

ASSURANCE

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 2017 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 2016 to 31 March 2017, unless stated otherwise in the text. This work was performed using Materiality Counts' assurance methodology to AA1000AS (2008), AccountAbility's Assurance Standard. To do this, Materiality Counts interviewed Toyota Australia employees and reviewed relevant information from Toyota Australia's key operating areas of manufacturing, sales and marketing, corporate services and product planning. Data collation processes were reviewed, including sighting a sample of original records, interrogating spreadsheets and re-performing some calculations. The following subject matter was evaluated against criteria defined in Assurance Principles Standard AA1000APS (2008) and Guidance for AA1000AS (2008) Assurance Providers:

- > Adherence to the AA1000AS (2008) principles of materiality, inclusivity and responsiveness.
- > Reliability of performance information for material issues (ranked high): product quality and safety, business transition, employee transition, guest experience, vehicle emissions and corporate governance. 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 partnerships 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 2017 Sustainability Report adheres to the AA1000AS (2008) principles of inclusivity, materiality and responsiveness and reports reliable performance information, based on the limitations outlined above, for 1 April 2016 to 31 March 2017. 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:* The materiality process identifies new material issues, such as employee transition, which was raised extensively in internal employee publications.

- > *Inclusivity principle:* Inputs such as an industry scan, peer benchmarking, media review and external communications integrate the external perspective into the materiality process.
- > *Responsiveness principle:* The Sustainability Report is responsive to changes in the scope of material issues, such as the expansion of product safety to encompass the focus on quality.
- > *Performance information:* A comprehensive corporate governance information management system operates via a secure and user-friendly Executive Portal for internal and external reporting. Innovative data capture and reporting is undertaken on tangible and intangible sales and marketing processes towards effective transition from Sydney to Melbourne.

Areas for improvement:

- > *Materiality principle:* The process used to rank each issue according to its impact on stakeholders and importance to the business would be more transparent with an explanation of who at Toyota Australia was involved and the ranking system used.
- > *Inclusivity principle:* A representative sample of stakeholder interviews would enhance the materiality process, in particular to understand external stakeholder interests.
- > *Responsiveness principle:* Feedback from a representative sample of stakeholders on whether or not the Report covers the issues of most importance to them would add value.

- > *Performance information:* Some of the data in the draft Report was not up-to-date to 31 March 2017, all of which was corrected in the final Report. Ensuring that data is up-to-date to the end of the reporting period, and can be readily substantiated with evidence that adopts a consistent and intuitive file naming convention, would enhance Report development in future.

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



Jo Cain, Executive Director, Materiality Counts,
18 September 2017, Melbourne, Australia

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