



IT'S **HY** TIME



SHIFTING GEAR TOWARDS A SUSTAINABLE FUTURE

Toyota Kirloskar Motor Pvt Ltd

SUSTAINABILITY REPORT 2022 - CONCISE VERSION

Biodiversity at TKM



Giant wood spider



Indian snakeweed



Cicada species



Eggs of red wattled lapwing



Fruit piercing moth caterpillar



Brahmini Kite



Naja naja - Evergreen Forest



Long winged planthopper



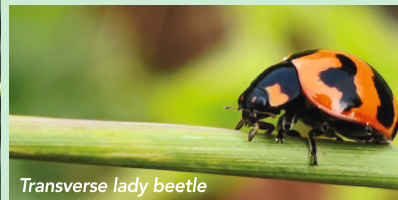
Indian skittering frog



Jewel beetle & slug on a fruit



Bee Hive



Transverse lady beetle



Spotted Owlet



Messages from Leadership



Masakazu Yoshimura
Managing Director & CEO

The environmental problems of our time are both time-sensitive and evolving, and have to be addressed in good faith, in a timely manner with 360-degree perspective & application of the best science on hand. Taking a holistic approach, we have introduced electrified & alternative energy vehicles best suited for the energy mix of the country and faster consumer acceptance towards realizing a 'Carbon Neutral Society' at the earliest. Along with manufacturing safe & eco-friendly vehicles, our primary focus is to build a skilful workforce and contribute to the betterment of the whole society. We continue to share our key learnings, experiences and best practices across our value chain including dealers and suppliers for the larger benefit of the community. Toyota's core guiding principles continue to steer us to go beyond in providing sustainable 'Mobility for All' and 'Leave No One Behind', thereby producing 'Mass Happiness for All'.



Raju B. Ketkale
Executive Vice President

The reporting year has been rather exhilarating for us with many dramatic shifts, which includes pandemic repercussions and major vehicle projects of introducing the new electrified technology. Our commitment to systems & processes have enabled us to overcome all the challenges and enhance our performance. In this report, we cover the progress & outcomes of sustainable initiatives driven across value chain and Toyota Environment Challenge 2050. We are committed to our philosophy "Grow Together" that focuses on building a sustainable future for local communities. We are extremely grateful to our stakeholders for being our strength and support to progress towards our set targets. We welcome your feedbacks and suggestions on the report at sustainability@toyota-kirloskar.co.in.

About

Toyota Kirloskar Motor Pvt. Ltd.

Overview of the Company

YEAR OF ESTABLISHMENT

6th October 1997

EQUITY PARTICIPATION

Toyota Motor Corporation: 89%

Kirloskar Systems Pvt. Ltd.: 11%

TOTAL INSTALLED PRODUCTION CAPACITY

3,10,000 units per annum

COMPANY ADDRESS

Bidadi Industrial Area, Ramanagara District, Karnataka

Toyota Kirloskar Motor Private Limited (TKM) is one of the leading auto manufacturers in India. Our vision, mission and values drive us to excel in each of our business operations. We constantly endeavour to enhance the lives of our business partners and the community at large. Team Toyota India is committed to serve its customers through advanced technologies & services, thereby fulfilling its commitment to Occupational Health & Safety (OH&S), Environment, Economic and Social stewardship. It has created its own distinct image in India by providing quality products and services.

Product Portfolio

TOYOTA



Glanza



Fortuner



Urban Cruiser



Legender



Urban Cruiser Hyryder
(Launched in 1st Jul'22)



Camry Hybrid



Innova Crysta



Vellfire Hybrid *



Hilux

LEXUS



RX 450hL *



LS 500h *



NX 350h *



LX 570 *



LC 500h *



ES 300h

* Imported

Sustainability Highlights



Environment

5,859 units of Camry self-charging Hybrid Electric Vehicles sold in India resulting in total **CO₂ savings of 22.93 million kgs**

100% Renewable Energy (in Grid electricity) procured at Bidadi Manufacturing plant since June 2021

Reduction of 37,329 Tons of CO₂ through utilization of Renewable Energy

89% water demand met through **recycled & rainwater** for production

Ecozone education program reached **19,969 school children**

11,785 saplings distributed to stakeholders



Social

Trained 43,673 supplier members on enhancing Environment & Social performance

Outreach of **423 million users** through our digital campaigns

Trained over 700 industry-ready technicians who have been successfully placed

Program on xEV reached **10,106 Engineering students** spread across **18 States**

1,11,233 children from **1456 schools** provided with learning aids

12,579 people benefitted from Skill development program

4,37,069 students & community reached through ABCD programme

2,80,250 villagers from **262 villages benefitted** from **43 water purification units**

7,83,919 students benefitted from Toyota Safety Education Program

59,590 beneficiaries impacted with **22 iCARE events**

Above data as on 31 March 2022

Responsible Governance

We have put in place robust institutional governance framework encompassing policies, systems, processes and highly efficient governing body that plays a key role in shaping the overall strategy and setting the roadmap to achieve the set milestones. The integration of commitments into organizational strategy is achieved through annual Company Policy (Company Hoshin).

Legal Compliance

To accomplish our stated objective of "Complete Legal compliance & No Complaints", we have established Legal Compliance Management System – where every applicable functional division is empowered to establish and ensure legal compliance at their respective levels. All the legal consents have been obtained from the respective regulatory authorities.

Economic Performance

For a business entity, one of the metrics of success is its profitability and value creation for all its stakeholders. At TKM, while we strive to maximise value for all, we remain committed to highest standards of business conduct and contribute to nation building through timely remittance to the national exchequer.

(Rs. in Mn)

Financials	2021-22	2020-21	2019-20
Economic value generated, distributed and retained			
Revenue (through core business segments)	1,95,634	1,31,818	1,56,662
Other income (through other sources)	2,018	2,232	3,520
Total	1,97,652	1,34,049	1,60,182
Other expenses	1,78,759	1,23,969	1,45,525
Personnel expenses (Wages+benefits)	11,295	10,126	11,063
Interest charges	446	398	361
Community development/CSR investments	101	164	196
Contribution to Benefit Plan			
Contribution to Provident fund & other funds	809	706	724
Staff Welfare expenses	970	930	1,039
Significant financial assistance received from Government			
IT Exemption	-	-	-
Land provided at Subsidised rate	-	-	-
Incentive - Sales Tax deferral (Note)	-	1,985*	-
Custom, excise duties waived	-	-	-
Others	-	-	-

* Refundable interest free GST loan from Government

Towards a Greener Future

At Toyota, we follow the philosophy of 'Respect for the Planet' by considering environment as one of the primary stakeholders in every business decision. We are committed to environment protection through adoption of eco-friendly systems and practices.

Toyota has articulated its vision of creating a future society in harmony with nature by establishing Toyota Environment Challenge 2050 – an ambitious project comprising six challenges towards achieving Carbon Neutrality and Creating a Net Positive Impact on the environment, by the year 2050.



CHALLENGE 1

New vehicle
Zero CO₂
Emissions Challenge



OUR APPROACH:
Green Mobility



We aim to reduce 90% of new vehicle CO₂ emissions by 2050 (compared to 2010 global level emissions) by investing in Green Mobility.

Toyota electrified Vehicles



Camry Hybrid



Vellfire Hybrid*



Urban Cruiser Hyryder



Achieved total cumulative sales of more than **20 Million EVs sold** electrified vehicles in Feb 2022 (1997-February 2022), resulting in around **160 million fewer tons of Co₂ emissions** and has saved approximately 65 million kilolitres of gasoline to date



Imported in India, **5859 units** of Camry self-charging Hybrid Electric Vehicle were sold resulting in total CO₂ Savings (compared to equivalent ICE Camry) of **22.93 million kgs** as on March 2022.

Sustainability journey of Lexus

Lexus India contributes to Lexus' carbon neutral initiative by planting a specific number of trees for each Lexus car sold in the country. As of 2022, the project has planted over 27,000 trees all over the country, with the support of Grow-Trees.com. Lexus achieved the Global milestone sale of 2 million electrified vehicles at the end of April 2021, with cumulative reduction of 19 million tons of CO₂. The Lexus Design Award India (LDAI), a platform that recognizes and rewards members of the Indian design community who anticipate future challenges and design innovative products to tackle those challenges, has witnessed 2,000 entries over the past five years.



CHALLENGE 2

Life Cycle
Zero CO₂
Emissions Challenge



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



Green Supply Chain

In our efforts to create a responsible value chain, we hand-hold our supply partners who fall in **moderate-or low risk** zones with Green Purchasing Guidelines and empower them to identify gaps and implement best practices.

Outcome of FY21-22



With Renewable Energy procurement by our 29 key suppliers, we could achieve a reduction of 39K tonnes of CO₂ from their operations against the target of 36K tonnes.



Eco Dealership

We integrate sustainable practices among our dealerships through Dealer Environment Management System (EMS) Program guidelines. We are developing select Model ECO Dealers at region from July 2022.

Outcome of FY21-22



Various initiatives ongoing at Dealership have resulted in reduction to 8.22kg CO₂ per car service in 2021, against the target of 10.06kg per car service.



Green Logistics

We implement various Kaizens to minimize the environmental impact resulting from Logistic operations.

Outcome of FY21-22



742 Tons of CO₂ emissions reduced through utilization of Indian railways; 43.46 Tons of CO₂ reduced through CNG vehicles utilization. Reduction of 10.14 Tons of packaging materials.

CHALLENGE 3

Plant Zero CO₂
Emissions Challenge



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



At Toyota, we are committed to achieve energy efficiency by adopting consumption reduction techniques, introducing advanced engineering technologies, and expanding use of innovative production. This will ultimately lead us to our aim of achieving Carbon Neutrality at all manufacturing facilities globally by 2035.



From June 2021, TKM manufacturing plant has been procuring 100% Renewable energy (in grid electricity) which has resulted in reduction of 37329 Tons of CO₂.

CHALLENGE 4

Challenge of
Minimizing and
Optimizing
Water Usage

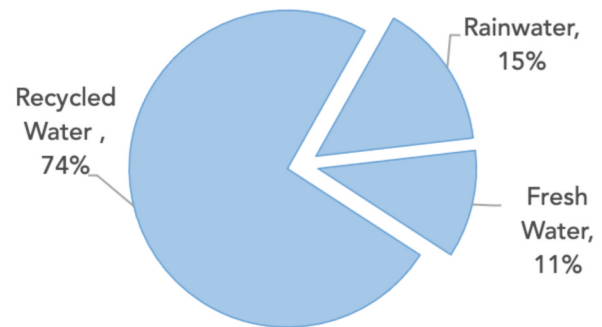


OUR APPROACH: Reduce, Reuse, Recycle



Water conservation and wastewater treatment are accorded top priority at our facility and multiple efforts are made to ensure optimum water utilization. We adopt prudent measures towards becoming a water neutral company that hinge on innovative solutions to save water.

For the reporting year, we are able to reduce our dependency on freshwater by **89%** for production processes, & **65%** for domestic needs.



CHALLENGE 5

Challenge of
Establishing a
Recycling-based
Society and Systems



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



Our demonstration towards 'Respect for the Planet' has also been encompassed in our Resource Management System. Right from responsibly consuming the resources in the beginning, handling our waste dutifully, to proper management of end of life vehicles, Toyota Global has strategic measures in place to ultimately establish a recycling based society and systems.

Resource Optimization

Paint & steel being the highest consumed resources at our facility, we are committed to reduce the consumption by accelerating steel yield improvement activity and implementing kaizens to optimize paint usage.

Value Management

We have been sending incinerable waste to co-processing in cement industries that has eliminated 100% process emissions and has avoided waste reaching the landfill.

ELV Management

We are gradually increasing the usage of recycled materials in our vehicles by utilizing steel scrap from manufacturing to produce other parts, towards achieving Car to Car recycling goal.

CHALLENGE 6

Challenge of
Establishing a
Future Society in
Harmony with Nature



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



We are deeply dedicated to conserving the environment by not just improving our products and processes, but also proactively working towards developing a future society in harmony with nature.

Toyota Green Wave Project

By utilizing opportunities like commemorative days, we engage with all our employees and stakeholders to carry out mass plantation events. Over the years, we have planted more than **3,23,000 plants**.



For the reporting year, we undertook multiple mass afforestation events including internal & external stakeholders and planted **more than 1000 plants**; distributed **11,785 plants**.

Today for Tomorrow – Lake rejuvenation & handover

Through this program, we engage in large-scale conservation activities, one of them being lake rejuvenation in the community.

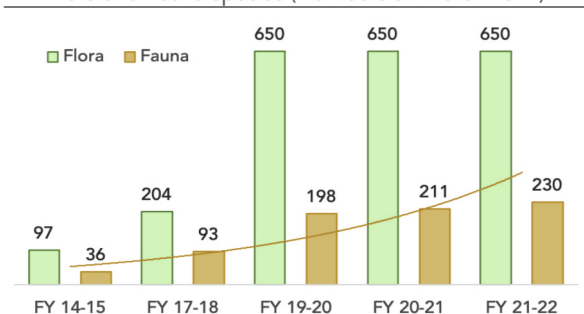
We have successfully implemented the Abbanakuppe lake rejuvenation project under CSR initiative and handed over the responsibility to local authorities in reporting year. This project has increased the groundwater level, enhanced biodiversity, improved agriculture in nearby areas, and provided good civic amenities for **8,000 villagers from 6 nearby villages**.



Conserving Native Biodiversity

Our TKM premises has been a home for more than **650 plant species** that has created a safe habitat for a number of fauna, including 4 Rare Endangered Threatened (RET) listed bird species.

Flora and Fauna species (Numbers till March 2022)



Education for Sustainable Development

The Ecozone experiential environment education program (a project under CSR initiative) aims at bringing **behavioural change** among the visitors, who carry the responsibility of building a society in harmony with nature. In the reporting year, Ecozone Education program successfully reached **19,969 children**.

Our People, Our Pride

Our success is intrinsically linked to the growth of our people; therefore, we make constant efforts to attract and retain the best talent through comprehensive programs that contribute to holistic development of individuals.

100% of our workmen exercise freedom of association and collective bargaining.



4150 employees Effectively utilizing **Toyota Mithra** – a communication platform established to share all kinds of information to our employees.



In association with Dept. of Factories, Boilers, Industrial Safety & Health, TKM launched 'Surakshateya Arivu - 2022' a Safety Induction Booklet, and sponsored **11,000 booklets** to Ministry of Micro, Small & Medium Enterprises (MSME) industry workers.

TKM recognised with First place for safety initiatives in Mega industry category by Department of Factories, Boilers, Industrial Safety and health, Govt. of Karnataka.

Creating Vibrant Culture

We conducted various engagement activities during the reporting year, that has been beneficial for the employees in expressing their talent, expertise and get recognition within the Toyota family.



Swasthya health event



Kannada Habba

Toyota Kirloskar Motor (TKM) was recently awarded the prestigious **“Golden Peacock Award for HR Excellence”** for the year 2021 for achieving overall excellence in their Human Resource.

Learning & Development

We focus on developing lifelong learning among the talent pool by providing accelerated growth and learning opportunities. TKM endeavours to meet all its training requirements that helps to retain the talent and strengthen the skills of all our relevant stakeholders.

Toyota Learning & Development India & Skill Enhancement plan devised to offers customised development programs to employees.

Distributor Management Development Programs delivered for leaders hailing from 10 countries from Middle East and Central Asia.

Toyota Technical Training Institute
More than 700 industry-ready technicians trained & placed in Toyota Group & Supplier companies under

Responsible Sourcing

We regularly engage with our suppliers to build their capacity & quality to help them attain a level of confidence to deliver the expected outcomes. We have developed **Purchasing Policy and General Purchasing Agreement** which are applicable to all our supply partners. Additionally, as part of **CSR Guidelines**, the aspects of climate change and social responsibility have been introduced in the policies applicable to supply partners.

New Supplier Establishment System

The NSER lays down strict criteria for the selection and evaluation of suppliers with respect to 41 ESG parameters including labour practices, legal compliances, safety, environment, and competitiveness (price, quality, etc). Approximate Spend estimate during FY 2021 – 22 is Rs. 51,040/- million towards Parts, Components & Logistics procurement from local suppliers.

Supplier Development Management Program

We focus on creating a sustainable supply chain by collaborating with our suppliers and strengthening their capacity to demonstrate enhanced environmental and social performance. In the reporting year, 950 Sub leaders from 160 companies were imparted training, who in turn trained 43,673 supplier members.

A milestone towards 'Make in India' mission

Toyota Group of Companies that constitutes of Toyota Kirloskar Motor and Toyota Kirloskar Auto Parts has announced a Memorandum of Understanding (MOU) with the Government of Karnataka to invest Rs 41,000 Million on facilitating systems for localization of parts. The investments are aimed at promoting greener technologies that will help lower dependence on fossil fuels and mitigate carbon emissions. This investment will also enable local production facilities to build electric powertrain parts and components, thereby cater to the electrified vehicle manufacturing in India.

Supplier CSR Initiative

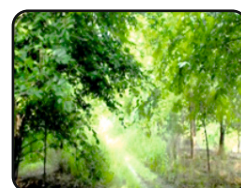
Considering the implications of climate change and Global warming, TKM shared Eco Good Practices to all supplier partners towards Afforestation. One of the key suppliers held a plantation drive across **70 acres** of land using **125 different native species** at Tughlaqabad Biodiversity Park. From catering to the water needs for a healthy growth of plants, to protecting the plant against harm caused by animals, various initiatives were implemented to ensure their sustenance.

Advantages:

- Sequestration of roughly 1364 T CO₂ per year.
- Improving the water table and hydrological cycle.
- Creating employment in nursery and biodiversity park.
- Increased faunal diversity.
- 7 of 17 SDGs impacted (social & environment).



Before



After

Customer Delight

Team Toyota is committed to delight its customers by understanding their needs, continually improving our products, developing our dealer operations, and excelling in our services.

Enhancing Customer experience

We have adopted multiple approaches to provide positive experiences to our customers in every aspect.

Seamless & Heart Touching Guest Experience (HTGE) concept to offer selfless care & hospitality to our Guests.

Customer Assistance Centre (CAC) Unification activity to provide uniform customer experience.

Extended Warranty, that extends benefits to 5 Years / 2,20,000 Km from date of purchase of vehicle.

Smile Plus, to offer Hassle-free service experience to customers, available Pan India Toyota Dealerships.

Gloss STUDIO, a Car Beautification Service to amplify the aesthetics of the Car.

Next Gen e-Customer Relation Building (e-CRB) for convenient buying & selling experience.

Digital Campaigns

Toyota undertook various brand awareness as well as lead generation campaigns continuously.

Digital campaigns have helped us achieve a total outreach of **423 million users and 11 million visitors** to our website, in the year 2021_22.



Dealer Safety Management

We promote safe working culture amongst our dealer partners by establishing robust Safety Management system. In addition to engaging and sensitizing our dealer employee towards Safety, we focus on identifying and eliminating Rank-A Hazards pro-actively.

Transforming selling and buying experience with Toyota Used Car Outlet (TUCO)

TUCO will be a one roof solution for all Value-Added Services of a Toyota used car Buying experience including Finance, Insurance and Accessories. Through this exclusive showroom, customers will be able to sell their Toyota cars with trust & transparency. Buyers can choose from a wide variety of high-quality Toyota models at the right prices. The showroom will be digitally integrated so that customers can have authentic valuation of their vehicles.



Social Responsibility

Our CSR philosophy is guided by two-pronged approach that focuses on Empowering Communities and, Enriching Environment to achieve holistic development in realising the India's goals towards UNSDG's and Net zero emission.

Toyota Anganwadi Development Program (TADP)



Developing teaching manual & providing holistic training to teachers

Modernization of Education Infrastructure



Enhancing the infrastructure of schools and providing necessary facilities to foster learning & development

Community Health Care Centre (Phase III)



Constructing Community Health Center (CHC) & setting up units for specialized medical procedures with Oxygen(O₂) plant at Ramanagara Bidadi

Traffic Training & Road Safety Institute (TT&RSI)



Upgrading infrastructure at Govt.'s Traffic Training & Road Safety Institute; gap assessment to study

Toyota Education & Skill Promotion



Collaborating with Skill India mission to fortify Govt. Tool Room and Training Centre (GTTC & Industrial Training Institute in Karnataka

Contributing to Environment conservation



Imparting Environment education to school children through Ecozone & Rejuvenating community lake

Emergency Medical Care Health Program



Supporting healthcare institutions through providing healthcare equipment and supplies during pandemic

Employee Voluntarism through iCARE platform



Contributing towards welfare of the society through employee voluntarism for CSR endeavours

Social Outreach

TKM CSR has touched 19,58,010 lives through sustainable community development interventions

Education	Skill Development	Health & Hygiene	Road Safety	Environment	iCare
					
Overall Outreach	Overall Outreach	Overall Outreach	Overall Outreach	Overall Outreach	No. of Employee Volunteers
1,17,847	12,579	9,93,505	7,98,600	35,479	59,590
<p>1,11,233 students in 1,456 schools provided with learning aid</p> <p>3,733 students benefitted from modernisation of 12 government schools</p> <p>Engaged with 30 Anganwadi centres to develop as model centers benefitting 755 students</p>	<p>Conducted capacity building of 29 Nonprofit Organizations</p> <p>Strengthening of 4 Govt. Tool Room and Training Centre (GTTC) institutes & 20 Industrial Training Institutes</p> <p>1,600+ students benefitted</p> <p>950 youth reached out through Toyota Technical Training Institute (TTTI) & 247 students in Toyota Koushalaya</p> <p>10,000 students trained under Toyota Technical Education Program (T-TEP).</p>	<p>2,80,250 villagers from 262 benefitted from 43 water purification units</p> <p>12,000 villagers benefitted through health infrastructure support</p> <p>19,550 students from 159 schools reached through health programmes</p> <p>4,37,069 students & community reached through ABCD programme</p> <p>9,822 individuals reached through Mobile Medical Units (MMUs)</p>	<p>7,83,919 students benefitted from Toyota Safety Education Program (TSEP)</p> <p>7 Model Safety School reached out to 5,050 students</p> <p>2,600 students participated in Toyota Hackathon</p> <p>7,031 beneficiaries reached under safety training provided to airport taxi drivers</p>	<p>3,740 students benefitted from Green Me</p> <p>19,991 students were reached through Ecozone</p> <p>8,000 villagers from 6 villages benefitted from Lake rejuvenation</p> <p>1,600 community members from 10 villages benefitted from solid waste management initiative</p>	<p>59,590 number of beneficiaries impacted with 22 iCare events</p> <p>More than 1,500 employees have been registered under iCare</p>

Read our detailed Sustainability Report 2022 @ <https://www.toyotabharat.com/toyota-in-india/environment/>



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