



***priming potentials
for progress***

TOYOTA MOTOR PHILIPPINES CORPORATION
2019 SUSTAINABILITY REPORT

about the report

This report showcases Toyota Motor Philippines Corporation's (TMP) accomplishments and initiatives in promoting sustainable growth for the company and the society.

The contents of the report are divided into four main sections:

- Our Business Performance;
- Our People;
- Our Commitment to the Environment; and –
- Our Contributions to Society.

This report also gives an overview about TMP's Marketing and Manufacturing operations, as well as the company's environmental initiatives, and CSR activities.

Period covered:

This report covers highlights of TMP's 2018 initiatives.

For some company information on products, dealer network and major milestone events, the status update as of July 2019 has been included.

This report is also available in digital version, which can be accessed in TMP's website (www.toyota.com.ph).

Scope of report:

The report contains TMP's initiatives with mention of its dealers and suppliers, as well as Lexus dealership operations.

about the cover

The 2019 Sustainability Report theme is **"Priming Potentials for Progress."** As the automotive industry enters this "once-in-a-century period of profound transformation," Toyota will be at the forefront of driving positive change. TMP will "prime" its "potentials" or competitive advantages to ensure long-term sustainability of the company and further contribute to Philippine society.

To illustrate the theme, the cover presents three key elements:

1. the tachometer - to symbolize that TMP is revving up its operations for the future;
2. the business district skyline - to represent progress and development, and-
3. the technological icons - to signify connected mobility.



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message from the president



"Preparing for the years ahead, we now see the vast opportunities that the future holds. At this time of "a once-in-a-century period of profound transformation", TMP will further leverage its strengths and competitive advantages to ensure the long-term sustainability and growth of the company for the benefit of all its stakeholders."

The year 2018 has beset TMP with both challenges and triumphs. Nevertheless, amidst the automotive market slowdown, each member of Team Toyota Philippines exerted extraordinary effort to ensure that company objectives were attained.

In terms of local production, TMP successfully introduced the All-New Vios, Toyota's enrolled model under the Philippine Government's Comprehensive Automotive Resurgence Strategy (CARS) Program. The locally-produced Vios is a testament to Toyota's strong commitment to contribute to economic development and the local auto manufacturing industry's competitiveness. Such milestone has been a highlight of TMP's 30th Anniversary celebration, which was attended by Republic of the Philippines President Rodrigo Roa Duterte and Toyota Motor Corporation President Akio Toyoda as Guests of Honor, whose distinguished presence made the event even more meaningful.

As regards TMP's environmental initiatives, we have embarked on our first major step towards achieving Plant Zero CO₂ goals under the Toyota Environmental Challenge 2050. Last year, TMP inaugurated its 1-MW Solar Array, which can lessen manufacturing operation's CO₂ emissions by 790 tons a year. This is a giant step in the pursuit of our environmental advocacy of attaining zero carbon footprint in our business operations.

As TMP closed the year in 2018, Toyota remained to be the Philippine automotive industry's undisputed leader, earning the Triple Crown for the 17th consecutive year. Attaining such a feat was only made possible by the trust of Toyota customers, as well as the strong mindset and a culture of continuous improvement exhibited by every member of the Toyota Value Chain. Preparing for the years ahead, we now see the vast opportunities that the future holds. At this time of "a once-in-a-century period of profound transformation", TMP will further leverage its strengths and competitive advantages to ensure the long-term sustainability and growth of the company for the benefit of all its stakeholders.

A stylized, handwritten signature in black ink, representing Satoru Suzuki.

SATORU SUZUKI

TOYOTA GLOBAL VISION

The 'Toyota Global Vision' announced in March 2011, is in articulation of what kind of company we want to be — what kind of company we ought to be. It clarifies our value, "we want Toyota to be a company that customers choose and brings a smile to every customer who chooses it." The 'Toyota Global Vision' is a distillation of our resolve at Toyota for the future.

Rewarded with a smile

by exceeding your expectations

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.

Backdrop and Progress

In the backdrop of this vision, there is our fall into the red after the Lehman Brothers collapse, as well as our reflection over a series of quality problems.

To unite all Toyota together to advance our efforts for the recovery of business performance, we came to realize the necessity of having a dream or a path that we should take that all people who work for Toyota could have in common, one that would define what kind of company we want to be — what kind of company we should be.

We also keenly felt the importance of making what kind of company we are and what kind of values we hold known to all customers. Based on our ideal for Toyota, the members of our team gathered to discuss and finalize the vision. This is a distillation of our resolve at Toyota.

Toyota Visionary Management

The image of a tree has been chosen to symbolize the Toyota Global vision — its "roots to fruits."

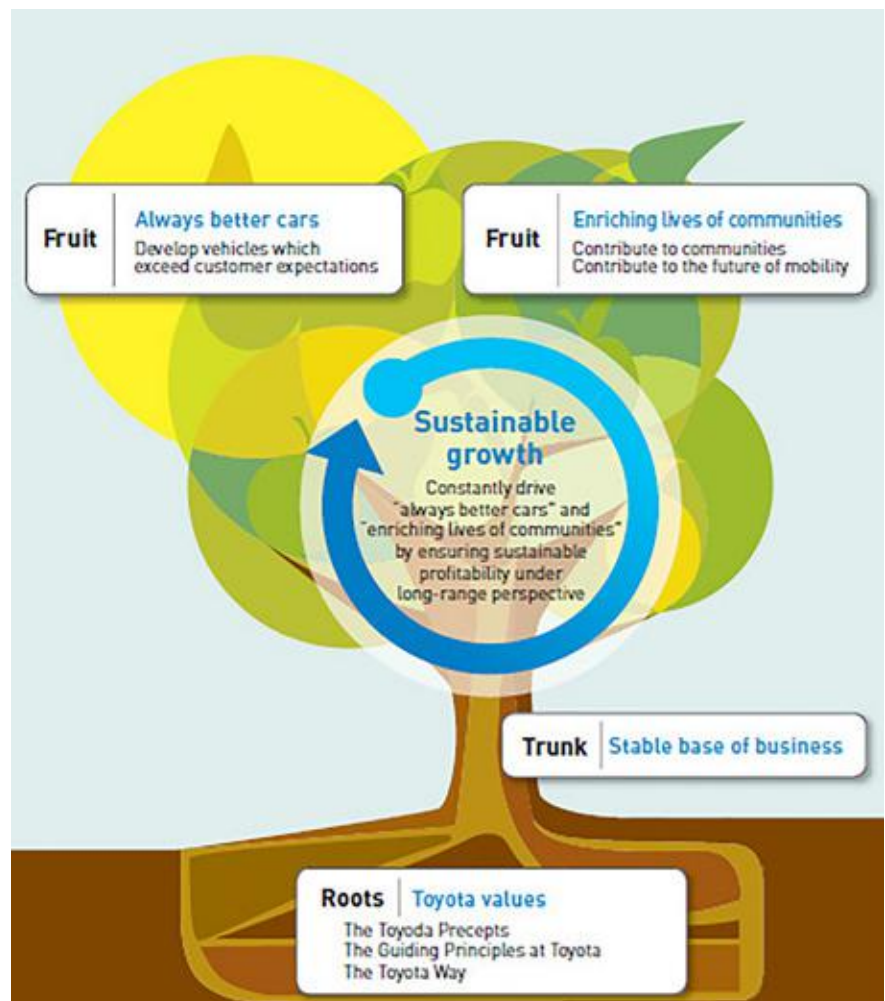
The roots of the tree are the shared values that have steered Toyota from the beginning and that have underlain our monozukuri. They are values expressed in the Toyota Precepts, in the Guiding Principles at Toyota, and in the Toyota Way, which are the bases of our business.

The "fruit" that Toyota provides for customers is creating "always better cars" and enriching lives in communities.

Through the efforts, we aim to become an admired and trusted company in the various regions where we conduct businesses.

The "trunk" of the tree, the underlying support for Toyota's creation of products that earn smiles from our customers, is the stable base of our business.

Toyota's business activities are based on the concept of ensuring sustainable growth by fostering the virtuous circle, **Always better cars → Enriching lives of communities → Stable base of business.**



our business



CORPORATE PROFILE

TMP is the largest automotive company in the country, with the widest vehicle line-up of 21 Toyota models. It has 71 dealers nationwide, including Lexus Manila, Inc.

TMP was incorporated on August 3, 1988 as a joint venture of GT Capital Holdings, Inc., Toyota Motor Corporation, and Mitsui & Co., Ltd.

TMP's head office and manufacturing plant are located inside the 82-hectare Toyota Special Economic Zone (TSEZ) in Santa Rosa City, Laguna. TSEZ is also home to a number of investors performing strategic roles in the manufacture and export of automotive products to ASEAN, Japan and other parts of the world. The Marketing Office of TMP is located at the 28th and 31st floors, GT Tower International, Makati City.

TMP currently produces the best-selling Innova and Vios. Its existing manufacturing plant has the capacity to produce over 55,000* units per year on two-shift production operations.

TMP operates with ten (10) organizational units: Marketing, Manufacturing, Production Control & Logistics, General Administration, Comptrollership, Treasury, Purchasing, Corporate Affairs, Vehicle Logistics and Affiliate Operations Support & Audit.

The company has over 1,900-strong workforce*, composed of office and production Team Members.

**as of end-December 2018*

OUR VISION

To be the No.1 automotive company where GREAT PEOPLE work as a TEAM to provide the BEST products and service to our CUSTOMERS

OUR MISSION

Driven by the will to serve, we, hereby, commit ourselves:

- To dominate our markets through dynamic selling and timely delivery of attractive products, with excellent customer service and continuous product improvement.
- To produce vehicles and components of outstanding quality, using advanced technology, continuously improving methods and environment-friendly processes while maintaining safe working conditions.
- To sustain Company profitability, stability, productivity, and growth by efficiently engaging in effective financial and resource management for the collective gain of the Toyota Family and the society we serve.
- To sustain Team Members' morale and productivity by developing their full potential and total well-being, and by establishing mutual trust, mutual responsibility and harmony through open communication.

PRODUCT LINE-UP

*as of September 2019

PASSENGER CARS

Sub-compact



Vios

Low-Cost



Wigo

Compact

hybrid



Corolla Altis

Hatchback

hybrid



Prius c

hybrid



Prius



Yaris

Medium



Camry

Performance



86



GR Supra

COMMERCIAL CARS

Multi-Purpose



Innova



Avanza

Utility Van



Alphard



Hiace

Pick-Up



Hilux

Bus



Coaster

Sports Utility



Rav4



FJ Cruiser



Rush



Fortuner



Land Cruiser

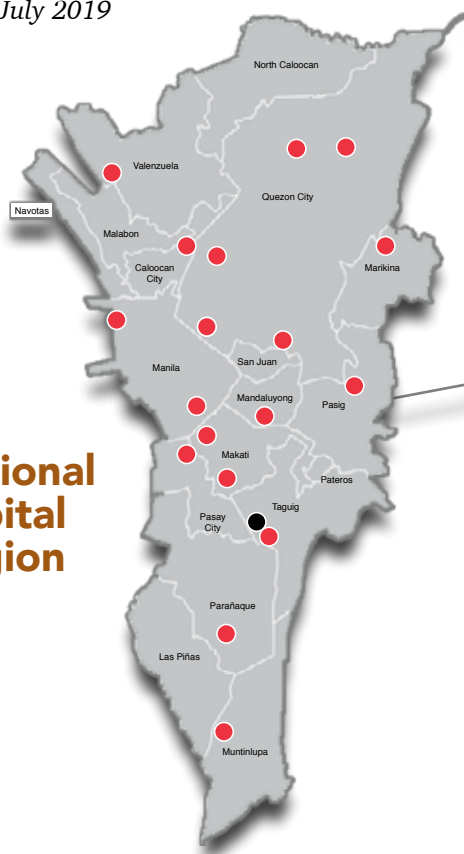


Prado

DEALER NETWORK

*as of July 2019

**National
Capital
Region**



70
Toyota dealer
outlets nationwide
+1 Lexus
dealer outlet



METRO MANILA DEALERS

1. Toyota Abad Santos, Manila
2. Toyota Alabang, Inc.
3. Toyota Balintawak, Inc.
4. Toyota Bicutan, Parañaque
5. Toyota Commonwealth, Inc.
6. Toyota Cubao
7. Toyota Fairview, Inc.
8. Toyota Global City, Inc.
9. Toyota Makati, Inc.
10. Toyota Manila Bay Corp.
11. Toyota Marikina
(formerly Marikina Service Station)
12. Toyota North EDSA
13. Toyota Otis, Inc.
14. Toyota Pasig
15. Toyota Pasong Tamo, Inc.
16. Toyota Quezon Avenue, Inc.
17. Toyota Shaw, Inc.
18. Toyota Valenzuela, Inc.

1. Lexus Manila, Inc.

PROVINCIAL DEALERS

LUZON

1. Toyota Albay
2. Toyota Angeles, Pampanga, Inc.
3. Toyota Bacoar, Cavite, Inc.
4. Toyota Baguio City
5. Toyota Bataan, Inc.
6. Toyota Batangas City, Inc.
7. Toyota Calamba, Laguna, Inc.
8. Toyota Calapan City, Inc.
9. Toyota Camarines Sur, Inc.
10. Toyota Dagupan City, Inc.
11. Toyota Dasmariñas-Cavite
12. Toyota Iloilo, Inc.
13. Toyota Ilocos Norte
14. Toyota Isabela, Inc.
15. Toyota La Union
16. Toyota Lipa, Batangas, Inc.
17. Toyota Marilao, Bulacan, Inc.
18. Toyota Nueva Ecija, Inc.
(formerly Toyota Cabanatuan City, Inc.)
19. Toyota Plaridel, Bulacan
20. Toyota Puerto Princesa City, Inc.
21. Toyota San Fernando,
Pampanga, Inc.
22. Toyota San Jose del Monte, Bulacan
23. Toyota San Pablo, Laguna, Inc.
24. Toyota Santa Rosa, Laguna, Inc.
25. Toyota Silang, Cavite
26. Toyota Subic, Inc.
27. Toyota Tarlac City
28. Toyota Taytay, Rizal, Inc.
29. Toyota Tuguegarao City

VISAYAS

30. Toyota Aklan, Inc.
31. Toyota Calbayog, Samar
32. Toyota Cebu City, Inc.
33. Toyota Dumaguete City
34. Toyota Lapu-Lapu, Cebu
35. Toyota Mabolo, Cebu, Inc.
36. Toyota Mandaue North, Cebu
37. Toyota Mandaue South, Cebu
38. Toyota Negros Occidental
(formerly Toyota Bacolod City)
39. Toyota Roxas City
40. Toyota Tacloban, Leyte, Inc.
41. Toyota Tagbilaran City
42. Toyota Talisay, Cebu

MINDANAO

43. Toyota Butuan City
44. Toyota Cagayan De Oro City, Inc.
45. Toyota Davao City, Inc.
46. Toyota General Santos, Inc.
47. Toyota Iligan City, Inc.
48. Toyota Kidapawan City
49. Toyota Matina, Davao
50. Toyota Tagum City
51. Toyota Valencia City, Inc.
52. Toyota Zamboanga City

SUPPLIER NETWORK

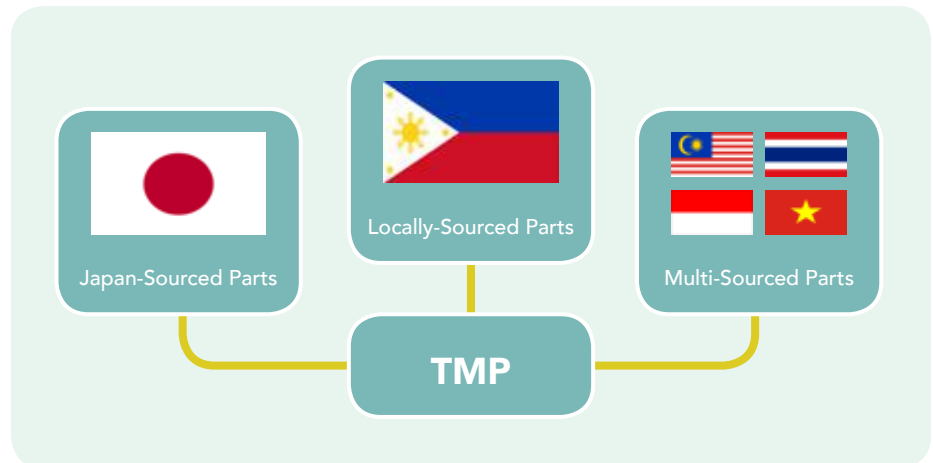
The supply chain plays an integral part in achieving sustainability of the company, especially in a rapidly changing business environment. For Toyota, supplier development is essential in creating greater value for the automotive manufacturing industry which further contributes to economic vitality.

TMP Supply Base

Toyota, as a Japanese company, has a strong presence across the Asia Pacific region. But aside from having an access to overseas supplier network, TMP recognizes the support of local suppliers whose businesses have potentials to become more competitive in the region.

43
local parts
suppliers

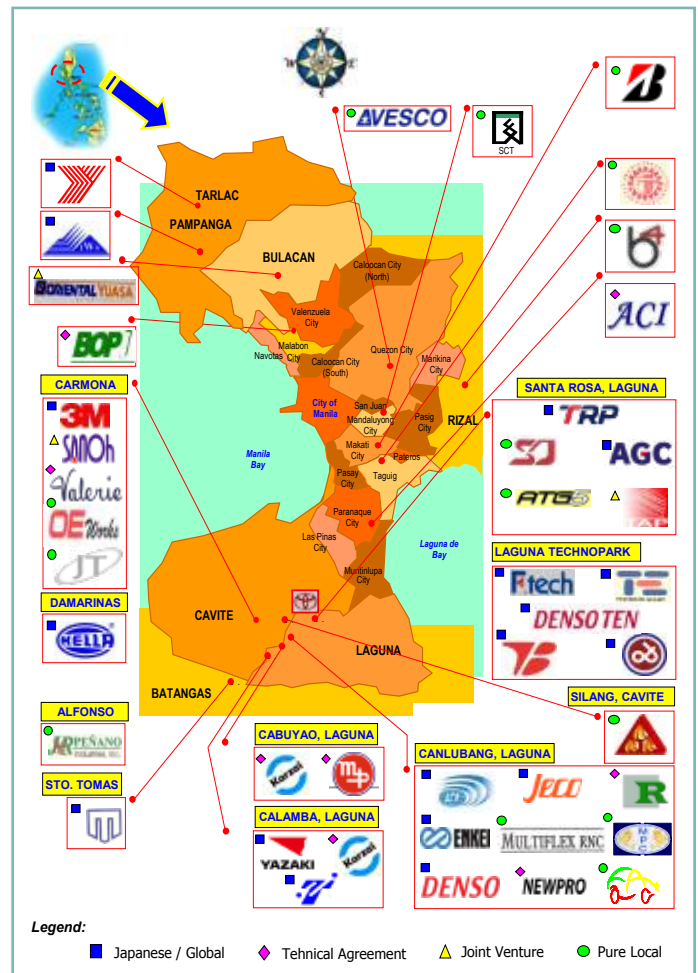
Parts Supply Flow



Locally-Sourced Parts

Commodity	Parts	No. of Suppliers
Electricals & Systems	Aircon, Clock, Wiring Harness, Meter Combination	11
Chassis	Tires, Alloy Wheel, Exhaust Pipe, Pedal, Fuel Tank, Brake Tubes, Asphalt Sheet	7
Interior	Seat Belt, Door Trim, Visor, Carpet Assy	7
Resin	Bumper, Instrument Panel, Cluster Lover	6
Stamped/ Forged	Reinforcement Instrument Panel Cluster, Hood Lock, Insulator	5
Rubber	Weather Strip, Hoses, Moldings	1
Others	Glass, Sticker, Battery	6
Total		43

Locally-Sourced Parts Suppliers Location Map



• SPECIAL FEATURE •

Supplier Development

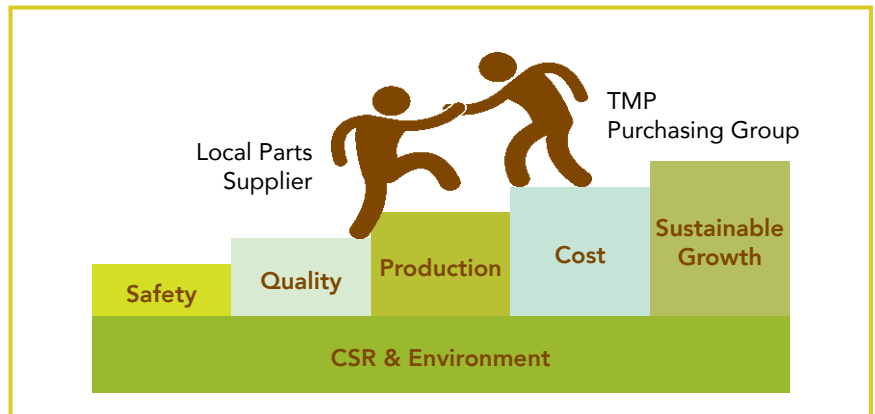
TMP, through its Purchasing Division, not only ensures consistent compliance of suppliers with Toyota's Purchasing Guidelines but also engages them in furthering their capabilities to adapt to challenges and seize opportunities.

TMP regularly conducts activities focusing on Shop Floor Management for safety, quality and delivery as well as Cost and Environmental Management. These activities come in the form of trainings, conferences, best-practice sharing, and genba or plant visits. Local parts manufacturers are closely supported to strengthen their safety, quality, and delivery fundamentals.

In order to secure sustainability of its manufacturing business for its completely-knocked down (CKD) models, TMP has to prepare its supply chain, especially in terms of localization and technology/capability expansion. Opportunities for additional localization happen during the model change of a CKD vehicle.

For the All New Vios launched in 2018, localization of the center console and some large body shell parts were successfully undertaken by local suppliers. To achieve additional capability required for such complex parts, TMP closely assisted those parts makers in obtaining Technical Agreements (TA) with Toyota suppliers in Thailand.

To further raise general competitiveness, select suppliers participated in testing/evaluation facilities centralization, tooling specifications management, continuous value analysis, and benchmarking activities with other Toyota affiliates that have higher localization level.



TOYOTA SUPPLIERS CLUB (TSC)

Established on August 29, 2000, TSC helps strengthen TMP's local supplier network to achieve competitiveness and improve efficiency and productivity throughout the value stream. The club develops and implements activities that will boost suppliers' cost competitiveness, quality and technical capability. On a regular basis, suppliers are engaged in various activities focusing on the following areas:

- Safety, Quality, Delivery, Environment
- Cost Competitiveness
- Toyota Production System (TPS)
- Human Resource Development and Industrial Relations

Furthermore, through the formation of various committees, mutual prosperity and stronger cooperation are promoted between TMP and TSC member-companies.

96*
TSC member-companies
*as of end-2018



• SPECIAL FEATURE •

Supporting Local Manufacturing through the All-New Vios



New Resin Injection Moulding Facility



Team Member buffs newly-produced Vios bumpers

TMP introduced the All New Vios in 2018 as part of its commitment under the Comprehensive Automotive Resurgence Strategy (CARS) Program.

Through the CARS Program, TMP, together with its supplier network, further improved manufacturing capabilities to support the local production of the new Vios.

352*
local parts
(22% higher than the previous model)

₱5.38 Billion*
actual investments in vehicle and parts production

**as of May 2019*

THE ALL-NEW
VIOS



After the All-New Vios was made available to customers in July 2018, TMP further strengthened its position as the country's best-selling subcompact sedan by expanding its wide range of variants. The recent addition was the Vios XE – created to provide customers with an entry-level but top-quality sedan with Continuously Variable Transmission (CVT).

• SPECIAL FEATURE •

Moving Towards the Future of Mobility in the Philippines



"As we celebrate our 30th year in the Philippines, TMP has never been more dedicated in transporting the Filipino people as we continue to provide 'Always Better Cars, Always Better Lives'. As we foresee the future to be very bright and exciting, we, in Toyota, have shifted our mindset from simply dreaming big, but to reach for the 'impossible'.

ALFRED V. TY
TMP Chairman

During TMP's 30th anniversary celebration in 2018, TMP Chairman Alfred V. Ty has announced the direction to steer TMP from an automotive company into becoming a total mobility provider, combining efforts with its sister institutions and developing new strategic partnerships.

This direction is anchored on Toyota's global initiative "*Mobility for All*". Guided by its three (3) pillars, Mr. Ty shared his vision...

*"As part of the market is expected to shift its preference from owning their own car to conveniently hailing a ride with a simple mobile phone app, a synergistic approach has been established in **long-term car-leasing and a modified ride-sharing business** in collaboration with the leading ride-hailing company. A Total Value Chain package has been developed to allow affordability through flexible financing packages, convenience for vehicle maintenance and trade-in facility for replacement.*



*"TMP is committed in working with various stakeholders to attain zero emission with the use of **environment-friendly vehicles**. Since 2009, TMP has already introduced the Toyota Prius as well as, various Lexus Hybrid models. These vehicles have not only been known for fuel efficiency but also emit lesser carbon emissions. The Electrified Vehicle (xEV) technologies will be the next big thing to be rolled out, when zero emissions can eventually be realized. These products are already available in Japan and other countries and with the proper infrastructure and logistical support available, these models can also soon be introduced in the local market.*



HEV Prius

*"**Autonomous driving technology** has been a much talked about topic nowadays. The benefits of this technology is endless, from having a safer driving environment to reduction in cost of transportation, to a seamless public transport system where valuable travel time can be turned into personal time. With the support of government agencies and various business sectors, an advanced road and telecommunication infrastructure can become our future reality."*





Lexus has been redefining what the world expects from a luxury automotive experience.
From its trademark reliability to class-leading refinement,
Lexus is constantly raising the bar and setting higher standards.

LEXUS VISION

Our vision is to create amazing experiences by transforming function into emotion, performance into passion, and technology into imagination.

THE AMAZING DIFFERENCE

What sets Lexus apart from other luxury brands is our daring originality. We are courageous in accepting challenges others deem irreconcilable, and provocative in our ideas and solutions.

With a new era of brave designs, exhilarating performances, imaginative technologies and our hallmark *takumi* craftsmanship, Lexus is driving a new relationship between man and machine.

ANTICIPATING YOUR NEEDS

Lexus is deeply committed to delivering superior quality in all that we do. Our business model is based on treating every customer like a guest in our own home.

This means providing the highest quality of attention and care at every level, from design conception to dealership and from purchase to service.

Called *omotenashi*, this unique culture outlines our human-centered approach to everything we create.

THE LEXUS EXPERIENCE

Lexus is more than great quality, more than sculpted metal and fine interiors – more than just a vehicle. Lexus is an amazing passionate experience. When performance touches your soul, when technology truly amazes – that is the Lexus experience.

People who are characterized by passion and creativity, and who constantly question the status quo – these are the people who will truly appreciate the Lexus experience.

In 2009, the Lexus brand was introduced in the Philippines. Since then, the brand has become more prominent and continues to draw a following among the affluent. Lexus Manila, Inc. is located at 3402 corner, 34th St., North Bonifacio Global City, Taguig City.

All-New ES

An Icon Reimagined



Hot on the heels of its successful world premiere in the Beijing Motor Show last April 2018, the next-generation Lexus ES hits the road in the Philippines. Known for its unparalleled comfort, refinement and luxury appointments, the ES builds on its strengths with an all-new seventh generation. The car, available in a gas-powered ES 350, follows the latest design trends, resulting in a longer, lower, and wider coupe-like silhouette. A new platform and suspension system provide a more dynamic handling with intuitive responsiveness.

The All-New ES represents a new era for one of the brand's most popular models. The provocative design provides more excitement and emotional connection to engage a broader customer base. Traditional customers will find the All-New ES more spacious, quieter and safer, while new customers will be drawn to its bolder styling, sharpened performance, advanced technologies, unique cabin materials and unmatched craftsmanship.



Present during the official launch are (from left) Lexus Manila President Raymond Rodriguez, TMP Executive Vice President Kei Mizuguchi, TMP Senior Executive Vice President David Go, Lexus International-Lexus ES Deputy Chief Engineer Yukihiro Kito, TMP President Satoru Suzuki, Lexus Asia Pacific Vice President David Nordstrom, and TMP Senior Vice President Jing Atienza

All-New UX

The First Lexus Subcompact Luxury SUV



Lexus, the innovator in luxury utility vehicles, opened a new gateway into the brand with its first-ever compact crossover, the All-New UX. The new model offers the brand's luxury appeal and safety in a package that combines bold new design elements and an efficient new powertrain. Making its Philippine debut in November 2018, the UX is crafted expressively for the modern urban explorer who seeks a fresh, contemporary, and dynamic take on luxury lifestyle.

The Lexus UX brings to the table the widest field of vision and best turning radius of any luxury compact SUV. Inspired by the traditional Japanese concept of *Engawa* that blurs the boundary between a home's exterior and interior, designers created a feeling of seamless continuity inside the UX. For example, the upper section of the instrument panel extends out beyond the windshield and gives the driver a 360° birds-eye view of the car and its surroundings.

A 2640 mm wheelbase also contributes to a smooth, stable ride and ample passenger space, while the compact 4495 mm overall length and best-in-class 5.2-m turning radius makes the Lexus UX easy to maneuver and convenient to park.

our **business** **performance**

For over thirty years, TMP continues to serve its customers by providing mobility through its wide array of vehicles and services that would fit their lifestyle.

OUR PRODUCTS AND DEALER NETWORK


One of TMP's main businesses is selling vehicles to provide customers options for their mobility needs. As needs of customers are continuously changing, Toyota continues to add new exciting products, as well as improved versions of the current vehicle line up to give customers more options in finding a vehicle that would suit their lifestyle.

In 2018, TMP introduced new and improved products in the current line-up.

Last year, TMP introduced the new Rush in the Philippine market. The Rush is an SUV that boasts of style & functionality, backed up by the Toyota badge that promises durability, quality, and reliability. Its tasteful exterior, modern interior & features designed for an active lifestyle are only a few of Toyota Rush's exciting characteristics. Intended for those who balance work & play extraordinarily-well, this new vehicle is built to make waves in the entry-SUV segment.

TMP also continues to expand its dealer network to reach and serve more customers all over the country. TMP opened six (6) new dealerships in 2018, making Toyota's network grow to 69 dealerships nationwide, including Lexus Manila.

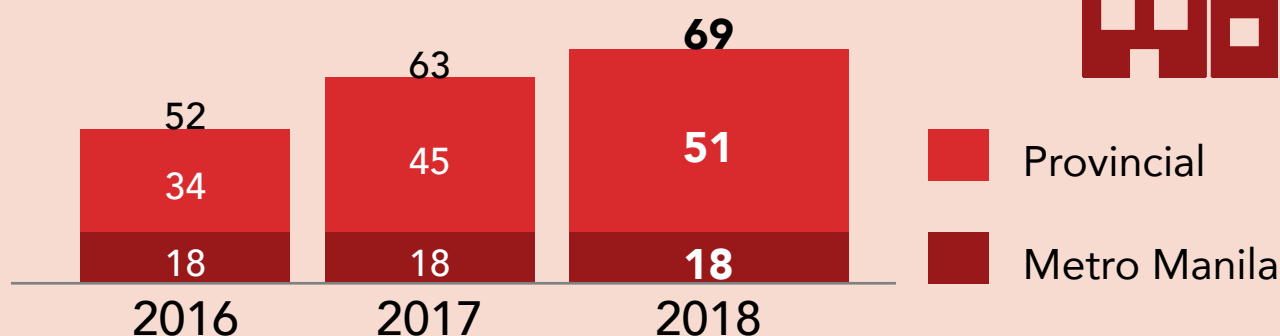
Toyota Silang, Cavite	January 2018
Toyota Calapan City	March 2018
Toyota Tuguegarao	May 2018
Toyota Valencia City	July 2018
Toyota San Jose del Monte, Bulacan	October 2018
Toyota Subic	November 2018

Hilux Conquest	February 2018
	
New Rush	May 2018
Alphard	May 2018
All-New Vios	July 2018
All-New Camry	December 2018

As of December 2018, Toyota has 18 dealerships in Metro Manila (including Lexus Manila) and 51 dealerships in provincial areas.

Toyota expands its dealer network in the growing cities in the province to provide customers better access to Toyota's vehicles and services within the comforts of their area.

Toyota Dealer Network Expansion



Giving added-value to customers



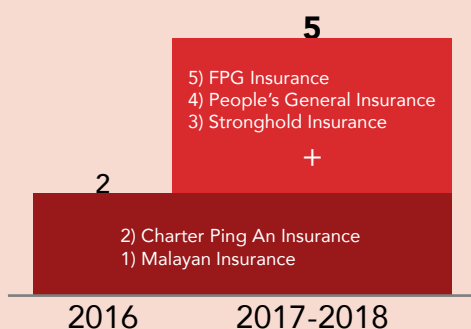
For customers who seek affordable and flexible financing options, Toyota, through **Toyota Financial Services Philippines Corp. (TFSPH)**, offers sound financial products and services that address their unique needs and meet customers' expectations. TFSPH helps customers by offering an extensive line of financing plans as they purchase their Toyota vehicle of choice.



To further provide customers peace of mind, the **Toyota Insure Program** has been made available to new and existing Toyota vehicle owners.

Toyota Insure Program offers worry-free ownership by providing better services and coverage such as fast LOA issuance, fixed participation fees, and guaranteed genuine Toyota parts and services. Customers can select among five (5) existing insurance partners, which offer competitive packages for their insurance needs.

Insurance Partners



Alternative Ownership Programs

In its continuing effort to make the process of owning a Toyota vehicle easier and worry-free, TMP provides the means to make it a reality.

TMP offers the **Toyota Certified Used Vehicle (TCUV)** and **Lexus Certified Pre-Owned Vehicles (LCPOV)** Programs for customers who are looking for quality, but more affordable vehicles.

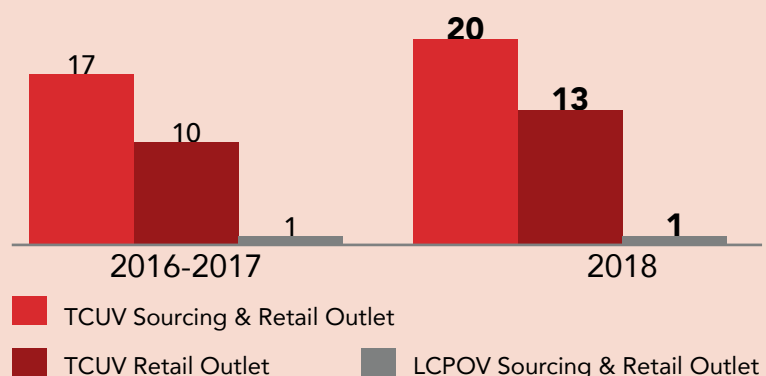
As part of the TCUV and LCPOV programs, all customers are guaranteed that the pre-owned vehicles are in the best condition. Toyota dealerships conduct intensive inspection and refurbishment processes to make sure the used vehicles are of top quality.

Customers may also trade-in their used vehicles if they want to purchase a new Toyota vehicle.

As of end-2018, TMP has a total of 20 TCUV Sourcing and Retail outlets which offer both buying and selling of used vehicles. There's also a total of 13 TCUV Sourcing outlets where customers can trade-in their vehicle for a brand new Toyota.



TCUV & LCPOV Outlets



SALES PERFORMANCE HIGHLIGHTS

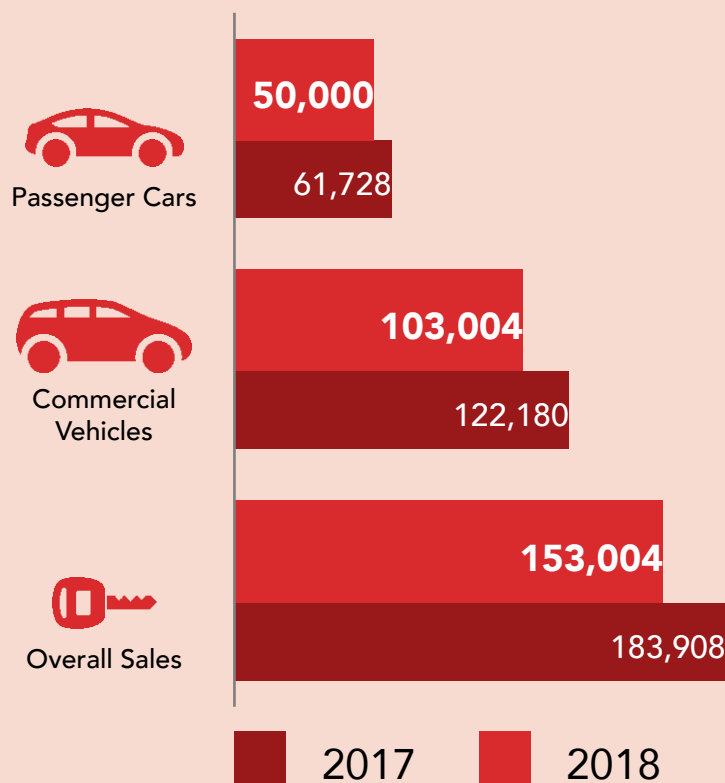
17th CONSECUTIVE TRIPLE CROWN

Despite the slowdown in market demand last year, TMP remained the industry leader having achieved its 17th consecutive Triple Crown – No.1 in Passenger Car sales, Commercial Vehicle sales and overall sales in the Philippines.

TMP sold 153,004 vehicles in 2018, with 38.2% market share. Moreover, among Toyota distributors worldwide, TMP maintained its 9th spot in 2018.



Vehicle Sales



Awards & Recognition

2018 Best-selling Vehicles

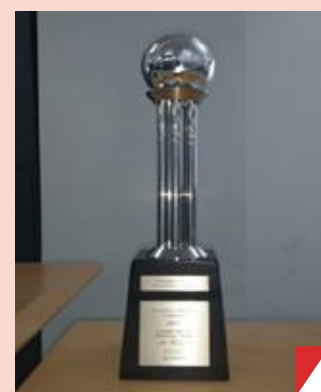
Model	Category
Vios	Best-selling Sub-Compact Passenger Car (since 2003)
Camry	Best-selling Medium Passenger Car (since 2002)
Wigo	Best-selling Low-Cost Passenger Car (since introduction in 2014)
Hiace	Best-selling Utility Van (since 2011)
Fortuner	Best-selling Commercial Vehicle Best-selling Sport Utility Vehicle (LO) (since 2014)
Rush	Best-selling Entry Sport Utility Vehicle
Innova	Best-selling Multi-purpose Vehicle (since 2005)
Hilux	Best-selling Pick-up (since 2015)



Overall Toyota Marketing Award (2017)
Given by TMAP President Mr. Susumu Matsuda (right) in recognition of strong efforts and achievements in Vehicle Sales and Customer Service



Marketing Award for Excellence (2017)
Given by TMC for achieving record-breaking sales and maintaining market share leadership



Customer Service Excellence Award (2017)
Conferred by TMC and TMAP for quality after-sales performance

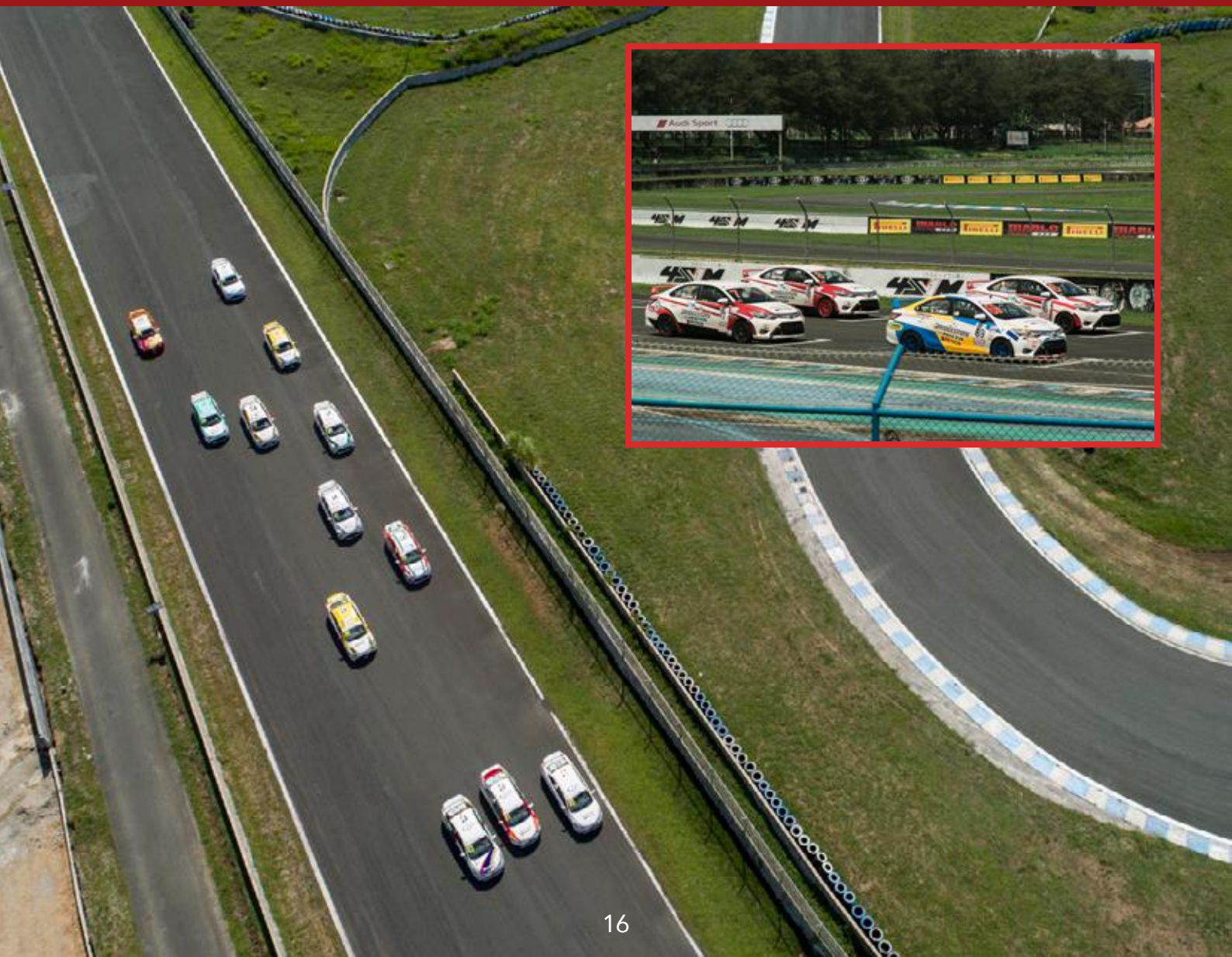
• SPECIAL FEATURE •

Vios Cup 5: Continuing the 'Waku Doki' Excitement

TMP continues to spark excitement among motorsports and car enthusiasts as the Vios Cup held its fifth season in 2018. This One Make Race Series spreads the Waku Doki spirit in the local racing scene.

A total of 53 racers composed of 46 individual drivers and 8 celebrity racers battled to see who can really put the pedal to the metal. Race grids consisted of four (4) main classes: Super Sporting Class, Sporting Class, Promotional Class and Celebrity Class with each cluster crowning their respective champions.

Vios Cup Season 5 concluded after three (3) legs - 2 at Clark International Speedway in Pampanga and 1 at Filinvest in Alabang, Muntinlupa City.



• SPECIAL FEATURE •

Becoming the “Best in Town”

“Everyone says Toyota is the best company in the world, but the customer doesn’t care about the world. They care if we are the best in town, or not. That’s what I want to be.”

AKIO TOYODA
TMC President



Beyond selling cars, Toyota also envisions and pursues creating valued and long-lasting relationships with its customers all around the world. To make it a reality, Toyota strives to become the “Best in Town” by adding more personal touches in individual dealings with customers. The concept was first introduced in 2014 by TMC President, Akio Toyoda, who envisioned to achieve customer delight in every aspect of Toyota’s business operations.

All Toyota frontliners in showrooms and service centers play an important role under the Best in Town initiative, since they are the ones who personally engage customers when they walk inside a dealership. Given this, TMP invests in trainings and various support programs that would help level up relational skills. Likewise, they are encouraged to initiate customized activities that give customers delight.



Earning Customer Smiles

“I was very happy, since, while waiting for the servicing to be done, I was able to get a massage, coffee and ice cream. At least I won’t get bored while waiting. The staff were very accommodating and respectful.” (Toyota Manila Bay Customer)

“We were at the hospital. Our Marketing Professional went there to discuss and help us accomplish some of our requirements. Then, we forgot to submit another requirement, so he went to our house to get it. This, for me, is what you call ‘the extra mile’.” (Toyota Alabang Customer)

“I think not all dealers have this initiative: my Marketing Professional (MP) left a thank you card inside my car, there was even a ribbon. We appreciate that our MP made the transaction very smooth. The car was our birthday gift to our mom.” (Toyota Dagupan Customer)

Aerial view of TMP's 12.8-hectare new Vehicle Logistics Center

• SPECIAL FEATURE •

TMP Vehicle Logistics Center

TMP continues to strengthen its delivery operations through its Vehicle Logistics Center (VLC) located within the Toyota Special Economic Zone in Santa Rosa, Laguna. The new logistics center, with a total area of 12.8 hectares, substantially increases TMP's vehicle stockyard capacity, as well as improves car carrier operations for its dealer network.

As market demand is expected to increase in the near- to long-term, TMP has started to prepare its operations for such prospects. The VLC is the first in the project pipeline that will further improve delivery services to dealers and customers nationwide.



New 18-lane Car Carrier truck area for loading of Toyota vehicles for delivery to dealerships nationwide



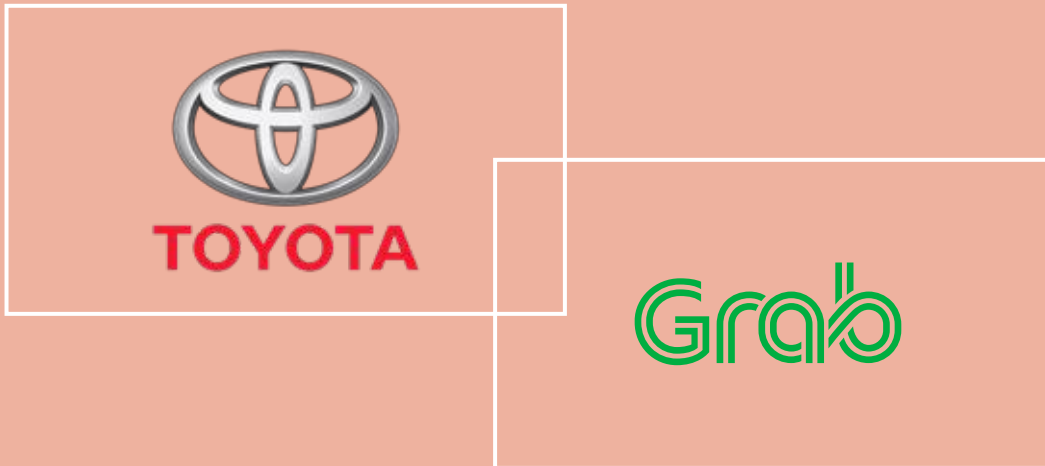
The Ribbon-cutting ceremony was led by (center) Chairman Alfred V. Ty and President Satoru Suzuki. They were joined by (from left) former Manufacturing & Production Control and Logistics Executive Vice President Tomohiro Iwamoto, Vice Chairman and Treasurer David Go, Vehicle Logistics and Marketing Executive Vice President Kei Mizuguchi, and former Vehicle Logistics and Purchasing Senior Vice President Leodivigis Gilbuena.



Expanded stockyard

• SPECIAL FEATURE •

Toyota & Grab Partnership



TMP has announced its partnership with Grab, the leading online-to-offline mobile platform in Southeast Asia. What started as an initiative by Grab to aid its drivers and micro-entrepreneurs into having an easier and faster way of securing their own vehicles has become a venture of a fruitful partnership with Toyota and its affiliate – Toyota Financial Services Philippines (TFSPH).

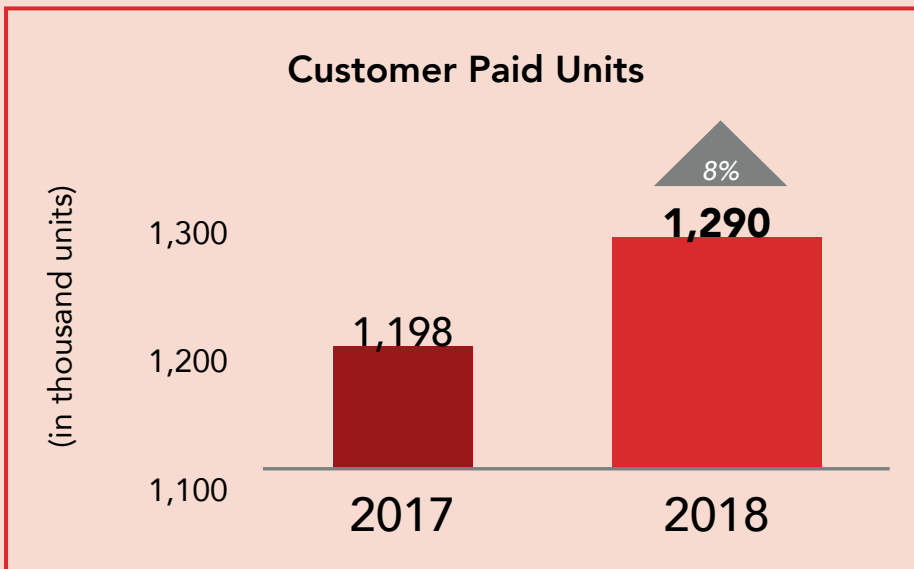
With this partnership, TMP offers car replacement and easy ownership package for existing Grab drivers. TMP also provides great value with trade-in offers, exclusive flexible and very affordable TFSPH financing deals, inclusive of a Complete Maintenance Package (parts & labor included) up to at least 80,000 kms, and special discounts on batteries, aircon cleaning, and car detailing. Bonus privileges will also be available for eligible Grab drivers.



Present at the formal signing are (from left) Grab Head of Strategic Supply Laurence Bahia, TMP Vice Chairman and Treasurer David Go, TFSPH President Atsushi Murakami, TMP President Satoru Suzuki, Grab Country Head Brian Cu, and TFSPH Vice President Mr. Marlon Pernez

OUR AFTER-SALES SERVICES & PRODUCTS

Toyota goes beyond the extra mile to provide high-quality services through a variety of programs that will address the needs of customers. It is Toyota's goal to give customers the best experience during every visit.



In 2018, with the new vehicle sales, Toyota's customer paid units serviced (CPUs) increased by 8% from its 2017 level. Likewise, Toyota's Customer Paid Sales (CPS), also increased by 14% in 2018.

Earning Customers' Smiles through Dealer Network Kaizen

Toyota continues to expand its network to accommodate the growing demand for its after-sales service. The Toyota dealer network improves its services by expanding its existing facilities, opening new service centers and relocating select dealerships to have bigger spaces to accommodate more customers. In 2018, Toyota dealers made the following improvements:



EXPANSION OF EXISTING FACILITY

- Toyota Abad Santos Workshop Expansion



SERVICE CENTER

- Toyota Alabang Service Center
- Toyota Negros Occidental Service Center



RELOCATION

- Toyota Marikina
- Toyota Negros Occidental
- Toyota Cagayan de Oro
- Toyota Nueva Ecija

Similar to Metro Manila and most Luzon Dealers, Toyota expanded direct delivery of service parts to all fourteen (14) Visayas dealers and three (3) South Luzon dealers in 2018. Likewise, frequency of parts delivery was increased in select dealers which resulted to decrease in parts delivery and vehicle repair lead time. By 2019, Toyota will implement direct delivery to all its dealers across the country.

Expansion for Customers' Vehicle Servicing Needs

To build a better relationship with its customers, Toyota offers a variety of programs that give them convenience and the best value for their money.

Toyota offers the **Express Maintenance (EM)** program where customers can schedule their vehicle's periodic maintenance service (PMS) ahead of time and have it done in just one-hour. To take it a step further, select dealerships combine the Toyota Air Care Service with the EM program, which uses pioneering technology in aircon cleaning with complete PMS that guarantees convenience to customers and maximizes bay productivity in dealerships.

Lexus Manila also leveled up its customer engagement program through the introduction of the 1-hour **Lexus Premium Aircon Care (LPAC)**.



The **Toyota SMILE Service** offers customers with affordable but quality after-sales service packages, especially for out-of-warranty vehicles. Customers may choose from the following SMILE “menu” packages, which is applicable for Innova, Fortuner, Hilux, Hiace, Avanza, Vios, Altis, Camry, Wigo and Revo:

- Timing Belt Package
- Clutch Package
- Shock Absorber Package
- Tie Rod Package
- Ball Joint Package
- Stabilizer Package
- Engine Support Package

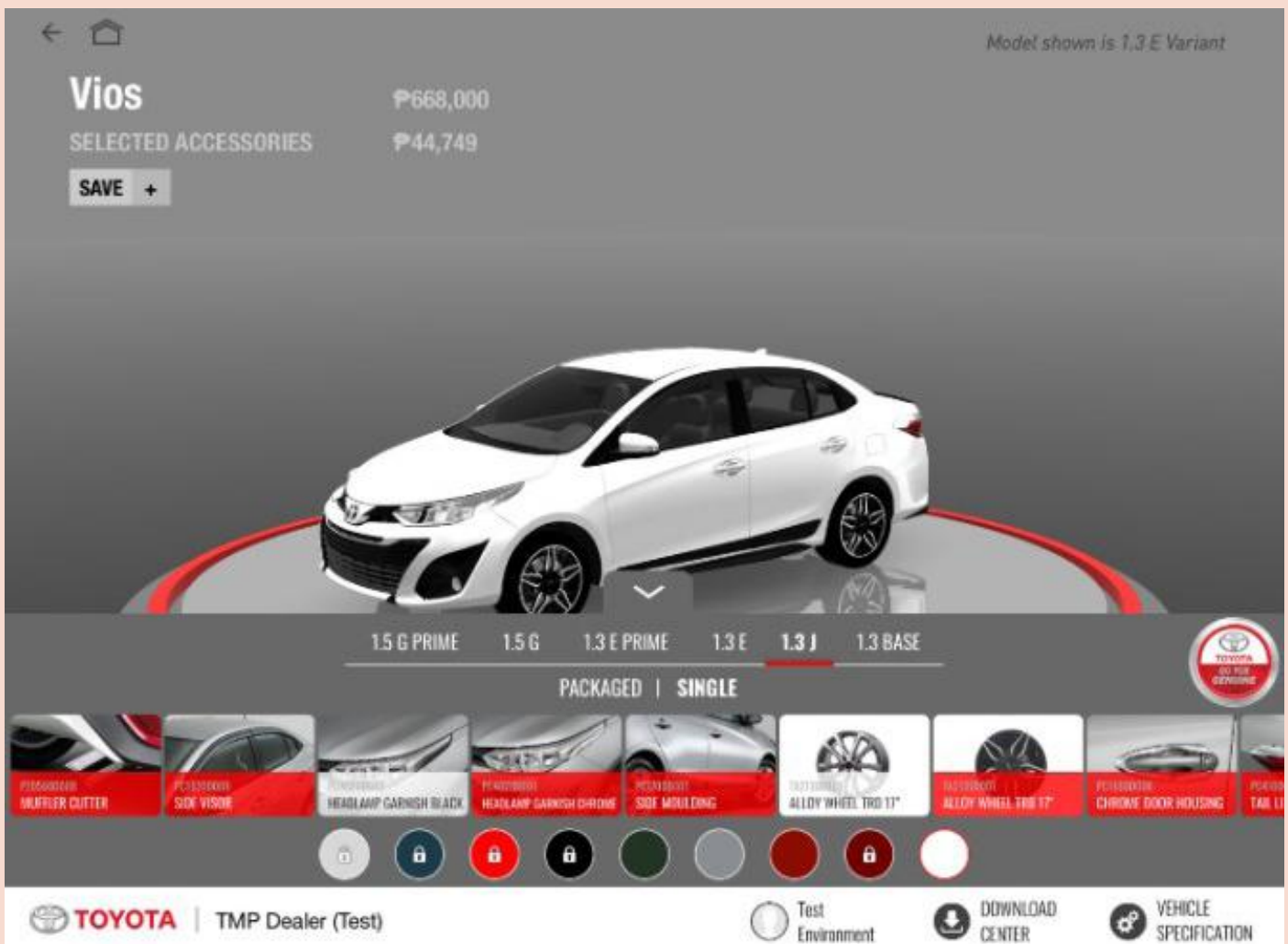
Customers who avail of the service are entitled to get 20% discount on Parts, 15% discount on Labor and free 4-Wheel Alignment.

Toyota launched the **Toyota Car Care – Engine Detailing Service** in 2018 to offer that “feel good” and “feel new” look in their vehicle's engine room compartment. This new program aims to provide an engine detailing service that uses genuine chemicals that are safe and of high quality, which helps in maintaining the lifespan of the components or materials in the engine compartment.



Also introduced in 2018, the **Toyota Tire Choice** program aims to offer customers affordable tires during replacement. In partnership with Bridgestone and Yokohama, models included in the program are tires for Fortuner, Hiace, Innova, Vios and Wigo units.



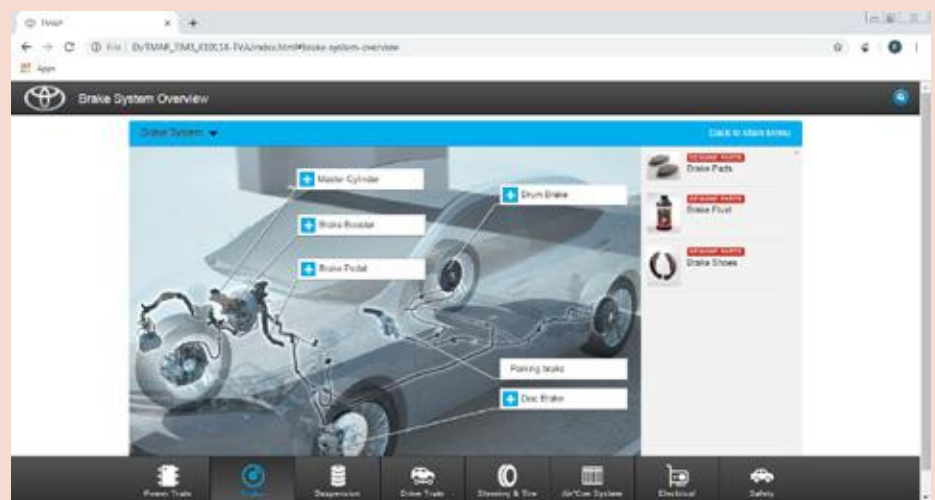


Accessories Application (360 View)

After-sales Going Digital

To further give better service to customers, Toyota introduces digital platforms in its dealerships for customers to have a better visualization and complete view of after-sales products, such as services, parts and accessories. In 2018, Toyota introduced the **Accessories Application (360 view)** and **Technical Information Module (TIM)**.

The **Toyota Accessories Application (360 view)** is an application which will enhance the sales tool of dealer frontliners. Through the Accessories Application (360 view), customers are given a better product demo experience on their preferred customization. The application also contains accessories price list and basic calculator.



Technical Information Module (TIM)

The **Technical Information Module (TIM)** is a digital module used by Service and Parts Advisors in answering queries about specific vehicles and technical information.

OUR MANUFACTURING OPERATIONS

TMP introduced new technologies in its production operations and improved working conditions through rehabilitation of facilities.

Introducing New Technologies

The new Resin Injection Moulding Facility produces the Vios instrument panel and bumpers. This new investment is in line with TMP's commitment under the CARS program – to localize large part plastic parts with complex designs.



Aerial view of Resin Injection Moulding Machine



Team Member hangs newly-produced Vios instrument panels

Likewise, twenty-five (25) Roller Hemming Robots were introduced in production to shorten lead time in welding operations and reduce production cost for new models. The new robots are currently used to weld the front and rear door panels, hood and luggage compartment door for Vios.



Roller Hemming Robots

Improving Working Conditions at Production Line

Aside from the introduction of new machines to improve the capabilities of TMP's manufacturing plant, the company also made efforts to improve working condition inside the production line.

Since 2016, TMP has been continuously enhancing its facilities through the Clean & Bright Program. TMP believes that by doing such, Team Members will create a safer working environment, prevent quality problems and achieve higher productivity. TMP has successfully implemented the following activities under the program:

- Conducted cleaning operations & re-painting of walls, floors and trusses;
- Improved ventilation;
- Improved brightness through use of natural lighting and repositioning of electrical lights;
- Improved routing of pathways;
- Standardization of Kaizen Rooms;
- Establishment of Team Members' Revitalizing Area.

BEFORE

AFTER



Re-painting of floor guides and markers to clearly establish areas for pedestrians and moving vehicles



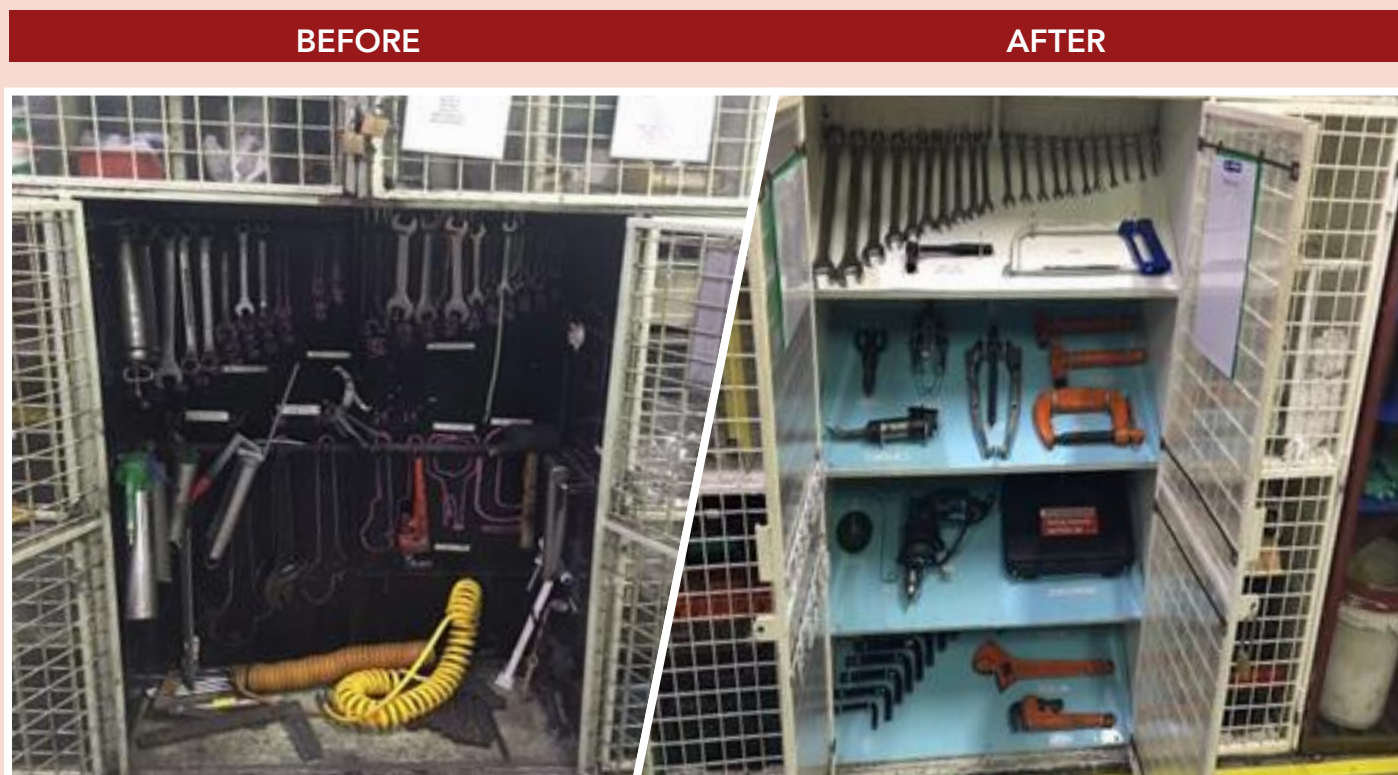
Aligning of light fixtures to properly illuminate Team Members' work areas



Establishment of Team Members' Revitalizing Area outside the production line for Team Members' use during break time.

To ensure that these activities are sustained, TMP reiterated the 4S + Discipline Program among its Team Members. Each Team Member is encouraged to maintain his/her workplace clean and organized for a conducive work environment.

4S + DISCIPLINE Conscious mindfulness to ensure that 4S is being followed and sustained all the time			
SIFTING To segregate necessary / unnecessary material, then dispose unnecessary ones	SORTING To put necessary materials in order by putting proper labels	SWEEPING To clean up dirt and dust, as well as dispose unnecessary parts	SPIC & SPAN To keep work clothes and protective gear clean and neat



Disorganized tools storage

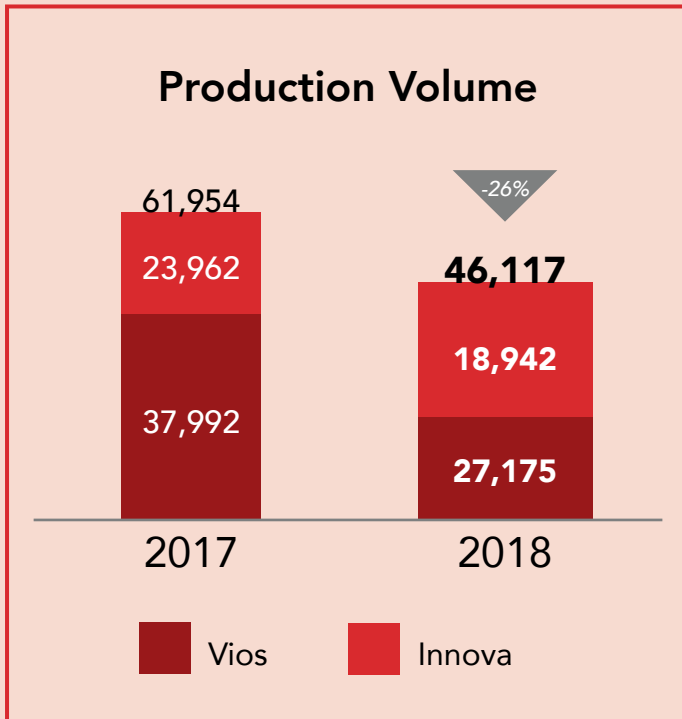
Organized and properly labeled tools storage

After the implementation and individual audit of the 4S + Discipline activities in 2018 among forty-nine (49) manufacturing shops, thirty-eight (38) shops achieved the Bronze Level, while eleven (11) shops achieved the Silver Level according to Global Toyota standards.



MANUFACTURING PERFORMANCE HIGHLIGHTS

In 2018, TMP produced 46,117 units of Vios and Innova, a 26% decrease compared to the same period in 2017 due to market slowdown.



KPI	2017	2018
Production Volume		
No. of units produced (Vios, Innova)	61,954	46,117
Quality Performance (Shipping Quality Audit)		
Defect-per-unit (DPU) Level	0.13	.078
Production Line Efficiency		
Efficiency rate	94.4%	94.9%

Awards Received

TMP received the Asia Production Quality Award for Warranty Reduction, Zero Field Action Achievement and Quality Person Awards during the Asia Pacific Shipping Quality Audit (AP SQA) Meeting in Thailand.



Quality Person Award Ceremony
February 2018

Mr. Rainier Vito Abustan of TMP's Assembly Shop receiving the award from Toyota Daihatsu Engineering & Manufacturing Co., Ltd. (TDEM) President Tatsuro Takami



Asia Production Quality Award
February 2018
Warranty Reduction Award and
Zero Field Action Achievement Award

our
people

BEHIND THE WHEEL

Because Team Members are considered as the most important assets in Toyota, TMP continuously enhances its human developmental programs. As such, TMP prioritizes holistic assessment of changing needs of Team Members, encompassing career fulfillment and work-life harmony.

Manpower Profile

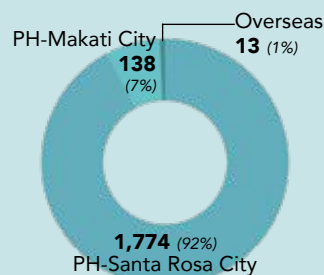
By the end of 2018, TMP's workforce grew by 2% from the previous year. Out of the 1,925 regular and probationary Team Members, ninety nine (99) were newly-hired with the majority supporting production operations, as well as administrative functions at the new logistics facility.

Locally-based Team Members are assigned either at TMP's head office and manufacturing plant in Santa Rosa City, Laguna, or at marketing offices at GT Tower International in Makati City. Those who are overseas are either deployed at Toyota's Global headquarters (Japan) or at Regional headquarters (Singapore, Thailand). This is under the Intra-Company Transfer (ICT) Program, which provides regional operations exposure as part of Toyota's human resource development.

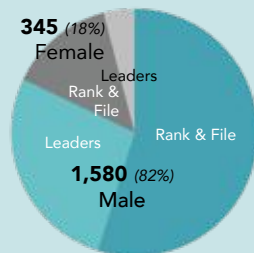
Given the nature and demands of manufacturing operations, 82% of TMP Team Members are male and are mostly assigned in the production lines. On the other hand, female Team Members make up 18% of the population.

1,925
Team Members
as of end-2018

Location



Gender



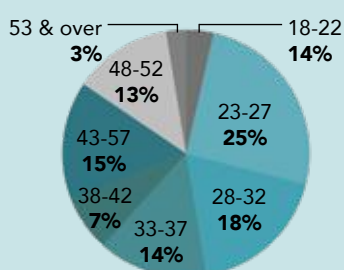
Mean Age: 36 y.o.

In terms of age group, those who are 23-27 years old make up the biggest percentage of population. Turnover rate is at 3%, or 68 separated Team Members.

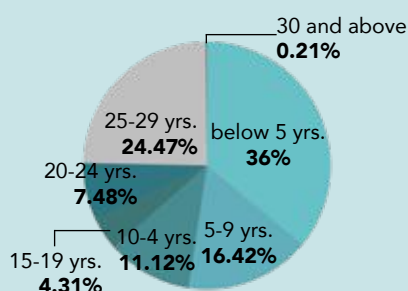
Average Tenure: 13 years

With majority of population consisting of Team Members whose age is 44 and below, TMP heavily invests in continuous training and development of these young talents. On the other hand, those who are 45 years old and above are prepared for their retirement through various support measures.

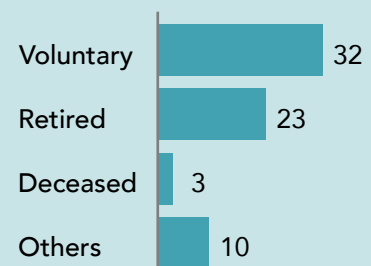
Age Group



Tenure



Turnover



• SPECIAL FEATURE •

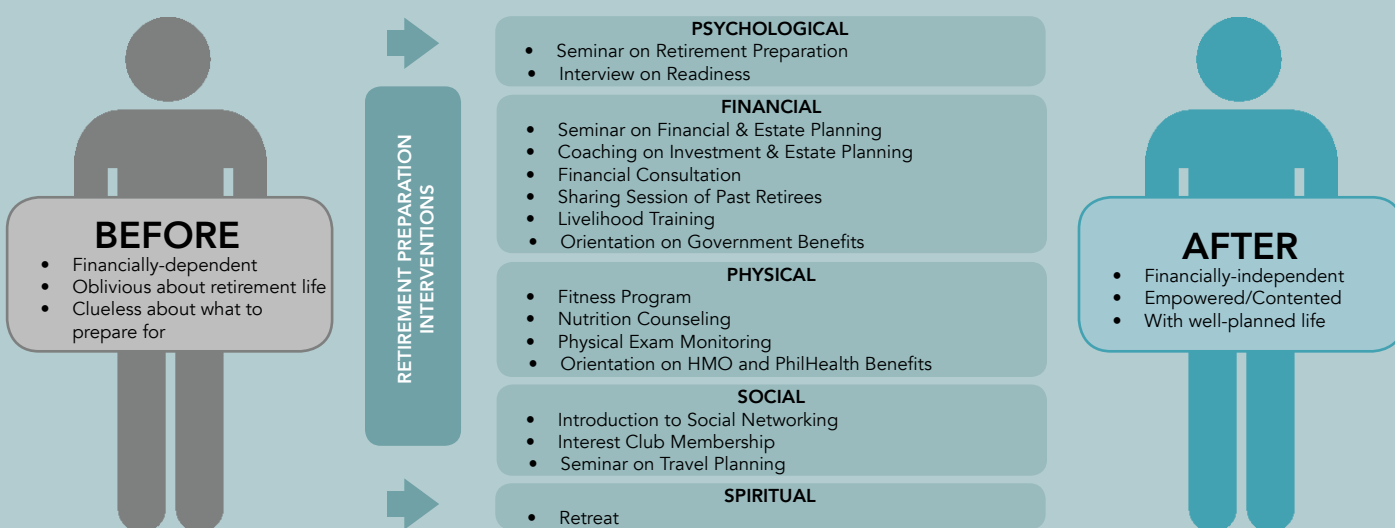
Preparing for Retirement

TMP introduced a program that will better prepare Team Members towards having a fulfilled and productive life after employment in TMP.

Launched in 2016, the **Re-Tire Program** was offered to Team Members approaching the retirement age of 50 to cover several aspects of life planning (psychological, financial, physical, social, spiritual). Retiring Team Members are also enlisted in various intervention programs in consideration of their personal interests. Annually, a special program is also held for retirees to recognize their contributions to the company.



2018 Retirees



TEAM MEMBER DEVELOPMENT

As the company progressively moves according to change in the business environment, TMP sets its Team Members' development track at a complementary pace.

By continuously investing in and improving TMP's human development programs, Team Members become highly-equipped with the right mindset and skills, bringing out the best in what they could become as they grow with the company.

Developing a Toyota Mindset

As a new Team Member is put on board, the HR Department and his/her respective team ensure that Toyota fundamentals will serve as his/her foundation. Those fundamentals not only teach him/her how to accomplish regular tasks, but more importantly instill the values of respect, teamwork, safety, quality, and standardized work. This development phase covers substantial hours of Corporate Training programs focusing on Toyota Core Values in a lecture set-up or workshop simulation, as well as the close guidance of superiors on the job.

For leaders and tenured/regular Team Members, further training programs are designed to increase their knowledge and skills, usually in relation to Toyota's global business practices and standard ways of communication. For specific expertise and technical skills required in some functions, the company also invests in sending Team Members for external training programs and seminars.

The HR Department does not only evaluate the training programs by the attendance rating and frequency, but more importantly by its applied impact to Toyota's productivity. The quality of turnout activities are assessed in report-out sessions using concepts proposed and actual projects implemented by Team Members in their respective areas and functions. Moreover, surveys are administered after every training to gauge feedback and determine points for improvement. New training programs are also explored and initiated following the company's business focus and human development priorities.

Training	Training Hours	No. of Participants	Applicability	
			R&F	Leaders
A. Corporate Trainings	1,068	1,979		
Toyota Way Foundations	40	98	O	X
Toyota Way for Leaders	112	140	X	O
Plan Do Check Act (PDCA)	48	68	O	O
PDCA Report-out	20	66	O	X
Building Consensus through A3 Reports (BCR)	48	67	O	O
BCR Report-out	20	65	O	X
Ji Kotei-Kanketsu (JKK) for TMs	80	116	O	O
Toyota Business Practices (TBP)	144	66	O	O
On-the-Job Development (OJD)	32	13	X	O
Toyota Management Training Program (TMTP)	24	14	X	O
Hoshin Kanri	12	11	X	O
<u>Line Team Member Trainings:</u>				
- Toyota Communication Skill	72	289	X	O
- Toyota Job Instruction	216	228	X	O
- Basic Toyota Job Instruction	32	435	O	X
- Group Leader Role	96	90	X	O
- Team Leader Role	72	213	X	O
B. Functional Trainings	3,336	140		
Total Training Hours	4,404			

New Trainings Introduced

Values Alignment Training (VAT)

VAT is a company-wide program anchored on TMP's Code of Conduct and Responsible Reporting Program. As a basic training course required for all Team Members, it aims to:

1. strengthen awareness of Toyota Core Values;
2. promote TMP's culture, personal development, teamwork;
3. instill the values of gratitude, commitment and accountability.

Business Process Orientation (BPO)

BPO is a series of exposure and learning sessions on TMP's key operations such as Purchasing, Manufacturing, Logistics, Sales and After-Sales. It helps participants gain a deeper understanding of TMP's core business and relate it to one's own function, improve customer-first mindset, and cultivate a sense of gratitude and pride.

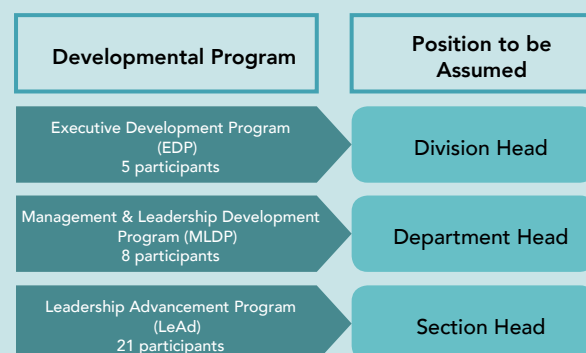
Equipping Future Leaders

TMP strengthens the organization by ensuring the next generation of leaders. The company's leadership programs allow them to hone their strengths and capabilities so they could further contribute to TMP's growth.

Developmental Programs

Identified successors of key leadership positions undergo respective developmental programs to broaden their competencies. The HR Department, in close collaboration with the concerned division, identifies the focus of trainings.

Generally, succession candidates follow a competency model that is holistic and progressively challenging, enabling them to enhance their management, leadership, and interpersonal skills. Methods used are through one-on-one coaching, mentoring, as well as participation in internal and/or external trainings. Depending on specific functional requirements the successor is being prepared for, he/she may also be required to undergo job rotation, immersion, job scope expansion, or cross-functional assignment.



In 2018, a total of 34 leadership successors were actively undergoing the LeAd, MLDP and EDP.




Exposure to Regional Operations

TMP's close ties with its mother company in Japan and regional headquarters in Asia not only allows the transfer of technologies but also of talent and skills. Overseas training forms part of TMP's holistic career development, especially for its future leaders. Team Members who are selected to participate in various programs can broaden their knowledge in their specific function, immerse in Toyota's multinational scale of operations, and strengthen leadership potentials.

Intra-Company Transfer (ICT)

This development program is a project-based personnel exchange among Toyota affiliates that aims to make use of global human resources to support overseas affiliates in achieving self-reliance through development of local staff. Designed for Office Team Members, the ICT allows the participants to benchmark best practices from other Toyota affiliates, which they would eventually cascade to other Team Members and apply in their local operations when they return home from their assignments.

In 2018, TMP has 16 participants assigned in Japan, Singapore and Thailand, where Toyota's global and regional headquarters are located. Also, TMP received two Thai nationals who were assigned in Purchasing Division.

No. of Trainee		Country	
Outbound	Inbound		
1	0		Japan
6	0		Singapore
9	2		Thailand
16	2		Total

Global Skill-up Training (GST)

As a training program categorized for Line Leaders, GST is an on-the-job development program which allows trainees to be immersed in TMC's plant operations in a substantial amount of time. TMP's trainees are assigned as members of manufacturing worksites in Japan to enrich their practical experience in the areas of safety, quality, productivity, teamwork and *mendomi* (mentoring). At the end of the program, the trainees are expected to have heightened awareness of a worksite with more sophisticated capabilities, as well as a strong sense of leadership and ownership in a specific manufacturing operation.

Since GST was first launched in 2016, TMP has already sent 7 Line Leaders to Japan.

Year	No. of Trainee
2016	3
2017	2
2018	2
Cumulative Total	7

GST Testimonials:

"Through GST, I have gained knowledge on how Toyota leaders efficiently manage their line, how they improve through kaizen activities, and how they utilize two-way communication to address the needs of their subordinates."

I learned that even the little things that happen in the group is a responsibility of the leader."



MANOLO CATANGAY
Team Leader, Assembly 1
Manufacturing Division

GST Assignment:
June - September 2016
Motomachi Plant
Toyota Motor Corporation
Japan

"My training opportunity at Motomachi Plant was extremely beneficial for me to get hands-on expertise in manufacturing processes to further develop my knowledge and skills."

As a new Team Leader, I feel more confident in taking good care of my subordinates and to share with them what I learned in terms of discipline, human skills, cooperation, and teamwork."



RUEL BOLLEDO
Team Leader, Assembly 2
Manufacturing Division

GST Assignment:
December 2018 - March 2019
Motomachi Plant
Toyota Motor Corporation
Japan

ENHANCING CAMARADERIE

Teamwork is built not only within the confines of the workplace but also in other venues where common interests of Team Members are exercised. TMP continues to dedicate time and resources for employee recognition, special celebration, fun events, and recreation. As a result, Team Members gain holistic development while creating a culture of mutual trust and responsibility.

30th Anniversary Celebration

As TMP celebrated its milestone year in 2018, a series of activities was scheduled for Team Members to experience and remember. The months leading to the 30th anniversary day in August showcased TMP's rich history, exhibited Team Members' talents, and paid tribute to their contributions to the company's past and continuing successes in the business.



"Mini Me" winning contestants during the opening program of TMP Family Day



A family of Team Member enjoys quality time at Enchanted Kingdom



Family members of TMP Team Members participate in Plant Tour Family Edition



Unveiling of Team Members' Mural at the canteen



TMP's Got Talent 2018 Winner, Reggie Bayot



TMP Through The Years: A Memorabilia Exhibit



30 Years Service Loyalty Awardee, Mr. Eduardo Dela Peña

TMP-Labor Management Council Sportsfest



Opening Ceremony



Cheerdance Competition

• SPECIAL FEATURE •

Shop/Team Awards and Recognition (STAR) Program for Excellence

TMP consistently instills the value of excellence, quality and continuous improvement in every aspect of its operation, thus, creating a culture known and shared among its Team Members. In TMP, production teams and shops operate towards the ultimate goal of satisfying their customers to exceed expectations and inspire others as a manifestation of strong passion and commitment to the Toyota Way values.

The STAR Program for Excellence was developed to recognize exceptional Team Members who have demonstrated outstanding qualities. It also highlights their significant achievements and contributions to ensure smooth operations and delivery of quality products and services to customers.

Shop Of The Year (SOTY)

Launched in 2016, the SOTY Awards continues to motivate TMP's manufacturing shops to attain their targets in Safety, Quality, Productivity, Environment, Logistics, Cost, Maintenance, and HR Development. The shop with the highest average score in all these criteria is awarded as the "Shop of the Year".

Last year, Assembly 2 bested all other shops and was awarded the 2018 Shop of the Year. They received cash prizes and a trophy.



2018 Shop of The Year awardee, Assembly 2



2018 Team of The Year awardee, CSO-CST Section

Team Of The Year (TOTY)

In 2017, the search for the Team of the Year (TOTY) Award was launched to recognize office-assigned teams for their significant performance in the following areas: Safety, Quality, Cost Reduction, and Productivity.

During the awarding ceremony in 2018, the Customer Service Operations – Customer Service Training (CSO-CST) group became TMP's first TOTY Awardee, who received cash prizes and a trophy. The CSO-CST group is in charge of training the Toyota dealer service and parts workforce nationwide.

CULTIVATING A SAFER AND HEALTHIER WORKPLACE



The safety and well-being of its Team Members continue to be a top priority of TMP. TMP's initiatives in ensuring an accident-free workplace is anchored on the following Safety Pillars:

HUMAN SAFETY

Level up each Team Member's safety awareness and mindset through trainings

MACHINE AND CONSTRUCTION SAFETY

Audit and inspection of machines/equipment using safety standards
Implementation of construction safety management by contractors

WORKSITE SAFETY

Establishment of standard procedures in respective operations to ensure a safe work environment

Human Safety

TMP is guided by the following principles to further promote the safety culture in the company:

Principle	Objective
KIKEN YOCHI <i>Hazard/Danger Prediction</i>	To level up skill of sensing unsafe behavior and conditions to avoid accidents
PO-KE-TE-NA-SHI <ul style="list-style-type: none"> <i>Po</i>: poketto or pockets <i>Ke</i>: keitai or mobile phone <i>Te</i>: tesuri or railing <i>Na</i>: naname or at an angle <i>Shi</i>: shisakoshou or point to the left and right and call out when one intends to cross a street or road 	To prevent injuries and accidents by practicing "Stop, Point and Call Confirmation": <ul style="list-style-type: none"> Do not put your hands in your pockets while walking Do not use cellular phone while walking Hold the hand rails while climbing and/or descending stairs Walk on the proper walk ways. No diagonal crossing Stop, then point to the left, right and front before crossing the street
HIYARI HATTO <i>Near Miss</i>	To improve capability in hazard identification and safety countermeasure



TMP also conducts the mandatory **Behavioral-Based Safety (BBS) Training**, a mandatory two-day training tailor-fitted to TMP's operations. This is designed to influence Team Members' actions towards safer outcomes, ideally by preventing an accident or injury. As of December 2018, 79% of Team Members have already attended the BBS Training.

TMP also offers the **Defensive Driving Training** for Team Members who use company vehicles in their operations to further improve their driving skills by anticipating driving risks and utilizing safe driving strategies

Team Members at the BBS Training

Machine and Construction Safety

Anzen or **Safety Leaders** are assigned for each shop and section to monitor and supervise machine activities and ensure that safety standards are in place. Aside from the Anzen Leaders, TMP's Safety Group also conducts regular **Machine Safety Audits** and **Machine Safety Device Checking**.

For construction work inside TMP premises, construction safety management is required and discussed during pre-bidding for contractors to comply with.

Worksite Safety

TMP also conducts regular activities which assess the workplace safety environment. Among these include:

- **Work Environment Measurement (WEM):** Measurement of physical, chemical and biological hazards in the workplace that may affect employees' wellbeing
- **Risk Management:** Assessment of the risks associated with identified hazards to enable development and implementation of effective mitigation
- **Fire Safety:** Elimination of hazards that can cause fire
- **Safety Patrol:** Regular walk-through at the workplace to identify and record hazards to make necessary and effective countermeasure
- **Accident Yokoten (horizontal deployment) Information:** Dissemination of information to all regarding accident occurrences to prevent recurrence of such incidents

Emergency Preparedness

TMP further equips and prepares its Team Members in emergency situations through trainings and emergency drills.

In 2018, TMP recorded an increased number of fire occurrences. As such, the company introduced the *KODO-KAN* (a place for study of the way) *Training* with the following objectives:

- To develop the "safety mindset" of Team Members regarding fire and explosion prevention activity in their respective workplaces.
- To inform Team Members of TMP's fire incident history and share the learning points to prevent the recurrence of such incidents.
- To enhance the ability of Team Members to promptly take correct actions in case of fire and explosion incidents.



Past fire incidents are reviewed and learning points are discussed to prevent recurrences.

Aside from the KODO-KAN Training, TMP also conducted a **40-hour Fire Brigade Training** among TMP's Emergency Response Team (ERT) and Sectional Emergency Response Brigade (SERB) in 2018. The training includes: Fire Safety, Medical Rescue, Bandaging & CPR, Search and Rescue, Ropemanship, Rappelling and Firefighting. The training was attended by twenty-five (25) Team Members, security guards and in-house contractors.



Proper wearing of fire safety PPEs



Security personnel practicing use of firehose



A service contractor practicing use of fire extinguisher

In 2018, TMP conducted two (2) separate **Fire Drills** and one (1) combined **Earthquake and Fire Drill** to instill in Team Members the proper evacuation response.

TMP Earthquake & Fire Drill Results (May 31 2018)	Target	Actual
Drill Duration	30 mins	25 mins
Injuries	0	0
Average Evacuation Time	5 mins	4 min 52 sec



Team Members do the "Duck, Cover and Hold" position



First Aid administration simulation



Team Members gather at the evacuation area

To also address the threat of chemical spillage and contamination in TMP, the company conducted a **Chemical Spill Drill** in 2018, which was conducted at the fuel station inside company premises.

Chemical Spill Drill (August 27, 2018)	Target	Actual
Injuries	0	0
Spill Containment	5 mins	4 min 15 sec



TMP security personnel responding to chemical spill during a drill

These trainings and emergency drills aim to review and evaluate the effectiveness of TMP's existing Emergency Evacuation and Response Procedures, giving Team Members an opportunity to practice in a simulated but safe environment.

Health and Wellness

TMP continues to provide its Team Members with proper Health Care benefits as the company believes that the Team Members' wellness plays a vital role in sustaining TMP's success.

Team Members are given sufficient Health Maintenance Organization (HMO) coverage under Medicaid to support their medical needs. Toyota also conducts an **Annual Physical Examination (APE)** and **Executive Check-ups (ECU)** to monitor Team Members' physical condition.

In 2018, the top APE findings are related to Cardiovascular, Ophthalmology and Excretory conditions. Team Members are given further medical assessment and advice to treat/improve their current health conditions. Doctors and nutritionist are available in TMP's medical clinic to give proper guidance on Team Members' overall wellness. TMP also has an in-house dentist to provide dental services.

TMP celebrates **Wellness Month** in November. During which, a series of lectures are conducted during lunch breaks to help Team Members address their existing health conditions, as well as encourage them to live a healthier lifestyle. In 2018, TMP conducted the following seminars during Wellness Month:

- HIV/AIDS
- Stroke and Hypertension
- Sports-related injuries
- Flu and Hepatitis B vaccinations

Aside from the seminars, health and wellness organizations set up their booths at the TMP canteen to give Team Members free sampling of their products and services.

Participating Organizations	Products
1. Merger Pharma	Liver enzyme screening
2. Ritemed	On-site medicine selling
3. Pharmalink-Taisho	Product sampling and promotion
4. Bewel Pharmaceuticals	Bone check and product sampling
5. BSI Medicated Spray	Free hand massage
6. Morning Power all natural energy drink	Product sampling

To ensure a drug-free workplace, TMP's policies and programs on drug abuse prevention and control are in place. TMP re-introduced the **Random Drug Testing (RDT)** activity in 2018 in compliance with the policy of the Department of Labor and Employment (DOLE).

our
commitment
to the
environment

With the protection and preservation of Mother Earth in mind, TMP continuously works towards achieving the set goals under the Toyota Environmental Challenge 2050 (TEC 2050) by incorporating environment-friendly processes in its business operations.

Recognizing the implications of its business operations to the environment, the Company remains committed to its entire value chain to help in addressing environmental issues through its various programs and activities.



TMP Environmental Policy Statement

TMP, the largest automotive company in the Philippines, dedicated to always producing better cars, has a key role in sustainable management of resources and environment protection.

TMP commits to guarantee that all its products, activities, and services contribute toward a prosperous 21st century society while aiming for growth that is in harmony with nature.

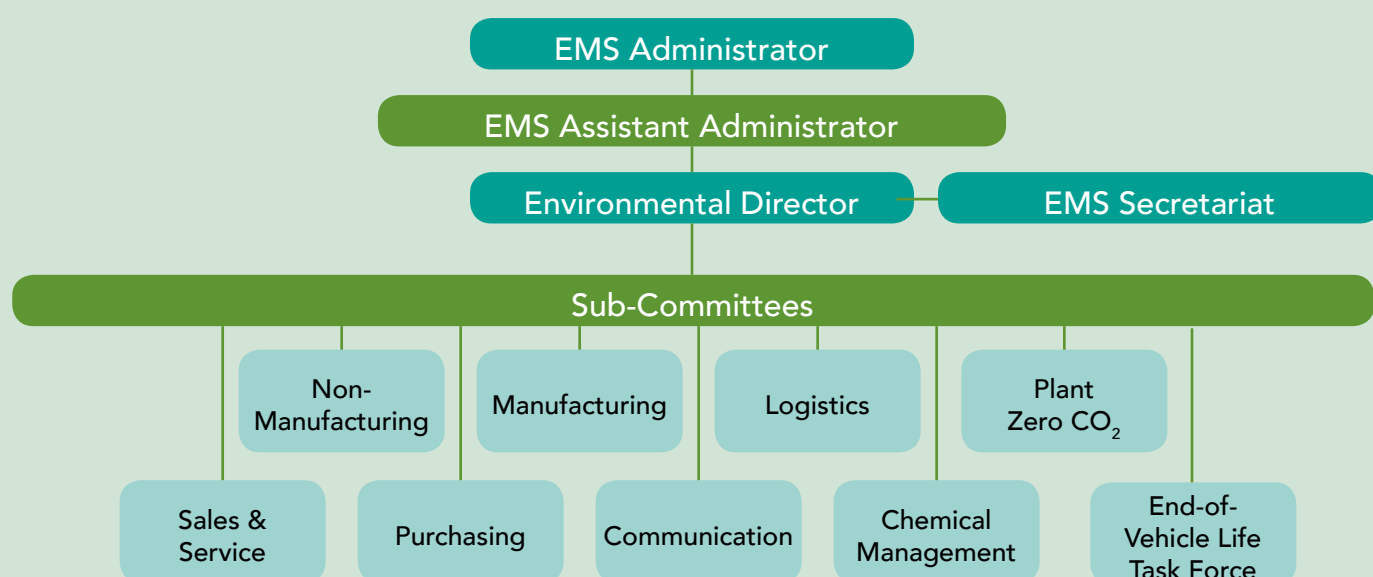
To ensure this commitment, TMP shall:

1. Strive to meet all compliance obligations pertinent to environmental protection, as well as set and comply with internal standards;
2. Develop ways to prevent pollution by minimizing environmental impact through resource conservation, source management, prior risk and opportunities assessment, and prohibition of banned chemical substances;
3. Encourage EMS implementation among dealers & suppliers to promote the life-cycle perspective;
4. Implement emergency response preparedness and response program for the health and safety of concerned parties;
5. Conduct informational and educational programs to improve environmental awareness and other collaborative activities to address the needs and expectations of all concerned parties including its officials, team members, business partners, media, government agencies, and local community; and
6. Enhance its Environmental Management System (EMS) to improve environmental performance through periodic Management Review.

TMP Environmental Management System

TMP's Environmental Management System (EMS) is in accordance with ISO 14001:2015 version, to contribute to the protection of the environment and commit to the continual improvement of environmental performance. The EMS carries out TMP's activities to ensure compliance with environmental legislation and to prevent pollution.

Company-wide Environment Organization



Compliance with Government Regulations and Global Toyota Standards

In 2018, TMP transitioned to the ISO 14001:2015. Acquiring such a certification is aligned with Toyota's advocacy of ensuring sustainable environmental practices.

TMP also secures all regulatory requirements necessary to continue operations. In 2018, TMP renewed the following permits and licenses:

Certifying Organization	Permit/ License
Department of Environment and Natural Resources (DENR)	<ul style="list-style-type: none"> • Permit to Operate • Environmental Compliance Certificate – Expansion • Permit to Transport
Laguna Lake Development Authority (LLDA)	<ul style="list-style-type: none"> • LLDA Clearance – Expansion • Discharge Permit
National Water Resources Board	<ul style="list-style-type: none"> • Water Rights Permit



CHALLENGE 1 New Vehicle Zero CO₂ Emissions Challenge

Vehicles run on fuels and emit carbon dioxide as the vehicles operate. As Toyota aims to continue its business and provide mobility for all, the company aims to address the negative impact of its products to the environment to create a more sustainable future for the next generations.

In order to do such, Toyota has developed new products that emit less or no carbon. New technologies are being utilized as Toyota explores new concepts in vehicle manufacturing. The Mirai features the Toyota Fuel Cell System, which combines fuel cell technology with hybrid technology. The system is more energy efficient than internal combustion engines and offers excellent environmental performance without emitting CO₂ or other harmful substances during driving.

In the Philippines, hybrid vehicles are made available in the market, giving customers the choice for eco-friendly vehicles. The Prius and Prius C are equipped with a 1.5 liter VVT-i engine and Toyota's Hybrid Synergy Drive technology, giving customers great fuel mileage.

Hybrid Vehicles available in the Philippines



Prius
Prius C



GS 450h
LS 500h
NX 300h
RX 450h
CT 200h

Hybrid vehicle engines switch alternately between two power sources - the internal combustion engine, which always operates at maximum efficiency, and the electric motor, which provides back-up and recovers surplus energy.

Eco-Ride: Prius Test-Drive

During the 2018 Toyota Environment Month, TMP held the Eco-Ride: Prius Test-Drive to increase Team Members' awareness about Hybrid technology and its positive effects to the environment. Participants had a chance to ride and drive the Prius as they went on a tour inside the Toyota Special Economic Zone in Santa Rosa, Laguna.



CHALLENGE 2

Life Cycle Zero CO₂ Emissions Challenge

TMP continues to involve its entire value chain to reduce its CO₂ emissions in all aspects of operations.

Green Logistics Operations

From the transportation of raw materials up to the transportation of the vehicles to dealerships, TMP relies on freight and car carrier providers to ensure the timely delivery of its products.

TMP and its logistics providers have implemented several kaizen activities to reduce their CO₂ emissions. These activities lessen the fuel burned when driving, which also reduced the CO₂ emitted.

Activity	
Vehicle Transport Operation (Car Carrier)	<ul style="list-style-type: none"> Consolidation of Vehicle Logistics operations in the Vehicles Logistics Center (VLC) <ul style="list-style-type: none"> Relocated car carrier loading area to be in closer proximity with the vehicle stock yard
Service Parts Delivery	<ul style="list-style-type: none"> Reduction of special trips by: <ul style="list-style-type: none"> Optimizing delivery routes and combining large and small volume dealers in consideration of proximity Proper distribution of loads to avoid overloaded and under loaded truck trips
Parts Exports and Imports (Freight)	<ul style="list-style-type: none"> Alignment of Import to Export delivery schedule in order to maximize truck utilization and reduce trip redundancy

TMP also promotes Eco Driving among its network. TMP's logistics providers are required to attend an Eco Driving Seminar, where they get tips on how to reduce their carbon footprint while driving.

The Eco-Driving seminar provides drivers the knowledge on proper acceleration and breaking to reduce fuel consumption, thus reducing CO₂ emissions.

The implementation of these activities resulted to 127.70 ton-CO₂ reduction in TMP's logistics operations.

Supplier Network's Environmental Initiatives

TMP's supplier network is guided by the Toyota Green Purchasing Guidelines. Under this, suppliers are required to acquire and maintain ISO 14001 certification. Also, to ensure the environmental compliance of all products and raw materials delivered to TMP, suppliers are required to eliminate Substances of Concerns (SoCs) in all parts and components.

TMP suppliers are also encouraged to continuously enhance their respective environmental performance and introduce initiatives that reduce CO₂ emission, VOC emission, water consumption, solid waste generation, and pollution discharge.



YTPI Team Member monitoring the Hydraulic Pump unit

Yokohama Tire Philippines, Inc., (YTPI) TMP's tire supplier for Vios and Innova, managed to reduce around 313 ton-CO₂ in their operations because of the implementation of kaizen activities, such as turning off unused electric utilities and maximizing utilization of natural ventilation, auto-shutdown of Hydraulic Pump unit when not in use, and auto-shutdown of Textile Cutter machines when idle for 5 minutes.

Yazaki-Torres Mfg., Inc. also introduced environment-friendly activities in its manufacturing plant to lessen the company's carbon footprint. This includes fuel conservation through forklift usage optimization, changing air conditioning units from conventional to inverter units, changing to lower wattage of street lighting, and changing conventional bulb to LED lighting. Because of these activities Yazaki-Torres reduced around 7 ton-CO₂/year.

Dealer Network's Green Practices

TMP's dealer network also implement their own environmental initiatives in order to contribute to the achievement of the environmental goals set by the TEC 2050.

To reduce the dealer networks' CO₂ emissions, all dealerships are required to use energy efficient appliances, such as Light Emitting Diode (LED) lights and high-efficiency inverter air conditioners, in their operations. Some Toyota dealerships have also installed solar panels for greener energy consumption.

All Toyota dealerships are required to comply with Toyota's and the government's environmental standards. Through TMP's Dealer Environment, Safety and Health (DESH) group, dealers' environmental indicators, such as CO₂ emissions and water usage are carefully monitored.



Dealer facilities use LEDs

In 2018, forty-five (45) dealers were also awarded with the Toyota DESH Excellence Award for achieving 100% compliance with the Dealer Environmental Management System (DEMS) and Dealer Safety Management System (DSMS).



TMP and dealer officers during the 2018 DESH Conference

Aside from compliance to Toyota's standards, dealers are encouraged to also acquire the ISO 14001:2015 certification. As of end-2018, 20 dealers have been certified.

ISO 14001:2015 Certified Dealers

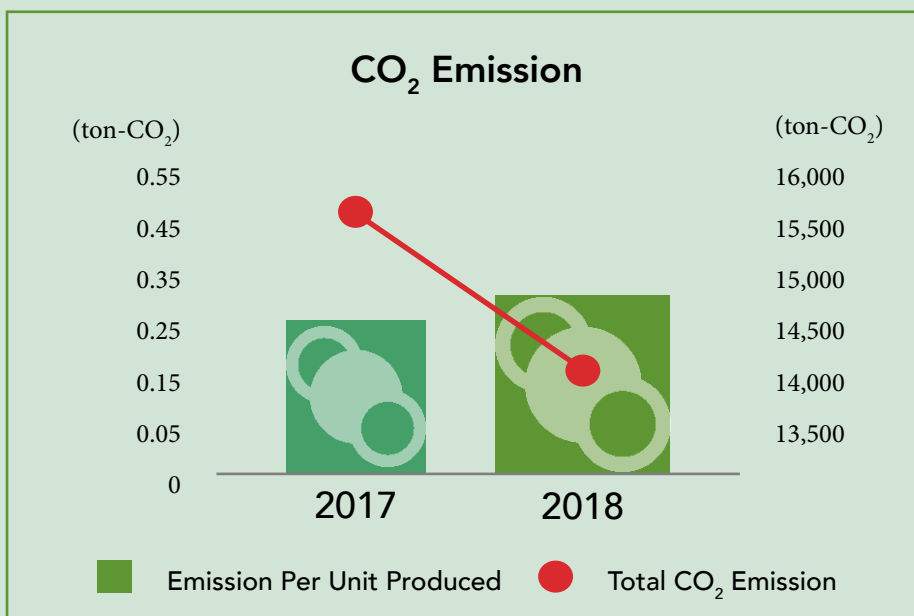
- | | | |
|-----------------------------------|---------------------------------|--------------------------------|
| 1. Toyota Pasong Tamo, Inc. | 8. Toyota Talisay, Cebu | 15. Toyota Bataan, Inc. |
| 2. Toyota Global City, Inc. | 9. Toyota Lapu-Lapu, Cebu | 16. Toyota Alabang, Inc. |
| 3. Toyota Angeles, Pampanga, Inc. | 10. Toyota Cagayan de Oro, Inc. | 17. Toyota Otis, Inc. |
| 4. Toyota Mandaue North, Cebu | 11. Toyota Butuan | 18. Toyota Balintawak, Inc. |
| 5. Toyota Mandaue South, Cebu | 12. Toyota Zamboanga City | 19. Toyota Bacoor, Cavite Inc. |
| 6. Toyota Dumaguete City | 13. Toyota Iligan City, Inc. | 20. Toyota Bicutan, Parañaque |
| 7. Toyota Tagbilaran City | 14. Toyota Valencia City, Inc. | |



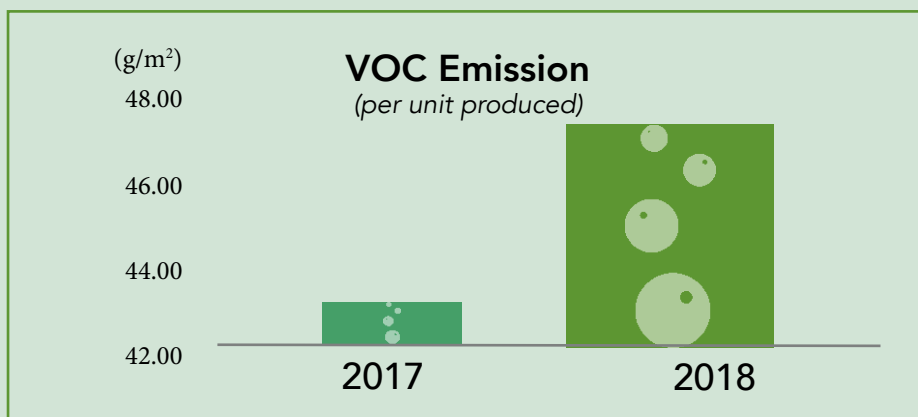
CHALLENGE 3

Plant Zero CO₂ Emissions Challenge

TMP continues to work towards achieving the goal of zero CO₂ emissions in its plant by implementing activities that will gradually decrease the company's carbon footprint.



TMP's production volume decreased in 2018 due to the market slowdown. Since there were fewer cars to produce, TMP required lesser overtime and holiday work. Because of this, the overall energy TMP consumed decreased and the overall CO₂ emission also decreased by 10%. However, with lower plant utilization due to low volume, TMP's CO₂ emission per unit generated increased by 20% versus its 2017 level.



Aside from monitoring its CO₂ emissions, TMP also checks the Volatile Organic Compounds (VOC) emitted in the painting process of vehicle production. TMP's VOC emissions per unit also increased by 9% in 2018.

Energy Consumption Improvements in Production

Several projects have been implemented at the production line to lessen electricity consumption, hence reducing CO₂ emissions.

Among these include the **ABC Management Activity**, which aims to reduce energy consumption of machines used in the manufacturing line and offices by ensuring that only necessary equipment are in operation at a given time.

Under this concept, machines are classified into three types based on their ideal energy requirement. By classifying each machine accordingly, only certain type of machines are allowed to run non-stop, whereas others are only turned on as necessary.

Since its implementation in 2015, TMP has already reduced a total amount of 625,000 kw-hr or P5 million for its energy consumption because of this activity.

Another activity implemented in 2007 is the utilization of the *Karakuri* machine in welding line, which uses the gravity-balance system to transport and position a vehicle part onto a welding jig. This simple machine uses minimal or no energy source compared to using electronic or a hydraulic system. TMP's goal is to convert more of its complex machinery into simple machines that serve the same purpose but emit zero or lower CO₂ to the environment.

Road to Renewable Energy

To further minimize TMP's carbon footprint, the Company ventures into tapping renewable energy to power its production operations.

TMP inaugurated its 1-megawatt (MW) Solar Array in 2018. With this facility supplying 4% of the Company's annual electricity requirements, TMP will be able to reduce the Company's CO₂ emissions by around 12 kg CO₂ for every vehicle produced or around 790 ton CO₂ per year. It is also estimated to generate energy cost savings of around Php 10 million annually.



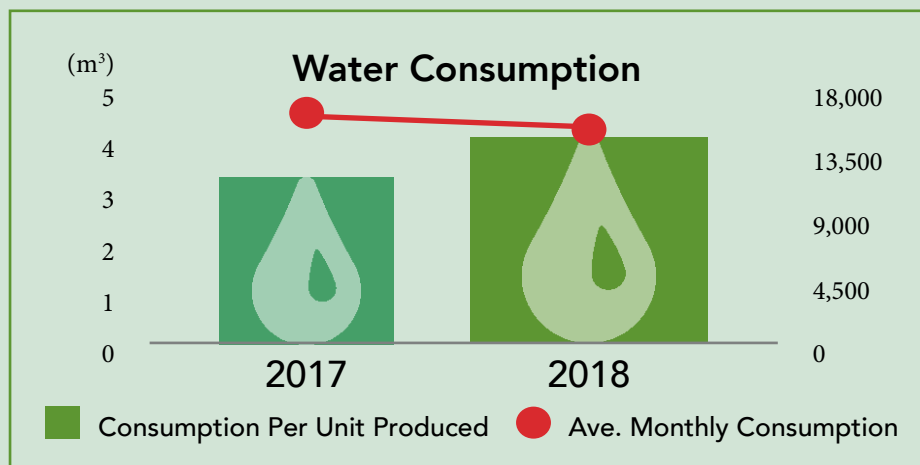
TMP's 1-MW Solar Array



CHALLENGE 4

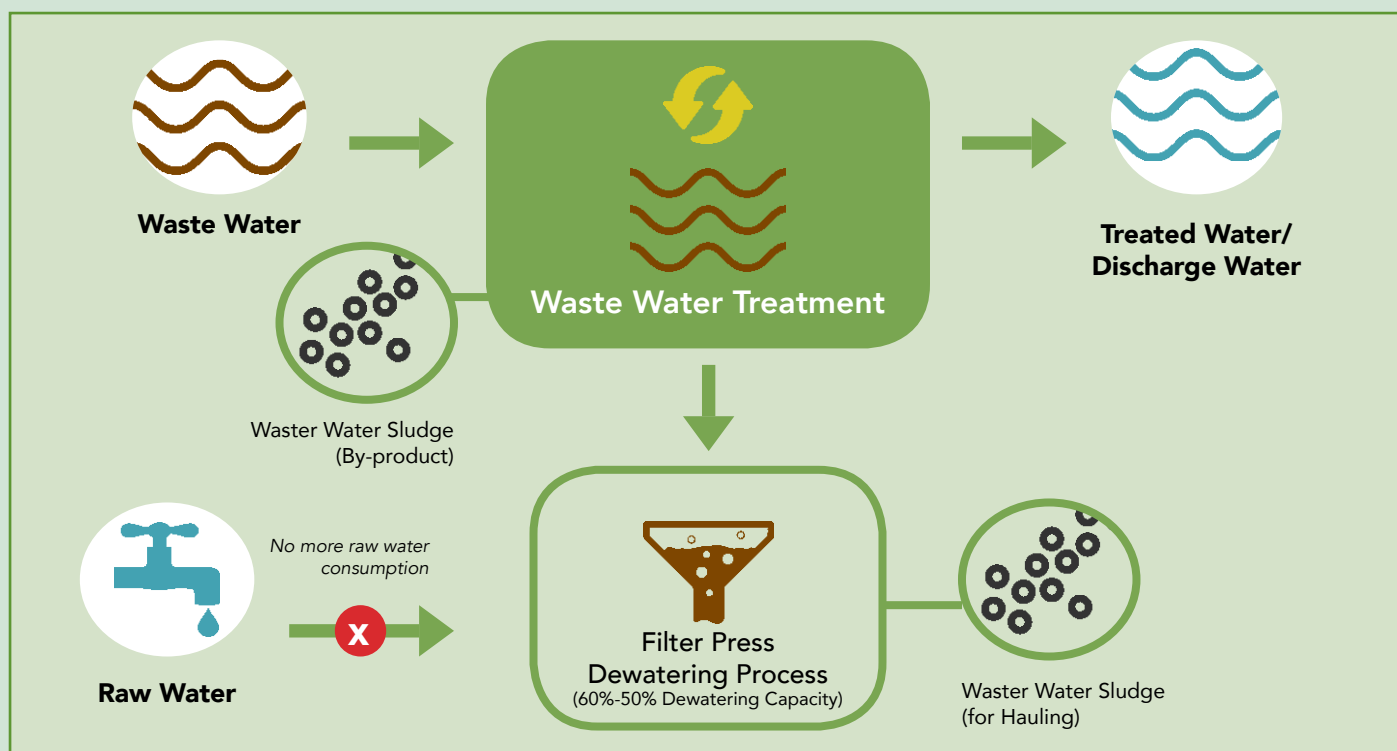
Challenge of Minimizing and Optimizing Water Usage

Toyota aims to reduce the amount of water used in its operations, as well as ensure that water released back to the environment is free of contaminants.



With the low vehicle production volume, the average monthly water consumption decreased by 9%. However, water consumed per unit, increased by 8% as compared to 2017 level.

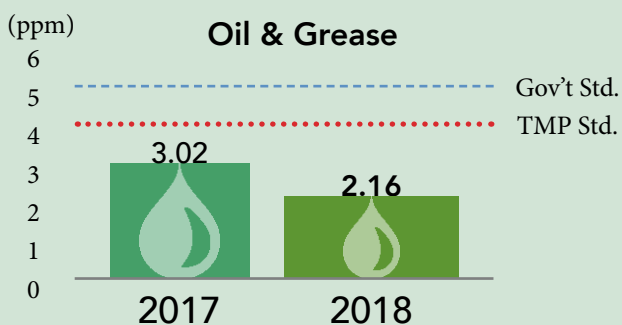
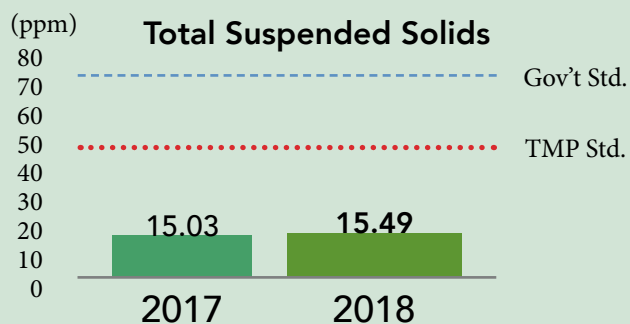
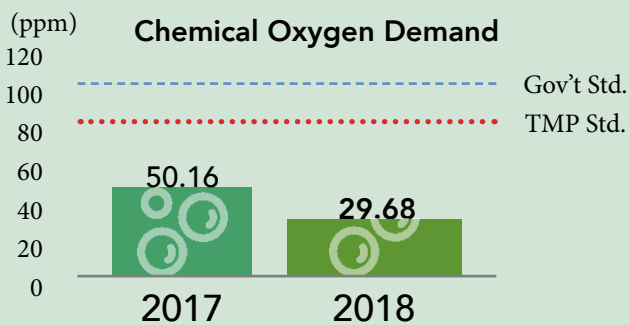
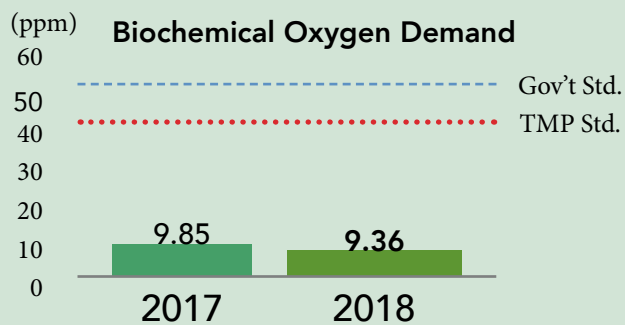
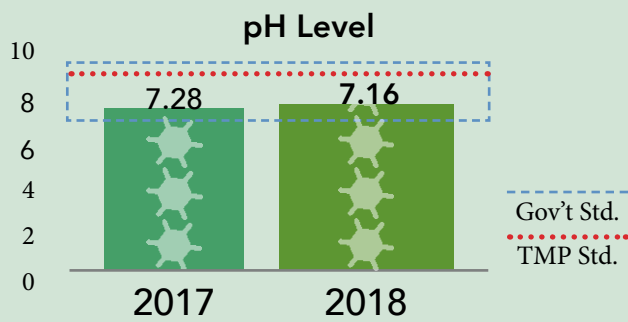
TMP installed the **Filter Press Machine** in its Waste Water Treatment Plant (WWTP) facility. This press machine utilize more pressure at lesser energy requirement, thus, removing more moisture from sludge. As a result, the waste water sludge produced in the treatment also contains less water, making it weigh less, thus reducing the cost of hauling for disposal.



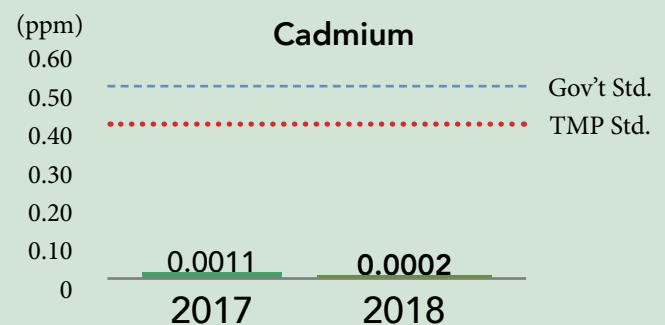
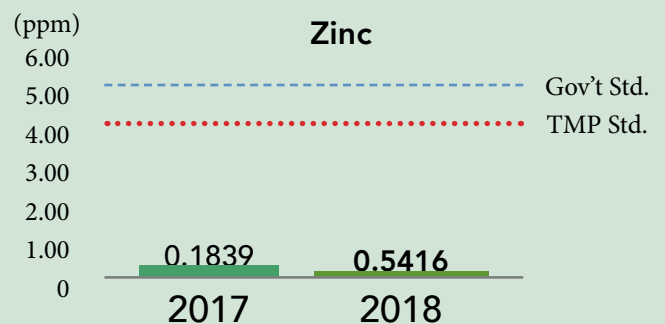
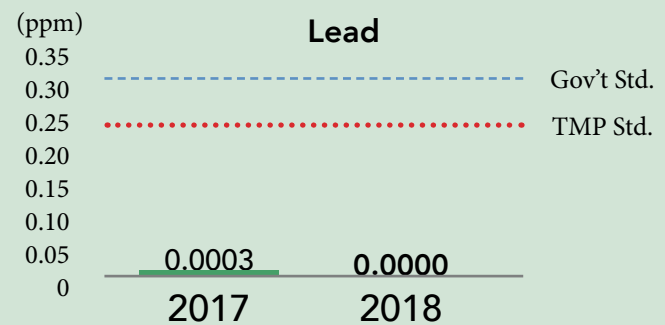
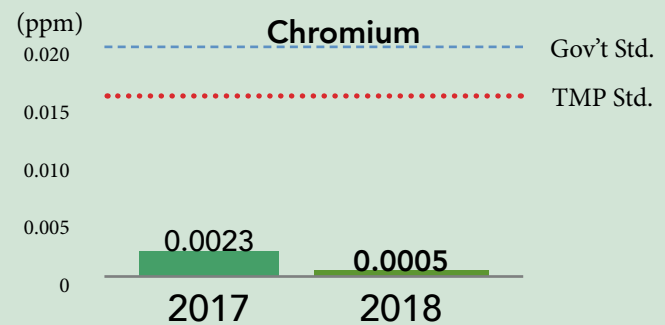
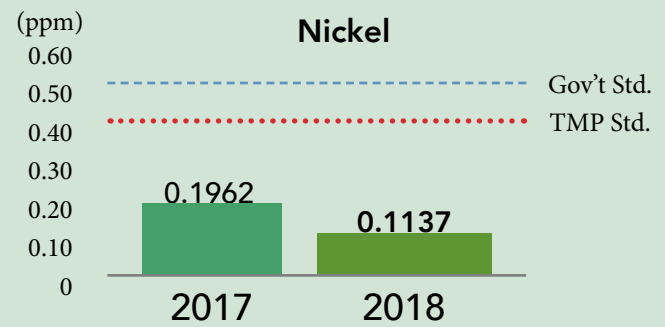
To make sure that TMP does not contaminate or pollute the natural water system, its WWTP treats all of the water used inside the plant and offices to guarantee compliance in the following parameters: Biochemical Oxygen Demand (BOD5), Chemical Oxygen Demand (COD), Total Suspended Solids (TSS), pH level, Oil & Grease and Heavy Metals.

In 2018, all parameters were in compliance with Laguna Lake Development Authority's standards.

Waste Water Effluent Parameters



Heavy Metals



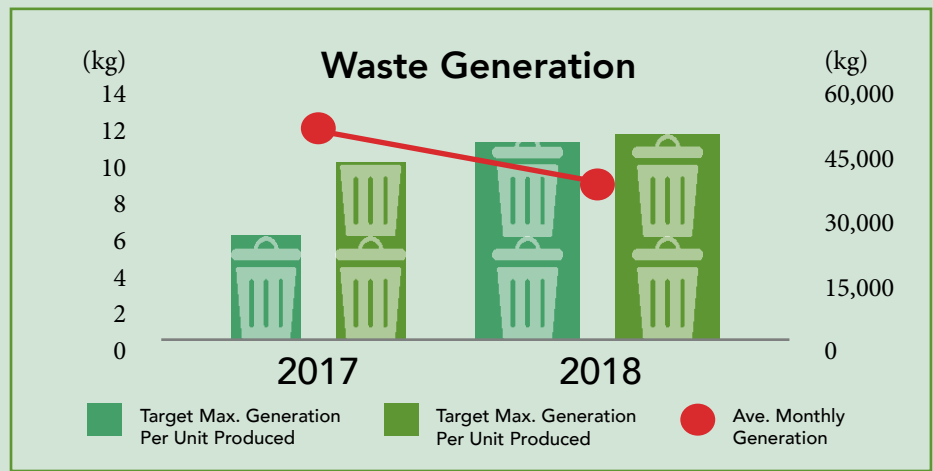


CHALLENGE 5

Establishing a Recycling-Based Society

The wastes produced in TMP's operations are categorized into three main categories: hazardous wastes, which are wastes that could potentially contaminate and pollute the environment; recyclable wastes, which can be used again or sell to recyclers; and general wastes, which are mostly composed of food packaging, mixed paper and plastics and will go to landfills. TMP's hazardous wastes such as sludge, oil, thinner and batteries are turned over to a third party service provider for treatment and proper disposal; while TMP's recyclable & general wastes, are properly segregated, reused and disposed.

In 2018, TMP's average monthly waste generation decreased by 18%, while the waste generation per unit produced increased 10% compared to previous year. Most of the wastes are packaging materials, which are recyclables.



Collected HV batteries from dealers

In 2018, TMP started the collection and disposal scheme for Hybrid Vehicle (HV) End-of-Life (EOL) batteries. Since these contain high-voltage parts, strong alkaline substances (for Nickel-Metal Hydride battery) and flammable substances (for Lithium-ion battery), there is a possibility that inappropriate handling may lead to electric-shock accidents, ignition accidents and environmental contamination. Therefore, the proper disposal of HV batteries is essential not only in repair service but also in the EOL vehicle disposal. TMP contracted 3rd party providers for storage, transport and recycling of the HV batteries.



Sent to TMP for proper packaging



Shipped to Umicore for recycling

The first batch of EOL Hybrid Vehicle Batteries (11 batteries) was sent to Elms Industrial, Co. in 2018. These were then shipped to Umicore in Belgium for proper recycling.

TMP's Environmental Score Card

Summary of Resource Consumption, Emission, and Waste Performance				
ENERGY		2017	2018	VARIANCE
	Electricity (in kWh)			
	Average Monthly Consumption	2,002,134.92	1,781,690.59	(11%)
	Consumption Per Unit Produced	387.80	463.70	20%
	LPG (in kg)			
	Average Monthly Consumption	58,166.39	54,841.24	(6%)
	Consumption Per Unit Produced	11.27	14.27	27%
	Diesel (in L)			
	Average Monthly Consumption	27,030.23	23,289.30	(14%)
	Consumption Per Unit Produced	5.24	6.06	16%
EMISSIONS		2017	2018	VARIANCE
	VOC Emissions Per Unit Produced (in g/m ²)	43.99	47.86	9%
	CO ₂ Emissions Per Unit Produced (in ton-CO ₂)	0.25	0.30	20%
WATER		2017	2018	VARIANCE
	Average Monthly Consumption (in m ³)	17,016.57	15,574.87	(9%)
	Consumption Per Unit Produced (in m ³)	3.30	4.05	8%
WASTE		2017	2018	VARIANCE
	Target Max. Generation Per Unit Produced	6.32	11.75	86%
	Average Monthly Generation	50,336.54	41,205.50	(18%)
	Actual Generation Per Unit Produced	9.75	10.72	10%



CHALLENGE 6

Establishing a Society in Harmony with Nature

Toyota's ultimate goal is to establish a society where people and nature co-exist in harmony, that's why Toyota affiliates all over the world engage in environmental conservation and education activities to fulfill its goal for Mother Earth.

Toyota Green Wave Project

TMP conducts environmental conservation activities as part of the **Toyota Green Wave Project**, which is a global initiative to connect regions through diverse activities promoting harmony with nature.

In the Philippines, TMP gathers volunteers among its employees, dealers and suppliers to participate in its efforts to reforest and preserve selected areas.

In 2018, TMP planted 575 trees at various sites such as the Toyota Forest inside the Toyota Special Economic Zone (TSEZ) and at the TMP's adopted forest inside the Makiling Botanic Gardens in Los Baños, Laguna. TMP also planted 300 mangrove propagules along the coasts of Lian, Batangas.



Tree-planting at the Toyota Forest



Tree-planting at Mt. Makiling



Mangrove-planting in Lian, Batangas

Toyota Adopt-a-River Project

Aside from tree-planting activities, TMP Foundation, in partnership with the Save Silang–Santa Rosa River (S3R2) Foundation, Santa Rosa City local government and the Laguna Lake Development Authority (LLDA), signed in 2018 a Memorandum of Agreement (MOA) to undertake rehabilitation and conservation efforts of the Silang – Santa Rosa River.

Under the **Toyota Adopt-a-River Project**, TMP adopted a portion of the Silang-Santa Rosa River located along the vicinity of TMP for rehabilitation and conservation through clean-up activities and improving the waterways in the community. During the first year of the project, TMP managed to collect over 190 kg of wastes.



River clean-up at Silang-Santa Rosa River

Mercury Sequestration on Fluorescent Light Bulbs Project

TMP provides further service to its local community through the **Mercury Sequestration on Fluorescent Light Bulbs Project**. This project will utilize TMP's existing Bulb Eater equipment, which is designed to capture the mercury content in busted fluorescent lights.

TMP, in partnership with the Local Government Unit (LGU) of Santa Rosa City, shall gather busted fluorescent light bulbs from the community. The collected light bulbs will then be transported to TMP to be processed using the Bulb-Eater. The mercury captured will be properly disposed to avoid polluting the environment. Likewise, the crushed glass will be recycled and used to produce stoves and bricks for road pavements.



Actual mercury sequestration procedure done in TMP

Toyota Today for Tomorrow

On a global scale, Toyota puts environment protection as one of its top priorities. Through various programs and initiatives, Toyota continues to find ways to fulfill its goal of creating a society in harmony with nature.

One of its global initiatives is the **Toyota Today for Tomorrow Project**, which aims to establish partnership with like-minded organizations engaged in nature conservation around the world by implementing projects that solve environmental issues.

In 2018, Toyota Motor Corporation (TMC) donated a brand-new Hilux to Conservation International (CI) Philippines to be used in its projects at the Verde Island Passage, which is the center of the center of marine shorefish biodiversity in the world. The passage also serves as a source of livelihood for two million locals, in terms of coastal tourism, fisheries, and shipping route to the international ports of Batangas, Manila and Subic Bay.

TMP arranged the turnover of the brand-new Hilux unit at its manufacturing plant in Santa Rosa City.



Toyota officers and representatives from CI Philippines during the Hilux donation ceremony



TOYOTA AISIN PHILIPPINES, INC.

To continue promotion of environmental awareness, Toyota Aisin Philippines, Inc. (TAP) supports the celebration of Toyota Global Environment month every June. In 2018, TAP celebrated the environment month with the theme: "Toyota Environmental Challenge 2050, Let's Do It for the Future!"

As part of the celebration, TAP conducted an annual tree planting activity at the Santa Rosa Educational Institution, which aims to contribute to the reforestation of the community while raising environmental awareness of team members. A total of 244 volunteers, which includes TAP top management and team members, TAP suppliers, Santa Rosa school administrators, and local government officials, participated in the activity. Over 300 seedlings were planted, which included hardwood trees like narra and mahogany and some fruit-bearing trees such as guava and mango.

Corporate Profile

Toyota Aisin Philippines, Inc. (formerly Toyota Autoparts Philippines, Inc.) or TAP is the first manual transmission hub developed outside Toyota Motor Corporation of Japan established in August 3, 1990. TAP is a joint venture of Aisin Seiki Japan, Toyota Motor Corporation-Japan, and Toyota Motor Philippines Corporation.

Its products are composed of Manual Transmissions (5- and 6-Speed Types) used for the Innova, Hilux and Fortuner; while the Constant Velocity Joints (CVJ) are used for the Corolla Altis and Vios.

About 95% of the products are exported to various Toyota affiliate companies in the Asia Pacific region, South Africa and South America. The remaining percentage is allocated for local Toyota Innova and Vios production line up.



Tree planting activity held last June 24, 2018 at the Santa Rosa Educational Institution

A “Bike for a Cause” was also held to raise the awareness of team members and neighboring communities in reducing CO₂ emission, as well as promote an active lifestyle through biking. Participants contributed a small monetary amount and the funds collected will be used for environmental-related projects, such as the establishment of a mini ECO Park inside TAP’s premises.

The event was participated in by TAP bikers led by TAP President Hiroshi Fukutani and TAP Environmental Director Allan Cantal. The 20-km route started at TAP, which passed through industrial areas with steep roads along the way and finished at Brgy. Market Area of Santa Rosa City.



Towards Sustainable Development






TAP also introduced the Waste Management and Traffic Safety Curriculum to be integrated in Science and Social Studies subjects respectively among public schools in Santa Rosa city, Laguna.

In order to ensure the sustainability of this program, collaboration with the Department of Education (DepEd) to implement the enhancement of the current curriculum was completed. Currently, the book manuals contain the Traffic Safety concept integrated in the Social Science subjects for Grades 1 – 6, while the Waste Management concept is integrated in Science subjects for Grades 3-6.

ENVIRONMENTAL PERFORMANCE HIGHLIGHTS

(as of December 31, 2018)

Regulatory & Legislative Compliance	0 non-compliance	
	51/51 Toyota Dealer Environment Risk Assessment Program (DERAP) - compliant dealers	
ISO Certification	TMP	ISO 14001:2015
	Suppliers	60/68
	Dealers	20/69
Pollution Control Officers	TMP	1 Environmental Managing Head & 2 Pollution Control Officers
	Dealers	52 Pollution Control Officers
	Suppliers	68 Pollution Control Officers

Achievement of Main Environment Performance Indicators (per unit produced; vs. 2017 level)			
 CO₂ Emissions	20% increase	 Water Consumption	8% increase
 VOC Emissions	9% increase	 Waste Generation	10% increase
 Elimination of Substances of Concern (SOCs)	TMP	100%	
	Export Parts Suppliers	100%	

our contributions **to society**

CONTRIBUTION TO ECONOMY

TMP conducts its business by giving value, not only to the company and its stakeholders, but also to the Philippine economy and society. TMP's continued investments in its operations enable technology transfer and increased employment opportunities. As Toyota continues to progress, it commits to be a good corporate citizen - generating revenues for the government, sustaining local vehicle production and enhancing the competitiveness of the Philippine automotive industry.

Summary of Economic Contributions	
Toyota Group Investments (1989-2018)	Php 62 Billion
Total Duties & Taxes Paid (1989-2018)	Php 342 Billion
Employment (1989-2018) (TMP, Suppliers & Dealer Network)	Over 55,000 Employees
Procurement from local suppliers (since 1989)	Php 198 Billion 2018: Php 16.31 Billion
Toyota Group Auto Parts Exports (Since 1997)	US\$ 14.5 Billion 2018: US\$ 931.84 Million (Accounts to 27% of Total PH Auto Parts Exports)
Total Vehicle Sales (1989 – 2018)	1,583,852 units (42.6% local production)
Total Vehicle Production (1989 – 2018)	813,710 units

TOYOTA-CITY OF SANTA ROSA-GAWAD KALINGA VILLAGE

The Toyota-City of Santa Rosa-Gawad Kalinga Village is a project by TMPF, in partnership with the city government of Santa Rosa and Gawad Kalinga Development Foundation. Through Toyota's Php 24 Million donation, 160 houses were turned over to deserving beneficiaries in 2013 and a multi-purpose hall was inaugurated in 2015.

Every year since then, TMPF participates in the Christmas celebration at the village. In 2018, 5-kilo packs of rice were provided for the residents during the gift-giving activity.



2018 Christmas Gift-giving Activity



TOYOTA MOTOR PHILIPPINES SCHOOL OF TECHNOLOGY

In April 2018, TMP Tech marked its 5th founding year as a technical-vocational school developing young Filipinos to become automotive professionals. In the past 5 years, the school saw the changing dealer network environment where the graduates usually go. As such, TMP Tech strategically adapted its operations to address demand for new skills, as well as ensure that the competencies acquired during training are equal to what the industry needs. As Toyota's network expands locally and globally, TMP Tech continues its mission in being a steady source of highly-competent Toyota technicians.



Stronger After-sales Service Industry Linkage

TMP Tech places high importance in providing training that is up-to-date and directly linked to industry needs. Required competencies are honed to cater to the skills needed in actual workshops of local Toyota dealerships.

As Toyota customers increase, the demand for after-sales services is expected. This is true not only for major cities, but also in developing towns and cities in the country. Toyota is strategically addressing this growth by establishing service center outlets, making its reach wider and closer to homes of customers. Unlike the usual Toyota dealership outlets with a showroom, service center outlets specifically caters to provide the following: periodic maintenance, general servicing, body and paint service, or a combination of two or more of these major services.

Such direction showed a potential for TMP Tech to become a trainer of dealers' own pool of technicians and/or source of new body & paint (BP) experts among its graduates. The school

started with an exclusive pilot program, called "Specialized Toyota Dealership Training," wherein several local dealerships sponsored their own technicians as scholars. In effect, dealers were able to develop in-house experts and make their operations more self-reliant.

To make its BP program sustainable and equally beneficial for TMP and its dealer network, TMP Tech applied to the Technical Education and Skills Development Authority (TESDA) to become an accredited training and assessment center. In 2018, the school received its Certificate of Program Registration from TESDA, making it the only TESDA-accredited institution in the Philippines* offering **Automotive Body Repairing Course NC II (ABR)** and **Automotive Body Painting and Finishing Course NC I-II (ABP)**.

**as of end-August 2018*

Creating Global Opportunities

With a vision to be a global player, TMP Tech was established not only to support the local Toyota dealers, but also to become a steady pipeline of talent for overseas Toyota Network. Filipino skilled workers are known globally for their workmanship and hard work, thus, the demand for them in the automotive industry is consistently high.

For such reason, TMP Tech continues to develop young Toyota technicians to become highly-capable in the global arena. International partnerships have been established and continuously developed, creating more overseas employment opportunities for graduates.

The school's long-running 24-month **Specialized Toyota Automotive Training Program (STATP)** marked 2018 with 53 graduates. Since 2014, STATP has already produced a total of 200 graduates, who are now mostly employed by the school's program partner, Abdul Latif Jameel Co., Ltd. in the Kingdom of Saudi Arabia.

Furthermore, TMP Tech's efforts to establish new international

partnerships has resulted to new training-to-employment programs with Toyota-affiliated organizations in Qatar and Japan. This will benefit graduates of TMP Tech's **2-year Toyota General Job Automotive Servicing (GJ)** course by undergoing necessary screening and additional training.

In 2018, the pilot batch of students under **Quick Service Training Program (QST)**, sponsored by Abdullah Abdulghani & Bros. Co. W.L.L., started their 4-month course on express maintenance and servicing. The end-goal of this focused training is to hire TMP Tech graduates for service dealerships in Qatar.

Likewise, a few TMP Tech students have been selected to take preliminary requisites for the **Technical Intern Training Program (TITP)**. These individuals are required to take a Special Japanese Class as part of their 2-year GJ course. When they graduate, they need at least 6 months of work experience at a local Toyota dealer. After passing the final screening process, they will be qualified for the TITP and get employed in Japan as technical trainees of Toyota Japan Dealerships.

GLOBAL TOYOTA TECHNICIAN DEVELOPMENT TRACK

TESDA Courses

Qualifications:

- At least 17 years old
- High school graduate
- Passed TMP Tech's admission process

2-year Toyota General Job Automotive Servicing Course (GJ)

NEW
7-month Automotive
Body Repairing Course (ABR)

NEW
7-month Automotive Body Painting
and Finishing Course (ABP)

Specialized Training-to-Overseas Employment Programs

Qualification:

- TMP Tech graduate

NEW

4-month Quick Service Training
Program (QST)

NEW

Technical Intern Training
Program (TITP)

Qualifications:

- Toyota Technical Educational Program (T-TEP) Partner School graduate
- With at least NC Level III


24-month Specialized Toyota
Automotive Training Program (STATP)

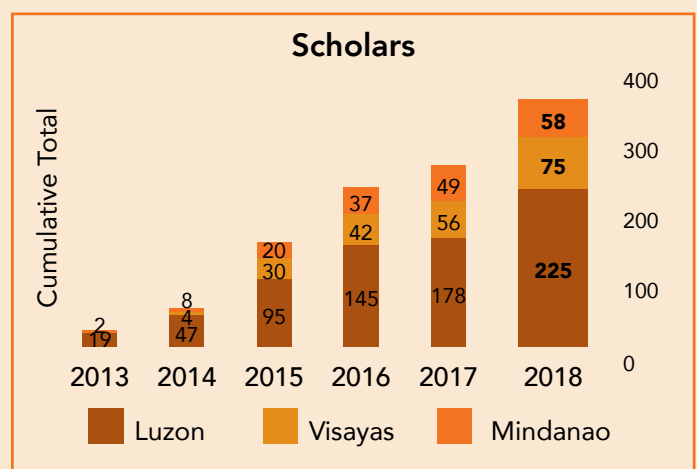
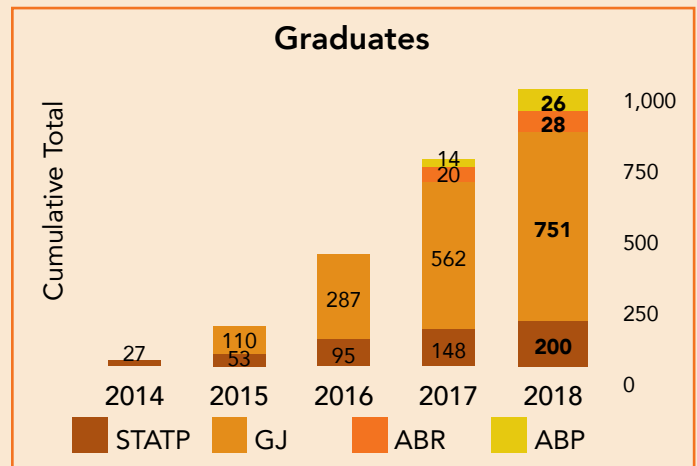
Highlights

In 2018, a total of 262 graduated from TMP Tech, including those from the new courses: 26 graduates of ABP, 28 graduates of ABR.

TMP Tech has already produced a total of 1,005 graduates since it started operations. Most of them are employed by Toyota dealers in the Philippines and Saudi Arabia.

TMP Tech, together with partner individuals and organizations, proactively provide opportunities for quality education to financially-challenged but deserving Filipino youth.

As of end-2018, a total of 358 individuals from Luzon, Visayas and Mindanao have received scholarships since 2013. Most of them are now gainfully employed automotive professionals at Toyota dealers nationwide.



GT-TOYOTA ASIAN CULTURAL CENTER

TMP made a Php 100-Million donation to the University of the Philippines (UP) Asian Center for the construction of the 1-hectare GT-Toyota Asian Cultural Center (GT-TACC), which houses the GT-Toyota Hall of Wisdom and GT-Toyota Asian Center Auditorium in the university's main campus in Diliman, Quezon City.



Inaugurated in December 2009, the GT-TACC has become a scholarly and intellectual hub for various workshops and fora related to the region's changing socio-political landscape. In addition to the Php 100-Million donation made during TMP's 20th Anniversary and UP's Centennial Year, TMP continues to give financial support to GT-TACC for facilities maintenance and academic endeavors.



Participants of the ASEAN-Korea Youth Network Workshop on ASEAN Digitalization held in July 2018 at GT-TACC

TOYOTA MOTOR PHILIPPINES FOUNDATION

TMP further strengthens its commitment to contribute to the improvement of the Health, Educational and Environmental conditions of the communities it serves through its social and humanitarian arm, Toyota Motor Philippines Foundation (TMPF).

Recognizing the shortage of availability of health services in the cities of Parañaque, Taguig and Santa Rosa, TMP took the initiative to provide assistance in the cities where it operates. Through TMPF, the **Medical and Dental Outreach Program (MDOP)** launched in 1992 provided basic health services (medical, dental, surgical, pharmacy) available to the residents every year. Since then, 52 MDOPs have been held serving a total of 101,697 constituents.

In 2018, TMPF shifted its direction into providing surgical services, as per request of the City of Santa Rosa. Under the **Medical-Surgical Outreach Program (MSOP)**, pre-screened patient-beneficiaries underwent necessary surgical procedures addressing Hernia, Cholecystectomy, Hemorrhoid, Goiter and Breast Mass. To date, the 2 MSOPs held in 2018 have already served 37 patients.

HEALTH



Makati Medical Center volunteers performing surgical operations on the patient-beneficiaries

101,697
patient-beneficiaries
served through MDOP

37
patient-beneficiaries
served through MSOP

To further assist, TMPF has also donated various medical equipment to the Santa Rosa Community Hospital since 2005.

Total donated medical equipment as of end-2018:

- 5 Wheelchairs
- 1 Suction apparatus
- 5 Hospital stretchers
- 1 Defibrillator machine
- 2 Cardiac monitors
- 10 Nebulizer machines
- 1 ECG machine
- 2 Dialysis machines



Dialysis machine turnover ceremony

EDUCATION

Automotive Education Program

The **Automotive Education Program (AEP)** is implemented by TMPF in partnership with TMP's Customer Service Operations. Through this program, TMPF helps provide scholarships for young Filipinos to acquire automotive technical education through its 20 partner schools. Upon graduation, employment opportunities at Toyota's growing dealer network are made available for the graduates. To help improve capabilities, TMPF also donates engine simulators to its partner schools to upgrade their know-how on the latest Toyota technology.

971
graduated scholars
since 1990

114
active scholars

20
AEP partner schools

Adopt-a-School Program

TMPF continues to assist in the holistic development of its adopted school, Pulong Sta. Cruz Elementary School (PSCES).

Stimulating Academic Excellence

To continuously broaden PSCES students' knowledge in the different academic aspects, TMPF holds the **"Quest for the Best" Quiz Bee**. During this annual academic competition, students from Grades 3 to 6 test their knowledge as they answer questions on what they have learned in the areas of Mathematics, Science, English, HEKASI and Current Affairs. Quiz champions and runners-up received medals, certificates and cash prizes. Also held annually is the **"Lakbay Aral" Educational Tour** which provides further exposure and information to the students on the different educational sites and landmarks in the country. In 2018, Lakbay Aral was put on hold as per the Department of Education's (DepEd) order.

Likewise, TMPF has successfully transformed PSCES to becoming the first "Digital School" in Santa Rosa, Laguna through the **Computerization Project**, which was launched in 2016. The project was implemented in three phases.

280
Quiz Bee
participants
since 2009

397
Lakbay Aral
participants
since 2009



PSCES Quiz Bee champions and runners-up (center) together with (from back, center) TMPF Assistant Vice President Ronald Gaspar, PSCES Principal Dr. Nelia Tabuyo and PSCES faculty.

₱10.88 M
total investments in
Computerization
Project

3,000+
student-beneficiaries



PSCES teacher and students using smart TV and laptop in the classroom

Phase 1 (2016)		Phase 3 (2018-2019)	
<ul style="list-style-type: none">• Provided smart TVs, laptops and printers	<ul style="list-style-type: none">• Library was refurbished• Computers, advanced learning materials (Reading, Math, Science) were provided• Lego robotic kits were provided• Continuous teacher's trainings		
Phase 2 (2017)			
<ul style="list-style-type: none">• Set-up internet connection and Wi-fi connectivity			



2018 APE for PSCES faculty and staff

Supporting Health and Wellness

TMPF continues to support PSCES' faculty and staff through the conduct of the **Annual Physical Examination (APE)**. In 2018, TMPF provided APE services which include free comprehensive check-up and laboratory services like blood and urine tests, chest x-ray, and electrocardiogram (ECG) test. Likewise, TMPF also sponsored their flu vaccination.

92
employees served
in 2018



Toyota volunteers during the Brigada Eskwela

Refurbishing School Facilities

TMPF participates in the "**Brigada Eskwela**" program of the Department of Education (DepEd) held every year. Scholars and staff from Toyota Motor Philippines School of Technology (TMP Tech) volunteer in refurbishing the school's facilities using the cleaning and painting materials donated also by TMPF.

22
Toyota volunteers

₱61,000+
worth of sponsored
materials for
school facilities
refurbishment

ENVIRONMENT

TMP continued its strong commitment to protect the environment in 2018 by participating in the **Coastal Clean-Up and Mangrove-planting** activities. For these activities, TMP gathered a total of 60 volunteers composed of Toyota's employees, dealers and suppliers who dedicated a total of 570 man-hours in planting along the coastlines of Lian in Batangas.

In addition, a Marine Conservation Awareness Training was conducted by Conservation International to educate the volunteers more on the importance of taking care of the oceans and coastlines.



Toyota volunteers during the mangrove-planting activity along the coastline of Lian, Batangas

300
mangrove propagules planted

60
Toyota volunteers

Also in 2018, through a Memorandum of Agreement (MOA) signing, TMPF partnered with the Save Silang-Santa Rosa River (S3R2) Foundation, Santa Rosa City local government and the Laguna Lake Development Authority and launched the **Toyota Adopt-a-River Project**. Through this initiative, TMP participates in river clean-ups for the preservation and protection of the Santa Rosa sub-watershed.



(From left) TMPF Assistant Vice President Ronald Gaspar, Arnold Arcillas, Santa Rosa City Mayor Arlene Arcillas, TMPF President David Go, LLDA General Manager Jaime Medina, Laguna 1st District Representative Danilo Fernandez, TMP First Vice President Jose Ma. Aligada, and Santa Rosa Watershed Management Council President Linda Creencia during the MOA signing ceremony

190
kilograms of waste collected

111
Toyota volunteers

• SPECIAL FEATURE •

29th Toyota Classics: Music That Moves Lives

TMP staged the 29th Toyota Classics on November 7, 2018. For this concert edition, the internationally renowned Orchestra of the Age of Enlightenment (OAE) from London performed musical pieces from baroque music, a genre which emerged and flourished between the years 1600 and 1750. Moreover, pieces from the Broadway musicals "Miss Saigon" and "Les Miserables" were performed by the globally renowned Filipino talent Lea Salonga.

The "Start Your Impossible" (SYI) global corporate initiative by Toyota Motor Corporation (TMC) was launched in the country through the Toyota Classics. SYI aims to inspire everyone to make their dreams and 'impossibles' come true. As a worldwide partner of the Olympic and Paralympic Games Tokyo 2020, TMC highlighted its focus on sports and athlete sponsorship. TMP aligned with this initiative as it chose the Philippine Paralympic committee and its athletes as beneficiaries of concert proceeds.



This concert reached a new benchmark as ticket sales soared to more than Php 2 Million. The proceeds were donated to the Philippine Paralympic Committee and Toyota's SYI Hero Athlete Ernie Gawilan. In addition, TMP also donated a 29-seater Coaster and Php 1 Million for the purchase of multi-sport wheelchairs.



In photo (from left) are TMPF President David Go, TMP President Satoru Suzuki, TMP Chairman Alfred V. Ty, TMC Managing Officer Susumu Matsuda, SYI Hero Athlete Ernie Gawilan, PPC Managing Officer Debbie Tolentino, PPC President Mike Barredo and Coach Tony Ong during the turnover ceremony.

CSR CUMULATIVE PERFORMANCE HIGHLIGHTS

HEALTH

Medical and Dental Outreach Program

- 101,697 beneficiaries served from the cities of Paranaque, Taguig and Santa Rosa since 1992

Medical-Surgical Outreach Program

- 37 beneficiaries from Santa Rosa city served in 2018

EDUCATION

Automotive Education Program

- 20 Automotive Education Program (AEP) Partner Schools; among these, 6 are Toyota Technical Education (T-TEP) Partner Schools
- 971 Graduated TMPF Scholars since 1990
- 114 Current TMPF AEP Scholars

Adopt-a-School Program at PSCEs

- 280 students participated in the Quest for the Best Quiz Bee since 2009
- 397 students participated in the Lakbay Aral Educational Tour since 2009
- Php 10.88 Million worth of investments for the completion of the Computerization Project, benefiting over 3,000 students

ENVIRONMENT

Coastal/River Clean-up

- 11 Coastal and River Clean-up activities participated in since 2007

Mangrove-planting

- 300 mangrove propagules planted in 2018

Tree-planting

Toyota Special Economic Zone

- Developed the 11-hectare Toyota Forest inside the 82-hectare eco zone

Toyota Adopt-a-Forest at the University of the Philippines Los Banos in Laguna

- Inside Makiling Botanic Gardens
 - 10-hectare Reforestation Area - Over 7,800 trees planted since 2013
 - 3.5-hectare Toyota Palm Garden - Over 1,200 trees planted since 2015

COMMUNITY SERVICE

- Php 23 Million for the construction of 160 houses & Multi-purpose hall
- Php 1 Million donated as support to Livelihood activities of the residents

CSR AWARDS AND RECOGNITION

From Society of Philippine Motoring Journalists (SPMJ) "Driven to Serve" Award

The Society of Philippine Motoring Journalists (SPMJ) is a non-profit organization which consists of broadcasters, editors and journalists who cover automotive events and stories (print, broadcast, online). Through the "Driven to Serve" Awards, SPMJ gives recognition to automotive companies with excellent Corporate Social Responsibility (CSR) programs.

In 2018, Toyota was again recognized by SPMJ for its various CSR initiatives. TMP received awards as follows:

Award	Category	Program
Gold	Environment	Toyota Adopt-a-Forest Program
Gold	Community Development	Toyota Medical and Dental Outreach Program
Silver	Education	Pasiglahin ang Estudyanteng Pinoy Feeding Program



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