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Security, Confidentiality & Safety - A Call to Action!



On March 19, Mr. Tadashi Arashima, President & CEO, TME, held a presentation before the Monthly Business Briefing audience. A Monthly Business Briefing is held each month for GMs and above to report back on business activities and to exchange information,

which is then passed down by the GMs to their groups. In the last session, Mr. Arashima took the opportunity to emphasize the importance of the Security, Confidentiality & Safety Challenge in TME. "There have been a number of issues recently where poor security has let us down, so I must address you to ensure that we give appropriate attention to this very important matter."

Recent examples can be found where a lack of implementation of basic security measures have resulted in losses of confidential information that ultimately damages Toyota and our reputation. The Auris name for example, was made public several months ahead of schedule, disrupting our marketing plans. Highly sensitive strategic plans have found their way into the public domain, potentially costing us significant amounts of money as our competitors gain an advantage by knowing how to counter our growth efforts.

In February of this year, secret documents were taken from a file server in TEMA (Toyota Motor Engineering & Manufacturing North America, Kentucky) and deliberately made available to the public. This caused many problems to the extent that TMC President Watanabe-san has personally requested that every affiliate pays immediate attention to this problem.



Mr. Arashima stated in his speech that "We must go on to understand the root causes of these confidentiality failures. The previous examples were all

Highlight

The **AYGO** has been named **AXA Northern Ireland Car of the Year 06/07**. The awards were presented by members of the Ulster Motoring Writers Association (UMWA) at a prestigious ceremony in Belfast. Of all the vehicles judged, the AYGO received the ultimate accolade for its charm, performance, economy and low running costs. The AYGO was also winner in the AXA Small Car Category, before runner-up Citroën C1. The Lexus brand has been awarded for its Lexus IS 250, who topped the Executive Car Category. The UMWA members especially admired the levels of refinement and quality never before experienced in this class.

problems that are now in the public view. But we know of other issues that are still internal matters, but indicate we have a big problem to fix.

Confidential materials are frequently left on printers, in meeting rooms, on desks and can be easily taken away without anyone paying attention. In my experience of visiting many other benchmark companies, I believe we have allowed ourselves to fall behind typical security best practices.”

Systematic safety tours in TME HO over the past three years have also shown several recurring issues with basic safety awareness. It is clear that it takes efforts by all employees to create and maintain a safe work environment.



“We must not make the mistake of thinking that IT Department or Facilities Department are responsible for these problems on their own,” Mr. Arashima underlined. “Security and safety are the responsibility of every staff member, but top management must set an

example for all. So start now – remove confidential items from the printer, clean up your desks, do not leave items in meeting rooms, lock things away.”

Mr. Arashima has already taken action by asking TME Corporate Planning to be responsible for creating the correct organisation to make planned security improvements and coordinating future activities. New countermeasures will be introduced in the coming months but he strongly encouraged everyone not to wait to be led by them but instead, to show self-reliance and initiative.

“I want to finish by emphasising this point – each one of us must do the basic things straight away. Every security leak has the possibility of undermining our competitiveness and profitability. Thank you for your support”, concluded Mr. Arashima.

Some Tips & Tricks to better security, confidentiality and safety at Toyota:

- Never leave confidential items on the printer – collect them immediately
- Do not leave confidential matters on your desks
- Do not leave items in meeting rooms
- Lock things away as appropriate
- Use the confidential waste bins and report when they are nearly full
- Make sure you understand how to apply the Confidentiality Policy
- Do not obstruct fire extinguishing equipment

Highlight

Toyota Autoparts Philippines Inc. (TAP) plans to **increase both annual production and exports of manual transmissions**. As such, in 2009, it plans to produce approx. 340,000 units (compared to approx. 180,000 units in 2006), and to export approx. 330,000 units (compared to approx. 170,000 units in 2006). TAP intends to construct a new building within its current grounds to accommodate the plans, which call for an additional investment of about 5.6 billion pesos and 300 new jobs.

- Keep walkways clear and free from tripping hazards
- Know where the evacuation points are

Toyota Technical Education Programme showcased at EuroSkills pilot event



One of the Spanish students

the 2008 EuroSkills competition and attracted more than 23,000 visitors over the three days. Toyota was there with the finalists in its Open Skills Competition, part of the Toyota Technical Education Programme (T-TEP)," says Véronique Graham, Assistant, TME Corporate Social Responsibility. "There were five teams from schools supported by T-TEP who had won their national competitions in France, Italy, the Netherlands, Spain and the UK. Each team consisted of three students who had to work on seven practical modules and one theoretical module over the three days of the competition."

Speaking at the beginning of the competition, Mr. Tetsuo Agata, Executive Vice President R&D and Manufacturing TME, said, "Technical education is the building block on which companies such as Toyota can grow and stay ahead of the times. That is why Toyota

is genuinely concerned about the quality of technical education. With our Toyota Technical Education Programme, we aim to develop highly educated technicians who understand the Toyota Way of working and, hopefully, will work for the Toyota network in the future." Other VIPs attending the opening of the Open Skills Competition included Mr. Takamasa Kurinami, Corporate Planning Senior Vice President TME, Mr. Eric Louwman, Marketing Director Louwman & Parqui, Mr. Shunichi Kimura, Corporate Planning Senior General Manager TME, and Mr. Paul Hunt, Technical Operations General Manager TME.



Highlight

To support the launch of Auris, Toyota Financial Services (TFS) and TGB are introducing **an on-line finance calculator and an on-line approval facility**.

Customers can visit www.toyota.co.uk where a vehicle configurator enables customers to build a new Auris to their own specification and the finance calculator allows customers to create bespoke finance quotations. The calculator provides Personal Contract Purchase examples based on their preferred deposit or monthly payment amount. Customers can equally apply for finance with TFS at the same time.



The winning team from the UK

and Daniel Done from the UK. The team from France came second and the Italian team was placed third. All the participants learned a lot from the experience and we will be conducting a PDCA check and sharing the results with the NMSCs and schools involved, to develop the concept further and achieve Kaizen," Véronique continues.

"The T-TEP provides faculty training and technical education material to 250 schools in 23 countries across Europe, and is supported by TMC, TME, the NMSCs and local authorised repairers. The technical materials which Toyota supplies includes simulators, engine cut-aways, panel stands, body repair tools and colour-matching training kits. The NMSCs and authorised repairers provide on-the-job training to give the students hands-on experience and broaden their technical knowledge. In the 2005 financial year, Toyota invested €1.18 million in T-TEP. Technical Education is one of the three areas supported by TME's Corporate Social Responsibility division, which also include Environmental and Road Safety initiatives," concludes Véronique.



Students, teachers & NMCS members

Toyota 2007 sales up and running



"Our positive start to the new year has gathered speed through February," smiles Massimo Gargano, General Manager, Toyota Sales Operations. "The overall market for cars and light commercial vehicles was 2% above that of 2006

Toyota in the Press

The U.S. Environmental Protection Agency (EPA) has awarded Toyota Motor Engineering & Manufacturing North America, Inc. (TEMA) with a **2007 ENERGY STAR Sustained Excellence Award** in recognition of its continued leadership in protecting our environment through energy efficiency. Toyota, an ENERGY STAR partner since 2003, will be honoured for its long-term commitment to energy efficiency and management of energy consumption across its manufacturing operations in the U.S. The 2007 Sustained Excellence Awards are given to a select group of organisations that have exhibited outstanding leadership consistently. (www.webwire.com)

and broadly in line with our forecast for February. There are some weak areas however, such as Turkey which is down 28% on last year as a result of the devaluation of the Lire, and Germany which has fallen back by 15% because of an increase in VAT. Russia continues its excellent growth with an increase of 39% against 2006 figures."

"We're only two months in, but our year to date (YTD) sales are already 195,000 units, which is 7,300 ahead of our Original Annual Plan (OAP). This is 27% higher than the same point last year and gave us a market share of 6.1%, 1.1 points up on 2006. We closed February with combined Toyota and Lexus sales figures of 94,000 units. This is in line with our plan, but a significant 28% increase over February 2006," says Massimo. "Our combined sales share for February was 6.2%, which is 1.3 points higher than 2006. AYGO is carrying good sales momentum and, if this continues, it should do much better than its 100,000 unit target for 2007. We still have a slight issue with Corolla Verso which isn't performing in line with our plan and we will need to monitor the situation. RAV4 will soon come under threat from new competition, in particular the Honda CRV and the Land Rover Freelander, so we may need to keep an eye on that too."

"We were delighted to see that the UK had reversed last year's trend and recorded YTD sales that were above OAP and 29% higher than the same period last year. Italy too got off to a flying start with sales above OAP and 25% up on 2006. This was in part thanks to the Italian government's vehicle scrapping incentive," explains Massimo. "In general, our regions were above their OAP

and had higher sales than 2006. Russia continues to dazzle with YTD sales 110% higher than 2006! We signed almost 14,000 more Customer Contracts (CCs), a 10% increase compared with last year, which is excellent. However, these figures are even better than they look because last year's figures were boosted by the launches of the NG Yaris and RAV4. Prius sales are starting to benefit from the January relaunch and CCs stand at 2,900 ahead of plan, 55% better than for February 2006, and 35% up on a YTD basis. Auris and the new Corolla Sedan have attracted great customer reaction and we can be confident that they will meet their full year sales targets. Our Order Bank (OB) continued to improve, with the AYGO OB at 1.3 full months against 0.9 in 2006. The RAV4 OB is at 2.1, Hilux at 2.7 and Camry at 3 full months. The Prius OB is still a little low at 1 month, but this is growing. Based on this great start to 2007, we can look forward with



Toyota in the Press

TMC Chairman **Fujio Cho** has been appointed new **head of the Japan-China Economic Association**, an association who has been facilitating business exchanges between the two countries. The 70-year-old Cho said after the appointment that he will make efforts to play an active role in the development of Japan-China friendship and the promotion of bilateral economic cooperation. The Tokyo University Department of Law graduate became chairman of TMC in June 2006. He was appointed deputy head of Japan's biggest business lobby Japan Business Federation in May 2005 and was appointed head of Japan Automobile Industry Association in May 2006.

(//english.people.com.cn)

confidence to an excellent March and a very strong Q1 result," concludes Massimo.

Lexus consolidates 2007 growth



"In February we built on our solid start to 2007," says Dario Giustini, Sales Operations Manager, Lexus Europe. "We achieved the highest ever sales for the month at 3,127, that's 113% higher than February 2006.

Despite this, we did have a shortfall of 481 sales against our Original Annual Plan (OAP), but we expect to be back in line with it by the end of Q1. The RX 400h was once again our top selling model with sales of 770, which is ahead of OAP and 10% higher than last year. On a regional basis, the Q1 forecast for the Mid-7 is 129 ahead of OAP, the Nordic-4 region's is 47 ahead and France's is 97 ahead, thanks to strong RX 400h and GS 450h sales. The premium market in Russia continues to grow fast and is now 84% higher than in 2006 with a Lexus share of 15.4% putting it not far behind market leaders Audi on 23.3%."

"As far as Customer Contracts (CCs) go, there was overall good performance across the range," continues Dario. "The LS 460 was ahead of target. The GS 300/430 were also ahead of target and 66% higher than last year, with the GS 450h 58 ahead of 2006 and 110% higher than 2006. Finally, the RX 450h was our top performer with sales 356 ahead of target and 177% higher than last year. Despite these good results, our CC total was 145 short of target at 4,622. This was largely due to underperformance of the IS models which are in a very competitive and tough market at the moment. Our Order Bank stood at an average of 1.6 months at the end of February, with the IS range 474 higher than in January and the RX range 555 higher. The LS 460 OB stood at over 1,200 units, or 4.5 months. With 150 deposits already taken in Russia on the new LS 600, it still looks to be a promising year in which we have set ourselves some tough targets," concludes Dario.

Competition

Besides unveiling plans to strengthen its car lineup and take more control of its North American dealerships, **Mazda** has also set a four-year plan to boost earnings by 27%.

Exactly 50 years after **Fiat's** first 500 mini-car revolutionised Italy's auto market, the carmaker has launched a new version of the iconic vehicle.

MAN's annual report shows record results for 2006, with sales up some 18%, making MAN the fastest growing bus and lorry manufacturer last year.

Mercedes will launch two new hybrids in 2009, a 'mild' hybrid and a full hybrid.

VW's CEO, Martin Winterkorn, has announced to senior management that he will be paying close attention to the development of the new Golf generation, due to reach the market in 2008.

GM shows first signs of slight improvement, reporting a small net profit of 950 million dollars for the fourth quarter, up from a loss of 6.6 billion dollars a year earlier, and forecasts 'improved earnings' in 2007.

Ford's luxury sports unit **Aston Martin** was sold 848 million dollars to an English ex-racer,

TME awarded top 3-star environment award!



On March 6th 2007, TME was awarded the top 3-star 'Brussels Ecodynamic Enterprise' award by the Brussels Institute for the Environment (BIM-IBGE) for all its headquarters activities. TME is one of only five companies in the

Brussels region to receive a 3-star award. The award recognises TME's efforts to reduce its environmental impact on the Brussels Capital Region, thereby proving its environmentally friendly credentials. These efforts included:

- Conducting awareness campaigns which led to a decrease in fuel, electricity and paper consumption.
- Investing the financial savings from the awareness campaigns in planting trees on the site.
- Decreasing electricity consumption from lighting through a lighting audit, installing energy-saving lamps, preferential treatment of natural light, sensors recording the presence of people in the car parks and regulating light intensity depending on the level of entering sun light.
- The annual organisation of the 'Toyota Green Month' campaign.
- Recording the speed of cars entering the car parks to stimulate smooth driving.
- Integrated environmental management that has been certified to ISO 14001 standards at all levels.
- Obliging all subcontractors to obtain an ISO 14001 certificate and drafting a manual to help them to implement an environmental management system

The 3-star label and award was handed over by Mrs. Evelyne Huytebroeck, the Brussels Minister of Environment and Energy, to Willy Tomboy and Niklas Kilberg (TME Environmental Affairs) during an official ceremony at the Royal Opera, La Monnaie. Willy and Niklas were present, but unfortunately Piet Grevendonck (Manager, Health & Safety and Facility Management Dept) couldn't



David Richards, joined in the investment by the US baker John Sindors and two Kuwait-based financial firms. Ford will retain a 77 million dollar stake in the brand.

be there.

The label, which is valid for three years, was awarded after the submission of an extensive application, a half-day audit on site and a jury assessment. This award really underlines how committed Toyota is to the environment and the efforts we are all prepared to make to meet that pledge.

Production in Thailand boosted by 3rd plant opening



HRH Princess Maha Chakri Sirindhorn

Although it has been up and running since January, March 13th saw the official opening of the Toyota Motor Thailand (TMT) Ban Pho plant, Toyota's third facility in the country. A sign of the plant's importance to the local economy was the fact that the opening ceremony was attended by HRH Princess

Maha Chakri Sirindhorn, TMC Executive Vice President Akio Toyoda and TMT President Mitsuhiro Sonoda. Princess Sirindhorn unveiled the corporate logo and planted a commemorative tree to mark the occasion.

Speaking at the ceremony, Akio Toyoda said, "The Ban Pho plant represents the future direction of Toyota in Thailand. We intend to continue contributing to Thai society and to the automobile industry in Thailand." Ban Pho is a cutting-edge Toyota plant which has incorporated the latest environmental features and is now seen as a model plant in Asia. It will build up to 100,000 IMV series Hilux pickups per year for the Thai market and for over 90 other markets worldwide.

TMC's IMV project aims to produce an optimum production and supply network on a worldwide scale. It currently involves the production of three pickup models, as well as minivans and SUVs in nine countries, including Thailand. The Ban Pho plant has attracted a total investment of 15 billion baht (€ 341.5 million) and underlines Toyota's commitment to localised production.



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