



# SUSTAINABILITY REPORT 2017





## ABOUT THE REPORT

Welcome to Toyota Kirloskar Motor Private Limited's eighth annual Sustainability Report. The report reflects the company's business values, sustainability perspectives, and stakeholder inclusiveness along with the Economic, Social and Environmental performance in FY 2016-17.

The report follows Global Reporting Initiative's G4 Sustainability Reporting Guidelines with chosen level of adherence as 'in accordance – Core'. Further the report is externally assured by KPMG, India as per ISAE 3000 and it is the first time that the company has taken external assurance for the report

We invite our stakeholders to be a part of our sustainability initiatives and give us your valuable feedback and suggestions on this report at [sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in)

## ABOUT THE CONCEPT

While traversing the sustainable growth journey, we believe that it is essential to embrace inclusivity across all our operations and systems. We, at TKM strongly believe in inclusive growth of our stakeholders and their well-being to foster the sustainability values to achieve success. Hence, we have always committed to the principle of stakeholder inclusion in our company's growth and co-creation of shared value for all our stakeholders.

Going forward, we aim to work together with our entire value chain to make it more sustainable. In continuation with last year, yet once again we are taking forward our journey towards sustainability with the principle of '**Nurturing Inclusive Growth**'.

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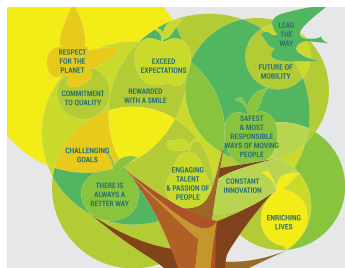
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# MESSAGE FROM THE MANAGING DIRECTOR



**AKITO TACHIBANA**, Managing Director

**IN OUR ENDEAVOR TO INTEGRATE BUSINESS AND SUSTAINABILITY, WE HAVE GLOBALLY ANNOUNCED “TOYOTA ENVIRONMENT CHALLENGES 2050” WHICH FOCUSES ON MOVING TOWARDS ZERO CO<sub>2</sub> AND MINIMIZING THE IMPACT ON ENVIRONMENT FROM OUR BUSINESS.**

Businesses today are social institutions; they must strive towards development of technology and innovations to solve societal issues and to build a sustainable environment for the future. At Toyota, we believe sustainability and corporate social responsibility are as important as profits. We focus on a few areas and try to ensure that we do the things right. We aim to perfect what we do on a small scale and when we are confident we scale them up.

Last financial year, the automotive industry underwent a lot of disruptions beginning from regulatory changes to demonetization leading to major impact on the business. We have however continued to sustain with our core philosophy of ‘CUSTOMER FIRST’. Together with our business partners, we continue to deliver automobiles with best in class quality, safest cars with lowest maintenance orchestrated even today by the Qualis plying on the Indian roads despite stopping its production several years ago.

In our endeavor to integrate business and sustainability, we have globally announced “Toyota Environment Challenges 2050” which focuses on

moving towards Zero CO<sub>2</sub> and minimizing the impact on environment from our business. In India, we are confident that we can achieve a significant portion of the challenge by 2025 itself. Reducing our dependence on grid power by installing a 3.2 MW solar power plant and establishing rainwater harvesting facilities in our manufacturing plant is a recent testimony to our commitment.

Our aim is to deepen the understanding of our philosophies among our stakeholders. To bring the alignment, we handhold our stakeholders by educating and providing tools like green purchasing guidelines and eco dealership guidelines. These best practices implemented at TKM are showcased to our stakeholders to encourage them to adopt them. We are creating an Ecopark at TKM where we would like to involve all stakeholders to promote environment awareness in a unique ‘experiential’ manner.

We have chosen to undertake social initiatives in the areas of road safety, education, skill development, healthcare and sanitation to make a meaningful impact on the communities influenced by us. Our ABCD (A Behavioural Change

Demonstration) program is a step in this direction where we are fighting open defecation. Children are encouraged to learn about issues of open defecation and have become ambassadors of change as they influence their parents to build toilets.

At Toyota, we believe contributing to a better world is part of our DNA. As we continue our meaningful journey in India, I am excited to be driving our agenda to become sustainable and socially responsible business.





Of late, the Indian automotive industry has been subjected to business impacts arising out of events like demonetization, tax reforms and regulatory changes. The tax reform has impacted the segment we operate in; we however believe that a customer with a focus on brand and quality will continue to prefer Toyota. The Indian auto market presently harbours a dual phenomenon of favourable demographic changes with growth in working population and expected improvements in Indian economy providing a fertile environment for a healthy demand for personal vehicles.

The recent push by government for electrification of power trains is commendable, however it hugely depends on availability of infrastructure for charging and affordability. At Toyota, we are already equipped with necessary capabilities to develop electric vehicles; we firmly believe that hybrid vehicles are presently the most environmental friendly vehicles considering the country's current energy priorities. Our focus will remain to be in developing market for hybrid vehicles for the reduction of carbon dioxide emissions throughout the life cycle.

We are committed for our vision of greener tomorrow and have announced our long term commitment towards the society and environment through our Global Environment Challenge 2050 which is in alignment with the UN Sustainable Development Goals (SDGs). We have established a five-year plan to improve our environmental footprint and advance our manufacturing processes in alignment with the Toyota Environmental Challenge. We're proud

of how we have been transforming our company, from the vehicles we make to the way in which we make them. From water use to talent retention to carbon dioxide emissions, we have moved forward and made progress toward a suite of goals and commitments we have set for ourselves.

Traffic congestion is posing a serious concern for urban mobility and safety creating a need to develop innovative solutions.

**GOVERNMENT HAS INITIATED A WORKSHOP INVOLVING NITI AYOJ AND MAJOR PLAYERS INCLUDING TOYOTA TO DEVELOP A FRAMEWORK FOR FUTURE MOBILITY. OUR TOYOTA SAFETY EDUCATION PROGRAM HAS BEEN A STEP FORWARD TO EDUCATE SCHOOL CHILDREN AND TAXI DRIVERS ON SAFETY HAZARDS ON THE ROAD AND DEFENSIVE DRIVING.**

In line with the national and local needs, we have also chosen to undertake various social initiatives in the areas of safety, environment, education, skill development and healthcare and sanitation.

## MESSAGE FROM THE VICE CHAIRMAN

**VIKRAM KIRLOSKAR,**  
Vice Chairman

We are grateful to our customers who have believed in us and recognized our ability to give them increased value year after year. We are thankful to all our stakeholders who we consider as our partners in growth.

Our blueprint for Sustainability, which focuses on our products and environmental footprint, brings to life our pledge to build a strong business, deliver great products and create a better world – and to make this pledge relevant in a future that will be very different from the past.







## MESSAGE FROM THE VICE CHAIRMAN

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

India has emerged as one of the key global players, both as a consumer and producer in the auto industry. It has witnessed tremendous growth, especially in the last few years. The automobile industry in India accounts for 22% of the country's total manufacturing output and has the potential to become the third largest auto market in the world over the next 5 years. The expected growth of Indian economy and increase in the working-age population in the coming years indicate a clear opportunity for the industry.

The year 2016-17 saw some new challenges like demonetization and implementation of GST. While demonetization had the laudable aim of curbing the scourge of unaccounted money the introduction of GST created a few stress points for industry. This is still work in progress. The government's ambitious target for moving into an all-electric auto sector by 2030 is driven by

the need to wean the country away from fossil fuels we believe this is an impractical target. The move to electric vehicles must be gradual given that several industries dependent on the internal combustion engine need time to reinvent themselves and we need to give ourselves time till 2050 to transition to a substantially electric fleet. It is the consumer who will finally determine the choices made and therefore we must continue our focus on offering safe and quality cars to our customers.

**WITH THE AIM OF  
CONTRIBUTING  
TO GLOBAL  
ENVIRONMENTAL  
SUSTAINABILITY,  
TOYOTA HAS  
DEVELOPED THE  
'2050 ENVIRONMENT  
CHALLENGES'  
COMPOSED OF SIX  
INDIVIDUAL CHALLENGES  
ACROSS THREE  
AREAS: EVER-BETTER  
CARS, EVER-BETTER  
MANUFACTURING, AND  
ENRICHING LIVES OF  
COMMUNITIES TO BE  
ACHIEVED OVER THE  
NEXT 35 YEARS.**

In line with the global expectations, TKM has striven to conserve the environment

and promote judicious use of natural resources in our facility and supply chain.

The advent of Corporate Social Responsibility as a concept is an opportunity to add value to the society in which we operate. We at Toyota have always engaged in CSR activities long before the government mandated a 2% of profit spend on this. We have particularly focused on skill development with Toyota Technical Training Institute [TTTI] which has catered to developing youth from the economically disadvantaged sections of the society. Along with the Toyota Institute India [TII] and Gurukul, we have been able to create a highly skilled workforce for our industry. Our focus has rewarded us with first and second positions in India Skills, 2017.

We have actively undertaken initiatives to drive road safety and health and hygiene of the society and striving to 'connect people with nature' through 'child to community' approach with 'Green Me'. Our 'project ABCD' has been successful in touching more than 18000 school children and construction of over 4000 household sanitation units, making 74 villages across Bidadi "open defecation free."

We are committed to go beyond building just world-class cars and be responsible towards our key stakeholders. We value the importance of having clean air and clean water for future generations of Indians and are working to build appropriate products with appropriate technology to maximize employment opportunities.





## MESSAGE FROM THE EDITOR'S DESK



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

It is with great pride I present to you our Sustainability Report for FY 2017. In continuation with last year's theme, 'Nurturing Inclusive Growth', this Sustainability Report will highlight the strategy adopted and the journey taken by stakeholders in alignment with the concept of sustainability. We try to create a conducive environment where enquiry and evidence form the basis of rational choices.

**IT IS VERY VITAL FOR  
US TO CONTINUOUSLY  
MOVE TOWARDS  
INCLUSIVE GROWTH BY  
TRANSFORMING THE WAY  
THE ECONOMY CREATES  
VALUE.**

More importantly, we need to strive to work in close collaboration with the government for implementing new developmental approaches.

As sustainability becomes more mainstream, we report on a series of initiatives that will help TKM set up processes to improve its green footprint and we also turn the spotlight on educating the concept of sustainability to children, our future generation. Additionally, this report elucidates on our teamwork to bring out a quality, safe, innovative product with a softer message of environmental and social conscience.

I would like to thank all our stakeholders who have contributed to the development of this report and appreciate feedback on the same.

Please send us your feedback at  
**[sustainability@toyota-kirloskar.co.in](mailto:sustainability@toyota-kirloskar.co.in)**



# SUSTAINABILITY HIGHLIGHTS

## 2016-17

Initiated  
**3.2 MW**  
solar plant at our premises



**38%**  
of our total energy consumed is procured from  
**Renewable Energy Sources**

**50%** more investment on CSR  
activities compared to previous year  
which is **99.01 Million INR**

The purchased fresh water consumption  
in overall manufacturing is only  
**7.6%**



**92.8%**  
of our water demand for manufacturing  
is met by rainwater and recycled water



**We discard 'Zero waste'**  
directly to the landfill.

The non-hazardous  
waste is sent for  
Recycling and  
hazardous waste for  
coprocessing and  
incineration



**70%**  
reduced survey duration through  
**Revamped Customer Survey**  
mechanism

**Innova**  
No. 1 for 12 consecutive years  
**JD Power Award**



In 2016-17, Toyota Institute India  
has trained  
**20276 people**  
including key stakeholders suppliers,  
dealers and community which is  
**28346**  
total man days trained



Launch of **48<sup>th</sup>**  
Toyota – Technical Education Program [T-TEP]

Instilled road safety in  
**30, 000**  
school children through  
**T-SEP**  
(Toyota – Safety Education Program)



**30,600**  
children trained on Hygienic  
Sanitation Practices through  
**Project**  
**ABCD**



We are certified with  
**ISO 9001:2015 QMS** with  
Zero non-compliance

**24/7**  
counseling support through  
**AASARE**  
for TMs under  
**Psychological distress**



Involved more than  
**1600+ students**  
on environment activities



**25 acres**  
Eco park at TKM premises

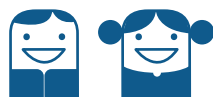


**CSR**  
**Excellence Award**  
for 6 consecutive year by CII ITC

Trained 147 Supplier Project Experts [SPEs],  
that is **89%** of our supplier base



The rate of attrition is **1.42%**  
in FY 16-17, which is lower than the  
industry average of 12%



Rejuvenation of  
**Lingegowdanakere Lake**  
**3.5 acres**



# COMPANY PROFILE

Toyota Kirloskar Motor Pvt. Ltd (TKM) subsidiary of Toyota Motor Corporation [TMC], is one of the leading automobile manufacturers in India. TKM entered Indian market in 1999 with their revolutionary world-class vehicles meeting the needs of Indian customer in Quality, Safety and Innovation.

## OVERVIEW OF THE COMPANY

### Company Name

**Toyota Kirloskar Motor Private Limited**

### Corporate Identification Number

**U34101KA1997PTC022858**

### Equity Participation

**Toyota Motor Corporation: 89%, Kirloskar Group: 11%**

### Date of Incorporation and Establishment

**6<sup>th</sup> October 1997**

### Company Address-Head Quarters

**Plot No.1, Bidadi Industrial Area, Pin : 562109  
Ramanagar District,  
Karnataka State**

### Land Area

**Approx. 432.303 acres  
(approx.1,700,000 m<sup>2</sup>)**

### Total Installed Production Capacity

**Upto 3,10,000 units**

### Markets Served

**India, South Africa, Mauritius,  
Bhutan, Nepal and Brunei**

## ANNUAL POLICY 2016-17

# “STEPPING TOWARDS EXCELLENT COMPANY”

- Be role model to take safety to next level by thorough elimination of accidents inside and outside work place for all members across supply chain
- Strengthen “Never-Compromise-Quality” mind for products, services and processes beyond SOP and set a smooth transition from compliance to governance in all areas of operation
- Place extreme priority for human development (TKM, Dealers and Suppliers), employees’ motivation enhancement and gender diversity/ sensitivity to make Team Toyota a learning organization rooted in TBP and Toyota Way
- Raise the bar of profitability target/ structure and sustain it by the unified effort of all members through cost ownership and ROI mindset
- Be the most chosen company by customers, society and business partners through our capability enhancement and relentless effort in delivering the best-by-far
- Ensure robust mid-long term planning (Year 2025-30) mechanism in all functions aligning with company’s vision and through cross functional collaboration to build a future-ready organization
- Develop true professional with Gemba oriented approach, domain expertise and leadership





Team TOYOTA Vision 2025

# GROW INDIA & GROW WITH INDIA

DEALERS SUPPLIERS

Team TOYOTA

TKM FAMILIES



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 experiences.

## REGIONAL LOCATION

### HQ ADDRESS:

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

### CORPORATE OFFICE:

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

Regional Office [RO] - IS Office, Bengaluru | Regional Parts Depot and Training Centre [West], Pune | Regional Office [RO], Mumbai |  
Regional Parts Depot and Training Centre [North], Manesar | Regional Office [RO], North, Gurgaon | Regional Office [RO], East, Kolkata |  
Regional Parts Centre, Neemrana





# PRODUCT LINE UP

The Innova has been the best selling model in the MPV segment for the past twelve years in succession and Fortuner has been the best selling model in the SUV segment in India since 2009. In India, the manufacturing of Etios commenced in December 2010. Toyota's luxury

car Camry and Camry Hybrid is also assembled in TKM premises.

We also import and sell Land Cruiser, Land Cruiser Prado, Prius and Lexus as Completely Built Units [CBUs] throughout our dealership network in India.



**LAND CRUISER 200**  
The Pride of the World



**PRADO**  
All-Terrain Luxury



**FORTUNER**  
True SUV True Style



**CAMRY HYBRID**  
A New Kind of Luxury,  
Ahead of its Time.



**PRIUS**  
The Planet's Favourite Hybrid



**INNOVA CRYSTA**  
Luxury meets Power



**COROLA ALTIS**  
The New Benchmark



**ETIOS CROSS**  
Born with Attitude



**ETIOS LIVA**  
Designed Stylish. Built Safe.



**PLATINUM ETIOS**  
The Most Dependable Sedan.



Import



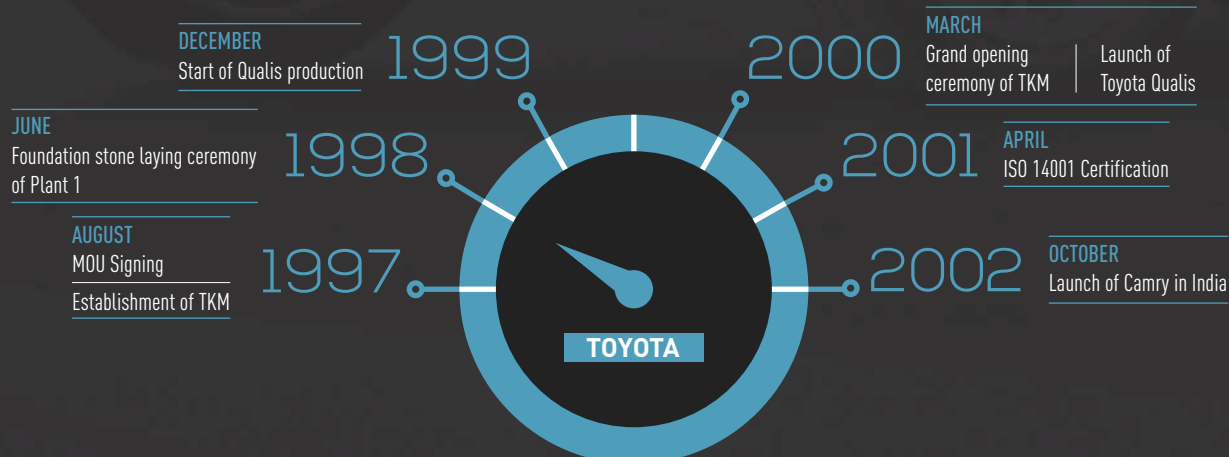
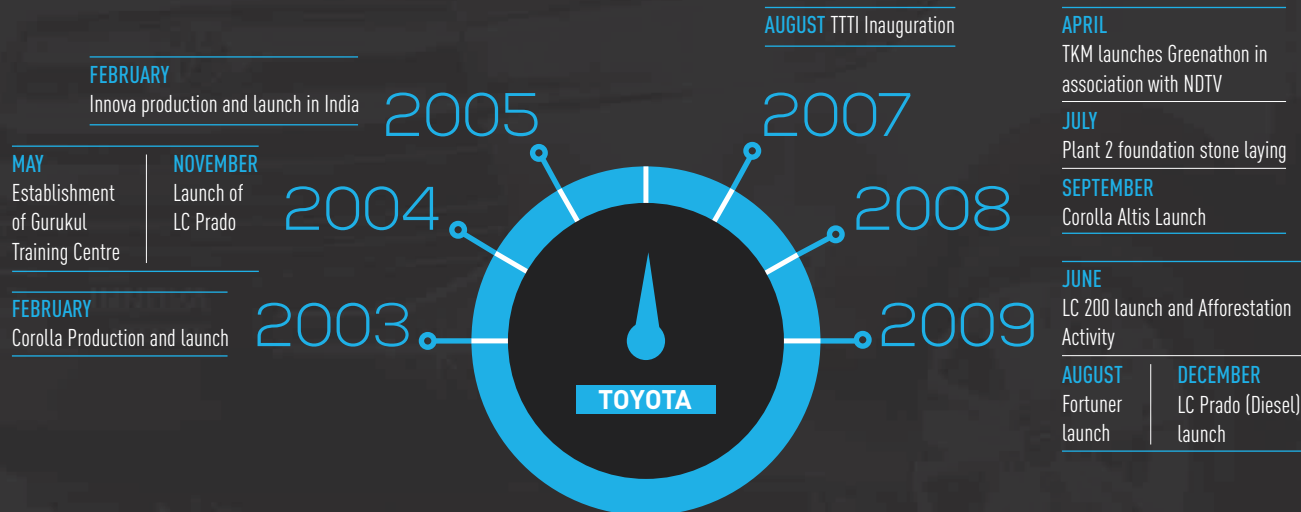
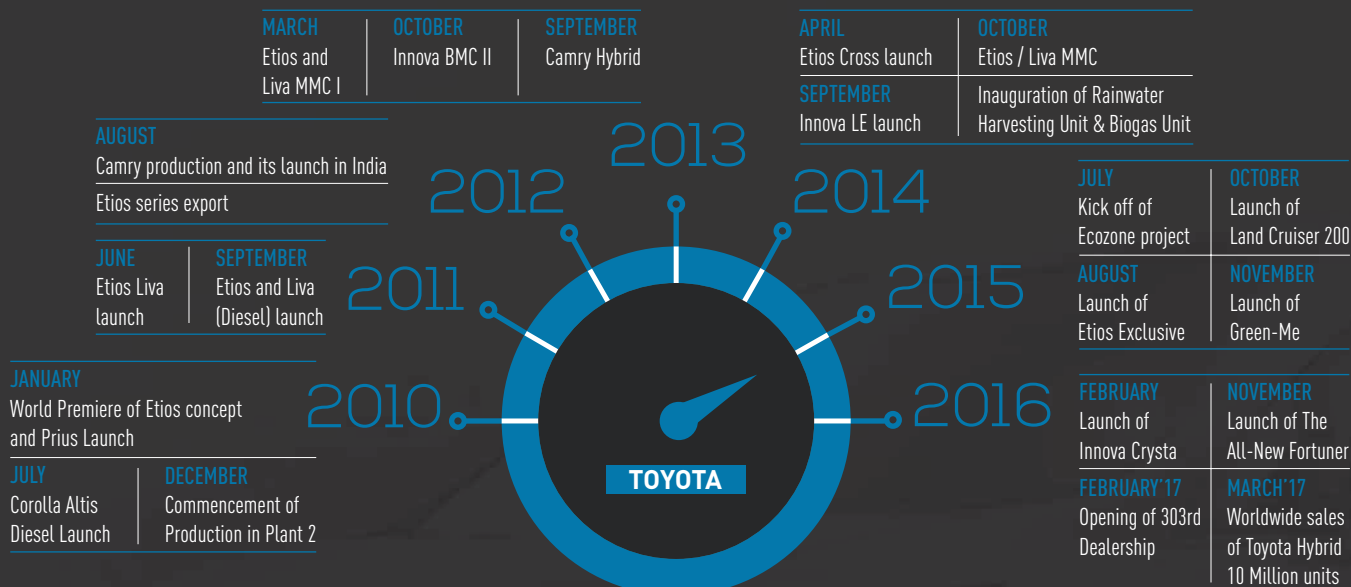
Export



Manufacture

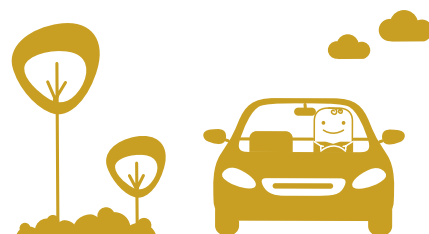


# KEY MILESTONES OF TOYOTA





# AWARDS AND ACCOLADES 2016-2017



## CATEGORY : PRODUCTS



### MUV OF THE YEAR

Toyota Innova Crysta



### FULLSIZE SEDAN OF THE YEAR

Toyota Camry Hybrid, 2016



### FAMILY CAR OF THE YEAR

Toyota Innova Crysta



### BEST OF 2016

Toyota Innova Crysta



### MVP OF THE YEAR

Toyota Innova Crysta



### BEST MVP OF THE YEAR

Toyota Innova Crysta



### UTILITY VEHICLE OF THE YEAR

Toyota Innova Crysta



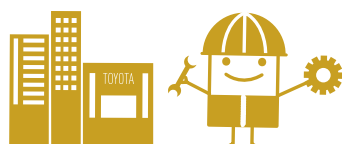
### MUV OF THE YEAR

Toyota Innova Crysta



### MULTI UTILITY VEHICLE OF THE YEAR

Toyota Innova Crysta



## CATEGORY : MANUFACTURING



### CII KAIZEN CONFERENCE AND COMPETITION

First place in 'Breakthrough kaizen' and second in 'Innovative'

### CII TPM CLUB

Breakthrough Kaizen Award



### INDIA MANUFACTURING EXCELLENCE AWARDS

Future Ready Factory- Platinum Award- Automotive Sector, Mega Large Business



### MERCHANT EXPORTER CATEGORY

Star Exporter Award For The Year 2015-16



### NATIONAL AWARD FOR ENGINEERING EXPORT EXCELLENCE

Top Exporter Award 2014-15 and 2015-16

Star Performer Award 2015-16



### FIRST AND SECOND POSITION IN INDIA SKILLS 2016



### TOYOTA ASIA PACIFIC ENVIRONMENT AWARD

No. 1 among Toyota Affiliates for 3 Consecutive Years



## CATEGORY : HEALTH AND SAFETY



### BY AROGYA WORLD

Healthy Workplace Gold 2016



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

Toyota Kirloskar Motor has always viewed its' stakeholders as partners in growth. We believe that stakeholders are instrumental in business development, building brand reputation and trust. With the philosophy of 'Nurturing Inclusive Growth', we engage, collaborate and involve our stakeholders to develop strategies, bring about continuous improvements in processes and be a part of our sustainability agenda.

The report covers the aspects which are material to TKM. We have identified boundaries for each material aspect. The scope of this report is limited to our manufacturing operations in Bidadi, India.

## ASSESSING OUR MOST MATERIAL

*Stakeholder engagement and materiality assessment was conducted in the previous reporting year. We have continued with the results of this exercise this year as well. We engage with our key stakeholders round the year through various formal and informal channels. The key internal stakeholders comprise of our senior management and employees.*

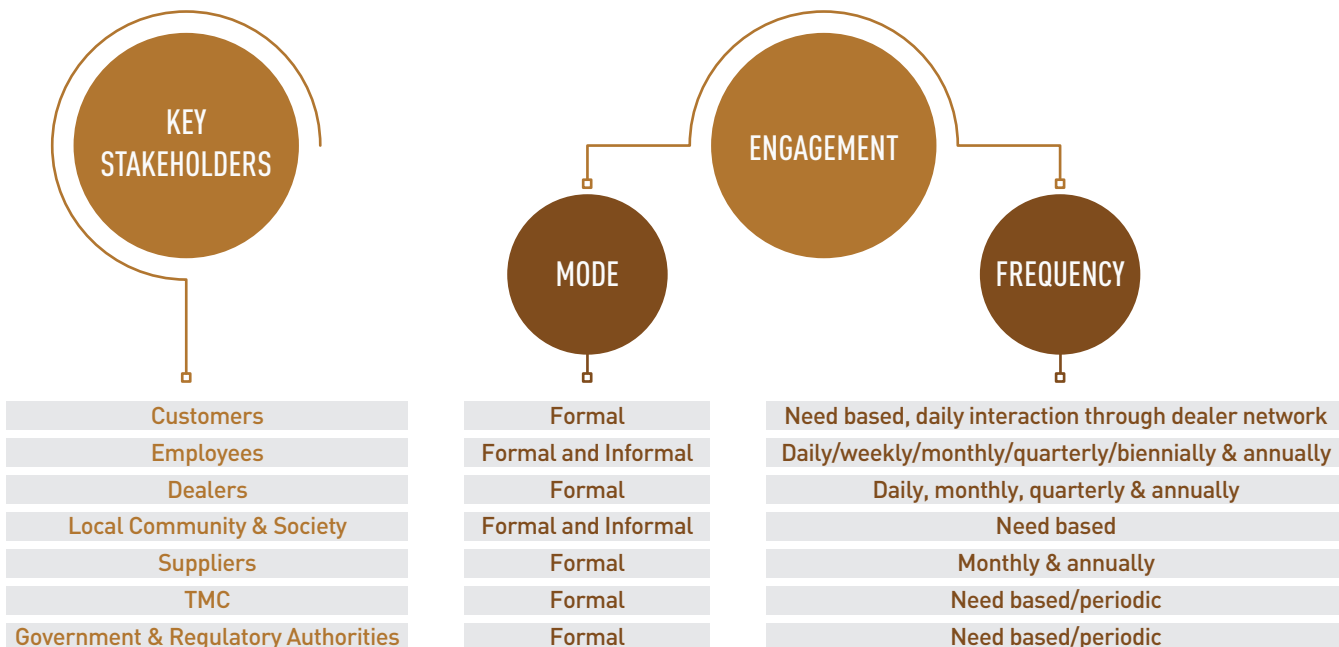
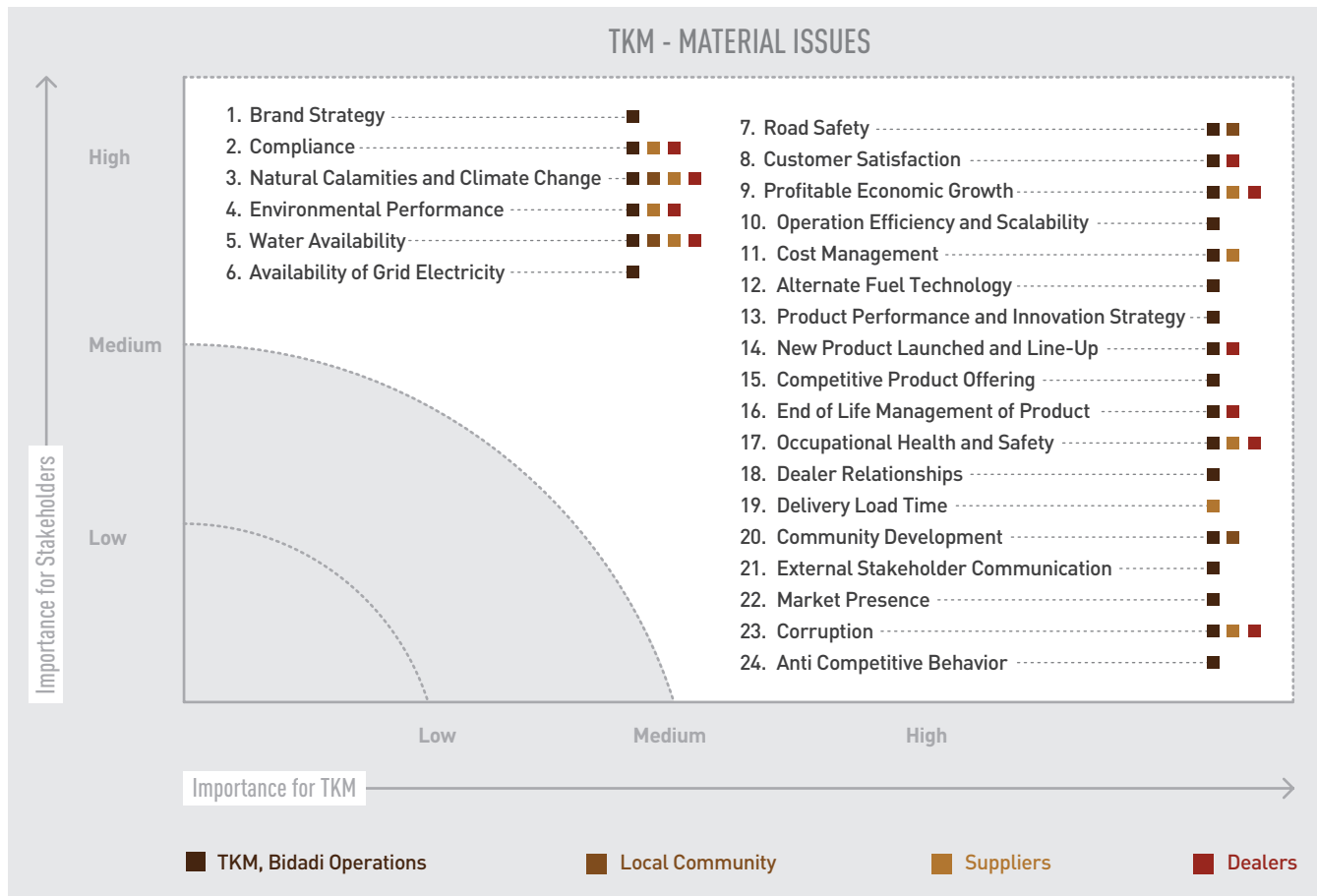
INTERNAL STAKEHOLDER ENGAGEMENT	<b>MODE</b> Workshops and detailed discussions	<b>OUTCOMES</b> Identification and prioritization of external stakeholders Identification and prioritization of materiality issues
EXTERNAL STAKEHOLDER ENGAGEMENT	<b>MODE</b> One to one interaction and survey with questionnaires	<b>OUTCOMES</b> Identification and prioritization of material issues
MATERIALITY MATRIX	<b>ACTION</b> Materiality Assessment	<b>OUTCOMES</b> 150 material issues were identified 24 issues were prioritized as top priority to TKM

Important sustainability issues for TKM were selected based on sector trends, peer analysis, and the aspects identified by key internal stakeholders. The materiality matrix was developed

by plotting the responses considering both internal and external stakeholder engagement, which was further reviewed and validated by our senior management.



## ASPECT BOUNDARIES





# CORPORATE SUSTAINABILITY PHILOSOPHY

'Sustainability' is an integral part of Toyota's Corporate Management Philosophy and is communicated across departments and generations as 'Toyota Guiding Principles'. The Guiding Principles are derived by the 'Five Main Principles of Toyoda' which embody the thinking of Mr. Sakichi Toyoda, founder of the Toyota Group.

Further, the Guiding Principles also form the basis of 'Toyota Way', the 'Toyota Code of Conduct', which are the most important guiding tools for implementation of the Guiding Principles in business operations; the 'Toyota Earth Charter' and 'Toyota Global Vision' which are implemented in daily business operations to contribute to Greener tomorrow.

## GUIDING PRINCIPLES AT TOYOTA

1. Honor the language and spirit of the law of every nation and undertake open and fair business activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities.
3. Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
6. Pursue growth through harmony with the global community via innovative management.
7. Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships

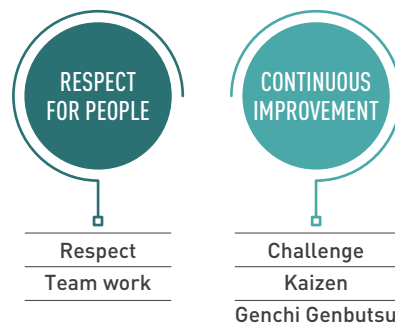
## TOYOTA CODE OF CONDUCT

The Toyota Code of Conduct (issued in 1998, revised in 2006) details out the basic code of conduct to be adhered by all the people working at Toyota in their daily business operations to practice and fulfill the social responsibilities. The details are further elaborated in Corporate Governance chapter.

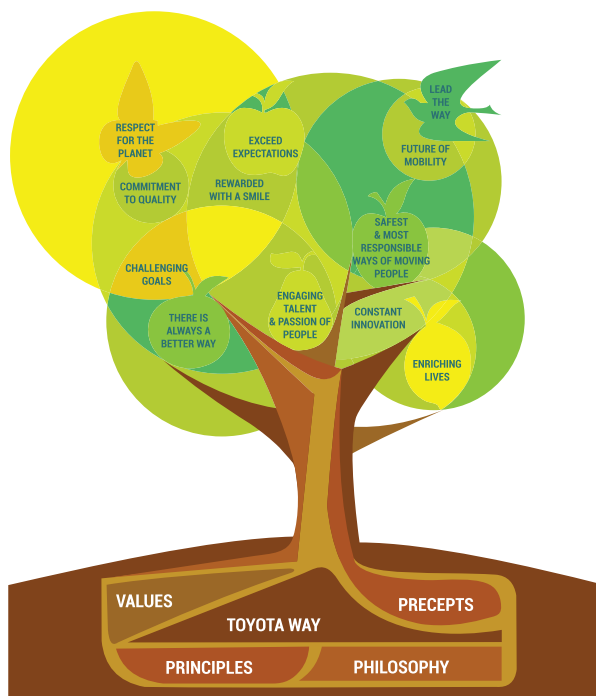
## THE TOYOTA WAY

With the rapid growth, diversification and globalization of Toyota in the past decade, values and the business methods that had been passed on as implicit knowledge were identified and defined in 2001 as the 'Toyota Way'.

Toyota is preparing to operate as a truly global company, guided by a common corporate culture. In order to continue fulfilling its role as the backbone of all Toyota operations, Toyota will continue to update the Toyota way in the future to reflect changes in the times to come.







## TOYOTA GLOBAL VISION

The Toyota Global Vision (issued in 2011) defines our esteemed values and our actions to make 'always better cars' that exceed customer expectations and 'enriching lives of communities' leading to a 'stable base of business' to achieve sustainable growth of the company.

*Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people. Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile. We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way.*

## TOYOTA EARTH CHARTER

Toyota established the Toyota Earth Charter (issue in 1992, revised in 2000) as the action plan for global environment and has formulated policies for environmental initiatives. It is shared among 559 Toyota consolidated affiliates around the world.

### BASIC POLICY

- **Contribute towards a prosperous 21st century society:** Aim for growth that is in harmony with the environment, and set as a challenge the achievement of zero emissions throughout all areas of business activities.
- **Pursuit of Environmental technologies:** Pursue all possible environmental technologies, developing and establishing new technologies to enable the environment and economy to coexist harmoniously.
- **Voluntary actions:** Develop a voluntary improvement plan, base don't thorough preventive measures and compliance with laws that address environmental issues on the global, national and regional scale and promotes continuous implementation.
- **Working in cooperation with society:** Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in the environmental preservation including governments, local municipalities, related companies and industries.

### ACTION GUIDELINES

- **Always be concerned about the environment:** Take on the challenge of achieving zero emissions at all stages, i.e., production, utilization and disposal.
  - i. Develop and provide products with top-level environmental performance
  - ii. Pursue production activities that do not generate waste
  - iii. Implement through preventive measure
  - iv. Promote businesses that contribute towards environmental improvement
- **Business partners are partners in creating a better environment:** Cooperate with associated companies
- **As a member of society:** Actively participate in social activities
- **Toward better understanding:** Actively disclose information and promote environmental awareness.
  - i. Participate in the creation of a recycling-based society
  - ii. Support government environmental policies
  - iii. Contribute also to non-profit activities





## ORGANIZATION IN CHARGE

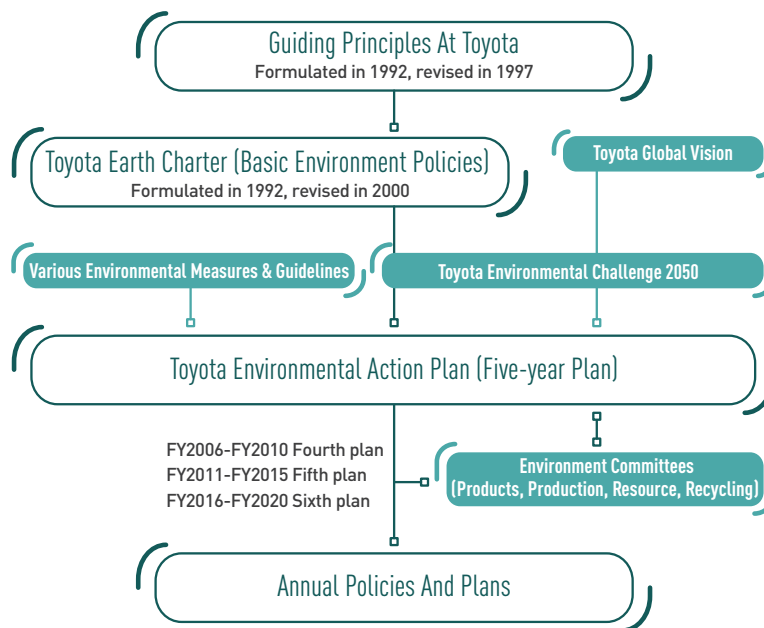
Promotion of environment initiatives by the Toyota Environment Committee, consisting of top management (chaired by the President, TMC).

## TOYOTA ENVIRONMENTAL CHALLENGE 2050

We have formulated the Toyota Earth Charter based on the Guiding Principles at Toyota, considering environmental issues as a paramount importance, and have established a promotion structure to address such issues. In the course of perceiving public opinions or world trends while considering our focus in the years to come, we have embarked on new challenges to tackle unsolved environmental issues.

Our ideal goal has grown higher from “Toyota’s presence will not impact environment” to “Toyota’s presence will have a positive impact on the environment”. We are going further with an aim to establish a future society in harmony with nature.

## THE TOYOTA ENVIRONMENTAL ACTION PLAN



The Toyota Global Environmental Action Plan embodies the Toyota Earth Charter and is established every five years consisting of three priority themes: “contribution to a low-carbon society,” “contribution to a recycling-based society,” and “environmental conservation and contribution to a society in harmony with nature,” and facilitates Toyota’s global environmental initiatives. In FY2016, Toyota rolled out the Sixth Toyota Environmental Action Plan (2016–2020).



Takeshi Uchiyamada  
Chairman of the Board of Directors, TMC

## LEADING INNOVATION WITH TECHNOLOGY AND CREATIVITY TO ADDRESS ENVIRONMENTAL CHALLENGES

*Since its foundation, Toyota has inherited the corporate philosophy, “Contributing to society through manufacturing of cars.” Similarly, we have embraced unshakable belief of “Leading innovation with technology and creativity.” The first-generation Prius launched in 1997 is one of our achievements. Upholding a mission to “Manufacturing new vehicles for the 21st century,” we developed the HV system not available at that time, and its unprecedented fuel efficiency performance contributed to the reduction of environmental impact.*

*I believe that the keys to success are to reverse ways of thinking, “to make the impossible possible” and “breakthrough technology.” We will never change this basic stance, “Do what should be done instead of doing what is possible.” This spirit of innovation challenge is the Toyota’s DNA. We wish to continue to be a company that creates a desirable future with our stakeholders and brings smiles to our customers and society.*



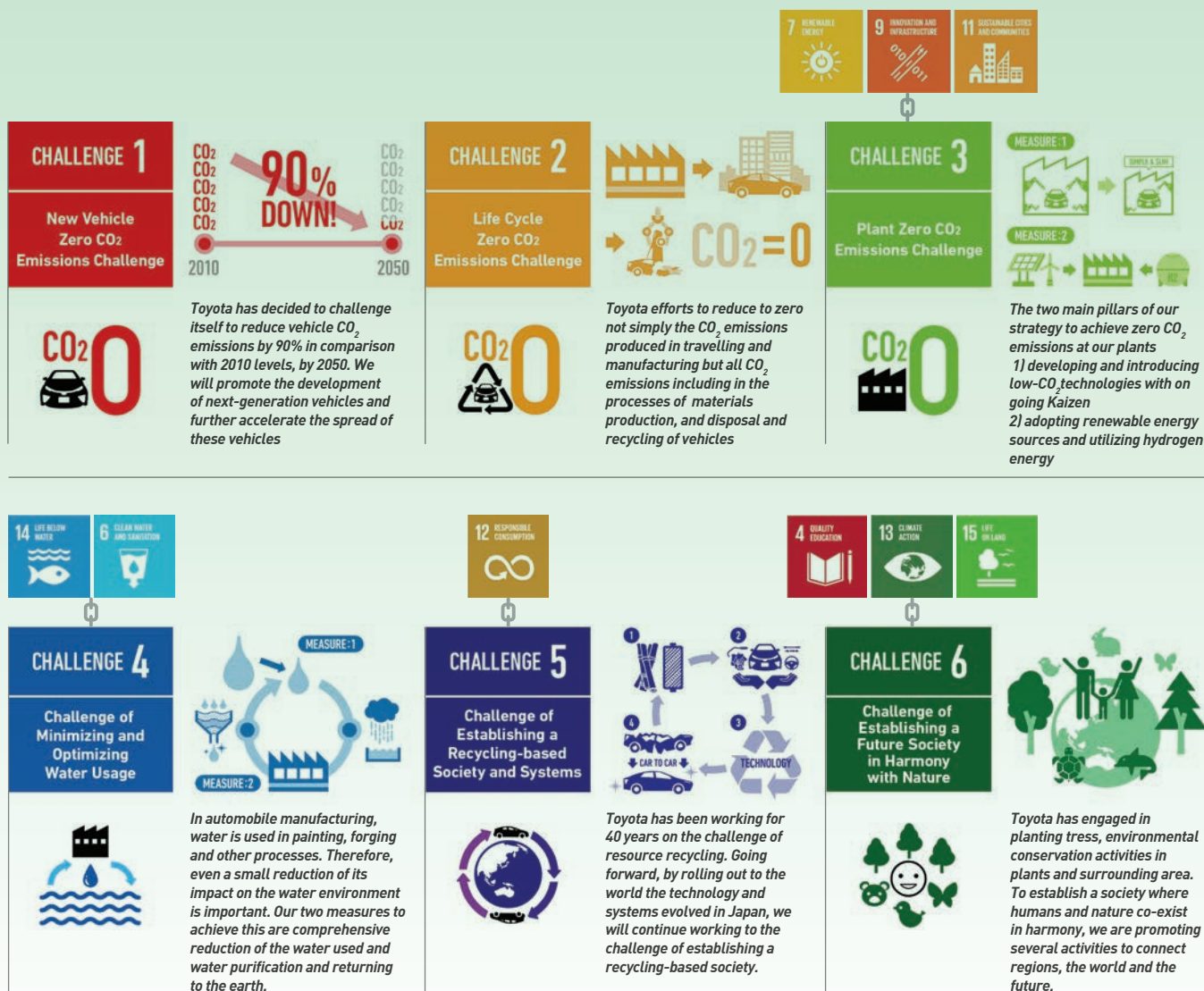
# REALIZATION OF CHALLENGE TO ZERO & BEYOND



With the rising environment risks at the global scale, Toyota has formulated and announced Global Environmental Challenge 2050 in October 2015, its first long-term vision towards environment and social sustainability. It is aligned with the Sustainable Development Goals [SDGs] officially known as Transforming our World: The 2030 Agenda, announced in September, 2015 by United Nations. Out of the 17 universal Goals, 12 goals are directly and indirectly linked to our Challenge 2050.



The challenge personifies Toyota's vision of a greener tomorrow with six challenges in-line with UN-2015 post Sustainable Development Goals [SDGs].

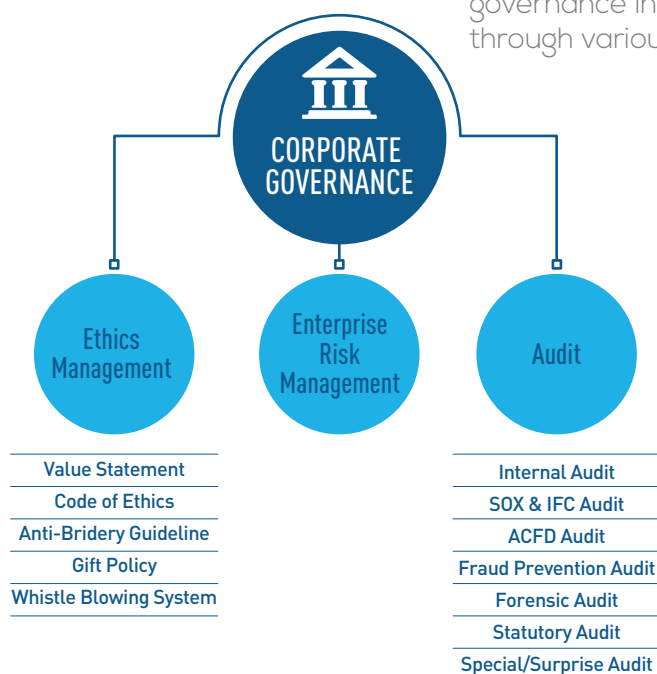




# CORPORATE GOVERNANCE

We promote a culture of high ethical standards, integrity, transparency and accountability in all the business transactions and in compliance with all laws and regulations. We recognize good governance as a sine qua non for sustainability. The Value Statement and Code of Ethics define our value system and reflect our culture and commitment to the values of corporate governance.

We have also established internal control mechanisms to ensure the conformance to the norms of corporate governance and believe in a system driven performance with the highest priority given to these systems. Our objective is to establish good governance in the company and educate all our stakeholders through various initiatives.



## ETHICS MANAGEMENT

### VALUE STATEMENT

We have released the value statement for the company after due deliberations and with the understanding of all our Stakeholders. These core values are to be cherished and imbibed by its members at all times in their personal and professional life. An oath is taken by all Team Members [TMs] to inculcate these values.



### HONESTY

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



### HUMILITY

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



### HARMONY

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



### COURAGE

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



### ACCOUNTABILITY

I will take ownership for all my actions.



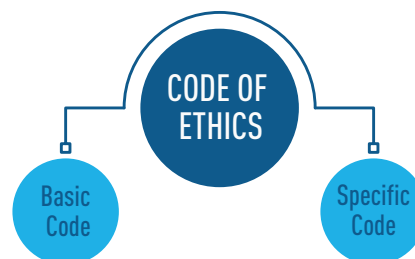


## CODE OF ETHICS

It is based on the Toyota Guiding Principles. The code clearly charts out the manner in which the employees of the company should interact with internal and external stakeholders. The broad areas covered by the code are legal compliance, conflict of interests, mutual trust and teamwork.

### Five Main Principles of Code of Ethics

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



### BASIC CODE

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

### SPECIFIC CODE

- 1. The Work Culture:**
  - i. Every employee in TKM should perform his/her job following 'Toyota Way'
  - ii. Promote employee growth through good hands on training and development
- 2. Safe Products:** To deliver its customers, vehicles which provide a contented experience of driving with highest degree of reliability and safety
- 3. Comply with Working Regulations:**
  - i. TM shall follow Labour laws, employment laws, services rules and regulations, standing orders and other laws applicable to the company
  - ii. Respect all religion and castes without discriminating any Team Member (TM) on account of his religious leanings
- 4. Environment Preservation:** TM should follow Environmental Policy of the company at all times and
- environment impact is considered at all stages of vehicle manufacturing by the company
- 5. Customer First:**
  - i. Always satisfy the customers requirement
  - ii. Fair and accurate while dealing with customers and dealers
  - iii. Shall not indulge in any unfair trade practices
- 6. Technology and Engineering:**
  - i. TM should know and use the most advanced technology to produce outstanding products and touch the hearts of customers
  - ii. TM shall conform to all Standards of Quality and shall dedicate to provide genuine and safe products and enhance the quality of life of customers
- 7. Protect Company's Assets:**
  - i. All employees (including past employees) should not disclose
- any confidential or important information to third party without authorization
- 8. In relation with Suppliers, Dealers or Contractors:**
  - i. Practice fair and transparent transaction with all stakeholders
  - ii. Avoid any Conflict of Interest (Business with other company, insider trading, etc) which affects the interest of the company
  - iii. Ensure Conformance to Law Regulations while purchase of goods/services
- 9. In relation with Government:** Maintain cordial relations with Government and Local Authorities and Public servants





## ANTI-BRIBERY GUIDELINES

We at TKM are zero tolerant towards bribery and corruption. The following acts of omission shall be treated as 'Misconducts' by the company and is therefore subjected to further disciplinary action:

1. Offer, authorize or give a bribe to a Government Official, or create the impression that a bribe has been offered, authorized or given
2. Engaging in business directly or indirectly with a Government Official on Company behalf
3. Not reporting to the Company any suspected violations by its employees or others doing business with a Government Official on Company behalf
4. Accept directly or indirectly any bribe, favours, gifts or anything of a financial advantage from any person while transacting on Company behalf
5. Such other potential bribery activities and risks
6. The direct or indirect provision of cash or anything of value to a Government Official to obtain an unfair business advantage or to obtain or retain business or in connection with any statutory / regulatory approval process
7. Authorizing or providing travel benefits, gifts, entertainment, sexual favours or political contributions for the benefit of a Government Official or any other person without the required due diligence assessment and TKM internal business and legal approvals
8. Making or facilitating payments without obtaining the required TKM internal business and legal approvals
9. Making any incomplete, false or inaccurate entries on TKM's books and records
10. Receiving favours from suppliers, dealers or any other person to favour them etc

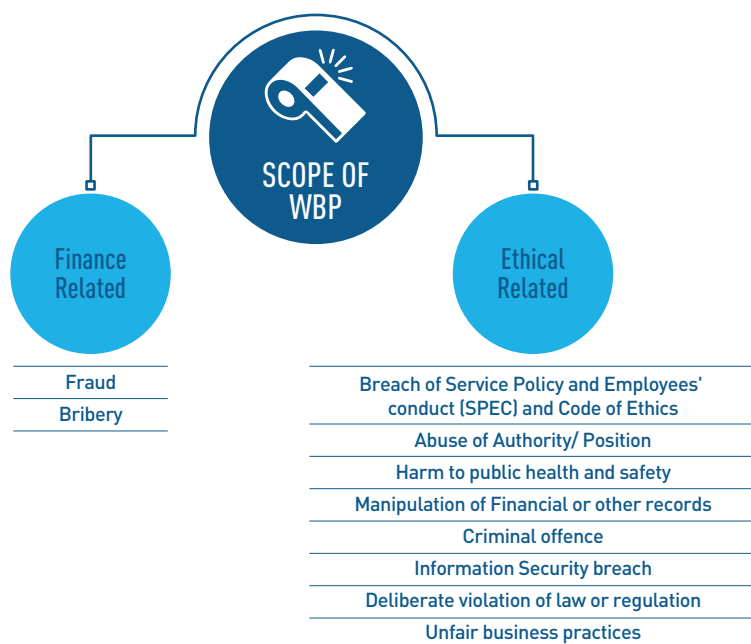
## GIFT POLICY

All TKM employees shall adhere to Company's Gift Policy while accepting any gift from or through any person who has any dealings with the Company. To reduce the ambiguity among the TMs on acceptance of Gifts and Entertainment, Company has laid down guidelines for the Gift Policy.

Since 2015, an e-mail is sent out to all division heads on Gift Policy and they are requested to submit the Gift Declaration in the prescribed format to CGD for themselves and their team. The Gift Declaration is also taken from Management comprising of Vice President and above up to MD.

## WHISTLE BLOWER POLICY (WBP)

We have a well-established "Whistle Blower Policy" in place to ensure protection of our people, dealers and vendors and ensure company values are always followed. This gives the stakeholders an opportunity to report fearlessly on any unethical behavior noticed by them.



### WHO CAN REPORT UNDER THIS POLICY?



An Independent Authority [IA] has been appointed to investigate the issues with the advice of Ethics Committee. The investigation report is submitted to the Vice Chairman and MD (Chairman of Ethics Committee for its review and further actions. More information on the process and the reporting channel can be found on [ToyotaBharat website](#)

## ANTI-COMPETITIVE BEHAVIOUR

We are complying to the provisions of Competition Act 2002 – a mandatory legislation that deals with anti-competitive behaviour. We have provided open access to our vehicle parts through [www.toyotapartsconnect.in](http://www.toyotapartsconnect.in), through which any service provider can buy our vehicle parts to fit in to our vehicles.



## AUDITS - INTERNAL CONTROL MECHANISM

### 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 the auditor is maintained. Critical audit observations along with process owner explanation are reported to the Audit Committee on a half yearly basis, enabling the management to take corrective actions.

### 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. The Companies Act 2013 has stated added responsibilities on board to report on details of:

- Design of internal controls
- Operating effectiveness of internal controls

[Applicable from the year 2014-15]

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

[Applicable from the year 2015-16]

### OTHER AUDITS

We conduct various other audits based on the TMAP-MS/ TMC requirements and/or required as per the Companies act 2013, to strengthen internal control systems by identifying the process deficiencies, if any and improve the same by implementing effective countermeasures. Also the audit report are updated to Top management periodically based the observations noted in these audits.

## ENTERPRISE RISK MANAGEMENT [ERM]

TMC established the Global Risk Management Committee appointing Regional Chief Risk Officers with reporting frequency of twice a year i.e., October and March.

As a regional business leader, TMAP-EM has established Risk Management Policy for affiliate companies in Asian region. Effective implementation of this Policy is to formulate comprehensive risk profiles and counter measures to achieve organization's objectives. The Board and the Audit Committee have been vested

with specific responsibilities in assessing the robustness of Risk Management Policy, process and systems.

Our purpose is to foresee potential critical risks to business and to enhance the capabilities of "Prediction, Prevention and Treatment" to counter each risk while adhering to "Safety as our first priority".

Based on the policy and guidelines by TMAP-EM and to ensure compliance with Companies Act 2013, we have taken initiative in identification and mitigation

of risks by implementing appropriate countermeasures.

We also have ERM policy comprising of important contents such as introduction, scope, purpose, charter, objectives of the Policy, and brief on how to become a Risk Intelligent Company, Risk Management Process, documentation, approval and related documents. With this policy, along with all relevant stakeholders' contribution, will keep the high standard and quality of risk management activities.

### BOARD OF DIRECTORS

The highest level of governance is the Board of Directors. The Board of Directors delegate powers to executives by way of resolution and granting Power of Attorney in specific cases. Executive directors are authorized through terms and conditions of the service agreement executed between the Company and then approved by the Board of Directors.

There have been no significant changes in organization structure and ownership in the reporting period.

The Board of Directors decide and the shareholders approve the remuneration of Executive Directors by way of special resolution.

As of 2016-2017, TKM has no significant monetary or non-monetary fines for non-compliance with laws.



### ANNUAL GENERAL MEETING [AGM]:

It is conducted during every calendar year, a meeting of its members and its importance arises out of the nature of business transacted at this meeting. There are two types of business transacted in AGM.

- **Ordinary Business :** Consideration of financial statements and consolidated financial statements and reports of the Board of Directors

and the auditors, declaration of dividend, appointment of Directors in place of those retiring and approval or ratification of appointment of the Auditors and fixing their remuneration.

- **Special Business :** Any other item of business is referred to as Special Business and may also be transacted an AGM

### EXTRA ORDINARY GENERAL MEETING:

A company may also hold any other Meeting of its Members called an Extra-Ordinary General Meeting, as and when required or at the requisition of the Members. An Extra-Ordinary General Meeting is convened for transacting Special or Urgent business that may arise in between two Annual General Meetings. All business transacted at an Extra-Ordinary General Meeting are called Special Business.

#### AUDIT COMMITTEE

It is responsible for reviewing half yearly and annual financial statements, internal control systems, and internal audit scope and discuss with internal and statutory auditors about their observations and report.

#### CSR COMMITTEE

It recommends CSR policy of the company and monitors progress of the implementation of the policy.

#### SHARE COMMITTEE

It is responsible to issue share certificates to the shareholders after allotment of shares by the Board and to register the transfers of shares as per the Board authorization.

### BOARD STRUCTURE

NAME OF THE COMPANY DIRECTOR (Member of Board of Directors)	DESIGNATION & FUNCTIONAL RESPONSIBILITY	CATEGORY (Executive/Non Executive)	MEMBER OF THE COMMITTEE
Mr. Hiroyuki Fukui	Chairman	Non-Executive	
Mr. Vikram S Kirloskar	Vice Chairman	Non-Executive	
Mr. Akito Tachibana	Managing Director	Executive	
Mr. Shekar Viswanathan	Whole-time Director and Vice Chairman	Executive	
Mr. Yoshihiro Horinouchi	Deputy Managing Director	Executive	
Mr. T S Jaishankar	Deputy Managing Director	Executive	
Mr. N. Raja	Director & SVP	Executive	
Mr. Kan Asaine	Director- Accounting, Legal & IS	Executive	
Mr. Yoshiaki Numata	Director & SVP	Executive	- - -
Mr. Atul C Kirloskar	Director	Non-Executive	- - -
Mr. Tatsuro Takami	Director	Non-Executive	- - -
Mr. Hiroyoshi Ninoyu	Director	Non-Executive	- - -

Audit Committee

Share Committee

CSR Committee



## MEMBERSHIP DETAILS OF VARIOUS ASSOCIATION

### MR. A. TACHIBANA

- **Japan Chamber of Commerce and Industry in India - Delhi, Bangalore, Chennai :** *Member*
- **Society of Indian Automobile Manufacturers (SIAM) :** *Exec. Committee Member*

### MR. T.S. JAISHANKAR

- **CII Karnataka :** *Convenor, CSR Panel*

### MR. N. RAJA

- **SIAM - Economic Research Group :** *Chairman*

### MR. VIKRAM KIRLOSKAR

- **CII National Council :** *Member*
- **CII India Japan Business Leaders Forum :** *Member*
- **CII - Global Innovation and Technology Alliance :** *Chairman*
- **CII Southern Region :** *Chairman*
- **Automotive Research Association of India :** *Vice President*
- **Society of Indian Automobile Manufacturers (SIAM) :** *Exec. Committee Member*
- **SIAM - Passenger Cars CEO's Council :** *Chairman*

### MR. SHEKAR VISWANATHAN

- **FICCI -Karnataka State Council :** *Chairman*
- **FICCI National Executive Committee :** *Member*
- **FICCI Steering Committee :** *Member*
- **Society of Indian Automobile Manufacturers (SIAM) :** *Alt Member*
- **SIAM - Taxation Policy :** *Chairman*

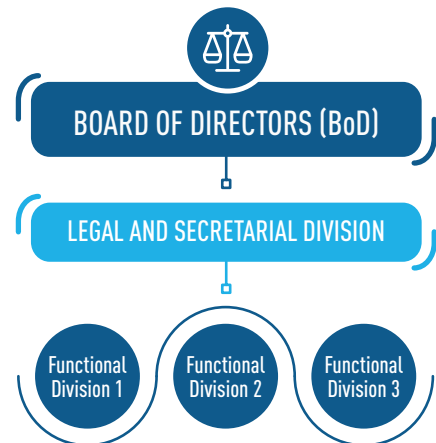
## LEGAL COMPLIANCE

*We believe adherence to law as a top priority issue and hence, compliance of all statutory requirements is of utmost priority to us. The compliance policies are considered integral to company objectives and the TKM Legal Manual acts as a guide to understand the laws applicable to each division. A good compliance culture is shown by the promotion of positive attitude towards legal compliance activity at all levels within our organization.*

### LEGAL COMPLIANCE MANAGEMENT SYSTEM

To go beyond the legal requirements, the legal compliance management system has been de-centralized, making it more exhaustive and comprehensive. In this system, every applicable functional division is empowered to establish and ensure legal compliance at their respective levels.

The divisions are further responsible to confirm the compliance to the central Legal and Secretarial division for Compliance management at the highest level. Every division/department and every Team Member [TM] is entrusted with the responsibility to ensure 100% Legal Compliance.



### LEGAL COMPLIANCE MANAGEMENT TOOL [LCMT]

As a measure of monitoring the compliance levels across all the divisions, LCMT is implemented. It sends alerts to the responsible person for compliance activities and also provides real time status report of the compliance management to the senior management and Directors on real time basis.

**We aim to achieve 100% compliance to all applicable Indian Legal requirements. We do not restrict ourselves to just fulfill the compliance, but we intend to go beyond it, by aiming at the intent behind the legal requirement.**



# FINANCIAL PERFORMANCE

Financial performance is the key driver of business and defines success of the organization. It brings in Economic stability and profitability to the company, and helps business survive in a competitive market. Even though economic performance is the prime engine for business stability, embedding the social and environmental aspects in the decision making of the company facilitates sustainable future for the planet.

## FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

The global scenarios portraying the present and futuristic potential anthropogenic climate change requires businesses to commit and be responsible for their impacts created on the lives of their employees, environment and society at large whilst protecting their economic interest.

As a step towards the collective action to mitigate the climate change, we have set annual targets in our five-year Environment Action Plans to reduce our environment footprint. Over the years, we are driving energy and water conservation, CO<sub>2</sub> emission reduction, and waste minimization at our premises

by investing in effective mitigation strategies. We are bringing in positive changes in the processes, enhancement of operations efficiency and environment positive products to create a low-carbon society and creation of net positive impact on the society.

In Cr. | 2016-17

### ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

Revenue (through core business segments)	21,151.59
Other income (through other sources)	202.29
<b>Total</b>	<b>21,353.88</b>
Other expenses	19,665.33
Personnel expenses (wages+benefits)	948.71
Interest charges	18.42
Community development/CSR investments	9.901

### CONTRIBUTION TO BENEFIT PLAN

Contribution to provident and other funds	63.40
Staff welfare expenses	105.01

### SIGNIFICANCE FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

IT exemption	0.00
Land provided at subsidised rate	0.00
Incentive - Sales tax deferral	701.84
Custom, excise duties waived	0.00
Others	0.00

## SIGNIFICANT INDIRECT ECONOMIC IMPACTS

We believe in contributing to the society in which we operate. Over the years, we have been contributing towards skill development, road safety, environment conservation, quality education and sanitation through various projects and activities over the years which have impacted our society positively thereby boosting the education, employability, safety and health and hygiene amongst the surrounding communities. The details of our CSR activities are elaborated in 'Our Community Initiatives' chapter.





# ENVISIONING ENVIRONMENTAL SUSTAINABILITY

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# ENVISIONING ENVIRONMENTAL SUSTAINABILITY



**OUR PHILOSOPHY**  
Respect for the Planet

Environment management practices are vital at all levels of business operations. Although we have a greater impact on the environment by way of our operations, we are committed to reduce our footprint as much as possible by continuous improvement in our manufacturing processes and value chain.

Apart from the adherence to legal statutory laws, we have periodic audits and risk assessments to ensure maximum efficiency and minimum emissions. The last few years we have worked hand in hand with our internal and external stakeholders, for spreading environment awareness and promoting conservation of the environment.

## TKM ENVIRONMENTAL POLICY 2017

*With our policy, we aim to create both environmental and societal value by putting environmental protection at the core of our business operations. A new dimension of inclusive growth in the policy drives environment protection at all business fronts from all our stakeholders.*

*Inspired by Toyota's vision 2050 and to fulfill the requirements of new version of International Standard for EMS, ISO 14001:2015, TKM's Environmental Policy was revised and made effective from May, 2017.*

As a responsible organization, we at TKM firmly believe in the philosophy of **"Respect for the Planet"**. Also understanding the environmental threats, posing the industry and mankind, the **"Toyota Environmental Challenges 2050"** forms the base of the mid to long term commitment towards Environmental Protection. Hence, we reaffirm our commitment to contribute to the society by ensuring environment protection throughout life cycle of our Products, Operations and Services.







#### To realize our commitment, we shall aim to:

- Quantify and reduce Green House Gas emissions across the value chain and life cycle, by promoting cleaner technologies and processes
- Conserve water resources with the objective of achieving water neutrality
- Optimize material usage, minimize waste and improve recyclability
- Look beyond environmental compliance obligations and realize the real intent of preserving the environment
- Promote biodiversity conservation and support community environment initiatives

TKM commits to engage with all stakeholders (employees, suppliers, dealers, customers, contractors, community), to create eco consciousness, and to motivate and inspire them to achieve environmental sustainability. We shall strive to achieve these objectives to realize our dream of ***“Living in Harmony with Nature”***.

**We have consistently achieved 100% Toyota Global EMS conformance since, FY 2012-13, including FY 2016-17**

### TOYOTA GLOBAL EMS

Toyota Global EMS defines the corporate directives on conservation and protection of environment that governs the business operations of all Toyota affiliates worldwide. The yearly EMS evaluation is carried out by our Regional Headquarters, Toyota Motor Asia Pacific [TMAP], Thailand. An internal evaluation system with refined KPI tree is established for each shop to measure the effectiveness of EMS.

### TRANSITION FROM ISO 14001:2004 TO ISO 14001:2015

Since, 2001, we have used ISO 14001 as a tool to improve our environmental performance and comply with applicable legal requirements. Recertified in 2015, the scope of the certification extends to all our regional facilities.

**We are currently working to update our environment management system to achieve conformity with the new version of ISO 14001:2015 standard.**

### ENSURING ENVIRONMENT LEGAL COMPLIANCE

**‘The internal compliance limit at TKM is 20% more stringent than the applicable regulatory standards’**

Adhering to all applicable regulations and compliances is a standard practice at TKM and we have always ensured 100% compliance to all statutory requirements.

A quarterly review with the top management takes place once to discuss the achievements, challenges faced and strategic directions with respect to legal compliance (new regulation implementation, if any) for the relevant stakeholders. A centralized environment group translates the directions of the top management and is communicated

to the relevant stakeholders to ensure conformance with the latest regulations.

Apart from the periodic reviews, the efficient online and offline tools such as LCMT, comprehensive legal compliance system provide multilayer monitoring of all the processes from shop level to corporate level and update the real time legal compliance status to the top management.



## PERIODIC MONITORING OF NEW REGULATIONS

To stay at pace with the dynamic regulatory changes, we engage with experts from statutory bodies to advise us on the latest regulations and changes in the existing regulations.

Upon understanding the change and applicability of the regulation, an action plan is derived and communicated to the relevant stakeholders. As part of

the implementation plan, we conduct various awareness sessions and workshops for our suppliers and vendors to understand the actual requirement of the new regulations. As a result of these sessions, TKM is able to acquire deeper understanding of new legal regulations and in turn has been able to implement all the requirements.

## FINES AND PENALTIES

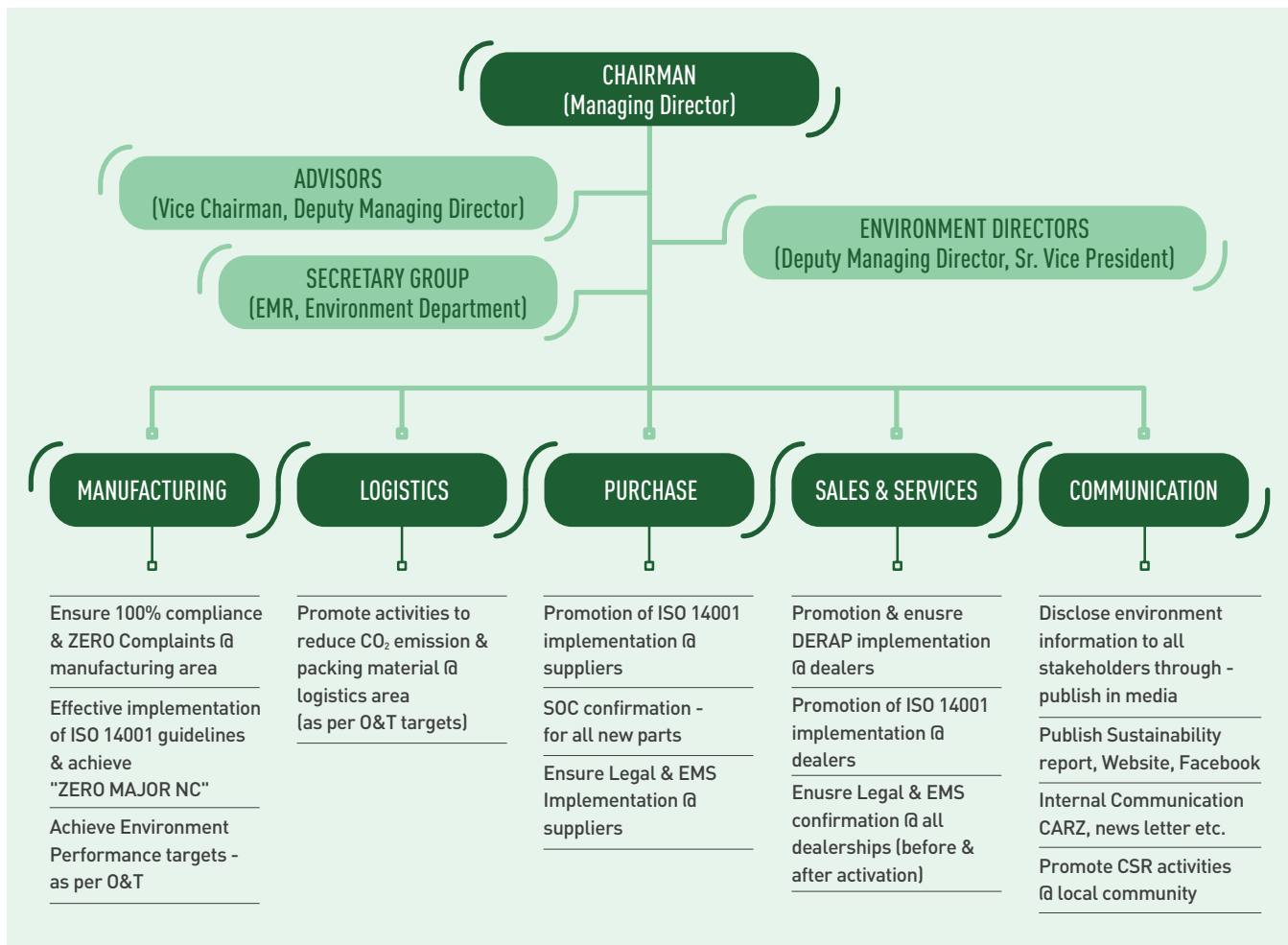
With our proactive and consistent environmental performance, we have always complied with all the laws of land. We have not received any fines or penalties for non-compliances till date.

## CORPORATE ENVIRONMENT COMMITTEE

The committee is constituted to review the environment and sustainability practices and provide strategic directions to achieve company's targets. It also drives seamless integration of EMS into daily management at shop floor.

Once in four months, the Chairman reviews the progress of environment activities at each sub-committee and provides directions. The EMR coordinates with the sub-committees to implement the direction. The Environment team

updates the operational requirements to the relevant stakeholders and conducts regular audits at shop floors in accordance with Environment Assessment System.







# ENDEAVORING ENVIRONMENT POSITIVE FOOTPRINT



## THE KEY HIGHLIGHT: TRANSFORMATION OF PRODUCTS AND PROCESSES

*We have always strived to be at pace with the changing market conditions and customer preferences with technological innovations. As Innovations are market anchors, we are rapidly moving ahead by bringing in innovations in products and production processes. Over the years, relentless efforts have gone into the creation and enhancement of and the all new Fortuner and Innova to Innova Crysta which has stood No.1 in its segment for more than a decade now.*

*The changes in the body design of our new products, has led to changes in the resource consumption patterns, manufacturing plant layout, production processes and equipment.*

*Even though the brand new design and technical advances in our new vehicles is impressive from customer centric perspective; we are consistently striving to address the dual natured (positive and negative) environmental implications caused by the technological interventions in manufacturing.*

*The following chapter discusses our approach and strategy to enhance our environmental performance in the coming years.*





# ADDRESSING CLIMATE CHANGE



To realize the 'below 2 degree' goal at COP21, Government of India [GoI] with its' National Solar Mission 2022, is all set to establish India as a Global Leader in Solar Energy by setting a target of in generating 175 GW Solar power by 2022. As a responsible corporate, we believe that it is our obligation to do our sincere contribution towards nation's goal.

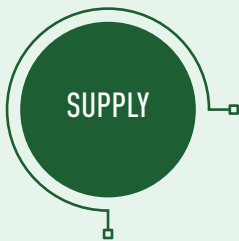
We are recognized as 'MODEL PLANT' for our achievements in Toyota Environment Challenge 3 amongst Toyota Asia Pacific affiliates.

## TOWARDS A LOW-CARBON SOCIETY

Energy efficiency and conservation is critical to maintain company's competitiveness in the present scenario of increasing energy demands and raising environmental issues.

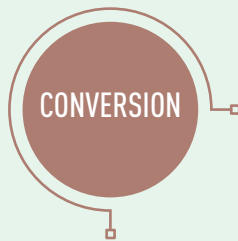
Our low-carbon strategy focuses on reduction in procurement and investment in renewable energy sector, energy conversion for improved efficiency and introduction of energy efficient processes and systems to reduce energy consumption.

### OUR APPROACH :



**Towards 100% Renewable Energy/Natural Gas**

Green energy procurement  
Solar plant installation  
Bio gasifier unit



**Change over to low CO<sub>2</sub> energy source**

Adoption of Artificial Intelligence and Smart Technology



**3C concept (Clarify, Convert, Compress)**

YOSEDOME - Installation of energy efficient equipment

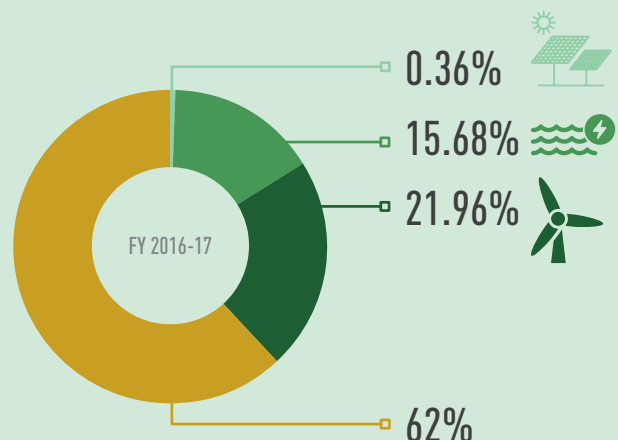
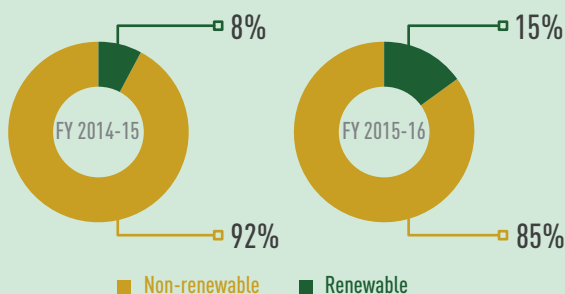
Presently we have procured 38% of our energy demand from renewable sources.

We aspire to meet approximately 50% of our total energy demand by renewable sources by 2020.

## SUPPLY

### GREEN ENERGY PROCUREMENT

Renewable Energy Consumption



\*These figures include the total energy procured for production and non-production areas of TKM manufacturing site at Bidadi.



IN ALIGNMENT WITH THE  
**NATIONAL SOLAR MISSION 2022**

**2.7 MW**  
ROOF TOP SOLAR

**38.5**  
LAKH UNITS

**31.57**  
LAKH CO<sub>2</sub> OFFSET



**280 kg/month**  
REDUCTION IN LPG CONSUMPTION



**0.5 MW**  
GROUND MOUNT SOLAR



**ECO - FRIENDLY ENERGY SUPPLY**

With bio-methanization technology, the wet food waste is treated and transformed into methane rich bio-gas and bio-manure. The bio-gas is utilized as fuel by an in-house canteen and the bio-manure is used for gardening purposes.

**CONVERSION**

We aim to improve the operational efficiency by energy transformation from one form to another form through continuous improvements. To realize this, few of the initiatives such as:

- Adoption of reverse refrigeration system
- Optimization of centralized control of chillers
- Replacement of CFLs with LEDs.
- Adoption of Smart AC

**CASE STUDY**

*Adoption of reverse refrigeration system*

The reverse refrigeration system (heat pump technology) was implemented at our utilities. The system uses heat pumps to vaporize the liquid LPG instead of the electric heaters. This has reduced the electricity consumption and in turn reduced the CO<sub>2</sub> emissions by approximately **250.26 MT/annum**.



## CASE STUDY

### Optimization of Electro Deposition oven

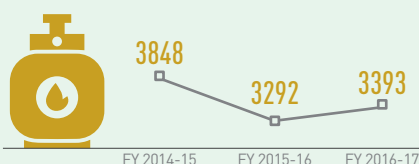
Optimization of the Electro Deposition (ED) oven utilization at the painting operations with respect to the production loading pattern was taken up to avoid dissemination of excessive heat to the surrounding non-production areas. The ED oven temperature was optimized and the high speed air curtains were installed to prevent the heat losses. This improved the efficiency of both electricity and LPG consuming equipment and has reduced CO<sub>2</sub> emissions by 534.7 MT/annum.

## CONSUMPTION

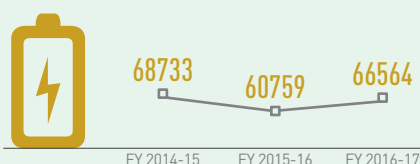
We are managing our consumption by controlling and reducing our daily energy consumption through continuous improvements in the operation process through kaizens.

### CONSUMPTION TRENDS

LPG Consumption, MT : (Scope-1)



Electricity Consumption, MWh : (Scope-2)



\*The coverage of the data is limited to the manufacturing operations of TKM, Bidadi plant

In the due course of the reporting period, the direct energy consumption for the production of the all new Innova Crysta and Fortuner at our manufacturing facility, led to increased electricity load as compared to the previous Financial Year.

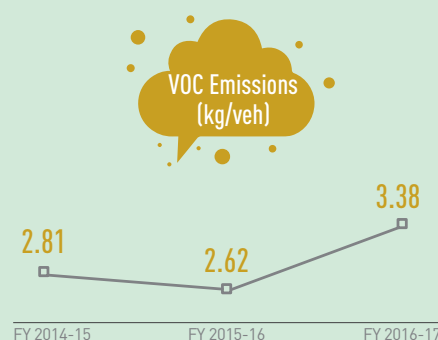
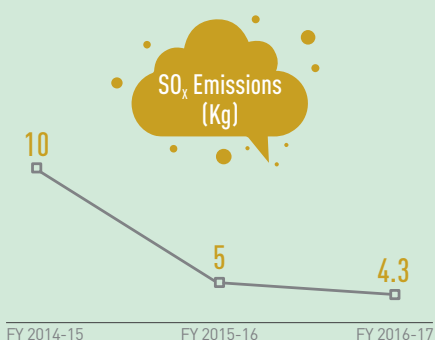
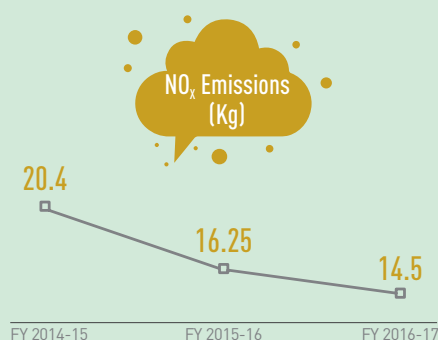
*Although there is an increase in the electricity load, with implementation of numerous kaizens of varying impacts by our Team Members [TMs] helped the company to restrict the electricity load increase to a mere 5%.*

## AIR QUALITY

Vehicle production leads to the emission of GHG gases like sulfur oxides (SO<sub>x</sub>), carbon monoxide (CO), nitrogen oxides (NO<sub>x</sub>), and particulate matter. Solvents like volatile organic compounds (VOCs) are also emitted from the automobile

painting process. We monitor the pollutant levels on a monthly basis and maintain our emissions into the ambient air within our internal permissible limits which are 20% more stringent than the applicable local and national regulations.

**TKM stands as a benchmark for other Toyota affiliates as it stands No.1 in Asia Pacific for reduced VOC emissions.**

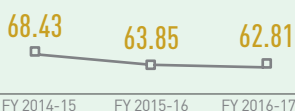


### EMISSION TRENDS

The introduction of new products has led to changes in specifications; there has been increase in resource consumption which will be optimized in the due course of time.



Scope-1 (Emissions kg/veh)



Scope-2 (Emissions kg/veh)



\*The coverage of the data is limited to the manufacturing operations of TKM, Bidadi plant

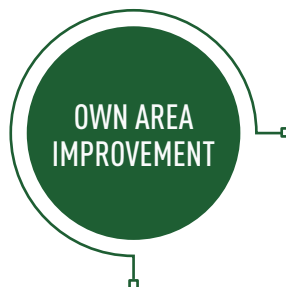


## LOGISTICS



*As logistics have wider environmental implications due to their fuel consumption and emission patterns, our Logistics team is focusing on mix logistics, logistic route optimization and packing material improvements to reap both economic and environmental benefits in freight transport operations.*

### OUR APPROACH



- Fuel/truck efficiency improvement
- Alternate mode of transportation
- Distance optimization and trip reduction
- Packing material optimization



- Operation with cross function team (CFT)
- Mix logistics



- Combine operations with group suppliers
- Mix logistics

### CASE STUDY

#### Truck Loading Efficiency Improvement

Utilizing the available space plays an important role in increasing the efficiency of the vehicle. Keeping this in mind, our transportation vehicles were checked for the efficient space utilization. The available free space was enhanced to increase the box quantities per load. This has led to increase in truck efficiency from 64% to 77% thereby reducing 2 vehicle trips/day and cutting down the CO<sub>2</sub> emissions by 0.145 MT/annum.

#### Mix logistics with TKM suppliers (Suppliers- TKAP/TBI)

As suppliers at Delhi, Pune and Chennai, contribute to 80% of CO<sub>2</sub> emissions, we have partnered with our TKM group vendors (Toyota Kirloskar Auto Parts and Toyota Boshuku India), Spare parts team and OEM providers to implement mix logistics for our far distant suppliers by enhancing truck type and volume combination frequency amongst all four entities. This has resulted in reduction of 4 trucks /day and curbed CO<sub>2</sub> emissions by 1.49 MT/annum.

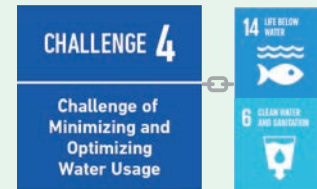
#### Curbing CO<sub>2</sub> emissions by enhancing vehicle efficiency

As a manufacturing firm, we have suppliers and dealerships, pan India. It was observed that the trucks used for freight transport from TKM premises to the dealerships took a round trip and had no return load. In this regard, the long distance routes (>900km) were mapped and identified the routes with no return load.

After deliberations with our transportation service providers, a study was carried out to find the external source for return load delivery. This led to the conversion of round trip vehicles to bill only for one-way, facilitating a mutual benefit to us as well as our service providers. This helped us reduce our carbon footprint by 821MT/annum.



# VALUING NATURAL RESOURCES

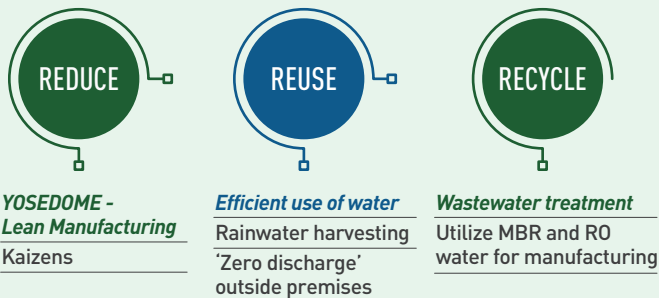


## WATER CONSERVATION

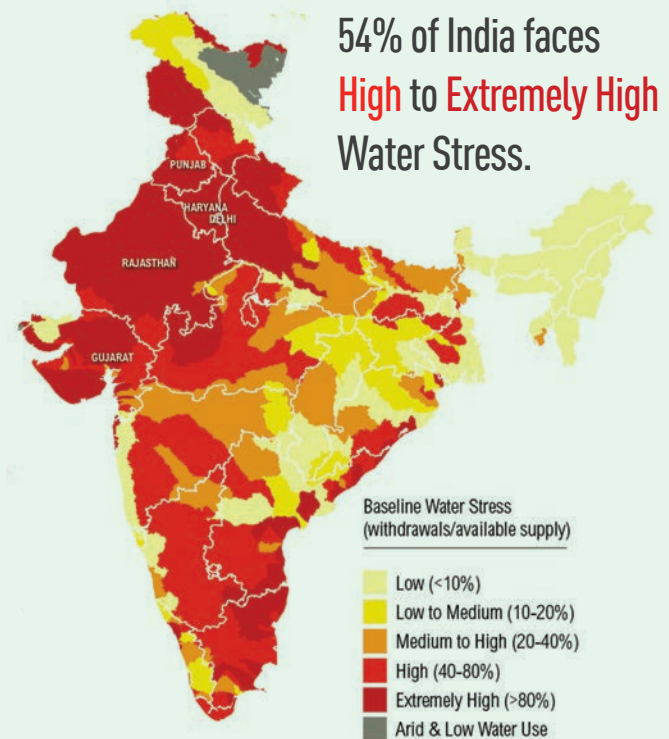
Water Crisis is considered as one of the key risks affecting the business operations on a global scale. While India is facing the water crisis, and with ever looming water scarcity in Karnataka, we at TKM have always strived to conserve water.

Over the years, we have proactively promoted comprehensive reduction of fresh water consumption with 3R concept by rolling out a range of measures in manufacturing processes to optimize and minimize our water footprint.

### OUR APPROACH :



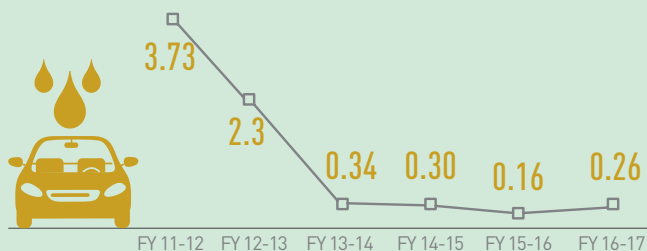
Optimisation of water consumption involving the team members for 'YOSEDOME' - Lean Manufacturing concept has been taken up. This has eventually contributed to approximately 40% reduction in water consumption.



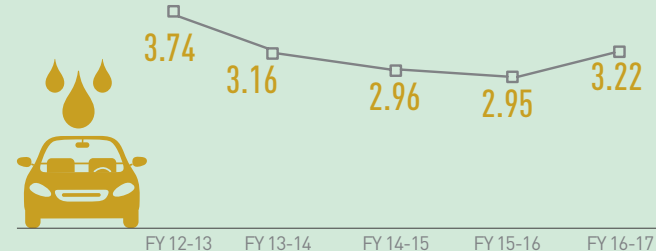
Source: World Resource Institute

### PURCHASED FRESH/RIVER WATER CONSUMPTION IN MANUFACTURING

Purchased Fresh Water Consumption m<sup>3</sup>/veh



Water Reduction m<sup>3</sup>/veh



**31%  
REDUCTION IN WATER  
CONSUMPTION**

\*The coverage of the data is limited to the manufacturing operations of TKM, Bidadi plant



## RAINWATER HARVESTING

A rain water harvesting structure with a storage capacity of 25000 m<sup>3</sup> is constructed to collect the total surface run-off and roof top water. The collected water is processed and reused in the production process. Further to this, an additional rainwater harvesting pond of capacity 24,000 m<sup>3</sup> is being initiated as a part of Eco Zone project inside the TKM premises.

**24,000 m<sup>3</sup>**  
NATURAL RAINWATER HARVESTING  
POND AT ECO ZONE



**25,000 m<sup>3</sup>**  
RAINWATER HARVESTING POND

We are recognized as 'MODEL PLANT' for our achievements in Toyota Environment Challenge 4 amongst Toyota Asia Pacific affiliates.



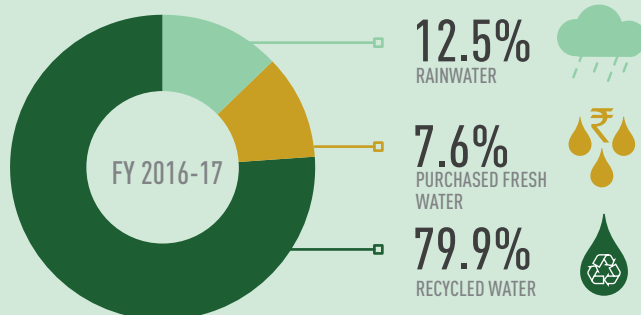
## WASTEWATER TREATMENT

The industrial effluent is treated in the Combined Effluent Treatment Plant [CETP] followed by Membrane Bio Reactor [MBR] and Reverse Osmosis [RO] technologies inside our premises.

Presently 63% of the treated effluent is recycled back into the manufacturing and the rest is of treated effluent is reused inside premises for irrigation and dual plumbing systems. In line with the philosophy of 'zero discharge', we do not discharge any treated effluent outside our premises.

**63%**  
OF THE TREATED EFFLUENT  
IS RECYCLED BACK INTO  
THE MANUFACTURING

### Specific Water Consumption Details



## ZERO LIQUID DISCHARGE FROM MANUFACTURING FACILITY

**92.4%**  
MANUFACTURING WATER DEMAND IS MET  
BY RAINWATER AND RECYCLED WATER

**31%**  
REDUCTION IN OVERALL SPECIFIC WATER  
CONSUMPTION



# ASIA PACIFIC CONFERENCE ON CO<sub>2</sub> REDUCTION

The two day conference hosted by TKM and TKAP, served as a platform for all Toyota affiliates to learn and share directions, strategies and best practices to achieve our Environmental Challenges 3, 4 and 6.

## CHALLENGE 3

Plant Zero CO<sub>2</sub> Emissions Challenge

Energy efficient operations through daily kaizen, shop by shop activities to strengthen the engineering were discussed. Also, the development and sourcing of clean and renewable energy were recommended.

## CHALLENGE 4

Challenge of Minimizing and Optimizing Water Usage

Smarter and efficient water utilization for manufacturing, water conservation best practices, activities to get alternative sources and water recycling and actions to improve treatment capabilities were discussed

## CHALLENGE 6

Challenge of Establishing a Future Society in Harmony with Nature

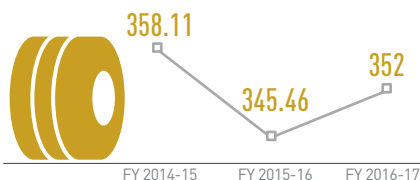
To ensure best efforts to sustain and further improve the habitat, environmental awareness of employees and the community on biodiversity conservation were discussed. Creation of strong collaboration among all our stakeholders was recommended.

## MATERIAL CONSUMPTION

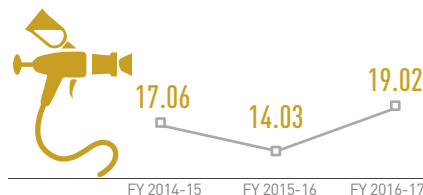
Natural resources drive economic development. With the present trends of accelerating resource consumption and over-exploitation of natural resources, we believe in using the available resources judiciously and minimizing the waste with the 3R concept.

### RESOURCE CONSUMPTION TRENDS

Steel Consumed in Kg/veh



Paint Consumed in Kg/veh



\*The coverage of the data is limited to the manufacturing operations of TKM, Bidadi plant

The introduction of new products has led to changes in specifications; there has been increase in resource consumption which will be optimized in the due course of time.

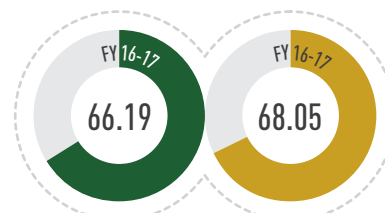
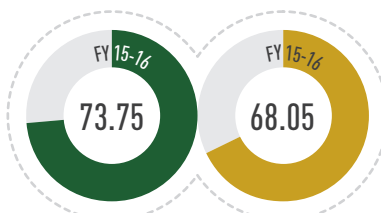
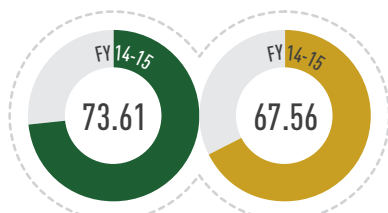
## MAXIMIZING STEEL UTILIZATION

In order to reduce the CO<sub>2</sub> emissions throughout its lifecycle, we are taking steps to maximize the steel yield and minimize the wastage by identifying

and implementing kaizens. We have established a special task force involving steel supplier, blanking vendor and non-automotive vendors who use scrap steel

as a raw material. The primary objective of the CFT is to maximize the utilization of steel thereby reduce the dependency on the virgin raw material.

Steel Yield Ratio in %



■ Plant 1 ■ Plant 2



## WASTE MANAGEMENT



As an automobile manufacturing firm, we generate significant hazardous and non-hazardous wastes. These wastes are sent to authorized vendors approved by Karnataka State Pollution Control Board. We are continuously striving to reduce waste generation with 5R- concept of Reduce, Reuse, Recycle, Retrieve and Refine, to achieve 'zero waste to landfill' goal as per Toyota Earth Charter.

*We are continuously working towards minimizing our resource consumption and reducing waste by increasing the shelf life of the automobile parts, usage of eco-friendly materials in our products and services and eliminating the use of 'Substances of Concern' [SoC] from the operations. Further, we are practicing and promoting reduction and reclamation of packing materials to reduce the use of virgin materials throughout our value chain.*

### WASTE GENERATION FY 2016-17



*Hazardous Waste*

**1,064.25 MT**



*Non-Hazardous Waste*

**23,591 MT**

### CASE STUDY

#### *Returnable packaging*

The import parts obtained in the carton boxes inside the returnable modules were replaced by returnable plastic boxes. This helped us reduce waste by 9 tons/year, thereby cutting down the CO<sub>2</sub> emissions by 12.24MT/ annum.

#### *Standardizing packing material*

The corrugated boxes used for packing wind shields were replaced by compact returnable dolly's which led to efficient space utilization and complete waste elimination from of corrugated boxes at the dealerships. This has resulted in reduction of volume by 1.14m<sup>3</sup> and reduced CO<sub>2</sub> emissions by 40MT/annum.

#### *Reduction in paint sludge moisture*

As an eco-friendly alternative to landfilling, the paint sludge formed during the paint process is sent out for co-processing to cement industry. As the sludge contained high moisture, the sludge was dried in solar sludge drying yard for 5-6 days. This led to 40-50% moisture reduction resulting in sludge volume reduction by 101 MT/annum.

## IN HARMONY WITH NATURE



*Environment Conservation is inherent to Toyota culture. With our vision, philosophy and guiding principles, we are focused on achieving harmony between our manufacturing operations and nature. To bring about a real change, we*

*strongly believe that community involvement plays a vital role. Keeping this in mind, we have expanded our green umbrella to other community driven ventures and developed Eco-CSR roadmap to promote positive environment action.*





## GREENING THE SCAPE

Initiated in the year 2009, our afforestation concept is based on Dr. Akira Miyawaki's method of restoration and reconstruction of forests. Under this, the potential native vegetation, planting of native species helps in the growth of forest at the rate of 1m/year, thereby creating biodiversity and food chain.

As per the regulatory requirements, area 144 acres (1/3rd of total land area)

is reserved for green belt. Taking a step ahead we have developed theme based forests, by creating an ecosystem of native, rare and endangered species, timber yielding plants, medicinal and aromatic plants, forests for non-timber forest produce and edible fruit yielding plants etc.

***We are successful in sequestering tons of carbon every year with the afforestation drive inside our premises.***

Till date, more than 2,35,000 saplings are planted inside the green belt area and around 30,000 saplings are planted outside TKM. We further aim to create ex-situ conservation of various native species which are listed in IUCN's Red list.



## BIODIVERSITY AT TKM

As we are located in an industrial area, there are no ecologically sensitive areas surrounding the manufacturing site. Although, no habitats changes are clearly attributed to our operations, we engaged with biodiversity experts to understand the species composition and its distribution within 10 km radius around TKM premises. The survey was conducted during all 4 climatological season in the region and the results are stated below.

### WE HAVE:

**133**  
species of plants  
inside our premises belonging to 105 genera and 36 families

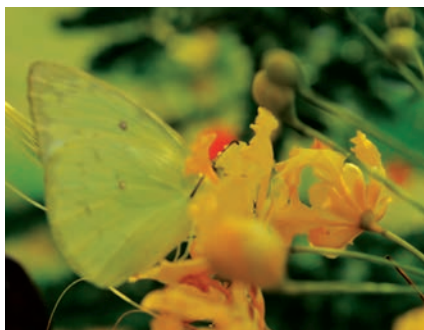
**69**  
species of plants  
have medicinal properties

**44**  
species of birds

**38**  
species of butterflies

**9**  
species of reptiles

**6**  
species of mammals



Going forward, we plan to take scientific assessment of our biodiversity to understand the quantitative and qualitative changes we are creating on local ecosystem to make better biodiversity management plans to create healthy and safe habitat for flora and fauna.







Initiated in 2015, Green Me was conceptualized with a prime focus of sensitizing children on environment aspects. Today, Green Me has evolved into an integrated

Environment education program involving our top management, employee volunteers, education department, government schools and local community of Ramanagara district.

## GREEN ME THEMES



## OUR GREEN HEROES

Our employee volunteers are driving the progress of Green Me by practical implementation of Green Initiatives in our target schools.



## CHILDREN – THE HARBINGERS OF CHANGE

Considering the present scenario, it is vital to inculcate environmental positive actions in children at a tender age and hence, we believe children as our major stakeholders in creating a green difference.



Community awareness campaigns on eco-friendly festival celebration



Practical exposure on environment aspects, promotion of cleanliness and establishment of kitchen gardens at target schools

### GREEN ME PHASE I

20 Govt. Primary schools  
900+ school children  
60 baseline surveys  
38 action plans  
19 projects  
15 community campaigns

### GREEN ME PHASE II

30 Government schools  
1600+ school children  
1200 hours environment knowledge improvement sessions  
60 outdoor activities  
30 video shows  
Green initiative implementation in all 30 schools  
TKM plant visit for industrial environment management exposure to 210 government school children and teachers

### Gearing up with Green Me Phase III

30 Govt. Primary schools  
5 Govt. High schools  
5 Villages





*Plantation at Eco Zone*

## ECO ZONE - AN OUTDOOR ENVIRONMENT LEARNING CENTER

To strengthen 'Green Me' Program further, an outdoor Environment learning center 'Ecozone' was conceptualized. Ecozone is planned to serve as a knowledge sharing platform to provide practical exposure on Toyota's efforts and environmental concepts to all our stakeholders including TKM employees, business partners and community.

It consists of 11 varied theme parks on Toyota's best practices and value, Water, Energy, Biodiversity, Pollination and Timeline (evolution) park.

The project area is spread over 25 acres inside the 432 acre campus of Toyota Kirloskar Motor's manufacturing plant.

## LAKE RESTORATION

With the ever rising water scarcity issues and encroachment of lakes for urban infrastructure, we at TKM decided to identify and restore a water body in the vicinity our manufacturing site and also develop the area to facilitate public access and sustain the local biodiversity.

Absence of clear land records, discharge of domestic wastewater and dumping of waste in and around the lake from the nearby villages were few of the challenges faced by us during the inception of the project. After a series of consultations with internal and external

stakeholders including the local community, interest groups, relevant government authorities and regulatory bodies, we took up restoration of 'Lingegowdanakere' (Lake), which is surrounded by five villages in Bidadi region.

With this project we aim to improve the lake bed and the waste weir, along with construction of amenities for children with provision of lighting and seating facilities. A chain link fencing to protect the lake boundary and jogging track around the lake will also be constructed. A wetland water treatment

facility to maintain the water quality will be constructed along with separate facilities for idol immersion [kalyani] and washing clothes to avoid further pollution of the lake.

We have ensured that our interventions are appropriately designed to respond to the issues related to degradation of water bodies and accomplish the overall goal of recreating a sustainable water resource and sensitizing people on the lake conservation by inculcating sense of ownership for sustenance of our lake restoration project.



*External Stakeholder Engagement for Lake Restoration*



*Present status of Lingegowdanakere (Lake)*



# TOYOTA GLOBAL ENVIRONMENT MONTH 2017

Since, 1973, June is celebrated as 'Toyota Global Environment Month' throughout all Toyota affiliates to raise environmental awareness of employees through various environmental activities. Every year, a specific theme is chosen by UNEP and we at TKM align with this theme to conduct our green activities.

**UNEP theme:**  
**'Connecting People to Nature'**

## TKM THEME 2017

**Live in Harmony with Nature!**

**SENSITIZE**

AIM:  
To sensitize people

**COLLABORATE**

AIM:  
Collaborate with business partners

**REACHOUT**

AIM:  
Reachout to all stakeholders

## ENVIRONMENT MONTH - 4 WEEKS - 4 DIFFERENT THEMES

CLIMATE CHANGE

Week 1

WATER CONSERVATION

Week 2

WASTE MANAGEMENT

Week 3

BIODIVERSITY

Week 4

**"The responsibility lies on all our shoulders to hand over clean and green planet to our future generations."**

*Mr. Akito Tachibana,  
MD, TKM*

## SENSITIZE

The environment month began with the kick-off meeting of all TKM top management. To enhance awareness and commitment towards environment conservation, a message from Mr. Toyoda, President, Toyota Group and Mr. Akito Tachibana, MD, TKM was delivered, followed by an Eco-pledge by all TMs at all our regional offices. The facts on environment conservation and details of

the environment month events were also communicated through mailers, intranet portal and notice boards.

Our business partners, who are our key external stakeholders, were also addressed on the environment month celebrations and the Toyota Global Vision 2050 was communicated.



*Eco Pledge at TKM*



*"No to plastic" campaign*



*Green-owlledge 2017*



*Hand wash Challenge*





Launch of Toyota Green Wave Project



Bring back Birds Campaign

## COLLABORATE WITH BUSINESS PARTNERS

### AT SUPPLIERS

Our Purchase division creates awareness amongst suppliers and trains them on relevant environment kaizens. In turn, our suppliers create environment awareness to their employees and strengthen the member participation in the environment month activities. This year, the supplier participation increased from **34% to 79%**.

**Eco Kaizen:** The best TKM Kaizens on energy, water and waste management

were shared with the suppliers. About **72%** suppliers identified kaizens and shared with TKM as a part of zone-wise kaizen sharing drive.

**Eco CSR activity:** About **19,745** saplings were planted at supplier base and local community by suppliers, followed by sustenance plan for the planted saplings.



Plantation at Suppliers

### AT DEALERS

Our CSG team along with our dealers has created a difference in the society with their environment initiatives involving customers and local community. About 253 dealerships participated in the environment month and 125 initiatives were contributed to reduce the water consumption. About **1,00,000** eco tips

were shared with Toyota customers through SMS.

**Eco-wash:** This initiative was promoted amongst 23,000 customers which led to the reduction of water consumption of **34,50,600** liters in the month of June.

**Free PUC check:** About **2,161** Free pollution free checks were conducted for customers as a part of CO<sub>2</sub> reduction activity.

**Plantation drive:** About **18,097** saplings were planted as a part of environment month.



Plantation Drive by Om Toyota



Swachh Bharat Drive by Malik Toyota

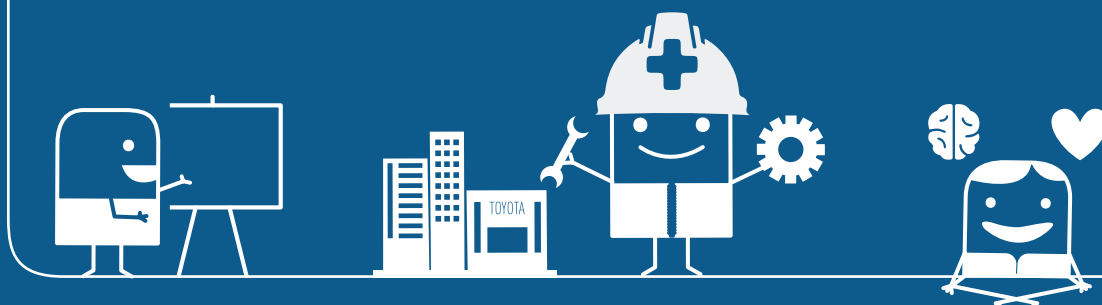


WED celebration at TKM

### REACH OUT:

**52 events | 1,500+ TKM member participation | 1100+ outside member participation | 50,000+ saplings planted | 50,000+ community members reached | 545 Kaizens suggested for resource conservation; 441 implemented**





# PEOPLE OUR MOST VALUED ASSETS





# PEOPLE

## OUR MOST VALUED ASSETS






### OUR PHILOSOPHY

#### Respect for People

Employees play a crucial role in achieving business goals. It is the strength and team spirit of our employees that fuels our organization to perform better and develop innovative high quality products to ensure Customer Delight. We harness the best of talent and train them to align with the organization's goal and vision. Year-long training and development programs are conducted to foster an environment of consistent learning.

## EMPLOYEE DISTRIBUTION

### PERMANENT EMPLOYEES COUNT - LOCATION WISE AS ON 31<sup>ST</sup> MARCH 2017

LOCATION	MALE 	FEMALE 	TOTAL 
Bidadi	5744	48	5792
Gurgaon	71	3	74
IS office	26	7	33
Japan	25	0	25
Kolkata	20	0	20
Mumbai	31	3	34
RPTC - Kolkata	6	1	7
RPTC - Manesar	10	1	11
RPTC - Neemrana	9	0	9
RPTC - Pune	17	0	17
Singapore	13	0	13
Thailand	29	1	30
UB city office	166	23	189
<b>Grand Total</b>	<b>6167</b>	<b>87</b>	<b>6254</b>

### CONTRACT EMPLOYEES COUNT LOCATION WISE AS ON 31<sup>ST</sup> MARCH 2017

Bidadi	695	4	699
Others	0	0	0

### APPRENTICE EMPLOYEES COUNT LOCATION WISE AS ON 31<sup>ST</sup> MARCH 2017

Bidadi	1089	3	1092
Others	0	0	0



## ENSURING QUALITY OF LIFE

Our people are valuable to us and hence supporting their well-being becomes a prime responsibility. We provide various employee benefit schemes as a token of appreciation.

1. **Gratuity Fund**
2. **Superannuation Fund**
3. **Leave Encashment**
4. **Statutory Benefits like provident fund**
5. **Voluntary Provident Fund [VPF]**
6. **Employees Deposit Linked Insurance [EDLI] Scheme (over and above the Act)**
7. **Insurance coverage (for additional 30 diseases)**
8. **PF SMS Facility of all Grade Employees**
9. **National Pension Scheme [NPS]**
10. **Personal Loan tip-up with back's (w/ low interest rate compared to market rate)**
11. **Company Loans**
12. **Loans (Tie up with banks)**
13. **Maternity Benefit Policy (over and above the Act)**
14. **Toyota My Car Scheme**
15. **Mediclaim Insurance Policy and Group Personal Accident Insurance**
16. **Happiness (only TM's) and Sadness Allowance (TM's and family)**
17. **Suggestion Allowance**
18. **Long Service Award (completion of 10 years)**

### MATERNITY CARE

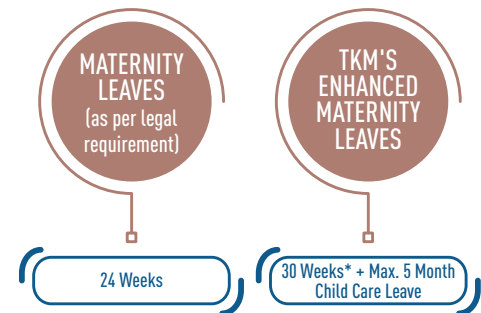
Every woman employee of TKM who embraces motherhood is entitled to enhanced maternity benefits. The maternity benefits help the mothers to spend quality time with their toddlers without having to be worried for job security.

## WORK LIFE BALANCE

To support the wellbeing of our employees and strike a balance between the professional and personal life, this reporting year, the working calendar was revised to 5 working days.

### SCHEME FOR REGIONAL MOBILITY

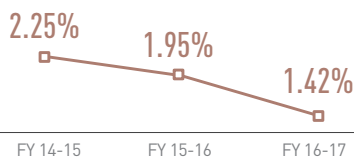
The regional transfer policy was revised to protect the financial interest of our employees. The employees on the short term transfer have given the benefits of daily allowance for TM and family, pre visit support for family members and facility of car for manager and above positions with applicable tax as per IT rules. Transfer benefits are best in industry.



## ATTRACTING AND RETAINING TALENT

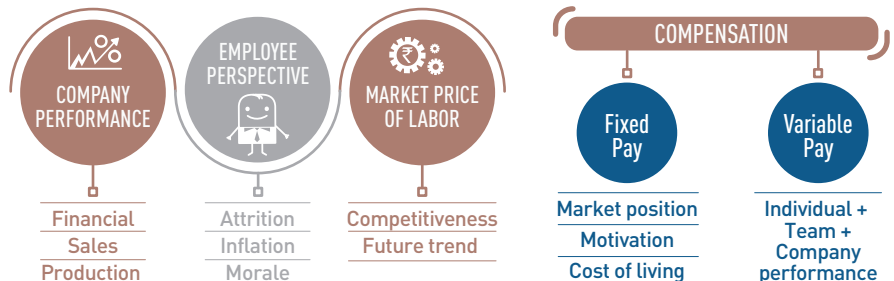
We are an equal opportunity employer and practice equal pay for equal work irrespective of their gender. We ensure fair labor practices and also adhere to the minimum wage rules formulated by the Government of India. We also have the most competitive compensation in the market.

### ATTRITION TREND



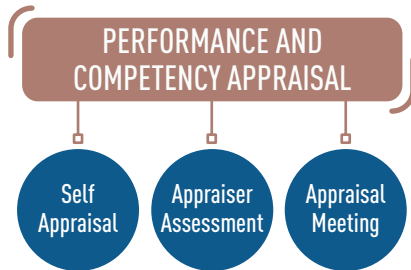
The rate of attrition has substantially reduced from 1.95% in FY 15-16 to 1.42% in FY 16-17, which is lower than the industry average of 12%.

### FACTORS INFLUENCING COMPENSATION





## PERFORMANCE PLANNING AND REVIEW



To ensure fairness in appraisal ratings, a methodical online Performance Management System [PMS] was introduced for office TMs in June 2016. The performance planning, mid-year evaluation and year end evaluation was carried out through Human Resource Management System [HRMS]. About 2253 TMs have set their performance targets in HRMS.

The performance and competency review of all permanent employees and trainees is carried out biannually and for FY 2016-17, the review was completed during the end of the FY. The ratings were considered as base for deciding competency pay and performance bonus, up gradation and promotion in subsequent Financial Year.

### 360 REVIEW AND FEEDBACK

It is conducted on an annual basis with the help of an external consultant. It enables review of senior management functioning and ensures utmost confidentiality to the identity of the person.

### MORALE SURVEY

With the aim of strengthening the HR management, the Morale Survey is conducted once in two years to check the effectiveness of policies and overall employee satisfaction. The employee participation for the year 2016 is 57%.

### RECOGNIZING AND REWARDING THE LONG ASSOCIATION

While the appraisals and benefits motivate employees, appreciation and recognition makes them feel more valued. Hence, we recognize the contributions of our people who have served the company for tenure of 10 years or more.

## CREATING A VIBRANT CULTURE

At TKM, we aim to create a vibrant work culture beyond the infrastructure required to enhance work skills. Communication is the key to ensure similar interpretation and understanding.

### ANNUAL COMMUNICATION

An annual communication is sent out by our MD every year in the month of June to all the employees, to promote unity and collaboration. It aims at sharing the economic status, production and sales levels, market share and possible future challenges of the company. The queries raised by the TMs are answered and is recorded to derive the reflections.

### SEMI-ANNUAL COMMUNICATION

It updates the shop floor supervisors on the current business scenario and the company's performance against the set target. The reasons for the deviation and the possible steps to ensure profitability are discussed.

### MONTHLY BUSINESS COMMUNICATION

The monthly business communication is sent out to all our people to update company's performance and to keep them at pace with the changing market and business conditions.

### CARZ MAGAZINE

It is a quarterly in-house magazine which helps share company wide information on various events, achievements, new dealerships, environment and CSR activities. A new section 'My Space' focuses on individual achievements, social activities, celebrations, personal contributions like stories, poems, travel adventures, paintings etc.





## EMPLOYEE ENGAGEMENT

### PEOPLE CONNECT



People Connect is conducted in two tiers; the first tier consists of DGMs and above; the second tier consists of managers and supervisors. Cross-functional groups are formed and a theme is selected based on the MD's direction/ Hoshin of the respective year which is followed by brainstorming sessions. Finally, a roadmap to ensure smooth functioning of the organization is established.

### QUALITY CONTROL CIRCLE (QCC)

It is a semi-annual event held for the shop floor members to improve their individual capabilities and create a proactive work environment. Each QCC team consists of 8-12 members, who internalize and brainstorm methods to improve the workplace/ product/ service. The findings/suggestions are validated by utilizing the Quality Control Cycle (QCC) methodology.

#### WAVE 1

Winner represents TKM in Global QC Convention @ Japan

Runner-up represents TKM in CII (Confederation of Indian Industry)

#### WAVE 2

Winner represents TKM in TAPQCF (Toyota Asia Pacific Quality Control Forum)

Runner-up represents TKM in QCFI (Quality Circle Forum of India)



### EKIDEN

Ekiden is a long distance relay event which is conducted every year to encourage fitness of body and mind to promote healthy living.

### SUGGESTION SCHEME

It is a monthly activity conducted for shop floor members to ensure continuous development of SQPC (Safety, Quality, Productivity and Cost) through simpler and efficient methods.

#### SUGGESTION FORMS

Description of problem  
Identification of root cause  
Countermeasure suggestion

#### TECHNICAL COMMITTEE EVALUATION

Categorised as

- High value suggestion
- Star suggestion

#### COMPANY ANNUAL EVENT

Recognition as

- 'Suggestion Star Award'
- Monetary reward



## THE EMOTIONAL CONNECT

### KANNADA RAJYOTSAVA

Respecting the local culture, language and tradition is inherent to us. Hence, every year the Company Day is celebrated with State Formation Day (1st November). Eminent personalities in the fields of art, literature etc. are felicitated at the event.



### E-BANDHANA

Happy Family +  
Happy Employee =  
Happy Company!

The orientation is exclusively held for newlyweds of Bengaluru office to ensure healthy family relation. It is held off-site and counseling sessions are arranged to help them have a smooth transition into their married life along with a bunch of 'fun activities'.

### FAMILY PLANT VISIT

*Strengthening the bond between TKM and TM family*

The family members are enlightened about the company's initiatives, prevailing market conditions and Toyota products. The family members are then taken to the shop floor to witness the production process.



*Women's day celebration at TKM*

### FESTIVAL GREETINGS

To create a bond between TKM and TM family, festival greetings are sent to the residential address of all our TMs.



## UNITY IS STRENGTH



### OUR PHILOSOPHY

Achieve Goals through Collaboration and Cooperation than Conflict Approach

*We, both the Management and Union, strongly believe that a true partnership is most appropriate method for effectiveness and growth of organization, since it leads to increased employee satisfaction, an empowered workforce and better service delivery.*

We ensure transparency in all our business actions; our Labour Relation team ensures a balance between the management and trade union and interacts with our union representatives on a daily basis. Our HR team and shop division heads have bi-weekly discussions with the union representatives. Our top management also engages with our union representatives on a quarterly, semi-annual and annual basis.



61% of our total permanent workforce a part of union. All these workmen exercise 'freedom of association' and 'collective bargaining'. Every two years the Memorandum of Settlement between the Company and union members is renewed and includes aspects of safety, quality, productivity, continuous improvements and code of conduct. We also conduct workshops and training for the office bearers of the union. A minimum notice period of two weeks is provided as per law to employees in case of significant changes.

### SAMVAADA

Samvaada is a forum to communicate the company's business conditions and facilitates discussions on the joint efforts required to make company more competitive.



Akito Tachibana, MD thanks giving to Negotiation Committee and TKM-Employee Union

### UNION LEADER DEVELOPMENT

We conduct various Union leader development activities such as workshops and trainings.

**Inspiring Leadership :** A motivational talk on leadership was organized for our union leaders. The talk revolved around role model behavior, decision making skills, being the agent of change and productive thinking.



Motivational talk on leadership by Lt. General Syed Ata Hasnain



# TRAINING AND DEVELOPMENT

## TOYOTA INSTITUTE INDIA [TII]

### VISION

Create a learning organization by developing competitive human resources among all stakeholders and thereby contribute towards business sustainability

By improving the abilities of each employee, improve performance of the entire organization from a mid-to-long-term perspective

By developing human resources of the entire stakeholder value chain, achieve self-reliance (Jiritsuka) in terms of products, services and systems

By developing problem solving abilities and competitiveness among stakeholders, enhance Toyota brand value and contribute towards sustainable profitability

### OVERVIEW OF TRAINING

#### CORPORATE TRAINING



##### Managed by HR

Applied to all TMs by cascading - Top Down Approach

Role-based training at appropriate time of work life

#### FUNCTIONAL TRAINING



##### Managed by Function

Applied to all members in the function based on specific job competencies actions in that function

Global Contents training refers to the most fundamental and best business practices that have contributed to Toyota's success. It is a common business language of all Toyota members, that helps to communicate effectively and practice Toyota Way in daily work. Further, regional contents and local need-based trainings are imparted to meet the learning needs of employees. Functional trainings are managed by the respective functions.

### TRAINING NEED ANALYSIS

#### TRAINING NEED ANALYSIS

Focused behavioral event interviews

Performance management feedback

Focused group discussions

One-to-one Interviews

Online Survey and benchmarking

Work Life plans

Training roadmap with programs

### STAKEHOLDER TRAINING

#### SCOPE:

EMPLOYEES

DEALERS

SUPPLIERS

CORPORATES

COMMUNITY



Equal learning opportunities are accorded for men and women. Role based, skill-based trainings in the form of post-promotion programs, are imparted when every member moves from one level to another. Equal learning opportunities are accorded for men and women. Training on policies and procedures concerning aspects of human rights are imparted during induction and post-promotion trainings.

Further, security personnel are trained on aspects of human rights relevant to their operations. New programs developed and imparted based on employees' needs during 2016-17 are furnished. Best practices are shared with corporates as well. For example, Infosys-Toyota Knowledge Exchange program helps mutually learning sessions between both the companies. Further, representatives of Confederation of Indian Industries (CII) are regularly trained on lean manufacturing at TKM.



Dealer Management Development Program

## EMPLOYEES

SN.	PROGRAM	APPLICABILITY	DURATION	KEY TOPICS
1	Creating a Respectful Workplace	All Office Staff	2-hours	<ul style="list-style-type: none"> <li>Gender Diversity</li> </ul>
2	Personal Safety	All employees	2-hours	<ul style="list-style-type: none"> <li>Impact of Accidents</li> <li>My Role in Safety</li> </ul>
3	Toyota Basic Quality Assurance	All Employees	2 hours	<ul style="list-style-type: none"> <li>Customer First</li> <li>Importance of Built-in-Quality</li> </ul>
4	HoshinKanri (HK)	Managers and above	4-hours	<ul style="list-style-type: none"> <li>Workplace Vision and Mission</li> <li>Hoshin Development Process</li> </ul>
5	TBP Mentoring Certification Program	Regional Office Territory and Area Managers	2-days	<ul style="list-style-type: none"> <li>TBP 8-Steps</li> <li>TBP Critique</li> </ul>
6	Sarala Yoga	Plant Members	5-days	<ul style="list-style-type: none"> <li>Physical Fitness</li> <li>Yogasanas</li> </ul>
7	Financial Management (KaaseBossu)	Plant Members	2-hour	<ul style="list-style-type: none"> <li>Financial Goal</li> <li>Developing Savings Mindset</li> </ul>

## SUPPLIERS

SN.	PROGRAM	APPLICABILITY	DURATION	KEY TOPICS
1	Toyota Way	Supervisors from all our key suppliers from Bengaluru, Chennai, Delhi and Pune regions	1-day	<ul style="list-style-type: none"> <li>Toyota Way of Business</li> <li>2 Pillars and 5 Principles</li> </ul>
2	Toyota Communication Skills		1-day	<ul style="list-style-type: none"> <li>Cheerful Workplace</li> <li>Communication Techniques</li> </ul>
3	Toyota Job Instruction		2-days	<ul style="list-style-type: none"> <li>Methods of Teaching Members</li> <li>4-Step Approach</li> </ul>
4	TPS Standard Work and Kaizen		2-days	<ul style="list-style-type: none"> <li>Just-in-Time and Jidoka</li> <li>Standardized Work and Kaizen</li> </ul>
5	Problem Solving Technique		2-days	<ul style="list-style-type: none"> <li>Tools to Visualize Problems</li> <li>Steps of Problem Solving</li> </ul>
6	Plan-Do-Check-Act		1-day	<ul style="list-style-type: none"> <li>Introduction and Why PDCA</li> <li>Steps and Processes in PDCA</li> </ul>

## DEALERS

SN.	PROGRAM	APPLICABILITY	DURATION	KEY TOPICS
1	Dealer Management Development Program	Dealer Principals and CEOs	3-days	<ul style="list-style-type: none"> <li>Toyota Best Practices</li> <li>Visit to Plant and Gemba</li> </ul>
2	Dealer Frontline Staff Development	Sales Consultants and Team Leaders	2-days	<ul style="list-style-type: none"> <li>Toyota Production System</li> <li>Visit to Plant</li> </ul>
3	Train-the-Trainer (Toyota Driving School)	Dealer Staff	15-days	<ul style="list-style-type: none"> <li>Driving Techniques</li> <li>Driving Demonstration</li> </ul>



## CORPORATES AND COMMUNITY

SN.	PROGRAM	APPLICABILITY	DURATION	KEY TOPICS
1	Internship/ Project Training	Students pursuing Engineering and Post Graduation	2-6 months	<ul style="list-style-type: none"> <li>Toyota Best Practices</li> <li>Lean Manufacturing</li> </ul>
2	Sessions in Educational Institutions	Campus Connect Colleges	2 hours sessions in line with curriculum	<ul style="list-style-type: none"> <li>Toyota Best Practices</li> </ul>
3	Adoption of Ramanagara ITI	Ramanagara ITI Students	Ongoing	<ul style="list-style-type: none"> <li>Industry Specific Curricula</li> </ul>

## ENSURING TRAINING EFFECTIVENESS

To ensure effective training, we take feedback from all the trainees. To ensure post training implementation, participants are expected to take a project/theme and confirm report-out for identified training program. Further, training contents are revised based on feedback received from trainees.

## OUR REACH IN 2016-17

EMPLOYEES, APPRENTICE, CONTRACT AND TOYOTA		SUPPLIERS		DEALERS		COMMUNITY	
							
Total Members Trained	Total Man Days Trained	Total Members Trained	Total Man Days Trained	Total Members Trained	Total Man Days Trained	Total Members Trained	Total Man Days Trained
18293	25700	672	1446	493	382	818	818
Total Members Trained: 20276				Total Man Days Trained: 28346			

Over the years, we have developed educational modules to scale up the skills of young talented individuals to address the growing needs of skilled manpower in the industry. Our participation and recognition at various national and global level skill contests testifies our commitment to skill development in India.



## TOWARDS THE COMMON GOAL OF SKILL INDIA MISSION

### TOYOTA TECHNICAL TRAINING INSTITUTE [TTTI]

*Transforming the raw talent into Industry ready technicians*

The state-of-the-art institute was launched in 2007 to impart holistic education and training to the underprivileged youth from rural hinterlands of India. The three-year full-time residential course focuses on mind, body, knowledge and skill; and offers a unique blend of classroom learning coupled with shop floor exposure.

The students are trained in the fields of Automobile Weld, Automobile Assembly, Automobile Paint and Mechatronics trades. Apart from the in-house students, TTTI also imparts training to the students from various educational institutions to develop their employability skills.



### TOYOTA APPRENTICE SCHEME (TAS)

Since 2002, under this scheme we have trained over 10,000 Apprentice members (ITI, Diploma and Engineers).



## TOYOTA TANTRAGNYA



'Toyota Tantragnya' aims to increase the employment opportunities for underprivileged unskilled rural youths in the automobile sector. For this, we have partnered with Automotive Skills

Development Council [ASDC], the first Sector Skill Council of India. The initiative has a holistic approach and aims to balance focus on body, mind and attitude of the youth.

The selected candidates will be provided with an attractive stipend, free commutation and canteen facility during the training period by TKM.

## CHISELING THE SKILLS

Skill Contest is conducted every year to identify employees with the best skillset.



100% participation of shop floor members  
Selection of top 3 contestants from 2 plants in 18 skill sets  
Selection of TKM champion from 3 rounds of evaluation  
6 months training at Gurukul

Participation from 13 Toyota affiliates (10 countries)  
3 days training at Asia Pacific - Global Production Centre  
AP region skill contest for selection of Gold Medalists  
Gold medal winner participation in Global Level Skill Contest

8 best performers from Toyota affiliates exhibit skills and contest for Global No. 1 position  
Top 3 Global performers

## SUCCESS STORY

Mr. Venkatesh Goudar joined us as technician trainee and today he is working as a Team Leader [TL] in Plant 2 Assembly shop. His proactive nature, perseverance and strong logical ability has made him the first Team Leader from TKM to win a Silver medal at the Global Skill contest held at TMC, Japan, prior to which he won the Gold medal at the Asia Pacific Skill Contest, held in Thailand.

Apart from the expert technical training by the best in industry Gurukul trainers, Mr. Venkatesh believes that yoga and balanced diet facilities at TKM have helped him enhance his mental strength and healthy lifestyle. In order to share his experience and train more TMs, he along with the Gurukul team, has developed trouble shooting kit to train different shop leaders to hone their skills to perfection.

*"I have been participant in all the company-wide skill contests since 7 years. I believe that focus and continuous practice has helped me chisel my skills and win recognition. My Group leader's motivation, continuous mentoring of my Gurukul trainers, guidance of my managers and colleagues inspired me to dream big and turn it into a reality."*



Venkatesh Goudar  
TKM05633





## WORLD SKILLS 2016

It is a bi-annual contest organized by the Ministry of Skill Development and Entrepreneurship since, 2015 to upgrade the skill sets of young talent. We won the first and second position in India Skills

2016 contest held in New Delhi under the Mechatronics skills. The event witnessed participation from 560 contestants including 88 Institutes and eight automobile companies like Maruti Suzuki,

Mahindra, Honda, Volkswagen, Tata Motors, etc. The India Skills 2016 finale winners qualify for selections to World Skills 2017, to be held at Abu Dhabi.

# SAFE AND HEALTHY WORKPLACE



OUR PHILOSOPHY  
Safety First

As a safety leader, we emphasize to create and strengthen the safety culture within and outside the organization. The concept of Occupational Health and safety is vital to our company, as it helps in protecting our workers against workplace related injuries and illnesses. We aim to foster and nourish a healthy and safe work environment for our people. Besides the employees, we spread awareness to help protect co-workers, the members of their family, customers and other individuals, to ensure safety.

## SAFETY AND HEALTH COMMITTEE

Safety and Health committee meetings are undertaken at various levels to discuss ways and means to improve health and fitness of the employees, reduce absenteeism and illness.

**MANUFACTURING SAFETY COMMITTEE MEETING (MSCM)** is conducted every month and is chaired by the occupier and manager of the industry and attended by the all top management along with representatives of Employees union.

**SHOP SAFETY COMMITTEE MEETING (SHOP LEVEL)** is conducted once every month and is attended by safety committee members (50% workers) along with shop heads.

We promote safety inside the workplace by the following promotional activities:

### At the plant level

- Kiken Yochi [KY] training
- Small group activities +4R KY
- Fire DOJO training
- 24X7 Danger predictions
- Focus towards Group Leader (GL) development to strengthen his role
- Promotional activities - involvement from Top management and TMs.
- Process safety improvement and hardware improvements

### At the Shop level

- Member by member rule follow monitoring
- Safe man training
- Safety hour audit
- Safety leader for the day
- Difficulties elimination/facilities improvement
- Safety awareness campaign and role model for safety promotion
- Rule follow visualization





## SAFETY POLICY

In line with the global Toyota philosophy of "Complete Ownership", Toyota Kirloskar Motor Pvt Limited (TKM), firmly believes that people are its biggest asset and is committed to ensure a safe and healthy work environment, to all its team members, associates and business partners working on its' behalf.

TKM believes that Occupational Safety and overall well - being of its human asset, is integral to its vision of achieving excellence, in every sphere of its operations; and such considerations must reflect in all the organizational activities, processes and infrastructure and help it to meet the expectations of all the stakeholders.

**To meet such expectations, TKM shall be committed to:**

- Develop people, who will demonstrate a "never compromise attitude", and accept all safety rules, towards growing need of establishing "Safety Culture", both inside and outside the company.
- Pursuit of "Safest Vehicle", to provide the best in class Safety to the Customer and Occupants.
- Engage with all Team Members towards creating "Enjoyable Workplace" by elimination of workplace hazards using Continuous Improvement (Kaizen).
- Comply with all relevant legal and other requirements, applicable to the organization and look for achievement "Beyond Compliance", in line with global Toyota philosophy of "Safety First".
- Work together with all stakeholders (Team Members, Suppliers, Dealers, Customer, Contractor, Community...), to create safe community.

TKM commits to foster a collaborative partnership, among all its associates, to have a collective responsibility, to implement the provisions of this policy, in Spirit and Action, and stay true to the thinking of the founding fathers of Toyota

**"Safe work is the door to all the works Let us pass through this door."**

## SAFETY MONTH 2017

THEME 2017:  
**Safety instruction  
enhancement through  
3C approach – Clear,  
Consistent, Connected**

Every year, January is celebrated as safety month. This safety month, we focus upon developing a strategic approach to improve the safety sense of TMs and capability development of Group Leaders [GLs].

## ENHANCING HAZARD PERCEPTION CAPABILITIES

The Hiyari Hotto concept helps in enhancing the employees' hazard-perception capabilities. To create safe workplace Hiyari Hotto suggestions were

taken from TMs and their suggestions included steps to prevent accidents, avoid near miss cases and improve TM's ability to sense potential danger.

## STRENGTHENING SAFETY LEADERS

We focus on Group Leader (GL) development to strengthen his role to maintain safety consciousness and acquire KY ability to ensure safety at the respective groups in the shop floor.

We promote safety and health inside and outside the workplace by following tasks and actions:

- Assisting in the outreach and training programs of all employees

## SAFETY STATISTICS

### 2015-2016

Total no. of  
Accidents

7

Total Man-hours  
worked

20928622

Frequency Rate =  
 $\frac{\text{Total no of accidents} * 1000000}{\text{Total Man-hours worked}}$

0.33

### 2016-2017

Total no. of  
Accidents

15

Total Man-hours  
worked

21534443

Frequency Rate =  
 $\frac{\text{Total no of accidents} * 1000000}{\text{Total Man-hours worked}}$

0.69



## REMEMBRANCE DAY

On 9th January 2016, we lost 6 of our people in a tragic accident during a personal night travel. To commemorate this sad incident, every year 9th of January is considered as 'Remembrance Day' at TKM to remind all of us about the importance of safety and to create awareness on safety amongst people whom we care for.

Our safety team sends out safety tips regularly to all our people. Our top management also sends out company-wide message emphasizing on safety within and outside organization.



## SAFETY IN COMMUTATION

Our Commutation team continuously engages with our drivers in trainings, workshops, seminars and demonstrations to inculcate safety sense and healthy lifestyle.

The commutation safety day is conducted to deepen the road safety awareness through various visuals such as banners, posters etc. at strategic locations inside and outside the premises. It is a routine for all our drivers to check condition of tires, brake, fan belts and other parts mentioned in the vehicle condition checklist before the commute, to ensure safe travel.



## DRIVER SKILL ENHANCEMENT

### TRAINING AND DEVELOPMENT (UTTAMA KAUSALYA)

We develop skills and also instill safety sense amongst drivers through various interactive sessions, expert talks on road safety along with defensive driving training.

### ENSURING HEALTHY LIFESTYLE (SAMPOORNA AROGYA)

We always strive for 100% safety of our vehicles and safety mindset of our drivers.

#### Enhancing technical competence:

To promote awareness of safety aspects of vehicles as a part of emergency preparedness, a one day session on the product specifications and safety was conducted. About 325 drivers were trained to tackle the technical problems associated with the commutation vehicles, by the respective vehicle vendors.

#### Health is Wealth:

Our drivers practice yoga to enhance concentration and peace of mind, before and after their commutation shifts. The drivers are also trained on stress management. In consultation with in-situ occupational health clinic, our commutation team conducts regular medical check-up camps for both commutation and executive drivers. Apart from the routine check-up, tests for BMI, diabetes, eye examination are also conducted.

### INCULCATING SELF-DISCIPLINE (SWAYAM NIYANTRANA)

Daily Kiken Yochi training [KYT] is conducted at the commutation yard, to enhance the possible hazard identification skills of our drivers and constantly keep a check on their adherence with the audit rules.

## CASE STUDY

### *Valuing lives by enhancing the hazard perception skills*

Unsafe conditions and unsafe acts are the two major reasons for any accident to occur. Our commutation department has carried out extensive study on the Mysore-Bengaluru highway, as it connects to all the routes where our commutation services are provided.

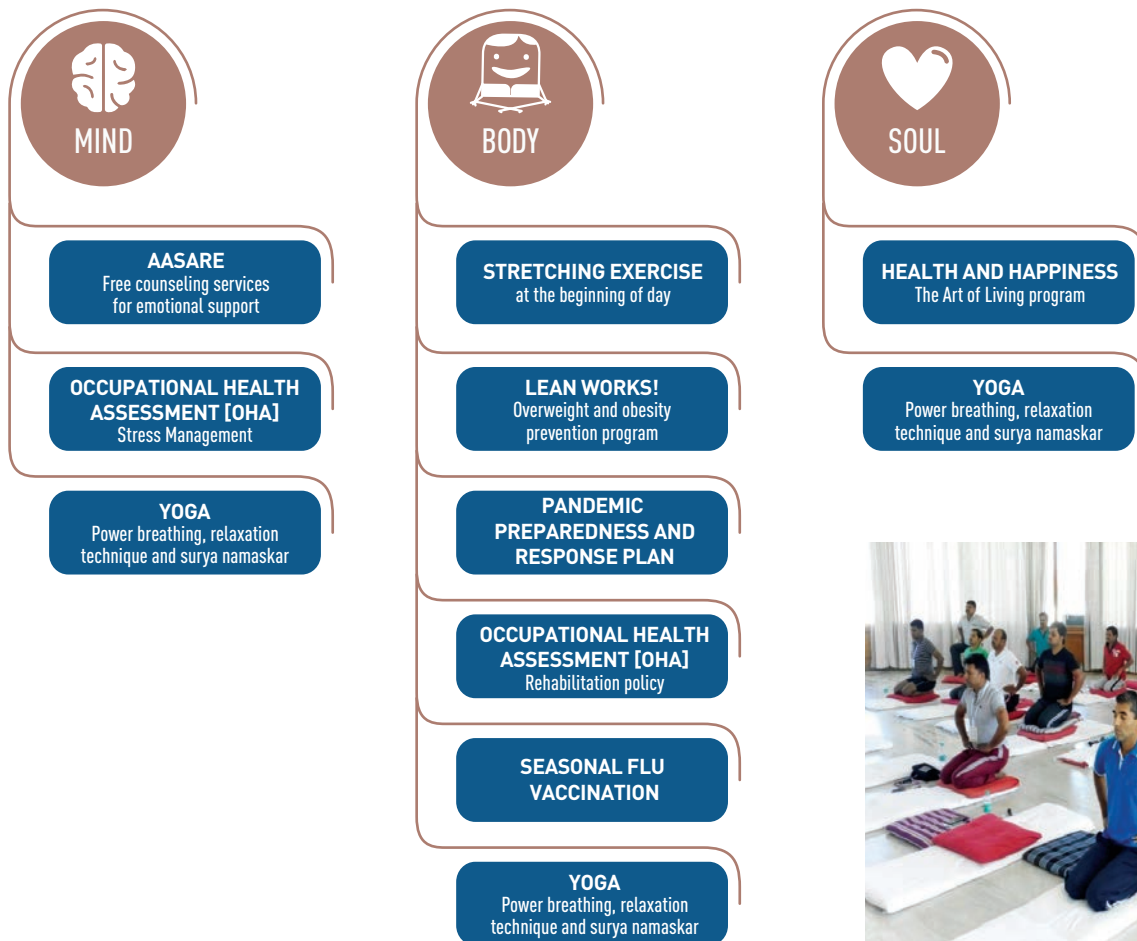
Based on the prevailing unsafe conditions on the road, such as non-availability of relevant sign boards, caution boards, traffic signal etc, 10 unsafe locations were identified where possible risks were listed out. To ensure utmost safety during the travel, our drivers are made to visit the

identified locations once in 15 days and are sensitized on safety aspects and accident mitigation measures such as safe speed limit and safe distance etc.



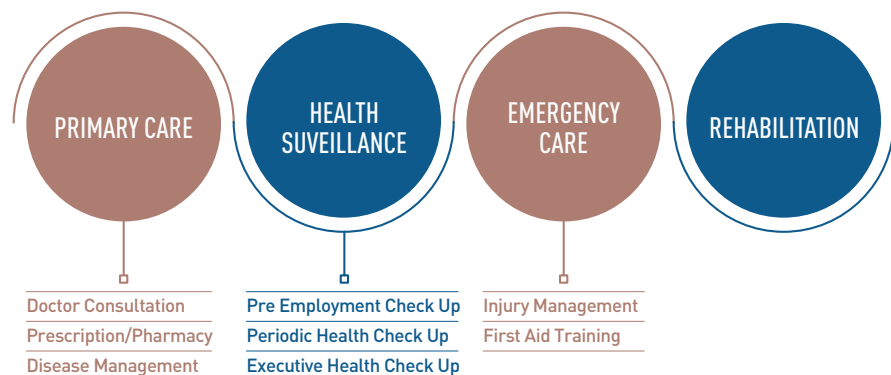
# REJUVENATING THE MIND, BODY AND SOUL

The importance of employee well-being can never be overstated. The mind, body and soul are interconnected and should be fairly balanced for a stress free, successful life. With this thinking, over the years, we have built a holistic approach and inspired our people towards a healthy lifestyle.



## HEALTH CARE SERVICES

Our Occupational health team engages and provides consultation to all our people and on-site suppliers and is in constant touch with health care providers like hospitals, diagnostic centers and pharmaceuticals for assistance. The dept. also engages with the statutory authorities, visitors and suppliers and community based on needs.





## OCCUPATIONAL HEALTH ASSESSMENT [OHA]

Healthy  
Workplace Gold  
Award 2016,  
Arogya World



It is a unique employee friendly rehabilitation policy that was established in the reporting year to provide health recommendations for health issues at work. Under this policy, people who are facing difficulty in carrying out their routine work due to their health issues, are recommended for the temporary rehabilitation at workplace, after

consultation with the Occupation Health Clinic team.

In the reporting period about 64 TMs were rehabilitated at workplace. According to the feedback received, 90% felt rehabilitation improved their health status.

## AASARE: FOR THE PSYCHOLOGICAL WELL BEING

'AASARE' is a unique Employee Assistance Program aimed at providing emotional support to the TMs who undergo distress or psychological issues.

The HR team and the Occupational Health team observed that there was an increased need for support to overcome distress and psychological issues by our people.

Hence, we partnered with '1to1Help.net', a pioneer in professional counseling services to support our people overcomes their psychological issues. The service is made available through website, mobile application and a 24/7 toll free helpline.

In the last FY, AASARE has supported 70 people to manage their emotional stress.



### SCOPE OF COVERAGE

The scope of coverage is not limited to, relationship concerns (Family, Marital etc.), financial matters, general management, sleeplessness, anger, parenting, smoking, alcoholism etc.



## HEALTH AND NUTRITION



OUR PHILOSOPHY  
Eat Healthy, Live Right

Our canteen team always ensures the food served has right amount of calories and maintains stringent hygiene standards during food preparation and serving. The 'timely delivery' while achieving 'zero accidents' is the ultimate aim of our canteen operations.

In order to make the TMs aware of their food habits and choices, the canteen information board is updated every day. It consists of the weekly menu along with the calorie information of the various dishes served. The Pay and Eat counters are specifically designed to serve low calorie food for healthy living.





# RESPONSIBLE PROCUREMENT PRACTICES





# RESPONSIBLE PROCUREMENT PRACTICES

Suppliers are critical for businesses to succeed as they play a crucial role in implementation of business operations and processes. We consider working with our suppliers, involving and empowering them as the key for maintaining long term supplier relationship.

## SUPPLIER RELATIONS

*We have always extended support to our suppliers in the areas of safety and environment, cost, quality and productivity and human development [SQPCH]. We also communicate our corporate values, culture with our suppliers and set compliance targets to ensure conformance to all applicable laws and regulatory requirements. Regular assessments are conducted to ensure all suppliers are in line with TKM's targets and vision.*

### PURCHASE POLICY

Toyota has established a purchasing policy ensuring a fair ground for all suppliers. The policy has a focus on the following elements:

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

### SUPPLIER CSR GUIDELINE

In addition to these, TKM has formulated policies to cover aspects of climate change and social responsibility included as a part of 'Supplier CSR guideline' emphasizing on the following aspects:

- Respect for employees and stakeholders
- Safety, Quality, Productivity, Cost and Human Development
- Legal Compliance, Human Rights/ Labor, Local or Global community

### GENERAL PURCHASING AGREEMENT

Suppliers are provided with a General Purchasing Agreement which lays out principles of operation. These principles are a guiding tool for suppliers to effectively manage and prioritize their business.

The agreement outlines the following principles:

- 'Customer Satisfaction' is the primary objective
- Toyota Production System (TPS) and Just-In-Time (JIT) to be adopted
- Develop long standing business relationship based on mutual trust
- Comply with safety and environmental standards
- Contribute to the sustainable development of society
- Promote faithful and sound business activities

## NEW SUPPLIER ESTABLISHMENT SYSTEM

We rely on our suppliers for the ever-changing market needs. As procurement is very crucial for our business, managing supplier relations to assure a continuous supply without any delay in the delivery of products becomes imperative. We

have established a system to identify the right suppliers for procurement of raw materials called 'New Supplier Establishment System'. Continuous engagement with suppliers through training and workshops help us maintain

the synergy and manage risk and compliance to abide by organizational as well as industry specific regulations and compliances.





Before onboarding any supplier, we carry out a thorough background check of their Environment Social Governance parameters. The New Supplier Evaluation Result (NSER) is a checklist with Environment Social Governance [ESG] parameters ensuring compliance and

applicability to the laws of the land. The NSER includes 41 parameters ranging from labor practices, legal compliances to safety and environment.

The new suppliers are then audited, evaluated and the suppliers are

categorized into three categories based on the risks imposed by them as impacts high, medium and low and further supported by Supplier kaizen team for improvements in the fields of Safety, Quality, Productivity, Cost and Human Development [SQPCH].

## GREEN PURCHASING GUIDELINES

*We align our suppliers with TKM's interests to be more responsible in environment and social aspects. Toyota established 'Environmental Purchasing guidelines' in March 1999, which were further revised for improvement in March 2006 as 'Green Purchasing Guidelines' [GPG]. In accordance with Global Challenge 2050 and taking the changing environmental regulations into consideration, the GPG were revised in January 2016 with intent of reducing the environmental footprint throughout our supply chain.*

### AMENDMENT TO THE GPG 2016

In order to make our business partners understand our intent behind this latest revision and to ensure their integration in daily activities, we hosted GPG training to all our supplier principals in February 2017 in four zones across India. Out of

165 suppliers, 122 suppliers attended the training program. However, the rest of the supplier principals and indirect suppliers will be trained on the latest revision of GPG.

*The Green purchasing guidelines are aligned with Toyota's Six Global Challenges.*



\*Latest additions, 2016

### MAJOR CHANGE POINTS

- Inclusion of promotion of ISO 14001 implementation to the Tier-2 and Tier-3 suppliers
- Promotion of environmental management of the entire supply chain with lifecycle approach

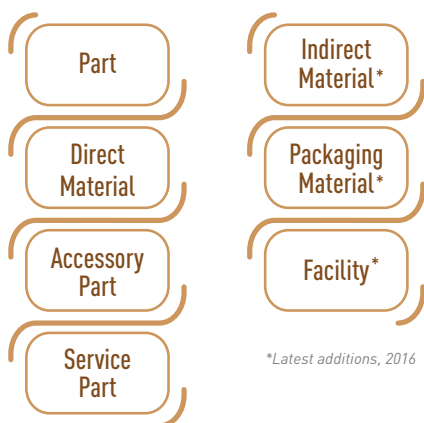


*Region wise GPG explanation session to supplier*



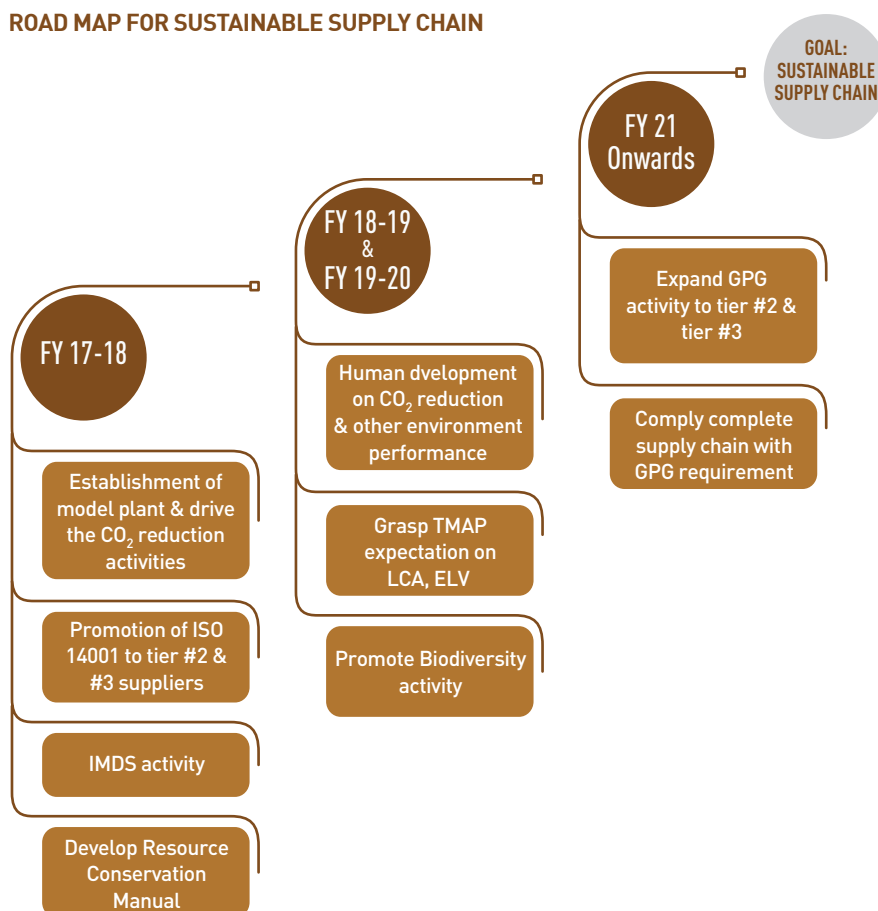


## MAJOR CHANGE POINT IN GPG



The GPG was implemented to the Part, Direct Material, Accessory Part and Service Part suppliers. Further, with the latest amendment, the scope of GPG implementation has expanded to the Indirect Material, Packaging Material and Facility suppliers.

## ROAD MAP FOR SUSTAINABLE SUPPLY CHAIN



## ENSURING SAFE WORKPLACE AT SUPPLIERS

In order to ensure the safe work place at suppliers, Supplier Kaizen Department (SKD) continuously supports suppliers during manufacturing and construction.

## RISK ASSESSMENT AND SUPPORT FOR RISK ELIMINATION

We assess our suppliers for risks pertaining to SQPCH on a regular basis and help them with countermeasures for risk elimination. 100% suppliers are assessed for risks and the audit calendar to eliminate the environmental risk through legal compliance and safety risks is rolled out.





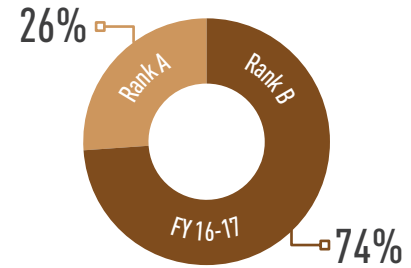
## ENSURING LEGAL COMPLIANCE AT SUPPLIERS

We ensure that our suppliers are legally compliant before engaging with them. We communicate the regulatory changes and also conduct regular audits to ensure all our suppliers are updated and compliant

with the latest regulatory changes. Our SKD conducts Gemba confirmation for legal compliance at the shop floor to create an **'Environment Risk Free Supplier'**.

### ENVIRONMENT RISK AUDIT CLOSURE STATUS

The identified environment risks are classified as Rank A (high) and Rank B (low) based on the potential and severity of the issue.



Environment Abnormality Identification status

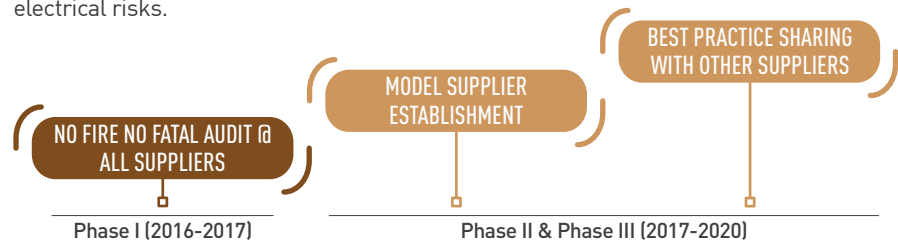
**In the FY 16-17, we have successfully eliminated the environment risks up to 94%. The rest 6% of the abnormalities will be closed in FY 17-18 through continuous follow up.**

## ENSURING SAFE WORKPLACE AT SUPPLIERS

During the reporting year, safety audit with theme 'No Fire, No Fatal' was conducted at suppliers to ensure workplace safety from fire and fatal hazards. Based on the observances, a road map to enhance the safety knowledge/ awareness of supplier partners to manage safety at workplace was developed.

to ensure safety in man, machine and methods, followed by the Gemba audit to identify the risks pertaining to layout and storage area, equipment, fire and electrical risks.

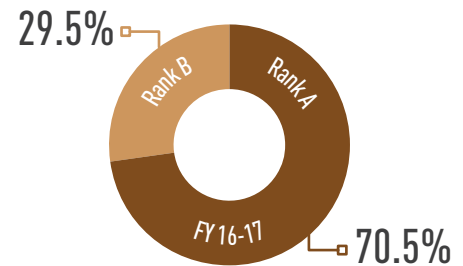
The audit is carried out in two approaches; firstly system audit is carried out to check if the systems are in place



### SAFETY AUDIT CLOSURE STATUS

The identified safety risks are classified as Rank A (high) and Rank B (low) based on the potential and severity of the issue.

**In the reporting year, we were successful in eliminating the safety risks up to 96%. We are continuously working with our suppliers to address the rest 4% of the issues by the end of this FY 2017-18.**



Safety Risk Identification Status

## SUPPLIER SAFETY SUPPORT DURING CONSTRUCTION

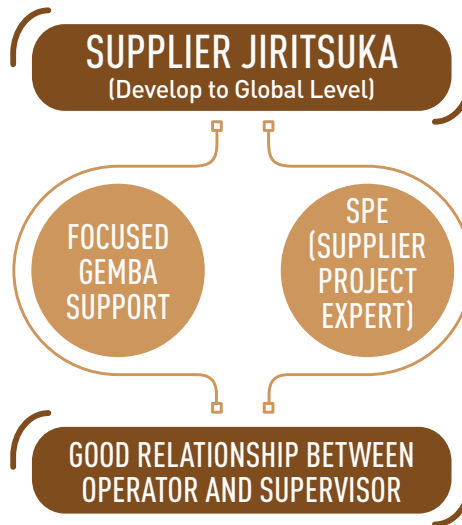
We have supported 13 Toyota group companies in India in the field of construction safety and equipment safety through human development from the construction stage till pre-commissioning stage.

During the reporting year, 26 safety leaders were trained at TMAP for equipment risk assessment and risk reduction during the equipment installation phase. The safety leaders in turn developed 261 sub leaders and 834

job leaders internally. The equipment risk assessment was carried out at each group company with cross function team supported by TKM and the risk elimination activity was carried out with periodic progress review.



## CREATING A STABLE, SUSTAINABLE AND COMPETITIVE SUPPLIER BASE

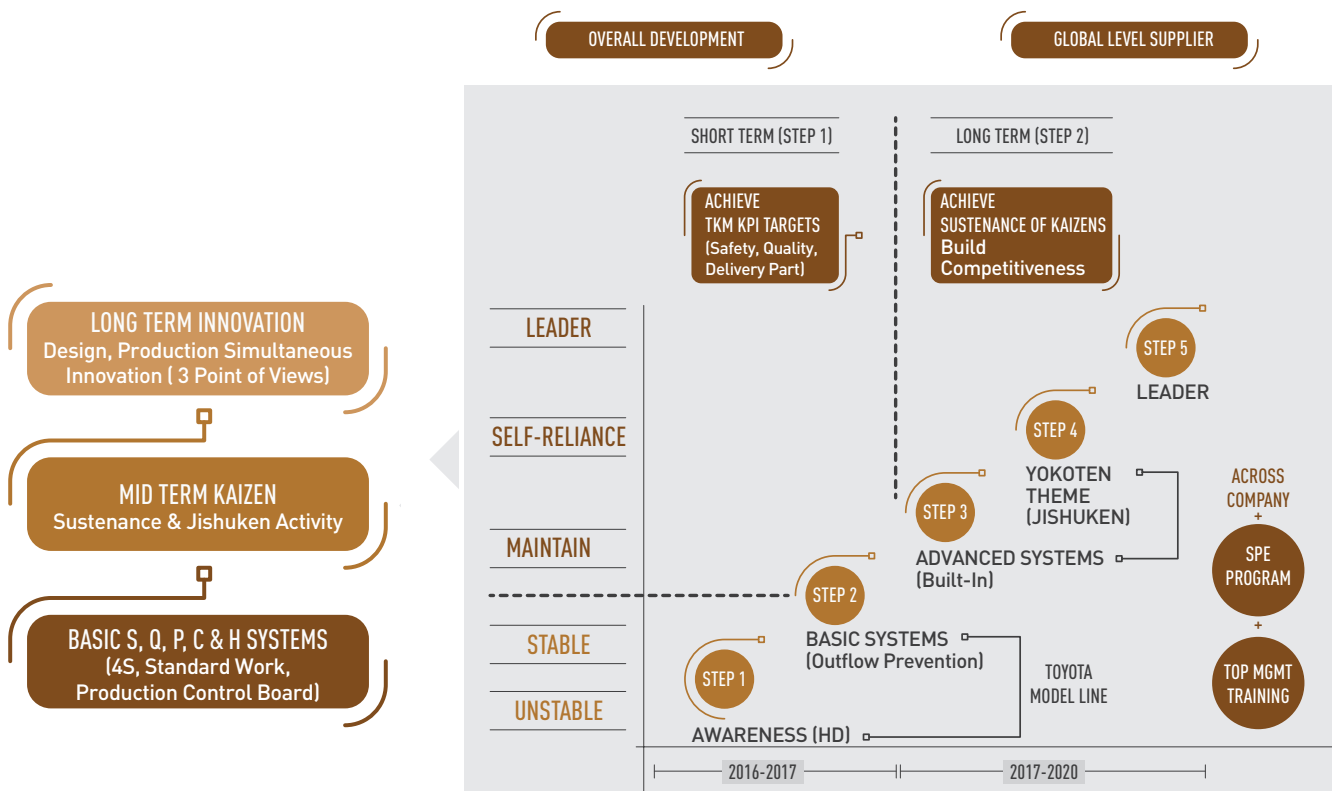


**Supplier Kaizen Department (SKD):** To ensure sustainable business operations, SKD is continuously working to enhance the overall competitiveness of our suppliers for future sourcing at global level. Our supplier development model is based on a two pillar approach to ensure sustainable business operations. All the suppliers are trained in the fields of SQPCH.

*Through overall supplier Gemba development, we aim to transform our suppliers as leaders in future Global sourcing platforms and become export worthy by 2020.*

### FOCUSED GEMBA SUPPORT

With the mission of 'Make in India', we aim to align our company's interest to the country's interest. If the current status of our Indian suppliers is considered, there is a wide scope of improvement in the fields of Safety, Quality and Delivery. With this background, we are working on increasing the supplier management focus on the 'safety and built in quality' to achieve stable and consistent performance at the supplier base.



Road Map for Supplier Development



11

**GREEN ZONE (>70%)**

No support

58

**YELLOW ZONE (>50% & <70%)**

Identify gap &amp; inform supplier

Supplier to do by himself

After 100 days SKD Re-audit

21

**RED ZONE (>50% & <70%)**

Identify gap &amp; support supplier to enhance is Gemba in all Area of SQPCH

**TKM-SKD Evaluation of Suppliers**

In order to realize the road map for supplier development, we are constantly engaging with our suppliers and working

towards their overall development by carrying out evaluations, gap analysis and providing support for improvement.

Explain the Gap to Supplier Top Mgmt

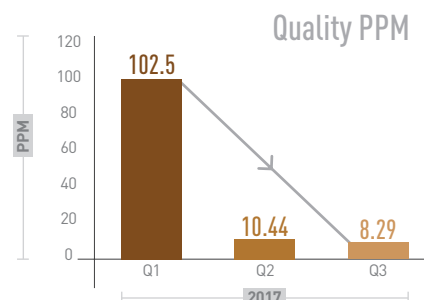
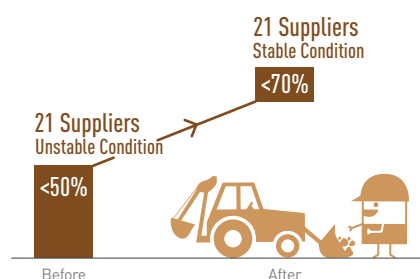
TKM SKD to Support Genba Improvement (100 Days)

Unstable -> Stable Condition (70%)

Sustenance & Monitor by TKM

**SKD Strategy for Supplier Development based on Evaluation Result**

In FY 16-17, 21 nos. of suppliers have been supported by SKD team and their score has been improved from <50% (unstable) to <70% (stable) where, quality and delivery performance have been improved.

**Human Development of Supplier TMs****TKM Management Review at Supplier for SQPCH Improvement Activities****SUSTENANCE ACTIVITY:**

- Sustenance audit of suppliers to make it as a Culture < 6 Month support >
- Production cost training to enhance supplier competitiveness
- Supporting suppliers to become Leaders
- Supplier top management training

**SUPPLIER PROJECT EXPERT (SPE)**

The SPE program targets development of at least one window person (representative) from each supplier in the areas of SQPCH. The SPEs are trained at TKM premises to implement the Toyota way of manufacturing and to achieve and sustain the implemented system.

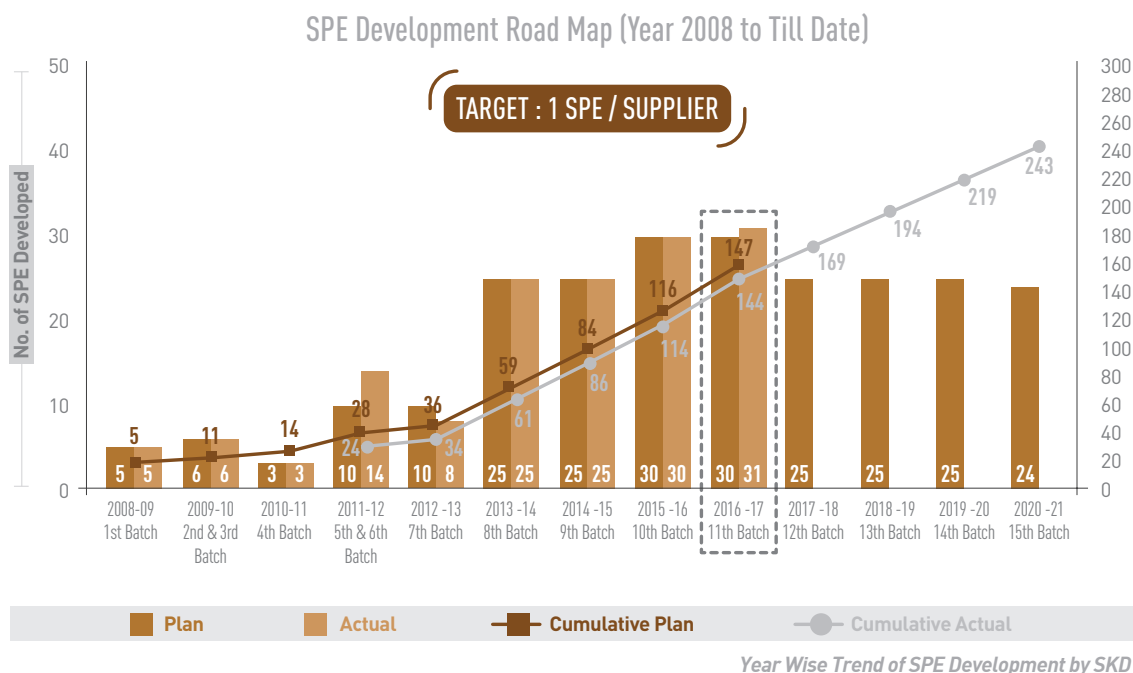
The program helps the SPEs by improving their daily management capability by enhancing their problem solving skills and helps reduction of manufacturing cost by identification and periodization of wastes.

**10<sup>th</sup> Batch SPE Certificate Distribution by MD San, TKM**



## CUSTOMIZED CLASSROOM TRAINING

The customized training (short term) is provided in the field of SQPCH to develop strong shop floor leaders at suppliers. In the reporting year, 130 suppliers were trained.



## SUPPLIER CONNECT

### QUALITY CIRCLE COMPETITIONS [QCC]

Every year, regional level followed by National Level QCC is organized for our suppliers to exchange ideas and share experience. Our suppliers from Bengaluru, Delhi, Chennai and Pune regions actively participate in the event and the best performing circles are recognized.



Active Participation of Suppliers during QCC



Awarding of Best Supplier during QCC

### ANNUAL SUPPLIER CONVENTION



TKM MD San Addressing the Suppliers on Annual Supplier

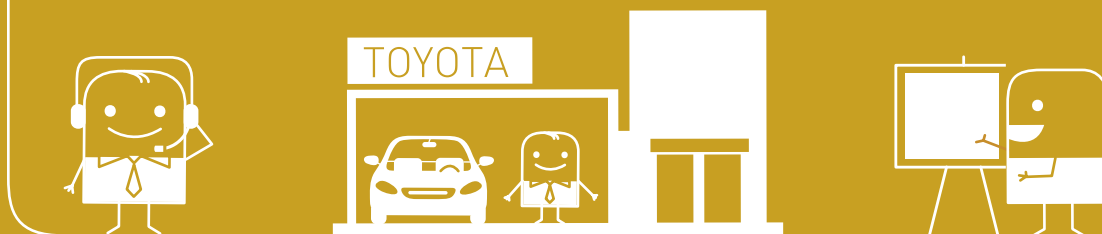


Release of Toyota Vision – "Grow India and Grow with India"

The purchase department at TKM conducts supplier meets annually to communicate TMC's expectation and targets. This year, the convention was held in April' 2017 with the theme of "Rebuild capabilities to meet Dynamic technology Challenge".

During the Annual supplier meet, we also released our vision of "Grow India and Grow with India".





# DEALERS OUR ALLIES IN BUSINESS





# DEALERS OUR ALLIES IN BUSINESS

Our dealers are our long-established partners who enable us to connect with our most valued stakeholders; our customers. They play a major role in providing a range of before and after sale services to customers, ensuring Customer Delight. We have always maintained close-ties with our allies and strived to integrate our dealers in all our decisions pertaining to sales and distribution system.

## CUSTOMER SERVICE APPROACH

*We believe in going beyond satisfaction, we believe in Customer Delight*



## TOYOTA Q SERVICE

**Quick Service by Qualified Manpower and Inbuilt Quality**

*With Customer First Approach, Toyota has established 'Toyota Q service', a standardized service to ensure hassle free quality service experience with utmost convenience to all our valued customers.*

## THE DEALER RELATIONS

*We have always considered training and development of our dealer partners as an opportunity to strengthen our relationship. Keeping this in mind, our Customer Service group [CSG] strives to connect with our dealers through various events like training programs, workshops, competitions, seminar meets and conferences to exchange views, share best practices and achieve the common goal of being the 'Best in Town' by ensuring 'Customer Delight'.*

### CSCR CONFERENCE

The Customer Service Customer Relation [CSCR] Conference is an annual regional conference, which is attended by TKM and dealer top management. It is a platform for two way communication between the dealer partners and TKM to share the customer centric direction and strategy for 2017.



This reporting year, a knowledge forum was organized for the dealers to share their best practices in the field of employee and customer satisfaction and, business and customer relations. Various customer engagement products and programs by dealers and suppliers were also witnessed at the conference.

### NATIONAL SERVICE PARTS CONFERENCE

The National Service Parts Conference [NSPC] is held every year as a platform for dealerships to share their best practices in the field of customer satisfaction. The dealerships shared their kaizens pertaining to ETA enhancement, inventory management and VOC management. The best KPI performer, best parts campaign promotion and the best dealer inventory were recognized at the conference.



## SCALING UP SKILLS, SINCE 2006

### TOYOTA - TECHNICAL EDUCATION PROGRAM [T-TEP]

*Bridging the skill gap between the skilled youth and prospective employers*

**We have established 48th T-TEP Institute at Don Bosco Technical campus at Chennai. Further, we plan to launch 2 T-TEP institutes in Chennai and Kerala during the year 2017.**

Established in 2006, T-TEP is a CSR activity of TKM that aims at developing highly skilled and technically competent automotive professionals. For this, we have partnered with 47 Industrial Training Institutes [ITI] pan India. Further, Toyota has adopted Ramanagara Government ITI and has played pivotal role in developing industry-specific curricula and has trained both faculty and students.

The students are trained on latest automotive technologies and service techniques such as General Service, Automotive Body Service, Paint Service and Service Advisor categories, followed by on-the-job training (OJT) at Toyota dealerships.

### THE 9<sup>TH</sup> T-TEP NATIONAL SEMINAR

This year the seminar was hosted by Regional Manpower Excellence Centre [RMEC], Pune, to showcase the key strategies for enhancing training quality and effective communication through the web portal. This was followed by T-TEP Instructor Skill Contest (TISC) where the best kaizens and KPIs were recognized.

### DICT - DEALER INTER COMPANY TRANSFER

To make dealer staff more self-reliant, our technical services team designed a unique program, wherein the Technical Leaders from each group dealer are trained for a period of one year at TKM premises. The program follows the simulation and real time 'Go and See' approach to enhance the diagnosis and repair skills for existing and future models. This program has resulted in lesser repair support requests [RSR] from dealers.

Taking a step ahead, we have started a new manpower development program 'Expert Development Program' [EDP] for the TLs who were not a part of DICT. As we have completed our pilot activity successfully, we are planning for expansion of the training programs to other zones.

### DEALER TRAINING HUB IN NORTH EAST

We have established four dealer training centers pan India to ensure trained and qualified customer service personnel at Toyota dealerships. As there was only one dealer training hub at Kolkata, the North East dealer staff availed lesser training compared to other dealerships due to increased travel time and cost, leading to inconvenience at dealerships. As a counter measure, we established a dealer training hub in Shillong that has led to more than 50% reduction in travel time and cost.

### JISHUKEN - SMALL GROUP ACTIVITY

People Development and Kaizen Culture is essential in enhancing CS and Business at dealerships to make the dealers self-reliant in sustaining and improving the operations at each of the customer touch points. SGA Jishuken, is a motivating recognition platform to improve cross learning amongst dealers on problem solving.

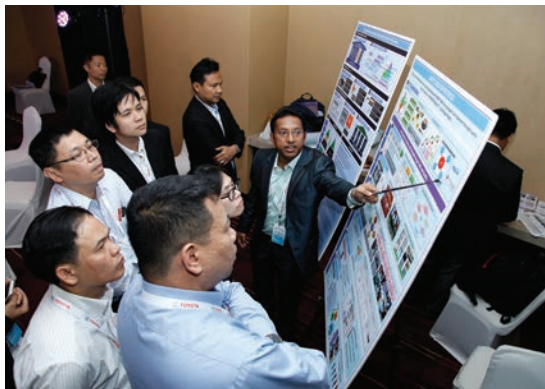
The event, held in February 2017 at Lucknow, saw contestants from 10 dealerships of North region and presented their Small Group Activities [SGA], carried out to improve upon their

dealer specific after sales service priority problems. Evaluation was done on quality of actions, problem solving approach and skill development of dealership people, by expert panel. For recognition and motivation, top 4 dealer SGAs were awarded in the forum.

To nurture the kaizen culture, more focus on bottom up approach and sustenance is planned at dealerships. Having a strong belief in continuous improvement approach, in-dealer Jishuken will be promoted as first level of competition followed by regional Jishuken in future.







## GLOBAL BODY AND PAINT KAIZEN SEMINAR

In 2012, 'TSM Kodawari', a global program on basic operations and repair skills was launched. As only 4% of our global distributors were certified with this program for body and paint [BP] operations, TMC and TKM conducted the first 'Global Body and Paint Kaizen seminar' in India to enhance the reach out.

The main objective of the seminar was to share TKM's best practices in Body and

Paint [BP] operations. The best practices were shared by our key distributors; Ravindu Toyota and Nandi Toyota on Small Group Activity [SGA], Quality monitoring, Quality repair guides and customer communication respectively. The event was witnessed by distributors from various countries such as Japan, Singapore, Bahrain, Indonesia, Saudi Arabia, Thailand, Taiwan, Vietnam, Korea, China and Panama.

## CAC AND SCUBE SKILL CHAMPIONSHIP

'Best in Town' requires engaging with the work force and motivating them for the overall quality *through best of abilities*. Hence, the skill championship was organized to assess the skill and knowledge of CAC [Customer Assistance Centre] and SCUBE [Service Satisfaction Survey] agents and to train the top performing agents for critical processes.

## THE NATIONAL SKILL CHAMPIONSHIP

To motivate dealer employees to perform better, the Championship is conducted every year for five different departments falling under sales and services category. The top three performers are recognized and given an opportunity to be a part of champions assembly in Japan, where they share their views with best performers across Toyota affiliates.

## DISHA

Dealer improvement system through holistic approach [DISHA] is a comprehensive evaluation system that provides a common platform for TKM and dealerships to work together towards customer satisfaction. The dealer operations are evaluated and the results

are updated on the centralized DISHA evaluation system, which can be accessed by the territory managers and TKM Head Office and Regional Offices.

The qualitative and quantitative analysis of DISHA strengthens the dealer service

fundamentals and helps in sustaining the advanced standards of Toyota Service. The DISHA evaluation consists of various operational as well as safety and environment checkpoints which would further enhance the standards of customer service at dealership.

## CUSTOMER DELIGHT

**Our thinking way : Happy and Loyal customer = Growth and Sustained business**

### THE THIRD NATIONAL BIT FORUM

The BIT forum is held every quarter of the year, to showcase initiatives of our National BIT dealer based on their benchmark visits to the best Toyota dealers in Japan. In this forum, our principal dealers from TMS, USA and TMC, Japan shared their Best Practices. Additionally, key aspects driving customer delights such as process development

and people development were also discussed.

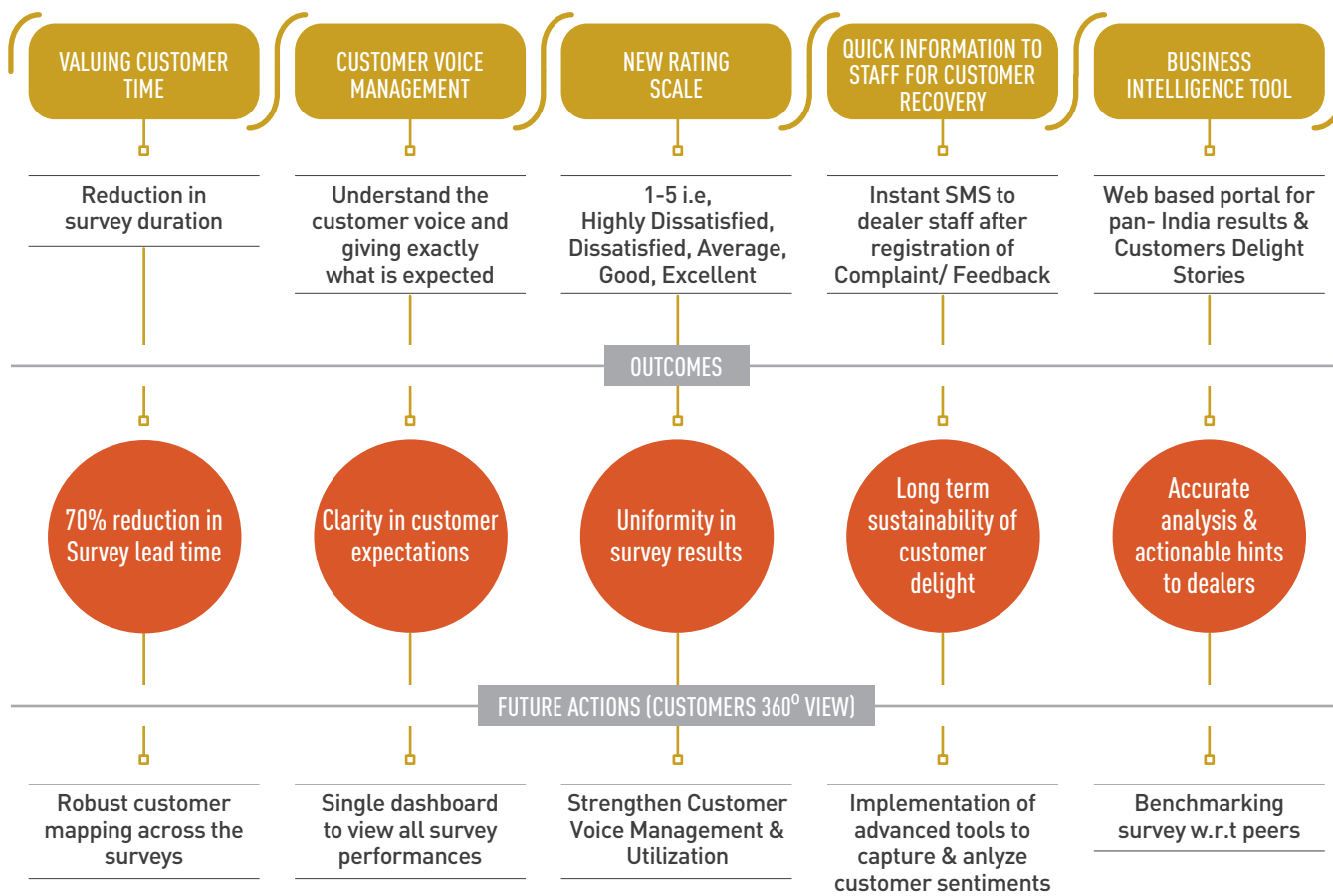
Going forward, we plan to expand the BIT culture to regional dealers with the support of National BIT dealers to mentor on regional delight forums, taking both quantitative and qualitative aspects of customer experience into consideration.

### REVAMPED SURVEY MECHANISM

To ensure Customer Delight at all times and to catch the pulse of our customer, we have redesigned our customer survey mechanism. This will help reduce the valuable time that is spent on giving feedback, and create an emotional connect through 'Voice of Customer' [VOC] approach.



## CUSTOMER SURVEY MECHANISM



## CASE STUDY

### Fixing It Right

According to the Customer Satisfaction Index (CSI) of year 2016, 'Service Quality' was rated as the most important aspect by customers. Quality management in the areas of electrical, noise, wheel, brake and

AC was reflected as major customer expectations. In order to ensure 'Quality' in all service operations, and evolve dealer staff to develop new ideas and kaizen for the service operations improvement, a distributor

level competition called Customer Service Kaizen Evaluation [CSKE] was established. The details of CKSE are discussed below,

### IDENTIFICATION OF ROOT CAUSE

Lack of training of 'secondary defects'  
Inconsistent work procedures at EM bay  
Lack of equipment to prevent 'secondary defects' at EM bay

### COUNTER MEASURES

People development by sensitizing with case studies  
Process enhancement by 'Built in Quality' technician interface module  
Equipment kaizen to eliminate defects

### OUTCOMES

Reduction of top 5 issues by 95.5%  
Reduction in Repair quality VOC by 64%  
Increase in the CSI by 114 points



## ENVIRONMENT FRIENDLY PRACTICE: ECO WASH

Servicing the automobile needs a large quantity of water- about 150 liters/ vehicle. Hence, 'Eco Wash', an innovative solution that can substitute water, was introduced.

It eliminates nearly 99% of water usage without compromising the quality of cleanliness, polish and glossy finish

to the automobiles. Going forward, we along with our dealer partners, aim to propagate the communication and educate the customers to opt for Eco wash and make a difference by saving water.

In FY 2016, about 15% of dealerships used Eco wash compared to 8% in 2014.



## OUR PLEDGE TO MAKE INDIAN ROADS SAFER

*Road safety is one of the biggest challenges faced by our country today. Hence, inculcating road safety awareness at the grass root level that is at the school level becomes vitally important. Keeping this in view, our collective effort of road safety education helps foster road safety knowledge amongst customers, employees and community.*

### TOYOTA DRIVING SCHOOL

*Not just another driving school*

We offer a comprehensive driver training program with high quality futuristic simulator mechanism, which enables people to have a realistic experience. The Curriculum covers aspects on traffic management, road safety, driving etiquettes, driving simulation for real life experience on various road and climate conditions, basic maintenance and repairs along with emergency handling techniques. The systematic evaluation and feedback and extensive local language support is also provided.

**By 2020 we plan to cross 50 schools across India, which will be in the fold of our traffic safety commitment, with our dealer partners. We aim to launch another six driving schools across India by 2017 and train around 5000 students to be highly skilled drivers and safety ambassadors.**

### CREATING SAFETY AMBASSADORS AT SCHOOLS

We have launched a unique comprehensive 'Safety Model School' project at Rajagiri Public School, Kochi, in collaboration with Nippon Toyota. With this project, we aim to inculcate the responsible road safety habits by educating the school children, parents, teachers and drivers. This pilot project witnessed participation from 400 students. A similar initiative is undertaken by TKM in partnership with Galaxy Toyota, at Montfort School in Delhi.



### LEARNING WITH FUN

To sensitize school children on Road safety, various activities were conducted by Malik Toyota. The children were sensitized on importance of Road safety by displaying the sign boards and screening videos. Unique competitions such as helmet making (drawing), puzzle making competitions along with signing of the safety pledge were held and the best performers were awarded.

To showcase the importance of wearing seat belt, an open car was made from cardboard and the safety features of the car and the role of seat belt in protecting the lives in case of collision were demonstrated.

### SAFE DRIVE SAVE LIFE CAMPAIGN

The Dealer Centralized Training Centre [DCTC] formed a core team to take actions on road safety awareness. Various activities and training sessions were conducted for school children, customers and community. This reporting year about 10% that is 20 schools in Chandigarh [CHD] and Panchkula [PKL] in Haryana were chosen to sensitize the children on road safety.

The campaign won a lot of appreciation from the local authorities and was widely covered in the local media. Moving forward, DCTC is developing road safety curriculum to have quarterly road safety awareness programs in schools of CHD and PKL districts.





# OUR VALUED CUSTOMERS





# OUR VALUED CUSTOMERS



We attribute our success to our customers' satisfaction. To 'Nurture Inclusive Growth' is to delve beyond product usability satisfaction. We therefore try to achieve 'Customer Delight' with our quality services. Dealers are the link to our customers, through whom we understand customer needs. A focus on customer requirements has helped us create a personal bond and long-lasting relationship with our customers.

## RESPONSIBILITY TOWARDS CUSTOMERS

'Trust' forms the core of our relationship with customers and it drives us to consistently provide products and services in the best possible way. With our 'Customer First' approach and completely standardized 'Q Service' which stands for Quick, Qualified, Quality Service we ensure that only the best hands work on our products and services. We constantly work on designing evolutionary systems and new age tools to ensure a hassle-free service experience.

Customer satisfaction surveys are carried out regularly and we try to incorporate feedback to provide for better service and product outlay.

### CUSTOMER SAFETY

Customer safety is of utmost importance to us and it reflects on Toyota's thinking of "Safety First" approach. The Etios was the first in its segment to standardize air bags in the driver and passenger seats. We have set a benchmark for safety in the Indian market by standardizing the Anti-lock Braking System (ABS) with Electric Brake-force Distribution (EBD) across all Toyota models and grades. New ISOFIX child lock seats for all models and all grades is added to ensure children safety.

In the reporting year, there have been no incidents of non-compliances with the regulations and voluntary codes concerning the safety aspects of our products.

### PRODUCT AND SERVICE INFORMATION

As we are consistently adding new features into our products to cater to the changing customer needs. The updated product and service information is made available on our Toyota Bharat website.

We have not received any significant fines for non-compliance with regard to product and service labeling for the FY 2016-17.

### TOYOTA CONNECT

Toyota Connect is a 360 degree connected services platform that offers unmatched convenience to our customers. With a click on the 'Toyota Connect' app, we offer customized navigation service with dedicated operator service. The online and offline support through maps with dealer locator and live traffic updates is made available for easy navigation and hassle free drive.

## QUALITY ASSURANCE

*We believe in the philosophy of 'Safety first, Quality must' and ensure quality at all stages of manufacturing from design to delivery with high safety standards.*

'Trust' forms the core of our relationship with customers and it drives us to consistently provide products and services in the best possible way. With our 'Customer First' approach and completely standardized 'Q Service' which stands for Quick, Qualified, Quality Service we ensure that only the best hands work on our products and services. We constantly

work on designing evolutionary systems and new age tools to ensure a hassle-free service experience.

Customer satisfaction surveys are carried out regularly and we try to incorporate feedback to provide for better service and product outlay.





## CORPORATE QUALITY MONTH (CQM) 2016

Every year, CQM is conducted in the month of February to remind ourselves of the quality issues faced in past. This year, CQM was inaugurated on 28th January, 2017 by Mr. Akito Tachibana along with honorable guests from Dealer and Supplier partners.

The theme for this year was 'Every member must follow 100% standard operating procedures [SOP's] sincerely'. We believe that the SOP's must be followed in true spirit by all employees to sustain the quality and in time deliveries of products and services.

The CQM is based on three themes; remind, reflect and reform.



### REMINDE ACTIVITY

This is to remind ourselves the previous quality issues and take reflection to our forthcoming activities. The CQM was started by kick off meeting and Toyota restart day pledge, which saw 100% participation by the employees and top management.



### REFLECT ACTIVITY

The de-centralized customer first exhibition was conducted at TKM including all the regional offices. As sound understanding of organization's SOP's by each employee is necessary, a small survey was conducted to check the understanding level.



### REFORM ACTIVITY

This activity is aimed at identification of improvements, review and revision of SOPs for further improvements and achieve 100% adherence to SOP's by employees.

The CQM was conducted successfully, as all the stakeholders participated and put their best efforts to accomplish all the activities conducted during CQM. And dealer partners and supplier partners and TKM divisions were awarded for the best quality performance.

## ISO 9001:2015 QUALITY MANAGEMENT SYSTEM [QMS]

QMS helps in understanding quality aspects and consistently deliver the best products and services, through continual improvement in processes and procedures. Hence, having a robust QMS in place is imperative to achieve enhanced customer satisfaction. In this regard QAD with the support of all the divisions took a step ahead in maintaining the Quality hallmark of our industry by implementing ISO 9001:2015.

To implement the key principles of ISO 9001:2015, a baseline review was conducted to identify the gaps in our processes and procedures. Then a step- by-step approach was developed to implement an effective QMS.

In December 2016, the audit for ISO 9001:2015 was conducted at our manufacturing plant at Bidadi and in all our regional offices and part centers, pan India.

**TKM is certified with ISO 9001:2015 (Quality Management System) with zero non-compliance.**

### OUR ISO 9001:2015 POLICY

Toyota Kirloskar Motor is committed to

- Providing premium quality of product and services to bring in the joy of experience to our customers through human resource development and continuous improvement
- Promoting high quality of operation with courage, ownership and pride among all the stakeholders across the value chain
- Lead the compliances by demonstrating "Toyota Way", imbibing the values /principles in the true spirit to contribute to the quality of life for the society





## FORTUNER LAUNCH

**THE DAY WHEN POWERFUL BECAME A STYLE ICON.**

Toyota Fortuner - The 'King of SUVs' was launched on 7th November, 2016. The event was presided over by TKM top management and Mr. Hiroki Nakajima, Chief Engineer and The Managing Officer, TMC, who spoke about the journey of creating the most coveted SUV of the year. In second half of the event, and a stellar performance by renowned Music Director mesmerized approximately 300 existing customers.

## FORTUNER EXPERIENTIAL DRIVE

*A Driving Experience that tested the limits of the legend*

The event was organized in three cities (Delhi, Mumbai and Bengaluru) in November, 2016 to showcase the off-road potential of the legend. It was aimed at amplifying media coverage in the city by engaging the local media. The event began with product briefing session, followed by safety instructions on the track. The professional drivers at the event drove by all the terrains and explained the customers about various features of the SUV. The customers too got a chance to drive the all new Fortuner.

The All New Fortuner is equipped with **Sigma - 4**. The **Active Traction control [A-TRC]** offers superior Limited Slip Differential [LSD] performance. The **Electronic Drive Control** makes switching between different drive modes as easy as turning a knob. The **DAC** and **HAC** ensure you reach your destination no matter how steep the climb uphill or how treacherous the slope.

**More than 3000 participants visited the venues and tested the mettle of the Fortuner across various simulated terrains. Overwhelmed by the experience, the participants referred over 900 prospects for the off road experiential drive.**

### BIG MOUND

where the Fortuner traversed through a 35° inclination. This challenge demonstrated the Hill Assist Control (HAC) feature.

### WATER WADING

where the Fortuner safely got through the depth of 700 meters without snorkel. This challenge demonstrated the 20 year anti-corrosion resistant frame.

### AXLE BREAKER

where the diagonally opposite tyres were left suspended twice. This challenge demonstrated the Active Traction Control and Bending Rigidity.

### SIDE INCLINE

where the Fortuner traversed through side incline of 30°. This challenge demonstrated the side sloping ability without tipping over.





Some of the other simulated terrains included Slush Pit Gravel Trap, Rumlbers, Chicken Holes, Deep Ditch and Acceleration and Braking Zone.



Axle Breaker



Side Incline

## SPREADING THE OFF-ROAD EXPERIENCE ON THE DIGITAL GRID

### FACEBOOK LIVE

Top influencers from Auto, Lifestyle and Travel were invited to the Experiential Drive Camp who shared their experience on their blogs and facebook pages.

### #WorthTheWait CONTEST

A facebook contest was run asking owners to share their best pictures. The Top 3 winners were invited to the Experiential Off-road Drive Camp where they got an exclusive drive experience.

### WEBSITE

An exclusive website was created for the Fortuner Off-road Experiential Drive Camp for all three locations and uploaded images and videos for everyone to explore.

Overall, the digital reach of the experiential drive reached a count of a staggering 1.1 million.

## TOYOTA REACHES OUT TO OVER 200 RURAL TOWNS WITH TOYOTA EXPRESS

Toyota forayed into the rural markets with the Etios series [Platinum Etios, Liva and Cross] models, the campaign being led through a unique mobile showroom concept named "Toyota Express". With the objective to generate leads, provide Test drives and facilitate on-spot conversions, the activity was rolled out in a phase wise manner. After the successful pilot venture in Karnataka, it was expanded to 14 states across India.

Campaign promotion was done jointly with Toyota dealers and key influencers of the town were roped in to inaugurate the activity. The potential customers got first-hand experience of the Toyota Etios series models and also participated in brand related games such as Etios / Liva quiz and "Make my car" app that won them attractive Toyota branded merchandize.





## CAMRY CUSTOMER MEET

### THE QUIET HYBRID CARS MADE ALL THE RIGHT NOISES

An exclusive event was organized for the existing Toyota Camry Hybrid owners at 1AQ Art Gallery located near 'Qutub Minar', Delhi in November 2016. It was an opportunity for them to meet with Mr. Masato Katsumata, Camry Chief Engineer, TMC and learn about the Hybrid technology from the creator himself.

There was a walkthrough at the art gallery of a renowned artist and the event

also witnessed the presence of one of India's most loved on-screen idols, Mr. Anil Kapoor who was honoured at the event along with Mr. Masato Katsumata. Over 30 families participated at the meet. The event witnessed a soulful performance by Indian fusion and classical musician, and a sit-down dinner.



## ANNUAL DEALER BUSINESS MEET

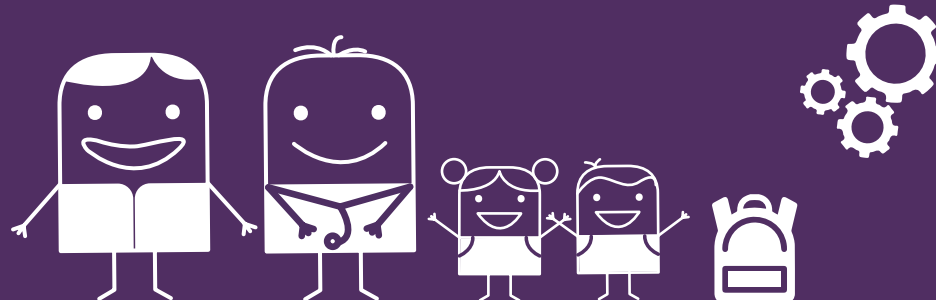
TKM held its Annual Dealer Business Meet (ADBAM) on 20th January 2017 at the Taj, Bangalore. This is an annual event to commemorate the performance and achievements of dealers during the previous year and to share the TKM vision, annual targets and strategies for the year.

The theme of ADBM 2017 was "Built on QDR, Best in Town" which was meant to enthuse dealers with Toyota DNA of Built on QDR and set-in the 'Best in Town' approach to delight customer at every touch point.

Dealers from all over India attended the meeting, who were addressed by Mr. Hiroyuki Fukui (Chairman, TKM) and presided over by Mr. Isogaya (MO, TMC). Other dignitaries present were Mr. Vikram Kirloskar (Vice Chairman, TKM), Mr. Akito Tachibana (MD, TKM), Mr. Akitoshi Takemura (SVP, TKM), Mr. N Raja (SVP and Dir, TKM), Mr. Hitoshi Iwanaga (SVP, TKM), Mr. Padmanabha (VP - CSG) and Mr. Babu Moopan (Dealer Council President). Dealer Best Practices were shared for the mutual learnings amongst the dealer fraternity.







# OUR COMMUNITY INITIATIVES





# OUR COMMUNITY INITIATIVES

'Enriching lives of communities' is in our company's DNA, and with our guiding principles we have always been able to put societal aspects at the center of our strategies. Hence, we are constantly working towards a harmonious, scalable and sustainable development of the society.

## CSR POLICY

### STEPS TOWARDS SUSTAINABILITY

#### SOCIAL

Contribute to the development of the society by:

- Imparting technical education
- Raising road safety awareness
- Developing local communities through sustainable activities

#### ECONOMIC

Developing a harmonious relationship with society by enhancing community development activities and contributing to the progress of the region.

#### ENVIRONMENT

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

#### BUSINESS

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

#### VISION:

**Be a Socially committed corporate through building vibrant communities in harmony with nature, aiming to become the most admired company in India, meet customer expectation and be rewarded with a smile.**

## CSR COMMITTEE

A board level CSR committee is established under the Companies Act, 2013 along with the Companies Rules 2014, amended periodically. It is responsible for the formulation, implementation and monitoring of the CSR policy compliance with the Company's CSR objectives. Approval on the planned CSR activities and the allocated budget is taken during beginning of the financial year. The quarterly meetings are held to discuss

and review the progress of CSR activities. It also ensures that the budget is allocated and spent for fulfilling the community needs. We do not engage in any sort of any monetary contributions toward political parties.

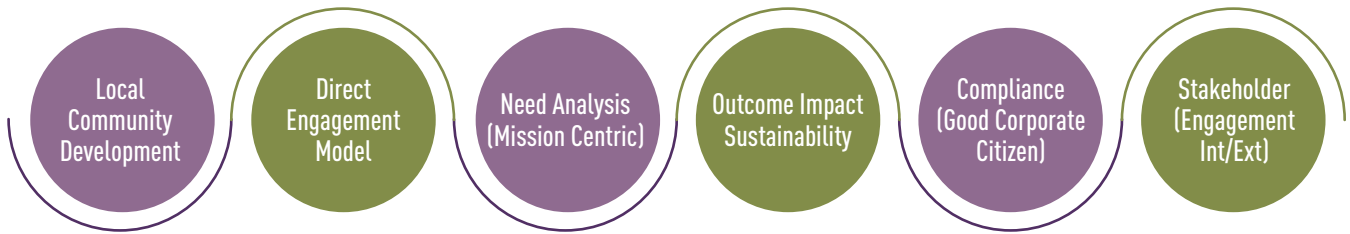
In order to ensure transparency and communication with all stakeholders, the CSR Policy and projects undertaken are uploaded on the company website.

#### CSR COMMITTEE COMPOSITION

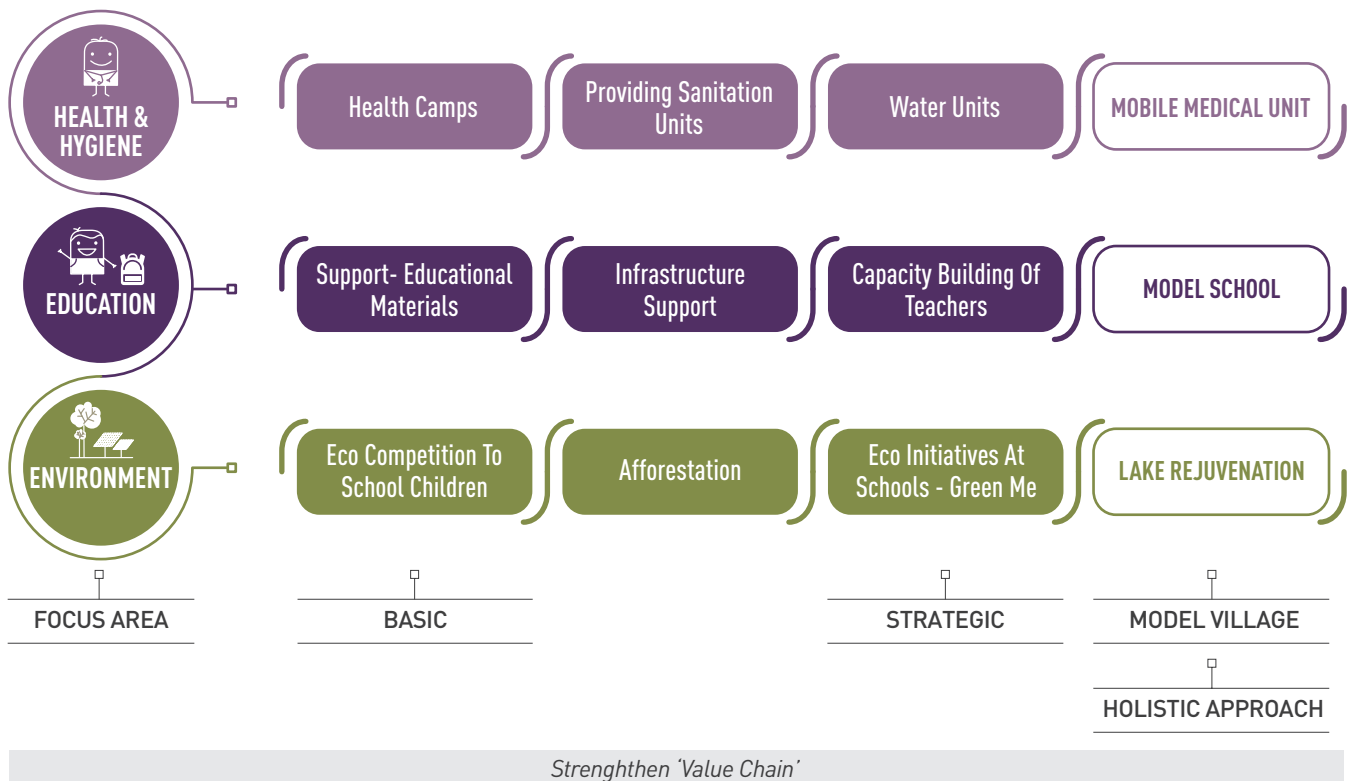
NAME & DESIGNATION	ROLE IN THE COMMITTEE
Mr. Akito Tachibana, <i>Managing Director</i>	Chairman
Mr. Vikram Kirloskar, <i>Vice Chairman</i>	Member
Mr. T. S. Jaishankar, <i>DMD – Commercial</i>	Member
Mr. Kan Asaine, <i>Director Finance &amp; Legal</i>	Member
Mr. N. Raja, <i>SVP – Marketing</i>	Member



## OUR CORE MODEL



## SUSTAINABLE COMMUNITY INTERVENTION MODEL



## FOCUS AREAS





## THE IMPLEMENTATION PROCESS



## OUR KEY STAKEHOLDERS

Community is our prime stakeholder and beneficiary while implementing our CSR program. We ensure that people from local community are part of our planning and implementation process. We also encourage them to take up ownership of the social assets created for them and also partner with us in our activities.

*With our ‘Child to Community’ approach, we are promoting education and active participation of children for community awareness and hence children are our most important target group who are our ambassadors for responsible change in the society.*

*Apart from school children and community, we identify and engage with our internal stakeholders and various local influencers to understand the societal needs and turn them into actionable plans.*

LIST OF STAKEHOLDERS		TYPE OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
Internal stakeholders	Plant engineering dept.	Civil construction of the CSR projects	Monthly
	Environment dept.	Technical support for environment related CSR activities	Monthly
	Purchase dept.	Shortlisting vendors for purchase of materials for CSR implementation	Monthly and need based
	Legal, Finance and Corporate Governance [depts.]	Compliance	Monthly
	Employees	Through employee volunteerism initiatives	Monthly
External stakeholders	Communities	<ul style="list-style-type: none"> <li>Activity need analysis, Impact evaluation</li> <li>Planning and execution, updation of activity</li> </ul>	Regular basis
	Local governing body – GP, TP, ZP		Monthly
	District Administrator	Activity planning and updation	Need based
	Schools, Anganwadi – DDPI		Monthly
	Health Depts. – PHC, CHC, DHO		Monthly
	Local Industry associations – BIA	<ul style="list-style-type: none"> <li>Activity need analysis, Impact evaluation</li> <li>Planning and execution, updation of activity</li> <li>Risk management and grievance redressal discussion</li> </ul>	Monthly
	Dealers and Suppliers	Involving in the CSR activities of TKM Ex: Road safety, Education	Project based, Annual Suppliers meet and Dealers meet



## OUR APPROACH

We follow sustained interventions and innovations while implementing our CSR programs.

1. **Unified intervention program:**  
Child to community approach
2. Adopting '**Enterprise model**':  
Behavioral change component in the implementation
3. Focus on **sustainability and strategic intervention**
4. **High measurable impact:**  
Motivating the community to possess the units at home
5. TKM intervention: **Social movement in the community.**
6. Develop the '**sense of ownership and responsibility**' for sustenance of CSR activities

## SKILL DEVELOPMENT

With the common goal of skill development in India, we are continuously striving to enhance the skills of youth to promote 'Make in India'. The skill development initiatives, TTTI and T-TEP are discussed in detail in the 'Our People' and 'Our Dealers' chapter taking the stakeholder perspective in view.

## ROAD SAFETY

Since 2007 we have been working tirelessly engaged in Road Safety initiatives through various pan India campaigns.



## TOYOTA SAFETY EDUCATION PROGRAM (TSEP)

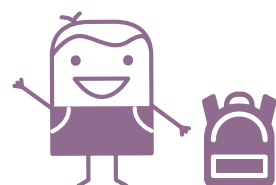
*Instilling importance of Road Safety in young minds*

Initiated in 2007, TSEP aims to educate school children and teachers on important aspects of road safety and road etiquettes through fun with learning approach. This is specially designed for children between 10-14 years age group, focusing on positive attitude change.

Under the new module the students are divided into two categories – Classroom

methodology and demonstration on road safety via projects. The Module focuses not only on creating awareness but on sustained effort to slowly induct the 'know-how' on road safety in young minds. The Class 9th students efforts of creating awareness to general public was captured by the media with an intension to amplify the efforts of children.

*This year we rolled out new module which reached out to 30,000 school children in Delhi, Mumbai and Bengaluru. With this, we were able to increase the awareness levels to 70% amongst school children.*



TSEP REACH -  
NO. OF SCHOOL CHILDREN

20,000

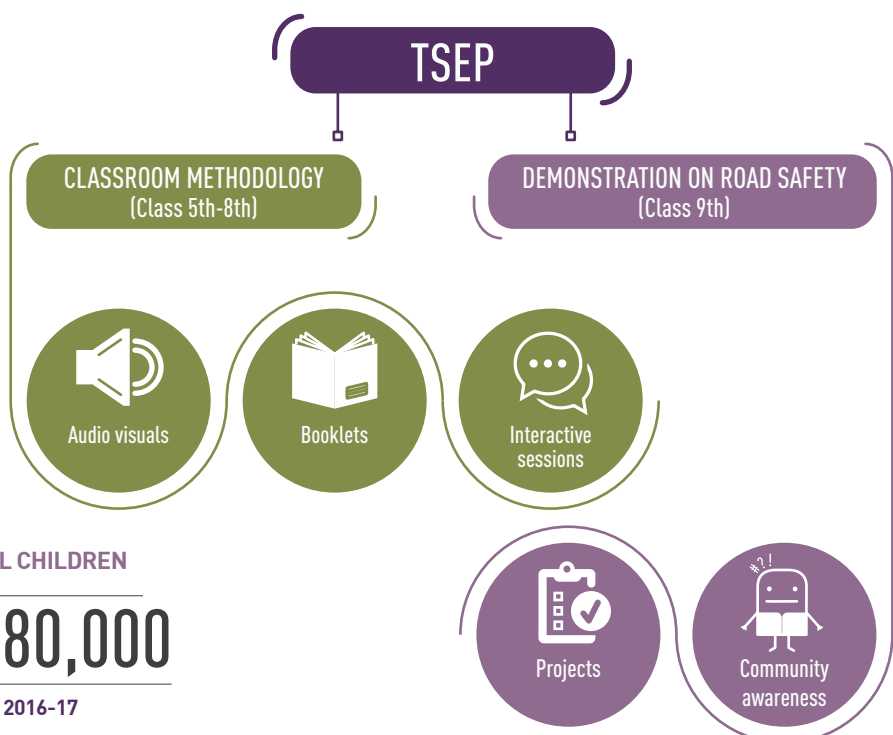
FY 2007-08

460,000

FY 2011-12

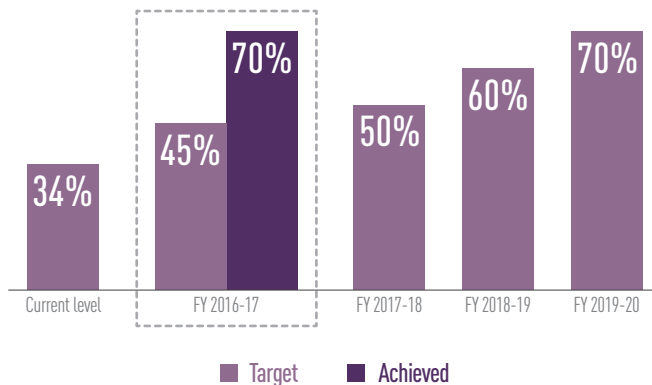
680,000

FY 2016-17



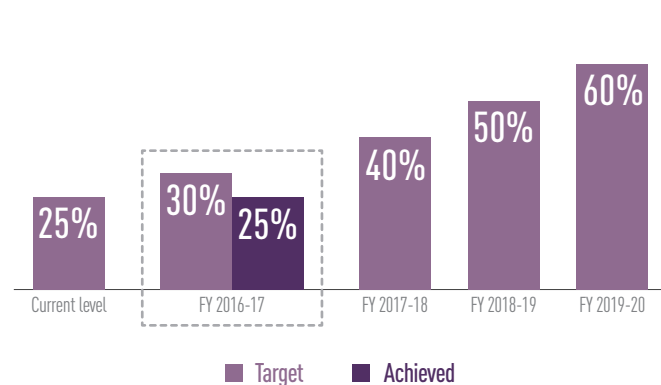


## AWARENESS LEVEL OF THE CHILDREN: CLASSROOM TRAINING [CLASS 5<sup>TH</sup> –CLASS 8<sup>TH</sup>]



Current level is assessed based on the need assessment and we have set targets to increase the awareness level pre and post intervention.

## BEHAVIOURAL CHANGE OF SCHOOL CHILDREN [CLASS 9<sup>TH</sup>]



*Note: As it was the first year of intervention, we couldn't achieve out target of 30% behavioral change. However, we are striving towards hence it is observed a decrease in the attitude change.*

## ROAD SAFETY AWARENESS TO AIRPORT TAXI DRIVERS

In line with its deep rooted safety mission -'Safest Car, Safest Driver', an awareness program for airport taxi drivers is conducted since 2014 to promote more responsible safety behavior. This was followed by free health check-up camp

and tests like BP, BMI, RBS, ECG, General medicine, blood test and eye screening were conducted. Free spectacles were distributed by TKM for the drivers diagnosed with vision problems.

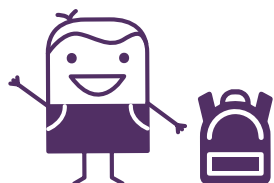
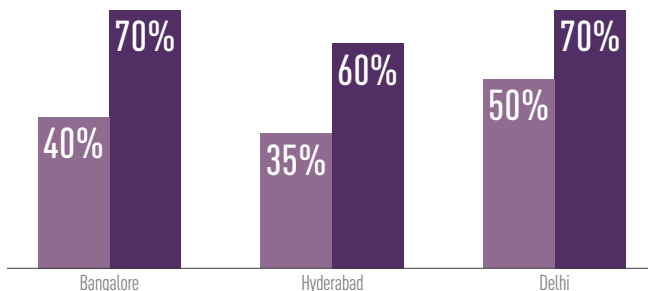


**OUR REACH:  
NO. OF  
DRIVERS  
TRAINED**

1280	2028	3000	3557
2015	2016	2017	2017
		Plan	Actual

The training session was conducted at Bengaluru International Airport in collaborated with Sakra hospital and Sankara Eye Hospital. Similar sessions were carried out at Delhi International Airport and Rajiv Gandhi International Airport, Hyderabad in collaboration with Apollo hospital and Essilor foundation.

## AWARENESS LEVEL

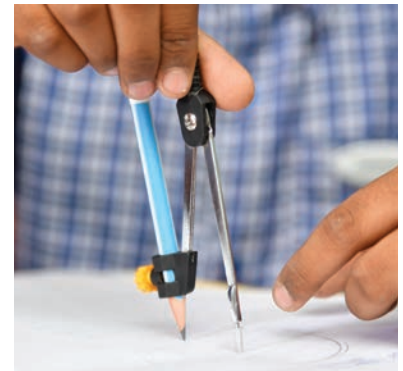


■ Pre Test ■ Post Test

## EDUCATION

### PROVISION OF EDUCATION MATERIALS

Since 2003, we are extending our support to government school children by supplying educational materials such as books, bags, drawing materials, geometry boxes. The activity has been appreciated by the Karnataka education department as it acts as a tool of motivation for school children to continue their education.









## A BEHAVIORAL CHANGE DEMONSTRATION (ABCD)

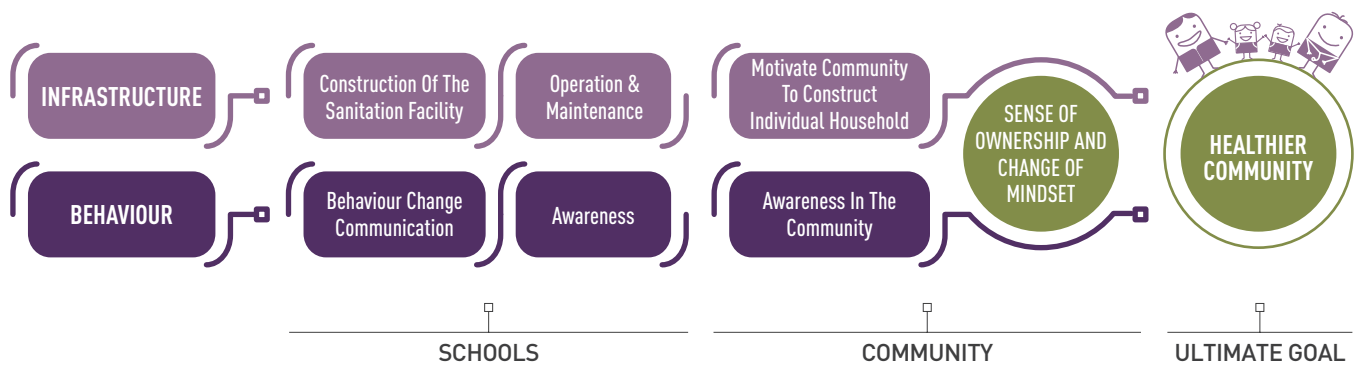
*Project ABCD is a unique CSR initiative which aims to create awareness on good sanitation practices amongst children, teachers and community.*

### ABCD CONCEPT ON BEHAVIOR CHANGE

We believe that provision of physical infrastructure and ensuring the sustenance of the facility/activity is vital to bring in a positive change. Changing the mind set in overruling the age old

practices and, bringing a behavioural change in the community towards good hygiene practices are necessary to make the project successful.

### OUR APPROACH:



### Uniqueness of the approach: 'Child to Community'

#### CASE 1

##### CHILDREN DEMONSTRATING 'BEING THE CHANGE AGENT'

Motivates back at home to possess individual household sanitation unit

#### CASE 2

##### REQUEST FOR FINANCIAL AID FROM GOVERNMENT FOR CONSTRUCTION

The age old practices changed to have their own sanitation facility. The community started following up for the aid from the local governing body under the government scheme

#### CASE 3

##### MOTIVATION IN COMMUNITY BY SCHOOL CHILDREN

Children going on procession on possessing the sanitation facility; awareness on health and hygiene practices and collection of the consumables for the maintenance of the school facility

#### CASE 4

##### MOTIVATIONAL TOOL AT SCHOOLS

"Rating system" was introduced in the school to motivate the children and keep the facility clean at any point of time

### THE GIRL CHILD SANITATION:

ABCD project promotes dignity and privacy for the girl child by upgrading existing unhygienic school toilets to usable condition. According to the school teachers ABCD has tremendously contributed in reduction of school hour missing cases (earlier condition- adult

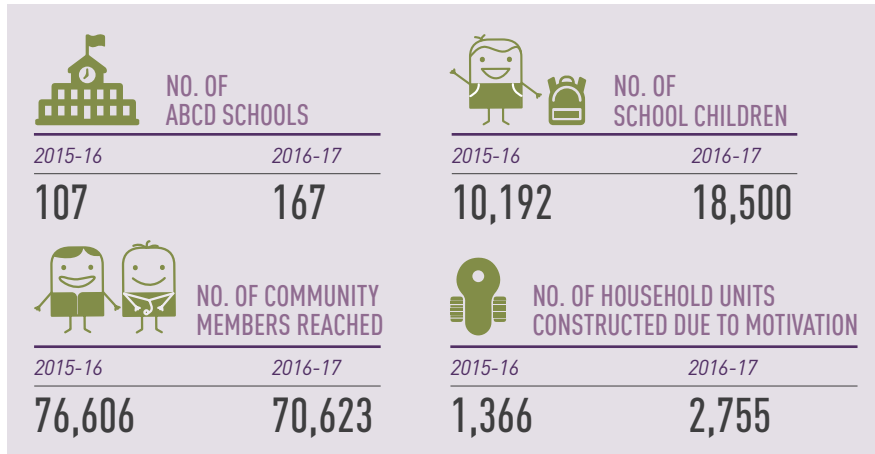
girl children used to go to their home for toilet usage and miss the classes (1-2 hours). Currently, owing to the implementation of ABCD project, the school missing hours have reduced to zero.





Under this program a special initiative of motivating community to construct individual household sanitation units was undertaken. This led to construction of 4,151 household units and 74 villages were declared Open Defecation Free villages.

## OUR REACH:



Deekshitha, a 3rd standard student said, "Open defecation is not a dignified way in the society. I feel embarrassed doing it in public. Everyone has to use toilets. It is a good practice to do it within the closed walls."

## KEY HIGHLIGHTS OF ABCD PROJECT

- 18,500 children were trained on Hygienic Sanitation Practices.
- Created awareness among 147,229 villagers through meetings, door to door visits and video shows on sanitation.
- Created demand for toilet at home - Child to Parent approach.
- 4,151 new individual household toilets were constructed, as a result of the behavioral change program.
- 74 villages have become 100% open defecation free
- Rated the schools from No star to 3 star approach and 80% schools reached 3 star levels. School star rating is based on their continuous behavioral change and improvement observed in the school.
- Schools that maintained the best toilets were awarded.



Mrs. Padma W/O Krishnaiah – Kavanapura, Village member "My two girl children used to come home every day and force us to build toilet. They were using the toilet in the school and they have become used to it. After their initiative, we have built toilet in our house. Not just that, every day they take bath, present themselves clean before going to school. That is how much ABCD program has had an effect on our child."





Gayathri Headmaster said – GHPS Patlu, “Students with the help of ABCD trainers have learnt many things about hygiene practices. Now, our school toilets are so clean and it’s nice to see students motivating themselves and working with each other to keep their toilets and their surroundings maintained cleanly.

DDPI- Ramanagara “ABCD initiative has been a tremendous activity taken by Toyota. It has changed our students’ life in our schools and schools have started keeping their surroundings clean.. Toilet has been a major concern in the rural areas of Ramanagara and ABCD and its implementation has really enabled the villagers to think twice before going for Open defecation. I also see the villagers are motivated to build toilets because of our students’ pressure. I think that is something commendable.”

## PUBLIC SANITATION FACILITIES

The need for public sanitation facilities was identified in Haliyala, Joida, Dandeli and Ramanagara in Uttara Kannada district, Karnataka. We have partnered with local government authority (Town Municipal Corporation) to construct, operate and maintain these sanitation facilities. The Karnataka State Government has aided this project by

providing land, water and power to these sanitation units. Therefore, we have constructed 7 sanitation blocks in Uttar Karnataka district. Special provision is made for physically challenged users.

A district level quiz competition under Project ABCD was conducted to check the awareness level on WASH (Water,

Sanitation and Hygiene) amongst the students. The competition was conducted at School, Taluk and District levels focused on Swacch Bharat campaign, general knowledge on sanitation and hygiene. Over 300 students from across 50 schools participated and the winners were rewarded.



Mr, Ashok Grama Panchayat president – Kodihalli “Whenever the ABCD trainers come and motivate us to finish the work orders quickly and help us in motivating the villagers to construct toilet, we really feel its a supportive hand that we have got. It has changed the whole situation in our village. Especially students are the real change makers in ABCD program.”



“We look after our factory with love and care so that we form a sustainable society, a sustainable company and sustainable people in our company.”

-Vikram Kirloskar, VC, TKM





## WATER PURIFICATION UNIT

During the health camps, it was noticed that most of people were affected by water borne diseases such as skin problems, cholera, dysentery, diarrhea, arthritis etc.

To address this concern, we identified the places with high TDS contamination and water purification units were installed. This year, 5 units were installed in Magadi, Maddur, Kanva, Gejjalagere and Avalahalli in Karnataka.



### OUR REACH:

**Around 40,000 members are benefitted from 5 units. As on date around 17 units are installed in and around the villages benefitting more than 110,000 villagers.**

**A large scale sustainable community-based water purification unit with six-step filtration and RO system is installed at Bidadi by partnering with Gram panchayat for resources (land, water and power).**

## MOBILE MEDICAL UNIT

We have initiated mobile medical unit on pilot basis considering the need of such program in the villages. The inaccessible villages were shortlisted after discussions with concerned health department and related stakeholders. Presently, we are focusing on strategy for intervention.



*"At TKM, all our actions are focused to provide quality of life to our customers and to our society.*

*We believe in meaningful communities through meaning touch and bring smiles across communities."*

*-Akito Tachibana, MD, TKM*



# GLOSSARY

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



# GRI INDEX

## GENERAL STANDARD DISCLOSURES

STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
<b>STRATEGY AND ANALYSIS</b>		
G4-1	Statement from the most senior decision-maker of the organization.	Message from the MD, VC   <i>Page No. 4,5,6,7</i>
G4-2	Description of key impacts, risks, and opportunities.	
<b>ORGANIZATIONAL PROFILE</b>		
G4-3	Name of the organization.	Chapter: Company Profile   <i>P.No. 9</i>
G4-4	Primary brands, products, and/or services.	Chapter: Company Profile   <i>P.No. 9</i>
G4-5	Location of organization's headquarters.	Chapter: Company Profile   <i>P.No. 9</i>
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Chapter: Company Profile   <i>P.No. 9</i>
G4-7	Nature of ownership and legal form.	Chapter: Company Profile   <i>P.No. 9</i>
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Chapter: Company Profile   <i>P.No. 9</i>
G4-9	Scale of the reporting organization.	Chapter: Company Profile   <i>P.No. 9</i>
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender.	Chapter: Our People   <i>P.No. 46</i>
G4-11	Percentage of employees covered by collective bargaining agreements.	Chapter: Our People   <i>P.No. 51</i>
G4-12	Description of Organization's supply chain.	Chapter: Responsible Procurement Practices <i>P.No. 62, 63</i>
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14, 15</i>
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Chapter: Corporate Sustainability Philosophy <i>P.No. 17</i>
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Chapter: Corporate Governance   <i>P.No. 25</i>
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents.	Chapter: Stakeholder Engagement and Materiality <i>P. No. 14, 15</i>
G4-18	Process for defining report content.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14, 15</i>
G4-19	Identify all the material aspects in the process for defining report content	Chapter: Stakeholder Engagement and Materiality <i>P.No. 15</i>
G4-20	Report the Aspect Boundary within the organization	Chapter: Stakeholder Engagement and Materiality <i>P.No. 15</i>
G4-21	Report the Aspect Boundary outside the organization	Chapter: Stakeholder Engagement and Materiality <i>P.No. 15</i>
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	No restatements
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14</i>





STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	List of stakeholder groups engaged by the organization.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14</i>
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14</i>
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14</i>
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Chapter: Stakeholder Engagement and Materiality <i>P.No. 14</i>
<b>REPORT PROFILE</b>		
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	About the report   <i>P.No. 2</i>
G4-29	Date of most recent previous report (if any).	About the report   <i>P.No. 2</i>
G4-30	Reporting cycle (annual, biennial, etc.)	About the report   <i>P.No. 2</i>
G4-31	Contact point for questions regarding the report or its contents.	About the report   <i>P.No. 2</i>
G4-32	Table identifying the location of the Standard Disclosures in the report.	About the report   <i>P.No. 2</i>
G4-33	Policy and current practice with regard to seeking external assurance for the report.	About the report   <i>P.No. 2</i>
<b>GOVERNANCE</b>		
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Chapter: Corporate Governance   <i>P.No. 24</i>
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-37	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-38	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Chapter: Corporate Governance   <i>P.No. 24</i>
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	Chapter: Corporate Governance   <i>P.No. 24</i>
G4-40	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-45	Procedures of the highest governance body for overseeing the organization's management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards.	Chapter: Corporate Governance   <i>P.No. 23</i>
G4-46	Role of the highest governance body in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Chapter: Corporate Governance   <i>P.No. 22-23</i>
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Chapter: Corporate Governance   <i>P.No. 22-23</i>
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Message from the Editor's Desk   <i>P.No. 7</i>
G4-49	The process for communicating critical concerns to the highest governance body.	Chapter: Corporate Governance   <i>P.No. 22</i>
G4-50	The nature and total number of critical concerns communicated to the highest governance body and the mechanism(s) used to address them.	Chapter: Corporate Governance   <i>P.No. 22</i>
G4-51	Report the remuneration policies for the highest governance body and senior executives covering fixed and variable pay, sign-on bonuses, termination pay, retirement benefits and also how performance criteria of these policies relate to the executives' social and environmental objectives.	Chapter: Corporate Governance   <i>P.No. 22</i>
G4-52	Report the process for determining remuneration, if any remuneration consultants are employed.	Chapter: Corporate Governance   <i>P.No. 22</i>
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	Chapter: Corporate Governance   <i>P.No. 22</i>







STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
<b>ETHICS AND INTEGRITY</b>		
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and code of ethics	Chapter: Corporate Governance   <i>P.No. 21</i>
G4-57	Report the mechanisms for seeking advice on ethical and lawful behavior and matters related to organizational integrity	Chapter: Corporate Governance   <i>P.No. 22</i>
G4-58	Report the mechanisms for seeking advice on unethical and unlawful behavior and matters related to organizational integrity	Chapter: Corporate Governance   <i>P.No. 22</i>

## SPECIFIC STANDARD DISCLOSURES

STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
<b>CATEGORY: ECONOMIC</b>		
<b>ASPECT: ECONOMIC PERFORMANCE</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Financial Performance   <i>P.No. 26</i>
G4-EC1	Direct economic value generated and distributed	Chapter: Financial Performance   <i>P.No. 26</i>
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Chapter: Financial Performance   <i>P.No. 26</i>
G4-EC3	Coverage of the organization's defined benefit plan obligations	Chapter: Financial Performance   <i>P.No. 26</i>
G4-EC4	Financial assistance received from government	Chapter: Financial Performance   <i>P.No. 26</i>
<b>ASPECT: MARKET PRESENCE</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Company Profile   <i>P.No. 9</i>
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Chapter: Our People   <i>P.No. 47</i>
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Chapter: Corporate Governance   <i>P.No. 24</i>
<b>ASPECT: INDIRECT ECONOMIC IMPACTS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Financial Performance   <i>P.No. 26</i>
G4-EC7	Development and impact of infrastructure investments and services supported	Chapter: Financial Performance   <i>P.No. 26</i>
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Chapter: Financial Performance   <i>P.No. 26</i>
<b>ASPECT: PROCUREMENT PRACTICES</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible procurement practices <i>P.No. 62, 63</i>
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>ASPECT: MATERIALS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 28</i>
G4-EN1	Materials used by weight or volume	Chapter: Envisioning Environment Sustainability <i>P.No. 38</i>
G4-EN2	Percentage of materials used that are recycled input materials	Chapter: Envisioning Environment Sustainability <i>P.No. 38, 39</i>
<b>ASPECT: ENERGY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 32</i>
G4-EN3	Energy consumption within the organization	Chapter: Envisioning Environment Sustainability <i>P.No. 32</i>
G4-EN6	Reduction of energy consumption	Chapter: Envisioning Environment Sustainability <i>P.No. 33, 34, 35</i>







STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
<b>ASPECT: WATER</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 36</i>
G4-EN8	Total water withdrawal by source	Chapter: Envisioning Environment Sustainability <i>P.No. 36, 37</i>
G4-EN9	Water sources significantly affected by withdrawal of water	Chapter: Envisioning Environment Sustainability <i>P.No. 37</i>
G4-EN10	Percentage and total volume of water recycled and reused	Chapter: Envisioning Environment Sustainability <i>P.No. 37</i>
<b>ASPECT: BIODIVERSITY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 39</i>
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Chapter: Envisioning Environment Sustainability <i>P.No. 40</i>
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Chapter: Envisioning Environment Sustainability <i>P.No. 40</i>
G4-EN13	Habitats protected or restored	Chapter: Envisioning Environment Sustainability <i>P.No. 40</i>
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Chapter: Envisioning Environment Sustainability <i>P.No. 40</i>
<b>ASPECT: EMISSIONS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 34</i>
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Chapter: Envisioning Environment Sustainability <i>P.No. 34</i>
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Chapter: Envisioning Environment Sustainability <i>P.No. 34</i>
G4-EN18	Greenhouse gas (GHG) emissions intensity	Chapter: Envisioning Environment Sustainability <i>P.No. 34</i>
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Chapter: Envisioning Environment Sustainability <i>P.No. 33, 34, 35</i>
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	Chapter: Envisioning Environment Sustainability <i>P.No. 34</i>
<b>ASPECT: EFFLUENTS AND WASTE</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 36, 39</i>
G4-EN22	Total water discharge by quality and destination	Chapter: Envisioning Environment Sustainability <i>P.No. 36</i>
G4-EN23	Total weight of waste by type and disposal method	Chapter: Envisioning Environment Sustainability <i>P.No. 39</i>
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Chapter: Envisioning Environment Sustainability <i>P.No. 39</i>
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Chapter: Envisioning Environment Sustainability <i>P.No. 40</i>
<b>ASPECT: PRODUCTS AND SERVICES</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 31</i>
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Chapter: Envisioning Environment Sustainability <i>P.No. 32, 33, 34, 35, 36, 37, 38, 39, 40</i>
<b>ASPECT: COMPLIANCE</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 29</i>
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Chapter: Envisioning Environment Sustainability <i>P.No. 30</i>
<b>ASPECT: TRANSPORT</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 35</i>





STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Chapter: Envisioning Environment Sustainability <i>P.No. 35</i>
<b>ASPECT: OVERALL</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Envisioning Environment Sustainability <i>P.No. 28</i>
<b>ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible Procurement Practices <i>P.No. 62, 63, 64</i>
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Chapter: Responsible Procurement Practices <i>P.No. 62, 63, 64</i>
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Chapter: Responsible Procurement Practices <i>P.No. 65</i>
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>ASPECT: EMPLOYMENT</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   <i>P.No. 46</i>
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Chapter: Our People   <i>P.No. 46, 47</i>
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Chapter: Our People   <i>P.No. 47</i>
<b>ASPECT: LABOR/MANAGEMENT RELATIONS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   <i>P.No. 51</i>
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Chapter: Our People   <i>P.No. 51</i>
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   <i>P.No. 56</i>
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Chapter: Our People   <i>P.No. 56, 57</i>
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Chapter: Our People   <i>P.No. 57</i>
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Chapter: Our People   <i>P.No. 51</i>
<b>ASPECT: TRAINING AND EDUCATION</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   <i>P.No. 52</i>
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Chapter: Our People   <i>P.No. 53</i>
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Chapter: Our People   <i>P.No. 53, 54</i>
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Chapter: Our People   <i>P.No. 48</i>
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   <i>P.No. 47</i>
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Chapter: Our People   <i>P.No. 46</i>
<b>ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   <i>P.No. 47</i>
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Chapter: Our People   <i>P.No. 47</i>
<b>ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible Procurement Practices <i>P.No. 62</i>
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Chapter: Responsible Procurement Practices <i>P.No. 62</i>
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Chapter: Responsible Procurement Practices <i>P.No. 62</i>





STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
<b>ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Corporate Governance   P.No. 22
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>ASPECT: INVESTMENT</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   P.No. 47, 51, 53
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Chapter: Our People   P.No. 53
<b>ASPECT: NON-DISCRIMINATION</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   P.No. 47
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Chapter: Our People   P.No. 47
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   P.No. 51
<b>ASPECT: CHILD LABOR</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible Procurement Practices P.No. 62
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Chapter: Responsible Procurement Practices P.No. 62
<b>ASPECT: FORCED OR COMPULSORY LABOR</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible Procurement Practices P.No. 62
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Chapter: Responsible Procurement Practices P.No. 62
<b>ASPECT: SECURITY PRACTICES</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our People   P.No. 53
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Chapter: Our People   P.No. 53
<b>ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible Procurement Practices P.No. 62
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Chapter: Responsible Procurement Practices P.No. 62
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Chapter: Responsible Procurement Practices P.No. 62
<b>ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Corporate Governance   P.No. 22
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Chapter: Corporate Governance   P.No. 22
<b>SUB-CATEGORY: SOCIETY</b>		
<b>ASPECT: LOCAL COMMUNITIES</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our Community Initiatives   P.No. 82
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Chapter: Our Community Initiatives   P.No. 83-91
<b>ASPECT: ANTI-CORRUPTION</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Corporate Governance   P.No. 22
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Chapter: Corporate Governance   P.No. 22
G4-S04	Communication and training on anti-corruption policies and procedures	Chapter: Corporate Governance   P.No. 22
<b>ASPECT: PUBLIC POLICY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our Community Initiatives   P.No. 82





STANDARD DISCLOSURE	STANDARD DISCLOSURE TITLE	ALL SUB POINTS OF EACH INDICATOR ARE MENTIONED ON THE REFERENCED PAGE NUMBER
G4-S06	Total value of political contributions by country and recipient/beneficiary	Chapter: Our Community Initiatives   P.No. 82
<b>ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our Corporate Governance   P.No. 22
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Chapter: Our Corporate Governance   P.No. 22
<b>ASPECT: COMPLIANCE</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Corporate Governance   P.No. 25
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Chapter: Corporate Governance   P.No. 25
<b>ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Responsible Procurement Practices P.No. 62, 63, 64
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	Chapter: Responsible Procurement Practices P.No. 62, 63, 64
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	Chapter: Responsible Procurement Practices P.No. 64, 65
<b>ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our Community Initiatives   P.No. 84
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Chapter: Our Community initiatives   P.No. 84
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our valued Customers   P.No. 76
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Chapter: Our valued Customers   P.No. 76
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Chapter: Our valued Customers   P.No. 76
<b>ASPECT: PRODUCT AND SERVICE LABELING</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our valued Customers   P.No. 76
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Chapter: Our valued Customers   P.No. 76
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Chapter: Our valued Customers   P.No. 76
G4-PR5	Results of surveys measuring customer satisfaction	Chapter: Our Dealers   P.No. 72, 73
<b>ASPECT: MARKETING COMMUNICATIONS</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our valued Customers   P.No. 76
G4-PR6	Sale of banned or disputed products	Chapter: Envisioning Environment Sustainability P.No. 31
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Chapter: Our valued Customers   P.No. 76
<b>ASPECT: CUSTOMER PRIVACY</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our valued Customers   P.No. 76
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No substantiated complaints received
<b>ASPECT: COMPLIANCE</b>		
G4-DMA	Generic Disclosures on Management Approach	Chapter: Our valued Customers   P.No. 76
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No significant fines for non-compliance with laws and regulations



# INDEPENDENT ASSURANCE STATEMENT



## Independent Limited Assurance Statement to Toyota Kirloskar Motor Private Limited, on their Sustainability Report for the Financial Year 2016-17

To the Management of Toyota Kirloskar Motor Private Limited, Bidadi Industrial Area, Ramanagara, Karnataka, India.

### **Introduction**

Toyota Kirloskar Motor Private Limited ('TKM' or 'the Company') has requested KPMG in India ('KPMG' or 'We') to provide independent assurance on the Sustainability Report ('the Report') for the Financial Year (FY) 2016-17. The Company's management is responsible for identifying its material issues, engaging with its stakeholders and developing the content of the Report. Our responsibility is to provide "limited assurance" on the selected report contents as described in the scope of assurance.

### **Reporting Criteria**

TKM applies sustainability reporting criteria, derived from the 'In-accordance Core' criteria based on the Global Reporting Initiative's (GRI) G4 guidelines.

### **Assurance Standard Used**

We conducted the assurance in accordance with:

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics - relevance, completeness, reliability, neutrality and understandability.

### **Scope, Boundary and Limitations**

Our assurance engagement was intended to provide limited assurance on whether the selected sustainability data is fairly presented in all material aspects, in accordance with the reporting criteria.

- The reporting boundary included data and information pertaining to TKM's manufacturing location at Bidadi and Corporate office at Bangalore, in India.
- Our scope of assurance included verification of selected data on material aspects for the reporting period 01 April 2016 to 31 March 2017.

The assurance scope excludes:

- Providing assurance on data and information outside the defined reporting boundary and period
- The verification of financial performance indicators/information that is sourced from TKM's Annual Report for the FY 2016-17.
- Verifying Company's statements that describe the expression of opinion, belief, aspiration, expectation, aim or future intentions and national or global socio-economic and environmental aspects provided by the Company as part of the Report.



The Specific Standard Disclosures subject to assurance are as follows:

- a) Economic
  - Indirect economic impacts: G4-EC7
- b) Environment
  - Energy: G4-EN3 to G4-EN6; Water: G4-EN8 to G4-EN10; Biodiversity: G4-EN11 to G4-EN14; Emissions: G4-EN15, G4-EN16, G4-EN19, G4-EN21; Effluents and waste: G4-EN22, G4-EN23; Products and services: G4-EN27; Compliance: G4-EN29; Transport: G4-EN30
- c) Labor Practices and Decent Work:
  - Employment: G4-LA1, G4-LA2; Labor management relations: G4-LA4; Occupational health and safety: G4-LA5 to G4-LA8; Training and education: G4-LA9 to G4-LA11; Diversity and equal opportunity: G4-LA12; Equal remuneration for women and men: G4-LA13; Labor practices grievance mechanisms: G4-LA16
- d) Human Rights:
  - Investment: G4-HR2
- e) Society:
  - Local communities: G4-SO1, G4-SO2; Public Policy: G4-SO6; Compliance: G4-SO8
- f) Product responsibility:
  - Customer health and safety: G4-PR1, G4-PR2; Product and service labelling: G4-PR3 to G4-PR5

### Assurance Procedure

Our assurance processes involve performing procedures to obtain sufficient and appropriate evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgement, including the assessment of the risks of material misstatements of the standard disclosures whether due to fraud or error. In making these risk assessments, we have considered underlying internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances. The procedures performed in the limited assurance engagement are less in extent than for a reasonable assurance engagement.

As part of the procedure, we have undertaken:

1. Site visits to the following locations of TKM:
  - a. Manufacturing operation at Bidadi
  - b. Corporate Office at UB City, Bangalore
2. Assessment of the systems used for data collection and reporting of the selected Specific Standard Disclosures of material aspects as listed in the assurance scope above.
3. Interviews with key personnel responsible for data collection, collation and reporting.
4. Testing of the sample data and the supporting evidences through a risk based approach.
5. Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all information mentioned in the report is supported by underlying data.
6. Review of the Sustainability Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.





Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidences could not be collected on account of confidential information, our team verified it at the TKM site. Data transcription and calculation errors were detected but the same were resolved during the assurance process.

### **Independence**

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) code.

### **Responsibilities**

TKM is responsible for developing the Report content. TKM is also responsible for the identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of TKM in accordance with the terms of our engagement and as per scope of assurance.

Our work has been undertaken so that we might state to TKM those matters for which we have been engaged and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than TKM for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

**Prathmesh Raichura**

**Director**

**KPMG**

6 November 2017











For further information and feedback on this Report please contact:  
Environment Department, Plant Administration Division

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