PEOPLE

Making TOYOTA go Waku-doki

The intensity and the passion that has made TKM one of the leading automobile companies in India in such a short time, is due to the contribution of our over 6000 employees. They are the reason that makes our heart go Waku Doki every day.

Toyota being one of the world's largest car manufacturer has defined its own path to streamline the workforce globally by - 'The Toyota Way'. The Toyota Way in a gist summarizes our work culture and ethics. Toyota's Guiding Principles drives The Toyota Way which constitutes two important aspects: Continuous Improvement and Respect for People. These two aspects support five key concepts that sum up The Toyota Way: Challenge, Kaizen, Genchi Genbutsu (going to the source to make correct decisions), Respect, and Teamwork. All TKM employees are groomed to follow **The Toyota Way**.



HUMAN RESOURCES ACTION PLAN 2011-12 OUR PEOPLE

Business Imperatives	Approach	Deployment	Measure	Target	Actions & Results
Develop talent pool of quality human resources	Attract Right talent, for the Right job at Right time	 Tie-up and partnership with identified institutes Pooled campus recruitment scheme Regional recruitment Tie-up with ITI Institutes Campus recruitment for apprentice 	Engg/Dip/ Mgt Time Numbers	 5 Institutes Sept 1st Week 1000 Nos by Dec. 2nd week 650 App. 	 Hired 1043 through campus recruitment Diversity in manpower due to Regional Recruitment (employees + Apprentice) Tie-up with 5 ITIs Continue Regional & Campus Recruitment
Enhance skill management capability to take on business challenges	Develop culture of skill excellence	 Enhance fundamental skills & standardized work capability of new joinees Promote activities to foster spirit of competitiveness < Skill Olympics> 	Participation ratio	• >90%	Developed skills of 100% new joinees
Ensure stable Employee Relations, within TKM including	Strengthen company- wide communicati on pipe	 Strengthen Round Table communication Strengthen Supervisor Communication 	Time Freq	By Jan 12 1/Month	 Revised Round Table Meeting Covered 600 TMs Decentralized Supervisors Commu. Need to train supervisors
Group Companies	Accelerate grievance resolution	Strengthen ERO system for shop	Grievance Ratio	• >80%	 Achieved 80% grievance resolution Need to train in counseling skills
	Mentor & mould new joinees into Toyota culture	 Periodic direct communication opportunity with Sr. Mgmt. Pre-confirmation training program 	Frequency Number	• 2 p.a. • 100%	 100% pre- confirmation training to all TMTs conducted Need to review the module
	Develop proactive leadership capability of Union Leaders	 Develop training program for Union Office Bearers and EC Members 	Number	• 100%	100% coverage Improved co- operation by OBs & ECMs
	Leadership to proactively support group companies to manage good IR	Level-up group HR meeting	Frequency	• 1/month	 Group HR meeting reduced labor risk issues Need for focused group discussions
Maximize efforts to realized labor cost	Strengthen manpower management with focus on labor cost	Visualize KPI to monitor and track headcount	Frequency	• 1/month	Headcount tracking easy

EMPLOYEES

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.

Toyota Guiding Principles:

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



Number of Employees	2009 - 2010	2010 - 2011	2011 - 2012		
Permanent (Nos.)	3622	5231	6221		
Temporary (Nos.)	1374	2623	3618		
Daily wage workers (Nos.)	None	None	None		
Other - please specify (Nos.)	None	None	None		
Total (Nos.)	4996	7854	9839		
Number of management (or executive / officer) grade employees (Nos.)	1710	1819	2136		
Ratio of non-management cadre to management cadre employees	2:1	2:1	2:1		

RECRUITMENT AND REMUNERATION (2)

TKM has a fair policy in recruiting prospective candidates to our workforce. The employees must be competent and be able to contribute willingly to the development of the organization and also groom their persona in accordance. We are an equal opportunity employer and are open to gender, age, ethnicity, geography with due respect to the local laws, essential skill sets and requisite qualifications.

Segmentation of employees by gender	2009 - 2010	2010 - 2011	2011 - 2012
Male (Nos.)	4902	5130	6125
Female (Nos.)	94	89	96

Since, Toyota Motor Corporation (TMC) plays a key role in product development and our business practices, the Japanese expatriates work very closely with us at TKM.



EMPLOYEES

TKM's remuneration policy is based on factors like organizational position, performance, market rates. TKM follows "equal pay for equal work" thereby illustrating same compensation structure across the same pay scale, for men and women.

As of March 31st 2012, the organization had a total of 97 female employees and 6160 male employees, i.e. a total of 6221 permanent employees.

About 66% 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.

EMPLOYEE RETENTION

TKM carries out an Employee Engagement Survey – 'Morale Survey' once in 2 years to gauge employee well-being, satisfaction and motivation levels. Employee counseling sessions, open house forums, People Connect, HR perception survey, communication meetings, annual communication, annual functional meets, discussion forums etc are a few other means to assess employee well-being at TKM.

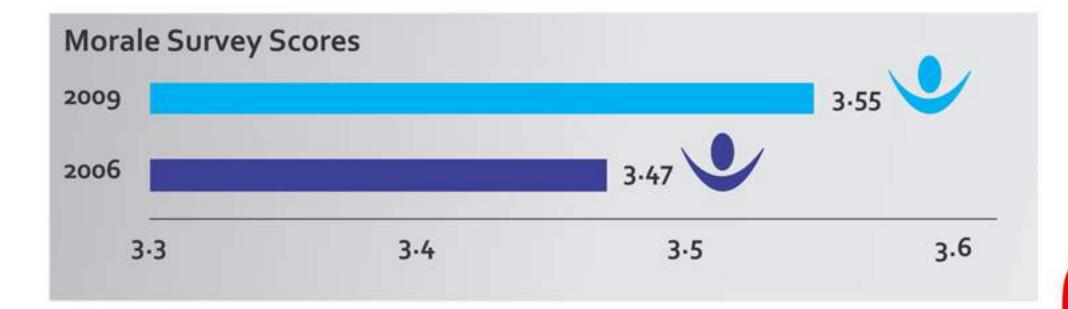
The latest Morale Survey was conducted in 2009, next survey

will be conducted in 2012-13 period. Parameters assessed in this survey are opportunity to learn and grow, leadership, training and development, recognition, target setting and appraisal, facilities & services, job security, pay & benefits, peer relationship, health & safety, organization administration, role clarity, sense of belongingness, work environment, organization-vision, mission, policy, involvement & engagement, empowerment, communication, people perception measures related to motivation.

Overall Morale Survey Results (2006Vs.2009)

There is significant improvement in employee perception scores due to the improvements in HR processes and practices in TKM over the years.

While various segmentation of the survey results have been done, the following graph indicates satisfaction level is improving & dissatisfaction level is decreasing as per MS [managerial staff] & NMS [non-managerial staff]





Toyota Kirloskar Motor

EMPLOYEE DEVELOPMENT EMPLOYEE DEVELOPMENT

TKM believes in a work environment that guarantees continuous improvement and better culture. This is possible only if there is teamwork and knowledge enhancement through training programmes. TKM associates human development with the growth of the company. Hence, we ensure all human development programs must attribute to key takeways that aim at lifelong learning of the employees.

LEARNING & DEVELOPMENT

TKM has outlined training as a major part of employee development and growth; during the reporting period approximately 5 days/person/year training was provided to the workforce. This is the reason, right from the moment an employee is recruited - induction training on "Toyota Way" and the Code of Conduct is imparted. The induction process helps the new hires to understand to the integrated work culture of Toyota. Formal training on the organization's policies and

procedures on human rights issues and their applicability are also given during induction. Each employee receives training based on the defined Training Work Life Plan, which also caters to their career needs. Standard training programmes that are essential and job related containing Global Contents are imparted to the employees as prescribed by TKM.

Types of Training in TKM

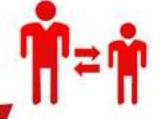




Each employee receives assessment and training on a periodic basis. Contractors are also trained on safety and environment procedures by us. To improve learning quality and safe working conditions - Safety Dojo (Simulated training) is imparted in technical areas.

Periodic functional trainings are imparted by expert faculty from the Indian Institute of Management, Bangalore (IIMB), Stephen Covey Consultants, TV Rao Learning Systems, Oscar Murphy International etc.

PERFORMANCE REVIEW



TKM maintains the employee morale through its performance linked incentive systems. Performance appraisal is a key aspect in our performance management system of an employee. These systems have also helped in employee retention to a certain extent. Our human resources team has systems in place to gauge the abilities and traits of each employee in an astute manner. This helps in the overall growth and optimization of personnel through periodic appraisals. Performance review provides equal importance to result and processes.



LEADERSHIP AT TKM EMPLOYEES

TKM believes that Leadership can be developed from within the organisation by imparting the right amount of training to the deserving employee. Thus, grooming a leader in-house also assures ingrained value and principles of Toyota within the employee. This employee will be an embodiment of leadership combined with Toyota's values. To keep up with the industry's demands, TKM imparts Advanced Leadership Development Programme to leaders in its workforce. Effectiveness of this programme is done through PMS (Performance Management System). TKM steadily develops its talent pool through a rigorous and scientific succession planning exercises, these employees selected from middle & senior management levels are trained and groomed so that they can handle pressures of their future responsibilities.

All leaders are trained in their leadership roles by Stephen Covey Consultants. Leadership plays a crucial role in aligning organizational structure with changes in business strategy periodically. The organization structure is reviewed annually based on the feedback received from internal stakeholders and changes assimilated.

All leaders are trained in their leadership roles by Stephen Covey Consultants.

BEST PRACTICES

Knowledge Exchange Programme with Infosys Centre of Excellence, Maruti Suzuki, Hyundai, Ford etc. are other areas of knowledge enhancement and skill development for employees. It is important to stay updated with the latest in the industry in terms of practices and processes. Staying alert to new findings can always help in optimizing resources. At TKM, employees avail plenty of opportunities to participate in benchmarking studies both at international and domestic platformthroughwhichknowledge is exchanged.

levels through symposiums, workshops, surveys, seminars, etc.

TKM actively participates in events and forums such as the Delhi Auto Expo, CII Summits, SIAM Conclaves, FICCI Seminars, NHRD Network, BCIC, QCFI Forums, CII, Global Quality Control Circle Forum, Global HR Meet, Asia Pacific HR Meet, etc. Annual Meet for TKM's dealers & suppliers is another



Infosys-Toyota Knowledge Exchange Programme

TKM's division heads attended a Knowledge Exchange Programme at Infosys-Mysore's NRN Centre of Excellence on 17th February 2012. A team from Infosys had also visited TKM during December 2011 to witness our best practices.

Knowledge Exchange Programme with Infosys Centre of Excellence, Maruti Suzuki, Hyundai, Ford etc. are other areas of knowledge enhancement and skill development for employees.

EMPLOYEE INVOLVEMENT EMPLOYEE INVOLVEMENT

Creative Suggestion Scheme is an employee engagement and participatory platform exercise at TKM, which has garnered a lot of participation from employees, and the ideas suggested helps in producing more efficient automobiles. This scheme helps in making an improved product, enhancing product safety & efficiency, optimizing costs.



QUALITY CONTROL CIRCLE (QCC)



Quality Control Circle (QCC) is a group formed by employees that share same workspace. The circle members come together to solve problems by sharing ideas based on QC principles, QC steps and QC tools. The QCC helps in enhancing employee potential and augmenting better communication amongst the team members.

REWARD AND RECOGNITION

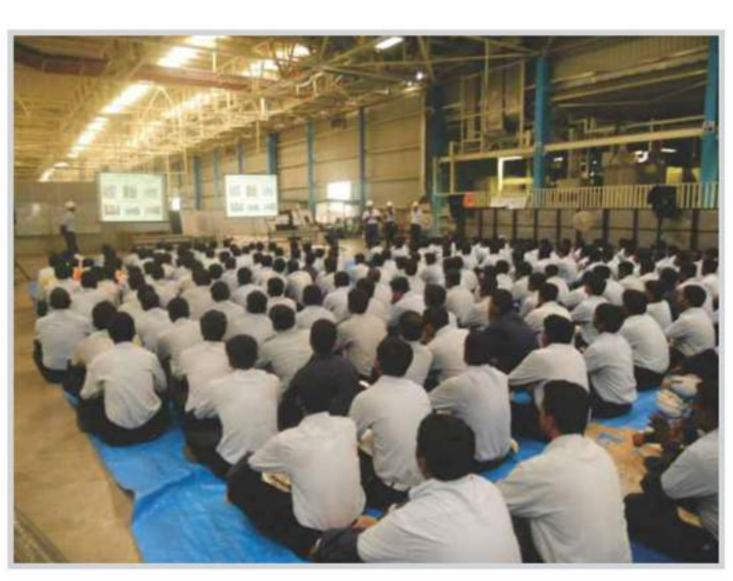
Event	Internal Awards	Individual / Team	Award Given By
Annual Communication	Best Employee & Team – Safety Best Employee & Team – Quality Best Employee & Team – Cost Best Employee & Team – Kaizen	Individual & Team	DMD Functional Head
Company Day	Highest Suggestion Contributors Highest High Value Sugg. Contri. Highest Star Sugg. Contributors Skill AP Region Winners Skill Global Winners Marathon (Ekiden) Winners Top 3 Singers Best in Talent Hunt Events Awards to Children – Talent Hunt	Individual & Team	MD DMDs Popular Personality from Society
Remaily Awards	Top 3 Drawings by Kids Top 6 Fancy Dress Kids	Individual	MD
Skill Olympics	Best Skill Gold – TM Category Best Skill Silver – TL Category Best Skill Bronze – GL Category	Individual & Team	MD DMDs
Quality Month	Best Quality Mind Best Quality Shop	Individual & Team	MD DMDs
Safety Month	Best Safety Mind Best Safety Shop Best SGA Best Hiyari hatto (safety suggestion scheme)	Individual & Team	MD DMDs
E-Bandhana	Program for Newly Wed couples	Couples	GM, VP, SVP

EMPLOYEE INVOLVEMENT EMPLOYEES

	Event	Internal Awards	Individual / Team	Awarded Given By
	Suggestion Committee Meeting	Highest Suggestion Contributors Highest High Value Sugg. Contri. Highest Star Sugg. Contributors	Individual & Team	DMDs, SVPs
T	Environment Committee Meeting	Best Eco Kaizen Best Eco Mind Best CSR Activity	Individual & Team	DMDs, SVPs
Ö	Long Service Awards	10 years of service	Individual	MD
Ö	Ayudhapuja Celebrations	Shop Internal Awards	Individual & Team	Functional Head
	Superannuation	Completion of service	Individual	
Y	Sports Awards	Ekiden Top 20 Runners Ekiden Top 5 Teams 4x400 mt. Top 3 Teams Top 3 teams in Cricket Top 3 teams in Volleyball Top 3 teams in Carrom	Individual & Team	MD & DMDs
<u>_</u>	Annual Dealer Conference	Best Dealer Best CR & CS Team	Individual & Team	MD & DMDs
Ö	Annual Supplier Meet	Best Supplier	Individual & Team	MD & DMDs







Annual Business Communication -Towards enhancing trust among workforce

KALOTHSAVA AT TKM EMPLOYEES

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.



Top Management involvement in the Talent Hunt activities



Kid's Talent Show at Kalothsava



Judges panel consisting of prominent artistes



Top Management Communication Channels
- State Foundation Day Celebration



State Foundation Day presided over by eminent Kannada theatrical, literature & film celebrities

EMPLOYEE BENEFITS

At TKM, we strive hard in our endeavor to provide the best working environment through facilities like:

- ✓ Canteen Services
- Insurance Coverage for employees and their families
- ✓ Financial support in the form of Personal and Education loans at lesser interest rate
- Leave facilities including hospitalization and accident leave, maternity leave; we have also introduced paternity leave.
- Employees can avail 12 weeks of maternity leave and 3 days of paternity leave.
- Transportation facilities for all employees to and fro from home to the plants.
- ✓ We are now introducing latest ergonomic buses to enhance convenience to employees.



Toyota Kirloskar Motor

OCCUPATIONAL HEALTH AND SAFETY EMPLOYEES

TKM Safety Policy

- Be the best company of safety and health
- Safety first, and make the workplace 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 acts and unsafe conditions, we strongly believe the following are the three pillars of safety:

Machine safety, Human safety and Safety Committee.



- Dojo training is simulated based training that ensures that employee gets a practical idea of the possible risks associated with the job and its resultant impact
- Safety sense or KY (Kiken Yochi: danger prediction), the ability of risk identification through safety suggestion schemes like
 Hiyari hatto
- Brainstorming sessions in small groups help in promoting safety sense and team work
- Safety culture involves 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.

MACHINE SAFETY 💢

- Machine safety is ensured on a periodical basis by our expert team and also cross confirmed by the expert group from TMC,
 Japan
- Machine safety is a process and results are managed through KPIs, consolidated as Plant Management Requirement (PMR)
 for safety and closely monitored by management frequently for upgradation
- Supplier chain, dealers and contractor organization are a major part of our safety network, they are also included in the processes undertaken in machine safety
- Despite 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.

SAFETY COMMITTEE

TKM has formed a safety committee to sustain healthy and efficient work force. The committee follows a top down approach such that management is fully involved in safety initiatives. 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 EMPLOYEES



To promote a healthy work environment, TKM periodically reviews sanitation and hygiene conditions, food and water quality. TKM extends its healthy work environment culture to the family members of its employees by promoting health and welfare programmes. Employees undergo medical examinations and also management of body mass index (BMI). Hygiene & behavior and regular, job specific exercise routines are part of TKM's programme to ensure healthy living. TKM runs "quit smoking" and "quit drinking" drives for those employees to discourage such bad habits. Counseling and annual medical check ups are two other facilities we provide to our employees to monitor their mental and physical health.

Processes that may hamper the health of the employee: TKM attempts to resolve these by making suitable amendments to reduce the physical stress caused. Processes are ergonomically designed to suit the lower back and upper limb area that are likely to be affected at work. TKM constantly monitors illumination, noise, dust and gas, temperature and vibration at work to ensure that they all are within the prescribed limits. Employees are made aware of seasonal and serious diseases such as dengue, H1N1, malaria and common fevers. There were no reported cases of work related fatal accidents at TKM during the reporting period.

Workplace Safety, Health and Ergonomics					
Process	Approach	Approach Deployment		Impact	
Workplace Safety	Ensure focused commitment of employees to their jobs by creating a safe work environment by setting safety norms for all processes and ensuring strict adherence to defined standards	 Adoption of safety & environment systems (ISO 14001) at all units, which are more stringent than statutory requirements Strict compliance to all norms Communication and reinforcement through training on safety standards to all employees at all units Mandatory usage of personal protective equipments for all employees/visitors entering production/shop floor SHE training to all new joinees Refresher training to all Safety Month celebrations through involvement of all employees at all units All renovated offices/ buildings to have high levels of built-in safety arrangements 	 Involvement of local community as part of Safety Day celebrations Sharing of best practices on SHE 	 Zero fatal accidents Improving trends for saf man-hours at all locations 	
Workplace Health	Ensure high degree of employee well being by creating and maintaining a healthy work environment	 Annual health check-up for all employees at all locations Counseling by Company Doctor on health issues Mandatory usage of PPEs at workplace Providing healthy & nutritious food to employees 	 Sharing of best practices on employee health by Company Doctor Engaged psychologists for counseling NMS on health issues 	Improvement health of employees	
Workplace Ergonomics	Provide for ergonomically designed workplace to improve employee productivity, reduced fatigue & sickness levels	 Implementation of Workplace Improvement Activities Offices have ergonomically designed workstations with lighting, sound and fresh air norms meeting or exceeding international standards Open office architecture 	 Improvement in workplace, lighting, sound and fresh air 	Improvement employee productivity Reduction in fatigue levels	

HUMAN RIGHTS

TKM believes that human rights have to be kept in accordance to maintain a healthy and functional workforce. Human rights are strongly considered in our operations, processes and contracts to avoid any sort of violation or discrimination against any. TKM procures from only those vendors and suppliers that have demonstrated and strictly follow the internationally set standards on human rights.

Toyota's Guiding Principles form the backbone of the culture that we extend to our stakeholders as a whole. These Guiding Principles help us to streamline our efforts and resources in sustaining our workforce and enable us to harness the optimum performance from our employees. TKM ensures the contract workers and all project related contracts include safety, health, and environment related human rights clauses.

Toyota Guiding Principles:

Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

TKM has established systems in place to ensure implementation and compliance to the company policies, standards and protocols through rigorous and periodic audits by Safety, Health, Environment, Human Resources and Legal teams. At TKM, we practice human rights in the following manner:

- By abiding the law of the land as maybe applicable to our business
- All our operations and business units follow TKM policies and standards
- All our vertical heads are trained and empowered to ensure the implementation of fair labour practices
- Periodic inspections by regulatory body officials to our operation sites to ensure compliance to labour, environment, safety, factory acts, etc., as applicable
- Adherence to TKM's human rights policies by all service providers /suppliers /vendors operating within our premises
- Whistle Blower Policy (WBP) and Ombudsman take care of Human Rights' violations, if any

CODE OF CONDUCT AND CODE OF ETHICS

TKM's Code of Conduct and Code of Ethics awareness is imparted to every employee during their induction. Values and Ethics are communicated to all employees through emails, communication meetings, newsletter, billboards and value standees. The Code of Conduct elaborates on TKM's stand on violation of human rights, incidents of child labour or violation of indigenous rights. To ensure employees adhere to the code, we carry out reviews/assessments at all the business units. Contractors and regional offices are reviewed twice in a year.

Our policies and training ensure smoother and non-discrimative work environment. During the reporting period, there were no incidents of discrimination on grounds of race, color, gender, religion, political opinion, nationality, ethnicity or economic status.

TKM adheres to the norms and statutes as defined by the ILO, UN Declaration on Human Rights.



FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING HUMAN RIGHTS

To enhance the team work and unity amongst workforce; TKM supports freedom of association & collective bargaining. TKM Employees Union serves as the platform for the same. Management and the union work as the pillars of the company, it is from these pillars that TKM derives its strength thereby realizing all our goals. About 62% of the employees are covered by collective bargaining agreements. Joint Declaration between the Union and Management is entered into, which is first-of-its kind in the

Indian Automobile Industry.

During the joint discourse of collective bargaining between the Union and Management; matters pertaining to human rights & employee welfare are discussed and addressed. Every year, they enter into a Memorandum of Settlement. A minimum notice period of 14 days, as per law is followed in case there are any significant operational changes. Here, both the parties participate in the common well defined goal and purpose of - every team member must put in continuous efforts with a vision of making a global car.



Mr. T.S. Jaishankar, SVP greeting Mr. S.R. Deepak, President of TKM-EU during the signing of Memorandum of Settlement.
Mr. S.R. Umashankar IAS, Commissioner of Labour are seen

GRIEVANCE REDRESSAL MECHANISM

TKM's grievance redressal mechanism has a multi dimensional approach wherein individuals from responsible departments assemble periodically to scrutinize and address issues as maybe reported.

Employee grievances may include matters related to workplace issues, discrimination, harassment, etc., at work place. The following table lists the various grievance redressal mechanisms that TKM has in place:

Channel	Attendees	Formal / Informal	Frequency
Morning Meeting	HOD+Team mates	Formal	1/Day
Workplace Committee Meeting	Shop Mgr+Shift DM+ECMs+ERO	Formal	1 / Month
One-to-One	Supervisor+TM	Formal	Need-based
Employee Relations Officers	ERO+TM	Formal	Need-based
ECM+Plant+HR	HR+ECMs+Plant Mgt	Formal	1 / Month
Union Weekly	HR+Prod.HOD+Union	Formal	1/Week
Plant - HR Meeting	Plant Heads + HR Heads	Formal	1/Week

Besides this, every supervisor is personally in charge of the welfare of his / her team and is required to interact with team members on a regular basis to know their grievances and report them through appropriate channels.

