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ABOUT THE REPORT

Welcome to Toyota Kirloskar Motor Private Limited's Ninth Annual Sustainability Report. Through this report we aim to showcase the company's fundamental values, its performance across the value chain and its economic, environment and social performances in the year 2017-18.

The report is prepared in accordance with Global Reporting Initiative [GRI] Standards: Core Option and is externally assured by a third party agency, KPMG India as per ISAE 3000 (revised) standard. The detailed list of the GRI indicators and their mapping is disclosed in the GRI index.

We invite our stakeholders to be a part of our sustainability initiatives and give us your valuable feedback and suggestions on this report at sustainability@toyota-kirloskar.co.in.

THE CONCEPT

We believe that, collaborative efforts are essential to achieve our Sustainability Goals. While we are in our sustainable growth journey, we encourage stakeholder inclusivity across our operations to create shared value for all our stakeholders. Continuing our sustainable growth journey from previous year, our endeavour is towards 'Nurturing Inclusive Growth' amongst stakeholders.

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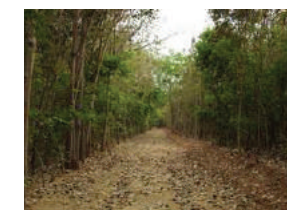


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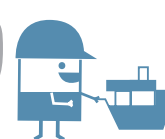


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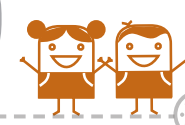
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MESSAGE FROM THE MANAGING DIRECTOR



AKITO TACHIBANA
Managing Director

Indian automobile industry has emerged as one of the fastest and largest growing markets in the globe. Lower penetration rates of vehicles in India coupled with the increase in the buying power of the middle class are encouraging signs for OEM's.

We have always ensured that we operate in harmony with nature. By aligning ourselves with the Toyota Global Challenge 2050 in collaboration with our stakeholders, we envision a community that is environmentally and socially responsible. We work as an active partner of the community through our corporate social responsibility initiatives towards clean India mission, road safety, skill development, environment protection and health care.

We are proactively creating awareness on sanitation and hygiene in the local community to make villages of Ramanagara district open defecation free. In the reporting year, we initiated mobile medical care units on a pilot scale to make healthcare accessible in the remote areas of Ramangara district.

We value our supply chain (dealers & suppliers) and respect the fundamentals of our relationship through teamwork and pass on the Toyota values across all our operations. In Toyota, we practice "CUSTOMER FIRST" approach by listening to the customer. Our project "BEST IN TOWN" at dealerships is a testimony to our effort to bring excellence in our service to meet our ever-changing customer expectation.

OUR SUSTAINABILITY STRATEGY HAS PRIMARILY BEEN BASED ON A STRONG COMMITMENT TO DEVELOPING RESOURCE EFFICIENT PRODUCTS AND SOLUTIONS THAT ARE MANUFACTURED IN A SUSTAINABLE AND ETHICAL MANNER. THE VISION IS TO MAKE 'EVER BETTER CARS' WHICH ARE 'EVER BETTER IN TECHNOLOGY' AS MEASURED BY OUR CUSTOMERS, EMPLOYEES AND SHAREHOLDERS.

We are forever committed to go beyond building just world class cars by being a responsible partner for all our stakeholders. We will continue to driving innovations to cater to the mobility needs of our valued customers.

We consider our stakeholders as partners in our success and thank them for joining hands with us in our journey towards building the sustainable society.

MESSAGE FROM THE VICE CHAIRMAN



VIKRAM KIRLOSKAR
Vice Chairman

The favourable economic trends and the advantageous demographic shifts has been good tidings for automakers in India. Currently, the automotive sector contributes to more than 7 percent to India's GDP and the The Automotive Mission Plan 2016-26 sets an aspiration to increase the contribution to 12 percent. The reporting year have been a busy year for Toyota Kirloskar Motor. The sales of our popular models such as Fortuner and Crysta have exceeded expectations and company has made highest ever profit in the reporting year.

With the Automotive Mission Plan clearly focusing on the reduction on oil dependency and reducing emissions, the inclination of future regulatory changes is expected to be towards the same. The leapfrog from BS IV to BS VI, FAME 2 and ELV guidelines are reaffirming the Governments focus towards greener mobility.

In Toyota we agree for the need towards a greener mobility, however we believe that for Indian scenario the shift to electrification of vehicles needs to be done in a phase-wise

manner. The Hybrid Electric Vehicles is an immediate viable option for an economy which is dependent on imports for raw materials. Data from the Indian Institute of Science, Bangalore, based on Indian driving cycles, fuel systems and electricity production, shows that hybrids are the most efficient for the environment and energy consumption. With the production of more than 90 % of India's electricity is through coal, oil and natural gas based thermal power plants, EVs produce far more emissions than a hybrid in life cycle.

Through the Toyota Global Environment Challenge 2050 reaffirmed Toyota's commitment towards creation of climate resilient society in harmony with nature. We are continuously investing in product life cycle innovation, cleaner & greener value chain, thereby creating a positive impact on the society.

We are committed to contribute towards sustainable transformation of society through our focus on education, health & hygiene, skill development and environment.

RECOGNIZING THE FUNDAMENTAL NEED FOR SAFE MOBILITY, WE ARE CONTINUOUSLY EXPLORING IMPROVED FEATURES FOR VEHICULAR SAFETY AS WELL AS INVEST IN CREATING AWARENESS AMONG STAKEHOLDERS. WE WERE THE FIRST AUTOMOBILE MANUFACTURER TO INTRODUCE AIR BAGS IN ALL THE VARIANTS OF OUR MODELS. WE WERE ALSO FIRST TO BE RATED "FIVE STAR" IN THE ASIAN NEW CAR ASSESSMENT PROGRAM (NCAP)

We are thankful to our stakeholders who have trusted and recognized our ability to face the challenges of the hour. Our blueprint for sustainability, is enabling us to build a strong business, deliver great products and create a better world – and thus Nurture Inclusive Growth.



MESSAGE FROM THE VICE CHAIRMAN

SHEKAR VISWANATHAN
Vice Chairman

India is growing at a steady pace with an expected growth of 7.3% GDP in 2018-19 indicating a positive economic trend for the industry. Rapid urbanization and steady rise of the working class is creating enhanced demand for mobility. As responsible OEM's, we must work towards development of sustainable solutions for our customers, industry & community at large.

Of late, the business scenario has been very dynamic & the industry is enduring a phase of regulatory reforms and rapid market shifts. The Government has been ambitious in its plan to shift the industry towards electrification of automobiles. This requires careful & phase wise planning and execution, as there are certain risks like dependence on specific geographies for raw materials, competitive disadvantage in power electronics and battery manufacturing, and lack of infrastructure for charging vehicles.

We believe, by incentivizing those products which are emission efficient the objective of emission reduction can be addressed.

CARBON EMISSION REDUCTION HAS BEEN THE OVERALL BASIS FOR OUR PRODUCT DESIGN AND WE HAVE SOLD MORE THAN 11 MILLION HYBRID ELECTRIC VEHICLES GLOBALLY. IN INDIA, WE LOOK FORWARD TO WORKING WITH THE GOVERNMENT AND INDUSTRY ON DEVELOPING A MEANINGFUL TRANSITION PLAN FOR CREATING A SUSTAINABLE TRANSPORT SECTOR IN THE COUNTRY.

We are committed to a greener tomorrow and have announced in 2013 our long-term commitment towards conservation of environment through our "Toyota Environment Challenges 2050" which is aligned to the UN sustainable development goals. In line with the local and national needs we have chosen to undertake various social initiatives in the areas of safety, environment, skill development, healthcare and sanitation.

We have promoted numerous projects on social innovations like our "Project ABCD", which has successfully addressed the key issue of promoting awareness on hygiene and sanitation among school children thereby creating ambassadors of social change.

As we move towards sustainability, we believe it is essential to embrace inclusivity across our operations and foster sustainable values among our stakeholders. We would like to thank all our stakeholders for being a partner in our journey towards sustainable development.



MESSAGE FROM THE EDITOR'S DESK

RAJU B KETKALE
Director & SVP

I am happy to present you TKM's Sustainability Report 2017-18.

We believe in inclusivity of stakeholders and growing together for the better. At TKM, we strive to drive innovations and achieve excellence among all our stakeholders internal and external alike. Effective collaborations are key to create better innovations, positioning us with a competitive edge. Our goal is to ensure a sustainable journey by fostering environments for 'Nurturing Inclusive Growth' and aspiring to create shared value along the way.

In this report, we showcase our accolades for this financial year in the social, environment and economic spheres.

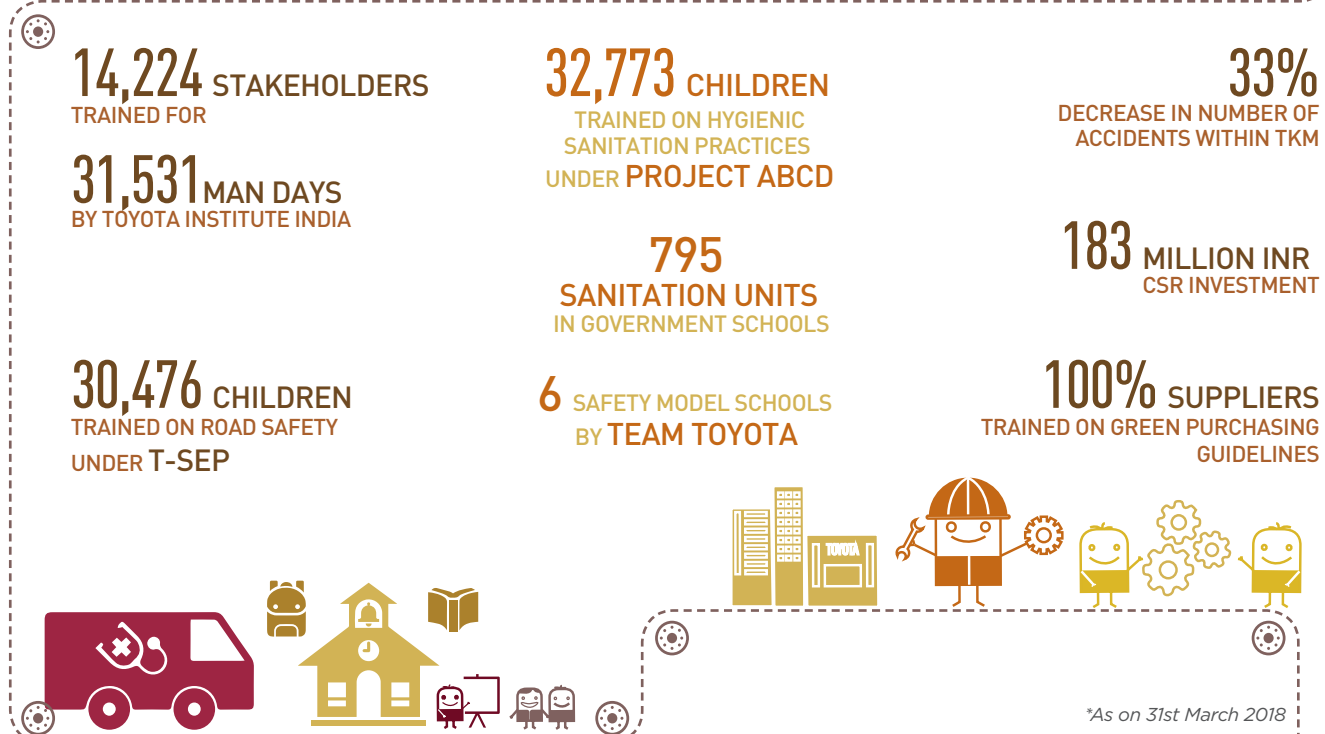
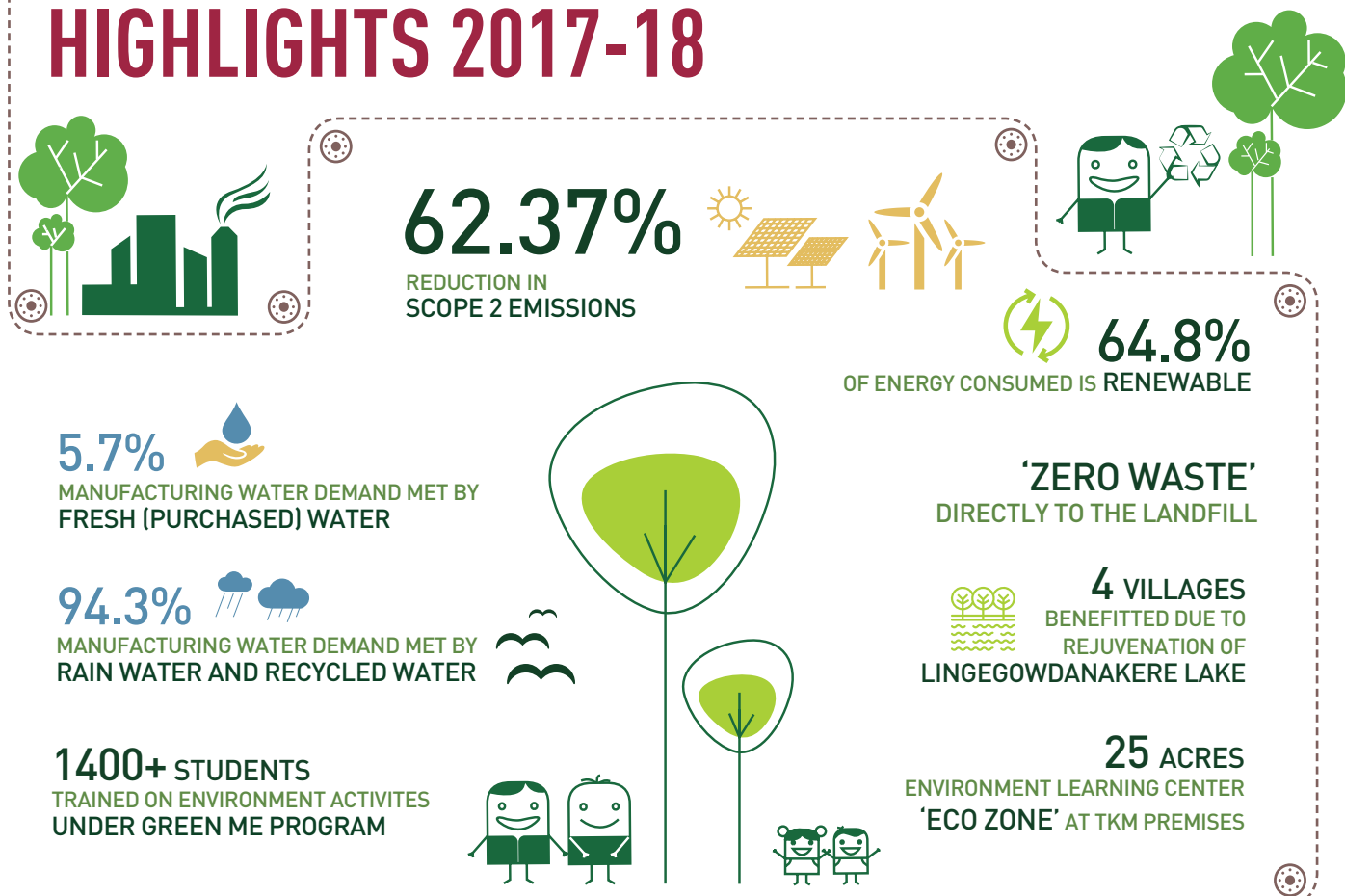
In the social front, till day, we have constructed about 795 units in government schools benefitting 29,000 children, 23 water purification units and reached 710,000 school children on road safety under the Toyota Safety Education program.

IN THE ENVIRONMENT FRONT, A 5.2 MW SOLAR POWER GENERATING SYSTEM HAS BEEN ADDED TO THE 3.2 MW IN HOUSE SOLAR POWER PLANT. OUR GREEN ENERGY PROCUREMENT HAS ALSO SEEN AN IMPRESSIVE RAISE FROM 38% IN THE PREVIOUS REPORTING PERIOD TO 64.8% IN THE PRESENT REPORTING PERIOD.

The report further details out our best practices, key initiatives and achievements in the reporting period.

I would like to thank all our stakeholders for being our strength and support to progress towards our set targets. We welcome your feedback/suggestions on the report at Sustainability@toyota-kirloskar.co.in

SUSTAINABILITY HIGHLIGHTS 2017-18



COMPANY PROFILE

We, Toyota Kirloskar Motor Private Limited (TKM) are a subsidiary of Toyota Motor Corporation [TMC], globally recognized for its world class vehicles. We entered the Indian market in 1999 with revolutionary world-class vehicles meeting the needs of Indian customer in Quality, Safety and Innovation. We have our significant operations in India.

OVERVIEW OF THE COMPANY

COMPANY NAME Toyota Kirloskar Motor Private Limited	DATE OF INCORPORATION AND ESTABLISHMENT 6th October 1997
CORPORATE IDENTIFICATION NUMBER U34101KA1997PTC022858	LAND AREA Approx. 432.303 acres
EQUITY PARTICIPATION Toyota Motor Corporation: 89%, Kirloskar Group: 11%	TOTAL INSTALLED PRODUCTION CAPACITY Upto 3,10,000 units
COMPANY ADDRESS-HEAD QUARTERS Plot No.1, Bidadi Industrial Area, Pin : 562109, Ramanagar District, Karnataka State	MARKETS SERVED India, South Africa, Mauritius, Bhutan, Nepal and Brunei

ANNUAL POLICY 2017-18

MOVING TOWARDS THE REALIZATION OF TEAM TOYOTA VISION 2025

- Be a role model to take safety to next level, by a thorough elimination of accidents inside and outside the workplace for all members across the supply chain
- Delight our customers by providing superior quality of products and services through BIT (Best in Town)
- Maximize productivity and profitability through optimum utilization of resources with a cost-conscious mind
- Realize "Swachh TKM" with the involvement of all members to create a safe, clean and bright work environment
- Place extreme priority for human development (TKM, Dealers, and Suppliers), employees' motivation by encouraging learn and teach a culture rooted in TBP and Toyota Way
- Promote good corporate citizenship among all stakeholders for the proactive adherence of compliance and engage in Eco- promotion, CSR and Team Toyota activities
- Develop true professionals with Gemba oriented approach, domain expertise, and leadership

PRODUCT LINE UP



Import



Export



Manufacture



YARIS

All Sense, All Sedan



PLATINUM ETIOS

The Most Dependable Sedan.



FORTUNER

True SUV True Style



INNOVA CRYSTA

Luxury meets Power



CAMRY HYBRID

A New Kind of Luxury, Ahead of its Time



PRADO

All-Terrain Luxury



ETIOS LIVA

Designed Stylish. Built Safe.



ETIOS CROSS

Born with Attitude



INNOVA TOURING SPORT

Designed To Distinguish



COROLA ALTIS

The New Benchmark



PRIUS

The Planet's Favourite Hybrid



LAND CRUISER 200

The Pride of the World



The Innova has been the best selling model in the MPV segment for the past twelve years in succession and Fortuner has been the best selling model in the SUV segment in India since 2009. In India, the manufacturing of Etios commenced in December 2010. Toyota's luxury car Camry and Camry Hybrid is also assembled in TKM premises.

We also import and sell Land Cruiser, Land Cruiser Prado, Prius and Lexus as Completely Built Units [CBUs] throughout our dealership network in India.

AWARDS AND ACCOLADES 2017-2018

CATEGORY : PRODUCTS



MOST DEPENDABLE
IN ITS SEGMENT

Toyota Innova Crysta



MUV
OF THE YEAR

Toyota Innova Crysta



UTILITY VEHICLE OF
THE YEAR

Toyota Innova Crysta



MULTI UTILITY
VEHICLE OF THE YEAR

Toyota Innova Crysta



MPV
OF THE YEAR

Toyota Innova Crysta



BEST MPV OF THE YEAR

Toyota Innova Crysta



FAMILY CAR OF THE YEAR

Toyota Innova Crysta



MUV OF THE YEAR

Toyota Innova Crysta



SUV OF THE YEAR

Toyota Fortuner

CATEGORY : CORPORATE SOCIAL RESPONSIBILITY

BUREAUCRACY Today

BUREAUCRACY TODAY CSR
EXCELLENCE AWARDS 2017
Project ABCD



ASIA RESPONSIBLE ENTER-
PRISE AWARDS 2017
Health Promotion



CSR EXCELLENCE
AWARDS 2017
CSR Practice of the year



CSR IMPACT
AWARDS 2017
CSR Practice of the year



CSR AWARD OF THE YEAR
BY @ THE AUTO SHOW BTV
AND CAR INDIA
Toyota Safety CSR



CII-SR EHS EXCELLENCE
AWARD
First place with 5 Star rating in EHS
Practices



RANKED 3RD IN AUTOMOBILE INDUSTRIES
28TH IN TOP 100 COMPANIES IN SUSTAINABILITY AND CSR

CATEGORY : HEALTH AND SAFETY



BY AROGYA WORLD

Healthy Workplace Platinum 2017

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholders are our ‘Partners in Growth’. We ensure sustainable business practices through a collaborative approach with our key stakeholders. They hold a vast amount of business information and knowledge and hence have the power to affect the outcomes of the company. Thus, we engage with them through various formal and informal channels around the year, to understand their concerns and develop a broad consensus on the company’s initiatives

ASSESSING OUR MOST MATERIAL

INTERNAL STAKEHOLDER ENGAGEMENT

MODE

Workshops and detailed discussions

OUTCOMES

Identification and prioritization of external stakeholders

Identification and prioritization of materiality issues

EXTERNAL STAKEHOLDER ENGAGEMENT

MODE

One to one interaction and survey with questionnaires

OUTCOMES

Identification and prioritization of material issues

MATERIALITY MATRIX

ACTION

Materiality Assessment

OUTCOMES

150 material issues were identified

24 issues were prioritized as top priority to TKM

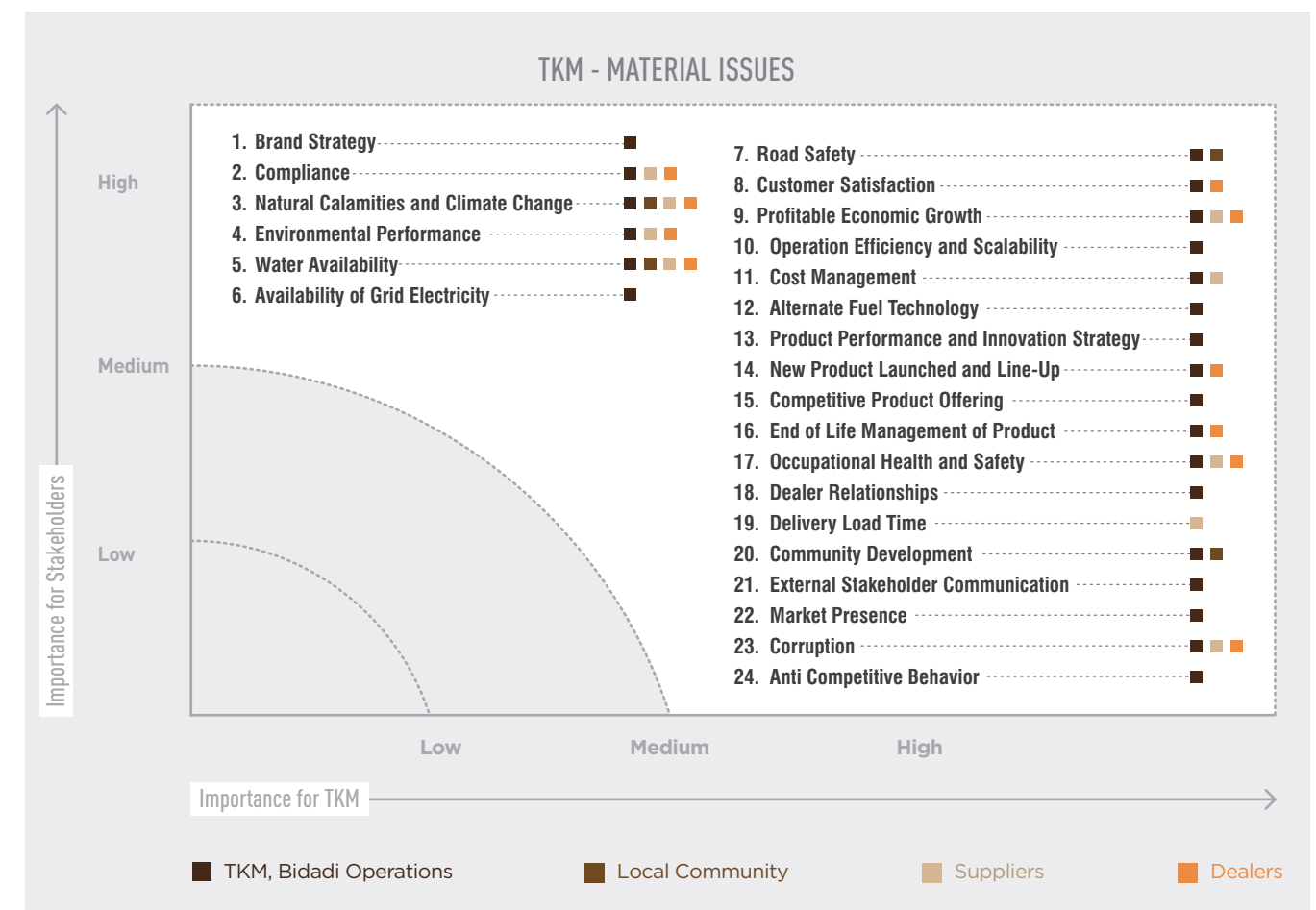
The Stakeholder analysis and Materiality assessment were conducted to define the report content in the FY 2015-16. The same material topics are considered for the current reporting period. The boundary for each material topic is identified.

The material topics for TKM were selected based on the stakeholder views, sector trends and peer analysis. Further, a materiality matrix was developed by plotting the responses of internal and external stakeholders. The identified material topics were further classified as low, medium and high. However, we have considered material topics under high category for the development of the report. The material topics were then reviewed and validated by TKM top management.

The boundary of the report is limited to our manufacturing facility at Bidadi in India, excluding our on-site suppliers.

ASPECT BOUNDARIES

ASPECT BOUNDARIES		
KEY STAKEHOLDERS	MODE	FREQUENCY
Customers	Formal	Need based, daily interaction through dealer network
Employees	Formal and Informal	Daily/weekly/monthly/quarterly/biennially & annually
Dealers	Formal	Daily, monthly, quarterly & annually
Local Community & Society	Formal and Informal	Need based
Suppliers	Formal	Monthly & annually
TMC	Formal	Need based/periodic
Government & Regulatory Authorities	Formal	Need based/periodic



CORPORATE SUSTAINABILITY PHILOSOPHY

The 'Toyota Guiding Principles', are the fundamentals of Toyota's corporate sustainability philosophy. They are derived from the 'Five Main Principles of Toyoda' which embody the thinking of Mr. Sakichi Toyoda, founder of the Toyota Group. The guiding principles have been communicated far and wide across all Toyota affiliates to implement in their daily operations. So far, the Guiding Principles have been transformed and also have formed the basis of other guiding tools such as the 'Toyota Way', 'Toyota Code of Conduct', 'Toyota Earth Charter' and 'Toyota Global Vision'.

THE TOYOTA WAY

With the rapid growth, diversification and globalization of Toyota in the past decade, values and the business methods that had been passed on as implicit knowledge were identified and defined in 2001 as the 'Toyota Way'. Toyota is preparing to operate as a truly global company, guided by a common corporate culture. In order to continue fulfilling its role as the backbone of all Toyota operations, Toyota will continue to update the Toyota way in the future to reflect changes in the times to come.

RESPECT
FOR PEOPLE

Respect
Team work

CONTINUOUS
IMPROVEMENT

Challenge
Kaizen

Genchi Genbutsu

TOYOTA CODE OF CONDUCT

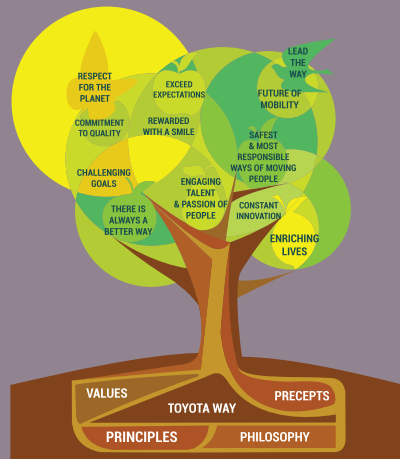
The Toyota Code of Conduct (issued in 1998, revised in 2006) details out the basic code of conduct to be adhered by all the people working at Toyota in their daily business operations to practice and fulfill the social responsibilities. The details are further elaborated in Corporate Governance chapter.

TOYOTA GLOBAL VISION

The Toyota Global Vision (issued in 2011) defines our esteemed values and our actions to make 'always better cars' that exceed customer expectations and 'enriching lives of communities' leading to a 'stable base of business' to achieve sustainable growth of the company.

TOYOTA EARTH CHARTER

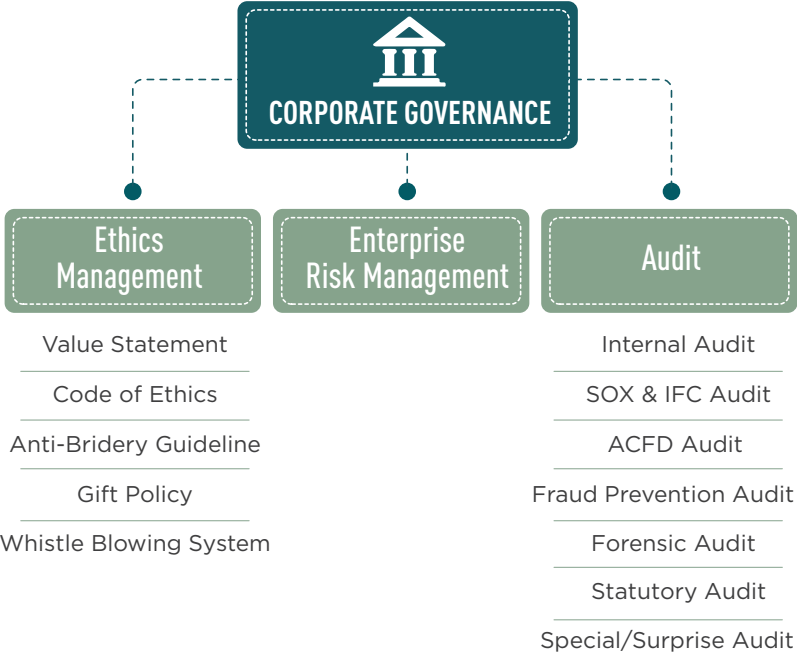
Toyota established the Toyota Earth Charter (issue in 1992, revised in 2000) as the action plan for global environment and has formulated policies for environmental initiatives. It is shared among 559 Toyota consolidated affiliates around the world



"Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people. Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile. We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way."

ETHICS AND GOVERNANCE

We recognize good governance as a sine qua non for sustainability. We promote a culture of high ethical standards, integrity, transparency, and accountability in all the business transactions and in compliance with all laws and regulations. The established internal control mechanisms ensure conformance to the norms of corporate governance.



ETHICS MANAGEMENT

CODE OF ETHICS

The Code of Ethics is 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 communicate 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. Please find the link to previous Sustainability Report 2017 to view our Code of Ethics under Corporate Governance chapter, **P.No.21** <https://www.toyotabharat.com/toyota-in-india/environment/sustain-report/>

VALUE STATEMENT



HONESTY

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



HUMILITY

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



HARMONY

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



COURAGE

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



ACCOUNTABILITY

I will take ownership for all my actions.

ANTI-BRIBERY POLICY

TKM has and continues to believe in zero tolerance towards bribery and corruption. We assess all our operations for risks related to bribery and corruption. Under our anti-bribery policy, the employees are prohibited from accepting/receiving or giving/offering bribes, kickbacks, or similar payment or consideration of any kind anywhere in the world from or to any person or entity that do business or seeking business with TKM. Under the Anti-bribery policy, there is a prohibition on bribing or being bribed including bribing a public official/servant (Government official), bribing through a Third party and supporting bribery. The policy also prohibits facilitation payments and kickbacks, and prohibition of charitable contributions/donations.

In order to maintain the highest standards of integrity, with respect to any dealings with a Third party, we conduct due diligence inquiries to review the integrity records. This engagement process is fully documented and also has the final

approval of the selection of Third Party. We also manage records with an effective system of internal accounting to avoid any off-the-book, fictitious or otherwise falsified transactions.

The policy and procedures laid out by the company are made available to employees in the internal web portal, for them to follow in a responsible manner.

We also communicate our anti-bribery policies, company values, and code of conduct during the induction for all our employees.

We also send out the anti-bribery policy to all our employees and management from time to time. Every person, to whom the policy applies, is encouraged to raise a concern about any issue or suspicion or malpractice or wrongdoing at the earliest possible stage through the reporting manager, Corporate Governance division or through whistleblowing channels.

WHISTLE BLOWER POLICY (WBP)

WHO CAN REPORT

EMPLOYEE

DEALER

VENDOR

We have a well-established “Whistle Blower Policy” in place to ensure the protection of our employees, dealers, and vendors, thus ensuring the company values are always adhered to. This gives the stakeholders an opportunity to report fearlessly on any unethical behavior noticed by them. Please find the link to view our detailed WBP <https://www.toyotabharat.com/toyota-in-india/wbp/>

AUDITS - INTERNAL CONTROL MECHANISM

These audits are conducted to strengthen internal control systems by identifying the process deficiencies, if any, and improve the same by implementing effective countermeasures.

INTERNAL AUDIT

We practice a risk-based, focused internal audit system and use the services of an external audit firm so that the independence of the auditor is maintained. Critical audit observations along with process owner explanations are reported to the Audit Committee on a half-yearly basis, enabling the management to take corrective actions.

Audit Committee: It is responsible for overseeing the financial reporting process and disclosure of the

financial statements, to ensure the correctness of the financial statements.

SOX AND IFC AUDIT

We conduct the SOX-404 audit based on COSO 2013 internal control framework, as part of TMC's global audit requirement. We also report on the design and operating effectiveness of internal controls as per The Companies Act 2013. Statutory Auditors are also required to report without solely relying on

management / Board report about:

- An established internal control framework
- Adequate internal financial controls
- Operating effectiveness of internal financial controls

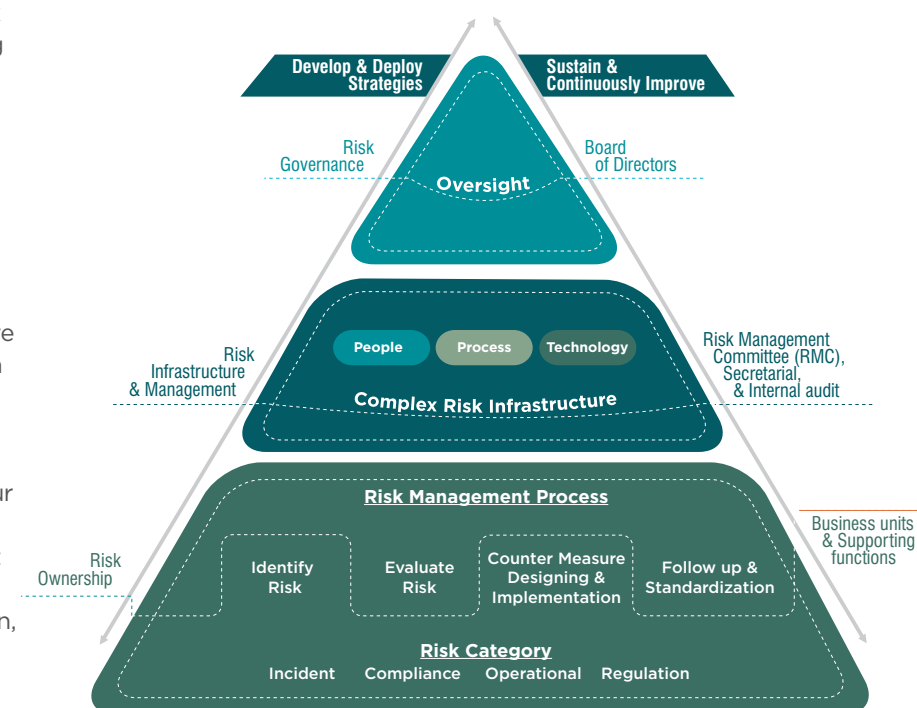
OTHER AUDITS

We also conduct various other audits based on the TMAP-MS/ TMC requirements and/or required as per the Companies Act 2013.

ENTERPRISE RISK MANAGEMENT [ERM]

TMC has established the Global Risk Management Committee appointing Regional Chief Risk Officers with reporting the frequency of twice a year i.e., October and March. As a leader, our regional headquarter TMAP has established a Risk Management Policy for all affiliate companies in the Asian region. To comply with Companies Act 2013 requirement on risk management, we identify risks and develop mitigation plans on a continuous basis for effective management of risk.

In the reporting year, we revisited our ERM policy (issued in 2015, revised in 2017) to become a Risk Intelligent Company. Through this, we aim to enhance our capability of “Prediction, Prevention, and Treatment” to counter each risk while adhering to “Safety as our first priority”.



Our Risk Management Framework encompasses three main pillars of responsibilities that cascade the scope of activities from the highest governance body to the employees.

RISK GOVERNANCE

The Board is vested with guiding and providing continuous oversight for implementing and sustaining a successful risk management program. Whereas, the Audit Committee is entrusted with continuous evaluation of the risk management program, to provide insights and direct the Risk Management Committee [RMC]

RISK INFRASTRUCTURE & MANAGEMENT

This establishes the link between the Risk Governance and Risk Ownership.

Risk Management Committee: It oversees and sets the direction for

risk management activities. It also establishes the company's highest priority risk list, which is shared with the Board of Directors twice a year and is reported to the regional HQ annually.

Risk Management Secretariat:

It provides consulting support towards the implementation of risk management activities, by evaluating the risk management sheet from each function and evaluating the appropriateness of the countermeasures.

Corporate Governance Division:

It is responsible for the periodic assessment of risk management policy and evaluates controls and risk response plans for high priority risks. The report is submitted

to the Board Directors and Risk Management Committee.

RISK OWNERSHIP

It regulates and ensures the effective implementation of critical risk management processes. It documents the risks related to internal and external stakeholders, reviews and approves each function's prioritized risk list.

With this policy, along with all relevant stakeholders' contribution, we aim to maintain the high standard and quality of risk management activities.

PRECAUTIONARY APPROACH

The organization has a robust Risk Management and mitigation system in place which identifies organization-wide risks and corrective mechanisms.

RISKS	MATERIAL TOPICS	REFERENCE
Changing market trends	Product performance & innovation strategy	Customer Delight
Climate Change	Natural calamities & Climate Change	Envisioning Environment Sustainability
Energy	Availability of Grid Electricity	Envisioning Environment Sustainability
Water Scarcity	Water availability	Envisioning Environment Sustainability
Breach of information security		Customer Delight
Legal compliance in value chain	Compliance	Envisioning Environment Sustainability Responsible Procurement Practices
Emissions regulation		Envisioning Environment Sustainability

BOARD OF DIRECTORS

The highest level of governance is the Board of Directors. The Board of Directors delegate powers to executives by way of resolution and granting power of attorney in specific cases. Executive directors are authorized through terms and conditions of the service agreement executed between the Company and them, as approved by the Board of Directors. The Board of Directors and Shareholders decide the remuneration of Executive Directors.

The remuneration of the Directors is approved by the shareholders using special resolutions. Remuneration for consultants is decided in consultation with global HR [TMC] as per set policy. As of 2017-18, TKM has no monetary or non-monetary fines for non-compliance with laws.

There have been significant changes in organization structure and ownership in the reporting period.

ANTI-COMPETITIVE BEHAVIOR

The Company is in compliance with the requirements of the provisions of Competition Act 2002.

COMMITTEES OF THE BOARD

The committees of the Board are constituted in line with the requirements of the organization.



AUDIT COMMITTEE

It is responsible for reviewing half yearly and annual financial statements, internal control systems, and internal audit scope and discuss with internal and statutory auditors about their observations and report.



CSR COMMITTEE

It recommends CSR policy of the company and monitors progress of the implementation of the policy.



SHARE COMMITTEE

It is responsible to issue share certificates to the shareholders after allotment of shares by the Board and to register the transfers of shares as per the Board authorization.

NAME OF THE COMPANY DIRECTOR
(Member of Board of Directors)

Mr. Susumu Matsuda*
Mr. Vikram S Kirloskar
Mr. Akito Tachibana
Mr. Shekar Viswanathan

Mr. Yoshihiro Horinouchi
Mr. N. Raja
Mr. Kan Asaine
Mr. Raju B Ketkale*
Mr. Hideaki Nakamura*
Mr. Atul C Kirloskar
Mr. TatsuroTakami
Mr. Hiroyoshi Ninoyu

*Changes in the Board structure

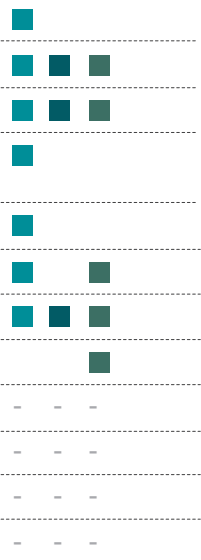
DESIGNATION & FUNCTIONAL RESPONSIBILITY

Chairman
Vice Chairman
Managing Director
Vice Chairman and Whole-time Director
Deputy Managing Director
Deputy Managing Director*
Director & SVP
Director & SVP
Director & SVP
Director
Director
Director

CATEGORY
(Executive / Non-Executive)

Non-Executive
Non-Executive
Executive
Executive
Executive
Executive
Executive
Executive
Non-Executive
Non-Executive
Non-Executive
Non-Executive

MEMBER OF THE COMMITTEE



■ Audit Committee ■ Share Committee ■ CSR Committee

GOING BEYOND COMPLIANCE

Compliance with all statutory requirements is of utmost priority to us. Hence, compliance with each and every applicable law is the essence of TKM's operation. For us, compliance policies are integral to company objectives and the TKM Legal Manual acts as a guide to understanding the laws applicable to each division. A good compliance culture is shown by the promotion of a positive attitude towards legal compliance activity at all levels within our organization.

LEGAL COMPLIANCE MANAGEMENT SYSTEM [LCMS]:

We at TKM, have a de-centralized, exhaustive and comprehensive the legal compliance management system. Under this, every applicable functional division is empowered to establish and ensure legal compliance at their respective levels. The divisions are further responsible to confirm the compliance to the central Legal and Secretarial division for Compliance management at the highest level.

Every division/department and every employee is entrusted with the responsibility to ensure 100% Legal Compliance.

LEGAL COMPLIANCE MANAGEMENT TOOL [LCMT]:

LCMT measures and monitors compliance levels across all the divisions. It sends alerts to the responsible person to ensure compliance with daily operations. It also provides compliance status report to the senior management and Directors on a real-time basis.

We aim to achieve 100% compliance to all applicable Indian legal requirements. We do not restrict ourselves to just fulfill the compliance, but we intend to go beyond it by aiming at the intent behind the legal requirement.

MEMBERSHIP DETAILS OF VARIOUS ASSOCIATIONS

	Society of Indian Automobile Manufacturers (SIAM)	Mr. A Tachibana Executive Committee Member Mr. Shekar Viswanathan - Alternate Member and Executive Committee Member
	SIAM Co-opted member and CEO Passenger Car Counsel	Mr. Vikram Kirloskar Chairman
	SIAM Taxation Policy	Mr. Shekar Viswanathan - Chairman
	SIAM Economic Research Group	Mr. N Raja - Chairman
	SIAM CSR and SAFE Council	Mr. Naveen Soni - Chairman, CSR committee
	Confederation of Indian Industry (CII)	Mr. Vikram Kirloskar - Vice President
	CII National Council	Mr. Vikram Kirloskar - Member
	CII Indian Japan Business Leaders Forum	Mr. Vikram Kirloskar - Member
	CII Global Innovation and Technology Alliance	Mr. Vikram Kirloskar - Chairman
	CII Southern Region	Mr. Naveen Soni Management Committee Member
	The Federation of Indian Chambers of Commerce and Industry (FICCI) Karnataka State Council	Mr. Shekar Viswanathan - Chairman
	FICCI Steering Committee Member	Mr. Shekar Viswanathan - Member
	FICCI Electric Vehicle Committee	Mr. Shekar Viswanathan - Chairman
	Japan Chamber of Commerce and Industry in India (JCCII), Delhi	Mr. A. Tachibana Executive Committee Member
	JCCII, Bangalore	Mr. A. Tachibana - President
	JCCII, Chennai	Mr. Vikram Kirloskar - President
	Automotive Research Association of India (ARAI)	Mr. Vikram Kirloskar President
	Science and Technology in Society (STS) Forum	Mr. Vikram Kirloskar Management Committee Member
	Bangalore International Exhibition Centre (BIEC)	Mr. Kan Asaine Management Committee Member Mr. Naveen Soni Management Committee Member
	Bangalore Chamber of Industry and Commerce (BCIC)	Mr. Raju B Ketkale Management Committee Member
	Indo American Chamber of Commerce (IACC)	Mr. Shekar Viswanathan Management Committee Member



ENVISIONING ENVIRONMENT SUSTAINABILITY

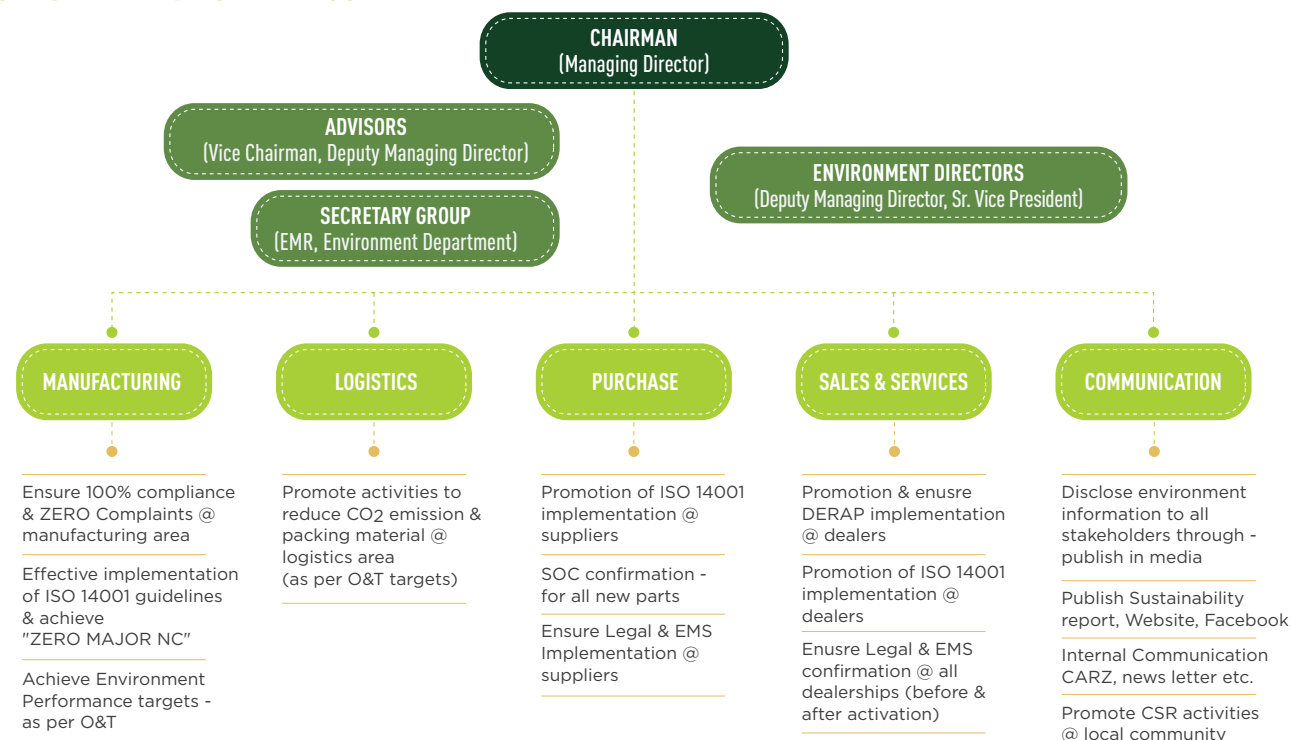
Toyota's stance on the protection of global environment dates back to the establishment of Toyota Earth Charter (issued in 1992, revised in 2000), followed by the formulation of first Environment Action Plan in 1993. Ever since every five years, an action plan is rolled out to ensure implementation of environmentally responsible actions amongst all Toyota affiliates.

We have always positioned Environment Management as a top priority issue. We believe that our effective environmental policy, robust action plans and consistent performance will help us endeavor for an environment positive footprint. We follow the actions prescribed in our five-year action plan to address the six global challenges and achieve the set short-term (annual) to mid-term (five years) targets. This complements our efforts to accelerate continuous improvements in manufacturing processes; and the integration of environment best practices across our value chain, while keeping a check on environmental compliance.

ENVIRONMENT MANAGEMENT

The ever-rising environment risks and compliance obligations require the company to align the environment management with its business strategy. It has also created the need for moving from 'environment conservation' to 'environment protection'. Hence, we have transitioned towards ISO 14001:2015 EMS in this reporting year and revisited our environment risk register.

CORPORATE ENVIRONMENT COMMITTEE



ENVIRONMENTAL POLICY

We believe, to integrate environmental management in operations and to be compliant with norms, having a company-wide policy is important. Hence, we drive all our environmental initiatives through our environment policy. In alignment with this, we commit to engage with all stakeholders (employees, suppliers, dealers, customers, contractors, community), to create eco-consciousness.



The detailed Environment Policy can be found in www.toyotabharat.com

TOYOTA GLOBAL EMS

The Global EMS (Environmental Management System) integrated with ISO 14001 standards was established and implemented in 2001 to achieve compliance with the Global EMS requirements. We have consistently improved our environmental performance through PDCA (Plan, Do, Check, Action) and ensured compliance with applicable legal requirements.

The scope of this certification is not only confined to the manufacturing process, but also extended to all the regional facilities. The yearly EMS evaluation is carried out by our Regional Headquarters, Toyota Motor Asia Pacific [TMAP], Thailand. Since FY 2012-13 we have consistently achieved 100% conformance including in FY 17-18. Presently, we are working to update our environmental management system to achieve conformity with the new version of ISO 14001:2015 standard.

TKM has not been levied any fines or penalties for non-compliances with environmental laws in the reporting period.

LEGAL COMPLIANCE

Environment Legal compliance is of critical importance, as non-compliance with the legal requirements directly affects the company's relationships with external stakeholders. We also have a standard practice of adhering to 20% more stringent compliances than the applicable regulatory standards.

We monitor legal compliance on a real-time basis through the Legal Compliance Monitoring Tool [LCMT], to ensure compliance at all levels of operations. In addition, we conduct bi-annual compliance audits at all our facilities, monthly monitoring of all consent conditions prescribed by the state pollution control board, followed by quarterly audits to ensure compliance.

LEGAL COMPLIANCE IN THE VALUE CHAIN

As non-compliances might lead to legal action, we ensure that our vendors, suppliers, and dealers are compliant with all the applicable laws of the land. Hence we assess our value chain on legal compliance before we associate with them. We also carry out periodic audits to confirm the compliance status and follow up regularly for countermeasure implementation.

The company's commitment is supported by best practices, adoption of policies, long-term action plans and periodic reviews to achieve environmental legal compliance. To keep up the pace



TOYOTA ENVIRONMENTAL CHALLENGE 2050: CHALLENGE TO ZERO & BEYOND



The global environment is facing several challenges in recent days which are going to decide on the sustainability of the planet in the near future to come. Global community has joined hands to address the situation through several platforms and the global goals are set to address the issues collectively.



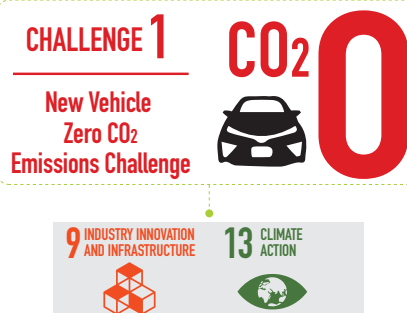
In response to the situation, we need to take on new challenges that consider the world 20 or 30 years in the future, in order to remain closely aligned with the global environment. This means not merely trying to reduce negative factors associated with automobiles as close to zero as possible, but at the same time, looking beyond zero, challenging ourselves in all-Toyota initiatives toward a net positive impact.

TOYOTA GLOBAL CHALLENGE 2050: IN ACTION

The Global Environment Challenge 2050 (announced in 2015), has reaffirmed Toyota's commitment towards the creation of climate resilient society in 'harmony with nature'. It is in-line with the United Nations Sustainable Development Goals [SDGs].

CHALLENGE OF CARBON FREE MOBILITY

As the regulatory norms are becoming stricter every day, it is important for us to manufacture vehicles that are more fuel efficient and less polluting. All our vehicles produced are BS IV compliant. We are continuously working on product improvement, not only to make them BS VI compliant in terms of fuel efficiency and low carbon emission but also compliant with customer safety standards. For this, we are striving for technological advances in design and development of better engines, transmission, and the vehicle body to facilitate energy conservation and reduced CO₂ emissions. We are also extensively promoting low CO₂ emitting 'diversified fuel' next-generation vehicles in India.



OUR APPROACH



TRANSITION TOWARDS ELECTRIC- HYBRID ELECTRICALS



PREPAREDNESS FOR ELECTRICAL VEHICLES



FOSTERING HYDROGEN BASED SOCIETY

Toyota has provided licensing rights of FCV patents at no charge to initiate cooperative actions for the popularization of new technology vehicles.

PIONEERING IN HYBRID SYSTEMS

Development of Toyota Hybrid Electric Systems in 1997, followed by the launch of Prius - world's first mass-produced hybrid passenger vehicle; made Toyota a pioneer in the global Hybrid electric vehicle space. In India, with the launch of Camry- India's first ever locally manufactured Hybridelectric in 2013, we marked a milestone in the history of the Indian Automobile Industry.



Camry Hybrid

Worldwide sale of Toyota Hybrids Electric Vehicles crossed 11 Million Units in the year 2017

PARTNERING FOR A GREENER FUTURE

Toyota globally believes that the electrification of vehicles is required to reduce CO₂ emissions. We have signed Memorandum of Understanding (MOU) with the Government of Andhra Pradesh [AP] to introduce Plug-in Hybrid and Electric vehicles [PHEV] in the State.

Under this MoU, we will conduct a feasibility study towards the introduction of "Prius PHEV" and "Small EV Commuter" ambitious smart city project 'Amaravati'.



We sincerely appreciate the Government's ambitions to reduce the pressing issue of pollution in the country through electrification of vehicles. Globally Toyota has been a leader in introducing alternate electric mobility solutions as HEVs, PHEVs, and FCVs, to help reduce the CO₂ emissions. We will continue our efforts to bring in the best technologies towards solving the national issues of rising pollution and fuel import, with the right direction from Government"

Mr. Akito Tachibana
Managing Director, Toyota Kirloskar Motor

FOCUSING ON EV

Even though our Hybrid Electric Vehicles have gained extreme popularity in the Indian market, we consider the government's push for Electric Vehicles as a business opportunity. We strongly believe that the 'PHEV' Plug-in Hybrid Electric Vehicle is a realistic solution considering the present status of the charging infrastructure available in the country. It is also in line with our Global Challenge 2050 to achieve zero CO₂ emission units.

FOSTERING HYDROGEN BASED SOCIETY

Toyota considers 'hydrogen' as a potential alternative fuel and is actively developing technologies to harness it from various primary sources. The launch of Mirai - the fuel cell vehicle [FCV] in 2014, was the first step towards promoting hydrogen-powered vehicles. Apart from the hydrogen-powered cars, Toyota aims for hydrogen-powered production lines for manufacturing by 2020. However, in India, we are extensively investing in hybrid technology and electric vehicles.



Toyota Mirai

REDUCING LIFE CYCLE EMISSIONS

We at TKM have adopted the best lean manufacturing practices to reduce our carbon footprint during various stages of our vehicle production and in our logistics operations. We have also initiated a GHG inventorization study to drive GHG emission reduction throughout the vehicle lifecycle. To reduce emissions in the upstream, we procure materials/parts which are free from SOCs and make efforts to maximize the steel yield ratio.

OUR APPROACH



ASSESSING
LIFECYCLE IMPACTS



GREEN LOGISTICS TO
REDUCE TRANSPORT
EMISIONS



HANDHOLDING SUPPLY
CHAIN PARTNERS FOR
CO₂ REDUCTION

CHALLENGE 2
Life Cycle
Zero CO₂
Emissions Challenge



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13 CLIMATE
ACTION

COMMITMENT TO SCIENCE BASED TARGETS

The Science-Based Targets initiative, which is a partnership between CDP (formerly known as the Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF) to curb the global warming to below 2 degree celsius increase. Toyota is a signatory to the SBT and is committed to reduce its GHG emissions throughout life cycle.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ASSESSING LIFECYCLE IMPACTS: GHG INVENTORIZATION

In alignment with Toyota's journey towards the achievement of Science-Based Targets [SBT], we are making efforts to adopt a uniform methodology for GHG accounting in our manufacturing plant and across our value chain. In the reporting year, we have initiated development of GHG database management system and GHG inventorization for FY 2017-18. This serves as a baseline data for future GHG accounting. Based on the outcomes of this study, we aim to take up GHG emission reduction activities and set targets for GHG emission reduction.

GREEN LOGISTICS

Freight operations play a crucial role in the overall CO₂ emission patterns. To reduce CO₂ emissions in our logistic operation, we are taking measures to improve distance optimization, packaging efficiency and transport efficiency of vehicles.

MIX LOGISTICS



In continuation of our collaboration with group suppliers for mix logistics, in various regions & routes, we have conducted joint studies for volumes (load), packing, standardized window timing and cost sharing to optimize the travel routes. Through this, we could cut down the CO₂ emissions by 482.5 MT in the reporting period.

PACKAGING OPTIMIZATION



To ensure the quality of auto parts, they are wrapped with additional plastic. To drive awareness on consumption of plastic, we assessed locally supplied auto parts and their wraps to optimize plastic usage. Rigorous trials with detailed analysis and CFT (Supplier, Quality, and Production) confirmations, we could eliminate 16.36 MT of plastic, which is equal to reducing CO₂ emissions by 38.61 MT in the reporting period.

TRAIN OPERATION ENHANCEMENT



Over the years, our logistics team has studied potential alternate modes of transport. In the reporting period, the railways were utilized for vehicle delivery to the North East dealerships. Despite various challenges such as meeting railway schedules, prolonged vehicle delay due to floods etc., the vehicles were delivered to the dealerships without disruption. This alternate mode of transportation helped us eliminate CO₂ emissions by 199 MT in the reporting period.

HANDHOLDING SUPPLY CHAIN PARTNERS

We have made multiple efforts to spread our eco-spirit throughout our value chain. We handhold our suppliers and dealers for CO₂ reduction through clear Guidelines, focused workshops, regular follow-ups and also assist with the audits to ensure the reduction. The details of our supply chain initiatives are explained in Responsible Procurement Practices chapter.

TOWARDS AN ENVIRONMENT POSITIVE MANUFACTURING PLANT

Energy plays a critical role in the country's economic growth. The ever-rising energy demand has become an issue of increasing significance due to its environmental implications. We are driving energy optimization by deploying simple and effective energy efficient techniques in our daily operations. With the government's effective policies towards National Solar Mission, we procure green energy through various power trading platforms. We have also installed renewable energy generation systems at our premises.

CHALLENGE 3
Plant Zero CO₂
Emissions Challenge



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13 CLIMATE
ACTION

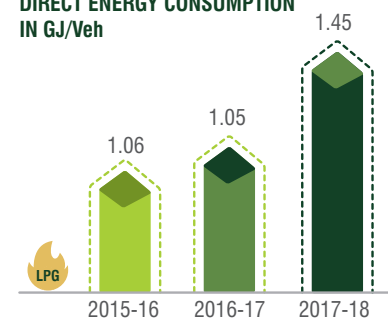
OUR APPROACH:



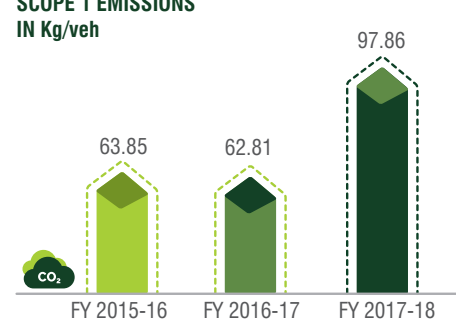
SLIM AND SIMPLE

With the concepts of Yosedome – lean manufacturing and ‘Kara- kuri’ (an innovative process that doesn’t consume energy at all), we are driving continuous improvement to simplify and streamline our manufacturing processes and make them more energy efficient.

DIRECT ENERGY CONSUMPTION IN GJ/Veh



SCOPE 1 EMISSIONS IN Kg/veh



In the previous years, we reported Scope 1 emissions only with regards to the LPG consumption. From this reporting year, we are also capturing the fuel consumption of the internal vehicles and DG sets. Hence, the values of direct energy consumption and Scope 1 emissions have considerably increased.

Please note that the refrigerants in AC and contract vehicles operating at site such as lawn mowers, crane, tractors etc. are excluded from scope1 emissions. However, we are in the process of developing mechanism to track the consumption details in the future.

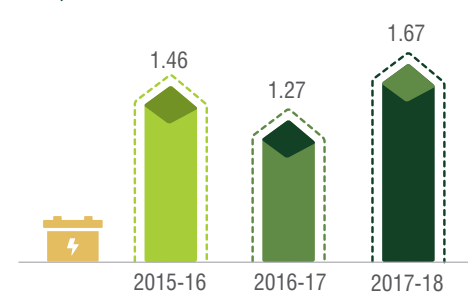
SWITCHING TO DIFFERENT FORMS OF ENERGY

We have taken a leap in our commitment of meeting our internal energy demands by renewable sources. This is majorly due to enhanced energy procurement and energy consumption from in-house solar energy system.



Rooftop solar installation at TKM Premises

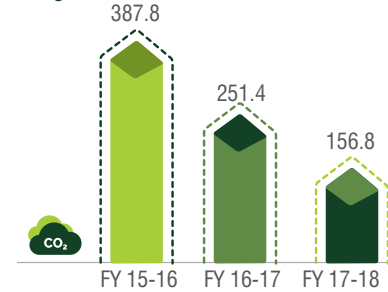
INDIRECT ENERGY CONSUMPTION IN GJ/Veh



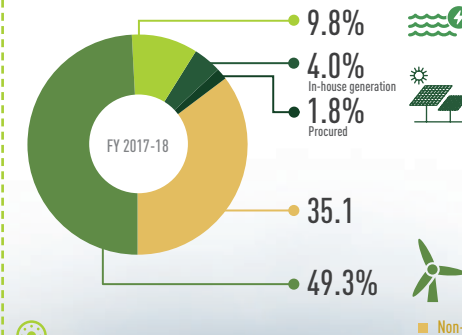
The Scope 2 emissions have considerably decreased from the previous reporting period due to increase in renewable energy utilization. In the previous report, the sum of renewable energy was not deducted from the total Scope 2 emissions. However, this reporting period we are showcasing the trend of decrease in our Scope-2 emissions due to increased utilization of renewable energy.

In addition to the existing 3.2 MW solar installations, we also installed 5.2 MW solar installations at our premises during the reporting period.

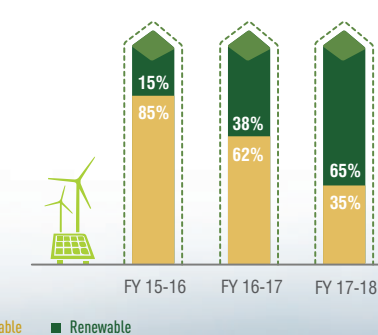
SCOPE 2 EMISSIONS IN Kg/veh



RENEWABLE ENERGY CONSUMPTION



RENEWABLE ENERGY TREND



In FY 2017-18, 64.8% of our total plant energy demand was met by renewable sources compared to 38% in FY 2016-17. Further, we have enhanced our mid-term target and aim to meet 80% of our internal energy needs through renewable energy sources by 2020.



Ground mounted solar installation at TKM Premises

ENERGY CONSERVATION THROUGH KAIZENS

Our Team Members actively involve in the energy conservation activities which has helped us to reduce our CO₂ emissions in production process.

Kaizens

- We have introduced an intelligent real-time energy control system to reduce the LPG/energy consumption during the equipment preparation and start up at the paint shop. This has led to the reduction of carbon emissions by 67.65 MT in the reporting period.
- The chilled water supply circuit was assessed for efficiency. It was found that there were multiple issues such as the mixing of chilled water with return water, ineffective utilization of CT fan, internal energy losses etc. that caused unnecessary consumption of energy. As a countermeasure, a smart control system was established. This led to a reduction of energy consumption of 405.52 MWH or CO₂ reduction of 877 MT in the reporting period.



Mr. Vinay Kumar, General Manager, Manufacturing, receiving Toyota Asia Pacific Gold Award

EMISSION REDUCTION

We recognize air pollution as a significant issue. Ever since our establishment, we have taken all the necessary steps to curb the emissions at source by the installation of relevant air pollution control equipment in our production areas. Even though we do not have implications on the ambient air by way of our operations, we monitor our surroundings as per Ambient Air Quality Standards [AAQS]. Our stack emissions are monitored on a quarterly basis.

VOC Emission Reduction

We recognize air pollution as a significant issue. Ever since our establishment, we have taken all the necessary steps to curb the emissions at source by the installation of relevant air pollution control equipment in our production areas. Even though we do not have implications on the ambient air by way of our operations, we monitor our surroundings as per Ambient Air Quality Standards [AAQS]. Our stack emissions are monitored on a quarterly basis.

MONITORING PARAMETERS	MT/ANNUM
SPM	541.2
SO2	1.5
NOx	8.0

The NOx, SOx values mentioned in the previous report were pertaining to AAQS. However, in the present period, we have reported the stack emissions of NOx, SOx and SPM.

ADVANCING TOWARDS ZERO FRESH WATER FOOTPRINT

Today, water scarcity is a global issue of increasing significance. According to forecasts, 40 percent of the world’s population is expected to suffer water shortages by 2050. As India is progressing with its National Water Mission, we have steadily implemented measures to gradually conserve water.

OUR APPROACH

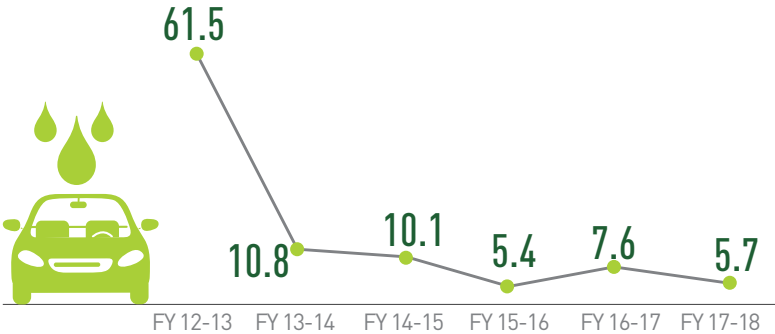


REDUCING WATER CONSUMPTION

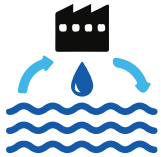
Through the five year action plan of TKM, we have set the targets for the water consumption reduction and the same is driven in to each of the shops through the yearly hoshin of the shops. The performance against the target is closely monitored to ensure the reduction.

We have adopted water-efficient fixtures and eco-friendly sanitation system at our premises and promote water conservation amongst our employees.

PERCENTAGE OF FRESHWATER CONSUMED



CHALLENGE 4
Challenge of Minimizing and Optimizing Water Usage



REUSE - RAINWATER HARVESTING SYSTEM



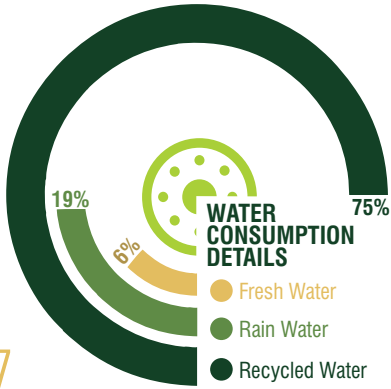
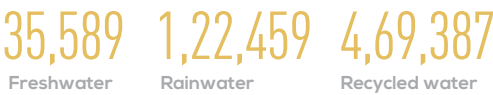
RECYCLE - MBR & RO

DOMESTIC WATER CONSUMPTION REDUCTION

We depend only on KIADB for our freshwater needs, for water which is sourced from river Cauveri. To achieve maximum efficiency, it is important to ensure that our rainwater and recycled water supply meets our manufacturing demand. As the water demand is subjected to seasonal variations, production numbers, changes in the plant layout and models, we are consistently striving to bridge the supply and demand gap.

94.3% of the total manufacturing water demand is met by Rainwater and Recycled water.

Water Consumption m³



ENHANCING RAINWATER HARVESTING (RWH)

The existing RWH tank of capacity 25,000m³ is the primary source of fresh water for manufacturing process, followed by recycled water. We also have a natural RWH pond of capacity 26,000 m³ as a part our Eco Zone project.



Rainwater Harvesting Pond at TKM premises

WASTEWATER RECYCLING

The effluent from our operations is treated in common effluent treatment facility [CETP] at our premises followed by RO and MBR. So far, we have been able to cut down the fresh water demand for manufacturing by recycling 63% of the treated effluent back into manufacturing. The excess treated effluent is used for micro-irrigation and eco-friendly sanitation system at our premises. This ensures ‘Zero discharge’ outside the plant, resulting in zero contamination of water bodies.



RO and MBR Installation at TKM premises

TOWARDS A RECYCLE BASED SOCIETY

The indiscriminate usage and over-exploitation of limited natural resources have caused the risk of irreversible damage to the natural world. Hence, we have embraced resource conservation and waste minimization at source through our 5R strategy – Reduce, Reuse, Recycle, Refine and Retrieve. We are also striving to ensure resource optimization and waste management across our value chain.

OUR APPROACH:



RESOURCE OPTIMIZATION



WASTE REDUCTION



EFFECTIVE WASTE MANAGEMENT



END OF LIFE MANAGEMENT

CHALLENGE 5
Challenge of Establishing a Recycling-based Society and Systems

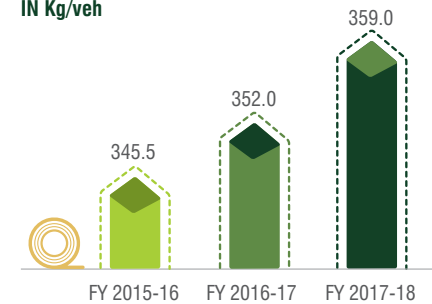


RESOURCE OPTIMIZATION

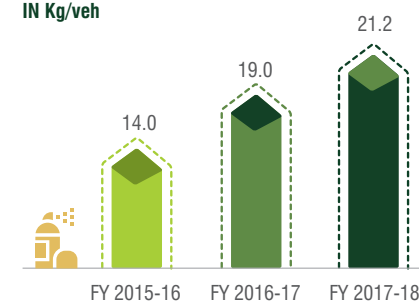
We strive to reduce resource consumption from production activities through effective utilization of resources while making continual day-to-day improvements.

The two most important raw materials -steel and paint consumption is monitored to utilize resources efficiently.

STEEL CONSUMPTION
IN Kg/veh



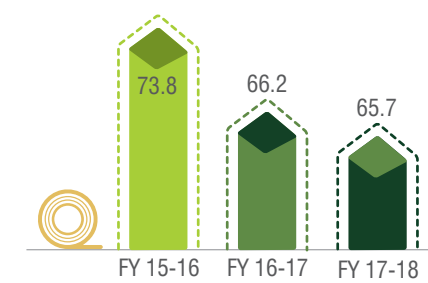
PAINT CONSUMPTION
IN Kg/veh



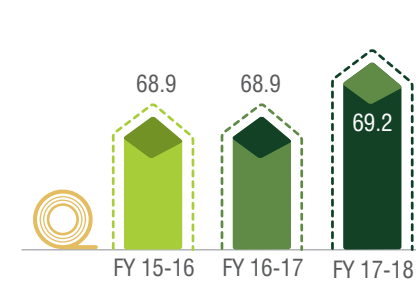
Presently, we are enhancing processes to use renewable/recycled material as input material. However, we are making efforts to increase the steel yield ratio.

STEEL YIELD RATIO

STEEL YIELD RATIO %
(MODEL:INNOVA)



STEEL YIELD RATIO %
(MODEL:ETIOS)



We have a special task force in collaboration with blanking vendors and authorized recyclers, to reduce our dependency on virgin steel. As we do not utilize recycled raw materials to ensure the highest quality of our products, our major raw materials are subjected to maximum yield and minimum wastage.

We are making efforts to refine our resource utilization capacity. Our team members have invented equipment which segregates copper and rubber from the electric cable before disposal. This showcases active participation and innovative interventions at our manufacturing facility towards resource conservation.

WASTE REDUCTION

Solar sludge drying: One of the kaizen ideas is reduction of waste sludge – unwanted excess moisture content in waste sludge increases the volume of waste and results in higher environmental impacts. In TKM, we introduced solar sludge drying beds in which the excess moisture is removed to reduce the environmental impacts resulting from the same.



EFFECTIVE WASTE MANAGEMENT

Toyota Earth Charter- Basic policy of Toyota defines and encourages “pursuing production activities that do not generate waste”. TKM five-year action plan derived from earth charter also in place which speaks on “Reduction in hazardous waste generation” and “continuous efforts to achieve Zero Waste to Landfill”.

At Toyota, we consider waste as “Value”. These mindsets have driven a case for ensuring waste segregation and thereby enhance the overall recyclability.

We also handhold our waste handlers who reprocess and dispose the wastes to ensure that there is no significant impact on environment. The audits are conducted at vendor sites to understand the gaps and we handhold vendors to handle and dispose waste in scientific manner.

HAZARDOUS WASTE GENERATION

FY 2016-17	Hazardous Waste*	1064.25	MT/A
	Hazardous Waste*	1115.7	MT/A
FY 2017-18	Spent solvents & used oil	73.5	KL/A
	Empty container	120017	Nos/Annum

NON- HAZARDOUS WASTE

FY 2016-17	Recyclable Waste	23591	MT/A
FY 2017-18	Recyclable Waste	23687	MT/A

* excluding spent solvents used oil and empty containers

The used oil, spent solvents and the empty containers generated are handed over to KSPCB authorized recyclers. The hazardous waste generated (paint sludge, phosphate sludge, chemical sludge) is sent for co-processing at a cement kiln. The other hazardous waste generated is sent for incineration. The detailed list of waste generated along with the disposal details is attached as annexure. The non-hazardous waste generated is sent for recycling.

MANAGEMENT OF END OF LIFE VEHICLES

100 dismantler project: When End-of-life vehicles are not properly disposed or dismantled, that may not only affect regional environments, but cause risks to the health and safety of local residents. To prevent these problems, Toyota promotes the Toyota Global 100 Dismantlers Project.

Through this project, we aim to establish social systems for properly treating of End-of-life vehicles without imposing regional environmental impact.

Vehicle Dismantling Unit: In India, the regulation on the management of end -of -life vehicles is still in progress and might roll out for implementation in the near future. A study was conducted on the available recycling facilities and it was found that there are no authorized recyclers for vehicle dismantling in India. It was observed that the available recyclers lacked scientific approach for dismantling and had inadequate environmental and safety considerations. This facilitated the need for us to have a technologically advanced and safe dismantling facility at our own premises. Also since we

always strive to keep pace with the regulations, we have taken a step ahead and established an End-of-Life treatment facility at our premises. This is aligned with Toyota's Global 100 Dismantlers project.

Presently, we dismantle vehicles used for tests, trails and training and/or that are damaged during their transit. We have also established scientific standard operating procedures [SOPs] to ensure maximum resource recovery with utmost priority towards environmental compliance and safety of our personnel.

A FUTURE SOCIETY -IN HARMONY WITH NATURE

Toyota strongly believes in conserving the natural ecosystems for the harmonious coexistence of humans with nature. Hence, with its sixth challenge, it aims to conserve biodiversity and collaborate with all its internal and external stakeholders to create awareness and promote environmental education. It has established the 'Toyota Green Wave project', 'Today for Tomorrow' and 'Education for Sustainable development' projects to endeavor for a society in harmony with nature.

OUR APPROACH



GREEN WAVE -
MASS
AFFORESTATION



TODAY FOR TOMORROW
- BIODIVERSITY &
ECOSYSTEM SERVICE
PROJECTS



EDUCATION FOR
SUSTAINABLE
DEVELOPMENT-DEVELOPING
ECOCONSCIOUS CITIZENS

CHALLENGE 6 Challenge of Establishing a Future Society in Harmony with Nature



GREEN WAVE PROJECT

Afforestation: Since 2009, we are expanding our afforestation activities inside and outside our premises through cross-functional cooperation (involving all stakeholders).



More than 2,50,000 saplings have been planted at our premises

We have maintained our green belt based on Miyawaki method, which helps in creating a natural forest with native species.

TODAY FOR TOMORROW PROJECTS

Biodiversity Conservation: Even though we are not placed near any ecologically sensitive areas, we have conducted initial biodiversity impact assessment in 10 km radius of the plant. The main objective was to identify various native species inside and outside the premises. As there has been considerable increase in our afforestation activities over the years, we partnered with IBBI to conduct biodiversity mapping and impact assessment study. This main objective of this is to understand diverse ecosystem in and around our manufacturing unit and across our value chain and develop Biodiversity management plan in the future.

Our Green Partnerships:



We have collaborated with International Union for Conservation of Nature [IUCN] through their 'Leaders for Nature' project, to exchange our best practices with our peers and benchmark regional and global environment biodiversity conservation best practices. This will also empower us to respond to the emerging environmental challenges.



We have partnered with Confederation of Indian Industries [CII] under its India Business and Biodiversity Initiative [IBBI] to mainstream our biodiversity conservation agenda in a sustainable manner.

Lake Rejuvenation: Karnataka is witnessing depleting natural water resources – due to pollution and sinking of underground water. As a part of the water conservation and environment drive, TKM adopted a lake in the vicinity - a first of its kind project, with an objective to protect the natural resource. Rejuvenating the lake, which will help to enhance the level of underground water, and providing good civic amenities, are planned under this project.

Phase I of the project was completed in 2017-18. Civil works like de-silting, bund preparation/pitching, wastewater diversion etc. were completed as per the plan. Phase II will be implemented in FY 2018-19 and full pledged lake will be operational from 2019 onwards.



The lake will be beneficial to 4 villages

Abbanakuppe Lake

EDUCATION FOR SUSTAINABLE DEVELOPMENT



Green-Me, is a curriculum based environmental education program aimed to inculcate positive environment attitude amongst children. Since its initiation in 2015, we have partnered with education department and 30 government higher primary and 5 high schools across Bidadi region, Ramanagara district.

The program aims at promoting environment awareness and conservation activities through both knowledge enhancement and practical implementation. After the successful completion of Phase II, Phase III was initiated in August, 2017. Consequently, the program has gained momentum and is successful in expanding environment awareness to the local community through 'Child as an agent of change' approach.

STUDENT CONNECT

We continuously engage students in various ways to bring about a behavioral change. After the completion of Phase III, we evaluated children on their environmental awareness.



Video show on environmental awareness

SCHOOL CONNECT:

We introduced Star Rating System to evaluate schools on a scale of 5. The evaluation criteria is based on child awareness levels and various activities such as plantation & clean up drives, water & waste management, community campaigns etc.



TKM manufacturing plant visit

VILLAGE CONNECT

To create awareness on environmental concerns amongst local community, the Green ME concept was introduced in Gram Panchayat meeting. Further, the school children along with the NGO partners organized campaigns, video shows and demonstrated environment good practices.



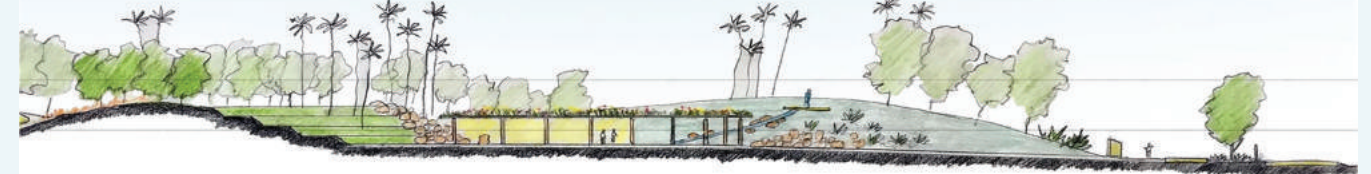
Environmental awareness amongst local community

70 SCHOOL COMPETITIONS
280 DEMONSTRATIONS
700 CLASS ROOM SESSIONS

35 GOVERNMENT SCHOOLS
140 TEACHERS
1477 STUDENTS

5 GRAM PANCHAYAT
85 VILLAGE RESOURCE MAPS
35 VILLAGES - COMMUNITY AWARENESS CAMPAIGNS

ECOZONE PROJECT



In our endeavor to towards establishing future society in 'harmony with nature', we are developing "Eco Zone" in our TKM premises. Eco Zone is an outdoor environment learning center, specially being designed to provide experiential learning to students. It is spread across an area of 25 acres alongside 500KW solar park.



An aerial photograph of a landscaped park area. The park features a winding path that curves around a small, irregularly shaped pond. The path is bordered by lush green grass and several tall palm trees. In the center of the park, there is a small building with a dark roof and a red wall. A few people are visible walking along the path and near the building. The overall scene is a well-maintained outdoor space.

An aerial photograph of a park area. A wooden boardwalk winds through a lush green landscape. On the left, a small stream flows, crossed by a simple wooden bridge. To the right of the stream, there's a small, arched stone structure, possibly a fountain or a decorative bridge. The park is filled with various trees and plants, creating a vibrant green environment. A few people can be seen walking on the boardwalk, adding a sense of scale and activity to the scene.



RESPONSIBLE PROCUREMENT PRACTICES

We believe, the integration of sustainability in the supply chain is crucial to delivering long-term profitability. We associate with business partners based on their overall strengths and realize mutual growth through mutual trust. With various development programs, we not only aim to create monetary benefits, but also provide a significant competitive advantage for our suppliers in the rapidly changing market landscape. In the 'Green Purchasing Guidelines' formulated in March 2006 with the latest amendment in 2016, we are aligning our suppliers with the Toyota Global challenge 2050. We encourage fair labor practices at our suppliers' and we do not engage with suppliers who encourage child labor and forced and compulsory labor.

ELEMENTS OF TOYOTA PURCHASING POLICY

- Fair competition based on open door policy
- Mutual benefit based on mutual trust
- Contributing to local economic vitality through localization and good corporate citizenship

SUPPLIER CSR GUIDELINE

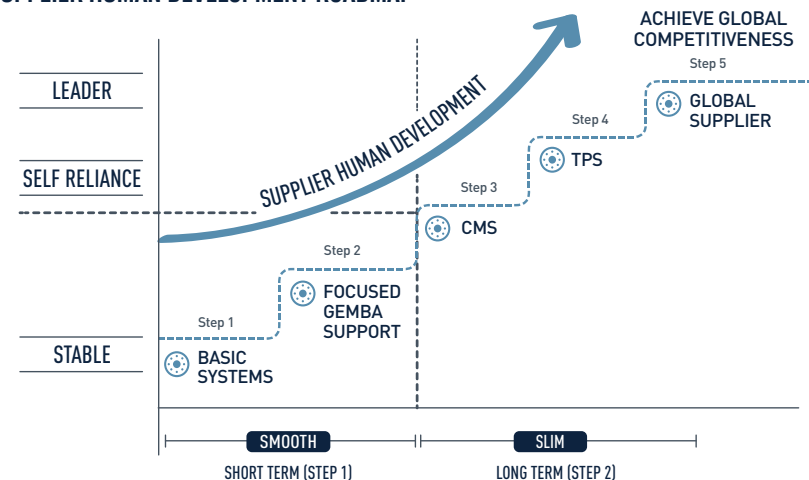
- Respect for employees and stakeholders
- Safety, Quality, Productivity, Cost and Human Development [SQPCH]
- Legal Compliance, Human Rights/ Labor, Local or Global community

GENERAL PURCHASING AGREEMENT

- 'Customer Satisfaction' is the primary objective
- Toyota Production System (TPS) and Just-In-Time (JIT) to be adopted
- Develop a long-standing business relationship based on mutual trust
- Comply with safety and environmental standards
- Contribute to the sustainable development of society
- Promote faithful and sound business activities

TRANSFORMING SUPPLIERS AS LEADERS

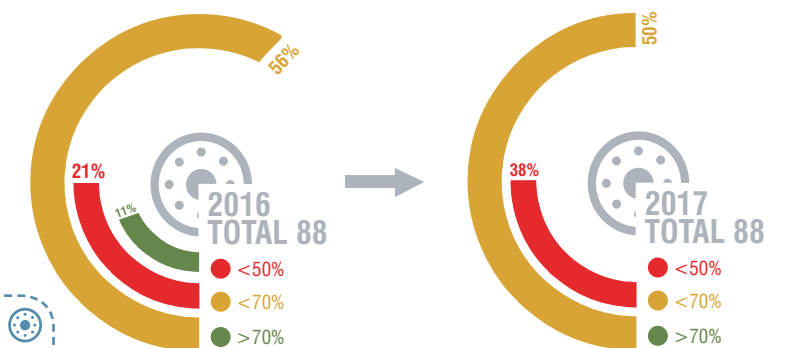
SUPPLIER HUMAN DEVELOPMENT ROADMAP



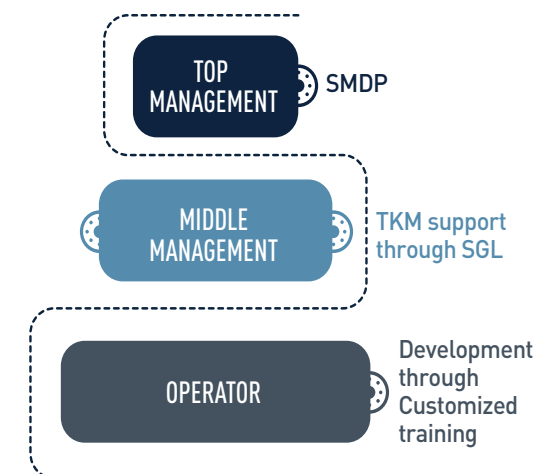
Our Supplier Kaizen Department [SKD] is working with all our suppliers, empowering them to deliver 'Quality' products. Presently, our suppliers are provided training in the areas of Safety and Environment, Production and Quality, Industrial Relations, Cost Management, Manufacturing (monozukuri) and Toyota Production Systems [TPS], to enhance their overall competitiveness. We extend Gemba support through a well-established 'Sustenance' plan to transform them as 'Leaders' in the future global sourcing platform.

SUPPLIER EVALUATION:

Our supplier performance is evaluated on a scale of 100. The performance of suppliers against the evaluation criteria is as below:



HUMAN DEVELOPMENT



We support our suppliers towards stable and sustainable Gemba management by enhancing Gemba skills at suppliers. We have established different training programs specific to the plant head, operations managers/ supervisors and supplier shop floor members.

SUPPLIER MANAGEMENT DEVELOPMENT PROGRAM

The Gemba skills of supplier top management are enhanced through Supplier management development program [SMDP]. To make them self-reliant in Gemba management, we follow a four-phase development program based on smooth-simple-slim-smart concept.



Supplier Management Development Program, August 2017

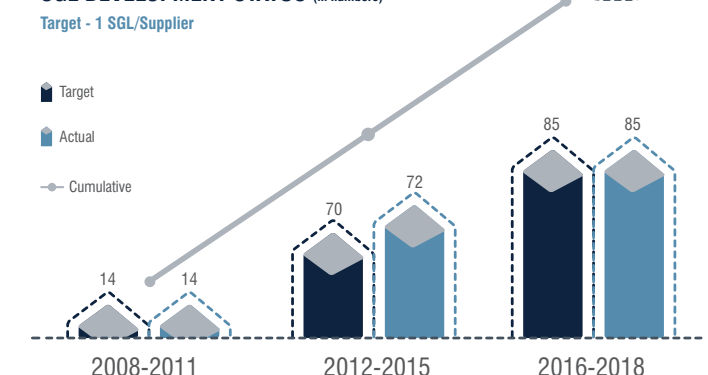
FOCUSED GEMBA SUPPORT

Further, we provide focused Gemba support to the middle management (Manager Supervisors) through one-year Supplier Gemba Leader [SGL] program. Under this program, one window person from each supplier is trained at the TKM premises to implement the Toyota principles and best practices at their respective facilities.



11th Batch SGL certificate distribution by MD san, TKM

SGL DEVELOPMENT STATUS (in numbers)



PROGRAMS FOR SHOP FLOOR MEMBERS

We also conduct customized classroom training to strengthen the overall shop floor capabilities. The shop floor members are trained on safety, quality, and production.

SAFETY & ENVIRONMENT	Basic Safety & Environment Management Legal & Safety risk elimination Resource Conservation
QUALITY	Quality Basic Concepts Quality Management Systems
PRODUCTION	Shop Floor Management Systems Shop KPI Management

This step by step approach has led to improvement in daily management and cost-benefit at the respective supplier base.

ENSURING SAFETY AT SUPPLIERS

With 'Safety First' as our foundation, we support our supplier base in safety management. We carry out regular safety audits to assess unsafe acts and unsafe conditions at supplier workplace. We keep a check on safety aspects related to human, machine, methods and fire risks, through the system and Gemba audits.

In the reporting year, the safety audit observations showed inadequate safety systems at suppliers to address the safety risks at the workplace. Hence, we are promoting safety awareness at suppliers too.

Further, we are working on 3 pillars of safety

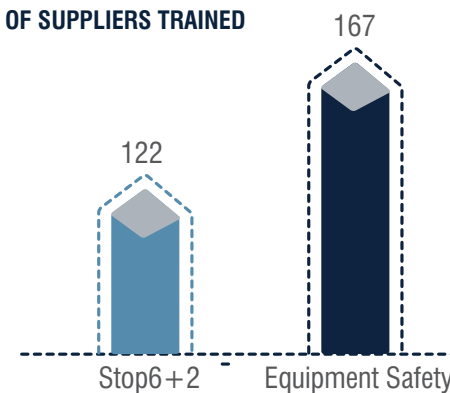
- We are sensitizing top management at suppliers to build and lead safety culture through Gemba

LONG TERM	MODEL PLANT CONCEPT
NO FATAL NO FIRE AUDIT	IMMEDIATE ACTION
2016-17	2017-20

- We are implementing systems for machine and electrical safety for a cluster of 10 industries
- Fire safety enhancement and system implementation at critical suppliers and countermeasures for improvement

Based on the above approach, we aim to develop model supplier plants across all regions and share the best practices with other companies

NUMBER OF SUPPLIERS TRAINED



GREENING OUR SUPPLY CHAIN

GREEN PURCHASING GUIDELINES [GPG] - OUR PROGRESS

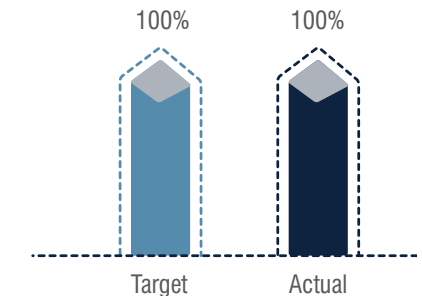
The latest amendment of GPG (2016) was communicated across our supply chain in the previous reporting period. Through this, we have aligned 100% of our suppliers (Bengaluru, Chennai, Delhi and Pune region) with the Toyota Global Challenge 2050. As a first step towards greening our supply chain, we ensure the sustenance of the established legal compliance management and ISO 14001 systems at our suppliers. We carry out regular

environmental compliance audits to integrate Environment Management System [EMS] in our daily operations.

We are driving stringent chemical management by eliminating Substances of Concern [SoC], from the supply chain. In the reporting period, we have initiated grasping the resource consumption data and emission patterns at the

suppliers. We have also developed resource conservation manual to promote resource recycling. Going further, we plan to expand our end of life management and biodiversity initiatives. We are making efforts to implement GPG at all Toyota suppliers by assessing their processes, setting targets for improvement and supporting them to cut down their environmental footprint by 2020.

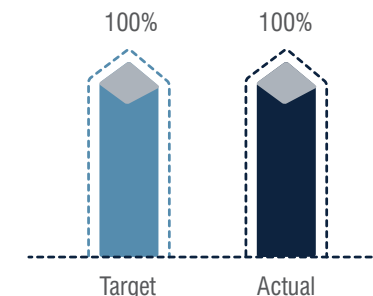
GPG COMPLIANCE MANAGEMENT AT SUPPLIERS



ENVIRONMENT RISK MANAGEMENT AT SUPPLIERS

We ensure that our suppliers are always compliant with all the laws of the land. According to the law, industries are not supposed to discharge the effluent without treating it. In the reporting period, we carried out audits at our suppliers to ensure that the wastewater generated is treated before it is discharged or sent to Common Effluent Treatment Plant facility for its treatment and disposal. For this, we conducted one-one interactions, and Gemba visits at suppliers and has confirmed the wastewater management in the Bengaluru region. About 231 issues related to the wastewater treatment and disposal was identified and the countermeasures were implemented.

LEGAL COMPLIANCE MANAGEMENT AT SUPPLIERS

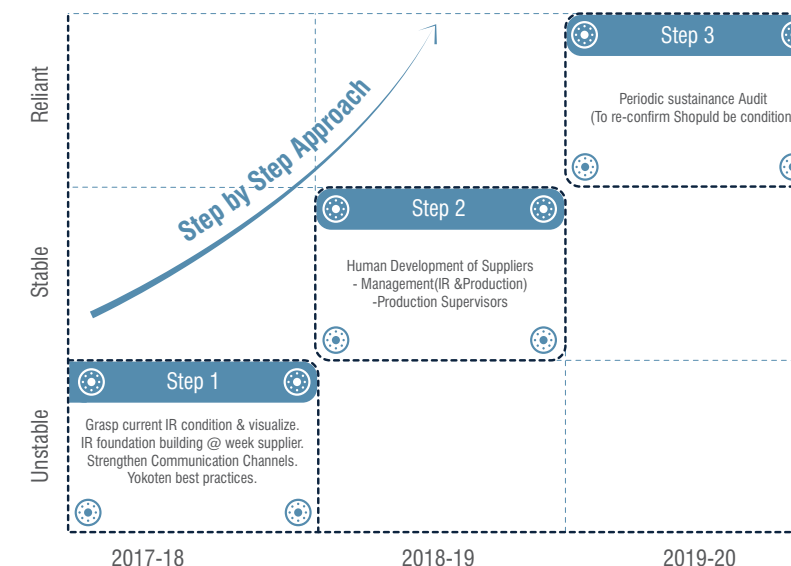


ONE TO ONE INTERACTION WITH SUPPLIER TOP MGMT. ON OPEN ISSUES

PERIODIC MEETING TO REVIEW THE C/M PROGRESS

GEMBA VISIT & C/M CONFIRMATION

INDUSTRIAL RELATIONS MANAGEMENT AT SUPPLIERS'



Our SKD department observed that there were few instances of shortage in supply of parts due to poor labor relations at suppliers'. The major challenges faced by our suppliers included issues with contract workmen and COD settlement.

To ensure proper IR management at suppliers' end, our SKD along with HR department is jointly involved in IR foundation building at Suppliers and their expert opinion is available to the suppliers in case of IR turbulence at their base.

SUPPLIER CONNECT

QUALITY CIRCLE COMPETITION [QCC]

The QCC is held annually at the regional level followed by national Level and provides a platform for all suppliers to exchange their ideas and share experiences. With the theme ‘Progress through Sharing’ this year, we laid emphasis on embedding ‘Quality’ from the grass root level at suppliers. Suppliers from various regions actively participate in the event and the best performing circles are recognized.



Gold Award Winner-Novares, Chennai

ANNUAL SUPPLIER CONVENTION

The annual supplier meets communicate TMC’s expectation and targets. With the theme of “Rebuild capabilities to meet Dynamic technology Challenge”.



MD San addressing at the Annual Supplier Meet

CSR

Our TKSA team has always extended its support towards the education of the girl child. Taking it further, we have sponsored the education of 5 girls for one academic year. In addition to this, educational kits were distributed for three Government schools, followed by tree plantation activity to sensitize children on the environment.



Education kit distribution for Government school children



Education sponsorship for 5 girl children for one academic year

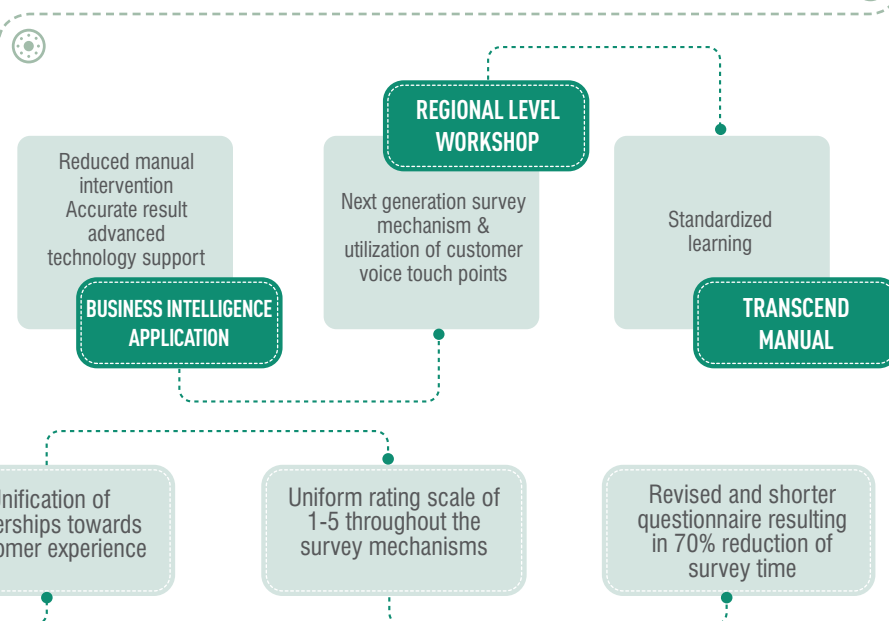


CUSTOMER DELIGHT

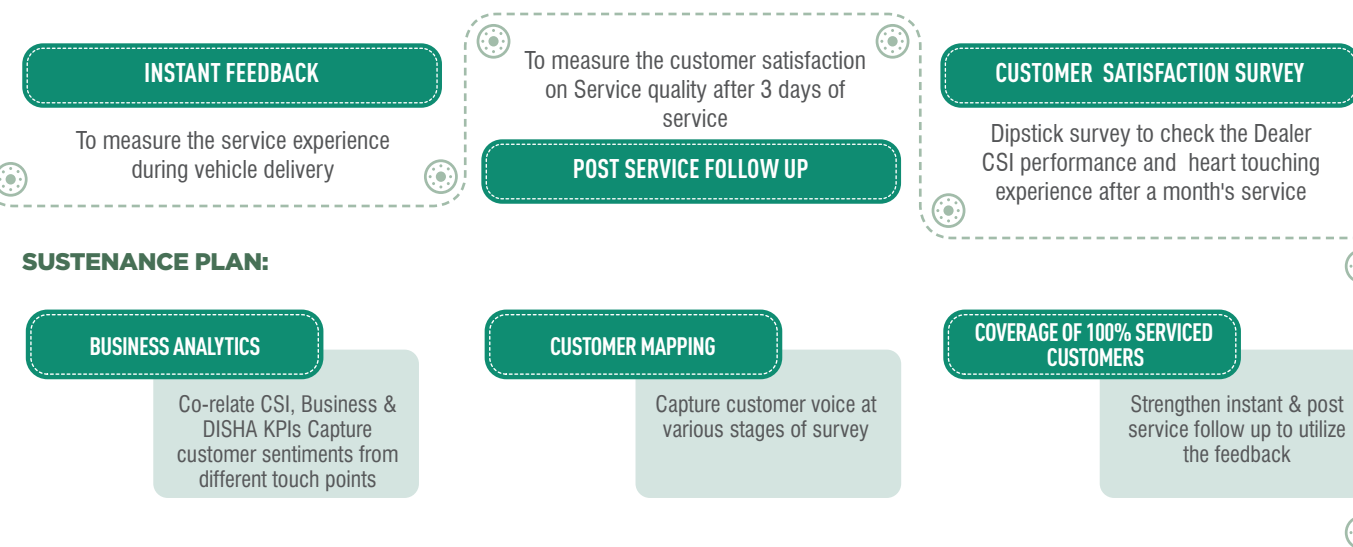
Loyal and happy customers are our business promoters. To ensure ultimate customer delight, it is vital to consider qualitative customer voice as the key input in dealer operations and service offerings. We ensure customer delight by expanding our product portfolio with advanced technology that offers quality products and services.

CUSTOMER SATISFACTION SURVEY

We at TKM have devised a new survey mechanism to capture the customer voice at all touch points to give the customer what he or she really wants. A Business Intelligence [BI] application is introduced to analyze customer satisfaction results in our pan-India dealerships. This tool helps to strategize and enhance the Customer Service Experience. Through this, dealers can also emulate other dealers' Best Practices to learn, improvise and standardize their own practices. We are also educating our dealer staff on the survey mechanism through workshops. We also conduct a benchmarking survey to understand customer expectations & employ Best Practices with respect to other players in Industry.



We are presently focusing on the positive voice of our customers to enhance their experience. For this, we have successfully implemented three different surveys at 3 intervals:



SUSTENANCE PLAN:

BEST IN TOWN



ACCURACY

+



CARING

=



TRUST

Customer retention plays a vital role in sustaining business under the current competitive market conditions. Hence, it is vital for us to ensure 'best in town' customer experience.

For this, we are promoting self-reliant operations at our dealerships, following the Toyota Customer Service philosophy. Under this program, our dealers from the North region [Rajasthan, Delhi, Haryana, Chandigarh], have initiated cross learning through customer

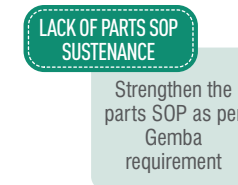
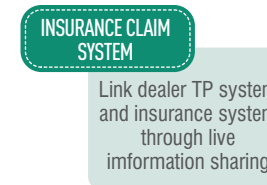
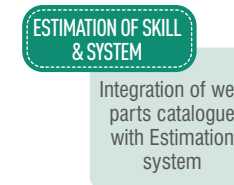
voice-based kaizen. About 71 dealer guests participated in the event, including 21 senior dealer management.

The discussions focused upon the future challenges and helped Toyota dealerships to set future directions towards innovations. This helped the dealerships to get a way forward to ensure business sustainability through customer retention, repurchase and referral sales of Toyota vehicles. The host dealership [OM Toyota] showcased their kaizen

towards two key pillars of Customer First philosophy, the 'People Power' and 'Super Competitive' operations. The best practices for improving customer convenience and even better sales and after-sales experience were also showcased by other dealers.

The event promoted collaborative efforts of different cross functions centered towards customer delight - One Customer One Team.

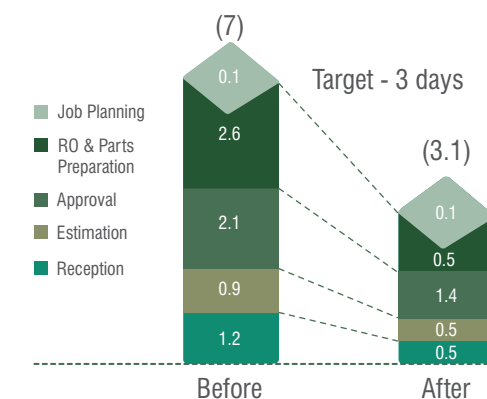
ENHANCING CUSTOMER EXPERIENCE



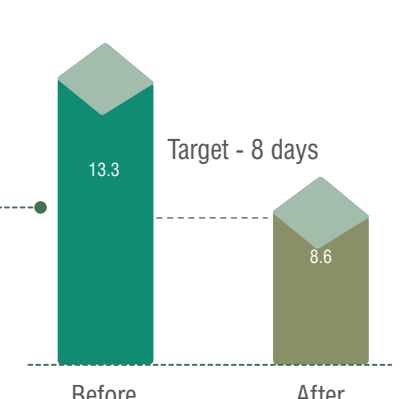
We at TKM are working towards the enhancement of dealer and distributor manpower to manage the ever-growing automobile sector in India. For this, our regional headquarter TMAP, has initiated 'Customer Service Kaizen Evolution' [CSKE] in 2013, for six key functions. This is a distributor level competition focused on evolving new ideas and kaizens in service operations.

To deliver best in town BP service to our customers, it is vital to value their time, and assuring service quality. For this, a detailed root cause analysis was carried out through a pre-kaizen survey of overall BP operations. As a result, it was found that the car-in to car-out lead time was very high due to process stagnation in pre-production process (work approval process) at pilot shop. As per detailed genba study at pilot shop, we found key focus areas and countermeasures are developed to meet customer expectations.

PRE-PRODUCTION LEAD TIME



OVERALL LEAD TIME



Since 2011, India Toyota dealers' Body Paint [BP] operations are continuously improving. BP Basic Pro was introduced to ensure on-time delivery and high repair quality. This led to the year on year reduction in VOC. However, we noticed that a major VOCs were customers' complaints on delayed service delivery.

BREACH OF INFORMATION SECURITY

Information security is vital for every organization. We have a vigilant information security team. It continuously strengthens our information security systems by creating awareness on the foreseeable information security risks and develop a mitigation plan.

In the reporting year, the 10th National T-TEP Seminar was held to strengthen and standardize T-TEP operations across India. The key technical challenges faced by the dealerships and the institutes are discussed at the event. To further enhance the skills and

TOYOTA TECHNICAL EDUCATION PROGRAM [T-TEP]

T-TEP is a distinctive training model where students studying in Industrial Training Institutes are trained as per industry requirement.

T-TEP SEMINAR



Opening Remarks by Mr Vedprakash Tiwari, General Manager, Customer Service Division

T-TEP NETWORK EXPANSION 2017



MOU Sign off by Mr. Ravi P Sontakke, Deputy General Manager, Customer Service Division & Sri Ram Polytechnic Institute Management

knowledge of T-TEP instructors. Instructor skill contest is conducted along with Best Kaizen, Safety Aids & Simulators displayed in the stalls.

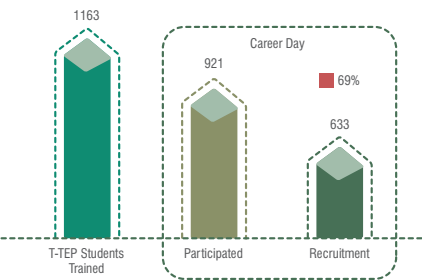
T-TEP New Launch (Name)	Location	Category
Don Bosco Technical Campus	Pulianthope, Chennai	Body & Paint
Sriram Polytechnic	Perumalpattu, Chennai	Service Advisor

T-TEP CAREER DAY

With the help of T-TEP, training institutes will be able to develop a highly skilled technical work force with greater career prospects in the automotive service industry. This program was launched in 2006 and currently tied up with more than 40 industrial training institutes.

Every year, we organize Career day at T-TEP institutes to provide employment opportunities for students at our dealerships. Till day, more than 6500 students have been trained & recruited 4500 students by our dealer partners.

T-TEP Training and Recruitment



T-TEP Career Day

WORLD SKILL COMPETITION [WSC]

The World Skill Competition [WSC] is skill Olympic where it brings youth, industries and institutions together to create platform for the youth to showcase their talents & skills at international level. The objective of this program is to encourage youth to attain the skills of international standards.

To promote Skill India Campaign to achieve its objectives, India also participates in the World Skill Competition. Best Indian Talent is selected through India Skills Competition conducted by National Skill Development Corporation (NSDC).

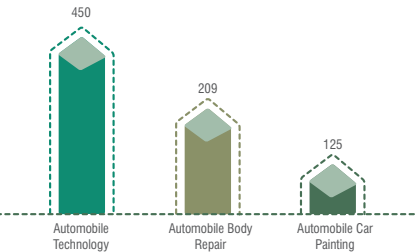
The best talent is selected through Skill Competition conducted at

INDIA SKILLS-SELECTION PROCESS



District level, Regional level and National level. First time, TKM facilitated T-TEP students and Dealer Technicians to participate in the WSC for Auto body, Car Painting and Auto Technology Categories. Also TKM (Manpower Excellence Centre) provided focused trainings for better performance in the Regional Skill Contest.

T-TEP & Dealers Participation



ENVIRONMENT MONTH

The Toyota Global Environment Month (June) is celebrated at all our Dealerships, pan India. All our dealerships collaborated with TMC global vision 'Let's Do it for the Future'. The environmental awareness was promoted at all sales-service outlets through various displays, audio-visuals, sapling plantation and distribution involving local community. Various competitions like quiz, painting, slogan writing were organized for the staff family members and customers. Free PUC check-up and Eco-wash was organized for all vehicles in the environment month at service shops.

OUTCOMES



ROAD SAFETY

Customer health and safety is of utmost importance to us. Along with the product related safety features, we also educate our customers and dealer staff on road safety.

We create road safety awareness to all our key stakeholders and expect them to in turn create awareness amongst their stakeholders.

Our dealerships create road safety awareness programs amongst their staff, customers and local community. The banners are displayed at the dealerships and various competitions / trainings are conducted to the dealership staff.

NATIONAL ROAD SAFETY WEEK, 2018

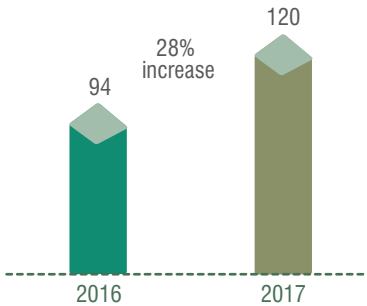
On the occasion of National Road safety week, our dealerships conduct awareness drives and training programs amongst dealer staff, customers and local community. Road safety awareness banners and placards such as usage of seat belt, helmet, non-usage of mobile phones while riding/driving etc. displayed at the dealerships.

The customers were made aware of product related Safety features [Air bag, ABD & EBD, 3 point seat belts - use safety book] and through road safety awareness videos in customer lounges and safety stickers on vehicles. TKM has also pledged to continue movement restlessly to achieve the common goal of least possible road accidents and zero casualty on road.

During the road safety week, a daily morning meeting was held at the workshop and the topics and cases of customer safety were discussed. The water conservation and road safety leaflets were distributed at fuel stations. 'Drive safe' awareness was promoted through human chain, mime play, road safety rally and light shows with Toyota vehicles. The employees were trained on first aid and gifted with helmets and safety badges. The road safety awareness was also spread through the Toyota Connect application and through social media.

Best promoted Dealers for creating road safety and Environment awareness effectively through unique social activities are awarded in National Dealer Meet.

NATIONAL ROAD SAFETY WEEK 2016-2017 Dealer Reporting Status



ROAD SAFETY AWARENESS SPREAD TO 68,624 CUSTOMERS AND PUBLIC BY ALL OUR DEALERSHIPS

T-SHIELD

Customer health safety is of utmost importance to us. We educate our customers on product safety during all our interactions at dealerships. They are also provided with educational material on Safety and Hygiene of vehicle usage and maintenance during their visits.

During customer interactions at the dealerships, it was found that the customers were not comfortable talking on safety issues, fire incidences, accidents and thefts as they felt it was inauspicious. It was observed that the customers found the safety and maintenance material handed over to them unattractive and hence, they would not want to read the same.

As a responsible corporate, it was important for us to sensitize our customers on safety issues. The challenge for us was to find ways to sensitize our customers without

disturbing their Sentiment and attract their attention on safety issues in a more Direct "Cause - Effect" manner. To address these challenges, we felt the need to Create a Face - something that can be personified as a TOYOTA CARE and RELIABILITY EXPERT.

T SHIELD BRAND CREATION

The Super-Hero Persona of T-SHIELD was inspired from the Avengers series - A Toyota Hero that saves the Customer from "Unwanted elements or Villains" like Thieves, Rodents, Non-Genuine Accessory and even Flood Water! The Persona had to have easy Brand recall and association with the end benefit of "Protection" against these



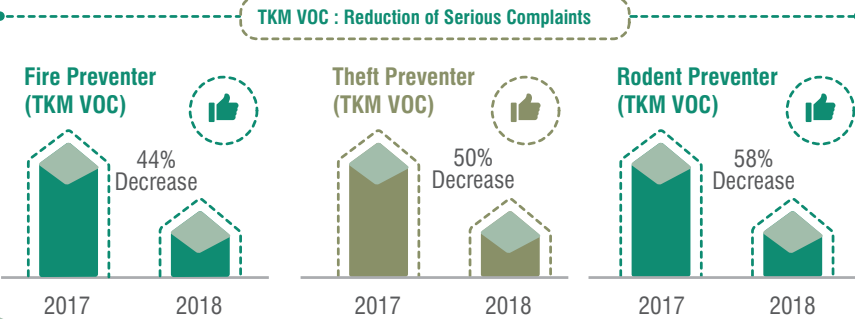
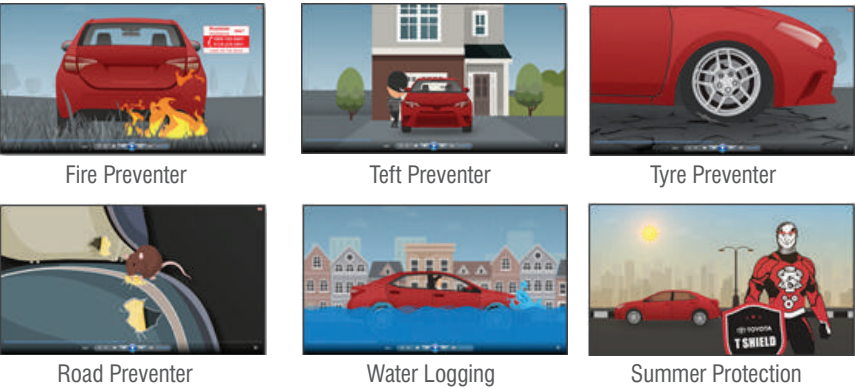
unwanted elements as well as link to Toyota Brand and its Values. Hence the term T- SHIELD was coined. (Stands for Toyota Safety Hygiene Innovative Education for Long-term Durability)

In developing T-SHIELD, we surveyed customers at three pilot dealerships to learn about their preferences through Whatsapp and SMS in regional languages in a scheduled Manner.

Based on the survey results, we prepared the following tools according to our customers' preferences.

- Educational videos (via WhatsApp)
- Educational message (via SMS)
- Educational comic
- Website & social media (To Reach even non Customers/ Prospects)
- (Facebook/Twitter/WhatsApp)

T-Sheild Videos - Proactive Education To Customer



Customer Appreciation

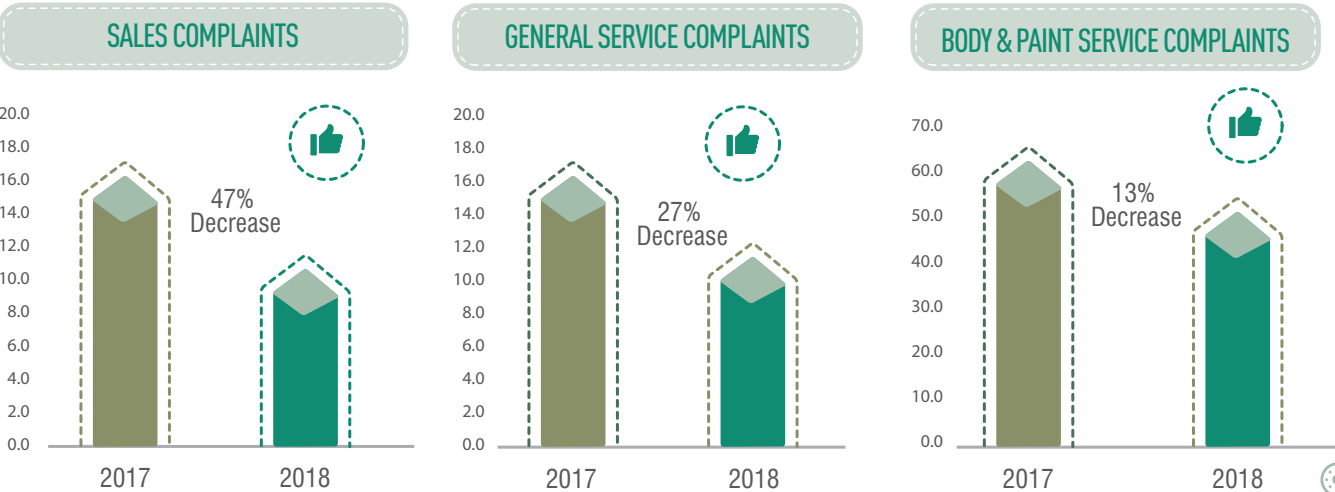
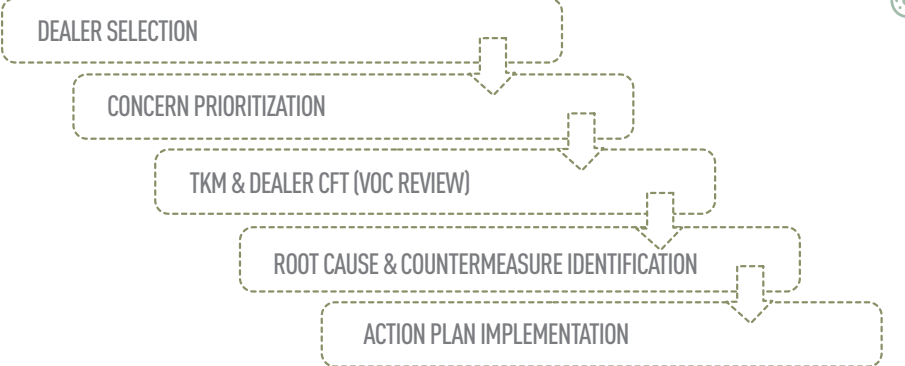
T-SHIELD
Send me videos for safety plz.

Its good to see that Toyota take care of there customers like this. Proud to be your customer Thanks & Regards.

Opportunity to engage with Customers

FOCUSED DEALER ACTIVITY

The Voice of Customers [VOC] captured from the top 30 dealerships accounted to about 40% of the total VOCs. Hence, the dealerships contributing to the highest number of VOCs were prioritized and reviewed for improvement. The VOCs raised were discussed and the relevant countermeasures were identified



YARIS LAUNCH: 360° CAMPAIGN (MULTICITY LAUNCH)

6 CITIES. 6 UNFORGETTABLE EVENINGS. ONE SEDAN, LIKE NO OTHER.

To commemorate the successful launch of its latest sedan, Toyota Yaris, Toyota organised gala evenings across 6 cities. The events were a grand success with both the press and the sedan lovers who graced the event. Some of the top names in the music industry enthralled the audience with their chart topping melodies. The night ended with a sumptuous dinner crafted exclusively for the guests.

The top management and leaders of Toyota talked about the new car and the brand's vision of India.

TOYOTA OFF ROAD CAMP

METAL MEETS METTLE MEETS SUV HEADS

The Toyota Fortuner Off Road Camp was a roaring success in Chandigarh and Delhi. A one of a kind event where guests were given a demo of the legendary off roaders capabilities after which they themselves tried their hands at navigating a specially designed course to put to test the Fortuner's calibre. A slush patch, a steep climb over a 60 degree mound and water wading are just a few of the challenges on the obstacle course designed to push every off roader to the limits. All in all the guests had a great time experiencing the Fortuner doing what it does best, take on terrains and adrenalize the driver.



HNI MEET (MUMBAI, DELHI & KOLKATA)

THE JET SET COME TOGETHER TO CELEBRATE THEIR LOVE OF LUXURY SEDANS.

Toyota organized a 3 city event with an exclusive guest list that comprised of Toyota Corolla and Toyota Camry owners. These events were a celebration of all things luxurious and were graced by Madhuri Dixit at Mumbai and Mohit Chauhan at Delhi & Kolkata who engaged with the audience over their shared love of the two



world class sedans from Toyota. The leaders of Toyota also shed light on Toyota Environmental Challenge 2050 and their mission to go beyond zero environmental impact. To achieve this Toyota has set itself six challenges.

To Achieve the 2050 goal with steady initiatives in order to realize sustainable development together with society, Toyota will leave no stone unturned.

The delectable spread coupled with the elite guest list and engaging conversations made the event a memorable one.



ANNUAL DEALER BUSINESS MEET 2018

A BETTER FUTURE TOGETHER WITH OUR DEALER PARTNERS

TKM held its Annual Dealer Business Meet (ADB M) on 19th January 2018 at the J W Marriot, New Delhi. This is an annual event to commemorate the performance and achievements of dealers and partners.

Dealers from all over India attended the meeting. Mr. Akito Tachibana (Managing Director) Mr. Preston Tan (VP of Area Operations Division India), Mr. Atsushi Oki (Vice President), Mr. N Raja (Deputy Managing Director & Chairman), Mr. P B Venugopal (Vice President), Mr. Babu Moopan (Dealer



Council President) were also in attendance. They addressed this years theme of "build a better future" and shared Dealer Best Practices for the mutual learnings amongst the dealer fraternity.



THE FUTURE UNVEILED AT AUTO EXPO 2018



TOYOTA ADOPTED THE THEME 'DRIVEN BY A BETTER FUTURE'

Auto Expo is the biggest and most important event of the calendar year for the automobile industry. It is an opportunity for the industry's key players to showcase their upcoming vehicles and concepts to the press, and the general public. Given its significance, Toyota used this platform to share its vision for the coming years.

Hence, Toyota adopted the theme 'Driven By A Better Future'. The entire booth demonstrated Toyota's commitment to a safer, greener, more sustainable, and connected future. Concept vehicles and innovations such as Toyota's FCV technology, and many others were put on display for all to see. Also demonstrated were Toyota's

new-age connected technologies and best-in-class safety features. The main event for Toyota was the grand unveiling of its brand new sedan – the Toyota Yaris. Audiences eagerly gathered to witness this exciting launch, while the other exhibits made the Toyota booth one of the most popular at Auto Expo 2018.

THE TOYOTA EXPERIENCE ZONES

The Today Zone featured a range of the current offerings including the Etios Limited Edition, Dual-tone Liva, Etios Cross X-Edition, Innova Crysta, Innova Touring Sport, Camry Electric Hybrid, Corolla Altis, Fortuner, Land Cruiser and Land Cruiser Prado.



DIVIDED INTO 3 ZONES, TOYOTA'S BOOTH AT AUTO EXPO 2018 FEATURED THE CARS OF TODAY, TOMORROW AND THE CARS THAT WILL BE USHERING IN THE AUTOMOTIVE FUTURE OF INDIA.

The Tomorrow Zone introduced the Yaris and Alphard, focusing on safety, connected technology and the environment.

The Future Zone showcased the most innovative vehicle concepts designed for energy diversification and energy savings - the Prius PHV, i-Road, Ha:mo and the FCV Plus. This zone truly demonstrated Toyota's commitment to be driven by a better future.



THE TOYOTA DRIVING SCHOOL SIMULATOR

Toyota debuted India's first-ever driving simulator with a real car, offering a realistic, immersive driving experience. This allowed those undergoing the experience to learn how to drive in a safe, stress-free environment without any real-world consequences.



THE BIT ZONE

To familiarise the audience to Toyota's Best In Town practices, several engaging videos were played to capture their attention. Also on display was Toyota's first-ever mobile app for an enhanced customer experience.

TOYOTA'S INNOVATIONS OF THE FUTURE

The car displays were supported with various experiential activities that exhibited Toyota's present and future innovations. By interacting with them, valued customers were educated as well as entertained.

TOYOTA SAFETY SENSE SIMULATOR AND HYBRID THEATRE

Toyota's revolutionary safety technologies like ABD, EBS and VSC were demonstrated via a virtual reality drive through a course, responding to various incidents and how a Toyota car would respond in such situations. Also in focus was Toyota's pathbreaking hybrid technology for a cleaner, greener future.



THE FIVE CONTINENTS DRIVE SIMULATOR

A simulation experience which accurately reproduced the experience of being inside a Land Cruiser as it races across off-road courses through 5 continents.



TOYOTA CONNECT APP

To showcase Toyota's continued commitment to seamless customer service the Toyota Connect App was demonstrated. Customers were introduced to app features like Offline Maps with Operator Service, Online Service Appointment and 24x7 Roadside Assistance.





THE QUALITY, DURABILITY & RELIABILITY PROMISE OF TOYOTA WILL KEEP THE DISCERNING CUSTOMERS REST ASSURED. IT COMES WITH SAFETY FEATURES RANGING FROM 7 SRS AIRBAGS TO ADDITIONAL SAFETY FEATURES LIKE VSC, HILL-START ASSIST CONTROL.

LAUNCHING THE YARIS

The most eagerly awaited launch of Auto Expo 2018, Toyota exceeded everyone's expectations with their first-ever B-segment sedan entering the Indian market – the Toyota Yaris!

A sedan that has won global accolades, the Yaris sets new benchmarks in safety and comfort. The Quality, Durability & Reliability promise of Toyota will keep the discerning customers rest assured. It comes with safety features ranging from 7 SRS airbags to additional safety features like VSC, Hill-start Assist Control. Multiple first-in-class features like Power Driver Seat, Gesture control audio, Roof-mounted Air Vents have also

been included. An ultra-responsive engine with enviable options like 6-speed MT and advanced 7-speed CVT-i give the Yaris its superior performance.

Mr. Tachibana, Managing Director and Mr. Atsushi Oki, Vice President of Toyota Kirloskar Motors addressed the gathering. He offered his thoughts and an introduction to the much-awaited Yaris.

Mr. Takatomo Suzuki, Chief Engineer, of Toyota Kirloskar Motors outlined how the evolving values of customers were translated into the best possible car that meets all their needs, both today and tomorrow.

Launched with great fanfare, the Yaris was introduced to India following grand performances by Shamisen and Shakuhachi artists, invited from Japan to perform a traditional music piece. This was accompanied by an engaging performance by hoverboard artists from the USA.

The grand unveiling of the Yaris was awarded Best Launch – Car by NDTV Car & Bike SIAM.

The booth and Toyota's presence at Auto Expo 2018 was a runaway success. Both in the size of the audience and appreciation from customers, and the media.



YARIS MULTI-CITY LAUNCH

Following the success at Auto Expo 2018, the much-awaited Yaris was unveiled across 6 key cities in May.

The purpose of this activity was to excite customers and engage with the media. By highlighting unique features and distinct attributes of the Yaris, the events ensured a strong connect with prospective buyers.

The events were crafted to engage with both the regional press and potential customers in each city, showcasing the many features the Yaris has to offer.

Top Toyota Kirloskar Motors delegates were present in each city. They addressed the audience offering their insights on the Indian automobile industry. And strongly reinforced why Toyota is launching the Yaris.

Attendees were entertained by renowned artists from the music industry.

The effectiveness of this multi-city launch, supported by extensive media coverage ensured the Toyota Yaris was one of the most talked about cars in India.



ETIOS SAFETY EXPERIENTIAL DRIVE

At Toyota, safety is one of its key pillars on which cars are designed. Beginning right from the concept stage, safety is inbuilt at every stage of vehicle development.

In August 2017, the first-ever safety-focused experiential initiative was conducted in Bangalore.

Following the enthusiastic response of 658 Bangaloreans, in November 2017, Toyota took the Etios Safety Experiential Drive to Gurugram.

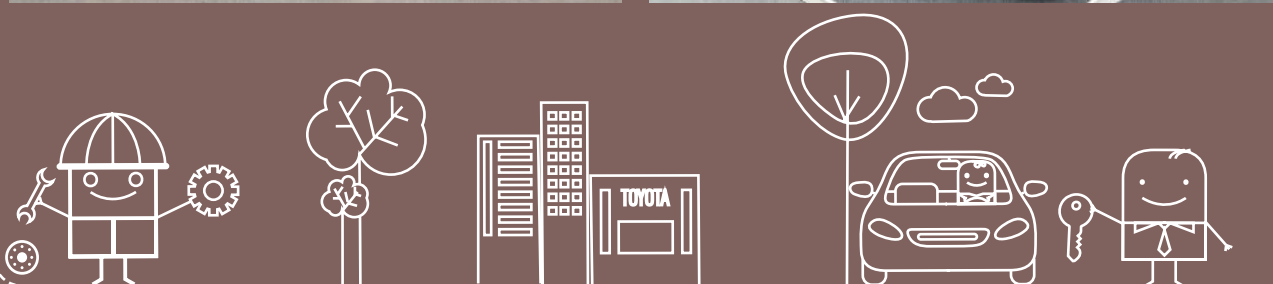
Where 1,089 attendees took part in the activity.

The 9-day event showcased safety in new and innovative ways. Highly-immersive experiences and on-track demonstrations educated attendees on the importance of vehicle safety.



Toyota also hosted a family workshop for customers. Covering topics like pedestrian safety, safety controls in the car, safe driving and the ideal safety mindset, the workshop served to educate customers about how the Toyota Etios keeps you safe.

Activities through the year have served to highlight one important fact about Toyota: what others promise as the future, or as an added benefit, Toyota provides to you as standard in every car. Right now.

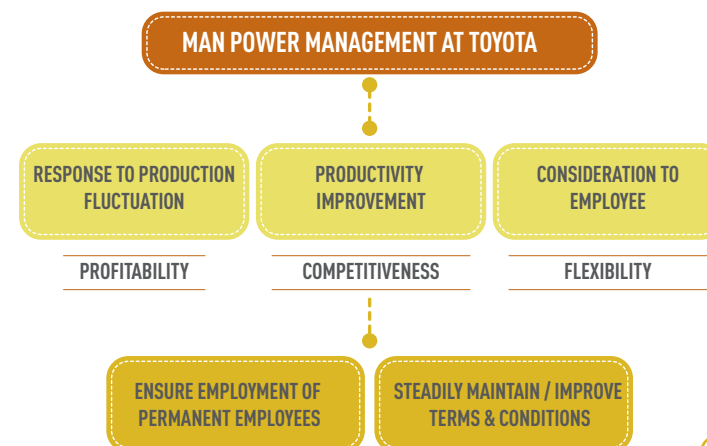


OUR PEOPLE

People are our most valued assets and key competency of our company. Toyota views appropriate workforce planning as an opportunity to contribute to the business growth. We ensure most appropriate headcount size favorable to the business fluctuations. This helps in responding to that particular business situation in a time sustainable manner.

HUMAN DEVELOPMENT – THE TOYOTA WAY

‘Human Development’ is an integral part of our Guiding Principles. We aim to foster a corporate culture that values teamwork while honoring mutual trust and respect for people. To uplift individual growth, we engage with our people through various formal and informal settings and provide training and development opportunities. Our close collaboration and healthy working relations boost morale and enrich our people with a ‘sense of belonging’.



EMPLOYEE DISTRIBUTION

LOCATION	MALE	FEMALE	TOTAL
Head Quarters	5586	49	5635
Corporate office	163	19	182
Regional offices	164	11	175
Regional Part Centers	46	2	48
Abroad	41	3	44
Grand Total	6000	84	6084

Permanent Employee Count as on 31st March 2018

LOCATION	MALE	FEMALE
Bidadi	1269	1
Others	3	0
Grand Total	1272	1

Contract Employees Count Location wise as on 31st March 2018. It includes Apprentice Trainees including Skill development trainees (ITI, DAT, GEAT & Toyota Tantrajna)

LOCATION	MALE	FEMALE
Bidadi	832	20
Others	3	9
Grand Total	835	29

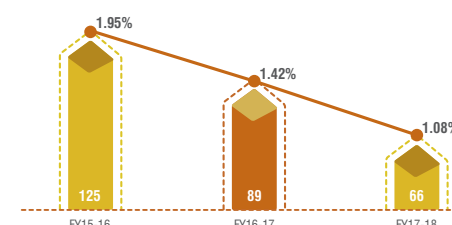
Office Contract + Plant Contract (third party contract)

TALENT RETENTION

PARTICULARS	MALE	FEMALE
Rate of new hires joining the organization	38	4
Rate of new hires leaving the organization	1	1

Talent Retention as on 31st March 2018

ATTRITION TREND



EMPLOYEE WELFARE

We believe in fair labor practices. Gender is not a factor for recruitment, pay or retaining talent. Needless to say, we are an equal opportunity employer and practice equal pay for equal work, while strictly adhering to the country’s minimum wage rules. We do not encourage child labor or compulsory labor in our operations or at our business partners.

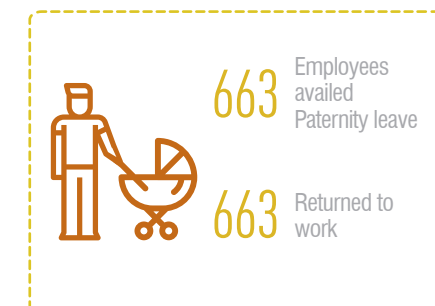
COMPENSATION

We give the most competitive compensation to our employees, which is best in industry. The factors influencing the compensation include the company’s performance, market position, employee performance and other perspectives such as attrition, inflation, cost of living and the market price of labor.

EMPLOYEE BENEFITS

We ensure the best of benefits to our employees. Apart from the mandatory and regular allowances, we support our employees with other benefit schemes such as,

- Leave Encashment
- Employees Deposit Linked Insurance [EDLI] Scheme (Over & above the Act)
- Additional 51,000 insurance coverage (30 diseases)
- Personal Loan top-up with banks (w/ low-interest rate compared to market rate)
- Toyota My Car Scheme
- Happiness (Only TM’s) & Sadness Allowance (TM’s & family)
- Suggestion Allowance
- Long Service Award (completion of 10 years)
- Maternity Benefit Policy (Over & above the Act - 30 weeks + max. 5-month child care leave)



100% of our employees are entitled for parental leaves.

EMPLOYEE PERFORMANCE & COMPENSATION APPRAISALS

The performance planning, mid-year and year-end evaluation of our permanent employees and trainees, are carried out through the HR Management System where the bi-annual performance reviews are conducted through the online Performance Management System. This ensures fair appraisal ratings of our office team members by assessing their performance against the set targets. They also receive their performance feedback from

their respective supervisor on competency development, career planning, job rotation and learning and development programs.

To strengthen our HR management system we conduct Morale Survey once in two years. The 360 peer review is conducted to review senior management functioning. It involves an external consultant to maintain confidentiality in feedback collection.

In this reporting period, about 100% of our permanent employees received performance appraisals.

CREATING A VIBRANT CULTURE

We engage with our employees through various formal and informal engagements on a monthly, ad hoc, semi-annual and annual basis.

EMPLOYEE ENGAGEMENT

Kannada Rajyotsava Celebrations:

Every year we celebrate our company day on Karnataka State Formation day (1st November). On this day, the eminent personalities in the fields of Kannada art, literature etc. are also felicitated.



Employee talent hunt



International Womens Day



E-bandhana: Orientation and one-day outing for the newlywed



Ecopark



Sparsh: Improve the interpersonal relationship between supervisor and TMs through outdoor activities.

Ekiden



Suggestion scheme: It is a monthly activity conducted for shop floor members to identify the root cause of problems and suggest countermeasures to ensure the continuous development of SQPC (Safety, Quality, Productivity, and Cost). The best suggestions get recognition.

Small Group activity (SGA):

SGAs are conducted once in four months to identify the problems encountered in daily operations and find the best solution. This is conducted at the division and company level, followed by national and international levels (Toyota affiliates only).

People Connect: In this biannual event, the cross-functional groups brainstorm over a selected theme that is based on the Company's Hoshin and establishes a roadmap to achieve the targets for their respective FY.

Quality Control Circle (QCC):

This is exclusively held for our shop floor members to improve the workplace/ product/ service etc. The findings/suggestions are validated by Quality Control Cycle (QCC) methodology and the best performers are recognized.

WAVE 1

Winner represents
TKM in Global QC
Convention@ Japan

Runner-up represents
TKM in CII

WAVE 2

Winner represents
TKM in TAPQCF
(Toyota Asia Pacific
Quality Control Forum)

Runner-up represents
TKM in QCFI (Quality
Circle Forum of India)

OUR ASSOCIATION WITH THE UNION

We believe that teamwork and transparency with employee union is crucial for our company's success. Hence, we are continuously strengthening our relations with the employee union through regular engagement. Our industrial relations team engages with the union on a daily basis and engages with managers and their successive levels on weekly, monthly, quarterly and annual basis.

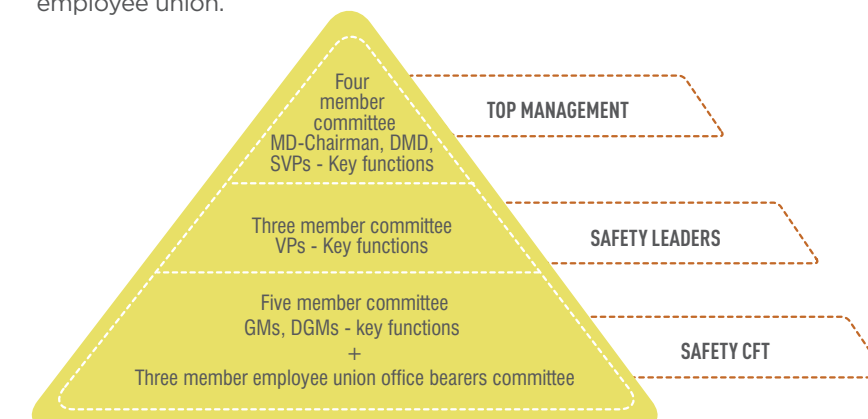
The Memorandum of Settlement between the Company and union members is renewed every two years. The expectations from the management and the union are put forth making the negotiations transparent and fair. In the previous

reporting year, we negotiated and entered the settlement for FY 2016-17 & FY 2017-18. The agreement also covers the aspects of safety, code of conduct, productivity, and quality in operations. In case of significant changes, a minimum notice period of two weeks is provided to the employees as per law.

To build a positive working environment at the shop floor, we have seven employee relations officers, who act as ears and eyes of our HR management. They help us understand the concerns of shop floor employees and convey the same to the relevant stakeholders to develop countermeasures.

CREATING A SAFE WORKPLACE

To achieve our MD's vision of a beautiful company, which is clean and safe, we are making the right efforts to involve all our people in company-wide activities. To enhance plant-wide safety, we have formed a cross-functional safety committee, involving key functions - manufacturing, HR and the employee union.



100% of our workmen
or 60% of our total
workforce exercise
freedom of association
and collective bargaining

ENSURING SAFETY AT WORKPLACE

Safety is our top priority. We accord the same importance to the safety of all our team members while working inside or outside the company premises. Our company's safety standards are benchmarked as one of the "Best" by several manufacturing industries and they have also adopted our Safety practices as "Role Model" to develop the culture of safety in their respective factories. As a safety leader, we emphasize the creation and strengthening of the safety culture always and continuously strives to bring safety consciousness in all our process/ work carried out by TMs.

SAFETY AND HEALTH COMMITTEE

Safety and Health Committee meetings are undertaken at various levels to discuss means to improve health and fitness of the employees and reduce absenteeism and illness.

Manufacturing Safety Committee Meeting (MSCM) is conducted every month. It is chaired by the occupier and manager of the industry and attended by the all top management along with representatives of Employees union.

Shop safety Committee Meeting (Shop Level) is conducted once every month and is attended by Safety Committee members (50% workers) along with shop heads.

SAFETY MONTH

Theme: "Enhance Safety management to prevent accidents by strengthening safety culture among TM by involving at all level"

Initiatives and activities

- Demonstration of safety rules for supervisors and the office staff
- Rotation of the Safety team members to enhance safety mindset
- Enhancing people's ability to identify hazards
- Identification of critical activities that are high risk and ensuring safety countermeasures
- Shortlisting the difficulties in

the working environment to follow safety rules and safety enhancements

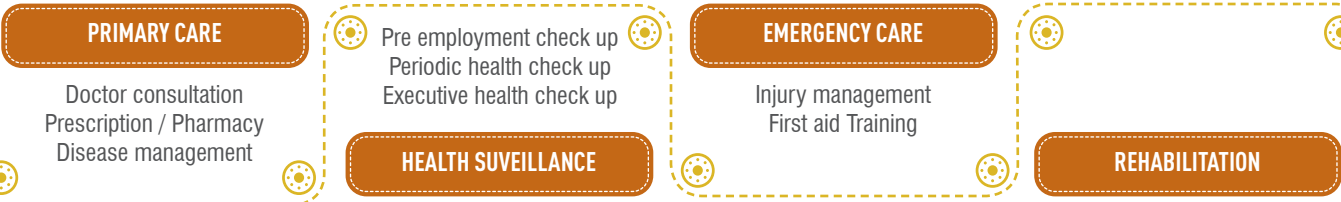
- Safety improvements in shop floor to higher levels, to ensure a safety culture

This safety month, the safety rule for 'No mobile while walking' could reach 100% adherence level.

Apart from the indoor safety enhancement, our safety team also conducts pre-holiday safety promotional activities pertaining to traffic safety awareness, the importance of wearing a seatbelt, helmet etc. considering the traffic hazards in society.

HEALTH CARE SERVICES

Our Occupational health team provides consultation to all employees, contract staff, and on-site suppliers. In addition to the periodic engagement with statutory authorities, it actively engages with healthcare providers such as hospitals, diagnostic centers and pharmaceuticals for assistance. It is also a part of our CSR program to provide health care services to the local community.



AASARE: FOR THE PSYCHOLOGICAL WELL BEING

This Employee Assistance Program in association with '1to1 Help.net', a professional counseling service is providing 24/7 emotional support to the TMs who are undergoing distress or psychological issues.

The scope covers issues of relationship concerns (Family, Marital etc.), financial matters, general management, sleeplessness, anger, parenting, smoking, alcoholism etc., and some more.

HEALTHY WORKPLACE AWARD 2017

We have climbed one more step up in our safe and healthy workplace practices. This reporting year, we were recognized with 'Healthy Workplace Award - Platinum' compared to Gold award for FY 2016.

The Arogya World India Trust, in collaboration with Public Health Foundation of India, evaluates about 500 government and private companies on healthy workplace activities towards prevention of non-communicable diseases, work-life balance, and Leadership in Health-wellness program and Tobacco Cessation.



Mr. Sailesh Shetty, VP, Human Resources and Dr. Koushik Kupatira receiving Healthy Workplace Platinum Award

TRAINING AND DEVELOPMENT

The Global Environment Challenge 2050 (announced in 2015), has reaffirmed Toyota's commitment towards the creation of climate resilient society in 'harmony with nature'. It is in-line with the United Nations Sustainable Development Goals [SDGs].

TOYOTA INSTITUTE INDIA [TII]

Through the Toyota Institute India (TII), we accord equal learning opportunities to all our people. It helps to design a Work-Life Plan (life-long learning), which provides a plethora of training and development opportunities to employees to enhance the knowledge, skills, and attitude throughout their career.

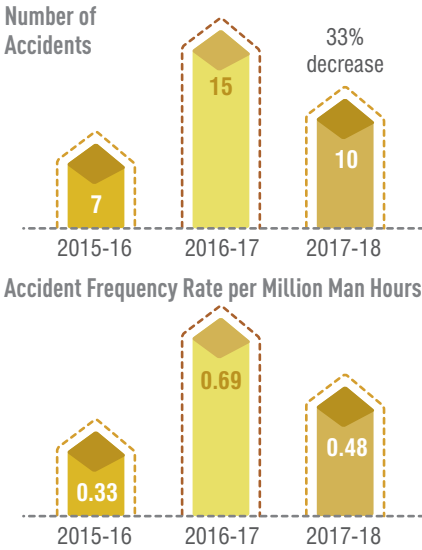
VISION : Create a learning organization by developing competitive human resources among all stakeholders and thereby contribute towards business sustainability.

Role-based and skill-based training is imparted as part of post-promotion programs. Employees are trained on policies and procedures (Service Policy Guidelines and Code of Ethics) including human rights.

We train our security personnel in the organization's policies and

procedures which include safety, health, code of conduct and aspects related to human rights, relevant to their operations during induction. We also provide periodic fire-fighting training through the Fire Academy at Bengaluru.

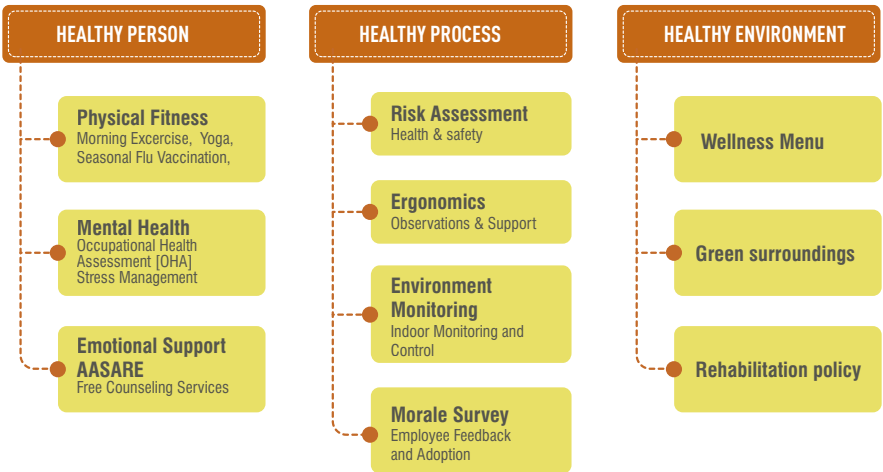
SAFETY STATISTICS



*the safety data presented above is in consideration with permanent employees and apprentice trainees.

EMPLOYEE WELLBEING

We inspire a culture of a healthy lifestyle and ensure that our employees have a balanced, stress-free life and believe in the healthy person, healthy process, and healthy environment.



TRAINING NEED ANALYSIS

- Reflections from the previous year
- Benchmarking
- Feedback from stakeholders
- Performance Management feedback

For example, during this year, detailed analysis revealed that employees were meeting with accidents while driving two-wheelers. After interviewing the accident victims and stakeholders, and benchmarking the main reasons, 'Vivechane', two-wheeler safety skills training was introduced.

TRAINING IMPARTED TO STAKEHOLDERS

TRAINING	DURATION (IN DAYS)	APPLICABILITY			
		EMPLOYEES	DEALERS	SUPPLIERS	CORPORATES
Toyota Way Foundation	1	•	•	•	•
Plan Do Check Act	1	•	•	•	
A-3 Reports	1	•	•	•	•
Toyota Business Practices	2	•	•	•	•
Toyota Job Instruction	2	•	•	•	
Toyota Communication Skills	1	•	•	•	
Toyota Production System	3	•	•	•	•
Problem Solving Training	2	•		•	
Role of Supervisor	1	•		•	
Abnormality Management	1	•		•	

EMPLOYEES	TOTAL MEMBERS TRAINED	TOTAL MAN DAYS TRAINED
Executives (Grade 7 and Above)	2245	5151
Non-Executives (Grade 8)	5645	6580
Others (Apprentice and Contract)	4067	12025

STAKEHOLDER ENGAGEMENT

We believe in not only developing our employees but consistently put our efforts to develop the entire stakeholder value chain, by providing specific training programs to our Suppliers, Dealers, Corporates, and Communities. We believe in equal opportunities in learning and hence we do not differentiate our training programs based on gender.

Toyota Excellence Center Sales and Service identify the need to train the dealers and provide the relevant training too. Meanwhile, the Supplier Kaizen Division carries out the need analysis and provides input on which suppliers to be trained. For example, the Sales and Service team approached Toyota Institute India to develop problem-solving skills of dealerships. Based on the prioritized need, the Dealer Management Development Program was started.

32
MAN HOURS PER
EMPLOYEE PER ANNUM

14,224
STAKEHOLDERS
TRAINED

31,531
TOTAL MAN
DAYS TRAINED

CATEGORY	TOTAL MEMBERS TRAINED	TOTAL MAN DAYS TRAINED
Suppliers	1194	2109
Dealers	519	623
Community	354	5043

POST-TRAINING ANALYSIS

We focus on translating classroom learning into action by assigning Business Project/Theme report-out. For example, after attending the Toyota Business Practices (TBP) training, the participant is expected to take a workplace problem, adopt eight-steps of problem-solving and report-out the business results derived, to the management within 90-days. Further, after post-promotion training, the employee takes up a developmental theme, applies in the workplace and presents his progress along with the supervisor to the HR team.



Supplier Management Development Program

SKILL DEVELOPMENT

Skill contest is conducted every year to identify employees with the best skills. It is conducted at three levels viz. Company Level, Asia Pacific Level, and Global Level.

COMPANY-WIDE SKILL CONTEST

- 100% participation of shop floor members
- Selection of top 3 contestants in 9 skills
- A contest conducted in Team Member, Team Leader, and Group Leader categories

ASIA PACIFIC SKILL CONTEST

- 13 Asia Pacific Toyota Affiliates contest against each other
- Training at Asia Pacific Global Production Center
- Gold Medalists represent Region at Global Skill Contest
- TKM bagged 3 Gold, 4 Silver and 8 Bronze

GLOBAL SKILL CONTEST

- Toyota affiliates contest globally at Japan
- TKM got 1 silver and 1 Bronze

WORLD SKILLS CONTEST

India created history by grabbing its biggest medal haul at the World Skills International competition organized in Abu Dhabi from 14th to 19th October 2017. In total, India won one Silver, one Bronze and nine Medallions of Excellence. Of which, TKM participants won one Bronze and two Medallions of Excellence.

SUCCESS STORY

Mr. Mallikarjun Sapali, joined us in 2002 and today he is working as a Team Leader [TL] in Plant 2 Press shop. His passion for work, perseverance, daily practice and strong logical ability made him win a Silver medal at the Global Skill contest held at TMC, Japan. Prior to this victory, he won the Gold medal at the Asia Pacific Skill Contest, held in Thailand for his repair & press part skills.

Mr. Mallikarjun believes that the Gurukul trainers have given him strong foundation along with high technical training that helped him build his confidence to achieve his goals. He also believes that physical wellbeing is the key for patient and focused mind, which is very important to win the competition.



The recognition and the winner attitude of previous winners was a turning point in my life. I wanted to represent 'India' at the global skill contest. I wanted to make my mark in the skill contest and hence decided to polish my skills with daily practice. The best in industry Gurukul trainers chiseled my skills to perfection. The guidance of my colleagues, continuous mentoring of Gurukul trainers and my Group leader motivated me to win this competition."

Mr. Mallikarjun Sapali

TM 02138

TOYOTA TANTRAGYNA

Taking forward our aim of developing skilled manpower for the growing needs of automobile sector in India, we have associated with Automotive Skills Development Council (ASDC), Government of India. Under this program, the selected students who have completed their 10th standard are taken as trainees for one year. They are trained on fundamental skills, soft skills and technical aspects.

VISION

- Develop good corporate citizens, equip them with the Toyota specific methodologies and create learning opportunities for the deserving individuals.
- To become the most admired and respected institute in India and a major contributor to a skilled workforce to meet the future indigenous and social expectations.

OUR ECONOMIC PERFORMANCE

The economic performance of a company is often considered as a measure of its success. We regularly analyze our financial soundness and ensure we remain economically stable, to create and share more value to all our stakeholders.

Financial Year 2017-18 was a year of profits for us. Our strength lies in our responsible business practices, keeping ‘customer satisfaction’ as the focal point of our business operations.



INVESTMENT IN RENEWABLE ENERGY

We are procuring green energy through various power trading platforms. As on 31st March, 2018, 64.8% of our total energy demand is met by green energy. We have also installed a 5.2 MW solar power generation system in addition to the 3.2MW solar plant, to cater to our energy demands.

FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

As climate change may cause environmental, social, political and economic implications, it is important for businesses to recognize the need to adapt and consider climate change implications in their business risk management. This will not only aid the company’s competitiveness in the long run but may also present financial opportunities through the process and product improvements. Hence, we have aligned ourselves with Toyota Global Challenge 2050. The six challenges are directly and indirectly aligned with the Sustainable Development Goals [SDGs]. Through this; we aim to progress towards our long-term goals by developing environment best practices and abatement strategies to fight Climate Change in the company and across our value chain.

We are also driving sustainability across our value chain. The environment best practices and key initiatives to fight climate change in our operations and across the value chain are detailed out in further chapters.

PARTICULARS	in Cr. FY 2017-18
Economic value generated, distributed & retained	
Revenue (through core business segments)	18,998.09
Other income (through other sources)	267.89
Total	19265.98
Operating cost (Other expenses)	16,735.14
Personnel expenses	988.86
Interest charges	31.65
Community Development/ CSR investments	18.29
Contribution to Benefit plan	
Contribution to Provident & other funds	62.16
Staff welfare expenses	106.91
Significant financial assistance received from the government	
IT exemption	0.0
Land provided at subsidized rate	0.0
Incentive – Sales Tax deferral	126.82
Custom, excise duties waived	0.00
Others	0.00



OUR COMMUNITY INITIATIVES

Toyota believes in making ‘ever better cars’ and ‘enriching the lives of communities’ in which it operates. Honoring the local culture and the respecting the laws of the land are integral to our guiding principles. Toyota’s CSR policy (issued in 2005, revised in 2008) aims to contribute towards Sustainable Development of society considering both environmental and social interests.

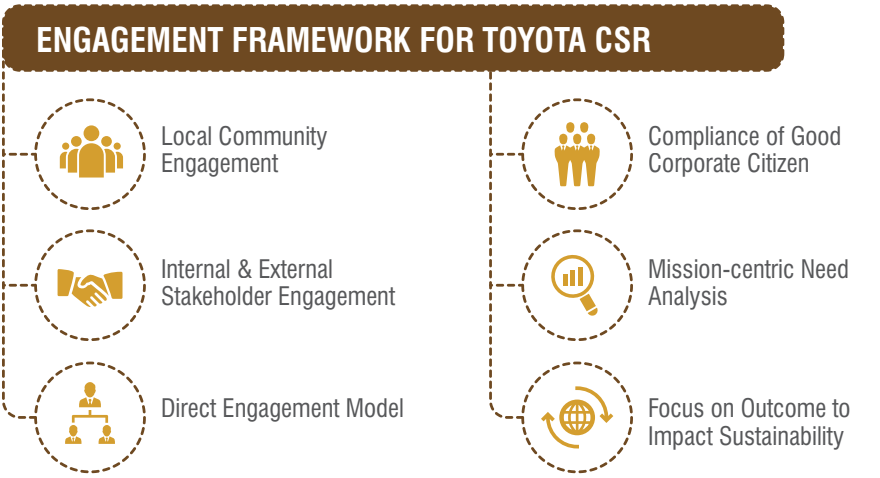
The importance of local communities and societal aspects are undeniable in any business. As a globally responsible business, Toyota has aligned itself to the Sustainable Development goals adopted by countries through its Global Challenge 2050. In India, we are closely working with key National Development priorities to ensure that each community member is served.

TKM CSR: ALIGNING TO SDG GOALS AND INDIA’S DEVELOPMENT PRIORITIES

SUSTAINABLE DEVELOPMENT GOALS	SDG TARGETS	INDIA PRIORITIES	TOYOTA PROGRAMS
 Goal # 3: Good Health Wellbeing	Halve the number of global deaths and injuries from road traffic accidents Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination	Road Safety & Transport Bill 2014 Swacch Bharat	Toyota Safety Education Program, Drivers’ Training Program, ABCD, Sanitation, Water Purification Units
 Goal # 4: Quality Education	Ensure that all girls and boys get free, equitable and quality primary and secondary education leading to learning outcomes Build and upgrade education facilities that are child, disability, and gender sensitive and provide safe, nonviolent, inclusive, and effective learning environments for all Substantially increase the supply of qualified teachers	National Education Policy, 2016	Books & Bags Distribution, Reconstruction of Schools, Teachers’ Training
 Goal # 6: Clean Water Sanitation	Achieve universal and equitable access to safe and affordable drinking water for all Improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes Support and strengthen the participation of local communities in improving water and sanitation management	Swacch Bharat Swacch Vidhyalaya	ABCD, Sanitation, Water Purification Units, Lake Rejuvenation
 Goal # 8% Good Jobs & Economic Growth	Substantially reduce the proportion of youth not in employment, education, or training Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	National Skill Development Mission	Toyota Technical Training Institute
 Goal # 11: Sustainable Cities & Communities	Provide universal access to safe, inclusive and accessible, green and public spaces Support positive economic, social, and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	Solid Waste Management Rules, 2016	GreenMe, EcoZone

UNIQUE APPROACH TO CSR: THE TOYOTA CORE MODEL

Inculcating behavioral change and involving the community at every step, are the core principles of CSR at Toyota. This approach lays a strong foundation to execute our CSR programs effectively, keeping key performance indicators and outcomes at the forefront of our community interventions.



KEY CHALLENGES

While executing our projects, we faced challenges in changing the mindset of the community. We solved them by making them understand that the activities/ projects executed are for their benefit and inculcate a sense of ownership for the social assets created for long-term sustenance. Hence, we have defined a stakeholder engagement framework and worked out an approach for better involvement of the local community.

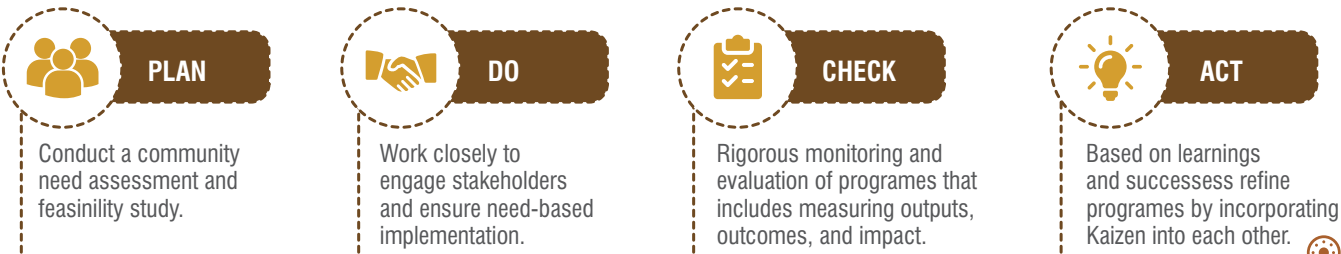
Stakeholder engagement is essential as it promotes ownership of the development projects implemented by the community. We ensure that stakeholders are a part of our end to end implementation process.

WE ALWAYS BELIEVE IN 3Es- ENGAGE, EMPOWER & ENLIGHTEN

OUR APPROACH

- Strengthen the existing government system, instead of developing a parallel system
- No differentiation of business and non- business areas
- Optimize resources to maximize the outcome
- Involve community right from the planning stage, to encourage their ownership of the social asset created for them
- Measurable outcomes and impact-oriented activities with sustainable element embedded in the process

Further to this, the PDCA approach ensures continuous improvement and serves as a guideline for the outcome-oriented implementation of our community intervention.



CSR POLICY

VISION

To be a socially committed corporate, building vibrant communities in harmony with nature, aiming to become the most admired company in India, meeting customer expectations and being rewarded with a smile.

OUR CORE AREAS

ECONOMIC DEVELOPMENT

Enhancing community development, contributing to the economic progress of focus regions by realizing human development

Complying with social and environmental standards and conducting our business operations with honesty and integrity

RESPONSIBLE BUSINESS

ENVIRONMENT PRESERVATION

Protecting the environment through effective eco-initiatives

Advancing the development of society

SOCIAL DEVELOPMENT

CSR COMMITTEE

As per the provisions of Companies Act, 2013 and Companies Rules 2014, a board level CSR committee is established to formulate, implement and monitor compliance of CSR policy with CSR objectives. The committee meets quarterly to

review the progress of CSR activities. It consists of:

1. **Mr. Akito Tachibana**, Managing Director [Chairman of CSR Committee]
2. **Mr. Vikram S Kirloskar**, Vice Chairman
3. **Mr. N Raja**, Deputy Managing Director
4. **Mr. KanAsaine**, Director – Finance & Legal
5. **Mr. Raju B Ketkale**, Director & SVP

OUR PRIORITIES



EDUCATION



HEALTH AND HYGIENE



ROAD SAFETY



ENVIRONMENT



SKILL DEVELOPMENT

PROMOTION OF EDUCATION



Since 2003, we are in a continuous endeavor to fulfill the educational needs of the local communities by improving the condition of schools. Since the economically weaker sections find it difficult to afford the education materials, we have been providing basic educational requirements to encourage quality education and motivate rural school children to continue their education.

Over the years, we have observed that our efforts to provide education infrastructure, learning aids, capacity building and gender differentiated sanitation units, have helped in decreasing school dropouts. We have also initiated support to Pre-schools [Anganwadi] since 2017, as an attempt to encourage learning at a younger age.

OUR APPROACH



Improving infrastructure in schools to motivate children to attend.



Building people capacity through teacher training.



Distributing education materials to decrease financial burden.

Stakeholders



STUDENTS



PARENTS



TEACHERS



PRINCIPALS



GRAM PANCHAYAT



LOCAL EDUCATION DEPARTMENT



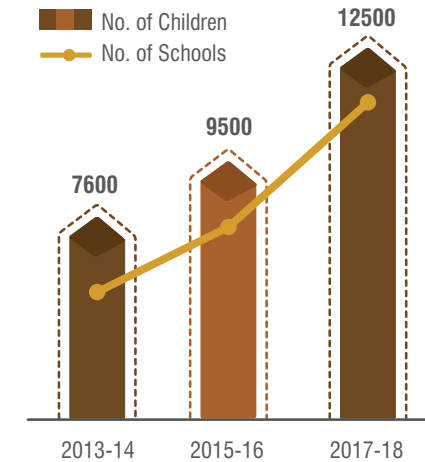
SDMC

7 SCHOOLS HAVE BEEN UPGRADED AND RECONSTRUCTED IN RAMANAGARA



COVERAGE IN 2017-18:

SUPPLY OF EDUCATIONAL MATERIALS TO GOVERNMENT SCHOOLS



READY RECKONER TO 10TH STANDARD STUDENTS

We have developed a ready reckoner consisting of all six subjects for 10th standard government school children of Ramanagara district, to aid their preparations for the board exams.

DISTRIBUTED BOOKS TO 9500 GOVERNMENT SCHOOL CHILDREN

Our model school is a government school. Across the street from this school, there is a boy whose parents pay around 40 thousand rupees each year to send him to a private school. But when you compare the private school boy with a child from our model school – the child here performs much better in his studies."

Mr. Chandrashekhar K V
HM, Devalinganapalya school

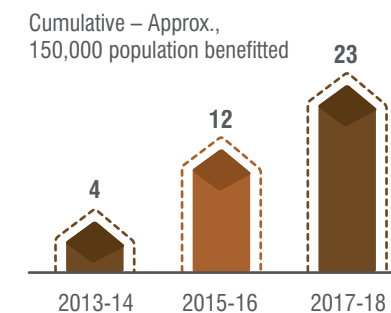
12500 CHILDREN IN 172 GOVERNMENT SCHOOLS HAVE BEEN SUPPORTED WITH EDUCATIONAL MATERIALS



UP GRADATION OF THE EXISTING FACILITY

Quality infrastructure is important for quality education. Hence, over the years, we have identified the need and have upgraded the necessary school infrastructure on a selective basis, to encourage a better learning environment

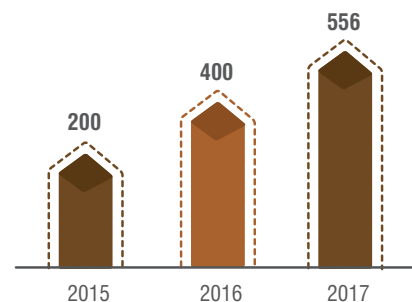
3 SCHOOLS IN BIDADI AND MYSORE



CAPACITY BUILDING OF GOVERNMENT SCHOOL TEACHERS

We engage with school teachers as part of our capacity building program. The teachers are trained in Regional Institute of Education, South India, and Karnataka to enhance their teaching skills.

TRAINED 156 TEACHERS



556 GOVERNMENT TEACHERS UNDERWENT CAPACITY BUILDING TRAINING IN ENGLISH



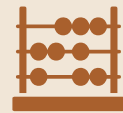
CREATION OF MODEL SCHOOL

TKM has set a long-term vision of creating a model community. Creation of model school is one step in this direction. In 2016-17, TKM has upgraded the infrastructure facility at Devalinganapalya and the same school is considered for the implementation of the Model school concept. This year, we are focused on the development of curriculum & providing experiential learning to students

CONSTRUCTION OF INDOOR STADIUM

As sports participation is equally important for the holistic development of children, we have constructed an indoor stadium with all the essential facilities to promote badminton amongst the rural youths of Haliyal, Uttar Kannada district.

ANGANWADI LEARNING KITS: 5600
CHILDREN IN 200 SCHOOLS



DIGITAL LITERACY

As a part of the Model village concept, we have initiated a study to understand the digital readiness of 2 villages [Hejjala & Devalinganapalya] in Bidadi. Approx., 2500 villagers are covered under this study.

As parents, we were hesitant to send our children to school before – many parents were not able to buy or bring their notebooks on time. Now, because of Toyota's initiatives, kids have ten notebooks, and even uniforms and shoes. We feel good about sending our children to school."

Mr. Kantharaj

Parent and SMC member from Kadrenahalli

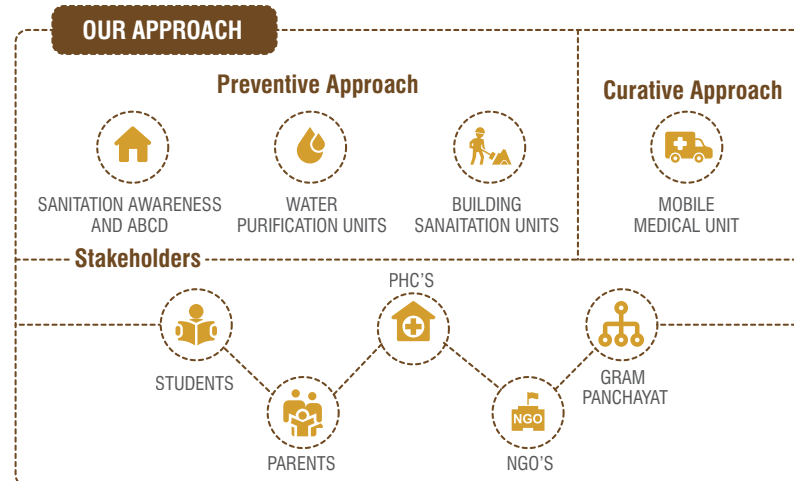
BUILDING HEALTHIER COMMUNITIES



SANITATION AND HYGIENE

Sanitation and Hygiene are key development priorities in India, as reflected in the SDGs, and national flagship schemes such as Swacch Bharat and Swacch Vidyalaya.

According to studies, only 57.8% of households have improved sanitation facilities in Karnataka, with just 13.6% of people having sanitation units appropriate to the geographical area. As the situation required urgent attention, we aligned ourselves with the Clean India mission to focus and make Ramanagara district open- defecation free.



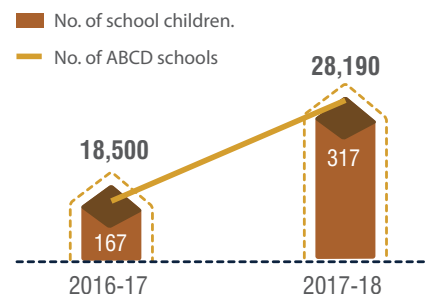
A BEHAVIORAL CHANGE DEMONSTRATION [ABCD]

Since 2015, with Project ABCD – A Behavioral Change Demonstration, we are creating awareness about good sanitation practices amongst children, teachers, and community. Under this program, through the 'Child to Parent' approach, we are motivating local communities to construct individual household sanitation units.

Coverage in Ramanagara district 2017-18:

- NO OF SCHOOLS: 317
 - NO OF SCHOOL CHILDREN: 28,190
 - NO OF COMMUNITY MEMBERS: 95,114
- OKS TO 9500 GOVERNMENT SCHOOL CHILDREN

Outcome: More than 7000 individual household units have been constructed and 90 villages were declared Open Defecation Free villages.



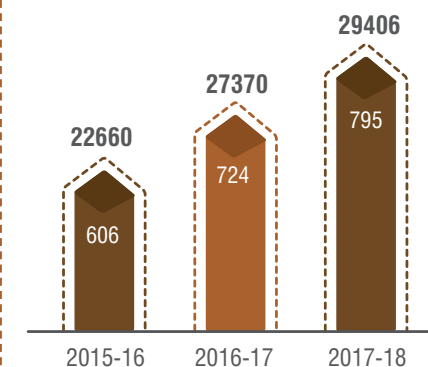
Additionally, ABCD was also conducted in 13 schools of Varanasi [UP] & Vaishali [Bihar]



CONSTRUCTED
795 UNITS
IN GOVERNMENT
SCHOOLS
BENEFITTING
29,000 CHILDREN

CONSTRUCTION OF SCHOOL SANITATION UNITS

Before the initiation of Project ABCD, we have been constructing separate sanitation units for girl children in the local schools. Under this, all the schools are provided with 100% sanitation units for girl children.



MOBILE MEDICAL UNIT [MMU]

Health is the major concern in the surrounding areas, due to low of awareness among villagers. Health centers are lacking good infrastructure. Realizing this need, TKM rolled out Mobile Medical unit. The main objective of this unit is to provide primary healthcare facility with awareness of health & hygiene and to strengthen the government health systems. The pilot was implemented in 6 villages, covering a population of around 1800 people. We are also focusing on the sustainability aspects by establishing village health committees. These committees will have regular interactions with the villagers to solve the health & hygiene related issues in the villages by involving the community, PHC, and Gram Panchayat.

1800 MEMBERS IN 6 VILLAGES
TOTAL MEMBERS BENEFITTED – 4000 MEMBERS

CONSTRUCTION OF PUBLIC SANITATION UNITS

We have provided 7 public sanitation facilities in places like Haliyal, Dandeli, Joida, Ramnagara in Uttara Kannada district, Karnataka.

REFURBISHMENT OF DUSTBINS

We refurbished the dustbins that we had installed in the previous reporting period in BBMP area this year, to ensure the effective usage of the facility.



90 VILLAGES
HAVE BEEN
DECLARED 100%
SANITATION DUE
TO ABCD IMPACT

HEALTHCARE

Studies reveal that only 28.1% of households in Karnataka have one family member covered by a health scheme or by health insurance. Hence, we conducted a local need assessment around TKM premises in Bidadi. The assessment revealed that there was a need for more improved health care services and increased access to health care closer to their homes.

SUPPLY OF MEDICAL EQUIPMENT TO HEALTH CENTERS

The existing health centers are lacking the basic medical equipment, and in line with the objective of strengthening the government health centers, TKM identified the need of providing need-based medical equipment to Byramangala Bidadi Primary health centers. This was done on a pilot basis.



Whatever we have learned at school about sanitation from the ABCD trainers, we try to teach to our parents,

neighbours, and even grandmothers. The ABCD trainers have told us that after using washroom and before eating food, we should wash our hands and keep the washroom just as neat as we found it. Sometimes, the younger students in standard 1 or 2 do not know how to use the washroom, so after lunch, the older kids sit with them to educate them. For instance, if there is no water, we tell them how to approach the teachers and elders to ask for water. We've also told our friends outside of school about proper handwashing! Now you see – our Government school has very neat toilets.

Sinchana and Sindhu

7th standard students



REACHED OUT TO 1300
MEMBERS UNDER THE
MOBILE MEDICAL
UNIT ON A PILOT BASIS

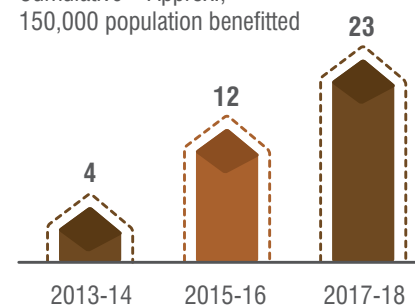
SAFE DRINKING WATER PURIFICATION UNITS

Although 89.3% of all Karnataka residents reportedly have access to clean drinking water sources, the number drops to 23% in rural areas. In Ramanagara district, villages lack safe drinking water. The underground water is highly polluted in the area surrounding our plant due to the presence of Byramangala reservoir. This has resulted in various health issues.

To address this issue, we have established various water purification units in these areas. Over the years, we have set up various gender differentiated toilets, water purification units etc. with the active participation of communities and local government bodies.

NO OF UNITS INSTALLED: 6 NOS
NO OF MEMBERS REACHED: 48,000

Cumulative – Approx.,
150,000 population benefitted



ESTABLISHED
23 WATER
PURIFICATION
UNITS BENEFITING
APPROX. 130,000
MEMBERS



From this purification unit, we regularly use the eater for cooking and drinking. Half a kilometer away, there's another

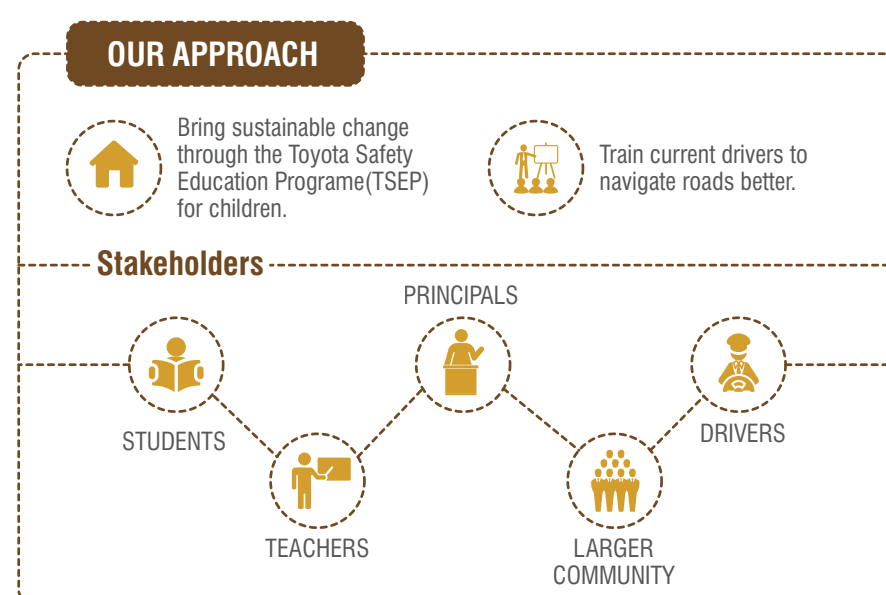
source of water that is another company's plant. But everyone uses Toyota's water purification unit. We used to have a lot of problems with regards to the water availability – there was water but there was no filtered water. Even worse, the private operators would charge 30 rupees per can. Now, Toyota's plant makes water affordable at 5 rupees per can, even for poorer people. Twenty shops in the area have even increased their business from selling empty water cans. This way, we are all saving at lot more money.

Ms. Shivakumar
Business Owner

CREATING SAFER ROADS

India's road safety is a cause for concern — an alarming 17 deaths occur every hour on Indian roads. Road fatalities are a huge drain on the economy. According to a study by UN, every year India loses 3% of its GDP, translating to around USD 58 billion, in losses due to road safety incidents.

Reasons range from faulty road engineering and lack of emergency medical care to flagrant flouting of traffic rules, drunken driving, and lack of enforcement of traffic rules. Given that road safety is one of Toyota's global focus areas, this initiative dovetails well with the focus on building quality cars and educating the people who drive them. Toyota focuses on reducing



accidents and fatalities by educating people of all ages in the public, regarding road safety and disciplined driving.

TOYOTA SAFETY EDUCATION PROGRAM [TSEP]

TKM started TSEP, an interactive awareness program with the objective to create awareness among the school children and make them responsible road users.

Currently, we are covering students from 5th to 9th std. Class 5th students undergo classroom training and for class 9th, the module is focused on behavior change in the children and formation of road safety clubs.

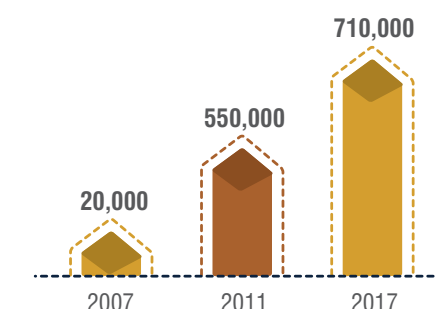
For the first time, TKM organized a national level competition in IIT, Delhi.



National level competition in IIT, Delhi for TSEP School Children

This has provided an opportunity for the best road safety clubs representing 3 cities – Delhi, Mumbai, and Bangalore. It has provided a good exposure for students to exhibit their efforts to various stakeholders – UN, WHO, Policymakers, AIIMS, Police Dept. etc.,

COVERED 30,000 SCHOOL CHILDREN IN DELHI, MUMBAI & BANGALORE



710,000 SCHOOL CHILDREN ARE COVERED UNDER THE TSEP PROGRAM.



TEAM TOYOTA ACTIVITY [TTA]

In line with the TKM's vision 'Grow India and Grow with India', a new project called Team Toyota Activity was rolled out, in collaboration with business partners. It focuses on implementing the Safe Model School on road safety. Initiated with an objective to expand the road safety know-how nation-wide, it aims to provide experiential learning to students on road safety.

Under this project, a Safety Park is created, that provides awareness training to school children & school bus drivers. Safety Park is a simulated structure on road safety, explaining the various road safety concepts, giving the students the experience of road safety etiquettes through practices during different scenarios. This model school is used as a hub to disseminate knowledge on road safety to other schools in the vicinity.

ESTABLISHED 6 SAFETY MODEL SCHOOL IN DELHI, HISSAR, VARANASI, REWARI, AND KOLKATA. TOTALLY 7 TTA'S HAVE BEEN ESTABLISHED.



Inauguration of safety model school by TKM top management



TKM top management at safety model school

IMPACT ASSESSMENT STUDY ON TSEP

For the first time, TKM conducted an impact assessment study of its flagship program – Toyota Safety Education Program [TSEP]. This study was carried out to understand the gaps in implementation, impact of the program on the beneficiaries and plan the way forward, based on the recommendations.

SAFE ROAD CONCEPT

TKM identified 2 unmanned junctions which had a high risk for road accidents. With a focus on the safety of the road users, TKM in collaboration with NHAI, the Police department, and Bidadi Industries Association, has installed traffic signals, as part of this road safety initiative.

6 SAFETY MODEL SCHOOLS HAVE BEEN CREATED AIMING TO CHANGE THE BEHAVIOR OF THE STUDENTS



SKILL DEVELOPMENT

As ‘Human development’ is our fundamental focus, we are developing the skills of youth, especially who hail from the economically weaker sections, since 2006. With our own world-class skill experts in Gurukul at TKM premises, we have developed educational modules, technical manuals and simulations to enhance the skill set of our employees as well as the youth of the country.

With the establishment of Toyota Technical Training Institute [TTTI] in 2006, and in collaboration with Automobile Sector Development Council [ASDC] through Toyota Tantragnya in 2016, we are enhancing the skill sets of rural youth to cater to the growing needs for skilled manpower in the automobile industry.

Our trained personnel have been recognized at various national and international level skill contest participation and have achieved recognition at various national and global level skill contests. This testifies to our commitment to skill development in India.

For further information, please refer ‘People’ chapter, Training and Development section

NURTURING THE ENVIRONMENT

Toyota’s assessment was, that there was a dearth of awareness among students and the community on how to keep their surroundings clean, segregate waste, and take care of water bodies. Wastewater from taps and hand washing was being deposited outside the school or wasted. Garbage from school was burnt inside the school or thrown outside. The lake was polluted, harming both surface and groundwater.

One of the tenets of Toyota’s CSR policy and philosophy is ‘undertaking measures to protect and safeguard the environment.’ Adapting this principle, TKM decided to create awareness (GreenMe) about the environment and put this theory into practice (Ecozone) by demonstrating environmental concepts in a physical space, and involving and motivating the community to adopt environmental stewardship through lake rejuvenation.



For further information, please refer ‘Envisioning Environment Sustainability’ chapter, ‘A Future Society - In Harmony with Nature’ section

I-CARE

ICARE, an employee volunteerism initiative was started in November 2017. To begin with, the program received 136 nominations for the first activities.



BACKGROUND

1. Division / departments doing CSR on their own
2. TM’s expressed interest to participate in CST
3. Awareness on company’s CSR is low
4. No. structured intervention interms of engaging employees in CSR

OBJECTIVE

1. Channelize the efforts to one direction -> Company’s vision
2. Platform to exhibit their skills towards community
3. Internal Stakeholder Engagement
4. Systematic intervention in terms on mapping the skills Vs activities for good impact oriented engagement

SHORT TERM (2017) Team Members

CONNECTING THE INDIVIDUAL

- Company’s connect the business goals with TM’s personal interest
- Create a sense of belongingness with community and company

REACTIVE

PROACTIVE

EMBEDDING THE SENSE OF RESPONSIBILITY IN TM’S

- To make volunteerism in a consistent manner
- Show demonstration to TM’s between words [corporate communications] and deeds [implementation success]

MID TERM (2018) Team Members + Families

LONG TERM (2019) Lead CSR Practioner

PROMOTE CHAMPIONS

- Enhance employee volunteerism
- Volunteers take forward the activity.

LEADING

ACTION PLAN

- Maximize the talents / skills of the employee volunteers under ICARE
- Introduce reward to recognise volunteers based on the hours spent and impact created in the community [PROPOSED]
- Encourage more employees to garner wider participation
- Identify ‘Champions’ amongst volunteers

41 EMPLOYEES VOLUNTEERS

200+ BENEFICIARIES

HEALTH CAMP

A general Health camp was organized for the community at Govt. High School, Sheshagirihalli [Bidadi region]. Our Employees facilitated Medical check-up registration, medicine distribution, and guiding the community members to respective medical specialist / doctor for consultation.



Inauguration of mobile medical unit



Health camp for the community at Govt. High School, Sheshagirihalli

BEAUTIFICATION OF THE 104 YEARS OLD GOVERNMENT SCHOOL BUILDING

The school chosen for this activity was in a bad condition, catering to 50 underprivileged slum children. Our employee volunteers joined hands to beautify the school building by painting, planting and cleaning the entire school premises. The newly painted school was handed over as a New Year gift [2018] to the school children.

The employee volunteers also created environment awareness through a short play at Garuda



Environment awareness at Garuda Mall, Bangalore.

Mall, Bangalore. the play was enacted at different intervals on themes - lake restoration, afforestation and solid waste management.



Government Urdu Model school, Ashok Nagar, Bangalore

41 EMPLOYEE VOLUNTEERS
50 SCHOOL CHILDREN

OUTREACH PROGRAM

Created the sense of “Joy of giving” amongst volunteers. The employee volunteers participated in cooking and serving the meals to orphanage school children, followed by gardening activity and recreational activities.



Plantation at schoool campus



Preparation meals for orphanage children

19 EMPLOYEE VOLUNTEERS
200 SCHOOL CHILDREN

ENVIRONMENT AND EDUCATION

The entire school was beautified creating an enthusiasm amongst the school children to attend the classes. Playground building enables in developing the cognitive skills amongst children. Eco awareness drive [clay model on eco issues – aquatic animals, chart on environment theme, cleanliness – 4S at the school campus, dustbin installation at campus for segregated waste disposal]

95 EMPLOYEE VOLUNTEERS

200 SCHOOL CHILDREN



Painting of the school



Playground building using Eco friendly materials



Playground building using Eco friendly materials

GLOSSARY

TERM

ABS

CSR

EBD

EMR

EMS

Gemba

Genchi Genbutsu

GHG

GPG

Jidoka

Kaizen

KIADB

Kiken Yochi

KPI

KSPCB

MBR

Monozukuri

MPV

MUV

OSS

PDCA

Project ABCD

RO

SINE QUA NON

SKD

SOC

SQPCH

SUV

TM

TMAP

TMC

VOC

Yokoten

Yokoten

DEFINITION

Anti-lock Braking System (ABS) and

Corporate Social Responsibility

Electronic Brake-force Distribution System

Environment Management Representative

Environment Management System

Japanese term for identification of problems and finding a solution to it at site

Japanese term for going to the source to make correct decisions

Greenhouse Gas

Green Purchasing Guidelines

Built in Quality

Japanese term for Continuous Improvement

Karnataka Industrial Area Development Board

Danger Prediction

Key Performance Indicator

Karnataka State Pollution Control Board

Membrane Bio-Reactor

Japanese term for Manufacturing

Multi Purpose Vehicle

Multi Utility Vehicle

On Site Suppliers

Plan Do Check Act

Project - A Behavioural Change Demonstration

Reverse Osmosis

An indispensable condition, element or factor

Supplier Kaizen Department

Substance's Of Concern

Safety, Quality, Productivity, Cost, Human development

Sports Utility Vehicle

Team Member

Toyota Motor Asia Pacific

Toyota Motor Corporation

Volatile Organic Compound

Best practices sharing

Best practices sharing

	GRI STANDARDS	CHAPTER NAME	OMISSIONS
ORGANIZATIONAL PROFILE			
102-1	Name of the organization.	Company Profile, P.No. 9	
102-2	Primary brands, products, and services.	Company Profile, P.No. 9	
102-3	Location of the organization's headquarters.	Company Profile, P.No. 9	
102-4	Location of operations	Company Profile, P.No. 9	
102-5	Nature of ownership and legal form.	Company Profile, P.No. 9	
102-6	Markets served including geographic locations, sectors served, types of customers and beneficiaries	Company Profile, P.No. 9	
102-7	Scale of the organization	Company Profile, P.No. 9 Our People, P.No. 58	
102-8	Total number of employees by employment contract (temporary or permanent) and employment type (full time & part-time) by gender, region	Our People, P.No. 60	
102-9	Description of organization's supply chain, including it's main elements as they relate to the organization's activities, primary brands, products and services	Responsible Procurement Practices, P.No. 40 Customer Delight, P.No. 46	
102-10	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Company Profile, P.No. 09	
102-11	Report whether and how the precautionary approach or principle is addressed by the organization.	Ethics & Governance, P.No. 20	
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Corporate Sustainability Philosophy, P.No. 16 Envisioning Environment Sustainability P.No. 26	
102-13	Main memberships of industry or other associations, and national or international advocacy organizations	Ethics & Governance, P.No. 22	
STRATEGY			
102-14	Statement from the senior decision maker	Message from the MD, VC, P.No 4&5	
102-15	A description of key impacts, risks, and opportunities.	Ethics & Governance, P.No. 20	
ETHICS AND INTEGRITY			
102-16	Organization's values, principles, standards and norms of behavior	Ethics & Governance, P.No. 17	
102-17	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and organizational integrity and concerns about unethical or unlawful behavior	Ethics & Governance, P.No. 18	
GOVERNANCE			
102-18	Governance structure of the organization, including committees under the highest governance body and Committees responsible for specific tasks, such as setting strategy or organizational oversight.	Ethics & Governance, P.No. 20	
102-19	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Ethics & Governance, P.No. 20	
102-20	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	Ethics & Governance, P.No. 21	
102-21	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	Ethics & Governance, P.No. 20	
102-22	Report the composition of the highest governance body and its committees	Ethics & Governance, P.No. 20 & 21	
102-23	Report whether the Chair of the highest governance body is also an executive officer in the organization	Ethics & Governance, P.No. 20	
102-24	Nomination and selection processes for the highest governance body and its committees	Ethics & Governance, P.No. 20	

	GRI STANDARDS	CHAPTER NAME	OMISSIONS
102-29	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Ethics & Governance, P.No. 19&20	
102-30	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Ethics & Governance, P.No. 19&20	
102-31	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Ethics & Governance, P.No. 19&20	
102-32	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Message from the Editor's Desk P.No. 7	
102-33	Process for communicating critical concerns to the highest governance body.	Ethics & Governance, P.No. 18	
102-35	Remuneration policies for the highest governance body and senior executives for the types of remuneration	Ethics & Governance, P.No. 20	
102-36	Process for determining remuneration. and report whether remuneration consultants are involved in determining remuneration and whether they are independent of management.	Ethics & Governance, P.No. 20	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups engaged by the organization.	Stakeholder Engagement and Materiality, P.No. 15	
102-41	Percentage of total employees covered by collective bargaining agreements.	Our People, P.No. 63	
102-42	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagement and Materiality, P.No. 14	
102-43	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder Engagement and Materiality, P.No. 14	
REPORTING PRACTICE			
102-45	A list of all entities included in the organization's consolidated financial statements or equivalent documents.	Financial Performance, P.No. 68	
102-46	Explain the process for defining the report content, aspect boundaries and material topic.	Stakeholder Engagement and Materiality, P.No. 14 & 15	
102-47	List of the material topics identified in the process for defining report content.	Stakeholder Engagement and Materiality, P.No. 14	
103-1	Boundary for the material topic, which includes a description of impacts.	Stakeholder Engagement and Materiality, P.No. 14	
103-2	A description of management approach including Commitments, Goals and targets, Responsibilities, Resources, Grievance mechanisms and Specific actions.	Corporate Sustainability Philosophy P. No 16	
102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Envisioning Environment Sustainability, P.No. 30&32	
102-49	Significant changes from previous reporting periods in the list of matrial topics and topic boundaries.	Stakeholder Engagement and Materiality, P.No. 14	
102-50	Reporting period (such as fiscal or calendar year).	About the report, P.No. 2	
102-51	Date of most recent previous report (if any).	About the report, P.No. 2	
102-52	Reporting cycle (such as annual, biennial).	About the report, P.No. 2	
102-53	The contact point for questions regarding the report or its contents.	About the report, P.No. 2	
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI standards.	GRI Content Index	
102-55	The GRI Content Index, which specifies each of the GRI Standards used and lists all disclosures included in the report	GRI Content Index	
102-56	Description of the organization's policy and current practice with regard to seeking external assurance for the report.	About the report, P.No. 2	

	GRI STANDARDS	CHAPTER NAME	OMISSIONS
GRI 200 : ECONOMIC			
GRI 201 : ECONOMIC PERFORMANCE			
201	Management approach	Financial Performance, P.No. 68	
201-1	Direct economic value generated and distributed (EVG&D), Economic value distributed, Economic value retained	Financial Performance, P.No. 68	
201-2	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure	Ethics & Governance, P.No. 20	
201-4	Report the total monetary value of financial assistance received by the organization from governments during the reporting period	No financial assistance received from the Government	
GRI 202 : MARKET PRESENCE			
202-1	Significant proportion of the workforce is compensated based on wages subject to minimum wage rules, report the ratio of the entry level wage by gender at significant locations of operation to the minimum wage.	Our People, P.No. 61	
202-2	The percentage of senior management at significant locations of operation that are hired from the local community.	Ethics & Governance, P.No. 20	
GRI 203 : INDIRECT ECONOMIC IMPACT			
203	Management approach	Our Community initiatives P.No. 70	
203-1	Extent of development of significant infrastructure investments and services supported.	Our Community initiatives P.No. 70-78	
GRI 204 : PROCUREMENT PRACTICES			
204	Management approach	Responsible Procurement Practices, P.No. 40	
GRI 205 : ANTI CORRUPTION			
205	Management approach	Ethics & Governance, P.No. 18	
206: ANTI-COMPETITIVE BEHAVIOR			
206	Management approach	Ethics & Governance, P.No. 18	
ENVIRONMENTAL PERFORMANCE			
GRI 301 : MATERIALS			
301	Management approach	Envisioning Environment Sustainability, P.No. 33	
301-1	The total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period.	Envisioning Environment Sustainability, P.No. 34	
301-2	The percentage of recycled input materials used to manufacture the organization's primary products and services.	Envisioning Environment Sustainability, P.No.34	
GRI 302 : ENERGY			
302	Management approach	Envisioning Environment Sustainability, P.No. 29	
302-1	Total fuel consumption from non-renewable and renewable sources in joules or multiples, including fuel types used.	Envisioning Environment Sustainability, P.No. 30	
302-4	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.	Envisioning Environment Sustainability, P.No. 31	
GRI 303 : WATER			
303	Management approach	Envisioning Environment Sustainability, P.No. 32	
303-1	Total volume of water withdrawn from the sources including Standards, methodologies, and assumptions used.	Envisioning Environment Sustainability, P.No. 33	
303-2	Total number of water sources significantly affected by withdrawal by type, size and biodiversity value	Envisioning Environment Sustainability, P.No. 33	

	GRI STANDARDS	CHAPTER NAME	OMISSIONS
303-3	The total volume of water recycled and reused as a percentage of the total water withdrawal	Envisioning Environment Sustainability, P.No. 33	
GRI 304 : BIODIVERSITY			
304	Management approach	Envisioning Environment Sustainability, P.No. 35	
304-1	For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Envisioning Environment Sustainability, P.No. 36	
304-2	Nature of significant direct and indirect impacts on biodiversity	Envisioning Environment Sustainability, P.No. 36	
304-3	Size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals.	Envisioning Environment Sustainability, P.No. 36	
GRI 305 : EMISSIONS			
305	Management approach	Envisioning Environment Sustainability, P.No. 29, 32	
305-1	Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent	Envisioning Environment Sustainability, P.No. 30	
305-2	Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent	Envisioning Environment Sustainability, P.No. 30	
305-4	GHG emissions intensity ratio for the organization	Envisioning Environment Sustainability, P.No. 30	
305-5	GHG emissions reduced as a direct result of initiatives to reduce emissions, in metric tons of CO ₂ equivalent.	Envisioning Environment Sustainability, P.No. 31	
305-7	Report the amount of significant air emissions, in kilograms or multiples	Envisioning Environment Sustainability, P.No. 32	Currently unavailable — TKM does not report on VOC. We are evaluating the availability of information and will have an update in our next Sustainability Report
GRI 306 : EFFLUENTS AND WASTE			
306	Management approach	Envisioning Environment Sustainability, P.No. 33 & 34	
306-1	Report the total volume of planned and unplanned water discharges by, destination, quality of the water including treatment method	Envisioning Environment Sustainability, P.No. 33	
306-2	Report the total weight of hazardous and non-hazardous waste, by disposal methods	Envisioning Environment Sustainability, P.No. 35	
306-5	Report water bodies and related habitats that are significantly affected by water discharges based on the criteria described	Envisioning Environment Sustainability, P.No. 33	
GRI 307 : ENVIRONMENTAL COMPLIANCE			
307	Management approach	Envisioning Environment Sustainability, P.No. 25	
307-1	Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations	Envisioning Environment Sustainability, P.No. 25	
GRI 308 : SUPPLIER ENVIRONMENTAL ASSESSMENT			
308	Management approach	Envisioning Environment Sustainability, P.No 25	
308-1	Percentage of suppliers that were screened using environmental criteria	Envisioning Environment Sustainability, P.No 25 Responsible Procurement Practices, P.No. 43	
308-2	Number of suppliers subject to environmental impact assessments and number of suppliers identified as having significant actual and potential negative environmental impacts.	Responsible Procurement Practices, P.No. 43	
400 : SOCIAL PERFORMANCE			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
401 : EMPLOYMENT			
401	Management approach	Our People, P.No. 60	

	GRI STANDARDS	CHAPTER NAME	OMISSIONS
401-1	Total number and rate of new employee hires , employee turnover during the reporting period, by age group, gender and region.	Our People, P.No. 60	
401-2	Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation.	Our People, P.No. 61	
401-3	Report the total number of employees that were entitled to parental leave, by gender.	Our People, P.No. 61	Currently unavailable — TKM does not currently have mechanism to tap the number of employees who are employed for twelve months after returning from parental leaves. We are evaluating the availability of information and will have an update in our next Sustainability Report
402 : LABOR/MANAGEMENT RELATIONS			
402	Management approach	Our People, P.No. 63	
402-1	Minimum number of weeks’ notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them.	Our People, P.No. 63	
403: OCCUPATIONAL HEALTH AND SAFETY			
403	Management approach	Our People, P.No. 64	
403-1	The level at which each formal joint management-worker health and safety committee typically operates within the organization.	Our People, P.No. 64	
403-2	Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for the total workforce (that is, total employees plus supervised workers), by, Region and Gender	Our People, P.No. 64	Confidentiality constraints — TKM does not currently have mechanism to report safety statistics based on gender. TKM does not track occupational disease rate. We are evaluating the availability of information and will have an update in our next Sustainability Report”
403-4	Whether formal agreements (either local or global) with trade unions cover health and safety. If so, report the extent, as a percentage, to which various health and safety topics are covered by these agreements.	Our People, P.No. 63	
404: TRAINING AND EDUCATION			
404	Management approach	Our People, P.No. 65	
404-1	Average hours of training that the organization’s employees have undertaken during the reporting period, by Gender and Employee category	Our People, P.No. 66	Currently unavailable — TKM does not currently have mechanism to report the number of employees trained based on Gender. We are evaluating the availability of information and will have an update in our next Sustainability Report
404-2	Type and scope of programs implemented and assistance provided to upgrade employee skills.	Our People, P.No. 66	
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Our People, P.No. 61	
405: DIVERSITY AND EQUAL OPPORTUNITY			
405	Management approach	Our People, P.No.61	

	GRI STANDARDS	CHAPTER NAME	OMISSIONS
406: NON-DISCRIMINATION			
406	Management approach	Our People, P.No. 61	
407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407	Management approach	Our People, P.No. 63	
407-1	Operations and suppliers in which worker’s rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of type of operation (such as manufacturing plant) and supplier	Our People, P.No. 63	
408 : CHILD LABOR			
408	Management approach	Responsible Procurement Practices, P.No. 40	
408-1	Operations and suppliers considered to have significant risk for incidents of Child labor, Young workers exposed to hazardous work	Responsible Procurement Practices, P.No. 40	
409 : FORCED OR COMPULSORY LABOR			
409	Management approach	Responsible Procurement Practices, P.No. 40	
409-1	Report operations and suppliers considered to have significant risk for incidents of forced or compulsory labor	Responsible Procurement Practices, P.No. 40	
410 : SECURITY PRACTICES			
410	Management approach	Our People, P.No. 65	
410-1	Percentage of security personnel who have received formal training in the organization’s human rights policies or specific procedures and their application to security.	Our People, P.No. 65	
412: HUMAN RIGHTS ASSESSMENT			
412	Management approach	Our People, P.No. 61 Responsible procurement practices, P.No. 40	
413: LOCAL COMMUNITIES			
413	Management approach	Our Community Initiatives, P.No. 70	
413-1	The percentage of operations with implemented local community engagement, impact assessments, and development programs	Our Community Initiatives, P.No. 71 & 72	
413-2	Operations with significant actual and potential negative impacts on local communities	Our Community Initiatives, P.No. 71 & 72	
414: SUPPLIER SOCIAL ASSESSMENT			
414-1	Percentage of new suppliers that were screened using social criteria.	Responsible Procurement Practices, P.No. 40	
414-2	Number of suppliers assessed for social impacts.	Responsible Procurement Practices, P.No. 40 & 42	
416: CUSTOMER HEALTH AND SAFETY			
416	Management Approach	Customer Delight, P.No. 50	
418: CUSTOMER PRIVACY			
418	Management Approach	Customer Delight, P.No. 48	



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Independent Limited Assurance Statement to Toyota Kirloskar Motor Private Limited, on their Sustainability Report for the Financial Year 2017-18

To the Management of Toyota Kirloskar Motor Private Limited, Bidadi Industrial Area, Ramanagar, Karnataka, India.

Introduction

Toyota Kirloskar Motor Private Limited ('TKM' or 'the Company') has requested KPMG in India ('KPMG' or 'We') to provide independent assurance on the Sustainability Report ('the Report') for the Financial Year (FY) 2017-18. The Company's management is responsible for identifying its material topics, engaging with its stakeholders and developing the content of the Report. Our responsibility is to provide "limited assurance" on the selected report contents as described in the scope of assurance.

Reporting Criteria

TKM applies sustainability reporting criteria, derived from the 'In-accordance Core' option based on the Global Reporting Initiative (GRI) Standards.

Assurance Standard Used

We conducted the assurance in accordance with:

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics - relevance, completeness, reliability, neutrality and understandability.

Scope, Boundary and Limitations of Assurance

Our engagement was intended to provide limited assurance on whether the selected sustainability data is fairly presented in all material aspects, in accordance with the reporting option.

- The reporting boundary included data and information pertaining to TKM's operations in its manufacturing location at Bidadi and Corporate office at Bangalore, in India.
- Our scope of assurance included verification of selected data on material topics for the reporting period 01 April 2017 to 31 March 2018.

The assurance scope excludes:

- Providing assurance on data and information outside the defined reporting boundary and period.
- Verification of financial performance indicators/information that is sourced from TKM's Annual Report for the FY 2017-18.

- Verification of universal standard disclosures pertaining to GRI 101 and GRI 102.
- Verifying Company's statements that describe the expression of opinion, belief, aspiration, expectation, aim or future intentions and national or global socio-economic and environmental aspects provided by the Company as part of the Report.

The disclosures subject to assurance are as follows:

- Management Approach: GRI 103-1 to 103-3
- Specific Disclosures:
 - a) Economic
 - Market presence: GRI 202-1, GRI 202-2; Indirect economic impacts: GRI 203-1; Anti-corruption: GRI 205-2
 - b) Environment
 - Material: GRI 301-1 to 301-3; Energy: GRI 302-1, GRI 302-4; Water: GRI 303-1 to 303-3; Biodiversity: GRI 304-1 to 304-3; Emissions: GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7; Effluents and waste: GRI 306-1, GRI 306-2, GRI 306-4, GRI 306-5; Environmental compliance: GRI 307-1; Supplier environmental assessment: GRI 308-1, GRI 308-2.
 - c) Social:
 - Employment: GRI 401-1 to 401-3; Labor management relations: GRI 402-1; Occupational health and safety: GRI 403-1, GRI 403-4; Training and education: GRI 404-1 to 404-3;
 - Security practices: GRI 410-1; Human rights assessment: GRI 412-1, GRI 412-3; Supplier social assessment: GRI 414-2
 - Local communities: GRI 413-1, GRI 413-2; Public Policy: GRI415-1; Compliance: G4-SO8

Assurance Procedure

Our assurance processes involve performing procedures to obtain sufficient and appropriate evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgement, including the assessment of the risks of material misstatements of the standard disclosures whether due to fraud or error. In making these risk assessments, we have considered underlying internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances. The procedures performed in the limited assurance engagement are less in extent than for a reasonable assurance engagement.

As part of the procedure, we have undertaken:

- Site visit to the manufacturing operation of TKM at Bidadi.
- Assessment of the systems used for data collection and reporting of the selected Topic Specific Disclosures of material topics as listed in the assurance scope above.
- Interviews with personnel responsible for data collection, collation and reporting.
- Testing of the sample data and the supporting evidences through a risk based approach.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all information mentioned in the report is supported by underlying data.
- Review of the Sustainability Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.

Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidences could not be collected on account of confidential information, our team verified it at the TKM site. Data transcription and calculation errors were detected but the same were resolved during the assurance process.



Conclusions

We have reviewed the Sustainability Report of TKM. Based on our review, procedures performed and the observations given in this Assurance Statement as described above, nothing has come to our attention that causes us not to believe that the Sustainability Report of Toyota Kirloskar Motor Private Limited for the FY 2017-18 is presented fairly, in all material aspects, in accordance with the GRI Standards. We have provided our observations to the company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) code.

Responsibilities

TKM is responsible for developing the Report content. TKM is also responsible for the identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of TKM in accordance with the terms of our engagement and as per scope of assurance.

Our work has been undertaken so that we might state to TKM those matters for which we have been engaged and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than TKM for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Anand S Kulkarni
Technical Director
KPMG

4 September 2018



For further information and feedback on this Report please contact:
Environment Department, Plant Administration Division

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