

TOYOTA

Highlights from Toyota Australia's 2012

Sustainability Report



www.toyota.com.au/toyota/sustainability

President's message highlights

Toyota's global long-term vision is to deliver better, safer cars and mobility solutions, while respecting the environment and enriching the communities in which we work and live.



During 2011/ 2012 our ability to realise this vision was significantly impacted by a challenging economic climate, intense market competition, currency impacts, new regulations and the increased cost of raw materials.

The Japanese earthquake and Thailand floods had an unprecedented impact on the company, causing limited vehicle and parts supply for most of 2011. Toyota Motor Corporation responded well and in Australia, we were able to maintain production with the support of our employees, suppliers and strong dealership network.

In response to the challenges faced by the business, a company-wide taskforce was established to develop a new business model for Toyota Australia. One of its first decisions was the extremely difficult but critical adjustment of our manufacturing workforce in early 2012.

As we strive for efficiency and cost improvements, I expect we will continue to be tested in our ability to improve our capabilities and achieve global competitiveness. Our results highlight that we must improve profitability, with a loss of \$32.6 million after tax recorded in 2011/ 2012. We have set profit goals for the next three years which must be achieved if we want to attract new investment opportunities and grow our business.

While we were challenged during the year, we also celebrated successes including the launch of the next generation Camry, Camry Hybrid and Aurion vehicles produced at our manufacturing plant in Altona, Victoria.

The Toyota Community Foundation was established to manage the company's giving activities. We also established a carbon working group to find ways to reduce our carbon footprint and offset the impact of the carbon price on our business.

Toyota's long term plan is to continue to keep building cars in Australia. In late 2012 we will open a new \$330 million engine plant becoming the first Australian manufacturer to build hybrid engines for local and export markets.

During 2012/ 2013, Toyota Australia will continue work to achieve our vision by engaging with our employees, suppliers, dealers and business partners. We understand that by making better cars and contributing to the community we will develop a stable business base – a sustainable Toyota Australia.

Max Yasuda
President and CEO
Toyota Australia

The complete President's Message can be found in Toyota Australia's 2012 sustainability report at www.toyota.com.au/toyota/sustainability

Toyota's ecosystem, illustrated below, is the network of relationships between



Governance

Toyota Australia has robust strategies in place to manage corporate governance and ensure the appropriate exercise of authority. Overall responsibility for corporate governance lies with the Toyota Australia Board of Directors. The governance framework includes a conflict of interest policy, a company code of ethics and employee code of conduct. The company has a risk management strategy which is supported by legal compliance training and a fraud and corruption control program. The business has an extensive strategic and operational business planning process which is further supported by the Toyota Australia Future Business Taskforce which was launched in 2011 to redesign the company's business model and ensure a profitable and sustainable future.



Community

Toyota Australia has a long tradition of supporting the community. Its contribution includes direct and indirect employment, maintaining a significant dealer network, supporting local suppliers, capital investment, export revenue and payment of taxes. The company also has a significant community investment strategy and in 2011 launched the Toyota Community Foundation to consolidate and build on community contributions and provide a framework for new programs. The purpose of the Foundation is to increase local community giving, enhance employee engagement and address social issues.



Customers

Toyota Australia is committed to providing the safest and most responsible ways of moving people and is continually looking for opportunities to improve the safety and environmental performance of its vehicles. The company also recognises the key role dealers play in customer interactions and the importance of supporting and developing the dealer network. It has in place a range of programs including a dealer environmental risk audit program and dealer environmental excellence awards. Toyota Australia is also the largest fleet provider in Australia and has a team dedicated to providing fleet solutions to business, government and rental customers.



stakeholders and the issues that connect them.



Employees

Toyota Australia's employees are located across Australia and undertake a wide variety of roles. The company aims to provide a workplace where everyone is respected and valued. As a manufacturing company, Toyota Australia regards the health and safety of its workforce as its top priority. 2011/ 2012 was a difficult year as the company confirmed its intention to continue manufacturing in Australia, and implemented measures to ensure the viability of that position. The most significant impact on the Toyota Australia workforce was the January 2012 announcement of a compulsory redundancy program. During the year the company also secured a new Toyota Australia Workplace Agreement after negotiations with the unions representing award employees.



Economic

Toyota Australia plays a significant role in the local economy by offering direct and indirect employment, maintaining a large dealer network and supporting local suppliers. The company's financial performance in 2011/ 2012 was significantly impacted by a number of difficult conditions including the Japanese earthquake and Thailand floods which resulted in limited vehicle and parts supply for most of 2011. During the year the company continued to support local suppliers who provide goods and services required to manufacture vehicles in Australia.



Environment

Toyota Australia is committed to managing its business in an environmentally responsible manner and has robust systems in place to measure and report on environmental performance. In addition to strong management and respect for the environment, the company also aims to understand and mitigate its greenhouse impacts, promote resource efficiency and encourage a low carbon society. In 2011 the company established a carbon working group to understand and manage the impacts of the clean energy future legislation and develop a model to ensure the financial implications of the carbon price are considered in strategic and operational planning.



Sustainability at work

Toyota Australia's state-of-the-art engine manufacturing facility



Construction of a new engine plant at Toyota Australia's Altona site is a major milestone for Australian car manufacturing. Toyota Australia is one of only four countries to produce this engine and the new facility will be state-of-the-art once completed.

The new plant is testament to employees' efforts to improve performance at the site and highlights the importance of working collaboratively. The improved performance and efficiency helped secure approval from Toyota Motor Corporation to build the new facility and illustrates the company's commitment to manufacturing in Australia.

The creation of the new engine manufacturing plant is also a case study in sustainability. It is responding to the industry issue of continued manufacturing in Australia, has involved significant stakeholder engagement, and demonstrates a commitment to

managing the economic, social and environmental balance.

Key to the success of the project was support from the Victorian and Federal Governments. Total investment in the new plant was close to \$330 million and was secured by Toyota Australia with co-investment from the Victorian Government and \$63 million from the Federal Government's Green Car Innovation Fund.

Prior to construction, extensive stakeholder engagement was undertaken. The engagement program included a mail-out to local business and residents, advertisement in three local newspapers and two information sessions for local residents and the community.

Construction of the new plant commenced in October 2011.

The engine plant will have a set-up unique in the Toyota world with

casting, machining and assembly all housed under the same roof. It covers an area of 20,000 square metres, which is almost the size of the Melbourne Cricket Ground. The plant will commence volume production at the end of 2012.

The new plant will produce four cylinder engines for Toyota Australia's locally built Camry and Camry Hybrid vehicles and will open up new export markets in Thailand and Malaysia.

As well as producing more efficient engines, the new plant will be more energy efficient than the previous plant. It will also use less resin, which will reduce overall levels of odour. Storm water facilities have been improved, mitigating the risk to the local creek. Furthermore new soil and ground water controls and improved foundations will reduce the potential for soil and ground water contamination.

Key performance indicators (1 April 2011–31 March 2012)

(April to March)	2008/09	2009/10	2010/11	2011/12
Domestic Retail Sales Volume	229,189	214,465	217,365	187,521
Exported Vehicles	94,955	68,659	79,979	61,352
Vehicles Manufactured	130,214	105,790	113,332	92,880
Net Profit After Tax	\$123.3 million	-\$107.9 million	-\$13.2 million	-\$32.6 million
Net Sales	\$8.8 billion	\$8.6 billion	\$8.2 billion	\$7.2 billion
Electricity Usage – Production (MWh)	99,834	91,494	94,104	82,924
Natural Gas Usage – Production (GJ)	610,155	536,017	598,880	502,540
Greenhouse Gas Emissions – Production (tonnes CO ₂)	165,624	141,000	145,469	126,897
Greenhouse Gas Emissions per vehicle – Production (tonnes CO ₂)	1.27	1.33	1.28	1.36
Water Usage – Production (kilolitres)	463,893	405,829	392,163	355,611
Production Waste Recycled	95%	95%	95%	95%
Number of Employees*	4,571	4,551	4,623	4,492
Employee Turnover Rate**	8.86%	6.27%	10.97%	11.56%
Lost Time Injury Frequency Rate	9	11	12	10
Employee Satisfaction Index Rating	79.0	77.2	77.2	74.3
Community Investments	\$3.59 million #	\$2.58 million #	\$3.30 million ^	\$2.47 million ^^

* Full time equivalent figures as at 31 March 2012, excluding contractors.

** Based on actual number of employees as at 31 March 2012, excluding contractors. Re-statement of past data which was award only. Now includes turnover for both award and non award employees.

Does not include management costs.

^ Updated number from previous report. Includes management costs.

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