



“THE PEOPLE
WHO HELP US
SIMPLIFY
SUSTAINABILITY.”



Employees are the core strength of our company. We had 6,438 employees in the reporting period and each of them is considered an important asset of TKM. All the employees are groomed to follow the Toyota Way.

At TKM we use the simple logic that if our employees are happy, our other stakeholders in turn will be prosperous.

We at TKM have built a strong Human Resource Development strategy which addresses key aspects such as Code of Conduct, Human Rights, Performance Review and others. We encourage a holistic approach of learning and development through our training programmes and workshops.

TKM encourages its employees to grow both personally and professionally by providing an equal opportunity to each of our employees.

THE WORKFORCE DATA

TKM has 6342 Male employees and 96 Female employees. A detailed workforce data is as follows:

| Categorization | 2013-14 | | | 2012-13 | | | 2011-12 | | |
|------------------------------------|---------|--------|-------|---------|--------|-------|---------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| By Employee Contract | | | | | | | | | |
| Permanent | 6342 | 96 | 6438 | 6431 | 104 | 6535 | 6126 | 96 | 6222 |
| Contract | | | 701 | | | 2065 | | | 3355 |
| Trainees | | | 1341 | | | 1675 | | | None |
| Total | | | 8480 | | | 10275 | | | 9577 |
| By Employee Type | | | | | | | | | |
| Full Time employees (Headcount) | 6342 | 96 | 6438 | 6431 | 104 | 6535 | 6126 | 96 | 6222 |
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RECRUITMENT and REMUNERATION

TKM follows a fair policy in recruiting prospective candidates to the workforce. TKM is 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. The employees must be competent and should be able to contribute willingly to the development of the organisation and also groom their persona in accordance.

Since, TMC plays a key role in product development and our business practices, the Japanese expatriates work very closely with us at TKM. These expatriates assist TKM management to understand TMC expectation and align all the activities to Toyota Way.

TKM's Remuneration policy states "equal pay for equal work". This illustrates the same compensation structure across the same pay scale, for men and women. The company also adheres to minimum wages regulations as applicable by the Government of India.

PERFORMANCE REVIEW

Performance review is bi-annual process. It consists of outlining and assessing performance basis key targets, reviews, developmental feedback and training and development. All permanent employees and trainees are eligible to undergo performance reviews.

It ensures that the assessment of the employees is done in a well-organised manner by identifying the gaps and supporting them to progress accordingly. This helps in the overall growth and optimisation of personnel through periodic appraisals.

Performance review provides equal importance to result and processes. About 19% of TM's got promoted this year and the organisation was restructured based on business requirement.

100% of Permanent employees (6438) completed performance review for the year 2013-14.

EMPLOYEE RETENTION

TKM carries out an Employee Engagement Survey – 'Morale Survey' once in 2 years. Morale survey is conducted to grasp team member's perspective on company's policies and systems. Improving the policies and procedures will have long term action plan. These results will be taken as key targets for the year to improve the current policies and a system which helps the company achieve the ultimate goal of Toyota Way.

Employee counselling 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 wellbeing at TKM.

Observing the increase in the attrition rate, we have timely grasping of employee grievances through various activities like Morale survey, people connect, exit survey etc.

Hence to enhance the communication between the Management and employees, we have introduced various activities to build a healthy working environment.

The employee turnover increased to 2.40% during FY 2013-14 as compared to 1.80% in 2012-13.

EMPLOYEE TURNOVER (%)



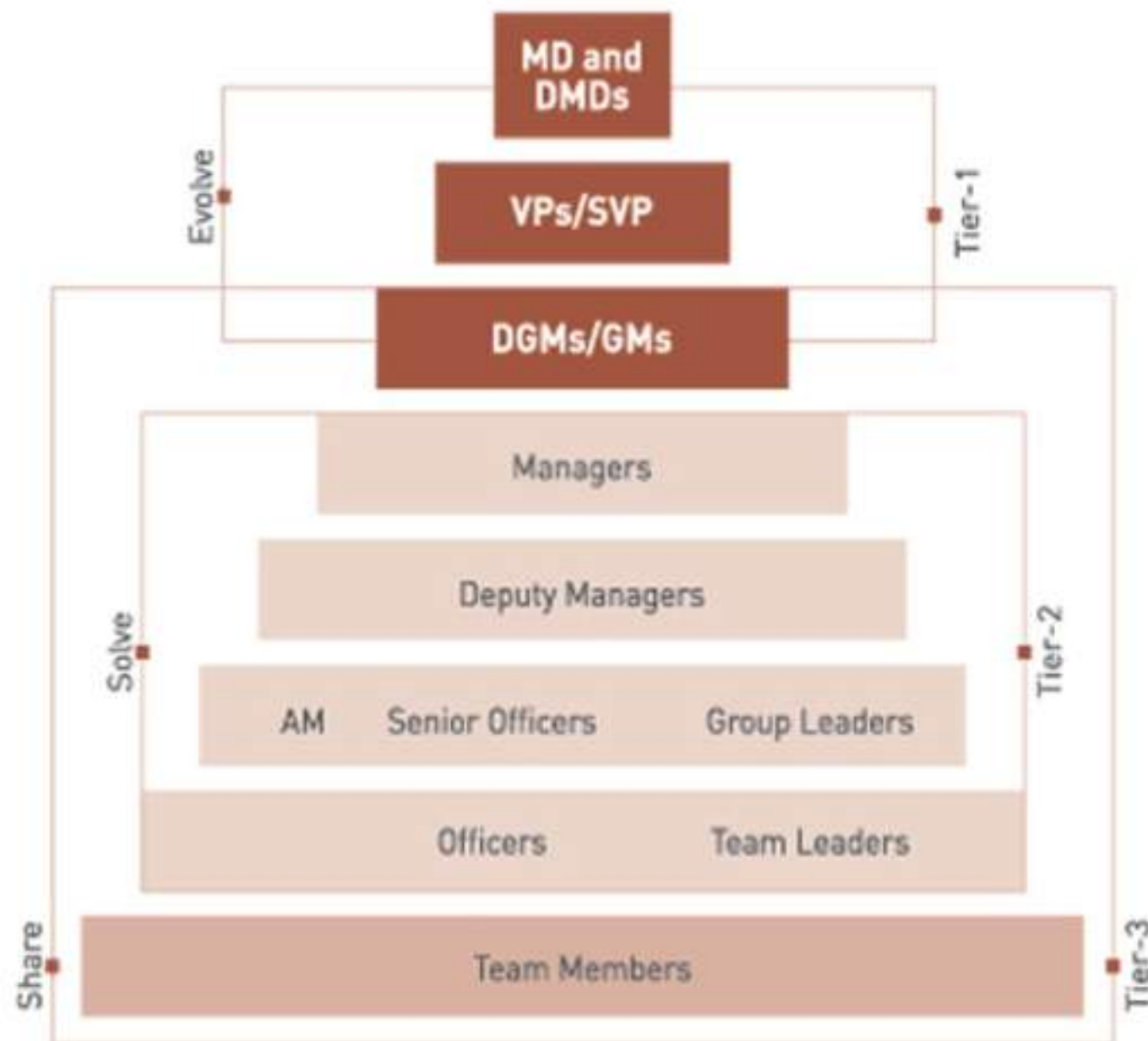
PEOPLE CONNECT

This is an initiative introduced in FY 2013 to provide an opportunity for employees and Top Management to share and understand each other's thinking on issues of common interest.

A well planned communication system is followed in TKM wherein any concern raised at a team member level is shared and solved at the Tier 2 level. In case of any changes the issue is taken up to the tier 3 level. These communications between the 3 tiers are controlled using the People Connect initiative.

People Connect is carried out once in a year and till date 187 concerns have been raised out of which 58 are solved and the rest are still in progress. Upon resolving the concern, a companywide mail or a circular is sent to ensure that the employees are aware of the progress.

CONCEPT OF PEOPLE CONNECT



SMALL GROUP ACTIVITY

A Small Group Activity is a group of people working to solve problem to achieve the same goal. With an objective of sharing Toyota Values and to develop Kaizen culture/mindset of employees.

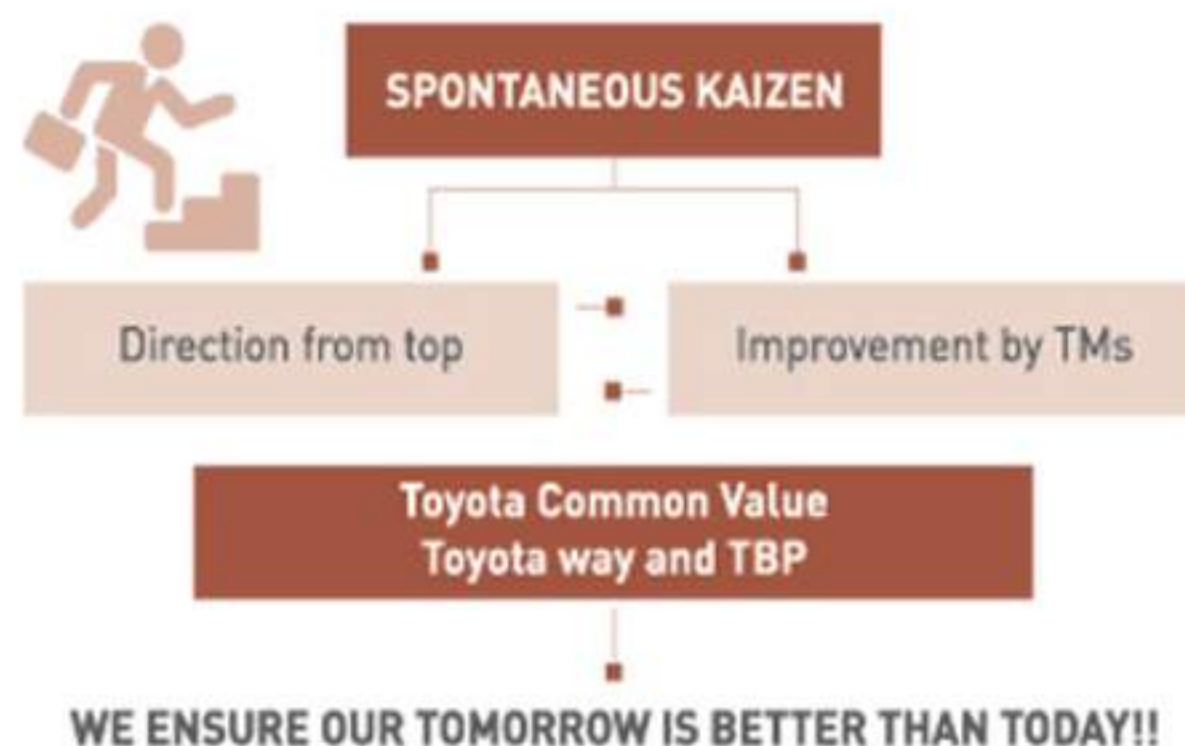
This activity also helps us enhance the sense of belongingness among employees.

Small group of individuals belonging to a same division select a theme i.e; problems in their work area and work together to establish a counter measure.

SGA has been made a mandatory process at TKM. Every year 3 – 4 cycles of SGA are carried out and a common theme is selected companywide. Each division manager has to participate in the activity. Based on the theme, division heads shortlist one best activity from their respective division. These shortlisted activities are judged by a panel from production, office, sales and marketing.

As a motivation a participation award is given to all the shortlisted participants. The winner team is given an award and felicitated by the Company.

SHARE TOYOTA VALUES AND DEVELOP KAIZEN MIND AT TKM



RAJYOSTHAVA

Kannada Rajyosthava ("Birth of Karnataka State") is celebrated in Karnataka on 1st of November every year. This was the day in 1956 when all the Kannada language - speaking regions of South India were merged to form the state of Karnataka.

TKM celebrates Kannada Rajyosthava by involving all its employees. A well planned event is organised including eminent personalities who have contributed to the empowerment of Karnataka State. A cultural event is organised wherein employees are given an opportunity to participate and exhibit their talent.



Kannada rajyosthava celebration at TKM



Kannada rajyosthava celebration at TKM

EKIDEN

Ekiden is a term referring to a long-distance relay running race, typically on roads. TKM hosts Ekiden once in a year to motivate employees. The main objective of organising this event is to develop a friendly environment and to create awareness on Healthy Living.

**LEARNING AND DEVELOPMENT (L&D) AT TKM**

Learning is a continuous and company-wide process wherein supervisors motivate and train subordinates and employees at all levels and share knowledge with one another. Every employee is motivated to learn for his or her own development.

Objective of Learning and Development is to:

- » Improve the abilities of each employee, by improving the performance of the entire organisation from a mid-to-long-term perspective.
- » Maintain and improve the morale of employees by providing them with the opportunity for self growth through work.

TOYOTA WAY - PRINCIPLES AND PRACTICES:

Key focus of learning and development is to impart the principles and practices of Human Resources Development. Key culture building modules include:

| Training Modules | Composition |
|--------------------------------|---|
| Toyota Way | Company's philosophy and values to all employees that are the foundation for all work in Toyota, in other words DNA of Toyota |
| Plan, Do, Check and Act (PDCA) | The approach to business to achieve continuous improvement in a seamless manner |
| A3 Reports | A tool used to communicate and build consensus in Toyota using a single sheet |
| Toyota Business Practices | Daily problem solving methodology that puts the philosophy, values, approach and tools into practice |
| On-the-job Development (OJD) | Employees to grow and sustain the skills and abilities |
| HoshinKanri | Enables to translate the Company vision into objectives and actions in all functions and at all levels of the Company |

TOYOTA PRINCIPLES AND PRACTICES

"People are the most important asset of Toyota and determinant of the rise and fall of Toyota. Because people make our automobiles, nothing gets started until we train and educate our people"
Eiji Toyoda

LEARNING MODEL

TKM's learning model is composed of On the Job Development, Self Initiated projects and Classroom training (OJD). Everyone who works in Toyota experience 70% of their development through the job itself; and the experience serves as a driving force in developing the next generation. Further, self-initiated projects to cultivate self motivation and enhance communication skills (20%) and classroom training (10%) supplement the learning needs of

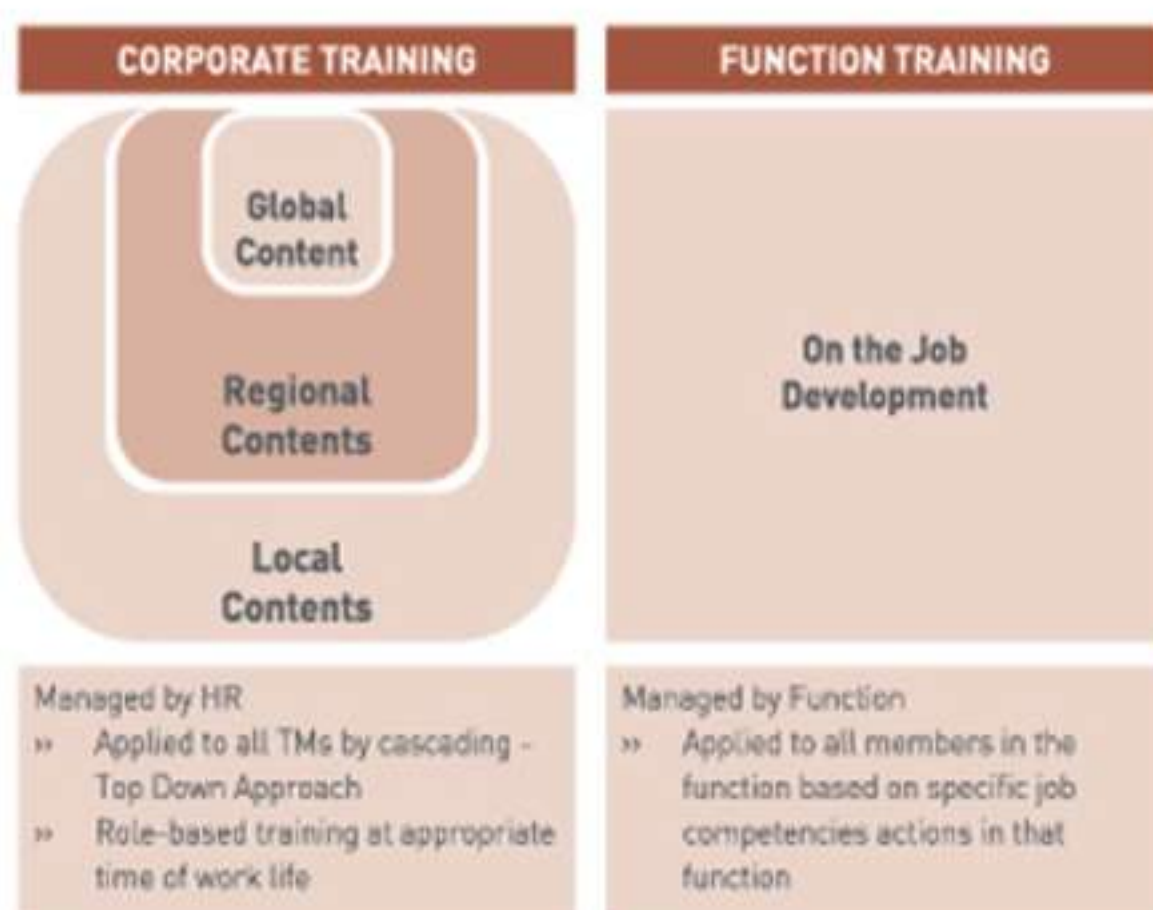
the employees which cannot be covered by OJD. Special focus is given to develop specialised knowledge, ability and skills to accomplish work operations.

Learning needs of the human resource is assessed as a first step of development and the content is designed based on the need assessment. Opportunities are created for employees to implement their learning in the respective job and continuously monitored to achieve complete learning utilisation.



TRAINING STRUCTURE

Work Life Plan is designed for all the employees, which helps them to improve their abilities and thoroughly fulfill their roles. Work life plan provides overall image to members about opportunities for development available at different point of their career and also provides support to develop competencies of all the members. It is purely designed based on member role, skill requirements with respect to their designation.



Overall training structure is classified into two:

1. Corporate Training:

Managed by HR team and broadly contains Global, Regional and Local need-based programmes. These are classified into Plant Trainings and Office Staff Trainings. Details are as given below:

A. Plant Trainings

| Programmes | Team Member Trainee | Team Member | Team Leader | Group Leader |
|--|---------------------|-------------|-------------|--------------|
| NannaPragathi [Self Development] | ✓ | | | |
| Team Member Role | | ✓ | | |
| Toyota Way Foundation | | ✓ | | |
| Quality Control Circle (QCC) | | ✓ | | |
| Toyota Production System (TPS) Fundamental | | ✓ | | |
| English Language Training | | ✓ | | |
| Supervisors Development Programme [Winning Together] | | | ✓ | |
| Toyota Job Instruction [TJI] | | | ✓ | |
| TPS – Standardised Work and Kaizen | | | ✓ | ✓ |
| Team Leader Role Training | | | ✓ | |
| Problem Solving Technique (PST) | | | ✓ | |
| Post Promotion Training for Team Leaders | | | ✓ | |
| Quality Control Circle Leader Training | | | ✓ | |
| Toyota Communication Skills (TCS) | | | ✓ | |
| Group Leader Role Training | | | | ✓ |
| Post Promotion Training for Group Leaders | | | | ✓ |
| Workplace Counselling Skills | | | | ✓ |

B. Office Staff Trainings

Office staff training include induction, basic Microsoft office, Cross Culture Awareness, Planning and Scheduling, Toyota Way Foundation, Power Your Presentation Skills, PDCA and A-3, Toyota Business Practice, Deputy Managers Development Programme and Post Promotion for Managers.

2. Functional Training:

Managed by each function, a need-based training is imparted to the employees within the function. For example: Auto-CAD, Macros, Robotics Training, Taxation, Budget Impact etc.

Apart from these trainings, employees attend trainings organised by external training agencies to keep abreast of the latest developments in their work arena.

TRAINING COVERAGE

Training modules are developed for executives, non-executives and others including apprentice and contract members. Overview of training imparted is as given below:

| Employee Category | 2011-12 | 2012-13 | 2013-14 |
|--------------------------------|---------|---------|---------|
| Executives (Grade 7 and Above) | 1317 | 1535 | 1646 |
| Non-Executives (Grade 8) | 3936 | 4095 | 5368 |
| Others (Apprentice & Contract) | 2186 | 2247 | 1323 |
| Total Trained | 7439 | 7877 | 8337 |

TRAINING IMPARTED TO EMPLOYEES

TKM also regularly imparts training to stakeholders – Suppliers, Dealers, Community and Corporates. TKM has adopted Ramanagar ITI under Public-Private-Partnership and is committed to the all-round development of the ITI students.

TOWARDS SUSTENANCE

To ensure sustenance, L & D has focused on leadership pipeline development, supervisors development and employees development. Concerted efforts have begun to develop our suppliers and dealers.

Campus Connect: Keeping in mind the future skill requirement, TKM has initiated "Campus Connect" programme wherein Principals and Faculties of ITIs, Diploma and Engineering Colleges across Karnataka State are trained so that the quality of education improves from mid-to-long-term perspective and creates a productive workforce.

FEEDBACK CONSOLIDATION AND PDCA (Plan, Do, Check and Act)

After training, feedback is consolidated on the content, understanding level of participants, facilitators knowledge and skill and administrative aspects. In case of identified trainings, for example, Group Leader Role training, visit to the shop floor is made to understand whether the learning has been implemented at the workplace. Based on the feedback, content and methodology of the training programmes are reviewed and the revised content is rolled-out. By this, PDCA of training programmes are ensured.

Sadashiv Uppar hails from Mudhol village in Bagalkot District of Karnataka. He is the youngest son (among six-children) of his parents who eke out their livelihood through masonry. After completing his schooling in a government school at Mudhol, he moved on to Bangalore to study his ITI. After completing ITI, he joined a Company in Jigani, a small industrial hub for a meagre salary of Rs.1810/- per month.

Sadashiv joined TKM in 2002 as a Team Member in Assembly Chassis Line. He came across "Skill Contest" which is organised at TKM every year. He lost in shop-level contest during 2006, 2007 and 2008 consecutively. However, in 2010, he learnt from his previous mistakes and performed his level best. He won gold medal at Company level and further bagged the Silver medal at the Asia Pacific Skill Contest! In the meanwhile, he got promoted as a Team Leader.

In 2012, he contested in the "Skill Contest" in Team Leader category and won gold medals at Company-level and Asia-Pacific level. His dream came true when he also bagged gold medal at the Global Skill Contest held at Toyota Motor Corporation, Japan!

"Company has supported me to develop and showcase my skill at international levels. When I can achieve this, I believe that even my team members can do it. And it is my responsibility to develop and motivate my members," says Sadashiv.

TRAINING
SUCCESS STORY