

# Companies' Best Practices on Long-Term Foreign Direct Investment Within APEC Economies

**Company Write-up** 

**Toyota Motor Thailand** 

# TABLE OF CONTENTS

1.	Overview of Selected FDI Projects / Companies	4
	1.1 Toyota Motor Thailand (TMT)	∠
2.	Details and Key Findings of Individual Case Study	5
	2.1. Toyota Motor Thailand (TMT)	4

# LIST OF FIGURES

Figure 1: Manufacturing Facilities	5
Figure 2: TMT History	7
Figure 3: Export Operation	8
Figure 4: SCC Framework	9
Figure 5: Toyota Production System (TPS)	11
Figure 6: Thailand "Always First" Philosophy	13
Figure 7: TMT Product Line-up	14
Figure 8: Toyota's Global Vision	15
Figure 9: TMT New Vision and Mission	17
Figure 10: CSR Framework	19
Figure 11: Decarbonization Journey Toward Carbon Neutrality by 2050	20
Figure 12: Cheewa Panavet Biodiversity and Sustainability Learning Center	21
Figure 13: Solar Farm at Toyota Ban Pho	22
Figure 14: Toyota Environmental Challenge 2050	23
Figure 15: Initiatives Addressing the Toyota Environmental Challenge 2050	24
Figure 16: Efforts in Achieving Carbon Neutrality Across the Lifecycle	25
Figure 17: Toyota Green Town Ayutthaya	26
Figure 18: Toyota Green Town Development	27
Figure 19: Initiatives Under the Toyota White Road Safety Campaign	28
Figure 20: Approach to Local Business Engagement	29
Figure 21: Toyota Social Innovation (TSI)	30
Figure 22: TSI Success Story – Lanlalin Biotech	31
Figure 23: Yokoten Center	32
Figure 24: Corporate Brand Equity Index	34
Figure 25: CSR Index	35
Figure 26: Job Creation Impact	37
Figure 27: Direct Employment Workforce Distribution	38
Figure 28: Toyota Way in Human Resource Management	39
Figure 29: Toyota Employee Life Cycle	40
Figure 30: Retention Program	41
Figure 31: Development Concept	42
Figure 32: Development Approach	42
Figure 33: AP-GPC	44

Figure 34: Career Development Roadmap	45
Figure 35: Career Development System	46
Figure 36: Happy Physical	47
Figure 37: Happy Mental	48
Figure 38: Happy Money	49
Figure 39: Retirement Stage	50
Figure 40: Employee Distribution Based on Age & Educational Level	51
Figure 41: Employee Distribution Based on Origin	52
Figure 42: DE&I Roadmap	53
Figure 43: DEI Initiatives for FY2024	54
Figure 44: DEI Initiatives for FY2025	55

# 1. OVERVIEW OF SELECTED FDI PROJECTS / COMPANIES

#### 1.1 TOYOTA MOTOR THAILAND (TMT)

# COMPANY DETAIL





#### **Toyota Motor Thailand (TMT)**

Origin:

Japan

**Industry:** 

Automotive

# PRESENCE IN HOST ECONOMY



Est. Year:

1962

#### **Head Office:**

#### Samrong Tai

Phra Pradaeng, Samut Prakan

#### **Entity:**

Toyota Motor Thailand Co., Ltd.

#### No of Employees:



11,700+

#### **Main Production Facility Location:**

- Samrong Tai, Phra Pradaeng, Samut Prakan
- Gateway City Industrial Estate, Hua Samrong, Plaeng Yao
- Lat Khwang, Ban Pho, Chachoengsao

#### Continuity



TMT's six-decade presence in Thailand exemplifies its commitment to long-term investment, innovation, and sustainable growth. Established in 1962 as a modest sales company, TMT has become a cornerstone of Thailand's automotive industry, solidifying its identity as the "Detroit of Asia." Its transformation spans six eras, from early localization to globally competitive vehicles and eco-friendly innovations. Key milestones include three advanced manufacturing plants, a 96% localization ratio (i.e., percentage of a vehicle's components or parts sourced and manufactured domestically), and exports to over 120 economies with an annual export value of approximately USD 5 billion. Investments like R&D centers have cemented Thailand's role as a global automotive hub, contributing 3.4%–4.3% of GDP. By aligning with global trends and local needs, TMT fosters resilience, innovation, and sustainable development while driving economic progress.

#### Relationship



TMT's commitment to fostering strong relationships is deeply embedded in its CSR framework, focusing on People, Prosperity, and Planet. Guided by Toyota's Global Vision, TMT translates these pillars into impactful initiatives that address environmental, social, and economic needs while aligning with the United Nations SDGs. Notable efforts include the Ban Pho Plant, a global model for sustainable manufacturing, and community-driven projects like Toyota Green Town Ayutthaya, which promote environmental education and quality of life. Through its Toyota Social Innovation (TSI) initiative, TMT empowers local businesses and SMEs, fostering economic growth and resilience. Programs like the Big Brother 50 and Business Accelerator enhance SME competitiveness, while road safety campaigns such as Toyota White Road create safer communities. By combining strategic partnerships, environmental leadership, and stakeholder engagement, TMT exemplifies its role as a responsible corporate citizen, driving sustainability, economic progress, and community well-being across Thailand.

#### **Human Resource Development**



TMT's approach to human resource development emphasizes local job creation, workforce training, career progression, and diversity and inclusion. Since 1964, TMT has significantly contributed to Thailand's automotive sector creating 275,000 jobs directly, representing ~ 34 to 39% of Thailand's automotive workforce, and supporting 5.6 million across the industry. Localization efforts have strengthened supply chains and boosted employment, while TMT's workforce training, rooted in the Toyota Way, equips employees with skills for long-term growth. Structured career development pathways and retention programs ensure employee engagement and readiness for leadership roles. The Asia Pacific Global Production Center furthers regional skill development, and partnerships with universities highlight TMT's commitment to external workforce development. TMT's DE&I initiatives foster inclusivity, supporting diverse demographics and implementing impactful programs, including groundbreaking support for employees with disabilities. This holistic strategy underscores TMT's dedication to empowering its workforce and sustaining Thailand's position as a leading automotive hub.

#### 2. DETAILS AND KEY FINDINGS OF INDIVIDUAL CASE STUDY

## 2.1 TOYOTA MOTOR THAILAND (TMT)

# 2.1.1 Continuity

#### **Investment Longevity**

TMT has been a cornerstone of Thailand's automotive industry for over six decades, exemplifying a steadfast commitment to long-term investment and growth. Established in 1962, TMT began as a modest sales company and has since evolved into a vital contributor to Thailand's industrial economy. The inauguration of its first automobile assembly plant in Samrong Nua in 1964 marked the beginning of its transformation into a leading player in the sector. Today, TMT operates three advanced manufacturing facilities (see *Figure 1*) and holds a pivotal role in both domestic and global automotive markets.

MANUFACTURING FACILITIES **Gateway Plant** Ban Pho Plant Samrong Plant Est. 1964 1996 2007 240,000 units 300,000 units 220,000 units Specialization The Samrong Plant specializes in The Gateway Plant focuses on The Ban Pho Plant is dedicated to producing the Toyota Hilux producing the Toyota Hilux, manufacturing passenger cars, pickup truck and Fortuner SUV including the Camry, Corolla, primarily for export to over 90 for the domestic market Yaris, Yaris Ativ, and C-HR economies worldwide

Figure 1: Manufacturing Facilities

Source: Toyota Motor Corporation Press Release<sup>1</sup>

Our facilities have expanded over the years to meet the growing demand from both local and export markets... With three plants, our current production stands at ~560,000 units annually, leaving room for further growth within our existing capacity.

– (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

TMT's six-decade presence in Thailand can be categorized into six distinct stages of development (see *Figure 2*), each illustrating its strategic efforts to address local and global market demands and foster sustainable growth:

# • 1st Era (1962–1972: The Establishment Era)

TMT was established in 1962, and by 1964, it had inaugurated its first automobile assembly plant in Samrong Nua, Samut Prakan, focusing on localizing production through CKD (completely knocked down) parts. This era laid the foundation for local automotive manufacturing, supported by government incentives to encourage localization over imports.

# • 2<sup>nd</sup> Era (1973–1982: The Development Era)

TMT expanded by building its second plant in Samrong Tai, introducing cutting-edge technologies like assembly lines, robotic welding, and advanced anti-rust paint systems. These innovations marked Thailand's first high-tech automotive production facility, meeting rising customer demand.

# • 3<sup>rd</sup> Era (1983–1992: The Localization Era)

TMT partnered with Siam Cement Group to establish Siam Toyota Manufacturing Co., focusing on increased production capacity and the use of 45% domestically sourced parts. By the end of this era, TMT had achieved a production volume of over 500,000 vehicles and significantly advanced local industrial capabilities.

## • 4th Era (1993–2002: The Liberalization Era)

Under government policies promoting Thailand as Asia's "Detroit of Asia," TMT established its third plant at Gateway, Chachoengsao, focusing on passenger car manufacturing. By 1996, TMT had produced 1 million vehicles and introduced models like the Toyota Soluna, designed with over 70% local content.

#### • 5<sup>th</sup> Era (2003–2012: The Globalization Era)

TMT launched the Innovative International Multi-purpose Vehicle (IMV) project, emphasizing the production of globally competitive pickup trucks and eco-cars, solidifying Thailand's position as a global export hub. This era saw exports reaching 1 million units annually, a remarkable achievement considering Thailand's total annual car production peaked at approximately 2.45 million units in 2012<sup>2</sup>. With exports accounting for a substantial portion of this production and a localization ratio surpassing 90%, TMT's global influence became increasingly evident.

#### • 6<sup>th</sup> Era (2013–Present: The Environmental Innovation Era)

TMT expanded its Gateway plant further and introduced initiatives such as hybrid vehicles, carbon neutrality programs, and the Toyota Social Innovation (TSI). With a localization ratio of 96% and a substantial contribution of 3.4%—4.3% to Thailand's GDP, TMT continues to lead in sustainable automotive innovation.

TMT JOURNEY Phase 1: Phase 3: Phase 2: 鸙 The Establishment The Localization The Development 1962-1972 1973-1982 1983-1992 Started business in Thailand by establishin Toyota Motor Sales Co Ltd. and set up Toyota Khonkaen Co., Ltd. as the 1956 1979 1980 1989 1990 By using a satellite and barcode ordering system the Toyota Parts Facility 1991 (Bangplee) became the largest and most advanced 1962 1975 01081 1088 THE TO Cement PCL III.
Siam Toyota
Sam Toyota
Completering Co., Ltd. Started CSR activity by nded dealer network The 1st export of Hilux to Established the 1st 1964 1073 0 01983 1087 01992 estanished the 1st automotive assembly plant that produced the 1st vehicle model "Toyota Dyna JK 107" and 1st passenger car "Corona RT 40" with total production volume at 459 1970 1984 tablished Toyota 0 0 Assembled the 1st Corolla model "Corolla KE 20" and introduced the 1st Hilux model, "Hilux RN 10". The second 000 Phase 4: Phase 5: The Globalization The Liberalization The Environmental Innovation 1993-2002 2003-2012 2013-2022 Established Toyota Body Established "Asia Pacific Exported IMV 3.000,000 units 1993 Global Production Trainin Center (AP-GPC)". **-**2007 02017 bZ4x" the 1st BEV under the 2005 2015 20220 Lamethen use by presenting "Hilux Vigo in Thailand as a production base for export, Toyota reached sales record 22,00 units within 3 days and achieved champion both Established "TOYOTA ALIVE" new lifestyle community whice present new technology and "Toyota Gateway", at Gateway City Industr Estate with the most 1006 20140 ed technology in ASEAN. 2004 2008 2018 Introducing Toyota Yar Economic crisis had a significant impact on Thailand and the entire business sector Introducing typical tails visuaport government policy
 "Eco Car" generation 2.
 The Hybrid Electric Vehicle
 Battery Life Cycle
 Management (3R Scheme).
 Introduced KINTO, new way
 of mobility with full-service 1997 duced "Hilux Tiger D-4D\*, the 1st model on-rail direct 02009 2013 20210 Established Gateway Plant 2, which increase Toyota Leasing Co., Ltd. was founded to support t selling program by providing loans to 2000 brid\*, the 1st hy 2019 1000 2010 production capacity to 760,000 units per ana line 0 Established 1st hybrid batter Toyota Thai engineers participated in the design o the "Soluna", which broke the record 28,000 booking Achieved exporting IMV 1,000,000 units to 140 plant in Southeast Gateway Plant. \* 🎍 🏊 🥌 KÎNTO

Figure 2: TMT History

Building on its six-decade journey of growth and innovation, TMT has established itself as a vital export hub within Toyota's global network, shipping vehicles to over 120 destinations worldwide, including key APEC economies such as Australia; Indonesia; Japan; and Malaysia (see *Figure 3*). With an export volume of 379,044 units in 2023<sup>3</sup> and an average annual export value of ~USD 5 billion, TMT plays a pivotal role in fostering regional integration within APEC through its extensive supply chain and export activities. By connecting Thailand's automotive industry with these economies, TMT not only strengthens trade links but also supports the broader economic integration of the region. Additionally, within the ASEAN region, TMT stands out as a cornerstone of Toyota's operations, contributing 63% of the region's total production capacity. Additionally, TMT's share of 56% of Toyota's total ASEAN exports reflects its efficiency and leadership, further solidifying Thailand's role as a manufacturing and export powerhouse in the automotive sector.

8

EXPORT OPERATION & CONTRIBUTION TO THAILAND LEGEND Middle East Europe Austria Oatar ₹ Pick-up France Jordan Germany Yemen Passenger Car East Asia Turkey Kuwait Japan UK Others Chinese Taipei Others Central America Mexico Southeast Asia / TOYOTA South Asia THAILAND 7 • Indonesia Africa · The Philippines Algeria Malaysia Egypt Pakistan • Nigeria 🚮 • S. Africa India Central & Latin America Nepal Oceania · Chile Others Others Australia Peru · New Zealand · Others Average export value are worth ~USD 5 Billion /Year

**Figure 3: Export Operation** 

Source: Materials shared by TMT during field study

The Ban Pho Plant is the only facility in the world exporting vehicles to Japan, a feat no other company has achieved due to Japan's exceptionally high-quality and specification requirements. This accomplishment truly highlights the superior quality and standards upheld by TMT.

– (Mr. Thanusak Manatmonkong, Acting Vice President of the Ban Pho Plant)

TMT's investment longevity in Thailand underscores its unwavering commitment to fostering sustainable growth and driving economic progress. From its modest beginnings as a sales company to becoming a global powerhouse with state-of-the-art manufacturing facilities and an extensive export network, TMT has consistently evolved to meet the demands of both local and international markets. Contributing significantly to Thailand's identity as the "Detroit of Asia," TMT has played a key role in establishing the economy as a manufacturing and export hub for the automotive industry. TMT's six-decade journey serves as a testament to its dedication to innovation, localization, and long-term value creation, benefiting Thailand, the ASEAN region, and the global automotive sector.

#### Resilience and Adaptability

TMT has consistently demonstrated exceptional resilience and adaptability, ensuring operational continuity and responsiveness in the face of challenges. Central to this success is its robust Business Continuity Plan (BCP), which outlines predefined protocols to safeguard core operations during crises. The plan incorporates annual scenario planning, along with assessments of risk scenarios and impact factors, ensuring comprehensive preparedness and effective mitigation strategies. Complementing the BCP is the dynamic "Stop, Change, and Continue" (SCC) framework (see *Figure 4*), which enhances TMT's ability to adapt swiftly to

disruptions. Together, these structured approaches provide a solid foundation for long-term continuity and stability, even in the most challenging circumstances.

STOP, CHANGE AND CONTINUE (SCC) FRAMEWORK SSC Framework 01 02 03 Continue Stop Change Temporarily halt or stabilize Adapt to the crisis by Formulate a business affected processes and modifying workflows, recovery plan to outline the operations to contain the reallocating resources, or steps required to restore situation and prevent further introducing temporary operations to pre-crisis or escalation or damage normal level strategies to address disruptions effectively Focuses on assessing the Ensures the organization can Identifies actions for situation, identifying mitigate risks and align its returning to pre-crisis or immediate threats, and operations to new conditions normal levels, prioritizing stabilizing the environment or constraints recovery tasks, addressing to ensure safety and disruptions, and aligning minimize damage resources with updated goals

Figure 4: SCC Framework

Source: Interview with TMT's Management and Working Team

The SCC framework complements the BCP by introducing a real-time, action-oriented layer to the crisis management process. By pausing or stabilizing affected operations to prevent further escalation or damage ("Stop"), modifying workflows or reallocating resources to address immediate challenges ("Change"), and formulating a business recovery plan to guide operations back to pre-crisis or normal levels ("Continue"), the SCC framework ensures flexibility and responsiveness in dynamic situations. Together, these approaches form an integrated system that enables TMT to manage disruptions effectively, develop actionable recovery plans, and uphold its commitments to stakeholders while striving for operational excellence.

,,

The SCC framework enables us to pause, prepare, and adapt when faced with a crisis. For instance, in the finance department, we apply this framework to reassess budgets. As part of the process, we may identify and cut non-priority expenditures to realign resources and address the challenges effectively... Alternatively, in the case of midand long-term plans, some initiatives may need to be delayed to adapt to new conditions and ensure alignment with the organization's revised priorities.

- (Mr. Nuntawat Srivaratachkul, Vice President of Corporate Affairs & Ms. Warajit Yomsatieankul, Acting Vice President of Accounting & Finance)

TMT enhances resilience and adaptability through regular quarterly updates, keeping employees informed about potential challenges, among other key updates. These sessions prepare employees to navigate challenges and opportunities, fostering a shared understanding and strengthening organizational cohesion for greater agility. Additionally, in supply chain management, TMT leverages its expertise in lean operations to navigate fluctuations and respond swiftly to disruptions. By minimizing waste and recalibrating operations efficiently, TMT ensures robust measures are in place to sustain operations during crises. This commitment to lean principles cultivates a culture of agility, enabling TMT to remain resilient and uphold its commitments in the face of unpredictable challenges.

Our TPS system emphasizes lean production and efficient resource utilization, with a strong focus on managing fluctuations, particularly within the supply chain. A key term we often use is 'strong Goguchi' (a robust and responsive production control system), enabling us to swiftly adapt to changes in demand and material supply... As we regularly revise forecasts and adapt production plans, we are better equipped to manage inventory fluctuations, making our system more robust in times of crisis.

– (Mr. Sripongs Photralux, Acting Vice President of Gateway Plant)

The value of these frameworks and approaches has been consistently demonstrated through TMT's ability to navigate significant disruptions over the decades. A recent example is the COVID-19 pandemic, during which TMT faced plant closures. At the time, the SCC framework was effectively implemented. In the finance department, budgets were categorized into high, medium, and low priorities, with low-priority items being cut. TMT also communicated with employees, requesting consideration of a 50% reduction for high- and medium-priority expenditures. Despite these challenges and budget constraints, TMT upheld its commitment to employee welfare by continuing to pay 100% - 90% of salaries, even for employees unable to work during the closures, reflecting its dedication to its workforce. This decision underscores TMT's resilience and adaptability, balancing financial adjustments with the need to support its workforce.

Under Thai law, we were only required to pay 75% of salaries during COVID-19. However, understanding the significant financial impact this might have on our employees, we chose to provide 100% - 90% instead, while being transparent that prolonged closures could necessitate a shift to the 75% threshold.

- (Mr. Nuntawat Srivaratachkul, Vice President of Corporate Affairs)

#### **Operational Consistency**

At the core of TMT's operational consistency is the Toyota Production System (TPS) (see *Figure 5*), a globally renowned framework designed to achieve high quality, low costs, and short lead times while ensuring long-term sustainability. Rooted in the philosophy of waste elimination and efficiency, TPS reflects Toyota's commitment to operational excellence and continuous improvement, known as Kaizen.

**TOYOTA PRODUCTION SYSTEM (TPS)** Satisfied customers Benefit ngi Stable income for employees Good and sustainable profit for company **(\$**∏ Result High Quality **Low Cost Short Lead Time** B JUST IN C JIDOKA TIME (JIT) Concept Quality control Just in time **TOYOTA** production Production System **STANDARDIZE** Foundation A KAIZEN Kaizen Jidoka Kaizen, meaning "continuous improvement," is a Often referred to as "automation with a human JIT focuses on synchronizing production core principle of the TPS that emphasizes small, touch," Jidoka integrates human intelligence into processes to produce only what is needed, when incremental process improvements driven by automated processes to ensure quality and it is needed, and in the amount needed employee contributions at all levels Eliminate waste, inefficiencies, and Minimize waste and inventory, ensuring a Detect and address abnormalities immediately, inconsistencies (muda, mura, and muri) to seamless flow of materials and information preventing defective products and improving productivity enhance productivity and quality throughout the production process Encourages active participation from Synchronization across all production Machines stop automatically when a processes and plants to ensure employees in identifying and problem occurs, and workers or solving problems supervisors address the issue promptly Features Abnormalities are displayed via tools Builds a culture of innovation Stocking only the minimum required like the andon system (i.e., visual and adaptability parts to maintain production flow problem indicators) for quick resolution Aims to steadily improve both human Eliminates the need for constant human Delivering products to customers skills and technologies for longquickly without overproduction monitoring of machines, reducing labor hours while improving quality

Figure 5: Toyota Production System (TPS)

Source: TMT Website<sup>4</sup>

"

TPS is built on two central pillars: Just-In-Time (JIT) and Jidoka, supported by the foundational principles of standardization and Kaizen. JIT ensures production is synchronized with demand by focusing on making only what is needed, when it is needed, and in the amount needed. This minimizes waste, optimizes inventory management, and enables a seamless production flow. Jidoka, often described as "automation with a human touch," integrates human intelligence into automated processes to detect and address abnormalities immediately. By allowing machines to stop automatically when issues arise and enabling workers to intervene promptly, Jidoka ensures built-in quality and prevents defects from progressing through the production line.

TMT leverages the Toyota Production System (TPS), along with its quality-first principle and problem-solving methodologies, to foster operational excellence not only within its facilities but also across its entire supply chain network.

- (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

Kaizen, the cornerstone of TPS, involves daily incremental improvements across all operations. By engaging employees at every level to identify inefficiencies and implement solutions, TMT fosters a culture of adaptability and innovation. This approach not only reduces waste but also continuously refines processes, ensuring that the production system evolves to meet dynamic market demands and challenges. TMT has revised and adapted its JIT system to better respond in times of crisis, learning from past experiences such as the 2011 Thailand floods (*discussed further in Resilience and Adaptability*). This adaptation has made TMT more resilient to supply chain disruptions and better equipped to handle unexpected challenges.

The successful implementation of the TPS has enabled TMT to achieve high product quality, cost efficiency, and reduced lead times, delivering exceptional value to customers. This operational excellence is further evidenced by TMT's attainment of multiple certifications, including ISO 14001 for environmental management, which has been awarded to its Gateway, Samrong, and Ban Pho assembly plants. Additionally, 98 Toyota Service Centers have been granted ISO 14001 certification for environmentally friendly operations, with the goal of ensuring all service centers achieve this certification. These accomplishments highlight TMT's commitment to adhering to international standards, ensuring sustainability, and maintaining responsible manufacturing and service practices.

#### **Additional Investments**

TMT has showcased its unwavering commitment to Thailand's growth through substantial investments. In the past 10 years alone, Toyota has invested ~USD 7 billion<sup>5</sup> into TMT and is expected to invest a further ~ USD 1.4 billion in the next 5 years<sup>6</sup>. Guided by the Thailand "Always First" philosophy, Toyota Corporation, through TMT, has demonstrated unwavering dedication to the economy over the past advanced 60 years by establishing three advanced manufacturing plants and making substantial investments in infrastructure, research and development, and sustainability initiatives (see *Figure 6*). These strategic investments underscore TMT's dedication to aligning with Thailand's aspirations to become a global leader in the automotive industry while reinforcing its pivotal role within Toyota's global operations.

13

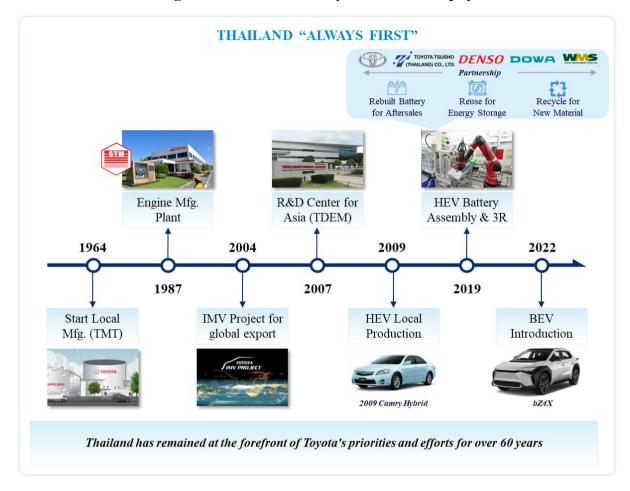


Figure 6: Thailand "Always First" Philosophy

Source: Materials shared by TMT during field study

One of TMT's key investments is the Toyota Daihatsu Engineering & Manufacturing (TDEM) R&D Center, which establishes Thailand as a hub for cutting-edge automotive innovation tailored to regional needs. Another pivotal investment is the IMV Project (Innovative International Multi-purpose Vehicle), launched to develop and produce versatile, cost-effective vehicles designed for global markets. Thailand serves as a central production hub for the IMV Project, supporting the manufacturing of key models such as the Toyota Hilux and Fortuner for both domestic use and global export. This initiative not only strengthens Thailand's role in Toyota's global supply chain but also generates significant economic activity through local sourcing and job creation.

– (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

During the globalization phase, TMT transformed Thailand into Toyota's global production hub, spearheading initiatives like the IMV project, which produced internationally celebrated vehicles such as the pickup trucks, the product champion of Asia.

In addition to these investments, TMT has directed considerable resources toward green initiatives, including the Hybrid Electric Vehicle (HEV) Battery Assembly Plant and the 3R (Rebuild, Reuse, Recycle) program. These efforts advance sustainable production practices and build a green ecosystem in Thailand, aligning with global trends toward environmental sustainability. Together, these investments highlight TMT's proactive approach to fostering innovation, sustainability, and long-term value for Thailand.

The full extent of the impact of TMT's commitment to investment is evident in its robust lineup of vehicles, which has evolved significantly over the years (see *Figure 7*). Since 1962, TMT had introduced a diverse range of models, showcasing its commitment to innovation, environmental sustainability, and addressing evolving market needs. This continuous introduction of new vehicles underscores TMT's unwavering dedication to supporting Thailand's growth, solidifying its role as a key driver of economic activity, technological advancement, and sustainable mobility in the region.

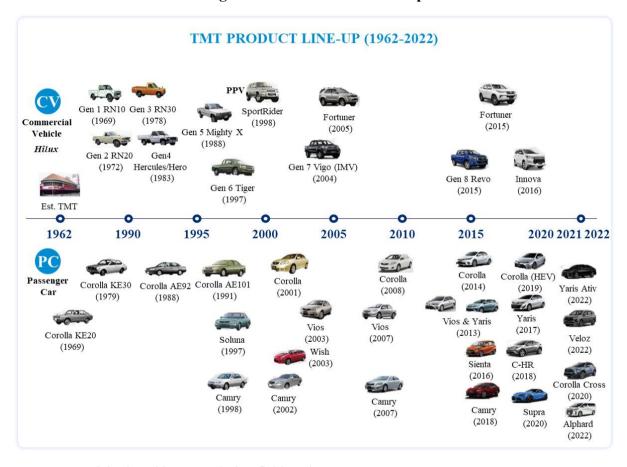


Figure 7: TMT Product Line-up

Source: Materials shared by TMT during field study

# **Industrial Impact**

TMT has played a pivotal role in transforming Thailand's industrial landscape, guided by Toyota's global vision (see *Figure 8*) symbolized by the metaphor of a tree. The roots represent Toyota's foundational principles, including quality, innovation, and sustainability, while the trunk reflects the stability and strength of its operations. The fruits embody the tangible outcomes of these efforts, such as economic contributions, technological advancements, and societal benefits that enrich communities.

15

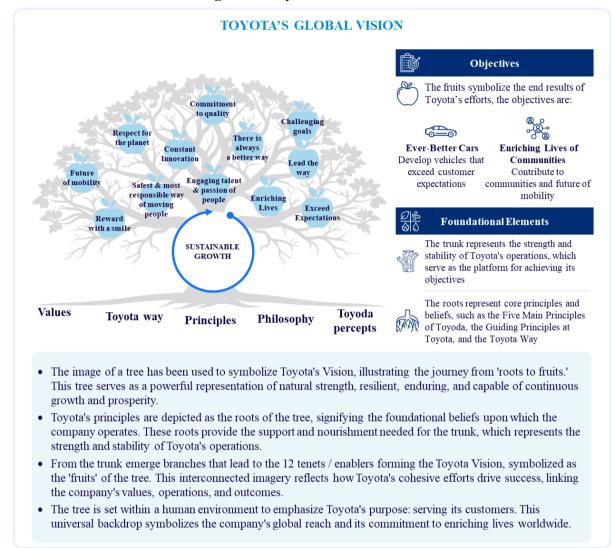


Figure 8: Toyota's Global Vision

Source: Materials shared by TMT during field study

This philosophy highlights Toyota's long-term approach to growth, emphasizing both operational excellence and broader contributions to society and industry. In Thailand, TMT has demonstrated this vision through significant investments in advanced manufacturing, research and development, and sustainable practices. These efforts have translated into ~USD 1 billion in investments by the Toyota Group, an accumulated production volume exceeding 12.69 million units as of 2022, and the creation of 5.6 million jobs across the automotive industry. TMT's activities also contribute approximately 3.4 to 4.3 percent of Thailand's GDP, underscoring its pivotal role in Thailand's economic and industrial growth.

TMT's production capacity accounts for approximately one-third of Thailand's total automotive output, making Toyota the largest contributor to the economy's automotive industry compared to other manufacturers. Additionally, Toyota's high localization rate ensures significant benefits for Thai society, including job creation and local economic development.

– (Mr. Sompol Tanadumrongsak, President at Thai Automotive Parts Manufacturers Association (TAPMA))

"

"

- TMT supports Thailand across various dimensions. It nurtures strong relationships with local communities, earning their trust and admiration. Economically, TMT contributes through income distribution, knowledge transfer, and the development of local businesses. Environmentally, it demonstrates a commitment to sustainability with initiatives focused on carbon neutrality and ecological care.
- (Mr. Dusit Anantarak, Director of the Information and Communication Technology Center of the Office of the Permanent Secretary of the Ministry of Industry)

In addition to its economic contributions, TMT has played a key role in strengthening Thailand's automotive ecosystem, particularly through the development of a robust network of suppliers. With over 2,400 suppliers, including 525 Tier 1 and 1,760 Tier 2 companies, TMT has driven this growth by fostering knowledge-sharing, supporting innovation, and implementing capability-building programs. This approach has enabled local suppliers to meet international standards and significantly enhanced their competitiveness. Moreover, this extensive network underpins the creation of millions of jobs across the industry and has contributed to TMT achieving a high localization ratio of 96% in 2022. By integrating suppliers into its operations and elevating their standards, TMT reinforces Thailand's position as a key player in the global automotive industry, demonstrating the far-reaching impact of its guiding principles.

- Our relationship with Toyota has been exceptionally smooth, with TMT making significant efforts to coexist harmoniously with Thai society. This is evident in TMT's substantial investment of resources and manpower to develop suppliers, elevating them to world-class standards.
  - (Mr. Chawat Trangadisaikul, Managing Director at Bangkok Metropolis Motor Co., Ltd., TMT's Parts Supplier)

TMT's approach to supplier development is methodical and comprehensive. Through targeted knowledge transfer, training programs, and ongoing support, TMT equips suppliers with the tools to enhance production processes, improve quality control, and achieve operational excellence. These efforts not only bolster the competitiveness of individual suppliers but also enhance the overall efficiency and resilience of Thailand's automotive supply chain. By cultivating a culture of continuous improvement and ensuring alignment with international standards, TMT enables suppliers to adapt seamlessly to evolving industry requirements and global market dynamics.

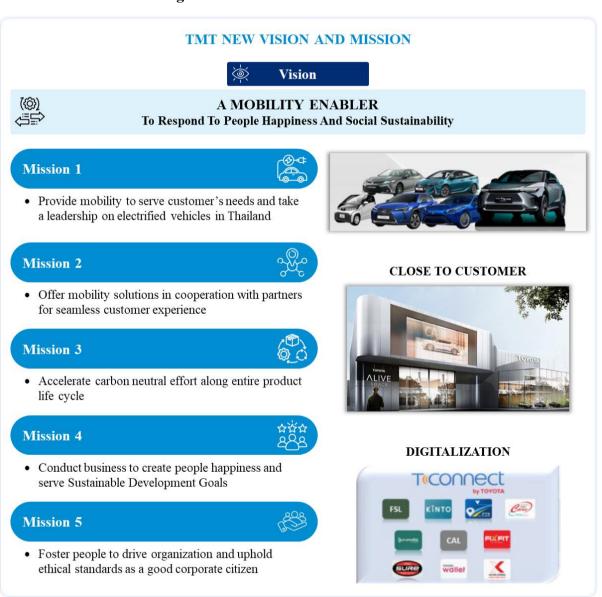
- TMT continuously supports suppliers at all levels, including Tier 1, Tier 2, and beyond, by promoting various educational programs to enhance key aspects such as quality. For example, TMT facilitates training in the Toyota Production System (TPS), which has been highly instrumental in strengthening operations, especially during times of crisis.
  - (Mr. Chawat Trangadisaikul, Managing Director at Bangkok Metropolis Motor Co., Ltd., TMT's Parts Supplier)

Localization ratio refers to the proportion of locally produced parts used in a product, and is calculated from the ratio of local parts to total cost of parts used in assembly

TMT has played a significant role in enabling Thailand's suppliers to enter the export market by introducing Japanese expertise and sharing systems such as TPS, Kaizen, and others with local suppliers. As a result, Thailand has become globally recognized for its high-quality standards.

– (Mr. Sompol Tanadumrongsak, President at Thai Automotive Parts Manufacturers Association (TAPMA))

Figure 9: TMT New Vision and Mission



Source: Materials shared by TMT during field study

Complementing its industrial development, TMT has systematically embraced digital transformation. The launch of T-Connect in 2020 exemplifies this commitment - a comprehensive mobile application that consolidates multiple customer service platforms. This digital initiative integrates services like G-Book, Toyota Privilege, T-Mex, and Find My Car into a single, user-centric platform<sup>7</sup>. By leveraging digital technologies, TMT is transforming traditional automotive services and advancing Thailand's digital mobility landscape, demonstrating consistent efforts towards their long-term goal of digital transformation.

As a "Mobility Enabler", TMT continues to drive initiatives in electrification, decarbonization, and digitalization, ensuring the industry evolves to meet future challenges. By staying true to its core values and fostering long-term growth, the company delivers meaningful economic, technological, and societal contributions to Thailand's development.

#### 2.1.2 Relationship

#### **CSR Initiatives**

Toyota's Global Vision emphasizes a holistic approach to sustainability, particularly through the objective of "Enriching Lives and Communities" as shown in *Figure 8*. This vision underscores Toyota's commitment to environmental sustainability and societal well-being, serving as a guiding principle for all its global operations and initiatives. TMT translates this global vision into action through its "A Mobility Enabler" vision, specifically Mission #3: "Accelerate carbon-neutral effort along product life cycle," and Mission #4: "Conduct business to create people happiness and serve SDGs" (see *Figure 9*). These missions reflect TMT's steadfast dedication to addressing local environmental challenges and enhancing the well-being of communities, embodying Toyota's broader values at a local level.

Building on this foundation, TMT has developed a comprehensive framework aligned with the United Nations Sustainable Development Goals (SDGs), focusing on the key pillars of People, Prosperity, and Planet (see *Figure 10*). This framework highlights improving lives, driving economic growth, and fostering environmental stewardship, with Partnership serving as the essential enabler for achieving these goals. At its core is the vision to "Act as a mobility enabler to promote happiness and social sustainability."

Figure 10: CSR Framework



- Through this framework, TMT focuses on three core components of CSR: the environment, the economy, and the community. Our initiatives include programs like road safety under the 'people' component and supporting grassroots communities through the Toyota Social Innovation (TSI) initiative under the 'community' component.
  - (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

Focusing on the key pillar of Planet, TMT has consistently advanced its environmental initiatives through distinct phases, demonstrating its commitment to addressing key environmental challenges and supporting Thailand's carbon neutrality goals. Over the decades, TMT's efforts have evolved, progressing through six distinct eras that reflect the company's growing focus on sustainability and innovation as shown in *Figure 11*.

DECARBONIZATION JOURNEY TOWARD CARBON NEUTRALITY BY 2050 ERA 2 ERA 3 ERA 1 1973-1982 1983-1992 1962-1972 Water management and Improve high efficiency machine & process to Waste management wastewater treatment reduce loss (e.g., Servo robot) Minimize environment Impa Compliance ERA 4 Environment 1993-2002 Management Certificate ISO 14001 Zero landfill **ERA 5:** 2003-2012 ERA 6 Toyota Ban Pho Sustainable plant 2013 - Present Biotope, Mangrove & Reforestation NEXT ERA KARAKURI, Renewable energy TOYOTA Environmental 1st xEV Introduction Carbon Neutrality in Life Challenge 2050 since 2014, CO2 has been reduced 35% cvcle

Figure 11: Decarbonization Journey Toward Carbon Neutrality by 2050

Zooming into Era 5, a standout achievement is the establishment of the Ban Pho Plant, a testament to TMT's unwavering commitment to sustainability. This facility embodies Toyota's vision of integrating advanced sustainable practices and innovative technologies to address environmental challenges. Recognized as one of Toyota's five "Sustainable Plants" worldwide, the Ban Pho Plant exemplifies TMT's leadership in promoting environmentally friendly practices and reducing its environmental footprint.

The Ban Pho Plant is one of only five Toyota Sustainable Plants worldwide, alongside facilities in Japan; the UK; the USA; and France. This plant adopts sustainable practices, including energy reduction, the use of renewable energy sources, and fostering harmony with nature.

– (Mr. Thanusak Manatmonkong, Acting Vice President of the Ban Pho Plant)

Central to the Ban Pho Plant's sustainability efforts is the Cheewa Panavet Biodiversity and Sustainability Learning Center (See *Figure 12*). This center features a dedicated learning facility that promotes environmental education and awareness. The center encompasses several key components:

• **Eco Forest:** Developed using the sustainable forest method of Prof. Dr. Akira Miyawaki of Yokohama National University, an internationally recognized expert in forestry, this area now hosts over 43 plant species with a tree survival rate exceeding 90%, demonstrating successful reforestation efforts.

- **Toyota Biotope:** As Thailand's first ecological zone replicating diverse forest ecosystems, the biotope provides a habitat for over 218 species of living organisms, fostering biodiversity and ecological balance.
- Royal Commemoration Exhibition Building: This facility includes exhibits on environmental projects initiated by the Thai royal family and features displays on ecosystems, using the Bodhi tree, a local species and symbol of Ban Pho, as a focal point.

Figure 12: Cheewa Panavet Biodiversity and Sustainability Learning Center



,,

Additionally, the Ban Pho Plant exemplifies TMT's dedication to renewable energy through strategic and innovative initiatives aimed at reducing its carbon footprint. Central to these efforts is the integration of renewable energy sources, including an expansive solar farm (see *Figure 13*) and a network of rooftop solar panels, which together supply ~65% of the plant's energy needs. With plans to further expand the solar farm's capacity and optimize energy efficiency, TMT is steadily advancing toward its ambitious goal of making the Ban Pho Plant carbon neutral by 2030, positioning it as a benchmark for environmentally responsible manufacturing. As the industry moves towards the local economy's long-term goal of carbon neutrality by 2050<sup>8</sup>, with automotive companies adopting similar goals, TMT stands out as an automotive player that has taken concrete steps to achieve this ambitious goal, as exemplified by the Ban Pho Plant

At the Ban Pho Plant, we aim to achieve zero carbon emissions by 2030 through three core activities: reducing energy consumption, increasing the use of renewable energy, and utilizing eco-forests for carbon absorption.

– (Mr. Thanusak Manatmonkong, Acting Vice President of the Ban Pho Plant)

Figure 13: Solar Farm at Toyota Ban Pho



MW. This solar farm reflects TMT's strategic commitment to integrating renewable energy into its operations. Plans are underway to expand the capacity to 30 MW, underscoring TMT's proactive approach to achieving its sustainability objectives and contributing to Toyota's broader vision of environmental responsibility.



Source: Materials shared by TMT during field study

Delving into Era 6, TMT aligns closely with Toyota's global vision for sustainable development and environmental responsibility, as outlined in the "Toyota Environmental Challenge 2050" (see *Figure 14*). This era represents a pivotal phase in TMT's journey, marked by an intensified focus on achieving ambitious environmental goals. The Toyota Environmental Challenge 2050 provides a strategic framework centered around six key challenges, including reducing CO<sub>2</sub> emissions across the vehicle lifecycle, minimizing water usage, achieving zero waste to landfill, and promoting biodiversity. These challenges aim to achieve "zero" environmental impact while contributing positively to sustainable development, showcasing Toyota's long-term dedication to a greener, more sustainable future.

TOYOTA ENVIRONMENTAL CHALLENGE Minimizing and New Vehicle Zero CO **Optimizing Water Usage Emissions Challenge** Minimize water usage and implement Reduce global average CO2 emissions water discharge management based on during operation from new vehicles individual local conditions by 90% from Toyota's 2010 global level 04 Establishing a Recycling-based SAULISON JAN Environmental Life Cycle Zero Society and Systems Challenge CO2 Emissions Challenge Promote global deployment of End-Completely eliminate all CO2 of-life vehicle treatment and emissions from the recycling technologies and systems entire vehicle life cycle developed in Japan 02 **Establishing a Future Society** Plant Zero CO2 **Emissions Challenge** in harmony with nature Connect nature conservation activities beyond Achieve zero CO2 emissions at the Toyota Group and its business partners all plants worldwide by 2050 among communities, with the world, 03 06 to the future

Figure 14: Toyota Environmental Challenge 2050

Source: Toyota Motor Corporation Environmental Report 2018<sup>9</sup>

TMT is actively addressing the six challenges outlined in the Toyota Environmental Challenge 2050 through targeted initiatives that not only enhance its operations but also benefit Thai society as a whole (see *Figure 15*). These efforts align TMT's operations with Toyota's global sustainability goals while addressing Thailand's unique environmental priorities.

Beyond the Ban Pho Plant's solar farm and rooftop installations, TMT

is expanding solar rooftops at other

facilities and forming partnerships (e.g., power purchase agreements) to

secure cleaner energy sources

OTHER SELECTED CSR INITIATIVES Minimizing and Optimizing Water Usage New Vehicle Zero CO<sub>2</sub> Emissions Challenge After TMT began its electrification journey with the launch of the Camry Hybrid in 2009 2009 Camry and has since introduced various hybrid Hybrid and battery electric vehicles (BEVs) Among upcoming developments is a fully 2019 Altis electric version of the popular Hilux TMT reduces process water consumption for the cooling tower by Hybrid pickup truck, currently undergoing utilizing rainwater collected via pipes connected to the factory performance testing, with mass production 2022 b74X roof's drainage system, storing it in a Cooling Water Tank for in Thailand planned for late 2025 BEVreplenishment during the rainy season Establishing a Recycling-based Society 02 Life Cycle Zero CO<sub>2</sub> Emissions Challenge and Systems To enhance the efficiency and After Before Reduction of heat loss in the furnace reliability of its solar farm at the Ban achieved by installing fiberglass Pho Plant, TMT plans to implement a fabric insulation at Siam Furukawa Battery Energy Storage System Co., Ltd. (parts supplier) (BESS), partially utilizing used batteries to store excess energy and ensure a stable power supply as part Reduction of electrical consumption of its sustainable energy strategy and energy saving by changing fluorescent lamp to LED at Establishing a Future Society in harmony Bridgestone NCR Co., Ltd. (parts with nature supplier) 03 Plant Zero CO2 Emissions Challenge Since 2018, the economy-wide "Toyota Greentown" project has shared environmental knowledge through initiatives

Figure 15: Initiatives Addressing the Toyota Environmental Challenge 2050

Source: TMT Environmental Report 2022<sup>10</sup>

Ayutthaya

such as establishing Toyota Greentown Ayutthaya, the first environmental learning

center outside the factory, to apply and

develop Toyota's environmental management concepts for improving

community quality of life

While carbon neutrality across the lifecycle is designated as the Next Era, TMT has already initiated efforts to make meaningful progress (see *Figure 16*). By taking this proactive approach, TMT is aligning itself with Thailand's strategic plan for carbon neutrality by 2050, leveraging innovative solutions to reinforce its role in shaping a carbon-neutral future, demonstrating its commitment to sustainability and environmental responsibility.

EFFORTS IN ACHIEVING CABRON NEUTRALITY ACROSS THE LIFECYCLE Vehicle Manufacturing Logistics Involves achieving carbon-neutral **Equipment** Includes enhancing efficiency through Other factories through innovative CO2 Manufacturers route optimization and truck sharing **Companies** reduction measures, such as utilizing Energy with other automakers and Industries renewable energy sources like solar farms Companies Logistics Companies Renewable Energy Renewable Energy Parts Manufacturers Energy Material and Parts Driving Well-to-Wheel **Companies** Materials Manufacturing Includes powertrain development Manuinnovations (e.g., HEV1, PHEV2, Includes establishing corporate Dealers and facturers BEV3, and FCEV4) and the social responsibility guidelines Distributors development of T-Connect telematics for Toyota parts manufacturers Recycling Companies Recycling Includes the adoption of environmentally friendly practices for managing end-of-life vehicles and implementing the 3R principles (Reduce, Reuse, Recycle) for vehicle batteries Notes: 1) HEV: Hybrid Electric Vehicle, 2) PHEV: Plug-in Hybrid Electric Vehicle, 3) BEV: Battery Electric Vehicle, and 4) FCEV: Fuel Cell Electric Vehicle

Figure 16: Efforts in Achieving Carbon Neutrality Across the Lifecycle

### **Community and Stakeholder Engagement**

TMT's commitment to community and stakeholder engagement is deeply embedded in its CSR pillars of People and Prosperity, which guide its efforts to contribute to the betterment of society and the environment. Through these pillars, TMT actively promotes initiatives that support education, sustainability, and economic development, demonstrating its dedication to creating a positive impact in the communities it serves.

- TMT has received widespread recognition for its CSR efforts, ranking first in CSR awareness surveys, particularly in Thailand's Northeast region, with over 50% awareness. This reflects the strong societal impact of TMT's community-focused initiatives.
  - (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

Focusing on the People pillar, TMT has implemented a variety of initiatives aimed at enhancing environmental awareness and quality of life while reinforcing its commitment to community and stakeholder engagement. A prime example is the Toyota Green Town Ayutthaya (see *Figure 17*), established in 2018 as the first environmental learning center outside TMT's factories. Developed in collaboration with the Thai government and the Thailand Environment Institute (TEI), this center integrates Toyota's environmental management practices while empowering local communities to adopt sustainable practices, showcasing how targeted efforts can enhance quality of life.

TOYOTA GREEN TOWN AYUTTHAYA **Key Environmental Learning Aspects** Increase green space (Eco Forest): Increasing green space by planting sustainable ecological forests to increase oxygen and absorb carbon dioxide gas, following the practices of Prof. Dr. Akira Miyawaki Water Conservation: Promoting efficient water use through tree-shaped water tanks that collect rainwater and feature porous bottoms for storing water to irrigate plants and support garden activities Sustainable Travel: Promoting sustainable transport through innovations like the HAMO compact EV car-sharing network powered by solar energy, Hybrid Synergy Drive technology for fuel-efficient and eco-friendly vehicles, and bicycle parking to encourage pollution-free short-distance travel Use of Renewable Energy: Promoting renewable energy a 450-square-meter area generates 100 kilowatts of electricity, reducing carbon emissions by over 150 tons annually and decreasing electricity costs for 26 households Waste Management: Promoting comprehensive waste management through reduction, separation, recycling, and reuse, while minimizing toxic waste and encouraging eco-friendly materials Other Facilities Toyota Green Town Exhibition Building Wat Khamin (Ancient Site) **Environmentally Friendly Toilet Buddha Statue Pavilion** Toyota Green Town Office Building Takraw Field Pedestrian Walkway / Running Track hai Pavilion in Ayutthaya style ctivity Zone

Figure 17: Toyota Green Town Ayutthaya

Source: TMT Website<sup>11</sup>

Building on this foundation, TMT has expanded similar initiatives to 10 provinces across Thailand, with a goal of reaching 60 provinces (see *Figure 18*). The expansion is guided by a set of strategic site selection criteria to ensure maximum impact and alignment with TMT's sustainability goals:

- **High Units in Operation (UIO) City Areas:** Focusing on urban regions with a high number of vehicles currently in use, making them ideal for raising awareness and amplifying corporate communication about sustainable practices.
- Tourism Potential in Less Visited Areas: Prioritizing regions with untapped tourism opportunities to stimulate local engagement and promote sustainable development, while aligning with the Thailand Board of Investment (BOI) criteria to drive economic growth in underrepresented areas.
- **Environmental Communities:** Targeting communities with strong environmental engagement to showcase best practices in sustainability and inspire wider adoption of ecofriendly initiatives.

TOYOTA GREEN TOWN CURRENT AND FUTURE DEVELOPMENT **Key Features Current Location** Clean Air Chiang Mai Chiang Rai No Burning Bicycle use **Udon Thani** Lamphun Phitsanulok Green Village Green area 1 Rai1 Ayutthaya Water tank 50 m<sup>3</sup> Ruriram Bangkøk Ratchaburi 🛛 Zero Waste Rayong Waste Recycle Green Package Zero Landfill Satun The Toyota Green Town Ayutthaya serves as a model for expansion into 10 other provinces, with TMT aiming to extend this initiative to 60 provinces across Thailand Notes: 1) Rai: A traditional Thai land measurement unit equivalent to 1,600 square meters or approximately 0.4 acres

Figure 18: Toyota Green Town Development

TMT's sustainability initiatives demonstrate a systematic approach to environmental responsibility, focusing on strategic site selection and stakeholder collaboration to support Thailand's sustainable development objectives.

The Toyota Green Town Ayutthaya project, established as the first environmental learning center outside TMT's factories, showcases TMT's collaboration with local communities to promote sustainability and environmental stewardship.

- (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department) Moreover, TMT exemplifies its commitment to the People pillar through the Toyota White Road safety campaigns (see *Figure 19*). Launched in 1988, this initiative focuses on three key

factors: human, vehicle, and road, with the objective of reducing accidents, fostering a culture of traffic safety, and promoting greater awareness across communities. A key highlight of the campaign is the establishment of White Road Theme Parks, where children engage in interactive and enjoyable traffic safety education, cultivating responsible behaviors from a young age. This initiative reflects TMT's dedication to community well-being and stakeholder engagement by collaborating with schools, parents, and local organizations to create safer roads and a more informed society.

Figure 19: Initiatives Under the Toyota White Road Safety Campaign



Source: Materials shared by TMT during field study

Delving into the Prosperity pillar, TMT has developed a strategy aimed at effectively engaging with local businesses and communities to ensure its initiatives resonate with a wide audience. This strategy, centered around the concept of "Co-Create," emphasizes sharing Toyota's success factors to promote a sustainable economy (see *Figure 20*). Specifically targeted at small and medium-sized enterprises (SMEs), this approach focuses on building partnerships, fostering trust, and empowering businesses to thrive in a competitive environment.

Figure 20: Approach to Local Business Engagement



This initiative is closely aligned with Thailand's 13<sup>th</sup> National Economic and Social Development Plan (NESDC 2023–2027), which emphasizes enhancing the competitiveness of SMEs, fostering inclusive economic growth, and promoting regional and community development. By helping SMEs grow and thrive, TMT's strategy contributes directly to these goals, supporting Thailand's broader ambition of building a sustainable and equitable economy. Through this alignment, TMT ensures that its initiatives not only benefit individual businesses, but also drive the economy's socio-economic progress.

As seen in *Figure 20*, a key part of this strategy is the Toyota Social Innovation (TSI) initiative, which seeks to modernize entrepreneurs and empower community businesses to foster sustainable development within Thai society (see *Figure 21*). Designed to support local communities, TSI places a strong emphasis on strengthening SMEs as vital contributors to Thailand's economy. By addressing their needs and challenges, TSI helps these businesses

enhance their competitiveness, build resilience, and adapt to changing market dynamics, ultimately contributing to the economic sustainability and growth of local communities. Currently, there are 41 TSI sites, representing the businesses being supported under this initiative, which act as both beneficiaries and active participants in implementing Toyota's methodologies (see *Figure 22*).

TOYOTA SOCIAL INNOVATION (TSI) **Initiative Details Key Activity in FY24** Collaboration with Department Of Industrial Promotion ໂຕໂຍຕ້າ ธุรทิจ<mark>หุมหนพ</mark>ัฒน์ (DIPROM) Est. 2013 ธรกิจหมหนพัฒน์ Knowledge Transfer TMT & Dealers TPS Customer 1st 01 **Support in Improving Local Business** Kaizen Simple Automation Toyota Way Karakuri TSI Site Development Screening and Selecting Addressing Key 9 9 **New Community** Challenges Enterprises (CEs) Other Collaboration Activity 02 (I) WORDON TOYOTA FY24 FY14 There are currently 41 TSI sites, including 6 Yokoten Centers TMT secured Board of Investment (BOI) privileges for On January 30, 2024, TSI On July 18, 2024, TSI and three sites under the TSI program to support local celebrated its 10th DIPROM hosted a contest businesses and community development anniversary by signing an where over 40 community Additionally, TSI enhances the quality and MOU with DIPROM to enterprises presented plans competitiveness of OTOP (One Tambon One Product) advance Thai community inspired by Toyota's items (i.e., locally made products such as handicrafts and businesses through improvement methods, traditional goods), a Thai initiative promoting locally knowledge transfer, including waste reduction and made products to drive regional economic growth and sustainable practices, and systematic problem-solving preserve cultural heritage enhanced support

Figure 21: Toyota Social Innovation (TSI)

Source: Materials shared by TMT during field study

100%

TSI SUCCESS STORY - LANLALIN BIOTECH **Engagement Description** Lanlalin Biotech Co., Ltd., based in Saraburi, specializes in producing and distributing mushroom spawns and cultivation equipment under the management of Mr. Apisak Saelee. In 2019, the company joined the Toyota Community Business Development Project (TSI), where it gained valuable knowledge to improve its operations, making its processes more systematic By 2022, Lanlalin Biotech was elevated to become the sixth Toyota Community Business Learning Center (Yokoten Center), equipped to share its knowledge and experiences with interested entrepreneurs and stakeholders, further contributing to community and business development. TSI Impact 2 Addressing Production Optimizing Inventory Minimizing Waste with Bottlenecks Management Simple Adjustments By implementing slide rails Switching to monthly demand-Adding holes to bottle caps instead of manual lifting, the based raw material orders reduced moisture buildup, production process became more reduced overstock, lowering lowering waste by 67% and Mr. Apisak Saelee, Managing Director of efficient and continuous sunk costs from thousands to saving ~USD 300 per month Lanlalin Biotech Co., Ltd. tens of thousands of USD Deep-dive: Implementing the Karakuri method to resolve production bottlenecks Karakuri System **Implementation** After **Before** 5,000 7 000 Production bottles/day bottles/day 100-160 Moving Reduce by 90 minutes Time minutes The Karakuri method is a traditional Japanese approach emphasizing simple, mechanical TSI helped to develop a Reduce solutions to improve efficiency without relying slide rail system to Lift a tray lifting by on external energy sources, such as electricity Lifting a tray automate material transfer of 13.3Kg almost or motors

Figure 22: TSI Success Story - Lanlalin Biotech

Source: TMT TSI Article on Lanlalin Biotech<sup>12</sup>

A central element of TSI is the Yokoten Center, which acts as a hub for knowledge-sharing and collaboration (see Figure 23). The Yokoten Center plays a pivotal role in facilitating the transfer of Toyota's expertise to local businesses and communities. It offers workshops, training programs, and access to educational resources that enable SMEs and other stakeholders to learn from Toyota's best practices and innovations. This hands-on approach equips participants with the tools needed to implement sustainable and efficient practices in their operations.

using gravity

"

YOKOTEN CENTER Yokoten Center Location<sup>1</sup> **Details & Functions** The Yokoten Center is an advanced hub within the TSI 2022 2018 program that acts as a key center for knowledge transfer, Tatawan: Saithip's Cracker: training, and collaboration Producing rice Producing teak furniture, located crackers, located in Chiangrai in Khonkaen **Key Functions** 2022 2016 Knowledge Transfer Workshops and Training Hart Otop: Lanlalin Biotech: Producing polo Producing Sharing Toyota's best Conducting hands-on shirts, located in mushroom spawn, practices, including TPS, sessions to help Kanchanaburi located in Kaizen principles, and community entrepreneurs Saraburi Karakuri, to enhance local and SMEs improve aspects business operations such as operational efficiency, waste 2022 2022 management, and 42 Natural Boriboon Craft: profitability Rubber: Producing Producing pillow bamboo crafts, rubber, located in located in Songkhla Chonburi

Figure 23: Yokoten Center

Source: Materials shared by TMT during field study

We utilize the Yokoten Centers as extensions of the Toyota Center, welcoming local businesses and offering them opportunities to learn the Toyota principles at these facilities.

- (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

Moreover, to further develop SMEs, TMT collaborates with the Thai Chamber of Commerce on initiatives such as the Big Brother 50 and Business Accelerator programs. The Big Brother 50 initiative, launched in 2016, is a partnership involving TMT and 23 major companies aimed at enhancing SME competitiveness across Thailand. As a mentor, TMT shares its expertise in areas such as production management and quality control to help SMEs improve efficiency and adopt modern business practices. Similarly, TMT participated in Season 4 of the Business Accelerator program, a collaboration with 12 leading companies focused on equipping SMEs for the demands of modern trade, where TMT served as a committee member in the final pitching process. Together, these programs highlight TMT's commitment to fostering innovation, strengthening local businesses, and supporting sustainable economic growth.

TMT's initiatives under the People and Prosperity pillars demonstrate its strong commitment to community and stakeholder engagement, fostering sustainability, well-being, and economic growth. Programs such as Green Town, White Road, the Toyota Social Innovation initiative, and collaborations with the Thai Chamber of Commerce empower communities, strengthen partnerships, and drive sustainable development, all while aligning with Thailand's goals.

,,

#### Company Reputation / Stakeholder Satisfaction

TMT has established itself as a leader in corporate reputation and stakeholder satisfaction through its commitment to transparency, continuous improvement, and meaningful engagement. This strong standing is reflected in the annual Corporate Image Evaluation (CIE) survey, conducted in collaboration with NielsenIQ since 2012, which serves as a comprehensive measure of TMT's performance. The survey gathers insights from 1,500 respondents across various regions of Thailand, including Greater Bangkok, Central, North, Northeast, and South, ensuring a diverse and representative sample.

To ensure its communications and activities remain effective, TMT collaborates with NielsenIQ on the Corporate Image Evaluation (CIE) survey, monitoring key KPIs such as the Corporate Brand Equity Index and the CSR Index.

– (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

The survey evaluates two key areas: the Corporate Brand Equity Index, which assesses brand awareness and trust, and the CSR Index, which measures public perception of TMT's social responsibility initiatives. Together, these insights enable TMT to align its efforts with stakeholder expectations while continuously enhancing its reputation and engagement across all fronts. This ongoing initiative highlights TMT's dedication to staying attuned to stakeholder needs and maintaining its position as a trusted and socially responsible company.

Firstly, the Corporate Brand Equity Index focuses on key indicators such as total brand awareness, spontaneous recall, and top-of-mind recognition. In 2023, the Toyota brand achieved the highest scores across all these metrics, consistent with its performance in 2022, ranking as the best even among other leading brands in Thailand (see *Figure 24*). This reflects TMT's ability to effectively communicate the Toyota brand's value proposition and maintain a strong presence in the minds of stakeholders. The survey results highlight that TMT's reputation is built on its consistent delivery of high-quality products and services, as well as its long-standing trustworthiness among Thai consumers.

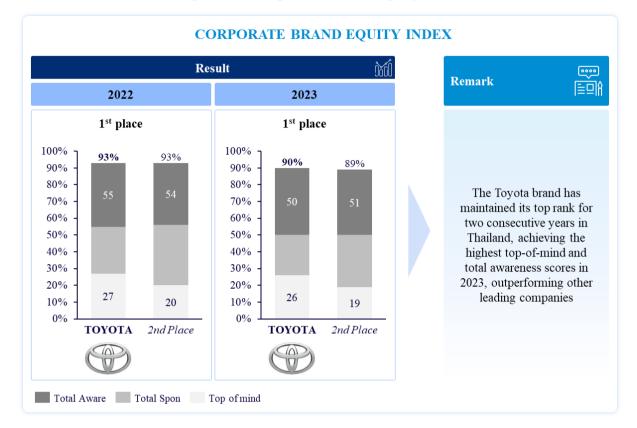


Figure 24: Corporate Brand Equity Index

The CSR Index, another critical component of the CIE survey, measures public perception and awareness of a company's corporate social responsibility efforts. In this area, TMT has emerged as an industry leader, improving from second place in the previous year to achieving the highest level of CSR awareness in 2023 (see *Figure 25*). This recognition is driven by impactful initiatives, including road safety campaigns that promote traffic safety education and environmental initiatives such as the Toyota Green Town, which address sustainability at the community level. Among these efforts, the road safety campaigns are the most well-received, showcasing TMT's strong alignment with public priorities.

**CSR INDEX** Result Awareness on **CSR** Activities 2022 2023 Awareness 2<sup>nd</sup> place 1st place level 100% 100% Road Safety 78% 90% 90% 80% 80% Environment 73% 25% 71% 68% 70% 70% 66% 60% 60% Education 23% 50% 50% 40% 40% Sport 10% 30% 30% 20% 20% 23 24 10% 23 10% Community 5% 16 0% 0% 1st Place TOYOTA TOYOTA 2nd Place Philanthropy 3% Road safety initiatives are the most well-received campaign Total Aware Total Spon Top of mind

Figure 25: CSR Index

TMT's strong corporate reputation and stakeholder satisfaction are a testament to its dedication to understanding and addressing public expectations through transparent, impactful, and data-driven initiatives. The consistent top rankings in both the Corporate Brand Equity Index and the CSR Index highlight TMT's ability to effectively represent the Toyota brand, foster trust among stakeholders, and lead with purpose in corporate social responsibility. By leveraging insights from the annual CIE survey and continuously refining its strategies, TMT ensures that its efforts remain relevant and impactful. This commitment not only reinforces TMT's position as a trusted and socially responsible company, but also underscores its role in driving sustainable progress and meaningful engagement across Thailand.

#### **Conflict Resolution Mechanisms**

TMT places proactiveness and transparency at the core of its conflict resolution mechanisms, enabling the company to address potential issues effectively before they escalate. This approach fosters trust and collaboration among stakeholders, including regulatory authorities, local communities, employees, and industry partners, ensuring harmonious and productive relationships across all levels.

,,

A key demonstration of TMT's proactive approach lies in its responsiveness to regulatory changes. Following Thailand's COP26 commitment to achieve net-zero emissions by 2050, TMT swiftly aligned its strategies with economy-wide goals for electrification and sustainability. In addition to its initiatives under the Planet pillar of the CSR framework, TMT, along with other major Japanese automakers, announced a USD 4.3 billion investment over the next five years to accelerate the transition to electric vehicles (EVs). This investment focuses on expanding EV production capacity, including electric pickup trucks, in alignment with the Thai government's policy to convert a third of the economy's vehicle production to EVs by 2030. By participating in this initiative, TMT reinforces its position as a leader in sustainable innovation and demonstrates its role as a key partner in advancing Thailand's environmental and industrial transformation.

Proactiveness also defines TMT's engagement with local communities. For instance, during flooding incidents near one of TMT's plants, even though the factory was not directly responsible, TMT stepped in to assist. The company actively participated in creating sandbags to help fight the flood, provided resources to mitigate the impact, and worked closely with local governments and community leaders to coordinate relief efforts. This three-way collaboration between TMT, local authorities, and the community exemplifies the company's commitment to resolving issues proactively and ensuring the well-being of its neighbors.

Transparency is equally integral to TMT's operations, particularly in its relationship with employees. The company fosters a culture of mutual trust and respect through open dialogue with its workforce, facilitated by the Toyota Thailand Workers' Union. Regular discussions and negotiations ensure alignment between management and employees, creating a collaborative work environment. This strong relationship has earned TMT recognition as an outstanding establishment in labor relations and welfare for 20 consecutive years in 2022<sup>13</sup>.

Each year, we engage in negotiations with our labor union, which typically presents demands focused on monetary matters and employee well-being... Before these demands are finalized, we work closely with the union, sharing essential information such as revenue figures and future plans. The union then holds internal hearings among its members to refine and shape their proposals.

– (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

Through its focus on proactive engagement and transparent communication, TMT has established itself as a trusted and responsible corporate citizen. By anticipating challenges, maintaining open dialogues, and fostering collaboration among stakeholders, TMT not only mitigates potential conflicts, but also reinforces its leadership in sustainability, community development, and employee relations, solidifying its role as a model for responsible business practices in Thailand.

### 2.1.3 Human Resource Development

### **Local Job Creation**

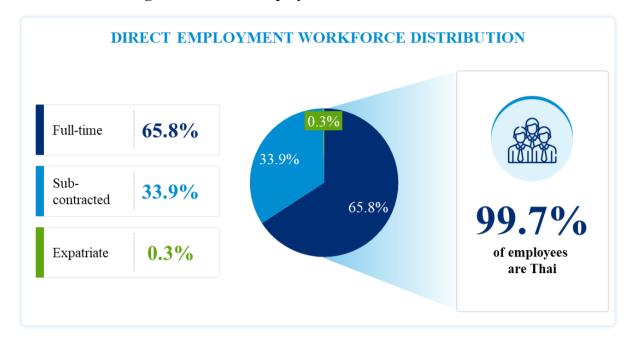
Since its establishment in 1962, TMT has significantly contributed to job creation and economic growth in Thailand's automotive sector (see *Figure 26*). As of 2024, TMT's operations have significantly contributed to the automotive industry's employment landscape, supporting a total of 5.6 million jobs across the broader sector. Within TMT's own ecosystem, indirect employment reaches approximately 275,000 jobs, reflecting its extensive impact across supply chains and related industries.

JOB CREATION IMPACT Jobs created in the broader economy 5.6mn as a result of the economic ripple effects from TMT's direct and Induced indirect operations 275,000 Jobs created in industries that directly **Indirect** support TMT's operations, such as suppliers and logistics providers 11,700 Jobs within TMT, including factory Direct workers, administrative staff, and management

**Figure 26: Job Creation Impact** 

In the case of indirect employment, this includes key players along the supply chain, such as local suppliers, whose growth has been closely linked to TMT's increasing localization efforts. By raising localization levels from around 20% in the 1970s to over 95% by 2022, TMT has created significant demand for domestically produced parts and components. This mutually reinforcing relationship has strengthened the supplier network, boosted employment opportunities, and solidified Thailand's position as a leading automotive hub.

Zooming into direct employment, TMT's journey highlights impressive growth and local impact. Starting with just 300 employees, TMT has grown into one of Thailand's largest employers, with a current workforce of approximately 11,700. Of this, 99.7% are Thai citizens (see *Figure 27*), demonstrating TMT's steadfast commitment to providing stable and meaningful employment opportunities that directly benefit local communities and strengthen Thailand's economy.



**Figure 27: Direct Employment Workforce Distribution** 

TMT's contributions to job creation extend beyond mere numbers, reflecting a deeper commitment to fostering sustainable economic growth and local empowerment. By driving localization, supporting supply chain development, and creating stable employment opportunities, TMT has not only bolstered Thailand's automotive industry but also played a pivotal role in enhancing the livelihoods of thousands of Thai individuals and families. This enduring impact underscores TMT's role as a cornerstone of Thailand's economy and a key driver of the economy's position as a leading automotive hub in ASEAN.

## **Local Workforce Training & Skills Development**

TMT's approach to workforce training and skills development is deeply rooted in the Toyota Way in Human Resource Management, which emphasizes the principle of "Respect for People" (see *Figure 28*). As articulated by Mr. Eiji Toyoda, this philosophy underscores that people are the most valuable asset, shaping the rise or fall of the organization. Guided by this principle, TMT is committed to providing opportunities for employees to contribute meaningfully and achieve self-realization while maximizing their performance in their respective roles. This philosophy forms the cornerstone of TMT's efforts to empower its workforce and ensure sustainable organizational growth.

TOYOTA WAY IN HUMAN RESOURCE MANAGEMENT Iconic Saying Toyota Way in HRM: Respect for People Provide opportunities to contribute and achieve "People are the most important asset of Toyota self-realization and the dominant of the RISE and FALL Maximize the performance of each employee in of Toyota" their respective workplace. Mr. Eiji Toyoda, ex-President of Toyota Motor **Corporation (1976-1982)** TMT'S Human Resource System for Supporting the Principle "Mutual Trust & Respect" Creating a workplace Fully committed and Promoting Teamwork Creating a mechanism environment where aimed at the pursuit of for promoting constant thorough Human employees can work and voluntary initiative resources development. individual roles and with their Trust in the in Continuous optimization of the company improvement. entire team.

Figure 28: Toyota Way in Human Resource Management

To translate this philosophy into actionable practices, TMT has established an HR system built on Mutual Trust and Respect, creating a framework that guides its approach to workforce management and development. This system fosters a supportive environment through four key initiatives (see *Figure 28*), ensuring that employees are empowered and valued at every stage. The Toyota Employee Life Cycle seamlessly integrates this HR system, demonstrating how these principles are applied across the various phases of an employee's journey (see *Figure 29*).

Retirement Stage

Employee Engagement
Stage

Career Development
Stage

Figure 29: Toyota Employee Life Cycle

Zooming into the Beginning Stage of the Toyota Employee Life Cycle (see *Figure 29*), TMT's Retention Program (see *Figure 30*) exemplifies how the HR system fosters trust and mutual respect from the outset. This program is designed to seamlessly integrate newcomers into the organization by focusing on three key areas: building strong connections with HR, fostering mentor-mentee relationships, and encouraging peer collaboration among new employees. Together, these initiatives ensure that employees feel supported, valued, and aligned with TMT's culture and goals, setting the stage for long-term engagement and professional growth.

**Figure 30: Retention Program** 

### **BEGINNING STAGE – RETENTION PROGRAM**

### Newcomer + HR



#### Orientation

Provide all newcomers with an understanding of the company and its business operations



# HR & ME Happy Together

Provide opportunities to communicate and consult on human resource issues

### **Newcomer + Mentor**



### Mentor-Mentee Activity

Strengthen the relationship between mentors and mentees by fostering meaningful connections and collaboration



#### Mentor Training

Provide mentors with a clear understanding of their roles and responsibilities to effectively guide and support mentees



# Mentor Thank you Activity

Recognize and reward mentors for their contributions and dedication to nurturing the growth of their mentees

### Newcomer + Newcomer



## Unity of Happiness

Facilitate reunions among newcomers to build stronger relationships and collaboration across different functions within the same generation



#### Newcomer Line

Serve as a dedicated communication platform for newcomers to exchange information and stay connected seamlessly

Source: Materials shared by TMT during field study

Additionally, TMT's Training Stage (see *Figure 29*) builds on the foundation established during the Beginning Stage by enhancing the skills, knowledge, and potential of employees to prepare them for challenging goals. This stage follows the Toyota Development Concept, which focuses on three progressive steps: improving work processes, practicing skill development, and fostering a learning organization for future growth (see *Figure 31*).

DEVELOPMENT CONCEPT To enhance employees' skills, knowledge, and potential, preparing them to drive the organization toward ambitious goals 03 02 Future 01 Practice Improve Develop work skill Elevate business perspectives Improve way of work and skills to support future Enhance comprehensive business opportunities knowledge through development · Foster effective in various fields communication through wellstructured meetings Create logical, easy-tounderstand report

**Figure 31: Development Concept** 

Through a balanced approach comprising 70% on-the-job experiences, 20% mentoring and coaching, and 10% classroom training, TMT ensures comprehensive employee development (see *Figure 32*). By integrating global, local, and functional content, along with high-performance coaching and hands-on learning, TMT equips its workforce with the tools to thrive while reinforcing the company's commitment to sustainable growth and innovation.

DEVELOPMENT APPROACH Mentoring & Coaching **On-the-Job Experience Classroom Training** (20%) (70%)High Performance Coaching On-the-Job Training (OJT) Global Content for Manager Level On-the-Job-Development Communication & Feedback Local Content Job Assignment Rotation/ICT Experience Sharing Functional Content Learning by doing Learning from experience & "Establishing foundational practice sharing knowledge and assessing competency levels"

Figure 32: Development Approach

Source: Materials shared by TMT during field study

"

Complementing this training approach, TMT has established a Career Development Structure that identifies and addresses specific areas for improvement across different roles and levels. This structured program combines Toyota's principles with targeted competency-based and functional training to develop well-rounded employees. By focusing on critical areas such as leadership, problem-solving, and functional expertise, the framework ensures employees are equipped to meet organizational needs while fostering personal growth. Together, the Training Stage and Career Development Structure create a cohesive pathway for employees to progress within TMT, further strengthening the company's commitment to long-term workforce development and business excellence.

Expanding its commitment beyond its own workforce, TMT further demonstrates its dedication to workforce training and skills development through the Asia Pacific Global Production (Training) Center (AP-GPC), located at the Ban Pho Plant in Thailand. The AP-GPC serves as a regional hub for skill development and production training, supporting Toyota affiliates across eight economies (see *Figure 33*). Established to address regional production challenges, the center delivers specialized training programs designed to build foundational skills, enhance safety and quality awareness, and develop problem-solving capabilities for addressing abnormalities in production processes. By acting as a regional hub, the AP-GPC reflects TMT's leadership role in workforce and production development across the Asia Pacific region, further solidifying its position as a driver of excellence within Toyota's global network.

The Asia Pacific Global Production Center (AP-GPC) serves as a skill training hub, preparing employees and suppliers for production roles while enhancing workforce capabilities across the region.

- (Mr. Krit Nilsang, Project General Manager of AP-GPC)

"

Figure 33: AP-GPC





AP-GPC is one of only four such facilities in Toyota's global network. Initially established in 2005 at the Samrong Plant, the center was relocated in 2013 to its current location at the Ban Pho Plant in Thailand, covering an area of approximately 9,000 square meters. This state-of-the-art facility serves as a regional hub for skill development, supporting Toyota affiliates across eight economies and ten associated manufacturing companies (AMCs).

Source: Materials shared by TMT during field study

Additionally, TMT demonstrates its commitment to developing the external workforce beyond the Toyota Group by fostering partnerships with 36 local universities, including Chulalongkorn University, Thammasat University, and the Thai-Nichi Institute of Technology. These collaborations include providing equipment, know-how, and internship opportunities to students, as well as financial support through scholarships. Highlighting TMT's long-standing partnership with the Thai-Nichi Institute of Technology, which began with the university's establishment in 2007, a key initiative is the annual donation of five scholarships to deserving students, underscoring TMT's commitment to education and skill development.

TMT has supported us since the establishment of our university and has played a vital role in our development... Whenever we seek assistance, TMT is always willing to support and open to discussions on collaborations, having never rejected any of our proposals to date.

- (Mr. Mahunnop Fakkao, Head of Automotive Engineering at Thai-Nichi Institute of Technology)

## **Career Progression**

Zooming in on the Career Development Stage of the Toyota Employee Life Cycle (see *Figure 29*), TMT employs a clear and structured framework to align employees' growth with the organization's needs. This framework is represented by a pyramid model, which outlines the skills and competencies required at various organizational levels, offering a roadmap for employees to advance their careers (see *Figure 34*).

CAREER DEVELOPMENT ROADMAP **Development Development Support** Top Executive (VP and above) Global Individual Perspective Development Plan Middle **Best Practice** Management Managerial Forum Competency ➤ TBP<sup>1</sup> (Challenge and > OCC<sup>2</sup> ➢ SOC³ Common Coaching **Functional Operation** Competency Idea Competency (Functional Suggestion Competency (Global and development **Skill Contest** Local programs) programs) **Subcontract** (D) Fundamental Skill Notes: 1) TBP: Toyota Business Practice, 2) QCC: Quality Control Circle, and 3) SQC: Statical Quality Control

Figure 34: Career Development Roadmap

Source: Materials shared by TMT during field study

To enable employees to progress within the pyramid framework, TMT has established a robust Employee Career Development System (see *Figure 35*). This system acts as the engine that drives progression within the pyramid, integrating key processes such as appraisal and local career development planning (LCD) to provide structured opportunities for growth. The LCD framework emphasizes rotation, promotion, and human resource development (HRD), ensuring employees gain diverse experiences and build the skills required to advance. Additionally, succession planning plays a critical role in preparing employees for leadership roles, ensuring a steady talent pipeline while supporting their long-term aspirations.

CAREER DEVELOPMENT SYSTEM Local Career Development plan [LCD] A framework that supports employee growth through structured rotation, promotion opportunities, and targeted HR development initiatives Rotation Promotion Appraisal A process to evaluate employee performance and contributions. forming the basis for career planning and job assignments Internal Communication Working Regulation Recruitment Retirement Job Assignment **Succession Plan** A strategy to identify and develop talent for future leadership and critical roles, ensuring organizational continuity and sustainability

Figure 35: Career Development System

Together, the pyramid model and the Career Development System form a cohesive pathway, with the pyramid defining the competencies needed at each level and the Career Development System providing the mechanisms to achieve them. TMT reinforces this synergy through development tools such as individual development plans, best practice forums, and skill contests, fostering a culture of continuous learning and improvement. This interconnected framework empowers employees to thrive in their roles and supports TMT's long-term success by cultivating a skilled, future-ready workforce.

TMT integrates training with mechanisms such as rotation, promotion, succession planning, and appraisal, ensuring employees are holistically developed to meet evolving organizational needs.

– (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

Additionally, career progression at TMT is complemented by robust support for employee well-being, as reflected in the Employee Engagement Stage of the Toyota Employee Life Cycle (see *Figure 29*). TMT enhances employee engagement through a comprehensive approach that addresses three key dimensions: Happy Physical, Happy Mental, and Happy Money.

• **Happy Physical** focuses on initiatives that promote employees' physical health and wellbeing, ensuring they are fit and energized to perform at their best (see *Figure 36*).

"

- **Happy Mental** emphasizes fostering a positive and supportive work environment, enabling employees to feel valued, motivated, and emotionally resilient (see *Figure 37*).
- **Happy Money** reflects TMT's commitment to financial well-being, ensuring fair compensation and financial stability that align with employees' contributions (see *Figure 38*)

Figure 36: Happy Physical



Figure 37: Happy Mental



EMPLOYEE ENGAGEMENT INITIATIVE - HAPPY MONEY Happy Money Provide Financial Knowledge **Motivate Relations Activity Provident Fund** Standard Intensive Employee's Choice Money & Individual Consultation Debt Knowledge Employees can select a single investment plan and allocate with an expert the proportion of their investment independently, with the Content option to change their plan up to twice a month throughout the year Why do we do Disclosure of Target: All employee financial planning? financial problem Saving Co Freedom Goal Stock Saving Account from debt setting Employee can register Open Account to Saving Co. To invest saving Smart spending, Change of in saving co.'s stock with company bad behavior more saving 🖄 Benefit : Share capital: Dividend 3.5-4.0%/ Interest 2% / Year Year Retirement Expense and **८ Member** : saving record planning ~USD 40 million ~USD 8 million 7,146 employees 6,000 employees Target Target \*withdraw by resign \*withdraw as regular Operations team Operations team from saving co then get saving account back to register with debt problem after 1 year

Figure 38: Happy Money

We are proactively working to support our employees' well-being... For instance, our financial education program was introduced after our HR team identified a growing issue of employee debt, which was impacting their quality of life.

- (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

To complement the Career Development and Employee Engagement Stages, TMT's approach to the Retirement Stage of the Toyota Employee Life Cycle ensures employees are supported as they transition into retirement while continuing to leverage their experience and expertise. This stage includes a structured pathway that comprises Early Retirement, Pre-Retirement, and Toyota Alumni, each designed to meet the diverse needs of retiring employees and their post-retirement engagement (see *Figure 39*).

77

RETIREMENT STAGE **Early Retirement** The program is designed to provide an option for employees who wish to retire **Objective** before the standard retirement age due to personal reasons or necessity Criteria Benefit and Privilege Age Requirement: Employees must be between 45 and 57 years old Provident Worker's Compensatio11 02 Successor Availability: There should be a successor ready to take over Fund (legal Compensation) the employee's responsibilities Effective Decentralized Work: Employee's role & responsibilities must be effectively redistributed within the team or organization Special Payment 03 Replaceable Role: Employee's position should be replaceable without Replaceable Kole. Employees parties disrupting the organization's operations Maximum 54 times of Salary Pre-Retirement **Objective** Educate Employees before retirement Criteria Benefit and Privilege Mealthcare Age Requirement: Employees must be between 48 and 58 years old Financial Planning Support Healthcare Financial Planning Enhance health awareness for Enhance Financial awareness by **Objective Objective** employees who age 48 years up sharing how to Save & Spend through courses and activities before Retirement Know about Plan for M Eating Learning Financial health Retirement Pre-Retire Exercise Courses Concept Emotional Suggest Saving Suggest Yoga class Healthy Eating Additional fund Toyota Alumni Foster stronger connections with alumni and leverage their knowledge and **Objective** extensive experience Able to join Activities Benefit and Privilege Running Day One Day parent Knowledge Sharing Health Privilege Sport Complex Car Privilege Kathin Tovota<sup>1</sup> Notes: 1) Kathin Toyota refers to Toyota Thailand's annual participation in the traditional Thai Buddhist Kathin Ceremony, where executives, employees, and their families donate to Buddhist monks as part of the company's community engagement and cultural preservation efforts

Figure 39: Retirement Stage

TMT's holistic approach to employee development, engagement, and retirement reflects its unwavering commitment to its workforce throughout every stage of their career journey. By integrating a clear career development roadmap with robust engagement initiatives and a structured retirement framework, TMT ensures its employees are equipped to grow, contribute, and transition with dignity and purpose. This comprehensive strategy not only empowers employees to thrive professionally and personally but also reinforces TMT's reputation as a people-centered organization, driving long-term success and organizational excellence.

# **Workforce Diversity and Inclusion**

TMT demonstrates a strong commitment to diversity and inclusion through its workforce composition and broader initiatives. Evidence of TMT's diversity is visible in its employee demographics, as shown in the age distribution and educational backgrounds (see *Figure 40*). A significant proportion of TMT's workforce falls within the 40–49 age group, representing 41% of employees, with younger and older age groups also well-represented. In terms of education, TMT employs individuals with diverse qualifications, with 52% holding a high school education and 10% vocational training, reflecting its openness to talent from varied educational backgrounds.

EMPLOYEE DISTRIBUTION BASED ON AGE & EDUCATIONAL LEVEL **Distribution Based on Distribution Based on Age Educational Level TMT** 8% 0% 0.03% 9% 4% 0% Doctorate Master Degree 14% 41% 16% 16% **Bachelor Degree** Diploma 24% 10% **52%** 15-19 30-34 50-59 20-24 35-39 >=60 Age Vocational **High School** 25-29 40-49

Figure 40: Employee Distribution Based on Age & Educational Level

Source: Materials shared by TMT during field study

Geographically, TMT's workforce originates from across Thailand, showcasing its ability to attract talent from different regions. Notably, a large proportion of employees hail from the Northeast and East regions, while the remaining workforce is distributed across other regions (see *Figure 41*). This widespread representation highlights TMT's inclusive approach to recruitment, ensuring opportunities are accessible to individuals regardless of their location.

EMPLOYEE DISTRIBUTION BASED ON ORIGIN

North Northeast1 East Central2 West South

2% 9% 12% 19% 39%

37%

Notes: 1) East includes Chachoengsao and Samutprakam, and 2) Central includes Bangkok

Figure 41: Employee Distribution Based on Origin

However, TMT's commitment to diversity goes far beyond demographic representation. It has established its own Diversity, Equity, and Inclusion (DE&I) Roadmap, which outlines clear steps to foster a more inclusive workplace (see *Figure 42*). Key achievements include the completion of foundational goals, such as establishing a DE&I policy (Step 1), raising awareness through training programs (Step 2), and ensuring that people management and facilities actively support diversity (Step 3).

**DE&I ROADMAP Toyota Motor Corporation** TMC's Human Rights Policy to contribute to SDGs (TMC) Regional Headquarter (RHQ) Announced DE & I Roadmap in Asia HR Conference since Oct 2022 Status DE&I Roadmap 慮 TMT Focus in FY'25 كلث Promote DE&I on monthly basis; Establish D&I policy and comply Compliance with Employment law Diversity Gender, disabilities Completed in FY'24 Step 2: Build awareness through training & Harassment, Marriage and Maintain in **Equity** Awareness Employee Resource Group (ERG) Equality Law FY'25 Inclusion Unconscious bias Ensure People Management & Facility Mgmt. facilities support for diversity • Publish DE&I Activity on Toyota Build Brand image & promote DE&I On process to complete in FY'25 to community Blend DE&I in public media Step 5: Expand Knowledge Expand DE&I to dealer network Preparation for Select dealer to be pilot group & supplier Next FY

Figure 42: DE&I Roadmap

TMT has progressively advanced its Diversity, Equity, and Inclusion (DE&I) efforts through a series of impactful initiatives. In FY24, foundational steps such as launching a DE&I policy, enhancing awareness through training, and upgrading facilities laid the groundwork for a more inclusive workplace (see *Figure 43*). Building on this, FY25 saw the introduction of monthly campaigns, expanded inclusive welfare policies for employees, and unconscious bias training, further embedding inclusivity into TMT's culture and practices (see *Figure 44*). These initiatives collectively demonstrate TMT's dedication to creating a workplace that embraces diversity and equity at all levels.

TMT DIVERSITY, EQUITY & INCLUSION INITIATIVES FY2024 Apr 2023 Sep 2023 Nov 2023 Mar 2024 **DE&I Policy Launch** E-leaning Elimination of International **Women Day** Violence Against Women Celebrating gender equality Policy outlines objectives, E-leaning program achieved Raising awareness and guidelines, and reporting 100% completion and quiz promoting action to and empowering women. mechanisms. pass rates. eliminate violence against women. Additional Initiatives 引令 Wheelchair Wheelchair-friendly Club Family Inclusive ramp restroom activities month restroom

Figure 43: DEI Initiatives for FY2024

*55* 

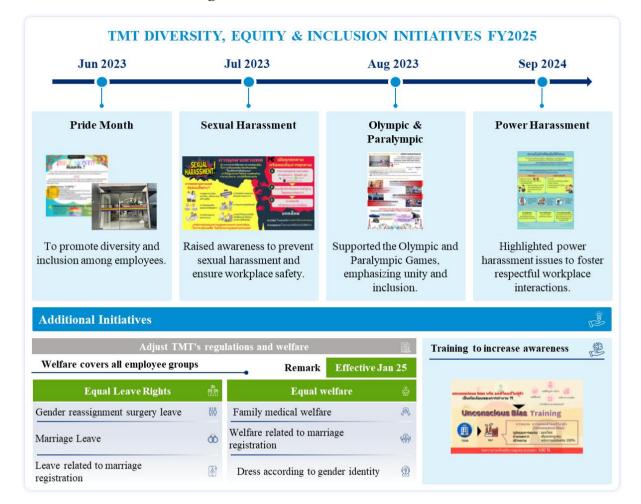


Figure 44: DEI Initiatives for FY2025

Source: Materials shared by TMT during field study

Zooming in on the diversity aspect of TMT's DE&I framework, the company demonstrates a remarkable commitment to supporting people with disabilities, including its employees. While this aligns with government regulations (i.e., one disabled employee per 100 employees)<sup>14</sup>, TMT's efforts go above and beyond mere compliance, showcasing an impressive dedication to fostering inclusivity and addressing individual needs.

We comply with the policy on hiring people with disabilities. Currently, TMT employs 7 individuals with disabilities. For the remaining required ratio, the government allows us to provide alternative support, such as sponsoring occupational training courses.

– (Mr. Teerawat Sumranrat, Deputy General Manager of Corporate Planning Department)

A standout example involves an employee who became paralyzed in the lower body after a commuting accident outside of work. TMT not only retained the employee but also provided extensive support, including a customized car equipped for hand operation to ensure mobility. Additionally, TMT committed to covering the car's lifetime expenses, such as maintenance, engine oil, and insurance. This example highlights TMT's dedication to creating an inclusive environment that transcends mere compliance, reflecting a profound respect for individual needs and diversity.

TMT's forward-looking approach sets the stage for transformative change, with plans to build its DE&I brand image (Step 4) and extend DE&I initiatives into its dealer network and supplier base (Step 5). These ambitious efforts underscore TMT's unwavering commitment to embedding diversity, equity, and inclusion across its operations and partnerships. By driving these initiatives, TMT not only establishes itself as a leader in fostering an equitable and inclusive workplace but also inspires a ripple effect of inclusivity throughout its ecosystem. Through this bold and proactive roadmap, TMT is not just embracing workforce diversity but also cultivating a thriving, empowered community where every individual can excel.

## REFERENCES AND SOURCES

Toyota Motor Corporation. "Toyota Motor Thailand Marks 60th Anniversary." 2022. https://global.toyota/en/newsroom/corporate/38421226.html.

- Economic Research Institute for ASEAN and East Asia. "Formation of Automotive Manufacturing Clusters in Thailand". https://www.erirea.org/ERIA-DP-2016-32.pdf
- TMT. "Toyota Announces 2023 Car Sales along with 2024 Domestic Sales Projection at 800,000 Units and Toyota Sales Target at 277,000 Units." Accessed January 22, 2025. https://www.toyota.co.th/en/news/2023-Annual-Car-Sales
- TMT. "TSI Toyota Community Business Development." Accessed December 9, 2024. https://www.toyota.co.th/tsi/tps.html.
- Toyota Motor Corporation. "Toyota Motor Thailand Marks 60<sup>th</sup> Anniversary." Accessed January 22, 2025. https://global.toyota/en/newsroom/corporate/38421226.html
- Business Standard. "Japan automakers to invest \$4.3 bn in Thailand over 5 years: Thai govt." Accessed January 22, 2025. https://www.business-standard.com/world-news/japan-automakers-to-invest-4-3-bn-in-thailand-over-5-years-thai-govt-123122500916 1.html
- Autospinn. "Toyota enhances its comprehensive customer service, introducing new services 'Connect You' and 'TCFR Plus+'." Accessed January 22, 2025. https://www.autospinn.com/2024/11/toyota-t-connect-139817
- National Bureau of Asian Research. "Thailand's Path toward Carbon Neutrality and the Implications for the Mekong Subregion" Accessed January 22, 2025. https://www.nbr.org/publication/thailands-path-toward-carbon-neutrality-and-the-implications-for-the-mekong-subregion/
- Toyota Motor Corporation. "Environmental Report 2018," 2018. https://global.toyota/pages/global\_toyota/sustainability/report/er/er18\_07-13\_en.pdf
- TMT. "Environmental Report 2022," 2022. https://www.toyota.co.th/media/csr/report/pdf/Environmental Report 2022.pdf
- 11 TMT. "Toyota Greentown." Accessed December 9, 2024. https://www.toyota.co.th/toyotagreentown/project.html
- TMT. "Go to Saraburi and See a Simple Kaizen Method That Helps Businesses Reduce Costs and Increase Profits. Open a Center! Yokoten Center Lalinli Biotech," 2023. https://www.toyota.co.th/tsi/tips/1143
- <sup>13</sup> CARlifeWAY. "Toyota Receives 20 Consecutive Years of Honor as an Outstanding Workplace in Labor Relations and Labor Welfare," 2022. https://carlifeway.com/toyota-motor-thailand-win-outstanding-establishment-labor-relations-and-labor-welfare-20-years-in-a-row/
- Tongwaranan, Tanyatorn. "Employment Quotas for the Disabled Don't Always Work." *Bangkok Post*, 2016. https://www.bangkokpost.com/business/general/1038277/employment-quotas-for-the-disabled-dont-always-work