PENSKE | Rental Leasing Logistics

Case Study: The Importance of Developing Adaptive Logistics Partnerships

Presented by Toyota Motor Manufacturing de Guanajuato and Penske Logistics

TOYOTA IN MEXICO

Toyota Motor Sales de Mexico (TMEX)
Established: **2002**
Located at a strategic zone in Mexico City to cover Mexico customer requirements.
Sales locations: 91
Models: 19

Toyota Motor Manufacturing de Baja California (TMMBC)
Established: **2004**
First Toyota Manufacturing Plant in Mexico with an initial capacity of **30,000** Tacomas per year.
Currently at 166,000 capacity.

Toyota Motor Manufacturing de Guanajuato (TMMGT)
Start Of Production: **2019**
Toyota Manufacturing Plant in Mexico with an initial capacity of **100,000** Tacomas per year.

2002 — The beginning of operations in Mexico.

2004 — TMMBC begins operations 50K Tacoma trucks.

2006 — PDC Parts Distribution Center.

2008 — The DOJO Technical Training Center in San Luis Potosi is established.

2013 — 500k units were sold.

2014 — Co-investment with Mazda.

2016 — BC Plant production increases to160K vehicles.

2018 — Record sales: 108,761 units.

2019 — 1 million units sold in Mexico.
Record of 16,980 Hybrids sold in Mexico.
TMMGT start operations.

2020 — TMMGT Opening ceremony

2021 — The emblematic Lexus brand will arrive in our country. It will begin marketing at the end of the year.

TMMGT PROJECT BACKGROUND

Announcement made (Apr 15)

Groundbreaking (Nov 16)

Process/Equip install (Nov18)

SOP (Dec19)

‘15 ‘16 ‘17 ‘18 ‘19 ‘20 ‘21 ‘22 ‘23

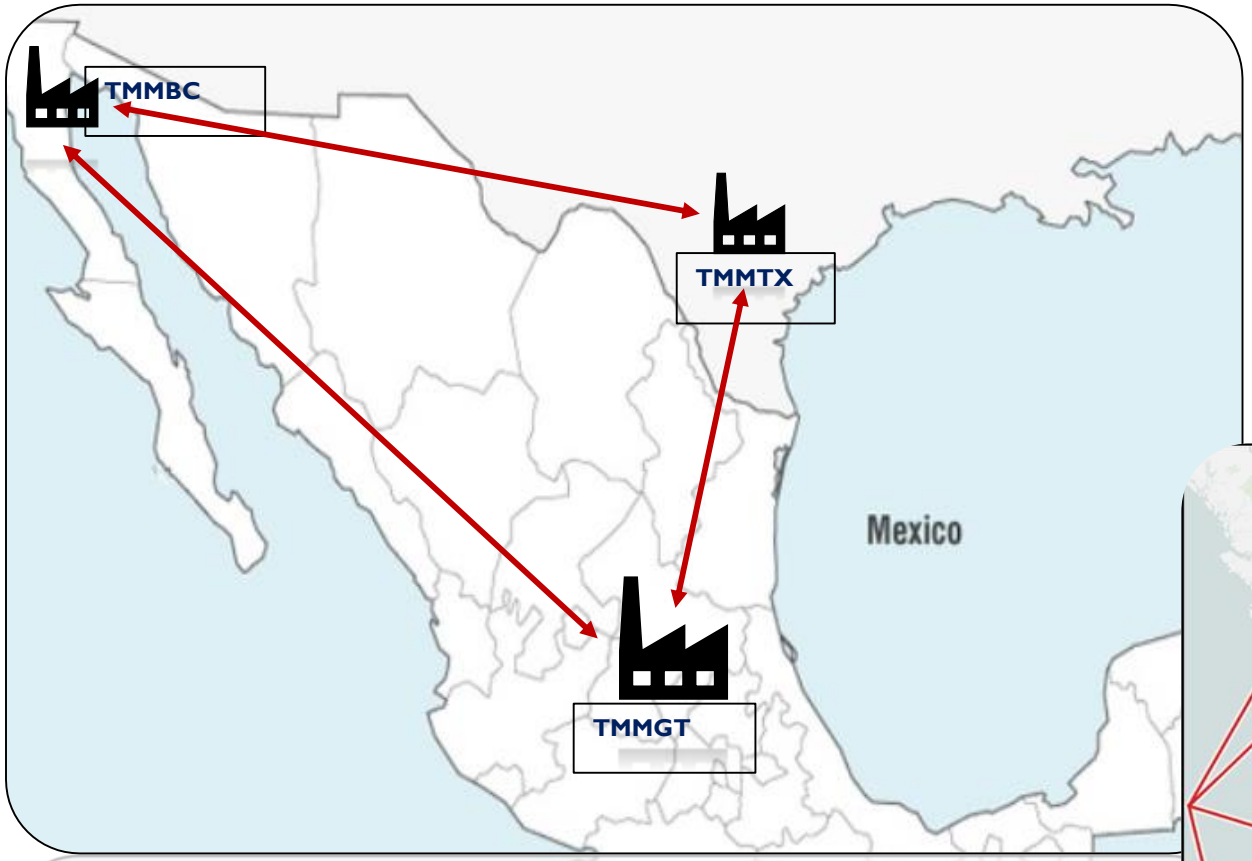
Corolla

Tacoma

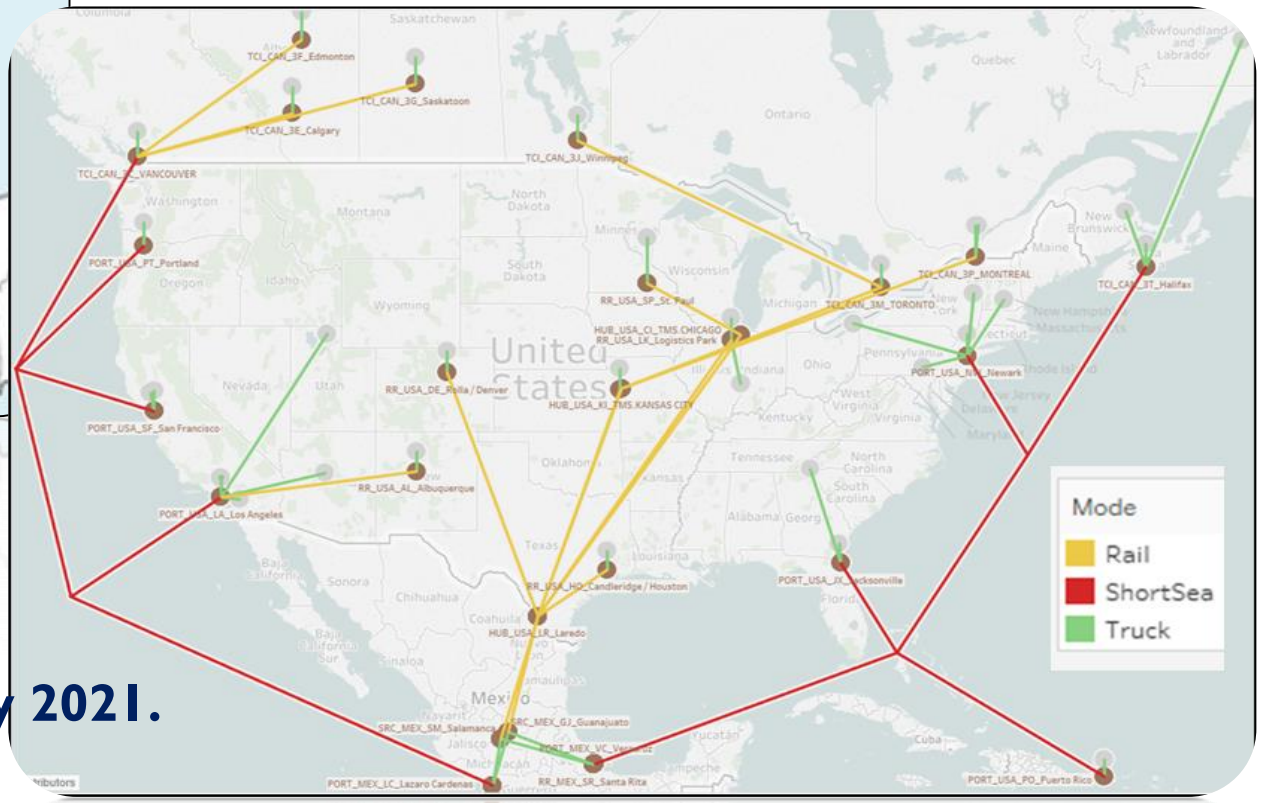
- Vol 100 K/Year
- SOP 2019/12

Plant Construction Complete

TOYOTA TRUCK TRIANGLE



- Supply Chain Improvement.
- Develop, support and share supply strategy.
- On-Site Partners development.
- Communize and improve processes.

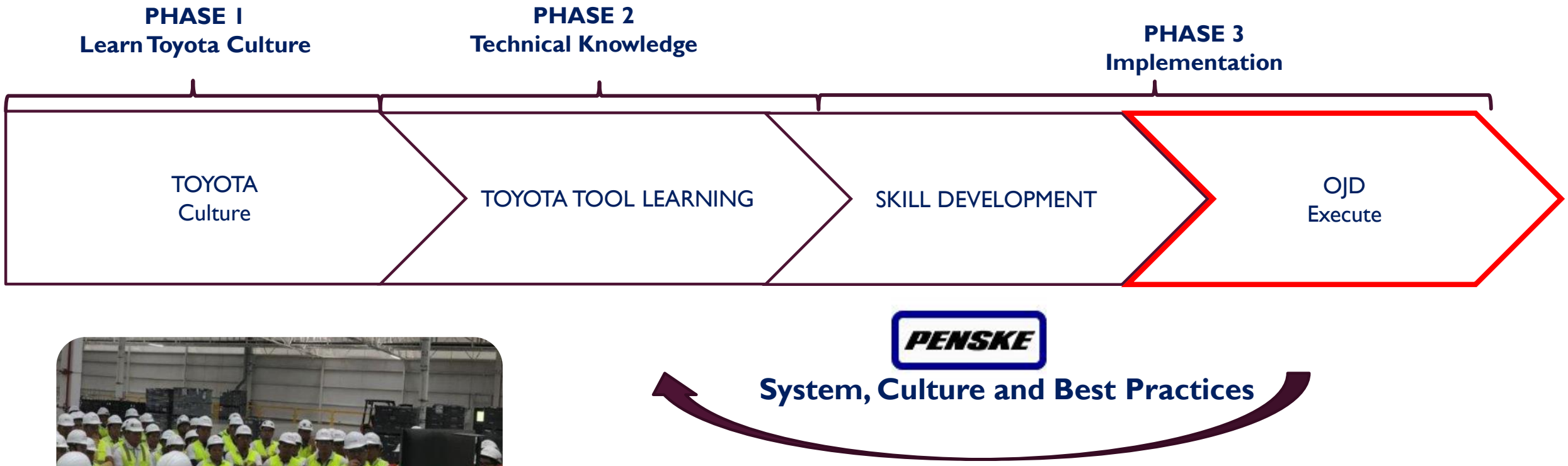


- Mexico Operations to Produce 266K Tacomas by 2021.

PLANT DEVELOPMENT

Training & Development:

Ensure TMMGT and PENSKE develop as one team:



PENSKE

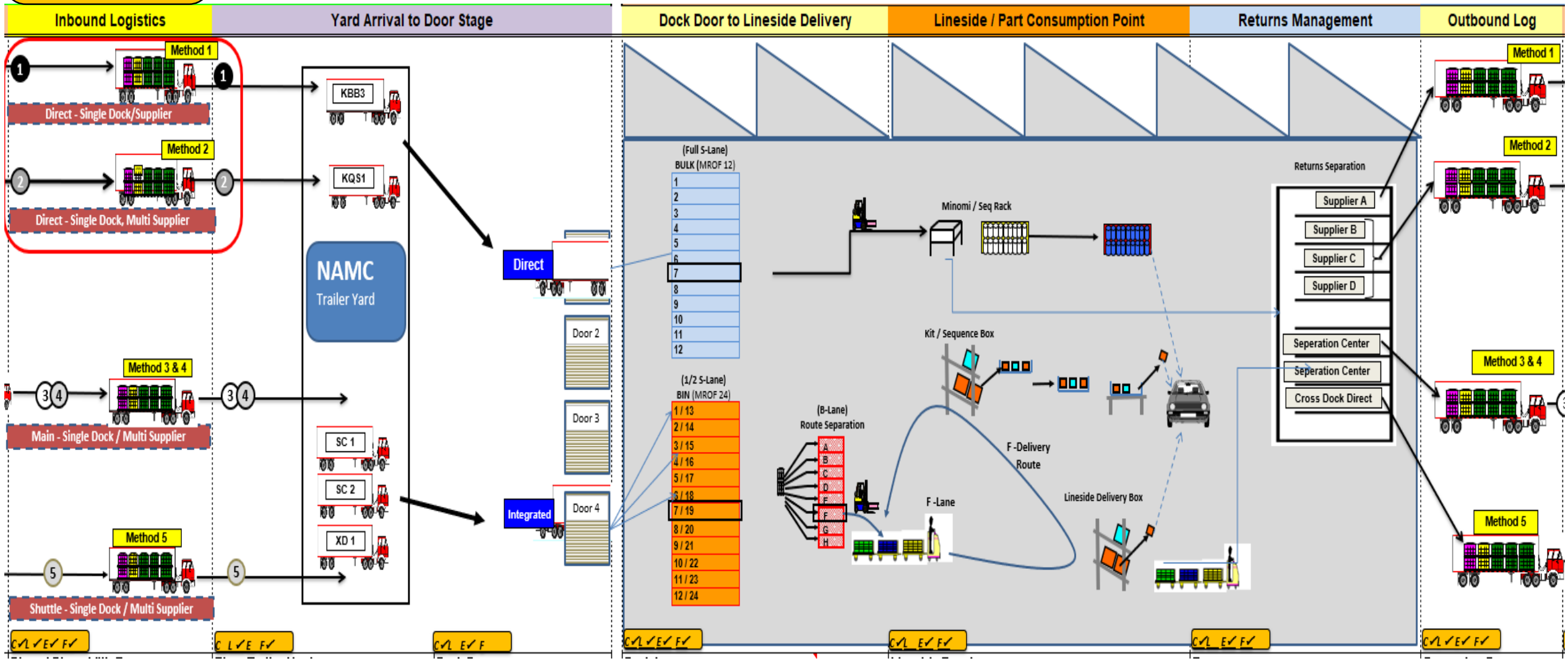
System, Culture and Best Practices

Training Key Points:

A- Standard Training as foundation and development.
B- Process development to achieve best Start Of Production.
C- Flexibility incorporated in the process development.
D- Safety and Quality as pillars for the support between TMMGT and Penske.

Key development Impact:

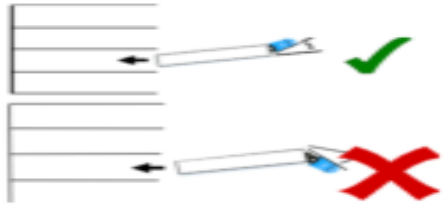
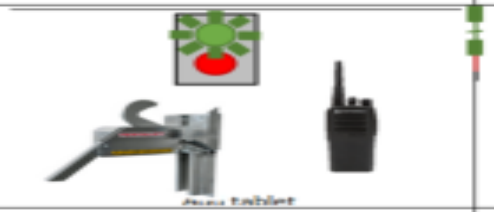
4 Laws of Logistics:
CYCLIC ROTATION
LEADTIME SHORT
EFFICIENCY HIGH
FLEXIBILITY



YARD MANAGEMENT SAFETY

Toyota Basic Yard Safety Rules - Minimum Requirement

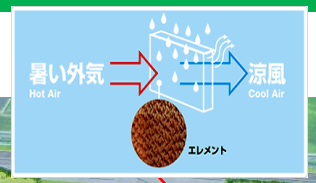
TMMGT

#	Visuals	Topic	Specific Rule	Compliant?	Department/PIC
1		Right of Way (Vehicle and pedestrian priority)	1.) Emergency Vehicle 2.) Vehicle A.) Shunt B.) Tractor Trailer B.) Tugger C.) Lift truck (fork truck) D.) EZ GO F.) Other 3.) Pedestrian In the event two or more vehicles arrive at an intersection at the same time, follow the order of priority	Yes	PC Logistics
2		Blind side backing	Driver of tractor trailers or shunt trucks that have trailers or dolly's attached are never to back up from the blind side.	Yes	PC Logistics / Penske
3		Signaling between dock and yard	Required elements: 1) Visual signaling (lighting, etc.).	Yes	Conveyance
			Required elements: 2) Direct communication between dock and yard.	Yes	PC Logistics
			Required elements: 3) Mechanical pokeyokes such as dock locks, glad hand systems, etc.	Yes	Conveyance
4		Equipment confirmation	1) Tandems must be slid to proper position before parking and before pulling.	Yes	PC Logistics
			2) All trailers must have door lashing mechanism and must be lashed prior to backing up to door.	Yes	PC Logistics
			3) Air lines must be checked for connection before pulling and disconnected for dropping.	Yes	Penske
			4) Dolly legs should be visually inspected to verify pads in place and legs are level and perpendicular to the trailer by driver before and after pull, and have cyclic audits by LP.	Yes	Penske
5		King pin connection	Visual confirmation must be performed prior to tug test and pull.	Yes	Penske

CO2 REDUCTION ACTION PLAN

Minimal Operation of AC (Vaporization-type AC)

Wastewater Treatment and Stormwater Recycling



Natural Ventilation

Afforestation

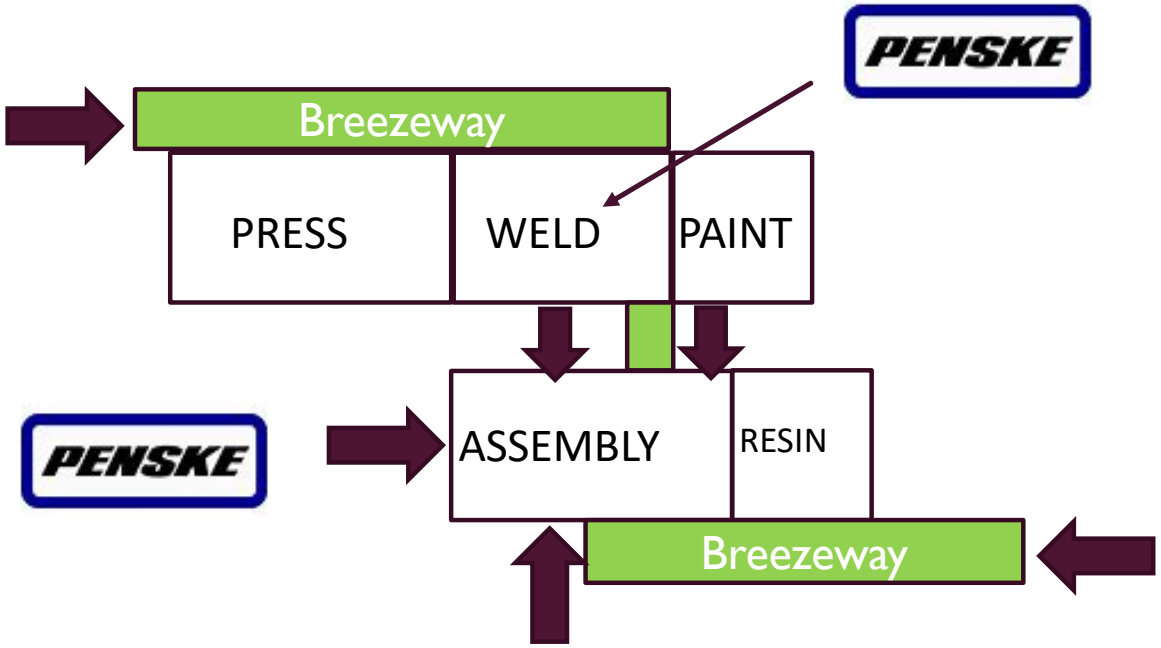
Utilization of Natural and LED Light

Internal/External Logistics: Fully Integrated Operation

Supplier Integration- TMMGT Unique Points

ON SITE PARTNERS

- On Site Supplier connected to Plant via Breezeway.
- Future autonomous Part delivery capacity.
- 3PL Underroof.



About Penske Logistics

Penske Logistics offers a **full spectrum of award winning**, innovative **logistics solutions**, **customized** to each customer's individual needs.

50+
Years of Service

19K+
Global Associates

3,100
Associates in Mexico

Logistics Partnership

Service Solutions

- Transportation Management
- Yard Management
- Cross Docking
- Warehousing
- Logistics Planning/Design
- Lead Logistic Provider
- Expedite Management
- Sequencing/Kitting/Sort
- Line-side Delivery

Mexico Assembly Plant Services

- Yard Management
- Line-side Delivery

33

Years in the US, Canada & Mexico

10

Facilities

Adaptive Solutions

HIRING AND RETENTION

Leveraging Penske's expertise in Mexico for hiring and turnover reduction.

SAFETY BEST PRACTICES

Implementing best-in-class shunt braking system.

ELECTRIC EQUIPMENT

To complement Toyota green initiatives, Penske supported nearly 100% electric material handling equipment.

Hiring and Retention

Penske Solutions

Employer of **Choice**

Understanding of Local Culture and Norms

Excellent Work Environment
Job Training
Safe, Defined Job Duties

Family-Friendly Group Activities

Low Absenteeism **(~.25%)** and Attrition **(~2%)**

Advancement **Opportunities**

Safety Best Practices

Penske tractors are equipped with **air brake locking sensors**.

Penske shunt trucks were **retrofitted with automatic seat sensors.**

1. Associate engages air brakes.
2. Seat sensor sounds a loud alarm if air brake is not engaged.
3. Alarm alerts associate to engage brake before exiting shunt truck.

Electric Equipment

Supporting Toyota green initiatives using electric material-handling equipment in the plant.

Environmental Impact

Combined efforts since 2018 have led to reductions equivalent to the emissions from:

251,195

Miles driven by an average passenger vehicle.

111,543

Pounds of coal burned.

12,910,273

Number of smartphones charged.

*These numbers are based on information gathered from the US Environmental Protection Agency, https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator.

QUESTIONS?