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Toyota is long established as one of Australia's best-loved and most reputable automotive names, having operated in Australia for almost 60 years. Toyota Motor Corporation Australia ('Toyota Australia' or 'TMCA') is a wholly owned subsidiary of Toyota Motor Corporation (TMC), a public listed company and Japan's largest vehicle manufacturer. Our Australian corporate headquarters is in Port Melbourne, Victoria. We have four regional offices across Australia, except Western Australia, where an independent company distributes Toyota-branded vehicles on our behalf. Toyota Australia distributes Lexus branded vehicles in Western Australia.

Our organisation is structured under three divisions: National Sales and Marketing Operations, Product and Corporate Operations, and Regional Operations. Lexus Australia is managed as a separate division.

The vehicles we sell are imported from Toyota affiliates overseas. Our customers include private buyers (guests) and private, rental and government fleets. Our guests are serviced by our extensive network of dealers, which are independently owned under franchise agreements.

### **About this report**

This is TMCA's 13th sustainability report. It details our performance for the 12 months from 1 April 2018 to 31 March 2019, corresponding with the Japanese financial year.

This material references disclosures from the Global Reporting Initiative (GRI) Standards, as detailed in the GRI index (p. 78). It also draws on elements of the International Integrated Reporting Framework <IR>.

The report covers the activities and performance of Toyota Australia, as detailed in the section above titled 'About Toyota Australia'. Lexus Australia is a division of Toyota Australia. There were no changes to our ownership during the reporting period. The operations of our dealerships are not covered in the report, nor are the operations of Toyota Financial Services Australia Limited.

There are no restatements from the 2018 Sustainability Report. The comparability of data for a number of indicators is affected by the closure of our manufacturing operations on 3 October 2017 and the consolidation of our sales and marketing function from Woolaware Bay NSW to Port Melbourne, VIC by 30 December 2017. This is noted where applicable. We have also established a new baseline for our greenhouse gas emissions post manufacturing (see p. 65).

A statement from our external assurance provider is located on p. 76.

All dollar values provided in this report are in Australian Dollars (AUD) unless otherwise stated.

We released our previous sustainability report in October 2018, for the period 1 April 2017 to 31 March 2018. Copies of previous reports are available on our website and questions can be directed to sustainability@toyota.com.au.



There is no doubt that globally, we are at a turning point. The automotive industry has been experiencing disruption from non-traditional players and will continue to do so in the future.

While maintaining our position as the top selling automotive company in Australia for the 16th consecutive year, 2019 is shaping up to be a year of forward momentum in Toyota Australia's transformation from an automotive company into a mobility company.

In the face of disruption and change, we are staying true to the values that have long guided the way we do business, that of respect for people and continuous improvement. It's through these lenses that we now further delve into areas such as alternative fuels or drivetrains, carshare services, autonomous driving trials and connected vehicles, to ultimately contribute to a zero-carbon society.

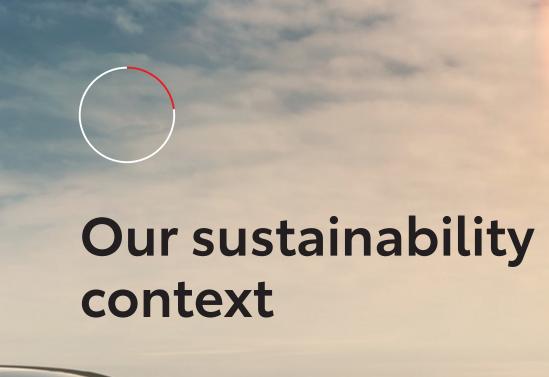
As we undergo unprecedented changes, the focus on our guests is as important as ever, particularly in the face of eroding trust in business in general. And similarly, we are placing more effort and resources into enriching the community around us, through the Toyota Community Trust, sponsorships, and sharing the Toyota Production System through the TSSC Australia team.

As our vision of 'creating innovative mobility solutions for all Australians' is beginning to take shape, I am confident that through the strength of One Toyota – together with our dealer network and Toyota Finance Australia – the future of Toyota Australia will be bright.



M. Callenland

Matthew Callachor President and CEO Toyota Australia





We are living in an age where social shifts, rapid technological advances and the urgent need to combat climate change are converging to give rise to a once-in-a-century period of profound change in the automotive industry. Toyota is determined to meet these changes head on, anticipating and helping to shape a better future of zero emission mobility.

In this highly volatile environment, a number of key global trends are emerging, outlined below. We are responding to these trends with a focus on Connected, Autonomous, Shared and Electrified vehicles, which are discussed in detail in this report.

Demographics are changing: a growing population and increasing urbanisation are leading to dense population centres that give rise to congestion and parking challenges, but which also present the opportunity for different approaches to moving around cities.

**Guest behaviour is changing:** our younger guests in particular are increasingly turning to online platforms to research and purchase vehicles or are looking for a combination of online and in-person interactions. And while some guests appreciate the value for money of a mainstream model, many expect to be able to customise vehicles for their particular needs and preferences. Guests are also looking for a high degree of 'car to everything' connectivity, raising the potential for novel partnerships between automotive and other external companies.

**Shared mobility:** we are seeing the start of a shift from ownership to usership, with the rise of technologyenabled car-sharing, ride-sharing and taxi services.

**Autonomous vehicles:** the technology is rapidly developing for connected autonomous vehicles. However, there are significant issues to work through, from policy settings, to safeguarding data privacy and cyber safety, to testing market acceptance.

Carbon dioxide (CO<sub>2</sub>) tailpipe emissions: there is an urgent need to combat climate change. We recognise that vehicle transport is a significant contributor to global greenhouse gas emissions, and our guests increasingly favour higher-emission sports utility vehicles (SUVs) and light commercial vehicles. We are working to reduce the emissions of vehicles right

across our range, and to promote lower emission options. However, challenges remain in aligning policies, achieving affordable prices, and putting in place the infrastructure needed to support new drivetrains. We have a role to play in education and advocacy to bring about these changes.

**Rural and remote needs:** we have a strong capability to meet the specific demands of vehicles for individuals and businesses in rural and remote Australia, and our dealerships play an important role in rural economies.

Market conditions: we need to respond to the particular circumstances of the Australian automotive market. While Toyota is the market leader, we compete with a growing proliferation of brands and models, including an influx of new entrants from technology companies and new Asian manufacturers that are testing the market in Australia.

Large and unique fleet market: a significant portion of our sales are to government and business buyers. The climate ambitions of these guests are helping to drive uptake of lower emission technologies, and they are also exploring car sharing options.

### **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. Globally, Toyota has identified three priority SDGs that it has the ability to impact:

- climate change (SDG 13 Climate Action)
- reducing traffic accident injuries and deaths (SDG 3 – Good Health and Wellbeing)
- promoting sustainable community building and improved mobility (SDG 11 – Sustainable Cities and Communities)



### **Our inputs**

### Our activities

**Key Trends** 

Quality, Durable, Reliable vehicles from our Toyota affiliates worldwide

> Our guests, the Australian community

Our business
partners, Toyota
affiliate companies,
suppliers, and
national network
of dealers

Our people, culture and capabilities in product design and customisation, sales, marketing and distribution

**Pricing landscape**Competitors

and tariffs

Technological innovation Digitalisation, data, connectivity and automation

Social shifts Urbanisation, lifestyle changes, sharing economy

Climate change and environmental challenges

Delight our guests with the right product in the right place at the right time

Develop our people

Engage with and support the community

Help create a zero carbon society

Develop mobility solutions

Toyota values and the **Toyota Way**: Respect for people & continuous improvement

Governance

**Partnerships** 

R&D, Innovation Education & advocacy

Enablers: how we work

### **Our outcomes**

Ever better vehicles

We deliver the vehicles Australians need, with more Toyotas on the road than any other vehicle. Our vehicles create Toyota fans for life, combining the fun of driving ('waku-doki') with the peace of mind that comes with our quality, durable, reliable vehicles. Our guests and their needs are always our focus.

Wide-reaching economic impacts We generate far more than a profit; our business is at the heart of an ecosystem of businesses including our dealer network across the country, our suppliers and partners. Our vehicles keep thousands of Australian businesses on the road, and we keep the total cost of ownership low with reasonable maintenance costs, partner benefits, and highest retained value of any brand. Our community investment contributes to the not-for-profit economy.

We are helping to build the economy of the future through skill development, and by developing the technologies for future mobility.

Enriching communities

Toyota is embedded in the Australian community through trust in our vehicles, and through wideranging engagement with the community, from support for grassroots to elite sport; support for our local communities and not-for-profit partners; and support for natural environments. Our vehicles are also involved in congestion and traffic accidents, so we are constantly working towards safer vehicles and a future where all Australians have equal access to mobility.

Building capabilities

We build skills and careers. Our work on building capabilities internally is reflected in our community investment, with a focus on sharing our knowhow with Australian not-for-profits and small businesses through the Toyota Production System Support Centre (TSSC), and building the STEM skills that we will depend on in our future employees.

Designing the future

Our vehicles' emissions (and their production and disposal) contribute to climate change and other environmental impacts. In line with the Toyota Environmental Challenge, we are constantly working to reduce or eliminate these lifecycle impacts.

Through innovation, partnership, advocacy and education, we are contributing to designing and realising a future of Connected cars, Autonomous driving, (car-/ride-) Sharing and Electrification ('CASE')

1 in 5 new cars on the road

**223,096** vehicles sold

Net promter score **82.7** 

1,452 employees

**281** Toyota dealerships

**\$1.2 billion** supplier spend

**43** organisations supported by TSSC

\$2.5 million

community investment

**365** local footy clubs supported

Over **1m native trees** planted

Over 100,000 hybrid vehicles sold

**650kW** of solar panels installed

A hydrogen economy could generate

US\$2.5 trillion of
Business worldwide



Toyota has always seen itself as embedded in society; it is in our DNA to operate in harmony with nature and our communities. Our approach to business is built upon sustainability; reflecting our Guiding Principles and the Toyota Way.

### Toyota values

Everything we do at Toyota is informed by our **Guiding Principles**, which were established in 1992 building on the main principles set down by our founder, Sakichi Toyoda, in 1935.



# The guiding principles are:

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.



Respect the culture and customs of every country and region, and contribute to economic and social development through corporate activities in their respective communities.



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



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



Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labour and management.



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



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

We apply these principles through the **Toyota Way** – the values and approach to business that distils our principles into twin focus areas:

### Respect for people

### Respect

We respect all people from all cultures, for who they are and what they contribute. We accept personal responsibility and build mutual trust and understanding.

### **Teamwork**

We work together to achieve common goals. We give each team member the opportunity to do their best by building their skills, and giving them responsibility.

### Continuous improvement (Kaizen)

### Challenge

We embrace new challenges with creativity and courage.

### Kaizen

Kaizen is an approach in which all team members are constantly looking for opportunities for improvement, no matter how small.

### **Genchi Genbutsu**

We base decisions on the facts, and always 'go to the source' for information. Social and environmental principles are enshrined in **Toyota's Global Vision**, which encapsulates how we apply our values to our current context and future business aspiration:

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.

In Australia, **Toyota Australia's Vision** is 'Creating innovative mobility solutions for all Australians'. Our **2025** Direction is focused on achieving that vision by:

- providing the best possible experience for our guests
- leveraging and building our strong **brand**
- offering a product range that meets the needs of our guests, while reducing greenhouse gas emissions.

A future of zero emissions mobility represents a significant disruption, not only to our own industry but to the broader economy and society. We recognise that we cannot meet complex future challenges alone, and are actively **partnering** with government and other organisations to create innovative solutions. We also have a role to play in bringing our community and government stakeholders along the journey, through **education and advocacy**. We engage with our guests primarily through our Dealer network and through **multiple channels**, including an increasing digital presence, but we retain our strong focus on the **communities** in which we operate.

# Overview of sustainability at Toyota Australia Guiding principles TMC Global vision Global Corporate Social Responsibility strategy TMCA vision Environmental Action Plan Mid Term Business Plan Hoshin

Our **Corporate Hoshin** (strategy) sets out our annual work plan towards achieving this vision while maintaining a stable business. The Hoshin establishes activities and indicators against six key objectives:

- Zero harm (employee safety)
- People first (engaged workforce)
- Guest-focused organisation
- Contribute to Environment Challenge 2050
- Business model for sustainable growth
- Work towards our 2025 Direction

The Hoshin is communicated throughout the organisation and guides the activities of all employees from management to frontline staff.

Sustainability is embedded in Toyota's approach, from our global Guiding Principles through to our annual Hoshin plan. Toyota Australia's vision and Hoshin are additionally guided by the global Corporate Social Responsibility policy, which sets out how we interact with our stakeholders, and by the Toyota Environmental Challenge 2050 (see further p. 64).

### **Governance structures**

The Toyota Australia Board comprises four Directors including two Toyota Australia executives and two Toyota Motor Corporation executives. Collectively, the members of our Board have over 128 years' experience working with Toyota locally and internationally. The Board's focus is to establish a robust governance framework, set strategic direction, and provide alignment with TMC and learning from the global approach. The values outlined provide the touchstone for all decisions made by the Board and Executive.

During the reporting period there was one resignation from the board: Masakazu Yoshimura (TMC non-resident director) was appointed on 1 January 2018 and stepped down on 31 December 2018.

The Board met once during the reporting period.

### Board membership as at 30 March 2019

Directors	Role	Appointment
Matthew John Callachor	TMCA President and CEO	1 June 2016
Tetsuo Mori	TMCA Treasurer and Chief Coordinating Officer	1 January 2016
Nobuhiko Murakami	TMC non-resident director	1 January 2018
Mitsuhiro Amo	TMC non-resident director	1 January 2019

### **Governance committees**

Implementation of the direction set by the board is led by a eight-member Executive Management Committee, chaired by the President and CEO.

Our Risk and Compliance Committee is responsible for managing risk, compliance, ethics and governance-related matters. It comprises eight senior TMCA members and is chaired by a TMCA director. The committee reports to the Board on a regular basis. In line with our risk management framework, our risk register is reviewed bi-monthly to ensure we respond to the rapidly changing issues of our industry.

Our organisation is structured in three operating arms: National Sales and Marketing Operations, Product and Corporate Operations, and Regional Operations. Each is led by a Vice President with over 20 years' experience with Toyota and supported by Chief Coordinating Executive inpatriates from TMC, who lead the coordination between TMC and Toyota Australia activities.

### **Compliance**

It is in our culture to take compliance seriously, 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.' Our expectations of business standards are set out in our Code of Ethics and Code of Conduct, which can be accessed via the TMC website.

In accordance with our pillar of respect for people, we respond actively to issues affecting our guests and the broader community. During the reporting period, we addressed the following issues, which are discussed in more detail in relevant sections of this report.

- Takata airbag compulsory recall (see p. 28)
- Diesel Particulate Filter system (see p. 29)
- Data breaches (see p. 29).

Toyota Australia did not record any significant fines or non-monetary sanctions for non-compliance with laws and regulations during the reporting period.

We take fraud and corruption very seriously and have robust global and local policies and controls in place to manage these ethically.

### **External codes and charters**

Our internal policies, codes and guidelines are supported by our alignment to various external charters and principles. These include:

- Occupational Health and Safety (OHS) National Audit Tool for OHS Management Systems
- OHS ISO 18001
- Self-Insurance (Victoria only)
- Environmental Management System ISO 14001 solely for the Port Melbourne Office and Melbourne Parts Centre at Altona.





In keeping with our principles of continuous improvement, we focus our energies on the issues that matter to our business and our stakeholders, including consideration of society and the environment.

### Our materiality process

We establish our material sustainability topics annually, through an extensive process informed by the Global Reporting Initiative (GRI) Standards. We conducted a desktop review of:

- Toyota Australia and TMC documents including strategies, policies, internal and external communications
- External sources including peers, the media, industry bodies, non-government organisations (NGOs).

The process was also informed by interviews with internal stakeholders.

Consideration was given to both current and emerging topics, and topics were prioritised according to both their importance to Toyota Australia and their importance to stakeholders. We also assessed Toyota Australia's potential or actual impacts based on NGO publications and the United Nations Sustainable Development Goals (SDGs).

The findings were validated by key internal stakeholders. The resulting material topics are outlined below.

Topic	Why is it important?	Boundary	Stakeholders	See page
Community investments and partnerships	With more Toyotas on the road than any other brand, we view the whole Australian community as our stakeholder. We aim to be good corporate citizens that contribute positively to the communities where we operate and to broader society.	External	<ul><li>TMC</li><li>Guests</li><li>Dealers</li><li>Community</li><li>Environment</li></ul>	p. 36
Data privacy and security	It is critical that we protect the privacy and security of our stakeholders' data. As we move towards connected mobility, we are also focused on developing systems that will keep our guests and other road users safe, and their data secure.	Internal	<ul><li> TMC</li><li> Guests</li><li> Suppliers</li><li> Employees</li></ul>	p. 29
Dealer support	Our dealer network is a vital part of Toyota's reach across Australia and our connection with guests. We are committed to their ongoing business success as we move towards zero-carbon mobility.	External	<ul><li> TMC</li><li> Dealers</li><li> Community</li><li> Environment</li></ul>	p. 33
Employee engagement and wellbeing	Our success depends on having employees that are engaged and energised to pursue our vision.	Internal	<ul><li> TMC</li><li> Employees</li></ul>	p. 44
Employee health and safety	The health and safety of our employees has always been a top priority for Toyota, and we have a zero harm philosophy.	Internal	<ul><li> TMC</li><li> Employees</li></ul>	p. 48
Guest engagement and satisfaction	We are a guest-focused organisation. Our ongoing success depends on our guests being at the heart of all our decisions and activities so that they become Toyota fans for life.	External	• Employees	p. 24

Indirect economic impacts	Toyota generates significant economic value beyond our own profits; we sit at the heart of an ecosystem including our dealers, suppliers, non-profit partners and our guests, both individual and organisational.	Internal and external	<ul><li>TMC</li><li>Guests</li><li>Employees</li><li>Dealers</li><li>Community</li><li>Government</li><li>Suppliers</li></ul>	p. 30
Mobility and connected services	An increasing population, changing demographics and new technologies for connected and autonomous vehicles are converging to create significant disruption in our industry. We want to empower all Australians with the freedom to move, and to develop a more inclusive society through mobility.	Internal and external	<ul><li>TMC</li><li>Guests</li><li>Dealers</li><li>Community</li><li>Government</li></ul>	p. 50
Product safety and quality	Quality, durability and reliability are central to the Toyota brand values. The safety of our guests and other road users is always of the highest priority.	External	<ul><li>TMC</li><li>Guests</li><li>Dealers</li><li>Employees</li><li>Community</li><li>Government</li></ul>	p. 27
Strategic workforce planning	To succeed in a time of great disruption, we need to have the right people in the right roles with the right skills, combining new perspectives with deep experience.	Internal	<ul><li>TMC</li><li>Employees</li></ul>	p. 48
Vehicle emissions	Toyota recognises the urgent importance of addressing climate change, and we acknowledge the significant contribution of vehicles to greenhouse gas emissions. We are bringing to market low emission vehicles that are right for the Australian market, and advocating for infrastructure and policies that will enable a low emission future.	Internal and external	<ul><li>TMC</li><li>Guests</li><li>Community</li><li>Government</li><li>Environment</li></ul>	p. 56

### Material topics impacts mapped to our value chain

Product planning > Manufacturing* >	Logistics & transport	>	Storage & processing	>	Distribution	>	Marketing & sales	>	Use & servicing	>	End of life
Vehicle emissions											
Indirect economic impacts											
Data privacy and security											
Dealer support											
Mobility and connected services											
Product quality and safety											
				-							
Guest engagement and satisfact	ion					Ī		·			
Employee health and safety						Ī					
Improved Heaten and Surecy											
Strategic workforce planning											
Strategie workloree planning								İ			
Community and strategic partner	rhins										
	Прэ										
Employee engagement and well	<b>.</b>										
Employee engagement and wellt	being							i			
*as our vehicles are now imported, TM	CA has limited	d infl	uence over m	nanufa	acturing						

### **Changes in material topics**

This report is the first relating to Toyota Australia solely as a sales, marketing and distribution company. While there is significant continuity from previous years, there have inevitably been some changes to the definitions and prioritisation of our material topics. This years' topics reflect a focus on our products, our guests, our employees and our community. We have recognised the significance of our indirect economic impacts, highlighted in our value creation story and discussed on p. 8. Our most material environmental impacts are now those of our vehicles rather than our operations; however, we continue to strive to minimise our direct impacts (see p. 57 and 63).

### Our stakeholders

A strong focus on stakeholders is enshrined in the Toyota Guiding Principles and our key pillar of respect for people. When engaging with stakeholders we follow the behaviours outlined by our code of ethics, which includes provisions specific to several stakeholder groups.

Our key stakeholders, as identified by our Board of Directors and management, are outlined below with an indication of which material topics impact them and how we engage with them.

Stakeholder	Key sustainability issues	How we engage	Further detail
Guests	Guest engagement and satisfaction	Our extensive dealer network is	p. 24
	Product quality & safety	the first point of contact for our guests. The Guest Experience Centre	
	Vehicle emissions	operated directly by TMCA enables	
	<ul> <li>Community investments and partnerships</li> </ul>	partnerships and social media. We also interact	
	Mobility and connected services	with guests via the myToyota app, our website and our GoPlaces publication.	
	Data privacy and security	We maintain a prominent public presence with current and potential guests through our advertising and community sponsorships.	
Employees	Employee health and safety	We communicate with our employees	p. 44
	<ul> <li>Employee engagement and wellbeing</li> </ul>	through everyday interactions, regular meetings at multiple levels, news bulletins and company-wide	
	Strategic workforce planning	presentations including the annual	
	Indirect economic impacts	President's Address. Our intranet keeps employees up to date on all relevant information including updates on product launches and events.	
Dealers	Dealer support	We support our dealers through the	p. 33
	<ul><li>Indirect economic impacts</li><li>Community investment and</li></ul>	'Franchise of the Future' program and the National Toyota Dealers Association.	
	partnerships	We provide regular bulletins and hold regular dealer forums as well as the annual National Dealer Conference.	

Toyota Mater		Employee angagement and	TMC takes an active interest in all	n 11
Toyota Motor Corporation	•	Employee engagement and wellbeing	TMC takes an active interest in all aspects of our business. Two TMC	p. 11
(TMC)	•	Strategic workforce planning	executives sit on our board, and we have a number of TMC 'inpatriates' who	
	•	Data privacy and security	work alongside us and liaise closely with	
	•	Product safety and quality	TMC. We work directly with relevant TMC divisions and other Toyota affiliates on	
	•	Community investments and partnerships	policy development, strategy and action planning and sharing best practice to support continuous improvement.	
	•	Vehicle emissions		
	•	Guest engagement and satisfaction		
	•	Indirect economic impacts		
	•	Mobility and connected services		
Suppliers	•	Indirect economic impacts	Our procurement policy and Purchasing Environment Handbook govern selection and standards for suppliers. We interact directly with suppliers on a range of relevant issues.	p. 34
Community	•	Community & strategic partnerships	We have ongoing formal relationships	p. 36
	•	Vehicle emissions	with a number of community organisations, as well as multiple	
	•	Indirect economic impacts	point-in-time interactions. Our aim is to	
	•	Product quality and safety	find and instigate mutually beneficial activities to support positive outcomes for all parties	
Government	•	Vehicle emissions	We have a dedicated government affairs	p. 31
	•	Indirect economic impacts	team and maintain a close working relationship with local, state and federal	
	•	Product quality and safety	government in order to stay connected	
day business industry. This meetings, of We also eng	to key topics relevant to Toyota's day-to-day business and the wider automotive industry. This includes face-to-face meetings, often involving our President. We also engage with government via the Federal Chamber of Automotive Industries (FCAI) and other industry bodies.	-		
The	•	Vehicle emissions	The Toyota Environmental Challenge	p. 62
Environment	•	Dealer support	and our Environmental Action Plan provide our framework for interacting with the environment. This is reinforced by affiliations with organisations like the Green Building Council of Australia, City Switch Green office program, Take2 and Planet Ark (National Tree Day).	

### Industry associations and memberships

The Federal Chamber of Automotive Industries (FCAI) is the peak body for the automotive industry in Australia. Continuing a long association with the FCAI, Toyota Australia's President Matthew Callachor was President of the FCAI until May 2018, and since then has served as Vice President.

During the reporting period Toyota Australia was also a member of the following industry associations and groups:

- Australian Industry Group
- Centre for Corporate Public Affairs
- Committee for Economic Development of Australia
- Victorian Employers' Chamber of Commerce and Industry
- · Committee of Melbourne
- · Green Building Council of Australia
- · CitySwitch Green office Program
- TAKE2 signatory
- Hydrogen Mobility Australia (now known as Australian Hydrogen Council)
- Growth Fund National Governance Committee (Federal Government) (concluded end-2018)
- Western Local Region Automotive Transition Taskforce (Victorian Government)
- Victorian Automotive Transition Taskforce (concluded mid-2018)
- ITS Australia
- Pro Bono Australia
- · Philanthropy Australia
- Volunteering Victoria



We aim to delight our guests with the right product in the right place at the right time. We deliver the vehicles Australians need, with 2.89 millions Toyotas registered in 2018; more than any other brand. Our vehicles create Toyota fans for life, combining the fun of driving ('waku-doki') with the peace of mind that comes with our quality, durable, reliable vehicles. Our guests and their needs are always our focus.

### **Product design and customisation**

We aim to provide a range of vehicles to suit the needs of all Australians, from a zippy urban run-around, to a luxury sedan or a rugged heavy-duty workhorse. While all our vehicles are now imported from Toyota affiliates, Toyota Australia retains a strong hand in designing, selecting and customising vehicles to meet the unique needs of the Australian market.

Our Product Planning and Development team, based in Port Melbourne, employs over 150 designers and engineers who research and develop products using techniques from thumb-nail sketches to full-size clay modelling, 3D printing and electronic visualisation. The team's work is used not only to develop vehicles for our local market, but also serves our parent company's worldwide product design and development. We are recognised in particular for our capability in design and customisation of off-road vehicles.

Our work takes advantage of the Toyota New Global Architecture (TNGA), a common vehicle platform that allows for continuous improvement of vehicle fundamentals such as the drivetrain and engine compartment, while enabling wide variety in design, vehicle dynamics and customisation to increase the fun factor for our guests.

Our capabilities were highlighted this year with the launch of three new variants of Australia's best-selling vehicle, the HiLux. Designed locally, the new vehicles respond to market demand by integrating a range of capabilities and style features that our guests had previously been seeking through accessories.



The Toyota Camry Ascent Sport Hybrid was crowned 2018 Car of the Year in in Drive's prestigious annual motoring awards. The Camry hybrid beat 49 other finalists across 14 categories to take out the top award, having already been named Best Family Car in the consumer-focused awards' 13th year. An exhaustive week-long evaluation of finalists included testing on urban and rural roads as well as a series of exercises on a closed circuit to test vehicle safety in a controlled environment.

We are increasingly giving our guests the ability to customise their vehicles with a wide range of colours and genuine accessories. We also have capabilities to create fully customised vehicles for particular purposes. For example, we are able to serve the exacting vehicle needs of the agricultural and mining industry, helping contribute to Australia's rural and regional economy.

## Delivering the right product in the right place at the right time

It is not enough to have a range of models to meet the needs of all Australians. Our guests need access to the right product and service where and when they need it in our vast country.

We have a physical presence right across Australia through our extensive dealer network. Getting the right vehicles to those dealerships when, where and in the quantity they are needed is a significant undertaking, and one that has changed now that all our vehicles imported. We have been applying the Toyota Production System to develop efficient, just-intime processes that also minimise the transportation of new vehicles between sites – thus helping to minimise the carbon footprint of our logistics. This requires sophisticated planning, alignment and cooperation between our parent TMC, Toyota Australia and our dealer network.

### Fleet sales

Around half our sales are to fleet customers, which include large and small businesses, not-for-profit organisations and government organisations. We serve these customers directly and via our specialised fleet operations.

We particularly value these customers for their role in helping us bring to market innovations in vehicle technology and mobility services. Many of our fleet customers are actively seeking to reduce their carbon footprint, and have thus accelerated the uptake of our hybrid vehicles. They are also maximising the utility of their vehicles through services offered by Toyota Fleet Management (TFM) (a subsidiary of our sister company Toyota Finance Australia Limited). Car Sharing is a web-based scheduling, booking and reporting system that enables multiple drivers to access fleet vehicles to save time, reduce costs and streamline administration. ForceField Telematics service provided by TFM is a mobile technology that tracks vehicle and driver behaviour, and can help fleet customers to increase operational efficiency and identify safety concerns.

Fleet sales are particularly competitive, but we believe the quality, durability and reliability of our vehicles provides unbeatable value for our fleet customers. And, as for all our guests, we aim to reduce whole-of-life costs with low maintenance costs and strong resale value.

### **Guest engagement and satisfaction**

Toyota Australia's philosophy of putting customers first is enshrined in our long-standing Guest Charter. Our guests are at the heart of everything we do, and guest satisfaction is a core measure of our success. This focus has been rewarded by our guests with a range of accolades:

# Reader's Digest Trusted Brand 2018

Winner, car category for the 13<sup>th</sup> year running

# Reputation Institute RepTrak® 2019

Australia's most reputable automotive company

We connect with our guests via our dealerships, our Guest Experience Centre, and multiple online platforms. In an increasingly connected, digital world, TMCA understands that our guests will want to engage with us over multiple touchpoints, and expect rapid responses. Guests can now view vehicle specifications, book a test drive and make purchases from our dealers online.

This year we conducted demonstrations of our i-Road concept vehicle for last-mile mobility with Australian fleet partners, as well as with road authorities, local and state governments, to identify their suitability for the Australian Market.

The i-Road is an all-electric vehicle with a very compact, narrow footprint, configured for tandem or single occupancy. It can lean into corners automatically like a motorbike, which makes for a fun, safe, low speed transit. We envision that it will be an important link between mass transit points and final destinations, due to its compact size and ability to navigate built-up traffic conditions easier than a full-size car, helping to reduce congestion and transport emissions.



### **Product safety and quality**

Quality, reliability and durability are synonymous with the Toyota brand and a critical reason why guests become Toyota fans for life.

This year, we have further backed up this reputation by introducing the Toyota Warranty Advantage – a standard five-year manufacturer warranty for all new Toyota vehicles sold from 1 January 2019. The Toyota Warranty Advantage provides unlimited kilometres coverage for private buyers and up to 160,000 km for commercial vehicles across all models and drivetrains, with options to extend. In addition, 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. The Toyota Warranty Advantage is in addition to guests' rights under the Australian Consumer Law statutory consumer quarantees.

Toyota also maintains a constant focus on providing market-leading safety features at an affordable price. Toyota has developed Toyota Safety Sense (TSS)\*, a multi-feature active safety package designed to support safe driving practices. TSS is included on many Toyota vehicles. These innovations help protect drivers, passengers, other road users and pedestrians from harm. In the future, many of these safety features will be integrated into connected and autonomous driving systems.

In Australia, vehicle safety is measured independently by the Australasian New Car Assessment Program (ANCAP). All current model Toyotas have the maximum five-star rating. Information about the safety features of Toyota and Lexus vehicles sold in Australia can be found on our website at <a href="https://www.toyota.com.au">www.toyota.com.au</a> or <a href="https://www.toyota.com.au">www.lexus.com.au</a>.

### Recalls

When safety recalls are required, we follow the requirements under the Australian Consumer Law and we are guided by the Federal Chamber of Automotive Industries (FCAI) Code of Practice for automotive safety recalls. This comprehensive process includes dealer notifications, press advertisements, letters to impacted guests and government notification. During the reporting period, Toyota and Lexus vehicles were involved in 17 safety recall campaigns due to potential faults. Information on all Australian product safety recalls, by category and brands, can be found on the Australian Competition and Consumer Commission (ACCC) recall site: www.productsafety.gov.au/recalls.

### Takata airbags

Certain Toyota and Lexus vehicles produced between 2001 and 2014 have been recalled for front driver or front passenger airbag inflators that were manufactured by Takata.

In involved vehicles, the non-desiccated propellant that inflates the driver's or passenger's front airbag (model dependent) could absorb moisture and degrade. If the inflator propellant degrades and the vehicle is involved in a collision, the airbag can go off with too much explosive force, causing sharp metal fragments to shoot out and kill or seriously injure people in the vehicle.

The Takata recalls are on an unprecedented global scale, involving many automotive brands and millions of vehicles worldwide. The Australian Competition and Consumer Commission reports the defect has caused 29 deaths and more than 320 injuries worldwide.

Toyota Australia takes this issue very seriously and has been conducting voluntary recalls of involved vehicles since 2013. We have been notifying and responding to owners in a number of ways; including by mail, phone, SMS, email and face to face visits, to request that they urgently contact a Toyota Dealer to arrange free repair. For vehicles under 'critical' recall, being vehicles with 'alpha' airbags and vehicles with front driver airbags aged over 6 years, owners are requested to immediately stop driving the vehicle and contact a Toyota Dealer to organise towing (free of charge) to have the airbag inflator replaced. In

the case of vehicles fitted with a 'beta' type airbag under non-critical recall, particularly vehicles which are more than 6 years old, owners should urgently contact a local/preferred Toyota Dealer to arrange free repair. Toyota owners can check whether their vehicle is affected by using the Toyota online VIN checking tool at <a href="https://recalls.toyota.com.au">https://recalls.toyota.com.au</a>. A full list of all vehicles affected by the Takata recalls in Australia is available on the Product Safety Australia website and vehicle owners can also use the industry-wide online checking tool at <a href="https://www.ismyairbagsafe.com.au">www.ismyairbagsafe.com.au</a>.

In some cases where ownership has been transferred and/or owners' contact details have changed, notification can be challenging. Toyota Australia requests that owners immediately advise (by calling or completing a webform at our recalls website) if their contact details have changed or if their vehicle has been sold, written off or stolen. In other instances, owners choose not to respond to the recall notification. For these owners' safety, Toyota Australia has begun face to face visits to ensure that airbag replacement is conducted as soon as possible.

In February 2018, the Australian Government issued a compulsory recall notice (Recall Notice) for all vehicles with defective Takata airbags. In accordance with the Recall Notice, we have set (and published on our recalls website) ongoing information about the Takata recalls. The Recall and Replacement Timetable sets out the prescribed time by which recall action must be initiated and also the time by which affected inflators must be replaced. All affected Toyota and Lexus vehicles are now under active Takata recall. The Quarterly Completion Schedule is the completion schedule for affected Takata airbags and sets milestones for recall completion by way of required quarterly completion rates. As at 10 July 2019, out of approximately 582,773 Toyota and Lexus vehicles affected by active Takata recall campaigns to date, we have remedied approximately 531,312 (91.2%) of these vehicles.

Unfortunately, it has been necessary to recall some Toyota vehicles for a second time after it was found that some replacement airbag inflators were installed incorrectly. In the event of a collision where airbags are deployed, the front passenger airbag may not inflate for deployment, increasing the risk

of injury. A recall notice for these affected vehicles was published on 14 March 2018 and has also been sent to owners' last known address, requesting that owners present their vehicles to a preferred Toyota dealer for inspection/ repair.

In November 2017 a class action was filed against Toyota Australia in relation to the Takata recalls and subsequently, against 6 other major automotive brands in Australia.

Toyota Australia is fully committed to completing the Takata airbag recall as soon as possible to ensure owners' safety and minimise any inconvenience.

### Diesel particulate filters

In October 2018, we launched a Customer Service Campaign to remedy potentially faulty diesel particulate filters on HiLux, Fortuner and Prado vehicles sold between June 2015 and June 2018.

Our core values are to be guest-focused, and to provide vehicles that are safe and reliable, so we are working actively to resolve this issue for our quests.

### Data privacy and security

As we move towards connected mobility, Toyota Australia is handling expanding volumes of data, including personal data, and we recognise that the security of our digital platforms will play an increasingly critical role in maintaining the safety of our guests and other road users. There are great potential benefits from these technologies, but we take a precautionary approach when introducing them, to safeguard against potential risks.

Our approach to protecting our guest's data is underpinned by our core value of respect for people, and our Guiding Principles. TMCA's Privacy Policy provides clear notification about why, how, when and to what purpose we collect personal information from our stakeholders. We comply with the Australian Privacy Principles regarding notification and consent for collection and handling of personal information and provide clear instructions on how guests can change permissions, correct or remove their data from our services and channels.

Our Information Security Management System Policy is aligned to ISO/IEC 27001:2013 Information Security Management, and covers both third-party information held by TMCA, including guest information, and TMCA information held or managed by others. Implementation is overseen by the Risk and Compliance Committee that reports to our Executive team. The committee assesses the effectiveness of our systems and processes and identifies improvements.

Access to our systems is protected by strictly controlled, multifactor authentication, a mandatory password management regime, and continuous updates of security firewalls and processes.

Our framework to investigate, manage and notify Australian regulators and affected individuals of eligible data breaches is in accordance with the Notifiable Data Breaches Scheme under the Privacy Act (1988) (Cth).

Unfortunately, TMCA was the victim of an attempted cyber attack in February 2019. The Information Security Management System was effective in identifying irregularities indicating an attempted cyber attack. We responded by immediately suspending all staff login accounts, and investigating in collaboration with Federal authorities. Priority functions, such as sales and deliveries were brought back online once the company was again confident of its information security. We do not believe the attack resulted in a data breach.

Our parent company in Japan was also subject to an actual cyber attack, which resulted in a data breach potentially including customer information. Toyota systems in Japan were shut down over a period of weeks, and security measures were further strengthened.

As large organisations like ours increasingly become targets for cyber attack, data security and privacy will remain a top strategic and management priority within our organisation.

Driver assist features. Only operates under certain conditions. Check your Owner's Manual for explanation of limitations. Please drive safely.



We generate far more than a profit; our business is at the heart of an ecosystem of businesses including our dealer network across the country, our suppliers and partners. Our vehicles keep thousands of Australian businesses on the road, and we keep total cost of ownership low with reasonable maintenance costs and partner benefits. Our philanthropic community investment contributes to the not-for-profit sector. We are helping to build the economy of the future through skill development, and by developing the technologies for future mobility.

Maintaining and growing our market share continues to be fundamental to our strategy. According to the Federal Chamber of Automotive Industries (FCAI), Toyota was again the Australian market leader in the calendar year 2018, maintaining its position for the sixteenth year in a row as the country's top-selling brand. Our market share (excluding Lexus) increased from 18.2% to 18.8%, and is almost double that of the nearest competitor. This is in the context of a year the FCAI acknowledged as challenging, with a 3% reduction in overall sales compared to the calendar year 2017. The Toyota HiLux was once again the number one selling vehicle in 2018 across all categories, with 51,705 sales, and the Corolla achieved third position with 35,320 sales during 2018.

### **Business performance**

Achieving financial targets is fundamental for any business. Toyota Australia posted an after-tax profit of \$206 million for the 2018/19 financial year, with sales of 223,096 Toyota and Lexus vehicles. Our sales were somewhat lower compared to 2017/18, mainly due to the loss of export sales from manufacturing and an overall softer market. However our profit was significantly increased without the costs associated with the closure of our manufacturing business on 3 October 2017. In recent years our profits have been variable due to restructuring costs associated with our transition away from manufacturing, and due to foreign exchange rates fluctuations in our key export markets. As our first full year as a sales, marketing and distribution only company, our strong results for 2017/18 set a new baseline for future growth.

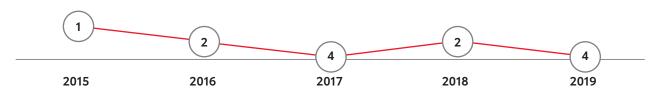
In 2019, Toyota Australia was again ranked as Australia's most reputable automotive company, and fourth most reputable company overall.

### **Government funding**

Toyota Australia received \$12 million in government funding in the 2018/19 reporting period.

In March 2019, the Australian Renewable Energy Agency (ARENA) announced that it would provide funding of \$3.1 million towards our new Hydrogen Centre (see p. 58). This funding was announced but not received during the reporting period.

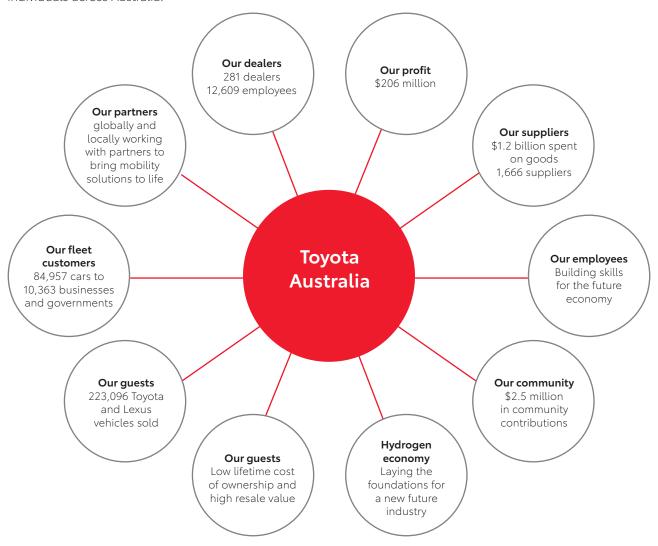
See p. 61 for details of how we engage with all levels of government. Toyota Australia does not provide political contributions.



**Source** Reputation Institute

### **Indirect economic impacts**

Toyota Australia's impact on the economy goes much further than our own profit. We share our success widely, with an economic footprint that reaches across multiple businesses, non-profit organisations, communities and individuals across Australia.



Our vehicles make a significant contribution to the economy, literally keeping thousands of businesses across the country on the road. Our fleet sales provided 84,957 vehicles to 10,363 organisations during 2018/19. Commercial vehicle sales power the livelihoods of tradies and the myriad other businesses. For both our commercial and personal customers, the quality, reliability and durability of Toyota vehicles represents value for money long after purchase. Toyotas are also known for their high resale value.

We have an extensive program of financial and in-kind support for non-profit organisations around

the country, detailed on p. 36.

We are also helping to build the future economy. We invest in skills development, not only of our own staff, but also of non-profit organisations and small businesses through the Toyota Production System Support Centre (TSSC) (see p. 38) and through our contributions to education, particularly focusing on the STEM skills our industry depends on (see p. 40).

We are actively invested in developing a hydrogen economy in Australia, with a demonstration project at the Centre of Excellence at our Altona site (see p. 59).

### Our dealers

Our success is inextricably linked with our network of dealerships. Our dealerships are the physical presence of Toyota across the country, and are at the frontline of our interactions with guests and local communities. As at January 2019 there were 203 Toyota dealers, with 281 outlets employing 12,609 people. Our number of Lexus dealers as at March 2019 sits at 23 dealers.

Toyota dealers are independent franchisees. We support our dealers through the 'Toyota for Life' Quality Standards, which translate the Toyota values to the specific circumstances of dealers and reinforce a guest-centric culture:

Respect	Treating guests with honesty, integrity and transparency.
On show	A commitment to high standards in every way, from the car yard to personal appearance.
Efficient	Making sure everything we do is designed to meet guests' needs, delivered in a timely and professional manner.
Professional	We're committed, consistent and well trained to take ownership of everything we do with our guests.
Continuous improvement	Never relaxing the search for ways to better the operation and service for the guest.

Toyota is committed to best practice in its relationships with dealers, and we are committed to the long-term success of their businesses as well as ours. Our franchise development team takes a collaborative approach to communication. Field representatives in each dealership region support dealers with all aspects of their business including sales plans, stock ordering, guest loyalty and business marketing. They also assist dealers to achieve their targets and meet TMCA standards.

We monitor our dealers against both monthly sales and guest satisfaction, as measured by a Net Promoter Score® (NPS). The NPS reflects the number of guests willing to refer family and friends to Toyota. An NPS over 50 is generally considered excellent.

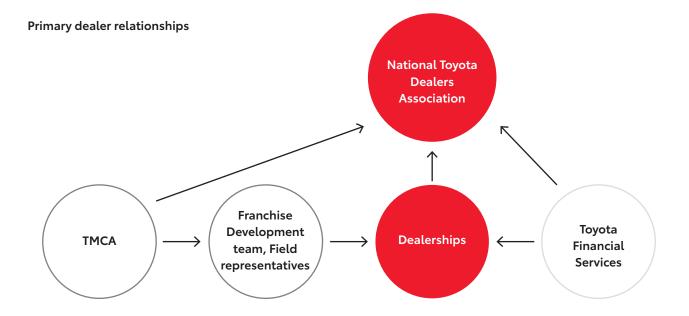
Net promoter score	Sales	82.7
Guest satisfaction index	Sales	94.0

The National Toyota Dealers Association (NTDA) is the key forum connecting dealer network representatives, TMCA and Toyota Finance Australia Limited (TFA), and helps ensure that dealerships are aligned with Toyota's core values and beliefs. The association holds meetings three times per calendar year, providing an open forum for discussion and information sharing. Eight sub-committees – each including representatives from dealers, TMCA and TFA – focus on continuous improvement in specific areas from product launches to parts and service.



Toyota's dealer footprint is particularly significant in rural and regional areas of Australia. We have the largest dealership network in the country, and almost a third of our sales come from outside metropolitan areas.

Our vehicles are the workhorses of regional economies, and we are have the capability to provide fully customised vehicles that are fit for the demands of regional Australia. Our dealerships also provide vital employment and training, and play a prominent role in their local communities, particularly through our partnerships with sporting organisations.



As we transition to a zero-emission mobility company, we are working to ensure our dealerships continue to play a central role in our business model. As the primary point of contact with our guests, dealers are critical to achieving our ambitious sales targets for hybrid vehicles, in line with the Toyota Environmental Challenge 2050. We have been developing our dealers' understanding of hybrid technology and the benefits for our guests and the environment. We also encourage our dealers to strive for eco-efficient facilities, at minimum complying with our Dealer Environmental Standards (see further p. 66).

In collaboration with our dealer network, we are actively exploring new touchpoints with our guests. Examples are the dealership at Rouse Hill shopping centre in NSW, and the pop-up Lexus dealership we installed in Doncaster shopping centre, Victoria. These pilot activities brought a dealer presence to a different context, where guests could interact with us without specifically seeking out a dealership.

We are also working with dealers on the look, feel and functionality of their facilities, particularly when refurbishments are undertaken. This includes guidelines on the environmental sustainability of facilities, such as waste management and water and energy efficiency. Having led by example at our Toyota Parts Warehouse in Sydney, (see p. 67), we have the knowledge to support dealers prepare for the future and deliver the current needs of our guests.

### Our suppliers

Our vehicles, service parts and accessories are sourced from Toyota affiliates in Japan, Thailand and the USA, as follows:

Japan	Camry, 86, C-HR, Corolla Hatch, Coaster, HiAce, LandCruiser range, Prius range, RAV4, Tarago, Yaris
Thailand	Corolla Sedan, Fortuner, HiLux
USA	Kluger

Some parts and accessories are sourced locally, particularly larger items such as trays or bull-bars that are used to customise our utility vehicles for the Australian market. We also purchase various goods and services that support our operations, including IT equipment and services, and creative services for marketing and advertising.

During the reporting period we spent \$1.2 billion on goods and services from 1,666 suppliers (see p. 69 Table A and B for comparative data).

See p. 67 for information about how we work with our suppliers to ensure social and environmental sustainability in our supply chain.

### **Our partners**

Achieving our long-term vision of zero carbon mobility will require system-wide changes that no one organisation can achieve alone. We are developing a strategic partnerships framework that will support the selection and governance of the right partnerships to help us to successfully navigate the multiple complex challenges and opportunities ahead, and extend our reach and capabilities.

Examples include the technologies to support connected and autonomous vehicles (C-ITS), or the infrastructure required to support electric and hydrogen drivetrains.

Powered by Telstra's 4GX network, the C-ITS trial led by Lexus, will test and demonstrate Australian-first Cellular Vehicle-to-everything (V2X) technology to create a safer driving experience. The vehicle safety systems include features such as emergency braking alerts, in-vehicle speed limit guidance warnings, right turn assistance for vulnerable road users, and warnings when surrounding vehicles are likely to violate a red light.



In December 2018, we announced a partnership between Lexus Australia and Telstra to trial the deployment of advanced communications technology in Victoria. The project, called Advanced Connected Vehicles Victoria, or ACV2, has been awarded grant funding under the Victorian Government's Towards Zero program.



Toyota is embedded in the Australian community through trust in our vehicles, and through wide-ranging engagement with the community, from support for grassroots to elite sport; support for our local communities and not-for-profit partners; and support for the natural environment.

Our approach to community investment and engagement is founded on the Toyota guiding principles to 'contribute to the economic and social development through corporate activities in the community,' and to 'pursue growth in harmony with the global community through innovative management'.

We support a wide variety of activities through three main channels, with priority focus areas that reflect those of Toyota globally.

### \$2.5 million community contributions



### **Toyota Community Foundation**

Toyota has a long track record of providing practical support to the Australian community. The Toyota Community Foundation (TCF) partners with key stakeholders to provide resources and funds to enhance the community's capability.

The Foundation is overseen by the TMCA executive, supported by participants from across the company. The Foundation's activities are guided by a set of principles, with community capacity building at their heart, to:

- address local needs identified by local communities
- support business objectives of all parties; partnerships are developed as mutually beneficial strategic alliances

- multifaceted partnerships; we look for value exchange beyond financial contributions and branding opportunities
- deliver long-term sustainable benefits
- build and strengthen relationships and reputation; we look to develop personal contacts at the local level
- provide opportunities for employee and dealership participation
- provide platforms for broader engagement
- meet and exceed stakeholder expectations.

To understand the outcomes of our projects, we ask recipients of small grants to provide a brief report of their outputs. For more significant partners we agree a set of outputs or outcomes to be reported.

### Toyota Production System Support Centre (TSSC) Australia

The Toyota Production System (TPS) is world renowned, developed through our extensive manufacturing experience and our philosophy of continuous improvement and respect for people. TPS isn't just a tool kit; it's a culture of problem solving at every level of the organisation, from top management to the front line.

For over 20 years we have shared our know-how with our suppliers, and in 2016 we established the TSSC to

broaden our impact by helping build the capacity of non-profit organisations and small businesses. We work closely with selected organisations over three to six months, to address specific business problems and embed skills and knowledge for lasting change.

Examples of TSSC's work can be seen on the website, www.tssc.com.au.



### **GenU Food Processing**

GenU are a not-for-profit in the community services sector, supporting people with a disability, and the aged. Food Processing is a GenU business that provides employment in a supported environment for people with a disability. As product demand has grown, GenU has experienced difficulties meeting client need without relying on additional skilled labour and overtime hours for management staff.

GenU reached out to TSSC for support, and through application of Toyota Production System tools and problem-solving methods, TSSC members worked with the GenU team to:

- increase task capability by 30% through upskilling of supported members
- reduce management burden and enable smoother processing of orders through visualisation on a work allocation board, implementation of a 'Kanban' (just-in-time) system, and alignment of work hours with peak order processing
- control raw material stock levels through application of '2S' (sort and set) and a Kanban system

The local team were highly engaged, and the project outcomes strongly supported the team's core mission of providing skills and employment to disabled members of the community.



Students receiving grants and scholarships from five different schools in Sutherland Shire as part of Toyota's lasting legacy to the community.

Participating schools:

- · Dunlea Centre, Engadine
- Bates Drive School, Kareela

- · Cook School, Loftus
- · Minerva School, Sutherland
- Endeavour Sport High School, Caringbah

### Local council grants

Every year we provide grants to community organisations in each of the three local areas where we have significant operations – Port Melbourne, Altona and Woolooware Bay. These have supported anything from uniforms to stretchers for local sports clubs; assisting Earth Care to monitor and protect little penguins on the St Kilda breakwater; and the purchase of easels for art therapy sessions for Windana Drug & Alcohol Recovery's clients.

### **Road Safety Education Australia**

We want all Australians to be able to travel safely, and with more Toyotas on the road than any other vehicle, we have a significant role to play in helping to achieve that. Our long-standing partnership with Road Safety Education Australia (RSE) is focused on developing socially responsible young drivers through an evidence-based education program. RSE's flagship 'RYDA' program reaches over 50,000 16–18-year-olds across the country every year, with the aim of reducing road trauma.

### **Schools Plus**

Toyota's Sales and Marketing office was located in Sutherland Shire, New South Wales until the end of 2017. To create a lasting legacy that would benefit the local community, we have partnered with national charity Schools Plus to provide grants and scholarships for disadvantaged local schools and students.

Five Sutherland Shire schools are receiving funding support from Toyota Australia for priority projects. These projects are aimed at building students' technology skills, helping at-risk students transition to mainstream schools or work, and providing occupational therapy for students with special needs.

The Toyota Australia Scholarship Program offers financial scholarships for young people in Years 10 or 11 in the Sutherland Shire, with the aim of overcoming barriers created by social and economic disadvantage. In 2018, scholarships were awarded to 23 students with ambitions to explore careers ranging from medicine and veterinary science through to creative arts and photography.

### \$2.5 million community contributions from Toyota Community Trust and Toyota Community Foundation

#### **Friends of Lower Kororoit Creek**

We continue to provide support to this group caring for our local environment, honouring a long association with the creek that runs beside our former Altona manufacturing plant.

### **Employees**

We want to support our employees' interests and passions as much as their careers and development. Our matched workplace giving program enables our employees to donate directly to the causes of most importance to them. Every dollar an employee donates to an eligible charity via the program qualifies for matching by Toyota, dollar for dollar, to a maximum of \$1,000 per employee per year, and an annual total matched giving cap of \$40,000.

We also provide employees with an opportunity to win a \$1,000 grant for a non-profit community group they actively support. 40 grants are selected from employee applications and this year included buying equipment for local sports clubs, from a defibrillator to seating; a sun-smart program focusing on children with special needs; Primary School Earth Care; and the purchase of education materials to assist with school fire safety education sessions through the Country Fire Authority (CFA).

### **Toyota Community Trust**

Following the closure of our manufacturing operations, we wanted to leave a legacy that would provide long-term benefits to the Australian community. The Toyota Community Trust was established in 2017 with a \$32 million endowment.

The trust provides grants via invitation-only rounds, with a focus on education in science, technology, engineering and maths (STEM). These are the skills that Toyota relies on as we develop our future as a mobility company. Our programs are focused on Melbourne's west, where our manufacturing operations were located for over 20 years.

Specifically, the trust aims to:

- address barriers to students pursuing science, technology, engineering and mathematics (STEM) related studies
- provide students with access to quality learning environments and experiences
- support teachers to strengthen their STEM teaching skills
- address gaps between studies offered and employer needs.





The Victorian Space Science Education Centre (VSSEC) was awarded a grant for the development and testing of software for a 'real life' scenario in which students use maths to attempt to save a stranded astronaut. VSSEC applies the latest educational research to develop effective STEM education programs for both students and teachers at primary and secondary level.

The Toyota Community Trust is a discretionary trust, managed by the Directors of Toyota Community Foundation Australia Pty Ltd (TCFA), acting as Trustee. TCFA is a 100% owned subsidiary of TMCA. Directors are appointed for two years by TMCA; the inaugural directors are Mike Rausa (Chairman), lan Grigg AM and Damien Bayard.

During the reporting period the trust distributed \$858,191 to 17 not-for-profit organisations delivering STEM education programs in Melbourne's western suburbs. Examples of the work supported through the trust can be seen on our website.

### Community contributions by category, 2018/19

Environment	0.3%
Road safety	14.0%
Education	50.2%
Arts and culture	2.8%
Civic and community	7.2%
TSSC	23.2%
Other	2.3%



### **Toyota Country Music Festival**

Supporter for over 25 years.

This year Toyota Australia helped raise more than \$270,000 for drought charity Rural Aid, with contributions for festival hats at the Tamworth festival totalling \$32,000, and a further \$240,000 raised through the Raffle for Resilience, which offered a one-off LandCruiser 200 Sahara as the major prize.

### **Sponsorships and partnerships**

As well as supporting communities through our Foundation and Trust, Toyota Australia is proud to sponsor and participate in a range of sporting, cultural and community events.

Sponsorships and partnerships are managed by our National Marketing division. Many, such as Good for Footy or National Tree Day, provide touchpoints that mobilise the involvement of our entire dealer network, our employees and our brand ambassadors, connecting us with communities locally and internationally. We form long-term relationships, with many stretching over decades, and we have a particular commitment to nurturing young sporting talent.

In line with the Toyota Guiding Principles, these activities not only foster our position as one of Australia's most trusted brands, but also contribute to economic and social development in the communities we serve.



### **Australian Football League**

Premier Partner since 2004.

Our relationship with Australia's favourite game extends from the Toyota AFL Grand Final through to the Toyota Good for Footy program, which in 2018 helped 365 grassroots clubs across the country raise more than \$619,000. In 2019, the raffle has gone digital for the first time, with raffle tickets available online.

In March 2019, we increased our sponsorship to now sponsor the AFL Women's League (AFLW) reflecting our increasing commitment to aid community and sport.



Adelaide Crows

Major Partner Since 1991.

### **Planet Ark National Tree Day**

Partner since 1999.

Every year this event sees over a million trees planted across the country by volunteers from schools, communities, councils and businesses, as well as our Toyota dealers and employees.





**Toyota 86 Racing Series** 

One-make series race held since 2016.



### **North Queensland Cowboys**

Principal Partner since 2003.



### Cricket

### Partner since 2012.

In 2018, the Toyota Good for Cricket Raffle helped 388 community cricket clubs raise \$560,110.

# TOYOTA





### Olympic and Paralympic Games

Partner since 2015.

Toyota is a worldwide partner of the Olympic Games and Paralympic Games, as part of our commitment to unlocking human potential through the power of movement. As we head towards the 2020 Games, Toyota Motor Corporation has launched 'Start Your Impossible'. This global corporate initiative aims to inspire Toyota employees, partners and customers, and connect them with the company's core beliefs. In an age of accelerating technological and environmental developments, 'Start Your Impossible' marks Toyota's commitment to support the creation of a more inclusive and sustainable society.



At Toyota we believe in building skills and careers. Our people are the key enablers of success in achieving our vision of creating innovative mobility solutions for all Australians. We invest in our people throughout their career, diversifying skills and collaborating across all areas of the business to drive innovation. We maintain a constant focus on the engagement and safety of all our people, and aim to create a workplace that enables our people to pursue their passions, explore possibilities, and broaden their horizons.

### **Employee engagement and wellbeing**

We aim to foster an engaged, enabled and diverse workforce, as expressed in our Hoshin objective of 'People first'. We see Toyota as a family that supports our people to always do better, develop, evolve and collaborate to be their best. We support our people to be themselves at work, and believe that actively embracing the many views and experiences of our people will contribute to an innovation mindset.

### Workforce overview

	Full time	Part time
Employees	1,412	32
Contractors	101	3
Total	1,548	

We aim to engage our employees with our vision and purpose as an organisation, and align our policies, training, and initiatives with that aim. We are proud this year to have achieved an engagement score exceeding a benchmark of global high-performing companies.

### 2018 Engagement & Enablement Survey

79

67

**Engagement score** 

**Enablement score** 

Our health and wellbeing program includes subsidised health insurance, health checks and fun events to keep our employees happy and healthy at work. Initiatives this year included on-site bootcamp, yoga and meditation, as well as workshops for RUOK day. Our Employee Assistance Program provides free access to professional counselling support for a limited number of consultations, to discuss personal, financial or work-related issues. Services are voluntary, independent and confidential.

We believe our role as an employer extends beyond our business to broader society, as we aim to provide meaningful and valuable work for our employees, provide training throughout their career with us, and foster an environment that recognises talent and potential.

### **Diversity and inclusion**

Toyota is a place where difference is celebrated. We are proud to have employees from diverse backgrounds that reflect our broader community. We encourage our people to be themselves, and to bring their unique contribution to a group whose strength lies in its diversity. By working together and sharing ideas we find new ways to progress.

Our diversity and inclusion strategy comprises inclusive leadership training for managers, specific strategies for gender balance (outlined below), a disability awareness program and an annual Toyota Women's Conference.

#### Gender balance

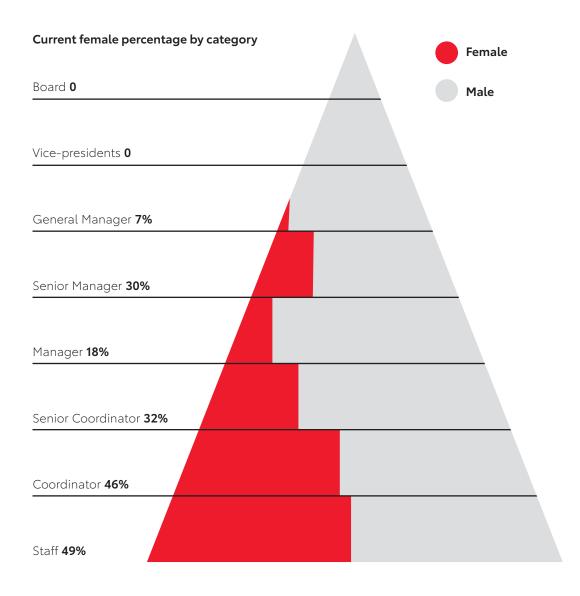
The automotive industry has traditionally been maledominated, and our present employee mix – at 29% female – reflects that. As a leading player in the industry, we recognise that we have a role to play in changing the status quo, and we are working hard to achieve a balanced and fair working environment for all, in line with our value of respect for people.

During the reporting period, we approved and implemented a gender balance target across our organisation to improve female representation. We have implemented new strategies around recruitment and retention, performance management and

promotion. We have introduced gender neutral parental leave policies, and have expanded our provisions for flexible working (see below). We also reviewed the support and assistance we provide to employees who may be experiencing family or domestic violence, and implemented a specific leave procedure across the business.

Detailed information on our policies, strategies and metrics in relation to gender balance can be found in our report to the Workplace Gender Equality Agency.

We will continue to review and improve our policies and practices to make Toyota Australia a more diverse and inclusive place to work.





The first Toyota Australia Women's Conference was held In April 2018. The conference brought together male and female leaders from TMCA and several Toyota affiliates, and with dealer representatives.

The event celebrated the successes of our senior female leaders, helped create networks between our employees, dealers and industry experts, and acted to inject diversity of thought into the decision-making dialogue that will drive our future business direction.

A second conference was held on 3 May 2019, drawing on the Toyota theme 'Start Your Impossible'.

### **Flexibility**

We acknowledge the benefits to our employees and our business outcomes since implementing a more flexible working environment. We have been bringing together our people, property and technology through 'Workstyle', which is a long-term commitment from Toyota to allow our people to work where and when it suits them. Working flexibly means changing the focus from hours spent at a desk to productivity and outcomes.

We released our new flexible working policy in June 2018, which outlines formal and informal arrangements available to our employees, including flexible hours, compressed working week, timein-lieu, working from home, part-time, and job sharing. We want all employees to feel empowered to utilise flexible work arrangements in a manner that accommodates the needs of our employees, guests, and the company.

On 6 June 2018 we acknowledged Flexible Working Day, an international day to showcase the benefits of flexible work for both people and organisations.

We continue to support the journey of new parents at TMCA. Gender neutral parental leave policies are available to all employees and provide paid leave for both primary and secondary care takers.

#### Work conduct

Toyota takes all allegations of misconduct by employees seriously. During the reporting period two incidents of discrimination were reported to TMCA management. These reports were investigated, found to be unsubstantiated, and no further action was taken.

In June 2018, the Fair Work Commission heard a case relating to a dismissal from TMCA that occurred in 2016. Fourteen allegations of inappropriate behaviour in the workplace were reported to TMCA management in January 2016; an independent investigation found 12 to be substantiated, and the employee was subsequently terminated. The Fair Work Commission ruled in favour of TMCA, stating that the employee was fairly dismissed for their conduct.

We are confident in our workplace policies and we believe that any similar issues in our workplace will be dealt with appropriately, effectively and in a timely manner.

### Strategic workforce planning

Toyota Australia aims to retain its place as the #1 brand into the future by delivering inclusive mobility technologies for all Australians. This will demand skills and capabilities for innovation across our organisation.

Toyota has a strong tradition of retaining the expertise, knowledge and loyalty of existing employees. Our new identity as a sales, marketing and distribution business has required a transition of skills in some of our employees, and we will continue to invest in our employees' knowledge and capabilities as our business continues to evolve. We build careers through a formal promotion and rotation program that provides exposure to a range of challenges and opportunities, and develop valuable cross-functional expertise.

At the same time we are bringing in new perspectives and skills to help spur growth and innovation. We recognised a need to modernise our HR policies to support this, and have been investing in an agile, technology-enabled work culture. Technological innovation and digitalisation of data is a key trend across our business, and we will enable our people to harness and grow this capability through innovation, education, and building STEM skills.

Achieving our vision will require unprecedented collaboration, cooperation, and communication across the business. One approach to this has been the development of 'innovation hubs' that bring together diverse groups to work on particular issues.

We believe in regular performance and career development reviews to support our employees on their career journey. During the reporting period all of our employees participated in performance development assessments.

### **Labour relations**

We acknowledge the importance of collective bargaining to the fair management of relationships between businesses and employees. Toyota Australia's 2015 Workplace Agreement (WPA) covers 30% of our employees, and outlines the consultation process for significant operational change, including a maximum 10-week consultation period. We are collaborating with our industrial relations partners and employees to establish three new WPAs for the following groups:

- team members and supervisors at Toyota Parts Centres
- engineering and technical employees
- company fleet motor mechanics.

### Health and safety

The health and safety of our employees remains a top priority for Toyota, in Australia and globally. This is supported by our guiding principle 'respect for people', our President's goal of 'Zero Harm' and our Hoshin theme to 'prioritise the health and well-being of our people to create Toyota advocates for life'. We believe that ensuring the physical and mental wellbeing of our employees is the foundation of an engaged workforce.

Our managers undertake online health and safety management training bi-annually to support their understanding of their roles and responsibilities, together with regular face-to-face training sessions focusing on their legal obligations. Completion of the training supports our compliance with National Audit Tool (NAT) requirements.

We have active health and safety committees covering all our TMCA sites, totalling 86 employees who formally represent all our employees. These committees include a combination of employees and front-line managers and supervisors, and in some instances also include health and safety representatives. Committees must meet quarterly at a minimum, however most endeavour to meet monthly. In addition to these health and safety committees, we have a range of internal forums that inform senior management on current health and safety matters including a monthly report, and key issues escalated to the risk and compliance committee.

We expect all incidents, including those not resulting in injury to employees or contractors, to be reported through our Accident Investigation Report form. All completed forms are centralised on our National Injury Register, which is used to report injury statistics to the Executive Committee and throughout the company. During the reporting period we had 19 lost-time injuries, and no fatalities or serious injuries to employees or contractors.

Our work sites comply with the National Audit Tool (NAT), one of Australia's most comprehensive set of safety requirements. An external assessor audits us against the NAT every 12 months; we are also audited by Victoria's WorkCover Authority every three years. While we have a mature Occupational Health and Safety Management System, TMCA has a commitment to continuous improvement. In particular, we are working to improve our monitoring program for the management, handling and storage of chemicals and hazardous substances, and technological improvements designed to enhance our safety management system.



Through innovation, partnership, advocacy and education, we are contributing to designing and realising a future of connected cars, autonomous driving, shared mobility, and freedom to move for all Australians.

Toyota Australia's vision of 'creating innovative mobility solutions for all Australians' aims to guide our transition from a traditional automotive company to a mobility company. We have a key role to play in technological innovation, as social shifts and climate change converge to impact the choices available to our guests in the years ahead.

We see mobility as comprising four main elements:

- sharing services a shift from ownership to usership
- automated driving and connectivity smart vehicles and infrastructure that can help reduce congestion and increase safety for all
- inclusive mobility a future in which all Australians have equal freedom to move
- electrified vehicles a future where low and zeroemission vehicles are widely adopted, with the necessary infrastructure to support them

Toyota is exploring this vision through research, collaboration, prototypes and trials, applying our fundamental principle of kaizen, or continuous improvement. Our progress towards mobility is overseen by our Connected Mobility Committee and our Advanced Planning Group (APG). Supported by Toyota's IT department, APG focuses on prototyping and trialling new mobility initiatives (see p. 35) utilising locally built architecture to support connected vehicle services.

### **Shared mobility**

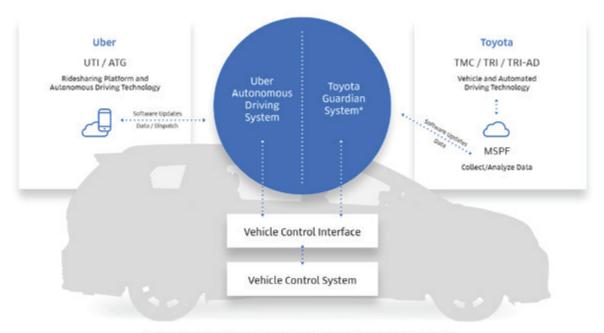
Our vehicles have always been about mobility, enabling guests to travel freely. However, population growth and urbanisation are constraining the benefits offered by the traditional model of driverowned and operated vehicles. Congestion and access to parking are becoming an issue in urban centres. At the same time, denser cities present an opportunity to diversify our transport options, taking advantage of rapidly developing technology platforms to share access to vehicles and move efficiently around the city and beyond.



In February 2019, Toyota Japan launched a new company, KINTO, which offers a car subscription service. Available in two pricing tiers, users have the option to drive either a Toyota vehicle or a selection of Lexus vehicles that can be changed every six months, for a monthly fee that includes all on-road costs. The vehicles include smart features that can monitor driving behaviour and reward guests for engaged, safe and ecological driving with points that can be applied towards payments.

In particular, the 'millennial' generation is leading a shift from ownership to usership of vehicles, with some electing not to even gain a driver's licence. They are comfortable with available technological solutions, and attracted by the perceived safety, transparency and social dimensions of ride hailing and car sharing services, as well as a lower overall cost. Car-pooling services can further reduce the cost per ride, as well as reducing the greenhouse gas emissions intensity of single occupancy vehicles.

Toyota is actively exploring shared mobility in Australia. We offer car sharing options to our business customers to help them maximise the utilisation of their fleet. A customisable mobile or desktop app manages bookings, and additional services are available, such as keyless entry, or telematics to track vehicle and driver behaviour. We are also trialling car sharing internally, facilitating transport between our office locations in Melbourne. We have applied learnings from these programs to further improve our fleet service offering, and to provide input to vehicle software and hardware enhancements globally.



"Guardian is designed to monitor, assist, and help safeguard either a human driver or an autonomous driving system

As well as making substantial investments in ride-sharing service Grab in Singapore and Malaysia, TMC has initiated a joint venture with Uber to bring to market autonomous ride-sharing at scale. The 'Autono-MaaS' (Mobility as a Service) vehicles will combine Uber's Autonomous Driving System with Toyota's Guardian automated safety support system and Mobility Services Platform (MSPF), our core information infrastructure for connected vehicles. Pilot-scale deployments are expected to begin in 2021.

### **Automated driving and connectivity**

Automated, connected vehicles have been identified as an opportunity to improve road safety and traffic flow, reduce time on the road for drivers and reduce environmental impacts through the efficient use of fuel. Globally, Toyota is in investing in CASE (Connected, Automated, Shared and Electrified) mobility. We imagine a future in which our automated, zero-emission 'habitats on wheels' will convey guests to their destinations safely, with minimum fuss and maximum efficiency for all.

There are varying levels of automation, from already-common forms of driver assistance such as cruise control, through to highly automated vehicles that require no input from a driver. Automated driving requires sophisticated decision-making software, connectivity and co-operation between vehicles and traffic infrastructure. These present complex practical, regulatory and ethical questions. In line

with our Guiding principles (see p. 11), Toyota embraces innovation, but takes a cautious approach that always gives careful consideration to the safety and interests of our guests, other road users, and society more broadly. We are collaborating with others to work through these challenges, and playing an active role in education and advocacy around the emerging future of mobility.

Toyota Australia is currently trialling cooperative vehicle technology in Victoria, in collaboration with VicRoads, and in Queensland, together with the Queensland Department of Transport and Main Roads. These realworld trials of Cooperative Intelligent Transport System (C-ITS) will be conducted over two years under normal driving conditions on public roads. Each trial consists of two Lexus SUVs outfitted with additional electronics that allows them to communicate with each other (vehicle-to-vehicle or 'V2V'), with their drivers and to surrounding traffic control systems and their drivers ('vehicle to everything', 'V2X').

These systems complement existing active and passive safety features to advise drivers of traffic conditions (eg. hazards, congestion, roadworks etc) to improve safety and transit times. It is envisioned that data collected from the trials will form valuable inputs for the development of transport planning, integration and automated driving for Australian conditions.

### **Cyber security**

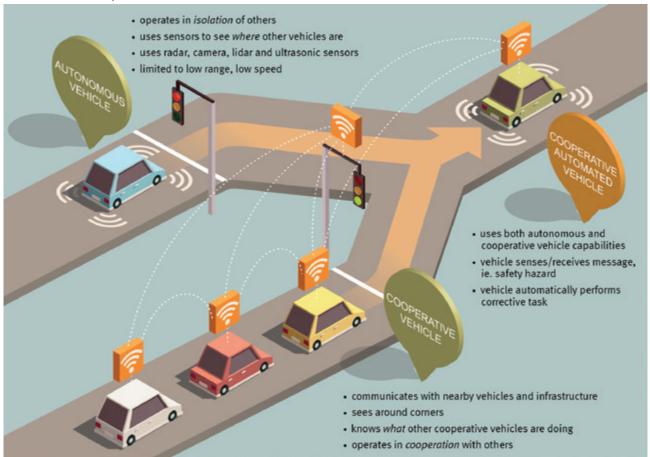
In the networked future of mobility, connected technology offers safety and convenience for our guests; however, it also comes with significant risks, particularly when combined with biometrics such as fingerprint and facial recognitions. We take a precautionary approach to developing and releasing these technologies, with rigorous access controls and other measures to protect our guests and others. For more information about our approach to data privacy and security, see p. 29.

### Mobility for all

Our vision of mobility includes freedom of mobility for everyone. Our ambition is for all Australians to be able to work and play wherever and whenever they want, and connect with others, regardless of their abilities. Our guests will continue to be at the centre of this vision, from assisted personal mobility to accessible vehicle choices.

Our global robotics research team is working to develop assisted mobility technology in homes and workplaces, such as the AI-powered Human Support Robot to help the elderly, and rehabilitation robots to assist people with lower limb injuries to walk again. Toyota aims to become a company that addresses mobility needs above and beyond building ever-better cars.

#### Autonomous, co-operative and connected automated vehicles



### **Collaborating for mobility**

Realising our mobility vision will require significant, systemic shifts that no one company can bring about. Toyota has a leading role in this evolution, and we are seeking to bring others along through partnerships, advocacy and education. This includes working collaboratively with our peers, and partnering with start-ups, IT and telecommunications companies to develop the necessary technologies (see examples p. 35 and 52). We are also working with state and federal governments to think through complex questions of infrastructure and regulation. In parallel, we are continuing to educate the public about the possibilities of connected and automated transport systems.



Toyota's Research Institute Advanced Development (TRI-AD), based in Japan, brings together Toyota's global engineering, technology and design capabilities to develop multi-layered automated solutions that will define the vehicle of the future.

TRI-AD has developed three proof-of-concept systems that it expects to deploy in the early 2020s. 'Highway Teammate' and 'Guardian' provide assisted driving technology, while 'Chauffeur' is a fully automated vehicle.

To develop the complex technologies required to support autonomous and connected vehicles, TRI-AD is collaborating with others. An example is a partnership established in early 2019 with start-up Carmera, to develop an open-source Autonomous Mapping Platform.



Our e-Palette and Concept-i platforms are rolling demonstrations of Toyota's thinking. As vehicle interior space is freed up from mechanical and safety systems due to electrification and connected, automated driving, we envision that vehicles will become highly personalised, with humanistic design and AI support that cater to guests' specific preferences, from vehicle interior settings to schedules, preferred companions and routes. They will also be able to communicate with guests as well as other vehicles and traffic management to ensure smooth and safe transits for all.

In February 2019, TMC launched a joint venture, MONET, with Japanese telecommunications company SoftBank, which plans to make Mobility as a Service a reality. On-demand bus and car services, including the E-palette, may be available to customers in Japan within a year.

Our Guiding Principles help us to navigate this future with a constant focus on our guests and careful consideration of how these innovations might impact society. Ideally, we are working towards a future with reduced congestion, improved safety, and freedom of movement for all Australians.



Toyota is the official mobility partner of the Olympic and Paralympics for 2017–24. The 2020 Tokyo Games will be a showcase for our new technologies.

Toyota engineers are working on technological solutions and equipment for Paralympic athletes, and accessible transportation for all participants and spectators. Our demonstrations at the Games will focus on three main pillars:

- 1. Mobility for all;
- 2. Sustainability, based on a hydrogen-electric society, harmony with the environment and safety as core principles;
- 3. Integrated transport of guests and athletes based on a cutting-edge version of Toyota Production System.

The e-Palette will help ferry guests and athletes around the Olympic Village, while a fleet of WelCab and personal mobility devices will provide last-mile support for guests with mobility needs.

A large fleet of fuel cell vehicles, including the Mirai sedan and the Sora bus, will be provided for official use, while fuel cell forklifts will support logistics. A mix of the latest low-emission and electric vehicles from across the Toyota and Lexus range will make up the rest of the Games' transport fleet, helping to deliver the Games with the lowest ever transport emissions footprint.

Toyota will apply the renowned Toyota Production System, in combination with connected vehicle technologies, to co-ordinate the smooth, safe and secure transit of guests, officials and athletes during the Games.



Our vehicles' emissions contribute to climate change and other environmental impacts. In line with the Toyota Environmental Challenge 2050, we are constantly working to reduce or eliminate these lifecycle impacts. We have been energetically promoting hybrid vehicles to the Australian market, and are helping to pave the way for a hydrogen mobility future.

Combatting climate change is one of the world's most pressing current challenges. Greenhouse gas (GHG) emissions from transport are a significant and rising contributor to climate change; in Australia, cars and light commercial vehicles contribute just over 11% of transport emissions.

Reducing emissions from vehicles is, therefore, a crucial action, and one that Toyota has embraced as part of the Toyota Environmental Challenge 2050 (see p. 64). We are determined to reduce greenhouse gas emissions from new Toyota vehicles during operation by 90% (from 2010 levels) by 2050.

Globally, Toyota aims for electrified vehicles to account for over 50% of new vehicle sales by the end of the next decade, representing more than 5.5 million electrified vehicles by 2030. By around 2025, every model in the Toyota and Lexus line-up around the world will be available as either a dedicated electrified model or have an electrified option.

Achieving these targets will require not only technological innovation, but also the right policies and infrastructure to support low-emission vehicles, and models that continue to meet the needs of our guests, including competitive pricing.

#### **Drivetrain innovation**

Globally and locally, Toyota is currently focusing its energies on bringing hybrid vehicles to market across our range. In the longer term, we are developing a full range of low-emission drivetrains, including exploring the possibilities of hydrogen fuel cell vehicles.



Toyota helps to increase the number of electric vehicles on roads by sharing technology.

In April 2019, our global parent, TMC, announced that it will grant royalty-free licenses on approximately 24,000 patents relating to electrified vehicles, and will provide fee-based technical support to other manufacturers that make use of Toyota's technologies. Toyota's aim is to help governments, automakers, and society to accelerate the shift to an electrified future and meet climate change goals.

### Drivetrain technologies and supporting infrastructure

Drivetrain	Conventional petrol/diesel	Hybrid (HV)	Plug-in hybrid (PHV)	Battery electric (BEV)	Fuel cell (FCV)
Infrastructure	Petrol st	tations	Electric charging stations		Hydrogen charging stations

### **Hybrid vehicles**

Hybrid vehicles provide an ideal transitional technology on the journey to a zero-carbon future. Combining a high-efficiency internal combustion engine with an electric motor, hybrid vehicles can be deployed today at an affordable price, and deliver significant fuel and  $\mathrm{CO}_2$  reductions without the need for new infrastructure, regulatory or supply chain changes.

Toyota introduced the Prius hybrid to the Australian market in 2001. Since then we have actively promoted hybrids, and have been steadily expanding the range of hybrid models to meet the needs of our guests. In April 2019 we reached a significant milestone of 100,000 hybrids sold in Australia, and hybrids now comprise over 10% of our sales in Australia.

We are working hard to continue ramping up the proportion of hybrids in our sales mix. In May 2019 we launched our first Hybrid SUV in Australia – the RAV4 – joining the Camry Hybrid, Corolla Hatch Hybrid, Prius, Prius C and Prius V to form the broadest lineup of electrified vehicles offered by any company in Australia. We expect to add another four hybrid models by the end of 2020.

The owner of a current Camry Ascent Sport Hybrid can achieve savings of more than \$800 and 1 tonne of  ${\rm CO_2}$  per annum compared with an equivalent petrol model.\*

To increase the uptake of hybrids, we have worked to make our hybrid vehicles more affordable, and we have engaged in an extensive marketing campaign to educate our employees, our dealers and the general public about the benefits of hybrid technology. Our research told us that while people were aware of hybrids, they had questions about the technology. We find that when people understand the simplicity of driving a hybrid, and when the price and specifications are right, our guests are willing to consider moving towards hybrid drivetrains.

While pricing and consumer awareness have challenged the take-up of hybrids by our guests, our fleet customers are readily embracing hybrids. Like Toyota, many of our business and government customers are acting to reduce their impact on climate change, and have set internal carbon reduction targets for their procurement and their operations. We are pleased that our low-emission vehicles help provide solutions for these organisations.

The owner of a current Camry Ascent Sport Hybrid can expect to achieve savings of more than \$800 and 1 tonne of CO<sub>2</sub> per annum compared with an equivalent petrol model.

\*Source: Camry Spec Data, www.toyota.com.au

### Plug-in vehicles

Plug-in hybrids supplement hybrid technology with a rechargeable battery pack. This significantly reduces emission by enabling the use of battery power for everyday commutes, while retaining a high-efficiency petrol engine for longer distances.

Battery electric vehicles are exclusively batterypowered, and can produce zero emissions if charged using energy from renewable sources. Toyota globally is exploring both these technologies, but we have not yet introduced them in Australia. Plug-in vehicles require public and private charging infrastructure. While this is starting to develop in Australia, it has not yet reached critical mass, and we believe the Australian market has a preference for hybrids that provide the same experience as a traditional vehicle.



In March 2019, Toyota Australia unveiled plans to build a \$7.4 million Hydrogen Centre at our former manufacturing site in Altona. The project will be supported by \$3.1 million in funding from the Australian Renewable Energy Agency (ARENA).

The centre will be Victoria's first integrated hydrogen site, complete with electrolyser, commercial grade hydrogen refuelling station and an education centre with live demonstrations. Construction will commence in 2019, with the education centre expected to be open by March 2020, and the electrolyser and hydrogen refuelling station fully operational by late 2020.

Once up and running, the hydrogen refuelling station will be able to fill a vehicle, like Toyota's Mirai Fuel Cell Electric Vehicle (FCEV), in between three and five minutes.

### Hydrogen fuel cell vehicles

Toyota believes that Fuel Cell Electric vehicles (FCEVs), powered by hydrogen from renewable sources, have great potential to lower harmful emissions in the transport sector. Since the drivetrain is electric, FCEVs are quiet, can be refuelled quickly like a petrol or diesel vehicle, and have a similar range, but emit only water. The key challenge with the introduction of fuel cell technology into Australia is a requirement for the widespread deployment of refuelling infrastructure.

FCEVs are already a commercial reality in Japan, Korea, Europe and California. Despite not yet being commercially available in Australia, we are actively paving the way for FCEV introduction with demonstration vehicles, significant investment in hydrogen generation technology, and advocacy and education. We are a founding member of Australian Hydrogen Council, which aims to accelerate the commercialisation of hydrogen and fuel cell technologies in Australia and progress the shift to a hydrogen society built on clean and renewable energy technologies.

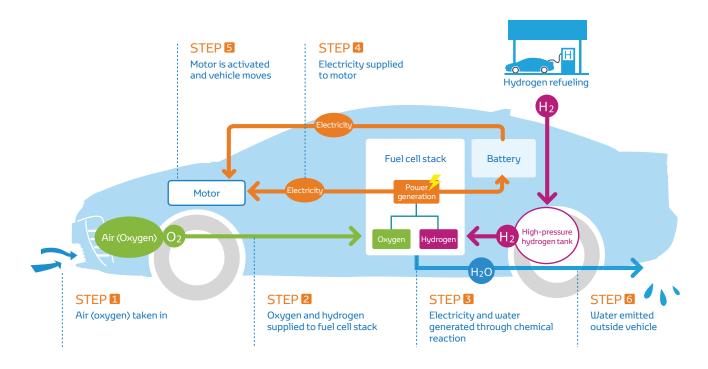
### Petrol and diesel drivetrains

While we pursue a future of electrified vehicles, we maintain a focus on continuous improvements in fuel efficiency across our entire range. We aim to reduce GHG emissions from combustion drivetrains, along with air pollutants such as nitrogen and sulphur oxides, particulate matter and other hydrocarbons.

However, emissions are closely linked to fuel quality. Toyota supports appropriate and practical emissions standards for Australia that are supported by fuel standards aligned to global standards, so that we move to high-octane, low-sulphur fuel. We also advocate for emissions standards to distinguish between passenger cars and light commercial vehicles as well as off-road SUVs.

With all low-emission technologies, we advocate for a balanced approach that delivers  $\mathrm{CO}_2$  and pollution reduction, provides choice and support for consumers through appropriate price signals, and allow manufacturers to respond in a timely manner.

#### How a fuel cell electric vehicle works





Toyota Australia has been testing hydrogenpowered vehicles in local conditions by loaning its demonstration fleet of 10 Toyota Mirai FCEVs to organisations including AusNet Services/Mondo, Australian Hydrogen Council and Hobsons Bay City Council.

Council staff used the vehicles as part of their everyday duties for 12 weeks from November 2018. The trial has contributed to the Council's commitment to become net zero carbon by 2020, and provided valuable feedback for us on the Mirai's performance and driving experience. The vehicles were refuelled at our Altona site using Toyota Australia's mobile hydrogen refueller.

### Advocacy, education and collaboration

We seek to engage constructively with governments and industry to work towards a low-emission future. In July 2018 we made a submission to the Australian Senate's Select Committee for Electric Vehicles. In a similar vein to the Federal Chamber of Automotive Industries (FCAI) and the Electric Vehicle Council, we called for comprehensive policy and regulatory support for electrified transport in Australia.

Our ambitious targets for electrified vehicle sales can only be achieved through collaboration with our large market partners – fleet buyers for governments, large organisations, car rental companies and mobility services. Ultimately, we want all our guests to have access to these technologies at reasonable price points, and to have ease of use and peace of mind while using them. We continue to work with our partners to introduce these platforms to the market and use our collective voice to advocate for the appropriate regulatory framework that will allow this to gain traction in Australia.

Our position includes calling for investments and regulations that will support low-emission vehicles, such as a national charging network as called for by Infrastructure Australia, and favourable policy settings for accelerating private investments in a hydrogen economy. Governments can also accelerate adoption of new drivetrains – and the supporting infrastructure – through their fleet purchases.

We also suggest that a range of financial and non-financial incentives would help to promote guests' adoption of electrified transport. Examples might include preferential stamp duty and registration costs, trade-in rebates, tax incentives, and preferential access to transit lanes or parking.



Toyota has responded to worsening global environmental threats, such as climate change, by setting ambitious goals for its vehicles and its operations. In Australia we are applying these goals through our Environmental Action Plan, with a particular focus on working towards emissions reduction of our company fleet vehicles, facilities and logistics operations and encourage recycling-based systems and society.

### Toyota's commitment to the environment

Toyota has a long tradition of seeking to operate in harmony with nature. In 1992 we formulated the Toyota Earth Charter to formalise how we enact our second guiding principle of 'providing clean and safe products and enhancing the quality of life everywhere through all of our activities'. More recently, in 2015, we responded to increasingly pressing global environmental challenges by launching the Toyota Environmental Challenge 2050. This sets out six ambitious challenges that Toyota is embedding in its strategy and operations worldwide. More information can be found on TMC's website at https://global.toyota/en/sustainability/esg/challenge2050/.

### Toyota Australia's approach

Toyota Australia embraces the Toyota Environmental Challenge. Our aim is to work towards a net positive impact, with a focus on achieving zero emissions and helping to establish a recycling-based society. Our approach to this draws on our key pillar of continuous improvement, our capability for innovation, and partnering with others to tackle complex future challenges. It also reflects Principle 15 of the United Nations Rio Declaration on Environment and Development, which states that where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

Our three-year Environmental Action Plan sets out how we are tackling each challenge in Australia, with associated performance measures. The plan, and progress against targets, are overseen by our Sustainability and Environment Committee which is comprised of our Executive leadership team. We also learn from and share with other Toyota affiliates at an annual regional summit on addressing environmental challenges.



#### Our Environmental Action Plan

### Toyota Environment Challenge 2050

### Our focus at TMCA



### Low emission vehicles

We are working to increase the availability and uptake of low emission vehicles in the Australian market (see p. 57)



### Sustainable supply chain

Our suppliers, and particularly our logistics partners, represent a significant part of our carbon footprint. We have established our footprint against the National Carbon Offset Emission Standards.



### **Green dealers**

We want our dealers to become environmental leadership touchpoints for our guests. We are working towards establishing a  $\mathrm{CO}_2$  threshold and to identify reduction targets with key dealerships.



### Sustainable facilities

We aim to showcase environmental leadership through TMCA's facilities. The roof of our newly constructed Toyota Parts Centre in Kemps Creek is covered with a 605kW solar array capable of generating 874MWh per annum. We are also working to reduce the CO<sub>2</sub> footprint of our Port Melbourne and Altona sites.



### Sustainable life cycle

We are exploring ways to proactively mitigate environmental impacts related to the life cycle of our vehicles, including at the end of their life. In particular, we are researching options to recycle used HV batteries.



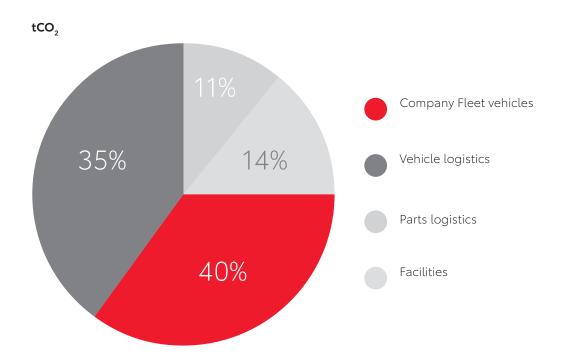
### Harmony with nature

We aim for all our employees to be aware of and engaged in the Toyota Environmental Challenge, and for TMCA to contribute to society by being a good corporate citizen that actively supports the natural environment.

Implementation of the Environmental Action Plan is supported by the Toyota Environment Management System (TEMS), which accords with the Toyota Production System and is externally certified to ISO14011:2015. This provides a framework for us to manage environmental risks and legal compliance, handle any grievances and improve our environmental performance. During the reporting period we were pleased to achieve our best ever audit result at our Melbourne corporate headquarters and Toyota Parts Centre at Altona.

### Towards zero CO<sub>2</sub>

As part of our commitment to work towards zero greenhouse gas emissions from our operations, we have been working to establish a baseline  $\mathrm{CO}_2$  footprint. We have completed measurement of our direct emissions, covering our facilities and company fleet. Based on data to date, our footprint is made up of:



We are now developing a  $\mathrm{CO_2}$  plan and reduction targets for operations to align with the Toyota Environmental Challenge.

During the reporting period, TMCA reinforced its commitment to zero emissions by taking the Victorian Government's 'TAKE2' climate change pledge.

### We've taken Victoria's climate change pledge.



### Site remediation

Following closure of our manufacturing operations and transition to the Toyota Centre of Excellence at Altona, we have focused on site remediation. We continue to collaborate closely with Environment Protection Authority Victoria, while undertaking our environmental audit to ensure the best manufacturing legacy condition from our manufacturing operations. We have prioritised waste reduction applying the waste hierarchy and implementing a sustainable asset management strategy. Working closely with our global affiliates and business partners, we have fulfilled our responsibility to maximise reuse and recycling. Following the Toyota principle of "treat at the source", we have acted beyond minimum requirements, adopting remediation methods to realise the opportunity for reuse of materials. Having ceased operations at our previous Sales and Marketing headquarters in Woolooware Bay, we are now at the planning stage for remediation works on the site. At both sites, we continue to work with our local community groups, such as Friends of Lower Kororoit Creek, and maintain strong communication with stakeholders to understand their interests and concerns.

### **Dealer support**

As the frontline of guest interactions, we want all our dealers to share our environmental ambitions. This not only supports Toyota's brand identity, but also helps our dealers to manage their environment risks and reduce operating costs. Through the development of our Dealership Environmental Direction, we are looking to support our dealers to improve the environmental performance of their facilities, and to understand the Toyota Environmental Challenge and their role in helping to achieve the targets. We also encourage our dealers to strive for ecoefficient facilities, through Guidelines for Ecologically Sustainable Design.

We share environmental information as part of our Business Improvement Forums, and in 2018 we introduced Facility and Environment Excellence Awards for dealers, to recognise exceptional efforts and drive further achievements

All Toyota and Lexus dealers in Australia participate in our Hybrid Vehicle Battery Recycling Program, which offers incentives for guests to return or replace their Hybrid Vehicle battery. When a Hybrid Vehicle battery is recycled, more than 98 per cent of the battery materials are diverted from landfill, and all toxic elements are removed. Most of our dealers work with tyre recyclers that are members of Tyre Stewardship Australia (TSA), and some have themselves gained TSA accreditation.

### Sustainability in our supply chain

We recognise that we can influence social and environmental impacts throughout our value chain. Our most significant suppliers – of our vehicles, parts and accessories – are Toyota affiliates that are aligned to the Toyota Guiding Principles and the Toyota Environmental Challenge. We work closely with our other suppliers, including our logistics partners, to hold them to the same standards that we set for ourselves. Our Procurement Policy includes selection criteria based on sound management of corporate responsibility aspects including safety, environment

and conflict minerals. Our Purchasing Environment Handbook (2016) additionally requires some suppliers to have ISO14001 certification, and sets out guidance in relation the management of chemicals and greenhouse gas emissions.

Respect for human rights is fundamental to Toyota's Guiding Principles, Code of Conduct and Corporate Social Responsibility Policy. In 2020, we will report on the risks of modern slavery in our operations and supply chains in accordance with the recently introduced Commonwealth Modern Slavery legislative regime.



### **Data tables**

### Delighting our guests

### Guest engagement and satisfaction

		2018/19*	2017/18	2016/17	2015/16	2014/15
Net promoter score	Sales	82.7	83.4	82.6	85.7	85.8
Guest satisfaction index	Sales	94.0	94.2	94.0	95.0	95.1

<sup>\*</sup> Voice of Guest Program Sales Survey – average scores for 12-month period

### **Economic impacts**

### Profit and sales\*

	2018/19	2017/18	2016/17	2015/16	2014/15
Net profit after tax (\$ million)	\$206	\$137	\$99	\$236	\$194
Net sales (\$ billion)	\$8.54	\$8.8	\$8.7	\$8.8	\$8.2
Sales (numbers)	223,096	229,258	209,995	216,270	207,484

<sup>\*</sup> includes both Toyota and Lexus vehicles

### **Government Funding**

2018/19	2017/18	2016/17
\$12,491,065	\$36,347,076*	\$40.35 million

<sup>\*</sup>Last year's funding was \$36,347,076, this includes, R&D, production and Growth Fund. This is a restatement from last year's stated figures which did not include Growth Fund.

### Value of buy (\$ billion)

	2018/19	2017/18	2016/17	2015/16	2014/15
Service parts and accessories	0.3	0.4	0.3	0.3	0.3
Other goods and services*	0.9	0.9	0.9	0.8	0.8
Total	1.2	1.8	2.1	2.4	2.0
Direct purchase <sup>^</sup>		0.5	0.9	1.3	0.9
Total including Direct purchase		2.3	3.0	3.7	2.9

<sup>\*</sup> Listed as 'Indirect purchase' in previous report

### Number of suppliers

	2018/19	2017/18	2016/17	2015/16	2014/15
Service parts and accessories	135	134	100	109	119
Other goods and services*	1,531	1,800	1,513	1,483	1,527
Total	1,666	1,934	1,613	1,592	1,646
Direct purchase^		48	49	53	59
Total including Direct purchase		1,982	1,662	1,645	1,705

<sup>\*</sup> Listed as 'Indirect purchase' in previous report

 $<sup>^{\</sup>mbox{\sc h}'}$  Direct purchase' related to our manufacturing operations and is no longer applicable.

 $<sup>^{\</sup>mbox{\tiny $\Lambda'$}}$  Direct purchase' related to our manufacturing operations and is no longer applicable.

### **Enriching communities**

### Community contributions (\$ million)

2014/2015	2015/2016	2016/17	2017/18	2018/19
1.9*	2.9*	3.8*	1.8	2.5^

<sup>\*</sup> 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 (\$ '000)

	2018/19	2017/18
Toyota Community Trust	858	
Toyota Community Foundation	1,642	
Total	2,500^	1,800

 $<sup>^{\</sup>upLambda}$  The significant increase reflects the first full year of operation of the Toyota Community Trust

### Community contributions by category, 2018/19 (percentage)

TSSC Road safety Civic & community Arts & culture	
Road safety  Civic & community	50.2
Civic & community	23.2
	14.0
Arts & culture	7.2
	2.8
Other	2.3
Environment	0.3
Health & human service	0.0
Total	\$2,583,018

<sup>^</sup> The significant increase reflects the first full year of operation of the Toyota Community Trust

### Our people

### Workforce overview at 31 March 2019

	FTE	Employees
Part-time employees	21.9	32
Full-time employees	1,411.4**	1,412
Part-time contractors	2.4	3
Full-time contractors	100.6	101
Total headcount*	1,536.3	1,548

<sup>\*</sup> 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, casual 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.

### **Employment type at 31 March 2019**

	1	
	FTE	Employees
Permanent	1,220.7	1,231
Fixed term	101.0	101
Contract	103.0	104

Note these figures do not include 112 (FTE) employees who are on leave of longer than eight weeks, apprentices, tour guides, expatriates and inpatriates

### Employees by location (not including contractors)

	Employees
VIC	1,090
NSW	207
QLD	112
NT	6
SA	27
WA	2
Expats	10

### Diversity of governance bodies and employees (percentage)

Classification	Female	Male
Board	0	100
Vice-presidents	0	100
General Manager	7	93
Senior Manager	30	70
Manager	18	82
Senior Coordinator	32	68
Coordinator	46	54
Staff	49	51
Total	27	73

### Parental leave

	Female	Male
No. employees who took parental leave	42	20
No. employees who returned to work after leave	31	20

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

	To	oyota Austral	ia		2018 benchmarks	
	2018	2017	2016	Australian companies	Global automotive companies	Global high performing companies
Engagement	79	78	74	66	74	74
Target	78	74	72			
Enablement	67	66	64	66	63	73
Target	68	64	63			

### Health and safety

Injury classification	Total
Lost time injury*	19
Occupational disease <sup>^</sup>	1

<sup>\*</sup> 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.

 $<sup>^{\</sup>upLambda}$  Results from repeated or prolonged term exposure to agent or event

### Zero-carbon society

### Sale of hybrid vehicles

Item/Year	2017/18	2016/17	2015/16	2014/15	2013/14
Hybrid sales	11,590	8,433	8,794	8,207	8,149
Total sales	223,096	229,258	209,995	216,270	207,484
Percentage of total sales	5.2	3.7	4.2	3.8	3.9

### **Environmental impacts**

### Greenhouse gas emissions (NGERS data)\*

Item/Year	2017/18[1]	2016/17	2015/16	2014/15	2013/14
Total TMCA tCO2-e	63,427	132,527	138,610	144,893	144,416
Electricity tCO2-e	38,677	98,403	103,911	110,828	112,315
Gas tCO2-e	19,675	27,011	27,559	26,765	24,970
Transport tCO2-e	4,615	4,491	4,383	4,364	4,189
VOC tCO2-e	51	779	808	999	1,133
Engine testing tCO2-e	409	1,580	1,616	1,937	1,809

<sup>\*</sup> This table covers the period 1 July to 30 June for each year, to align with the federal government's National Greenhouse and Energy Reporting Scheme (NGERS). The significant drop in emissions for 2017/18 reflects the closure of our manufacturing operations on 3 October 2017. Going forward we will no longer be required to report through NGERS.

### Greenhouse gas emissions, $tCO_2$ -e\*

Source	2018/19
Direct emissions	19,348
Facilities	14,379
Company fleet	4,968
Indirect emissions	16,625
Vehicle logistics	12,635
Parts logistics	3,990

<sup>\*</sup> This table covers the TMCA reporting period of 1 April-30 March, and establishes a new baseline for our operations as a sales, marketing and distribution company

### **Solar Power Generation**

Location	2018/19
Sydney Toyota Parts Warehouse	905,027 kWh
Altona	508,027 kWh
Brisbane	54,999 kWh

### **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 2019 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 2018 to 31 March 2019, 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 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 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): vehicle emissions, inclusive mobility, guest engagement and satisfaction, data privacy and security and dealer support. Material issues ranked high are included in the limited assurance scope as part of a rolling program.
   Product safety and quality has been prioritised for next year's scope.

### **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 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 2019 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 2018 to 31 March 2019. 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: Retention of an independent third party to undertake the materiality process and ensure connectivity of the material issues to the Report structure and content.
- Inclusivity principle: Consideration of stakeholder views in the materiality process using peer review, industry publications, media review and NGO perspectives in the desktop analysis.
- Responsiveness principle: Continued leadership in sustainability reporting, setting a benchmark for others.
- Performance information: Strong future oriented reporting on inclusive mobility and clarity of reporting on long term targets relating to climate change.

### **Areas for improvement:**

- Materiality principle: Discussion of movement in material issue rankings and consideration of the reasons why would enhance future materiality processes.
- Inclusivity principle: Direct engagement with internal and external stakeholders as part of the materiality process would bring greater inclusivity to future Report development.

- Responsiveness principle: Seeking stakeholder feedback on how well the Report covers material issues of most importance to them would enhance responsiveness.
- Performance information: When drafting the Sustainability Report, consider how best to contextualise information and data for the reader, e.g. highlighting that 50% of new vehicle sales by the end of the next decade equates to 5.5 million electrified vehicle sales by 2030 makes this information more relatable. Where sales data is referenced, use original sales data as the source rather than press releases or website references.

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

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Jo Cain, Executive Director, Materiality Counts, 23 August 2019, Melbourne, Australia

Materiality Counts has prepared this statement for Toyota Australia in accordance with the standard practiced by members of the consulting profession performing this type of service at the same time. No other warranty, express or implied, is given by Materiality Counts as a result of the provision of this statement. To the extent permitted by law, this statement is provided for informational purposes only, without the right to rely, and Materiality Counts will not be liable for any reliance which may be placed on this statement by a third party. This statement may not be used by any third party without Materiality Counts' express written permission.

### **Materiality Counts**



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### Copies of the report

The 2018 Sustainability Report and supporting documentation can be viewed online at 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 visit www.toyota.com.au/sustainability or email sustainability@toyota.com.au to provide feedback.

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