

CONTENT

	ABOUT THE REPORT	02
04	MESSAGE FROM MANAGING DIRECTOR	
	MESSAGE FROM VICE CHAIRMAN	05
06	MESSAGE FROM VICE CHAIRMAN	
	MESSAGE FROM EDITOR'S DESK	07
08	CORPORATE SUSTAINABILITY PHILOSOPHY	
	COMPANY PROFILE	11
27	AWARDS	
	ENVIRONMENT	30
51	CUSTOMERS	
	EMPLOYEES	55
69	COMMUNITY	
	BUSINESS PARTNERS	76
96	MARKETING AND BRAND PROMOTION	
	ECONOMIC PERFORMANCE	99
103	GLOSSARY	
	GRI INDEX	104

MESSAGE FROM MANAGING DIRECTOR



Naomi Ishii
NAOMI ISHII
MD and CEO

Toyota Kirloskar Motor's stability, growth and resilience over time, are a result of its long-term focus and a balanced approach to decision-making that takes into account economic, social and environmental considerations.

At TKM, we are reinforced by a firm belief that a sustainable business can be versatile and flourish in a dynamic market. We have been able to uphold our strong commitment towards sustainability by ensuring certain basic parameters. Driving energy efficiency, reduction in carbon footprint and deploying water use efficiency, waste management and supply chain sustainability programs, are some initiatives that have supported us in this endeavor.

India faces some key challenges in the areas of safety, environment, energy, human resource development and advanced technology. TKM is addressing these challenges using the Toyota Way and Toyota best practices tool which are designed to drive business results and enhanced profitability while ensuring sustainability of the organization.

We, at Toyota, contribute to 'Swachh Bharat' through our CSR activities. In line with the Government's 'Make in India' vision, TKM manufactures best quality products and creates

processes that develop local youth into employable technicians, thus giving a boost to the 'Skill India' initiative. Also, we share our best practices like 5-S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) which help us in realizing our dream of 'In India, For India and By Indians'. These strategies instill a sense of pride in the minds of Toyota customers about their contribution to the society.

We recognize the fact that our sustainability program will evolve as the company grows. Concurrently we will update our stakeholders by issuing annual reports on our sustainability program and engaging them in initiatives they believe are important to our continued success. We partner with our stakeholders in enhancing the profit square.

We thank you for the opportunity to present our sustainability performance report that highlights how we are steadily moving forward creating value together. We hope this report brings many initiatives which may be of interest to you.

Let us work together as 'One Team One Goal', ensure sustainable performance and enhance the 'Competitiveness' of the organization.

MESSAGE FROM VICE CHAIRMAN



Sustainability has emerged as an important component in our everyday lives, directly affecting our daily activities— the products we purchase, and the materials we recycle. It even shapes our views on politics, business, climate change and more.

As a company we are defined by our strong commitments to our customers, employees, shareholders and the communities we serve. We continue to relentlessly drive operational excellence and invest in innovation and sales development to deliver profitable growth. To meet this end, we are improving the time-to-market of new innovations and creating value propositions with greater local relevance in key markets around the world.

At TKM, environmental sustainability drives us to utilize resources more effectively, improve the reliability and lifecycle of our products and reduce their impact on the environment. In this context, there has been no contradiction between meeting our customers' needs and environmentally sustainable development. Our sustainability initiatives focus on three key areas: promoting health and wellness, minimizing our environmental impact and benefitting the local communities where we operate.

Issues of environment and technology are becoming important for industry and the auto sector too is required to adopt clean and green technologies. Accepting that energy security and oil is important for the country's future, Toyota has adopted the world's best automotive technology, and we are currently riding the wave of technological modernization in the automobile industry, introducing products like Prius and Camry. The company's Green Initiatives seek to inspire people to contribute to environmental improvement and sustainability.

With every new generation, Toyota has improved fuel efficiency of its automobiles by around 10 percent. Buoyed by the response to its hybrid sedan Camry, Toyota is seriously considering bringing more such alternate fuel technology vehicles to India.

Building community trust through responsible and sustainable management of our business is an integral part of our culture. Over the years, we have consistently worked to integrate corporate responsibility and sustainability across every aspect of our business. We continue to invest significantly in creating shared value with our employees, communities, customers and shareholders. Amidst all this, our people will continue to be a source of competitive advantage as we aggressively hire and develop the best-in-class talent. Thus helps us to build a strong employer brand and ensure full focus and execution towards achieving the objectives of our stakeholders.

We look forward to continuing our journey, working with many others toward our common goal of a brighter future for all. I thank you for your continued support to our company as we provide best-in-class, integrated solutions for a sustainable future.

VIKRAM KIRLOS KAR
Vice Chairman



MESSAGE FROM VICE CHAIRMAN



We, at TKM, believe it is essential to be conscious and responsible in our approach towards stakeholders and environment, with sustainability as the basic foundation of our business strategy. Our sustainability approach is directed towards the betterment of society and is based on economic, environmental and social principles.

The Indian automobile industry accounts for more than 7 per cent of the country's GDP (FY2014) and 22 per cent of the manufacturing GDP. The Government of India has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles under the National Electric Mobility Mission 2020 to encourage the progressive induction of electric and hybrid vehicles in the country. The launch of Camry Hybrid reiterates our desire to stay ahead of the curve in an automobile segment that is futuristic. We would like to thank our customers for accepting and appreciating a product which symbolizes our commitment towards conserving the environment. We will constantly work towards educating and encouraging the use of Hybrid vehicles in India.

We are very keen to spearhead the unique initiative of launching an online portal called Toyota Parts Connect

that aims to facilitate the distribution of genuine spare parts and accessories of all Toyota models for our customers, which is the first of its kind in the industry. This additional distribution channel reinforces our commitment towards leadership in customer satisfaction and safety, thereby enhancing customer delight.

In line with the core Toyota philosophy of achieving sustainable development, TKM has made numerous contributions towards the betterment of lives across the nation in the field of education, health, hygiene, road safety, environmental issues and skill development. TKM is increasing the scope of its activities with a focus on improving the lives of female students across the country. We have recently inaugurated the company's sanitation project in line with the Government's 'Swachh Bharat - Swachh Vidyalaya' campaign. Aimed at curbing school drop-out of girls, due to lack of sanitation facilities, the project provides access to hygienic sanitation facilities in all Government schools, across Varanasi. So far, we have constructed 500 units of sanitation facilities across the country.

We believe in conserving and propagating judicious use of natural resources in every possible manner. We take pride in spreading eco-awareness and also wish to inculcate a sense of responsibility amongst young minds and the society at large for a greener tomorrow. We shall strive for excellence by nurturing, developing and empowering our employees, by encouraging an open atmosphere that is conducive to learning and teamwork.

With sustainability being the core of our business model, we firmly believe and fully endorse the thought that 'Only those who grow sustainably will thrive'

SHEKAR VISWANATHAN
Vice Chairman and Whole-Time Director

MESSAGE FROM EDITOR'S DESK



RAJU B KETKALE
Sr. Vice President - Manufacturing

It gives me great pleasure to present to you our Sustainability Report for the FY2014-15. It is an expression of our commitment towards the environment, community and progressive economy.

We have, over the years, taken rapid strides in our journey towards going green, covering new ground, touching the lives of people and overcoming challenges along the way. This report is a transparent and voluntary disclosure of our sustainability initiatives.

At TKM, we strive to lead in sustainability by including in it all our activities. Our business is committed not just to profitable growth but also to leaving a deeper impact on the society as a whole. We aim towards this larger goal by operating in a manner that minimizes our impact on the environment, even help in replenishing the planet, and lending a helping hand to the community.

Our sustainability solutions for industrial water, energy and air applications deliver what we describe as an environmental return on investment for our customers. We achieve this in two ways- by shrinking their environmental footprint, and reducing their total cost of operations.

Significant steps are being taken to not only reduce our carbon footprint but also continuously monitor waste generation by efficient operation of the effluent treatment plant. Rainwater

harvesting continues to be a focused activity at our manufacturing plant. Efforts are in full swing to conserve and maintain the groundwater level as well. We have further broadened our environmental focus by developing a conservation plan to enhance biodiversity in and around the plant.

As we expand our business operations across the length and breadth of the nation, we are also addressing the societal needs through community engagements. We will strive to fix and meet more stringent goals for ourselves while advancing on the road to establishing a more socially meaningful enterprise.

I invite you to explore this Sustainability Report in detail to learn more about our performance in our own operations, and for our customers, our growing number of CSR initiatives and how the people of TKM daily demonstrate their dedication to sustainability.

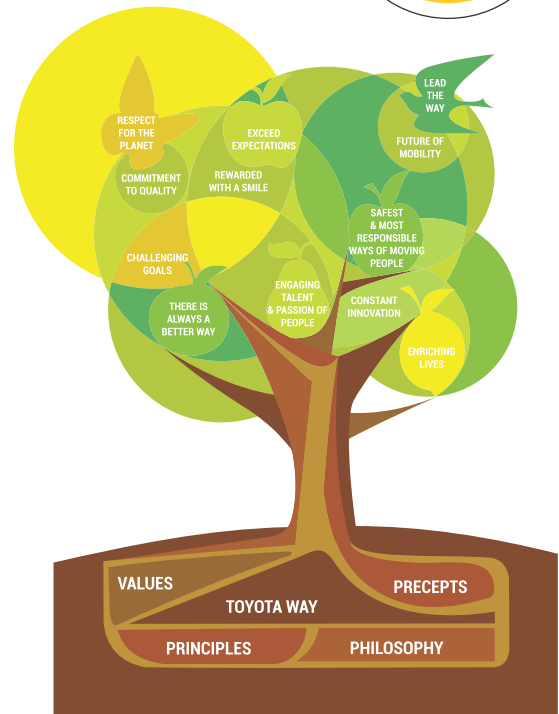
We welcome your feedback at
sustainability@toyota-kirloskar.co.in

VISIONARY MANAGEMENT

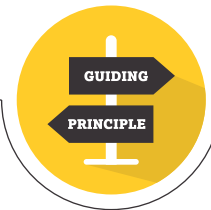


The roots of the tree are the shared values that have steered Toyota from the beginning and underlain our monozukuri. They are values expressed in the Toyota precepts, in the Toyota Guiding principles and in the Toyota Way, which are the basis of our business. 'Fruit' that Toyota provides for customers is creating "always better cars" and enriching lives of communities. Though the efforts, we aim to become an admired and trusted company in the various regions where we conduct business. The trunk of the tree, underlying support for Toyota's creating products that earn smiles from our customers, is the stable base of business. Toyota's business activities are based on the concept; ensure sustainable growth by fostering the virtuous circle.

- ▶ Always better cars
- ▶ Enriching lives of communities
- ▶ Stable base of business



GUIDING PRINCIPLE



01 Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world

02 Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the community

03 Dedicate ourselves to provide clean and safe products and to enhance the quality of life everywhere through all our activities

04 Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide

05 Foster a corporate culture that enhances individual creativity and teamwork, while honouring mutual trust and respect between labour and management

06 Pursue growth in harmony with the global community through innovative management

07 Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping our selves open to new partnerships

The Guiding Principles at Toyota reflect the kind of company that Toyota seeks to be in light of the unique management philosophy, values, and methods. Toyota, together with its consolidated subsidiaries, hopes to contribute to sustainable development through its corporate activities based on understanding and sharing of the Guiding Principles at Toyota.

The Guiding Principles at Toyota define the mission of Toyota and the value company delivers to the stakeholder.

EARTH CHARTER



The Toyota Earth Charter is based on the Guiding Principles at Toyota which embodies Global Toyota's comprehensive approach to environmental issues.

The Toyota Earth Charter, to date has been adopted by about 530 affiliates worldwide.

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, based on thorough preventive measures and compliance with laws that address environmental issues on the global, national and regional scales, and promote continuous implementation
- ▶ **Working in cooperation with society:** Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in 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
- ▶ Develop and provide products with top-level environmental performance
- ▶ Pursue production activities that do not generate waste
- ▶ Implement through preventive measure
- ▶ 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
- ▶ Participate in the creation of a recycling-based society
- ▶ Support government environmental policies
- ▶ Contribute also to non-profit activities
- ▶ Towards better understanding: Actively disclose information and promote environmental awareness

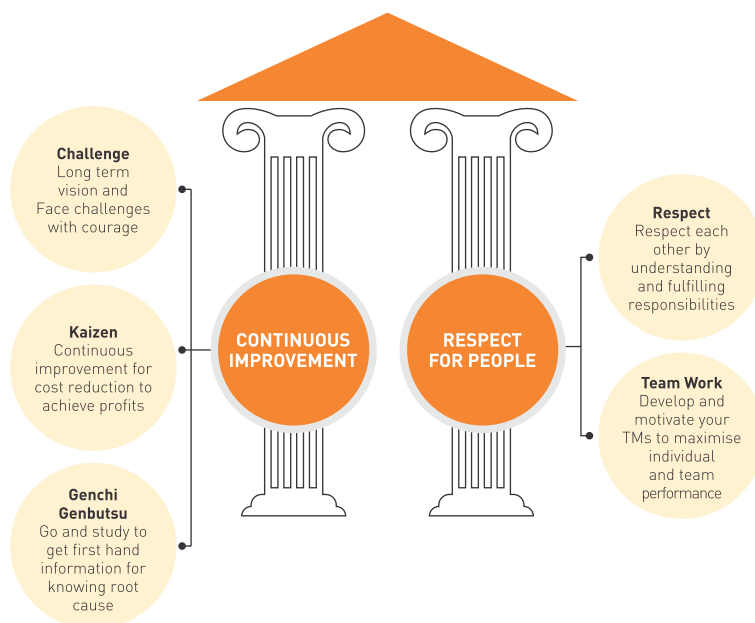
ORGANIZATION IN CHARGE

Promotion by the Toyota Environment Committee which consists of top management (chaired by the president).

TOYOTA WAY

The Toyota Way is an ideal, standard and a guiding beacon for employees of Toyota across the globe. It expresses the beliefs and values shared by all of us. The Toyota Way is based on the Guiding Principles at Toyota, which defines the mission of Toyota as a corporation and the values the company delivers to customers, shareholders, associates, business partners and the global community. It defines how people of Toyota perform and behave in order to deliver these values. It functions as the automatic nervous system for Toyota organizations.

The Toyota Way is supported by two main pillars. They are 'Continuous Improvement' and 'Respect for People'. We are never satisfied with where we are and always strive to improve our business by putting forth our best ideas and efforts. We respect people and believe the success of our business is created by individual efforts and good team work.

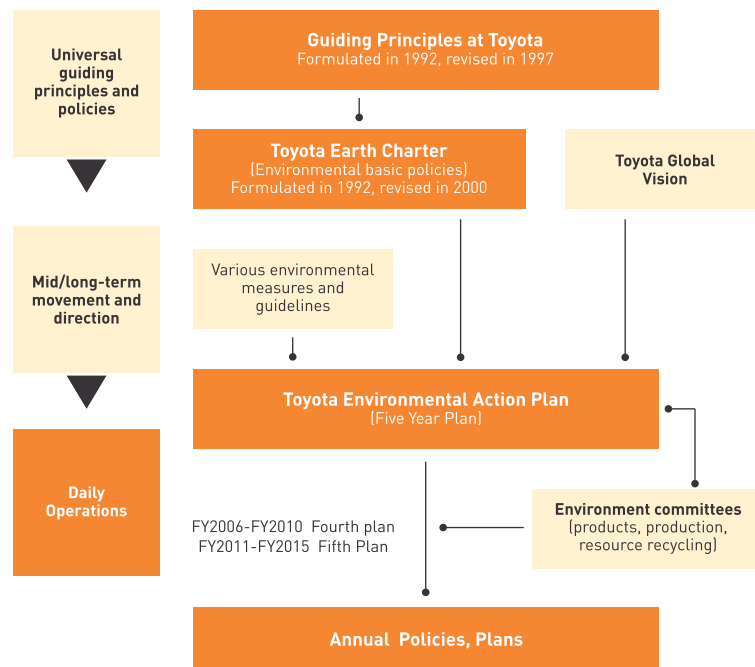


ENVIRONMENTAL ACTION PLAN



The Toyota Earth Charter, the company's action plan for the global environment and the Toyota Global Environmental Action Plan, which embodies the Toyota Earth Charter, facilitates all the global environmental initiatives. Beginning 2011, Toyota promotes its activities based on the Fifth Toyota Environmental Action Plan that shows the corporate vision and the direction of Toyota.

TKM's environment performance is detailed out in the 5-year Environment Action Plan, through which annual environment plan is formulated, percolating to activities and programs that are implemented at the plant level.





COMPANY PROFILE



T S JAISHANKAR
DMD - Commercial

Our vision is to meet challenging goals by engaging the talent and passion of our people, who believe there is always a better way. As a responsible corporate citizen, we ensure fair labour practices, decent work and human rights. Further, we strive to make "always better cars" and "enriching lives of communities" by ensuring sustainable profitability from mid-to-long-term perspective.



ABOUT

TOYOTA KIRLOSKAR MOTOR



COMPANY PROFILE

Toyota Kirloskar Motor Pvt. Ltd (TKM), one of the leading Auto manufacturers of India, was established in the year 1997, as a joint venture between Toyota Motor Corporation, Japan and the Kirloskar Group, India. Toyota Motor Corporation holds eighty nine percent of the equity, while Kirloskar Group, India, holds eleven percent. The Toyota Kirloskar Motor manufacturing plants are located in Bidadi industrial area, on the outskirts of Bangalore city. Spread over 432 acres, the two plants have a total manufacturing capacity of 3,10,000 vehicles per annum.

Commercially, Toyota Kirloskar Motor has more than 283 dealer outlets and 121 suppliers spread across the country.

Key Products and Market Segmentation

TKM manufactures Innova, Corolla Altis, Fortuner, Etios, Etios Liva, Etios Cross, Camry and Camry Hybrid. Land cruiser, Prado, Prius are imported as Completely Built Units.

TKM also exports the Etios to South Africa, Mauritius, Bhutan, Nepal and Brunei. Similarly, the Innova is exported to Bhutan and Fortuner to Nepal.

	PLANT 1	PLANT 2
Established	October 1997 (Start of production: December 1999)	2008 (Start of production: December 2010)
Location	Bidadi Industrial area, Bangalore	Bidadi Industrial area, Bangalore
Products	Innova, Fortuner	Corolla Altis, Etios, Etios Liva, Etios Cross, Camry & Camry Hybrid
Installed Production capacity	Up to 1,00,000 units	Up to 2,10,000 units

PRODUCT LINE UP



IMPORT



EXPORT



MANUFACTURE



PRADO
Tough yet luxurious



FORTUNER
The art of power



LAND CRUISER 200
The pride of the world



INNOVA
Multi premium vehicle



PRIUS
Planet's favorite hybrid



COROLLA ALTIS
The New Benchmark



ETIOS
The real sedan



ETIOS LIVA
Move in



CAMRY HYBRID
A New kind of luxury,
Ahead of its time

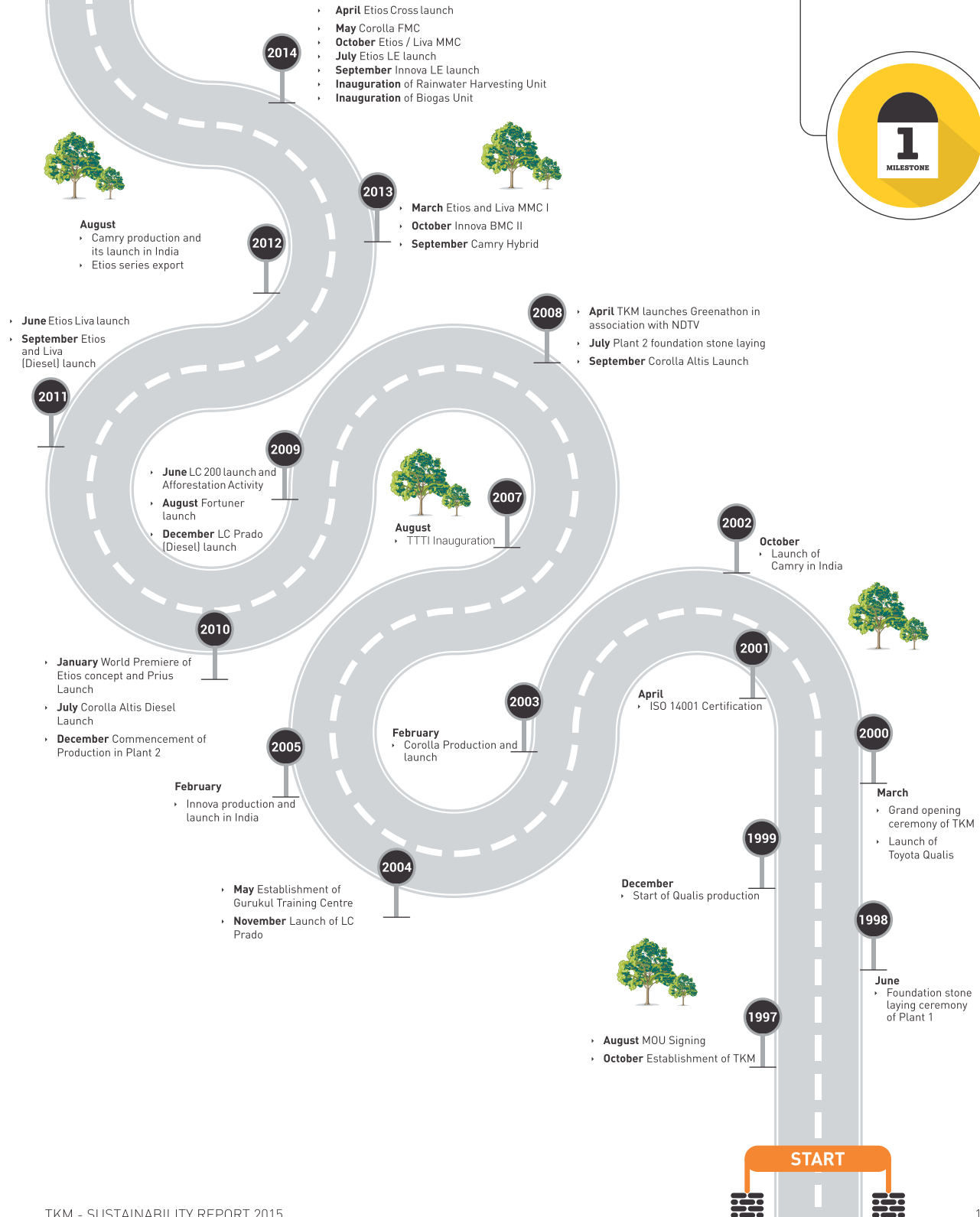


ETIOS CROSS
Born with attitude

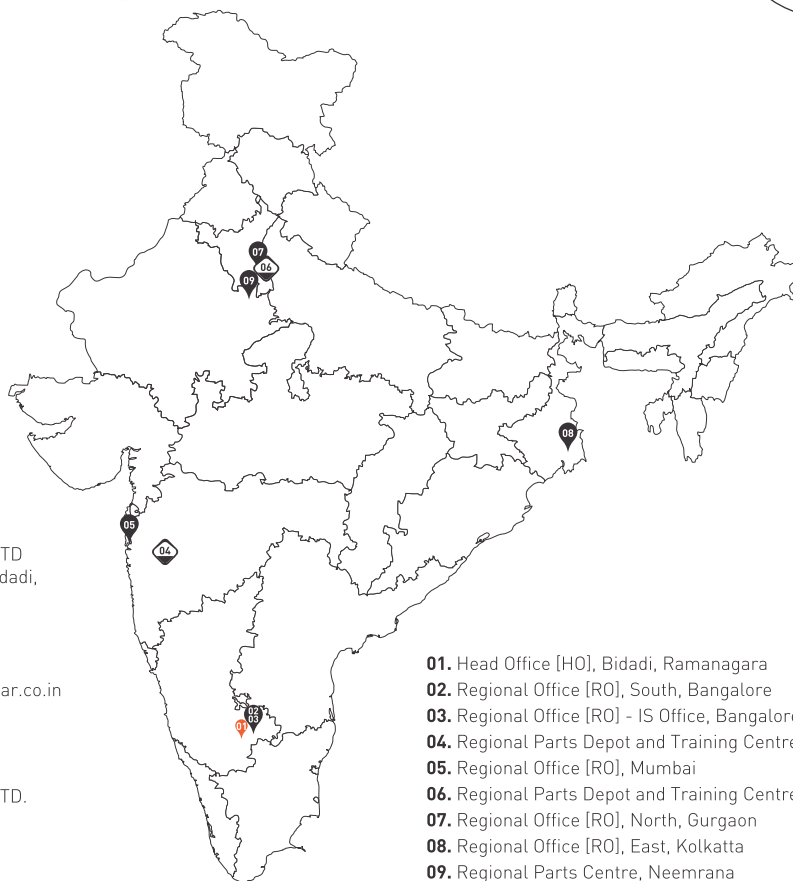
The Innova has been the best selling model in the MPV segment for the past ten years in succession and Fortuner has been the best selling model in the SUV segment in India since 2009. Toyota's new small car, the Etios was first launched in December 2010. Toyota's luxury car Camry is also assembled at Plant 2.

TKM also imports and sell the Land Cruiser, Prado and Prius models as CBUs [Completely Built Units] throughout its dealer network in India.

KEY MILESTONES OF TOYOTA



REGIONAL LOCATIONS



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.

- 01. Head Office [H0], Bidadi, Ramanagara
- 02. Regional Office [RO], South, Bangalore
- 03. Regional Office [RO] - IS Office, Bangalore
- 04. Regional Parts Depot and Training Centre [West], Pune
- 05. Regional Office [RO], Mumbai
- 06. Regional Parts Depot and Training Centre [North], Manesar
- 07. Regional Office [RO], North, Gurgaon
- 08. Regional Office [RO], East, Kolkatta
- 09. Regional Parts Centre, Neemrana

ANNUAL POLICY 2014-15



- ▶ Achieve leadership position in industry by becoming No.1, in SSI, CSI, IQS and other brand related parameters to enhance customer Delight
- ▶ To grow our business in harmony with the goals of the government, community and shareholders
- ▶ Pursuit of perfection in all our operations through strong KPI management and profit square enhancement keeping ROI in mind
- ▶ Strong sense of ownership at all levels to enhance quality, productivity and profitability for organizational sustainability
- ▶ Human resource development across our business operation including suppliers and dealers for competitiveness enhancement
- ▶ Be a learning organization achieving high standards in problem solving through Toyota Best Practices (TBP) way and proactive to predictive approach
- ▶ To be a good corporate citizen by achieving 100% compliance in Safety, Regulation, Environment and all other operational areas

CORPORATE GOVERNANCE



Toyota Kirloskar Motor promotes a culture of high ethical standards, integrity, transparency and accountability in all the business transactions, and in compliance with all laws and regulations. The company has established internal control mechanisms to ensure conformance to the norms of corporate governance and believes in a system driven performance with the highest priority given to these systems.

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.

VALUE STATEMENT

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

VISION

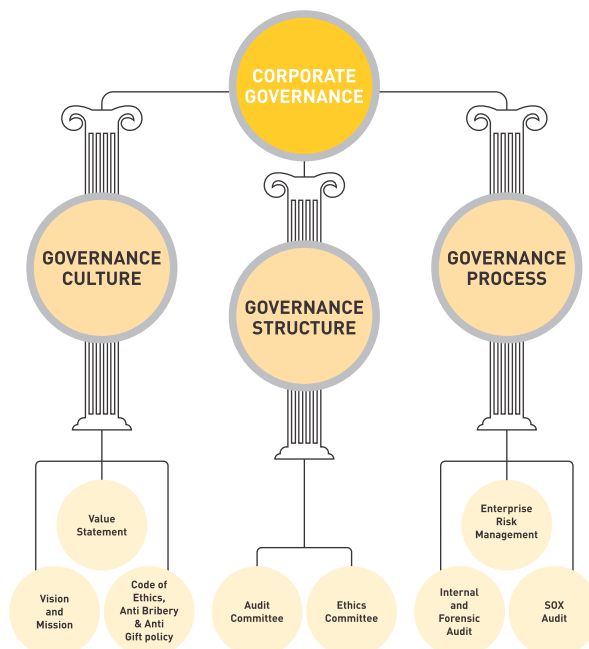
- ▶ Delight our customers through innovative products, by utilizing advanced technologies and services
- ▶ Ensure growth to become a major player in the Indian auto industry and contribute to the Indian economy by involving all stakeholders
- ▶ Become the most admired and respected company in India by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



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

Toyota Kirloskar Motor has a comprehensive Code of Ethics based on the Toyota guiding principles. The values along with the 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 stakeholders such as suppliers, dealers, local community, local authority and regulatory bodies. The broad areas covered by the code are legal compliance, conflict of interests, mutual trust and teamwork.

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**
 - ▶ Every employee in TKM should perform his/her job following 'Toyota Way'
 - ▶ 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**
 - ▶ Team Member (TM) shall follow Labour laws, employment laws, services rules and regulations, standing orders and other laws applicable to the company
 - ▶ Respect all religion and castes without discriminating any 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**
 - ▶ Always satisfy the customers requirement
 - ▶ Fair and accurate while dealing with customers and dealers

- ▶ Shall not indulge in any unfair trade practices
6. **Technology and Engineering**
 - ▶ TM should know and use the most advanced technology to produce outstanding products and touch the hearts of customers
 - ▶ 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**
 - ▶ All employees (including past employees) should not disclose any confidential or important information to third party without authorization
 - ▶ TMs should safeguard company assets and use it for company benefit and are personally responsible for those assets which are entrusted to them
 8. **In relation with Suppliers, Dealers or Contractors**
 - ▶ Practice fair and transparent transaction with all stakeholders
 - ▶ Avoid any Conflict of Interest (Business with other company, insider trading, etc) which affects the interest of the company
 - ▶ 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

The following acts of omission shall be treated as 'Misconducts' by the company and is therefore subjected to further disciplinary action.

- ▶ Offer, authorize or give a bribe to a Government Official, or create the impression that a bribe has been offered, authorized or given
- ▶ Engaging in business directly or indirectly with a Government Official on Company behalf
- ▶ Not reporting to the Company any suspected violations by its employees or others doing business with a Government official on Company behalf
- ▶ Accept directly or indirectly any bribe, favors, gifts or anything of a financial advantage from any person while transacting on Company behalf
- ▶ Such other potential bribery activities and risks

- ▶ 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
- ▶ Authorizing or providing travel benefits, gifts, entertainment, sexual favors 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
- ▶ Making or facilitating payments without obtaining the required TKM internal business and legal approvals
- ▶ Making any incomplete, false or inaccurate entries on TKM's books and records
- ▶ Receiving favors from suppliers, dealers or any other person to favor them

ANTI-GIFT POLICY

Employee 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 team members on acceptance of Gifts and Entertainment, Company has made the guidelines in the above policy.

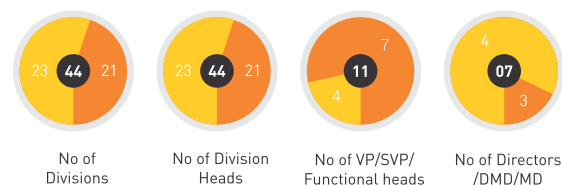
- ▶ Employees can accept only Customary Gifts, which is in the nature of corporate gifts, common to all, no expectations in return, small in value like dairies, calendars, pens, books, flowers, sweets but not any branded items or high value goods
- ▶ Special Gifts which is in the nature of special items, specific to individual, high value, branded market items, gifts which carry any expectation of return benefit are prohibited. Gifts from group companies are permitted
- ▶ Employees are not to accept any forms of Cash Gifts
- ▶ Employees need to have permission from the Head of the Department before participation in the dinner hosted by dealers or suppliers. Frequent meets, lavish dinners will be treated as unethical
- ▶ Employees can accept supplier or dealer hosted tours, which is in the nature of site visit for quality check, progress review are permitted only with the permission of the HOD
- ▶ The tours hosted by supplier or dealer which are in the nature of Promotional trips, tour packages, conferences, holiday trips are prohibited
- ▶ Employees are permitted to take part with prior permission from their HOD for any Industrial Associations, Professional Bodies, NGOs hosted visits, as a part of the delegation for study

- ▶ It is permitted, in the case of any awards received for professional contributions, Lectures or presentations which are purely recognition to an individual's professionalism
- ▶ Using business contacts for personal monetary benefits are prohibited, if the employees are from division involved in decision making for sourcing or payment. Others can be used with the written approval of the HOD
- ▶ Using the samples received as a part of sourcing and using the business contacts for personal benefits are prohibited. Such samples are to be surrendered to the Company

In Oct 2014, Corporate Governance released circular on Gift Policy in order to ensure awareness and effective implementation of the policy where in all the division heads are requested to submit the Gift Declaration in the prescribed format to Corporate Governance Division for themselves and their team for the period 1st April 2014 to 31st Oct 2014. Nil Declaration was necessary even if no favors/entertainment was received during that period. The Gift Declaration was also taken from VP and above up to the managing director.

THE SUMMARY OF GIFT DECLARATION IS DETAILED BELOW

● Total Declaration ● Gifts Received ● Gifts Not Received



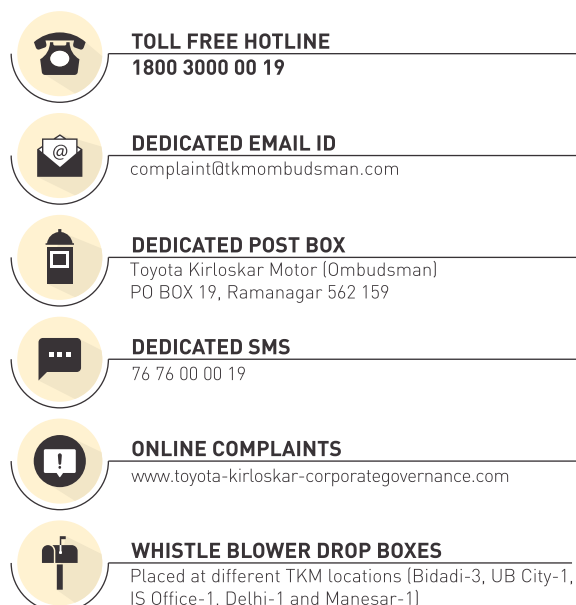
WHISTLE BLOWER POLICY (WBP)

As a company which encourages and respects professionalism, honesty, integrity and ethical behavior, TKM has a well established 'Whistle Blower Policy' in place to ensure protection of its workforce, 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. The scope of coverage is vast, channels provided for reporting are many and an Independent Authority has been appointed to receive and investigate the issues with the advice of a Ethics Committee, consisting of the senior management with one of the big four audit and investigating agency appointed as Independent Authority.

WHO CAN REPORT UNDER THIS POLICY?



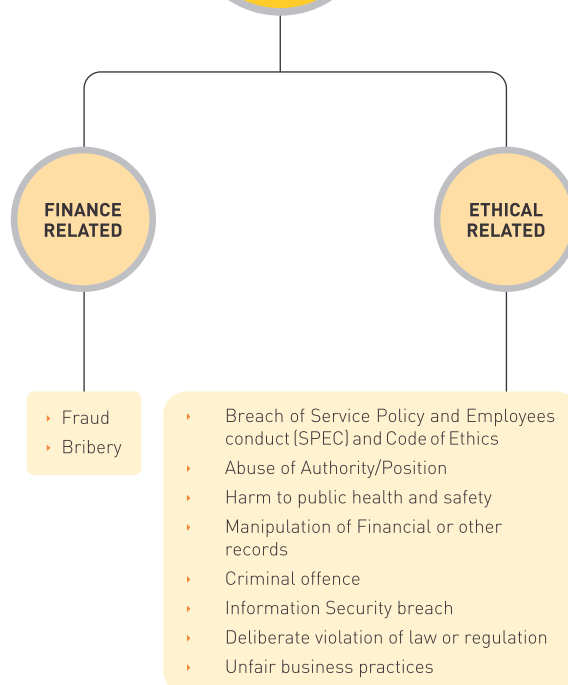
REPORTING CHANNELS



WHO RECEIVES AND REVIEW THE REPORT

- Independent Authority (IA) will receive the complaint
- IA to prepare the flash report and submit to Vice Chairman and MD of TKM
- MD (Chairman of Ethics Committee) will give direction to Corporate Governance (CG) to conduct preliminary study based on the outcome, MD will decide whether to proceed with investigation or drop the case
- If yes to proceed, CG will conduct the investigation and submit the report to Ethics Committee
- Ethics Committee will review the report and decide on next course of action

SCOPE OF WBP



INTERNAL CONTROL MECHANISM

TKM practices a risk-based, focused internal audit system. The company uses 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. TKM also conducts Sarbanes-Oxley Act (SOX) Section 404 audit based on Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 internal control framework as part of Toyota Motor Corporation's global audit requirement.

ENTERPRISE RISK MANAGEMENT

In the past, Toyota's business operation has been affected by various risks. The 2009 US quality issues which led to major product recalls, 2011 great East Japan earthquake and 2011 Thailand flood resulted in disruption of Asia as well as Global production operation.

Based on these experiences, considering the importance and necessity to predict and manage business risks, 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 the Asian region.

Effective implementation of this Policy is to formulate comprehensive risk profiles and counter measures to achieve the organization's objectives. The Board and Audit Committee have been vested with specific responsibilities in assessing the robustness of risk management policy, process and systems.

TKM's task now involves preparation for possible recurrence of past events and foresees other critical risks that cause serious impact to business targets. By doing so, TKM needs to enhance the capabilities of 'Prediction, Prevention and Treatment' to counter each risk while adhering to 'Safety as our first priority'.

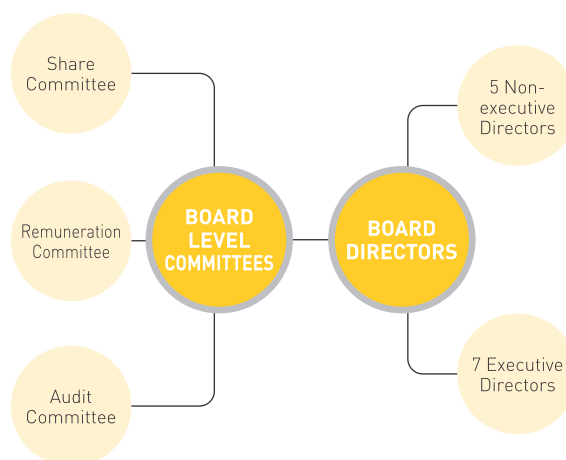
Based on the policy and guidelines by TMAP-EM and to ensure compliance with Companies Act 2013, TKM has taken initiative in identification and mitigation of risks by implementing appropriate countermeasures.

TKM has also come out with the ERM policy comprising of important contents such as Introduction, Scope, Purpose, Charter, Objectives of the Policy, Brief on how to become a Risk Intelligent Company, Risk Management Process, Documentation, Approval and Related documents.

This policy along with all relevant stakeholders' contribution will keep the high standard and quality of risk management activities.

BOARD OF DIRECTORS

The Board of Directors at TKM forms the highest governing body, responsible for corporate governance and represents the interest 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 plays a vital role in overseeing the compliance of legal and operational requirements.



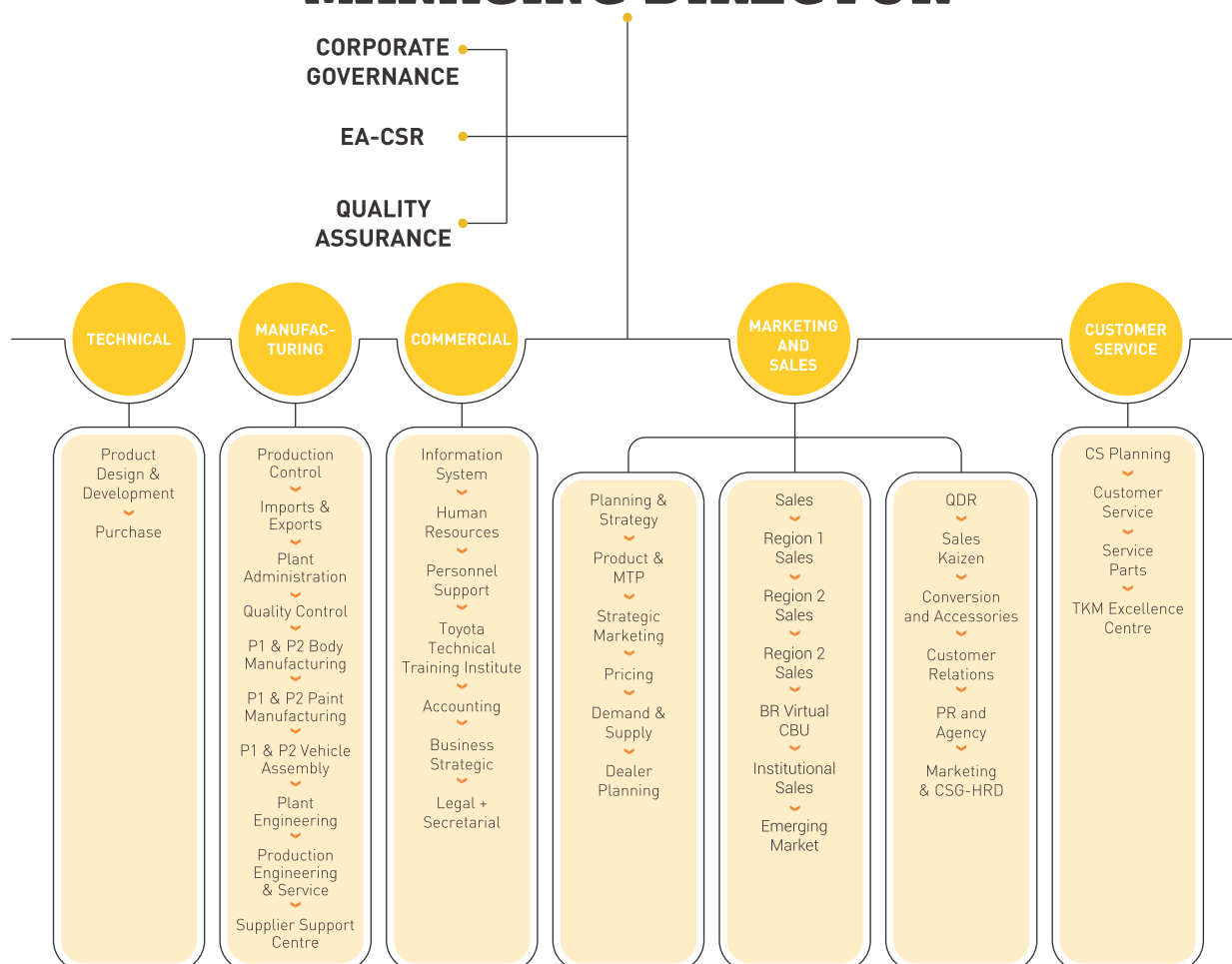
BOARD STRUCTURE OF TOYOTA KIRLOSKAR MOTOR PRIVATE LIMITED

Sl. No.	Name of the Company Director (Member of Board of Directors)	Designation and Functional Responsibility	Category (Executive/ Non Executive)	Member of Board Level Committee
1	Mr. Kyoichi Tanada	Chairman	Non Executive	Audit Committee and Remuneration Committee
2	Mr. Vikram S Kirloskar	Vice Chairman	Non Executive	Audit Committee, CSR Committee and Share Committee
3	Mr. Naomi Ishii	Managing Director	Executive	Audit Committee, CSR Committee and Share Committee
4	Mr. Shekar Viswanathan	Whole time Director and Vice Chairman	Executive	
5	Mr. Masanori Takahashi	Deputy Managing Director	Executive	
6	Mr. Yoshihiro Horinouchi	Deputy Managing Director	Executive	
7	Mr. T S Jaishankar	Deputy Managing Director	Executive	CSR Committee
8	Mr. Mao Saka	Director Finance, SVP and CFO	Executive	CSR Committee and Share Committee
9	Mr. N Raja	Director and SVP	Executive	CSR Committee
10	Mr. Hisayuki Inoue	Director	Non Executive	Remuneration Committee
11	Mr. Yoshihiro Uozumi	Director	Non Executive	Remuneration Committee
12	Mr. Atul C Kirloskar	Director	Non Executive	

TKM ORGANIZATION



MANAGING DIRECTOR



LEGAL COMPLIANCE



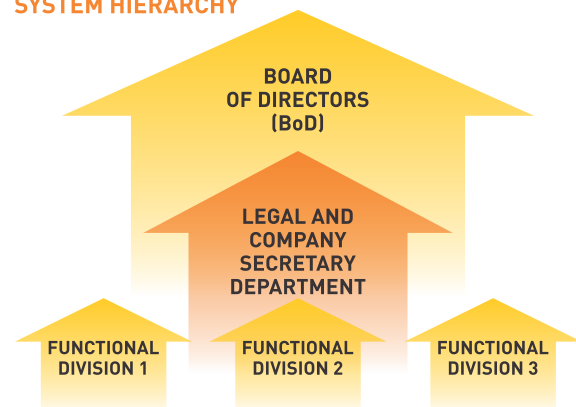
As a good corporate citizen, we, at TKM, believe adherence to law is a top priority issue. Compliance of all statutory requirements are of utmost priority of the organization. In this regard as a measure of monitoring the compliance levels across all the divisions, a Legal Compliance Management Tool has been implemented. This Tool helps in sending alerts to the responsible person for compliance activities. It also provides for status report of the compliance management to the senior management and Directors on real time basis.

Tools implemented to confirm compliance are mentioned below:

- ▶ To comply with each and every law is the essence of TKM's operations
- ▶ Towards our approach to go beyond the legal requirements, the legal compliance management system at TKM 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 levels. The divisions are further responsible to confirm the compliance to the central Legal and Company Secretarial team for Compliance management at the highest level
- ▶ Every Division/Department and every Team Member is entrusted with the responsibility to ensure 100% Legal compliance
- ▶ TKM Legal Manual acts as a guide to understand the laws applicable to each division

- ▶ Compliance policies are considered integral to company objectives
- ▶ A good compliance culture is shown by the promotion of positive attitude towards legal compliance activity at all levels within an organization

LEGAL COMPLIANCE MANAGEMENT SYSTEM HIERARCHY



Toyota Kirloskar Motor [TKM] aims to achieve 100% compliance to all applicable Legal requirements.

We do not restrict ourselves to just fulfil the compliance, but we intend to go beyond it by aiming at the intent behind the legal requirement.

PUBLIC POLICY

MEMBERSHIP DETAILS OF VARIOUS ASSOCIATION FOR FY 2014-15

1	Confederation of Indian Industry [CII] Karnataka	TKM	Mr. Shekar Viswanathan
2	CII Southern Region	TKM	Mr. T S Jaishankar
3	CII National Council	TKM	Mr. Vikram Kirloskar
4	International Market Assessment [IMA]	TKM	Mr. Shekar Viswanathan
5	Federation of Karnataka Chamber of Commerce and Industry	TKM	Mr. Shekar Viswanathan, Mr. T S Jaishankar
6	Japanese Chamber of Commerce and Industry, Bangalore	TKM	Mr. Naomi Ishii / Kohei Yamada
7	Japanese Chamber of Commerce and Industry, Chennai	TKM	Mr. Kohei Yamada
8	Indo Japan Chamber of Commerce, Bangalore	TKM	Mr. Masanori Takahashi
9	Federation of Indian Chamber of Commerce and Industry [FIC]	TKM	Mr. Shekar Viswanathan
10	Indo American Chamber of Commerce and Industry	TKM	Mr. Shekar Viswanathan
11	Society of Indian Automobile Manufacturers [SIAM]	TKM	Mr. Vikram Kirloskar - President, MD & CEO - Executive Committee Member
12	CII - Global Innovation and Technology Alliance [GITA]		Mr. Vikram Kirloskar - Chairman

CASE STUDY

TOYOTA DRIVING SCHOOL

Road safety is emerging as a major social concern in the country.

According to a survey from WHO, road traffic injuries claim the lives of 1.2 million men, women, and children around the globe every year, and injure many more. The death toll is higher for countries like India, where pedestrians, motorcyclists and passengers are vulnerable and vehicles lack proper safety norms. With an average mortality rate of more than 100,000 persons dying in road accidents, the statistics on road risks are mind boggling. These accidents occur due to lack of professionalism in drivers' training, increasing proportion of untrained drivers and the absence of a positive driving culture.

At Toyota, customers' safety is of topmost priority. Toyota is committed to ensuring safe driving experience in India. To offer this commitment to our customers and combat the rise in number of accidents on road, Toyota Kirloskar Motor Pvt. Ltd (TKM) initiated the Toyota Driving School (TDS) through dealerships. The program is aimed at instilling Toyota safe driving culture in its customers, contribute to traffic discipline and road safety and introduce eco driving concepts and application across the nation.

The first of its kind amongst Toyota affiliates, TDS was launched at Nippon Toyota, one of dealers in south India on 21st March, 2015 with a capacity to accommodate 60 students per batch of training. TKM is confident that this initiative can help reduce the alarming number of accidents and casualties on road, predominantly due to poorly trained drivers. The School was inaugurated by State Fisheries Minister Mr. K Babu in the presence of Mr. Naomi Ishii, Managing Director, Toyota Kirloskar Motor and Mr. Babu Moopan, Chairman and Managing Director, Nippon Motors. Speaking on the occasion Mr. Naomi Ishii said,

"Today is an important day for Toyota as we are launching our pilot driving school in this beautiful state of Kerala. For us, this is a big opportunity to come closer to you with a solution for one of the biggest challenges our country is facing today - road safety."

"We believe everyone deserves to be safe and this is what drives us to make great cars which stand for safety and quality. It is our endeavor to ensure that we not only make the safest cars but also make sure that each one of you become the safest driver," he added.

The TDS program is designed to create responsible drivers who can take the wheel on the road safely. There are 2 programs under the TDS initiative - 'START' and 'SMART'. They will, together, cater to the needs of new drivers as well as experienced ones. While the 'START' program renders an empathetic approach towards novice drivers making them road ready, the 'SMART' program aims to fine-tune the skills of fleet operators and imbibe driving etiquette in them.

Launched in line with the company's vision of 'Safest car with safest driver', TDS, as an Institute, will place extreme emphasis on ensuring that every student becomes a responsible and safe driver. The quality auditing system, a comprehensive evaluation and feedback mechanism at every stage of driving training, make the program unique among the other driving programs that are available in the country. TDS in India boasts of high quality training and futuristic attributes. It is mainly based on a driver simulator mechanism which delivers an 'Etios Experience'. To make this experience worthwhile, TDS has incorporated all features and functions of an actual Etios car, thus, facilitating customer cooperation and commitment to prevent road traffic. Toyota is planning to open five such driving schools across India in the coming year.

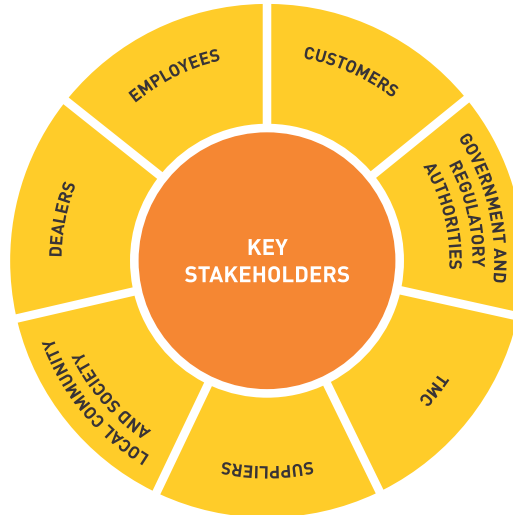


INAUGURATION OF TOYOTA DRIVING SCHOOL AT NIPPON MOTORS-I



INAUGURATION OF TOYOTA DRIVING SCHOOL AT NIPPON MOTORS-II

KEY STAKEHOLDERS



Based on the Global Vision Guidelines, TKM identifies and engages with a wide range of stakeholders on the issues that affect the company's operations and also the stakeholders. TKM has a diverse group of stakeholders that are directly or indirectly impacted by its operations. The stakeholders comprise of customers, employees, dealers, local community,

suppliers, government and regulatory authorities and TMC.

Following table details the method, mode and frequency of engagement adopted by TKM with key stakeholders and the resulting benefits to the business and the stakeholder.

MATERIALITY MATRIX

SIGNIFICANCE TO THE COMPANY				
SIGNIFICANCE TO THE STAKEHOLDERS		LOW	MEDIUM	HIGH
	HIGH		» Operational Emissions » Fresh Water Availability » Localization	» Regulatory Compliance » Road Safety » Customer Satisfaction » Product Safety » Product Quality » Community Relationship » Employee Satisfaction » Brand Image
	MEDIUM	» Research and Development	» Grievance Redressal » Energy Consumption	» Employee Training and Development » Non Discrimination and Human Rights » Waste Management » Occupational Health and Safety » Product Environmental Impact » Changes in regulatory compliance
	LOW	» Political Contributions » Political Instability	» Biodiversity » End of life management of product	» Product Labeling » Business Ethics » Innovation (Kaizen) » Peers Strategy



KEY STAKEHOLDERS	ENGAGEMENT			BENEFITS TO	
	METHOD	MODE	FREQUENCY	BUSINESS	STAKEHOLDERS
Customers	VOC [Voice of customer]; Customer meets; Customer Satisfaction Surveys; Customer Feedback cell; Dealer Visits	Formal	Need based, Daily interaction through dealer network	Product related risk mitigation	Customer satisfaction
Employees	Round Table Meeting; Periodic direct communication opportunity with Sr. Mgmt. (Skip level meetings); Performance Review; Kaizens; Level-up group HR meetings; Employee Engagement Survey – 'Morale Survey'; Rewards and Recognition; The annual Talent Hunt event; Union Meetings	Formal and Informal	Daily/ Weekly/ Monthly/ Quarterly/ Biennially and Annually	Healthy relations with employees and Union	Better working environment and job satisfaction
Dealers	Dealer meets; Dealer visits; Special training programmes; Dealer councils; Kaizen programme; Dealer Environment Risk Assessment Programme (DERAP)	Formal	Daily, Monthly, Quarterly and Annually	Better quality and improving delivery performance capacity building	Profitability and customer satisfaction
Local Community and Society	Meetings with local community; Need assessment; Public hearing	Formal and Informal	Need based	Healthy relations with local community	Employability, livelihood
Suppliers	Supplier Meets, BCM; Kaizen Festival; Quality Circle Competitions; ASM; Promotion and Awards	Formal	Monthly and Annually	Better quality and delivery performance	Profitability
TMC	Regular Meetings and Communication	Formal	Need based/ Periodic	Streamlining of product and process improvement	Efficient process and business management
Government and Regulatory Authorities	Regular meetings; Meetings in industry forums	Formal	Need based/ Periodic	Timely clearances; Successful operations and business continuity	Compliance with regulations

KEY PERFORMANCE PARAMETERS



ENVIRONMENTAL PERFORMANCE

Key Performance Indicator			2012 - 13	2013 - 14	2014 - 15
Total Water Usage (m³/veh)			4.72	3.74	3.49
Hazardous Waste Generation (kg/veh)			4.51	4.3	4.24
VOC Emission (gm/m²)			40.82	39.4	35.74
CO₂ Emission (tCO₂/veh)	Plant 1	Scope 1	0.06	0.08	0.067
		Scope 2	0.33	0.39	0.332
	Plant 2	Scope 3	0.04	0.05	0.072
		Scope 4	0.31	0.34	0.349
Suppliers (core) compliant with ISO14001			100%	100%	100%
Dealerships compliant with ISO14001			67%	96%	100%

SOCIAL PERFORMANCE

KEY PERFORMANCE INDICATOR		2012 - 13	2013 - 14	2014 - 15
Number of employees		10275	8480	8347
Turnover rate for employees		1.80%	2.40%	2.14%
* Community Investments (Through Community Spirit and Community Sponsorships) in Million INR		-	-	64.65

* Community Investment values are being reported from the FY2014-15 onwards.

ECONOMIC PERFORMANCE

KEY PERFORMANCE INDICATOR		2012 - 13	2013 - 14	2014 - 15
Units Manufactured (Nos.)		1,66,289	1,54,627	1,59,347
Units Imported as CBU (Completely Built Unit) (Nos.)		175	78	136
Net Profit after Tax (Million INR)		(-) 63	(-) 629	5294.7

AWARDS

FY2014-15



ASIA PACIFIC NO.1 ENVIRONMENT MANAGEMENT

TOYOTA MOTOR
CORPORATION, JAPAN

THEME OF AWARD
ENVIRONMENT
MANAGEMENT



**ENVIRONMENT
MANAGEMENT**

COMMENDATION FOR SIGNIFICANT ACHIEVEMENT

CII-ITC CENTRE OF
EXCELLENCE FOR
SUSTAINABLE DEVELOPMENT

THEME OF AWARD
ENVIRONMENT
MANAGEMENT



GLOBAL ENVIRONMENT KAIZEN SILVER AWARD

TOYOTA MOTOR
CORPORATION

THEME OF AWARD
VOC EMISSION
REDUCTION IN PAINT SHOP



PRODUCTION QUALITY

BEST HSE MAINTENANCE AWARD

DEPARTMENT OF FACTORIES,
BOILERS, AND INDUSTRIAL
SAFETY & HEALTH,
GOVERNMENT OF KARNATAKA

THEME OF AWARD
BEST SAFETY PRACTICES

PRODUCTION QUALITY AWARD

TOYOTA MOTOR
ASIA PACIFIC

THEME OF AWARD
EXCELLENT
QUALITY COMPANY



DOMAIN EXCELLENCE AWARD

CII-ITC CENTRE OF
EXCELLENCE FOR
SUSTAINABLE DEVELOPMENT

THEME OF AWARD
SUSTAINABLE
SUPPLY CHAIN



JD POWER AWARD -2015

JD POWER
ASIA PACIFIC

THEME OF AWARD
INDIA'S MOST DEPENDABLE
ENTRY MIDSIZE CAR
SEGMENT -ETIOS



CNBC OVERDRIVE AWARD

CNBC TV 18

THEME OF AWARD
SEDAN OF THE YEAR -
TOYOTA COROLLA ALTIS

CAR INDIA AWARDS

SHAPPOORJI PALLONJI
& CO. PVT. LTD.

THEME OF AWARD
EXECUTIVE SEDAN-
TOYOTA COROLLA ALTIS



INDIA DESIGN MARK AWARD

GOOD DESIGN

THEME OF AWARD
GOOD DESIGN -
ETIOS CROSS



ZEE ZIGNITION AUTO AWARDS

ZEE ZIGNITION

THEME OF AWARD
EXECUTIVE SEDAN
OF THE YEAR -
TOYOTA COROLLA ALTIS



ET-PROMISING BRANDS

THE ECONOMIC TIMES

THEME OF AWARD
ET-PROMISING BRANDS
TOYOTA ETIOS SERIES

BIRD'S EYE VIEW OF TKM



PLANT



A BIRD'S EYE VIEW OF TOYOTA KIRLOSKAR MOTOR PVT. LTD, BIDADI MANUFACTURING FACILITY

TKM is situated in the Bidadi Industrial Area, which has been earmarked by the Government as an industrial area development project. No natural biodiversity habitats are affected by the location of the manufacturing facility.

- | | |
|---|--------------------------------------|
| 01. Toyota Technical Training Institute (TTTI) | 08. Plant 1 |
| 02. Biogas Unit | 09. Onsite supplier park |
| 03. National Manpower Excellence Centre | 10. Camry Unit |
| 04. National Parts Centre | 11. Herbal Garden |
| 05. Completely Built Unit yard (CBU) | 12. Plant 2 |
| 06. Test Track | 13. Sludge Drying Yard |
| 07. Gurukul | 14. Rainwater Harvesting Pond |