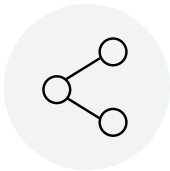


Our sustainability context

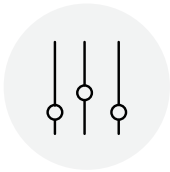
The automotive industry is experiencing a pivotal transition, propelled by a variety of disruptive forces. Demographic trends, increased congestion in cities, environmental and climate impacts, are influencing how consumers interact with vehicles. Market disruptors such as rideshare services are growing and provide consumers with a convenient alternative to vehicle ownership. Technological innovations are spurring competition to achieve the most environmentally sustainable and connected mobility products. Toyota is committed to being a leader in not just responding to, but shaping these trends towards a low-emission mobility future.

Some of the trends shaping our future direction include:



The sharing economy

Many customers are looking to the ‘sharing economy’ for mobility solutions. In cities in particular, more options are becoming available for short-term vehicle use, or ridesharing. These alternatives appeal to customers as affordable options that reduce the strains of vehicle ownership in built-up areas.



Customer preferences

Online purchasing is becoming increasingly popular, and this has been accelerated by the impact of COVID-19. However, we find that most customers still want an in-person interaction when purchasing a vehicle. Our dealers are the touch point for our customers, and our partners in providing ideal mobility solutions for our customers. Meanwhile, our customers now live in a world of constant connectivity through devices and apps that are seamlessly integrated in vehicles.



Connected, autonomous vehicles

Vehicles with autonomous capabilities are developing rapidly and have the potential to increase safety on the roads. While not a current reality in our product range, connected, autonomous vehicles are a constant in our forward-thinking.



Life cycle environmental impacts

We recognise the need to address climate change and other pressing environmental challenges. We understand how vehicles contribute to these challenges. Therefore, Toyota is driven to apply our skills in design and innovation to reduce emissions and other impacts from vehicle production, use, and end of life.



Large and unique fleet market

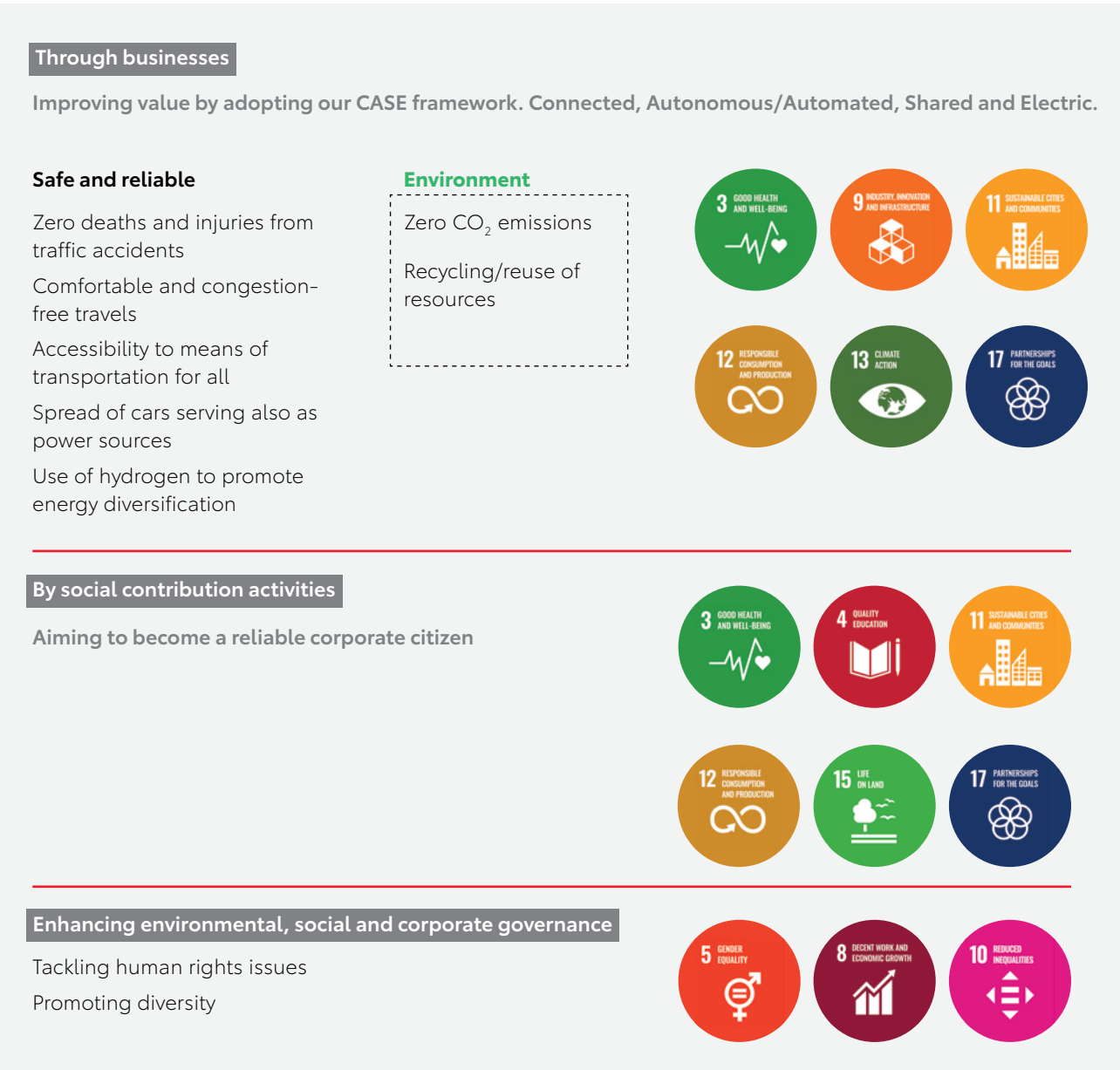
Around half of our sales are to government and business buyers. With sustainability goals of their own, these customers are important partners in accelerating the take-up of innovative vehicle technologies.

Aligning to 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. These challenges include issues related to poverty, inequality, climate change, environmental degradation, peace and justice.

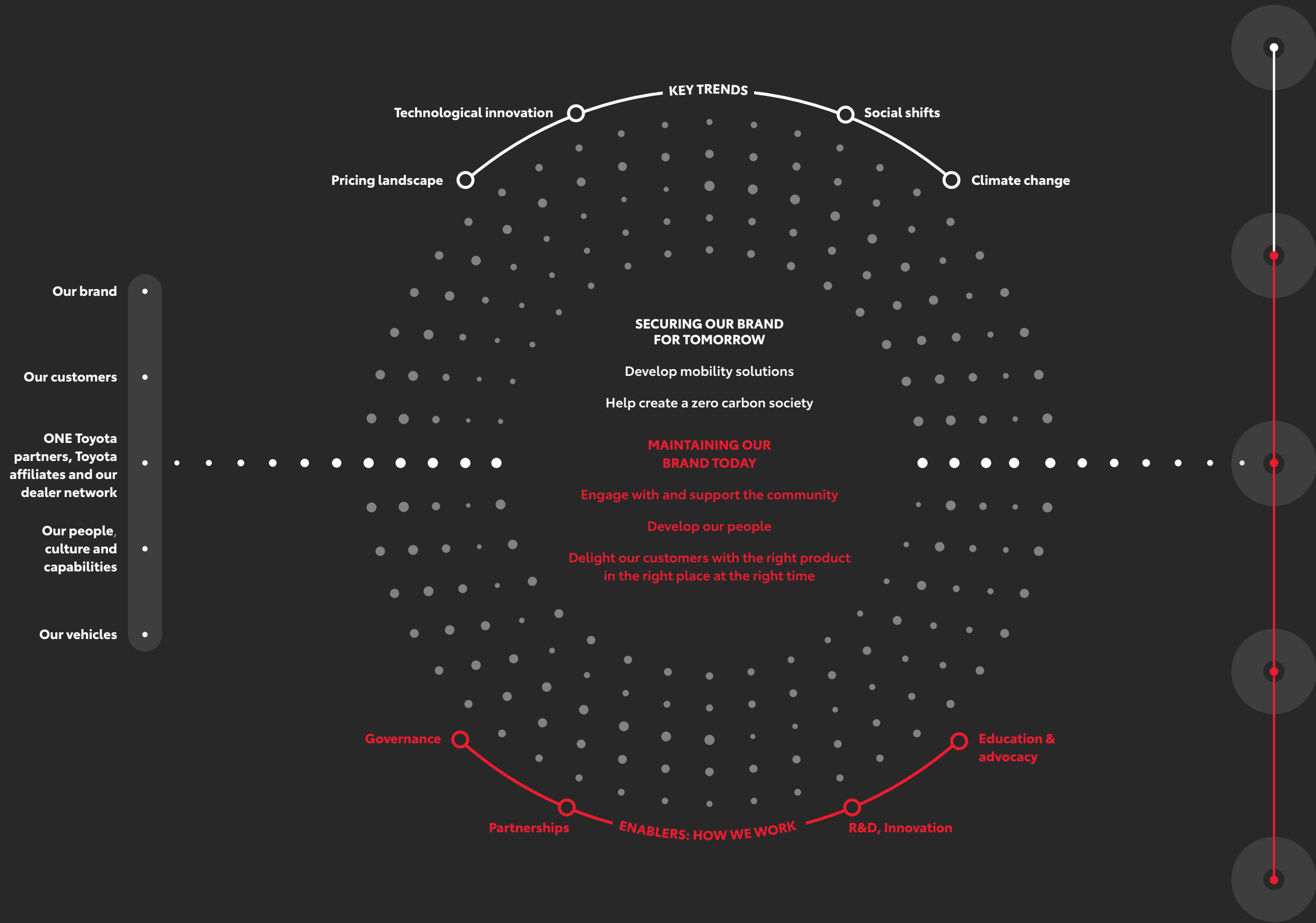
Toyota Japan is working on initiatives that contribute to the sustainable development of a global society through all its business activities. Toyota Australia business activities are aligned to these initiatives.

Throughout the report we highlight how Toyota Australia initiatives, directly and indirectly align with particular SDGs.



How we create value

What we draw on



The value we create

- 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 work constantly to minimise these impacts. Through innovation, partnership, advocacy and education, we are helping to realise a future of Connected cars, Autonomous/Automated driving, Sharing and Electric ('CASE').
- 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, because of our ability to develop and manufacture vehicles with technological features that meet the needs of our customers. Our customers and their needs are always our focus.
- Enriching communities**

Toyota Australia is embedded in the Australian community through trust in our vehicles, and wide-ranging engagement. We support grassroots to elite sport; local communities and not-for-profits. Our vehicles are also involved in congestion and traffic accidents, so we constantly work towards safer vehicles and a future of 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.
- Wide-reaching economic impacts**

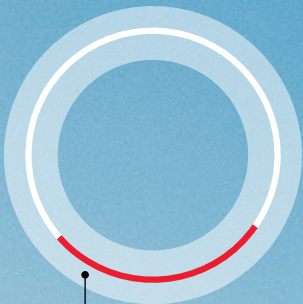
Our business is at the heart of an ecosystem of dealers, suppliers and partners. Our vehicles keep thousands of Australian businesses on the road, with a low total cost of ownership. Our community investment contributes to the not-for-profit economy. We are helping to build the skills and technologies for the economy of the future.

Toyota 2019/2020 Performance

Designing the future

100,000+

Australian hybrid vehicle sales
(cumulative)



17%

Australian hybrid vehicle sales (%)

10 vehicles

Hydrogen fuel cell vehicle –
Mirai demonstration model

Stage 1 complete

Hydrogen Centre

1,156kW

Solar capacity – Australia wide

Ever better vehicles

215,722

Toyota vehicle sales

Car Service
Gold Winner

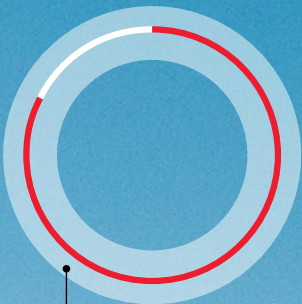
Reader's Digest Quality Service
Award 2020

Toyota
Hybrid RAV4

Drive Car of the Year

RAV4

CarsGuide 2019 Car of the Year



82.6

Net Promoter Score – sales

Ranked #1

Most trusted automotive company – Annual Trusted Brand Survey

Enriching communities

\$2.8 million

Community contributions

Building capabilities

1,722

Toyota employees
(headcount of full-time, part-time,
employees and contractors)

78

Employee engagement score

65

Employee enablement score

29%

Female representation in workforce

21

Lost time injuries

Wide-reaching economic impacts

60 years

Toyota operations in Australia

224

Toyota and Lexus dealerships

13,501

Toyota and Lexus dealer employees

8.29

Dealer satisfaction index



\$129 million

After-tax profit

\$1.2 billion

Supplier spend

1,456

Number of suppliers



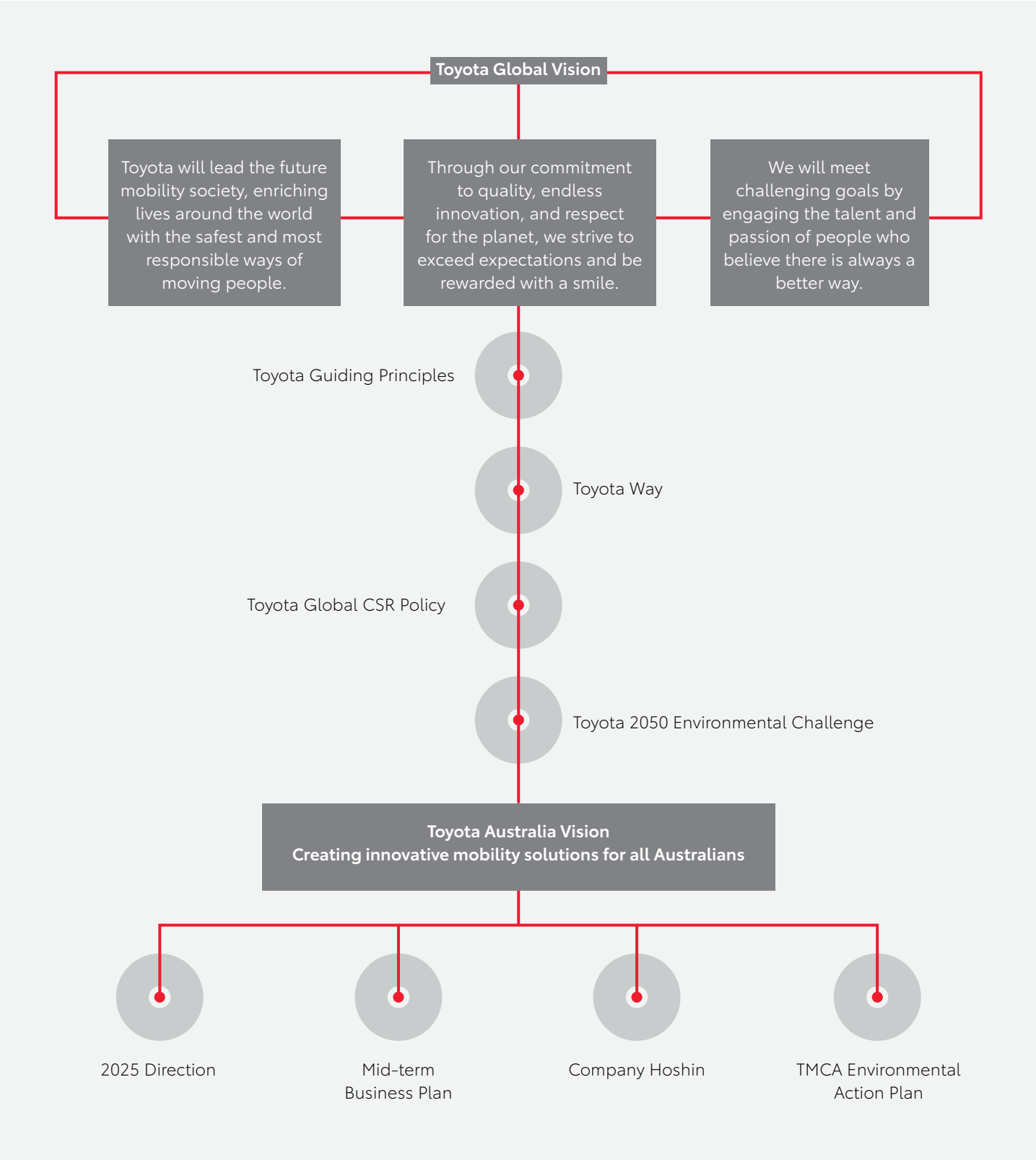
Our approach to sustainability

Since its foundation in 1937, globally, Toyota has strived to contribute to the sustainable development of society and the planet through its business operations. It's a principle that we have continued since Toyota Australia started in 1963 and has helped to cement our position as Australia's leading automotive company.

Motor vehicles greatly expand the freedom of mobility. However, we recognise that they also have some less desirable impacts on our society and the environment. With this in mind, sustainability is embedded throughout Toyota Australia's approach, from our vision to our Company Hoshin.



Overview of sustainability at Toyota Australia



Our Guiding Principles

The decisions we make, the way we treat our employees and customers, and our involvement in local communities are all informed by the **Toyota Guiding Principles**. These principles, which have been in place since 1997, build on the five main principles set down by our founder, Sakichi Toyoda, in 1935.

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

The Toyota Way

We apply these principles to every aspect of our day-to-day work through our simple framework ‘The Toyota Way’:

Continuous improvement

Challenge	When we embrace a challenge, we also commit ourselves to challenging what we know and do to complete it. This means we have to approach each challenge, not only with creativity, but also with courage.
Kaizen	Kaizen is the essence of continuous improvement. It is a way of thinking which encourages and empowers everyone to identify where and how even small changes can be made to benefit the business, their team or their individual performance.
Genchi Genbutsu	“Going to the source” – is about checking the facts yourself, so you can be sure you have the right information you need to make a good decision.

Respect for people

Respect	It is important everyone is respected both for what they contribute and who they are. That includes their ideas and their cultural and personal beliefs. Through ‘Respect’ we accept personal responsibility for what we do and build mutual trust and understanding with those around us.
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Teamwork	Successful teamwork is about everyone understanding our goals and working together to achieve them. Every member of a team is given the opportunity to do their best and the accountability to achieve results. We strive to give them stable employment and opportunities to develop their skills, responsibilities and commitment as individuals and committed team members.
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Toyota Global Corporate Social Responsibility (CSR) Policy

In 2005, TMC announced the ‘Contribution toward Sustainable Development’, an interpretation of the Guiding Principles at Toyota that takes into consideration Toyota’s relations with stakeholders. This was revised in 2008 to become a CSR Policy. The policy takes into account subsequent environmental changes and increased societal interest in CSR. TMC CSR global policy feeds in to TMCA business activities.

Toyota Environmental Challenge 2050

In October 2015, Toyota set out a bold plan involving six challenges to achieve zero CO₂ emissions and a net positive impact on the environment and society by 2050. In Australia, these translate in our TMCA Environmental Action Plan.



Toyota Australia’s vision

Toyota’s Guiding Principles, the Toyota Way and the global vision are the foundation of Toyota Australia’s **2025 direction**, which is our roadmap to ‘Creating innovative mobility solutions for all Australians’. This vision will be achieved through our three strategic priorities:

- Creating an innovative **product** range that reduces CO₂ emissions

- Expanding the positive **customer** experience and offering mobility solutions
- Leveraging our **brand** strengths.

In order to translate our vision into action, we have established key performance indicators (KPI) with targets for each financial year. These targets are monitored, measured and feed into our **Mid-term Business Plan** and **Company Hoshin**.

The Mid-term Business Plan is our five year whole-of-company action plan that outlines the product line-up and the profit outlook for the business.

Our **Company Hoshin** is TMCA’s annual strategy which outlines our objectives and targets and aligns with our 2025 vision. The 2020 Hoshin establishes activities and indicators against four key objectives:

- People first and zero harm (safety)
- Customer-focused organisation
- Business model for sustainable growth
- Realise year 3 of 2025 Direction (product, customer, brand).

The Hoshin is widely communicated throughout the organisation at the beginning of each financial year, and guides the activities of all employees, from management to frontline staff.

Governance

Toyota Australia is overseen by a focused and experienced Board, who brings combined experience of over 128 years with Toyota worldwide. The Board of directors comprises of two Toyota Australia executives and two Toyota Motor Corporation executives.

The Board’s key functions are to:

- Agree on TMCA’s strategic direction and ensure this is aligned with the interests and values of our parent company
- Oversee TMCA’s risk management and its compliance obligations, guided by the Risk and Compliance Committee.

The Board met twice during the reporting period.

Board membership as at 31 March 2020

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

Governance committees

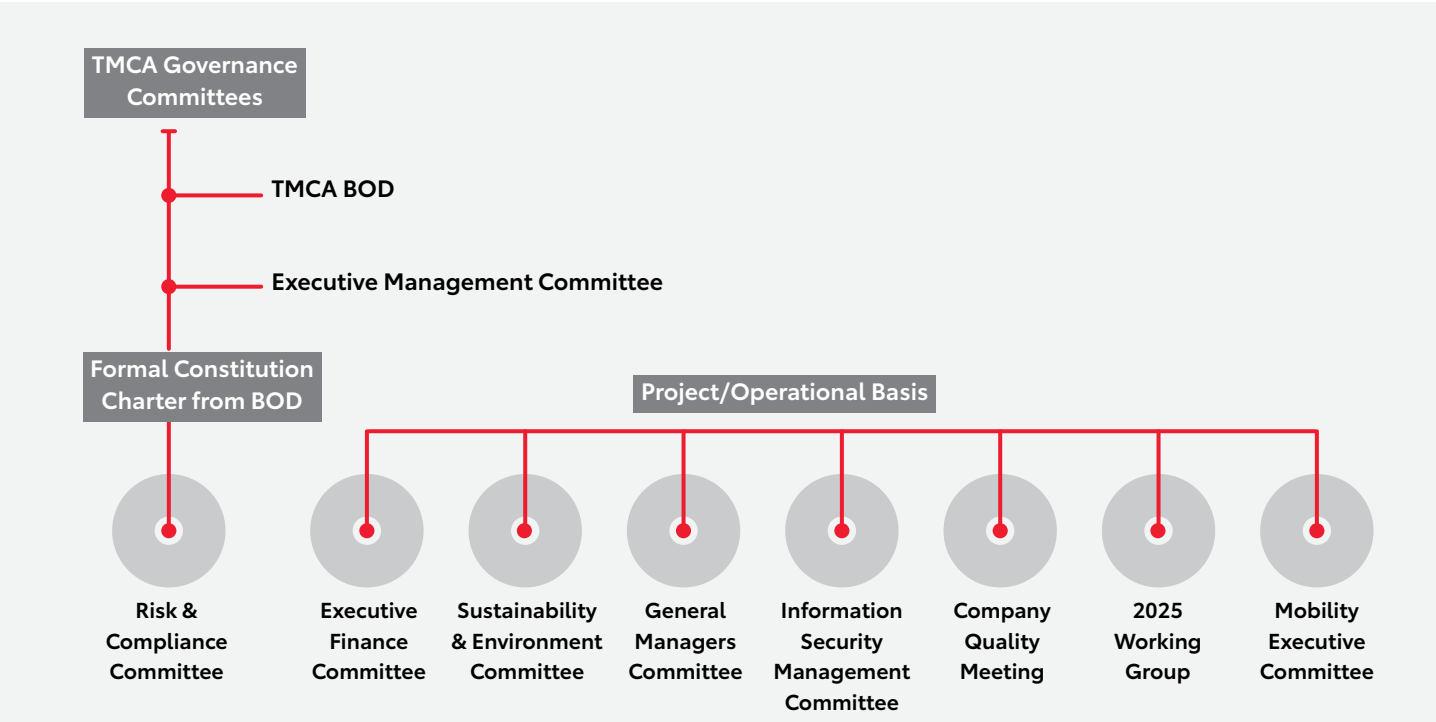
TMCA Governance Committees are shown below.

While the Board sets the strategic direction for TMCA, implementation is led by our seven-member Executive Management Committee, which meets monthly and is chaired by the President and CEO.

The **Risk** and **Compliance Committee** reports directly to the Board, and is comprised of six senior TMCA members, chaired by a TMCA director. The committee takes responsibility for all risk, compliance, ethics and

governance-related matters for TMCA. It maintains our risk register, in line with our risk management framework. The register is reviewed bi-monthly to ensure TMCA are able to recognise and respond quickly to any potential issues. The committee met six times during the reporting period.

The Sustainability and Environment Committee oversee the Environmental Action Plan which stipulates how we are tackling each challenge set out in the Environmental Challenge 2050. This committee meets bi-annually, is comprised of our Executive leadership team, and reinforces the importance assigned to these topics.



Operational structure

Toyota Australia has three operating arms:

1. National Sales and Marketing Operations
2. Product and Corporate Operations
3. Regional and Guest Operations.

Each arm is led by a Vice President, and supported by Chief Coordinating Executive in-patriates from TMC, who provide close liaison between TMC and Toyota Australia. During the reporting period, a new Vice President was appointed to the Product and Corporate Operations arm.

Lexus Australia is managed as a separate division.

Compliance

One of Toyota's Guiding Principles is to 'Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world'. TMCA views compliance activities as a vital part of running a safe and ethical organisation. Our Code of Ethics and Code of Conduct provides the basis for our approach to conducting our business ethically. These can be viewed on the [TMC website](#).

During the reporting period, TMCA did not record any significant fines or non-monetary sanctions for non-compliance with laws and regulations.

We strive to respond quickly and openly to any issues that may impact our customers or the broader community, in accordance with our principle of respect for people. We also seek to keep our customers and community well informed through our TMCA website, which provides the latest news including recall updates. The issues we addressed during the reporting period can be found in more detail on [p. 64](#).

Toyota Australia is committed to encourage and support ethical conduct and foster a positive and open environment. Fraud and corruption are not tolerated, we maintain robust global, and local policies and controls to manage any issues ethically. We encourage the reporting of actual or suspected wrongdoing through our whistleblower protection policy. The policy sets out the kinds of reporting that are covered, the reporting mechanisms, and a free independent third-party phone line.

TMCA is currently working on initiatives to ensure employees within our supply chain are properly protected in line with the **Modern Slavery Act 2018** (Cth) (see further [p. 52](#)).

External codes and charters

- In addition to our internal values and policies, Toyota Australia is aligned to various external charters and principles, including:
- Occupational Health and Safety (OHS) National Audit Tool for OHS Management Systems OHS ISO 18001
 - Self-Insurance **(Victoria)**
 - Environmental Management System ISO 14001 **(Port Melbourne Office and Melbourne Parts Centre, Altona)**
 - Federal Chamber of Automotive Industries (FCAI) Code of Practice for:
 - Motor Vehicle Advertising
 - Conduct of an Automotive Safety Recall
 - Access to Service and Repair Information for Motor Vehicles
 - Technical Statement on EV Charging Standards for Public Recharging Infrastructure
 - Australian Hydrogen Council:
 - Social Licence Principles
 - Regulatory Principles

Industry associations and memberships

- We remain an active and supportive member of a range of automotive industry associations and other groups, this includes:
- Australian Industry Group
 - Committee for Economic Development of Australia
 - Federal Chamber of Automotive Industries
 - Victorian Employers' Chamber of Commerce and Industry
 - Committee of Melbourne
 - Green Building Council of Australia
 - CitySwitch Green Office program
 - TAKE2 Signatory
 - Australian Hydrogen Council
 - ITS Australia
 - Pro Bono Australia
 - Philanthropy Australia

Our material sustainability topics and stakeholders

In accordance with our core principle of continuous improvement, we focus on the environmental, social and governance issues that are most important to our business and our stakeholders.

Our materiality process

Each year we assess our material sustainability topics through a process guided principally by the Global Reporting Initiative Standards (GRI) 2016. We conducted a desktop review of **internal** documents from Toyota Australia, TMC, and **external sources** including our peers, the media, industry bodies and non-government organisations (NGOs). Through this process we identified relevant topics and assessed their relative importance to Toyota Australia's business performance and to its stakeholders.

We also assessed our impacts against the United Nations SDGs taking into account both our actual and potential ability to either create positive impacts or to mitigate negative impacts.

The resulting material topics are outlined below, categorised according to the 'capitals' of the Integrated Reporting framework. Our most material topics are shown in bold.



Zero carbon transition

Operational environmental impacts
Vehicle life cycle

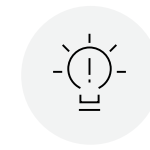


Community investments and partnerships

Customer engagement and satisfaction

Dealer engagement

Indirect social and economic impacts
Supply chain sustainability



Mobility

Automated driving and intelligent transport systems
Sharing services
Data privacy and security
Advocacy and lobbying



Product safety and quality



Employee health, safety and wellbeing

Employee engagement
Diversity and inclusion
Employee planning and development
Labour relations



Our value chain

TMC designs vehicles appealing to customers, focusing on quality, innovation and respect for the planet. Investment in innovation and research enables Toyota to be at the forefront of current and future advances in vehicle technology.

Although TMCA imports vehicles from Toyota affiliates, we retain a strong hand in designing, selecting and customising vehicles to meet the unique needs of the Australian market. TMCA has a role to play in selecting models, taking into account Australian legislation and industry regulations, customer preferences, and TMCA's overall strategic objectives.

TMC promotes the development and introduction of low-CO₂ technologies, daily kaizen, utilisation of renewable energy and use of hydrogen at all production plants, in keeping in line with Toyota Environmental Challenge 2050.

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

TMCA has four warehouses located nationally for parts storage. They are equipped with systems to bring in warehouse efficiencies, minimising both safety risks and damage to parts.

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

TMCA promotes the Toyota and Lexus brand through different marketing and communication channels. We also work closely with our dealers to promote our brands.

Our primary sales channel is through national dealerships, while our customers also have the option of purchasing online. We serve our fleet customers directly and via our specialised fleet dealerships.

We connect with our customers using many different tools and channels throughout the lifecycle of a Toyota vehicle. These tools enable consumers to be informed and educated about the product they are using. Delivery is through dealerships, our Guest Experience Centre, and multiple online platforms. Customers can now view vehicle specifications, book a test drive and make purchases from our dealers online.

Toyota dealerships nationally provide vehicle servicing for our customers. TMCA works with our dealers to manage the environmental impacts through their operations.

TMC mitigates some environmental impacts through its vehicle design and life cycle processes. The Toyota Global 100 Dismantlers project and Toyota Global Car-to-Car Recycle Project are two global projects initiated by TMC to minimise the environmental impacts of vehicle end of their life. TMCA has implemented a Hybrid Vehicle Battery Recycling Program and most of our dealers work with tyre recyclers that are members of Tyre Stewardship Australia (TSA).

