | <ul style="list-style-type: none"> • Need Assessment Surveys • Monthly Engagements • Digital Platforms • Impact Assessment Surveys | <ul style="list-style-type: none"> • Identifying areas of CSR intervention • Enhance quality of education, basic health & hygiene • Promote ecosystem • Create necessary infrastructure • Impacts assessments |
| Dealers | Develop trust and enhance their ability to cater to customer demands with agility and sincerity | <ul style="list-style-type: none"> • Dealers Network • Meetings and events as & when required on monthly/quarterly basis | <ul style="list-style-type: none"> • Sharing Best Practices • Improving overall performance • Kaizen Implementation • Customer engagement activities • Sustained performance enhancement guidance • Safety and Eco-friendly operations • Inculcate Kaizen culture |
| Regulatory Authorities | As & when needed | <ul style="list-style-type: none"> • As per timelines prescribed under respective regulations | <ul style="list-style-type: none"> • Legal compliances • Carbon Neutral Journey • Community Development • Environment Education • Biodiversity and Afforestation • Alternate Fuel Technology • Waste & Water Management |



Various departments within the organisation engage with different stakeholders at a defined frequency, allowing sufficient commitment of resources so as to conduct the stakeholder engagement and materiality process in a reasonable and warranted manner. Observations and findings are discussed with the management and evaluated thoroughly to form important decisions. In addition to regular engagement, we also conduct formal stakeholder engagement and materiality assessment exercise, once every three years, guided by an external agency.

This is aimed at strengthening and ensuring effectiveness of regular on-going materiality process and underpins formulation of significant development plans, Toyota 5-year Action plan being one of them. The plan has been instrumental in working towards identified topics to bring about a positive change, and ensuring that progress is made to achieve expected outcomes.

Recognising the importance of regularly engaging the key stakeholders or 'Partners in Growth', this year we conducted elaborative "Materiality Assessment" and "Perception Study" with objectives to:

- Evaluate stakeholders' awareness and perception regarding our existing environmental initiatives,
- Identify needs/areas for future initiatives
- Identify material issues for our stakeholders to help build strategy and
- Assess effectiveness of existing communication/ engagement channels

The assessments were conducted engaging nearly 2,500 key stakeholders including employees, customers, suppliers, dealers, logistics partners, community members, regulatory authorities. Tools such as online surveys, personal interview questions, social media campaigns and questionnaires with a mix of open and close ended questions, were used.

Stakeholder responses were collated and analysed to develop key insights and recommendation for each of the key tenets that included identifying awareness and perception levels among each stakeholder group , key areas for future initiatives, top material issues for each stakeholder group and identifying effectiveness levels of existing channels for sustainability communication.

The assessment was conducted through a combination of desk research, online surveys, social media campaigns, one-to-one interactions with relevant client teams. Data consolidation and materiality mapping were based on in-house quantitative methods developed for the purpose of this engagement.

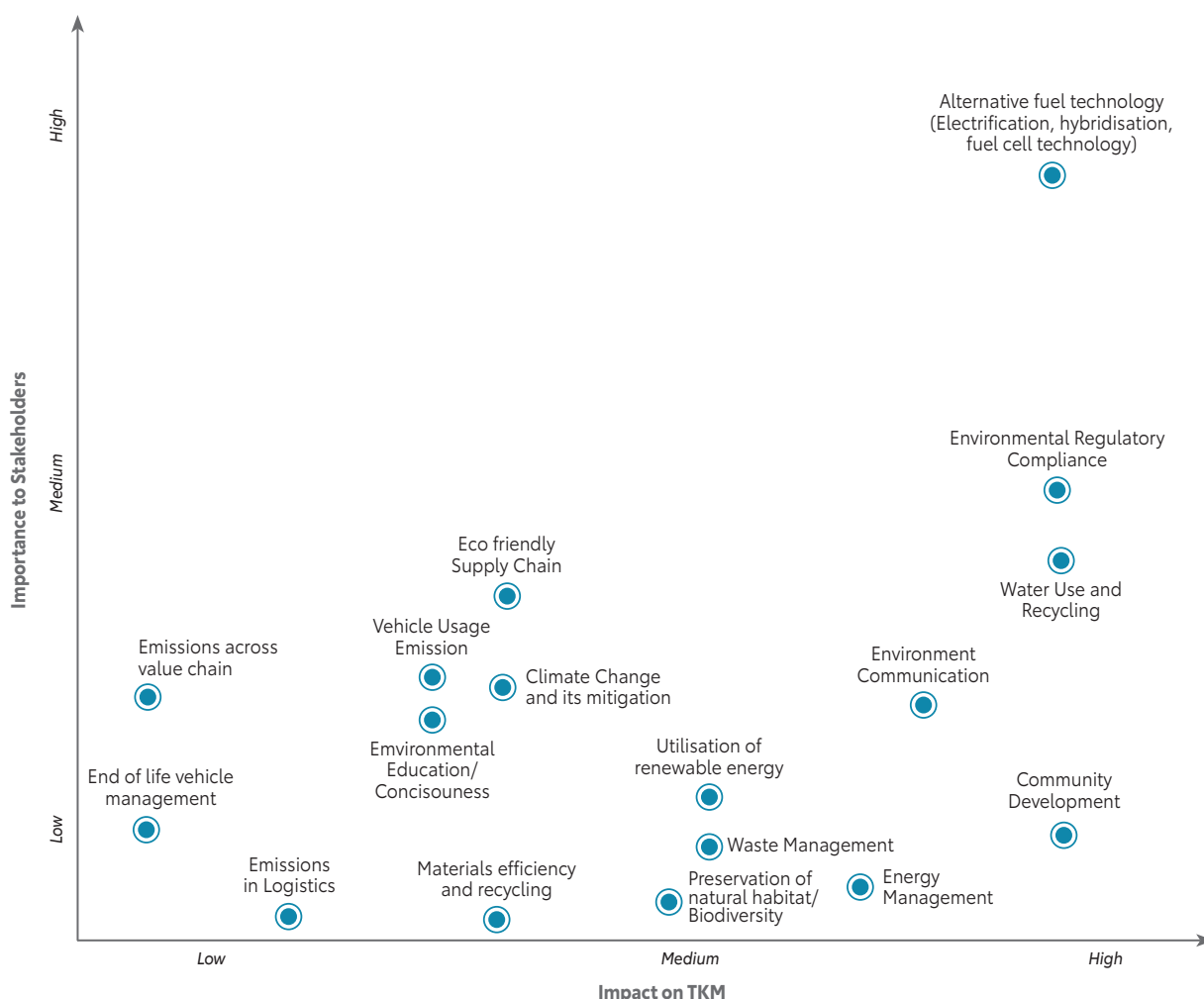
Based on material areas identified by each stakeholder, a materiality map of material issues based on importance of material issues to the stakeholder and importance to the business has been created. Results and recommendations on awareness levels, communication strategies, future needs on environmental efforts along with material areas of focus were identified. For material topics other than the ones related to Environment, internal stakeholders were consulted to revalidate their relevance and applicability. These were later combined with views gathered from external stakeholders to derive the list of all material issues.



Material topics identified during assessment, FY 2022-23

| | |
|---|------------------------------------|
| Anti-Corruption | Market Presence |
| Anti-competitive behaviour | Profitable Economic Growth |
| Brand Value | Product/vehicle safety |
| Compliance | Occupational Health & Safety |
| Natural calamities | Dealer Relationships |
| Environmental performance | Delivery Load time |
| Road Safety | Diversity, Equity & Inclusivity |
| End of life Management of Product | External Stakeholder Communication |
| Operational Efficiency & Scalability | Customer Satisfaction |
| Cost Management | Sustainable sourcing |
| Product Performance & Innovation Strategy | Digitalisation |
| New Product Launch & Line-up | Renewable energy |
| Competitive Product Offering | |

Environmental material topics mapped during assessment, FY 2022-23

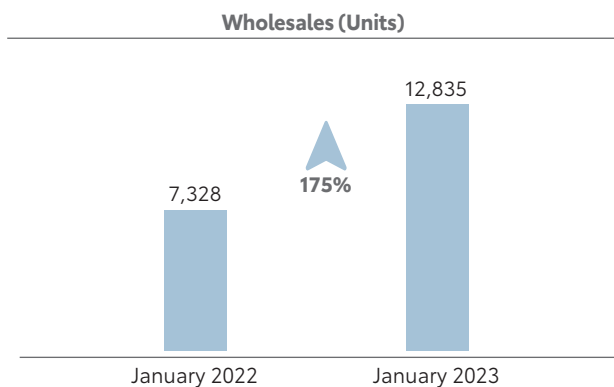


Economic Performance

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.

**Two million cumulative wholesale units (April 2022)
since commencement of our India operations.**

The feat was registered in April 2022, while handing over the Cool New Glanza as the 2 millionth vehicle from the dealership, Nippon Toyota at Trichur, Kerala.



The sales achieved marked a growth of 175% from January 2022 to January 2023, with 7,328 and 12,835 units sold respectively. In January 2023, we announced opening of bookings for the popular Toyota Hilux and the Toyota Innova Crysta and the prices of the CNG variants of the Urban Cruiser Hyryder were also announced.



We displayed our exciting range of products and technologies at the Auto Expo 2023 aimed at meeting the aspirations and evolving needs of customers and to deliver 'Mass Happiness to All'. The Expo was based on the theme of "Thrill and Joy of Moving Together" and conceptualized on three distinctive themes of Technology Zone, Emotional Zone & Sustainability Zone.

TKM has announced the commencement of three-shift operations on 18th May, 2023 at its manufacturing facility in Bidadi backed by the rising demand for its existing portfolio of products and its new launches in 2022. Our three shift operations commencement is set to boost the plant's production output by over 30% and strategically meet the strong booking numbers for its entire range of product portfolio in the country. We signed a Memorandum of Understanding (MOU) with Indian Bank, one of India's leading nationalised banks on 27th February 2023, to offer exciting vehicle financing options to all.

In our effort to contribute to the country's vision of "Make in India", out of total investment of INR 4,800 crores, Toyota Group of Companies (Toyota Kirloskar Motor and Toyota Kirloskar Auto Parts) entered into a Memorandum of Understanding (MOU) with the Government of Karnataka on 07th May 2022 to invest INR 4,100 crores to boost the local manufacturing eco-system.

We signed a Memorandum of Understanding (MoU) with UCO Bank on 8th September 2023 to allow more customers access to Toyota's world-class products and services. This partnership will benefit customers from not only Tier I markets, but across all States and Union Territories, with a higher focus on Tier II & Tier III markets with 62% branch coverage. We have also signed a Memorandum of Understanding (MOU) with Indian Bank, one of India's leading nationalised banks, to offer exciting vehicle financing options to our customers.

Through our foray into the A&B-segment with new model launches like the Cool New Glanza, Urban Cruiser and the recently unveiled Urban Cruiser Hyryder, we have expanded our footprint across India. This new tie-up will fortify our efforts to enhance value-added offerings, especially for customers based in Tier II & III markets.



MoU was signed between Former Hon'ble Chief Minister of Karnataka Shri Basavaraj Bommai and Late Mr. Vikram S. Kirloskar, Vice-Chairman, Toyota Kirloskar Motor, in the presence of Dr. Muruges R. Nirani, Hon'ble Minister of Large & Medium Industries, Government of Karnataka, Mr. Ravi Kumar, IAS, Chief Secretary of Karnataka State, and other dignitaries.

(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

As a responsible business constituent, TKM strictly adheres to tax regulations and compliance requirements that apply to the company. Since tax regulations are dynamic and keep evolving, there is a conscious focus on training and knowledge dissemination to the related stakeholders to ensure zero non-compliance.

Transactions with related parties, including international entities, are carried out in strict compliance with the spirit and letter of applicable regulations. Disclosures of such transactions are made to the relevant stakeholders in a transparent manner.

As tax regulations are constantly evolving, timely identification and mitigation of the resultant tax risks is a priority. The risk assessment is evaluated considering the inputs from the related functions and is reviewed by management on a periodic basis. The primary objective of this activity is to minimise the risk to business from any unintentional non-compliance with the tax regulations.

The company collaborates with government and tax authorities in transparently discussing issues that may be raised by them. Resolution is achieved through mutual trust and respect.



PROTECTING THE ENVIRONMENT

Adopting safer and greener mobility solutions is a key prerequisite for accelerating progress to meet the environmental goals we have set for ourselves. To deal with the issue of climate change, our environmental strategy is geared toward producing high-quality vehicles in an environmentally and socially responsible manner. We focus on leveraging innovative technology and empowering our team with Kaizen Culture to enhance operations and processes. Additionally, we share best practices across the value chain and use the most sustainable materials, contributing to a greener future.

- B Padmanabha, Associate Executive Vice President

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.

An Environmental Assessment System (EAS) has been devised to provide explicit guidance to each of

these subcommittees. In fortifying our environmental management system and aligning with ISO 14001:2015 standards, Toyota has introduced the Global Environment Management System (GEMS) globally, serving as a guiding framework for all affiliates in the implementation of a robust EMS.

Our Long-term & Mid-term targets

| | 1 | 2 | 3 | 4 | 5 | 6 |
|----------------------|---|--|--|--|---|---|
| | New vehicle Zero CO ₂ Emissions Challenge | Life Cycle Zero CO ₂ Emissions Challenge | Plant Zero CO ₂ Emissions Challenge | Challenge of Minimizing and Optimizing Water Usage | Challenge of Establishing a Recycling-based Society and Systems | Challenge of Establishing a Future Society in Harmony with Nature |
| | | | | | | |
| Contribution to SDGs | | | | | | |
| LONG-TERM TARGETS | Carbon Neutrality by 2050 | | | | | |
| | Toyota Environmental Challenge 2050 | | | | | |
| | Reduce global average CO ₂ emissions (TtW, g/km) from new vehicles by 90 percent compared to Toyota's 2010 levels, by 2050 | Completely eliminate all CO ₂ emissions throughout the entire vehicle lifecycle | Achieve zero CO ₂ emissions from production at global plants by 2050 Carbon Neutrality from production at plants by 2035 | Minimize water usage and implement water discharge management according to individual local conditions | Promote global deployment of End-of-Life vehicle treatment and recycling technologies and systems developed in Japan | Connect the reach of nature conservation activities among communities, with the world, to the future |
| MEDIUM-TERM TARGETS | 2030 Milestones | | | | | |
| | <ul style="list-style-type: none"> ➤ The estimate of global average CO₂ emissions reduction (TtW, g/km) from new vehicles will be 35 percent or more, which may vary depending on market conditions compared to 2010 levels | <ul style="list-style-type: none"> ➤ Reduce CO₂ emissions by 25 percent or more throughout the entire vehicle life cycle compared to 2013 levels by promoting activities for the milestones of New Vehicle Zero CO₂ Emissions Challenge and Plant Zero CO₂ Emissions Challenge, and with support from stakeholders such as suppliers, energy providers, infrastructure developers, governments and customers | <ul style="list-style-type: none"> ➤ Reduce CO₂ emissions from production at global plants by 35 percent compared to 2013 levels | <ul style="list-style-type: none"> ➤ Implement measures, on a priority basis, in the regions where the water environment is considered to have a large impact Water quantity: Complete measures at the 4 Challenge-focused plants in North America, Asia, and South Africa Water quality: Complete impact assessments and measures at all of the 22 plants where used water is discharged directly to river in North America, Asia, and Europe ➤ Disclose information appropriately and communicate actively with local communities and suppliers | <ul style="list-style-type: none"> ➤ Complete establishment of battery collection to recycling systems globally ➤ Complete setup of 30 model facilities for appropriate treatment and recycling of End-of-life vehicles | <ul style="list-style-type: none"> ➤ Realize "Plant in Harmony with Nature"—12 in Japan and 7 in other regions—as well as implement activities promoting harmony with nature in all regions in collaboration with local communities and companies ➤ Contribute to biodiversity conservation activities in collaboration with NGOs and others ➤ Expand initiatives both in-house and outside to foster environmentally conscious persons responsible for the future |

CHALLENGE 1

New vehicle
Zero CO₂
Emissions Challenge



OUR APPROACH:
Green Mobility



TKM continues to foray into different segments of electrified and alternative fuel technologies, where customers can select green mobility solutions. 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.**

Indian Hybrid Electric Line-up



Camry Hybrid



Vellfire Hybrid*



Urban Cruiser Hyryder



Innova Hycross

LEXUS



ES 300h



NX 350h*



LC 500h*



LS 500h*



RX 450hL*

Key Global Developments



Reduced global average CO₂ emissions from the new vehicles by 24 percent compared to 2010 levels by improving environmental performance and expanding vehicle lineups.⁺



Achieved cumulative global sales of **23.15 mil. electrified vehicle** sold as on 31 Mar 2023.⁺



Cumulative **CO₂ emissions reduction** effect from the widespread use of electrified vehicles: **176 mil. tons⁺**

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

* Imported

⁺ source: https://global.toyota/pages/global_toyota/sustainability/report/sdb/sdb23_en.pdf

Towards Carbon Neutrality

Transitioning to electric mobility

To boost electric mobility and the development of electric vehicles, the Government has announced a number of promotional measures such as tax incentives for electric vehicle owners and public EV charging infrastructure development. A phased manufacturing roadmap has been developed to significantly boost capacity building in the country. FAME, or Faster Adoption and Manufacturing of (Hybrid and) Electric vehicles, is currently India's flagship scheme for promoting electric mobility.

At the global level, Toyota has introduced Self-Charging Hybrid-Electric Vehicles and is progressing to fulfil its commitment to develop 30 types of BEVs and achieving a full line-up in the passenger and commercial segments to reach 3.5 million annual global vehicles sales by 2030.

Harnessing Hydrogen as a Future Fuel

The Government of India announced the National Hydrogen Mission (NHM) in the Union Budget for 2021-2022. Aligning with this, Toyota is enhancing its technological strengths to capitalize on the most abundant elements on earth for a better, safer, and cleaner alternative fuel option.

Exploring Ethanol as an Indigenous, Clean, Sustainable Biofuel

The Government of India has been actively promoting the use of ethanol as a biofuel and has set an ambitious target to achieve 20% ethanol blending in gasoline by 2025. By 2025-26, 86 million barrels of gasoline is expected to be replaced by 20% ethanol, saving India Rs. 30,000 crores in foreign exchange and reducing carbon emissions by 10 million tonnes.



Toyota Kirloskar Motor (TKM) at "Ethanol Pavilion" at Auto Expo'23 in New Delhi, January 13, 2023

The estimate of global average CO₂ emissions reduction in g-CO₂/km from new vehicles by 2030 is –

Passenger light duty vehicles and light commercial vehicles: 33.3% reduction (compared to 2019 levels)

Medium and heavy freight trucks: 11.6% reduction (compared to 2019 levels).

These benefits can be enhanced significantly with the advent of Flexi Fuel Vehicle technologies, which can flexibly use higher ethanol blends above 20%.

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. Through this MoU, TKM and ISMA aim to accelerate the adoption of ethanol as an indigenous alternate clean fuel, thereby contributing to our nation's goal to lower its dependence on fossil fuels as well as its carbon footprints.



New Delhi, August 29, 2023: TKM's Innova Hycross Electrified Flex fuel proto vehicle demonstrates a strong commitment towards Governments vision for Energy Self-reliance & Carbon neutrality through a multi pathway approach. An Electrified Flex Fuel vehicle has dual benefits of utilizing locally produced green Bio-fuels & promote electrification.

Foray into CNG Segment

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

Apart from the joy of owning a Toyota vehicle, our customers will also benefit from low cost of ownership & complete 'Peace of Mind' that Toyota vehicles offer, thus providing 'Mass happiness to all'.

► Case Study: Sustainability journey of Lexus

Lexus is the pioneer of self-charging hybrid electric technology built without compromising strength and safety. Lexus incorporates the principles of sustainability and eco-consciousness by focusing on environment-friendly technologies, materials, systems & processes and associations. The Lexus vehicles are light-weight and help conserve natural resources and reduce fuel consumption creating a better tomorrow for everyone. Lexus maximizes recycling, minimizes waste, and reduces consumption to develop the luxurious yet strong and safe next generation-Lexus vehicles.

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.

Industry's **first bamboo-charcoal speakers**



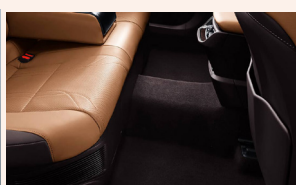
Door trim made from the **stem of kenaf** instead of woodchips



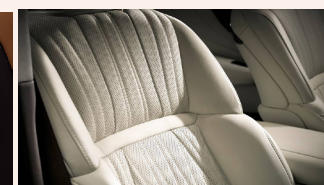
Dashboard silencer made from **shredded, recycled soundproofing material**



Luggage compartment trim made from **recycled plastics**



Carpeting made from **30% plant-based sources**



Seat cushions made from foam derived from **castor seeds**

Beyond Roads

Lexus Design Award India

In 2018, Lexus launched The Lexus Design Award India (LDAI), which recognizes and rewards members of the Indian design community who anticipate future challenges and design innovative products to tackle those challenges.

At Lexus, we believe design is a catalyst for change, for empowerment, and for inclusiveness. It is a powerful force that can transform the ordinary into the extraordinary creating amazing experiences for a better tomorrow. LDAI aims to elevate the Lexus brand image, portraying it as a brand actively committed to fostering a sustainable society and shaping a brighter future by supporting designers of the next generation who have a purposeful passion for bringing change to society. Additionally, it emphasizes the brand's dedication to valuing and promoting personal development. LDAI has seen more than 2,000 entries over the past 5 years, recognizing and introducing key designers to this platform. The 2023 edition of LDAI received around 1100+ entries to nurture and encourage designs for a better tomorrow.



LDAI 2023 Conceptual category winner "Nirantara" receiving award by Lexus management

Nature Electrified Campaign

To commemorate Earth Day and World Environment Day, we organized a Nature Electrified Car Design Contest for all car enthusiasts wherein they presented different car wraps for the Lexus Model. The winning entry's design has been put to life on the Lexus model.



Lexus NX350h wrapped with nature's five elements

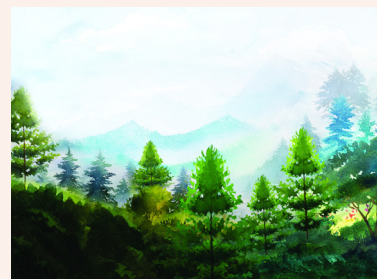
The design concept of Nature Electrified involves a fusion of nature-inspired aesthetics and electrified technologies.

The inspiration behind the reinterpreted winning design represents the growing need to address environmental challenges in a simplified and proportional manner. The design also infuses the Lexus philosophy of being daring and provocative which is always instantly recognizable and never fails to stir emotions. It seeks to create a space that celebrates nature's beauty while integrating it with the cutting-edge technology of Lexus.

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

Embracing the Japanese philosophy of Omotenashi – we have taken 'Lexus Forest' initiative that exemplifies our commitment towards nature conservation. The endeavour aligns to the concept of "Lexus-Life", a holistic approach that reflects the commitment to provide extraordinary experiences beyond the realm of automobile. For every Lexus sold in India, a certain number of trees are planted by Grow Trees, our partner, to reflect Lexus's gratitude towards its valued customers making them not just Lexus owners but partners in this noble mission of environmental preservation.



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.

“ At Lexus India, sustainability is ingrained in our design ethos. From using eco-friendly materials for vehicle components to celebrating and supporting innovative solutions from the Indian design community, reinforcing our commitment to a sustainable and electrified future. Our commitment extends beyond automobiles, embodying our dedication to nature conservation and creating better tomorrow.

- Naveen Soni, SVP, Lexus



CHALLENGE 2

Life Cycle
Zero CO₂
Emissions Challenge



OUR APPROACH:
*Green Supply Chain,
Eco-Dealership
and Green Logistics*



We are dedicated to actively supporting 'Make in India' by establishing a self-reliant and sustainable value chain. We have embraced innovative solutions to offer eco-friendly products and have made our services more accessible. As we progress toward achieving Net Zero Emissions, we are enhancing our capacity to meet rising demands while aligning with sustainability goals.

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. We offer continuous guidance, share Toyota's best practices, and support our suppliers in enhancing their capabilities to meet rising demands effectively. Substantial efforts have also been made to promote component localization in alignment with the Government's 'Make in India' mission. Our robust Risk Management framework concentrates on early detection and mitigation of supply chain-related risks.

In the past year, we concentrated on 19 high-intensity supplier partners and shared Toyota's best practices.

**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. Our 231 dealer partners are evaluated against set environmental criteria and Star ratings, ranging from Basic (one star)-to-Self-Sustainable (four star), are awarded. It is our constant endeavour to move them from basic level towards becoming compliant and risk-free supply partners.

While the rating system ensures systematic evaluation of their actions and impacts on the environment, the "Green Purchasing Guidelines" continue to facilitate the adoption of EMS by our supply partners. Focused

supervision enables us to detect risks in a timely manner, develop action plans and countermeasures, assess the impacts, and implement remediation. All our initiatives are designed to bring down the environmental impacts with respect to electricity and water consumption, and generation of value out of waste at the supply partners' end.

Stringent Environment
compliance regulations

Toyota 2050 Environmental
Challenge

Legal Compliance

Energy Management

Water Optimization, waste-
water recycling

HV battery management

Waste segregation & proper
disposal

Eco-Driving, Brand promotion

EMS implementation

EMS implementation requires dealers to monitor the electricity consumption on a daily basis and report monthly summary to TKM. With 2019 as Baseline, the dealers have a target to reduce 33% CO₂ emissions/unit car service by 2030. We have set a yearly target of 3% reduction year-on-year basis for energy consumed per unit car service.

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.

Under the **Eco-Model Dealership Program**, we identified four dealer partners and engaged with their management to secure their support and participation. This involved:

- Kick-off with Dealer Principle & SBU
- Gap identification to understand the current practices
- Best Practices Sharing with respect to:
 - Electricity Consumption Reduction
 - Water Consumption Reduction &
 - Generating value out of waste

Initiatives implemented

By JD Toyota Dealership

1. Energy audit & air leak arrest at 12 locations
2. Pressure Standardization from 7 to 5.5 bar resulting in 10-12 % of energy savings
3. AC temperature standardization resulting in 6-8% energy savings

By Sonak Toyota

1. LED & Lux Standardization by defined criteria and identified additional lightings required
2. Installed meters for monitoring areawide consumption and set targets resulting in upto 5% energy savings

By Rajesh Toyota

1. Waste Management: Usage of single-use plastic stopped and alternate provisions were made to reduce waste
2. Hazardous waste storage area improvement by segregating hazardous waste generated and standardizing the process.

By Anaamalais Toyota

1. Energy usage optimization by installing LED Bulbs, replacing coolers with HVLS fans and increasing Solar panel utilization
2. Optimizing resource consumption by arresting water leaks and fixing water meter, reuse of metal scraps and 100% use of sealants

The activities shall be expanded to other dealer partners as well in the near future to improve their star ratings and enhance performance.

Cumulative results for selected dealer partners:
Energy savings of upto 23%, water reduction by 10%
and total utility cost reduced by 30%.

“TKM's Eco Dealership guidelines have served as an invaluable roadmap for our Sustainability Goals. They are self-explanatory, making it easy for us to adopt eco-friendly practices seamlessly. The entire team has rallied behind these initiatives. Their passion and collective effort, guided by the knowledge and experience shared by the TKM team, has inspired the local community. Furthermore, we've experienced indirect cost benefits, a welcome outcome of our sustainable efforts. Thanks to TKM's support, we've not only achieved 80% renewable energy usage and reduce our liquid discharge but also set an inspiring example for others in the automotive industry, with guidance from Toyota experts in getting accredited with the CII Green Co Ratings.”

- Rajesh Toyota



TKM's Eco Dealership guidelines have been a game-changer for JD Toyota. They've provided us with a comprehensive understanding of compliance requirements and empowered us to make a meaningful difference. We've observed a noticeable shift in environmental consciousness among our dedicated team members. Small yet effective changes, guided by TKM's expertise, have yielded remarkable results, both environmentally and financially. This activity has helped not only at the dealership level but has had a positive impact towards the environmental contribution of our team members at society level as well.

- JD Toyota

As proud members of the Toyota family, Sonak Toyota has witnessed the positive impact of TKM's Environmental Management System (EMS). This initiative has not only elevated our eco-performance but also resulted in significant cost benefits. TKM's efforts have been instrumental in shifting mindsets, not only within our workforce but also among all stakeholders involved in our operations.

- Sonak Toyota

At Anaamalais Toyota, we're deeply impressed by TKM's commitment to environmental initiatives. TKM's guidance has been instrumental in driving our dealership's passion for sustainability. We've learned invaluable lessons in monitoring and tracking KPIs, thanks to TKM's expertise. Moreover, TKM's support has propelled us on the path towards renewable energy, a journey we're proud to embark upon.

- Anaamalais Toyota Madurai



Green Logistics

Developing sustainable and efficient logistics is crucial for achieving our carbon neutrality goal. We are mindful of the environmental impacts of logistics activities and actively seek opportunities for improvement. This includes implementing various Kaizen practices to minimize emissions during the transportation of parts and finished goods, as well as reducing the environmental footprint of packaging materials.

**During the year,
we achieved CO₂
emission reduction of
456 tons surpassing the
target of 381 tons.**

Initiatives implemented

- CNG truck introduction in WRPC resulted in reduction of 17 additional trips/month and CO₂ reduction of 0.32 tons/month
- IJL direct dispatch to NRPC resulted in Reduction in distance by 316 kms and CO₂ reduction of 4.43 tons/month

Manufacturing Logistics

Developing sustainable and efficient logistics is crucial for achieving our carbon neutrality goal. We are mindful of the environmental impacts of logistics activities and actively seek opportunities for improvement. This includes implementing various Kaizen practices to minimize emissions during the transportation of parts and finished goods, as well as reducing the environmental footprint of packaging materials.

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.

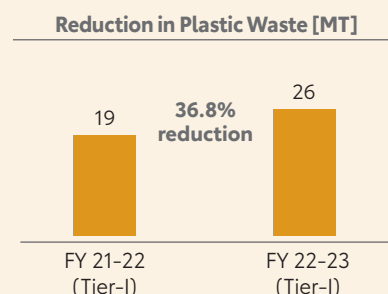
Our total energy consumption, from non-renewable sources was 7,227 Million GJ for the reporting year.

**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 -

- Utilising tractor for transportation as a tow truck, eliminated fork lift operations at suppliers as well as our end and provided protection against man-machine collision
 - Improved productivity due to loading/unloading by driver
 - Reduction in cost due to change in logistics mode
 - Reduction in CO₂ emissions due to better mileage offered by tractor as compared to conventional trucks
- In the future, we will explore electric tractors and other vehicles that can be added to the fleet to further improve the environmental impacts.



Exports Logistics

We use three main types of packaging material to export automotive parts – Cartons, Plastic and Steel. As part of Environment activity, to achieve reduction in consumption of packaging material used, various kaizens are implemented, with importer acceptance.

We are also mindful of the impacts the resource utilisation can create on surrounding ecosystem, therefore we make all possible efforts to reutilise the packaging material to export the parts. During the year, 47% of the total packaging material [1BT & T1B steel containers] was reutilised in our operations.

Kaizens implemented during FY 2022-23:

- Optimising the use of carton boxes used for packaging by doubling the quantity resulted in total CO₂ savings of 0.63 tons
- Doubling the carton box quantity from 20 to 40 with orientation change in parts placement resulted in total CO₂ savings of 0.12 tons
- Steel Module S1 weight reduction resulted in total CO₂ reduction of 6.50 tons

Initiative for reduction /elimination of plastic waste in Service Parts Division

We primarily use three kinds of packaging material for the export and import of service parts: wood boxes (base), carton boxes, plastic bubble wraps. Plastic is also used as a raw material in some of the parts. Towards its reduction and elimination, various kaizens were implemented during the year.

| Initiative | Result | Cumulative reduction of plastic waste by 2.8 tons, surpassing the target of 2.1 tons for the year |
|--|---|---|
| • Eliminated plastic packaging from Element Air Cleaner | ➔ 327 kgs/month reduction in plastic waste | |
| • 15 part Yokoten initiated in the Element Air Cleaner | ➔ 574 kgs/month elimination in plastic consumption | |
| • Elimination of plastic packaging material in Grill radiator | ➔ 110 kgs/month reduction in plastic waste and CO ₂ reduction by 0.4 Tons | |
| • Elimination of plastic packaging from metal parts | ➔ 80 kgs/month reduction in plastic waste and CO ₂ reduction by 0.6 Tons | |
| • Using Paper pouch instead of plastic pouches in shipping small parts | | |

CHALLENGE 3

Plant Zero CO₂
Emissions Challenge



OUR APPROACH: Supply
(Renewable Energy), Reduced
Consumption & Conversion



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

TKM has been consistently pursuing its vision by promoting activities that reduce overall energy consumption during the manufacturing process and increasing dependency on renewable energy sources. The Kaizen-theme based activities have been introduced to bring in technological improvements to help achieve our targets.

Energy Consumption

We continue to optimise energy consumption at the operational level. Our Plant-II which has been designed employing new technologies, efficient systems and processes has shown 30% reduction in overall energy use as compared to conventionally built plants. We have developed & implemented a three-year CO₂ reduction plan, under which several initiatives have been undertaken with an intent to improve equipment lifecycle, reduce energy consumption, and utilize alternate fuel options.

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

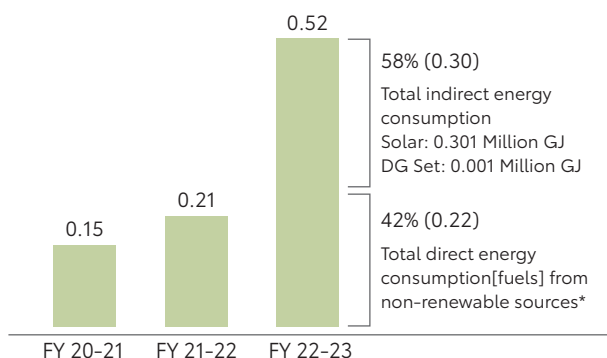
Green Energy

TKM inaugurated the 27.2 MW Group Captive Solar and Wind Renewable Energy Project through a Joint Venture with ReNew Energy Global Plc. in Vijaynagara district of Karnataka. With this green power generation that is exclusively channeled to TKM, its total cumulative green energy adoption is 53.4 MW. By adopting such green initiatives, TKM is likely to achieve 'Net Zero Carbon Emission in Manufacturing' much before its global target timeline of 2035.

**Cumulative CO₂ reduction - 352,171.16 tons
(From 2014 to March 2023)**



Energy Consumption in Manufacturing Area (Million GJ)



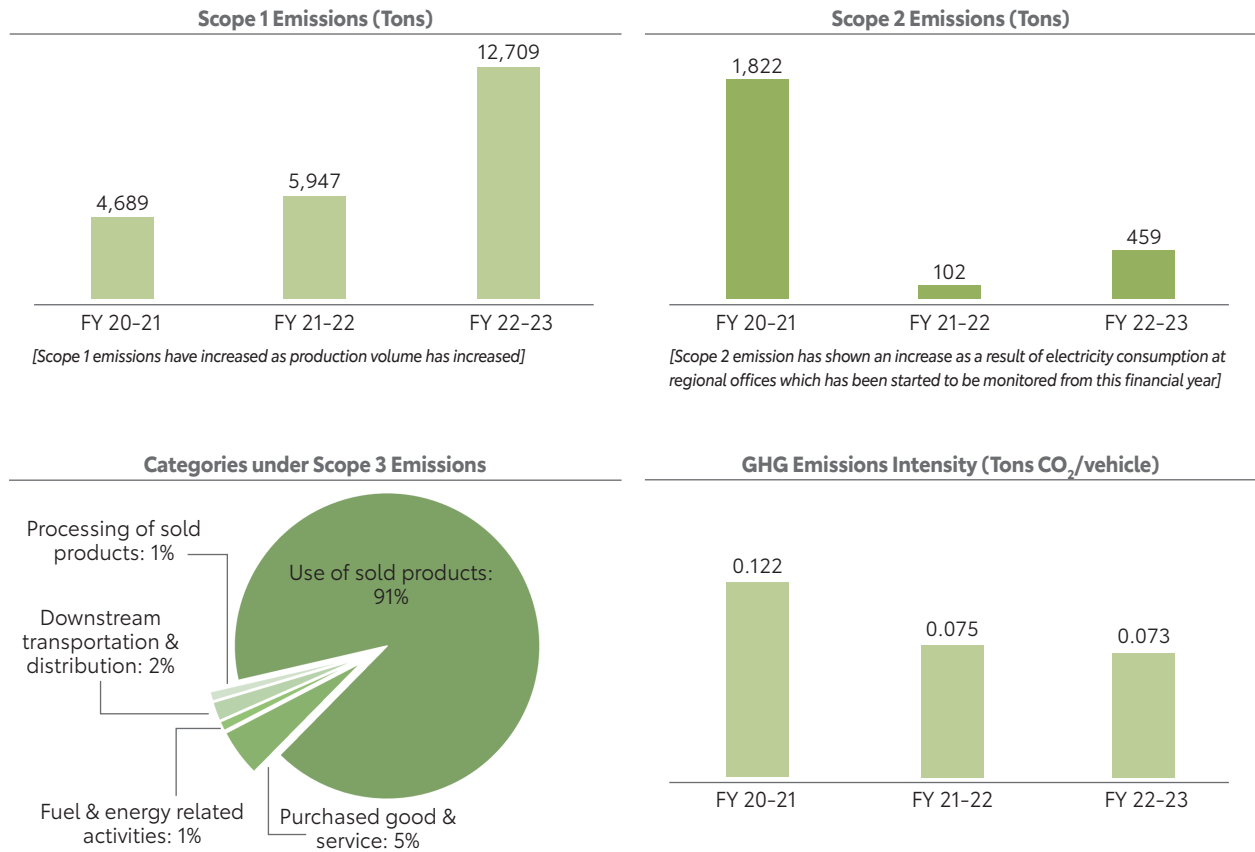
[Increased consumption is due to increased production at Plant 1 night shift operations]

* Non-renewable fuel sources can include fuel purchased by the organisation for combustion in boilers, furnaces, heaters, turbines, flares, incinerators, generators and vehicles that are owned or controlled by the organization. We have also substituted large proportion of LPG with PNG to adopt cleaner fuel option.

**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**

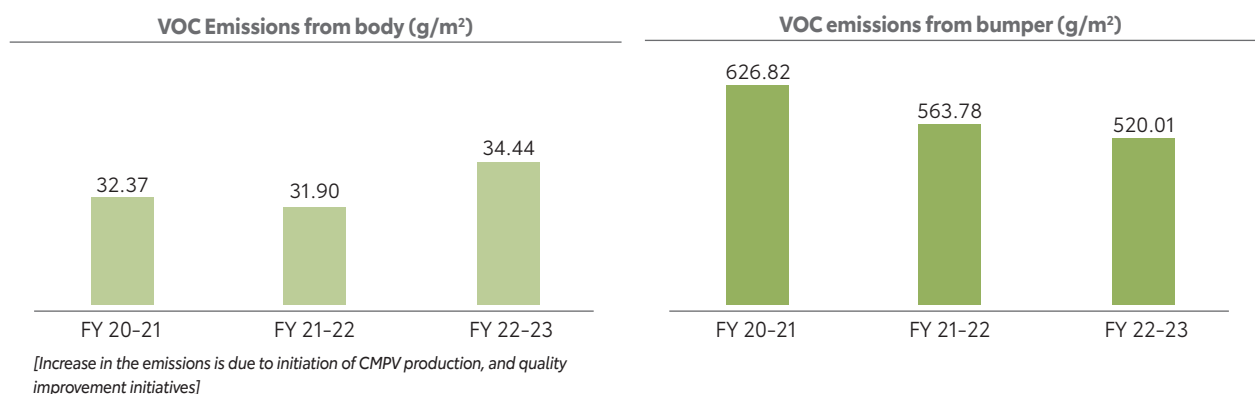
► GHG Emissions

Our climate strategy is focused on the multi-dimensional aspects that integrate efforts towards reduction in GHG emissions. We combine the different possibilities of technology, processes and alternative fuels to achieve our goal of carbon neutrality. 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.



► VOC (Volatile Organic Compounds) Emissions

We have stepped our measures to reduce VOC emissions emanating from the automobile painting. The painting involves organic-based thinner solvents commonly known to contain harmful Volatile Organic Compounds (VOCs). The VOC at our plant are emitted from paint, thinner, and adhesives, utilised in paint shops. 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.



Kaizen for VOC reduction

Robot & CCV flushing Activity – Organic thinner introduction

Problem Identified: VOC emissions resulting from usage of thinner

Initiative: Implemented zero VOC material usage by mixing the VOC thinner with organic thinner in 70:30 ratio

Result: Led to saving of 0.663g/m² of VOC

Less Adhesive hose fixed in CCV before normal hose

Problem Identified: Paint & Thinner consumption is more during the pre-spray and flushing in CCV manual zone hose leading to wastage due to adhesiveness of the hose

Initiative: CCV manual hose replaced with less adhesive one; Minimum quantity of thinner is used to clean the less adhesive hose

Result: VOC Reduced by 0.332 g/m²; Cost Savings by Rs 9.67 /vehicle

PVC Robot thickness optimization activity by Programme fine-tune

Problem Identified: More wastage of PVC materials due to more thickness during Robot spray resulting in more consumption than Gentane I

Initiative: More thickness area mapping done & re-teaching robots to reduce consumption as well droplets.

Result: VOC reduced by 0.013 g/m²; Cost Savings by Rs 5.5 /vehicle

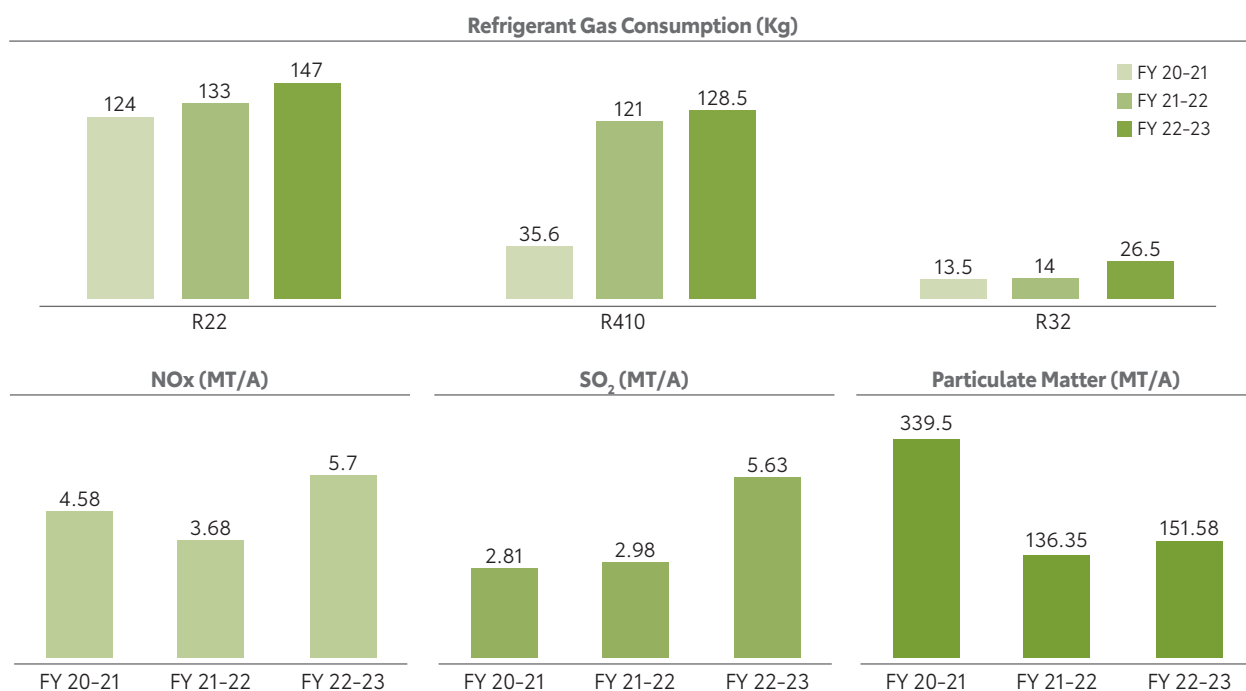
ODS and Other Emissions

ODS

We have implemented a roadmap to reduce our consumption of R-22 and R-410 refrigerant gases. As a result we are transitioning towards a safer option, R-32. Our consumption of R-32 for the reporting year stands at 26.5 kg. We are also in the process of replacing the conventional ACs to avoid environmental harm. During the year 223 AC units were replaced.

Other Emissions

As part of our environment management plan, we regularly monitor emissions of other harmful gases such as Suspended Particulate Matter (SPM), Sulphur Dioxide (SO₂), and Nitrogen Oxides (NO_x) in our effort to reduce air pollution. 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).



[Increase in ODS and other emissions are due to increase in production volume]

CHALLENGE 4

Challenge of
Minimizing and
Optimizing
Water Usage



OUR APPROACH:
Reduce, Reuse, Recycle

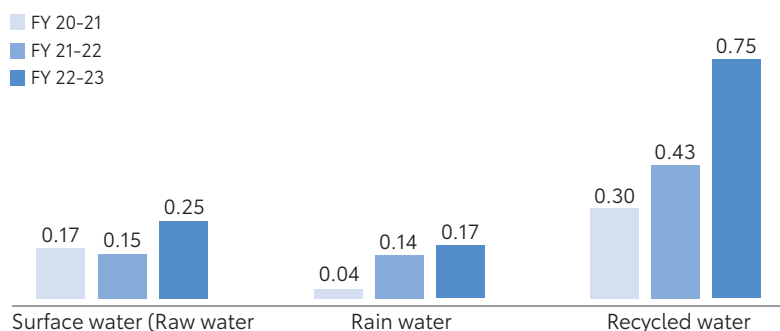


We are committed to saving natural water resources by reducing our dependency on fresh water. To achieve this, we have adopted several innovative measures including kaizens at our Plants. Our efforts focus on optimising consumption and maximising effluent utilisation through re-cycle and re-use.

Water is vital for human survival and therefore it becomes our responsibility to manage the water resources efficiently & sustainably. 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.

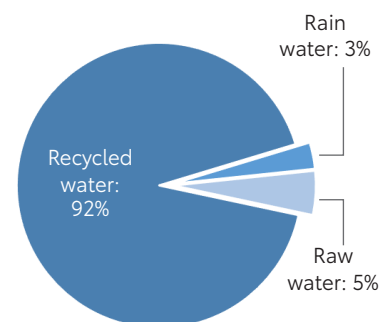
**95% of the water
consumption for
production is met through
recycled and rain water.**

Water consumption from different sources (Million M³)

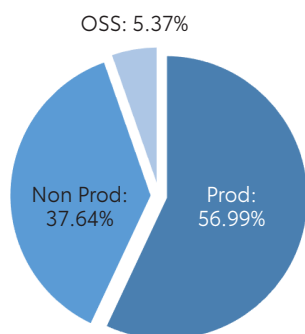


[Increase in the water consumption is due to increase in the production]

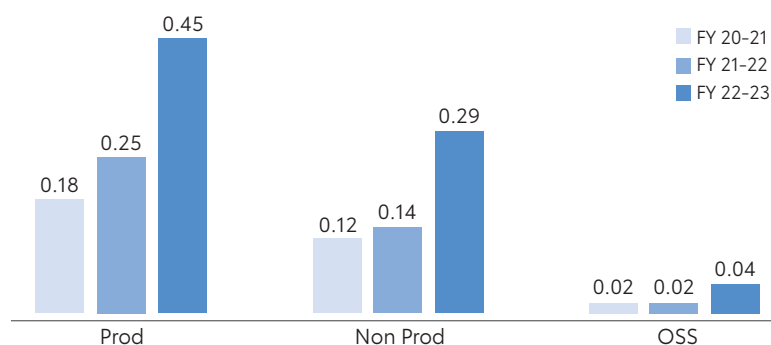
Water consumption in production (%)
FY 22-23



Water consumption in different area (%)
FY 22-23



Water consumption in different area (Million M³)



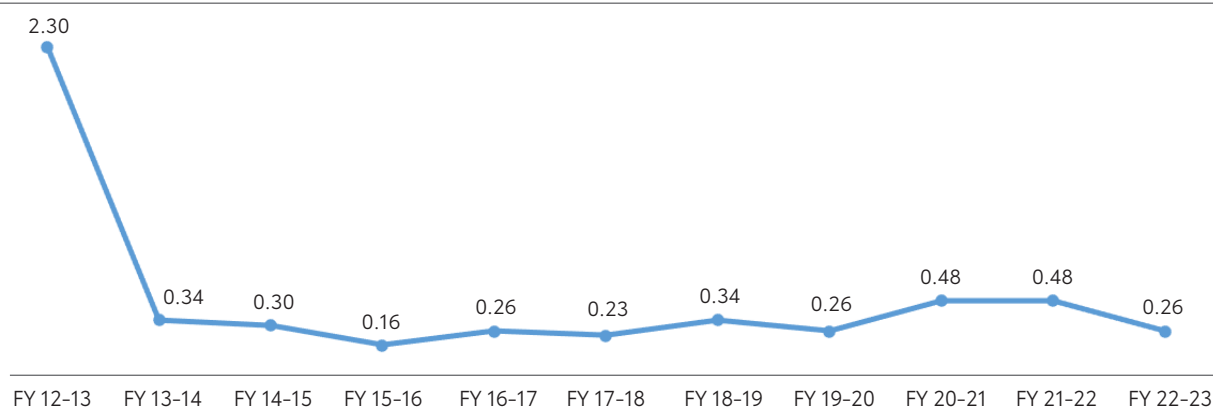
[Increase in the water consumption is due to increase in the production]

These achievements can be attributed to multiple factors including improvements in painting processes; implementation of various kaizens for freshwater reduction, and the topcoat dry booth activity, etc., which have significantly reduced the amount of water used per car. For the reporting year, the specific freshwater consumption stands at 0.26m³/vehicle.

We have also installed a state-of-art wastewater treatment plant that allows us to reuse 70-85% of

effluent generated for industry and gardening purposes. All the effluent generated is treated and used within the premises so that there is no impact on the surroundings.

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.

Specific Fresh Water Consumption (M³/Vehicle)

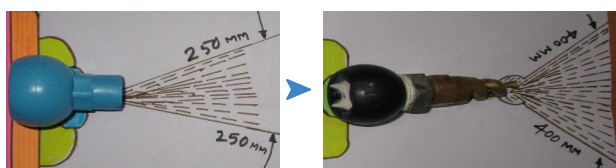
Our Water Journey

Our water journey began in 2012 with dedicated efforts towards optimizing water usage in the operations. A combination of measures like PDCA, KPI management, review mechanisms, introduction of OBHEYA and KO-BHEYA contributed to achieve the desired results. In addition to the strategies developed to optimize water usage in production processes, we initiated collective efforts towards reducing our fresh water dependency for domestic needs as well in 2022. We utilize 85% of total Kaveri river water withdrawn for domestic purposes, of which 15% is potable water (drinking & cooking), and remaining 85% is non-potable water (hand washing & dish washing). We realised a scope for reduction in non-potable water usage and began our journey towards reducing freshwater consumption in domestic area, during 2015-16, with phase-wise approach. During the year, we have reduced 40% of freshwater used for domestic purposes.

We will continue to work towards our aspirational goals of reducing freshwater consumption and strengthening reusability & recyclability initiatives at our plants not only to conserve water as a natural resource but to also secure its availability for the communities with whom we share the invaluable resource.

Initiatives Implemented

- V-jet nozzle replaced by an **innovative design of spiral nozzle** to ensure that the bottom area of the car gets sufficient coverage during PTED process, thereby resulted in saving 7.44 m³ water/day.



- **Reusing of condensed Wastewater** at Bazooka process in PTED resulted in reduction of effluent generation thereby saving 2 m³ water/day.
- **Frame PT-ED line EDDI tank water consumption reduction:** EDDI Tank side spray time reduced to 24 Secs from 38 secs resulting in water saving of 4.56 M³ / Day

- **Optimizing paintshop production processes to reduce water consumption:** Muda of Water Consumption at Pre-treatment Process has resulted in:
 - Optimization of Rinse Water Spray Consumption by 37% for cleaning & Rust Prevention in ED Coating Process of Chassis with retaining the required quality- Reduction in freshwater consumption by 6m³/day, 0.015M³/vehicle
 - Booth type was converted from water consuming wet type to dry compact booth in which cardboard filters are used to collect paint overspray particles. As a result water usage was completely eliminated

Toyota Motor Corporation, Japan recognized this activity and awarded TKM "Excellent Kaizen Prize" among Toyota worldwide plants in 2023.

CHALLENGE 5

Challenge of
Establishing a
Recycling-based
Society and Systems



OUR APPROACH: Resource Optimization, Value Management and End-of-life Vehicle Management

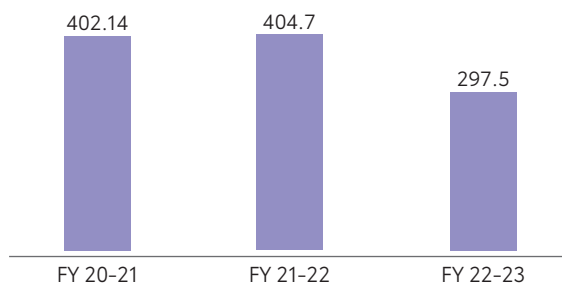


Towards our commitment to protect our planet, we have adopted a holistic approach by managing our overall impacts – from resource consumption to waste reduction and end of life vehicle management. We continue to challenge ourselves to go beyond legal requirements to evaluate potential environmental implications of vehicle manufacturing and incorporate responsible and efficient resource optimization techniques. Re-cycling and re-usability initiatives are integral to our comprehensive plan to enhance the ecosystem.

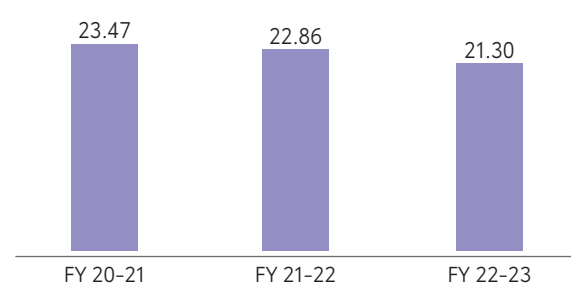
Resource Optimization

At TKM, we consume responsibly, reduce, reuse and recycle wherever possible to make conscious use of natural resources to provide the best products & services. We monitor our consumption patterns and look for continual improvements in our systems and processes for reduction. 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.

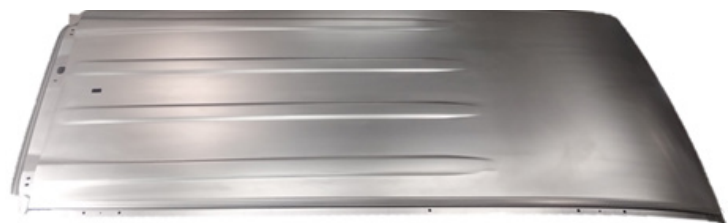
Steel Consumption per vehicle (kg/vehicle)



Total Paint Consumption (kg/vehicle)



57% of the total thinner consumption is recycled.



Initiatives Implemented

Reducing material thickness tolerance by 2%, and reducing material size



Reduction in material weight from 19.75 Kg to 19.36 Kg and cost of the part from Rs.1563.22 to Rs.1535.22/ Vehicle. The total **cost benefit accrued was of Rs.28/ Vehicle and reduced 1.07 kg CO₂/Vehicle.**

"X" Grade material implementation, reducing material thickness tolerance by 2%



Reduction in material weight from 19.05 Kg to 8.66 Kg (0.38) and cost of the part from Rs. 1,670.56 to Rs. 1,637.21/vehicle. Total **cost benefit was Rs. 33.34 / vehicle and reduction of 1.04kg CO₂ / vehicle.**

Value Management

By rigorously implementing “segregation of waste at source and responsibly handling”, **we strive to become a ‘zero waste to landfill’ company**. This begins with creating awareness among all the employees to segregate the waste they are producing at source and manage their waste properly, both at the company and in their homes. We push the boundaries of our value chain partners as well to ensure that our approach towards waste management is a collective efforts to bring about an overall impact on the environment.

Recycling Waste (MT/A)

24,468.13



Copper, Aluminium & Steel



Paper, Plastic & Thermocol



Glass, Rubber & Wood



Empty Containers



Spent Solvent & Used Oils



Battery & E-waste

Non-Recycling Waste (MT/A)

1,197.43



Sealer Waste



Glass Wool



Waste Residues & Sludge

Towards co-processing

Our commitment towards co-processing to reduce environmental impacts are continually evolving **towards becoming a zero waste to landfill company**. Earlier, the waste that was sent to incineration is now sent to co-processing in cement industries where it is utilized as Alternative Fuel Resource (AFR) in cement kilns. This initiative has resulted in 100% elimination of process emissions, and has avoided the waste reaching the landfill.

End-of-Life Vehicle Management

Waste disposal after end-of-life of vehicle has substantial environmental impacts. We strive hard to optimise our efforts towards reducing our impacts at all stages of product lifecycle. To ensure this, we design products that are also easy to Dismantle & recyclable to an extent. Under this pillar, we have set two ambitious projects – **Toyota Global 100 Dismantlers’ Project** & **Toyota Global Car-to-Car Recycle Project**.

Toyota Global dismantler project aims at establishing 100 vehicle dismantling facilities across the world. Our commitment to this project is realized through the establishment of Vehicle dismantling unit inside TKM premises that ensures **96% recyclability of end-of-life vehicles**. Toyota globally aims to realize a recycling-based society, and is promoting the Toyota Global Car-to-Car Recycle Project so as to utilize resources from End-of-life vehicles for manufacturing new vehicles.

Case Study: Towards a Circular Economy by Reusing scrap

Steel Scrap re-use in Vehicle Parts Manufacturing

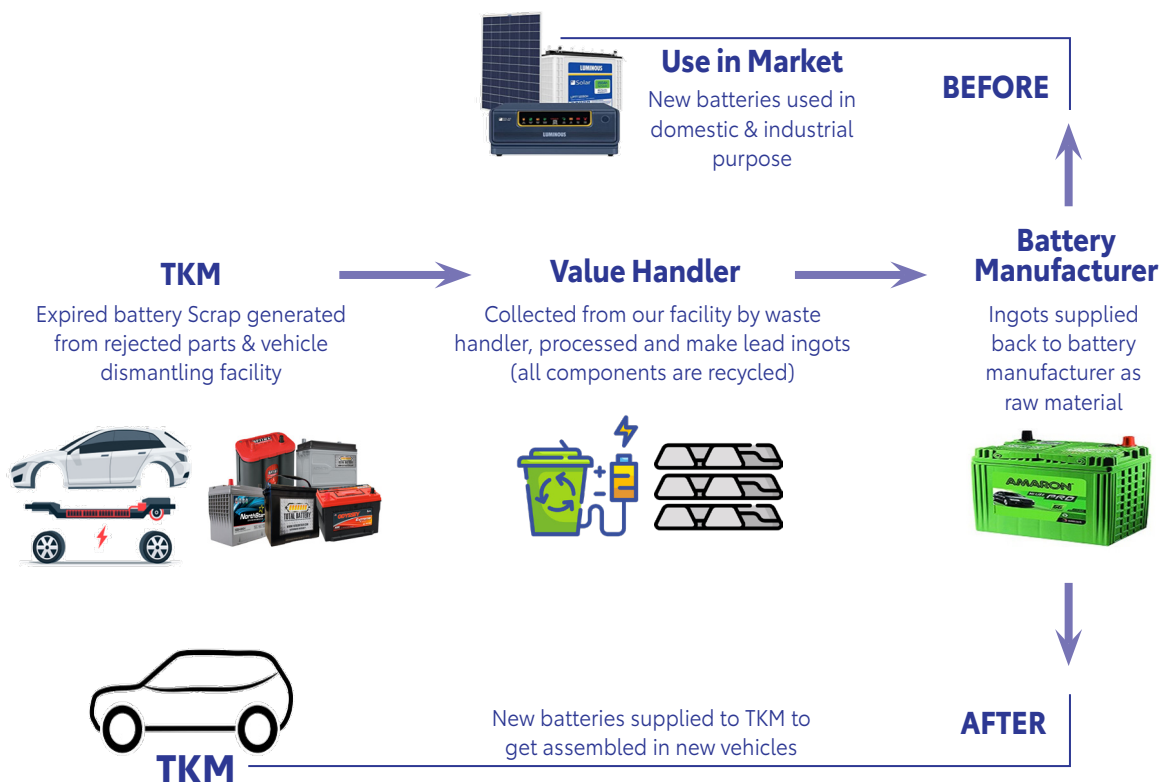
As part of our efforts to improve steel yield, leftover steel scrap from the press shop is carefully collected, compacted into bales, and sent to our parts manufacturers. These manufacturers skillfully combine the recycled scrap with new material to create essential components like Knuckle Assembly, 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.

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 |

Battery Scrap re-use in Vehicle Parts Manufacturing



CHALLENGE 6

Challenge of
Establishing a
Future Society in
Harmony with Nature



OUR APPROACH:
*Toyota Green Wave, Today
for Tomorrow, Education for
Sustainable Development*



Environment conservation and protection is part of our DNA. We are relentlessly working towards creating a future where businesses and people co-exist in harmony with nature. We are committed to developing solutions to preserve biodiversity and restore ecosystems across our facilities and the surrounding communities through our programs like Toyota Green Wave Project, Today for Tomorrow, and Education for Sustainable Development.

► Toyota Green Wave Project

To create and enrich native Ecosystem through mass afforestation activities, we continue to expand our afforestation efforts. The cross-functional engagements involving all our stakeholders have resulted in plantation of more than 3,28,000 saplings inside the premises, with 790+ different variety of floral and 280+ variety of fauna diversity since 2009. By utilizing opportunities like commemorative days, we engage with all our employees and stakeholders to carry out mass plantation events.



Mass afforestation events at TKM

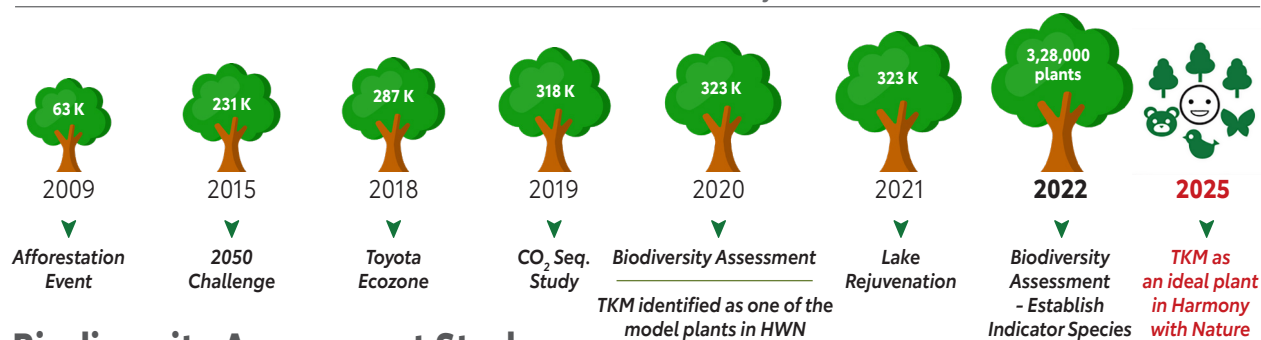
In our endeavour to become the 'model plant in Harmony with Nature' among Toyota Asia Pacific affiliates, we have undertaken several plantation and mass afforestation activities in alignment with Miyawaki concept. The afforestation activities resulted in carbon sequestration of 4,826.69 tons from plants [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. We create awareness on the importance of different genre of plants and organise multiple mass afforestation events inside TKM premises involving our Top Management, Government officials, community

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

members, employees, suppliers, dealers, government school teachers and students in **planting more than 1000 plants**. Currently, **more than 100 acres of land** inside our premises has been covered under afforestation with native species. Since FY 2020, more than 2 lakh saplings have been distributed to employees and other stakeholders through in-house nursery with the objective to restore the habitat and biodiversity enhancement.

► Today for Tomorrow (TFT)

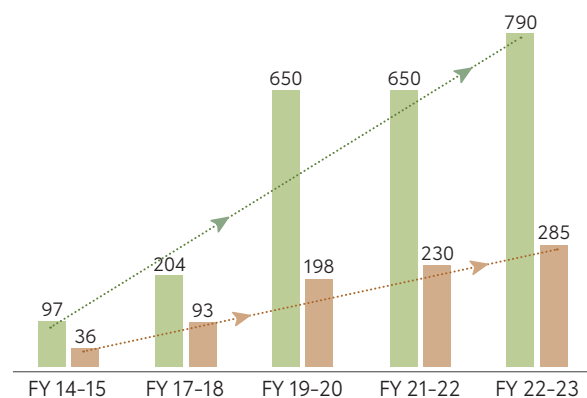
While we work towards minimizing our impact on the planet from our products and processes, we also implement several measures that provide positive benefits to neighbouring communities. TFT program focuses on large-scale conservation activities outside TKM, in collaboration with a variety of conservation focused organizations, including IUCN and CII-IBBI, to establish projects that address specific biodiversity-related issues.



Biodiversity Assessment Study

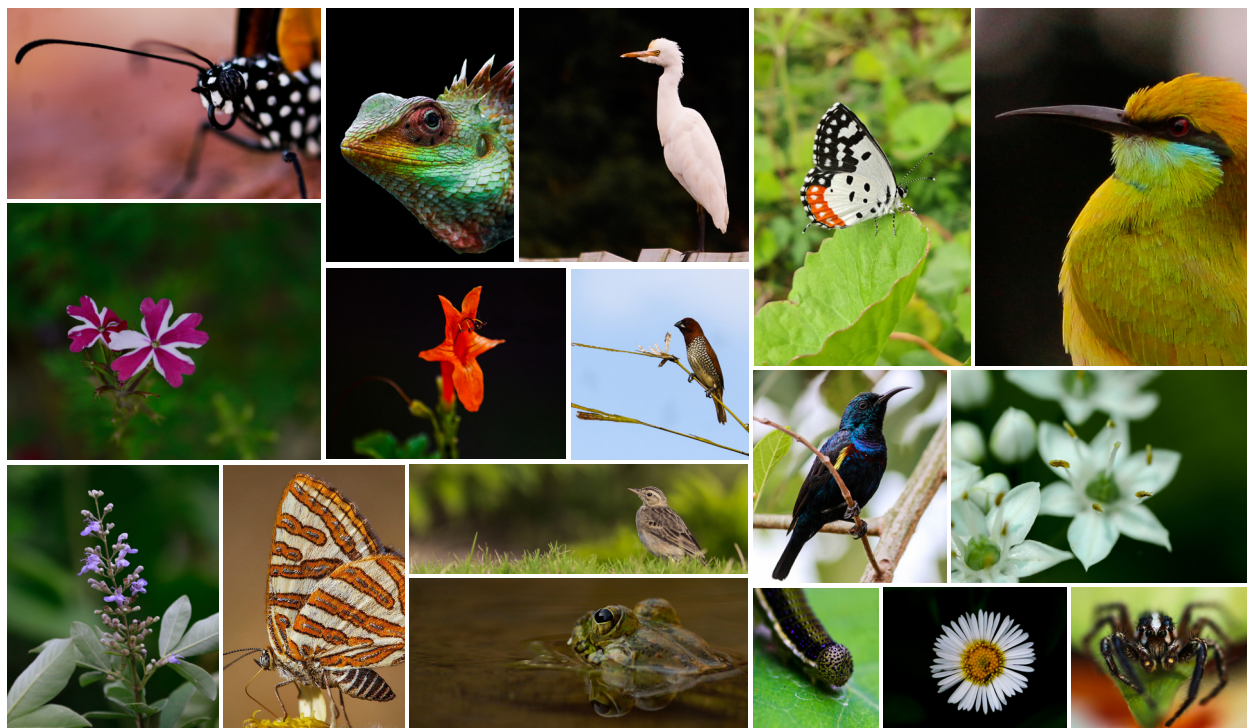
In collaboration with Bangalore University, TKM conducted an in-depth Biodiversity assessment study that intended to map Biodiversity inside and outside TKM for 3 seasons – pre-monsoon, monsoon, and post-monsoon, and generate a roadmap to increase the population of indicator species with TKM. The study was conducted in the eight identified zones, within a radius of 10 kms of the TKM premises utilizing different survey methods and focused on analyzing floral species, fauna species, aquatic ecosystem, and soil quality. The study recorded minutest of details regarding different aspects under observation to understand how biodiversity has improved over a period of time.

Flora and Fauna Species (Till March 2023)



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.



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. Increasing Indicators species play an important role in ecosystem functioning and have direct or indirect relationship with other species groups as they reflect changes in the chemical and physical properties abiotic

components of the ecosystem. They also demonstrate the importance of effect of management practices on biodiversity, environmental pollution and global warming. In the future, the assessment will help in protecting the identified areas and other important components of biodiversity given the existing species composition of that region.

► Education for Sustainable Development

The success of any program lies on creating knowledge and awareness regarding its benefits for the society at large. Education therefore holds key for effective implementation the programs that intend to bring about a positive change in the lives of people. Engaging people for imparting knowledge and sharing best sustainable practices has been one of the most ambitious projects of TKM that has created a substantial impact on society. 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 and how we can reduce that impact by inculcating a sense of responsibility towards environment to leave the share, our future generations deserve. 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

Conducting external trainings for the employees who are associated with biodiversity-related activities, benchmark visits to enhance the existing ecosystem inside TKM.

Ecozone training to employees and their families

Creating awareness on environment through experiential learning, best practices sharing through Ecozone walk-through and Eco-Awareness during Eco-Tour regarding CO₂ reduction initiatives, water management initiatives, waste management initiatives, afforestation & biodiversity, sharing eco-friendly family lifestyle tips.

Participation: 11,188 family members



Induction training for new joiners

Impart Biodiversity Awareness to the Employees & Contractors as part of the Induction Training Module, Gemba to Ecozone and creating awareness on forest theme parks, medicinal plants, evolution, underground ecology, wetland pavilion etc. by providing walkthrough.



Ecozone training to school children

New training modules were developed on Silent garden and Underground ecology theme parks, train the trainer program has been conducted to Master trainers through experts from CERE (Center for Environment Research and Education).

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

Ecozone training to team members through master trainers

Training team members involving Master Trainers, refresh training to Master Trainers – Need based, dedicated training modules for trainers, Ecozone Trainers for other stakeholders (Supply chain, Schools, etc), utilization of Non-Production Days, iCARE & Commemorative Days for trainings.

Employee volunteer activities towards environment

Enhance employees' eco-spirit through trainings and implementation through kaizens.

Awareness through Commemorative Days

Promotion of Commemorative Days as per Environment event calendar through KY sharing, social-media, online-contest (47 posts), webinar (1,367 people participated), yokoten of applicable kaizens, eco-newsletter.

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.

Objective

- Increase biodiversity and reduce land degradation
- Protection from natural disasters
- Act as natural dust sink and reduce noise
- Decrease in water run-off and increase in water percolation

Approach

Survey of soil condition and species

The hard soil was loosened upto 1m and mix bio-compost added to improve the fertility of soil for afforestation

Select native species

As per the Native species survey, 130 native species were identified out of which 51 native species were selected

Prepare Sapling

Saplings of 45-50 cm height with no twists in the stems and with well-developed roots were prepared

Prepare Soil & mound

Top-soil, existing soil and bio-compost were mixed to prepare soil and mound to increase soil surface, avoid water stagnation and increase air ventilation

Plantation

Massive plantation activity was carried out involving approximately 6,500 members

Maintenance

Species selected were sustainable requiring maintenance only for first three years



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

Afforestation Methodology

Native species are planted in close spacing to create fast growing, dense, free maintenance forest. The forest can be developed in a wide range of areas from urban backyards to forest land.

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

The Government Tool Room & Training Centre (GTTC) initiative by the Government of Karnataka has emerged as a beacon of hope for rural youth, providing them with practical education and vital skills to seamlessly integrate into the industry. 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.

In recognizing our industry's potential environmental impact, GTTCs have emerged as instrumental hubs for fostering essential skills. These encompass waste segregation, plastic reduction, prioritizing safety, and upholding quality standards, among others. Through daily training and special events, GTTCs not only impart practical expertise but also instill a conscious ethos, equipping young minds to make positive and sustainable contributions in the years ahead. Recognizing the critical importance of environmental consciousness in the industry, 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.

The eco-Park not only serves as a sanctuary for biodiversity but also functions as an educational tool, instilling crucial knowledge about environmental preservation among the students. College students,

TKM has already established eco-Parks in nine GTTC colleges



in collaboration with GTTC faculty, devote 45 to 60 minutes daily to meticulously maintain this green haven. This hands-on experience not only cultivates a deep appreciation for nature but also equips them with practical skills that will be invaluable in their future careers. With our commitment to biodiversity, TKM has already established eco-Parks in nine GTTC colleges. Looking ahead, plans are underway to replicate this model in an additional five GTTC colleges, ensuring that more students are exposed to the transformative power of environmental stewardship. Through this initiative, TKM and GTTC are not only nurturing a generation of industry-ready professionals but also instilling a lasting commitment to sustainable practices in the hearts and minds of the youth.



“

“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

”

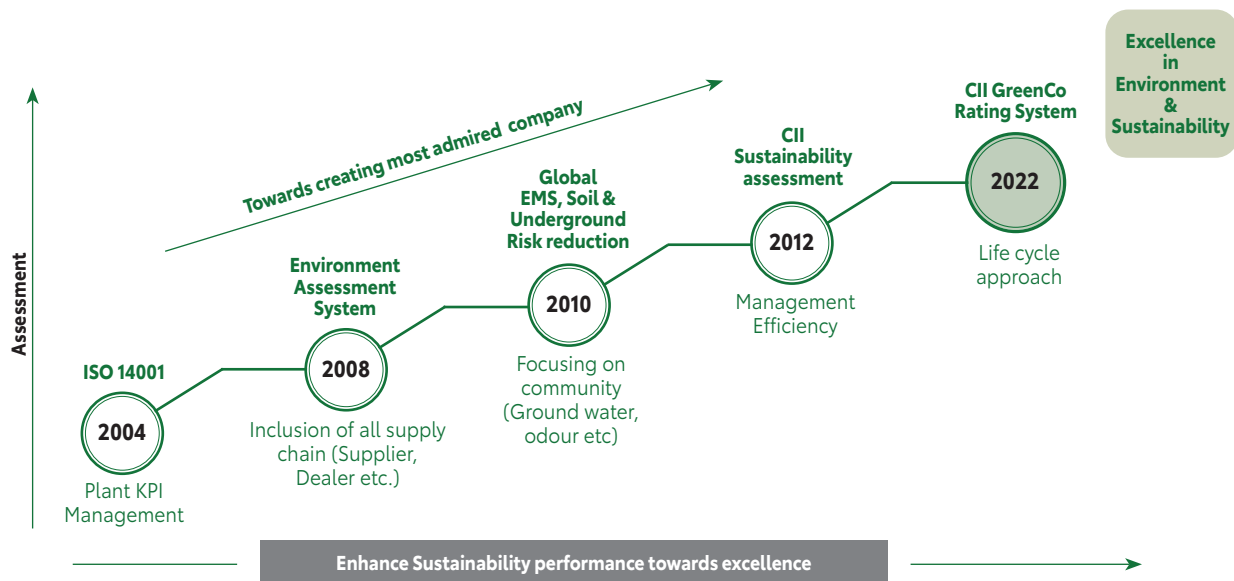
Other Initiatives

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". This recognition reflects our remarkable environmental performance system, implemented across operations and our entire value chain including our products, services, and processes.



TKM Sustainability Journey



This achievement endorses our position as a prominent and sustainable industry leader. Some of the best practices of TKM that were considered were:

- Toyota, through global Life Cycle Analysis (LCA) studies, has devised a multi-pathway approach with tailored sustainable measures, factoring in resource availability. TKM has taken strategic measures from product design to end-of-life vehicle processing to minimize environmental impact.
- Our major raw material (steel & paint) suppliers hold certifications from Green Certifications like GreenCo Pro.
- Since June 2021, we have operated with 100% green energy and have been continuously upgrading TKM equipment to energy-efficient models; we aim to reach 50% upgradation by 2025.
- The findings of a third-party hydrological study indicate the average groundwater level within the TKM premises to be 25.8 feet during the pre-monsoon and 16.1 feet during the post-monsoon season.
- TKM has significantly reduced landfill waste disposal, accounting for only 0.41% of the total waste generated in FY 22-23, achieved through the adoption of Alternative Resource Fuels (ARF).
- Our robust systems for capturing customer feedback through GX360 survey, centralized call center, etc., facilitating product takeback, and promoting recycling initiatives serve as cornerstones of our sustainable operations.

The GreenCo Platinum Company award, valid for three years, involves annual reviews and re-certification to identify any gaps and ensure timely application of required environmental actions. We continue to share key learnings, experiences and best practices across our value chain including dealers and suppliers.



Environment Month

Toyota Promotes the entire month of June as Toyota Global 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 meet the following objectives:

- To enhance nevironmental awareness and knowledge among stakeholders
- To leverage TKM value chain carbon footpring reduction initiatives
- Promot Toyota's Eco-spirit to stakeholders and enhance eco brand image

CORPORATE

(Suppliers, Dealers, Logistics and Plants)

Continue to develop sustainable environment for future generation



- Webinars (Plastic Consumerism)
- Renewable Energy promotion
- Best Practices Sharing
- Create a platform on "Trash to Treasure" idea Generation
- Accomplish & Sustain Plastic Usage Elimination

Reached: **1,021** Members

INDIVIDUAL

(TMs and Family Members)

Let's connect more & more people towards environment and create "TOYOTA FANS"



- "Awareness on Eco Life Style" Discussion on Alternatives for plastics (Hasiru Santhe)
- Webinar
- Eco Family Tour
- Upcycling & food waste reduction initiatives

Social Media post:

64 posts, **2355** likes

Drawing Competition Participation:

977

Volunteer Activities Reach:

42,285

SOCIETAL

(Community, Customers, Industry agencies)

Continue to Connect with External Stakeholders towards Eco Brand Building



- Stakeholder Engagement (BIA, Government agencies, NGOs and Schools)
- Plastic Awareness Program

Broadcast Media (Radio) Reached:

2.8 million Listeners

Digital Promotion Reach:

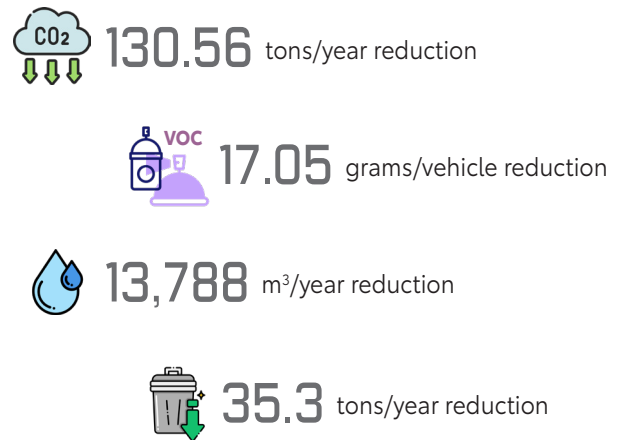
0.97 million

Initiatives at the Plant

Stakeholder Engagement



Impact



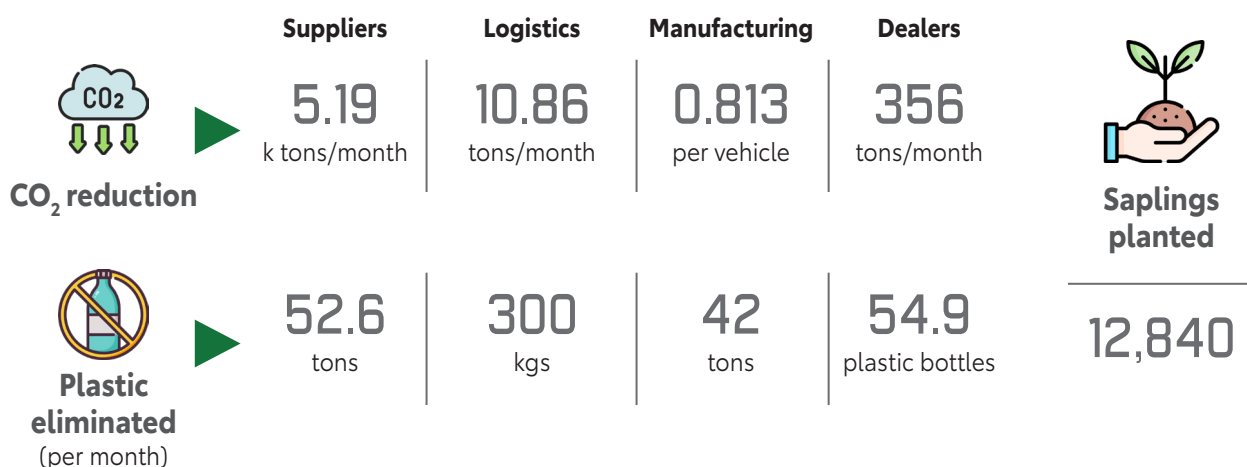
Initiatives at Suppliers

- RE Booster Conference
- Energy Consumption Reduction Kaizens
- Solutions for Plastic Pollution
- 4S Mind Enhancement & Eco Mind Development

Initiatives at Dealers

- Solutions to single-use plastic
- PAN India training on EMS
- Training on Plastic Pollution
- Focus 1: RE utilization for CO₂ reduction
- Focus 2: Water usage optimization by careful monitoring
- Focus 3: Proper Waste segregation

Environment Month Summary





OUR PEOPLE OUR PRIDE

We are committed to build a better tomorrow for everyone. Respect and equality are the cornerstone of every action that we undertake towards building an inclusive and learning-oriented work-culture. While creating a passionate and agile workforce, we ensure that their learning needs, health and safety, and well-being are taken care of to help them pursue their aspirations.

Our HR is a HUB that we want to spread across the Globe.

- G Shankara, SVP & Chief HR Officer

Employee Distribution & Welfare

TKM is a leader in the automotive industry thanks to its efficient and skilled workforce. Our culture, collective knowledge, skills, and experience foster an empowering work environment where everyone can participate, contribute and grow. We follow a structured process and provide equal opportunities to all our employees with respect to recruitment, growth, career review, promotion and employee development. We embrace diversity and remain an inclusive & non-biased organisation. During the reporting year:

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 hires by age group and gender

| Employee Category | <30 yrs. | 30-50 yrs. | >50 yrs. | Male | Female |
|---|----------|------------|----------|-------|--------|
| Top Management | | | 1 | 1 | |
| DGM & GM | | | | | |
| Managers & DM | | 4 | | 3 | 1 |
| Sr. Officers & Officer | 53 | 23 | | 70 | 6 |
| Team Members | 101 | | | 96 | 5 |
| Apprentice [NAPS / ITI / Diploma / Engineers] | 3,498 | | | 3,495 | 3 |
| Student Trainees | 614 | | | 614 | |
| TOTAL: | 4,266 | 27 | 1 | 4,279 | 15 |

Employees left during the reporting period

| Employee Category | <30 yrs. | 30-50 yrs. | >50 yrs. | Male | Female |
|---|----------|------------|----------|-------|--------|
| Top Management | | | | | |
| DGM & GM | | 1 | 3 | 4 | |
| Managers & DM | | 9 | 1 | 10 | |
| Sr. Officers & Officer | 25 | 30 | 2 | 53 | 4 |
| Team Members | 1 | 30 | | 31 | |
| Apprentice [NAPS / ITI / Diploma / Engineers] | 1,756** | | | 1,754 | 2 |
| Student Trainees | 291** | | | 291 | |
| TOTAL: | 2,073 | 70 | 6 | 2,143 | 6 |

** Those who completed 1 year term

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

We support unions and grant collective bargaining rights to our union represented employees. We have designated department and members of management who engage regularly with the Union. The Industrial Relations team engages with the Employee union daily, while successive levels engage on weekly, monthly, and annual basis. The Memorandum of Settlement between

the TKM and the Union members is renewed every two years. The expectations from the Management and the Union are also put forth making the negotiations transparent and fair. It covers crucial aspects like Health, Safety, Terms & Conditions of employees, and competitiveness, among others.

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. The same, along with other provisions, is specified in collective bargaining agreements. Employee Relations Officers on shop floors act as an immediate channel between employees and management.

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. Human rights issues are included in the induction modules to ensure that our employees abide by our core values and systems. We take additional care during plant expansion to ensure that safety and human rights are not violated. Till now, there have been no instances reported on Human Rights violation.

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. Few highlights are:

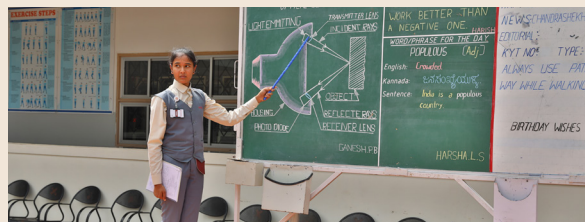
- **Team Formation:** A Business Reform team on DEI was formed in January 2023
- **Benchmarking:** Visits were conducted in automotive, textiles and other industries to learn best practices
- **Compliance:** Request to the Government of Karnataka was made seeking permission for women to work in shifts. The honourable government brought amendment and released the Gazette notification in this regard
- **Infrastructure:** TKM has initiated construction of exclusive dormitory which can accommodate 600 women. Developing rest rooms for women in the shop floor is also underway.
- **Ecosystem:** Unconscious bias survey was conducted to understand the gaps in the present ecosystem and accordingly, sensitization programs proposed.
- **Women's Day:** Was organized with the objective of understanding what is good at TKM and what aspects need improvement from gender diversity perspective.



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



- **Thought Leadership Session:** Ms. Suparna Mithra, CEO of Titan shared her experience of how Titan employed women in manufacturing and other mantras for success.



Women are enrolling at the Toyota Technical Training Institute (TTTI) and graduates of TTTI have been successfully placed in the manufacturing line. In case of office staff recruitment, equal opportunity is being given to women. Women have also made their mark by participating in TKM's Skill Contest for the first time this year!



Learning & Development

Our vision is to “Create a learning organization by developing competitive human resources among all stakeholders and thereby contribute towards business sustainability.” We focus on holistic development of our employees through various learning & development programs. This ensures retention of talent we bring on board and provides our employees with optimal opportunities to fully realize their potential.

Learning Needs Assessment

With the objective of bridging skill gaps, learning needs assessment is conducted once in a year. Based on personal and business needs, methods such as one-to-one interviews, online survey, performance and competency appraisals are deployed to gauge present and future learning needs of different groups.

Upon consensus and with inputs from seniors and peers, training plans are formulated. 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.



Mandatory Programs

Programs such as Toyota Principles and Practices which includes Human Rights, Code of Conduct, Corporate Governance, Prevention of Sexual Harassment (POSH), Safety, Quality, Occupational Health, Environmental Management system, All Toyota Security Guidelines (ATSG), Toyota Production System, Cost Reduction and Fire Fighting are mandatory.

General self-management skills training, social skills (e.g. Dhiksoochi, Jothe Jotheyali, etc.) are designed exclusively for specific target groups.

Leadership Development Programs

Leadership Development Programs like Toyota Business Practices Reinforcement Development Program are provided to the participants by their supervisors, division heads, functional head, and certified trainers. Life skills training programs (e.g. defensive bike riding, commutation safety) are also conducted. Job rotations are planned based on the mutual agreement of the employee, Human Resources, and respective Division Head.

External Training Programs

To keep employees abreast of the latest developments in the industry, select employees are nominated to programs by CII, FICCI, ACMA, industry bodies and professional organizations. Mode of learning includes trainings and workshops, conferences, online learning, lunch and learn sessions, problem solving challenges and formation of cross function teams. TKM's leaders actively support and participate in staying updated on industry trends such as CAFÉ norms and mobility.

During the review period, a number of training programs were conducted for various categories of employees.

Training Programs for Employees

| Target Group | No. of people trained | | Total training hours | | Average training hours | |
|---|-----------------------|--------|----------------------|--------|------------------------|--------|
| | Male | Female | Male | Female | Male | Female |
| Plant team members (workmen) | 11,710 | 42 | 3,18,544 | 208 | 27.2 | 5.0 |
| Plant supervisors & above (middle management) | 350 | 9 | 3,728 | 72 | 10.7 | 8.0 |
| Office members (Middle & Top Management) | 3,049 | 163 | 11,246 | 630 | 3.7 | 3.9 |
| Employee (Contractor) | 4,899 | 57 | 40,568 | 456 | 8.3 | 8.0 |
| Total | 20,008 | 271 | 3,74,086 | 1,366 | 18.7 | 5.0 |

Programs for upgrading employee skills and transition assistance programs

| Training and Assistance Programs | Type | Scope |
|--|--|--|
| Internal Training Courses | <ul style="list-style-type: none"> • Mandatory modules • Global contents • Regional contents • Need-based contents | <ul style="list-style-type: none"> • All employees • Trainees • Contractors |
| Funding support for external training or education | <ul style="list-style-type: none"> • Functional trainings of each division • Latest business trends | <ul style="list-style-type: none"> • All employees |
| Provision of sabbatical periods with guaranteed return to employment | <ul style="list-style-type: none"> • Need-based | <ul style="list-style-type: none"> • Team leader and above |

Training Effectiveness and Indicators to Measure Execution of Learnings

TKM has a unique methodology of report-out after each program. For example, when an employee attends a problem-solving training, he/she needs to take up a business project, apply the learnings and showcase business results to a panel consisting of home division and human resources panel. Indicators like improvement in safety, quality, productivity, cost reduction, skill enhancement are considered. Kirkpatrick's evaluation model is used for each program.

Performance & Competency Evaluation Process

At the beginning of the year, all employees set their performance goals that are reviewed through the year – beginning, mid-year, and year-end. Review is done by the supervisor and reviewer. Function head and HR team moderate the ratings, on the basis of which performance bonus is paid on non-discriminatory basis. Employees are also evaluated based on the Toyota Way Competency Framework and earn additional competency pay. 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

Review of Employee Development Practices by Top Management

Progress on employee development is reviewed by the department and division heads weekly. Progress is reported to the CHRO and Management Committee including MD and CEO of the organization every week.

Anti-Corruption and Anti-Bribery Programs

These programs focus on developing compliance and governance mindset and are developed jointly by Corporate Governance, BR Compliance, Toyota Learning and Development India, Human Resources, Employee Relations, and Legal Divisions. Leaders are trained first, followed by their team.

Digital ABCD

An exclusive e-learning module, "Digital ABCD", was developed on Artificial Intelligence, Blockchain, Cybersecurity and Digital Learning. This program serves as a guideline for employees to harness the power of digital advancements to enhance their operational efficiency, customer experiences and overall competitiveness in the digital age.



Likith Kumar YP

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) which was held in Switzerland from 7th to 9th September 2022.

Likith Kumar, born on 9th July 1999 hails from MA Doddi, a rural hinterland in Gubbi Taluk of Tumkur District in Karnataka State. His father ekes out their livelihood through farming. Since his family is economically challenged, Likith Kumar studied in a government school till 10th standard. However, the family could not afford his education further.

At this point, he came to know of Toyota Technical Training Institute (TTTI), which offers free residential training for three-years to youth hailing from rural areas and who are economically challenged in Karnataka. He joined Mechatronics trade at TTTI in 2015. Here he aquired knowledge, developed skill and attitude in a holistic manner and graduated from TTTI in 2018. Based on his excellent performance, TKM recruited him at its Camry plant.

While at the plant, he came to know of the World Skills Competition held internally within Toyota

Kirloskar Motor. He couldn't succeed for two-years but thanks to his zeal, perseverance and hard work, he qualified for the WSC this year.

He learnt the nuances of world-renowned Toyota Production System (TPS), CNC programming, 3D printing, 3D modelling, etc. The craftsmanship using his hand skills with chisel and wood (without any machine), painting and decoration is laudable!

Likith Kumar YP won at the Zonal, District, State, Regional levels and at India Skills Competition, before reaching the World Skills arena. The participants were selected through a nationwide screening process under the aegis of National Skill Development Council (NSDC) and Automotive Skills Development Council (ASDC). Among six international competitors, Likith Kumar won Bronze medal for India!

Similarly, 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.



Akhilesh N at the the WorldSkills Competition

Enabling Communities

| Category | Module | Numbers |
|----------------------------|----------------------------------|---------|
| School Children | Career Guidance | 1,884 |
| Engineering Students | xEV Technology | 3,980 |
| Diploma Students | xEV Technology | 5,944 |
| Graduates & Post-Graduates | Lean Principles | 1,886 |
| Corporates | Lean Principles, Problem Solving | 867 |
| General Public | World Skills, Skill Day | 11,069 |
| Total | | 25,630 |



Enabling Distributers

TKM has designed Distributors' Management Development Program (DMDP) for **11 countries** in Middle East and Central Asia. Leaders from these countries are trained in Toyota Principles and Practices at TKM's plant in India. After the training, each leader takes up a business project, which is reviewed periodically and coached by certified problem-solving experts of TKM. Till now, TKM has **groomed over 100 leaders in the Middle East and Central Asia** region.

Enabling Suppliers

TKM believes in sharing its strength of developing lean genba, resulting in happy customers. One of the industries in Chennai approached TKM to infuse lean operations in its Genba. A diagnosis study of its plant helped define and identify core problems – high inventory and low overall equipment efficiency. Employees of the industry visited TKM for two-days and understood how lean principles are applied. TKM's lean genba experts took a five-day rigorous workshop. After three months, their **inventory reduced by 43 per cent (against the target of 30%)** and overall equipment **efficiency improved from 79 per cent to 89 per cent** (target was 85%). In addition, nearly 68% capex budget was saved and set aside to be invested in future projects. Similarly, in another organization at Madurai, inventory was reduced by 35 per cent and stock was reduced from 24 hours to 14 hours!



Centre of Excellence (CoE)

TKM has been passionately creating a scalable and sustainable skill mandate focused to bridge the gap underlying India's rapidly growing industrial sector with evolving technologies and availability of skilled manpower for the entire ecosystem. From imparting quality skill education to Engineering students to the entire workforce, the efforts are aimed at ensuring contribution to the country's vision of achieving self-reliance through 'Make in India' and 'Skill India'.



Enabling through industry bodies

Through strategic partnerships with Automobile Component Manufacturer's Association (ACMA) and Toyota Tsusho India Private Limited (TTIPL), TKM has been able to reach out to more than 1000 members from various industries across India. Through need-based trainings, improvement in their business KPIs at their Genba is ensured.

Building Youth as Competitive Technicians

In line with "Skill India" Mission, TKM is developing one ITI (Industrial Training Institute) in each District of Karnataka. TKM has developed industry-relevant curriculum, made infrastructure improvements, modified learning pedagogy in all these ITIs. Four Government tool room and training centres have also been developed. Faculty of these ITIs and GTTCs are trained at its manufacturing facility in Bangalore.



TKM has set up Centres of Excellence (CoE) in Engineering Colleges, aimed at offering engineering students with hands-on experience about powertrains and its functioning. At Toyota, one of the pillars for an effective learning is through Genchi Genbutsu – which is a practice of analysing the root cause of any problem in its source, in order to solve that problem quickly, efficiently & sustainably. Our skill enhancement related efforts are meant to benefit the entire ecosystem by providing continued support and training to youth in new-age engineering knowledge and make them job-ready.

Over the years, TKM has trained 12,000+ students through CoE.

Our skill enhancement related efforts are meant to benefit the entire ecosystem by providing continued support and training to youth in new-age engineering knowledge and make them job-ready.

Toyota Technical Education Program (T-TEP)

T-TEPs are developed by Toyota, jointly with its dealers and suppliers, and training institutes like ITIs, Polytechnics and Automotive Skill Development Council [ASDC]. Through T-TEPs we develop highly skilled and competent technicians who have access to advanced technologies and hands-on training experience.

We support the technical institutes by providing vehicle aggregates, tools & equipment, electric hybrid simulators, and access to online learning modules. Our dealers extend financial support & technical support whenever needed for developing workshops & instructors. The trainees also benefit from on-the-job training at our dealerships and lectures by guest faculty. By employing them directly in our own dealerships as per the requirement, we fulfil our objective of enhancing employability amongst youth in rural areas.

In the past year, we expanded our support to **13 new institutes**, comprising seven collaborations with ITIs/ Polytechnics and six with ASDC, including ten private and three government institutions. Alongside our dealer partners, we have invested over Rs 1.5 million in infrastructure, e-learning materials, engines, transmissions, practice kits, and faculty training through our unique Train-The-Trainer program.



We partner with 63 ITI/Diploma institutes across 26 states and have trained over 12,000 students till date. 70% are now employed in various automobile companies and dealerships nationwide.

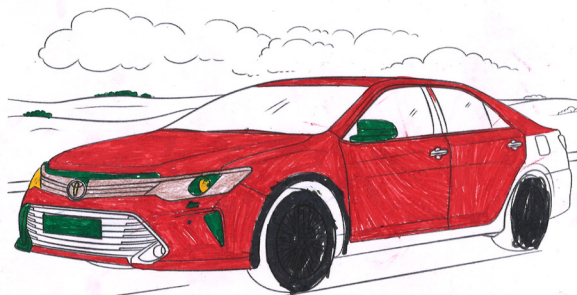
Employee Engagement

Employee engagement is crucial to maintaining positive work culture; developing trust, optimising potentials and creating enduring relationships. At TKM we have created various platforms and opportunities for employee engagement throughout the year. Employees connect with their supervisors and colleagues on a regular basis through different media and modes.



Toyota Mithra, a digital communication platform, allows sharing of messages, notices, video streaming, live streaming of events, access to informative manuals with employees. The application can also be used to raise and redress grievances. 5,695 employees have been effectively using this application. A new initiative of celebrating employees' birthdays allows selection of gift hampers of choice. Over 10,000 people celebrated their birthdays during the year.

To engage the family members of our employees, **family plant visits** were organised. Around 390 families were explained about the welfare initiatives and 'Dream Car' drawing competition was organised for children.



Recently, a **library** has been set up at TKM with 1,270+ books that can be borrowed by employees at any time. The books on different subjects like Self-development, History, General Knowledge, Science-based, Epics, Fictional, etc.



Creative suggestion scheme (CSS) was re-launched to promote innovative thinking & problem-solving ability, to enhance workplace relationship, and develop leadership qualities of TMs. As a reward, employees can earn upto INR 10,000 and become master trainer for suggested activities.

"Samvada", a continued activity, helps strengthen relationship between Management and TMs and enables sharing of thoughts, business plan and challenges. During FY 22-23, approximately 390 people (grade 8) across 8 different batches participated.



Sparsh was re-started this year. It aims to improve interpersonal relationship between subordinates & supervisors; enhance team spirit and teamwork and develop leadership qualities in TMs. 100% team members, employees including trainees and contractors participated in Sparsh activities during the year.

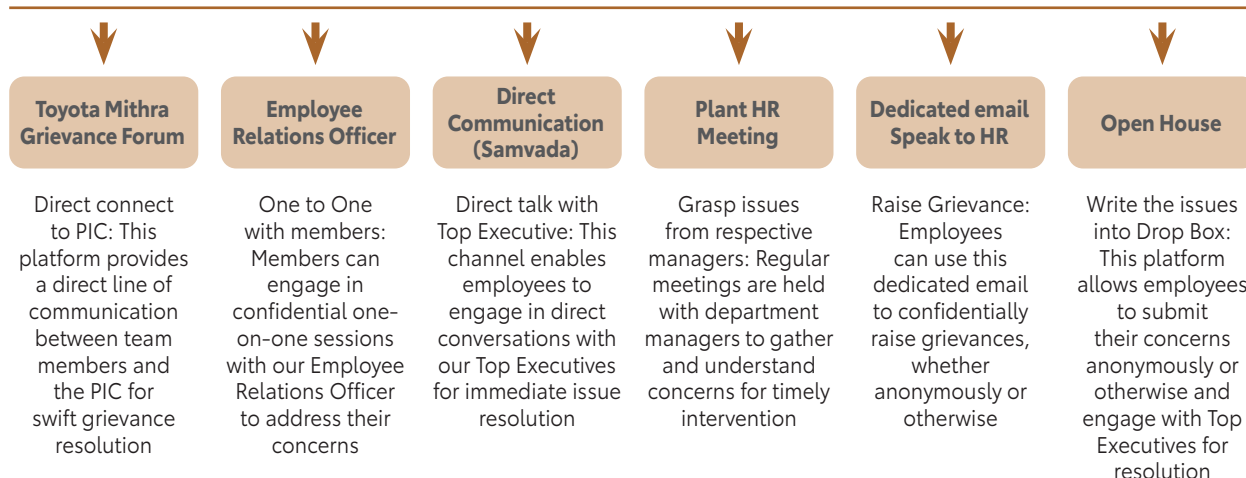


To take care of the physical health of our employees **"Swasthya Club"** organizes different sports activities during the year. As on date, 40 teams have registered for sports like Badminton, Volleyball, etc. A yoga session was conducted on International Yoga Day in which employees could participate on voluntary basis.



Kannada Habba (Rajyotsava) is celebrated every year to respect of local tradition. Employees participate in large numbers and exhibit local cultural talent. The participation fosters a sense of belonging and respect for local culture.

Employee Grievance redressal methods



Cases of non-compliance related to team members are promptly and effectively addressed by the legal team within the Employee Relations division, thus safeguarding TKM's integrity and reputation.

Safety at Workplace

We have set stringent safety norms and are committed to deliver the highest standards of safety to our employees. We collectively work towards creating a culture that ensures safety for all. This is realised through our objective, "Towards Zero harm and Zero accidents" and our "Safety & Health Policy" at the governance level.

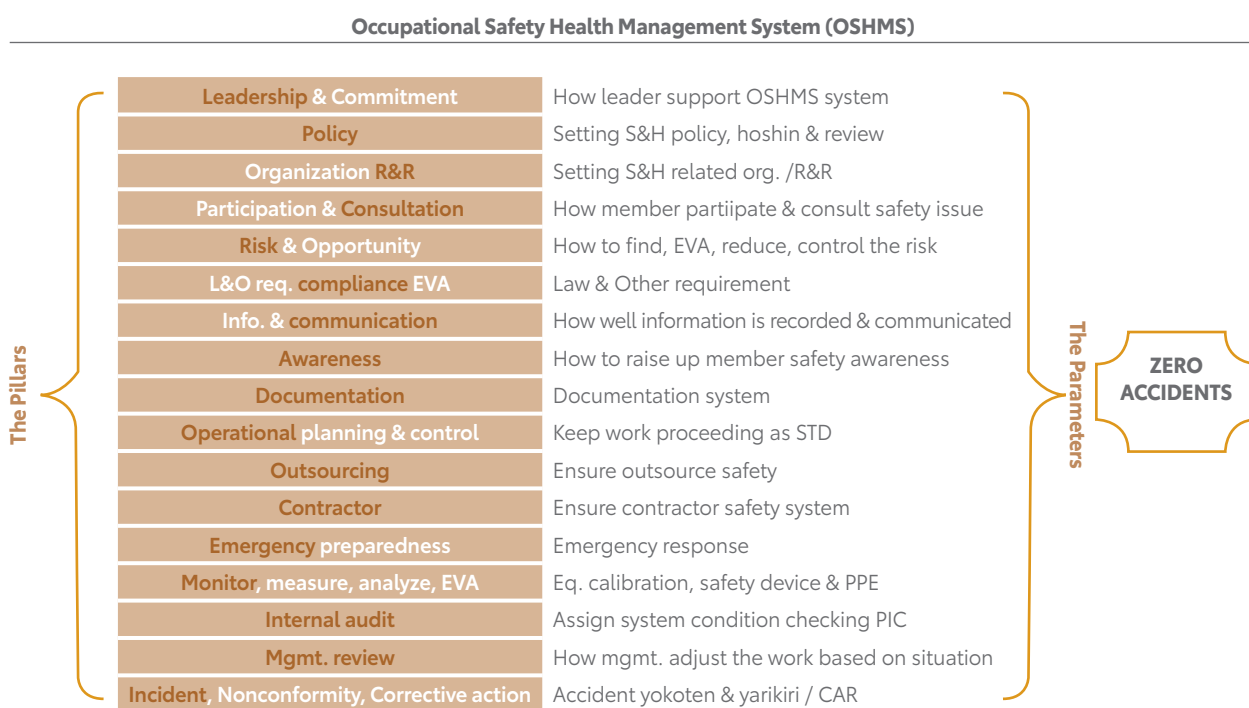
Safety Management System

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.

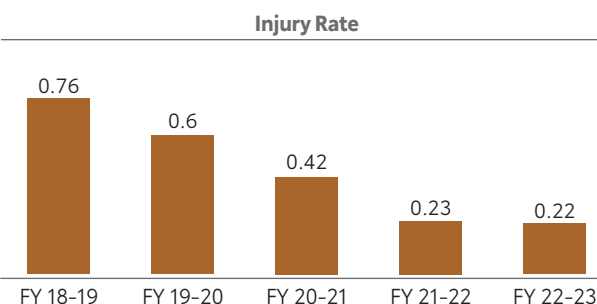
Based on the performance, scores are assigned, ranging from 1 to 5, with 5 being the highest safety standard. Corrective actions are based on these scores. We conduct periodic safety audits with

internal, regional, and external experts, using the PDCA method to continuously improve safety performance and meet targets.

OSHMS stands for Occupational Safety Health Management System. It is a framework and set of processes designed to manage & improve workplace safety and health within an organization. It helps establish and maintain safety standards, prevent accidents and ensure compliance with relevant regulations and guidelines.

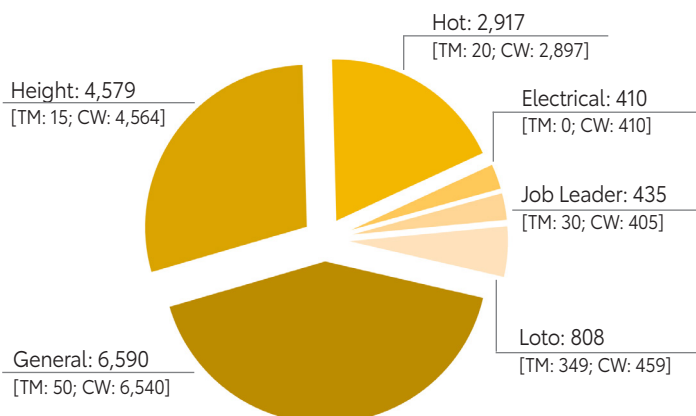


Our "TMC Safety Management Framework" is based on international safety standards and evaluates safety across 69 key parameters regularly.



Internal Safety Trainings on different topics

TM: Team Members; CW: Contract Workers



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



External Safety Trainings

TM: Team Members; CW: Contract Workers; O: Other Industry Participation



By Government Experts

on

Legal Safety Awareness, Chemical Disaster & prevention day

TM: 79
O: 100

By External Experts

on

Fire Fighting, First Aid, chemical, etc

TM: 512
CW: 46

By External from Regional Head Quarter

on

Construction Safety, Anzen, Ergonomics, M/C safety, etc

TM: 75

Safety Promotional Activities

In an endurance 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

Recognizing the limited effectiveness of Theoretical Safety Learning, we have transitioned to Experiential based learning (DOJO Models). These models facilitate practical, example-based instruction for our freshmen. Over 20 models have been developed and used to educate on various subjects.

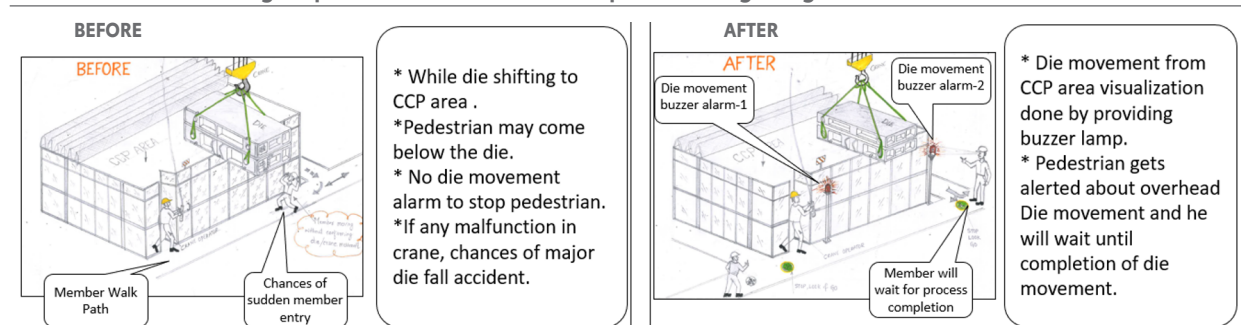
Development of Safety Mindset

These programs focus on developing compliance and governance mindset by swift experience based muscle memory enhancement & basic rule follow campaigns. Leaders are trained first, followed by their team.

Safety Sense Development

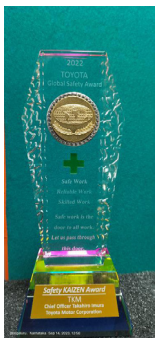
This year, we further encouraged by rewarding individuals to proactively identify 'Hiyari Hatto,' signifying the prediction of safety concerns leading to near-miss situations, and address the risk with support and complete ownership.

Revolving lamp with buzzer installed to alert pedestrian regarding the overhead die movement



Safety beyond work

Our safety outreach is beyond our employees & workplace, includes employee families fostering awareness of risk and promoting the adoption of safe practices. Our Safety club at TKM, 'Suraksha Club,' organized road safety training sessions for both government and private schools. During the reporting year, we reached out to 500 students across five schools. We also held engaging events such as Poster Competitions, Quiz Competitions, and video reels Competitions, and honored the winners in the final ceremony.



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. This theme primarily focused on reducing the injury and fire risk by

- Process Scanning from Safety viewpoint & elimination of risk.
- Ergonomic Risk Reduction through TEBA study & C/M
- Big panel handling reduction

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 on

"Safe Working at Height-2023" (11,000) & Pocket Card (50,000) for MSME industries with the aim to help supervisors & workmen to understand "Hazards & Basic safety Rules in Height work". The Manual was launched during 52nd National Safety Day Celebration on 4th Mar'2023 organized by DFBISH.

Occupational Health

We focus on the holistic well-being of our employees which is ensured through safe & healthy work environment. 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.

The governance of OHF is entrusted to a fully equipped Occupational Health department consisting of qualified professionals. This department facilitates aligning the requirements of OHF with national & international standards. A dedicated occupational health centre caters to emotional, physical and mental well-being of all employees. Hazard identification and risk assessment is carried out on annual basis to eliminate any such factor that may affect employees' overall health.

Employees undergo medical check-up before joining; annual periodic check-ups ensure good health and well-being of our employees. An annual health check-up covering life style risks and hazards due to occupation is mandatorily conducted for all employees over 40 years of age. Employees are educated on adopting



healthy lifestyle, managing stress and maintaining a healthy work-life balance. Under 40 employees can also avail onsite health checkup facility, if needed. Covid-19 specific welfare provisions continue to exist and can be availed by employees, if there is a need to.

Employee health records are maintained through digital platform

CHIRĀYU
....towards better health
for systematic monitoring and swift access.

Regular communications and trainings on key issues to promote occupational health and safety are ensured. In compliance with the regulatory requirements, robust reporting processes including reporting on injuries, hazards, and near-misses, have been adopted so that corrective actions can be taken and prevention measures are implemented.

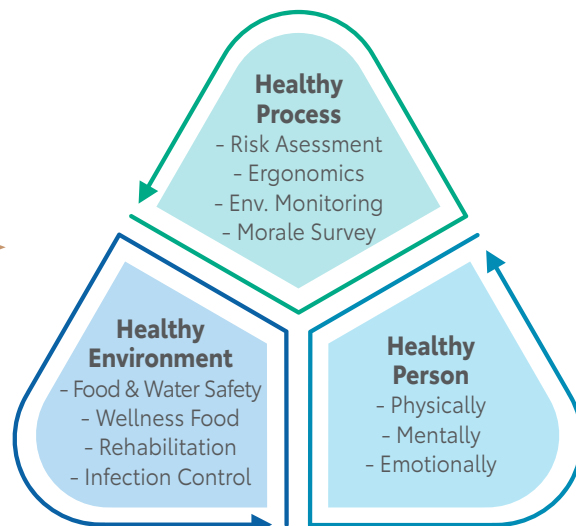
As a proactive health management for team Member and their family, TKM occupational health dept has launched the program in month of Aug 23, in association with **ekincare®**, a digital health care company. The services include

- A data-driven approach to employee wellness with full stack health benefits platform that is predictive, preventive and personalized health check.
- Largest pan-India network of hospitals and diagnostic centre.

Optimum Health at Toyota

TKM Occupational Health Services

- Health Promotion
- Health Surveillance
- Emergency Care
- Primary Care
- Rehabilitation
- Business Continuity
- Special Services Covid



Emergency Response Plan is an integral part of our OH framework. We have also collaborated with the neighbouring industries to address any unforeseen mass casualties. For critical illnesses, employees are also referred to other hospitals within or outside the country. Employees are given additional leaves beyond the usual Sick Leaves for their treatment in such cases.

Health is seen as meticulously linked to productivity than just injury & illness management. 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.

Employee Assistance Program



Employee Assistance Program * Prevention of Sexual Harassment Wellness * Gender Diversity Program * Health Maternity Program * Shift Worker Support Program



Employee Assistance program at Toyota.

| COUNSELLING SERVICES | WELLNESS | SELF HELP RESOURCES | MANAGER SUPPORT |
|---|---|---|---|
| <ul style="list-style-type: none"> > e Counselling > Face to Face > Telephonic > e Workshops > Chat | <ul style="list-style-type: none"> > e Counselling > Face to Face > Telephonic > e Workshops > Chat | <p>WEB PORTAL</p> <ul style="list-style-type: none"> > Self help library > Assessment tools > Communities > e learning module | <ul style="list-style-type: none"> > Manager consultation > Manager referral > Manager sensitization & training |

- > Employee Assistance programme is a confidential and comprehensive program of counselling services for employees
- > Greater understanding of the bi-directional impact of physical & emotional health
- > Designed to reduce risk, cut costs, and enhance employee productivity



Risk Management:
Suicide Prevention Protocol



Availability of
24/7 Emergency No.



Critical Incidence Stress
Debriefing/Online Support





RESPONSIBLE SOURCING

Over the years we have successfully applied our learnings and strong points to build a stable, sustainable and competitive supply chain. We are consistently working towards empowering the local suppliers to transform them into world-class manufacturers promising quality and cost at par with global standards. Our suppliers undergo strict environmental and social evaluation, while doing so, we hand-hold them to scale technology-led solutions to bring performance enhancement to address Sustainability challenges.

- Kenji Shozu, SVP & Chief Procurement Officer

Strengthening supplier capacity is essential for long-term profitability and competitiveness. 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.

Environmental & Social Assessment of Supplier Partners

Purchasing Policy and General Purchasing Agreement

We have developed robust systems and policies aligned to the principles of "Toyota Production System" and "Just in time". The "Purchasing Policy" and "General Purchasing Agreement" govern the actions of supplier partners to deliver in line with our expectations and the requirements of the policy.

CSR Guidelines

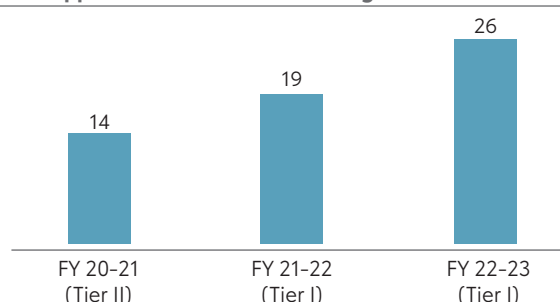
Our Environmental and Social Responsibility extends to our supplier partners. We have strict selection and evaluation criteria to on-board all our supplier partners who are expected to follow ethical and adopt non-discriminatory practices and to maintain productivity and cost-competitiveness without compromising on safety & quality.

New Supplier Establishment System [NSER]

The New Supplier Establishment System [NSER] governs selection of new supplier partners and continuous evaluation of existing ones on ESG parameters (including labour practices, legal compliances, safety, and environment). Our NSER criteria contains 41 ESG parameters and helps build a stable, sustainable, and competitive supply chain.

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

New suppliers that were screened using environmental criteria



Supplier Development Program

Our supplier partners are our indelible link between our commitment to sustainability and our ability to offer best products and services. They play a crucial role in our continued success towards helping shape the future of cleaner & greener products. Several Supplier Partner Development programs were conducted during the year:

- Training on Single Use plastic
Participants: Plant Heads & Env PICs

- Renewable Energy Booster Conference
Participants: Top management, Plant Heads & Env PICs
- Banned Chemicals
Participants: Plant Heads & Env PICs
- SGL – Supplier Genba Leader Program (1 Year Program)
- Carbon Neutrality – Best practices sharing
Participants: Plant Heads & Env PICs

950 Sub leaders developed from 160 Supplier Companies

43,673 supplier partner members trained by Sub Leaders

Engaging the Supplier Partners

Annual Supplier Meeting (ASM)

During ASM, TKM shares its goals and best practices with supplier partners to involve them in its strategic vision. Our top management and those of our supplier partners' engage to address any issues of mutual concern. Top-performing supplier partners are recognized for their contributions.

Expectation Sharing Meeting (ESM)

Once a year, ESMs are a forum to hear out supplier partners challenges and discuss improvement plans. Among others, few points discussed during ESMs are:

- cost optimization strategies and value engineering opportunities
- ways to enhance product innovation and sustainability efforts
- align on timelines for new product launches and production ramp-ups

Business Communication Meeting (BCM)

BCM is a monthly gathering of supplier partners' Plant Heads to discuss production volume and demand forecast. We share insights on market trends and changes in regulations or industry standards that may impact suppliers. The meetings allow us to help manage inventories, just-in-time delivery strategies, identify areas for process optimization, and, gauge supply chain disruptions and develop contingency plans.

Annual Supplier Meet 2023



Promoting Localization

We have been continuously taking up significant efforts towards creating a sustainable and competitive local supply chain by promoting localization of auto parts and components in line with Government's 'Make in India' mission.

Several initiatives such as Smart Standard Activity (SSA) enable adoption of regional specifications and utilize local power. Baragai sourcing further strengthens sourcing activity for a deeper supply chain, benchmarking the available supply base to further strength it, and studying the available library parts to focus not only on parts localization but also on tools, jigs, machinery, etc.

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



I am truly moved by the outstanding journey of TKM and their Ecozone initiatives. Their unwavering commitment to raising awareness and fostering sustainability transcends the ordinary. It's a journey that not only builds a sustainable business but also contributes to the greater good of society. Our own business has been profoundly enriched by the invaluable lessons we've learned from TKM, and we take pride in sharing these insights with our broader community. The culture of sharing best practices has led to remarkable cross-learning, enabling us and the entire value chain to take meaningful steps such as implementing green purchasing guidelines, implementing initiatives towards reducing our carbon footprint such as introducing returnable packaging and reducing distances for logistics.

Together with TKM, we are making strides toward the goal of 'Lifecycle Zero CO₂ Emissions.' TKM's dedication to sustainability is a testament to the power of collaboration and shared vision, inspiring us all.

- Anand Swaroop, President and Group CFO JBM, Director JBM Ogihara Automotive India Ltd.



Kaizens implemented by Supply Partners

Water Risk Reduction

As part of our sustainability goals for 2022-23, we have been actively collaborating with our supplier partners to address the fourth challenge: Minimizing and Optimizing Water Usage.

The 3R Approach

We promote the 3R principles among our suppliers:

- Reuse: Identifying water reuse opportunities.
- Reduce: Minimizing water consumption.
- Recycle: Implementing water recycling systems.

Sharing Best Practices

One of our core beliefs is that knowledge sharing can drive meaningful change. By sharing best practices in water management, we enable our suppliers to make informed decisions and continually improve their environmental performance.

Compliance with Government Regulations

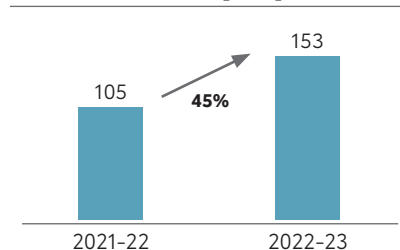
Compliance with Govt. regulations is an important aspect of our sustainability strategy. We ensure that our suppliers adhere to all relevant regulations, including obtaining necessary permits and approvals such as Borewell NOCs (No Objection Certificates)

Waste Reduction

In total, 387 Kaizen ideas for waste reduction have been successfully implemented, leading to a remarkable reduction of 153 tons in plastic packaging waste. These initiatives help address the fifth challenge.



Reduction in plastic packaging material [Tons]



CSR

- Educational Sponsorship to Blind Students at the Poona School and Home for the Blind in Pune
- Distribution of mid-day meals to Akshaya Patra Foundation



Case Studies

Carbon Neutrality

Background

- We are committed to reduce greenhouse gas emissions throughout our value chain and life cycle. The strategy for supplier partners' Development is focused on **three pillars**:
- Optimizing **Consumption** & Process Innovation
- **Conversion** to Energy Efficient Equipment
- Transition towards 100% Renewable energy **Supply**

Approach

The supplier partners are evaluated based on their CO₂ emissions and areas for improvement are identified. To maximize the impact, we are focusing on the 19 high intense supplier partners, who are responsible for 80% of CO₂ emissions in our supply chain. These supplier partners are supported through

- Sharing TKM Best Practices & HRD development
- Gemba Support & Handhold by TKM

With low intense suppliers we share best practices through yokoten for implementation at their end.

Result

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

RE Initiatives

Background

One of our key initiatives has been to extend our commitment to making all our Tier 1 suppliers transition to 100% renewable energy sources. Through open communication, sharing best practices, and providing essential support, we have been guiding our suppliers on their journey towards adopting renewable energy solutions.

Approach

To accelerate the transition to renewable energy, we introduced the RE Booster Conference that brings together our company's top management and the top executives of our high-intensity suppliers to exchange valuable insights and knowledge. TKMs renewable energy journey, current state of renewable energy adoption, and various types and sources of renewable energy available are the primary conference themes.

Result

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

78 suppliers
have less than 80% renewable energy



Exemplary Case:

Toyoda Gosei South India Pvt Ltd (TGSIN), a high-consumption resin supplier, is setting new standards in renewable energy utilization. Through utilizing government green energy schemes, they have transitioned to **100% renewable energy sources**. This remarkable shift not only significantly reduces emissions but also results in substantial cost savings.

Exemplary Case:

AT India Auto Parts Supplier, a high-consumption Casting Commodity supplier, has shifted to **97% renewable energy**, including RE sources like Wind, Hydro, and Offsite Solar. AT India Auto Parts Supplier's success showcases the potential of renewable energy adoption in reducing greenhouse gases.

Hybrid Vehicle development

Background

Till now, TKM has been manufacturing only conventional powertrain Vehicles. We have reached another significant milestone by Introducing first hybrid vehicle in India.



Approach

Towards making our vehicle, more efficient, cost-effective and to maintain competitiveness, components like the Hybrid Vehicle Transaxle (HVTA) have been localized. Various improvement activities including Smart Standard Activity have been implemented to ensure that the cost of the Hybrid vehicle remains comparable to the conventional ones. This involves benchmarking against regional specifications to meet market-specific needs, accruing benefits more than one.

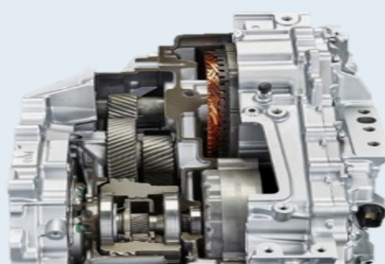
Result

- Contribution to **green earth**
- Enhancing **customer convenience** through improved mileage and **reduction in operating cost** due to improved fuel efficiency
- Ensuring customer happiness and satisfaction by keeping up with the **competitiveness**

Hybrid Development for Alliance Partner

Background

TKM has collaborated with Suzuki to share Toyota Hybrid System.



Approach

Bringing together Toyota's strength in electrification technologies and Suzuki's competitive edge for compact vehicles, we developed 1.5L TNGA Engine and Gen 4 HVTA. Our Hybrid Transaxle Plant is First in ASEAN Region.

Result

- **Strengthened partnership** between two major technology holders
- Mutual **sharing of technologies** leading to benefit and sharing the best practices amongst two Partners
- **Exporting** engines to Indonesia & Hybrid Transaxle to Japan

The regulatory developments and technological demands are turning India into a critical manufacturing hub of advanced, clean and efficient vehicles at competitive prices. Toyota Kirloskar Motor has joined this endeavour by setting up a new e-Drive (electrified component) manufacturing unit, Toyota Kirloskar Auto Parts Pvt Ltd (TKAP), in Bidadi near Bengaluru. Established in 2022, the facility is fourth outside Japan and has an annual installed capacity of 135,000 units. The locally manufactured E-Drive units are used in the new SHEV the Urban Cruiser Hyryder in mass segment.

TKAP, a powertrain manufacturing ancillary of Toyota, is a joint venture amongst Toyota Motor Corporation, Aisin Corporation and Kirloskar Systems Limited. The product profile includes manual transmission, chassis mounted drive train units and hybrid transmissions. The export range includes Manual Transmission and Transmission Components. However, post 2022, TKAP's exports include E-Drive units and electrified powertrain components.

Localization Efforts

TKAP has undertaken efforts to localize the "Production-Equipment" and the "Raw-Materials" for the Components, in a two-pronged approach.

1. Production Equipment Localization

Conventionally a large part of the production equipments are sourced from local manufacturers. In addition, the TKAP Hybrid Line undertook in-house machine building & accessory development to significantly enhance the localization level despite the complex engineering processes involved.



In-House Machine Building

TKAP focused on the localization of critical machines like "Coil Winding Machine" owing to criticality and confidentiality. The approach ensured cost-competitiveness along with providing an opportunity to TKAP Engineering Resources to get trained and exposed to cutting-edge technology to be ready for the future of xEV Powertrain. TKAP has developed many such machines In-House.

Accessories Development

In-house development and manufacturing of numerous production equipment/accessories like the Automated Guided Vehicles (AGVs) was undertaken. The consistent efforts to design, fabricate and prove effectiveness of these units indigenously over the past few years has produced successive generations along with a Patent Award to TKAP. The current evolution of this pursuit is the 6th Generation COM-i AGV.

2. Raw-Material Localization

The majority of the component, including the raw material like steel are sourced locally. The scope has expanded to critical electrified powertrain components where the supplier-base is ready to meet global standards.

Result

TKAP's relentless efforts manifest our philosophy of "Leave No One Behind". They are aimed at

- deeper cuts in carbon emissions
- higher employment generation
- creating local manufacturing hub not only for domestic needs but also for global markets

- local community development
- advancement in innovation

The strategic approach combined with efforts has strengthened TKAP's capacity enormously in a manner that parts which we initially used to import from Japan are now being exported by us to multiple countries, including Japan.

Journey towards Localization



Drivetrain Products
Localization: Forgings, Castings, etc.



Manual Transmissions
Additional Localization: Raw Material (Steel), Sinters, etc.



e-Drive Units
Additional Localization: Critical Motor Components, etc.

Towards Electrification

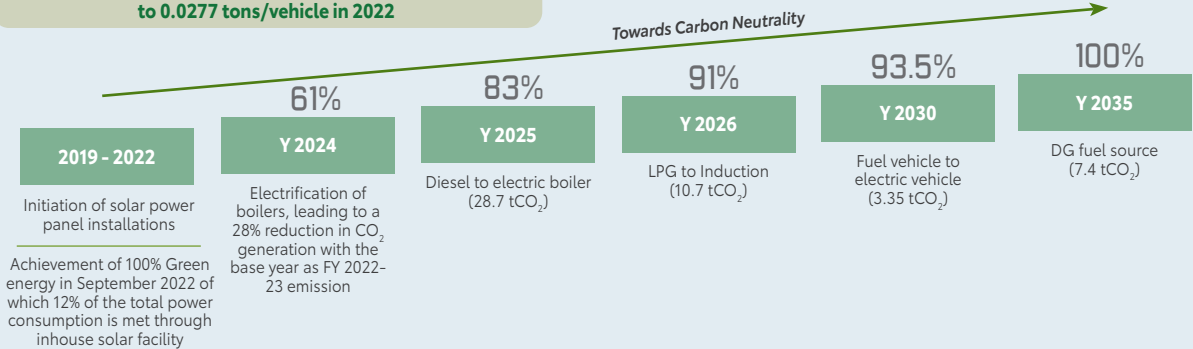
**AatmaNirbhar
Bharat Abhiyan**

TBI's Journey towards Carbon Neutrality

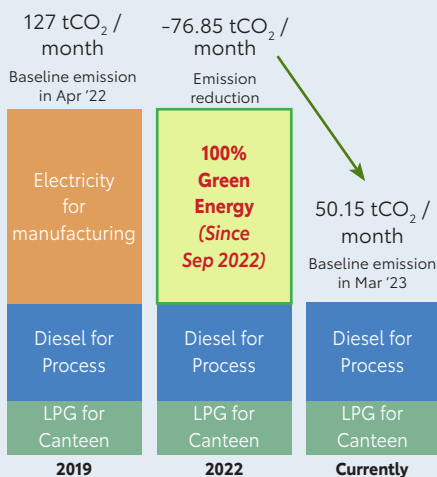
In steadfast pursuit of sustainability, Toyota Boshoku India (TBI) has committed to achieving carbon neutrality by 2035, reflecting their proactive approach towards a greener future. This ambitious pledge not only addresses their existing carbon footprint but also positions them as leaders in the journey towards sustainability. TBI's transformative initiatives, rooted in the year 2019 as a baseline, include ongoing efforts through Daily Kaizen and technological advancements, with targeted measures such as loss prevention, energy-saving Kaizens, meticulous control of energy consumption in new projects, and the implementation of backup green energy to replace current non-renewable energy sources.

Carbon Neutrality Timeline for Operational Functions

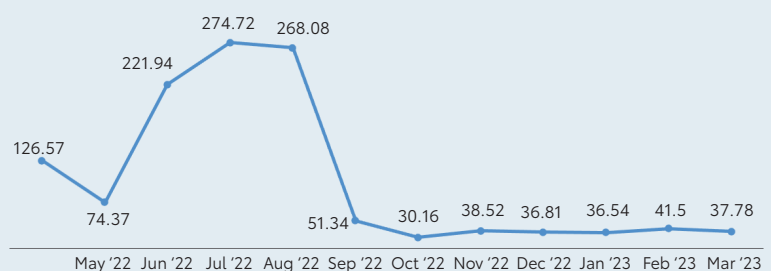
The initiatives implemented have significantly cut tCO₂ from 3,814 in 2019 to 475 in 2022, while also reducing power consumption from 0.0411 tons/vehicle in 2019 to 0.0277 tons/vehicle in 2022



Overall Reduction Trend



Total CO₂ emissions (Tons)





CREATING CUSTOMER VALUE

We are committed to provide an “Awesome Experience” to our customers in realization of our mission of producing “Mass Happiness for All”. We aim to provide enhanced range of sustainable products and ensure seamless and heart touching guest experience, through multiple digital solutions. We derive our strength from Toyota’s “Customer First” and “Quality First” principles that are premised on the Five Main Principles of Toyoda” that guide us and keep us motivated at all times.

- Tadashi Asazuma, Executive Vice President

Accentuating our commitment towards our customers has strengthened our relationship with them. 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. We consistently devise fresh plans to fortify our connection with them as we work towards fulfilling our mission.

Heart Touching Guest Experience (HTGE)





The key to enhance customer experience is trying to “accurately grasp the customer voice”. 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.

Centralized Call Centre

The Centralized Call Centre is one of the first contact points for customers which captures their enquiries / requests, feedback and grievances. Several ways in which customer voice is captured / recorded include:

- Guest Experience Centre – Calls (In/Out), Email, Chat, WhatsApp & Toyota iConnect app
- Customer queries are captured and registered in the Centralized Toyota Database Management System (CTDMS)
- Each voice is categorized into Enquiry, Feedback or Complaint (Normal or Serious) and further classified into Sales / Service / product for accurate analysis
- Social media voices get routed to Call Centre (through email mode) to cater to all touch points

Guest Experience Centre

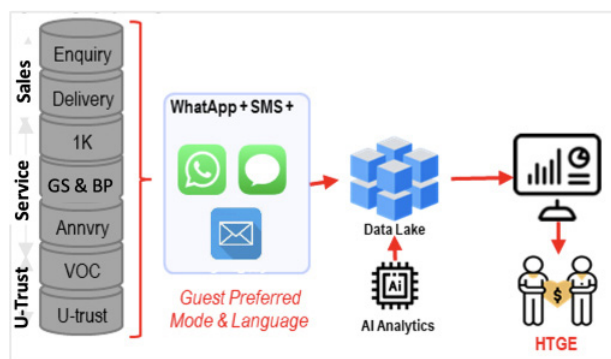
| Modes | Availability | Volumes/ month |
|--|-----------------------------|----------------|
|  Talk to Toyota 24x7 Call us for enquiry/ feedback at 1800 309 0001 (Toll Free Number) 080 4505 9000 | 24/7 | 8,000 |
|  Write to us at voc@toyota-kirloskar.co.in | 10 am to 7 pm (All days) | 5,500 |
|  Chat with Toyota: +91 40 7178 1588 | 8 am to 12 am (All days) | 2,500 |
|  Toyota iConnect App | 24/7 | 1500+ |

Based on the type of concern, call centre either address queries on its own or shares it with respective dealers for effective and comprehensive response to ensure proper redressal. In case of escalations or serious complaints that dealers are unable to handle, TKM intervenes and directly works with the customers.

GX-360 SURVEY

GX-360 is a non-intrusive survey that enables us to evaluate customer experience post any event of interaction with dealer at various touch points. The objective of the Survey (GX-360) is to improve overall customer experience and generate insight for process enhancements. The short survey has been designed to allow customers to respond easily and give us actionable insights on their perceptions / expectations. The AI-based survey tool captures the customer feedback/ information verbatim, on real-time basis.

The tool analyses the customer through sentiment analysis and categorizes the voices into actions in



specific areas of process / operations / product / manpower. This helps in taking swift and focused action at both dealers’ and our end. The questionnaire comprises of

Ensuring Peace of Mind

Extended Warranty

In addition to Toyota's unmatched Standard Manufacturer Vehicle Warranty of 3 Years / 1,00,000KM, 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. With this offering, customers get the Peace of Mind ownership experience. The extended warranty helps Toyota & its dealers improve customer retention and business opportunity.

Smile Plus

Ensuring hassle free and easy access to customer care services can be helpful in retaining customer trust and maintaining brand reputation. 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. The best part being that package can be customized based on need, assured discount on maintenance cost (periodic maintenance & general repair) and protection of price increase. This program is beneficial to the customers with low-cost maintenance requirements as well as Toyota & its dealership. 58,580+ customers have Smiles Plus pre-paid package subscription.

Vehicle Safety

Vehicle safety is one of our top priorities. Technological advancements and innovation are at the core of our commitment to provide vehicles that are safe and sustainable. Equal importance is given to the environmental considerations like emissions and fuel dependency that may pose substantial damage to nature, if not addressed during the planning and manufacturing stages adequately. Necessary instructions and safety measures are clearly laid out in the manuals made accessible to the users to facilitate safe usage. Relevant information is also published on digital channels/website for easy access.

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: The Toyota Safety Sense system packages multiple active safety functions that help reduce serious traffic accidents causing death or injury- Pre-Collision Safety (PCS), Lane Departure Alert (LDA), and Automatic High Beam (AHB). Since its market launch in 2015, Toyota Safety Sense has been installed in more than 32.5 million vehicles globally (as of July 2022).

Passive Safety: Toyota created its own stringent internal target related to passive safety performance called "Global Outstanding Assessment (GOA)" and developed a collision-safety body structure and



passenger protection devices. As part of the safety-first approach, Toyota has made six airbags a standard feature across all models, underscoring the significance of airbags as a core component of passive safety.

Emergency Response: Toyota offers an emergency response center system service that can help you in the event of an accident/breakdown or medical emergency. If your Toyota vehicle is equipped with a data communication module (DCM), the system can automatically contact Toyota's emergency response center if your airbags deploy or you press the SOS button in your vehicle.

Once the system is activated, a dedicated operator will contact you to assess the situation and dispatch the appropriate emergency services, such as an ambulance or roadside assistance.

The Toyota emergency response center system is a valuable safety feature that can help to ensure that Toyota drivers receive the help they need quickly in the event of an emergency.

This service is available on select Toyota models. For more information, please visit <http://www.toyotabharat.com/>.

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. TKM DX team works closely with Toyota affiliates in Asia region. The DX initiatives undertaken by TKM will serve as yokoten to be adopted by other Toyota Affiliates in Asia region and their best practices will also be considered for implementation at TKM.

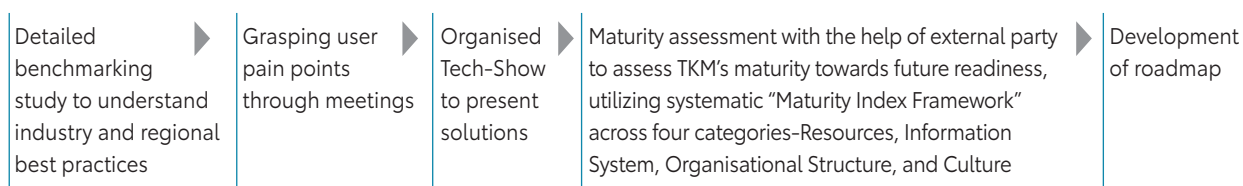
DX Journey Framework

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 | The cross-functional taskforce committee comprising of TKM DX Leader, Champion and Advisory Board works in close coordination with the DX Functional leader & the team assigned for each vertical in the execution of detailed work plans. The work plans are aligned to the regional DX initiatives and the regular updates are provided to the management. | |
| Relevant: Appropriate to process | | |
| Technology | | |

Factory DX Initiatives

The factory DX initiatives have been designed for **Quality, Production, Maintenance, Logistics and support** function areas. Additionally, a comprehensive three-year roadmap has been developed utilizing a 5-step approach for each of the identified areas that serve to guide the entire process.



Several KPIs have been defined and monitored to track the progress with the ultimate goal of achieving a competitive advantage. Accordingly, multiple DX initiatives have been identified for implementation*

| Quality | Maintenance | Production | Logistics | Support |
|--|------------------------------|--|---|--|
| Computer Vision based Inspection | Preventive Maintenance Mgmt. | Smart ARS & Digi Genba | Autonomous Mobile Robot (AMR) | Environment & Safety Management |
| Vehicle Defect Entry mgmt. yokoten to P#1 | | Car ETD tracking (in-plant) | Material Inward Process optimization | (Next Phase) |
| SQAM Analytics with Dashboard – Supplier Parts Quality | | Production Control System – Press Shop | Smart Visualization for Import Parts Supply Chain | |

* Examples of activities under consideration. These activities are subject to approval based on benefit and ROI.

Office DX Initiatives

Office DX Initiatives have been classified into three major areas – **Collaboration, Information Exchange and Productivity**. The aim of these initiatives is to ensure best employee experiences through seamless services, digitization and promoting digital culture mindset by enhancing digital capabilities. Considering key Kadai, below mentioned DX initiatives have been prioritized for implementation*.

| IT | HR | Finance |
|---|--|--|
| Reg. Domain ID (Enhance Collaboration) | Travel (Process Efficiency) | Integrated Finance & Management Accounting |
| DX community (Enhance Collaboration) | TM Database (Leadtime Reduction) | Analytics & Automation |
| Secure Info Sharing (Efficiency & Security) | Commutation (Leadtime Reduction) | |
| Digital Literacy (Productivity) | Employee Engagement (Process Efficiency) | |

Key Technological Solutions

| | | |
|-------------------------------------|---|---|
| Seamless connection & collaboration | Efficient & secure information exchange | Automate & develop digital capabilities |
|-------------------------------------|---|---|

TKM launched a Mobile Application "Mithra" to address critical gaps related to "Timely communication reach to all members" and "address grievances at early stage". The app serves as a digital platform for e-forms, creative suggestions, personal touch (Sparsh), commutation, birthday hampers, overtime declarations, etc.



Customer DX Initiatives

TKM has adopted Customer Centric unified DX HanSaChu approach focusing on DX solutions for Customers, Dealers and its own operations.

| Customer | Dealer | TKM |
|--|--|---|
| Improved & Seamless Communication Channels | Enhanced Business, Operations, Staff Productivity | Enhanced Business, Operations, Improved & Unified Applications/ Solutions, Speed & Accuracy |
| Customized services & Offers | Improved digital tools/ automations for accurate results | Collaboration to Achieve Cost & Resources optimization |

Considering key Kadai, below mentioned DX initiatives have been prioritized for implementation*.

| Pre- Sales | Sales | Service | Used Car /Repurchase |
|--|--|--|--|
| Customer One id - Customer Database Platform | Online Retail Sales -P1 & P2 (VAS integration) | B&P Damage assessment (Vision based estimate) | U-TRUST (Next Phase) |
| Digital Lead Management Enhancement | Dealer Marketing Claim Automation | Parts Pricing Automation - Predictive pricing for spares | 1) Sales lead & Value chain lead Mgmt.. in U-trust |
| | Sales Delivery Commitment Enhancement | Service Analytics Platform Migration | 2) Training Portal for U-Trust |
| | | | 3) U Trust App enhancement |

* Examples of activities under consideration. These activities are subject to approval based on benefit and ROI.



SOCIAL RESPONSIBILITY

CSR activities & long-term sustenance of these interventions go hand in hand. At TKM, we emphasize ensuring that activity sustenance is embedded during the conceptualization of community development projects. From the very beginning, we have focused our efforts on providing our resources, expertise, and capabilities to provide solutions to societal issues based on the actual needs of the target community. The passion to drive sustainable CSR is deep-rooted in Toyota's DNA.

CSR implementation follows the TKM's mission of '**Producing Mass Happiness for All**' and towards this we **Empathize** with the needs of communities, **Engage** communities during the process of delivering impactful programs, and **Encourage** them to partner in community-led initiatives thereby **Empowering** the communities to take ownership after we exit.

- Vikram Gulati, Executive Vice President

The longevity of a successful enterprise is determined by the relationship it creates with its stakeholders. Driving positive change and making an impact to the lives of people is the cornerstone of all our CSR endeavours. Our commitment to create “Mass happiness for all” is realised through,

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.”

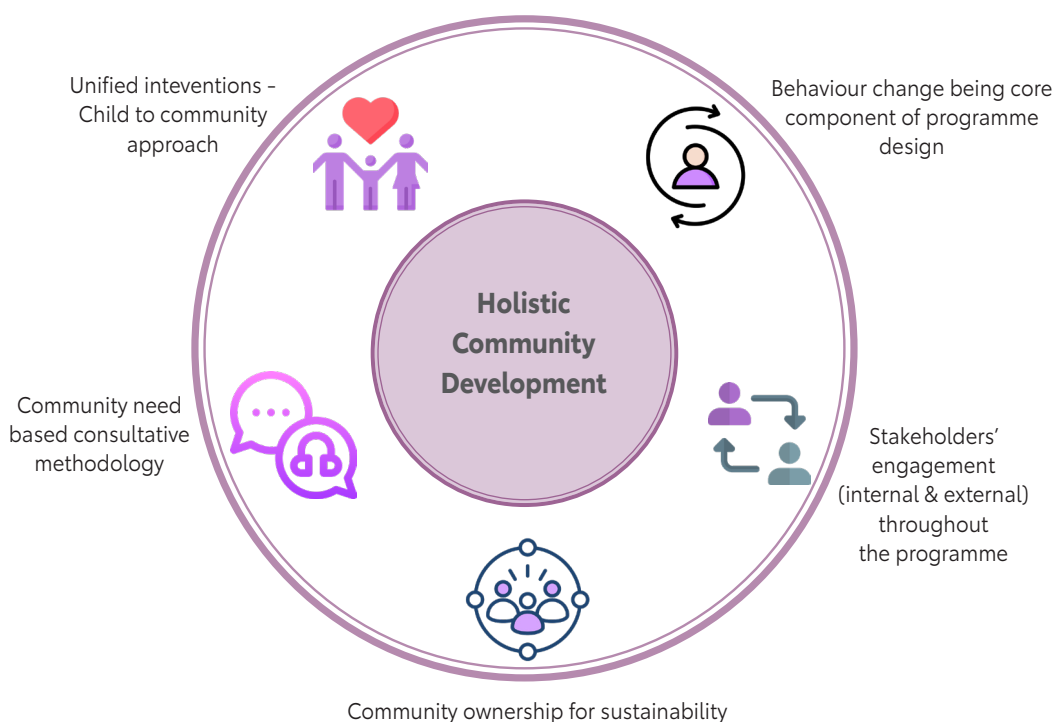
We live our vision through our focused CSR interventions in two major areas “Empowering Communities” and “Enriching Environment” to achieve holistic development in realising India’s goals towards UN SDGs and Net zero emission. We adopt a collaborative approach by proactively engaging community members and encouraging their participation in decision-making. Extensive “Need Assessment Surveys” help design our CSR programs and areas of intervention.

Holistic Community Development

The CSR Committee guides and oversees the implementation of CSR interventions in an effective and meaningful manner. The Committee is entrusted with the responsibility to ensure that Standard Operating Procedures are followed, monthly review is conducted, progress is monitored, and stakeholders are engaged at every stage of the process to ensure long-term sustainability of CSR programs. We leverage digital platforms to track progress of programs and share the results with our stakeholders on regular basis.

To ascertain the impacts created by CSR interventions, we regularly conduct third party Impact Assessments. Gaps are identified and corrective actions are undertaken. We have seamlessly implemented the assessment model as per IR(r)EICS (Inclusiveness, Relevance, resilience, Effectiveness, Impact, Convergence, Sustainability) framework to ensure continuity of CSR projects in the long-run. The learnings are easily accessible to all stakeholders through our website and our [reports](#).

TKM’s Sustainable Community Development Model



Our CSR annual report can be accessed at <https://www.toyotabharat.com/documents/toyota-in-india/social-contribution/fy-2022-annual-report.pdf>

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

Education

Toyota Anganwadi Development Programme (TAPD)

TKM started Toyota Anganwadi Development Programme in FY 19-20. A baseline study was conducted in FY 20-21 to understand the needs of anganwadi centers in the Ramnagara district. During FY 21-22, focused efforts were undertaken to upgrade the anganwadis and later benchmark across the district/state. During FY 22-23, training programs for helpers and refresher training for teachers were conducted on pre-school curriculum and English language. The project was successfully concluded, and handed over to district administration.



Cumulative Impact

30
Centers

30
Teachers & Helpers

835
Students

Distribution of Teaching Learning Materials (TLM) to Anganwadis

The focus of TLM is to promote activity/play based learning in the young children and encourage enrolment in the Anganwadi centres. In FY 22-23, Teaching Learning Materials (TLM) to Anganwadis in Uttara Kannada district in Karnataka was distributed to support learning during early childhood years by helping students become school-ready through simple physical and sensorial learning activities.



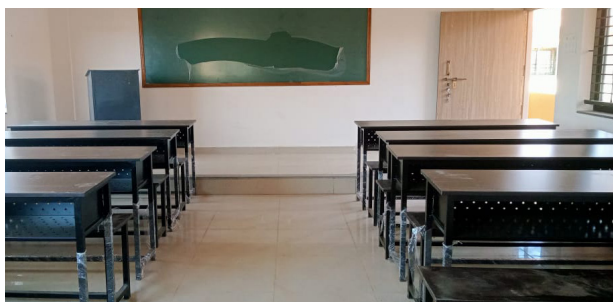
Cumulative Impact

200
Centers

4,596
Students

Modernization of Educational Infrastructure in Rural Areas

The initiative began in 2001. Since then, TKM has been actively providing infrastructure support to government schools in rural areas and semi-urban areas to ensure students can avail education in a safe environment and schools are well-equipped to impart quality education. During FY 22-23 several initiatives such as School building and additional classroom construction, provision of classroom furniture, have been undertaken.



FY 22-23 Impact

1,838

Students benefitted from
construction of school
infrastructure

Cumulative Impact

5,991

Students across 14
Schools

420

Students benefitted from
supply of furniture

Support for Specially-abled Children

With the aim to ensure inclusive education opportunity for all, a set of 51 TLMs were provided to support the learning of the children at a centre in Ramanagara District, Karnataka. These included an alphabet set, animal set, word sets, rattles, baby walker, maze games, maps, puzzle games, bongo drums, etc. Additionally, furniture & other essential support were also provided to the centre.

Cumulative Impact

51

TLM items

33

Specially-abled Students



Skill Development

Toyota Education and Skill Promotion (TESP)

With an aim to contribute to "Skill India Mission" & "Atmanirbhar Bharat", TESP was launched to cultivate a skilled and employable workforce for the Automotive Industry. During the reporting year, this initiative was extended across 7 Government Tool Room & Training Centers (GTTC) and 5 Government Industrial Training Institutes (ITI) centers. During the year, 60 students at ITIs (Hospete, Raichur, Harohalli, Doddalahalli, Doddaballapur) and 205 students at GTTCs (Kudalasangama, Challekere, Gauribidanur, Hunsur, Tumakur, Yadgir, Koppal) in Karnataka, benefited from this training program.

Cumulative Impact

25

Industrial Training Institutes (ITI)

11

Government Tool Room & Training Centers (GTTC)

1,805

Students

FY 22-23 Impact

5

ITIs

7

GTTCs

265

Students



Health & Hygiene

Community Health Centre (CHC)

Under a public-private collaboration with the Government of Karnataka, TKM has constructed a new building for the Community Health Center (CHC) at Bidadi, Ramanagara (district). It has set up specialized units for medical procedures and provided furniture, fixtures, and electrical systems. A medical Oxygen Generation plant that can generate approximately 70 cylinders per day, has also been set up. During FY 22-23, the fully built facility has been successfully handed over to the District Administration.

Cumulative Impact

120,000

members benefitted from CHC facility

30

Bedded center

First

self sustained centre in Ramanagara district equipped with oxygen generating plant



Toyota Shaale Arogya Program (TSAP)

TSAP was launched in 2019, towards ensuring a healthy and illness-free childhood. During FY 22-23, the program was restarted following the reopening of schools after pandemic-related lockdowns. Under this programme, students in schools receive comprehensive preliminary medical examinations. Depending on the diagnosis made by medical professionals, students are either provided with corrective eye care, healthcare supplements for Anaemia & Malnutrition, or referred to tertiary healthcare centers. Additionally, the program includes informative health and hygiene sessions for students to foster better health practices.



FY 22-23 Impact

5,385
Students

172
Schools

Cumulative Impact

26,005
Students

332
Schools

Water Purification Units

TKM has installed five water purification units in two districts of Karnataka, for safe and affordable drinking water for the communities. The units have been installed in PPP model and handed over to the local administration with 15 years MoU for maintenance.



Cumulative Impact

332,870
Community members

297
Villages

48
Units

FY 22-23 Impact

52,620
Community members

30
Villages

5
Units

Environment

Ecozone

TKM established an experiential environment learning center – Ecozone. It is a biodiversity rich center developed in 2017 at the TKM premises. 2019-20 onwards, the Ecozone has been open for experiential learning visits. It includes 17 theme parks under the initiative 'Harmony with Nature'. Till date, training has been conducted for 67 schools on a range of topics such as water, energy, climate change, biodiversity, underground ecology, silent garden, and values. Upon receiving the training, schools are expected to implement the learnings in the form of projects. 351 projects have been implemented by 54 schools. Others have implemented groundwater recharge pits, watershed management, organic compost pit, and, best out-of-waste initiatives.

FY 22-23 Impact

10,050

Students visited

Cumulative Impact

30,019

Students visited till date



Employee Volunteering

iCARE Program

An employee-driven flagship initiative based on the motto 'Social Movement Driven by Passion', 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.



FY 22-23 Impact

251

Volunteers & Family members

3,560

Beneficiaries

3

Volunteering events

Cumulative Impact

1,758

Total Volunteers

63,150

Beneficiaries

25

Volunteering events



TKM appreciates the exceptional efforts of all iCARE volunteers. These volunteers were honoured during the Kannada Rajyotsava Celebration held at TKM.

Cumulative Social Outreach

Touched lives of 21,71,361 community members. During FY 22-23, impacted lives of 93,866 community members.



Education

Total Outreach: 1,32,980

- 1,14,899 students in 1,656 schools provided with learning aid
- 5,571 students benefitting from modernization of 14 government schools
- 30 anganwadi centers were developed as model centers benefitting 835 students



Skill Development

Total Outreach: 1,805

- Strengthening 1,805 students in 11 GTTCs and 25 ITIs



Health & Hygiene

Total Outreach: 11,16,365

- 3,32,870 community members provided access to safe drinking water from 48 water purification units installed in 297 villages
- 1,20,000 villagers benefitting from construction of CHC at Bidadi
- 26,005 students from 332 schools reached through awareness camps and health checkups
- 4,82,406 students and community members reached through ABCD programme



Environment

Total Outreach: 45,529

- 30,019 students visited Ecozone till date
- 8,000 villagers from 6 villages benefitted from lake rejuvenation
- 3,740 students benefitted from Green Me programme
- 1,600 community members from 10 villages benefitted from solid waste management initiative



iCARE

Total Outreach: 63,150

- 1,758 Volunteers
- 25 volunteering events conducted

Enabling Scaling-up of Bidadi Industrial Area

In our constant endeavour to enhance local infrastructure and foster a positive ecosystem in Bidadi, we have been extending strong support to the Bidadi Industries Association (BIA) through several infrastructural projects and community interventions, to ensure a harmonious business environment for all stakeholders. Specific efforts have been made to improve safety, health, infrastructure, etc for the workers, businesses, and surrounding communities under its five operating pillars of Industry Connect, Government Connect, Estate Management, Community Connect & Environment, Health & Safety (EHS).

Toyota Kirloskar Motor have been a proud partner in this collaborative journey, having achieved many milestones together. Be it the numerous community development programs or safety initiatives, we will continue to support BIA in creating a safer and more secure environment for our employees and the community at large. With growing synergies between the industries and the local authorities in the region, the unified efforts are to make Bidadi -

“A shining example of being an enabler for the manufacturing and auto industries in Karnataka and India.”



Under the leadership of safety experts from TKM and other companies, BIA has formed a safety expert committee which endeavours towards achieving the goal of minimizing accidents in the region. The committee conducted a detailed study to understand the root cause of accidents and identified critical locations, subsequently remedial measures have been suggested, including local police surveillance, road safety infrastructure enhancement, and road safety awareness programs for industry and communities.

Furthermore, several other safety initiatives in the industrial area including the rectification of all potholes, installing Closed-Circuit TV (CCTV) cameras, Automatic Number Plate Recognition (ANPR) cameras, rumble strips, retroreflectors, studs, and safety signage boards at crucial spots have also been installed through this partnership. Pedestrian marking, radar vehicle speed monitoring devices, and kerbstone painting have also been carried out, and 24 x 7 patrolling by BIA security personnel has been initiated.

Spearheaded by TKM and other industries, BIA has also undertaken several community development activities

which include the installation of RO drinking water plants benefitting around 1000 households with fresh drinking water.

This critical support has also enabled the Association to construct five classrooms, benefitting over 500 students of Government Lower Primary & Higher Primary Schools. During the COVID-19 pandemic, BIA was also guided to sponsor more than INR 2.5 million in relief material and equipment to the local community through the Ramanagara district administration.

With leadership from TKM and support by other industries, BIA set-up the Centralized Solid Waste Management Facility (CSWMF) with a capacity to process 10 tons per day of municipal waste. In addition to collecting segregated waste from designated pickup points from 11 villages adjoining the Industrial area, 121 member industries of BIA have been on-boarded, who subscribe to CSWMF for disposal of their non-industrial, non-hazardous municipal solid waste, in compliance with KSPCB norms, thereby ensuring no waste is sent to landfills and keeping the Industrial area clean and garbage free.

DELIVERING EXCELLENCE. CONSISTENTLY. SUSTAINABLY.

BY



Contributing to Economic Progress

TKM plays a significant role in fostering economic progress, as evidenced by

- Increasing sales and Business growth
- Contributing to "Make in India" through investment with the government
- Generation of employment opportunities for the youth



Integrating Sustainability in Design

We incorporate sustainability into our design by

- Implementing hybrid technologies
- Exploring ethanol and hydrogen as alternative fuels
- Foraying into CNG segment
- Crafted to facilitate End-of-Life Vehicle (ELV) Management.
- Prohibiting the use of SOC materials, which are harmful to the environment



Building a Sustainable Value Chain

In order to build a sustainable value chain, TKM engages with various stakeholders through

- GPG for Suppliers
- EMS for Dealerships
- Warranties for customers
- Efforts toward Localization
- Centralized customer service
- Upskilling suppliers through Supplier Development program
- Employee engagement
- Employee Engagement throughout the year
- Administering employee benefits
- Creating a diverse and inclusive work culture
- Promoting "Safety first" principle throughout value chain
- Offering Occupational Health services



Delivering high-quality products and services

Our focus on quality and, both active and passive safety systems in our products is ensured through

- Prioritizing 'quality first' in our products
- Extensive emergency support services
- Immediate medical assistance in case of accidents
- Prompt vehicle repair and maintenance





Building Resilient and Sustainable Communities

TKM undertakes comprehensive initiatives to foster community development.

- Enabling Skill Development through T-TEP, TESP, TTTI, GTTC, and CoE
- Boosting community health through the establishment of health centers, implementing initiatives like TASP, and installing water purifiers
- Empowering children with special needs and providing educational materials to Anganwadis
- Encouraging Employee volunteering for community upliftment through iCare



Steering through Strong Governance and Leadership

Our robust governance framework, integrated with Enterprise Risk Management, ensures operational transparency and risk mitigation. We emphasize

- Stakeholder engagement and digitalization to streamline processes and enhance customer experiences
- Strategic partnerships in expanding our reach and services
- Fostering continuous improvement across all processes through the cultivation of a Kaizen culture



Embodying Environmental Conservation

Our commitment to the Environment extends beyond our manufacturing processes to build a Sustainable Business in Harmony with Nature. We have

- Achieved 100% renewable energy through the grid
- Actively engaged in waste recycling, ELV management and other Circular Economy Initiatives
- Reducing the reliance on freshwater for production year-on-year
- Consistently elevating groundwater levels within the TKM premises year after year
- Encompassing over 100 acres of lush greenery across the expansive TKM campus
- Experiencing an annual growth in the diversity of floral and faunal species
- Awarded the prestigious "GreenCo Platinum Award" for Sustainable Initiatives
- Contributing to Green Wave through community plantations



We are Toyota Kirloskar Motor

with a purpose to produce "Mass happiness for all"



LRQA Independent Assurance Statement

Relating to Toyota Kirloskar Motor Private Limited – Sustainability Report for the period of 01 April 2022 to 31 March 2023

This Assurance Statement has been prepared for Toyota Kirloskar Motor Private Limited in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Toyota Kirloskar Motor Private Limited (TKM) to provide independent assurance of a set areas “Challenges” included in its Sustainability Report for the reporting period 1 April 2022 to 31 March 2023 titled “TKM Sustainability Report 2023” against the assurance criteria below to *a reasonable level of assurance and professional judgement* of the verifier using LRQA’s verification procedure. LRQA’s verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered TKM operations and activities in its operations at Bidadi (Manufacturing Plant 1 & 2) and specifically the following requirements:

- Verifying conformance with TKM’s reporting methodologies for the selected datasets reported as part of set of “Challenges” to be assured.
- Evaluating the accuracy and reliability of data and information for only the selected indicators reported as part of the set of “Challenges” 2, 3, 4, 5 and 6 as per Annexure SOW (of the contract).
- Details of the data sets have been included in Table 1 mapped to relevant Challenges.

LRQA’s responsibility is only to TKM. LRQA disclaims any liability or responsibility to others as explained in the end footnote. TKM’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of TKM.

LRQA’s Opinion

Based on LRQA’s approach, we believe that TKM has, in all material respects:

- Met the requirements of criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a reasonable level of assurance and at the materiality of professional judgement of the verifier.

Basis for Qualified Opinion

No limitations reported

Table 1. Summary of TKM Key Data for financial year 2022-23

| Challenge 2 |
|--|
| <p>1. In the reporting year, the introduction of CNG Trucks in Delhi, Pune, and Bengaluru region reduced CO2 emissions by 1.27 kg/vehicle, cumulatively reducing 179 tons. Using Rail services to transport vehicles to the North Zone cut emissions by 15 kg/vehicle, totaling 2645 tons.</p> |
| <p>2. During the year, 47% of the total packaging material [1BT & T1B steel containers] was reutilized in our operations.</p> <ul style="list-style-type: none"> • Kaizens implemented during the year 2022-23: <ul style="list-style-type: none"> ○ Doubling the Carton box quantity from 125 to 250 no's with changes in Box dimension resulted in total CO2 savings of 0.63 tons. ○ Doubling the carton box quantity from 20 no's to 40 no's with orientation change in parts placement resulted in total CO2 savings of 0.12 tons. ○ Steel reduction from S1 module resulted in total CO2 savings of 6.50 tons. |
| <p>3. Kaizens Implemented at the Service Parts Division for CO2 reduction:</p> <ul style="list-style-type: none"> • CNG truck introduction in WRPC resulted in reduction of 17 additional trips/month and CO2 reduction of 0.32 tons/month. • IJL direct dispatch to NRPC resulted in Reduction in distance by 316 kms and CO2 reduction of 4.43 tons/month. |
| <p>4. Plastic Elimination and Optimization Activities at Service Parts Division:</p> <ul style="list-style-type: none"> • Eliminated plastic packaging from Element Air Cleaner resulting in reduction in 327 Kg / Month of plastic waste. • A total 15-part Yokoten initiated in the Element Air Cleaner eliminating monthly consumption of approx. 574kg's of plastic. • Elimination of plastic packaging material in Grill radiator reduced plastic waste by 110 kgs/month and CO2 reduction by 0.4 Tons. • Elimination of plastic packaging from metal parts reduced plastic consumption by 80 Kgs / month and CO2 reduction by 0.6 Tons. • Using Paper pouch instead of plastic pouches in shipping small parts. <p>As a result of various Packaging Material Reduction Kaizens implemented, achieved cumulative reduction of plastic waste by 2.8 tons surpassing the target of 2.1 tons for the year.</p> |
| <p>5. Supplier CO2 reduction activities</p> <ul style="list-style-type: none"> • Achieved 15.62% CO2 Reduction against our set target of 14.5% for FY 2022-23. • Achieved 960 K Tons of CO2 reduction against our set target of 973 K Tons for FY 2022-23. |
| <p>6. Supplier waste reduction activities</p> <ul style="list-style-type: none"> • Overall, 387 Kaizens Ideas towards waste reduction implemented, resulting in Overall 725 Tons of plastic packaging waste reduction. |
| <p>7. Dealer CO2 reduction activities</p> <ul style="list-style-type: none"> • We have achieved CO2 reduction to 8.01 Kg CO2/Car service in FY 2022 against the target of 9.74 kg CO2/car service. |

Challenge 3

1. Energy consumption within the organization.

- From June 2021, TKM has been procuring 100% Renewable Energy (in Grid electricity), which has resulted in a reduction of 65549.11 Tons of CO₂ in FY 22-23.
 - Total energy consumption in Manufacturing Area: 0.52 million GJ.
- Kaizens: Edification, BLDC Fan, Ventilation through HVLS, etc., resulted in, 7094 tons of CO₂ reduction with investment of INR 141 million surpassing the target of 7712 tons.

2. GHG Emissions

- Scope 1 Absolute: 12709 tons
- Scope 2 Absolute: 459 tons
- Intensity: 0.073 tons/vehicle (Includes only Scope 1 and Scope 2)

3. Other emissions

- SO_x - 5.63 MT/A
- SPM - 151.58 MT/A
- NO_x - 5.70 MT/A
- VOC Body - 34.44 g/m²
- VOC Bumper - 520.01 g/m²

4. Kaizen

- Implemented zero VOC material usage by mixing the VOC thinner with organic thinner in the 70:30 ratio resulting in saving 0.663g/m² of VOC.
- CV manual hose replaced with less adhesive one; Minimum quantity of thinner is used to clean the less adhesive hose. VOC Reduced by 0.332 g/m².
- PVC Robot thickness optimization activity by Program fine-tuning. VOC Reduced by 0.013 g/m².

5. ODS

- We have implemented a roadmap to reduce our consumption of R-22 and R-410 refrigerant gases. As a result, we are transitioning towards a safer option, the R-32. Our consumption of R-32 for the reporting year stands at 26.5 kg. We are also in the process of replacing the conventional ACs to avoid environmental damage. During the year 223 no's Ac units were replaced.

Challenge 4

1. Water Consumption, Discharge & intensity

- 92% of water consumption in production is from Recycled water + 3% from Rainwater making it a total of 95%.
- Water Consumption (1192510 m³ & discharge – Both plants are “Zero Discharge facilities”).
- For the reporting year, the specific freshwater consumption stands at 0.26m³/vehicle.

2. Water usage optimization kaizens at Paint shop

- V-jet nozzle replaced by spiral nozzle to ensure that the bottom area of the car gets sufficient coverage during PTED process, thereby resulting in saving 7.44 m³ water/day.
- Reusing of condensed Wastewater at Bazooka process in PTED resulted in reduction in effluent generation thereby savings 2m³ water/day.
- Frame PT-ED line EDDI tank water consumption reduction: EDDI Tank side spray time reduced to 24 Secs from 38 secs resulting in reduction in water saving of 4.56 m³/day.

- Topcoat dry booth Activity: Overspray particles are captured by filter mechanism and no chemicals are used leading to reduction in paint sludge generation resulted in.
- Reduction in freshwater consumption by 6m3/day, 0.015M3/vehicle
 - energy savings of 3.4 KWH/vehicle.
 - cost of disposing waste by 1.8 kg/vehicle,
 - chemical cost saving by Rs. 16/vehicle

3. Avg Groundwater level at TKM improved

- 16.1ft(post-monsoon) and 25.8ft(pre-monsoon).

Challenge 5

1. Waste Generation

- Hazardous waste - 1918.096 MT
- Spent solvent and used oil - 226.2245 MT
- empty containers -500.58 MT
- recyclable waste- 23741.327 MT
- Glass wool - 6.14 MT
- batteries & E-waste - 210.67 MT

2. Steel consumption - 51.93 million kgs

3. CO2 reduction kaizens through steel consumption reduction

- Direct material' cost reduction activity by reducing material thickness tolerance by 2% and reducing material size.
- Resulted in Reduction in material weight from 19.75 Kg to 19.36 Kg and cost of the part from Rs.1563.22 to Rs.1535.22/ Vehicle. The total cost benefit accrued was Rs.28/Vehicle and reduced 1.07 kg Co2/Vehicle."

"X" GRADE MATERIAL IMPLEMENTATION, reducing material thickness tolerance by 2% resulted in:

- Reduction in material weight from 19.05 KG TO 8.66 KG (0.38) and cost of the part from 1670.56 TO 1637.21Rs/ vehicle. Total cost benefit - 33.34 Rs/ vehicle and reduction in 1.04kg CO2 generation per vehicle.

4. Steel consumption per vehicle: 297.50 kg

5. Plant 1: Paint and Thinner Consumption

- Total Paint & Thinner Consumption: 1942335.7 kg
- Only thinner consumption: 61500 kg
- Thinner Recovered: 35026 kg

6. Plant 2: Paint consumption for Bumper A Line

- Paint & Thinner Consumption: 106202.2 kg
- Only thinner consumption: 70410.0 kg
- Thinner Recovered: 1315.6 kg

7. Paint Consumption per vehicle: 21.30kg

8. Recycled Steel Quantity per vehicle

- Innova Hy Cross - 28.92 kg/ vehicle
- Fortuner - 60.02 kg/ vehicle
- Innova Crysta - 29.38 kg/ vehicle
- Hilux - 2.42 kg/ vehicle

Challenge 6

1. Biodiversity

- Saplings within TKM: 3,28,000
- Floral variety in TKM: 790 (includes trees, shrubs, herbs, climbers, Grass, Phyto Planktons, mushrooms, lichens).
- Faunal variety in TKM: 285 (includes Birds Butterflies, Odonates, Insects, mammals, Reptiles, Amphibians, Zoo Planktons).
- Carbon stored = 1033.554 tons (cum)
- Carbon assimilated = 3793.143 tons (cum)
- Carbon sequestered: 4826.7 tons of CO2 sequestration since 2009 till 2019.
- Number of plant species at Ecozone: 650+ 4 RET bird-species – Black-headed Ibis, Indian River Tern, and Oriental Darter Bird.

2. Total no. of species inside TKM premises includes:

- 354 tree species under 10 families
- 210 shrub species
- 52 Climbers species
- 120 herbs species
- 285 Faunal species

3. Number of students trained at Ecozone

- In FY 22-23: 10,050
- Cumulative: 30,019

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Familiarization of the process / practices online by the TKM team
- Sample data review mapped to relevant processes / practices from level 1 perspective.
- conducting site tours of the facilities and reviewing processes related to the control of GHG emissions data and records as required by Challenges.
- interviewing relevant employees of the organization responsible for managing GHG emissions data and records; and of each of the Challenges

Observations

Consideration may be made to have a more structured approach in data collection, calculation and record keeping for the sites.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity audit – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.



LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification audits is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is TKM's certification body for ISO 14001. We also provide TKM with a range of training services related to management systems. The verification and certification audits, together with the training, are the only work undertaken by LRQA for TKM and as such does not compromise our independence or impartiality.

Signed

Dated: 30 November 2023

**Karthik
Ramaswamy**
Digitally signed by
Karthik Ramaswamy
Date: 2023.11.30
18:47:12 +05'30'

Name **KARTHIK RAMASWAMY**
LRQA Lead Verifier
On behalf of LRQA Ltd.

LRQA reference: MUM63110281524885

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GRI and BRSR mapping

| GRI Standard | Disclosure | Location | Reference to BRSR |
|---|--|---|------------------------------------|
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | Back Cover Page | Section A, General Disclosures |
| | 2-2 Entities included in the organization's sustainability reporting | Inside Front Cover Page | – |
| | 2-3 Reporting period, frequency and contact point | Inside Front Cover Page | – |
| | 2-4 Restatements of information | None | – |
| | 2-5 External assurance | Pages 88, 89, 90, 91, 92, 93 | – |
| | 2-6 Activities, value chain and other business relationships | Covered in all challenges and Responsible Sourcing | – |
| | 2-7 Employees | Employee Distribution & Welfare; Page 49 | Section A, General Disclosures |
| | 2-8 Workers who are not employees | Employee Distribution & Welfare; Page 49 | Section A, General Disclosures |
| | 2-9 Governance structure and composition | Responsible Governance; Page 13 | – |
| | 2-10 Nomination and selection of the highest governance body | Responsible Governance; Page 11, 12 | – |
| | 2-11 Chair of the highest governance body | Responsible Governance; Page 13 | – |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Responsible Governance; Page 11, 12 | – |
| | 2-13 Delegation of responsibility for managing impacts | Responsible Governance; Page 11, 12 | – |
| | 2-14 Role of the highest governance body in sustainability reporting | Responsible Governance; Page 11, 12 | – |
| | 2-15 Conflicts of interest | Responsible Governance; Page 11 | Principle 1, LI-4 |
| | 2-16 Communication of critical concerns | Responsible Governance; Page 11, 12 | – |
| | 2-17 Collective knowledge of the highest governance body | Responsible Governance; Page 11, 12 | – |
| | 2-18 Evaluation of the performance of the highest governance body | Responsible Governance; Page 11, 12 | – |
| | 2-19 Remuneration policies | Responsible Governance; Page 11, 12 | – |
| | 2-20 Process to determine remuneration | Responsible Governance; Page 11, 12 | – |
| | 2-21 Annual total compensation ratio | Responsible Governance; Page 11, 12 | – |
| | 2-22 Statement on sustainable development strategy | "Leadership Messages; Pages 4,5,6 Approach to Sustainability" | Section B, 7 |
| | 2-23 Policy commitments | Responsible Governance; Page 11, 12 | Section B |
| | 2-24 Embedding policy commitments | Responsible Governance; Page 11, 12 | Section B |
| | 2-25 Processes to remediate negative impacts | Responsible Governance; Page 11, 12 | Section B |
| | 2-26 Mechanisms for seeking advice and raising concerns | Responsible Governance; Page 11, 12 | – |
| | 2-27 Compliance with laws and regulations | Legal Compliance & ethics; Page 11 | Section B-10, Principle 6, EI-12 |
| | 2-28 Membership associations | Page 8 | Principle 7. EI-1,2 |
| | 2-29 Approach to stakeholder engagement | Stakeholder Engagemnet & Materiality; Page 16 | Principle 4, EI-1,2, LI-2 |
| | 2-30 Collective bargaining agreements | Employee Distribution & Welfare; Page 49 | Principle 3, EI-7 |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Stakeholder Engagemnet & Materiality; Page 16, 17, 18 | Section A, General Disclosures, 24 |
| | 3-2 List of material topics | Stakeholder Engagemnet & Materiality; Page 16, 17,18, 19 | Section A, General Disclosures, 24 |
| | 3-3 Management of material topics | Narrative for each section | Section A, General Disclosures, 24 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Economic Perfomance; Page 20,21 | – |
| | 201-3 Defined benefit plan obligations and other retirement plans | Employee Distribution & Welfare; Page 49 | – |
| | 201-4 Financial assistance received from government | Economic Performance; Page 20,21 | – |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Corporate Social Responsibility; Pages 79, 80, 81, 85 | – |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Responsible Sourcing; Pages 62-69 | – |

| GRI Standard | Disclosure | Location | Reference to BRSR |
|---|---|---|--------------------------------------|
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | Responsible Governance; Page 11, 12 | Principle 1, EI-4 |
| GRI 207: Tax 2019 | 207-1 Approach to tax | Economic Performance; Page 21 | – |
| | 207-2 Tax governance, control, and risk management | Internal Control & Audit; Page 12 Risk Management; Page 14 | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | Challenge 5; Page 37 | |
| | 301-2 Recycled input materials used | Challenge 5; Page 39 | |
| | 301-3 Reclaimed products and their packaging materials | Challenge 5; Page 40 | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Challenge 3; Page 32, 33 | Principle 6, EI-1, LI-1, 6 |
| | 302-3 Energy intensity | Challenge 3; Page 33 | Principle 6, EI-1, LI-1,6 |
| | 302-4 Reduction of energy consumption | Challenge 3; Page 32 | Principle 6, LI-6 |
| | 302-5 Reductions in energy requirements of products and services | Challenge 1; Pages 24, 25, 26, 27 | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Challenge 4; Page 35, 36 | |
| | 303-2 Management of water discharge-related impacts | Challenge 4; Page 35, 36 | |
| | 303-3 Water withdrawal | Challenge 4; Page 35 | Principle 6, EI-3 |
| | 303-4 Water discharge | Challenge 4; Page 35 | Principle 6, EI-3 |
| | 303-5 Water consumption | Challenge 4; Page 35 | Principle 6, EI-3 |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Challenge 6; Page 40, 41, 42, 43, 44 | Principle 6, EI-10, LI-5 |
| | 304-2 Significant impacts of activities, products and services on biodiversity | Challenge 6; Page 40, 41, 42, 43, 44 | Principle 6, EI-10, LI-5 |
| | 304-3 Habitats protected or restored | Challenge 6; Page 40, 41, 42, 43, 44 | Principle 6, EI-10,11 LI-5 |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | Challenge 6; Page 40, 41, 42, 43, 44 | Principle 6, EI-10,11 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Challenge 3; Page 33 | Principle 6, EI-6, |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Challenge 3; Page 33 | Principle 6, EI-6 |
| | 305-3 Other indirect (Scope 3) GHG emissions | Challenge 3; Page 33 | Principle 6, EI-6, LI-4 |
| | 305-4 GHG emissions intensity | Challenge 3; Page 33 | Principle 6, EI-6, |
| | 305-5 Reduction of GHG emissions | Challenge 3; Page 32 | Principle 6, EI-7 |
| | 305-6 Emissions of ozone-depleting substances (ODS) | Challenge 3; Page 34 | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Challenge 3; Page 34 | Principle 6, EI-5, LI-1, 9 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Challenge 5; Page 38 | Principle 6, EI-9 |
| | 306-2 Management of significant waste-related impacts | Challenge 5; Page 38 | Principle 6, EI-9 |
| | 306-3 Waste generated | Challenge 5; Page 38 | Principle 6, EI-8 |
| | 306-4 Waste diverted from disposal | Challenge 5; Page 39 | Principle 2, LI-3, Principle 6, EI-8 |
| | 306-5 Waste directed to disposal | Challenge 5; Page 39 | Principle 2, LI-3, Principle 6, EI-8 |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | Responsible Sourcing; Pages 63 | Principle 2, EI-2 |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Responsible Sourcing; Pages 62-69 | Principle 2, EI-2 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Employee Distribution & Welfare, Page 49 | Section A, General Disclosures, 20 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employee Distribution & Welfare, Page 49 | "Principle 3, EI-1, 2, LI-1" |
| | 401-3 Parental leave | Employee Distribution & Welfare, Page 49 | Principle 3, EI-5 |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | Employee Distribution & Welfare, Page 49 | |

| GRI Standard | Disclosure | Location | Reference to BRSR |
|--|--|--|-------------------------------|
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Safety at Workplace: Page 57, Occupational Health: Page 60 | Principle 3, EI-10 a, b, c, d |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Page 57, 61 | Principle 3, EI-10 a, b, c, d |
| | 403-3 Occupational health services | Page 60, 61 | Principle 3, EI-10 a, b, c, d |
| | 403-5 Worker training on occupational health and safety | Safety at Workplace: Page 58 | Principle 3, EI-10 a, b, c, d |
| | 403-6 Promotion of worker health | Occupational Health: Page 60, 61 | Principle 3, EI-12 |
| | 403-8 Workers covered by an occupational health and safety management system | Safety at Workplace: Page 58, 59 Occupational Health: Page 60, 61 | Principle 3, EI-10 a, b, c, d |
| | 403-9 Work-related injuries | Safety at Workplace: Page 57 | Principle 3, EI-10 a, b, c, d |
| | 403-10 Work-related ill health | Occupational Health: Page 60, 61 | Principle 3, EI-10 a, b, c, d |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Learning & Development: Page 52 | Principle 3, EI-8 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Learning & Development: Page 51, 52 | Principle 3, EI-8, LI-4 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Employee Distribution & Welfare; Page 49 | Principle 3, EI-9 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Governing Body, Employee Distribution & Welfare; Pages 13, 49 | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Employee Distribution & Welfare; Page 49 | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Employee Distribution & Welfare; Page 49 | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | Responsible Sourcing; Pages 62-69 | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Responsible Sourcing; Pages 62-69 | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Social Responsibility; Page 76-85 | Principle 8. EI-1 |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | Social Responsibility; Page 76-85 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | Responsible Sourcing; Pages 62-69 | |
| | 414-2 Negative social impacts in the supply chain and actions taken | Responsible Sourcing; Pages 62-70 | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | Vehicle Safety; Page 73 | |
| Additional Topics | | | |
| End of life Management of Product | End of life vehicle Management; Page 38, 39 | | Principle 2, EI-3 |
| Dealer Relationships | Challenge 2: Pages 28, 29, 30, 31 | | |
| Diversity, Equity & Inclusivity | Human Rights, Page 50 | | |
| Digitalisation | Digitalization: Page 74,75 | | |
| Alternative fuel technology (Electrification, hybridisation, fuel cell technology) | Challenge 1; Pages 24, 25, 26, 27 | | |
| Customer Satisfaction & Complaint Handling | Creating Customer Value; Pages 70,71,72,73 | | Principle 2, EI-1 |

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Rate our report on the following parameters:

| | Poor | Average | Good | Excellent |
|-----------------------------------|------|---------|------|-----------|
| Layout & Design | | | | |
| Quality of Information | | | | |
| Transparent Approach | | | | |
| Ease of understanding the content | | | | |
| Usage of GRI Standards | | | | |

How do you rate our performance?

| | | | | |
|--|--|--|--|--|
| Ethics & Governance | | | | |
| Initiatives towards Carbon Neutrality | | | | |
| Initiatives towards creating net positive impact | | | | |
| Initiatives towards Employee benefits & Employee development | | | | |
| Initiatives driven across Value Chain | | | | |
| Initiatives towards enhancing Customer Experience | | | | |
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How are you related to TKM (Tick the option/s)?

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TOYOTA

TOYOTA KIRLOSKAR MOTOR PVT. LTD

Plot No.1, Bidadi Industrial Area, Bidadi,
Ramanagar Dist. Pin: 562 109. Karnataka, India

Email: sustainability@toyota-kirloskar.co.in
www.toyotabharat.com