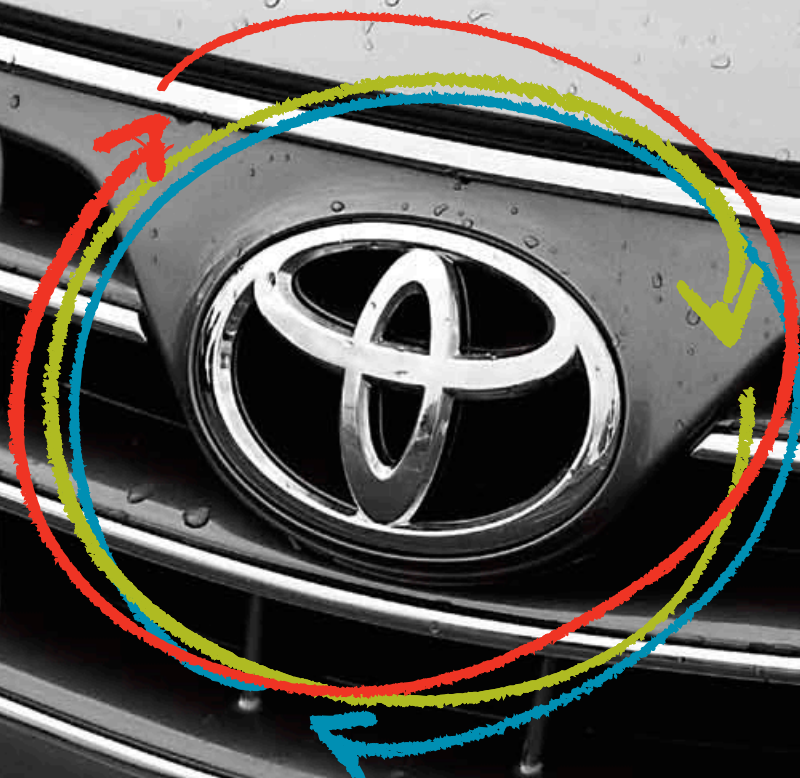




2008 SUSTAINABILITY REPORT

Toyota Motor Corporation Australia Limited ACN 009 686 097



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SCOPE OF THE REPORT

This is Toyota Motor Corporation Australia Limited's (Toyota Australia) second Sustainability Report. It covers our economic, social and environmental activities based on the fiscal year ending 31 March 2008, unless otherwise stated.

Our first Sustainability Report, which was published in August 2007, was based on the fiscal year ending 31 March 2007 and followed the publication of six annual Environment and Community Reports. We intend to continue to report annually on our sustainability performance. There were no significant changes in the nature of the activities of Toyota Australia during the year.

Our key target audiences for this report are internal and external stakeholders. They include employees, dealers, customers, suppliers, government, educational institutions, media, Toyota Motor Corporation and other businesses that have an interest in sustainability and reporting.

There are two versions of our 2008 Sustainability Report: A full online

version and a concise printed summary. The online version provides detailed information on our sustainability performance and is available at www.toyota.com.au/about

Data has been collected and reported for all Toyota Australia sites including the manufacturing plant in Altona, the sales and marketing operations in Sydney and the corporate headquarters in Port Melbourne.

This report has been developed using the Global Reporting Initiative G3 guidelines. The G3 guidelines provided a useful framework for examining the environmental, social and economic aspects of Toyota Australia's performance to be included in the report. We have broadened the scope of the report this year to include wider coverage of information in these areas. The report applies the GRI framework to an A+ level, which means that we have undertaken the G3 Profile and Management Approach disclosures and reported on all core indicators. A GRI Index is located on page 52.

Deni Greene Consulting Services has undertaken an external, independent review of the information presented in the report. A Verification Statement is located on page 53.

We welcome your feedback on this report. Please email environment@toyota.com.au



The front cover shows an Aurion, which is produced at Toyota Australia's manufacturing plant in Altona, Victoria. The red, green and blue circles represent the three elements of sustainability that are covered in this report: social, environmental and economic.

PRESIDENT'S MESSAGE

Sustainability is fundamentally linked to how we do business at Toyota Australia. Conserving our environment, looking after our people, contributing to the societies in which we operate, and providing high-quality products, are core to our long-term business goals.

These factors underpin our 2012 Goals, which we announced in February 2008. Our 2012 Goals set a clear direction for our future, focusing on achieving targets in the areas of health and safety, quality, customers, employees and sales. As the country's largest automotive company, Toyota Australia recognises that achieving harmony with society and the earth is a top priority issue and essential for sustainable mobility. For us, sustainable mobility is about managing our environmental and social impacts whilst increasing access to mobility for the population.

In terms of our environmental impact, addressing climate change is a long-term challenge that calls on us to work together with our employees, customers, business partners, government, and the community. During the past year we have made significant steps in reducing our environmental footprint. We have outperformed the targets set in our Five Year Environment Plan on water reduction, waste management and energy use. We constantly re-evaluate our targets and set new goals to ensure continuous improvement.

With respect to our corporate citizenship activities, we have continued to develop strong partnerships with the communities in which we operate. Our local and national partnership programs, in

the areas of volunteering, capacity-building, environmental conservation and the arts, are focused on building long-term relationships with the community.

Our impacts on the Australian economy are far-reaching. We have achieved much this year, but there have also been challenges. The strength of the Australian dollar has placed severe pressure on the global competitiveness of the Australian manufacturing industry.

Despite these challenges, our production and sales numbers have continued to grow. This was achieved by the major contribution made by employees across the business. Toyota Australia seeks to create an environment of mutual trust and respect for all employees guided by the Toyota Way, a philosophy that guides our interactions with each other. These principles have helped us to attract and retain our talent.

Our 2008 Sustainability Report covers our environmental, social and economic performance for the year ending 31 March 2008. For Toyota Australia, sustainability is not an add-on, it is central to our operations and long-term growth. We hope you find the report useful and look forward to receiving your feedback.



Max Yasuda
President and CEO
Toyota Australia



VISION AND STRUCTURE



ABOUT TOYOTA AUSTRALIA: AT A GLANCE

Who We Are

Toyota Australia is a leader in the Australian automotive industry and contributes to the Australian economy through direct and indirect employment, purchasing, capital investment and export revenue.

Toyota Australia is a global manufacturing centre for Toyota Motor Corporation (TMC), of which it is a wholly-owned subsidiary. TMC is Japan's largest vehicle manufacturer and is one of the largest automotive companies in the world.

In April 2007, TMC established Toyota Motor Corporation Asia Pacific Engineering and Manufacturing Co Ltd, to provide support to Toyota manufacturing affiliates across Asia Pacific from its base in Thailand.

Toyota Australia employs 4,676 people and thousands more are indirectly employed in its supplier and dealer networks.

Toyota Australia Vision:
To be the most respected and admired company

Toyota Australia Mission:
To deliver outstanding automotive products and services to our customers, and enrich our community, partners and environment

Where We Are

Our corporate headquarters are located in Port Melbourne, Victoria, and our manufacturing plant is in Altona, Victoria. Our sales and marketing operations are located in Woollooware Bay, Sydney in New South Wales.

Toyota Australia has sales and distribution branches in all mainland Australian states, except Western Australia, where an independent company distributes Toyota and Lexus branded vehicles on our behalf.

What We Do

Toyota Australia manufactures Camry and Aurion vehicles.

We distribute our hybrid-model Prius, as well as a wide range of passenger, four-wheel drive and commercial vehicles including the Kluger, Yaris, Corolla, Tarago, RAV4, LandCruiser, Prado, HiLux and HiAce. We also distribute the luxury Lexus brand of vehicles.

Toyota Australia is the country's largest vehicle exporter and in 2007/08 exported 99,395 Camry and Aurion models to 11 markets in the Middle East, New Zealand and the Pacific Islands.

Toyota and Lexus dealership, Sydney City Toyota/Sydney City Lexus, is a wholly-owned subsidiary of Toyota Australia.



Toyota Australia's corporate headquarters in Port Melbourne, Victoria



Toyota Aurion



Toyota Camry

KEY MILESTONES IN THE HISTORY OF TOYOTA AUSTRALIA

50s

1959 Thiess Sales Pty Ltd established in Queensland and the first order of 25 LandCruisers shipped from Japan. By the end of 1959, a total of 22 dealers had been appointed around Queensland to better service the needs of customers.



Toyota LandCruiser

60s

1962 Toyota passenger vehicle franchise acquired by Australian Motor Industries (AMI). Thiess (Sales) appointed to distribute Toyota commercial vehicles.

1963 Assembly of Toyota Tiara begins in the Melbourne factory of AMI. Followed by Corona in 1964 and Crown in 1967.



Toyota Tiara assembly starts

70s

1968 Toyota acquires 51 per cent of AMI and 40 per cent of Thiess (Sales). Corolla assembly begins at Port Melbourne.

1978 First engines built at Altona.
1.3 litre Corolla engines were the first Toyota engines ever produced outside Japan.

80s

1980 Toyota acquires 100 per cent of Thiess Toyota.

1987 Camry replaces Corona at Port Melbourne Assembly Plant.



Lexus LS 400

90s

1990 Lexus LS 400 launched in Australia.

1991 Toyota Australia becomes overall Australian market leader for the first time.

1994 Toyota Australia consolidates its vehicle production at Altona.
Production of the Corolla began at the new state-of-the-art plant at Altona, following expenditure of \$400 million, which included an environmentally-friendly water-based Paint Shop.



In March 1992 Australian Prime Minister Paul Keating and TMC Chairman Eiji Toyoda unveiled the Altona assembly plant foundation stone

00s

1996 First Camry export shipments to the Middle East.

1998 Altona plant receives ISO 14001 environmental management certification.

2000 National sales and marketing operations opens in Sydney.

2001 Launch of Prius hybrid vehicle in Australia.

2004 New corporate headquarters in Port Melbourne open. Two millionth locally-built Toyota produced.

2006 New Camry and Aurion models manufactured.

2007 Toyota Australia sells more than 200,000 vehicles for the third consecutive year.

2008 Toyota Australia unveils 2012 President's Goals on safety, quality, customers, employees and sales.



Toyota Prius introduced in 2001

PERFORMANCE AND HIGHLIGHTS

ENVIRONMENTAL PERFORMANCE

Energy and Climate Change

Change in Greenhouse Gas Emissions (per vehicle)

2006/07	2007/08
↑2%	↓32%

Recycling of Resources

Decrease in Water Usage (per vehicle)

12% 22%

Production Waste Recycled

96% 95%

Substances of Concern

Local Model Parts Free From Substances of Concern

80% 99%

Atmospheric Quality

Models Certified to the Euro 4 Standard for Air Emissions (includes Euro 4+ models)

16 39

Models Certified to the Euro 4+ Standard for Air Emissions

12 12

Environmental Management

Dealers Compliant with the Dealer Environment Risk Audit Program (DERAP)

143 197

SOCIAL PERFORMANCE

Number of Employees

4,717 4,676

Turnover Rate for Award Employees

5.74% 4.54%

Nationalities Represented

60 80

Employee Satisfaction

78.3 77.8

Community Investments (through Community Spirit and Community Sponsorship)

\$2.15 million \$2.78 million

ECONOMIC PERFORMANCE

Domestic Sales Volume

228,355 248,690

Exported Vehicles

81,326 99,395

Toyotas in the Top Ten Selling Vehicles

4 5

Prius Sales

2,349 3,232

Vehicles Manufactured

117,839 148,810

Net Profit

\$184.4 million \$242.2 million

Net Sales

\$8.3 billion \$9.4 billion

Awards and Achievements

Recognition of Toyota Australia's achievements in 2007/08 include:

- The 'Triple Crown' in sales for the second consecutive year in 2007 as the number one in overall sales, in passenger cars and in commercial vehicles.
- Selected as a member of the Corporate Responsibility Index Leadership Network in May 2007. Members were selected based on their achievement of a consistent score of 95 per cent or above in the Corporate Responsibility Index, which is administered by the St James Ethics Centre.

- Named a 'Reputation Leader' in a RepTrak™ survey in 2007. Toyota Australia was ranked as number one amongst Australian car manufacturers and number two amongst Australia's largest 50 companies.
- Finalist for the 2007 Banksia Environmental Foundation Awards in the Eco-Innovation category for our work on minimising the environmental impact of bumper bars.

In 2007/08, Toyota vehicles that received awards include the locally-manufactured Aurion ATX which received the Best Large Car Award

2007 by Australia's Best Cars, a consumer-focused vehicle testing and award program. In addition, the Aurion ATX was named the 'Best Large Car' by Fairfax Drive Car of the Year Awards 2007.

Australia's Best Cars also named the Lexus GS450h the 'Best Luxury Car' and the Lexus IS250 the 'Best Prestige Car' in the 2007 Awards. Other vehicles to receive accolades in the past year include the Yaris, Prado, LandCruiser, HiLux, Hiace and Kluger KX-R.

OUR VALUES

Toyota Australia serves the domestic and overseas markets by manufacturing, selling and exporting vehicles. To promote a growing sustainable business, we strive to be good for the earth and good for society.

We have approached our social and environmental commitments by applying Toyota’s Guiding Principles and the Toyota Way.

Toyota’s Guiding Principles

Toyota’s Guiding Principles underpin our management policy for all our operations. The principles, which were adopted in January 1992 and revised in April 1997, reflect our commitment to fairness in all corporate activities, the provision of clean, safe and innovative products, and respect for the environment and culture of the communities in which we operate.

These principles are referenced in boxes throughout the report.

1. Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the community.
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide.
5. Foster a corporate culture that enhances individual creativity and teamwork, while honouring mutual trust and respect between labour and management.
6. Pursue growth in harmony with the global community through innovative management.
7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping ourselves open to new partnerships.

The Toyota Way

Toyota’s Guiding Principles are supported by the Toyota Way. The Toyota Way provides our employees with a way of thinking and acting, and guides the way we work at Toyota Australia. There are two foundation pillars of the Toyota Way: Continuous Improvement – we always seek ways to improve our business; and Respect for People – we respect our people and recognise that success only comes from the efforts of individuals and through teamwork.

Continuous Improvement

Challenge

Build a long-term vision and meet challenges with courage and creativity.

Kaizen

Continuously improve our business operations, always striving for innovation and evolution.

Genchi Genbutsu

Go to the source to find the facts to make decisions, to build consensus and achieve goals as quickly as possible.

Respect for People

Respect

Respect others, take responsibility and do our best to build trust.

Teamwork

Stimulate personal and professional growth, share opportunities of development and maximise individual and team performance.

OUR STAKEHOLDERS

Toyota Australia's stakeholders are all groups who are affected by, or affect our operations. By listening to and working with those whom we impact, we can continue to achieve positive and mutually beneficial outcomes from our activities.

Our Stakeholders and Activities in 2007/08

Stakeholder Group	Examples of Engagement Activities in 2007/08
<p>Employees Toyota Australia recognises that its workforce is integral to the success of its business and strives to foster a culture that enhances continuous improvement through individual creativity and teamwork.</p>	<ul style="list-style-type: none"> • Employee Satisfaction Index • Environmental Awareness Survey • Toyota Ekiden Festival • Toyota Community Spirit Gallery Employee Exhibition • Employer of Choice Program
<p>Customers Based on our philosophy of Customer First, we develop and provide innovative, safe and high-quality products and services that meet a wide variety of customers' demands to enrich the lives of people around the world.</p>	<ul style="list-style-type: none"> • Customer Satisfaction Index • Provided dealer training to improve customer satisfaction • Implemented Customer First activities • Worked with a range of stakeholders, such as Monash University Accident Research Centre, to ensure highest level of product safety
<p>Business Partners Our business partners include suppliers and dealers, and we work with them to develop long-term relationships to realise mutual growth based on mutual trust.</p>	<ul style="list-style-type: none"> • 197 dealer sites compliant with the Dealer Environmental Risk Audit Program • Developed Green Purchasing Guidelines for suppliers • National Skills Contest • Dealer Awards for Excellence
<p>Government Toyota Australia receives duty credits from the Automotive Competitiveness and Investment Scheme, a Federal Government program which provides financial assistance for production, investment and research and development.</p>	<ul style="list-style-type: none"> • Made a submission to the Australian Federal Government's 2008 Automotive Industry Review • Worked with Federal and State Departments of Transport on product safety
<p>Community This includes both local community members as well as national and state populations which are affected by our operations.</p>	<ul style="list-style-type: none"> • Community Spirit Corporate Citizenship Program • Community Sponsorships • Community Liaison Committee (Manufacturing) • Implemented first Five Year Environment Plan • Published first Sustainability Report
<p>Toyota Motor Corporation Toyota Australia is a wholly-owned subsidiary of Toyota Motor Corporation.</p>	<ul style="list-style-type: none"> • Three of Toyota Australia's Board of Directors are TMC Managing Officers • Regular liaison on product, quality, and sales and marketing

OUR STAKEHOLDERS (continued)

Public Policy

Toyota Australia contributes to public debate, via means such as written submissions, on a broad range of issues of public interest, including those relating to industry and environmental matters. Lobbying on issues relating to policy development is pursued on the basis of its perceived impact on the organisation and such activities are undertaken both independently and via the Federal Chamber of Automotive Industries, the peak industry body.

Toyota Australia's policy relating to political donations prohibits contributions (in-kind or otherwise) that are defined as donations under the Australian Electoral Commission guidelines.

Contribution towards Sustainable Development

Toyota Australia adheres to the 'Contribution towards Sustainable Development' policy developed by Toyota Motor Corporation. This statement conveys Toyota's commitment to contributing to sustainable development in harmony with society and the global environment, with an emphasis on all stakeholders. Toyota Australia believes that engagement with its full range of internal and external stakeholders enhances our contribution to sustainable development.

More information:
www.toyota.co.jp/en/vision/sustainability/

Memberships

Toyota Australia's memberships include:

- Australian Industry Group
- Business Council of Australia
- Centre for Corporate Public Affairs
- Committee for Melbourne
- Committee for the Economic Development of Australia
- Federal Chamber of Automotive Industries
- Low Emission Vehicle (LEV) Automotive Partnership
- Philanthropy Australia
- Victorian Employers' Chamber of Commerce and Industry

GOVERNANCE AND ACCOUNTABILITY

For Toyota Australia, governance means going above and beyond observing laws and regulations. It means putting in place systems to ensure that societal norms and corporate ethics underpin all our operations.

Toyota Australia has a program to comply with Toyota Motor Corporation's Sarbanes-Oxley (SOX) requirements. SOX is an annual requirement for companies listed on the US Stock Exchange to ensure there are rigid processes and controls in place to ensure the accuracy and reliability of corporate financial statements. Toyota Australia has recently completed the second compliance year for SOX. Results indicate an increasing level of

compliance with our performance improving from 96 per cent in 2006/07 to 99 per cent in 2007/08. The last financial year saw Toyota Australia focus on improvements in its control environment with a particular focus on enterprise risk management. Segregation of duties and sensitive access controls were also enhanced with the introduction of a continuous compliance monitoring tool over the key financial reporting system at Toyota Australia.

By implementing strict corporate governance and compliance procedures Toyota Australia aims to ensure it is in compliance with laws and regulations. The company did not receive any fines for significant non-compliance in 2007/08, and no significant incidents of corruption have been reported or found in the reporting period.

Board of Directors

Toyota Australia has a board of nine Directors, all of whom are Executive Directors. Board members are selected based on their qualifications, experience, performance and industry knowledge and are appointed by Toyota Motor Corporation, based on the recommendations of Toyota Australia's Board of Directors.

Board of Directors in 2007/08

Name of Director	Responsibilities	Years with Toyota and Qualifications
Board of Directors as at 31 March 2008		
M Yasuda Appointed 1 June 2007	President and CEO	36 years. Degree in Engineering and Applied Physics
D Buttner	Senior Executive Director – Sales and Marketing	20 years. Bachelor of Economics
M Harvie	Executive Vice President – Manufacturing and Purchasing	34 years. Automotive Technician GAICD
T Ijichi (non-resident Director)	Managing Officer – Accounting Group	32 years. Degree in Economics
K Mukaiyama	Executive Vice President – Finance	25 years. Bachelor of Economics
B O'Connor	Executive Director – Corporate Services	29 years.
T Shinozaki	Executive Director – Manufacturing and Purchasing	33 years. Degree in Mechanical Engineering
K Takarada (non-resident Director)	Managing Officer – Administration Division and Overseas Co-operation and Production Support Development	34 years. Degree in Mechanical Engineering
Y Yokoi (non-resident Director) Appointed 1 July 2007	Managing Officer – Asia, Oceania, Middle East Operations Group	31 years. Bachelor of Law
Directors in 2007/2008 Fiscal Year		
T Okada Resigned 31 May 2007	President and CEO	37 years. Bachelor of Law
A Porich Deceased 8 February 2008	Executive Director – Sales and Marketing	31 years. Bachelor of Commerce
A Okabe (non-resident Director) Resigned 30 June 2007	Senior Managing Director – Asia, Oceania and Middle East Operations Group	37 years. Degree in Social Engineering

Executives are compensated based on the market and performance. Executive remuneration is subject to annual review and is composed of a fixed salary payment and an incentive program, based on the achievement of organisational targets in the financial year.

GOVERNANCE AND ACCOUNTABILITY (continued)

Conflicts of Interest

The company has processes in place to ensure there are no conflicts of interest. These processes, which are consistent with the Corporations Act 2001 and the constitution of the company, include a form that all board members must sign upon appointment and a questionnaire that must be completed each year. Directors are required to disclose any shares, debentures, and securities in other companies, positions held in other companies and any interests in property, trusts or membership of other organisations.

Toyota's Guiding Principle 1

Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world.

Performance

The President of Toyota Australia and senior executives of Toyota Motor Corporation review the performance of Directors and the board as a whole against annual objectives and key performance indicators under the Toyota Global Assessment Performance framework. During the financial year, 20 board meetings were held.

Toyota Australia has five key committees responsible for assisting the board in carrying out its responsibilities and to enable due consideration of complex issues in the areas of corporate governance, information technology, human resources, environment, and health and safety.

1. Corporate Compliance Committee

In discharging the board's responsibilities in corporate governance, the Corporate Compliance Committee:

- Oversees the implementation of a framework of risk management and reviews effectiveness of controls/ compliance processes in relation to the company's risk management activities.
- Provides a formal forum for communication between the board and senior management in relation to risk management, compliance activities, internal audit requirements and ethical conduct requirements.
- Assists the board of directors in discharging its responsibility to exercise due care, diligence and skill in relation to the company's financial affairs, and compliance with applicable laws and regulations.

2. Human Resources Committee

The Human Resources Committee assists the Directors in discharging the board's responsibilities in relation to human resource issues. The main objectives of the Committee are to:

- Provide a Director-level focus to a vision and strategies for enhancing people relationships.

- Provide a forum through which top management can promote a corporate-wide and consistent approach to key human resource issues across all divisions.
- Promote a collaborative approach to career planning and development across operating arms and divisions.

3. Environment Committee

The Environment Committee assists the Directors in discharging the board's responsibilities in relation to environmental issues. The main objectives of the Committee are to:

- Ensure Director and senior management leadership and involvement in environmental matters.
- Develop strategy and share information across the organisation.
- Oversee management of Toyota Australia's Five Year Environment Plan.

4. Information Technology Review Committee

The Information Technology Review Committee assists the Directors in discharging the board's responsibilities towards effective, efficient, and acceptable investment in, and the use of, IT, in Toyota Australia. Its main objectives are to:

- Ensure that IT plans, policies and procedures are implemented and followed.
- Evaluate IT proposals to ensure they align with Toyota Australia's objectives and funding requirements.
- Monitor the performance of approved proposals to ensure achievement of intended benefits.
- Monitor the manner in which Toyota Australia is reviewing IT compliance and conformance.

5. Health and Safety Committee

The Health and Safety Committee assists the Directors in discharging the board’s responsibilities in relation to health and safety. The main objectives of the Committee are to:

- Ensure that senior management provides leadership and is involved in health and safety issues.
- Review the performance of all areas of the business in relation to health and safety.

Risk Management

Risk management at Toyota Australia is integrated into the corporate planning process. By adopting this focus, risk management is embedded in Toyota Australia’s culture. The vision is for an integrated planning management process that seamlessly incorporates risk into all objectives, targets and results analysis.

Progress to date has seen the completion of a high-level design of the process and development of a risk footprint for certain high-risk areas.

Toyota Code of Ethics

Toyota Australia’s Code of Ethics is distributed to all employees. Employees, contractors and agents of Toyota Australia are expected to:

- Obey the law
- Be honest in word and deed
- Respect community values
- Be responsible
- Perform their duties consistent with the Code of Ethics
- Use good judgement in avoiding any action that could create a conflict between personal, company and community interests

Toyota Ethics Line

Toyota Australia launched its Toyota Ethics Line, TEL-Toyota, in 2007. The program has a ‘Tell it like it is’ theme. This theme encourages employees to tell their manager or supervisor about any matters that may breach Toyota Australia’s Teamwork Charter or Code of Ethics. TEL-Toyota has been set up to support this by providing an additional reporting system if the standard processes do not achieve the appropriate outcomes.

Recently the scheme has been extended to a group of Toyota Australia’s key suppliers and fleet customers. ‘Tell it like it is’ is the standard process for suppliers and fleet customers to observe and report

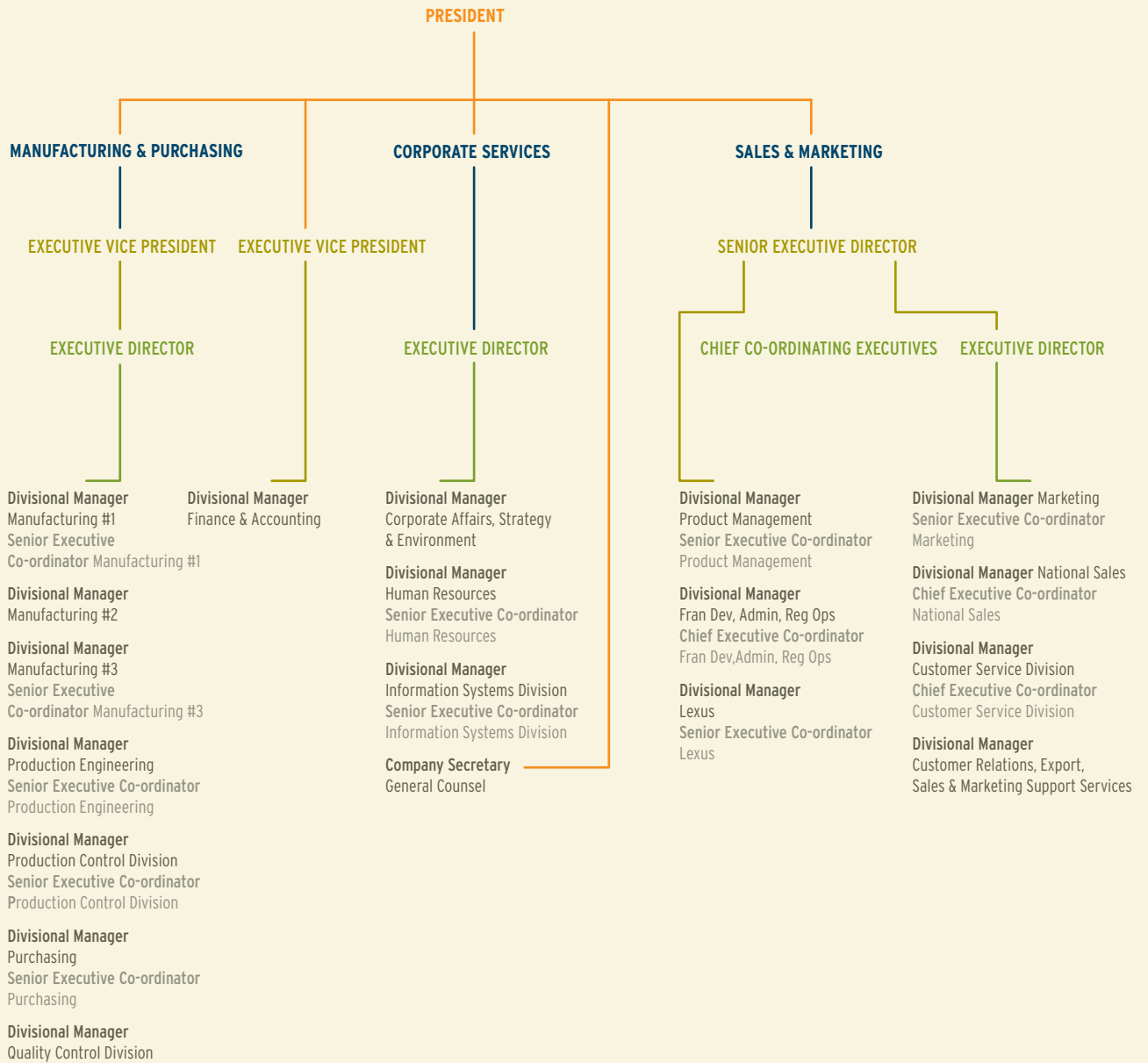
breaches of Toyota’s Code of Ethics to their Toyota Australia contact.

TEL-Toyota is a confidential and independent method of reporting illegal or unethical behaviour. The line is managed by the Legal and Secretarial division who contract an outside firm, STOPLine Pty Ltd, to act as the confidential contact point for people seeking to raise any issues.



GOVERNANCE AND ACCOUNTABILITY (continued)

Organisational Chart



OUR SUSTAINABILITY CHALLENGES

The World Business Council for Sustainable Development defines sustainable mobility as ‘the ability to meet the needs of society to move freely, gain access, communicate, trade and establish relationships without sacrificing other essential human or ecological values today or in the future.’¹ For Toyota Australia, sustainable mobility is about achieving harmony with the earth and society while growing our business. We take a long-term view, and aim to manufacture and market quality vehicles at a competitive price whilst investing in local communities and minimising our environmental impact.

Toyota Australia has participated in a wide range of initiatives aimed at realising sustainable mobility. Since it first began manufacturing vehicles in Australia in 1963, Toyota Australia has contributed to the economy through its employment, capital investment, exports and innovation. These economic impacts have led to many indirect economic gains for society, including the dispersion of technological knowledge and skills to the wider society and the implementation of community partnerships.

Toyota Australia is constantly seeking ways to contribute to a sustainable society for future generations. Our primary challenges in achieving sustainable mobility include:

Climate Change

Addressing the impacts of climate change is one of the biggest challenges facing society today. The transport sector accounts for 14 per cent of total greenhouse gas emissions in Australia, half of which are from passenger vehicles, according to statistics from the Australian Greenhouse Office (2005). Reducing CO₂ emissions is a major issue for the automotive industry. By reducing our environmental footprint, providing environmentally-efficient technologies and monitoring our impacts, we aim to contribute to a more sustainable society.

See: Energy and Climate Change section on page 15

Local Manufacturing Environment

In recent years, the competitiveness of Australian car manufacturers has been reduced due to factors including the strengthening Australian dollar, increasing fuel prices and the reduction of the automotive tariff in 2005. Toyota Australia believes that a long-term future for the Australian automotive industry can only be successful if a multi-stakeholder engagement approach is taken, involving car manufacturers, the supply sector and Federal and State Governments.

See: Economic Aspects section on page 50

Skills Attraction and Retention

The Australian manufacturing industry is currently faced with a skills shortage as it becomes harder to attract young people into a career in this sector. Toyota Australia is a significant local employer, with

4,676 staff across its sites. To retain and attract the best talent, Toyota Australia is investing heavily in people through its learning and career development programs.

See: Our Employees section on page 34

Supplier Development

Toyota Australia works in partnership with suppliers to achieve mutually-positive outcomes. The company believes that sourcing parts from the domestic market can help strengthen the local community, and is an important part of achieving self-reliance. Through its purchasing department, the company focuses on supplier development by sharing Toyota’s global philosophies and know-how on best practice and manufacturing operations.

See: Our Business Partners section on page 39

¹ www.wbcsd.org



Looking to the future: Toyota FT-HS Hybrid Concept Car

ENVIRONMENTAL ASPECTS

ENERGY AND CLIMATE CHANGE

Overview

Increasing greenhouse gas emissions can result in global warming, leading to climate change that can have adverse affects on ecosystems and society. Reducing CO₂ emissions is an important issue for the automotive industry, particularly so as we enter a carbon-constrained world. In 2010, the Federal Government will establish a national emissions trading scheme, which may result in energy used from non-renewable sources, such as coal and oil, becoming more expensive.

As a leader in the automotive industry, Toyota Australia recognises that it can make significant efforts to reduce global warming. Minimising our environmental footprint, which includes reducing our energy usage and resulting emissions, is part of our Five Year Environment Plan. The company reviews its environmental targets on an annual basis and adapts them accordingly to enable continuous improvement in environmental management. We have reviewed our operations to assess the future environmental and economic costs of climate change and are implementing measures to reduce CO₂ emissions by restricting energy consumption and making efficiency improvements in three major areas:

1. CO₂ Vehicle Emissions
2. Energy Usage and CO₂ Emissions
3. Emissions from Logistics and Business Travel

We will continue to seek further ways in which we can reduce our CO₂ emissions.

1. CO₂ Vehicle Emissions

To achieve our long-term business goals, Toyota Australia needs to find a way to balance the growing demand for vehicle ownership with the management of its environmental impacts. One of these impacts is vehicle emissions. There are two major issues associated with car exhaust emissions: (i) emissions of greenhouse gases (detailed in this section) and (ii) emissions such as hydrocarbons, carbon monoxide and oxides of nitrogen that contribute to air pollution (please see page 24).

To demonstrate its commitment to improving environmental performance, the Australian automotive industry set an emissions target of 222g CO₂/km by 2010 for all new light vehicles.

Toyota Australia's sales weighted average CO₂ emissions of all Toyota and Lexus light vehicles in the year ending 31 December 2007 was 224.5g CO₂/km, representing close to a two per cent decrease from 2006 (228.5g CO₂/km).

Corporate Average CO₂ Emissions

gCO₂/km



This reduction was less than the five per cent reduction recorded the previous year due to the advanced conversion of the majority of Toyota and Lexus models to Euro 4 emission compliance, well in advance of timing of the Euro 4 Australian Design Rule.

Toyota Motor Corporation's development of advanced technologies, such as hybrid technology, will make a significant contribution to reducing vehicle CO₂ emissions. In addition, Toyota has invested in new fabrication materials, computer technologies and alternative fuelled vehicles, all of which help reduce emission levels.

ENERGY AND CLIMATE CHANGE (continued)

2. Energy Usage and CO₂ Emissions

Toyota Australia draws its energy needs primarily from electricity and natural gas.

Production

In 2007/08, Toyota Australia's manufacturing plant achieved a 31 per cent reduction in gas use and a 25 per cent reduction in electricity use per vehicle. The manufacturing plant used 4.71 GJ of gas per vehicle, down from 6.87 GJ of gas per vehicle in 2006/07, and 708 KWh of electricity per vehicle in 2007/08 down from 941 KWh/Vehicle in 2006/07. This improvement was due to lower units volume in 2006/07 as a result of new model Camry and Aurion launch production ramp up.

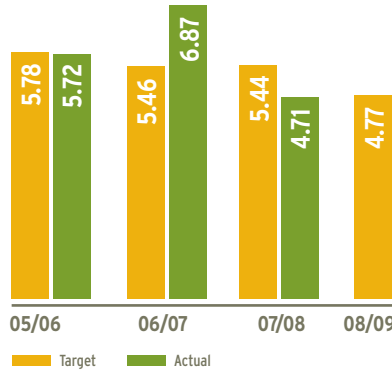
In 2007/08, Toyota Australia's energy usage at its manufacturing site corresponded to 1.18 tonnes CO₂/Vehicle. This is a decrease from 2006/07, where CO₂ emissions totalled 1.74 tonnes CO₂/Vehicle. The reduction was due to initiatives including:

- Investment in a Regenerative Thermal Oxidiser at the Paint Shop (see page 25).
- Identification of energy-saving projects by Toyota Motor Corporation's Energy Services Company (see page 17).
- Continuous improvement in efficient use of resources.

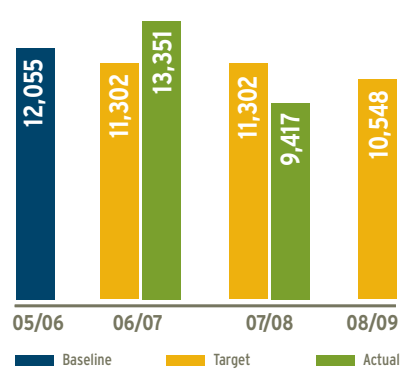
Other Emissions

Emissions from the combustion of gas included sulphur dioxide emissions (138 kg/year) and nitrogen oxide emissions (26,503 kg/year) in 2007/08 and are reported as part of Toyota Australia's submission to the National Pollutant Inventory (NPI).

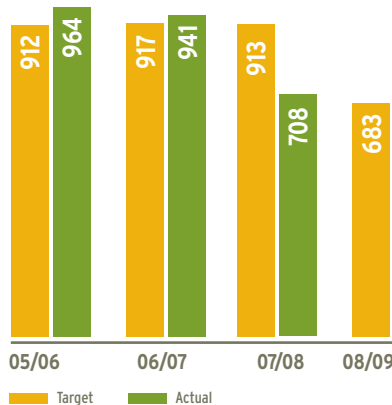
Production Gas Usage
GJ/Vehicle



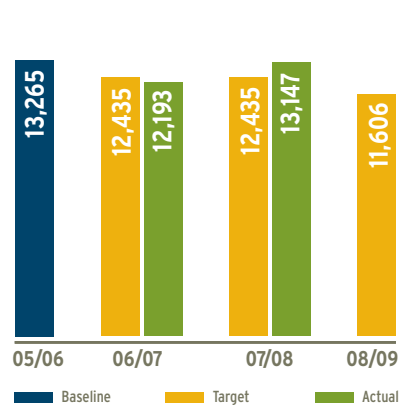
Non-Production Gas Usage
Gigajoules (GJ)



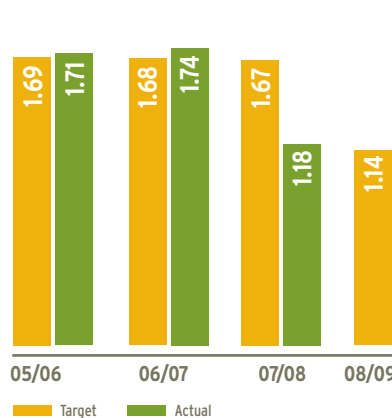
Production Electricity Usage
KWh/Vehicle



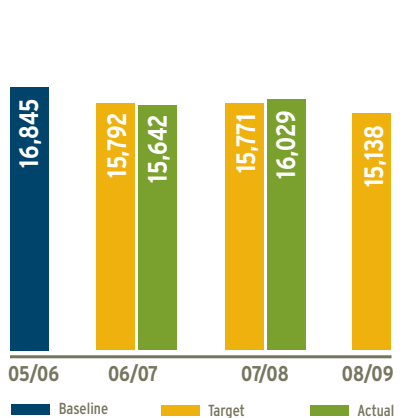
Non-Production Electricity Usage
MWh



Production CO₂ Emissions
Tonnes CO₂/Vehicle



Non-Production CO₂ Emissions
Tonnes CO₂



Non-Production

For our non-production sites, our gas usage reduced from 13,351 GJ in 2006/07 to 9,417 GJ in 2007/08. However our electricity usage increased from 12,193 MWh to 13,147 MWh. This led to an increase in our CO₂ emissions from 15,642 tonnes in 2006/07 to 16,029 tonnes in 2007/08.

This increase was primarily due to expansion of our Melbourne and Brisbane parts and distribution sites, as well as expansion of our facilities in Sydney. We are seeking to reduce emissions at all sites through the introduction of programs such as CoolBiz and WarmBiz (See page 18). In 2007 we introduced a lighting policy to reduce unnecessary lighting and excessive lighting of work areas before and after normal business hours.

In addition, in 2008 we:

- Took part in Earth Hour on 29 March 2008. This involved turning off our lights for one hour to raise public awareness of climate change. The initiative, which was organised by

global conservation group, WWF, saw 24 cities around the world turning off their lights.



- Held a carbon offset corporate event on 28 February 2008. Toyota Australia purchased offsets for emissions for the electricity used at the dinner, concert, business meeting and accommodation, as well as from the attendees' air and road travel.

Energy Efficiency Opportunities

Toyota Australia undertook a series of Energy Efficiency Opportunities (EEO) assessments in 2007/08 as

per the requirements of the Federal Government's EEO program, which requires large companies to identify, evaluate and report on cost-effective, energy-saving opportunities.

The company's manufacturing plant in Altona used approximately 1.009 PJ of energy in 2007/08, and is the only site covered by the EEO framework. Toyota Australia's assessment of the site during 2007/08 identified 64 improvement projects. Of these, 28 projects have already been implemented, saving 0.06 PJ, with a further 36 projects under investigation for implementation with an estimated saving of 0.05 PJ.

More information about Toyota Australia's participation in the Energy Efficiency Opportunities program is available at

www.environment.toyota.com.au

CASE STUDY

Reducing Greenhouse Emissions

Toyota Australia is working with Toyota Motor Corporation's Energy Services Company (ESCO) to conduct energy audits and implement energy reductions across its Australian operations.

ESCO carried out a detailed survey in June 2007 with members from the environment groups in each manufacturing shop to identify, gather data and provide training on the process of implementing energy projects. The survey was the third stage in a four stage process, involving

an initial survey in November 2006 by the ESCO team to identify energy reduction activities and internal training in February 2007.

The survey in June 2007 identified 30 opportunities for Toyota Australia to save energy.

They included:

- Optimising the compressed air system by repairing air leaks and reducing the supply pressure of compressed air used around the site.

- Optimising the boiler system by improving controls and reducing the supply pressure of steam.
- Improving lighting by turning off lights between breaks and at the end of shifts and by adding switches so that robots work in the dark.

The next stage for Toyota Australia will be to implement the projects, following a final visit from ESCO in late 2008.

ENERGY AND CLIMATE CHANGE (continued)

CASE STUDY

Minimising Energy Use In Our Buildings

Toyota Australia has reduced its CO₂ emissions by up to 20 tonnes a month by changing the way it heats and cools its corporate headquarters.

In the summer months employees are encouraged to wear less formal clothes, and in winter, they are encouraged to wear warmer clothes.

The air conditioning is then adjusted to reduce the amount of energy required to cool the buildings in summer and heat them over winter.

The CoolBiz program for the summer months was implemented at Toyota Australia's corporate headquarters in Port Melbourne in 2006/07 and the WarmBiz program for winter was implemented in 2007/08. CoolBiz and WarmBiz are initiatives adopted from Toyota Motor Corporation.

Energy consumption at the corporate headquarters saw a reduction by 5.1 per cent in 2007/08, through energy-saving initiatives such as CoolBiz.

The program has not come without its challenges. Initially the change in

temperature in the office building was introduced over a single weekend, resulting in some employees experiencing a dramatic change in comfort. This problem was resolved by introducing the temperature changes gradually over a number of weeks, allowing for better adjustment.

Toyota Australia is now looking to implement CoolBiz and WarmBiz programs in other sites.

3. Emissions from Logistics and Business Travel

The environmental impact of transporting our vehicles and parts is an important part of our overall environmental footprint. The transportation of goods accounts for a considerable amount of energy consumption and associated CO₂ emissions.

We are working to reduce CO₂ emissions in logistics and to reduce use of packaging and wrapping materials. In 2008, we devised a strategy to establish an inventory of logistics CO₂ emissions and packaging material usage. The strategy includes setting CO₂ emission reduction targets and supporting the principles of the National Packaging Covenant on product stewardship.

In 2008 we will determine CO₂ emissions related to truck, rail and shipping movements for imported vehicles, exported vehicles and domestic vehicles, as well as CO₂ emissions associated with the shipping of service parts. We will also gather information to determine packaging waste by weight associated with the shipping of service parts.

Please see 'Case Study: Recycling in the Supply Chain' in 'Our Business Partners' section for more information on how we are working with suppliers to reduce waste.

In 2007/08, CO₂ emissions from business air travel totalled an estimated 4,365 tonnes, with 33.2 million kilometres travelled.

Product Stewardship

Toyota Australia aims to provide vehicles with innovative fuel efficiencies that create value for our customers and benefit society as a whole.

Alternative Fuel

Australian manufacturers and the Federal Government agreed to provide vehicle labelling in 2005 on locally-manufactured models to declare their suitability with fuel containing up to ten per cent ethanol (E10). Both of Toyota Australia's locally-made models, Camry and Aurion, now carry labels on the fuel tank that identify them as suitable for E10 fuel.

In addition, all overseas-manufactured Toyota vehicles arriving in Australia are suitable for this fuel type. As these vehicles arrive from their source locations, fuel labels are updated to identify that E10 is a suitable fuel for the engine. Details of the suitability of earlier models for this alternative fuel can be found on the website of the Federal Chamber of Automotive Industries.

It is intended that these measures will help improve consumer confidence in the use of appropriate ethanol-blended petrol, in order to lower reliance on fossil-fuel supplies.

Fuel Efficiency

Toyota Australia is helping to reduce CO₂ emissions by introducing more efficient engines. The table below details the improved fuel economies of new models across the range.

Toyota's Guiding Principle 3

Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all activities.

New Vehicles 2007/08	Old Model (fuel consumption measured in L/100km*)	New Model (fuel consumption measured in L/100km*)	Decrease in Fuel Consumption
Kluger (4WD)	12.3	11.6	6%
Landcruiser 200			
> Diesel	11.0	10.3	6%
> Petrol	16.1	14.5	10%
Lexus LX570	16.1	14.8	8%

* Fuel consumption will vary depending on driving conditions/style, vehicle conditions and options/accessories.
Source of fuel consumption data: Australian Design Rule 81/01.

Green Vehicle Guide

The Green Vehicle Guide (GVG) is a Federal Government initiative that provides information to consumers about the environmental performance of new light vehicles in Australia.

Toyota's efforts to develop greener vehicles have been recognised by the GVG. In 2008, two Toyota vehicles ranked amongst the top performers of all vehicles in the GVG. These were the Toyota Prius, with the highest possible five-star rating in first spot, and the Toyota Corolla, with a four-and-a-half star rating in eighth place. The Lexus RX400h hybrid also made the list of Top GVG Performers, coming in at number 11.

The information provided in the GVG (www.greenvehicleguide.gov.au) helps consumers compare the level of emissions of different vehicles and their impact on the environment and includes:

- **Greenhouse Rating (based on CO₂ emissions):** To compare a vehicle's contribution to the greenhouse effect and climate change.
- **Air Pollution Rating (based primarily on emission standards):** To compare a vehicle's contribution to urban air pollution (and associated effects on the environment, human health and amenity).
- **Overall 'Star' Rating:** To identify vehicles that emit a lower level of overall emissions.
- **Fuel Consumption (in L/100km):** To identify the most fuel-efficient vehicle.

Toyota Australia will continue to support the Green Vehicle Guide and will seek to improve product performance via the implementation of improved fuel efficiencies across the entire vehicle range.

RECYCLING OF RESOURCES

Toyota Australia is advancing effective utilisation of resources by reducing our water consumption and waste generation to achieve resource efficiency and reduce our environmental footprint.

Materials Use

The table opposite details the materials mass balance associated with vehicle manufacturing at Toyota Australia's Altona site in 2007/08. It does not include energy or material flows associated with the consumption of utilities or materials associated with the maintenance of the site.

Product Recyclability

Toyota Motor Corporation (TMC) uses its technological expertise to improve the recyclability of vehicles when they reach the end of their lives by improving resource recovery and reducing demand on natural resources.

Since 1970, TMC has been developing vehicles that are easy to recycle and considers the entire vehicle lifecycle from 'cradle to grave'. Initiatives include using recycled plastic in car parts, promoting the use of shredder residue and eliminating Substances of Concern such as lead and mercury.

On the non-production side, Toyota Australia has set targets to reduce paper use. Printer default settings have been changed to double-sided black and white printing, resulting in an average reduction of 18 per cent of A4 equivalent reams used. We have started recording and reporting our paper consumption on a monthly basis. We will continue to investigate and more broadly report on our paper consumption from 2008/09.



Toyota Australia's manufacturing plant at Altona

Material Balance 2007/08

Recycled Materials	Total including:	31,229 tonnes
	Steel, Metal and Sand	29,679 tonnes
	Packaging Waste	1,250 tonnes
	Solvents	158 kilolitres
	Other (including windscreen glass, fluorescent lighting, paper and co-mingled plastic bottles, cans and damaged plastic)	142 tonnes
Major Raw Materials	Steel and Aluminium	74,910 tonnes
Product	Motor Vehicles	227,785 tonnes
Waste Materials	Total including:	2,095 tonnes
	General Waste	1,019 tonnes
	Prescribed Waste	537 tonnes
	VOCs	539 tonnes

Water

Severe drought in Australia has led to a drastic water shortage. Toyota Australia has set targets to reduce water usage across its business.

Most of our water is sourced from municipal or city water suppliers but we also have a 350-kilolitre rainwater tank and reticulation system at our corporate headquarters in Port Melbourne. This has been in operation since 2005 and is used for toilet and irrigation purposes.

WaterMAP

The company's headquarters in Port Melbourne and the Altona manufacturing site were required to submit a Water Management Action Plan (WaterMAP) as a mandatory Victorian Government legislative requirement in 2007. All non-domestic sites using more than ten megalitres of clean drinking water in a financial year were required to submit a WaterMAP. Both sites received approval from their local water authorities after submitting their WaterMAPs in December 2007.

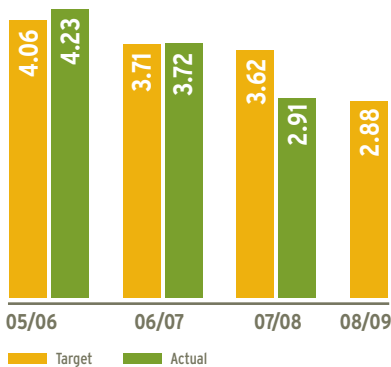
Performance

Production Water Consumption

In 2007/08, total water consumption was 450,134 kilolitres at our manufacturing plant in Altona. Initiatives to reduce water at the manufacturing plant include introducing a process to reduce air flow in Paint Shop booths, which has saved two million litres of water a year.

Waterless urinals have been introduced across the manufacturing site in 2007/08. These urinals are already in place in our Port Melbourne and Sydney offices. Urinals contribute to over half of domestic water use approximately, which makes up around ten per cent of total site water use. Toyota Australia expects to save up to 24 million litres of water a year by installing waterless urinals.

Production Water Consumption
Kilolitre (kL)/Vehicle



Water use at our manufacturing plant has been reduced from 4.23 kL/Vehicle in 2005/06 to 2.91 kL/Vehicle in 2007/08.

Raising staff awareness is an important facet of Toyota Australia's commitment to water conservation. Toyota Australia teamed up with City West Water in 2007 for a staff showerhead exchange program which is expected to result in a saving of more than five million litres of

water per year. Employees exchanged over 500 old showerheads with new low flow showerheads for their homes in the two-week program.

Our projects for 2008/09 include introducing water metering and conducting a feasibility study for recycling water.

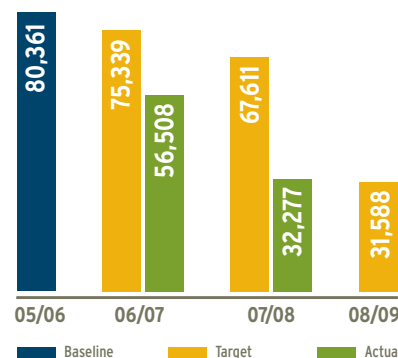
Wastewater

Water is discharged to the sewer from two Trade Waste Treatment Plants at Altona. The water discharged to the sewer from Paint Shop trade waste totalled 234,170 kilolitres in 2007/08, and Engine Shop trade waste totalled 6,100 kilolitres – the quality of this water is in accordance with our City West Water agreement limits. The wastewater is then discharged to the Werribee Treatment Plant.

Non-Production Water Consumption

In 2007/08, total water consumption at our non-production sites was 32,277 kilolitres, compared to 56,508 kilolitres in 2006/07, representing a decrease of 42 per cent.

Non-Production Water Consumption
Kilolitre (kL)



This reduction has been achieved by

implementing a range of initiatives including:

- Aqualoc flow restrictors: These have been rolled out to all taps in our corporate headquarters in 2007/08, after being installed in our Sydney office in 2006/07. Aqualoc is a specially-designed tap valve that saves water and eliminates tap washer maintenance. The design of Aqualoc provides a controlled even flow, delivering savings on water and energy costs. These valves replace conventional washers and quarter-turn ceramic cartridges in tap ware. Aqualoc restrictors are expected to save one million litres of water a year.
- Decommissioning of water features in corporate gardens in accordance with water restrictions.
- Recording and monitoring of monthly water consumption data at all non-production sites.

RECYCLING OF RESOURCES (continued)

CASE STUDY

Reducing Water Use

Water is a key concern for Toyota Australia and its stakeholders. Worsening drought conditions and the potential impacts of climate change mean that managing water resources is an ongoing challenge.

Toyota Australia's Sales and Marketing operations in Sydney has introduced a range of water-saving initiatives which have led to a 29 per cent reduction in water consumption in the past year. In 2007/08, water consumption at the Sydney headquarters was 15,218 kilolitres, compared to 21,575 kilolitres in 2006/07.

To achieve this dramatic reduction, Toyota Australia carried out an efficiency review of the irrigation system, installed rainwater tanks and explored alternative water

supplies including recycled water and stormwater harvesting.

"We have achieved realistic savings and these initiatives are now being expanded to Toyota operations in other states," says Rob Gooch, Toyota Australia's Divisional Manager in charge of facilities management.

Toyota Australia will now install sub-meters in our Sydney office to enable us to monitor water use more effectively and this will be rolled out to our corporate headquarters in Port Melbourne and to our Brisbane regional office in 2008.

In line with the company's drive to conserve water, Toyota Australia signed up to the Every Drop Counts Business Program in 2006, an initiative developed by Sydney Water to help businesses identify and implement water-saving initiatives.



Pond at Toyota Australia's Sales and Marketing operations in Woollooware Bay, Sydney

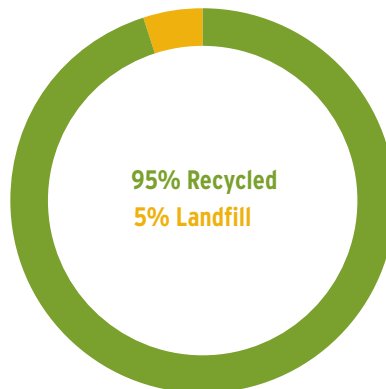
Reducing water usage is an integral part of Toyota Australia's Five Year Environment Plan, which sets targets for water, energy, waste, paper and carbon dioxide emissions across all sites.

Waste

Effective waste management is a key target in Toyota Australia's Five Year Environment Plan. The company is working with waste management contractors to develop innovative processes to reduce waste disposed to landfill and increase opportunities to recycle and reuse products where possible.

Most of our waste is generated at our manufacturing plant. In 2007/08, total waste was 32,607 tonnes, of which 95 per cent was recycled (including steel, cardboard, plastic film, solvent, windscreen glass, sand, bumper bars, cans and bottles). The two major waste streams at the manufacturing plant are general waste and prescribed waste.

Distribution of Waste



General Waste

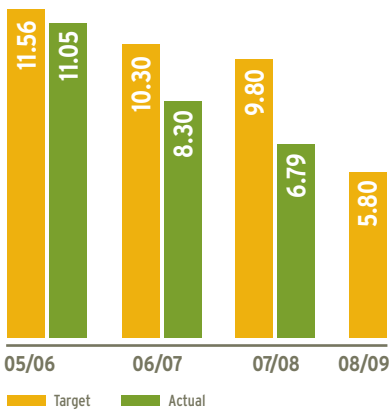
Of 31,953 tonnes of general waste, 96.8 per cent was recycled with 1,011 tonnes going to landfill. There has been a decrease in our general waste from 8.30 kg/Vehicle in 2006/07 to 6.79 kg/Vehicle in 2007/08. The reduction has been achieved due to improvements in waste segregation activities, such as implementing can and plastic carton recycling bins and increasing the capture and recycling of timber.

Prescribed Waste

Of 655 tonnes of prescribed waste in 2007/08, 18 per cent was recycled or reused with the remainder disposed of at a prescribed waste landfill facility. We reduced our prescribed waste from 3.89 kg/Vehicle in 2006/07 to 3.60 kg/Vehicle in 2007/08.

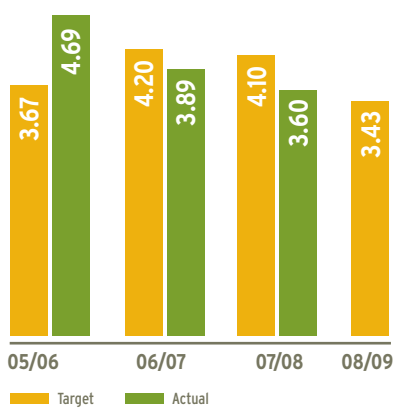
Production General Waste

kg/Vehicle



Production Prescribed Waste

kg/Vehicle



Waste at Non-Production Sites

Toyota Australia has set a target of zero waste to landfill by 2010/11 at all its non-production sites. To support this aim, an external waste audit was conducted at Toyota Australia’s corporate headquarters in Port Melbourne in March 2008. The audit measured waste generated over a 24-hour period and helped identify waste management and reduction strategies.

The audit recommended developing and implementing a plan for diverting organic waste from the general waste stream. Toyota Australia has started addressing this issue with the introduction of the Pulpmaster recycling unit for organic waste from kitchen and catering operations in 2008.

The audit also identified the potential to increase employee awareness on waste minimisation, improve waste segregation and increase recycling rates. An action plan will be developed to address these concerns.

Reusing Organic Waste

The Pulpmaster recycling system at the company’s headquarters in Port Melbourne converts all type of food waste into a pulp slurry. The pulp is then transported to an off-site composting facility. The introduction of the Pulpmaster recycling unit will divert approximately 23.9 tonnes of organic waste away from landfill per annum.

National Catering (part of the Building Support Services Department) has successfully diverted 60 tonnes of waste away from landfill during the past two years from its Sydney operations at Toyota House.

These results have been confirmed through a waste audit conducted in December 2007 and have been achieved by recycling food waste through the Pulpmaster unit and implementation of a co-mingled recycling program.

It is intended that the Pulpmaster recycling unit will be rolled out to the company’s Altona manufacturing site.

SUBSTANCES OF CONCERN

Globally, Toyota Motor Corporation (TMC) has committed to phasing out four Substances of Concern (SOCs): Lead, cadmium, mercury and hexavalent chromium. These chemical substances can have adverse effects on human health and the environment.

Current regulations, including the European Directive on end-of-life vehicles, set targets for the automotive industry on SOCs. However, as Toyota produces vehicles and parts all around the world, there are countries where these regulations may not apply. To solve this challenge, TMC established a worldwide goal in 2005 to eliminate the use of the four SOCs from all vehicles and vehicle-related products produced or sold by Toyota globally.

In line with this, Toyota Australia has set targets around managing and eliminating SOCs from all vehicles, parts and accessories supplied to Australian and overseas markets. As of 31 March 2008, 99 per cent of local vehicles, parts and accessories were confirmed as free of SOCs. This compares to 80 per cent in 2006/07. To achieve this Toyota Australia set specific targets with its suppliers to eliminate, replace or reduce the use of

SOCs. The company is working closely with suppliers to ensure the complete elimination of SOCs in 2008.

Toyota's Guiding Principle 7

Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping ourselves open to new partnerships.

ATMOSPHERIC QUALITY

'Reducing emissions to improve air quality' is one of the key targets of Toyota Australia's Five Year Environment Plan – this means not just reducing CO₂ emissions but also reducing air pollutants such as carbon monoxide and nitrogen oxides.

Hydrocarbons, Carbon Monoxide and Nitrogen Oxides

Air pollutants such as carbon monoxide and oxides of nitrogen are emitted into the environment by motor vehicles. These air pollutants can contribute to urban air quality problems, such as photochemical smog, and adversely affect human and ecological health.

The United Nations has developed international standards (commonly referred to as the 'Euro' Standards) limiting the emissions of these pollutants by motor vehicles. The current Australian standard, ADR 79/01 Emission Control for Light Vehicles, requires manufacturers to comply with the Euro 3 standard.

Toyota Australia is progressively working towards the certification of all vehicles to the more stringent Euro 4 standards, due to come into effect from July 2008. As at the end of 2007, 30 Toyota models were certified to Euro 4 with ten of these achieving Euro 4+ performance.

In addition, nine Lexus models were certified to Euro 4, two of which achieved Euro 4+ performance. In total, 12 Toyota and Lexus vehicles have achieved Euro 4+ performance, which is defined as having hydrocarbon and nitrogen oxide emissions at 35 per cent or less of the Euro 4 limits for a standard petrol passenger car.

Toyota Australia will continue to ensure that vehicles meet or exceed Australian design standards in an effort to reduce air pollution emissions.

Emissions from Volatile Organic Compounds

Volatile Organic Compounds (VOCs) are one of the key contributors to air pollution in the automotive industry. In the manufacture of vehicles, VOCs are found in processes that use solvents, paints, sealers or hydrocarbon-based chemicals. The largest source of VOC emissions for Toyota Australia is at its Paint Shop. In 2007/08, Toyota Australia reduced its

VOC emissions to 31.66 g/m², down from 36.17 g/m² in 2006/07. This 13 per cent reduction was a result of initiatives including:

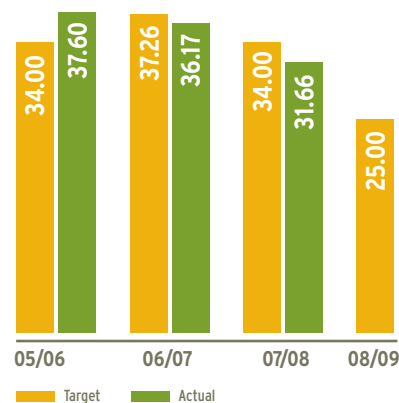
- Installation of a Regenerative Thermal Oxidiser (see Case Study: Reducing Volatile Organic Compounds in the Paint Shop)
- Introduction of solvent control valves
- Replacement of solvent-based paint with water-based products for painting wheel arches and radiators
- A VOC expert from Toyota Motor Corporation assisted in:
 1. Identifying opportunities for improvement in VOC reduction by reducing solvent usage, increasing solvent recovery and reviewing current cleaning methods.
 2. Increasing focus on VOC reduction activities at Group Leader and Team Leader level.

3. Global benchmarking amongst other Toyota affiliates for best practice VOC reduction initiatives.

To monitor VOCs throughout the manufacturing process, Toyota Australia set targets for VOCs in its new fuel tank and bumper bar painting facilities for the first time in 2007. VOC emission targets for its Paint Shop were already established in Toyota Australia's Five Year Environment Plan.

During the year, bumper bar painting VOCs totalled 264.72 g/m², against a target of 260 g/m². Despite the bumper bar VOC target not being reached in 2007/08, there was still a 26.2 per cent VOC reduction from 2006/07. In the past year, fuel tank VOCs totalled 46.62 g/m² against a target of 55 g/m².

Production Paint VOCs
g/m²



To further reduce VOCs Toyota Australia is:

- Providing additional training for staff on the efficient use and recovery of solvents.
- Installing metres to enable closer monitoring and measurement of solvent usage in 2008.

CASE STUDY

Reducing Volatile Organic Compounds in the Paint Shop

Solvents that are used in vehicle painting operations are the most significant contributor to volatile organic compound (VOC) emissions in the manufacturing process. These emissions tend to be odorous for local residents.

Until 2008, Toyota Australia had been using six incinerators in its Paint Shop operations. However, the incinerators were creating problems – the incinerators were not reducing VOCs as efficiently as had hoped, and poor heat efficiency meant increased utility costs. Other constraints included odour mitigation and ongoing maintenance costs.

To solve these problems, Toyota Australia invested \$3 million in a Regenerative Thermal Oxidiser (RTO) at its Paint Shop in December 2007. The RTO provides best practice emissions management by removing VOCs and odour from exhaust air streams, whilst minimising operational costs. As a result, VOC removal efficiency is expected to increase from 60 per cent to 98 per cent.

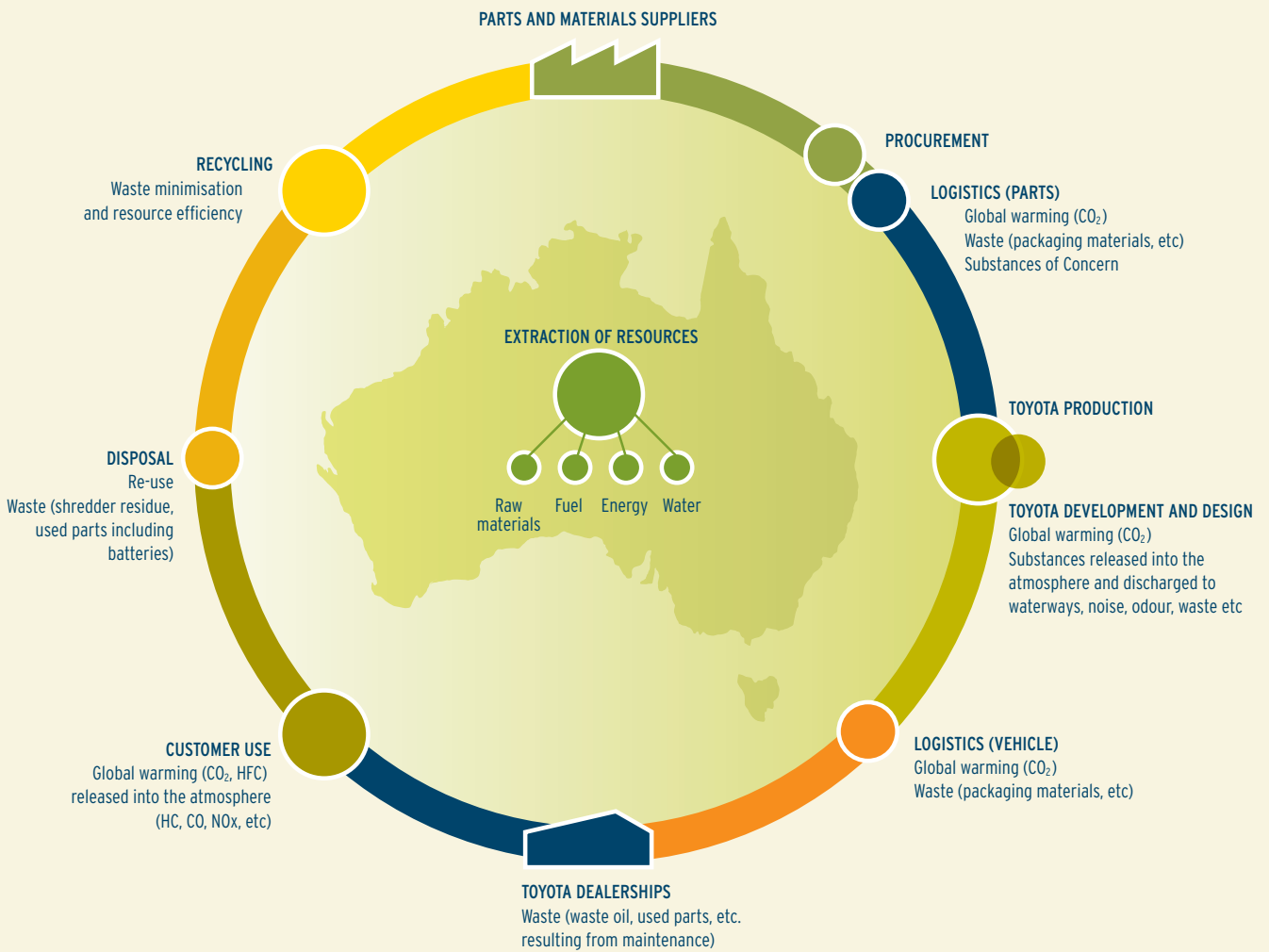
There have also been considerable energy savings due to the RTO's high level of heat recovery (i.e. 92 per cent of the heat that would have otherwise been expelled into the



atmosphere) and it is estimated that the RTO will reduce Toyota Australia's CO₂ emissions by 1,212 tonnes a year.

Vehicle Life Cycle

Toyota Australia is working to reduce environmental impacts at all stages from vehicle development to production, use, disposal and recycling. The diagram below shows each stage of the vehicle life cycle.



ENVIRONMENTAL MANAGEMENT

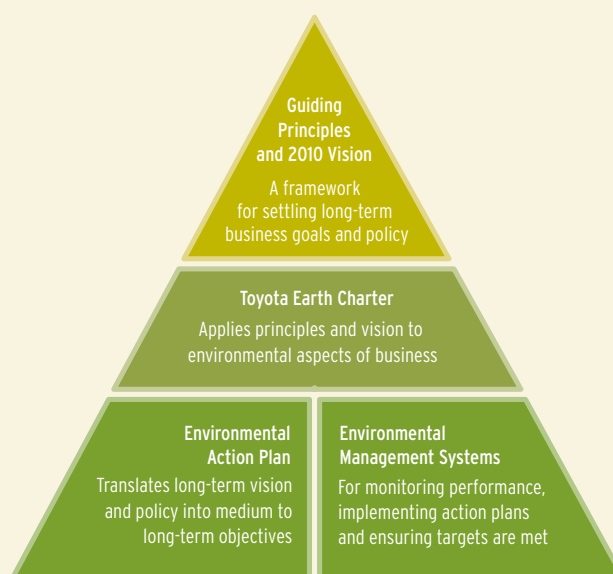
Toyota Australia recognises that the automotive industry can contribute to a range of environmental issues such as global warming, resource depletion, accumulation of waste and atmospheric pollution. The company is acting on its Earth Charter through Toyota Motor Corporation's Fourth Environmental Action Plan by aiming to provide social mobility in harmony with the environment.

Reducing the environmental impacts of products and operations is a management priority for Toyota Australia. With water scarcity and the effects of climate change becoming ever more pressing challenges, the company is continually modifying business practices to reduce its environmental footprint across the vehicle life cycle.

Toyota Australia demonstrates its commitment to environmental protection through its capital and operating expenditure on waste disposal, emissions treatment and environmental management. Toyota Australia's capital expenditure in environmental protection at its manufacturing plant in Altona totalled \$3,156,711 in 2007/08, and its operating spending was \$338,570, excluding wages and salaries. A large part of the capital expenditure was due to the acquisition of a Regenerative Thermal Oxidiser for the Paint Shop at the company's manufacturing operations in Altona.

The company has an environment sub-committee that reports to the board on environmental issues (see page 10). In addition, it has committees to respond to environmental management challenges in the Sales and Marketing and Manufacturing and Purchasing operating arms of the business.

Global Toyota Environment Plan



Environment Plan

Toyota Motor Corporation implemented its Fourth Environmental Action Plan in 2006, establishing five-year corporate objectives in environmental sustainability in the areas of energy/ climate change, recycling of resources, substances of concern, atmospheric quality and environmental management.

Toyota Australia launched its first Five Year Environment Plan in 2006. While the manufacturing plant has had specific targets set annually since

1998, the Five Year Environment Plan sets targets for both manufacturing and non-production operations. The plan details overall goals for 2010/11. As the original 2010/11 targets have already been achieved, new targets have been set by Toyota Australia to ensure continuous improvement.

The table on page 28 – 29 illustrates the targets that were set for 2007/08 and how we have performed against them.

ENVIRONMENTAL MANAGEMENT (continued)

Toyota Australia Environment Targets 2007/08

TOYOTA MOTOR CORPORATION OBJECTIVE	PRODUCTION	
	2007/08 target	2007/08 actual
Energy and Climate Change		
Meet comprehensive targets for CO ₂ emissions reduction		
Reduce CO ₂ emissions in production and logistics activities	Implement process improvements to achieve: <ul style="list-style-type: none"> • Gas target : 5.44 GJ/Vehicle • Electricity target : 913 KWh/Vehicle 	<ul style="list-style-type: none"> • Gas actual: 4.71 GJ/Vehicle (13.4% < target) • Electricity actual: 708 KWh/Vehicle (22.4% < target) Targets achieved due to high volume and implementation of major activity <ul style="list-style-type: none"> • Regenerative Thermal Oxidiser • Energy Services Company (ESCO)
Recycling of Resources		
Reduce waste and increase recycling	Implement process improvements to achieve: <ul style="list-style-type: none"> • General waste: 9.80 kg/Vehicle • Prescribed waste: 4.10 kg/Vehicle 	General waste actual: 6.79 kg/Vehicle (30.7% < target) Prescribed waste actual: 3.60 kg/Vehicle (12.2% < target)
Reduce water consumption	Implement process improvements to achieve target: 3.62 m ³ /Vehicle	Water actual: 2.91 m ³ /Vehicle (19.6% < target)
Substances of Concern		
Eliminate use of four SOCs (lead, mercury, cadmium and hexavalent chromium) globally	Establish processes and plans to eliminate four Substances of Concern	All parts tested and confirmed as 99% SOC free Plans for replacement of remaining parts underway
Atmospheric Quality		
Reduce emissions to improve air quality in urban areas in all countries and regions	Achieve a VOC target of 34.00 g/m ³	VOC actual: 31.66 g/m ³ (6.9% < target)
Environmental Management		
Strengthen consolidated environmental management	Maintain ISO 14001 certification and comply with Toyota's global audit requirements Maintain process performance to meet targets and regulatory limits Establish Eco-Buy plan for non-vehicle component suppliers	ISO 14001 certification maintained Regulatory requirements maintained and evaluation of compliance program established Eco-Buy plan endorsed and action plan prepared
Further promotion of environmental management at business partners	All suppliers compliant with supplier environmental policy	Toyota Green Purchasing Guidelines rolled out to suppliers
Enhance environmental education	Support development of company-wide environmental awareness measures and targets	Delivered ongoing training to manufacturing to enhance environmental knowledge and awareness
Contribute to the development of a recycling-based society	Ensure ongoing community involvement	Engaging community through participation in Community Liaison Committee, networking forums and volunteering activities
Improve disclosures of environmental information and two-way communications	Support enhanced corporate sustainability reporting	Sustainability Report published

NON-PRODUCTION

2007/08 target	2007/08 actual
Achieve reduction target based on Five Year Environment Plan in CO ₂ emissions from non-production sites against a baseline of 2005/06	Achieved a 4.8% reduction in CO ₂ emissions from non-production sites against a baseline of 2005/06 This result was achieved despite major expansion at Melbourne Parts and Distribution Centre and Sydney site
All Parts and Distribution Centres with energy and CO ₂ emissions reporting process in place Develop logistics CO ₂ reduction targets	Data collection established Logistics CO ₂ policy developed Data reporting commenced for logistics associated with vehicle component parts processes
Develop and introduce waste reporting Set 5-year reduction targets for waste for all non-production sites LOGISTICS AND PARTS AND DISTRIBUTION CENTRES 25% reduction in waste to landfill from Parts and Distribution Centre (PDC) OFFICES 100% of recyclables recycled All sites participating in the Eco-Buy program Complete pilot and feasibility study of Pulpmaster in Sydney	Collection and reporting processes not yet in place Zero waste to landfill target confirmed by Environment Committee for all office sites 5-year targets for each PDC endorsed by Environment Committee Data to verify PDC target achievement not available Waste audit undertaken at Corporate Headquarters Pulpmaster successfully implemented in Sydney and being rolled out to Manufacturing and Port Melbourne Eco-Buy program being implemented
Achieve reduction target based on Five Year Environment Plan in water usage from non-production sites against a baseline of 2005/06	Achieved a 60% reduction of water usage from non-production sites against a baseline of 2005/06 Achievement facilitated by adherence to government water restrictions and implementation of improvement activity including: <ul style="list-style-type: none"> • Waterless urinals and Aqualoc fittings • Improved landscaping • Rainwater harvesting
Report on compliance with schedule Establish processes and plans to eliminate four Substances of Concern from service parts and accessories	All parts tested and confirmed as 99% SOC free Plans for replacement of remaining parts underway
Develop an Environmental Management System (EMS) Implementation Plan Implement and certify EMS at Sydney Parts and Distribution Centre Establish Environmental Performance Indicators (EPI) reporting according to Toyota schedule	EMS at Sydney PDC certified to ISO 14001 Corporate Implementation of EMS to remaining sites proceeding according to schedule Some EPI reporting now included for non-production sites
168 Dealers compliant with DERAP through TSM certification Develop best practice case studies and dealer intranet to support dealer environmental improvement	197 dealers DERAP compliant Intranet site developed to facilitate DERAP compliance and to provide best practice information
Achieve targets for staff awareness and involvement Actively promote and support the Toyota Green Office Program	Staff awareness survey established Environmental training roll out commenced at Company Fleet and Sydney Parts and Distribution Centre
Continue to develop partnerships signed through Toyota Community Spirit	Toyota Community Spirit partnerships continuing - \$0.7 million invested in 2007/08
Publish enhanced corporate sustainability report	Sustainability Report published Finalist in 2007 Banksia award Member of Corporate Responsibility Index Leadership Network Number 2 in RepTrak survey

ENVIRONMENTAL MANAGEMENT (continued)

Environmental Risk Management

As part of Toyota Australia's Environmental Management System (EMS), the company examines aspects of the manufacturing operation to assess any potential environmental risks and impacts. Once these are assessed, targets are established and a plan is put in place to meet and reduce them.

Toyota Australia's manufacturing plant has been certified against the international environmental management standard ISO 14001 since 1998. The company is rolling out its EMS across all sites. The guiding environmental principles of the EMS are:

- Pollution prevention
- Waste minimisation
- Compliance with legislation
- Continuous improvement

In February 2008, the company's parts and distribution centre in Sydney also received ISO 14001 certification.

In addition to external accreditation, Toyota Australia conducts internal audits of its Environmental Management Systems each year. The internal audits are carried out using ISO 14001 protocols and are conducted by Toyota EMS-trained internal auditors together with the Production Engineering Environment Group. In 2007/08, the group conducted 23 internal audits.

Toyota Australia's manufacturing operations are subject to Environment Protection Authority (EPA) licensing requirements. Toyota Australia has held an accredited EPA licence since 2004 and has

policies and procedures in place to continuously monitor compliance with these licensing requirements. There were no significant spills or fines for non-compliance with environmental laws and regulations in the reporting period.

Community Liaison Committee

Toyota Australia brings together members of the local community to discuss issues of concern arising from its manufacturing plant in Altona. The committee, which meets quarterly, includes the Victorian Environmental Protection Authority, City West Water, Hobsons Bay City Council, local community residents, industry neighbours and the Corporate and Production Engineering Environment Group from Toyota Australia.

In 2007 the Committee focused on tracking projects against the Five Year Environment Plan, and examined utilities consumption data and environmental incidents. Other topics of special interest that were discussed included the impact of new prescribed waste regulations, VOC benchmarking within Toyota plants, the ESCO energy audit program and waste audit results. The Committee toured sections of the manufacturing plant at Altona, including Unit Parts and the Trade Waste Treatment Plant and provided feedback on their observations to shop management.

Employee Environmental Awareness

Toyota Australia strives to develop a workplace culture that recognises the importance of environmental leadership in managing our impacts. The company conducts training courses on environmental awareness as part of the EMS requirements. Courses delivered in 2008, included a one-hour workshop to Company Fleet employees, who work in the

Employee Environmental Awareness

Initiatives to raise environmental awareness amongst employees include:

- An annual environment engagement survey (see Case Study: Environment Engagement Survey)
- Environmental awareness training for all aspects of operations
- Staff volunteer days on environmental projects such as National Tree Day
- Activities to mark World Environment Day and Earth Hour
- Articles and case studies in internal publications
- Broadcast email newsletters on sustainability issues and activities

company's vehicle servicing garage, to highlight environmental issues in their daily activities. The course included a feedback form so that we can track our performance and continuously improve training.

Toyota Australia also holds annual Environmental Management System Awards at its manufacturing plant. The awards recognise the environmental achievements of the shop working groups. In June 2007, employees from the Unit Parts and Production Engineering divisions were presented with the City West Water Award for their work on optimising the Unit Parts paint line, which has resulted in water savings of around ten million litres a year.

CASE STUDY

Environment Engagement Survey

Toyota Australia conducts an annual employee survey to measure environmental awareness within the organisation. The results of the survey are used to determine whether current environmental plans, programs and initiatives are effective, and to provide input to future environmental strategies.

The 2007 survey found that there has been an increase in employee understanding of how their activities at Toyota can impact the

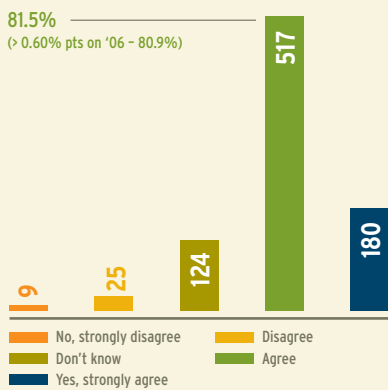
environment. Out of 855 respondents, 81.5 per cent said that they either agreed or strongly agreed that they have a good understanding of their environmental impacts (compared with 80.9 per cent in 2006).

The survey results also found that while the majority of respondents agreed that management is committed to implementing responsible environmental practices (68.5 per cent), fewer employees agree that waste is minimal in work

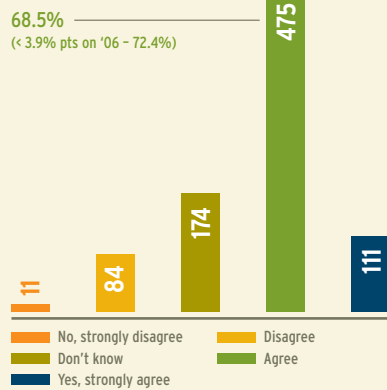
areas this year (38.7 per cent in 2007 compared to 41.1 per cent in 2006). This suggests that Toyota Australia could do more to be less wasteful in our energy, water and paper consumption.

Office-based staff complete an online questionnaire, while hard copies are distributed to manufacturing and engineering employees at communication sessions. The survey has been conducted since 2005.

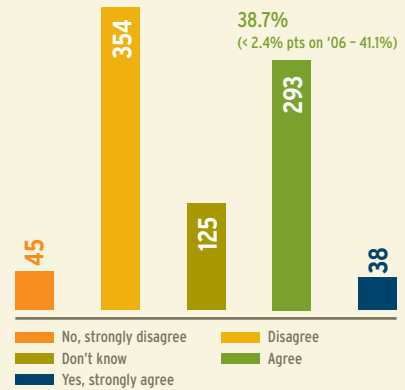
Q2. I have a good understanding of how my activity at Toyota can impact the environment.
Total responses 855



Q3. Management are committed to implementing responsible environmental management practises.
Total responses 855



Q5. Do you think waste is minimal in your area? (e.g. paper, energy, water etc).
Total responses 855



SOCIAL ASPECTS

OUR EMPLOYEES

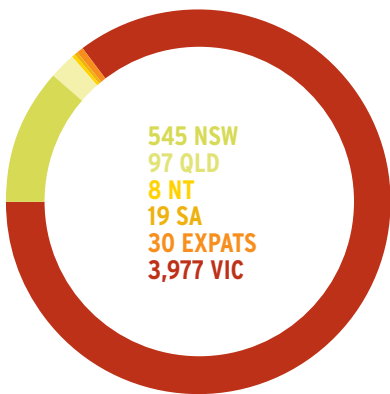
Our employees are fundamental to our success. A key target for our 2012 Goals is to be an 'Employer of Choice.' We strive to create a working environment that is supportive – one that is based on mutual trust and respect and where innovation and continuous improvement are encouraged.

Toyota's Guiding Principle 5
Foster a corporate culture that enhances individual creativity and teamwork, while honouring mutual trust and respect between labour and management.

Key Figures

Toyota Australia has 4,676 employees, with the majority based at our manufacturing plant in Altona and at our corporate headquarters in Port Melbourne. Other employees work from our sales and marketing operations in Sydney and our regional operations in Brisbane, Townsville, Darwin and Adelaide.

Employees by location



Employees by type

Award employees (covered by the Toyota Australia 2005 Workplace Agreement) **3,802**
Non-Award employees **874**

Toyota Australia supports equal opportunity and recruits and retains its workforce based on individual skills and merits, regardless of age, gender, disability, religion or race. All staff are given equal opportunity training

as part of their induction. Toyota Australia's merit-based pay policies are designed to promote equal pay for equal contribution, capability and experience.

There is a dynamic mix of cultures, ages, religions and beliefs represented amongst the workforce.

Workforce Profile

Nationalities Represented	80
Average Age	42 years old
Female Workforce	13%
Average Length of Service	11 years

Toyota Australia has developed a corporate culture that encourages people to work together to solve problems. The Toyota Way emphasises 'Respect for People' and teamwork. The success of these philosophies is evidenced by the company's low turnover rates. In 2007/08, turnover rates were 5.76 per cent for non-award and 4.54 per cent for award employees, compared to an overall industry average of approximately 15 per cent.

Employer of Choice

In February 2008 Toyota Australia's President, Max Yasuda, launched a new set of strategic goals defining the long-term targets for the company. A new project of 'Employer of Choice' was announced. A full time role has been allocated to the project and is being delivered by a cross area group.

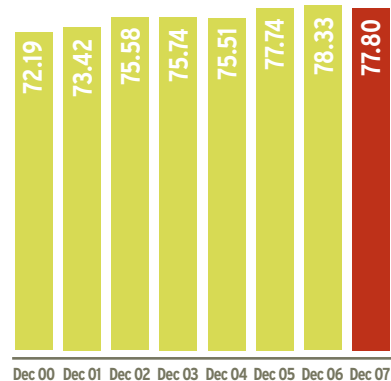
Although the project is still in its infancy, flexible work practices and family unit support have already been identified as being areas of focus.

Employee Satisfaction

Toyota Australia conducts an Employee Satisfaction Survey each year to monitor how it is performing against the needs of its workforce. All employees are surveyed and the results are communicated throughout the company. The employee satisfaction results for 2007 showed a slight reduction in satisfaction from 2006.

The survey calculates both an overall company result and a divisional rating – these results drive action planning for the development of initiatives to address opportunities in employment satisfaction. The survey acts as an ongoing process to measure satisfaction and deliver on initiatives which have an impact on our employees.

Employee Satisfaction



OUR EMPLOYEES (continued)

Remuneration and Benefits

All Toyota Australia award employees are covered by the Toyota Australia 2005 Workplace Agreement, which ensures fairness of workplace conditions and outlines the processes, policies and systems in place for achieving these aims. The agreement also helps Toyota Australia to maintain competitiveness on a local and global scale and was certified in the Australian Industrial Relations Commission in July 2005. It is binding for three years, with an option for a fourth year.

The Workplace Agreement covers issues including:

- Occupational health and safety.
- Flexible working.
- Anti-discrimination policies in accordance with the Equal Opportunity Act 2005.
- Performance reviews.
- Termination payment: Toyota Australia provides increased termination payouts for employees who are over 45-years-old and have completed two years of continuous service.
- Redundancy: Toyota Australia is committed to providing adequate notice and employee support programs to help with coping with organisational change and restructures.

All employees are free to join unions and 82 per cent of the workforce is currently covered by collective bargaining agreements.

Employees have a choice of superannuation funds to which employer contributions can be made. All permanent employees receive superannuation benefits

at least equivalent to a nine per cent employer superannuation contribution. Death and disability insurance benefits are also provided through the Toyota superannuation funds.

Other benefits for award and non-award employees include:

- Performance-related bonus opportunities.
- 13 weeks paid maternity leave and one week paid paternity leave after 12 months of continuous service.
- Employee assistance program that offers confidential counselling for employees and family members.
- Learning and development programs.

Toyota Australia's minimum wage is 67 per cent above that of the Federal minimum wage.

Senior Consultative Group

The aim of Toyota Australia's Senior Consultative Group is to provide a means for employees to communicate important issues with senior management. The group is made up of the President, Directors and Senior Employee Representatives and meets on a monthly basis to discuss topics including employment conditions, sales and operating performance, training and community involvement.

Training

Toyota Australia has a strong desire to not only recruit and retain the best people but to provide career development opportunities that make it an employer of choice. Toyota Australia is proud to be a learning organisation. The Toyota Way, which emphasises continuous improvement, innovation, and sharing opportunities to develop, is the foundation of our training programs.

Average Hours of Training Conducted In-house Per Year by Employee Category*

Production	71.8
Professional and Executive	6.6
Trade	129.7

* This does not include external qualifications and training.

Employees are given equal opportunity training as part of their induction. In 2007/08, employees from the Press Shop and Assembly Line were retrained in equal opportunity. Toyota Australia plans to roll this program out to other staff in the coming years with the aim of ensuring that all employees are retrained every two years in equal opportunity.

Open Learning Centre

All employees have access to Toyota Australia's Open Learning Centre, which is based at the manufacturing plant in Altona. The Centre supports individual learning and career development in a range of areas including:

- Resume writing
- Library self-paced learning
- Language and literacy support
- Educational course advice
- Computer training
- Interview skills

Toyota Australia also offers nationally-accredited qualifications to Team Leaders and Project Supervisors through its Frontline Management Program such as the Certificate IV in Business and a Diploma in Business.

Training is also provided for employees working in operations. The Certificate II in Automotive Manufacturing provides an introductory understanding of Toyota's production system and includes training on the environment, safety (basic safety and risk assessment/hazard awareness) and communication skills.

Toyota Institute of Australia

The Toyota Institute of Australia provides training and development courses for Toyota Australia’s workforce, dealers and suppliers. The Institute teaches students about the Toyota Way, a set of core principles that guide Toyota Australia’s operations. It enhances understanding of the concepts and methods embodied in the Toyota Way and aims to support the long-term development of Toyota Australia’s key suppliers and dealers, as well as the local automotive industrial base.

The program includes leadership development, management and production workshops in areas including:

- Safety
- Customer satisfaction
- People management
- Planning, finance and problem solving
- Trade skills

Occupational Health and Safety

We aim to provide a safe and healthy working environment for our employees through the prevention and management of work-related injuries and illness. Five per cent of our workforce are represented in formal joint management-worker Health and Safety Committees that help monitor and advise on occupational health and safety programs.

For the 2007 calendar year, we achieved the lost workday case frequency rate target we had set of four. This compares to eight for the

2006 calendar year. The target for 2008 is three.

During the reporting period, Toyota Australia continued with accreditation to the Safety Management Achievement Program

Lost Workday Case Frequency Rate



(SafetyMap). This program is an auditing tool designed by the Victorian WorkCover Authority to help organisations establish safer working environments. SafetyMap has enabled us to measure the performance of our health and safety program and implement a cycle of continuous improvement.

As part of our 2012 Goals, in 2008 we committed to the long-term goal of zero injuries by 2012 with major initiatives planned for the next three years to support the achievement of this target.

Health and Safety Initiatives

We have a number of initiatives and activities that contribute to maintaining a safe and healthy working environment. These include:

Stop 6+ alpha: A campaign to eliminate accidents in the workplace that result in serious injury, disability or death. Stop 6 incident types include electric shock and contact with heavy vehicles.

Safety Month: From 2007, Toyota Australia has designated two months of every year to focus on correcting safety-specific issues. In 2008, the designated Safety Month was March, and September will be Health and Safety Month. During March, the production line at Altona was stopped for 30 minutes each week to enable team members to review their work areas and processes to uncover any safety issues.

President’s Safety Shield: Departments across Toyota Australia measure the performance of their health and safety systems through a rigorous audit reporting process, which culminates in an award given to the department with outstanding health and safety performance.

KIJ Jiritsuka: This program reviews operations to ensure safety systems are self-sustainable. This includes regular inspections by managers to identify safety risks and to consider corrective actions.

Dealer Safety Manual: The manual provides checklists, best practice guidelines and self-audit tools to assist dealers with the effective management of occupational health and safety. The manual is updated annually and is backed up with monthly newsletters aimed at sharing information amongst the dealer network.

OUR EMPLOYEES (continued)

Wellbeing

Toyota Australia offers its employees health care programs to support their overall health and wellbeing. Initiatives include an Employee Assistance Program, which offers confidential counselling for employees and family members, an on-site counselling service for employee support, and the provision of an on-site physiotherapist and medical centre at the manufacturing plant. In addition, the company works with a health care agency to promote key health topics each month.

Toyota Australia provides opportunities to help employees build relationships with their colleagues within and outside the workplace. These include the Toyota Community Spirit Gallery Employee Exhibition (held in December each year), social club activities, community environmental projects and the Toyota Ekiden Festival, which includes family days and a running festival, culminating in successful



2007 Toyota Australia Ekiden Festival

team members representing Toyota Australia in the global festival hosted by Toyota Motor Corporation.

In 2008, the company will develop a four-year health strategy plan that sets out the company's core goals and targets to maintain a healthy and well workforce.

OUR CUSTOMERS

Sustainable mobility is about growing our business in a way which is sustainable for the earth and for society. Meeting rising customer expectations is fundamental to meeting our long-term business goals – our 2012 Goals set a target to be the number one customer-focused organisation. We are striving to achieve this by:

- Constantly evaluating our capabilities to deliver first-class customer service and working with our business partners to embed the Toyota Way across dealerships
- Providing fuel-efficient, safe and innovative vehicles
- Delivering socially-responsible advertising

Toyota's Guiding Principle 4

Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide.

Customer Service

Delivering first-class customer service is fundamental to Toyota Australia's success as a leading automotive company in the Australian marketplace. We strive to maintain and develop this position by abiding by our Code of Ethics, implementing rigorous sales and customer service training, and by listening and responding quickly and efficiently to our customers.

Customer interaction with Toyota Australia occurs primarily through vehicle sales and servicing at our dealership sites. The dealers operate as separate entities to Toyota Australia, but we work closely with them to ensure product and service commitments are supported and maintained.

Working With Dealers To Improve Customer Service

Toyota Way In Retail Sales

Toyota Way in Retail Sales is a guideline for dealers to embed the Toyota Way principles of 'Continuous Improvement' and 'Respect for People' in their business operations. The guideline covers the full spectrum of customer contact – from initial meetings with customers to after-sales care and maintenance. The guideline provides a means to improve customer service processes at each of the dealerships to increase customer satisfaction.

Toyota Customer Service Marketing

Toyota Customer Service Marketing (TSM) works with dealers to implement TSM principles, which are focused on embracing the concept of creating a culture of continuous improvement.

The TSM program consists of two modules: TSM Level 1 and TSM Level 2. Once dealers satisfy performance criteria they are certified as a TSM

Code of Ethics

Toyota Australia's Code of Ethics includes a statement of duty to customers which includes the following commitments:

- Providing quality products and services
- Maintaining and promoting the highest industry ethical business standards
- Supporting our product and distribution network
- Honouring our commitments
- Communicating clearly and effectively
- Investigating and responding promptly to customer enquiries and complaints and
- Acting honestly and obeying the law

Level 1 or a TSM Level 2 dealer. The modules focus on key areas of the dealer's business, including sales, parts and service, environmental management, operations management, marketing and new vehicle delivery.

During the year, TSM has been preparing dealers for the implementation of new global standards on quality, parts and logistics, service capacity and marketing. These will be implemented in 2008/09 and are based on Toyota Motor Corporation's operations and policies.

Customer Satisfaction

Toyota Australia's Customer First Department is responsible for collecting all feedback from customers so that the company can better meet customer needs. In the 2007 calendar year, more than

63,174 customers had contact with the Customer First Department via phone, post and email.

The company measures performance in this area through customer satisfaction surveys. In 2007, 109,978 customer satisfaction surveys were completed by private and fleet customers. Feedback from customers is then fed directly to the dealer network through an online reporting tool.

The Customer First Department holds Awards for Excellence to recognise and reward dealers who have excelled in delivering superior customer service. The awards focus on the achievement of high levels of customer satisfaction in key areas of the business, and include Gold, Silver and Bronze categories. In 2007, the Gold Excellence Award winner was Maitland Toyota in New South Wales.



OUR CUSTOMERS (continued)

Product Safety

Toyota's Guiding Principle 3

Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all activities.

The principles of 'Continuous Improvement' and 'Respect for People' that are embedded in the company through the Toyota Way, serve as the foundation for the company's focus on product safety.

All products sold by Toyota Australia are tested to ensure compliance before they go on the market. Processes are in place to ensure that no vehicles are supplied to the market before all required compliance approvals are received from the Federal Government. In 2007/08, no penalties or fines were received by the company for non-compliance issues concerning the provision and use of its products.

Toyota Australia works with a range of stakeholders to achieve the highest level of product safety. They include:

- The Monash University Accident Research Centre, which conducts the Australian National Crash In-Depth Study
- The Federal Chamber of Automotive Industries' (FCAI) Product Safety Committee
- Federal and State Departments of Transport
- Motoring bodies

In the reporting period, seven recall campaigns were initiated by Toyota Australia. All recall processes are reported to the Department of Infrastructure, Transport, Regional Development and Local Government, in line with the FCAI voluntary code of practice for recalls. Once a decision to instigate a recall is made, an implementation plan is put in place that monitors the process for communicating with customers impacted.

In addition, the company has internal processes in place to review any potential recall situations to ensure the matter is resolved and that customers are satisfied with the outcome.

Marketing and Advertising

Toyota Australia's marketing activities focus on raising awareness of our products and brand. This activity is

critical for maintaining and growing our leadership position in the marketplace.

To ensure we deliver socially responsible advertising, we ensure compliance with all relevant laws and voluntary codes of practice. These include the Trade Practices Act (TPA) and the Federal Chamber of Automotive Industries Voluntary Code of Practice for Motor Vehicle Advertising.

The TPA, among other things, facilitates consumer protection in the context of advertising, and the FCAI voluntary code provides guidelines specific to automotive advertising including ensuring that advertisements do not depict, encourage or condone dangerous, illegal, aggressive or reckless driving.

Toyota Australia has well-developed processes in place to ensure that marketing and advertising information is accurate. They include:

- **Internal Review Process:** The VALID system is an internal review process that acts as a technical and legal check on all of our promotional material to confirm its accuracy. The system ensures that promotional materials are not released without compliance standards being met.
- **External Audit:** Audits are carried out by an independent organisation that compares the marketing material for a particular vehicle against a physical inspection of the vehicle. Twelve cars are audited each year.
- **Dispute Resolution:** Toyota Australia has a well-established mechanism in place to ensure any advertising-related complaints are handled speedily and transparently.

These processes are part of the company's commitment to compliance and continuous improvement. There have been no regulatory non-compliance incidents relating to Toyota Australia's marketing communications in the reporting period and no fines.

OUR BUSINESS PARTNERS

Toyota Australia aims to contribute to the harmonious and sustainable development of society and the earth. We expect our business partners to support this initiative and to practice management based on 'Respect for People' and the Toyota Way.

Toyota's Guiding Principle 7

Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits while keeping ourselves open to new partnerships.

Our Suppliers

Toyota Australia has approximately 2,000 suppliers. The value of buy for 2007/08 was \$3.3 billion. We believe that sourcing components from the domestic market is an important part of achieving self-reliance and strengthening the Australian community.

To ensure our supplier base remains globally competitive, we have been focusing on closing the gap between local and global best practice in terms of management, process, technical and human resource development.

The company works in partnership with suppliers to share best practice and develop management skills. One of the ways it does this is through the company's targeted supplier development program. During the year, 30 suppliers were involved in the program which helps suppliers to develop and implement continuous improvement strategies.

Green Purchasing Guidelines

In 2007, Toyota Australia developed its Green Purchasing Guidelines. These guidelines incorporate its previous Supplier Environmental Management Policy and detail Toyota's Guiding Principles and how they relate to business partners.

The Toyota Australia Environmental Purchasing Policy is outlined in the Green Purchasing Guidelines and applies to suppliers of non-vehicle related products and services. The purpose of the Toyota Australia Environmental Purchasing Policy is to provide a purchasing framework that will advance the sustainable use

Green Purchasing Guidelines

The Green Purchasing Guidelines encourage suppliers (first tier and raw materials suppliers, service suppliers and key logistics providers) to undertake environmental initiatives including:

1 Achievement or renewal of ISO 14001 certification

2 Management of products and materials supplied to Toyota Australia:

This includes the complete elimination of Substances of Concern (lead, cadmium, mercury and hexavalent chromium).

3 Environmental initiatives relating to suppliers' activities:

This includes reduction of CO₂ and volatile organic compound emissions, reduction in the discharge of substances subject to Environmental Protection Authority regulations and reduction of the volume of waste generated.

4 Reduction of CO₂ emissions and packaging and wrapping materials in logistics:

Suppliers are asked to implement environmental measures in their logistical activities.

of resources and reduce impacts on the environment and human health. Toyota Australia will consider and purchase environmentally preferred products in the sourcing process whenever they perform satisfactorily and are available at a competitive price. The policy sets out the following guidelines:

- Minimise waste by eliminating unnecessary purchases, maximising efficiency, extending the product life, and maximising the adoption of recycled and recyclable materials.
- Purchase products and services that reduce the consumption of energy or are energy-efficient.
- Purchase renewable energy and reduce the purchase of energy generated from fossil fuels.

- Purchase paper and wood products obtained from recycled, plantation, salvaged or renewable sources.
- Purchase products that will not release toxic substances at any stage of their life cycle.
- Purchase products that conserve water or use water in an efficient way.

Toyota Australia is a founding business member of ECO-Buy Limited, a not-for-profit organisation established to encourage the purchasing of environmental products and services, which provides tools and support to improve current purchasing practices.

OUR BUSINESS PARTNERS (continued)

Our Dealers

Toyota Australia has 211 dealerships and 66 branches throughout Australia that serve as the primary point of contact between Toyota Australia and our customers. We work with dealers to increase their understanding of the Toyota Way and to help enhance customer satisfaction.

Dealer Environmental Risk Audit Program

Toyota Australia also works with dealers to help them achieve environmental best practice. We have

implemented a Dealer Environmental Risk Audit Program (DERAP), which consists of six environmental requirements that dealers must achieve in order to be compliant. They are:

1. Person in charge of environmental promotion.
2. Dealer complies with laws regarding waste reduction.
3. Hazardous wastes are properly stored and disposed of.
4. Wastewater treatment equipment is in proper operation.
5. Dealer complies with ozone protection legislation.

6. Dealer has completed 'Environmental Guidelines for Dealers' self-assessment.

The DERAP program is being rolled out across the dealer network. As at March 2008, 197 dealer sites were compliant with the DERAP, up from 143 dealer sites in March 2007. Dealers are provided with resources to help them meet the requirements. These include a website with best practice guidelines and procedures, self-audit kits and training courses.

CASE STUDY

Recycling in the Supply Chain

An initiative to recycle steel hooks by one of Toyota Australia's key suppliers is expected to divert 60,000 steel hooks per annum away from landfill sites. In addition the company will gain approximately \$8,750 a year for the used steel that was previously going into general waste bins.

When Corolla and Kluger vehicles enter Australia they come fitted with two steel shipping hooks. In total 90,000 hooks, made from 'A' grade steel, are used each year. Excess hooks are then disposed of by logistics and transport firm Patrick AutoCare. In 2007, Patrick AutoCare identified that excess hooks were being thrown into general waste bins, eventually ending up in landfill sites.

To solve this problem, Patrick AutoCare brought in a contractor to install metal recycling bins at each of its sites. Instead of going to landfill the steel is assessed for its current market value, based on the variable steel scrap rate. Payment is then made to Toyota Australia and the steel is recycled.



Toyota Australia is now investigating the feasibility of recycling shipping hooks from all its imported models. Also, it is taking steps to prevent injuries caused by protruding hooks to Patrick AutoCare staff and to prevent transit damage.

The next step for Patrick AutoCare is to assess additional recycling initiatives that can be implemented to reduce its environmental footprint. These initiatives will be rolled out across sites in the coming years.

CASE STUDY

Rewarding Technical Excellence at our Dealerships

Wade Hardes never imagined that he would be spending time in the pits at the Australian Formula 1 Grand Prix in 2007. As an apprentice at the Warren Plowright Toyota dealership in Port Macquarie, Wade found himself at the F1 after winning the title of National Skills Apprentice Champion at Toyota's National Skills Development Program.

The program recognises the individual expertise of Toyota dealership staff. Wade battled it out with 40 participants, who came from a range of job roles including technicians, customer relations managers, sales staff and apprentices. The participants came from dealerships across the country and took part in a series of 'every day' role plays, where they were faced with a host of skill challenges that required them to identify, diagnose and repair a series of problems.

As a result of his win, Wade spent three days in the pits with the Panasonic Toyota team, helping set

up the garage and watching them take apart the car and put it all back together. Wade was over the moon about meeting the F1 team: "I was a bit nervous but really excited... It's something I've always wanted to do." Wade was watching when Timo Glock ran wide, hit a bump, and launched his Toyota into the air: "We saw it on the big screens, it was a bit of a mess" said Wade. "After spending a few days in the pits I appreciated all the work and money that goes into this sport."

After the excitement of the F1, Wade has gone on to complete his apprenticeship and is now ready to try out for the Technician Exams in the National Skills Development Program.

Toyota Australia's National Skills Contest is designed to encourage and reward excellence by providing opportunities for individuals from the company's dealerships to test their skills and knowledge.

Toyota National Skills Apprentice Champion,
Wade Hardes



OUR COMMUNITY

Toyota Australia's operations have numerous impacts on society that affect employment, infrastructure, demographics, economies and the local environment. We recognise that we have a duty to the local community and engage with society to maintain our role as a responsible corporate citizen.

Toyota Community Spirit, Toyota's Australia's corporate citizenship program, provides opportunities for Toyota Australia to participate in issues and activities that are important to the Australian community via:

1. Local Partnerships:

We work with communities in the three local council areas where we have major operations: Hobsons Bay City Council and Port Phillip City Council in Victoria and the Shire of Sutherland in New South Wales.

2. National Partnerships:

Our national partnerships are with Conservation Volunteers Australia and the Australian Business Arts Foundation.

The Community Spirit program helps develop initiatives that share Toyota Australia's skills, networks, expertise and other resources with society via community engagement, capacity-building programs and partnerships.

Toyota's Guiding Principle 2

Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the community.



Partnership Principles

All Community Spirit partnerships are aligned with the following principles:

Addresses local needs identified by local communities. National or state-wide strategies are developed that can be tailored for local application.

Supports business objectives of all parties. Areas of focus and potential partners are selected based on a match between Toyota Australia's and a partner's business objectives. Partnership activities are developed to address the matching business objectives.

Multifaceted partnerships. Partnerships must involve more than dollars and an opportunity to display the Toyota logo. As well as funding, Toyota Australia might contribute for

example: technical skills through employee volunteer placements or presenters, venues, or access to particular audiences or locations.

Delivers long term sustainable benefits. Activities must deliver sustainable benefits to a local community or participant. It is possible to pilot concepts in the first year and then build a broader program.

Builds and strengthens relationships and reputation. Partnership must involve face to face contact rather than just a name on a cheque. The emphasis is on personal contact at the local level e.g. local dealer to local community groups.

Employee and dealership participation. Partnerships provide opportunities for dealers and employees to participate in practical local activities in their community.

Platforms for broader engagement. Partnership activities provide opportunities to build relationships with target audiences beyond actual partnership participants.

Meets and exceeds stakeholder expectations. Community capacity building (embedding new knowledge or skills in a community for long-term application) is central to the Toyota Community Spirit approach.

Local Partnerships

Toyota Australia works with communities in the local councils where it has major operations. These include councils for Hobsons Bay, (the location of Toyota Australia's manufacturing plant), Port Phillip (the location of our corporate headquarters) and the Shire of Sutherland (the location of our sales and marketing operations).

1. Hobsons Bay City Council

Training

Toyota Australia has joined with the Hobsons Bay City Council to deliver a series of training workshops that address the training needs and priorities of local groups. Over 1,000 people have attended the training programs. In 2007, volunteer presenters and external subject experts presented workshops and information sessions on:

- Business skills development
- Public speaking
- How to write a funding application
- Recruiting and supporting new members and volunteers
- Corporate sponsorships
- Marketing and promotion

Louis Joel Arts and Community Centre

Toyota Australia is committed to building long-term relationships with the local community.

One such relationship is with the Louis Joel Arts and Community Centre, a centre situated close to the company's manufacturing plant in Altona. In 2007, Toyota Australia assisted with a new PA sound system for the centre's public events. The previous year, employees from Toyota Australia volunteered their time to plant shrubs and plants in the community centre's garden.

Friends of the Lower Kororoit Creek



Toyota Australia has been working in partnership with a local community 'Friends' group to help rehabilitate the Kororoit Creek, part of which runs along the eastern boundary of our manufacturing plant in Altona North.

Friends of Lower Kororoit Creek Inc. was established to preserve and re-establish indigenous plant species and favourable habitats for native fauna through the length of the Lower Kororoit Creek.

Toyota Australia has organised one day a year for its employees to plant trees and rehabilitate the local area since the community group's establishment in 2001. Each year, about 120 employees donate their time to join the Toyota Australia sponsored National Tree Day activity to plant over 1,200 trees and shrubs in the Kororoit Creek area.

The creek corridor is home to significant species such as the Growling Grass Frog and the Striped Legless Lizard as well as internationally-recognised migratory birds and native vegetation such as River Red Gum and White Mangroves. Habitat for the Swift Parrot is also being provided along the creek corridor below the Toyota Australia plant for these endangered birds when they fly from Tasmania to Victoria in the autumn to feast on the nectar of the Box Eucalypts planted during National Tree Day.

The environmental conservation work carried out along the Lower Kororoit Creek was recognised when the Friends of Lower Kororoit Creek received the 2007 Murray Darling Basin Commission Rivercare Award as part of the Victorian Landcare Awards.

In 2007, Toyota Australia provided the group with a HiLux vehicle to

carry out its activities. During the year, the company also worked with the Friends of Lower Kororoit Creek Inc. and Hobsons Bay City Council to develop a landscape master plan for the creek corridor within Hobsons Bay.

2. Port Phillip City Council

With the council's support, Toyota Australia has developed the Community Spirit Gallery at its corporate headquarters in Port Melbourne to provide space for artists to show their work. The Gallery opened in July 2004 and runs a continuous program of exhibitions. In 2007/08, exhibitions included 'Fear, Masks and New Beginnings', an exhibition by emerging artists, 'Rising Tide', an exhibition of art and craft by Toyota employees in Victoria, and 'The Garden Path', an exhibition of indoor and outdoor sculpture.

Since the gallery opened, the works of more than 300 artists have been exhibited. The gallery is open to the public on Thursday and Fridays from 1pm-6pm and is part of Toyota Australia's corporate citizenship program.

Please see Case Study: Advancing Local Artists' Careers on page 44.

3. Sutherland Shire Council

In 2007, Toyota Australia launched the Toyota Australia Community Spirit Gallery at the company's sales and marketing operations in Sydney. The first exhibition at the gallery opened in July 2007 and was titled 'Tribes and Totems.' The exhibition explored the contrasts and similarities of two artists work – Melbourne-based photographer Dave Tacon and Sydney-based local photomedia artist Belinda Allen.

In addition, Toyota Australia has been working with the Sutherland Shire Council, Sydney Water and other stakeholders in the local community towards using recycled water to irrigate gardens and landscaped areas at its sales and marketing operations. Other activities include sponsoring the Council's Annual Business Forum for Small Businesses.

OUR COMMUNITY (continued)

CASE STUDY

Advancing Local Artists' Careers

Local Victorian Artist Darren McGinn has had a life-long fascination with coastal dwelling and culture. With his intricate knowledge of the Victorian Bellarine coastal region, Darren investigates issues of identity in a locale which is undergoing radical transformation.

"Over the past decade there has been a quantum explosion of coastal subdivisions and regional suburban developments... Issues of identity and its' potential loss as this urban sprawl engulfs our coastal regions form the major subtext to much of my sculptural practice," Darren explains.

Darren's research trajectory was accelerated when it was announced that he was the recipient of the

\$10,000 Toyota Community Spirit Travel Award for 2007, an initiative designed to provide artists with an opportunity to advance their career and expand their horizons through travel.

The award enabled Darren to travel to Tasmanian and Victorian coastal regions to explore ecological, industrial and social similarities between the two areas, focusing on what Darren calls the "landscape and theatre of everyday life, in particular the invasion of new suburban developments". This project culminated in a major solo exhibition in Geelong Gallery in 2008.

Toyota's Community Spirit Travel Award is open to artists who exhibit their work in the Toyota Community



Black Sheep by Darren McGinn

Spirit Gallery, which is located in Toyota Australia's corporate headquarters in Port Melbourne.

The Gallery provides a space for artists, especially emerging artists, to show their work free of charge and with no commission charged on sales. Darren's advice to emerging artists is to "take full responsibility for your career. You need a good work ethic – it is long hours and usually no pay. Art is a calling, you don't choose to become an artist – it chooses you."

CASE STUDY

Building Homes for Penguins

Gail McDaniel, a maintenance fitter at Toyota Australia's manufacturing plant in Altona, has been helping to build homes for the world's smallest penguins for the past five years. The little penguins, once known as 'fairy' penguins nest at Phillip Island, 140 kilometres south-east of Melbourne.

Each November, Gail joins a group of volunteers from Toyota Australia who travel to the island to work alongside Phillip Island Nature Park rangers, making wooden homes for these little penguins. The boxes are built as years of human habitation has made the ground too hard for the little penguins to dig burrows for themselves. Toyota Australia organises this volunteering activity through its partnership with the Nature Park which began in 2003.

Gail makes a weekend of the volunteering by bringing all her family along who help to build homes and plant native species in the penguins' habitat. Gail says that the best thing about the project is that three generations of her family have been involved. "It is a wonderful day out for the family – it helps teach the younger generation about how we can be involved in doing something constructive for the environment. The park ranger starts off by giving a talk to explain why we are doing this and so it is educational as well as being a great day out for the family."

In 2007, Gail worked alongside 231 Toyota Australia employees and their families to build homes for the penguins. Over the two-day activity,



130 boxes were constructed and 1,300 trees were planted.

Since the program was established, 955 Toyota employees and their families have helped build penguin homes and revegetate the area by planting native plant species. The homes provide an improved environment for the penguins to breed, hatch and raise their chicks, resulting in significant benefits to the overall health of the penguin colony.

The partnership is part of Toyota Community Spirit, the company's corporate citizenship program.

National Partnerships

As Australia's largest automotive company, our impacts on society are far-reaching. Sharing our skills and resources is one of the ways that we contribute to the communities in which we operate.

Community engagement is about building long-term partnerships that build capacity. Through Toyota Community Spirit, our corporate citizenship program, we have engaged in partnerships with two national organisations: Australian Business Arts Foundation and Conservation Volunteers Australia. These partnerships enable us to share our skills, resources and technical expertise and involve our dealers, as well as our employees. Each partnership is evaluated annually against project objectives and an annual implementation plan.

Australia Business Arts Foundation



Toyota Australia has been working with the Australia Business Arts Foundation (AbaF) since 2004 to foster new partnerships between local arts organisations and local businesses throughout Australia.

The partnership involves:

- **Employee Participation:** Employees are encouraged to get involved in AbaF volunteering programs such as adviceBank, which provides pro bono volunteering opportunities with arts organisations nationally; and boardBank, which connects

volunteers who are interested in gaining board experience with arts organisations.

- **Training:** Toyota Australia partners with AbaF to provide workshops that help local councils foster partnerships between local businesses and local arts organisations. The workshops help businesses understand how an arts partnership could benefit their business, and helps arts organisations to develop their own business case for a partnership.
- **AbaF Awards:** These annual awards highlight best practice in arts and business sponsorship. Each year at the AbaF awards, Toyota Australia presents the Toyota Community Award to recognise partnerships that are enhancing the cultural and economic life of communities.

AbaF was established by the Federal Government to develop private sector support for the arts. Toyota Australia has been an AbaF Councillor Company since 2002 and invests \$100,000 a year in the AbaF partnership. The President of Toyota Australia, Max Yasuda, is an AbaF Councillor.

More information: www.abaf.org.au

Conservation Volunteers Australia



Conservation Volunteers Australia (CVA) is an organisation with a mission to attract and manage volunteers in conducting conservation projects for the betterment of the Australian environment.

Toyota Australia's partnership with Conservation Volunteers Australia began in 2004. The first step for Toyota Australia was to identify

what CVA needed to develop as a non-government organisation – the emphasis was on how the company could help CVA build capacity to advance its work. As a result of these initial discussions, three objectives were put forward:

1. To make volunteering more accessible,
2. To provide a formal qualification for volunteer competencies and
3. To encourage dealerships to become involved in partnership activities. These objectives were developed into established programs that have fundamentally changed the way that CVA operates. They are:

1. **Conservation Connect:** Toyota Australia has helped CVA to develop Conservation Connect, an online registration and booking facility for volunteers in Australia that enables volunteers to select from over 2,000 environmental projects Australia-wide. Once they book, volunteers receive a confirmation and instructions on where to meet and what to bring to their chosen project. In 2007/08, 5,503 online bookings were made through Conservation Connect.



OUR COMMUNITY (continued)

2. Certificate 1 in Active Volunteering:

Through the partnership with Toyota Australia, CVA became the first organisation in Australia to offer a qualification that recognises the skills and competencies that volunteers gain. The volunteers are then able to provide their educational institutions and employers with a formal qualification to demonstrate their competencies in this area. In 2007/08, 308 volunteers enrolled in the Certificate.

3. Dealer Participation in Partnership

Activities: Toyota dealers are helping CVA to reach new volunteers and recognise volunteers in their local communities. One of the ways dealers get involved is by providing the space for CVA to hold workshops. CVA has delivered 20 workshops at dealerships in 2007/08 on change management, motivating volunteers, team development and project management to community groups. Dealers also promote Conservation Connect to customers and

participate in events to recognise local graduates of Certificate 1 in Active Volunteering. In 2007/08, 97 Toyota dealers participated in partnership activities with CVA.

Toyota Australia invests \$450,000 a year in the CVA partnership.

More information:

www.conservationvolunteers.com.au

CASE STUDY

Volunteering for Life

Michael Treadwell has been volunteering since he was 12-years-old. Starting by patrolling the beach at the Point Leo Surf Lifesaving Club in Westernport Bay, Michael has enjoyed being involved in the local community from a young age.

Ten years later, in February 2007, Michael participated in his first Conservation Volunteers Australia trip to Falls Creek. Along with 12 other volunteers, Michael helped restore alpine ecosystems that had been damaged by prolonged cattle grazing in Victoria's largest alpine resort. Since that time, Michael has joined numerous other projects run by CVA, including a one week trip to Victoria's French Island in December 2007 where he obtained his Certificate 1 in Active Volunteering.

CVA works with local project partners such as environmental groups,

councils and community groups to identify environmental projects that are a priority for the community. All projects are part of national, state or local management plans, ensuring that project work is managed and maintained on an on-going basis.

Michael says: "My involvement with CVA stemmed primarily from the fact that I am currently studying for a Bachelor of Environmental Science at Monash University. While studying has given me a broad understanding of environmental issues, I sought out CVA because it offered the opportunity to get out in the field and work with organisations like Parks Victoria to help develop and maintain the health of our unique national parks. I found the CVA website extremely helpful when researching and registering for projects that I would like to be part of."



Volunteer Michael Treadwell getting involved in mulching at French Island

Michael says that the opportunity to gain a formal qualification has been valuable. "The Certificate 1 in Active Volunteering gave me a reference which I can use to improve my employability," he says, adding that: "I hope to be involved with volunteer organisations, such as CVA, for the rest of my life."

Community Sponsorships

National Tree Day



National Tree Day is an environmental initiative, co-ordinated by Planet Ark, where people plant native trees and shrubs at a Tree Day site in their local area. Toyota Australia and its dealers have supported National Tree Day for nine years in its efforts to support the environment and local communities.

In 2007, 147 Toyota dealers across Australia helped plant trees in their communities and provided financial support to their local Tree Day events. National Tree Day is Australia's biggest community tree-planting event. Since it started in 1996, more than 1.5 million volunteers have planted over 11.5 million native trees and plants.

Toyota Good for Footy

The Good for Footy program is a Toyota Australia initiative supported by Toyota dealers in Victoria and Tasmania to support local football clubs in need of financial support. The assistance that each dealer provides to local clubs ranges from equipment, medical supplies and club uniforms to support with club raffles. The program was established in 2005.

Australian Paralympics Committee (APC)



Toyota Australia has been a sponsor of the Australian Paralympics Committee and team since July 2004. Along with activities for the 2004 Athens Summer Paralympic Games, 2006 Torino Winter Paralympic Games and the 2006 Melbourne Commonwealth Games, the company also sponsors the Toyota Talent Search Program. This program is designed to find new talent in both metropolitan and regional centres across Australia to represent the country in future Paralympic Games. To date, there have been over 30 talent search days held in all states and territories with over 600 attendees.

Toyota Cup – National Rugby League (NRL)



Through our involvement with the NRL, Toyota strives to extend standard corporate sponsorships with the introduction of the Toyota Cup – a national under-20s competition showcasing teams containing Australia's finest junior talent.

Toyota Australia believes that playing a role in helping to develop well-rounded people is just as important

as helping to develop well-rounded athletes. By encouraging young players to balance training, education and career opportunities while playing in the Toyota Cup, we believe they will also be better poised to broaden their personal success beyond their playing days.

CanTeen



Toyota Australia has been a supporter of CanTeen, a charity for young people living with cancer, since October 2005. Toyota Australia provides CanTeen with a fleet of Tarago vehicles to fulfil transport requirements for children and their families as needed.

Fraser Island Annual Clean-Up Weekend



In January 2008, team members from Toyota Australia joined more than 500 volunteers on Fraser Island in Queensland to remove weeds before the 25th Toyota Fraser Island Fishing Expo. Volunteers removed more than 60 garbage bags of weeds, which are a serious threat to the Fraser Island World Heritage area, over the course of the weekend. The Toyota-sponsored Fraser Island Fishing Expo is organised by the Queensland 4WD Association with the Queensland Government and Queensland Parks and Wildlife Service.

ECONOMIC ASPECTS

ECONOMIC PERFORMANCE

Toyota Australia has a significant impact on the Australian economy: We contribute to the economy through direct and indirect employment, direct purchasing, capital investment and export revenue.

Toyota's Guiding Principle 6

Pursue growth in harmony with the global community through innovative management.

Our investment in state-of-the-art technology has helped drive innovation in the local automotive industry. In addition, the skills and expertise we have introduced and developed have been dispersed throughout the Australian economy. Toyota Australia will continue to work towards building long-term economic growth to fulfil its obligations to its broad range of stakeholders as well as its shareholder – Toyota Motor Corporation.

Toyota Australia set new records in 2007/08 propelling the automotive industry beyond one million sales for the first time. Domestic retail sales were 248,690 vehicles, including Lexus models. This was the fourth consecutive year that Toyota Australia exceeded 200,000 sales. Toyota Australia has the largest market share in the Australian automotive industry, with a 22.5 per cent share in the 2007 calendar year.

exported to 11 countries in the Middle East, New Zealand and the Pacific Islands. In the financial year, Toyota Australia celebrated the shipment of its 600,000th export vehicle to the Middle East.

To help achieve this growth in production and exports, Toyota Australia has worked extensively with suppliers to help them reach world-class levels of performance in productivity and quality.

Key Financials

	2006/07	2007/08
Net Profit After Tax	\$184.4 million	\$242.2 million
Sales Revenue	\$8.3 billion	\$9.4 billion
Capital Expenditure	\$241.8 million	\$99.8 million

Vehicle Models

Sales records were set by the Yaris, Corolla, Prius, Aurion, Kluger and HiLux models. Five of the top eight selling vehicles in 2007/08 were Toyota vehicles with the Corolla continuing to be Australia's second most popular car. A shift in the market mix caused by external factors, including increasing fuel prices, created strong demand for Toyota's small cars.

Vehicle Production and Sales

In 2007/08, Toyota Australia manufactured a record 148,810 Aurion and Camry vehicles for domestic and export markets. This was up from 117,839 vehicles manufactured in 2006/07. Toyota Australia forecasts production volumes will increase on the back of strong demand in domestic and export markets, though Australia's competitiveness as a manufacturing base is being impacted by a number of factors including the high Australian dollar, rising fuel prices and global competitiveness.

Toyota Australia achieved the 'Triple Crown' in sales for the second consecutive year as number one in passenger sales, number one in commercial vehicles and number one overall. The company was the Australian sales leader every month.

Export Market

Toyota Australia is Australia's largest vehicle exporter, exporting a record 99,395 vehicles in 2007/08, compared with 81,326 for the previous year. The Camry and the Aurion were

ECONOMIC PERFORMANCE (continued)

Toyotas in the Top Ten Selling Cars in 2007/08

Toyota Model	Position
Corolla	2
HiLux 4x2 + HiLux 4x4	4
Yaris	6
Camry	7
Aurion	8

During the financial year, the Corolla also achieved two other milestones – the sale of the one millionth Corolla in Australia and the launch of the car’s 10th-generation model.

The company’s luxury car brand Lexus achieved a sales record of 8,199 vehicles in the calendar year, representing more than ten per cent of all luxury cars sold in Australia. It was its best sales result since the marque was launched almost 18 years ago, cementing its position as the number three luxury brand in Australia.

Hybrid-Powered Vehicles

The Prius broke a sales record with 3,232 vehicle sales in 2007/08, driven by the greater acceptance of hybrid technology and increasing demand for environmentally-friendly vehicles. In the financial year, worldwide sales of the Prius topped one million.

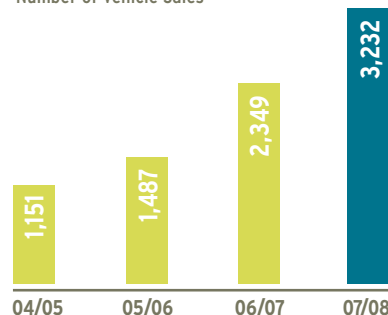
Toyota’s Prius is Australia’s biggest selling hybrid vehicle and was the world’s first mass-produced hybrid vehicle. Using a combination of power from a petrol engine and an electric motor, Toyota’s hybrid vehicles reduce fuel consumption and carbon dioxide emissions.



In June 2008, Toyota Australia announced it would begin production of a Camry Hybrid at its Altona plant. Production is scheduled to begin in 2010.

Lexus performance hybrid sales also grew with a total of 1,102 hybrid vehicles sold, representing a 185 per cent increase for the 2007 calendar year.

Prius Sales
Number of Vehicle Sales



Challenges in the Local Manufacturing Environment

Australia’s resource boom and comparatively high interest rates have continued to strengthen the Australian currency, which has increased by 13 per cent in the past year. This has placed severe pressure on Australian manufacturers’ global competitiveness.

Toyota Australia has taken action to address the challenges it faces including investing over \$1 billion in cost and efficiency improvements since 2002. The company has also made considerable investments in improving staff skills and has embarked on a company-wide cost saving initiative.

Our Economic Challenges

- Competition for investment from within the Toyota Motor Corporation businesses
- Global benchmarking gaps in terms of manufacturing operations
- Profitability squeeze due to export revenue drop, caused by appreciation of Australian dollar to US dollar exchange rate
- Lower supplier competitiveness in the current operating environment.

The outcome of the Australian Federal Government's 2008 Automotive Industry Review is important to the future of the sector. Toyota Australia has contributed to the review with a submission encouraging the Federal Government to introduce long-term policy settings that encourage and support the future development and sustainability of the Australian car manufacturing industry.

CASE STUDY

Engaging Employees to Improve Cost Efficiencies

Toyota Australia is implementing novel approaches to achieve cost reductions. In May 2007, employees at Toyota Australia's manufacturing plant in Altona were asked to think of ideas, specifically 2,000 ideas, on how the company could reduce costs. Thus, the Manufacturing Cost Kaizen Program was born.

Employees outperformed the target by a long way, generating 2,661 ideas in 2007. These ideas have led to significant cost reductions across all areas of manufacturing. The ideas ranged from process improvements to waste reduction and included ways of lowering the required usage of materials and consumables in the plant without compromising quality.

This initiative, developed by Toyota Australia, is part of a program called Kaizen Innovation through Jiritsuka (KiJ). *Kaizen* means continuous improvement and *Jiritsuka* means self-sustaining. The program is aimed at identifying opportunities

for improvement to achieve self-reliance, a goal that Toyota Australia has set for 2011. The initiative provides a pathway to self-sustaining cost reduction, as well as a means to make improvements in the areas of safety, quality and the environment.

KiJ is a framework developed by Toyota Motor Corporation aimed at assisting Toyota plants throughout Asia Pacific to become self-reliant by enrolling and engaging team members and group leaders in the activity. As such, KiJ is an enabling tool that supports the objectives contained within the Team Australia initiative which was established by the Directors of Toyota Australia in 2007 to improve the cost competitiveness of locally-produced vehicles.

Kyri Tsitonakis, Manager of Manufacturing Cost and Training at Toyota Australia's manufacturing plant, says that the best thing about KiJ has been employee

empowerment: "This is the first time we have seen orchestrated activity by 3,000 employees to help reduce costs. Traditionally, cost reduction exercises have been carried out largely by Directors and Divisional Managers as part of their budget controls. By mobilising employees we have empowered individuals to think about how they can reduce costs associated with their work. One of the outcomes of the process has been skills development – employees create structured action plans on cost reduction activities that require a new way of thinking. Employees are contributing to the effective management of costs, and this gives them a sense of empowerment and ownership."

Out of 2,661 ideas generated in 2007, 883 ideas were implemented to improve quality, safety and cost efficiencies. Meetings are held on a weekly basis to discuss ideas and their implementation.

GLOBAL REPORTING INITIATIVE INDEX

Toyota Australia has used the Global Reporting Initiative's G3 guidelines to prepare this report. The Global Reporting Initiative is considered to be the world's leading framework for sustainability reporting. For more information please see www.globalreporting.org

We have applied the G3 guidelines to an A+ level, which means that we have reported on all Profile and Management Approach disclosures and have reported on all core indicators.



GRI Indicator	GRI Description	Comments	Page Number
1.1	Statement from the President and CEO.		1
1.2	Key impacts, risks, and opportunities.		1, 13, 27, 28, 29
2.1	Name of organisation.		3
2.2	Primary brands, products, and/or services.		3
2.3	Operational structure of organisation.		3
2.4	Location of organisation's headquarters.	155 Bertie Street, Port Melbourne, VIC 3207	3
2.5	Number of countries where the organisation operates.		3
2.6	Nature of ownership and legal form.		3
2.7	Markets served.		3
2.8	Scale of the reporting organisation.		3
2.9	Significant changes during the reporting period.		3
2.10	Awards.		5
3.1	Reporting period.		IFC
3.2	Date of most recent previous report.		IFC
3.3	Reporting cycle.		IFC
3.4	Contact point for the report.		IFC
3.5	Process for defining report content.		IFC
3.6	Boundary of the report.		IFC
3.7	Limitations on the scope or boundary of the report. There are no limitations.		
3.8	Reporting on joint ventures and other entities.		3
3.9	Data measurement techniques.	Data measurement techniques are described where relevant throughout the report.	
3.10	Explanation of re-statements.	The figures stated on page 5 for models certified to the Euro 4 standards in 2006 were stated incorrectly in the 2007 report. The figures in this report are correct.	
3.11	Significant changes from previous reporting periods.		IFC
3.12	Table of Standard Disclosures.		52
3.13	External assurance.		53
4.1	Governance structure.		12
4.2	Chair of the highest governance body.		9, 12
4.3	Independent and/or non-executive board members.		9
4.4	Mechanisms to provide recommendations or direction to the board.		10, 11
4.5	Compensation and performance.		9
4.6	Avoidance of conflicts of interest.		10
4.7	Board selection process.		9
4.8	Mission and values statement, codes of conduct and principles.		6
4.9	Management of performance.		10
4.10	Performance evaluation.		10
4.11	Explanation of whether and how the precautionary principle is addressed.		13, 15
4.12	Externally developed economic, environmental, and social charters.	TMCA is a founding member of ECO-Buy.	39
4.13	Memberships in associations.		8
4.14	List of stakeholder groups.		7
4.15	Basis for identification and selection of stakeholders.		7, 30
4.16	Approaches to stakeholder engagement.		7
4.17	Key stakeholder topics and concerns.		7
Economic	Disclosures on Management Approach		49
EC1	Direct economic value generated and distributed.		49
EC2	Financial implications of climate change.		15
EC3	Organisation's defined benefit plan.		34
EC4	Significant financial assistance received from government.		7
EC5	Standard entry level wage/local minimum wage.		34
EC6	Locally based suppliers.	TMCA chooses its suppliers of vehicle components and raw materials based on cost, quality, environmental policy and delivery performance. Evaluation of suppliers is treated on a case-by-case basis.	
EC7	Procedures for local hiring.	TMCA recruits based on merit and not on the location of the prospective employee.	
EC8	Development and impact of infrastructure investments and services.		43, 45, 46
EC9	Indirect economic impacts.		49
Environmental	Disclosures on Management Approach		27
EN1	Materials used by weight or volume.		20
EN2	Percentage of materials used that are recycled input materials.	Not available due to lack of data systems to generate required information. We aim to report on this indicator in future.	
EN3	Direct energy consumption by primary energy source.		16
EN4	Indirect energy consumption by primary source.		16
EN5	Energy saved due to conservation and efficiency improvements.		16, 17, 18
EN6	Initiatives to provide energy-efficient or renewable energy based products and services.		18, 19
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		18
EN8	Total water withdrawal by source.		20, 21
EN9	Water sources significantly affected by withdrawal of water.	Not material as water is drawn from municipal and city water suppliers only.	
EN10	Water recycled and reused.		20, 21
EN11	Land in biodiversity habitats.		43
EN12	Impact on biodiversity rich areas.		43
EN13	Habitats protected or restored.		43
EN14	Managing impacts on biodiversity.		43

GRI Indicator	GRI Description	Comments	Page Number
EN15	IUCN Red List species.	Not applicable – no IUCN Red list species affected.	
EN16	Direct and indirect greenhouse gas emissions.		16
EN17	Other indirect greenhouse gas emissions.		16
EN18	Initiatives to reduce greenhouse gas emissions.		17
EN19	Emissions of ozone-depleting substances.	TMCA does not have any emissions from ozone-depleting substances.	
EN20	NOx, SOx, and other significant air emissions.		16
EN21	Total water discharge.		21
EN22	Weight of waste by type and disposal method.		22, 23
EN23	Significant spills.		30
EN24	Weight of hazardous waste.	TMCA does not ship any of its waste internationally.	
EN25	Biodiversity rich water bodies.	No biodiversity rich water bodies were affected by TMCA's discharges of water and runoff in 2007/08.	
EN26	Impacts of products and services.		15, 18, 27
EN27	Products sold that are reclaimed.	Not available due to lack of data systems to generate the required information. We will aim to report on this indicator in the next two years.	
EN28	Fines and sanctions for non-compliance with environmental laws and regulations.		30
EN29	Impacts from transport.		18
EN30	Total environmental protection expenditures.		27
Labour	Disclosures on Management Approach		33
LA1	Workforce.		33
LA2	Employee turnover.		33
LA3	Benefits for full-time employees.		34
LA4	Percentage of employees covered by collective bargaining agreements.		34
LA5	Minimum notice period for operational changes.		34
LA6	Workforce represented in formal health and safety committees.		35
LA7	Absentee rates and injuries.		35
LA8	Programs for serious diseases.		36
LA9	Health and safety in formal trade union agreements.		34
LA10	Training per employee.		34
LA11	Career and skill development programs.		34
LA12	Employee performance reviews.		34
LA13	Workforce by diversity.		33
LA14	Salary ratio by gender.		33
Human Rights	Disclosures on Management Approach		34
HR1	Investment agreements with human rights considerations.	Not available due to lack of data systems required to generate this information. We aim to report on this in the short-term future.	
HR2	Supplier screening on human rights.	TMCA does not screen suppliers on human rights.	
HR3	Employee training on human rights.		34
HR4	Total number of incidents of discrimination and actions taken.	There was one reported case of discrimination in the financial year. The case was resolved.	
HR5	Risk to freedom of association and collective bargaining.		34
HR6	Risk of child labour.	TMCA complies with all Australian laws relating to the deployment of child labour.	
HR7	Risk of forced or compulsory labour.	There are no operations within Toyota Australia that have a significant risk (or any risk) of forced or compulsory labour.	
HR8	Security personnel trained in human rights.	Not applicable.	
HR9	Incidents involving indigenous people.	There have been no incidents.	
Society	Disclosures on Management Approach		42
SO1	Managing impacts on communities.		42-47
SO2	Analysis on corruption.	There are protocols in place to monitor and detect relevant activities.	11
SO3	Employees trained on corruption.	All employees are provided with Toyota's Code of Ethics when they commence employment and are provided training and guidance on Toyota Way principles.	
SO4	Actions in response to corruption.		11
SO5	Public policy positions and lobbying.		8
SO6	Political donations.		8
SO7	Anti-competitive behaviour, anti-trust and monopoly practices.	There has been no legal action taken against Toyota Australia in the reporting period in these areas.	
SO8	Fines and sanctions for non-compliance with laws and regulations.	TMCA has not had significant fines imposed on it in the reporting period for non-compliance with laws and regulations.	
Product Responsibility	Disclosures on Management Approach		38
PR1	Life cycle stages of products and services.		26, 38
PR2	Non-compliance with regulations on health and safety impacts of products and services.		38
PR3	Product and service information.		38
PR4	Non-compliance with regulations and voluntary codes on product and service information.	There has been no non-compliance on product and service information.	
PR5	Customer satisfaction.		37
PR6	Marketing communications.		38
PR7	Non-compliance with regulations and voluntary codes on marketing communications.		38
PR8	Complaints on breaches of privacy.	All privacy issues arising in the reporting period have been appropriately dealt with by TMCA in accordance with the law.	
PR9	Monetary value of significant fines.		38

ASSURANCE AND VERIFICATION STATEMENT

Deni Greene Consulting Services was engaged by Toyota Australia to provide independent assurance and verification of the Toyota Australia 2008 Sustainability Report (Report). This Statement describes what we did, what we found and presents some recommendations for future action by Toyota Australia. This is the second Toyota sustainability report for which we provided assurance and verification, which gave us the opportunity to assess the changes in approach and coverage that had occurred since the 2007 Report.

What is assurance and verification?

Assurance of a sustainability report is guided by the Assurance Standard AA1000, issued by the organisation AccountAbility. Three factors are considered in this assurance process:

Materiality – determining whether Toyota Australia has included information about its sustainability performance necessary for its stakeholders to be able to make informed judgements, decisions and actions;

Completeness – evaluating the extent to which Toyota Australia is able to identify and understand significant aspects of its sustainability performance; and

Responsiveness – evaluating whether Toyota Australia has responded to stakeholder concerns, policies and relevant standards and adequately communicated these responses in its Report.

Verification involves checking the accuracy of information and data in the sustainability report to determine whether the data have been properly collected, manipulated and interpreted and whether the statements made in the Report provide a true and fair picture of the activities of Toyota Australia.

Scope of the assurance and verification

Our review covered the processes used to determine what information would be included in the Report, as well as reviewing every statement in the Report. It should be noted that although we verified that the financial data in the report conformed with data in annual financial statements to the Australian Securities and Investment Commission (ASIC), we did not review the financial statements themselves, as they had previously been independently audited. We also reviewed the Report's coverage of indicators identified in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.

What we did

Assurance. The assurance aspect of our review involved interviews with a director, senior executives and with staff involved in collection and handling of data and in activities related to

the preparation of the Report. These interviews covered Toyota Australia's:

- methods for identifying material sustainability issues, including assessment of risk;
- process for determining the information to be included in the 2008 Sustainability Report;
- approach to sustainability;
- engagement with stakeholders;
- approach to the issue of risk;
- structures and processes for corporate governance;
- ways in which the issue of ethics is addressed in company activities; and
- expectations for the future.

To make our own independent assessment of material sustainability issues for Toyota Australia, we examined information about the activities of the company, the information gathered in the interviews described above, and relevant information about other companies in the same industry. The issues we identified as material were compared with those covered in the Toyota 2008 Sustainability Report.

Verification. We traced each statement in the Report back to its source, determining how the data underpinning it was gathered and handled to reach the conclusion or statement presented in the Report. This involved examination of relevant documents, inspection of online databases, and discussions with both staff and consultants involved in data collection and handling and in preparation of the Report.

Results of the assurance review

Materiality. The 2008 Sustainability Report is considerably expanded in coverage compared to the 2007 Sustainability Report, with additional information across all areas of the report: environmental, economic and social. The Report addresses the material issues facing Toyota Australia, but some issues covered for the first time will benefit from increased coverage in the future. We note that the identification of issues of concern to stakeholders is not explicitly addressed, but Toyota Australia hopes to give greater attention to stakeholder issues in preparing future reports.

Completeness. Our discussions with Toyota Australia executives and other staff showed that the company has a clear understanding of its materiality issues. It does not, however, have a formal documented process for its identification of material sustainability issues, relying instead on its normal management, governance and planning processes.

Responsiveness. Toyota Australia's activities demonstrate a high level of engagement with key stakeholders. For future reports, Toyota

Australia expects to explore the potential for greater stakeholder input to the scope and content of its report. We believe that there would be benefit in increasing stakeholder input in the future.

Results of the verification process

Toyota Australia has in place robust systems for data collection and manipulation. We identified a few instances where errors had occurred during the process of transferring information to the Report. Toyota Australia made corrections to the Report where necessary. In future, the verification process could be simplified if all source data were identified and collected as the sustainability report is prepared.

Verification of the Report's coverage of the Global Reporting Initiative Guidelines confirmed that it achieved GRI application level A+. We note though that as the coverage of GRI indicators in the Report was significantly more ambitious than in 2007, some indicators received relatively limited coverage. It is expected that coverage of GRI indicators will be expanded in future years.

Conclusion

We believe that the Report presents an accurate and balanced account of Toyota Australia's activities relevant to sustainability. Opportunities exist for building on the experience of this second report to produce an enhanced version in future years, as described above.

Independence

Deni Greene Consulting Services was engaged by Toyota Australia to undertake Assurance and Verification for its Report, to prepare this Statement for the Report, and to provide a more detailed report for Toyota Australia management. Beyond these activities, Deni Greene Consulting Services is entirely independent of Toyota Australia, and has not been engaged for any other activities.



Deni Greene
Director
Deni Greene Consulting Services

16 July 2008



GLOSSARY OF TERMS

CRI	Corporate Responsibility Index
DERAP	Dealer Environmental Risk Audit Program
ESCO	Toyota Motor Corporation Energy Services Company
Euro standards	Vehicle emission standards
FCAI	Federal Chamber of Automotive Companies

GRI	Global Reporting Initiative
GVG	Green Vehicle Guide
TMC	Toyota Motor Corporation
TMCA	Toyota Motor Corporation Australia
SOC	Substances of Concern
SOX	Sarbanes-Oxley
TSM	Toyota Customer Service Marketing
VOCs	Volatile Organic Compounds

<i>Genchi Genbutsu</i>	Going to the source to find the facts
<i>Kaizen</i>	Continuous improvement
<i>Jiritsuka</i>	Self-sustaining



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