



TOYOTA

2010

SUSTAINABILITY REPORT

Toyota Motor Corporation Australia Limited ACN 009 686 097

Contents

President's Message	3
Q&A with the President of Toyota Australia	4
Launch of Hybrid Camry Marks New Era in Australian Automotive History	7
Key Performance Figures	8
About the Company	9
Part of a Global Group	9
Toyota Vision and Philosophy	10
About Toyota Australia	11
Stakeholders	13
Governance and Accountability	15
Economic Contribution	18
Toyota Australia's Positioning	19
Supporting Suppliers	19
Environmental Performance	23
Environmental Management	23
Energy and Climate Change	26
Energy Usage and CO ₂ Emissions	26
Emissions from Logistics and Business Travel	30
Carbon Reductions Scorecard	31
The Environmental Impact of Vehicle Use	32
National Average Carbon Emissions	32
Green Vehicle Guide	33
Hybrid Technology – The Way Forward	34
End-of-Life Vehicles and Recycling	37
Resource Use	38
Water Consumption	39
Waste Management	41
Social Performance	42
Employees	42
Working at Toyota Australia	44
Responding to Changing Market Conditions	46
Professional Development and Training	47
Occupational Health and Safety	47
Customers	49
Customer Interaction	49
Product Safety and Recalls	50
Toyota's Dealer Network	52
Community Contribution	54
Local Partnerships	56
National Partnerships	59
Community Sponsorships	61
Global Reporting Initiative Index	64
Independent Assurance Statement	67
Glossary of Key Terms	68

About this Report

This report details Toyota Motor Corporation Australia Limited's (Toyota Australia) sustainability performance from 1 April 2009 to 31 March 2010.



This is Toyota Australia's fourth Sustainability Report and follows the 2009 Sustainability Report. The company publishes a Sustainability Report each year to communicate its economic, environmental and social impacts to its stakeholders, which include employees, customers, suppliers, dealers, community groups, fleet managers and government. The report covers all Toyota Australia sites.

In 2010 a stakeholder review of the 2008 Sustainability Report was undertaken to assist in determining the content and issues to be covered in the 2010 Sustainability Report. To read more about this review please see page 14. In addition, the report applies the Global Reporting Initiative G3 framework to an A+ level and the report has been assured by an external provider (please see page 67).

A four-page printed Highlights Summary complements this online report.

To provide feedback on this report or to request a copy of the Highlights Brochure please contact environment@toyota.com.au



About the Front Cover

In 2009 Toyota Australia began manufacturing the Hybrid Camry at its Altona plant in Victoria – marking a significant development in the company's 50-year history. The Hybrid Camry is the first hybrid car to be manufactured in Australia and is the most fuel-efficient car built in the country (please see page 36 for more information).

President's Message

At Toyota Australia we believe that sustainability must be built into everything we do. Our approach to sustainability acknowledges the direct link between effective management of our environmental, social and economic impacts and our business success.



This year marked a turning point for Toyota Australia. For the first time in more than 50 years, our journey to become a self-sustaining company faced significant struggles. However, we undertook activities to demonstrate our competitive edge by launching Australia's first locally built hybrid vehicle and challenging ourselves to deliver the highest-quality cars to our customers. I want to share with you some of the achievements and challenges, and our plans for the future.

One of the year's major highlights was the launch of the Hybrid Camry, which marked a significant turning point for the Australian automotive industry. The Hybrid Camry allows us to continue to develop a technology and manufacturing base that attracts ongoing investment for a sustainable and strong Australian automotive industry.

Currently there is no silver bullet to achieving a society that supports the concept of sustainable mobility. It is likely the solution will involve a mix of vehicle technologies such as hybrid, plug-in and electric vehicles and other sustainable transport systems. Toyota is already developing these future technologies and in late 2010 we will take part in Toyota's global Plug-in Hybrid Vehicle trial. We see our Hybrid Synergy Drive technology – used in Prius and Hybrid Camry – as the cornerstone for all future drive-trains, which is why we have a goal to have a hybrid version of every model in our vehicle range within the next 10 years.

During the past year we continued to roll-out the Toyota Environmental Management System across both production and non-production sites. This involved identifying and implementing measures to reduce the company's impact on the environment. To this end we have:

- Reduced water use by 28 per cent at the Altona manufacturing plant.
- Invested more than \$2 million on environmental protection activities at the plant.
- Implemented a building retrofit program at the corporate headquarters in Port Melbourne, aiming for a minimum four star rating of the National Australian Built Environment Rating System (NABERS) with assistance from the Federal Green Building Fund.
- Developed the Toyota Environmental Dealership (TED) program which aims to help our Dealer network embed environmental thinking and sustainable business practices into the daily operations of their dealerships.

Toyota Australia's community investment focuses on sharing our skills, knowledge and resources to build capacity in the local community. During the past year we strengthened

our partnerships in the area of conservation with help from Conservation Volunteers Australia, Friends of Lower Kororoit Creek and Planet Ark. We also supported the Australia Business Arts Foundation and worked on developing a pilot partnership with Roadsafely Youth Driver Awareness, a national road traffic safety awareness organisation.

I am also pleased to report that Workplace Agreement negotiations for 2010 delivered a positive outcome. Once again, the negotiations demonstrated the group effort by Toyota Australia, employees and Unions to secure the company's long-term future.

Worldwide, the manufacturing industry has seen significant changes and while Australia was fortunate to be one of the few countries that did not go into recession, the local car manufacturing industry was affected. Our manufacturing plant saw production levels drop as a result of softening market demand from both local and export markets. Despite this change in demand, we produced 105,826 Camry, Aurion and Hybrid Camry vehicles during the year to 31 March.

Global recall activity, increased competition from car importers and price increases impacted the company's financial performance. However, Toyota's reputation for the quality, durability and reliability of its vehicles and customer care made it Australia's number one car company for the seventh year running.

The company-wide cost saving measures and supplier development support programs undertaken to support our operations, employees and business partners during this difficult time resulted in a profit before tax of \$182.3 million, zero job losses and a more resilient supplier network. Profit after tax, including a one-off tax adjustment to prior years, was a loss of \$107.9 million.

I want to thank Toyota employees, suppliers, Dealers and government for their ongoing support.

I remain confident in the sustainable future of Australia's automotive industry, which has started its gradual recovery from the low-growth environment created by the global financial crisis.

On behalf of the Board of Directors, management and employees of Toyota Australia I am pleased to present Toyota Australia's 2010 Sustainability Report and I welcome feedback.

Max Yasuda
President and CEO
Toyota Australia

Q&A with the President of Toyota Australia

Max Yasuda is President and CEO of Toyota Australia. Mr Yasuda joined Toyota Motor Corporation in 1972 and since that time has held roles in Toyota in the United States, Japan and Europe. Prior to his appointment as President of Toyota Australia on 1 August 2007, Mr Yasuda spent four years as President and CEO of Toyota France.

Product recalls of Toyota vehicles dominated global media at the beginning of 2010. How have Toyota customers in Australia been affected by the recalls?

Toyota Australia strives to deliver quality products to its customers and was concerned with the recall of Toyota vehicles worldwide.

Toyota recalled vehicles in overseas markets, including the United States, in January 2010. This related to a problem with the operation of the accelerator pedal on a number of Toyota models sold in overseas markets and did not affect any Toyota models sold or manufactured in Australia.

In February 2010, Toyota Australia undertook a separate local Prius safety recall. This was in response to isolated reports of an inconsistent brake feel during slow and steady braking on certain road conditions, such as potholes and bumpy or slippery road surfaces, when the ABS was activated.

The Prius recall only applied to vehicles sold in July 2009 (third-generation models). The number of Prius vehicles recalled in Australia was 2,378 and the solution involved a simple upgrade to the vehicle's ABS software.

How has Toyota Australia responded to the Prius recalls?

Once the recall campaign was launched, we acted quickly to fix those affected vehicles.

We are fortunate to have an extensive dealer network in Australia. Many of our dealer principals rang their customers personally to explain the recall and to arrange appointments. We had technicians visit customers' homes and workplaces with their laptops to upgrade the ABS software.

Due to these actions, 90 per cent of third-generation Prius customers had been seen by a dealer within three weeks – a quick and effective turnaround.

We also proactively communicated with media, government, customers and our key business partners, such as large fleet companies, to update them on the situation.

What measures does Toyota Australia have in place to ensure the quality and safety of its products?

Toyota Australia has been delivering quality products to its customers for more than 50 years and we have every confidence in our ability to continue to do this.

Having participated in this recall activity, we already commenced initiatives under the approach of 'Customer First' program to enhance existing activities and to maintain customers' confidence in our products.

We are further developing our Customer Quality Engineering Group, which is based in Melbourne, to strengthen on-site information capabilities for suspected quality problems. This is supported by Toyota Motor Corporation which already has a significant local engineering presence with the Toyota Technical Centre located in Melbourne.

Our determination to enter a new era for Toyota in Australia is supported by our parent company. In March 2010, Toyota Motor Corporation established a Special Committee for Global Quality (see page 51), which is headed by Toyota Motor Corporation President, Akio Toyoda. The committee meets regularly to exchange insights and to tackle safety issues constructively by developing policies and initiating action. Australia, as a leader in the Asia and Oceania division, is represented on the committee by three senior officers – a managing officer from Toyota Motor Corporation in Japan and two executive vice-presidents of Thailand-based Toyota Motor Asia-Pacific – one from Manufacturing and one from Sales and Marketing.

The committee's charter can be summarised as ensuring all Toyota companies do better at listening to customers. This mindset will help spearhead comprehensive improvements to the company's operations and it will promote quality improvement activities around the world.

President and CEO of Toyota Australia Max Yasuda (L) pushes the button at the official start of pilot production of Hybrid Camry, with The Hon. John Brumby MP Premier of Victoria (C) and The Hon. Senator Kim Carr, Minister for Innovation, Industry, Science and Research (R).



Q&A with the President of Toyota Australia (continued)

Toyota Australia began manufacturing the Hybrid Camry in Australia in December 2009. What does this mean for the automotive industry in Australia?

Hybrid Camry is bringing new technologies to Australian manufacturing which develop new skills for Australian workers.

This car is the most significant entry into the Australian automotive market in more than a quarter of a century and a breakthrough car for Toyota, the future of motoring and for Australia.

Hybrid Camry will provide Australians with a locally built, affordable and eco-conscious vehicle – right now.

It also supports our goal of building a sustainable industry. An industry that can demonstrate a competitive advantage as a car making nation that can be sustainable and profitable. If we can build a new base of expertise for our industry, then I believe we are taking the first significant steps to build a long term future.

In addition the Hybrid Camry offers a huge opportunity for Australia by allowing our suppliers to innovate and grow.

Did the company receive support from government?

The support of the Federal and Victorian Governments has been crucial in enabling Toyota to deliver the Hybrid Camry to Australian customers.

The support provided by the governments enabled Toyota Australia to secure hybrid manufacturing in Australia at a time when the plan had been to import the vehicle from Thailand.

Manufacturing the Hybrid Camry in Australia supports our goal of building a sustainable industry.

How is the automotive industry responding to the challenge of climate change?

Climate change is a significant issue challenging all governments and industries to help develop pathways to a low-carbon future.

I believe that the automotive industry can make a substantial contribution to achieving this objective by improving fuel efficiency and developing and introducing technologies which reduce emissions while enabling personal mobility.

Unlike other industry sectors which are struggling to develop concepts for their industries to operate in a low-carbon future, the automotive industry already has all the necessary technologies – electric vehicles, plug-in hybrid and hydrogen fuel cell vehicles on the road and under trial. However, the transition to a near-zero emissions fleet will not be achieved

alone. Governments and industry will need to work together to reduce carbon emissions associated with travel and encourage eco-car choices.

What needs to be done to accelerate the uptake of hybrid and other low emission technologies in the Australian vehicle fleet?

The Australian Government committed in 2009 to reducing economy-wide greenhouse emissions by 5 – 15 per cent from 2000 levels by 2020 and 60 per cent by 2050. The United Nations Intergovernmental Panel on Climate Change has gone further in suggesting that reductions of 80 per cent by 2050 may be necessary to avoid the more serious effects of climate change.

Unlike many other industry sectors the automotive industry currently has all of the technologies necessary to achieve a low to zero-carbon vehicle fleet by 2050. These include hybrid vehicles, plug-in hybrid vehicles and full electric vehicles. I have little doubt about the sustainable future of this industry. From a social perspective the pathway to 2050 is also important and our industry does not control that. Experts agree that it is better to make steady progress toward long-term carbon targets and aim to stabilise emissions by 2020, rather than a rapid decline in the final decades.

While plug-in hybrids and electric vehicles will soon be available in Australia, it is predicted they will not have a significant market impact for another 10 years. Meeting 2020 targets is about how the market responds to the vehicles available today. There are sufficient hybrid and low emission vehicles in our market to significantly lower fleet carbon emissions, but to achieve a 5 – 15 per cent fleet emission reduction, incentives are required to accelerate their uptake and shift the market preference to lower emission technologies.

So while I think it is important to encourage the development of electric vehicle infrastructure, this is not a short-term solution. It is more important to develop incentives such as toll reductions, registration and stamp duty reductions and rebate schemes to shift the market onto a low emission trajectory as soon as possible.

Q&A with the President of Toyota Australia (continued)

The government is considering the introduction of tougher vehicle emission standards in Australia, how will this affect the deployment of low emission vehicle technologies?

The automotive industry strongly supports on-going improvements in vehicle emissions and has invested heavily in achieving this goal. Starting with the introduction of exhaust catalysts and unleaded petrol in Australia in 1985, the industry has been a significant contributor to the improvements in urban air quality now enjoyed in Australian cities.

Currently there is discussion around several areas including regulatory impact evaluation of improving fuel standards, the development of national average carbon emission standards, the introduction of lower Euro based emission standards, market incentives as well as the evolution of new vehicle technologies such as plug-in hybrid and electric vehicles. From an industry perspective if we have to deal with all of these on an individual basis it will not lead to the best possible outcome. If this can be addressed as one holistic strategy focusing on the biggest problem first, then we can make real progress.

I feel that climate change is the pressing community problem in Australia and if we address the strategy for vehicle carbon emissions over the next 10 years then other issues will be consequently resolved along the way.

What about actions not relating to vehicles?

Toyota Australia's has a significant presence in Australia through our manufacturing, logistics, dealerships and non-production operations.

We take a whole of life-cycle approach to carbon management and have achieved significant reductions in our carbon emissions across all areas of our business.

Our largest source of carbon emissions is our manufacturing operations. Since 2006/07 manufacturing emissions have decreased 28 per cent and per vehicle emissions have decreased 23 per cent.

Our strategy is focused on setting strong targets, measuring performance, continual improvement, seeking to meet best practice and encouraging positive behaviour change. Employees are key ambassadors for our environmental reputation.

In 2010/11 we will continue to reduce our carbon footprint by investing in leading technologies such as the installation of a Micro Gas Turbine Trigeneration plant at our corporate headquarters, pursuing continuous improvement of our manufacturing operations and working with our dealer network to improve their environmental performance

Toyota Australia's President's Goals 2012

The President's Goals, which were announced by Toyota Australia President, Max Yasuda, in 2008, set the foundation for the company's long-term sustainability.

The Goals state that by 2012 Toyota Australia aims to have zero injuries, zero quality defects and be the number one:

Customer-focused organisation

Employer of choice

In reputation.

The Goals include an aspiration to achieve 300,000 vehicle sales by 2012.



Launch of Hybrid Camry Marks New Era in Australian Automotive History



Toyota Australia employees and key stakeholders at Hybrid Camry launch..

In 2009 Toyota Australia celebrated a significant moment in Australian automotive history with the launch of the Hybrid Camry – Australia's most fuel-efficient locally-built car.

The car's unveiling ceremony at Toyota Australia's manufacturing plant on 10 December 2009 was attended by the Prime Minister, the Honourable Mr Rudd, the Premier of Victoria, the Honourable John Brumby, Federal Minister for Innovation, Industry, Science and Research, Senator the Honourable Kim Carr, His Excellency, Mr Takaaki Kojima, Ambassador of Japan, Yukitoshi Funo, Executive Vice President of the Toyota Motor Corporation, more than 2,000 Toyota employees, Toyota suppliers and dealers and members of the local community.

The Hybrid Camry is the only locally-produced four-cylinder hybrid car. Hybrid vehicles produce lower and cleaner emissions than standard engine technologies, reduce fuel consumption and reduce the demand for oil. The Hybrid Camry will deliver around 30 per cent better fuel efficiency compared with the current Camry petrol model.

Both the Federal and Victorian Governments have demonstrated their strong desire for the local industry to build vehicles that help meet the challenges of climate change and have provided vital investment support to Toyota Australia.

Production of the Hybrid Camry is supporting the future of Victorian car manufacturing and helping maintain jobs throughout the automotive sector. Victorian and South Australian component makers have secured around \$90 million worth of work producing approximately 50 hybrid-specific components for the vehicle.

The launch aligns with Toyota's global strategy to accelerate the roll-out of eco-conscious vehicles. Toyota Australia plans to produce at least 10,000 Hybrid Camry vehicles a year for the domestic market and around 300 a year for export to New Zealand.

The Hybrid Camry was made available to the market in February 2010.

Key Performance Figures

	2006/07	2007/08	2008/09	2009/10
Economic Performance				
Domestic Retail Sales Volume (including Lexus models)	228,355	248,690	229,189	214,645
Exported Vehicles	81,326	99,395	94,955	68,652
Toyotas in the Top Ten Selling Vehicles	4	5	5	4
Prius Sales	2,349	3,232	3,413	2,855
Hybrid Camry Sales	-	-	-	1,290
Vehicles Manufactured	117,839	148,810	130,228	105,826
Net Profit After Tax	\$184.4 million	\$242.2 million	\$123.3 million	-\$107.9 million*
Net Sales	\$8.3 billion	\$9.4 billion	\$8.8 billion	\$8.6 billion
Environmental Performance				
Electricity Usage – Production (MWh)	111,068	105,448	99,834	91,494
Natural Gas Usage – Production (GJ)	710,198	629,472	610,155	536,017
Greenhouse Gas Emissions – Production (tonnes CO ₂)	197,099	194,727	165,624	141,000
Greenhouse Gas Emissions per vehicle – Production (tonnes CO ₂)	1.74	1.16	1.27	1.33
Water Usage – Production (kilolitres)	439,079	450,134	463,893	405,829
Production Waste Recycled	96%	95%	95%	95%
Dealers Compliant with the Dealer Environment Risk Audit Program	143	197	249	273
Social Performance				
Number of Employees	4,717	4,676	4,571	4,551
Turnover Rate for Award Employees	5.74%	4.54%	5.71%	5.82%
Lost Time Injury Frequency Rate (Figure not available for 2006/07 due to changing data measurement)	-	13	9	11
Employee Satisfaction Index Rating	78.3	77.8	79.0	77.2
Community Investments (Figure not available for 2006/07 as this was not collected through London Benchmarking Group methodology)	-	\$2.26 million	\$3.59 million	\$2.58 million

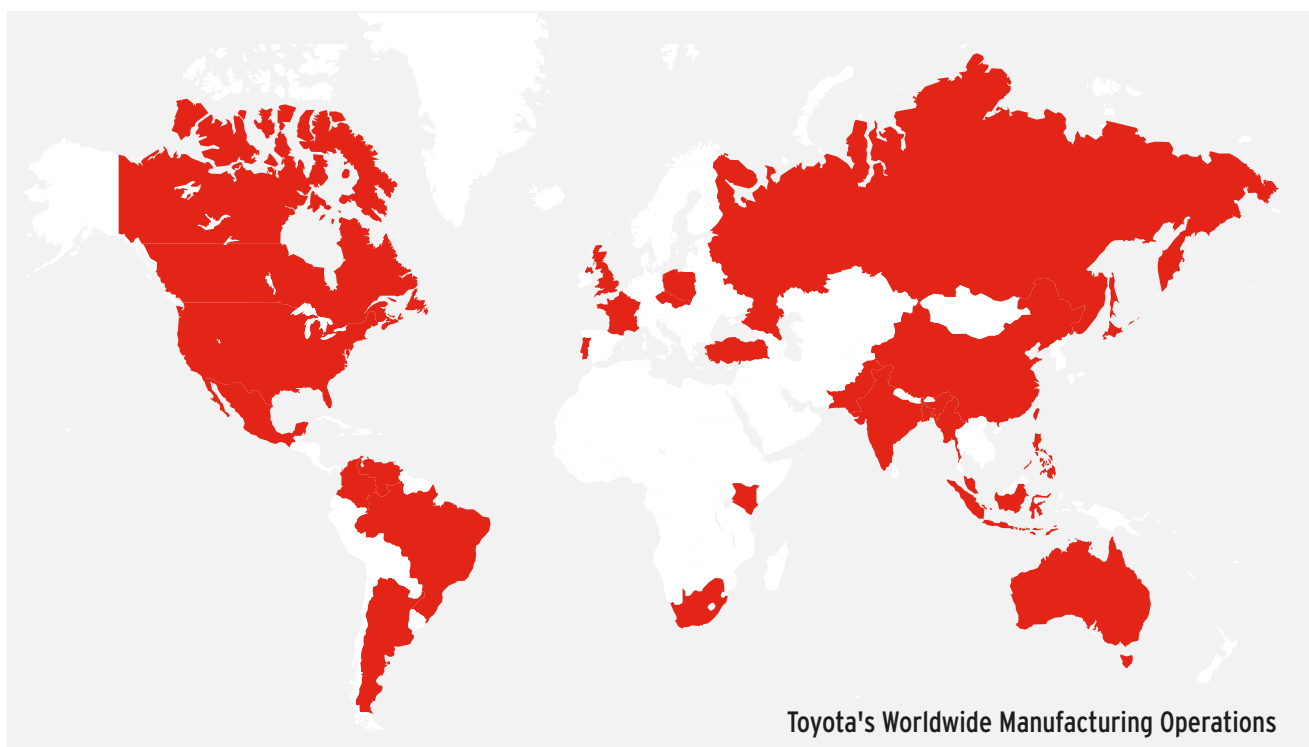
*Result of a once off tax adjustment relating to prior years.

ABOUT THE COMPANY

Part of a Global Group

Toyota Australia is a wholly-owned subsidiary of Toyota Motor Corporation. Established in 1937, Toyota Motor Corporation is the world's largest vehicle manufacturer. Toyota conducts its business worldwide with 51 overseas manufacturing companies in 26 countries and regions. Toyota's vehicles are sold in more than 170 countries and regions.

Toyota Australia is supported by Toyota Motor Asia Pacific Engineering and Manufacturing Company Limited, which provides operational assistance to Toyota manufacturing affiliates in Asia, Oceania and the Middle East, from its base in Thailand.



Toyota Vision and Philosophy

Toyota contributes to the sustainable development of society through the provision of innovative and high-quality products and services. The foundation of this approach is outlined in philosophies such as the Guiding Principles and the Toyota Way.

The Guiding Principles

Toyota's Guiding Principles underpin Toyota operations across the world. The principles, which were adopted in 1992, define the mission of Toyota and the values the company delivers to stakeholders.

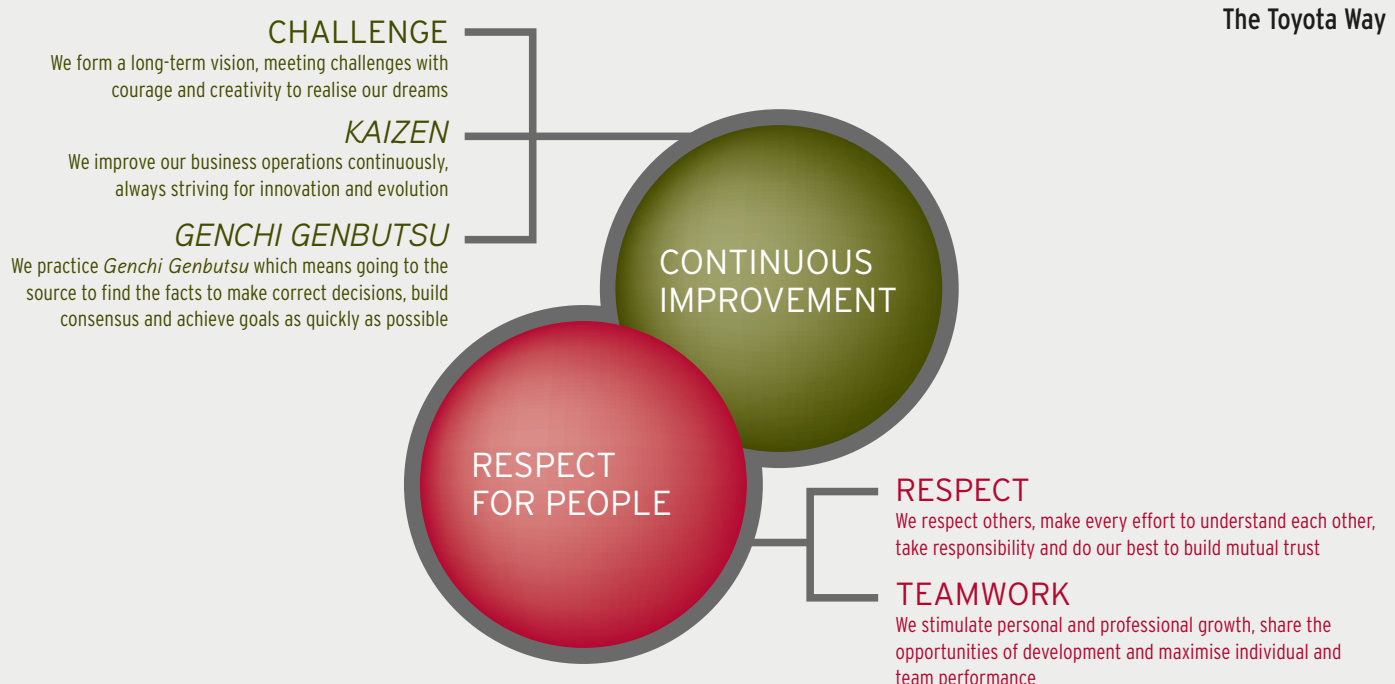
Guiding Principles at Toyota

1. Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate 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 communities.
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our 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 value, 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

The Toyota Way, defined in 2001, clarifies the values and business methods that all employees should embrace in order to carry out the Guiding Principles at Toyota throughout the company's global activities. The Toyota Way is made up of two pillars: Continuous Improvement and Respect for People.



Toyota Vision and Philosophy (continued)

The Toyota Production System

The Toyota Production System (TPS) was developed to systematically manage the business' daily operations with the goal of sustaining competitiveness.

The TPS is based on two concepts. The first is called *jidoka* which means that when a problem occurs the equipment is stopped immediately, preventing defective products from being manufactured. The second is the concept of 'Just-in-Time' in which each process produces only what is needed by the next process in a continuous flow.

Hoshin Kanri

The company's key objectives and progress are communicated through *Hoshin Kanri* (direction management) – a management planning tool that focuses on activities directly linked to achieving the long-term business plan.

Hoshin Kanri aligns all areas of the business and affects all employees. The tool raises the capability of employees to think and act on their own, and uses the values of the Toyota Way and action based on practical problem-solving.

Hoshin activities for Toyota Australia in 2010/11 will focus on strengthening customer relationships and improving capability, profitability and regional contribution. As part of this, the company sets goals for environmental leadership and has environmental key performance indicators for directors, divisional managers and managers in relevant areas.

About Toyota Australia

Manufacturer of **Australia's first hybrid** vehicle - the Hybrid Camry

Operating in Australia for more than **50 years**

4,551 employees with thousands more indirectly employed in the supplier and dealer network

Toyota Australia is a leading manufacturer, distributor and exporter of vehicles, with a market share of 21 per cent as at the end of the 2009 calendar year.

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

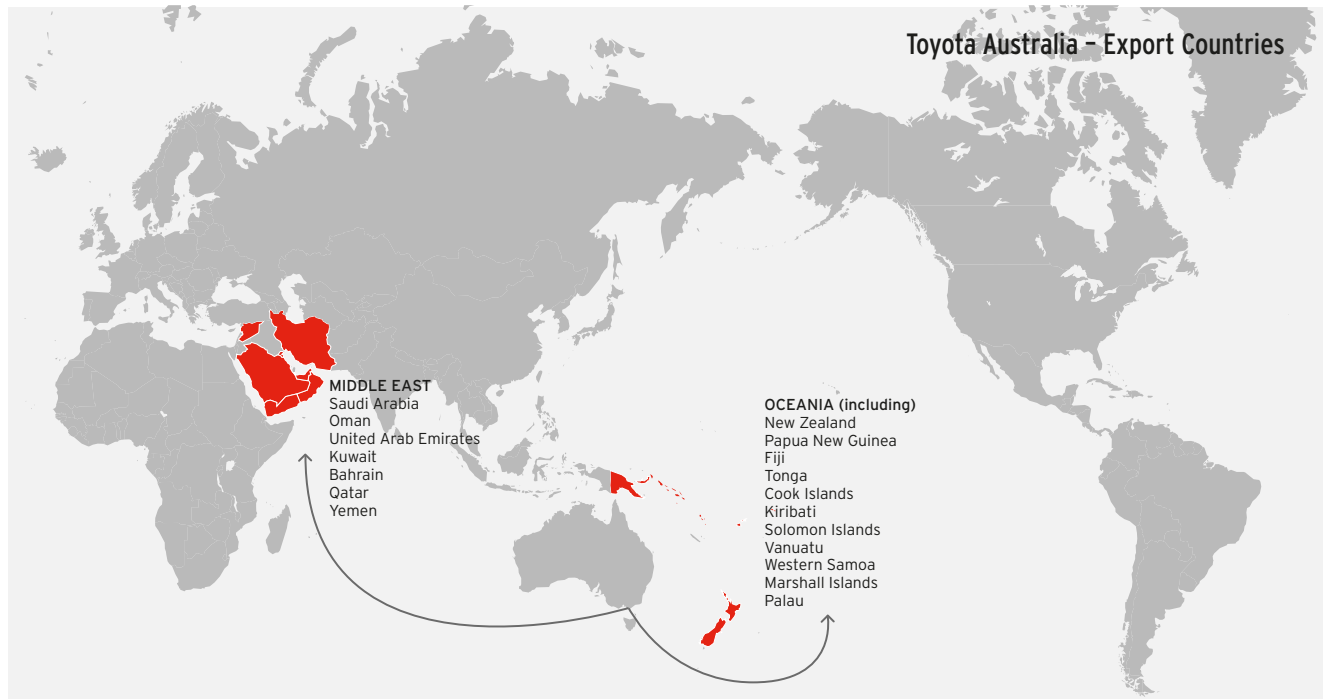
The Sydney City Toyota/Sydney City Lexus dealership is a wholly-owned subsidiary of Toyota Australia.

Company Details	
Corporate Headquarters	Port Melbourne, Victoria
Manufacturing Plant	Altona, Victoria
Sales and Marketing Operations	Woollooware Bay, New South Wales
Vehicles Manufactured and Distributed by Toyota Australia	
Hybrid	Hybrid Camry
Passenger	Aurion, Camry
Vehicles Distributed by Toyota Australia	
Hybrid	Prius, Hybrid Camry
Passenger	Aurion, Avensis, Camry, Corolla, Prius, Tarago, Yaris
Four-wheel drive and Sports Utility Vehicles (SUVs)	Kluger, LandCruiser 200, Prado, RAV4
Commercial vehicles	Coaster, HiAce, HiLux, LandCruiser 70

Toyota Australia also imports and distributes the Lexus luxury brand of vehicles which includes hybrids, SUVs, convertibles and sedans.

About Toyota Australia (continued)

More than half of the Camry and Aurion vehicles manufactured at the company's plant in Altona are exported overseas – to more than 20 markets in the Middle East, New Zealand and the Pacific Islands.



Awards and External Recognition

Toyota Australia received the following accolades in 2009/10:

- 'The **Manufacturer of the Year**' Award and the '**Exporter of the Year**' Award at the 2009 Manufacturers' Monthly Endeavour Awards.
- 'The Business Award' at the 2009 ECO-Buy Awards for **Excellence in Green Purchasing**.
- Toyota Australia's 2008 Sustainability Report won the '**Best Report in Consumer and Business Services**' at the 2008 ACCA Australia and New Zealand Sustainability Reporting Awards.
- **Number one reputation** among Australian car manufacturers and number two out of Australia's largest 50 companies for the third consecutive year in the 2009 RepTrak™ survey conducted by the Reputation Institute.
- Australia's Best Cars, a vehicle testing and award program, named the V6 Aurion '**Australia's Best Large Car**' in 2009. This was the third time in four years that Aurion has won in the large-car category.



- The Fairfax media group presented the third-generation Prius with the '**Green Innovation Award**' and the '**People's Choice Award**' at the Drive Car of the Year Awards 2009.



Internationally, the Prius has been named the **Top Green Car** in 2010 by the U.S. automotive guide Kelley Blue Book.

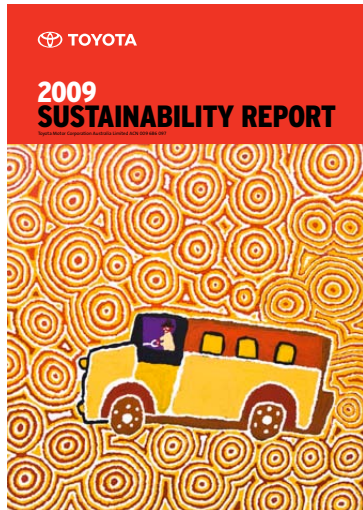
Stakeholders

Toyota Australia's stakeholders are those groups that are affected by, or who affect, the company's operations. In 2009/10 the company used a variety of means to engage its stakeholders – these are detailed below.

Stakeholder Group	Activities in 2009/10
Employees	<ul style="list-style-type: none"> • Workplace Agreement (see page 44) • KI-J Days (see page 46) • Regular performance reviews (see page 47) • Learning and development programs via Toyota Institute Australia and the Open Learning Centre (see page 47) • Communication broadcasts • Employee Satisfaction Index (see page 45).
Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys (see page 49) • Training for customer-facing staff (see page 53) • Interaction via dealerships (see page 51) • Customer Experience Program (see page 53).
Business Partners – Dealers	<ul style="list-style-type: none"> • Dealer Environmental Risk Audit Program (see page 24) • Learning and development programs via Toyota Institute Australia (see page 52) • Training and support programs (see page 52) • Dealer Excellence Awards (see page 53) • Dealer support during product recalls (see page 51).
Business Partners – Suppliers	<ul style="list-style-type: none"> • Supplier development programs (see page 21) • Green Purchasing and Supplier CSR Guidelines (see page 22) • Annual Supplier Conference (see page 20) • Supplier Council (see page 22).
Community	<ul style="list-style-type: none"> • Contribution to public debate (see page 14) • Local and national community partnerships (see page 56) • Community sponsorships (see page 61) • Community Liaison Committee (see page 24).
Government	<ul style="list-style-type: none"> • Partnership with Victorian and Federal Governments on supplier development programs (see page 21) • Regular interaction on key issues such as launch of Hybrid Camry and product recalls • Written submissions (see page 14).
Toyota Motor Corporation & Toyota Motor Asia-Pacific	<ul style="list-style-type: none"> • Regular liaison on operating issues including product, quality, sales and marketing (see page 51)

Stakeholders (continued)

Stakeholder Feedback



Toyota Australia sought feedback on its 2009 Sustainability Report from the following stakeholder groups: government and industry, community, employees, fleet managers and suppliers.

Stakeholders were asked for their views on the report's content and format and for what purpose it was used. The main findings were:

- The environmental management, key performance and community investment sections were the most useful sections of the report.
- The new four-page Highlights Brochure (which replaced a 28-page summary) was well-received.
- An interactive online website should be developed.

Due to resource constraints it was not possible for the company to implement an interactive website immediately. Instead separate PDFs of each section of the report will continue to be made available online in addition to the full report.

Stakeholders were asked to what extent they agreed or disagreed with the statement that 'Toyota's Altona plant is a good corporate citizen'. The majority of stakeholders (94 per cent) agreed or strongly agreed with this statement, with the most commonly-cited reasons being the plant's community engagement and environmental programs.

Public Policy and Government Assistance

Toyota Australia receives ongoing assistance via the Automotive Competitiveness and Investment Scheme, which provides tariff credits for the local production of vehicles, local capital investment and research and development.

The Federal Government has provided a subsidy of \$35 million to Toyota Australia for building the Hybrid Camry in Australia. The Victorian government also provided a great support and made a commitment to purchase 2,000 Hybrid Camrys.

The company contributes to public debate, through means such as written submissions and Senate hearings, on issues relating to the automotive industry, and fiscal and environmental issues. In 2009/10 the company made submissions to the:

- **Henry Tax Review**
- **Tax Laws Amendment (Research and Development) Bill 2010**
- **Carbon Pollution Reduction Scheme**
- **Senate Economics Committee Inquiry into the Tax Laws Amendment (Luxury Car Tax) Bill 2008.**

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.

Memberships

Toyota Australia is a member of:

- **Australia Business Arts Foundation**
- **Australian Industry Group**
- **Automotive Industry Innovation Council**
- **Centre for Corporate Public Affairs**
- **Committee for Economic Development of Australia**
- **Corporate Responsibility Index Leaders' Network**
- **Federal Chamber of Automotive Industries**
- **Low Emission Vehicle Automotive Partnership**
- **Philanthropy Australia**
- **Victorian Employers' Chamber of Commerce and Industry**
- **Victorian Manufacturing Industry Council.**

Governance and Accountability

As Toyota Australia moves towards achieving the President's Goals (see page 6), it is crucial that its systems of internal control and governance remain aligned with a changing environment and the new challenges, risks and opportunities that will arise. Toyota Australia aims to achieve the highest level of internal governance.

Governance within Toyota Australia is ultimately the responsibility of the board of directors. Toyota Australia has a board of 11 directors. Board members are selected based on their qualifications, experience, performance and industry knowledge.

The board of directors is responsible for enhancing the interests of the company's sole shareholder, Toyota Motor Corporation, and other stakeholders and ensuring that the company is properly managed.

Executive Compensation and Performance

Executives are compensated according to industry rates and performance. Executive remuneration is subject to annual review and is composed of a fixed salary payment and an incentive program that is tied to the achievement of organisational targets in the financial year.

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, 17 board meetings were held.

Board of Directors in 2009/10		
Name of Director	Responsibilities	Years with Toyota and Qualifications
Board of Directors as at 31 March 2010		
M Yasuda	President and CEO	38 years – Degree in Engineering and Applied Physics
D Buttner	Senior Executive Director – Sales and Marketing	22 years – Bachelor of Economics
M Callachor Appointed 1 January 2010	Executive Director – Sales and Marketing	28 years – Bachelor of Business
C Harrod Appointed 1 January 2010	Executive Director – Manufacturing and Purchasing	21 years – Graduate Diploma in Human Resources
M Isogai (non-resident Director) Appointed 1 July 2009	Managing Officer	31 years – Bachelor's Degree in Law
Y Kawada (non-resident Director)	Managing Officer	30 years – Degree in Electrical Engineering
Y Nakano Appointed 1 January 2010	Senior Executive Director and Treasurer	24 years – Bachelor of Business Administration
B O'Connor	Executive Director – Corporate Services, Chairman – Corporate Compliance Committee, Chairman – Human Resources Committee	31 years
A Okabe (non-resident Director) Appointed 1 July 2009	Senior Managing Director	39 years – Degree in Social Engineering
T Sasaki (non-resident Director) Appointed 1 July 2009	Managing Officer	30 years – Bachelor of Economics
T Shinozaki	Senior Executive Director – Manufacturing and Purchasing	35 years – Degree in Mechanical Engineering
Directors in 2009/2010 Fiscal Year		
K Mukaiyama Resigned 31 December 2009	Executive Vice President – Finance	27 years – Bachelor of Economics
T Ijichi (non-resident Director) Resigned 30 June 2009	Senior Managing Officer – Accounting Group	34 years – Degree in Economics
Y Masuda (non-resident Director) Resigned 30 June 2009	Managing Officer – Technical Administration Group	33 years – Masters Degree in Engineering & Applied Physics
Y Yokoi (non-resident Director) Resigned 30 June 2009	Managing Officer – Asia, Oceania, Middle East Operations Group	33 years – Bachelor of Law

Governance and Accountability (continued)

Committees

Toyota Australia has six key committees responsible for assisting the board and senior management in carrying out its responsibilities and to enable due consideration of complex issues.

The committees also have sub-committees to address specific issues. For example, the Product Evaluation Review Committee is a sub-committee of the Corporate Compliance Committee, responsible for product safety-related issues.

Toyota Australia Committees

Corporate Compliance Committee (Board Committee)
Chair: Executive Director – Corporate Services

Human Resource Committee (Board Committee)
Chair: Executive Director – Corporate Services

Environment Committee
Chair: Divisional Manager, Corporate Affairs, Strategy and Environment

Information Technology Review Committee
Chair: Divisional Manager, Information Systems Division

Senior Management Committee (Board Committee)
Chair: President and CEO

Health and Safety Committee
Chair: Divisional Manager, Human Resources

Senior Consultative Group

Toyota Australia has a senior consultative group that enables employees to raise issues of concern with senior management. The group aims to achieve mutual understanding on key business issues facing the company and employees. It consists of the president, company representatives from each operating arm and union representatives.

The group meets each month and topics discussed in the reporting period include the global economic outlook, product quality, employee relations and production volumes.

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 an obligation of continuous disclosure, 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.

Code of Ethics



Employees, contractors and agents of Toyota Australia are expected to comply with Toyota Australia's Code of Ethics which states that they need 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.

Governance and Accountability (continued)

Simple Guide to Ethical Decision Making

The company has developed a guide to assist employees in ethical decision making. Determining ethical outcomes can be simple if it is a clear legal versus illegal situation. However, many situations arise when the right ethical outcome is not always straightforward. The guide provides employees with advice on how to make ethical decisions, and asks employees to demonstrate commitment to Toyota Australia's Code of Ethics by:

- **Raising their voice when they see something of concern.**
- **Recognising that there may be competing interests and applying the simple guide to ethical decision making as required.**
- **Asking managers for help to resolve an ethical dilemma.**

The guide also includes information about the Toyota Ethics Line.

Toyota Ethics Line

Employees are encouraged to tell their manager or supervisor about any matters that may breach Toyota Australia's Code of Ethics. For key stakeholders, 'Tell it like it is' is the standard process to observe and report breaches of Toyota's Code of Ethics to their Toyota Australia contact. To provide an additional reporting system – if the standard processes do not achieve appropriate outcomes – Toyota Australia has established a whistleblower scheme – Toyota Ethics Line (TEL Toyota).

TEL Toyota is a confidential and independent method of reporting illegal or unethical behaviour. The TEL Toyota line is managed by the Legal, Risk and Compliance Division which has contracted an outside firm, STOPline Pty Ltd, to act as the confidential contact point for people seeking to raise any issues. As part of the continuing development of the program, in 2009 the scheme was extended to a further group of Toyota Australia's key suppliers and its Dealer Principals nationally.

Fraud and Corruption Control Program

Toyota Australia has a Fraud and Corruption Control Program which provides employees with a framework to assist them in the prevention and detection of fraud, corruption and other improper conduct. It also provides them with a standard procedure to report any incidents of concern.

The program provides a systematic approach towards the management of this risk, from detection to reporting to investigation. It amalgamates all existing controls and processes, including the company's whistleblower line, TEL Toyota, into one standardised framework.

All employees will ultimately receive fraud awareness training, and significant work is being undertaken to ascertain the fraud risks in certain parts of Toyota Australia where the potential impact of a fraud incident is particularly high.

Risk Management

Toyota Australia has applied the Enterprise Risk Management process to develop the risk profile for each business unit which is then used for planning yearly objectives. During the reporting period the company has improved the design of the process which will allow for better reporting and monitoring of risks. In 2010/11, further improvements will be made to integrate the risk management process into other business planning and management systems.

Business Standards Program

Flowing on from the Enterprise Risk Management process, Toyota Australia has applied a Business Standards Program to manage its operational risks. This is a principles-based program that has been trialled across three of the company's business units and the company plans to implement it in the broader business in 2010 and beyond. The aim of the program is to help each business unit identify operational risk, how well the risk is being managed and countermeasures for addressing any gaps that may exist.

Sarbanes-Oxley

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 U.S. 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 completed its fourth compliance year with an improvement in overall compliance (improvement in quality and operation of controls), giving stakeholders comfort over the reliability of corporate financial statements.

During the past year, all divisional managers with SOX responsibilities were required to complete a check of their area's internal controls for financial reporting, and initial and date the checklist prior to signing off the SOX certification.

This process strengthened the responsibility and accountability of the company's senior managers in establishing and maintaining internal controls over financial reporting. As part of the yearly SOX compliance activities, the Corporate Audit Department and external auditor also performed their own independent check process. They independently reported their findings and recommendations to the relevant areas in the business, the SOX Steering Committee and the Corporate Compliance Committee. Plans and follow-up activities ensure that any issues found are fully remediated and checked again through the audit process.

ECONOMIC CONTRIBUTION

Toyota Australia makes a significant contribution to the local economies and communities in which it operates. This includes direct and indirect employment, supporting local suppliers and the dealer network, capital investment, community contributions, export revenue and payment of taxes.

The automotive industry, including Toyota Australia, continued to be significantly impacted by the global financial crisis in 2009/10. Factors impacting Toyota Australia's manufacturing competitiveness included drastic fluctuations in currency, price increases in raw materials, changes in consumer preferences, increased market competition, reduction in passenger vehicle import tariff and lower supplier competitiveness in the current operating environment.

Toyota Australia took a number of measures to support operations during this period including:

- **Company-wide cost saving initiatives.**
- **Supplier development and support programs (see page 21).**

- **Introduction of training days in lieu of production for manufacturing employees (see page 46).**
- **Continuous improvement activities at dealerships (see page 24).**
- **Adjustment of plant production schedules.**

For the 12 months to 31 March 2010, Toyota Australia reported a profit before tax of \$182.3 million before a once off tax adjustment of \$246.7 million relating to prior years. The result of this tax adjustment was a net loss of \$107.9 million. Sales revenue for this period was \$8.6 billion in total, including export sales of \$1.2 billion – the highest in the Australian automotive industry.

Toyota Australia's sales performance in this economic climate is attributable to the hard work of its employees and their pursuit of continuous improvement in quality, service and cost performance.

	2007/08	2008/09	2009/10
Net Profit After Tax	\$242.2 million	\$123.3 million	-\$107.9 million
Sales Revenue	\$9.4 billion	\$8.8 billion	\$8.6 billion
Export Sales	\$1.8 billion	\$1.7 billion	\$1.2 billion
Capital Expenditure	\$99.8 million	\$119 million	\$82 million
Domestic Retail Sales Volume (including Lexus models)	248,690 vehicles	229,189 vehicles	214,645 vehicles

Domestic Vehicle Manufacturing and Sales

During the year to 31 March 2010, manufacturing operations in Australia produced 105,826 Camry and Aurion vehicles for domestic and export markets. Domestic retail sales volume (including Lexus models) in 2009/10 was 214,645. This was down from 229,189 in 2008/09.

Despite the decrease in domestic sales, in the 2009 calendar year Toyota Australia was the best selling brand in Australia with a market share of 21.4 per cent. During the second half of the 2009 calendar year, the company recorded a stronger than expected domestic sales result, as market conditions improved and with the benefits of the Federal Government's investment allowance (a temporary additional tax deduction available to businesses when they purchase eligible new assets or invest new funds in existing assets). From June, Toyota Australia's

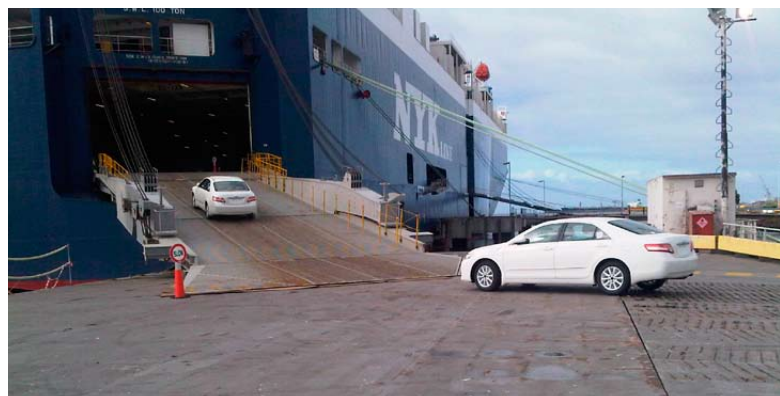
average monthly sales rose to 18,300 vehicles – representing an improvement of more 25.7 per cent on the January-May period.

A key highlight for the Australian industry and for Toyota Australia during the year was the launch of Australia's first locally-built Hybrid, the Toyota Hybrid Camry. Hybrid vehicles produce lower and cleaner emissions than standard engine technologies, reduce fuel consumption and reduce the demand for oil. The introduction of hybrid technology to Toyota Australia's Altona manufacturing plant was supported by the Victorian and Federal Governments.

Export Market

Toyota Australia is the country's largest vehicle exporter. In 2009/10 Toyota Australia exported 68,652 Camry and Aurion vehicles to more than 20 countries including the Middle East, New Zealand and the Pacific Islands. This was down from 94,955 in 2008/09, largely due to the continued economic downturn experienced in Middle Eastern markets as a result of the global financial crisis.

In 2009/10 Toyota Australia commenced actions to support Toyota Motor Corporation's decision to restructure its global business by region. Toyota Australia will now be part of the Asia Pacific regional division. This will enable Toyota Australia to build stronger relationships with the Asia-Pacific region – in manufacturing, purchasing, product and marketing. Toyota Australia, along with other local automotive participants, is well positioned to take advantage of the growth being experienced in Asia and Middle East.



Toyota Australia's Positioning

For the 2009 calendar year, Toyota Australia achieved the 'triple crown' in sales for the fourth time – number one in passenger cars, number one in commercial vehicles, and number one in overall sales. The company continued to lead the market, with a 21.4 per cent market share in 2009.

Four of the top ten selling vehicles in Australia were Toyotas in 2009/10 (see box to the right).

	Volume (April 09 - March 10)
Toyota Hilux	40,115
Toyota Corolla	39,782
Toyota Camry (4-cylinder)	20,645
Toyota Yaris	20,172

Supporting Suppliers

Toyota Australia makes a significant contribution to the local economy by supporting local suppliers. In 2009/10, the company's value of buy totalled \$2.4 billion.

This includes:

- **Locally-procured components and raw materials required for the production of locally-manufactured vehicles**
- **Purchases of goods and services needed to support the company's operations**
- **The procurement of service parts and accessories.**

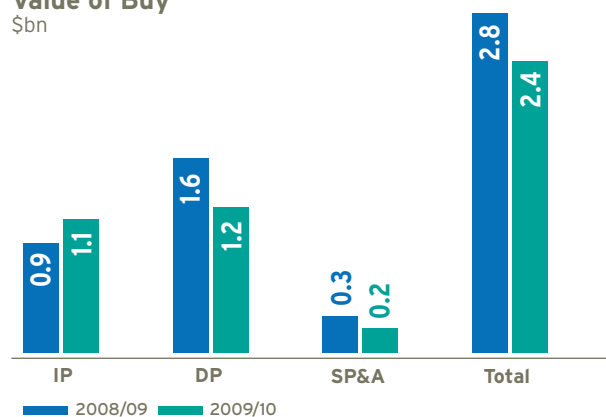
Sourcing components from the domestic market is an important part of achieving self-reliance as it reduces the exposure to exchange rate movements and strengthens the Australian economy.

There was a decrease in the value of buy between 2008/09 (\$2.8bn) and 2009/10 (\$2.4bn) due to lower production volumes and therefore reduced requirements for components and raw materials. The number of total suppliers decreased from 1,905 suppliers in 2008/09 to 1,805 suppliers in 2009/10. This was primarily due to consolidation of suppliers.

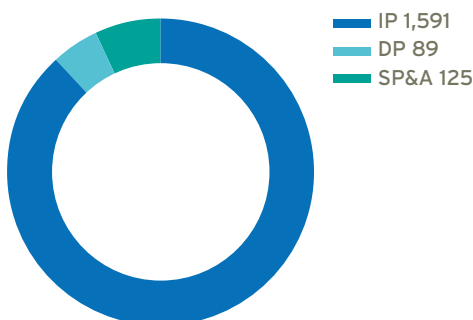
Key

- **DP: Direct Purchasing:** Locally procured components (and raw materials) required for the manufacture of locally-manufactured vehicles.
- **IP: Indirect Purchasing:** Indirect purchases of goods and/or services to support the operation and maintenance of all buildings, plant and equipment as well as all corporate services.
- **SP&A: Service Parts and Accessories:** Locally procured services parts and accessories to support aftermarket sales.

Value of Buy
\$bn



Number of Suppliers



Supporting Suppliers (continued)



Toyota senior management with the 2009 Toyota Supplier Award Winners. Back Row L-R: T. Shinozaki (TMCA), T. Kato (TMAP), L. Dwyer (OzPress), M. Rausa (TMCA), M. Falino (Dana), S. Kotaka (SEWS), M. Gillard (TTC-Au). Front Row: L-R: D. Robinson (Robert Bosch), O. Rantala (Hella), P. Williams (TT Steel), M. Yashuda (TMCA), T. Ikeda (Austalian Arrow), C. O'Donohue (Austalian Arrow)

Engaging with Suppliers

Toyota Australia holds an Annual Supplier Conference which provides a forum for the company and its suppliers to set out key policies and strategies for the future and discuss topical issues from the previous year.

The 2009 conference theme was 'Today's Challenge – Tomorrow's Opportunity' and focused on how the economic 'downturn' should be used to adjust the business for the future. Discussions on the day acknowledged that the industry had been affected by rising commodity prices, currency pressures, the credit crisis and the reduction in production volumes.

There was also much discussion on the key actions that suppliers and Toyota Australia should take to succeed, including strengthening the capability of the workforce to improve safety, quality and cost, and pursuing opportunities to create a more efficient and competitive supply base.

The Annual Supplier Awards were presented at the conference in recognition of performance excellence. Australian Arrow won the 'Supplier of the Year' award and the 'President's Award' for Performance Excellence in the Toyota Production System (TPS). The other award winners for Performance Excellence were:

Price - **SEWS Australia**

Delivery - **Robert Bosch**

Quality - **Ozpress**

Safety - **TT Steel Centre**

Design, Development and Process - **Hella Australia**

TPS Improvement - **Dana - SASCA**
(improvement award)

Supporting Suppliers (continued)

Case Study

Environmental Management at Australian Arrow Pty Ltd

Australian Arrow Pty Ltd (AAPL) received the 'Supplier of the Year' award at Toyota Australia's Annual Supplier Awards in 2009.

Management of environmental impacts at AAPL focuses on:

- Resource depletion from material use
- Emissions to air, soil and water
- Waste management.

During 2009, AAPL reduced its ecological footprint by improving all of its environmental Key Performance Indicators (KPIs), meeting targets by a considerable margin due to its *kaizen* (improvement) driven culture. Performance is measured, reported and scrutinised on a monthly basis.

AAPL wants to be 'an organisation needed by society'. It therefore embarks on a number of activities to raise awareness of environmental issues and to demonstrate environmental leadership targeting behavioural change in employees, their families and friends and the local community.



Australian Arrow Environmental Representatives prepare for the annual National Tree Day event.

AAPL engages associates and their families in activities such as tree planting, ride to work days, environmental photo and art competitions and national recycling weeks. The company also engages with the local community, for example, it encourages children to become involved in environmental education activities at schools and at local events.

AAPL believes that measuring and managing environmental KPIs is fundamental to running a modern business and that by providing education to change behaviour, the company can create a better future.

Supplier Development

Toyota Australia recognises that supplier development is a crucial part of ensuring the future growth and sustainability of the Australian automotive industry. The company is working with government and industry, in programs such as the Automotive Supply Chain Development Program, to develop a globally-competitive Australian automotive industry.

Automotive Supplier Excellence Australia

The Automotive Supplier Excellence Australia (ASEA) program is a national initiative to help Australian automotive suppliers achieve international levels of competitiveness and sustainability.

The program, was established in 2007, and is managed by the Cooperative Research Centre for Advanced Automotive Technology (AutoCRC). It is under the guidance of a Steering Committee which includes representatives from Toyota Australia and other Australian vehicle manufacturers, the Victorian and South Australian Governments, the Federation for Automotive Products Manufacturers, the supplier base and the Australian Government.

The program includes a comprehensive assessment of the supplier's business and benchmarks their business against global standards. The supplier is given a set of improvement plans and a two-year Progress Map. As the improvements are implemented, two further assessments are conducted at yearly intervals, so progress can be tracked.

In 2009 the Australian Government launched a new scheme called the 'Automotive Supply Chain Development Program' (ASCDP), which is part of the Government's New Car Plan for a Greener Future. The scheme provides \$20 million to assist automotive parts suppliers further develop their capabilities and better integrate into local and global supply chains.

This scheme, which runs for four years to 2012-13, continues the work begun by the ASEA program in 2007 by providing a process to help suppliers improve their competitiveness.

Toyota Australia was successful in 2009 in receiving funding from ASCDP to expand and enhance its existing Supplier Development Program. With this funding, the company will employ supplier development engineers to support suppliers to improve their knowledge and understanding of the Toyota Production System.

Supporting Suppliers (continued)

Supplier Council

To contribute to the long-term viability of the local supplier base, Toyota Australia established a Supplier Council in October 2009 which includes the CEOs of ten of its key suppliers. The aim of the Council is to:

- **Foster supplier and industry collaboration**
- **Strengthen government and industry partnerships**
- **Provide input into Toyota Australia's policies and strategies**
- **Make collective representations to Toyota Australia on behalf of suppliers**
- **Provide a forum for two-way communication and act as a sounding board on industry issues in order to provide feedback to Toyota Australia.**

Toyota Australia is supporting the Council by providing facilitated problem-solving workshops to address key industry issues. Three workshops were held in 2009/10, and Toyota Australia will continue to hold further workshops until robust solutions have been developed for all key issues identified.

The company has also been supporting suppliers by delivering training packages through the Toyota Institute Australia. Courses offered include training on the Toyota Production System, the Toyota Way, Just-in-Time and Total Productive Maintenance.

Safety in the Supply Chain

Safety remains Toyota Australia's number one priority and the company recognises it has a responsibility to ensure that all its employees and business partners can come to work and perform their function in a safe and controlled environment.

With this in mind, the company will pilot a safety program in 2010/11 with the aim of reducing safety-related incidences by 50 per cent a year targeting 'zero harm' for all members of the Toyota family.

To assist in this process, the company has established a Supplier Development Quality Group within the Purchasing Division to help improve supplier quality performance through education and training.

Influencing the Supply Chain

Toyota Australia has Green Purchasing Guidelines which define the environmental policies and expectations of its supplier base. The guidelines apply to:

1) Suppliers of vehicle parts, accessories and raw materials

The guidelines detail specific environmental initiatives suppliers are expected to undertake, such as reducing greenhouse gas emissions and eliminating Substances of Concern. Suppliers are expected to achieve and maintain ISO 14001 certification.

2) Suppliers of all products and services excluding vehicle components

Toyota Australia considers environmentally-preferred products in the sourcing process. For example, paper and wood products obtained from recycled, plantation, salvaged or renewable sources and products and services that reduce the consumption of energy.

Additionally, in 2009 the company sent suppliers of original equipment and service parts and accessories guidelines on Corporate Social Responsibility (CSR). The guidelines, which were developed by Toyota Motor Corporation, clarify the company's expectations of its suppliers in the areas of safety, environment and human rights. The guidelines state that suppliers should not use forced labour or child labour, that they need to comply with local applicable laws governing employees' working hours and that they need to recognise employees' right to freely associate, or not to associate.

In July 2009, the company sent a CSR self-assessment questionnaire to 111 original equipment and service parts and accessories suppliers, which was completed by 71 per cent of the suppliers.

The results from the questionnaire indicate that CSR activities are successfully being rolled out to suppliers and awareness of CSR is high (94 per cent of the questions asked received a response of high CSR activity level). However, the results also indicate that Tier 1 suppliers are not actively deploying CSR to business partners (Tier 2 and 3 suppliers).

ENVIRONMENTAL PERFORMANCE

Environmental Management

Toyota Australia's direct environmental impacts are associated with the manufacturing of vehicles at its Altona plant and through its offices and parts distribution centres. These impacts include energy and water consumption, emissions from energy use, volatile organic compound emissions from the use of paint, waste generation and indirect emissions from transporting vehicles and parts. The following sections detail how Toyota Australia is managing its environmental impacts in these areas.

During 2009/10, the company's capital and operating expenditure on environmental protection was approximately \$2.8 million. This included investment in waste management, environmental monitoring, Environmental Protection Agency (EPA) licence fees, green purchases, Environment and Resource Efficiency Plan (EREP) project costs, and Toyota Australia's Environmental Management System (TEMS).

Environment Plan

Vision

Globally, Toyota's 2020 Vision outlines a vision of a future society where nature and industry work together in harmony. This vision builds on the Earth Charter, which was developed in 1992 and outlines the company's policies on environmental management.

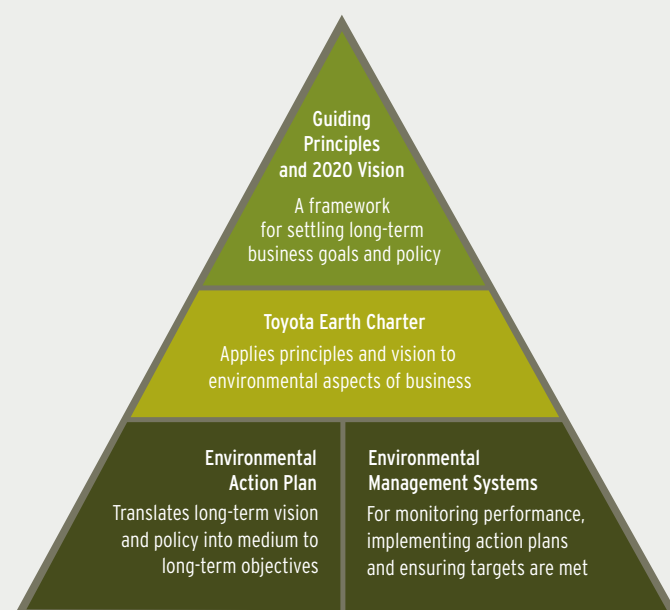
Environmental Action Plan

The Toyota Motor Corporation Fourth Environmental Action Plan is a clear statement of activities that the company must undertake to realise its long-term vision. The Fourth Environmental Action Plan sets targets in the areas of:

- **Energy and Climate Change**
- **Recycling of Resources**
- **Substances of Concern**
- **Atmospheric Quality**
- **Environmental Management.**

Toyota Australia also sets targets against these environmental areas in its Five Year Environment Plan, which was launched in 2006. A new environment plan for Toyota Australia's operations will be developed at the end of 2010 to ensure continuous environmental improvement.

Global Toyota Environment Plan



Environmental Management (continued)

Toyota Environment Management System

Toyota Australia's Environment Management System (TEMS) is used to manage the company's environmental risks, ensure legal compliance and promote continuous improvement. At both production and non-production sites TEMS has been



Toyota Environment Management System

certified to the international environmental management standard ISO 14001. Dedicated on-site TEMS team's maintain compliance with the international standard through annual audits and promote environmental awareness and improvements.

Site	Year first achieved ISO 14001 certification
Manufacturing plant – Altona	1998
Parts centre – Sydney	2008
Vehicle servicing garage – Altona	2009
Corporate headquarters – Port Melbourne	2009
Company fleet – Altona	2009

Environmental Licence

Toyota Australia's manufacturing operations are subject to Environment Protection Authority (EPA) licensing requirements. The company has held an accredited EPA licence since 2004 and has policies and procedures in place to continuously monitor compliance with these licensing requirements.

Based on Toyota Australia's classification of environmental risks there was one high and seven significant rated on-site spills in 2009/10. In each case the authorities were notified in accordance with the company's licence agreements. All cases were resolved without enforcement action from the EPA.

Engaging with Stakeholders in the Community

Toyota Australia's Community Liaison Committee was established in 2001 to bring together members of the local community to discuss issues arising from the company's manufacturing plant in Altona and to provide feedback on the company's Environmental Improvement Plan.

In December 2009, the Committee met to review its functions and purpose and to discuss alternative ways for the manufacturing plant to communicate with its stakeholders. This was in response to EPA Victoria no longer requiring companies, to have, or report on Environmental Improvement Plans.

The outcome of the meeting was that while the Committee had served a worthwhile and useful function, a new community liaison strategy would be implemented in 2010/11 to focus on the individual communication needs of stakeholder groups.

The Environmental Impacts of Dealerships

The Dealer Environmental Risk Audit Program (DERAP) supports the introduction of sound environmental practices in the dealer network – which consists of 276 outlets in Australia.

DERAP is a self-audit and awareness system which asks dealers to fulfil a number of requirements including:

- Nomination of a person responsible for the environment
- Approval of a policy and statement of compliance
- Proper management of hazardous waste
- Proper management of wastewater
- Management of ozone-depleting substances in accordance with legislation
- Completion of a yearly online self audit.

During 2009/10, 273 Toyota dealer sites had successfully completed DERAP. To build on DERAP Toyota Australia will launch the Toyota Environmental Dealership (TED) program in 2010.

The TED program is an initiative of Toyota Australia, developed in 2009/10. The program seeks to integrate sustainable business practices into daily operations and to encourage dealers to continuously improve their environmental performance. This can be progressed through benchmarking their performance against other dealers and showcasing their environmental initiatives.

Environmental Management (continued)

Toyota Australia developed the TED program by engaging various dealerships in 2009 to ask them about their environmental impacts and to get their feedback on the draft program. From this, seven social and environmental dimensions were identified for dealers. These were:

1. Risk management and commitment
2. Energy use (carbon emissions)
3. Recycling and waste management
4. Water use
5. Environmentally-preferred purchasing
6. Staff training and communications
7. Social contribution and innovation.

The possible *kaizen* (continuous improvement) opportunities under each of these dimensions were identified and incorporated into the development of the first TED rating system for dealers.

The TED program works by allocating up to three points for performance against each of the seven dimensions. One base point is allocated for achieving the minimum performance standard and a further two points for completing two of the *kaizen* activities from a list of options.

A unique universal logo has been developed for the TED program, which can be used to acknowledge 3, 4 and 5 Star performers. Dealerships reaching 3, 4 or 5 Star performance will be allowed to display this logo and be encouraged to use point of sale communication visual displays for customers and case studies for *yokoten* (sharing of best practice).

The TED program was launched in May 2010.



Energy and Climate Change

Toyota Australia is reducing its impact on climate change by continuously striving to reduce its carbon emissions across all operations.

Toyota Australia's Five Year Environment Plan sets corporate objectives to reduce energy usage and carbon emissions.

The company has been working to reduce carbon emissions in all areas of its operation including:

- Promoting hybrid technology
- The Altona manufacturing plant
- Administrative offices and warehouses
- Dealerships
- The logistics and supply chain.

To this end, Toyota Australia is developing and refining an ongoing carbon strategy. The strategy aims to embed a climate change response across all areas of the organisation to prepare for a carbon-constrained economy.

In 2009 the Australian Government set a target to reduce carbon emissions by 60 per cent from 2000 levels by 2050 and is aiming for an initial reduction of between 5 – 15 per cent from 2000 levels by 2020.

The company has undertaken a number of innovative programs during 2009/10 to reduce emissions. These include:

- Participating in the 'EcoStation' logistics trial with the company's major transport partner, Patrick Autocare (see page 31)
- Installing improved utilities meters across sites in Sydney, Melbourne and Brisbane to better understand and control energy use
- Implementing a building retrofit program including the installation of a tri-generation system at corporate headquarters in Port Melbourne, aiming for a minimum three star improvement in National Australian Built Environment Rating System (NABERS) rating with assistance from the Federal Green Building Fund
- Introducing Australia's first locally-produced hybrid vehicle – the Hybrid Camry
- Ongoing improvements across the manufacturing operations with implementation of *kaizen* improvement ideas, including the successful Sunday energy management program.

Toyota Australia's greenhouse gas emissions from the manufacturing plant, non-production offices and from logistics and business travel are detailed in this section. Information on fuel efficiency and greenhouse gas emissions associated with vehicles is on pages 32-37.

Energy Usage and CO₂ Emissions

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

Production

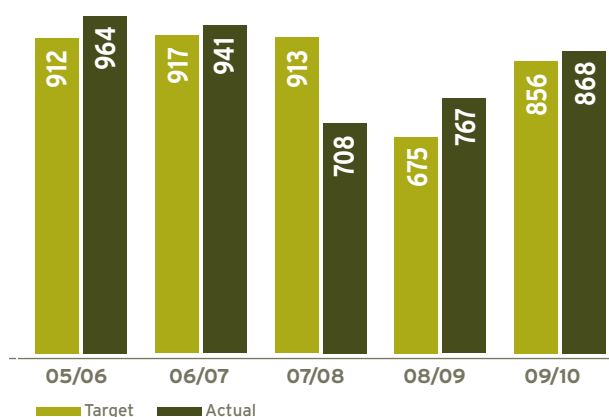
Toyota Australia sets targets for gas and electricity consumption and greenhouse gas emissions annually to reflect the company's long-term environmental plan and production volumes. The targets are set per according to consumption per vehicle manufactured.

During 2009/10, the manufacturing plant used 5.42 GJ of gas per vehicle and 868 KWh of electricity per vehicle. This represented a 28 per cent increase in gas use and 23 per cent increase in electricity use from 2007/08. This is primarily due to decreased production volumes as a result of the ongoing global financial crisis and its impacts on market demand for passenger vehicles.

Despite lower production volumes, per vehicle targets set for gas and electricity consumption were close to being met. This was due to the implementation of a number of energy-efficiency projects that resulted in significant energy savings and an overall reduction of electricity and gas usage at the plant, with total site gas usage decreasing by 6 per cent and electricity usage by 8.4 per cent.

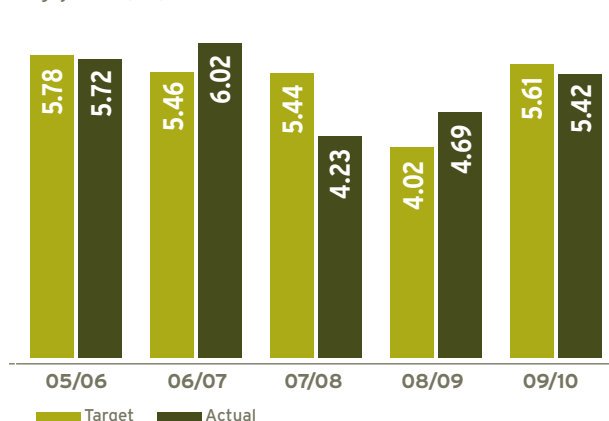
Production Electricity Usage

KWh / Vehicle



Production Gas Usage

Gigajoules (GJ) / Vehicle



Energy and Climate Change (continued)

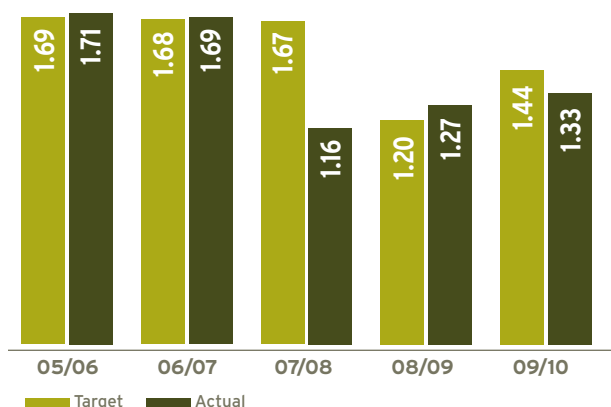
The reduction in total gas and electricity usage was due to the following initiatives:

- **Sunday energy consumption across manufacturing areas**
- **Continuous improvement in efficient use of resources.**

In 2009/10, production greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent (tonnes CO₂-e) per vehicle were 1.33. While this was better than the target of 1.44 set for the year it is an increase of 15 per cent from 2007/08. This is primarily the result of increases in per vehicle gas and electricity use which is associated with decreased production volumes.

Production CO₂ Emissions

Tonnes CO₂ / Vehicle



Environment Resource Efficiency Plan (EREP)

EREP requires businesses in Victoria to implement initiatives with three year or better financial payback periods to meet climate change and resource scarcity challenges. Through EREP, industry can realise the business opportunities presented by resource efficiency by implementing actions that achieve environmental benefits and direct cost savings in a short timeframe.

Commercial and industrial sites in Victoria that use more than 100 TJ of energy and/or 120 ML of water per year are required to prepare an EREP that identifies actions to reduce energy and water use and waste generation. Toyota Australia's manufacturing plant in Altona is registered in the program as a mandatory participant, and therefore required to implement those actions in the approved plan and report annually to the Environment Protection Authority (EPA) Victoria on progress. In 2009, Toyota Australia developed an EREP project list in consultation with EPA and identified a total of 85 projects.

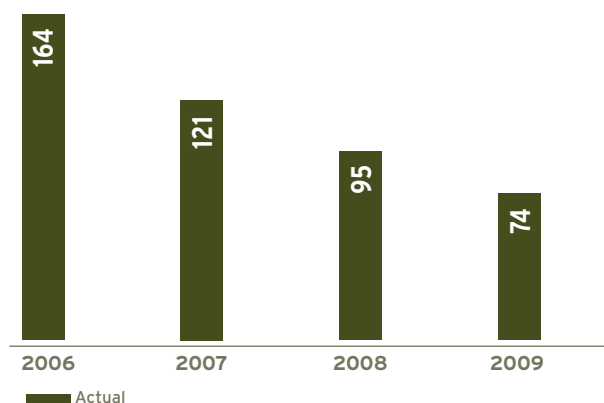
Toyota Australia is continuing to work with Toyota Motor Corporation's Energy Services Company (ESCO) to implement energy reductions across its manufacturing operations. ESCO projects have been integrated as part of the EREP. In 2009/10, EREP projects continued to be rolled out with a total of 14 projects completed. Completed EREP projects to date have resulted in an estimated energy saving of 30,672 GJ of energy.

Continued Sunday Energy Savings

Toyota Australia's manufacturing plant in Altona has continued to work towards reducing Sunday energy consumption. Sundays are traditionally a non-manufacturing day however a number of operating activities take place within the plant. Since 2006 there has been a 55 per cent or 274 tonnes of CO₂ reduction in Sunday energy usage across the plant. The company has also been able to save energy during other non-operational days and times, such as Saturdays, public holidays and Monday mornings prior to start up. This improvement has continued in 2009 and regular communications meetings are held to discuss individual plant shop targets and performance.

Sunday Energy Usage

MWh/Year (Sunday's only)



Other Emissions

Emissions from the combustion of gas included sulphur dioxide emissions (220 kg/year) and nitrogen oxide emissions (27,490 kg/year) in 2009/10 and are reported as part of Toyota Australia's submission to the National Pollutant Inventory.

Volatile Organic Compounds Emissions

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 Altona.

Toyota Australia increased its production paint VOC emissions from 25.56 g/m² in 2008/09 to 27.87 g/m² in 2009/10.

This nine per cent increase was due to:

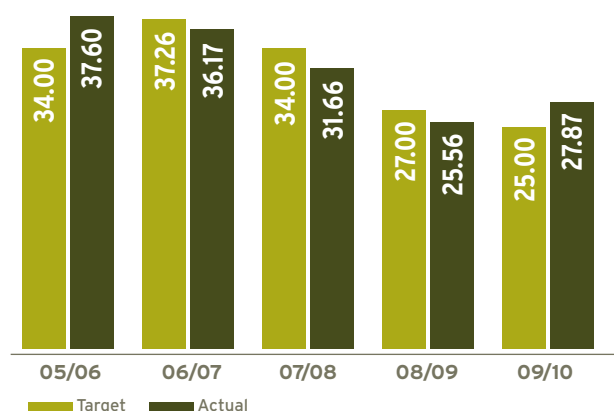
- **Introduction of Pearl Mica colour resulting in increasing solvent use**
- **Problems with the introduction of a new solvent recovery system in the Primer booth, which led to some inefficiencies in solvent usage.**

To respond to this increase, a focus group was established in October 2009. Additionally, cleaning and maintenance of the solvent system was carried out in November 2009 to improve operational efficiencies.

Energy and Climate Change (continued)

To monitor VOCs throughout the manufacturing process, Toyota Australia also has targets for VOCs in its new fuel tank and bumper bar painting facilities. During the year, bumper bar painting VOCs totalled 226 g/m², against a target of 200 g/m², which represents a 14 per cent increase from 2008/09. In the past year, fuel tank VOCs totalled 42.73 g/m² against a target of 55 g/m².

Production Paint VOC g/m²

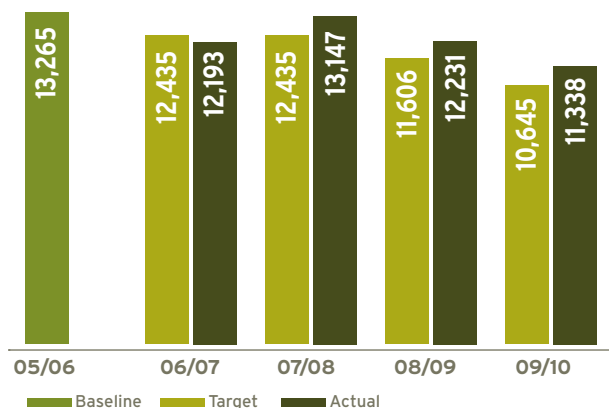


Non-Production

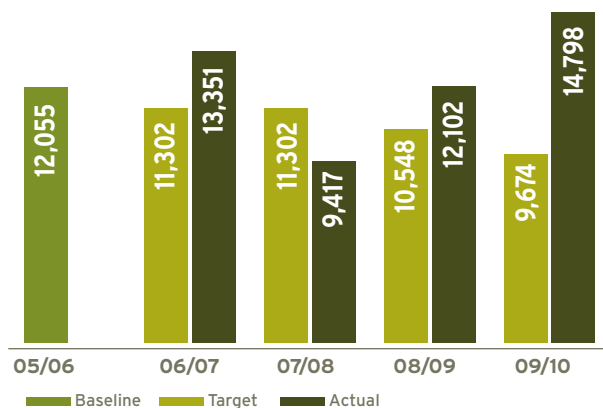
For the company's non-production sites, gas usage increased from 12,448 GJ in 2008/09 to 14,798 GJ in 2009/10. The increase in gas usage can be attributed to increases in usage during winter months for heating requirements and expansion at its corporate headquarters site, regional office site in Port Melbourne and parts distribution centre in Altona.

In the reporting period the company's electricity usage decreased from 12,231 MWh to 11,338 MWh. This led to a decrease in CO₂ emissions from 14,951 tonnes in 2008/09 to 14,121 tonnes in 2009/10. The reduction in electricity consumption was primarily due to *kaizen* initiatives across a number of sites with major reductions achieved at the company's Sales and Marketing offices in Sydney, parts distribution centre in Townsville, and at head office in Port Melbourne.

Non-Production Electricity Usage Megawatt hours (MWh)



Non-Production Gas Usage Gigajoules (GJ)



As part of the ongoing efforts of the company to reduce energy consumption in non-production areas, Toyota Australia commenced an improvement project to raise the National Australian Built Environment Rating System (NABERS) rating of its head office from a 1.5 star performance in 2008 to a projected 4.5 star performance.

The project consists of several integrated elements:

- Installation of a Micro Gas Turbine Trigenation Plant
- Replacement of inefficient lighting
- Upgrading of the building management system
- Installation of improved utilities meters.

The project was successful in obtaining \$491,650 in funding from the Federal Government's 'Green Building Fund' on a 'dollar for dollar' basis to assist in its implementation.

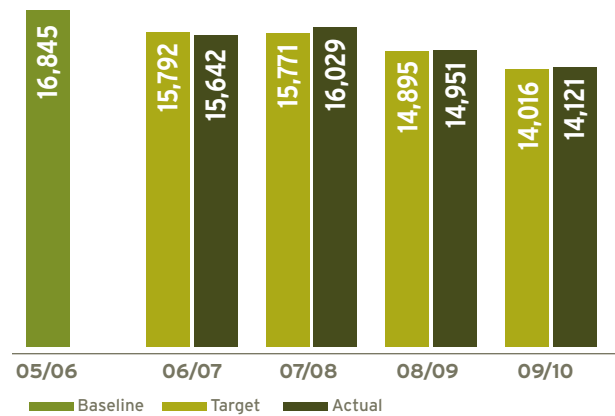
A key part of the project is to retrofit the building with a 65 kW Micro Gas Turbine Trigenation plant. This plant is expected to save around 220 tonnes of CO₂ per year. The Trigenation plant uses gas to drive a micro turbine which contributes electricity to the building grid. Waste heat is used to both assist the building heating system and to drive a thermal absorption chiller to also support the building cooling system. It is expected that the Trigenation plant will begin operation in October 2010.

Other initiatives to reduce electricity consumption have focused on the lighting, metering and operational control of corporate headquarters. One such initiative involved replacing approximately 350 fluorescent tube fittings and 450 fluorescent and halogen down lights with LED alternatives.

Energy and Climate Change (continued)

Improved electricity and gas metering capability at corporate headquarters and sales marketing operations will allow Toyota Australia to effectively manage building energy use through timely visualisation of energy performance.

Non-Production CO₂ Emissions
Tonnes CO₂



Case Study

Reducing Carbon Emissions by Improving IT Processes

Green IT initiatives have helped Toyota Australia reduce CO₂ emissions from office equipment energy usage by 19.6 per cent from 2008/09 to 2009/10.

Green IT works in conjunction with the Toyota Environmental Management System (see page 24) to improve IT processes, reduce waste and save power in support of the company's goal for environmental leadership.

A baseline figure for the company's annual CO₂ emissions from office equipment in non-production areas was established in 2008 at 1,582 tonnes and a 20 per cent reduction target was set for March 2010. The 19.6 per cent reduction achieved means that the company has reduced its emissions from 1,582 tonnes of CO₂ emissions in 2008/09 to 1,280 tonnes as at March 2010, which represents a cost saving of \$16,170.

The reduction has been achieved through a number of initiatives including:

- **Settings changed on Multi-Function Devices to go into power save mode after 10 minutes, rather than four hours**
- **Energy-saving enabled on all PCs, notebooks and monitors to activate after 10 minutes of inactivity**
- **New LCD videoconferencing monitors that go into energy-saving mode when not in use.**

The company's three-year target, from the baseline figure established in 2008, is to reduce CO₂ emissions from office equipment and usage by 25 per cent.

Energy and Climate Change (continued)



Emissions from Logistics and Business Travel

The transportation of vehicles and associated parts is a component of Toyota Australia's CO₂ emissions. The company also has CO₂ emissions from business air travel.

Vehicle Logistics

Number of cars transported around Australia	320,211 (including movements in and out of storage)
Number of sites that the cars are transported to	approx. 350 delivery sites
Kilometres travelled	15.5 million

For road logistics transport, the average CO₂ emissions was 61.6 kg/Vehicle in 2009 and the company has set a target of 58.51 kg/Vehicle by March 2011. To achieve this target, Toyota Australia is:

- Investigating modal shifts from road transportation to rail and sea movement
- Optimising the fleet through full-load vehicle consolidation ensuring maximum capacity utilisation of vehicle movements
- Conducting Eco-Driving program with Patrick Autocare truck drivers.

The company has also become a foundation member of EcoStation (see page 31).

Vehicle Parts Logistics

Toyota Australia is committed to reducing CO₂ emissions from parts logistics. To achieve this target, the company is:

- Working with transport providers to create standard operating practices for parts movements
- Developing an ideal lead-time schedule to implement improvement activities
- Improving project planning activity and implementation timing to improve movement efficiency.

Business Air Travel

The company has reduced CO₂ emissions from business air travel by 19 per cent in the past year. In 2009/10, CO₂ emissions from business air travel totalled an estimated 2,646 tonnes, with 19.5 million kilometres travelled, compared to an estimated 3,266 tonnes, with 24.3 million kilometres travelled in 2008/09. This decrease is due to the company encouraging video-conferencing rather than face-to-face meetings to reduce costs associated with travel in the tough economic conditions of 2009/10. Post the global financial crisis the company will continue to promote video-conferencing to establish this as a long term behaviour that cuts costs and CO₂ emissions associated with travel.

Energy and Climate Change (continued)

Carbon Reductions Scorecard

Federal Government's National Carbon Emissions Reduction Target	5 to 15 per cent below 2000 levels by 2020
Toyota Australia's Carbon Emissions Reductions Progress (CO ₂)	From 2008/09 to 2009/10
National Average Carbon Emissions (NACE)	↓ 1.3 per cent
Manufacturing Emissions – Total	↓ 14.9 per cent
Manufacturing Emissions – Per Vehicle	↑ 4.7 per cent
Part Logistics Emissions	↓ 1.73 per cent
Vehicle Logistics Emissions	↑ 5.3 per cent
Non-production Emissions	↓ 5.5 per cent
Business Travel Emissions	↓ 19 per cent

Case Study

Reducing Impacts of Vehicle Logistics Operations

The increasing operating costs of freight vehicles, along with the growing awareness of the need to reduce greenhouse gas emissions, are driving the need to improve fuel efficiency.

In Australia the freight sector accounts for approximately four per cent of total CO₂ emissions. This percentage is likely to increase further with additional requirements for freight movement across the country. To address this, the Victorian Transport Association (VTA) and EPA Victoria have formed a partnership to pilot a fuel and emissions-saving scheme for the freight sector called EcoStation, of which Toyota Australia is a foundation partner.

The scheme brings together freight owners and transport operators to reduce transport costs, improve fuel consumption and reduce CO₂ emissions. The pilot program was launched in September 2009 and there are now more than 20 foundation partners.

EcoStation is modelled on the United States' EPA program, SmartWay, established in 2004. As at July 2009, the SmartWay program has involved more than 1,900 partners and has resulted in saving approximately 2,310 million litres of fuel per year and 6.8 million tonnes of CO₂ per year.

In Australia, four workshops have been held with foundation partners of EcoStation to gain consensus on how best to reduce carbon emissions and fuel. As a result of these workshops, the group will focus on:



- Standardisation in calculating fuel emissions on both per vehicle and segment basis
- Eco-Driving
- Idle reduction
- Freight delivery timing.

Toyota Australia has worked closely with its logistics transport provider, Patrick Autocare, to implement some of the key focus areas of the EcoStation program. These include:

- Improving the accuracy of vehicle greenhouse gas emissions by more accurately calculating fuel-efficiency
- Trialling technology software in trucks to calculate vehicle greenhouse gas emissions
- Scheduling Eco-Driving training for drivers.

The Environmental Impact of Vehicle Use

The need to mitigate the impacts of climate change and likely rising fuel prices associated with global oil demand are shaping the longer-term outlook for vehicle technology and the future vehicle market. Toyota has been working to develop fuel-efficient vehicles using alternative fuels, with the ultimate aim of contributing to a low-carbon society.

Road transportation enhances the mobility of Australians and contributes to the functioning of the Australian economy. Road transport also currently accounts for 12.6 per cent of national greenhouse gas emissions, according to the Federal Chamber of Automotive Industries (FCAI). Passenger cars account for around 7.8 per cent of this, while light commercial vehicles and heavy trucks make up 4.8 per cent.

Reducing emissions from private and commercial vehicle use therefore must be a significant part of the climate change response.

National Average Carbon Emissions

To reduce the environmental impacts of vehicle use, the automotive industry has encouraged the progressive reduction in the fuel consumption of new cars with a target set by the FCAI to achieve average emissions for all new light vehicles of 222 g CO₂/km by 2010. This target applies to all new light vehicles, including cars, SUVs and light trucks and to all fuel types such as petrol, diesel and LPG.

All new vehicles sold in Australia are required to report emissions in terms of grams of CO₂/km (g CO₂/km). The National Average Carbon Emissions (NACE) figures are calculated using emissions data and new vehicle sales data. The NACE is the average 'grams of CO₂ emitted per kilometre' of all new light vehicles sold in Australia. NACE is therefore a measure of the combined effects of improvements in vehicle fuel efficiency and market preference for vehicle type and capacity. The table below details NACE figures from 2002 to 2009.

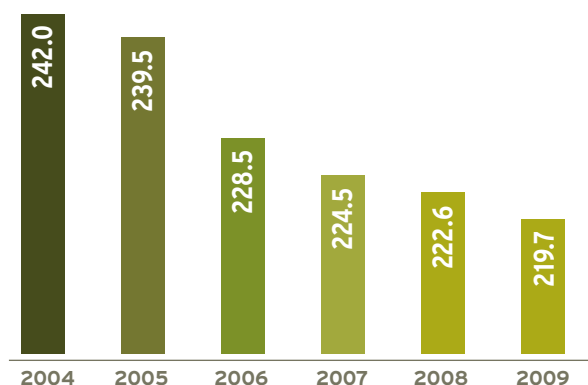
National Average Carbon Emissions by Year	
Year	g CO ₂ /km
2002	252.4
2003	249.5
2004	246.5
2005	244.7
2006	230.3
2007	226.1
2008	222.4
2009	218.5

¹ <http://www.fcai.com.au/environment/co2-emissions-and-climate-change>

Progress in the industry has been strong during the past five years, with the industry achieving the target set for 2010 in 2009. This has largely been achieved by changes in market segmentation, advances in engine technology and vehicle design, and growth in alternative fuel types, particularly diesel, according to the FCAI.

In 2009, Toyota Australia also achieved the 2010 emissions target set by the industry, with average emissions for all Toyota and Lexus light vehicles totalling 219.7 g CO₂/km in the year ending 31 December 2009, against the target of 222 g by 2010.

Toyota and Lexus Average CO₂ emissions
g CO₂/km



The Environmental Impact of Vehicle Use (continued)

Green Vehicle Guide

Toyota's efforts to develop greener vehicles have been recognised by the Green Vehicle Guide (GVG), an Australian Government initiative that provides both vehicle fuel efficiency and air pollution ratings for all new vehicles in Australia.

In 2010, three Toyota vehicles and one Lexus vehicle ranked amongst the top performers of all vehicles in the GVG. All of these vehicles achieved the highest possible five-star rating. The vehicles were:

- **Toyota Prius (1st place)**
- **Toyota Yaris (7th place)**
- **Hybrid Camry (8th place)**
- **Lexus RX450h (12th place).**

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:

Toyota's Hybrid Camry is the **only Australian-built car** and one of only 15 models available on the local market to achieve a **five-star rating** from the Green Vehicle Guide.

- **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 which emit a lower level of overall emissions.
- **Fuel Consumption** (in L/100km): To identify the most fuel-efficient vehicles.

The table below shows the Green Vehicle Guide ratings for passenger vehicles manufactured by Toyota Australia.

	Star Rating	Vehicle Details	Fuel Type	Fuel Consumption L/100km	CO ₂ g/km	Greenhouse Rating (10 = best)	Air Pollution Rating (10 = best)
Locally Manufactured Vehicles							
Toyota Hybrid Camry	★★★★★	2.4L 4cyl, CVT 1 speed Sedan, 5 seats, 2WD	Electric/ Petrol	6	142	7.5	8.5
Toyota Camry	★★★★★	2.4L 4cyl, Man 5 speed Sedan, 5 seats, 2WD	Petrol	8.9	210	6.0	8.5
Toyota Aurion	★★★★★	3.5L 6cyl, Auto 6 speed Sedan, 5 seats, 2WD	Petrol	9.9	233	5.5	8.5

Source: Green Vehicle Guide viewed 12th May 2010

Please see the GVG website for the ratings of passenger, four wheel drive, SUVs, commercial and hybrid vehicles distributed by Toyota Australia

There are considerable fleet emission improvements possible through the market moving to existing lower emission vehicles. In the case of the Prius, the combined emissions of 89 g CO₂/km is 59 per cent below the 2009 NACE figure of 218 g CO₂/km.

The Environmental Impact of Vehicle Use (continued)

Carbon Monoxide and Nitrogen Oxide Emissions

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

The European Union has developed international standards (commonly referred to as the 'Euro' Standards) limiting the

emissions of these pollutants by motor vehicles. The latest Australian standard, ADR 79/02 Emission Control for Light Vehicles, requires manufacturers to comply with the Euro 4 standard.

As at the end of 2009, there were 12 Toyota and eight Lexus models certified to the Euro 4 standard. Additionally four Lexus models and five Toyota models were certified as 'Beyond Euro 6,' which is defined as having hydrocarbon and nitrogen oxide emissions at 35 per cent or less than the Euro 4 limits for a standard petrol passenger car.

Euro 4 Toyota (12)	Beyond Euro 6 Toyota (5)	Euro 4 Lexus (8)	Beyond Euro 6 Lexus (4)
Yaris (A/T)	Yaris (M/T)	GS300	RX450h
Corolla	Prius	LS600hL	GS450h
Rav4	Camry (M/T and Hybrid)	IS250	IS250C
Camry (A/T)	Aurion	LS460	GS460
Tarago	Hiace (petrol)	ISF	
Avensis		RX350	
Kluger		SC430	
Hilux		LX570	
Prado			
LC 200			
LC 70			
Hiace (diesel)			

M/T = Manual Transmission, A/T = Automatic Transmission

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

Hybrid Technology - The Way Forward

The Australian Government has committed to reducing economy-wide CO₂ emissions by five to 15 per cent from 2000 levels by 2020 and 60 per cent by 2050. The United Nations Intergovernmental Panel on Climate Change has gone further in suggesting that reductions of 80 per cent by 2050 may be necessary to avoid the more serious effects of climate change.



To meet these reduction targets it is necessary to accelerate the move to new technologies that increase fuel efficiency and decrease carbon emissions. Toyota Motor Corporation believes this acceleration can be achieved by investing in the development of advanced technologies such as Hybrid Synergy Drive and plug-in hybrid systems.

Hybrid Technology

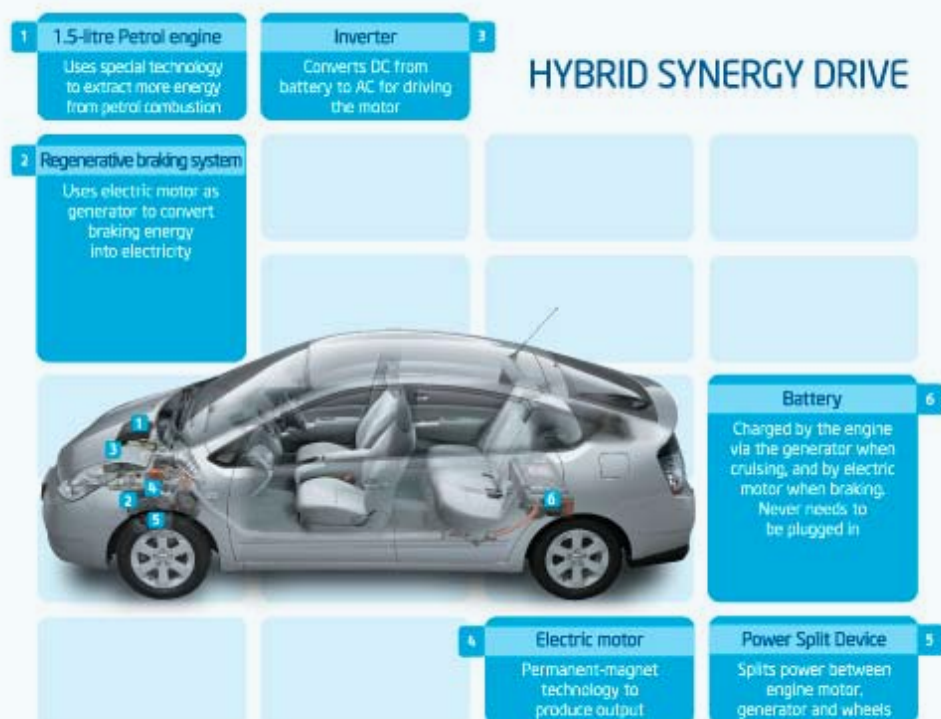
Toyota developed the Prius hybrid in 1997 and introduced it to Australia in 2001. The company sold more than two million hybrid vehicles globally at the end of 2009. By using the regenerative energy from braking and coasting as stored electric power to assist the efficient petrol engine, hybrids offer a step forward in emission performance.

The Environmental Impact of Vehicle Use (continued)

The company sees hybrid systems as the key future vehicle technology and as such has committed to having a hybrid version for each model in its line up by the 2020s. In the transition that needs to occur first to low then to near-zero emissions fleet, the company foresees that Hybrid Synergy Drive and plug-in hybrid systems will be the dominate technology by 2025, and plug-in hybrids and full electric vehicles will be the dominate technology by 2050.

This transition will provide important step changes in the automotive market to support a low-carbon future.

Toyota's flagship third-generation Prius has a Green Vehicle Rating of 89 g CO₂/km or 59 per cent below the current fleet-wide National Average Carbon Emissions (NACE). The Hybrid Camry, manufactured in Australia by Toyota (see page 36), has a Green Vehicle Rating of 142 g CO₂/km or 35 per cent lower than the fleet NACE.



2001

Prius launched in Australia

2003

Second-generation Prius launched in Australia

2008

Worldwide Prius sales top one million
Announcement that Toyota Australia will build Hybrid Camry

2009

Third-generation Prius launched
Prius sets an all-time monthly sales record in Australia in July
Hybrid Camry begins production at Altona
Prius wins Green Innovation and People's Choice Awards in Australia from Fairfax Drive

2010

Hybrid Camry officially launched to the market

The Environmental Impact of Vehicle Use (continued)

Australia's First Locally-Built Hybrid Car – Hybrid Camry

As the first hybrid vehicle to be manufactured in Australia, Hybrid Camry marks a significant moment in history for both Toyota Australia and the Australian automotive industry. Hybrid Camry, which combines electric power steering, electronic brake control, regenerative (electric) braking and electric air-conditioning, sets a new benchmark for how vehicles are produced in the country.

Hybrid vehicles produce lower and cleaner emissions than standard engine technologies, reduce fuel consumption and reduce the demand for oil. Toyota Australia plans to build 10,000 Hybrid Camry vehicles a year for the domestic market and export 300 to New Zealand.

Hybrid Camry has CO₂ emissions of just 142 grams/km - similar to that of a 1.3-litre compact car with around half the power. The vehicle underwent extensive local testing and development, both locally and in Japan, and benefits from a power-assisted steering calibration and a safety system known as Vehicle Dynamics Integrated Management (VDIM). VDIM optimises safety by combining control of vehicle stability control, electric power-assisted steering, traction control and an anti-skid braking system.



Five Facts about Hybrid Camry

1. Hybrid Camry is the first hybrid car to be built in Australia and is Australia's most fuel-efficient locally-built car.
2. Hybrid Camry was first launched in 2006.
3. Hybrid Camry uses about 30 per cent less fuel than a conventional Camry (combined cycle).
4. Hybrid Camry is the first locally-built car with electric steering and brakes.
5. The Altona plant is one of only five Toyota plants in the world manufacturing the Hybrid Camry.



Launch of the Third-Generation Prius

The launch of the third-generation Toyota Prius has helped the company achieve an all-time sales record in Australia. Prius sales reached 446 in the month of July 2009, more than 60 ahead of the previous best, which was set in May 2007.

The third-generation Prius sets new environmental standards and is the only vehicle in the local market with CO₂ emissions under 100g/km. The fuel consumption of the new-generation Prius has been improved by more than 11.3 per cent to 3.9 litres per 100km (official combined cycle).

The Environmental Impact of Vehicle Use (continued)

Fuel Efficiency

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

New Vehicles 2009/10	Old Model (fuel consumption measured in L/100km*)	New Model (fuel consumption measured in L/100km*)	Decrease in Fuel Consumption
Hybrid Camry	8.9**	6.0	32.6%
RAV4 2WD	-	8.4(M/T), 9.1(A/T)	-
Prado Petrol, M/T	13.6	13.0	4.4%
Prado Petrol, A/T	13.1	11.5	12.2%
Prado Diesel, M/T	9.2	8.8	4.3%
Prado Diesel, A/T	9.3	8.5	8.6%
Prado (3dr) Diesel, A/T	-	8.3	-

*Fuel consumption will vary depending on driving conditions/style, vehicle conditions and options/accessories. Source of fuel consumption data: ADR 81/02.

**Petrol model

Key: M/T = Manual Transmission, A/T = Automatic Transmission

Case Study

Westpac Fleet Embraces Prius

Westpac rolled out a new Toyota Prius car fleet for the bank's branded vehicles in Australia in 2009. More than 200 Prius', which use hybrid petrol/electric technology, were delivered to Westpac during the year.

The roll-out of the Prius' followed a comprehensive evaluation of a broad range of fleet options undertaken by Westpac which found that the Prius met both environmental

and business goals. Replacing previous models with more environmentally-efficient vehicles is part of Westpac's ongoing carbon emissions target to reduce emissions by 30 per cent by 2013 from 2008 levels.

Toyota Australia's National Fleet team is continually working with Westpac to identify ways to improve their vehicle fleet's impact on the environment.

End-of-Life Vehicles and Recycling

The Auto Parts Recyclers Association of Australia estimates more than 500,000 vehicles are retired from Australian roads each year. It is estimated that in 2010 this number may exceed 750,000.

In Australia, these vehicles tend to go to automobile dismantlers via insurance companies, used car dealers and car repairers. Parts that have a commercial value are removed to be used in the second-hand car market. The residual vehicles, particularly older vehicles, are taken directly to metal shredders or intermediary scrap metal merchants. The non-metal residue exits the shredder as waste residue, known as shredder flock which is disposed to landfill.

At present there is no legislation for End-of-Life Vehicles (ELVs) in Australia and the environmental impacts have not

been deemed significant by State and Federal bodies due to recycling operations for active parts.

Mindful of the need to maximise resource recovery, Toyota Motor Corporation has made a commitment to promote a recycling-oriented society and has set a global recycling target to achieve 95 per cent vehicle recycling by 2015. This is being pursued by continual improvement of vehicle recovery, increasing the utilisation of used parts, elimination of substances of concern from all parts (mercury, lead, cadmium and chromium) and using tools such as Eco-VAS to improve vehicle recyclability. Eco-VAS is Toyota's lifecycle assessment process to review vehicle design and manufacture on a regular cycle and ensure broader environmental policies are applied to all parts and overall vehicle designs.

The Environmental Impact of Vehicle Use (continued)

Hybrid Vehicle Recycling

The hybrid battery is designed to last the typical life of the vehicle under normal circumstances and has a warranty period of eight years or 160,000km (whichever occurs first). The Prius was introduced to the Australian market in 2001.

A future based on hybrid vehicles and fully electric vehicles is dependent on battery technology. Lithium is a non-renewable resource with a finite global supply. A sustainable vehicle future is not sustainable unless rare materials such as lithium are recycled.

Toyota Australia has a product stewardship scheme to ensure that all hybrid batteries are recycled. Toyota dealers are the central collection points for batteries which are then transferred to certified Toyota recycling partners in Australia and overseas at no cost to the owner. The recyclers used by Toyota Australia are certified to the international environment standard ISO 14001. The local recycler, MRI Australia Pty Ltd, is also licensed by EPA Victoria. The battery's plastic, metal and copper wires are recycled locally while circuit boards and battery elements are exported for recycling to a Korean recycler.

Recycling requirements are provided to customers, emergency services, automobile clubs and industry bodies including the Auto Parts Recyclers Association of Australia.

Roadside assistance and emergency services have also been informed about how to handle hybrid vehicles in the case of a vehicle breakdown or accident.



Nickel Metal Hydride Battery used in the Hybrid Synergy Drive system



Hybrid Synergy Drive system

Resource Use

Toyota Australia is continuing to work towards resource efficiency by reducing its water consumption and minimising waste generation.

Raw Materials Use

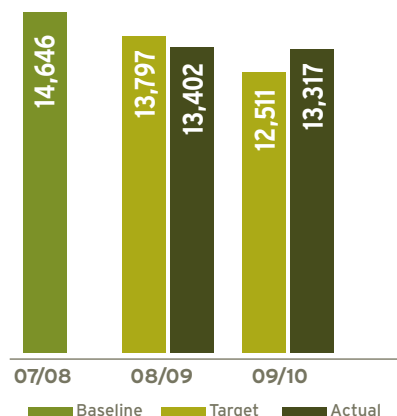
A number of raw materials are used in the vehicle manufacturing process. These include steel and aluminium as major components, and glass, resins and paint. In 2009/10 63,281 tonnes of steel and aluminium were used in the vehicle manufacturing process.

Toyota Australia is also working towards understanding the total recycled content used in the vehicle manufacturing process. An accurate figure is not able to be provided this year.

Paper

On the non-production side, a major material used in the office is paper. Toyota Australia has set targets to reduce paper use. In 2007/08 the company commenced recording monthly paper usage. In 2009/10, usage was 13,317 reams of A4 equivalent which reduced from 13,402 reams of A4 equivalent in 2008/09, representing a reduction of less than one per cent. This did not meet the target set for 12,511 reams of A4 equivalent.

Non-Production Paper Usage Reams of A4 Equivalent



Water Consumption

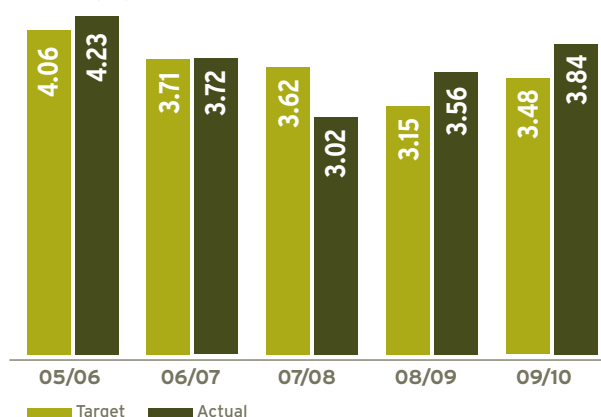
Toyota Australia has set targets to reduce water usage across its business. Most of the company's water is sourced from municipal or city water suppliers. The company also has a 350-kilolitre rainwater tank and reticulation system at its corporate headquarters in Port Melbourne. The water from this system is used in the company's sanitary facilities and for watering the gardens on site.

Production Water Consumption

In 2009/10, total water consumption at the company's manufacturing plant in Altona was 405,829 kilolitres (kL) which represents a 13 per cent decrease from last year's consumption (463,893 kL). The decrease was due to the effects of lower production volume and water-saving initiatives including:

- Improving Cooling Tower efficiency by improving water recirculation rates resulting in annual water savings of 11,000 kL.
- Substituting potable water with treated water for polymer dilution at the Paint Shop Trade Waste Treatment Plant.
- Unit Parts optimisation through reducing potable water used in rinsing stages as part of painting and welding vehicle component parts.
- Reduction in potable water consumption required in the Paint Shop Sludge Pool process through the increased recovery of bleed water from the Air Supply House unit.

Production Water Consumption
Kilolitre (kL) / Vehicle



Per vehicle water use at the company's manufacturing plant was close to meeting the target set for the year. Water use per vehicle was higher in 2009/10 when compared to 2008/09 due to a decrease in production volume.

Target 155

To encourage water-saving among employees in Melbourne, Toyota Australia teamed up with City West Water to establish the Target 155 Club.

The one-year program, which began in March 2009, was open to all manufacturing employees in Altona who demonstrated that they used 155 litres or less of water per person per day in their home. More than 200 employees signed up to the Club and members were able to enter a draw to win monthly prizes sponsored by City West Water.

In 2009, Toyota Australia also worked with City West Water to develop an interactive training program on water, energy and sustainability in the home, which was presented to employees in Altona as part of a site-wide environmental training program.

WaterMAP

Toyota Manufacturing and corporate headquarters at Port Melbourne is rated as significant water users under the Victorian Government Our Water Our Future program. As such Toyota Australia is required to complete mandatory Water Management Action Plans (Water Map) and review these annually to ensure water is used efficiently on-site.

Water Consumption (continued)

Case Study

Improving Cooling Tower Cycles

Cooling towers are heat rejection devices that are used at Toyota Australia for industrial process cooling. Cooling towers can account for a large volume of water use and consequently significant water savings can be achieved through cooling tower efficiency improvements.

Through the support of City West Water, an external audit of Toyota Australia's cooling towers was undertaken to understand its operational efficiency. The audit findings showed that on average its cooling towers were operating at lower than optimal concentration. Cycles of concentration are a measure of how many times water recirculates in a cooling tower before being discharged to sewer. It is a key measure of determining whether a cooling tower is operating efficiently. Industry best practice is for cooling towers to operate using 12 cycles of concentration.

To respond to the audit findings, Toyota Australia instigated a project to increase the cycles of concentration. The project



Cooling Tower Used at Altona Manufacturing Facility

involved adjustment of the control settings and monitoring of key contamination levels. These actions have resulted in water savings of 11,000 kL a year and combined water chemical treatment costs and potable water savings of \$31,000 per year.

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 202,325 kilolitres in 2009/10, and Engine Shop trade waste totalled 2,691 kilolitres – the quality of this water is in accordance with the company's City West Water agreement limits. The wastewater is then discharged to the Western Treatment Plant at Werribee.

This decrease was due to these factors:

Corporate Headquarters, Port Melbourne

- Increased rainfall during the reporting period resulting in a decrease in potable water usage
- No major leaks identified during the reporting period.

Woolooware Bay, Sydney

- Identification of a major underground water leak from the fire hose reel supply pipe was identified and repaired at the Sydney Parts Distribution Centre. The leak resulted in potable water losses of 48 kL/day.

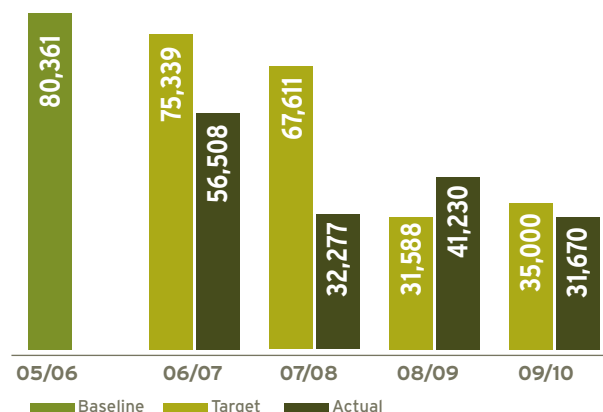
To further improve water consumption at non-production sites water meters have been installed at Woolooware Bay (NSW), Brisbane, the company's headquarters and at Southern Regional Office (Port Melbourne). This will help the company to understand water use areas, help pinpoint potential leaks and communicate water performance more effectively.

Non-Production Water Consumption

In 2009/10, total water consumption at the company's non-production sites was 31,670 kilolitres (kL), compared to 41,230 kL in 2008/09, representing a decrease of 23 per cent.

Non-Production Water Consumption

Kilolitre (kL)



Waste Management

Effective waste management is a key target in Toyota Australia's Five Year Environment Plan (see page 23). 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.

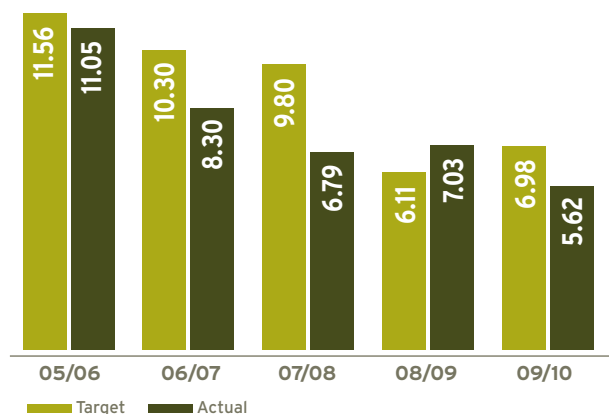
The majority of the company's waste is generated at its manufacturing plant. In 2009/10, total waste was 22,170 tonnes, of which 95 per cent was recycled (including steel, cardboard, plastic film, solvent, windscreen glass, sand, bumper bars, cans and bottles). This represents a 35 per cent reduction in total waste generated with total waste in 2008/09 at 29,957 tonnes. The two major waste streams at the manufacturing plant are general waste and prescribed waste.

General Waste

In 2009/10, 595 tonnes of general waste was disposed of to a landfill facility, compared to 915 tonnes in 2008/09, which represents a 35 per cent reduction. There has also been a decrease in the company's general waste from 7.03 kg/Vehicle in 2008/09 to 5.62 kg/Vehicle in 2009/10.

Production General Waste

Kg / Vehicle

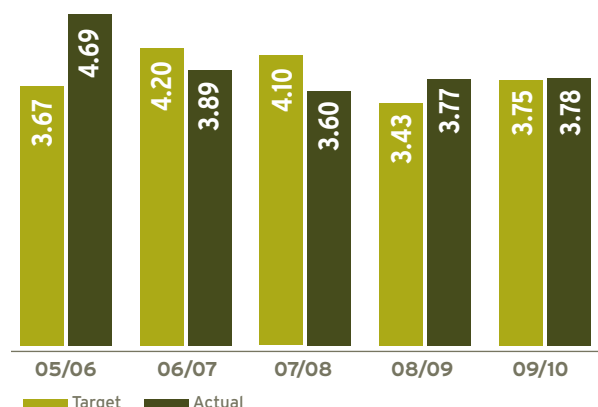


Prescribed Waste

In 2009/10, 399 tonnes of solid prescribed waste was disposed of at a prescribed waste landfill facility. This is a 23 percent decrease from 2008/09. Per vehicle prescribed waste has increased slightly from 3.77 kg/Vehicle in 2008/09 to 3.78 kg/Vehicle in 2009/10.

Production Prescribed Waste

Kg / Vehicle



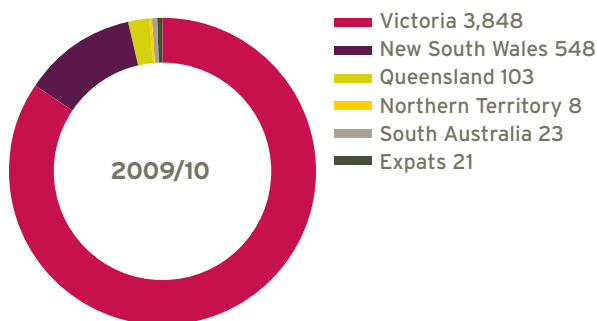
SOCIAL PERFORMANCE

Employees

The majority of Toyota Australia's 4,551 employees are based at the company's manufacturing plant in Altona and at corporate headquarters in Port Melbourne. Other employees work from the company's sales and marketing operations in Sydney, at the company's franchise development office in Port Melbourne and in regional operations in Brisbane, Townsville, Darwin and Adelaide.

The workforce statistics presented in this report are based on the year to 31 January 2010, rather than the financial year. The company generates workforce statistics every six months and as such these are the most up-to-date. From a demographic perspective, there are no significant changes that have occurred from 31 January 2010 to the financial year-end date of 31 March 2010.

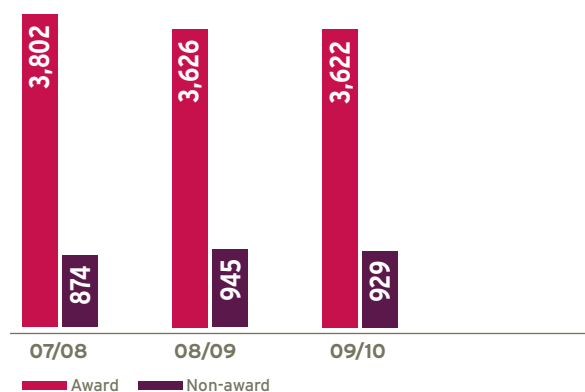
Toyota Australia Employees by Location



During the reporting period, the company also employed 97 temporary workers and contractors. The workforce figures do not include apprentices and employees who are taking part in the inter-company transferee program (see page 45).

The majority of employees at Toyota Australia are award staff and are covered by the Toyota Australia 2005 Workplace Agreement.

Toyota Australia Employees by Type



During 2009/10, the total workforce decreased slightly from 4,571 employees in 2008/09 to 4,551 employees in 2009/10.

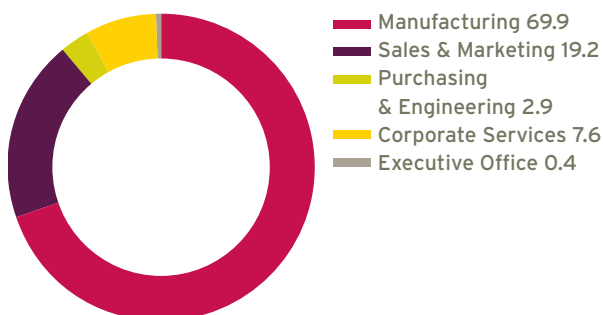
Age Profile and Length of Service

The average length of service in Toyota Australia is 11.5 years and the average age is 42 years old. This has remained consistent for the past three years. A breakdown of employees by age in each of the operating arms is given on the following page. The table also shows the percentage of employees in each operating arm.

Employees (continued)

Years Old	Manufacturing	Sales and Marketing	Purchasing and Engineering	Corporate Services	Executive Office	Total
<20	3					3
20-29	309	84	17	28		441
30-39	996	285	45	137	2	1,465
40-49	1,108	284	42	105	4	1,543
50-59	655	179	24	59	8	925
60-69	109	42	5	13	1	170
>70	3				1	4
Total	3,183 (69.9%)	874 (19.2%)	133 (2.9%)	345 (7.6%)	16 (0.4%)	4,551

Employees by Operating Arm (%)



Gender Profile

Historically, the automotive industry has been male-dominated. This is reflected in the low numbers of females within Toyota Australia.

Females make up 13 per cent of the total workforce at Toyota Australia but there is variation within the company. For example, females constitute 34 per cent of non-award employees but only nine per cent of award employees.

The areas in which females are particularly under-represented are Engineering (12 per cent), Technical (six per cent) and Trades (one per cent). The only area in which females form the majority of employees is in administrative award positions, where females constitute 58 per cent of the workforce.

	Females	Males
Award	357	3,265
Non-Award	235	694
Total	592	3,959

The company recognises that redressing the historical gender imbalance will take time, and is committed to recruiting and retaining its workforce based on individual skills and merits, regardless of age, gender, disability, religion or race.

As an equal opportunity employer, Toyota Australia strives to maintain the highest standards of behaviour at work and these incorporate all current policies covering equal opportunity and sexual harassment legislation.

In terms of pay between males and females, the company's merit-based pay policies are designed to promote equal pay for equal contribution, capability and experience. In 2009/10 the ratio of basic salary of women to men was close to being 1:1 across each of the company's levels at which females were represented.

Level	Ratio of basic salary	
	Female	Male
1*	-	-
2	1	0.9986
3	1	1.0222
4	1	1.0636
5	1	1.0271
6	1	0.9807

*Females are not represented at this level

Employees (continued)

Workplace Relationships Training

Toyota Australia developed an industry-specific Workplace Relationships training program in 2009 to improve employee knowledge and awareness of equal opportunity, diversity, bullying, harassment, victimisation and workplace violence. The aim of the program is to ensure employees have a safe and happy workplace and are treated with respect.

The program, funded by the Department of Education, Employment and Workplace Relations, includes a DVD filmed on location at Toyota Australia's Altona manufacturing site. The DVD uses actors to re-enact a series of realistic workplace scenarios that illustrate unacceptable behaviours in the workplace.

The company will deliver the training every two years to employees in Toyota Australia's manufacturing and sales and marketing operations.

As part of the company's aim to share its training resources and knowledge with its business partners, the training will also be delivered to suppliers. It is estimated that 5,000 employees and suppliers will be trained nationally over the next two years.

Working at Toyota Australia

All Toyota Australia award employees are covered by the Toyota Australia 2005 Workplace Agreement (extended and varied in 2008), which ensures fairness of workplace conditions and outlines the processes, policies and systems in place for achieving these aims. The Agreement was certified by the Australian Industrial Relations Committee in April 2009.

The Workplace Agreement includes occupational health and safety provisions (such as agreement on stopping work for outdoor workers when the temperature reaches above 33 degrees Celsius) and details on the operation of the joint management-employee health and safety committee.

In 2009, Toyota Australia opened an Employee Representation and Communications Office (ERCO) at its Altona manufacturing site to facilitate communications between management, the union and employees.

All employees are free to join unions and 80 per cent of the workforce is currently covered by collective bargaining agreements.

Toyota Australia's minimum wage is 61 per cent above that of the Federal minimum wage. In addition, employees receive a four per cent guaranteed bonus which is paid on a weekly basis.

To attract and retain high-quality employees, benefits provided go above and beyond legal compliance and industry norms. Benefits include:

Parental Leave

Toyota Australia offers its employees 14 weeks paid maternity leave and one week paid paternity leave after 12 months of continuous service. Male and female employees are entitled to three weeks unpaid adoption leave.

Superannuation

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, with non-award employees receiving a minimum of 14 per cent. Death and disability insurance benefits are also provided through the Toyota superannuation funds.

Learning and Development Programs

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 and computer training. Training is also done by Toyota Institute Australia and the Toyota Production System office (see page 47).

Discounted Vehicles and Spare Parts

The opportunity to purchase vehicles at a discounted rate is available for employees and immediate family members. In addition, employees can benefit from subsidised lease vehicles and allocated vehicles depending on job grade. Employees are also able to purchase spare parts at a discounted rate.

Employee Assistance Program

Employees and their family members have access to an Employee Assistance Program that provides confidential counselling free-of-charge to help cope with work and personal issues. The program is administered by an external, independent company and is paid for by Toyota Australia.

Employees (continued)

Case Study

Knowledge Transfer and Overseas Career Development

Toyota Australia runs an Inter-Company Transferee (ICT) program where employees are selected to work overseas either with Toyota Australia or with an affiliate company. The aim of the program is to provide the employee with training and development opportunities not available in Australia. The skills and experience obtained during the assignment by the employee are then transferred to Toyota

Australia on return. During the reporting period, 28 employees participated in the ICT program in countries including Bahrain, Belgium, Japan, Thailand and the United States.



Wellbeing

Toyota Australia's annual *Ekiden* Festival brings employees and their families and friends together outside of work.

More than 1,000 people joined in the Melbourne *Ekiden* Festival which was held in November 2009. This year's festival focused on encouraging teamwork and Toyota Way values through the promotion of health and wellbeing.

The festival included an indoor soccer competition, a running event and family activities such as face painting and a play hut. Health checks and free massages were also available.



Toyota Australia employee's celebrating their success at the indoor soccer competition held as part of the annual *Ekiden* festival

Case Study

Employee Satisfaction

Results from Toyota Australia's 2009 Employee Satisfaction Index showed that despite the uncertainty created by the global financial crisis, employees believe Toyota Australia provides job security.

The Index asks employees to rate Toyota Australia's performance against a number of dimensions including job security, management and performance. When asked if they agree that Toyota provides job security and if they feel confident of having a job at Toyota if they perform well, the results showed a score of at least six and a half out of nine for each of these questions – with no significant change from the previous year.

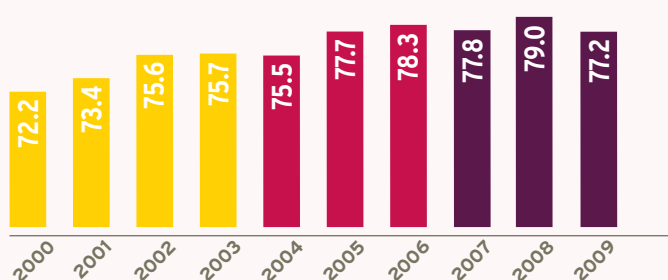
Employees have also maintained customer focus and are proud to work at Toyota, according to the survey results.

Overall, however, employee satisfaction showed a slight decline from 79.0 in 2008 to 77.2 in 2009, which was below the company target of 80. A slight reduction occurred across all questions, with no one particular theme contributing

to the decline. As a result of feedback from the survey, the company will be focusing on enhancing its performance management and recognition activities in 2010/11.

Toyota Australia - Employee Satisfaction Index (ESi)

Company Target ESi = 80



Employees (continued)

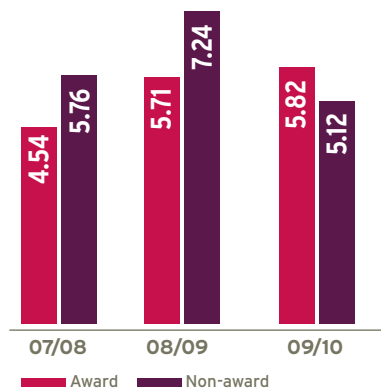
Responding to Changing Market Conditions

In 2009/10, turnover rates were 5.12 per cent for non-award and 5.82 per cent for award employees. This included 39.05 per cent of people leaving through resignation, 1.46 per cent through retirement and 10.22 per cent due to their contract expiring.

Toyota Australia has a commitment to ongoing operations in Australia and needs to respond to changing environments and market requirements. This can mean evaluating job function and workforce totals. During the past few years, the decrease in demand for vehicles led to implementing measures to minimise the loss of employee income. These measures include re-allocating work to other parts of the business, re-scheduling production and providing employees with training.

If a reduction in employee numbers cannot be avoided, a Voluntary Departure Program is offered to employees and four weeks notice is given. During 2009/10, 32.12 per cent of people leaving the company took the Voluntary Departure Program, which offers employees assistance to leave the organisations as a result of changed circumstances. This resulted in an increase in the turnover rate for award

Employees Turnover %



employees.

For compulsory departures, where specific positions are affected, Toyota Australia negotiates conditions of the departures based on discussions with the relevant union members, as per Toyota Australia's Workplace Agreement. The minimum notice period regarding significant operational changes is ten weeks.

Case Study

Strengthening Job Skills and Ensuring Job Security

Toyota Australia is making the most of excess labour from a decreased production cycle by accelerating training and closing skill gaps.

For the past two years, Toyota Australia has implemented training for manufacturing employees known as 'KI-J Days' which stands for *Kaizen* Initiatives for *Jiritsuka*. *Kaizen* means continuous improvement and *Jiritsuka* means a process of becoming self-managed or self-sustainable. Toyota Australia's parent company expects each of its affiliates to work towards becoming self-sustaining.

The training takes place during production 'down days' that have been required due to the decrease in production volumes. On these days, manufacturing employees have been given training on health and safety, the environment, equal opportunities and quality control. This helps keep employees at work and is consistent with the global Toyota philosophy of ensuring stable and secure employment for all employees. At the same time, KI-J Days enable the company to strengthen the skill set of its manufacturing foundation and maintain its competitive edge.

Employees (continued)

Professional Development and Training

Toyota Institute Australia

Toyota Institute Australia (TIA) provides on-going career development and support to employees and management. In addition, TIA offers training to suppliers and dealers (see page 52).

TIA uses global content developed by Toyota Motor Corporation for the training courses, which include workshops on Toyota Way foundations, Toyota Business Practices, On Job Development and role training.

Using Toyota's common language and approach to business practice, Toyota employees and business partners can communicate and operate in any Toyota environment regardless of culture or location.

During 2010, Toyota Australia further expanded its commitment to training with further resources being allocated to TIA. During the reporting period, TIA provided 5,728 hours of training to employees on Toyota Business Practices. Other training provided during this period included Manager Role Training, Advanced Development and KI-J training (see page 46).

Learning Management System

Toyota Australia is always looking for opportunities to improve the flow and accessibility of professional development information for its employees and employees in the dealer and supplier networks. To support this, the company is upgrading its Learning Management System in 2010/11. This will improve the company's ability to identify training requirements, deploy learning and track completion. The latest training material will be made available online to sales, service and parts employees.

Performance Reviews

Toyota Australia has a performance management process for both award and non-award employees. The process provides the opportunity to reflect on and develop an individual's performance. By providing a consistent approach to performance management, the company aims to develop a high-performance culture where employees are recognised for their contribution.

Performance reviews are held on a quarterly and annual basis and are aligned to the *Hoshin Kanri* process (see page 11), which is the annual plan for the business.

Problem Solving at Toyota

During the reporting period, 358 employees participated in training that uses Toyota's global problem-solving method - Toyota Business Practices. The six-month program includes workshops to understand the principles and steps involved in solving problems. Participants then apply their learning by identifying and solving a work-based problem.

Occupational Health and Safety



The number one objective for Toyota Australia is to ensure a safe and healthy working environment for employees, contractors, visitors and persons present at the company's sites.

To support the provision of a safe work environment and the prevention of work-related injuries and illness, the company has a Health and Safety Policy and an Occupational Health and Safety Management System. In 2009/10 Toyota Australia adopted WorkSafe Victoria's National Self-Insurer OHS Audit Tool to measure Toyota Australia's Health and Safety Management System. The company will be undergoing an audit of the tool in May 2010.

The company's Health and Safety Policy commits the company to:

- **Manage risks** by identifying all workplace hazards, undertaking assessments and taking all necessary actions to control any exposure to injury, loss or damage.
- **Comply with legal** and other obligations.
- **Apply Toyota Australia policies**, where applicable, to suppliers and other third parties.
- **Establish targets and measurements** to ensure continuous improvement aimed at the elimination of work-related illness and injury to achieve the President's Goal of 'Zero Harm'.

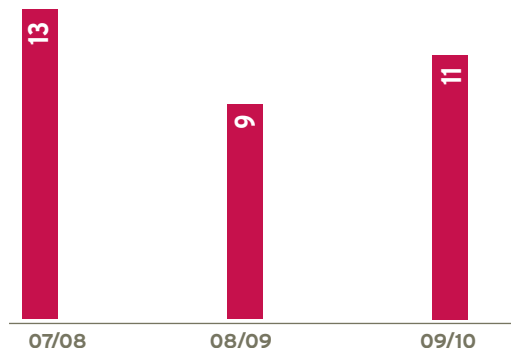
Employees (continued)

- **Provide training** and information for all employees, contractors and visitors.
- **Ensure meaningful and effective consultation** with employees on health and safety issues.
- **Communicate** Toyota Australia's health and safety commitments and performance.
- **Promote a culture of safety** by Toyota Australia and all employees.

One hundred per cent of the workforce is represented by Health and Safety Committees, consisting of elected health and safety representatives and management representatives, which meet at least once a quarter.

In 2009/10 Toyota Australia's Lost Time Injury Frequency Rate (LTIFR) was 11.08, which is an increase from last year. The LTIFR is the number of injuries/lost time injuries for each one million hours worked.

Lost Time Injury Frequency Rate



Case Study

Ergonomic Assessments on the Production Line

Toyota Australia has set a target to achieve zero harm by 2012. To work towards this goal, the company has introduced the Toyota Ergonomic Burden Assessment (TEBA) tool, which examines how production line jobs affect the body.

The tool, which originates from Toyota's North American affiliate, identifies high burden processes which may potentially cause a muscular skeletal injury. It does this by videoing the work processes and measuring weights and forces. The results are then analysed and opportunities to improve the identified processes are discussed with key stakeholders. The tool involves a collaborative approach between manufacturing, engineering and human resources to work together to 'design out' potential risk.

TEBA was first piloted in the Body Shop in September 2008. Since that time Toyota Australia has conducted 378 assessments in eight shops against a target set for 194 assessments in two shops.

The tool has enabled Toyota Australia to move from a reactive to a proactive approach to ergonomic risk and involves a collaborative approach between manufacturing, engineering and human resources to 'design out' potential risk. Training has also been delivered to key designers at Toyota Australia and Toyota Technical Centre to ensure new designs/parts are developed with ergonomic considerations in mind.

The company is also rolling out TEBA training to local and regional suppliers in 2010 with the aim of improving supplier safety and increasing efficiency.

To ensure that the momentum for assessing and reducing burden on the body is maintained, and is ultimately self-sustaining, Toyota Australia has trained TEBA champions in each manufacturing shop.

The roll out of the TEBA tool is set to continue in 2010/11, targeting the remaining manufacturing processes.

Safety Week

Toyota Australia employees were urged to identify and find solutions for 'at risk' behaviour during Safety Month in September 2009. Team leaders and team members worked together each week to identify any 'at risk' behaviours.

Firstly, an observation sheet was filled out by each team member looking at logistics, including pedestrian movements and forklift and equipment movements and

processes. In the following weeks, team leaders identified the top three 'at risk' behaviours for the team to work on.

The teams then worked on possible solutions and, in the final week, renewed a declaration to take responsibility for their own actions.

Customers

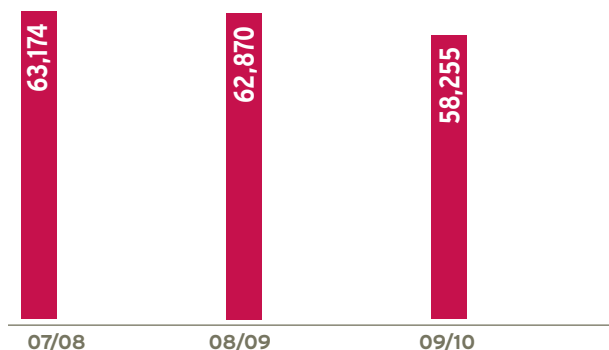
Globally, Toyota Motor Corporation has been implementing measures to renew its commitment to customers and is supporting its subsidiaries around the world to better respond to customers' needs.

Customer Interaction

Toyota Australia's interaction with its customers is governed by its statement of duty in its Code of Ethics. The Code says that in its interactions with customers the company must:

- Act honestly and obey the law
- Provide quality products and services
- Maintain and promote the highest industry ethical business standards
- Support the product and distribution network
- Honour commitments
- Communicate clearly and effectively
- Investigate and respond promptly to customer enquiries and complaints.

Customer Experience Centre Number of Contacts



Toyota Australia's Customer Experience Centre deals with approximately 4,000 queries a month and during 2009/10 handled over 58,000 queries from Toyota owners via phone, post and email.

Toyota Australia's Customer Experience Centre uses a Knowledge Bank to store information about products electronically, which allows information to be provided to customers quickly and efficiently. The Centre also records all customer calls and a report detailing the top five topics is compiled each month to identify issues from a customer's perspective.

Toyota Australia's Customer Satisfaction Program sends surveys to customers who purchase and/or service a vehicle in a Toyota Dealership to understand their experience. The information gathered during this process is used to help improve the customer experience.

During 2010, Toyota Australia's Customer First Department implemented a new customer survey program to provide real-time feedback to dealers so that they can quickly respond to customer experiences. The new program will give greater insight to both dealers and Toyota Australia on customer satisfaction. In the reporting period, the Customer First Department collected 70,039 customer surveys. The outcomes of the surveys were shared with the dealer network for action and follow-up where required.

Responsible Marketing

Toyota Australia complies with all relevant laws and voluntary codes of practice. These include the Trade Practices Act (TPA) 1974 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 voluntary code provides guidelines specific to automotive advertising including ensuring that advertisements do not depict, encourage or condone dangerous, illegal, aggressive or reckless driving.

To ensure marketing and advertising information is correct, Toyota Australia has a number of processes in place including an internal review process (which acts as a technical and legal check on all promotional materials to ensure accuracy), external audits (that compare the marketing material for a particular vehicle against a physical inspection of the vehicle) and a dispute resolution mechanism (to ensure any advertising-related complaints are handled speedily and transparently).



Customers (continued)

Product Safety and Recalls

The safety of customers has been at the forefront of Toyota Motor Corporation's minds for many years. The company built its first crash-test facility in Japan in 1966 and since then has been instrumental in developing rollover tests, pedestrian protection, airbags and other safety initiatives.

Safety Milestones at Toyota Motor Corporation

1966	Toyota builds its first crash-test facility
1971	Toyota develops anti-lock braking system
1987	Toyota adopts traction control
1995	Toyota becomes the first company to employ offset head-on collision tests
1995	Toyota commercialises steering-assisted vehicle stability control
1998	Toyota becomes the first company in the world to commercialise the curtain-shield airbag
2003	The world's first radar-based pre-crash system is fitted to a Toyota vehicle.

Product Recalls in 2009/10

In 2009/10, three safety 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.

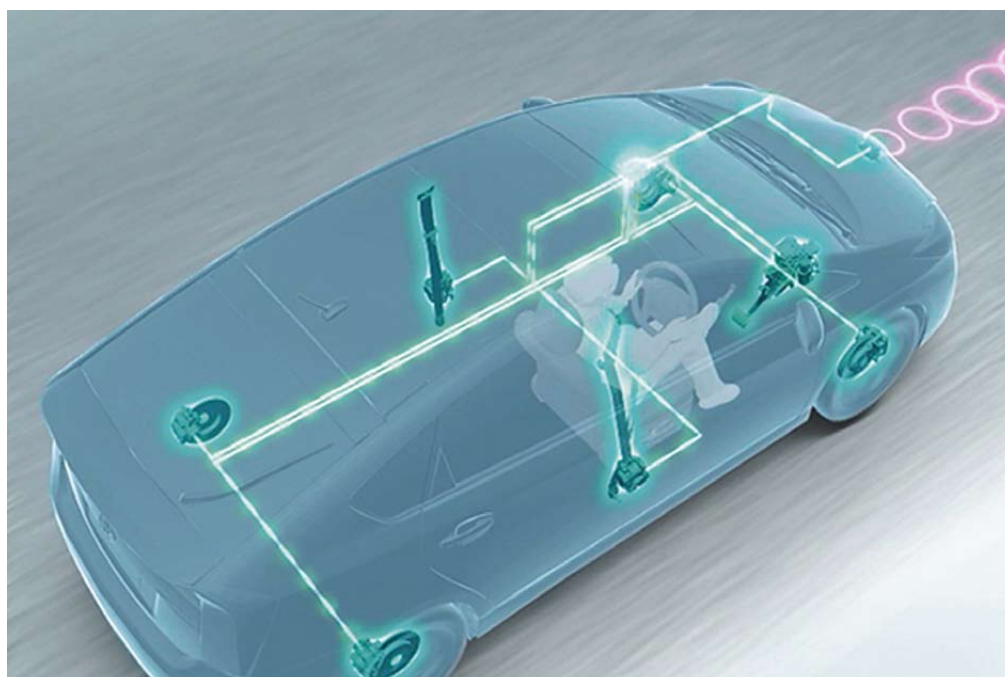
Date of Recall	Model	Safety Recall	Number of Units
November 2009	Dyna II	Windshield wiper switch	347
February 2010	Prius	Brake feel	2,378
March 2010	Daihatsu Feroza, Rocky & F9 Series	Emission control check valve	9,093

All products sold by Toyota Australia are tested to ensure compliance before they go on to 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.

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) Technical Committee
- Federal and State Departments of Transport.

Advanced safety technologies on the next-generation Prius are centred on a radar sensor mounted behind the Toyota badge.



Customers (continued)

Case Study

Toyota Australia Moves Quickly on Prius

In February 2010, Toyota Australia announced a voluntary recall of current generation Prius cars – a total of 2,378 cars.

Following two reports of inconsistent brake feel on the new generation Prius, Toyota Australia undertook a local Prius safety recall which commenced in February 2010. The inconsistency in brake feel occurred during slow and steady braking on certain road conditions such as pot-holed, bumpy or slippery road surfaces when the Anti-lock Braking System (ABS) was activated.

Around the same time, Toyota recalls were announced on a range of models sold overseas. These recalls that featured prominently in the news, related to a problem with the operation of the accelerator pedal on a number of Toyota models sold in overseas markets. None of those recalls affected models sold or manufactured in Australia by Toyota. The accelerator pedals for Toyota vehicles sold in Australia, and those manufactured in Australia for export, are provided by a different supplier and are a different design.

Although the brake feel was not consistent, the brakes continued to operate and there have been no accidents linked to this issue reported in Australia.

Toyota Australia takes all the appropriate measures to ensure ongoing vehicle safety. This led to a total of 2,378 vehicles being recalled so that the company could make a change to the ABS management program of the vehicle's Electronic Control Unit (ECU) in order to improve response time.



The company has robust processes in place to deal with recall situations, and notified each Prius customer affected by letter, detailing how the issue would be remedied. Additionally, local Toyota dealer principals took a proactive approach to customer service, telephoning all new Prius owners to arrange for their car's ECU to be reprogrammed. The simple adjustment, which took around ten minutes per vehicle, was carried out by Toyota technicians at Prius owners' homes or offices. The repairs were carried out at no cost to the vehicle owner.

This response meant that 90 per cent of all third-generation Prius had been repaired within three weeks, of the company announcement.

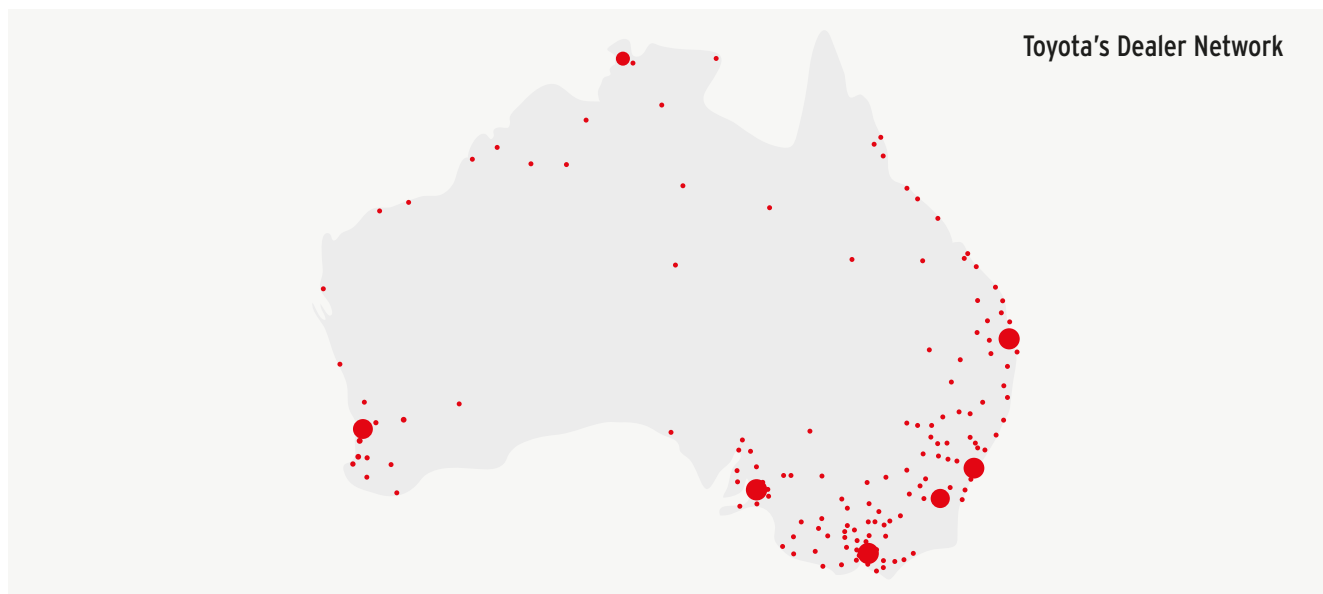
Special Committee for Global Quality

The quality of Toyota's vehicles and the safety of customers are paramount. Therefore, in response to the recent recalls in overseas markets and the Prius recalls in Australia, Toyota Motor Corporation has taken a number of significant measures to ensure the quality of its vehicles and to meet customer expectations on vehicle quality. One of these measures is the establishment of a Special Committee for Global Quality in March 2010 which is headed by Toyota Motor Corporation President, Akio Toyoda. The committee will spearhead reforms to further instil the company's operations throughout the world with a customer perspective.

The committee's charter is to ensure all Toyota companies operate with a 'Customer First' mindset. The committee will also investigate the causes of quality problems, including those that necessitate recalls, and re-examine the factors that affect quality in every phase of design work, manufacturing, marketing and service.

Toyota Motor Corporation will also form new 'Customer First' training centres in each region, including Asia-Oceania. The centres will allow Toyota Australia greater access to regionally-relevant quality, safety and communications training.

Customers (continued)



Toyota's Dealer Network

There are more than 200 Toyota dealers in Australia, employing approximately 10,000 people. The dealerships are independently-owned businesses and Toyota Australia works with them to encourage environmentally responsible practices and to provide support and training to enhance the customer experience. Toyota dealerships are the primary interface between Toyota Australia and its customers.



Focus on Safety in the Dealer Network

In line with Toyota Australia's President's Goal (see page 6) of improving the safety culture, the company will be launching two Safety Awareness Campaigns for its dealer network in 2010.

As a first step, the company has asked dealers to complete a safety survey, which includes questions on awareness, performance and actions. As at the end of March 2010, 207 parts and service managers out of a total of 600 had completed the survey. The survey closed in mid-April 2010.

The next stage will be to review the data from the survey and establish injury type, and the promotion strategy, before formally launching the campaign.

Providing Support to Dealers

Dealers can participate in training via Toyota Institute Australia.

Toyota Institute Australia's mission in providing training for dealers is to 'develop people with the capability and performance to deliver superior customer experience, resulting in customers for life and maximum return on investment for all stakeholders.'

The cornerstone of Toyota Institute Australia's strategy is 'Gain, Train and Retain'. Evidence suggests that well-trained employees are more engaged in their workplace, resulting in an outstanding customer experience.

Toyota Australia's competitive advantage is the Toyota Way – a guiding set of principles embedded into everything the company does (see page 10).

Toyota Institute Australia offers Toyota dealers more than 60 training programs across all areas of the business from mechanical repairs to sales techniques. Courses include:

- Communication, Influence and Confidence
- Managing People and Operational Performance
- Toyota and Lexus Automotive Knowledge
- Creating and Managing a Culture for Customer Service
- Trade Practices and Privacy
- Toyota Way 4 Dealers
- Service Advisor Foundations
- Sales Success
- Creating the Customer Experience
- Toyota Parts Interpreting
- Customer Satisfaction (Service and Parts)
- Small to Medium Enterprise Opportunities for Fleet.

Customers (continued)

Training is targeted at supporting dealers to increase profitability and sales, maximise staff efficiency, improve staff morale, and increase customer retention rates and satisfaction.

Customer Experience Foundations

In 2009 Toyota Institute Australia created a two-day course to provide practical customer service tools to the dealer network called 'Customer Experience Management'.

The course aims to help dealers deliver a superior customer experience, which supports Toyota's goal of becoming the number one customer-focused organisation.

The first day of the course is targeted at customer-facing staff and includes identifying customer touch points, meeting and exceeding customer expectations, and the tools that Toyota uses to measure and report customer satisfaction.

The second day of the course is designed specifically for Customer Experience Managers. The attendees learn about the expectations of their role in a dealership, how to promote the importance of being a customer-focused organisation and how to accurately measure and track customer satisfaction as a tool for continuous improvement.

Australian Made Advocates Program

To engage dealers in the value of Australian-built, locally-manufactured vehicles, Toyota Australia invited 1,200 Toyota dealer sales staff from around Australia to the Altona manufacturing plant in 2009.

The dealers attended a tour of the plant to learn more about the product, the manufacturing process, and the people who make the vehicles. Participants were also introduced to the basic principles of the Toyota Production System (TPS) and identified ways TPS can be applied in the dealer environment.

Recognising Excellence in the Dealer Network

Each year Toyota Australia holds an Excellence Award Program to recognise those dealers committed to levels of performance and customer satisfaction that exceed Toyota's benchmarks. The program is an opportunity to recognise the ongoing commitment, effort and success of the company's dealer network and includes awards for customer service, sales excellence, business management, employee development and fleet excellence.

In 2010, the company introduced an Environmental Excellence award category to recognise and reward the dealership that has best demonstrated a commitment to improving its environmental performance.



Toyota Australia's dealers toured the production plant to update their knowledge on the cutting-edge quality and features of Camry and Aurion and the vehicles' importance to Australia

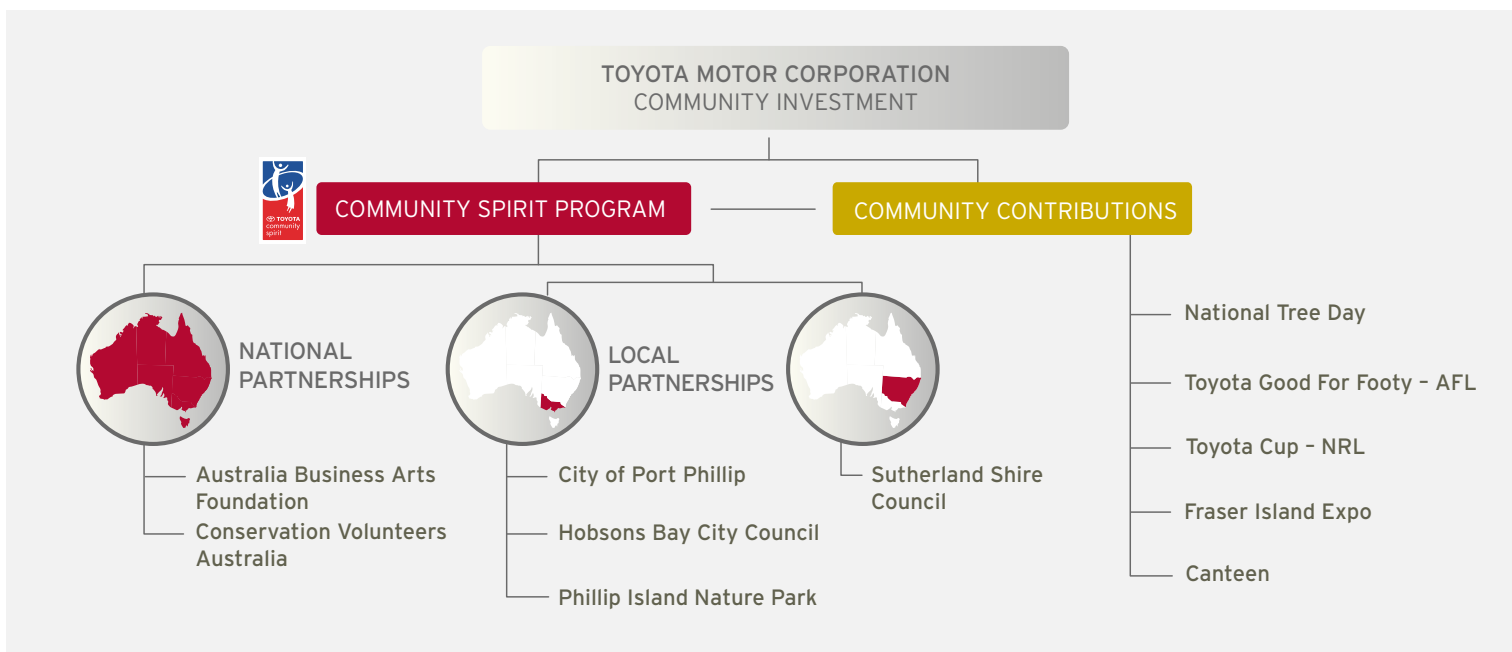
Community Contribution

Globally, Toyota's founding mission is to 'contribute to society through the manufacture of automobiles'. Locally, one of the ways that Toyota contributes is through its investment in the communities where it operates.

Toyota Australia's community investment focuses on how the company can share its skills, knowledge and resources to build capacity in the local community. Through its community investment the company aims to build relationships with the Australian community and stakeholders, encourage employee and dealer participation and deliver long-term sustainable benefits to the environment through partnerships with non-governmental organisations.

This investment includes:

- Toyota Australia Community Spirit, which is Toyota Australia's corporate citizenship program and includes national and local partnerships
- Toyota Australia's community contributions, which include commercial sponsorships, donations and community investment.



How Toyota Australia Chooses its Partnerships

Toyota Australia has eight principles that determine the selection of the company's community partnerships. These principles help Toyota Australia to direct its resources into areas where it can be most effective. They are:

- Addresses local needs identified by local communities
- Supports business objectives of all parties
- Multi-faceted partnerships that must involve more than dollars and an opportunity to display the Toyota logo
- Delivers long-term sustainable benefits to the local community
- Builds and strengthens relationships and reputation
- Employee and dealership participation in local community activities
- Provides platforms for broader engagement that provide opportunities to build relationships with target audiences
- Meets and exceeds stakeholder expectations.

Community Contribution (continued)

Measuring Community Investments



Toyota Australia measures its contribution to the community using the London Benchmarking Group (LBG) methodology. The LBG is an international business membership organisation, with 42 member companies in Australia and New Zealand, which provides methodologies to determine a company's community contributions.

In the financial year ending 31 March 2010, Toyota Australia's community investment totalled \$2.58 million. This includes:

- Charitable donations (14.48 per cent)
- Community investment (24.35 per cent)
- Commercial initiatives (61.18 per cent).

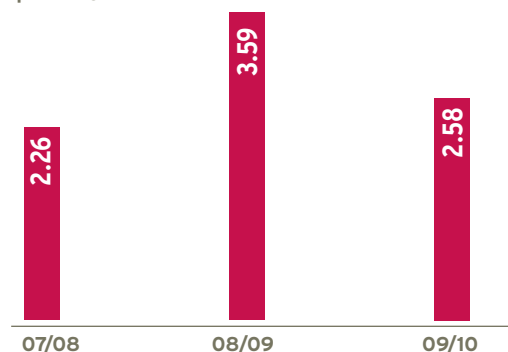
This is a decrease from 2008/09 as the result of the completion of several sponsorship contracts.

Community donations – contributions made out of a sense of moral responsibility or in response to expectations from society.

Community investment – contributions made because of a belief that companies have a long-term interest in fostering health communities.

Commercial initiatives – contributions made as part of a program designed to provide direct benefits to the company.

Toyota Australia's Community Investment* \$ million



* Toyota Australia has recalculated its community investments in 2007/08 and 2008/09 using the LBG methodology. These figures are therefore higher than the figures stated in the 2008 and 2009 Sustainability Reports as the LBG has enabled more effective measurement of the company's in-kind contributions.

While Toyota Australia is able to report on its total community investment for the financial year ending 31 March 2010 using LBG methodologies, the LBG benchmarks members' contributions in September each year. Information relating to Toyota Australia's performance against its peers in the LBG is not available until after this report is published.

To benchmark Toyota Australia's performance against its peers in this report the information below relates to Toyota Australia's community contributions based on the financial year ending 31 March 2009 and the LBG's 2009 Annual Benchmarking Report.

In 2008/09:

- As a percentage of pre-tax profit, Toyota Australia's community contributions equate to 2.91 per cent, compared to an average of 0.36 per cent for LBG members.
- Contributions per employee at Toyota Australia totalled \$786, compared to the LBG members' average of \$372.
- Contributions as a percentage of total revenue were 0.04 per cent compared to the LBG members' average of 0.11 per cent.

For further information about the LBG please see www.lbg-australia.com

Case Study

Kinglake School Visits Altona

Continuing Toyota Australia's involvement and support of the Bushfire Relief Program (see Toyota Australia's 2009 Sustainability Report), the company's manufacturing plant in Altona hosted a visit for students from Kinglake Primary School in September 2009.

The community of Kinglake was one of the worst hit areas of the Victorian Black Saturday bushfires. The visit, which was proposed by the Australian Manufacturing Workers' Union, was designed to assist the students in learning about automotive manufacturing and hybrid technology.

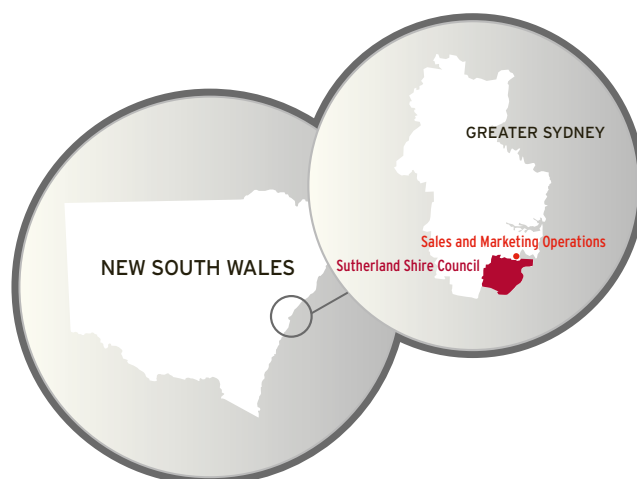
Students were given a special tour of the site, which included Press, Weld and Assembly Shops. In the Press Shop, students were given the opportunity to operate a press machine to make a part and in the Fundamental Skills area they gained hands-on team member training.



Kinglake students on tour in Altona

Local Partnerships

Toyota Australia works with local councils where it has major operations – Port Phillip and Hobsons Bay in Victoria, and the Shire of Sutherland in New South Wales.



City of Port Phillip and Sutherland Shire Council

The City of Port Phillip and Sutherland Shire Council support Toyota Australia's Community Spirit art galleries in the company's headquarters in Port Melbourne and at its sales and marketing operations in Woollooware Bay, Sydney.

The galleries showcase art works from emerging artists and give artists from the local surrounding areas a space to display their works free-of-charge with no commission charged on sales. The company holds an exhibition launch and develops a catalogue for each exhibition.

In 2009 Community Spirit exhibitions in Melbourne included:

- **'The Looking Glass: Reflections of the Modern World'**
- **'me and my Toyota'**
- **'Hybrid Toyota' Sculpture Exhibition.'**

In Sydney, exhibitions included:

- **'Hazlehurst Print Award Local Artists'**
- **An exhibition of artwork by employees.**

'me and my Toyota' Exhibition

In celebration of 50 years in Australia, Toyota Australia launched the 'me and my Toyota' exhibition in Port Melbourne's Toyota Community Spirit Gallery in June 2009.

The landmark exhibition, the 20th for the Toyota Community Spirit Gallery, featured 79 participants who depicted aspects of Toyota's 50 years in Australia. Aboriginal artist, Niningka Lewis, won the major prize, a \$2,000 award, for her painting 'Toyota Dreaming' which is about the Toyota being a symbol of life in remote communities. The painting featured on the front cover of Toyota Australia's 2009 Sustainability Report.



President Max Yasuda and Deputy Consul-General of Japan in Melbourne, Yasufumi Kotake, with winning painting 'Toyota Dreaming'

Local Partnerships (continued)

Case Study

Mentoring Local Community Organisations in Port Phillip

Community groups that provide social services to residents in the City of Port Phillip, the location of Toyota Australia's corporate headquarters, are being offered mentoring support to help build their skills and capacity.

Toyota Australia is partnering with the City of Port Phillip to provide up to 20 hours of one-on-one mentoring support free-of-charge to local community organisations. The aim of the program is to build the management and operational capabilities of local community organisations and to help them operate independently.

The program was piloted in 2009 with mentoring provided to four local community groups. Each group identified an area of need, for example the need to develop a business plan or a marketing plan, and met with their mentor four times during the course of the program to address their need.

Selection of the community groups was based on:

- **An identified need for professional support**
- **Whether the skills development will build the organisation's capacity and contribute to its sustainability**
- **The organisation's contribution to the Port Phillip community**
- **The availability of skilled professionals to match the skills development needs identified.**

One of the organisations was Windana Drug and Alcohol Recovery, which provides holistic drug and alcohol support and treatment services to individuals and families. Fiona Jordan, Marketing and Fundraising Officer at Windana, said "Having a third party assist us in developing our marketing and fundraising strategy was of immense benefit to Windana. Our mentor was able to make suggestions from an outsider's point of view that added many strategies that will ultimately assist us in reaching our strategic goals."

Michelle Alchin, Co-ordinator of Community Sector Strengthening at the City of Port Phillip, said "The pilot of the program provided us with an opportunity to gain a fuller understanding of the community groups who participated in the program. At the same time, it gave community groups the opportunity to meet both with us, and with other community groups, which enabled them to network with each other and share information."

In 2010 the program will deliver the mentoring to additional community groups as part of the City of Port Phillip and Toyota Australia's commitment to support and strengthen local community organisations.

For more information please see

<http://portphillip.smartygrants.com.au/strategicskillsmentoring>

Local Partnerships (continued)

Hobsons Bay City Council

The majority of Toyota Australia's employees are based in the company's manufacturing plant in Altona in the city of Hobsons Bay. Toyota Australia has partnered with Hobsons Bay City Council since 2004 to build capacity in the local community and support local social and environmental groups.

Community Training and Support

Toyota Australia is working in partnership with Hobsons Bay City Council to deliver a series of training workshops that address the needs and priorities of local groups. Volunteer presenters and external subject experts facilitate the workshops which cover subjects such as people management, submission writing and identifying funding opportunities. Since the training was first piloted in 2002, more than 1,500 people have attended the workshops.

In addition, the company, in conjunction with Ricoh Australia, donated 11 colour printers, valued at \$1,500 each, to ten community groups nominated by Hobsons Bay Council in 2009. Organisations such as the Laverton Community Centre, which provides programs for personal development and recreation, and the Williamstown Emergency Relief Program, which supports people experiencing hardship, benefited from the donations.



Little Penguins Get New Homes

More than 300 Toyota Australia employees and their families volunteered their time to build penguin nesting boxes and to plant trees at Phillip Island in Victoria during one weekend at the beginning of November 2009.

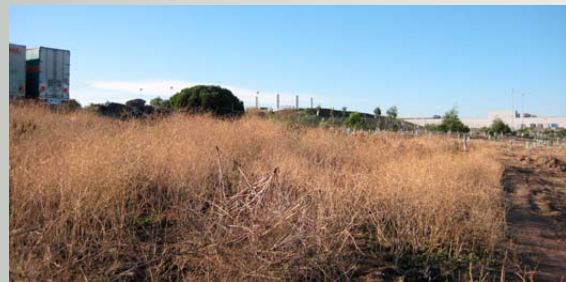
The volunteers helped build penguin nesting boxes for the Little Penguins of Phillip Island as part of Toyota Australia's Community Spirit partnership with Phillip Island Nature Park – an involvement which spans seven years.

The penguin homes provide an improved environment for the birds to breed, hatch and raise their chicks, lifting the overall health of the penguin colony.

Friends of the Lower Kororoit Creek

Toyota Australia supports local environmental projects via its partnership with the Friends of Lower Kororoit Creek, a local community group which helps to rehabilitate the Kororoit Creek in Hobsons Bay. Part of the creek runs along the eastern boundary of the company's manufacturing plant in Altona North.

Employees from Toyota Australia's manufacturing plant volunteer their time each year to plant trees along the creek banks as part of National Tree Day (see page 61). Employees also volunteered to plant trees as a one-off activity for KI-J Days (see page 46).



Before and after rehabilitation at Kororoit Creek Waterway

Kororoit Creek Waterway Rehabilitation Friends of Lower Kororoit Creek

The local community has come together to transform a vital Western Suburbs waterway from toxic, lifeless sludge back to life.

Kororoit Creek, running from near Gisborne to Altona, a past home of the Wurundjeri tribe, and a picnic destination for early Melbourne settlers is being restored. Some of the creek runs alongside the eastern boundary of Toyota Australia's manufacturing plant.

The Friends of Lower Kororoit Creek (FOLKC) have brought together the community including local business such as Toyota Australia, local communities, schoolchildren and government to help. Since 2001 more than 1,000 people have spent 10,000 hours planting and landscaping the creek, planting more than 30,000 indigenous trees and shrubs.

The amenity and accessibility of the creek is still developing as FOLKC is continuing its efforts to build effective partnerships with local industry and business, as well as working closely with all levels of government for infrastructure works.

FOLKC's key vision is to protect and enhance the natural character of Kororoit Creek for future generations to use and enjoy, and to allow access for people and animals via a network of shared trails and native vegetation along Kororoit Creek.

For further information please see www.folkc.com.au

National Partnerships

Toyota Australia partners with the Australia Business Arts Foundation and Conservation Volunteers Australia to share its skills and resources to build capacity. Partnerships are chosen based on eight principles (see page 54) and each partnership is evaluated each year against key objectives.

Australia Business Arts Foundation

AbaF was established by the Federal Government to develop private sector support for the arts. Toyota Australia invested \$100,000 in the AbaF partnership in 2009/10 to support its Arts Connecting Communities Program, boardBank, adviceBank and the AbaF Awards. The President of Toyota Australia, Max Yasuda, is an AbaF Councillor.
www.abaf.org.au

Australia
Business Arts
Foundation



Activity supported by Toyota Australia	Objectives for 1 June 2009 to 31 May 2010*	Outcomes 1 June 2009 – 31 May 2010*	Partnership outcomes
Arts Connecting Communities Program <i>AbaF facilitates workshops that provide local communities with the capacity to create more local arts-business partnerships by helping council staff develop skills to help develop these partnerships.</i>	Successful delivery of the workshops to eight councils in Australia. Encourage local dealer participation in the Arts Connecting Communities Program.	✓ 16 councils completed the Arts Connecting Communities Program.	Since the inception of the Arts Connecting Communities (ACC) program 47 councils have completed a program and more than 3,000 people have participated in an ACC program or event.
boardBank <i>Connects volunteers who are interested in gaining board experience with arts organisations.</i>	Promote boardBank and the opportunities available to Toyota employees.	✓ Four Toyota employees registered to receive updates on volunteering opportunities.	One Toyota employee gained board experience by participating in the boardBank program.
adviceBank <i>Provides pro bono volunteering opportunities with arts organisations.</i>	Promote adviceBank and the opportunities available to Toyota employees.		Three Toyota employees undertook pro bono volunteering by participating in adviceBank programs.
AbaF Awards <i>Recognises the achievements of partnerships between businesses and cultural organisations.</i>	Successful state and national AbaF Awards and Councillor Forum that highlight Toyota Australia's involvement and support of arts-business partnerships.	✓ The Toyota Community Award was presented in all six capital cities by a Toyota representative. These winning partnerships went on to compete for the national Toyota Community Award at the national AbaF Awards in Brisbane.	Toyota representatives have presented the Toyota Community Award at the national AbaF Awards Dinner for six years (and will present it again in 2010). Since the introduction of the state AbaF Awards events in 2006, Toyota representatives have presented the Toyota Community Spirit Award on 23 occasions in New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia.

Key: ✓ = Achieved

* The annual assessment period for this program differs from the company's financial year. It is based on the period 1 June – 31 May.

National Partnerships (continued)

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. In 2009/10, Toyota Australia invested \$350,000 in the CVA partnership by supporting Corporate Connect, Volunteer Connect and Dealer Connect.

www.conservationvolunteers.com.au



Activity supported by Toyota Australia	Objectives for 1 April 2009 to 31 March 2010	Outcomes as at 31 March 2010
Conservation Connect/Corporate Connect <i>Maintenance of volunteer referral service - Conservation Connect.</i> <i>Match business volunteers/companies with environment projects in local communities via Corporate Connect.</i> <i>Provide multiple volunteering opportunities for Toyota Australia employees on scheduled Fridays across the year.</i>	50 companies connected in 2009/10. Provide opportunities for up to 500 staff across ten nominated days (Fridays) in the period.	✓ 70 new companies connected. ≠ Toyota internal discussions still progressing. Decision expected in medium term.
Volunteer Connect <i>This program uses electronic communication and social network marketing to provide added value to the volunteers' experience and to CVA membership.</i>	70 per cent of all CVA bookings to be instant, online bookings.	✓ Full end-to-end volunteer booking system up and running since mid-September 2009.
Dealer Connect <i>Held at dealerships around Australia, community groups learn about how to build capabilities in their organisation.</i> <i>Dealers also hold the graduation ceremonies for the Certificate 1 in Active Volunteering, a qualification that recognises the skills and competencies that volunteers gain.</i>	Implement ten regional community group capacity building workshops, targeting local groups in communities of interest to Toyota and CVA. Enrol 200 participants in the Certificate across Australia.	✓ Ten workshops successfully delivered. Topics included change management, volunteer recruitment, client relationships and team development. ✓ 261 enrolments in Active Volunteering Certificates.

Key: ✓ = Achieved ≠ = In Progress.

National Partnerships (continued)



Conservation Volunteers assisting the environment to recover from Black Saturday Bushfires at Nillumbik in Victoria

Connecting Corporations to Conservation Projects

Over the past few years CVA has witnessed an increase in enquiries from corporations asking about conservation volunteering opportunities. At the same time, the number of conservation projects that need the help of volunteers has continued to grow.

CVA saw the opportunity to bring these two aspects together and, supported by Toyota Australia, launched Corporate Connection – a program that connects corporate volunteers with conservation projects. Corporations can find and book projects throughout Australia and New Zealand via a website: www.conservationvolunteers.com.au/corporate-connection

In the past year, more than 60 organisations have booked volunteering projects via Corporate Connection,

with the total number of volunteer days totalling 313 days. CVA hosts the volunteer team for the day, providing transport to and from the site and all the equipment and safety gear needed. The group is designated a CVA team leader who supports the volunteers throughout the day.

One of the corporations which has used Corporate Connection is Cadbury Australia. In July 2009, the company booked a one-day program to restore habitat for mammals such as bandicoots and dunnarts at the Melbourne Wildlife Sanctuary. Ten employees from Cadbury Australia participated in the program.

Danielle Johnston, Community Program Coordinator at Cadbury Australia and New Zealand, said “Our team was really enthused to get out and make a difference in the local community. In the past we not had many opportunities to really get our ‘hands dirty’ so we were really thankful to get the chance. The surroundings were beautiful, the team leader was really informative and even the weather was good! The day was a fantastic success and now we have partnered with CVA and have our own program to offer employees.”

Phil Harrison, Director, Corporate and Government Affairs at CVA, said: “Toyota Australia has helped us bring a high level of consistency and professionalism to how we manage corporate volunteers. For us, it is about normalising conservation volunteering and making it part of every day and Toyota’s support has helped us build the platform to do this.”

Community Sponsorships

In addition to the company’s local and national partnerships, Toyota Australia sponsors community and environmental initiatives including:

National Tree Day



Planet Ark CEO Sean Barrett (centre) presents bonsai trees to Toyota Australia’s President and CEO Max Yasuda (right) and senior executive director Sales and Marketing, Dave Buttner.



In 2009, Toyota Australia celebrated its ten-year partnership with Planet Ark in support of National Tree Day.

National Tree Day is a community-based environmental activity, sponsored by Toyota Australia and organised by Planet Ark, which encourages people to plant trees, shrubs and grasses in their local area.

Tree Day activities were held across the country on 31 July and 2 August 2009 involving Toyota Australia employees and dealers, who encouraged local schools, councils and community groups to get involved. More than 5,000 saplings were planted at Sydney Park with the assistance of the public and Toyota Australia employees.

Community Sponsorships (continued)

In Melbourne, Toyota employees and their families and friends planted trees along the banks of the Kororoit Creek in Altona North, led by the Friends of the Lower Kororoit Creek (FOLKC). Many more volunteered their services at other planting sites across Australia.

During the past decade, Toyota Australia and the dealer network have helped motivate approximately two million volunteers to plant more than 15 million native trees and shrubs to revegetate and restore the natural environment.

The new-generation Prius, which was launched in July 2009, was on display at many of the planting sites.

Toyota Good for Footy Program



Launched in 2005, the Toyota Good for Footy Program is a grassroots initiative that encourages Toyota dealers to support local football clubs in need of financial support. Dealers in Victoria, New South Wales and Tasmania participate in the program. To date, more than one million dollars has been donated to more than 150 grassroots footy clubs. In line with Toyota Australia's renewed partnership with the AFL, a further one million dollars has also been committed from 2009-2011.

Toyota Cup – National Rugby League (NRL)



The Toyota Cup (under 20s) is the official development competition for the Australian NRL. Launched in 2008, the Toyota Cup aims to nurture the next generation of young talent and pave the pathway for young players to progress to first grade.

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, the players will also be better poised to broaden their personal successes 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 four Tarago vehicles to fulfil transport requirements for children and their families as needed.

Fraser Island Fishing Expo and Clean Up Weekend



The 26th and final Toyota Fraser Island Fishing Expo was held at Orchid Beach in Fraser Island in May 2009. The Expo enabled the Queensland Department of Primary Industries and Fisheries' Long Term Monitoring Program to collect vital information on key fish species from waters off Fraser Island. Overall, more than 250 fish of selected species were measured and used to determine the fish sex and age. The information is vital in ensuring the sustainability of Queensland's fish stock.

Toyota Australia also teamed up with the Queensland Government to help promote the 12-month recycling trial that was launched at the Toyota Clean Up Weekend on Australia Day in January 2009. Due to the support of Clean Up volunteers and attendees of the 2009 Fishing Expo, the recycling program is now in place full time on the island.

Community Sponsorships (continued)

Australian Paralympic Committee



Toyota Australia has been a major sponsor of the Australian Paralympic Committee (APC) and team since 2004. The company supports APC's current athletes, most recently in the 2010 Vancouver Paralympic Winter Games, where Australian Paralympians claimed four medals. The company also sponsors Toyota Paralympic Talent Search Days, which help the APC discover, develop and train disabled athletes who show potential to become future Paralympic stars.

Toyota Star Maker



Toyota Australia has a long and proud history of supporting rural Australia – through country music festivals, environmental initiatives and grassroots sporting programs.

One of the ways it does this is through a country music talent search for up-and-coming artists in Australia called Star Maker. In 2010, the winner was Queenslander Luke Austen, who follows in the footsteps of country artists who have claimed the Star Maker title, including Keith Urban, Lee Kernaghan and Beccy Cole.

Luke's prize includes an album recording contract, 12-months' use of a Toyota RAV4 with a fuel card, production of a video clip by an award-winning director and guaranteed performance bookings for a number of festivals.

The award was presented at the Tamworth Country Music Festival in January 2010. At the festival, Toyota Australia staged its annual Concert for Rural Australia, a free concert which raised over \$15,000 for not-for-profit organisation, Aussie Helpers, which will help provide resources to rural communities affected by drought, bushfires and floods.

Global Reporting Initiative Index

GRI Indicator	GRI Description	Comments	Page Number
Profile Disclosures			
1.1	Statement from the President.		3 – 6
1.2	Key impacts, risks, and opportunities.		3 – 6
2.1	Name of organisation.	Toyota Motor Corporation Australia Limited	
2.2	Primary brands, products, and/or services.		11 – 12
2.3	Operational structure of organisation.		11 – 12
2.4	Location of organisation's headquarters.	155 Bertie Street, Port Melbourne, VIC 3207	
2.5	Number of countries where the organisation operates.		11
2.6	Nature of ownership and legal form.		9
2.7	Markets served.		11 – 12
2.8	Scale of the reporting organisation.		11 – 12
2.9	Significant changes during the reporting period.	There were no significant changes in the reporting period.	
2.10	Awards.		11 – 12
3.1	Reporting period.		2
3.2	Date of most recent previous report.		2
3.3	Reporting cycle.		2
3.4	Contact point for the report.		2
3.5	Process for defining report content.		2
3.6	Boundary of the report.		2
3.7	Limitations on the scope or boundary of the report.	The performance of Toyota Dealerships are not covered within the report.	
3.8	Reporting on joint ventures and other entities.		11 – 12
3.9	Data measurement techniques.	Described in the report where relevant.	
3.10	Explanation of re-statements.		55
3.11	Significant changes from previous reporting periods.	No significant changes.	
3.12	Table of standard disclosures.		64 – 66
3.13	External assurance.		67 – 68
4.1	Governance structure.		15 – 16
4.2	Chair of the highest governance body.		15
4.3	Independent and/or non-executive board members.		15
4.4	Mechanisms to provide recommendations or direction to the board.		15
4.5	Compensation and performance.		15
4.6	Avoidance of conflicts of interest.		16
4.7	Board selection process.		15
4.8	Mission and values statement, codes of conduct and principles.		10, 16
4.9	Management of performance.		15 – 17
4.10	Performance evaluation.		15 – 17
4.11	Explanation of whether and how the precautionary principle is addressed.		32
4.12	Externally developed economic, environmental, and social charters.		55
4.13	Memberships in associations.		14
4.14	List of stakeholder groups.		13
4.15	Basis for identification and selection of stakeholders.		14, 24
4.16	Approaches to stakeholder engagement.		13 – 14
4.17	Key stakeholder topics and concerns.		14, 24
Economic			
DMA	Disclosures on management approach.		18 – 19
Economic Performance			
EC1	Direct economic value generated and distributed.		18
EC2	Financial implications of climate change.		26, 32
EC3	Organisation's defined benefit plan.		44
EC4	Significant financial assistance received from government.		14
Market Presence			
EC5	Standard entry level wage/local minimum wage.		44
EC6	Locally based suppliers.		19
EC7	Procedures for local hiring.	Toyota Australia does not have a local hiring policy but employs local people wherever possible.	
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services.		54 – 63
EC9	Indirect economic impacts.		19 – 22, 57 – 58

Global Reporting Initiative Index (continued)

Environmental			
DMA	Disclosures on management approach.		23 – 25
Materials			
EN1	Materials used by weight or volume.		38
EN2	Percentage of materials used that are recycled input materials.		38
Energy			
EN3	Direct energy consumption by primary energy source.		26, 30
EN4	Indirect energy consumption by primary source.		26
EN5	Energy saved due to conservation and efficiency improvements.		26 – 27, 30 – 31
EN6	Initiatives to provide energy-efficient or renewable energy based products and services.		32 – 37
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		26 – 27, 29
Water			
EN8	Total water withdrawal by source.		39 – 40
EN9	Water sources significantly affected by withdrawal of water.		39
EN10	Water recycled and reused.		39 – 40
Biodiversity			
EN11	Land in biodiversity habitats.	Toyota Australia does not own or manage sites in areas of high biodiversity value.	
EN12	Impact on biodiversity rich areas.	Not applicable, see above.	
EN13	Habitats protected or restored.		57 – 58
EN14	Managing impacts on biodiversity.	Not applicable, see above.	
EN15	IUCN red list species.	There are no IUCN red list species affected.	
Emissions, Effluents and Waste			
EN16	Direct and indirect greenhouse gas emissions.		27 – 29
EN17	Other indirect greenhouse gas emissions.		27, 29
EN18	Initiatives to reduce greenhouse gas emissions.		26 – 37
EN19	Emissions of ozone-depleting substances.	Toyota Australia does not have any emissions from ozone-depleting substances.	
EN20	NOx, SOx, and other significant air emissions.		34
EN21	Total water discharge.		39 – 40
EN22	Weight of waste by type and disposal method.		41
EN23	Significant spills.		24
EN24	Weight of hazardous waste transported.		41
EN25	Biodiversity rich water bodies.	No biodiversity rich water bodies affected.	
Products and Services			
EN26	Impacts of products and services.		32 – 38
EN27	Products sold that are reclaimed.		37
Compliance			
EN28	Fines and sanctions for non-compliance with environmental laws and regulations.	There have been no fines or sanctions for non-compliance in the reporting period.	
Transport			
EN29	Impacts from transport.		30 – 31
Overall			
EN30	Total environmental protection expenditures.		23
Labour			
DMA	Disclosures on management approach.		44 – 48
Employment			
LA1	Workforce.		42 – 43
LA2	Employee turnover.		46
LA3	Benefits for full-time employees.		44
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements.		44
LA5	Minimum notice period for operational changes.		46
Occupational Health and Safety			
LA6	Workforce represented in formal health and safety committees.		48
LA7	Absentee rates and injuries.		48
LA8	Programs for serious diseases.		48
LA9	Health and safety in formal trade union agreements.		44
Training and Education			
LA10	Training per employee.	Total training data was not available due to the updating of training management systems. Toyota Australia is working on improving training data management systems so that a full breakdown of training data can be disclosed in next report.	47
LA11	Career and skill development programs.		47
LA12	Employee performance reviews.		47

Global Reporting Initiative Index (continued)

Diversity and Equal Opportunity			
LA13	Workforce by diversity.		43
LA14	Salary ratio by gender.		43
Human Rights			
DMA	Disclosures on management approach.		16, 22, 43 – 44
Investment and Procurement Practices			
HR1	Investment agreements with human rights considerations.	Toyota Australia has CSR guidelines that relate to procurement, these include considerations of human rights.	
HR2	Supplier screening on human rights.		22
HR3	Employee training on human rights.		16 – 17, 44
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Nil.	
Freedom of Association and Collective Bargaining			
HR5	Risk to freedom of association and collective bargaining.		44
Child Labour			
HR6	Risk of child labour.	Toyota Australia complies with all Australian laws relating to the deployment of child labour.	
Forced and Compulsory Labour			
HR7	Risk of forced or compulsory labour.	There are no operations within Toyota Australia that have a significant risk (or any risk) or forced or compulsory labour.	
Security Practices			
HR8	Security personnel trained in human rights.	Toyota Australia does not employ security personnel in areas where human rights are deemed to be at risk.	
Indigenous Rights			
HR9	Incidents involving Indigenous people.	Nil.	
Society			
DMA	Disclosures on management approach.		54 – 55
Community			
SO1	Managing impacts on communities.		54 – 63
Corruption			
SO2	Analysis on corruption.	No significant incidents of corruption have been reported or been found in the reporting period.	
SO3	Employees trained on corruption.		17
SO4	Actions in response to corruption.		17
Public Policy			
SO5	Public policy positions and lobbying.		14
SO6	Political donations.		14
Anti-Competitive Behaviour			
SO7	Anti-competitive behaviour, anti-trust and monopoly practices.	There have been no legal actions for anti-competitive behaviour, anti-trust and monopoly practices in the reporting period.	
Compliance			
SO8	Fines and sanctions for non-compliance with laws and regulations.	Nil.	
Product Responsibility			
DMA	Disclosures on management approach.		37, 49 – 53
Customer Health and Safety			
PR1	Life cycle stages of products and services.		37
PR2	Non-compliance with regulations on health and safety impacts of products and services.		50 – 51
Product and Service Labelling			
PR3	Product and service information.		33
PR4	Non-compliance with regulations and voluntary codes on product and service information.	Nil.	
PR5	Customer satisfaction.		49
Marketing Communications			
PR6	Marketing communications.		49
PR7	Non-compliance with regulations and voluntary codes on marketing communications.	Nil.	
Customer Privacy			
PR8	Complaints on breaches of privacy.	Nil.	
Compliance			
PR9	Monetary value of significant fines.	Nil.	

Assurance And Verification Statement



ERM Independent Assurance Report to Toyota Motor Corporation Australia Limited

Environmental Resources Management Australia Pty Limited (ERM) was engaged by Toyota Motor Corporation Australia Limited (Toyota Australia) to provide independent assurance of its 2010 Sustainability Report, to the scope of work outlined below.

Scope of Work

This assurance statement is intended for Toyota Australia's stakeholders. The 2010 Sustainability Report covers Toyota Australia's operations from 1 April 2009 to 31 March 2010, unless otherwise stated. This work was performed using ERM's assurance methodology, which is in accordance with the AA1000 Assurance Standard (2008). The criteria used were the AA1000AS (2008) Principles of Inclusivity, Materiality and Responsiveness, against which ERM reviewed Toyota Australia's performance reporting to provide Type 2, moderate assurance. To do this, we interviewed a number of personnel and reviewed relevant documentation at Toyota Australia's operations in Port Melbourne and Altona.

The subject matter for this assurance process consisted of adherence to the AA1000AS (2008) Principles, adherence to the Global Reporting Initiative (GRI) G3 Application Level A+ requirements and review of the following material data streams:

- Economic Contribution – Suppliers.
- Environmental Performance – Energy and Emissions.
- Environmental Performance – Environmental Management.
- Environmental Performance – Impacts of Vehicle Use.
- Social Performance – Community Contribution.
- Social Performance – Customers.
- Social Performance – Employees.
- Social Performance – Safety.

The scope excluded data and statements relating to financial information and previous financial years.

ERM's Independence

Toyota Australia was responsible for preparing the 2010 Sustainability Report. ERM is a global sustainability consultancy with approximately 3,000 staff working in 40 countries. Our experience in the assurance of sustainability reports is extensive. The ERM team of assurance auditors, experienced in the determination of materiality and the assurance of environmental, social and other relevant sustainability data, led by Jo Cain (Partner, ERM Australia & New Zealand), was responsible for expressing assurance conclusions in line with the scope of work agreed with Toyota Australia. During 2009-10, ERM did not work with Toyota Australia on other consulting engagements.

Our Conclusion

On the basis of its scope of work, and in consideration of the limitations of the Type 2, moderate assurance engagement presented above, ERM concludes that, for the specified subject matter, the Toyota Australia 2010 Sustainability Report appropriately addresses the AA1000AS (2008) Principles of Inclusivity, Materiality and Responsiveness for the period 1 April 2009 to 31 March 2010. ERM is of the opinion that the Toyota Australia 2010 Sustainability Report has been prepared to Application Level A+, as defined in the GRI G3. ERM has provided a more detailed Management Report to Toyota Australia.

Key Findings

Based on the scope of work, and without affecting our assurance conclusion, ERM identified the following key findings against the Principles of AA1000AS (2008):

Inclusivity

Toyota Australia has demonstrated a commitment to inclusivity in both the development of its 2010 Sustainability Report and the strategic management of its material issues. Evidence was seen that sustainability issues are integrated into business planning and problem solving processes through the foundation principles of the 'Toyota Way' and the 'Hoshin Kanri' direction management process.

Materiality

The 2010 Sustainability Report addresses the material issues of importance to Toyota Australia's stakeholders. This year's executive interview program demonstrated consistency at the strategic level, with the following material issues featuring strongly:

- Long-term sustainability of the vehicle manufacturing industry in Australia.
- Vehicle impacts on climate change.
- Safety of Toyota Australia staff and visitors.
- Environmental management of operations.
- Excellence in staff management and being an employer of choice.

Responsiveness

A commitment to addressing stakeholder needs is demonstrated in the 2010 Sustainability Report. A comprehensive stakeholder survey was undertaken during the reporting period to gain insight into the information that stakeholders want to read about, the results of which were used to determine report content and structure.

In addition, the following observations were made regarding the reliability of performance information for the material data streams specified in our scope of work:

Good Practice

- Engagement of staff at all levels in the 'Toyota Way' principles and the 'Hoshin Kanri' direction management process as foundations of 'how we do business' at Toyota Australia.
- Robust systems for environmental management and human resources data capture and storage.

Assurance And Verification Statement (continued)

- Well documented and readily accessible management systems, processes and procedures.
- Use of a wide range of tools for stakeholder communications.
- Implementation of the London Benchmarking Group (LBG) model for community contribution data, which should lead to consistency in future community contribution reporting.

Areas for Improvement

- Provision of evidence for the assurance process could be more consistent, in particular in the event of personnel changes or when data contributors are on leave. Where supporting evidence was not available, data items were removed from the 2010 Sustainability Report.
- Communication with data contributors could be more effective regarding how their data will be used in the Sustainability Report. A reporting procedure, incorporating guidance for data contributors, should increase understanding and improve consistency.
- Some live data system extracts, which are the source for some material data items, were not undertaken at the correct time to capture the reporting period or not effectively stored and referenced at the time of extract. For example, the Dealer Environmental Risk Audit Program (DERAP) completion rate for the reporting period could not be separated from the total number of completed returns at the time of the assurance review. A consistent approach to this element could be integrated into the suggested reporting procedure.

- Some environmental performance data errors were identified due to data being requested for the 2010 Sustainability Report before receipt of the invoice for the final month in the reporting period, eg. gas and electricity data. These errors were corrected as part of the assurance process. A consistent approach to this element could be integrated into the suggested reporting procedure.

Toyota Australia's continued commitment to sustainability reporting represents good practice.



Environmental Resources Management Australia Pty Limited (ERM), 01 September 2010, Melbourne, Australia

Environmental Resources Management Australia Pty Limited (ERM) is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. ERM has prepared this statement for the Toyota Motor Corporation Australia Limited in accordance with ERM's standard terms and the standard practised by members of the environmental consulting profession performing this type of service at the same time. No other warranty, express or implied, is given by ERM as a result of the provision of this statement. To the extent permitted by law, this statement is provided for informational purposes only, without the right to rely, and ERM will not be liable for any reliance which may be placed on this statement by a third party. This statement may not be used by any third party without ERM's express written permission.

GLOSSARY OF KEY TERMS

Glossary of Japanese Terms

<i>Ekiden</i>	Relay Race
<i>Genchi Genbutsu</i>	Going to the source to find the facts
<i>Hoshin Kanri</i>	Direction Management
<i>Jiritsuka</i>	Self-Sustaining
<i>Kaizen</i>	Continuous Improvement
<i>Muda</i>	No value added (i.e. waste)
<i>Yokoten</i>	Sharing of best practice

Glossary of Terms

AbaF	Australia Business Arts Foundation
ABS	Anti-lock Braking System
APC	Australian Paralympics Committee
CO₂	Carbon dioxide
CSR	Corporate Social Responsibility
CVA	Conservation Volunteers Australia
DERAP	Dealer Environmental Risk Audit Program
Eco-VAS	Eco-Vehicle Assessment System
ECU	Electronic Control Unit
ELVs	End-of-Life Vehicles
EMS	Environmental Management System
EPA	Environment Protection Authority
ERCO	Employee Representation and Communications Office
EREP	Environment Resource Efficiency Plan

ESCO	Energy Services Company
FCAI	Federal Chamber of Automotive Industries
GRI	Global Reporting Initiative
GVG	Green Vehicle Guide
ICT	Inter-Company Transferee
KI-J	<i>Kaizen Initiatives for Jiritsuka</i>
LBG	London Benchmarking Group
LTIFR	Lost Time Injury Frequency Rate
NABERS	National Australian Built Environment Rating System
NACE	National Average Carbon Emissions
OHS	Occupational Health and Safety
TEBA	Toyota Ergonomic Burden Assessment
TIA	Toyota Institute Australia
TMAP	Toyota Motor Asia-Pacific
TMC	Toyota Motor Corporation
TMCA	Toyota Motor Corporation Australia
TPA	Trade Practices Act
TPS	Toyota Production System
SOX	Sarbanes-Oxley
TEMS	Toyota Environment Management System
VDIM	Vehicle Dynamics Integrated Management
VOCs	Volatile Organic Compounds
VTA	Victorian Transport Authority

TOYOTA

www.toyota.com.au