

# Social Performance: Employees

## Human Rights

We "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 Guiding Principles

Toyota Kirloskar Motor considers human rights to be of utmost importance in every activity, process and associations. During 2010-11, TKM expanded its capacity by establishing one more plant. All machinery and technology that is procured by TKM is sourced from reputed global suppliers/vendors who follow internationally accepted norms and standards on Human Rights.

All contracts for the construction and setting up of units include safety, health, and environment related human rights clauses. Our management ensure proper implementation of Human Rights compliance. Systems are established to ensure compliance of our Policies and Standards, through rigorous and periodic audits by Safety, Health, Environment, Human Resources and Legal teams.

### Our approach to managing human

rights is as follows:

- ♥ We abide by all the laws of the land - Union and State Governments.
- ♥ Our businesses are vertically integrated across several Divisions that follow Toyota Kirloskar Motor policies and standards.
- ♥ We position our senior officers to ensure adherence to fair labor practices.
- ♥ Government appointed officials routinely inspect our units to ensure relevant labor and factory acts, which, inter alia, provide for the necessary SHE (Safety, Health and Environment) and labor practice standards.
- ♥ Execution of Toyota Kirloskar Motor's human rights policies is obligatory for all service providers /suppliers /vendors operating within our establishments

During the period 2010-11, 5011 construction workmen reporting to 45 contractors were involved in the establishment of the second plant. Every such member was covered under applicable clauses of human rights, safety, health and environment. Our commitment towards these clauses ensured total compliance of the applicable policies and procedures.

## Employees

We "Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management".

### -Toyota Guiding Principles

Human resources are considered the most important asset of the organization. We trust our team members, provide opportunities for personal growth, foster the realization of their abilities, and compensate all individual contributions fairly. Team members exercise their abilities and take responsibility for improving the Company and contributing to its growth.

We believe in bringing on board team members who have the competency to be a part of the team and contribute towards organizational vision and most importantly self development. Opportunity is open to both men and women with respect to the local laws and necessary qualifications. TKM works with diverse communities, which is in a way the representation of the variety and diversity in India. Our employees hail from different geographical regions and vary in age.





With Toyota Motor Corporation playing a big role in product development and our business practices, the Japanese expatriates join hands with their Indian counterparts at TKM

The following tables indicate the types and diversity of employees at TKM. Our hiring policies are non-discriminatory in nature. As of March 31st 2011, the organization had a total of 88 female employees and 4965 male employees, i.e. a total of 5053 permanent employees.

TKM's Compensation policy is structured based on factors like organizational position, performance, market rates etc., Compensation structure is the same for men and women across the same pay bands as "equal pay for equal work" is practiced in TKM.

About 62% of the employees are covered by collective bargaining agreements. A Memorandum of Settlement is entered into between Union and Management every year.

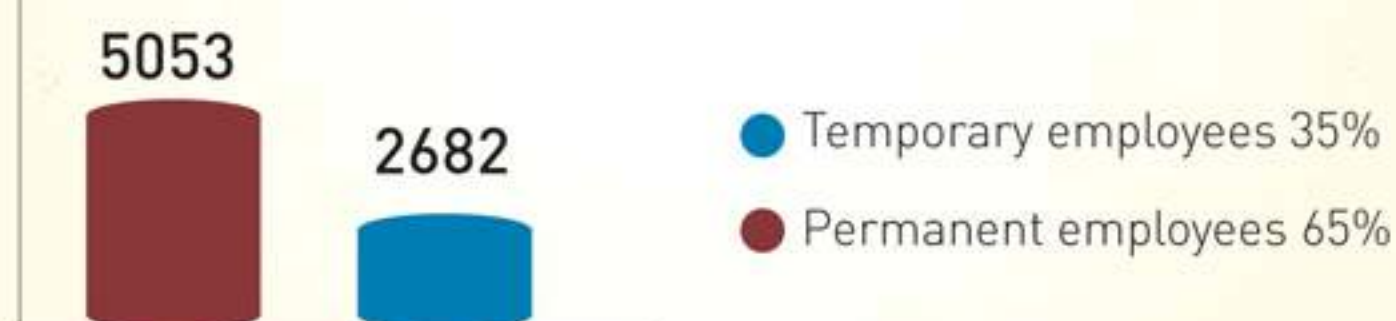
A minimum notice period of 14 days, as per law is followed in case there are any significant operational changes.

#### Code of Conduct

We carry out periodic reviews/assessments to ensure that all employees at the factory follow the laid down policies and procedures. All contractors and regional offices are reviewed twice a year. Efficient impartment of training and accepting employees into the organization has ensured that during the period 2010-2011 there has been no incident of discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders across operations. Further, during the reporting period there were no reported incidents of violation of the Code of Conduct. This includes violation of human rights, incidents of child labour or violation of indigenous rights.

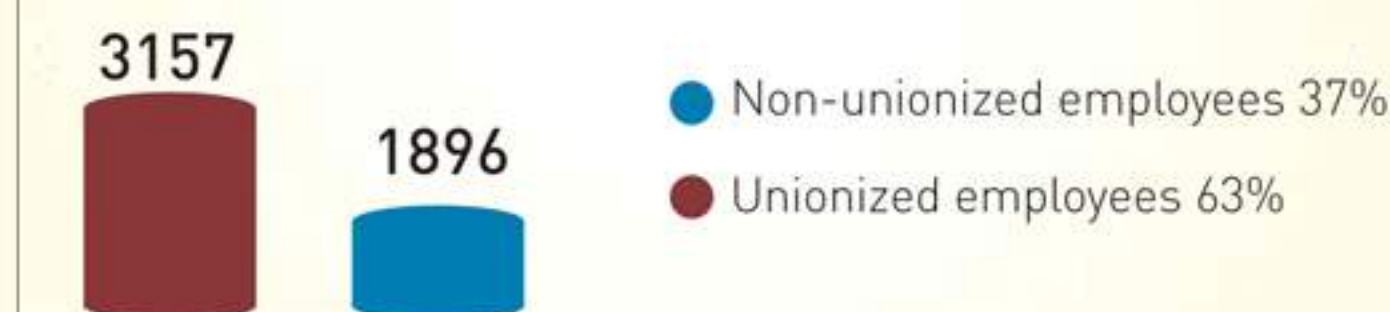
#### Types of Employees

| Sl. No.      | Particulars         | Number      |
|--------------|---------------------|-------------|
| 1            | Permanent employees | 5053        |
| 2            | Temporary employees | 2682        |
| <b>Total</b> |                     | <b>7735</b> |



#### Unionized and Non-Unionized Employees

| Sl. No.                          | Particulars             | Number      |
|----------------------------------|-------------------------|-------------|
| 1                                | Unionized employees     | 3157        |
| 2                                | Non-unionized employees | 1896        |
| <b>Total Permanent employees</b> |                         | <b>5053</b> |



#### Details of recruitment during the 2010-2011 financial year

| Sl.No. | Location        | Female    |                 |                             | Male        |                 |                             |
|--------|-----------------|-----------|-----------------|-----------------------------|-------------|-----------------|-----------------------------|
|        |                 | 2010      | New TMs in 2011 | Total as on 31st March 2011 | 2010        | New TMs in 2011 | Total as on 31st March 2011 |
| 1      | Bidadi          | 43        | 11              | 54                          | 3728        | 893             | 4621                        |
| 2      | Other Locations | 34        | 1               | 34                          | 304         | 47              | 344                         |
|        | <b>Total</b>    | <b>77</b> | <b>12</b>       | <b>88</b>                   | <b>4032</b> | <b>940</b>      | <b>4965</b>                 |

Other Locations refers to: UB city office, IS, Kolkata, Mumbai, Pune, Delhi, Manesar, Ludhiana, Lucknow, Chennai and Hyderabad.

#### Employee Turnover

| Sl. No.                | Employee Turnover                          | 2010-11 (%)  |
|------------------------|--|--------------|
| 1                      | Grade-8 (Unionized Category)               | 0.7%         |
| 2                      | Grade-7 and above (Non-Unionized Category) | 5.3%         |
| <b>Overall company</b> |  | <b>2.46%</b> |



## Freedom of Association and Collective Bargaining

Team Members have freedom to form association. As part of the collective bargaining process, Union and Management enter into a Memorandum of Settlement once a year. Issues related to human rights and welfare of the employees are discussed and decided.

Management and Union are like two wheels of a car. Both must cooperate with each other and move towards an agreed goal. Towards realizing this dream, every team member

must put in continuous efforts with a vision of making a global car. For this to happen, the two entities have made a joint declaration:

- ♥ We will take leadership and responsibility, in contributing to the development of the Automobile Industry and thereby the Indian Economy
- ♥ We will strive to build strong relationship between Labor and Management, based on "Mutual trust and respect"

- ♥ We will work towards making a company environment, which will foster Team Spirit and provide an opportunity for all members to realize their fullest potential
- ♥ We will strive to bring about prosperity to the enterprise and thereby achieve long term stable employment and consistent improvement in the quality of life of our employees

## Grievance Redressal Mechanism

Toyota Kirloskar Motor has a defined grievance redressal mechanism in place. Every supervisor interacts with his team members on a regular basis to understand any grievances that

may exist. Our mechanism is a multi dimensional approach where responsible departments / individuals convene at pre-defined intervals to analyze and address reported issues. No cases

pertaining to violation of Human Rights were filed during the period 2010-11.

The following table lists the various grievance redressal mechanisms that TKM has in place:

| SN. | Channel                           | Attendees                  | Formal or Informal | Frequency  |
|-----|-----------------------------------|----------------------------|--------------------|------------|
| 1   | Morning Meeting                   | HOD+Team mates             | Formal             | 1 / Day    |
| 2   | Workplace Committee Meeting       | Shop Mgr+Shift DM+ECMs+ERO | Formal             | 1 / Month  |
| 3   | One-to-One                        | Supervisor+TM              | Formal             | Need-based |
| 4   | Employee Relations Officers (ERO) | ERO+TM                     | Formal             | Need-based |
| 5   | ECM+Plant+HR                      | HR+ECMs+Plant Mgt          | Formal             | 1 / Month  |
| 6   | Union Weekly                      | HR+Prod.HOD+Union          | Formal             | 1 / Week   |

Toyota Kirloskar Motor is committed to maintaining the laid down redressal system and the designated attendees are required to be present at their respective modes of engagement.



Joint declaration anniversary celebration



# Training and Education



## Training Policy

Human Development in Toyota Kirloskar Motor is directly associated with the growth of the organization. All human development programs aim at ensuring lifelong learning of the employees. On an average, every employee is trained 3 man-days per year.

Training is followed by a performance appraisal in our performance management system. The system grasps the abilities and characteristics of each employee accurately and objectively, to develop and maximize the utilization of personnel through performance appraisals. TKM maintains and raises employee morale by implementation of a robust performance-based reward system.

TKM has a regimented philosophy towards learning and development of its personnel. It is through this philosophy that facets other than job related competencies are unified. Induction training lays importance on the "Toyota Way" which is the threshold for a new employee to blend into the organization and understand our practices that will help improving productivity and

complement his/her position with the organization vision. All employees undergo formal training as part of induction about the organization's policies and procedures on human rights issues and their applicability to the employees' work.

- TKM has a defined Training Work Life Plan to meet the career needs for each employee
- Training is imparted to every employee based on the Work Life Plan
- Standard training programmes containing Global Contents are imparted to the employees as prescribed by Toyota Motor

Corporation

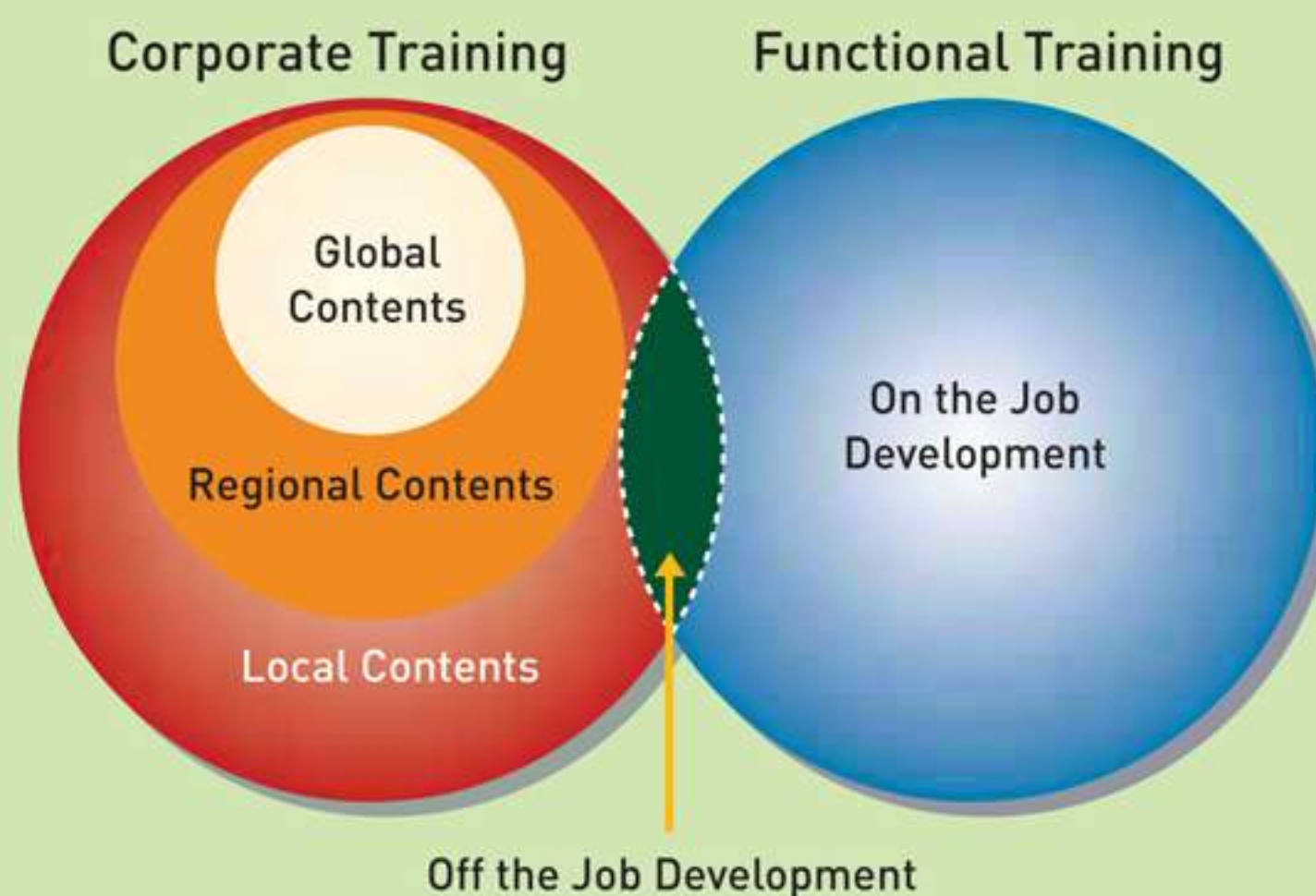
- At every level, training need is assessed and training is imparted to the employees
- Training on safety and environment is imparted to all contractors
- Safety Dojo (Simulated training) is imparted in technical areas where its deemed to improve learning quality and safe working conditions.

**Learning and Development Objective:** "To develop competency of all Toyota members, step by step from mid to long term perspective"





## Types of Training in TKM



### Managed by HR

- Applied to all TMs by cascading-top down approach
- Role/level based training at appropriate time of work life

### Managed by Function

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

## TKM Corporate Training Content - Image

Advanced



Basic

| Grade |   |   |   |   |   |    |   |
|-------|---|---|---|---|---|----|---|
| 7     | 6 | 5 | 4 | 3 | 2 | VP |   |
|       |   |   |   |   |   |    | G |
|       |   |   |   |   |   | G  | G |
|       |   |   |   |   | F | F  | F |
|       |   |   | E | E | E | E  | E |
|       |   | D | D | D | D | D  | D |
|       | C | C | C | C | C | C  | C |
| B     | B | B | B | B | B | B  | B |
| A     | A | A | A | A | A | A  | A |

- Training is based on TKM competency model
- Training is based on grade
- Training is delivered in Specific Order (from basic to advanced. For e.g. A->B->C)
- Training is connected to HR Systems (Future Direction)
- Training content development will be based on needs identified in Competency appraisal



## Work life plan

The training path of team members (TMs) is planned through Work Life Plan (WLP)

The objective of WLP is to:

- Provide overall image to TMs about developmental opportunities available at different point of the career
- Develop competencies of all TMs in 3 steps - Learn, Grow and Lead.

It is based on the TM's role competency/skill requirement specific to one's grade. There are separate WLPs for -

- TMs working in production area (Plant Side WLP)
- TMs working in non production area (Office side WLP).

There are two types of program

1. Mandatory - Culture building programs for all members (including lateral hires - like Toyota Way, Toyota Business Practices etc.)
2. Role specific programs that are specific to role only.

As an important rule all security personnel who are posted at TKM's business units, receive formal training on the organization's policies, human rights issues and their application to security. Currently, five security personnel are employed directly. More than

200 security personnel man the factory premises, all of whom are trained in policies and human rights issues.

## Creative Suggestion Scheme

Creative Suggestion Scheme is a concrete example of the effort Toyota Kirloskar Motor makes to utilize the ideas of each employee to build the finest automobiles possible. Through this system, team members take it upon themselves to resolve the questions and problems that occur at work - to do Kaizen. We strive to receive ideas for:

- Making a better product
- Enhancing product safety
- Increasing efficiency
- Optimizing costs

"Good Thinking Good Products" - these words of Sakichi Toyoda are the baseline for team members to provide ideas. We believe in combining the creative ability of our Team Members to make products which improve customer satisfaction.

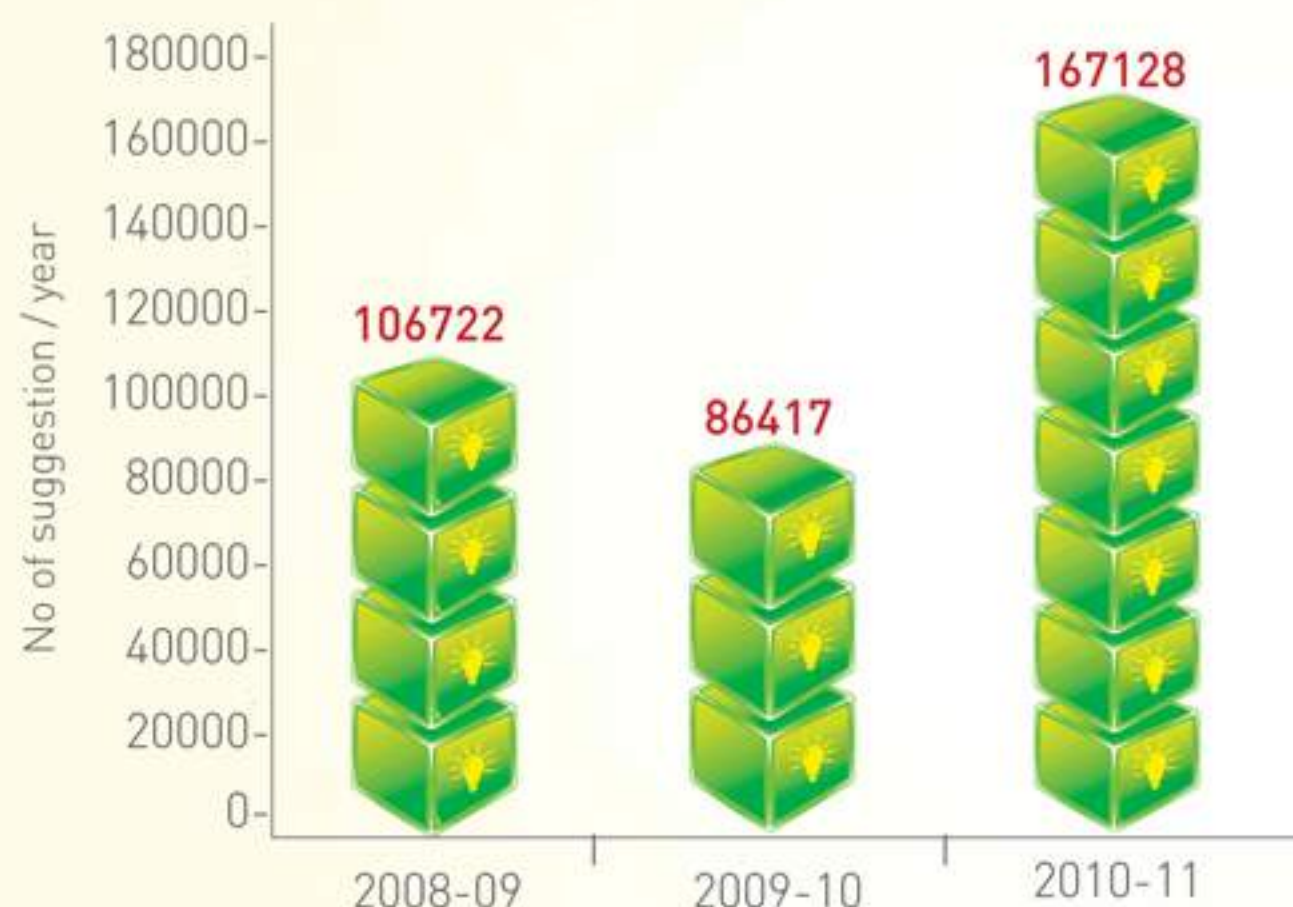
## Quality Control Circle

- Quality Control Circle (QCC) is an activity of a group of people in the same workspace. The circle members come together to solve problems according to basic QC principles, QC steps and QC tools.

- QCC helps to generate ideas and implement recommendations made by circle members. In the process, it helps to improve their capabilities and facilitates good communication at the workplace.

### Quality control circles

|      |      |      |      |
|------|------|------|------|
| 387  | 402  | 203  | 330  |
| 2008 | 2009 | 2010 | 2011 |



### Highlights of Creative Suggestion Scheme

- Since inception, 6,59,991 suggestions implemented
- Average 54,999 suggestions per year
- About 1,67,128 suggestions implemented in 2010



Ekiden 2010: Run Maadi...Run!

As a part of employee's health promotion activities, the marathon event in line with Toyota Motor Corporation's Ekiden was organized at TKM. Running and relay competitions for employees are organised during this event



Women's day celebration at TKM:

Women's day was celebrated at TKM with the intention of appreciation and motivation of working women at TKM.



Kalothsava at TKM:

The annual Talent Hunt event is focused on fostering ethnic and cultural activities for the employees and their families. Eminent musicians and artists are involved during this event.





# Occupational Health and Safety

"Safe work, reliable work, skilled work - Safe work is the door to all work, lets pass through this door" - Eiji Toyoda.

### Safety Policy

- Be the best company of safety and health
- Safety first, and make the work place free from accident
- Make work place free from health hazards

## Safety Commitment

Ensure Zero accident at Toyota or in its group companies and stakeholders.

Since accidents are due to unsafe act and unsafe condition, we strongly believe the following are the 3 pillars of safety: Machine safety, Human safety and Safety management.

**ZERO ACCIDENT**

MACHINE SAFETY

HUMAN SAFETY

SAFETY MANAGEMENT

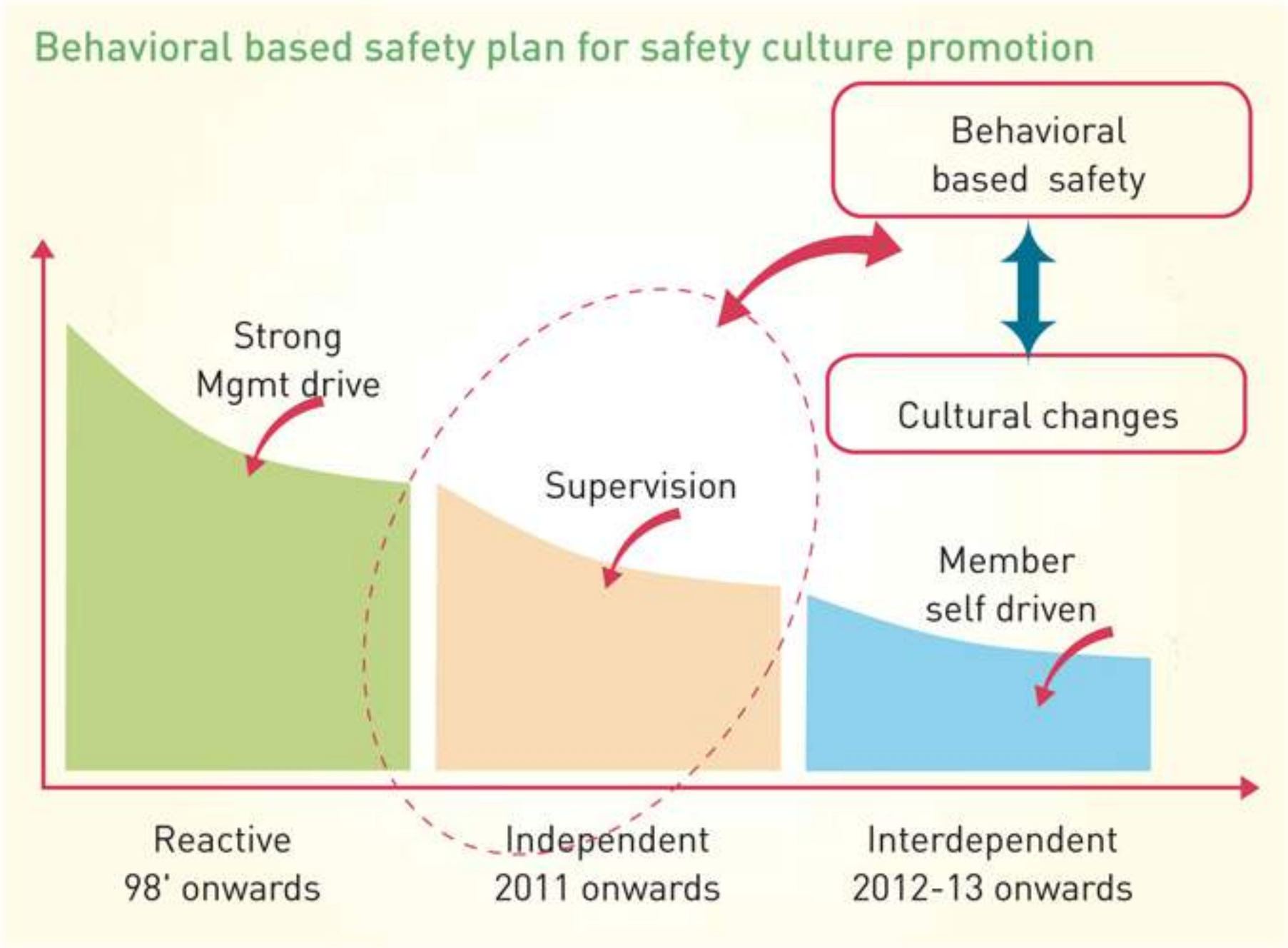
Level up TM awareness for Safety

Safety house concept

## Human Safety

Human safety is the state of mind towards knowledge, mind and sense. Therefore, safety knowledge is inculcated through DOJO training (simulation based training). This is for the member to feel the real impact of risk in the work area.

Our unique small group activity promotes member's safety sense and team work through group identification and brainstorming for countermeasure implementation and sustenance.



Safety sense is the KY (Kiken Yochi: danger prediction) ability or the capability of risk identification. Members' KY ability are strengthened through members' involvement in safety suggestion schemes like Hiyari hatto (safety suggestion scheme).

Safety culture, the base for an organization and indeed practicing of safety culture makes oneself safe anywhere and anytime.

It is basically the fundamentals of attitude which one can practice and preach.

Elements such as 3 point finger

check during crossing, no mobile usage while walking, no hands in pocket while walking, holding handrails at stairs etc.

Achieving safety culture from independent to inter-dependent is challenging phase which our focuses are into.

All Team Members are educated related to seasonal and serious diseases such as dengue, H1N1, malaria and common fevers. In addition, Toyota Kirloskar Motor conducts extensive anti-smoking campaigns and provides counseling and annual medical check ups.



Safety promotion for member's safety mind level-up



## Machine Safety

Our machine safety not only determines the presence of safety items, it also covers the functionality of the inbuilt safety. This is confirmed in periodical basis by our expert team and also cross confirmed by the expert group from TMC, Japan.

The entire process and result are managed through KPIs, consolidated as Plant Management Requirement (PMR) for Safety and monitored by management in periodical basis for level up and sustenance.

Being a leader in safety we also preach what we practice to all our stakeholders. Our stakeholders including group companies, Supplier chain, dealer network and Contractor Organization are also party for our performance curves in safety. Therefore our experience in safety is transformed to our stakeholders for a better safety management at their side also.

The year 2010 was a challenging year since amidst the Production, project activities was also in peak for the small car plant.

In spite of the Projects challenges such as dynamic work environment, high attrition rate of Contractor members and high risk activities an achievement of 15 million safe man-hours without any fatal/serious accident.

**To conclude, safety is never ending mission, the more you dig, the more you get.**



Safety training for all levels of workforce is ensured

## Safety Committee

In the interests of having a healthy, efficient, work force, TKM has a safety committee in place. As mentioned earlier, the safety committee adopts a top down approach, which means that the management is fully involved in safety activities. The committee reviews the key performance indicators (KPI) and awards are given to team members in recognition of adherence to the existing safety policies. It also conducts workplace safety observation activities and supplier company safety audits.

## Health Promotion Activities

We at TKM believe that healthy environments, healthy processes and healthy people are imperative in the running of an efficient organization. The sanitation and hygiene conditions undergo regular reviews as do food and water quality. In addition, TKM promotes health programmes in the local committee and is also involved in

family welfare programmes.

Workers undergo periodic medical examinations. Management of body mass index (BMI), hygiene and behavior and regular, job specific exercise routines are part of TKM's programme to ensure healthy living. We also have "quit smoking" and "quit drinking" drives for those employees that use these substances.

Very often certain jobs involved in processes within the organization serve to cause physical stress to the human body. TKM attempts to quantify these with a numerical value and ensure that all process remain below a certain threshold value. Importance is given to ergonomics management in all processes, particularly for the lower back and upper limb area that are most likely to be affected in the course of work. Work environment is constantly monitored to effectively manage illumination, noise, dust and gas, temperature and vibration.



Management involvement in workplace safety confirmation