

Corporate Governance

TKM recognizes that good governance is a sine qua non for sustainability. The value statement, code of ethics and internal control mechanisms define our value system and reflects our culture and commitment to the values of corporate governance.

Toyota Kirloskar Motor promotes a culture of high ethical standards, integrity, transparency and accountability in all our business

transactions and in compliance with all laws and regulations. The company has established internal control mechanisms to ensure the observance of the norms of corporate governance and believes in a system driven performance with the highest priority given to these systems.

TKM Vision & Mission

To enhance the quality of daily operations, inculcate a unique

corporate culture that values innovative ideas, continuous improvements and nurtures a commitment to the environment and to also build long standing relationships with the stakeholders to remain a trusted corporate citizen, TKM faithfully abides by the following Vision and Mission statements.



Vision

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

Mission

- Practice ethics and transparency in all our business operations
- Touch the hearts of our customers by providing products and services of superior quality at a competitive price
- Cultivate a lean and flexible business model throughout the value chain by continuous improvement
- Lead Toyota's global operations in the emerging mass market
- Create a challenging workplace that promotes a sense of pride, ownership, mutual trust and teamwork
- Create an eco-friendly company in harmony with nature and society

Through these activities establish a superior brand image in India.

Toyota Kirloskar Motor Private Limited Policy for 2011-12

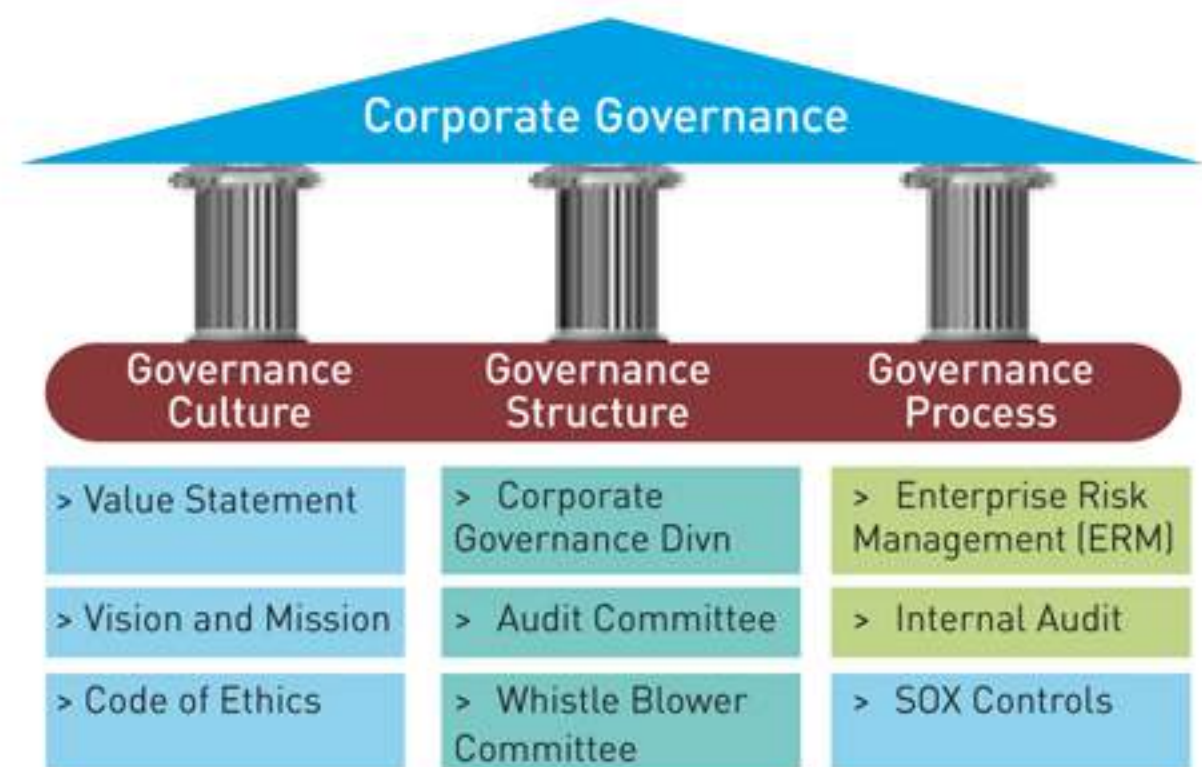
"Q (Quantity) & Q (Quality)"

- To maximize customer happiness through quality products & service.
- To achieve sustainable profit through conscious effort of all stakeholders and strategic product development.
- To establish robust corporate governance & promote the awareness.
- To optimize & secure all stakeholders capability through collaborative projects based on the Toyota Way.
- To develop agile & flexible workforce through systematic human development.
- To Enhance Toyota image in the society through Eco products & CSR activities.

Challenge the aftermath of Japan crisis.....

Corporate Governance Environment

TKM has initiated bold steps to enhance the corporate governance environment. During 2010 a high level task force was formed to assess the governance status and recommend a revamp of the system. The committee submitted its report in December 2010. Based on the report, a Corporate Governance [CG] Division was formed. The task of the CG division is to establish good governance in the company and educate all stakeholders. In this context many initiatives are being taken. The CG environment in TKM is depicted in the schematic at right.



Value Statement

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



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



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



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



ACCOUNTABILITY
I will take ownership for all my actions.



TKM has released the value statement for the company after due deliberations and with the understanding of all stakeholders. These are the core values that are to be cherished and imbibed by its members at all times in their personal and professional life. The value statement was released by the senior management involving all functional heads. An oath is taken by all team members to inculcate these values.

- superiors, subordinates, suppliers, dealers, local community, public and government. The broad areas of coverage are legal compliance, conflict of interests, mutual trust and team work.

Code of Ethics

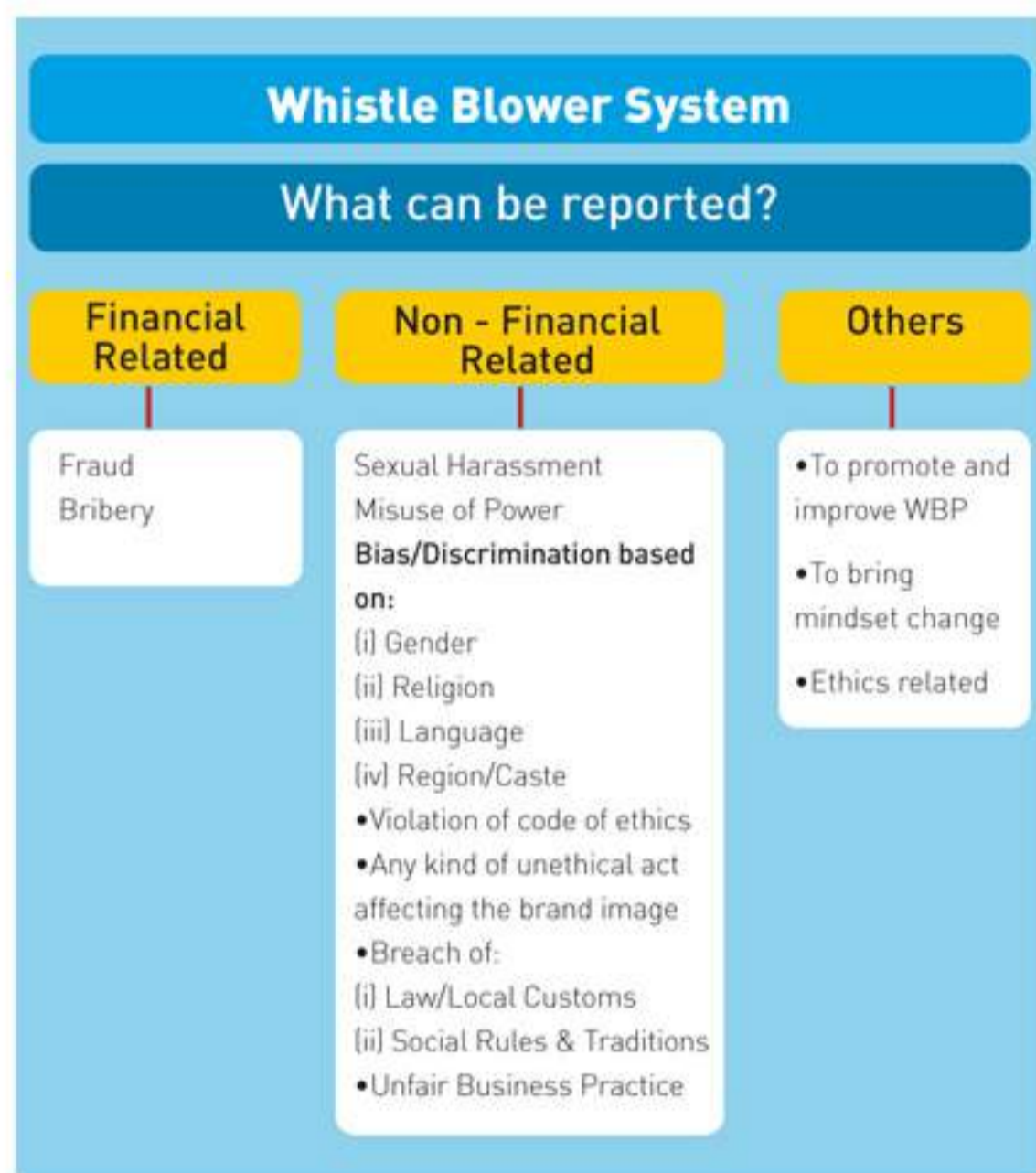
Toyota Kirloskar Motor has a comprehensive Code of Ethics based on the guiding principles of Toyota. The values along with Code of Ethics go a long way in establishing the company as a good corporate citizen. The code clearly charts out the manner in which the employees of the company should interact with internal and external environment

Internal Control Mechanism

TKM practices a risk-based, focused, internal audit system. TKM uses the services of an external audit firm so that the independence of the auditor is maintained. Critical issues of audits are reported to the Audit Committee on a half yearly basis, enabling the management to take corrective actions. TKM also conducts SOX audit as a part of Toyota Motor Corporation's global audit requirement.

Whistle Blower Policy: Effective implementation of Whistle Blowing System

As a company which encourages and respects professionalism, honesty, integrity and ethical behaviour, a "Whistle Blowing System" is in place at Toyota Kirloskar Motor to give an opportunity to all stakeholders to fearlessly report any unethical behavior noticed by them. The scope of coverage is vast, channels provided for reporting are many and an ombudsman has been appointed to receive and investigate the issues with the advice of a Whistle Blowing Committee consisting of the senior management.



Board of Directors

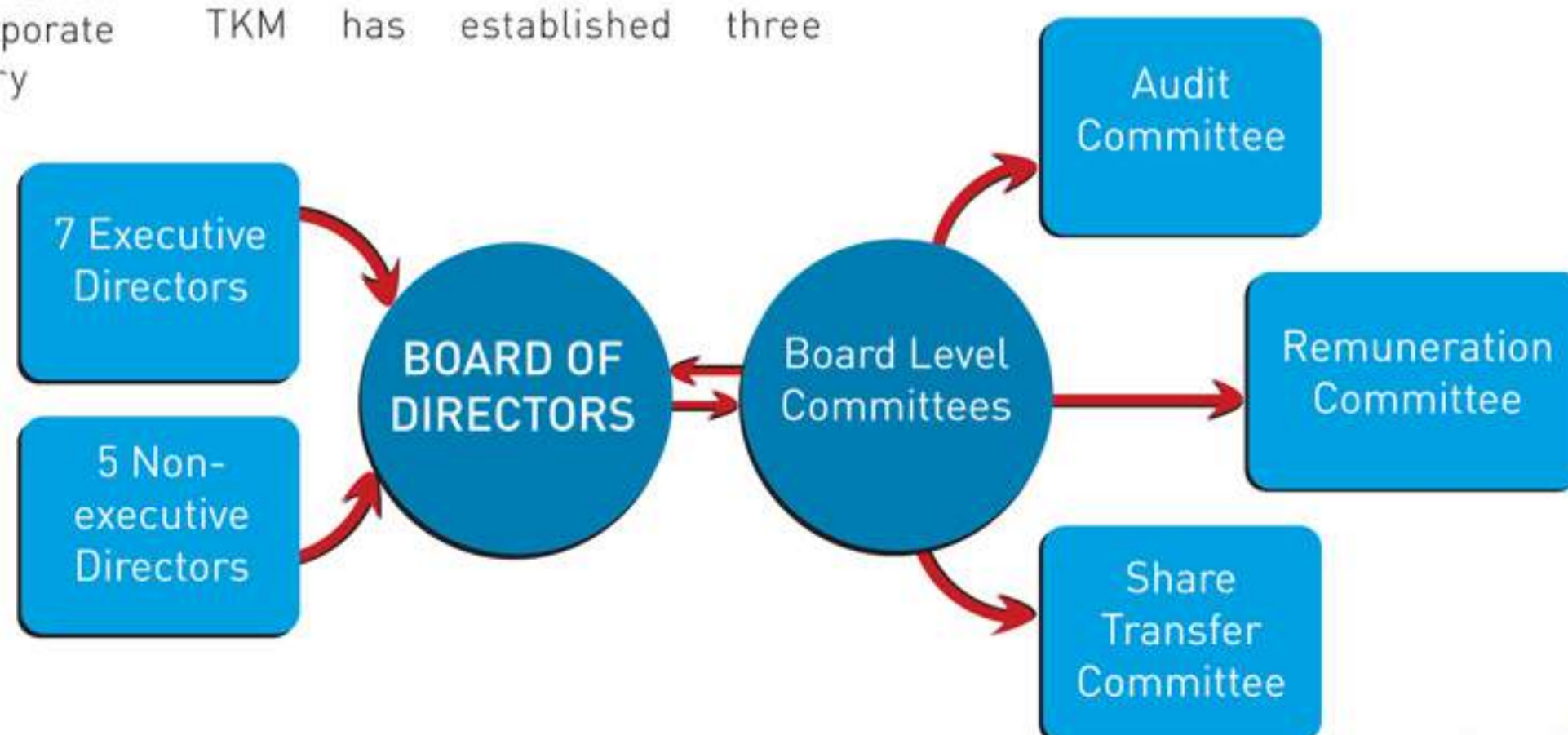
The Board of Directors at Toyota Kirloskar Motor forms the highest governing body, which is responsible for corporate governance and represents the interests of our stakeholders. The Board provides strategic guidance and frequently reviews corporate policies, regulatory compliance, significant management decisions and overall performance of the organization.

The Board comprises of seven executive directors and five non-executive directors who meet at least once in every three months. The Board of Directors provide direction to the management on labour

practices, corporate social responsibility, environmental and sustainability initiatives. Further, the Board plays a vital role in overseeing the compliance of legal and operational requirements.

important committees at the Board level to review significant policies and activities and make recommendations in their respective areas.

TKM has established three



TKM's Hierarchy:

Toyota Kirloskar Motor has a strong organization that takes up sustainability initiatives and

promotes them effectively. The organization is mainly divided under three heads, namely Commercial,

Marketing and Production. The details have been mentioned in the chart below.

