



**TOYOTA**

Sustainability Report **2021**

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## Acknowledgement

Toyota Australia recognises the reach and influence of its operations throughout Country, and the Aboriginal and Torres Strait Islander peoples who are custodians of those lands. We acknowledge the Traditional Custodians of the land on which we meet today, and pay our respects to Elders past, present and emerging and any Aboriginal and Torres Strait Islander people who are here today. As part of Toyota Australia's commitment to diversity and inclusion, we recognise all cultures present today.





## About Toyota Australia

At Toyota Australia, we are working towards a future where we look out for each other and for our planet; a future where we enrich communities with the safest and most responsible ways of moving. This is the kind of tomorrow we are imagining, no matter what today throws at us. We move closer to this vision every day by being committed to superior quality, continuous improvement, and respect for people and our planet.

### About Toyota Australia

Toyota Motor Corporation Australia Limited ('Toyota Australia' or 'TMCA') is a wholly owned subsidiary of Toyota Motor Corporation (TMC), a public listed company and Japan's largest vehicle manufacturer. At the time of reporting, TMCA's structure comprised three operating arms: National Sales and Marketing Operations, Product and Corporate Operations, and Regional and Guest Operations. Lexus Australia was managed as a separate division.

Our presence in Australia is spread in mainland Australian states except Western Australia, with our corporate headquarters located in

Port Melbourne, Victoria. In Western Australia, TMCA distributes Lexus-branded vehicles, but Toyota-branded vehicles are distributed on our behalf by an independent company.

The vehicles we sell in Australia are imported from our Toyota affiliates overseas. Our customer base is varied and includes rental, government fleets and private customers. We support our customers through our extensive network of skilled dealers, which are independently owned under franchise agreements.

### About this report

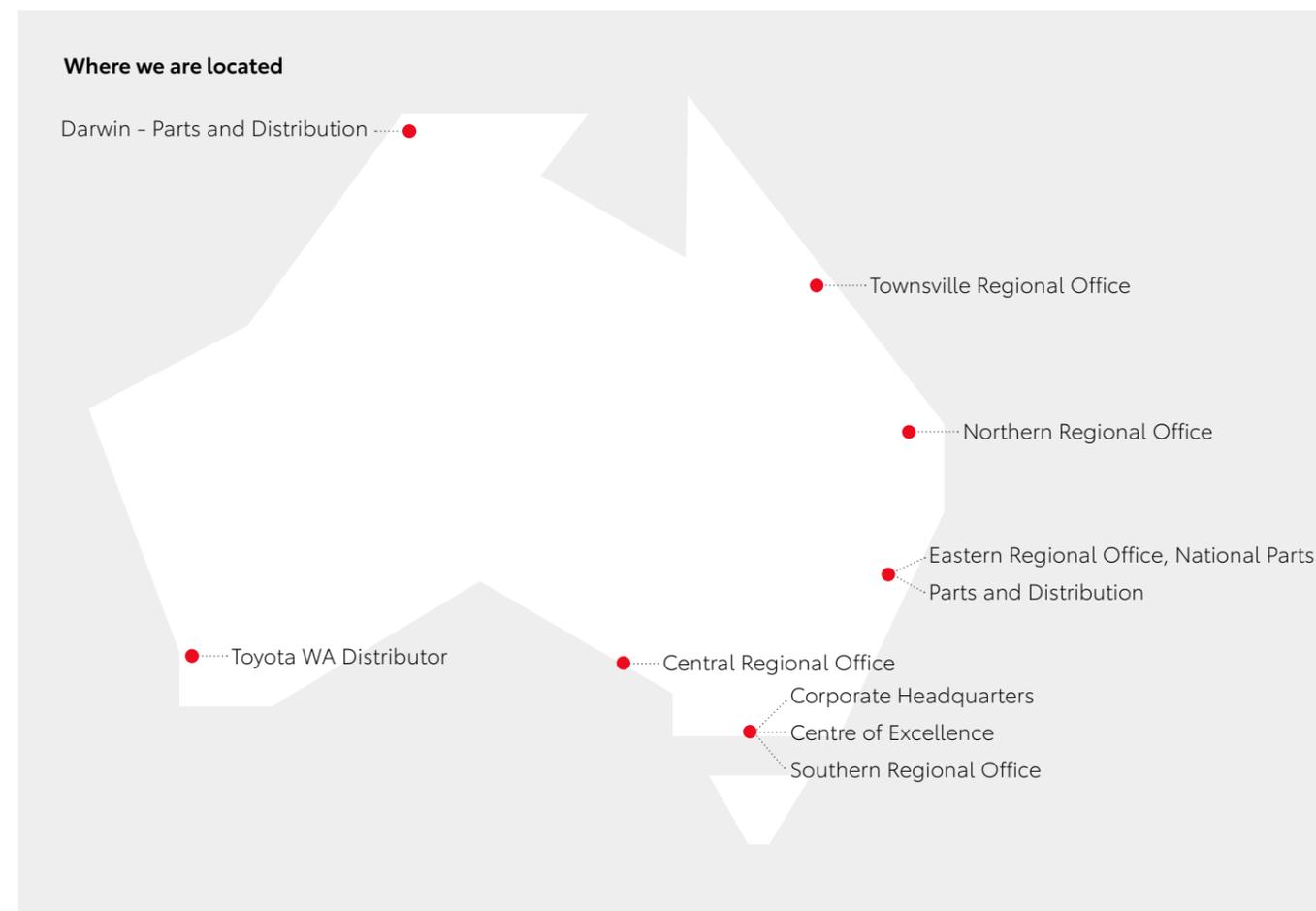
This report is Toyota Australia's 15th annual sustainability report. It covers our sustainability performance for the 12 months from 1 April 2020 to 31 March 2021, or 'reporting period'. The reporting period corresponds with the Japanese financial year.

This report focuses on the activities and performance of Toyota Australia and includes Lexus Australia as a division of Toyota Australia. This report does not cover the operations of our affiliated dealerships, nor does it cover Toyota Financial Services Australia, which is a separate entity. Ownership of TMCA did not change during the reporting period.

This report references the Global Reporting Initiative (GRI) Standards 2016 (see GRI index on p. 39) and the Sustainability Accounting Standards Board's (SASB) transportation sector-specific standards for automobiles (see SASB index on p. 40). We have drawn on elements of the International Integrated Reporting <IR> Framework to complete this report.

There are no restatements from our 2020 sustainability report. A statement from our external assurance provider is located on p. 38.

Our previous sustainability report covered the period 1 April 2019 to 31 March 2020. It was released in October 2020. It is available along with all previous Toyota Australia sustainability reports on our [website](#). Questions about the reports or general questions about sustainability at Toyota can be directed to [sustainability@toyota.com.au](mailto:sustainability@toyota.com.au).





**2021 has been another challenging year for many of us, with COVID-19 continuing to have a profound impact on our lives and livelihoods. Whilst we have all felt the negative impacts of COVID-19, during this time we have also seen great generosity and incredible solidarity across our company. It has showed us, that in times of crisis, we can come together as the One Toyota family and overcome any challenge.**

Our people remain at the centre of everything we do. We will continue to focus on supporting our people through this challenging COVID-19 environment and beyond, prioritising mental health, diversity and inclusion, as well as developing our people.

As a company, we have had a great capacity to adapt and move quickly from the onset of the pandemic, which is a testament to the resilience of our people, who have continued to support our company during this incredibly difficult period.

Despite the challenges we have faced, Toyota Australia has gone from strength to strength. This year, we have maintained our position as the top selling automotive company in Australia for the 18th consecutive year, and we have cemented our place as the most trusted automotive brand in Australia.

We strive to meet our obligations as a responsible global corporate citizen, including earnestly engaging in the United Nations Sustainable Development Goals. Earlier this year we undertook work to identify 3 Sustainable Development Goals that we can have the greatest impact on our environment and community. We know our guests are deeply concerned about the environment, about the future of society, and about good governance.

In 2017, we began our journey towards our 2025 Direction, with a vision of "Creating Innovative Mobility Solutions for All Australians". Since then, we have made significant progress, adapting our strategies to reduce our CO<sub>2</sub> emissions, to give back to our community and ultimately to become a better corporate citizen.

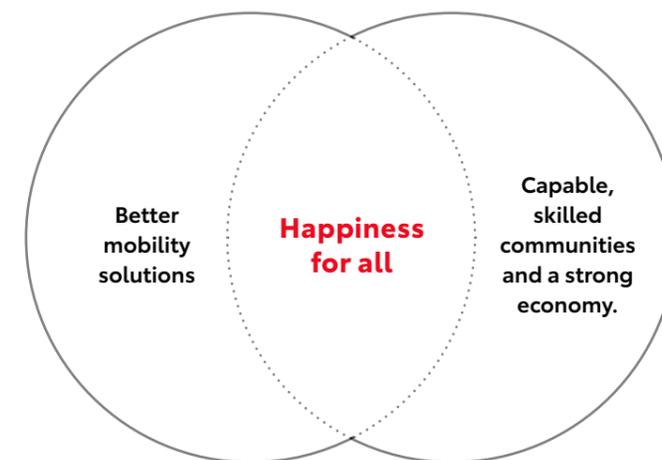
As climate change impacts our world, we understand the role vehicles play in contributing to global emissions and the need for action. Worldwide, Toyota are committed to reaching net zero CO<sub>2</sub> emissions by 2050. We are taking action towards building a sustainable society with a clear goal that no one will be left behind.

This year we have continued to lead the field in electrified vehicles, selling a record number of hybrid vehicles, now accounting for over a quarter of all Toyota's sold. As a brand, we are working to diversify our model range into the future and will have a vehicle and powertrain to suit every consumer, as well as our unique landscape. With the introduction of Mirai and Toyota's Hydrogen Centre we have taken our first steps to building a hydrogen society in Australia, developing a low emissions energy source with

benefits beyond automotive. In the future, our line-up will also include zero emission vehicles such as Battery Electric Vehicles to help drive a zero carbon society.

Now that our 2025 direction is a reality and part of our mid-term plan, we are reimagining our business to set out a new company direction for 2030. We are expanding on our vision of creating mobility solutions, to encompass connection in all its forms - both physical and emotional. Our new vision is 'Connecting us all with the freedom to move and be moved'. This aligns with Toyota Motor Corporation's global mission of 'producing happiness for all', and aims to contribute to our environment, society, and the changing needs and desires of consumers.

Here at Toyota Australia, we will continue to give back to our community through our community trust, charity partners and our 'Good for Footy' and 'Good for Cricket' initiatives, providing resources and funds to enhance the community's capability.



I am confident that through the strength of One Toyota, we can create a future where we enrich our communities with the safest and most responsible ways of moving. We can overcome any challenge that is thrown our way and together, create a tomorrow that produces happiness for all.

**Matthew Callachor**  
President and CEO  
Toyota Motor Corporation Australia

## Our sustainability context



The COVID-19 has brought with it a new and uncertain business environment. Globally, we have changed the way we work, the way we interact, and the way we think. At the same time, the automotive industry is going through a profound once-in-a-century transformation.

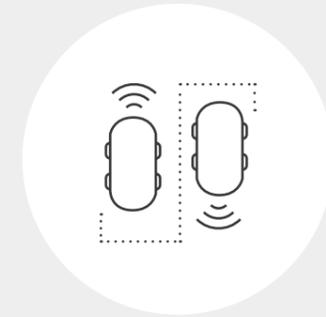
As we settle into 'COVID normal', TMCA knows that we will need to be prepared for anything – foreseeable issues include disruptions to our distribution networks, skills shortages and cyber threats, to changing attitudes towards mobility. Toyota is heading into this critical decade ready to lead the charge towards a zero-emission mobility future for all.

### Some of the trends shaping our industry include:



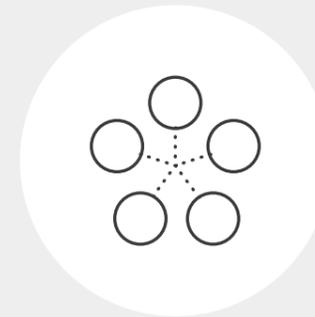
#### Shared and mobility services

During COVID-19, the growth of the sharing economy slowed as people moved around less or preferred private transport. But the overall shift from ownership to usership continues, and many customers are looking for affordable mobility alternatives.



#### Connected, autonomous vehicles

Our lives are becoming increasingly connected – we have smart phones, smart TVs and smart homes. Connected, automated vehicles are the next step in a more seamless experience and are designed to make our roads safer for all.



#### Digitalisation

We are increasingly running our lives online, and advances in hardware and software are making this quicker and more convenient. Toyota Australia is embracing the digital experience for our customers, including by introducing always-available service and sales booking systems and other online services.



#### Electrification

Electric vehicles are not only a lower carbon mobility solution, they can also act as an alternative energy source during times of peak demand. Toyota Australia has a number of strategic partnerships in place to advance development of the infrastructure needed. While we work towards an electrified future, we believe that hybrid vehicles are currently the most accessible low-emissions option for many customers.

## Alignment with UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs), agreed by 193 countries in September 2015, set out the key challenges for the global community to address in the coming decade.

Historically, Toyota has been committed to making a net positive contribution to society and the environment. We do this through our technology and innovation, strategic partnerships, community initiatives and organisational culture.

We recently undertook work to identify the goals where we can have the greatest impact. This work informs our Environmental Action Plan (see p. 34) and drives organisation-wide decision-making, responsibility and accountability. We are focused on three goals where we can have the greatest impact, and a further two that our activities contribute to. We are currently working on developing a roadmap to deliver on these goals, including how we measure our impacts.

### Goals and alignment with strategy

#### Working towards net zero emissions in line with our electrification strategy

#### Managing our product lifecycle by optimising our value chain

#### Creating infrastructure for mobility as we transition to a mobility company

### Key activities

- Moving towards setting science-based emission targets and using them to inform our vehicle development, sales targets and operations.
- Carrying out research and creating partnerships to develop a hydrogen future.
- Using marketing and advocacy (for example with the Federal Chamber of Automotive Industries (FCAI)) to accelerate decarbonisation.

- Managing our supply chain and integrating ESG requirements throughout.
- Innovating to reduce end-of-life vehicle impacts and to develop a circular economy, for example through our hybrid vehicle battery recycling program.
- Supporting productivity through our vehicle design and the Toyota Production System Support Centre.

- Forming public and private partnerships to design sustainable transport systems.
- Developing shared mobility solutions.
- Advocating for, and supporting, stronger fuel standards.

### SDGs



We also contribute to SDGs **9 Industry, Innovation and Infrastructure**, and **13 Climate Action**. We do this through our work to advance the transport infrastructure in Australia, improving STEM opportunities for women, and through our policy advocacy and community education activities.

#### Industry, Innovation, Infrastructure

Transport infrastructure, retrofit industry for sustainability including women in STEM

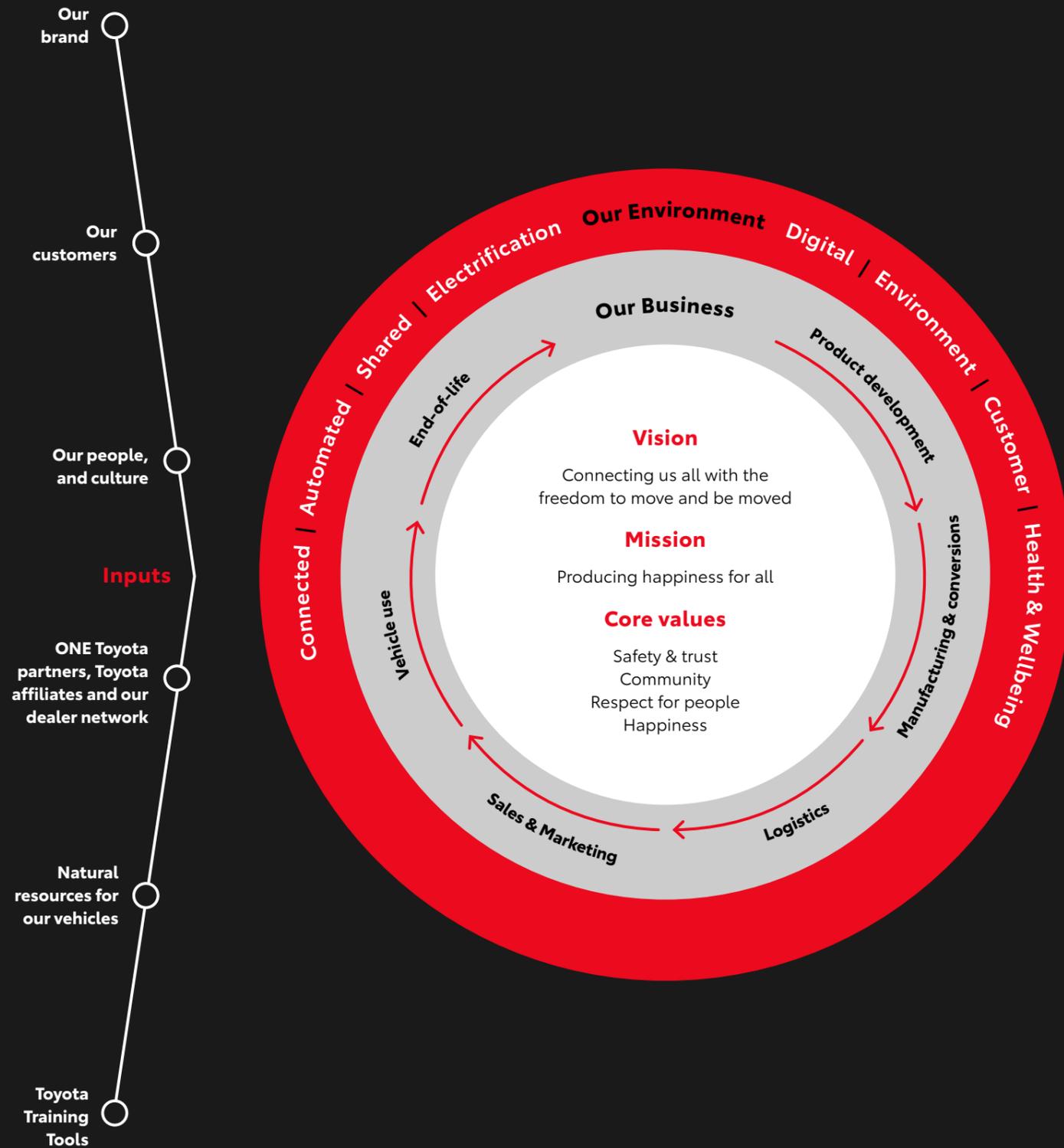


#### Climate Action

Advocacy and education



# The value we create



## Better mobility solutions

- Towards zero carbon mobility**  
Producing, using and disposing of our vehicles creates emissions and contributes to climate change and other environmental impacts. We work constantly to make ever-better vehicles and minimise these impacts.
- Safer, more efficient mobility**  
Through innovation, partnership, advocacy and education, we are helping to realise a future of connected, automated, shared, electric and digital advances to change the future of mobility.
- Fit-for-purpose mobility**  
We deliver the vehicles that suit our customers' requirements, whether they are zipping around the city or going off-road in the Australian outback. We test and customise our vehicles on-shore, such as the **Toyota LandCruiser**, to suit the Australian landscape and the heavy-duty work that they do to support our local economies.
- Value created**
- Stronger Australian economy**  
**Capable, skilled communities and a strong economy**  
Our business is at the heart of an ecosystem of dealers, suppliers and partners. Our vehicles keep thousands of Australian customers and businesses on the road, with a low total cost of ownership.
- Growing skills**  
We share our knowhow and Toyota tools to help fill gaps in the Australian skill base. We assist not-for-profit organisations and small businesses through the Toyota Production System Support Centre, as well as support building the STEM skills of young Australians through the Toyota Community Trust, and our new world-class facility in Sydney provides world-class training for technicians, with the latest diagnostic tools, and for dealership staff to hone their management skills.
- Enriching communities**  
We are consistent in our presence in Australian communities, with more Toyotas on the road than any other brand and our extensive community reach. We touch the lives of Australian communities by supporting grassroots to elite sports, local communities and not-for-profit organisations through fundraising, education, road safety initiatives and environmental activities.
- Reducing our environmental impacts**  
We are committed to having a net positive impact on the environment. We work constantly to develop low-emissions and fuel-efficient technology, improve our vehicles' lifecycle impacts, and reduce emissions from our logistics and operations.

The value we create: Better mobility solutions

The value we create: Capable, skilled communities and a strong economy

**27.5%**  
Australian hybrid vehicle sales

**60,699**  
Australian hybrid vehicle sales - Toyota and Lexus

**15**  
Mirai hydrogen demonstration vehicles

Advancing hydrogen innovation

**18th straight year**  
Toyota was the best-selling brand

**Top-selling Australian vehicle in every major category:**

Overall  
HiLux  
(5th straight year)

Passenger car  
Corolla

Sports utility vehicle  
RAV4

Light commercial vehicle  
HiLux

**16th straight year**  
Reader's Digest Most Trusted Brand

**Yaris**  
RACV Safest Car Award 2021

  
**Towards zero carbon**

  
**Fit-for-purpose mobility**

  
**Safer, more efficient mobility**

  
**Enriching communities**

  
**Stronger Australian economy**

  
**Reducing our environmental impact**

  
**Growing skills**

**\$2.67**  
million in community contributions

**\$8.9**  
billion net sales

**\$332**  
million after-tax profit

**\$1.1**  
billion supplier spend

**1,198**  
suppliers

**1,568**  
Toyota employees

**217**  
Toyota and Lexus dealerships\*

**12,000+**  
Toyota and Lexus dealer employees

\*Total number of dealers at 30 June 2021

**1,542,212kWh**  
solar generation

**81**  
employee engagement score

**70**  
employee enablement score

**28%**  
female representation in workforce

Opening a state of the art Training Facility

**Our value chain** Toyota Australia works with One Toyota partners, Toyota affiliates and our dealer network to deliver value to our customers.

### SDGs



#### Product development – research, planning and design

TMC designs vehicles that appeal to customers, focusing on quality, innovation and respect for the planet. TMC's investment in innovation and research enables Toyota to be at the forefront of current and future advances in vehicle technology. Although TMCA imports vehicles from Toyota affiliates, we have over 150 engineers based at our design studio in Altona, retaining a strong hand in designing, selecting and customising vehicles to meet the unique needs of the Australian vehicle market. When designing vehicles, TMCA takes into account Australian legislation and industry regulations, customer preferences, and TMCA's overall strategic objectives.

#### Manufacturing and conversions

TMC promotes the development and introduction of low emissions technologies, continuous improvement, and the use of renewable energy at all production plants, in line with the Toyota Environmental Challenge 2050. Toyota Australia's local conversions and accessories division localises specific drivetrains to suit the local market needs.

#### Logistics – import, storage and distribution

TMCA sources vehicles from Belgium, Japan, Thailand, and the United States, while parts are sourced internationally and locally. TMC and TMCA policies encourage sustainable and efficient shipping and logistics of our products and parts to reduce our carbon footprint.

TMCA has the largest automotive parts distribution operation in Australia with four parts distribution centres located nationally. These are equipped with systems to bring in warehouse efficiencies, minimising both safety risks and damage to parts. TMCA's Melbourne facility is equipped with automated guided vehicles, driverless forklifts, hydrogen fuel cell forklift, smart trolleys and conveyors, and 100% two-meter racking which is a global first for Toyota Parts Centres. Our Sydney parts distribution centre is a 5-star Green Star Performance-rated building powered by 100% renewable energy.

We work with our distribution partners to move vehicles and parts around the country to Toyota dealers. The Toyota Production System provides efficient processes that also minimise the carbon footprint of transporting vehicles. This system is supported by sophisticated planning, alignment and cooperation between TMCA and our dealer network so that our consumers can access the right product when and where they require it.

#### Sales and marketing

TMCA promotes the Toyota and Lexus brands through a variety of marketing and communication channels. Our primary sales channel is through national dealerships and we work closely with our dealers to promote our brands. Our customers can now view vehicle specifications, book a test drive and make purchases from our dealers online. We serve our fleet customers directly and via our specialised fleet dealerships.

#### Vehicle use

We connect with our customers using many different tools and channels throughout the lifecycle of a Toyota vehicle, such as our website, text messages and letters to customers and the myToyota app, throughout the lifecycle of a Toyota vehicle. These tools enable consumers to be informed and educated about the product they are using. Toyota dealerships nationally provide vehicle servicing for our customers. TMCA works with our dealers to manage the environmental impacts through their operations.

We enhance our customer's experience by extending finance and insurance facilities through our One Toyota partners – Toyota Finance Australia and the Toyota dealer network.

#### End of life – used vehicles

TMCA customers have the option of purchasing Toyota Certified Pre-Owned Vehicles enabling them to enjoy a guaranteed future value, instant car valuation and Toyota genuine service, extending the life of our vehicles.

TMC mitigates environmental impacts through initiatives and its vehicle design and lifecycle processes. The Toyota Global 100 Dismantlers project and Toyota Global Car-to-Car Recycle Project are two global projects by TMC to minimise the environmental impacts of vehicle end of their life. TMCA has implemented a Hybrid Vehicle Battery Recycling Program.

More information on TMC's initiatives is available on TMC's [website](#).

# Our approach to sustainability



## Sustainability at Toyota

Ever since our first vehicles rolled off the production line, Toyota has been finding new ways to make the world a better place. Now, more than fifty years later, we're as future-focused as ever. That means recognising Toyota Australia's responsibility as one of Australia's leading companies by setting standards for social and environmental innovation. By challenging, collaborating, refining and evolving, we continue to explore the possibilities of human potential, bringing mobility to all.

Toyota's vision of **connecting us all with the freedom to move and be moved** and our mission to **produce happiness for all** drive everything we do at Toyota Australia. In sustainability, we focus on initiatives that positively contribute to the sustainable development of society through our business activities and in cooperation with key partners. We are also actively involved in building Australians' capabilities and skills to equip them for the transformations taking place in our industry and the broader global economy.

TMC's Environmental Policy, Toyota Environmental Challenge 2050 and TMCA's Environmental Action Plan provide direction for all our environmental and social initiatives, and a framework for decision-making throughout our business.

### Toyota Global Vision

Toyota will lead the future mobility society, enriching lives around the world with the safest and most responsible ways of moving people.

Through our commitment to quality, ceaseless innovation, and respect for the planet, we strive to exceed expectations and be rewarded with a smile.

We will meet challenging goals by engaging the talent and passion of people who believe there is always a better way.

### Toyota Guiding Principles

### Toyota Way

### Toyota Environmental Challenge 2050

### Toyota Australia Vision. Connecting us all with the freedom to move and be moved

2030 & 2025  
Direction

Mid-term  
Business Plan

Company  
Hoshin

TMCA Environmental  
Action Plan

## Principles and values

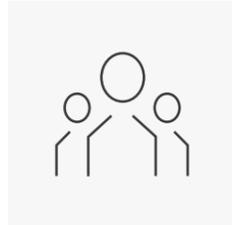
### Guiding Principles

TMC established Toyota's seven Guiding Principles in 1992, building on the main principles set down by our founder, Sakichi Toyoda, in 1935.

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

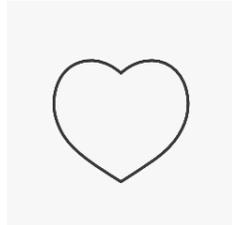
## The Toyota Way

TMCA applies the Toyota Guiding Principles in every aspect of our day-to-day work through the Toyota Way, which lays out how we work towards our mission of producing happiness for all and our goal of everyone having the freedom to move.



### We act for others.

We strive to keep the perspectives of our customers and stakeholders at the core of our efforts every day. We put ourselves in others' positions and go beyond the impossible.



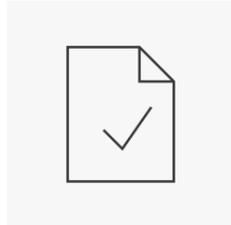
### We work with integrity.

We always consider where today's work should take us and how it impacts those around us. We forge a path to our objective with integrity and honesty.



### We drive curiosity.

We take a personal interest in everything and ask questions to discover the mechanics behind the phenomena. Our curiosity mindset generates new ideas.



### We observe thoroughly.

We bring together hard data and combine it with seeing, feeling and interpreting the situation, exercising genchi genbutsu (going to the source) to discover the most creative and best solutions quickly.



### We get better and better.

We take ownership to sharpen the skills of ourselves and each other with heart, mind and body to meet the evolving needs of our customers.



### We continue the quest for improvement.

We believe in the natural ability of people to change things for the better. We see every improvement, regardless of size, as valuable. We encourage both incremental and breakthrough innovative thinking. We seek to evolve with kaizen (continuous improvement), never accepting the status quo.



### We create room to grow.

We focus on what is essential, eliminating waste and managing our resources carefully to create room to grow. We see this as the foundation for agility and the cultivation of new ideas for the future.



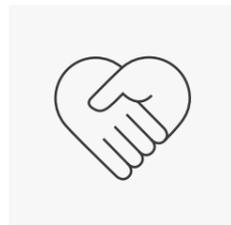
### We welcome competition.

We welcome competition without ego. Competition pushes us to improve and better serve our customers and society, creating more value and a better experience.



### We show respect for people.

We make the most of diverse perspectives, turning differences into fortitude as one team. With our fundamental respect for people, we create an environment where everyone feels welcome, safe and heard. We encourage everyone to contribute their best towards meaningful goals.



### We thank people.

We owe our existence to our customers, members, partners, stakeholders and communities. We say 'thank you' to everyone we encounter every day.

## Governance

### Board membership

During the reporting period, three Directors resigned and Toyota Australia's three Vice Presidents joined the Board. This change reinvigorates the Board of Directors and will enable Toyota Australia to further expand on our local partnerships to maximise opportunities in our value chain.

The Board of Directors are listed below as at 31 March 2021. The Board met twice during the reporting period.

### Committees

Toyota Australia's Governance Committees are shown on the following page.

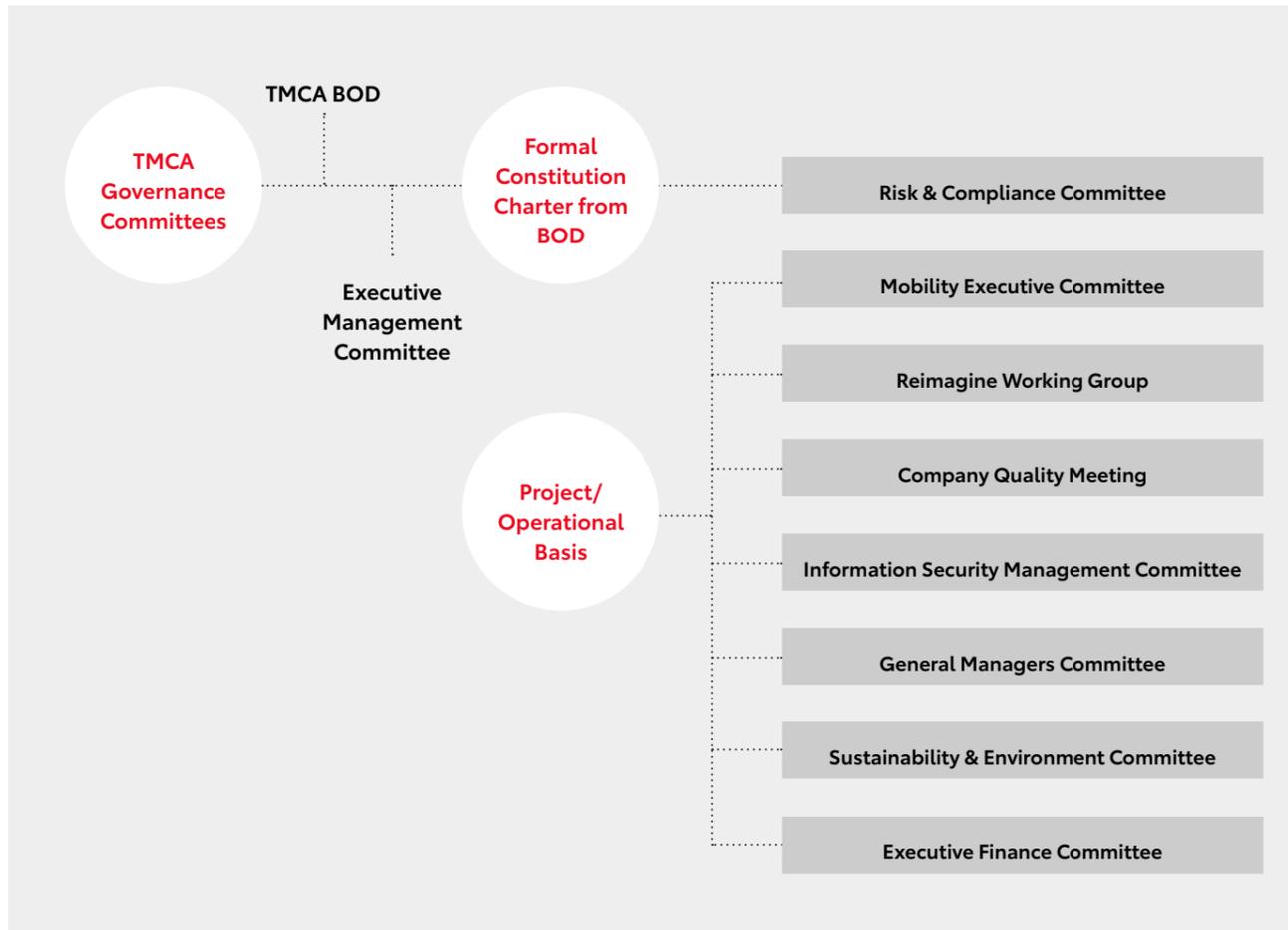
The Board sets our strategic direction, which is implemented by the six members of our Executive Management Committee. Executive Management Committee meetings take place monthly and are chaired by the President and CEO. In November 2020, the Executive Management Committee invited Neeraj Lala, CEO of Toyota New Zealand, and Susan Elkington, President of Toyota Motor Manufacturing, Kentucky, to act as non-executive members. Their participation strengthens the diversity and experience of the Executive management Committee and will support Toyota Australia's innovation and global collaboration.

The Risk and Compliance Committee reports directly to the Board. It

is comprised of six senior Toyota Australia members and a Toyota Australia director, who chairs the committee. The committee is responsible for all matters related to Toyota Australia's risk, compliance, ethics and governance. It maintains our risk management framework and risk register, which is reviewed bi-monthly to ensure we can identify and respond quickly to any potential issues. During the reporting period, the committee met six times.

The Sustainability and Environment Committee oversees our Environmental Action Plan 2021-2025. The committee is comprised of our Executive Leadership Team and meets bi-annually.

Directors	Role	Appointment date
Matthew John Callachor	TMCA President and CEO	01/06/2016
Michael Rausa	Vice President - Regional and Guest Operations	01/01/2021
Sean William Hanley	Vice President - National Sales & Marketing Operations	01/01/2021
Scott Michael Thompson	Vice President - Product & Corporate Operations	01/01/2021
Evangelos Tsirogiannis	President & CEO of Toyota Finance Australia Limited	01/01/2021
Takuo Muto	Chief Coordinating Executive	09/03/2021
Nobuhiko Murakami	TMC non-resident director	01/01/2018



### Operational structure

Toyota Australia has three operating arms, which are each led by a Vice President and supported by Chief Coordinating Executive in-patriates from TMC. These in-patriates act as a liaison between TMC and Toyota Australia. Lexus Australia is managed as a separate division.

Toyota Australia's operating arms as at 31 March 2021 were:

- National Sales and Marketing Operations
- Product and Corporate Operations
- Regional and Guest Operations.

### Compliance

Toyota Australia encourages and supports ethical conduct and

fostering a positive and open environment, in line with our Guiding Principle to 'Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world'.

TMCA does not tolerate fraud or corruption. We support TMC's robust global policies and have our own local policies and controls to manage any issues that may impact our customers or the broader community, in accordance with our principle of respect for people. TMC's Code of Conduct outlines our approach to conducting our business in an ethical manner. More information is available on the [TMC website](#).

We encourage our people to report all instances of actual or suspected wrongdoing. Our whistleblower protection policy sets out the kinds of reporting that are covered and the reporting mechanisms, one of which is a free and independent third-party phone line.

We also keep our customers and community informed through the Toyota Australia [website](#), which provides the latest news, including information about recalls (see p. 19 for further detail).

During the reporting period, no penalties were imposed on Toyota for non-compliance with laws and/or regulations in the social and economic area.

## Data privacy and security

### Data privacy

As a customer-centric organisation, we recognise our role in protecting our customers' personal information and are committed to establishing trust in responsible data governance, while enhancing products, services and experiences for Toyota and Lexus customers. This is particularly important as we move towards connected mobility. We understand that while there are significant benefits to new technologies in our industry, we need to take a precautionary approach when introducing them to ensure our customers' privacy rights are fully respected.

Accordingly, our corporate position in relation to personal information is not only to comply with Australian legal requirements but, where practicable, to align our practices with the legal standard in Europe (the General Data Protection Regulation), which is widely considered across the globe as the 'gold standard' for data protection. As such, we are committed to:

- being transparent with customers about how their information is collected and the purposes for which it is used (even where that use is on an aggregated or de-identified basis)
- offering customers the ability to control the collection of their information by, for example, providing them with the ability to opt in or opt out of any paid connected service
- thoroughly considering our customers' privacy when developing new products and services.

More generally, TMCA's **Privacy Policy** sets out our approach to the collection, use and disclosure of our customers' information, in accordance with Australian Privacy Principles.

This includes a requirement to obtain customers' consent for any sensitive information collected.

Our framework to investigate, manage and notify Australian regulators of any data breaches enables us to comply with the Notifiable Data Breaches Scheme under the **Australian Privacy Act (1988)** (Cth). There were no notifiable data breaches during the reporting year.

### Cybersecurity

We are currently in the second year of a three-year program to improve our cybersecurity. The program is focused on reducing our vulnerability to cyber threats and improving our ability to respond to threats. It incorporates tools such as firewalls, intrusion prevention and cloud anti-virus as our first line of defence. We also run a company-wide education program that includes awareness, testing and training programs.

Our Information Security Management System Policy is based on ISO/IEC 27001:2013 Information Security Management. This system covers both third-party information held by Toyota Australia, and Toyota Australia information held or managed by others. Our Information Security Management Committee, which reports directly to the Executive Leadership Team, manages our information management framework and regularly reviews the current systems and processes to identify opportunities for improvement.

### External codes and charters

Toyota Australia is aligned to a range of external charters and principles in addition to our own values and principles. These include:

- Australian Hydrogen Council:
  - Social Licence Principles
  - Regulatory Principles

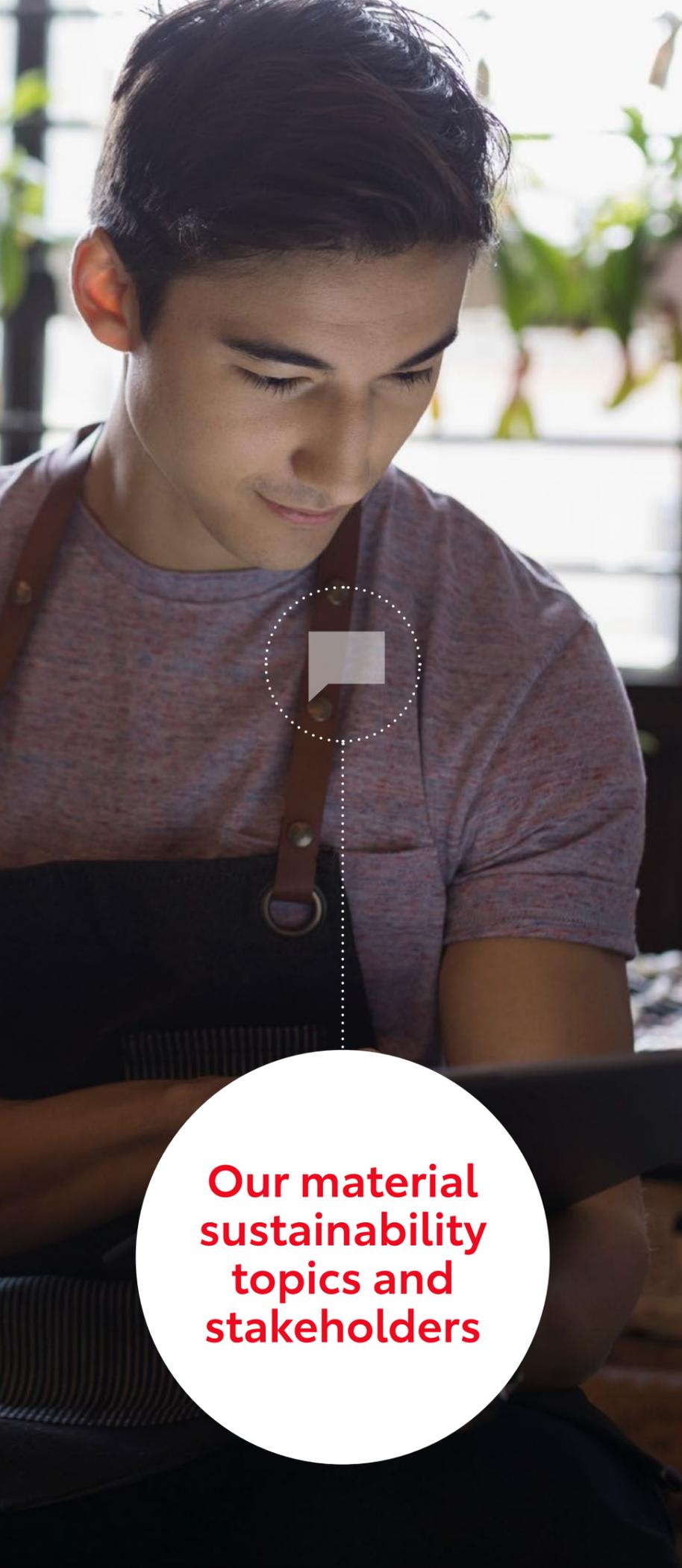
- Environmental Management System ISO 14001 (Port Melbourne Office and Melbourne Parts Centre, Altona)
- Federal Chamber of Automotive Industries (FCAI) Codes of Practice for:
  - Access to Service and Repair Information for Motor Vehicles
  - Conduct of an Automotive Safety Recall
  - Motor Vehicle Advertising
  - Recycling of Traction Batteries
  - Technical Statement on EV Charging Standards for Public Recharging Infrastructure
- Occupational Health and Safety (OHS) National Audit Tool for OHS Management Systems OHS ISO 18001
- Self-Insurance (Victoria)

### Industry associations and memberships

Toyota Australia CEO Matthew Callachor was elected as FCAI Chairperson in May 2020.

Toyota Australia is a member or signatory of these organisations:

- Australasian Fleet Management Association
- Australian Hydrogen Council
- Australian Industry Group
- CitySwitch Green Office program
- Committee for Economic Development of Australia
- Committee for Melbourne
- Federal Chamber of Automotive Industries
- Green Building Council Australia
- ITS Australia
- Philanthropy Australia
- TAKE2



**Our material sustainability topics and stakeholders**

**Our materiality process**

To determine our material sustainability topics each year, we conduct an extensive assessment guided principally by the GRI Standards 2016 and informed by SASB.

We carried out a desktop review of TMCA and TMC documents (including strategies, policies, internal and external communications) and documents such as reports and articles from our peers, industry bodies, non-government organisations (NGOs) and a media coverage review. The process was also informed by interviews with internal and external stakeholders.

From these documents and interviews, we identified topics relevant to TMCA and assessed their relative importance to our business performance and to our stakeholders. We also assessed our potential and actual impacts using the SDGs as a framework.

Our material topics are listed, grouped according to five capitals in the IR Framework; we did not include financial capital in the scope of an assessment focusing on non-financial value drivers. There were no significant changes to material topics or topic boundaries from the previous reporting period. Our most material topics appear in bold.

**Our stakeholders**

We know that there will be challenges in the transition to zero carbon mobility and Toyota Australia cannot tackle these alone. This is why we need to bring our community and stakeholders along for the journey. Through education, advocacy and open communication, we actively share our vision with our stakeholders and listen to their needs. Our key stakeholders and how we connect with them are described at right.

Capital	Material topics	
 Natural	1.	<b>Towards zero carbon: battery electric vehicles, hydrogen vehicles, hybrid vehicles</b>
	2.	<b>Vehicle lifecycle</b>
	3.	Operational environmental impacts
 Manufactured	4.	<b>Product safety and quality</b>
	5.	<b>Automated driving, connected vehicles, sharing services</b>
 Human	6.	<b>Workforce engagement and communication</b>
	7.	<b>Workforce skills and development</b>
	8.	<b>Skillsets for the Australian community</b>
	9.	Employee health, safety and wellbeing
 Social and relationship	10.	<b>Community investments and partnerships</b>
	11.	<b>Customer preference and satisfaction</b>
	12.	<b>Diversity and inclusion</b>
	13.	<b>Strategic partnerships</b>
	14.	<b>Supply chain risk</b>
	15.	Advocacy and lobbying
	16.	Dealer support
Intellectual	17.	Indirect social and economic impacts
	18.	Regional engagement and support
	19.	<b>Innovation</b>
	20.	Data privacy and security

The <IR> capitals are stocks of value that organisations depend for their success as inputs to their business model. The capitals are increased, decreased or transformed through the organisation's business activities and outputs. There are six capitals in total: financial, manufactured, intellectual, human, social and relationship, and natural.

Stakeholder group	How we engage
<b>Customers</b>	An exceptional customer experience is a priority for us. We strive to have all our customers walk away from each interaction with Toyota Australia with a sense of happiness. While our dealers are the primary touchpoint for customers across Australia, we are increasingly interacting with our customers online – whether they are checking out the latest models, booking a regular service or watching a video on our social media platforms – and we expect the digital experience to become more prevalent.
<b>Community</b>	Contributing to the Australian community is one of our core business activities. We do this through formal capability-building initiatives, employee giving and community activities. We are proud to have been able to keep up our community engagement throughout the reporting period despite COVID-19 challenges.
<b>Dealers</b>	Our dealer network is essential to our business and for many Australians, they are the face of Toyota Australia. But our relationship with our dealer network extends beyond sales figures. We engage with our dealers through regular communications, training programs and events, our annual National Dealer Conference, and the National Toyota Dealers Association.
<b>Employees</b>	Our people are our number one asset. We keep them informed of organisational and broader Toyota news through our intranet and employee bulletins. We also engage and empower our people by giving them opportunities to have their voices heard: they can interact with senior management through our Toyota Torque town halls, get support through our HR business partner network and employee assistance hotline, and grow their careers through forums, training and internal rotations.
<b>Government</b>	Government engagement is critical for us to achieve our vision of zero carbon mobility. Our government affairs team meets with all levels of government in Australia to discuss relevant issues and developments for the automotive sector. We advocate through participation in industry groups such as the FCAI and are aligned with industry charters and principles listed on p. 10. We also work closely with government on road safety initiatives and research, such as connected vehicle trials.
<b>Environment</b>	Our environmental initiatives and activities are guided by our Toyota Environment Challenge 2050, which sets out six challenges for us to achieve zero CO <sub>2</sub> emissions and have a net positive impact on environment and society. We are actively involved with leading organisations such as Committee for Melbourne and Green Building Council Australia and others listed on p. 10.
<b>Suppliers</b>	Our suppliers have a significant role to play in the success of our business and sustainability efforts. We select and interact with our suppliers in alignment with our Procurement Policy, Supplier Use Procedure and Purchasing Environment Handbook. We also expect our suppliers to adhere to our Supplier Minimum Standards Policy, which includes requirements for suppliers' efforts to prevent, mitigate and, where appropriate remedy, modern slavery within their operations and supply chains.
<b>Toyota Motor Corporation (TMC)</b>	TMC is Toyota Australia's parent company. Two Toyota global executives sit on our board, and we have a number of TMC 'in-patriates' who work alongside our operational arm leaders and liaise closely with TMC. We actively and constantly engage with TMC on policy development, strategy, product planning and sharing best practice.

### Delighting our customers

Whether delivering our customers the right product at the right place at the right time, providing solutions to our fleet customers' business goals or providing outstanding service when it is most convenient for our customers, we aim to delight our customers at every step on their Toyota journey through exceptional customer service and vehicles that suit their needs.

#### Right product, right place, right time

With an extensive network of 195 Toyota dealers\* and 22 Lexus dealers\* across Australia, ensuring that our customers have access to the right product and service when they need it is paramount to us. We manage the timely and consistent flow of our vehicles across the country through the Toyota Production System, which provides efficient processes that minimise the need to transport new vehicles between sites across the country, thus helping to minimise the carbon footprint of our logistics. The system requires sophisticated planning, alignment and cooperation between TMC, Toyota Australia and our dealer network.

#### Fleet sales

Almost half of Toyota Australia's vehicle sales are to fleet customers. These customers include large and small businesses, not-for-profit organisations and government organisations. We serve these customers both directly and through our specialised fleet dealerships. Collaboration and transparency are core to the success of these partnerships. We seek to gain a deep understanding of their business and needs so that we can add real value.

Many of our fleet customers want to reduce their carbon footprint and are actively taking steps to achieve this. They do this through using our hybrid vehicles; implementing car sharing amongst fleet drivers

to save time, reduce costs and streamline administration; and by using technology to track vehicle and driver behaviour to ensure their safety and discover potential areas to increase efficiencies and ensure safety. This makes them valuable partners on our own journey towards zero carbon mobility



#### Customer service

Toyota Australia aims to be the most trusted automotive brand in the country. We ensure that staff have good problem-solving skills and are trained to provide customers with a positive experience. We continuously improve our processes based on customer feedback received in more than 120,000 completed customer surveys per year with a 20-50% response rate. We take our customer feedback seriously, as they provide valuable insight into our customers and their experiences to cultivate loyalty. Some of the key metrics' results from our guest experience survey are detailed below:

- Net Promoter Score – sales: 82.7
- Net Promoter Score – service: 70.5
- Guest Satisfaction Index – sales: 94.0
- Guest Satisfaction Index – service: 91.0

We offer a range of channels to engage with our customers, to ensure that they are supported in ways that are most convenient for them. We are increasingly engaging with our customers digitally through our online platforms. The myToyota app offers Toyota customers online access to a

range of vehicle support and booking services, as well as access to rewards such as daily fuel discounts, up to 45% off movie tickets and 10% off stays with Expedia. We continue to offer in-person connection through our dealerships and our Guest Experience Centres wherever possible. COVID-19 has impacted our ability to remain open – we will always follow government advice because our customers' health and safety is our priority.

#### Disclaimers:

Price is model specific at participating dealers only. Maximum payable for standard scheduled servicing (normal operating conditions) for a nominated number of months/kilometres (whichever occurs first) up to a nominated maximum number of services. Excludes Government & Rental vehicles. Contact your Toyota Dealer or go to [Toyota.com.au/advantage](https://www.toyota.com.au/advantage) for other exclusions and full details.

Ampol Offer is limited to 4c/litre fuel discount in one transaction per 24 hour period per vehicle registered to a myToyota account. Offer available on Unleaded, Premium 95, Premium 98, Premium Diesel and Diesel, up to 150 litres, at participating service stations only. Ampol Ltd, through a subsidiary is a licensee of the Caltex trademarks, but is transitioning its network of over 1,900 sites to trade under its own Ampol brand. As they roll out Ampol branded stores across Australia your local store may be branded Caltex or Ampol, in either case you will still be able to redeem your myToyota discount at any participating Ampol or Caltex branded store. List of participating locations available [here](#). List subject to change without notice at sole discretion of Ampol. For T&Cs, visit [my.toyota.com.au](https://www.mytoyota.com.au) and click the Ampol offer within Rewards. The offer cannot be used in conjunction with any other Offer.

myToyota Movies Offer is available to 31 May 2022, to Toyota Owners with a valid Australian vehicle in their current 'Garage' within myToyota, unless extended. myToyota Movie discounted tickets are only available via login to myToyota. Not valid in conjunction with other offers. For T&Cs, visit [my.toyota.com.au](https://www.mytoyota.com.au) and click myToyota Movies offer within Rewards.

Expedia Offer is available to 31 December 2021, to Toyota Owners with a valid Australian vehicle in their current 'Garage' within myToyota, unless extended. Offer available on selected hotels only and is for travel that is completed up to 30 April 2022 only. Standalone pre-paid bookings only. Offer is a single use only and may not be used with other discount offers. Additional travel restrictions and blackout dates apply. No other offer or cash can be substituted or combined with this offer. Offer is subject to availability and Expedia, Inc T&Cs, available at [www.expedia.com.au/mytoyotatncs](https://www.expedia.com.au/mytoyotatncs). For T&Cs, visit [my.toyota.com.au](https://www.mytoyota.com.au) and click the Expedia offer within Rewards.

\*Total number of dealers at 30 June 2021

## Lexus Encore

Lexus Encore is a new three-year owner benefits program available to Lexus owners that purchase new or demonstrator vehicles sold on or after 1 January 2020. During the reporting period, almost 700 Lexus customers signed up to the

Encore Platinum Program. Lexus Encore provides program members with award-winning customer service and expert technicians. The program offers a range of simple, convenient and exclusive benefits such as service loan cars, lifestyle benefits such as hotel partnerships and exclusive events.

Customers can sign up to the Encore Program when they purchase their vehicle from their Lexus dealer and access benefits through the Lexus app. Visit our [website](#) for more information on the program.



# Towards zero carbon

## THE VALUE WE CREATE: BETTER MOBILITY SOLUTIONS

After energy generation, the transport sector is the second largest source of emissions in the Australian economy and cars produce the largest portion of these emissions. Toyota Environmental Challenge 2050 goals include to reduce global average CO<sub>2</sub> emissions from new vehicles by 90% compared to Toyota's 2010 levels, achieve zero CO<sub>2</sub> emissions at global plants and eliminate all CO<sub>2</sub> emissions throughout the entire vehicle life cycle.

Toyota vehicles contribute to those emissions and we have an important role to play in helping create a zero carbon society. In line with our core value of 'continuous improvement', we do this by making ever-better vehicles and engaging strategically with key government and industry stakeholders to create an electrified future. TMC's vehicle electrification strategy is focused on diversification of electrified vehicles to ensure no one is left behind and supporting the development of the necessary infrastructure across Australia to make the take-up of electrified vehicles possible. While our innovative low-emissions vehicles are a step in the right direction, we still have some way to go to meet our goal of net zero by 2050.



### Lower carbon mobility

Hybrid vehicles have been around for over 20 years, but recently there has been systematic global momentum behind electrification of the automotive sector. To tackle climate change, we need to halve global emissions this decade and get to net zero by 2050. In order to do this, all vehicles will need to shift away from fossil fuels in the coming decades. With carbon emissions top of mind and with more options available, we expect to see greater numbers of low-emissions vehicles on the road in the years to come. Toyota Australia is committed to contributing to a zero carbon future through our technological innovation.

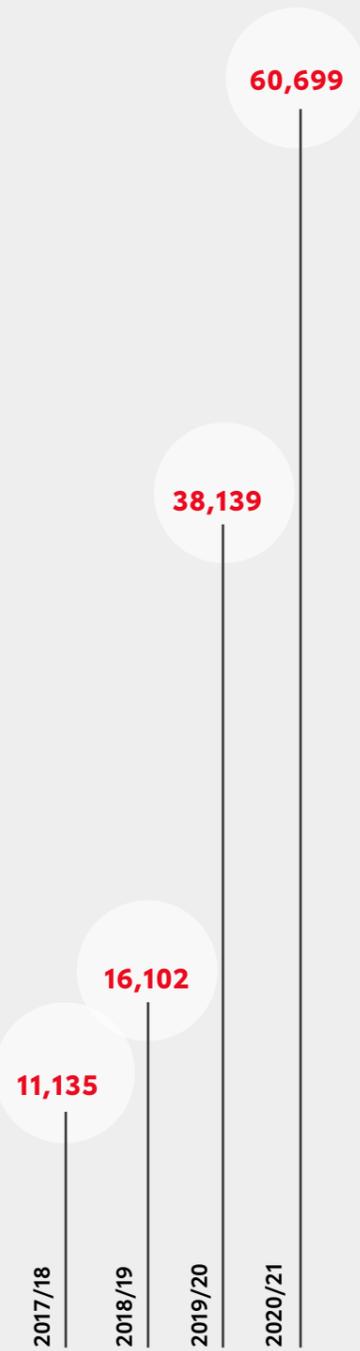
Strategic partnerships are crucial for our future operations. As we power towards an electrified future, Toyota Australia is partnering with companies, state governments, NGOs and universities to demonstrate the potential of our electric vehicles, including battery electric vehicles. We are also collaborating with other industry leaders through conversations facilitated by the FCAI and the Hydrogen Council to advocate for the policy and infrastructure needed for greater uptake of low-emissions vehicles (see p. 17).

To ensure we are translating our vision into action, each financial year, we set key performance indicators (KPI) with targets. These targets are monitored, measured and feed into our Mid-term Business Plan and Company Hoshin – our annual strategy. The Mid-term Business Plan is a whole-of-company action plan that outlines the product line-up and the profit outlook for the business over the next five years. Our Company Hoshin outlines our objectives and targets and aligns with our Mid-term Business Plan.

In April 2021, TMC announced its future electrification strategy, which will see Toyota's global electrified line-up expand to 70 models by 2025. TMC also unveiled a series of future 'Beyond Zero' or 'bZ' vehicles including the bZ4X concept car: a medium-size SUV, developed in collaboration with peers, which will be available from TMC by the middle of 2022 and to Australian customers in the future. In addition to TMC's strategy, Toyota Australia further announced we will provide a form of electrification across our entire vehicle range by 2030, excluding GR and performance models.



Sale of hybrid vehicles



Hybrid vehicles

Hybrid electric vehicles (HEVs) work by combining traditional combustion engines, which obtain energy from petrol, with electric motors, which are more energy efficient. A hybrid can use up to 40-60% less fuel than a conventional petrol vehicle and can emit around 30% less carbon dioxide.

Hybrids have lower fuel costs over the life of a vehicle and are an affordable lower emissions option for our customers. While a hybrid vehicle is not as low in emissions as a fuel cell electric vehicle, hybrids significantly reduce emissions without sacrificing performance. Hybrids are also a more affordable option for many Australians. They use existing refuelling infrastructure, which means driving a hybrid is convenient.

In recent years, Toyota Australia has set itself aggressive targets to increase the proportion of hybrids in our sales mix. We are continuing to promote hybrid vehicles internally, with our dealer network and through mainstream media:

- **Internal leadership:** shining a light on hybrids and making it a priority across Toyota, through a top-down approach across the whole organisation and ensuring a strong and consistent message is delivered to stakeholders.
- **Dealer capability:** Increasing dealer power to sell hybrids through dealer training and engagement, ensuring a hybrid focus with Toyota sales consultants.
- **Customer brand power:** We are building consumer awareness of our hybrid vehicles through mainstream media, leveraging key sponsorships with sport and pop-up events, and putting a focus on PR by amplifying hybrid models in launches.

The strategy has been paying off with significant increases in hybrid sales. More information on Toyota hybrid vehicles is available on our [website](#).

Plug-in and battery vehicles

Plug-in hybrid electric vehicles (PHEVs) operate the same way as HEVs but add a rechargeable battery to the system. The rechargeable battery can power the vehicle for everyday commutes while the petrol engine allows for a longer driving range.

Battery electric vehicles (BEVs) are powered solely by a large battery pack that can be recharged using energy from the power grid. If the battery is recharged using 100% renewable energy, a BEV can run with zero emissions.

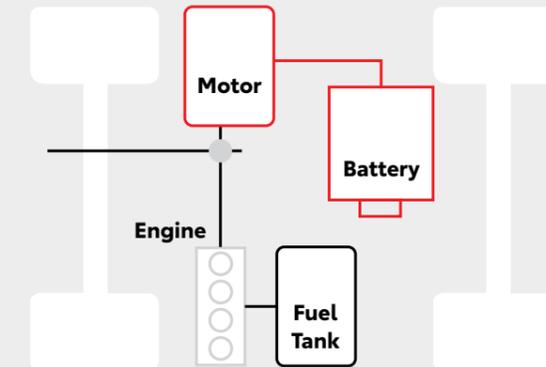
While there are currently 2,307 electric vehicle charging stations across the country, representing a substantial increase during 2020, the introduction of plug-in battery vehicles remains limited by the lack of public charging infrastructure in Australia. Toyota Australia is playing an active role in ensuring that nationwide electric vehicle recharging infrastructure is ready for the electric vehicles of the future (see p. 17).

Hydrogen fuel cell vehicles

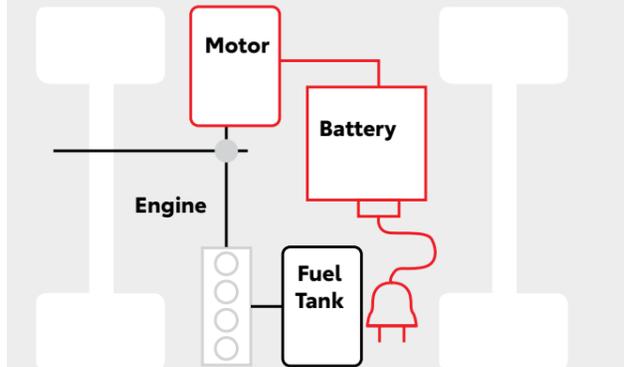
Fuel cell electric vehicles (FCEVs) use hydrogen and a fuel cell device to generate electricity using an electric motor, which propels the vehicles. FCEVs are quiet and more efficient when compared to traditional combustion engines and use a battery unit as an additional energy source.

Sustainably produced hydrogen is the core element to hydrogen vehicles. FCEVs emit only water, so when an FCEV is powered using hydrogen derived from renewable sources, it can be a truly zero emissions vehicle.

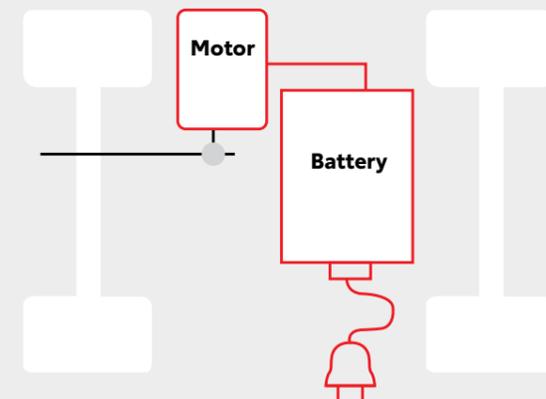
Hybrids obtain energy from petroleum but use an electrical system to improve fuel efficiency.



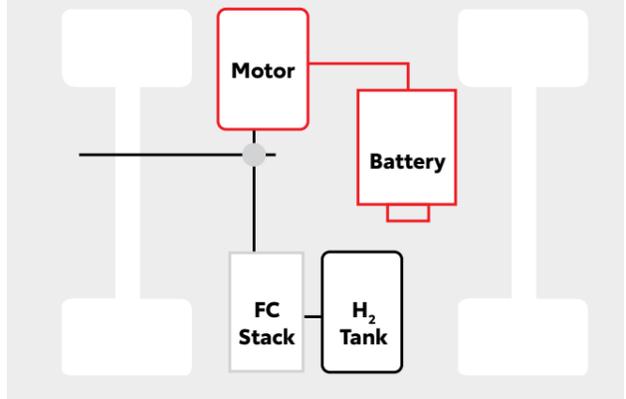
Plug-in Hybrid Electric Vehicles store energy from the electric power grid and can drive partly using electricity and partly using petroleum.



Battery Electric Vehicle have large battery packs to store more energy from the electric power grid for longer range.



Fuel Cell Electric Vehicle refuel with hydrogen and use a fuel cell to produce electricity to propel the vehicle.

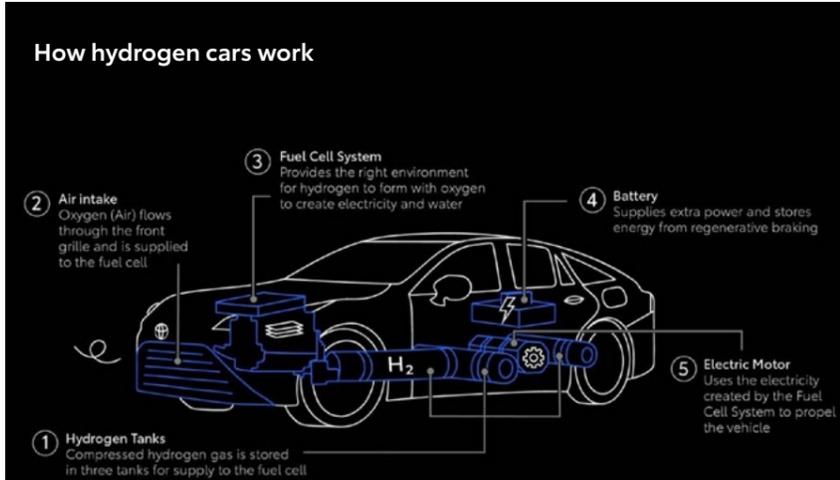




### Case study | Toyota Mirai

The Toyota Mirai FCEV is an advanced fuel cell electric vehicle that is powered by hydrogen, produces no CO<sub>2</sub> emissions. The second generation Mirai has a range of 650 km (WLTP Drive Cycle Measurement). The Mirai has been available to customers in Japan and the US for several years, but the lack of hydrogen refuelling infrastructure in Australia has limited its rollout.

Toyota Australia has continued to demonstrate the potential of hydrogen vehicles and the Mirai to the Australian market. 15 Mirai vehicles were provided for ATCO and Fortescue Metals Group's hydrogen trial. The vehicles will use the combined hydrogen production and refuelling facility at ATCO's existing facility, the Clean Energy Innovation Hub, in Jandakot, Perth. The facility generates green hydrogen through electrolysis powered by solar.



FCEVs have the benefit of being able to be refuelled as quickly as a petrol or diesel vehicle but face challenges since the refuelling infrastructure is yet to be developed. We believe that hydrogen vehicles are a promising option for future zero carbon mobility. More information on our hydrogen technology advocacy is on p. 17.

#### Fuel efficiency

While we are introducing more and more hybrid, electric and fuel cell vehicles into our range, petrol and diesel vehicles still comprise the majority of our sales, so we work constantly to improve all our vehicles' fuel efficiency. There are currently no government-mandated fuel standards, however, in July 2020, the FCAI announced an industry

led CO<sub>2</sub> Emissions Standard. The standard sets out industry and brand CO<sub>2</sub> emission targets for 2030. In March 2021, the FCAI released the 2020 emissions data for each brand and the industry as a whole. TMCA is working to ensure that all our vehicles comply with this standard. We are considering the financial implications, risks and opportunities of complying with these standards as part of our 2020 Mid-term Business Plan.

Petrol and diesel vehicles emit not only CO<sub>2</sub> but also air pollutants such as nitrogen and sulphur oxides, particulate matter and other hydrocarbons. We aim to minimise these pollutants through our vehicle design and by using TMC's Eco-Vehicle Assessment System (Eco-VAS), which promotes environmental management in product development. Eco-VAS is a comprehensive assessment system that allows us to understand the environmental impacts throughout the entire vehicle development process. As part of this system,

TMC conducts vehicle Life Cycle Assessments (LCAs) to assess environmental impacts at all stages, including materials and parts manufacturing, vehicle assembly, driving, maintenance, disposal, and recycling.

Although our next-generation vehicles have lower tailpipe emissions, for some models, the amount of CO<sub>2</sub> emitted during the manufacturing process may be greater due to the materials used. See p. 7 for what we are doing to manage lifecycle emissions.

Toyota Australia supports a policy-led move to high-octane, low-sulphur fuel in Australia, in line with global standards. We work to advance low-emissions technology and advocate for emissions standards. We believe it is important that emissions policies distinguish between passenger cars and light commercial vehicles as well as off-road SUVs in order to balance:

- CO<sub>2</sub> and pollution reduction

- Choice and support for consumers through appropriate price signals
- Reasonable timeframes to allow manufacturers to respond.

#### Toyota's Hydrogen Centre

Australia is in a unique position to leverage hydrogen as a low-emissions energy source. Some of the hydrogen opportunities for Australia include:

- Energy storage and security through reduced dependence on imported fuels
- Export opportunity, especially to Asia, to boost the Australian economy
- Employment for regional Australian communities at production facilities
- Household and industrial heating using existing gas networks

- Repurposing existing oil and gas infrastructure for hydrogen production
- Hubs that supply energy to remote communities in combination with renewable energy.

In addition to the hydrogen technology developed for our vehicles, the Hydrogen Centre at Toyota's former manufacturing site showcases hydrogen innovation and demonstrates how hydrogen can play a key role in reducing emissions. We have a long-standing connection with the Altona community. So when we ceased onshore manufacturing, we took it as an opportunity to continue providing value in the form of community education and developing science and engineering skills in the local area. The Hydrogen Centre showcases some of the technologies and strategies that Toyota will adopt as a key step towards meeting our target of zero emissions from sites and vehicles by 2050.

After being delayed due to COVID-19, we were proud to launch the Hydrogen Centre in late March 2021. It houses the education centre, a sustainable hydrogen production and storage facility, and a commercial-grade refuelling station. The refuelling station is the only fixed hydrogen refueller in Victoria and supports the Mirai vehicles we provide to customers.

The Hydrogen Centre promotes the technical and economic feasibility of producing, storing and using hydrogen sourced from renewable-powered electrolysis. It demonstrates the end-to-end process, from producing hydrogen through electrolysis to the compression and storage of hydrogen and electricity generation via hydrogen fuel

cells, and the potential for fuelling passenger vehicles, heavy vehicles and forklifts.

Hydrogen is produced on site by a 200kW electrolyser that uses electricity to split water into hydrogen and oxygen components, producing up to 80kg of hydrogen per day. Power for the electrolyser is drawn from a combination of an 87kW solar array, a 100kW battery storage and mains grid, depending on what is available at the time. The hydrogen is then stored in a bank of storage vessels at different pressures to be able to refuel multiple types of vehicles including fuel-cell forklifts and hydrogen fuel-cell electric passenger cars, like the new Mirai FCEV.

At the education centre, staff take visitors through the facility to show them how hydrogen technology works and what its practical applications are. The education centre is one way for us to show our visitors the potential of hydrogen technology as a fuel source for transport and an energy storage medium that is reliable, safe and environmentally friendly. While the Hydrogen Centre is not yet open to the general public, we welcome government and industry visitor groups.

The Hydrogen Centre Program was made possible thanks to the Australian Renewable Energy Agency's (ARENA) \$3.1 million investment in the \$7.4 million project.

We know that to encourage the acceptance of hydrogen technology, Australians need to understand the technology and be assured that it is a reliable, safe option.

Toyota's Hydrogen Centre was developed and built according to all relevant Australian Acts, Regulations, Codes and Standards throughout the planning and execution of works. In addition to these legal requirements, or where Australian standards do not exist, we used a risk-based design methodology to ensure the hydrogen generation plant was designed and installed to the safest standards and that we sourced equipment from world leading, reputable suppliers.

We engaged with key stakeholders as part of the design process, including the local council, Fire Rescue Victoria and the Environmental Protection Agency, and secured the required permits and approvals from each entity. We engaged qualified personnel to conduct risk assessments, hazard and operability studies and safety in design assessments. The generation plant was signed off by Worksafe Victoria and by Hazardous Area inspectors.

### Strategic partnerships and advocacy

Toyota Australia collaborates with industry partners, governments, NGOs and universities to advance innovation in low-carbon mobility technology, infrastructure, policy and education.

We work with organisations to increase the general public's awareness of low-emissions technology and connected and automated vehicles. We do this to accelerate innovation and grow the infrastructure needed for low-emissions and connected mobility to become a reality. More information on our vision for a connected future is on p. 18.

We collaborate with industry partners on hydrogen advancements and with governments to ensure the rollout of hydrogen vehicles is feasible. Government investment is vital for developing the emerging hydrogen sector and enhancing Australia's ability to contribute to lower emissions. Governments can do this by supporting long-term sustainable hydrogen production, building supply chains, and creating hydrogen hubs.

### Australian Hydrogen Council

Toyota Australia believes that hydrogen energy and hydrogen fuel cell vehicles will play an important role in helping to move the world towards a more sustainable and greener future, and we are leading the hydrogen movement in Australia with our fuel cell electric vehicles and significant financial investment in hydrogen technology.

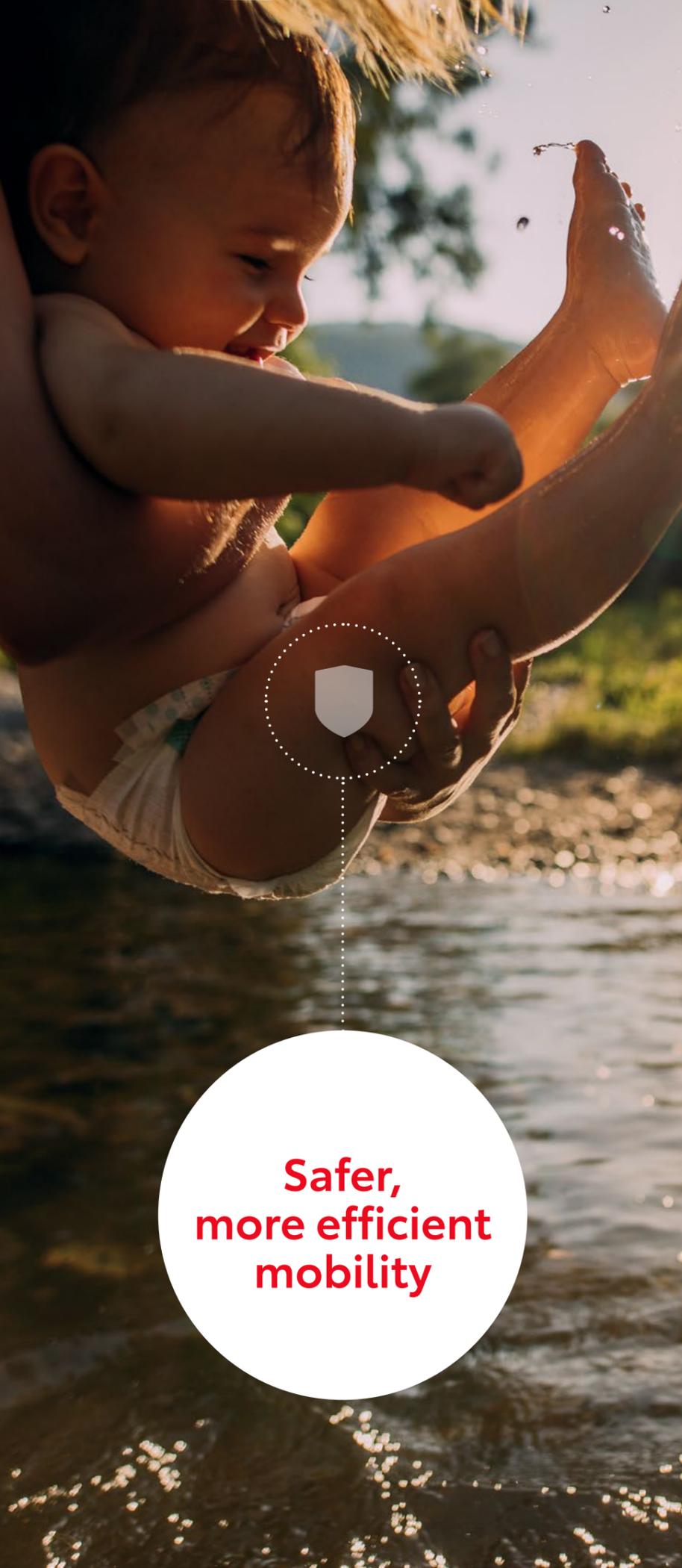
We are members of the Australian Hydrogen Council, with our New Business Solutions General Manager serving on the Board, which brings together vehicle manufacturers, energy companies and infrastructure providers looking to create a clean and resilient energy future that has hydrogen as a key part of the energy mix. Our Future Technology & Mobility, External Affairs and Regulations Teams participate in a number of committees and working groups, such as the Policy and Social Licence Committees, alongside partners, competitors and governments working towards the same goal.

### Federal Chamber of Automotive Industries

We are also actively involved in the FCAI, which recently introduced the Voluntary CO<sub>2</sub> Emissions Standard, which calculates average CO<sub>2</sub> emissions by brand and number of sales to show how each brand's average CO<sub>2</sub> emissions compares against the target set by the voluntary FCAI Standard.

The target set out in the Standard is a stretch target driven by industry in the absence of government regulation. While our passenger vehicles performed well against the Standard in 2020 (see **Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2019**), we are working to continue to introduce other technologies across our line-up to both improve our commercial range and comply with the Standard.





**Safer,  
more efficient  
mobility**

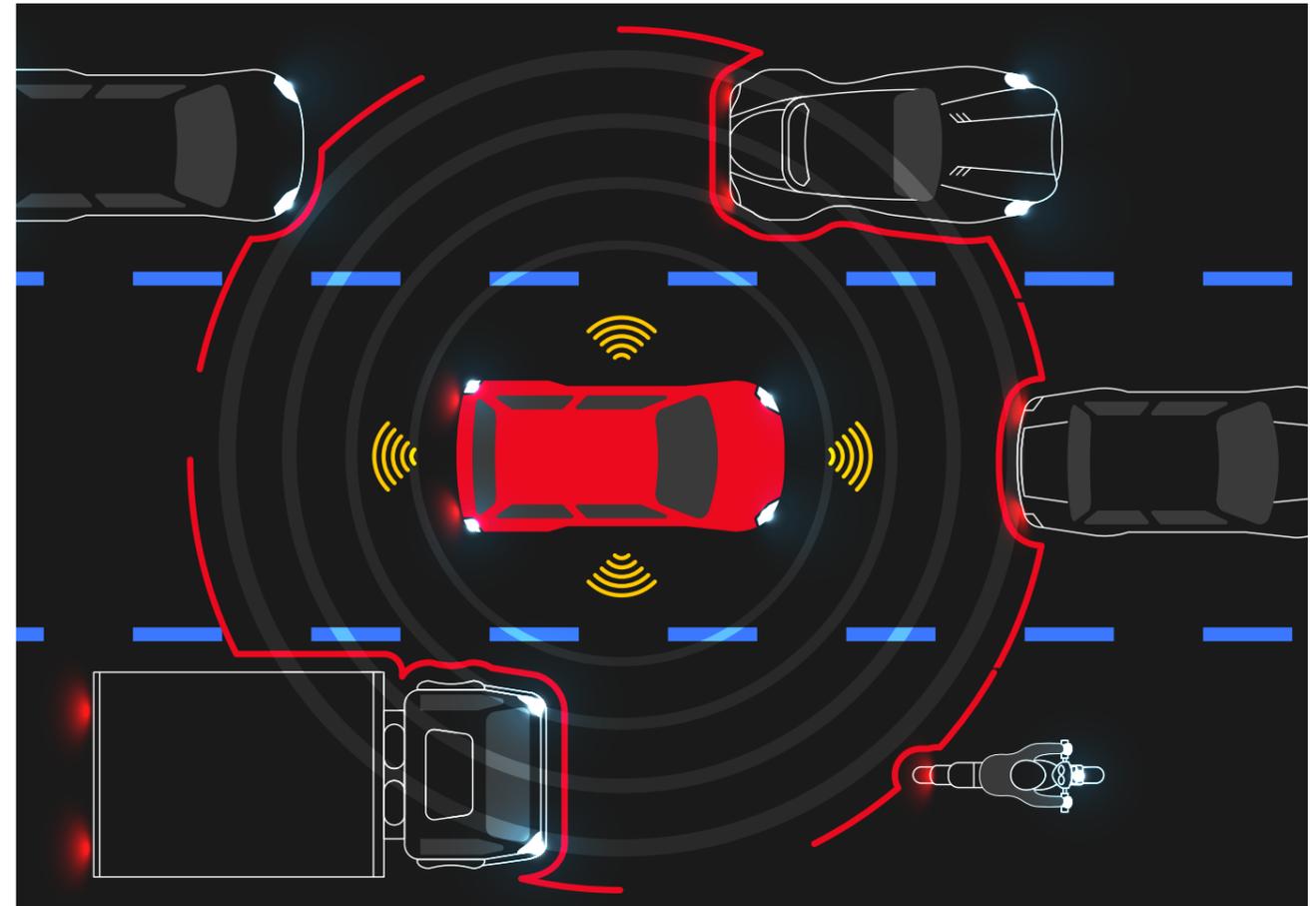
The energy transition is not the only significant change taking place. The automotive sector is also going through a period of profound transformation, and Toyota is shifting from being a traditional automotive company to a mobility company. This transformation means changing how we think about transport, and how vehicles enable us to go about our lives in a safe and effortless way.

### Automation and intelligent transport systems

Automation can mean anything from sensors that notify a driver of objects close to the vehicle, to warning a driver that an emergency vehicle is approaching the intersection ahead of them. Vehicle automation and intelligent transport systems have the potential to make roads safer for all users by warning drivers about road hazards, eliminating human errors, improving traffic flow using real-time information, and increasing road network efficiency.

In Australia, we are a while away from having fully cooperative intelligent transport systems (C-ITS). Some vehicles are already equipped with the latest technology, but road and communications infrastructure is still under development. Our approach to connected vehicles has kept pace with public infrastructure owners and managers.

To help make this future a reality, we are working with state governments to demonstrate the potential of automated and connected vehicles through hands-on experience with our vehicles. These efforts were focused on Queensland and Victoria.



#### Case study | Queensland C-ITS trial

Toyota Australia participated in the Queensland Connected and Autonomous Vehicle Trial (CAVI), which is now complete. The trial tested how the vehicles interacted with traffic lights and speed signs, and how they performed in changing road conditions. The trial found that the dedicated short range communications technology tested was capable of delivering safety messages between vehicles and traffic lights extremely quickly and reliably to help prevent collisions. The trial also highlighted areas for improvement, such as more accurate path data to ensure vehicles register the correct speed limits when there are multiple roads close together, and prioritising warning signals because multiple warnings can be confusing for drivers.

#### Case study | Ipswich Connected Vehicle Pilot

In November 2020, two Lexus hybrid SUVs were involved in the Ipswich Connected Vehicle Pilot (ICVP). Connected vehicle technology was installed in up to 500 cars and light commercial vehicles to test the accuracy of positioning and mapping, data transmission speed and warning systems. The pilot found that in the C-ITS space, there remain challenges to consistent standards between states, interoperability, mapping and positioning, security, interstate operations, data and privacy. However, the ICVP findings are a major step in the C-ITS journey and results will be used by local, state and federal transport agencies to support the investment of infrastructure for emerging C-ITS.

### Connected services

Toyota's connected services offer customers a range of technologies designed to make driving safer and more seamless. Selected new Toyota models have internet connectivity via an in-vehicle communication device called a Data Communication Module (DCM). Customers who own connected vehicles are able to take advantage of new services enabled by the DCM, such as safety and security services and future offerings enabled by connected vehicle data.

Connected vehicle services capture and transmit data such as vehicle location, engine diagnostic information, vehicle activity,

odometer and fuel levels to Toyota's cloud platform.

Safety and security services include SOS emergency call, automatic collision notification and stolen vehicle tracking. They can be useful for individual drivers as well as for fleet managers.

In November 2020, we launched connected services on selected models to improve vehicle safety and security. Japanese telecommunications operator KDDI and Telstra will deliver the 4G connectivity needed to support our telematic services.

With the deployment of automated and connected technologies, we have

a responsibility to manage customer information in line with our privacy obligations. All connected vehicle data is protected in accordance with Toyota Australia company policy and the Australian law. For information on our approach see p. 10.

### Digital services

As we transition to a mobility company, what is important to our customers is changing. Features like quality, ease of use, flexibility, personalisation and updatability are now expected, and we want to ensure we deliver the digital services our customers want. We have been working with our affiliates in Japan and the US on even more advanced



### Case study | GR Yaris

In 2020, Toyota presented its compact performance car, the GR Yaris. The GR Yaris is designed and built from the ground up to perform and excite. It is a genuine hot hatch and the first Toyota racing model in over 20 years. It features the latest TSS driver assistance technologies, which include a pre-collision safety system with pedestrian and daytime cyclist detection, road sign assist, active cruise control and lane departure alert with steering assist to help make driving safer.

**Disclaimer** Driver assist features. Only operate under certain conditions. Vehicle Owner's Manual explains limitations. Please drive safely.

digital features and services our customers can use to get the most out of their connected vehicles. The collaboration combines the global Toyota powerhouse with local engineering, expertise and market knowledge to make the connected services fit-for-purpose for the Australian market.

### Product safety and quality

With more Toyotas on Australian roads than any other brand, product quality and safety are essential to our reputation as a brand that customers trust. We are always improving our vehicles and customer service to ensure that our customers become Toyota fans for life.

Toyota's vision is zero casualties from traffic accidents. We want to ensure that our customers are as safe as possible as they go about their lives – whether in urban or regional areas\*. We believe that connected, automated vehicles of the future will make our roads safer for all. While the technology and infrastructure for these vehicles are still being developed, we continue to focus

Connected services	How the service works*
 <p data-bbox="225 1213 433 1241"><b>SOS emergency call</b></p>	<p data-bbox="578 1020 1377 1136">With the push of the SOS button integrated into the overhead module, the occupant is connected to the Toyota emergency assistance call centre, which will automatically receive the vehicle's location and deploy appropriate emergency service (police, fire, ambulance) if required.</p> <p data-bbox="578 1142 1403 1245"><b>Disclaimer</b> Driver assist feature only. Not a substitute for safe driving practices. Not available outside Australia or if service is disabled or terminated. Only operates if vehicle's SOS button is pressed. Dependent on 3G/4G enabled DCM, GPS signal strength, mobile network coverage, operational related components and other factors outside Toyota's control which can limit the ability or functionality of the system. Check your Owner's Manual for explanation of limitations. Please drive safely.</p>
 <p data-bbox="166 1514 498 1541"><b>Automatic collision notification</b></p>	<p data-bbox="578 1335 1386 1482">If the Toyota vehicle detects a severe collision (for example, upon airbag deployment) the occupant is immediately put into contact with our Toyota Emergency Assistance call centre. The DCM sends vehicle information (including location) to the call centre and the agent can arrange support from the appropriate emergency service.</p> <p data-bbox="578 1488 1391 1591"><b>Disclaimer</b> Driver assist feature only. Not a substitute for safe driving practices. Not available outside Australia or if service is disabled or terminated. Only activates if vehicle's DCM detects airbag deployment or an impact sensor notification. Dependent on 3G/4G enabled DCM, GPS signal strength, mobile network coverage, operational related components and other factors outside Toyota's control which can limit the ability or functionality of the system. Check your Owner's Manual for explanation of limitations. Please drive safely.</p>
 <p data-bbox="210 1856 448 1883"><b>Stolen vehicle tracking</b></p>	<p data-bbox="578 1688 1391 1776">If stolen, Toyota's connected vehicles can be tracked and located by our Stolen Vehicle Assistance call centre, who can then assist the police in tracking, and potentially recovering the vehicle.</p> <p data-bbox="578 1782 1386 1885"><b>Disclaimer</b> Not available outside Australia or if service is disabled or terminated. Dependent on sufficient battery power, 3G/4G enabled DCM, GPS signal strength, mobile network coverage, operational related components &amp; other factors outside Toyota's control which can limit the ability or functionality of the system. Guest required to obtain Police report. Vehicle location information, if available, only provided to Police. Vehicle recovery not guaranteed. For details, visit <a href="http://www.toyota.com.au/connected/faq-support">www.toyota.com.au/connected/faq-support</a>.</p>

\*Not available outside Australia or if services are disabled or terminated. Dependent on 3G/4G enabled DCM, GPS signal strength, mobile network coverage and other factors outside Toyota's control which can limit the ability or functionality of the system. Check your Owner's Manual for explanation of limitations. Please drive safely.

\*Dependent on 4G enabled DCM, GPS signal strength, mobile network coverage, operational related components and other factors outside Toyota's control which can limit the ability or functionality of the system. Check your Owner's Manual for explanation of limitations.

## Case study | Fourth generation Yaris

In February 2021, the fourth-generation Yaris won the RACV's inaugural Safest Car Awards for passenger cars under \$30,000. The fourth-generation Yaris was launched in August 2020 with the option of a hybrid powertrain and has a number of safety features, including eight airbags. It is the only vehicle in its class with front-centre airbags and it features our latest safety technologies, which include automated emergency braking, pedestrian and daylight cyclist detection, lane-keeping assist, adaptive cruise control and a secondary collision braking system.

**Disclaimer** Driver assist features. Only operate under certain conditions. Vehicle Owner's Manual explains limitations. Please drive safely.



on safety features and technology across our range to protect drivers, passengers, road users and pedestrians from harm.

Toyota Safety Sense comes as standard with most new Toyota vehicles. We are rolling out safety features and technologies across our range to help protect drivers, passengers, road users, and pedestrians from harm. More on these features is on p. [19](#).

Connected Toyota and Lexus cars come equipped with extra safety and security services. More on these features is on p. [19](#).

Information about the safety features of Toyota and Lexus vehicles sold in Australia can be found on our website at [www.toyota.com.au](http://www.toyota.com.au) or [www.lexus.com.au](http://www.lexus.com.au). More information on TMC's efforts to improve traffic safety globally is available on their [website](#).

We believe in the quality of our vehicles. This is why all new Toyota vehicles come with Toyota Warranty Advantage – a five-year manufacturer warranty – in addition to customers' rights under the Australian Consumer Law statutory consumer guarantees. The Toyota Warranty Advantage\* provides a 60-day money-back guarantee for any failure that prevents the vehicle being driveable, and for any failure which has had multiple unsuccessful repair attempts, within 60 days of collecting the new vehicle.

### Recalls

Our approach to safety recalls on any of our vehicles is in line with Australian Consumer Law and the Federal Chamber of Automotive Industry's Code of Practice for

automotive safety recalls. We use all channels available to us to ensure that we reach every affected Toyota customer: the Toyota Australia website, dealer notifications, press advertisements, letters to customers, and government notification. We also let our customers know that they can reach out to us with any concerns they have.

During the reporting period, 144,605 Toyota and Lexus vehicles were involved in 12 recall campaigns due to potential faults. A number of recall campaigns continued from previous reporting periods, ranging from 2014 to 2020 campaigns. The Department of Infrastructure, Transport, Regional Development and Communications website contains all recall information, by category and brands. For more information, go to: [www.vehicle recalls.gov.au](http://www.vehicle recalls.gov.au)

### Takata airbags

Since 2013, we have been voluntarily recalling certain Toyota and Lexus vehicles produced between 2000 and 2016 due to their being fitted with potentially faulty airbag inflators. Approximately 100 million vehicles globally have been affected. There have been 32 reported deaths and over 350 injuries associated with the fault globally. As at 5 March 2021, we have replaced over 99.9% of approximately 580,000 affected airbags.

### Counterfeit parts and accessories

In the reporting period, the Australian Border Force successfully seized counterfeit Toyota parts and accessories manufactured in China. There were two separate seizures, one in January 2021 in NSW comprising of 28 counterfeit oil filters, air filters and dash covers.

The other in March 2021 in VIC comprising of 120 counterfeit front strut spacers. Our National Parts and Accessories brand protection team is continuing its investigations into these importers and suppliers and taking appropriate actions.

**Disclaimer** The standard Toyota Warranty Advantage period is five yrs, with unlimited kms, from delivery. Excludes vehicles used for a commercial purpose, such as taxis, hire vehicles and vehicles transporting people or goods for payment including rideshare. The commercial vehicle Toyota Warranty Advantage period is five years from delivery or 160,000kms (whichever occurs first). See [toyota.com.au/owners/warranty](http://toyota.com.au/owners/warranty) or your vehicle's Warranty and Service Book for T&Cs. This warranty does not limit and may not necessarily exceed your rights under the Australian Consumer Law.



**Fit-for purpose mobility**

**Sharing services**

**We are seeing increasing demand for sharing services in major sectors of the global economy, and the automotive sector is no different. Ride sharing and car sharing are becoming more popular as affordable, convenient and environmentally friendly alternatives to individual car ownership.**

COVID-19 may have shifted ride sharing and car sharing services in Australia into a lower gear, but Toyota Australia believes it is only a matter of time before demand for these services bounces back. As urban populations continue to grow, access to parking in urban centres becomes more limited and people’s desire to combat climate change increases, Toyota Australia is embracing the opportunities of shared mobility.

**Appropriate vehicles**

Regional Australia can present rugged, challenging terrains for vehicles. Toyota Australia is committed to providing our customers with vehicles that suit their requirements, whether zipping around metropolitan areas or going off-road in the outback. For our regional customers, this often means vehicles that can tackle the variety of conditions they might come across as they work and go about their lives.

While our vehicles are imported from Toyota affiliates, our team of over 150 designers and engineers plays a crucial role in designing, selecting and modifying vehicles for

the Australian market. We are also increasingly offering our customers the opportunity to customise their vehicles, from a range of colours and accessories, to custom capabilities for demanding industries such as agriculture and mining.

Our dealerships are often at the heart of regional communities. Our philosophy is to offer people options that meet their requirements. We will continue to listen to drivers who need heavy duty vehicles that can cover long-distances. The engineering challenge here is great, but we will apply ourselves with partners to finding solutions to provide our regional customers with solutions that suit their needs and circumstances.

**Case study | BHP Light Electric Vehicle trial**

BHP is trialling fully electric LandCruiser70 at its Nickel West mine operations in Western Australia. The LandCruiser70 has been converted from running on diesel and now features an onboard battery with a high proportion of nickel. It runs off full battery power, doesn’t require any fuel and is well-equipped for working across the operations, including underground.



**Case study | Rogue and Rugged X HiLux**

Toyota Australia has customised Australia’s workhorse: the HiLux. The Rogue and Rugged X models have been tailored to suit our customers’ needs, with specialised features for added refinement or off-road capability. We have upgraded the power and torque, steering, towing capacity, rear suspension and cooling performance of these two HiLux models and more [DH1]. As well as improvements to how the 2.8-litre turbo-diesel engine handles across a variety of conditions such as acceleration, overtaking and off-road traction.

[DH1] Changes were not exclusive to Rogue and Rugged X

**Case study | KINTO**

As part of Toyota’s global move towards become a mobility company, TMC has created a new mobility service: KINTO. In Australia, KINTO is a collaborative effort with the One Toyota alliance between Toyota Australia, Toyota Finance and the Toyota dealer network. The name KINTO is derived from the Japanese word ‘kintoun’, which means ‘flying nimbus’.

In March 2021, KINTO Share was launched in Melbourne followed by KINTO Rent in June 2021 at participating Toyota dealerships. KINTO was launched to provide our customers the freedom to move at their convenience, expanding the ways in which customers can access a Toyota vehicle beyond traditional purchase or financing options.

KINTO Share and KINTO Rent services are accessed digitally: drivers can book and unlock vehicles using the KINTO Australia app. A range of passenger and commercial vehicles are available for booking by the hour, day, week or month. The services meet the changing needs of Australians in providing flexible access to vehicles, from convenient locations with transparent pricing. All vehicles available through KINTO are Toyota vehicles, so drivers can rely on Toyota’s safety features with fuel, 24/7 roadside assistance and servicing included in all bookings.

KINTO is available at a range of on-street, off-street and dealer locations.

**Stronger Australian economy**



**THE VALUE WE CREATE: CAPABLE, SKILLED COMMUNITIES AND A STRONG ECONOMY**

Success at Toyota Australia means so much more than the number of vehicles we sell. We look at all our activities through the lenses of continuous improvement and respect for people. Coupled with our priority SDGs, our focus goes beyond our economic performance and looks at how we, as a responsible and capable company, can contribute meaningfully to wider society, whether through our supply chains or through our community activities.

**Economic and social contribution**

Toyota Australia's economic and social contributions reach thousands of Australians by providing them with mobility solutions and building capability and skills in the community.

In the 2020/21 financial year, Toyota Australia posted an after-tax profit of \$332 million, with sales from 220,403 Toyota and Lexus vehicles. While COVID-19 impacted the automotive market with a performance drop of 13.7% from last year, five of the top 10 best-selling models in Australia in 2020 were Toyota vehicles, and our SUV line-up continued to dominate the market with 49.6% of overall sales in 2020.



**Business performance**

**\$332**  
after-tax profit in 2020/21 financial year

**\$142m**  
in taxes paid to the Australian government

**Returned \$18 million in JobKeeper payments**

**Supply chain**

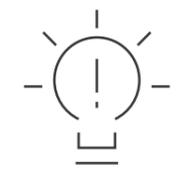
**\$1.1 b**  
spent on goods and services from 1,198 suppliers

**People**

**1,568**  
employees

**Developing our workforce to help them thrive in a changing world**

Building and keeping STEM skills in the Australian community



**Innovation**

**Creating ever-better vehicles that have lower emissions and lifecycle impacts**

Developing connected, automated vehicles and systems to make our roads safer for all



**Partnerships**

Facilitating mobility innovation and laying foundations for hydrogen technology by engaging with governments, industry, universities and NGOs

**Dealer network**

**217\***  
dealers with over 12,000 employees

**Supporting our dealers to navigate industry transformation**

**Customers**

**220,403**  
Toyota and Lexus vehicles sold

**6,790 fleet vehicles to businesses and governments**

Powerful, high-performance customised vehicles for our regional customers

**Society**

**\$2.67m**  
in contributions to community activities through community partnerships

**Sharing proprietary Toyota knowledge to build Australians' capability through TSSC**

**Advancing hydrogen innovation**  
Toyota Hydrogen Centre with an education facility and refuelling infrastructure

**Working with governments and industry partners to demonstrate the potential of hydrogen vehicles**

\*Total number of dealers at 30 June 2021



CRO Region Champion in the Diagnosis Technician Category, Gavin Steward from Cornes Toyota

### Government funding

During the reporting period, we received \$20,192,978 in government funding, which included:

- \$1,376,000 Australian Renewable Energy for the Toyota Hydrogen Centre
- \$51,973 in investment credit
- \$765,005 in research and development funding

- \$18 million in JobKeeper payments (subsequently returned)

During the height of COVID-19 restrictions, our revenue fell more than 50%. This prompted us to apply for the JobKeeper payment. Our people are our first priority and we wanted to ensure the job security of nearly 1,400 Toyota employees around Australia. Following our strong sales performance in the final quarter of the year, we returned the

\$18 million in JobKeeper payments to the Federal Government.

Toyota Australia actively engages with various government entities on partnerships and advocacy but we do not provide political contributions. Please see p. 11 and p. 17 for information on how we engage with government.

### Dealer network

Toyota Australia's dealer network is one of our most important stakeholders. Not only are our dealers essential for our outstanding economic performance, they are crucial members of the Toyota family and they are the face of Toyota for many of our customers, especially those in regional communities.

We would not be able to achieve our goal of net zero emissions by 2050 without our dealers' support. We are working with our dealers on a pilot program to reduce their carbon footprint. Information on this pilot is on p. 35.

### Dealer engagement

The National Toyota Dealers Association (NTDA) is our formal dealer engagement forum for us to share our values and strategy with our dealer network. The NTDA meets three times a year. There are seven NTDA sub-committees and one working party, which focus on continuous improvement in specific areas from product launches to aftersales. The NTDA comprises 12 members representing both metro and rural dealers from each region. These groups are each chaired by an NTDA director.

Each year, Toyota engages a third party to survey dealers on their satisfaction with Toyota. During the reporting period, dealer satisfaction was stable and in a majority of areas, increased in 2020.

In April 2020, Toyota Australia acquired Revolution Software Services to deliver software management solutions to Toyota and Lexus dealers. Revolution has provided the technology for our dealer management system (DMS), TUNE, since 2008. Having a single DMS across our dealerships helps our dealers deliver efficient and industry-leading customer service and integrate best-practice technologies and know-how in a challenging mobility environment. We are currently rolling the DMS out to all dealerships in our network.

### Dealer support

COVID-19 restrictions had a significant impact on the Toyota dealer network, especially in Victoria. To support our dealers, Toyota Australia and Toyota Finance Australia provided them with cashflow assistance for 90 days. This assistance included lowering the interest rates that dealers pay when financing their vehicles with Toyota Finance Australia and reducing the fee that dealers pay Toyota Australia to store their stock.

We also lobbied government to count dealership operations as essential service, which allowed their businesses to remain open. We also supported our dealers by implementing sales, service and guest management best practices, such as installing perspex screens at sales counters and providing hand sanitising stations, counter signage, line markings and contactless service options.

Much like Toyota Australia, our dealer network is experiencing societal shifts beyond COVID-19 that will impact their business: younger generations getting their licences later in life, ride sharing services becoming more popular, and people choosing not to own a car at all. Our

dealers are also facing rising wages and real estate costs, and COVID-19 exacerbated the skills shortage in our dealer network, with many overseas technicians unable to enter Australia and competition for talent with the mining industry.

Toyota Australia is working with our dealer network and the NTDA to navigate a changing landscape and develop a plan for the future.

### Dealer skills development

National Skills Learning & Development Program began in 1984 within TMCA and is one of the largest of its kind in the Australian automotive industry. The program has been conducted every year in-line with TMC's request to foster the development of our dealer employee's knowledge, skills and competency. Thereby pursuing our ultimate goal of "going beyond the guest's expectation to satisfy and delight every time and put smiles on their faces".

In this year's program we had 1,932 dealer staff register, 248 Toyota Dealerships and 20 Lexus dealerships participate in our 2021 National Skills Learning & Development Program.

During the reporting period, we also provided our dealership employees with training and development opportunities, including:

- Dealer safety training
- Digital marketing and social media
- Future dealer leaders' program
- Guest experience in action
- Managing fleet performance
- Launch of Toyota for Business Professionals program (see p. 26).

## Dealer engagement

### Toyota



Dealer satisfaction index FY20/21

(industry average 7.4)

195

Total number of dealers\*

275

Total number of dealer outlets

over 12,000

Total number of dealer employees

### Lexus



Dealer satisfaction index FY20/21

(industry average 7.4)

22

Total number of dealers\*

29

Total number of dealer outlets

over 700

Total number of dealer employees

\*Total number of dealers at 30 June 2021

## Supply chain

### Supply chain risk

COVID-19 created significant disruption to supply chains in all sectors globally. Toyota Australia felt the impact of this in shortages of raw materials and components, labour, capital and freight, and as a result, faced challenges in importing vehicles and parts. TMC is prioritising the production of high-demand vehicle models and to distribute production capabilities across regions. TMC is working continuously with its suppliers to remain agile to disruptions and to put in place countermeasures where possible. As supply challenges continue, TMCA is working closely with Toyota global production teams to ensure we can deliver for our customers.

Vehicles, service parts and accessories sourced from Toyota affiliates are shown on p. 36. During the reporting period, Toyota Australia spent \$1.1 billion on service parts, accessories, goods and services from 1,198 suppliers, including 168 new suppliers (see p. 36 for comparative data). The majority (94%) of our suppliers are based in Australia, with 55% of these Australian suppliers in Victoria and 30% in New South Wales.

While we no longer manufacture vehicles locally, we know that any negative upstream or downstream impacts affect our brand and reputation. For any new sourcing activity, new suppliers are screened to determine if they will be engaged, via a Supplier Capability Assessment (SCA). This SCA includes such areas as environment, safety and

operations. Suppliers are also required to ensure that materials used in parts and accessories comply with the related Toyota Standard. Once engaged, supplier performance is monitored quarterly using a Toyota Supplier Assessment (TSA). This TSA includes requirements from the original Green Purchasing Guidelines (2016), such as ISO14001 certification and reducing greenhouse gas (GHG) emissions via reduced electricity and gas usage, LED lighting and solar panels, for example.

Toyota Australia and TMC conduct our business operations with honesty and integrity as part of our commitment to be the most respected and trusted car manufacturer in the world. We are guided by our global Code of Conduct, and we comply with local, national and international laws and regulations.

### Modern slavery

Like any manufacturing industry, the automotive sector is complex due to the involvement of many tiers of suppliers across a large number of countries. This makes it all the more important for businesses to identify and address modern slavery practices in their supply chains. Our long-term commitment to human rights is guided by our Corporate Social Responsibility (CSR) Policy.

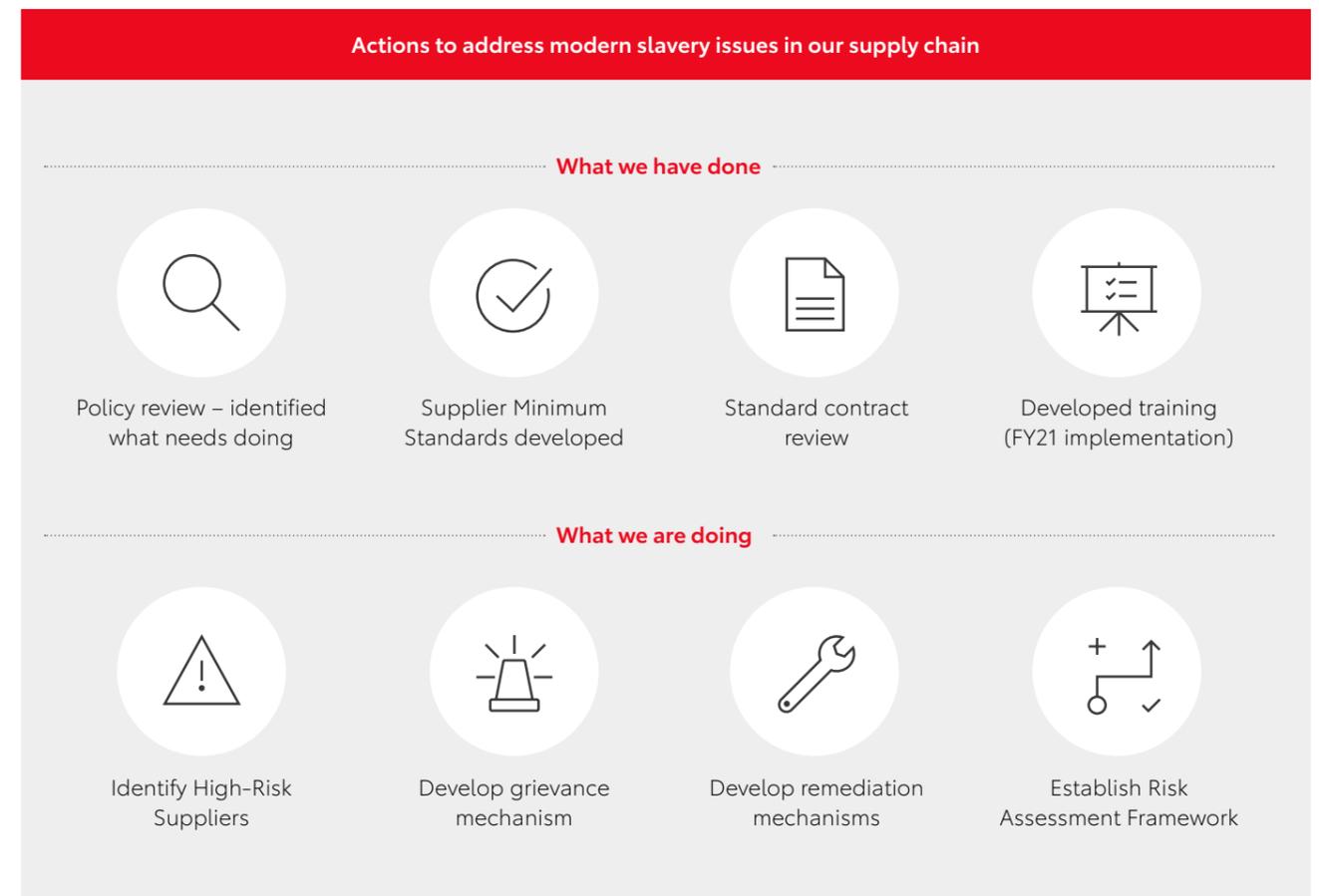
In line with Toyota's core value of 'Respect for People', Toyota Australia is committed to eliminating modern slavery practices in our business and supply chains. We work actively with our suppliers to ensure our supply chains are well managed in relation to human rights and environmental issues. We are currently assessing our existing suppliers' practices to

identify any negative social impacts in their businesses and how we can work together to remedy them. We also undertake an annual Conflict Minerals survey, which is a global TMC initiative, and we are undertaking an initial modern slavery survey of our suppliers to identify and address any risks.

While our Supplier Minimum Standards set out our expectations about modern slavery, most of our suppliers are Toyota affiliates and the direct responsibility of TMC. However, Toyota Australia is building a comprehensive picture of our supply chain analysing modern slavery risks, which we will work with our suppliers to address, via our Modern Slavery Management Framework. By working with our suppliers, we can meaningfully

move towards eliminating modern slavery. We encourage dealers and suppliers to prevent, mitigate and remedy modern slavery practices, and we expect our suppliers to share the commitments in our Supplier Minimum Standards. In the event that a supplier fails to meet one of the Minimum Standards, we expect them to notify us and work with us to rectify the situation.

In the short term, we will be investigating high-risk suppliers to address the issues identified. We plan to review all first-tier suppliers in our supply chain by 2025. More information on this process and our actions to date are below. A detailed description can be found in our second annual **Anti-Modern Slavery Statement 2021**.



# Growing skills



## Skills for Australians

Toyota Australia is building the capability and skills of Australians through the work of the Toyota Production System Support Centre, the Toyota for Business Professionals program, the Toyota technical centre, as well as through our partnerships with organisations such as the Australian Fleet Management Association.

### Toyota Production System Support Centre (TSSC)

One of the ways Toyota Australia contributes to society is by sharing our integrated system of problem solving known as the Toyota Production System with Australian non-profit organisations and other members of general industry. When we ceased onshore manufacturing in 2017, Toyota Australia established TSSC Australia to lead our contribution in this area.

TSSC's mission is to strengthen the local economy and community outside our value chain by sharing Toyota Production System practices and by developing others to build a culture that encourages curiosity and problem solving. The basic thinking of the Toyota Production System is based on the ideas of eliminating waste, reducing cost, reducing lead time, ensuring product quality and delivering customer happiness. Our philosophy is strongly tied to the Toyota Production System values, which prioritise people as our most valuable resource and 'kaizen' – incremental continuous improvement.

Before partnering with any organisation, we undertake a rigorous selection process. TSSC looks at what the organisation is trying to deliver to their customers, how we can help them with their immediate challenges and also how we can help

### Case study | Brite

Brite is a not-for-profit social enterprise based in Victoria. During COVID-19, we partnered with Brite to design and manufacture 15,400 face shields using Toyota's design and development, technology and production expertise. After initially supporting Brite's face shield production and distribution, TSSC then developed that capability within Brite so it could produce the face shields independently. Brite is now building on the knowledge and skills gained from the TSSC partnership and moving to more complex manufacturing. It is currently developing an e-bike specifically designed for people with disabilities made by people with disabilities.



### Case study | Our Big Kitchen and Alex Makes Meals

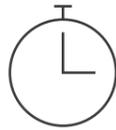
COVID-19 was an especially difficult time for many members of the Australian community, including international students and people sleeping rough. Our Big Kitchen (NSW) supported our community by providing churches, refuges, youth homeless centres and the Salvation Army with free meals. Alex Makes Meals (Victoria) provided our frontline healthcare workers – doctors, nurses, cleaners, administrative staff and volunteers – with an average of 450 meals a day over three months. This has allowed Alex Makes Meals to improve their capacity and widen their support to other vulnerable communities. TSSC partnered with Our Big Kitchen and Alex Makes Meals to improve their preparation capacity and meal distribution. We established a system that allowed them to see upcoming conditions so that they could prepare and deliver meals on time.



### Case study | Larnec

Larnec is a specialist provider of personal access doors to a wide variety of industries and is a major employer in the regional Victorian town of Swan Hill. In our first partnership in 2017, TSSC helped Larnec reduce a major order backlog which threatened supply contracts with some of their biggest customers. More recently, TSSC and Larnec have worked together to revamp Larnec's entire factory layout and production system, which has reduced lead times and operating costs. Lead times on Larnec's major product lines have reduced by more than 50%, overall productivity has increased by approximately 25%, and Larnec's plant capacity has increased by almost 40%. These improvements combined have been key to helping Larnec achieve an annual sales record in 2020.

## Training and Development



# 7.2 hrs

Toyota Australia employees undertake an average of **7.2 hours of training per year.**



# 1,070

**1,070 of our professional employees** and **10 of our warehouse employees** participated in our annual performance review process.

them deliver long-term positive impact for their customers. To date, we have completed 90 projects covering industries such as aged care, disability services, mining, construction and healthcare. We aim to complete a further 30 projects by 2022/23. More information on TSSC's work can be found on our [website](#).

### Toyota technical centre

In March 2021, Toyota Australia officially opened its high-tech training complex in Moorebank, Sydney. The new training facility is set over two levels and 5,000 square metres. It includes an 18-bay service workshop, diagnostics bays with hoists and multiple classrooms, including five with vehicle access, for technicians and dealer staff to upskill in various areas and continue to provide excellent customer service. The technical centre is another step for Toyota Australia in its commitment to provide skills and employment to the Australian economy.

### Toyota for Business Professionals Program (T4BP)

T4BP is a new program designed to help dealers and fleet managers strengthen their relationships with customers and build a professional fleet team. The program provides all dealership fleet sales teams the opportunity to participate in continued professional development through Toyota fleet training and the Australian Fleet Management Association. It will also recognise achievements of staff who provide outstanding customer experiences and deliver fleet sales growth.

### Diploma of Leadership and Management scholarships

Toyota recognises the importance of developing opportunities for current and future leaders within the fleet and automotive industry. During the reporting period, we joined forces with the Australasian Fleet

Management Association (AfMA) in 2020 to sponsor two scholarships for a Diploma of Leadership and Management to support women and young professionals operating in the fleet and automotive industries to build their skills.

### Skills for our people

Our employees' wellbeing and career development are extremely important to us. We want them to perform well and get satisfaction from their jobs. We also want them to thrive as people. Like many other businesses, we adapted to the new ways of working during the pandemic. We updated our flexible working policy, established diversity and inclusion action teams and kept up our engagement activities while our employees connected with each other from a safe social distance.

Toyota Australia's workforce as at 31 March 2021 was made up of 1,287 permanent, 113 fixed-term and 101 temporary employees, with 123 new joiners and 271 people leaving the company. For further details on our people, see p. [26](#).

### Workforce skills and development

We want our employees to consider their time at Toyota Australia as an opportunity to grow, and we support them to reach their full potential through training programs and career development opportunities.

Toyota Australia provides a structured pathway to develop our employees skills and competencies, starting with the Toyota Way. One way we do this is with our Toyota training tools, which instil the Toyota Way attitudes and behaviours in our employees to enable them to solve problems accurately and efficiently and to become critical thinkers. Employees that demonstrate the Toyota Way values through the use of the Toyota tools are recognised

for their efforts in categories such as continuous improvement, respect for people, optimising processes and curiosity.

### Training and development

We have a range of mandatory and voluntary programs that cover professional, management and leadership development for individuals and teams. In response to feedback from our employee engagement and enablement survey last year, our new managers now undertake an external training course from the Institute of Managers and Leaders to better prepare them for their new responsibilities. And as part of a leadership program run by the Institute of Managers and Leaders, our General Managers and Senior Managers are coached through complex business-wide problems to help prepare them for challenges they might come up against in their roles.

In the past, we offered our training modules and workshops in-person as well as online, but the shift to remote working during COVID-19 meant that we needed to rethink how we delivered our programs in a way that was most effective and manageable for our employees. We have made all our programs available virtually, broken them down into shorter modules, and allowed our employees to complete the modules over longer periods of time. We plan to deliver our programs using a hybrid in-person and online format in the future.

Toyota Australia employees undertake an average of 7.2 hours of training per year.

We conduct regular performance reviews for employees at all levels to ensure we are meeting their development needs. During the reporting period, 1,070 of our professional employees and 10 of our warehouse employees participated in our annual performance review process.



Toyota Production System Jishuken team



TMCA's new training centre

### Careers

Our recruitment policy ensures that we are strategic when sourcing the best talent to meet our business needs, and that this is done in a fair and transparent way. We have recruitment guidelines in place to help with the effective and efficient onboarding of all employees. Our graduate program admits candidates to support the emerging workforce. In 2020, we employed seven graduates from the program and have increased the frequency of our intakes from once every two years to an annual basis.

We have established systems in place, but we also know that career paths are not always linear and that our industry is going through profound transformation. Our formal promotion and rotation programs expose employees to different areas across the business, develop their skills and allow them to develop cross-functional expertise. Toyota Australia's intra-company transfer (ICT) program gives our employees the opportunity to gain experience at other Toyota affiliate companies overseas. This program was paused during the reporting period due to

travel restrictions. Our people and corporate strategy teams are also working together to develop a career strategy that will suit the needs and interests of our employees in the immediate term and prepare them for a future of zero carbon mobility.

### Employee health, safety and wellbeing

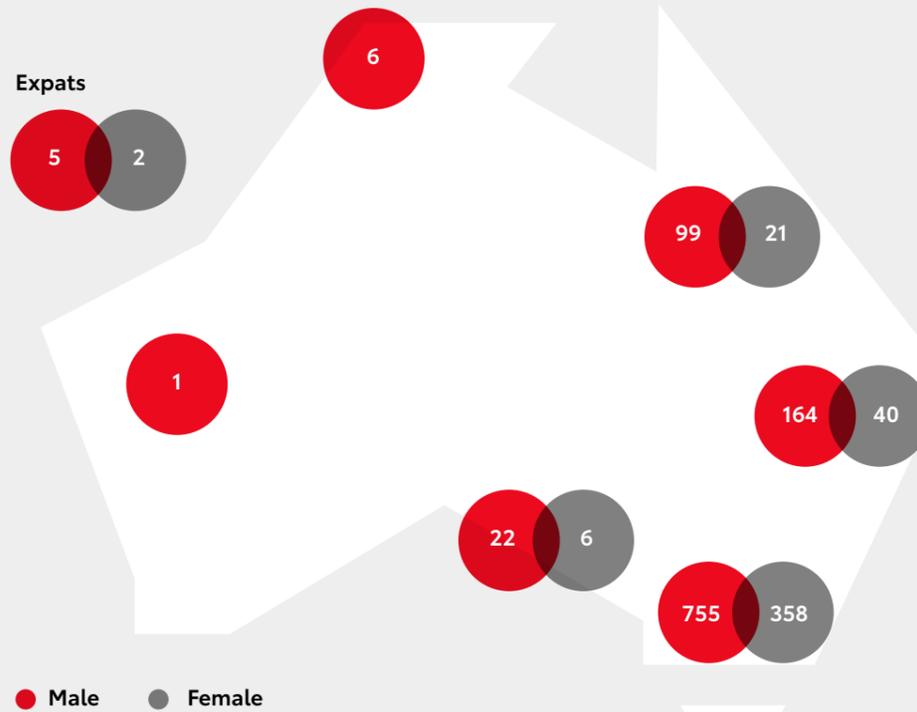
At the start of COVID-19, Toyota Australia's priorities were to ensure the health, safety and wellbeing of our employees and broader One Toyota family. We responded quickly to the rapidly changing situation and maintained constant communication with our employees. Some of our early crisis management responses included establishing the One Toyota working group, holding daily briefings with the Executive Management Committee and General Managers Committee, rolling out our updated flexible working policy, restricting all non-essential travel and requiring temperature checks at all sites.

### Health and safety

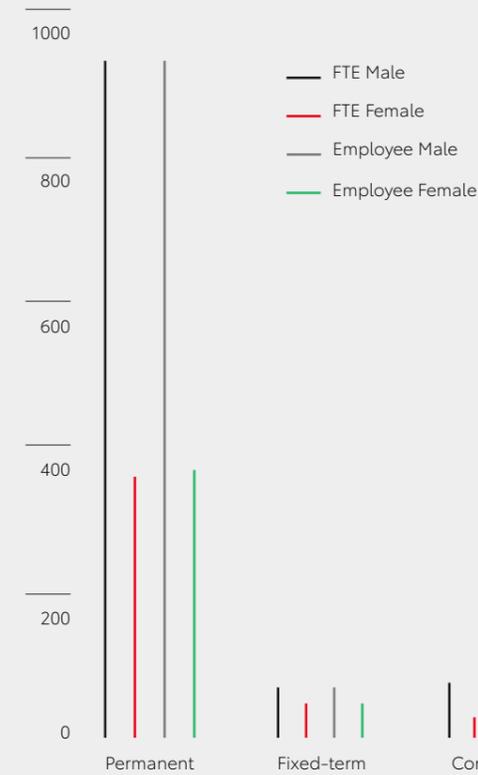
Toyota Australia takes a proactive approach to identifying and addressing any health and safety issues at all our sites. Our policies and procedures apply to all workers, operations and activities. They include safety business plans, regular risk assessments and specific risk management procedures, for example in procurement and manual handling.

Each site has an active health and safety committee, which includes qualified health and safety professionals, management and other representative employees. Our comprehensive safety management system is certified to the National Audit Tool (NAT) and AS/NZS ISO 45001:2018. We are audited by an external assessor every 12 months and by Victoria's WorkCover Authority every three years.

### Employees by location (not including contractors)



### Employment by type at 31 March 2021



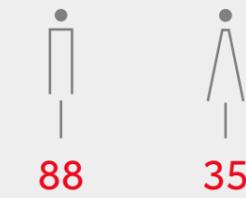
Note: these figures do not include employees who are on leave of longer than eight weeks, apprentices, tour guides, expatriates and inpatriates.

### Workforce overview as at 31 March 2021

Employment type	FTE		Employees	
	Male	Female	Male	Female
Part-time employees	3.9	25.7	6	36
Full-time employees	1046	391	1046	391
Part-time contractors	0.4	2	1	3
Full-time contractors	74	25	74	25
<b>Total headcount*</b>	<b>1124.3</b>	<b>443.7</b>	<b>1127</b>	<b>455</b>

\* The headcount covers all Toyota Australia employees including full-time employees, part-time employees, employees on fixed-term contracts, and casual and temporary employees. It also includes employees on leave of more than eight weeks, apprentices, tour guides, expatriates (Toyota Australia employees who are working overseas at affiliate Toyota locations), inpatriates (employees from Toyota affiliates working at our locations) and TMC subsidised employees. Full-time equivalent (FTE): Part-time and casual employees are counted according to the proportion of full-time hours they work. For example, if an employee works four days a week, they are considered 0.8 FTE

### Total new employee hires during reporting period by gender



123 Total

### Total employee turnover during reporting period by gender



271.7 Total



274 Total

Our senior management is kept informed of current health and safety matters as they occur and through a monthly safety report. Our health and safety policy also requires that they periodically review our processes.

We have a detailed process for identifying, responding to, and investigating hazards. Critical health and safety issues are immediately escalated to our Risk and Compliance Committee, which is responsible for our risk management and compliance, and ensures that we are able to identify and respond quickly to any potential issues.

We encourage all workers to report hazards through our committees, health and safety representatives, intranet or to a manager. All incidents experienced by either employees or contractors, including those not resulting in injury, must be reported as part of our policies and procedures. Our managers receive health and safety management training, focusing on physical and psychological safety.

To ensure the health and safety of our workers during COVID-19, we provided them with ergonomics checklists so they could work from home safely and created tailored COVID-safe plans for our various sites.

During the reporting period we had 38 lost time injuries, and zero fatalities or serious injuries to employees or contractors.

#### Health and safety

Injury classification	Total
Lost time injury*	38

\* Work injury resulting in the inability to work for at least one rostered working day or shift after an incident. Note: Previously we reported Lost time injury frequency rate. In a post-manufacturing environment in which hours are not tracked, we are now just reporting lost time injury numbers.

#### Wellbeing

We support our employees' wellbeing through initiatives such as subsidised health insurance, health checks, flu vaccinations and a range of exercise programs. In 2020, we ran our health and wellbeing programs online, including a 10-week virtual program called 'The Resilience Project', which featured guest speakers discussing topics like empathy to support employees during COVID-19.

To provide extra support to our employees during COVID-19, we created a dedicated email inbox for them to contact us if they were facing work-related challenges and set up a human resources business partner network to provide a system and framework to handle more complex issues. Our Employee Assistance Program provides our employees with free and confidential counselling and support from psychologists, dieticians and exercise physiologists. We also ran workshops and webinars on psychological safety, and our people managers undertook specific management training.

#### Work conduct

As an employer, we have a duty to protect and support our employees. We have workplace policies and procedures in place to ensure that all inappropriate and work-conduct incidents are managed and reported appropriately.

During the reporting period, we received three reports of discrimination. Those claims were assessed and either investigated or defended in proceedings. The matters are not ongoing.

#### Engagement and communication

An engaged and empowered workforce is vital to the success of any company. For Toyota Australia, this has been especially important over the reporting period, as the

majority of our employees adapted to the new ways of working and faced the uncertainties of a global pandemic.

We conduct an annual employee engagement and enablement survey to understand our employees' sentiment about the company and to find out how we can improve as an employer. This year, Toyota Australia employees reported increased engagement and enablement. Despite the majority of our employees working remotely for extended periods of time, we received the best survey response rate ever (95% up from 85%). We were also pleased to see increases across a number of other areas, including those who would recommend Toyota as a good place to work (83 up from 78) and those who intend to stay with the company long-term (70 up from 65).

- Engagement: 81
- Enablement: 70

Last year, we heard that our employees wanted more consistency in flexible working arrangements, greater attention to diversity and inclusion, better preparation for new managers, improved communication between departments and improved understanding of career paths available to employees. We have made a concerted effort to address these issues, and the outcomes of our activities are detailed below and on p. 26.

This year, our employees told us what other areas we can do better at. Toyota Australia values our employees' feedback and will work towards improving in these areas:

- Identifying and addressing issues impacting effective and efficient decision making
- Enhancing manager capability to identify and address and coach performance management issues

- Identifying and implementing activities to address gender bias and fairness concerns
- Enhancing employee understanding of career paths available.

It is important for our employees to know that their voices are heard. We hold virtual Toyota 'Torque' town halls with senior management frequently to keep employees informed of news and developments, and to give them the opportunity to ask our President and Vice President questions directly. It is also important for our employees to know what is going on in their broader teams and rest of the company. We have shuffled some of our functions to allow for more streamlined communications for teams working in multiple states and across functions, such as after sales, parts and service.

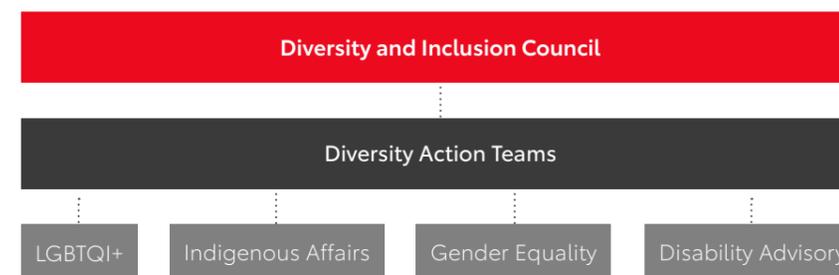
Until May 2020, our employee superannuation fund, Toyota Super, managed nearly 5,000 members' \$860 million in retirement savings. Effective 1 May 2020, Toyota Super became a sub-fund of leading multi-sector fund, Equipsuper. This change benefits members by reducing the administration and regulatory costs associated with running a superannuation fund. We communicated the change to our employees through employee bulletins, held information sessions and referred them to the Toyota Super trustee if they wanted more information on what the change meant for them on an individual basis.

#### Diversity and inclusion

We want to provide Toyota Australia employees with an environment where they feel valued and respected so that they can thrive professionally and have the freedom to be themselves. Diversity of thinking enables diversity of solutions, and as we head towards a zero carbon mobility future, we want all our employees to bring their unique experiences and views to the table.

During the reporting period, we established a Diversity and Inclusion Council supported by Action Teams focused on four aspects of diversity. The focus areas were chosen based on nominations we received from across the business. The Action Teams are the result of company-wide collaboration. They are each made up of six team members from across the business, which act as supporters and advocates for members of each of these groups at Toyota Australia. The Action Teams support our diversity and inclusion strategy, provide a support network to our employees and identify opportunities to improve diversity for each group. The Diversity and Inclusion Council meets on a monthly basis while Action Teams meet fortnightly. Action Team members are involved in the program for 12 months.

We also continue to run various initiatives including leadership training, awareness programs, gender balance strategies and activities for our employees' children.



#### Engagement and Communication Survey at TMCA



95%

We received the best survey response rate ever (95% up from 85%)



83

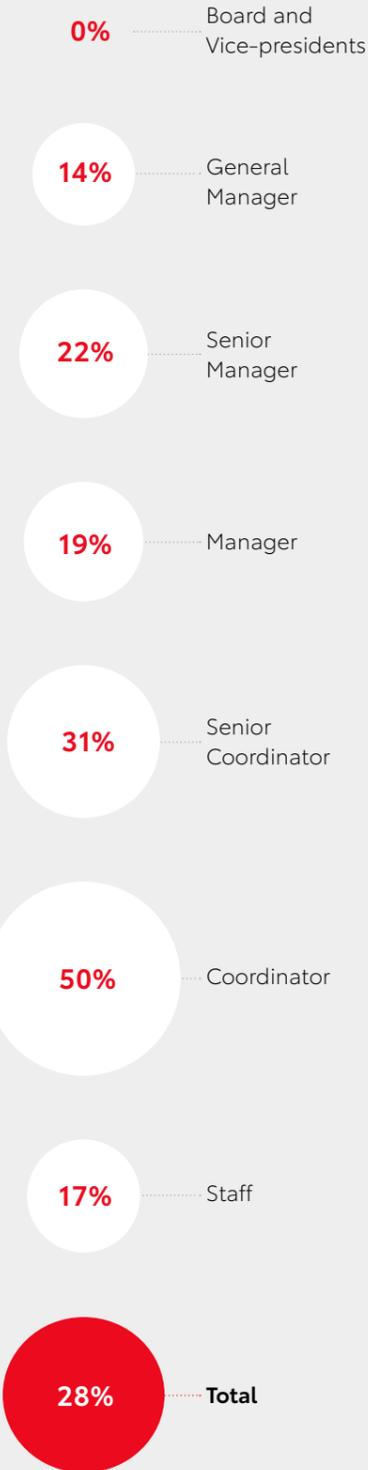
Who would recommend Toyota as a good place to work (83 up from 78)



70

Who intend to stay with the company long-term (70 up from 65)

**Current proportion of female staff per category**



We are a proud member of the Diversity Council of Australia, an independent not-for-profit peak body that is leading diversity and inclusion in the workplace.

**Gender balance**

Toyota Australia has the opportunity to play a significant role in changing the landscape of gender diversity in the automotive industry. The current proportion of female employees is 28%. We have a gender balance target of 40% of our workforce being female by 2025. While we are committed to gender equality, and support our female employees through formal policies and other initiatives, there is room for improvement, especially in senior leadership positions.

In 2020, we held our third annual Toyota Australia Women's Conference as a virtual event. The conference featured interviews with Kate Jenkins, Sex Discrimination Commissioner, Australian Human Rights Commission and Michelle Payne, the first female jockey to win the Melbourne Cup. Leaders from within Toyota Australia also presented at the conference, sharing inspiring personal stories and discussing Toyota Australia's efforts to become a more gender equal workplace.

We created a women's mentoring program, which matched female mentees with volunteer mentors. The aim of the program is to reinforce self-confidence and advance organisational and professional development for our mentees, and to encourage our mentors to pass on their knowledge and improve their leadership skills. Thirty-two mentoring pairs participated in the program. We will continue to look at ways to improve this activity in the coming years.

We also established a sponsorship program that pairs six high-



First woman in the world to be crowned Technician Champion in Toyota's National Skills competition 2019. [Read more](#)

potential, high-performing women with five General Managers to provide individual coaching, self-assessment activities and skill building sessions. We plan to continue providing this program in the future.

Our annual gender pay gap review found that our female employees' salaries were almost equal (98%) to their male counterparts' salaries. We also continued our association with Work180, which helps women tackle some of the barriers they face when looking for work.

**Flexibility**

Flexible working arrangements have been an option for Toyota Australia employees for a number of years. Our flexible working practices and IT systems enabled us to quickly respond to the initial disruption of COVID-19. As the pandemic continued, we launched our updated flexible working policy: Workstyle 2.0.

We introduced a number of initiatives to enable our employees to work comfortably and productively from home over the past year. In June 2020, we partnered with JB Hi-Fi to give our employees financial support to purchase equipment to assist them with setting up their home

workspaces. In December 2020, we launched our revamped flexibility policy, which outlines a 60:40 guideline for corporate employees to split their time between the office and a remote workspace of their choosing.

We also gave our employees discounted subscriptions to Disney+ and Bauer media. And as part of our support for working parents, we created 'Kids Club', a school holiday program during the September holidays, which involved virtual learning and activity sessions between 8am and 4pm each day.

Toyota Australia encourages our employees to contribute to the

**Parental leave**

	Female	Male
Parental leave taken	29	45
Returned to work after parental leave	13	45
Still employed 12 months after return to work	13	45
Still on parental leave	16	0



Toyota Kids Club Holiday Program

causes that are meaningful to them. Under Workstyle 2.0, our employees can use one day per year to volunteer with a not-for-profit organisation from an approved list. We also introduced an arrangement where employees can substitute a public holiday with a day of cultural importance to them.

**Parental leave**

Toyota Australia supports all our employees on their journey as parents. We have a gender-neutral parental leave policy that offers leave options for primary and secondary carers and sets out measures to support parents when they return to work. During the reporting period,

29 female and 45 male employees used our parental leave options. No employees left the business after returning from parental leave.

**Labour relations**

Collective bargaining is an important element in managing the relationships between businesses and employees fairly. Toyota Australia's 2018 Workplace Agreement (WPA) provides a clear process for any significant operational change and a maximum 10-week consultation period. Our WPA covers 29% of our employees.

In the event of a redundancy (non-award employee), our procedure sets out the relevant processes, employee rights and entitlements to ensure that both Toyota and employees are provided with clear guidance.

During the reporting period, we provided professional outplacement services to two employees facing job loss through our DRIVE program. The program was originally created to support employees affected by our transition away from manufacturing in Australia and to assist current employees with career management and to help with potential future skill shortages. The program has been paused due to COVID-19.



**Enriching communities**

Contributing to our community is a longstanding priority for Toyota Australia. We maintain a strong presence in our communities through our sponsorships, business and capability building initiatives.

We focus our community investments on:

- Education (through the TCT)
- Traffic safety
- The environment
- Local community activities
- Employee-led initiatives such as community grants and match giving.

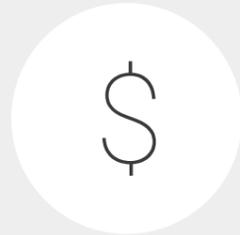


In the reporting period, we contributed \$2.67 million to our communities, consisting of \$0.75 million through the Toyota Community Trust (TCT) and \$1.92 million through Toyota community activities. We are proud of this investment in the community, which supported a wide range of initiatives, including road safety, STEM education, a COVID-19 food charity, COVID-19 face shields for hospitals, employee-selected grants and matched employee giving. We also ran sustainability events for Toyota Australia staff and their families, such as Environment Month (see p. 31).

Contribution area	Contribution (\$)	Details
Road safety	350,000	Partnership with Road Safety Education Australia
Education	450,000	Schools Plus Legacy Program, Sydney
	749,000	TCT STEM activities
Health and human services	370,000	Brite and Alex Makes Meals
Civic and community	40,000	Employee grants
	70,000	Council grants
Matched giving	40,000	Matched giving
TSSC	600,000	TSSC Toyota DNA projects

Toyota Australia is committed to increasing our community contributions over time. In January 2021, our President set a new financial contributions goal for our community initiatives, which will focus our efforts on new projects to increase the reach of our contributions. These results will be visible in coming years.

Sydney Legacy Project



**\$1,958,072**

Total investment by Toyota Community Foundation in the Sutherland Shire

**5**

Schools supported over four years

**80**

Financial scholarships awarded across 17 schools

**426**

Students

**118**

Teachers

**130**

Parents and carers

**Toyota Community Trust**

TCT was born out of Toyota Australia's desire to honour the legacy of our manufacturing history and was established in October 2017 following the closure of our local manufacturing operations. TCT is a discretionary trust managed by the Directors of Toyota Community Foundation Australia Pty Ltd, a 100% owned subsidiary of Toyota Australia.

Quality education is a priority SDG for Toyota Australia. TCT aims to encourage and enable Australian school children to pursue further study and careers in STEM, especially girls and students from disadvantaged communities, predominantly in Melbourne's west.

TCT initiatives include workshops, camps, educational experiences, and collaboration with universities. The initiatives focus on:

- Addressing barriers to students pursuing STEM-related studies
- Providing students with access to quality learning environments and experiences
- Supporting teachers to strengthen their STEM teaching skills
- Addressing gaps between studies offered and employer needs.

During the reporting period, TCT announced eight new grant recipients, namely AVID, The Royal Institution of Australia, Quantum, STAV, Western BACE, Teach for Australia, RMIT and Scienceworks. Existing beneficiaries receiving further grants were Western Chances, Robokids, In2Science and Ecolinc. TCT has provided \$2.56 million in grants to 30 beneficiaries since it was established. More information on these projects can be found on our [website](#).

**Toyota community activities**

Toyota Australia contributes to a range of activities through partnerships with community stakeholders. We select activities based on how our involvement can:

- Address the needs of local communities
- Support the objectives of all parties and exchange value beyond financial support and branding
- Build strong relationships with long-term benefits
- Provide opportunities for our employees and dealers to participate.



Sydney Legacy - Schools Plus



**Case study | Science Gallery STEM pilot program**

Between January and November 2020, TCT funded a pilot program that developed and delivered STEM workshops to students in Years 8 and 9 at four schools in Melbourne's west, namely St Albans Secondary School, Footscray High School, Maribyrnong Secondary School and Bayside P-12 College. The pilot showcased Aboriginal design, innovation and sustainable practices in a contemporary context. The objective of the project was to: demonstrate how Indigenous science, technology and cultural knowledge can be applied to solve environmental challenges faced by Indigenous communities; to increase students' participation and completion rates in STEM subjects; and to encourage students to continue further study in STEM. The pilot program was co-developed with a team of First Nations mediators from Science Gallery Melbourne and supported by the University of Melbourne staff. Science Gallery and the University of Melbourne are now working together to develop a plan for future workshops.

**Road Safety Education Victoria**

Toyota Australia believes our role in helping to keep Australians safe on our roads extends beyond the quality of our vehicles. Our partnership with Road Safety Education Australia (RSE), which was established in 2010, provides evidence-based road safety education. RSE's flagship program, Rotary Youth Driver Awareness (RYDA), reaches over 40,000 teenagers annually across

the country, supporting teachers with the tools to help their students become active, responsible road citizens. Throughout COVID-19, RYDA was able to continue engaging with schools and students with the rollout of its digital program: RYDA at a Social Distance. In the second half of 2020, RYDA was able to return to delivering face-to-face workshops and over 14,000 students have participated in the face-to-

**Employee Community Grants since its launch in 2013**



**860**

Received 860 applications



**374**

Awarded 374 grants



**\$374K**

Given \$374,000 to community groups



face workshops between July and December, which, when combined with almost 5,000 participating digitally, is almost on a par with the program's reach in 2019.

#### Hobsons Bay and Port Phillip Bay

We support community groups in the Hobsons Bay area (where our Toyota Centre of Excellence is located) and Port Phillip area (where our headquarters are located) with an annual \$30,000\* grant allocation to each council. The grants help small community organisations to purchase equipment and other resources to support their organisations and local communities.

#### Schools Plus

In 2017, we established a partnership with Australian Schools Plus to support disadvantaged Schools and youth in the Sutherland Shire, where our Woolaware Bay office was formerly located. We formed

this partnership as part of our commitment to leaving a legacy in the community following the closure of our manufacturing operations.

Through the four-year partnership, we supported five schools with specialised coaching in areas such as developing STEM skills, engaging young people who are at risk of leaving school, and supporting students with autism, intellectual disabilities and complex mental health needs.

We also created the annual Toyota Australia Scholarship Program, which gave \$2,000 in financial support to students in Years 10 and 11 to help them overcome socio-economic barriers they face when pursuing their aspirations.

The partnership has now concluded, with a total of over \$1.9 million in contributions and 80 scholarships awarded to students from 17 schools throughout the life of the program.



### Employee-led initiatives

#### Community grants

We encourage our employees to contribute to causes that they believe in. As part of our annual Toyota Employee Community Grants Program, we provide up to 40 employees the opportunity to win a \$1,000 grant towards a non-profit community group or charity organisation they actively support. Local sporting clubs, primary schools and youth organisations were some of the recipients of our community grants. The program has been awarding grants since 2013 and has given out \$295,000 by the end of 2020/21.

#### Matched giving – November

Toyota is pleased to provide the matched workplace giving program to our employees. Employees are

able to donate to eligible charities through this program. During the reporting period we donated \$40,000 in matched giving to eligible charities.

#### Environment Month

In June 2020, we ran Environment Month, which is a celebration of our local sustainability initiatives and an opportunity to educate Toyota Australia employees and their families about sustainability. Toyota Australia employees and their families participated in bingo activities with a sustainability twist, an eco car drawing competition, a pet photo competition, and a separate community grant competition for community groups that go above and beyond to help the environment and their communities.

\*Actual community spend with Hobson's Bay Council in 2020/21 was \$40,000.

## Sponsorships



### Good for Cricket and Good for Footy raffles

We run annual raffles to raise funds for grassroots cricket and football clubs. This year, we raised almost \$1.7 million in the Good for Cricket and Good for Footy raffles, with 100% of the proceeds going directly to local clubs.



### Rural Aid

For over 20 years, we have helped raise funds for regional and rural communities through the Toyota Hat Giveaway at the Toyota Country Music Festival. While the festival was unable to go ahead due to COVID-19 restrictions, we ran a public donations campaign to raise funds for Rural Aid.

### Toyota Gazoo Racing 86

Toyota Gazoo Racing (TGRA) 86 is an exciting platform for talented drivers to demonstrate and develop their skills and shine on some of Australia's best racing circuits. This year, we committed to support grassroots motorsport by extending the TGRA 86 Series until the end of 2022. We also launched the GAZOO RACING CLUB to bring like-minded motoring enthusiasts together and celebrate their passion for performance driving, motorsports and Toyota's rich performance car heritage.



### National Tree Day

We have supported National Tree Day since 1999 in partnership with Planet Ark. Due to COVID-19 restrictions, 2021 was the first time that there was no official event. However, Toyota Australia employees were still able to support the program by planting a tree in their own backyard and by getting the word out to their friends and family on social media. To date, we have contributed to the planting of over 25 million native trees, shrubs and grasses across Australia. For more details, visit our [website](#)





**Reducing our environmental impacts**

In October 2015, Toyota set out a bold plan involving six challenges to achieve zero CO<sub>2</sub> emissions and a net positive impact on the environment and society by 2050.

Toyota Australia's Environmental Action Plan sets out our priority sustainability activities and initiatives from 2021 through 2025 and guides our business decision-making and our people. Our Environmental Action Plan incorporates the Toyota Environmental Challenge 2050 and considers the SDGs we are working towards (see p. 4). It distributes responsibility and accountability across business units, so it is embedded in our culture. A driving force in our sustainability efforts is prioritising our resources in areas where we can have the greatest positive impact. For example, we know that tailpipe emissions are the source of our greatest negative environmental impact, so we are focused on advancing hydrogen and clean energy solutions to address this issue.

We are also developing our environmental strategy to guide our sustainability activities to 2030. The strategy is based on Environmental Action Plan and Toyota Environmental Challenge 2050, but takes a broader approach to our direction as a company.

As a company, we are committed to:

- Zero non-compliance and complaints
- Minimising environmental risks
- Best in-class regional and global environmental performance
- Continued improvement towards net zero emissions and net positive impact.

We manage our operational environmental impacts using the Toyota Environmental Management System (TEMS). TEMS is



**TOYOTA ENVIRONMENTAL CHALLENGE 2050**



operational at our Corporate Headquarters in Port Melbourne and at our Toyota Parts Centre (TPC) in Altona, and it was recertified to be compliant with ISO14001 (International standard on environmental management systems) in April 2021. We are currently extending our ISO14001 certification to additional sites, with our All Time Buy facility certified in April 2021.

Toyota Australia did not breach any environmental compliance laws across our sites or activities during the reporting period. In December 2020, the Environmental Protection Agency revoked the Clean Up Notice for remediation at our Altona site following the closure of our manufacturing operations. Toyota Australia is not required to undertake any further remediation work or reporting on the site.

**Operations**

While vehicle emissions represent our most significant contribution to greenhouse gas emissions, we make efforts to reduce our scope 1, 2 and 3 emissions through our technologies, sustainability initiatives and in our operations.

We work constantly to reduce our Scope 3 emissions through developing low-emissions technology and improving our vehicles' fuel efficiency (see p. 14). We also work to reduce our Scope 1 and 2 emissions, and our logistics and operations, vehicle lifecycle and waste management. For information on what we include in our emissions calculations, see p. 36.

During the reporting period, we conducted an assessment of GHG emissions across our value chain.

**Scope 1 GHG emissions: 10,826**

**Scope 2 GHG emissions: 12,084**

**Scope 3 GHG emissions: 99,6912**

During the COVID-19 lockdowns in Australia, we saw a dramatic reduction in emissions from business travel and office requirements. We also made a deliberate effort to shut down all facilities that were not essential, and within those facilities, we switched off refrigerators, air conditioners and lights. However, as our Toyota Centre for Excellence came online, our gas and electricity consumption increased, balancing out any reductions from other facilities. Our Scope 3 emissions also increased this year as we increased the number of sources we take into account when measuring these emissions.

Our total solar energy generation across the Altona Product Centre, Altona Hydrogen Centre and our TPCs in Sydney and Brisbane is 1,542,212kWh.

**Solar capacity**

<b>Altona Hydrogen Centre</b>	<b>668,516kWh</b>
<b>Sydney TPC</b>	<b>795,985kWh</b>
<b>Brisbane TPC</b>	<b>76,711kWh</b>

Using solar energy to power these facilities has reduced our carbon emissions by approximately 1,363 tonnes over FY21 – a saving equivalent to flying from Melbourne to Sydney 5,600 times.

Solar capacity



**76,711kWh** Brisbane TPC    **668,516kWh** Altona Hydrogen Centre    **795,985kWh** Sydney TPC

Using solar energy to power these facilities has reduced our carbon emissions by approximately 1,363 tonnes over FY21



**5,600**

Flying from Melbourne to Sydney 5,600 times



**600**

Emissions saving of swapping >600 average cars to zero emission vehicles for a year\*

\*Used avg. CO<sub>2</sub> emissions (Green cars guide – 182g/km) and average km/year (ABS – 12,100km)



**250**

Electricity generated to power >250 homes for 1 year\*

\*Used average AU house electricity consumption (Dept Industry, Science, Energy, resources – 22GJ/year)

**Case study | Dealer carbon footprint reduction pilot**

Toyota Australia is working towards creating an engaged and inspired dealer network that joins us on our journey towards net zero by 2050. During the reporting period, we kicked off a carbon footprint reduction pilot with our dealer network to gain a hands-on understanding of our dealers' scope 1, 2 and 3 emissions sources and developed a process to measure and track dealer emissions. This work will enable us to identify where there are opportunities to reduce our dealers' emissions and ultimately, Toyota Australia's own footprint.

We collected utility data from 10 dealers nationwide. We assessed their scope 1, 2 and 3 emissions and how their emissions are linked to Toyota Australia, for example in the form of waste parts and packaging. We are developing a process to capture and analyse the data, with a view developing a platform that we can roll out across the rest of the Australian dealer network. See p. 23 for information on how we engage with our dealer network.

In March 2020, we added 472 solar panels to our Kemps Creek TPC in Sydney, taking the total to 2,672 panels. We are extremely proud that this facility is now powered by 100% renewable energy. This upgrade furthers our contribution to the SDGs by increasing the share of clean energy in the energy mix by offsetting over 900 tonnes of CO<sub>2</sub> per year. We are planning to add renewable hydrogen to our Sydney TPC and looking at how we can power our other facilities using a mix of renewable energy sources. Our Hydrogen Centre is powered by a combination of solar, battery and energy from the grid. In March 2021, we commissioned an 87kW solar PV array.

**Logistics**

Each year, Toyota Australia targets a 2.5% reduction in logistics emissions compared to the previous year. We do this by optimising our heavy vehicle routes to make them shorter or less intensive and by ensuring our heavy vehicles are new and maintained properly so that they operate with the greatest efficiency.

**Vehicle lifecycle**

Like any product, vehicles have environmental impacts throughout their lifecycle, including the energy and emissions during the manufacturing process (see p. 7 for our value chain). A product stewardship approach means a company taking responsibility for their impacts beyond operations. Toyota Australia has commenced a lifecycle assessment project to understand our end-of-life vehicle status and identify priority areas for us to address. Our efforts will build on TMC's Toyota Global 100 Dismantlers Project and the Toyota Global Car-to-Car Recycle Project.

Vehicle tailpipe emissions are the most material emissions source during the lifecycle of our vehicles. See p. 16 for our approach to reducing our vehicle emissions. Manufacturing also generates significant emissions; while we do not manufacture our vehicles locally, we are involved with TMC in vehicle design, and as part of this process, we prioritise designs that use fewer materials and raw materials with lower emissions. We also select

the models we import, taking into account Australian legislation and industry regulations, customer preferences, and our overall strategic objectives.

Another way we address our vehicle lifecycle impacts is through our hybrid vehicle battery recycling program, which has been operational since 2013. Recycling a hybrid vehicle (HV) battery reduces the amount of battery materials that would have gone to landfill by 98% and all toxic elements are removed in the process. The battery metal cover and associated metal parts and plastic components are recycled locally. The printed circuit boards are exported to recover copper, lead, gold and silver.

Two rebate options are available to our customers through our dealers Australia-wide:

- a \$100 cash rebate when customers return a hybrid HV battery, or
- a discount of \$500 off the purchase of a replacement hybrid HV battery when customers return and purchase a new hybrid HV battery.

During the reporting period, 1,542 hybrid batteries were recycled as part of the program. More information about our hybrid battery recycling program can be found on our [website](#).

**Waste management**

While Toyota Australia no longer manufactures vehicles locally, the packaging for our parts still generates waste. Toyota Australia is committed to reducing waste from our products and operations. Some of our waste management efforts are carried out by our TPCs, which have been working on ways to make the packaging we give to our dealers more environmentally friendly. We

are introducing cardboard boxes that are 100% recyclable and we are introducing a process for our dealers to return the plastic pallets they receive from our TPCs instead of disposing of them. We are also running trials using GPS technology to track stillages in our production chain to optimise our logistics systems and ensure that we have the products where and when we need them.

# Data tables

## Delighting our customers

### Customer engagement and satisfaction (%)

	2020/21	2019/20	2018/19	2017/18	2016/17
Net promoter score	82.7	82.6	82.7	83.4	82.6
Guest Satisfaction Index	94.0	93.9	94.0	94.2	94.0

## Lower carbon mobility

### Sales of hybrid vehicles

	2020/21	2019/20	2018/19	2017/18	2016/17
Hybrid sales	60,699	38,139	16,102	11,135	11,864
Total sales	220,403	215,722	223,096	229,258	209,995
Percentage of sales	27.5	17.7	7.2	4.9	5.6

## Stronger Australian economy

### Profit and sales\*

	2020/21	2019/20	2018/19	2017/18	2016/17
Net profit after tax (million)	\$332	\$129	\$206	\$137	\$99
Sales (numbers)	220,403	215,722	223,096	229,258	209,995

\*Includes both Toyota and Lexus vehicles.

### Government funding

	2020/21	2019/20	2018/19	2017/18	2016/17
	\$20,912,978*	\$1,714,213	\$12,491,065	\$36,347,076	\$40,350,000

\*Includes \$18 million in JobKeeper payments, which TMCA has since returned to the Federal Government.

### Dealer Satisfaction Index

	2020/21	2019/20	2018/19	2017/18	2016/17
Toyota	8.6	8.2	8.4	8.2	7.3
Lexus	9.1	8.9	7.1	8.4	8.7

### Value of buy (\$ billion)

	2020/21	2019/20	2018/19	2017/18	2016/17
Service parts and accessories	0.3	0.3	0.3	0.4	0.3
Other goods and services	0.8	0.9	0.9	0.9	0.9
<b>Total</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.2</b>
Direct purchase <sup>^</sup>				0.5	0.9
<b>Total including direct purchase</b>				<b>1.8</b>	<b>2.1</b>

<sup>^</sup>Direct purchase related to our manufacturing operations and is no longer applicable.

### Number of suppliers

	2020/21	2019/20	2018/19	2017/18	2016/17
Service parts and accessories	71	95	135	134	100
Other goods and services	1,127	1,361	1,531	1,800	1,513
<b>Total</b>	<b>1,198</b>	<b>1,456</b>	<b>1,666</b>	<b>1,934</b>	<b>1,613</b>
Direct purchase <sup>^</sup>				48	49
<b>Total including direct purchase</b>				<b>1,982</b>	<b>1,622</b>
Number of new suppliers (included in total)	168	234	227	353	Not available

<sup>^</sup>Direct purchase related to our manufacturing operations and is no longer applicable.

## Enriching communities

### Community contributions (\$ million)

	2020/21	2019/20	2018/19	2017/18	2016/17
Toyota community activities	1.92	2.2	1.6	1.6	3.8*
Toyota Community Trust	0.75	0.6	0.9	0.2	n/a
<b>Total</b>	<b>2.67</b>	<b>2.8</b>	<b>2.5</b>	<b>1.8</b>	<b>3.8*</b>

\* Up to 2016/17 we used the London Benchmarking Group methodology to measure our community investment, which includes 'leveraged' third party contributions. From 2017/18, we have aligned our external reporting with our internal global reporting, which includes only direct contributions. Our past contributions, calculated on the same basis, averaged \$700,000-\$1 million.

### Community contributions by category (\$)

	2020/21	% of total	2019/20	% of total
Environment	0	0	8,000	0.3
Road safety	350,000	13.1	350,000	12.4
Education	1,199,000	44.9	1,141,000	40.6
Health and human service	370,000	13.9	573,000	20.4
Civic and community	110,000	4.1	100,000	3.6
Others – TSSC and matched giving	640,000	24.0	640,000	22.8
<b>Total</b>	<b>2,669,000</b>		<b>2,812,000</b>	

### Political lobbying

Toyota is apolitical and does not make political contributions

### Our people

#### Employee engagement and enablement survey results (%)

	2020/21	2019/20	2018/19	2017/18	2016/17
Engagement	81	78	79	78	74
Target	78	79	78	74	72
Enablement	70	65	67	66	64
Target	65	69	68	64	63

### Environmental impacts

#### Greenhouse gas emissions (tCO<sub>2</sub>-e)\*

Source	2020/21	2019/20	2018/19	2017/18
Scope 1	10,826	9,431	9,836	33,066
Scope 2	12,034	13,947	13,306	57,588
Scope 3	99,692	50,484	71,607	17,039*
<b>Total</b>	<b>122,602</b>	<b>73,862</b>	<b>94,749</b>	<b>107,693</b>

\*Parts and vehicle logistics only.

From FY14–FY18, TMCA was required to report under the NGER Act, but since the closure of Altona manufacturing facility, which reduced the company's scope 1 and 2 emissions, TMCA no longer meets the NGER Act reporting threshold. This table reflects the baseline established in 2018 for our operations as a sales, marketing and distribution company.

### Emissions sources – inclusion and data quality

	Included	Partial	Planned
<b>Scope 1</b>	Fuels	Refrigerants	
	Natural gas	LPG	
<b>Scope 2</b>	Electricity from grid		
<b>Scope 3<sup>#</sup></b>	Fuel and energy-related activities	Purchased goods and services <sup>^</sup>	Capital goods
	Upstream transportation and distribution	Waste generation	Processing of solid products
	Upstream leased assets	Business travel	Use of solid products
		Employee commuting	End-of-life treatment of solid products
		Downstream transportation and distribution	Franchises (dealerships)
		Capital goods (construction, signage) <sup>^</sup>	
		Employees working from home <sup>^#</sup>	

Downstream leased assets included in franchises, and investments considered outside of organisational boundary.

<sup>^</sup> New sources measured in FY21. Goods and services now includes advertising and promotion and company fleet maintenance.

<sup>#</sup> Estimated using Climate Active framework for state-based assumptions.

\* TMCA's classification of included, partial and planned for each source of Scope 3 GHG emissions differs from the classification allocated by our third party advisor, ndevr, as complete, partial and incomplete. This will be further explored in FY22.

### Solar power generation (kWh)

Location	2020/21	2019/20
<b>Sydney Toyota Parts Centre</b>	795,985*	849,641
<b>Brisbane Toyota Parts Centre</b>	76,711	77,967
<b>Altona Hydrogen Centre</b>	669,516	680,728

\*Estimated generation using 2018 and 2019 monthly average from August to March. The amount has been estimated due to issues with on-site monitoring equipment preventing accurate data collection. COVID-19 restrictions meant that work to repair data loggers was unable to take place for up to six months.

# Assurance statement

## Materiality Counts Independent Assurance Report to Toyota Australia

### Scope of Work

Materiality Counts was engaged by Toyota Australia to provide independent Type 2 moderate assurance of its 2021 Sustainability Report (the Report). This assurance report was prepared for Toyota Australia and its stakeholders. The Report covers Toyota Australia's operations from 1 April 2020 to 31 March 2021, unless stated otherwise in the text. This work was performed using Materiality Counts' assurance methodology to AA1000AS v3, AccountAbility's Assurance Standard issued in August 2020. To do this, Materiality Counts interviewed Toyota Australia employees and reviewed relevant information and data collation processes, including sighting a sample of original records, interrogating spreadsheets and re-performing some calculations.

The following subject matter was evaluated against criteria defined in AA1000 AccountAbility Principles (AA1000AP, 2018):

- Adherence to the AA1000AS v3 principles of materiality, inclusivity, responsiveness and impact.
- Reliability of performance information for material issues (ranked high): towards zero carbon, product quality and safety, customer preference and satisfaction, supply chain risk and community investment and partnerships. Material issues ranked high are included in the limited assurance scope as part of a rolling program.

### Materiality Counts' Independence

Toyota Australia was responsible for preparing the Report. Materiality Counts was responsible for expressing assurance conclusions in line with the scope of work agreed with Toyota Australia. During the reporting period, Materiality Counts did not work with Toyota Australia on other consulting engagements. Materiality Counts is an independent consultancy specialising in Sustainability and Integrated Report development and assurance, materiality determination, stakeholder engagement and strategy development.

### Our Conclusion

Materiality Counts concludes that, based on the scope of work and related limitations, for the specified subject matter, Toyota Australia's 2021 Sustainability Report adheres to the AA1000AS v3 principles of inclusivity, materiality, responsiveness and impact and reports reliable performance information, based on the limitations outlined above, for 1 April 2020 to 31 March 2021. In addition, Materiality Counts has provided a management report to Toyota Australia.

### Key Observations

Based on the scope of work, and without affecting our assurance conclusion, Materiality Counts makes the following observations:

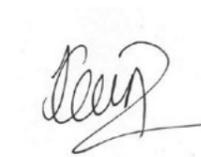
#### Good practice:

- **Materiality principle:** Clarity of inputs to the materiality process and comprehensive explanation of the weightings applied to each one.
- **Inclusivity principle:** Inclusion of stakeholder views in Report development through interviews as part of the materiality process for the first time in three years, namely non-governmental organisations (NGOs), an industry group, suppliers, a dealer body and an employee group. Capture of internal views via the validation workshop.
- **Responsiveness principle:** Report content on the challenges still faced by stakeholders due to COVID-19 in Our sustainability context, Our stakeholders and Stronger Australian economy.
- **Impact principle:** Extensive coverage of Toyota Australia's impact in the Report in relation to the material issues, in particular the provision of trend data in the Data tables.
- **Performance information:** Continued progress with the climate change dataset, such as an allowance for working from home to reflect the increase in this activity since the COVID-19 pandemic began. Well established supply chain data and assessment processes, with evidence readily available.

### Areas for improvement:

- **Materiality principle:** Present changes to material issue rankings from one year to the next and how strategy and the Report now reflects this changing materiality landscape.
- **Inclusivity principle:** Continue to extend the external stakeholders engaged through the materiality process to include TMC, community, customers, government and the media.
- **Responsiveness principle:** Encourage stakeholder feedback on whether or not the Report covers the issues of most importance to them (also raised in previous years).
- **Impact principle:** Explain the circle size per issue on the materiality matrix in relation to the magnitude of Toyota Australia's impact. Extend trend data presentation for impacts to five years.
- **Performance information:** Review the differences between Toyota Australia's Scope 3 GHG emissions data classifications (included, partial and planned) and those used by the third party supplier (complete, partial and incomplete). Maintain a community spend spreadsheet detailing actual spend versus budget, payment dates, recipients (organisations and projects), grant rounds where relevant and supporting evidence links/ filenames.

Materiality Counts congratulates Toyota Australia on its continued commitment to sustainability reporting.



Jo Cain, Executive Director,  
Materiality Counts, 4 November 2021,  
Melbourne, Australia

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**Materiality Counts**



**AA1000**  
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# GRI Index

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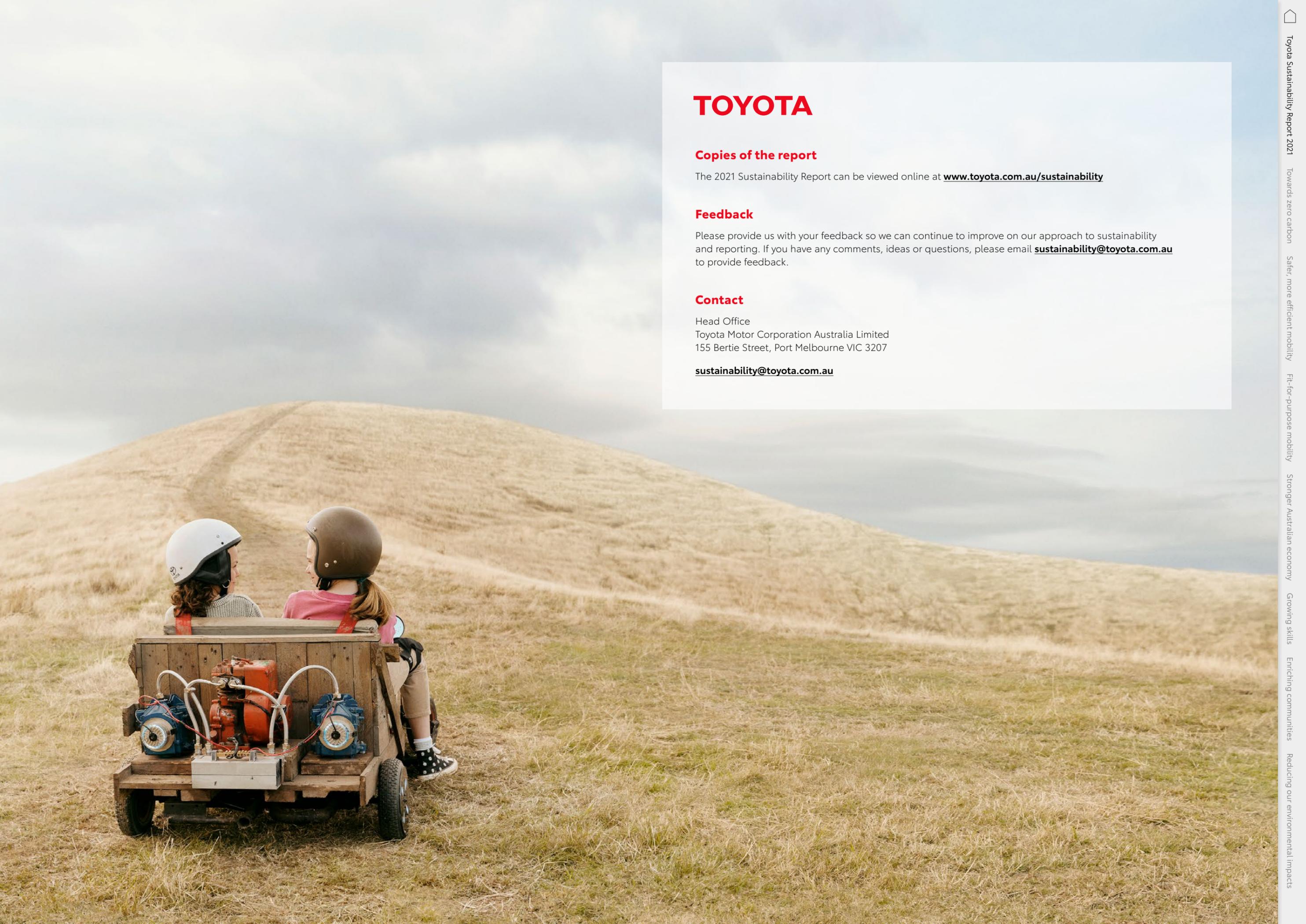
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# TOYOTA

## Copies of the report

The 2021 Sustainability Report can be viewed online at [www.toyota.com.au/sustainability](http://www.toyota.com.au/sustainability)

## Feedback

Please provide us with your feedback so we can continue to improve on our approach to sustainability and reporting. If you have any comments, ideas or questions, please email [sustainability@toyota.com.au](mailto:sustainability@toyota.com.au) to provide feedback.

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