

A photograph of a woman from the back, looking out at a sunset. She has long, light brown hair tied in a ponytail with a small, colorful, beaded hair tie. She is wearing a light-colored t-shirt. Her hands are resting on a dark railing. The background is a bright, hazy sunset over a body of water, with the sun low on the horizon, creating a warm, golden glow. The sky is a mix of soft orange, yellow, and white.

TOYOTA

Sustainability Report **2021**



In 2017, we began our journey towards our 2025 Direction, with a vision of “Creating Innovative Mobility Solutions for All Australians”. Since then, we have made significant progress, adapting our strategies to reduce our CO₂ emissions, to give back to our community, providing resources and funds to enhance the community’s capability and ultimately to become a better corporate citizen.

Today, we are expanding on our vision, to encompass connection in all its forms. Our new vision is ‘Connecting us all with the freedom to move and be moved’. This aligns with Toyota Motor Corporation’s global mission of ‘producing happiness for all’, making sure we contribute to our environment, society, and the changing needs and desires of consumers.

As climate change impacts our world, we understand the role vehicles play in contributing to global emissions and the need for action. Worldwide, Toyota are committed to reaching net zero CO₂ emissions by 2050. We are taking action towards building a sustainable society with a clear goal that no one will be left behind.

This year we have continued to lead the field in electrified vehicles, selling a record number of hybrid vehicles now accounting for over a quarter of all Toyota’s sold. As a brand, we are working to diversify our model range into the future and will have a vehicle and powertrain to suit every consumer, as well as our unique landscape.

Producing happiness also means we must meet our obligations as a responsible global corporate citizen, including earnestly engaging in the United Nations Sustainable Development Goals. Earlier this year we undertook work to identify 3 Sustainable Development Goals that we can have the greatest impact on our environment and community.

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

A handwritten signature in black ink, reading "M. Callachor".

Matthew Callachor
President and CEO
Toyota Motor Corporation Australia



This document provides an overview of Toyota Australia's 2021 Sustainability Report. It details how we create value, and our approach to the sustainability issues that matter to our business and our stakeholders, including the community and the environment. The full report is available on our [website](#).

Operating context

The automotive industry is going through a profound once-in-a-century transformation. We are seeing the growth of the sharing economy and consumer demand for more flexible, sustainable transport options. While change inherently brings new challenges as well as opportunities, Toyota Australia is embracing these transformations while continuing to deliver an exceptional experience, whether interacting with our customers or through new vehicle technologies. We are also partnering with a range of organisations to advance the infrastructure needed to support the uptake of safer, more efficient mobility solutions of the future.

Toyota Australia is working towards a future where we look out for each other and for our planet, and a future where we enrich communities with the safest and most responsible ways of moving.




Sustainability at Toyota

Toyota's vision of connecting everyone with the freedom to move and be moved and our mission to produce happiness for all drive everything we do. As one of Australia's leading companies, Toyota Australia believes we have a responsibility to set standards for social and environmental innovation. We focus on initiatives that positively contribute to the sustainable development of society through our business activities and in cooperation with key partners.



Our sustainability governance is led by the Toyota Australia Board and by an executive-level Sustainability and Environment Committee. Our sustainability reporting is based on an annual assessment of our material environmental, social and governance (ESG) issues, which considers a range of stakeholders and impacts throughout our value chain. We also assess our impacts against the United Nations Sustainable Development Goals (SDGs) taking into account both our actual and potential ability to create positive impacts or to mitigate negative impacts.

Priority SDGs

We are focused on three goals where we can have the greatest impact, and a further two that our activities contribute to. We are currently working on developing a roadmap to deliver on these goals, including how we measure our impacts. The resulting material topics and priority SDGs are outlined below.






Goals and alignment with strategy	Key activities	SDGs
Working towards net zero emissions in line with our electrification strategy	<ul style="list-style-type: none"> Moving towards setting science-based emission targets and using them to inform our vehicle development, sales targets and operations. Carrying out research and creating partnerships to develop a hydrogen future. Using marketing and advocacy (for example with the Federal Chamber of Automotive Industries (FCAI)) to accelerate decarbonisation. 	 7 AFFORDABLE AND CLEAN ENERGY
Managing our product lifecycle by optimising our value chain	<ul style="list-style-type: none"> Managing our supply chain and integrating ESG requirements throughout. Innovating to reduce end-of-life vehicle impacts and to develop a circular economy, for example through our hybrid vehicle battery recycling program. Supporting productivity through our vehicle design and the Toyota Production System Support Centre. 	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Creating infrastructure for mobility as we transition to a mobility company	<ul style="list-style-type: none"> Forming public and private partnerships to design sustainable transport systems. Developing shared mobility solutions. Advocating for, and supporting, stronger fuel standards. 	 11 SUSTAINABLE CITIES AND COMMUNITIES

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

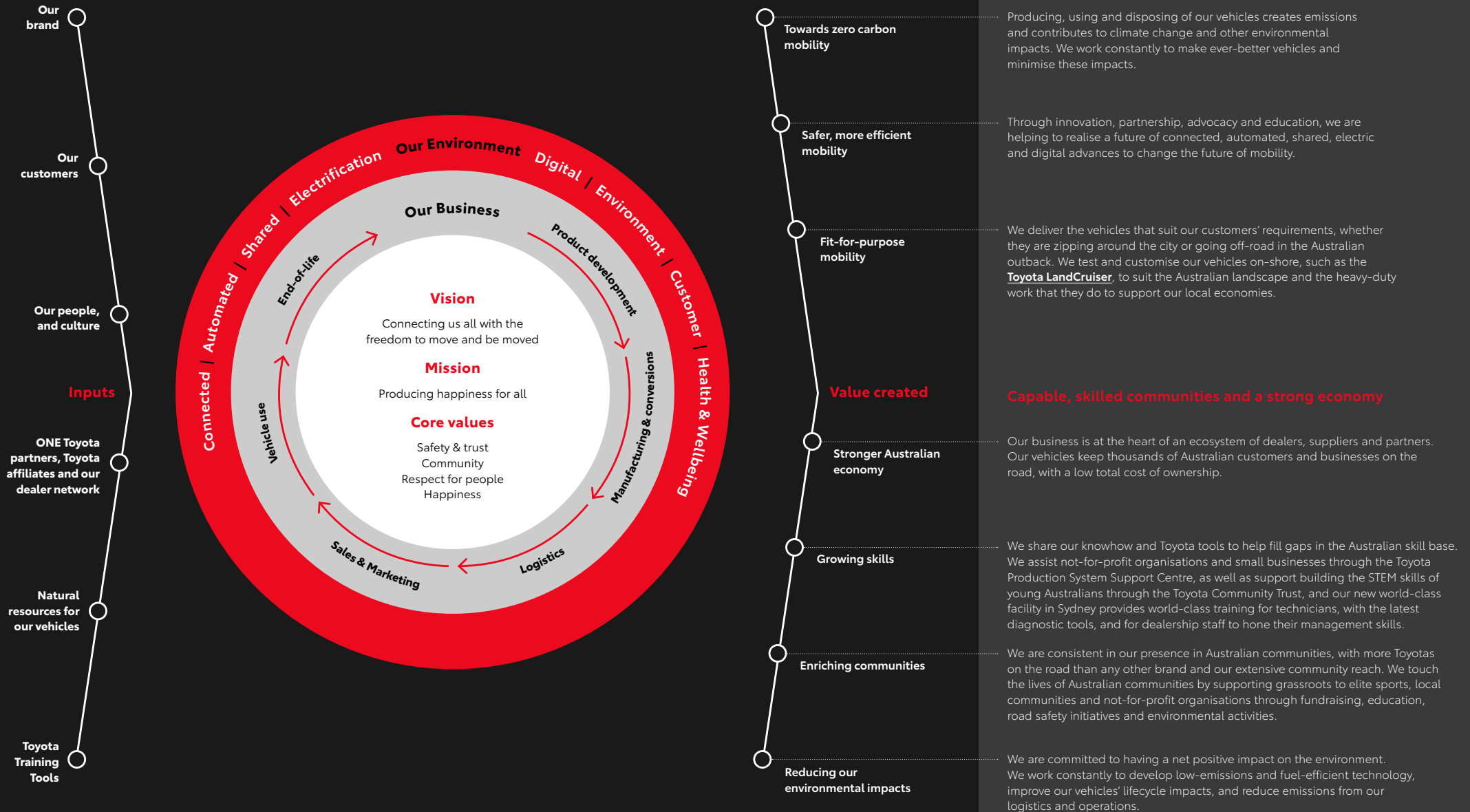
Industry, Innovation, Infrastructure Transport infrastructure, retrofit industry for sustainability including women in STEM	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Climate Action Advocacy and education	 13 CLIMATE ACTION
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Material ESG topics

Our material ESG topics are listed below, grouped according to five capitals in the International Integrated Reporting Framework. Our most material topics appear in bold.

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

The value we create



Value created in FY20/21

The value we create: Better mobility solutions

27.5%
Australian hybrid vehicle sales

60,699
Australian hybrid vehicle sales - Toyota and Lexus

15
Mirai hydrogen demonstration vehicles

Advancing hydrogen innovation

18th straight year
Toyota was the best-selling brand

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

Overall
HiLux
(5th straight year)

Passenger car
Corolla

Sports utility vehicle
RAV4

Light commercial vehicle
HiLux

16th straight year
Reader's Digest Most Trusted Brand

Yaris
RACV Safest Car Award 2021



**Towards zero
carbon**



**Fit-for-purpose
mobility**



**Safer, more
efficient
mobility**

Happiness for all

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



**Enriching
communities**

\$2.67
million in community contributions



**Stronger
Australian
economy**

\$8.9
billion net sales

\$332
million after-tax profit

\$1.1
billion supplier spend

1,198
suppliers

1,568
Toyota employees

217
Toyota and Lexus dealerships*

12,000+
Toyota and Lexus dealer employees

*Total number of
dealers at 30 June 2021



**Reducing our
environmental
impact**

1,542,212kWh
solar generation



**Growing
skills**

81
employee engagement score

70
employee enablement score

28%
female representation in workforce

Opening a state of the art Training Facility



Better mobility solutions

Towards zero carbon

The production, use and disposal of vehicles creates emissions that contribute to climate change and other environmental impacts. Toyota works constantly to make ever better vehicles and to minimise their environmental impacts.

In line with the global Toyota electrification strategy, Toyota Australia's strategy is focused on the diversification of electrified vehicles and supporting the development of the necessary infrastructure across Australia to encourage the take-up of electrified vehicles. As we power towards an electrified future, strategic partnerships are crucial. We collaborate with a range of companies, state governments, NGOs, universities and industry bodies to further our electrification strategy. We also advocate for hydrogen innovation and stronger fuel standards through participation in the Australian Hydrogen Council and the Federal Chamber of Automotive Industries.

In April 2020, we opened the Toyota Hydrogen Centre, which houses a hydrogen production and storage facility, a refuelling station and an education centre. The Hydrogen Centre was made possible thanks to the Australian Government's Australian Renewable Energy Agency's (ARENA) \$3.1 million investment in the \$7.4 million project.

Safer, more efficient mobility

Connected and automated vehicles can make our roads safer and our mobility more efficient. Toyota Australia is helping to realise Toyota's mobility vision through innovation, partnership, advocacy and education. We form public and private partnerships, and participate in vehicle trials, to design intelligent transport systems and develop shared mobility solutions. This year, we participated in the Queensland Connected and Autonomous Vehicle Trial (CAVI) and the Ipswich Connected Vehicle Pilot (ICVP). The trials tested how vehicles interact with road signs and traffic lights, and tested the accuracy and responsiveness of connected vehicle technologies.

Toyota's vision is zero casualties from traffic accidents. With more Toyotas on Australian roads than any other brand, we want to ensure that our customers are as safe as possible as they go about their lives, which is why most new Toyota vehicles come with Toyota Safety Sense fitted as standard safety features. This year, Toyota and Lexus vehicles were involved in 12 recall campaigns due to potential faults. We are continuing to actively recall vehicles affected by faulty Takata airbags. As at 5 March 2021, we have replaced over 99.9% of approximately 580,000 affected airbags.

Fit-for-purpose mobility

Mobility is an important aspect of Australians' lives, supporting access to economic and social opportunities. Our customers' expectations are changing, and Toyota Australia strives to deliver mobility options that suit their needs, whether enabling them to move easily around the city or to go off-road in the Australian outback.

Toyota customers are changing how they think about vehicle ownership and how transport can support them to move in safe and effortless ways. The demand for sharing services in major sectors of the global economy is increasing, and the automotive sector is no different. Ride sharing and car sharing are becoming more popular as affordable, convenient and environmentally friendly alternatives to individual car ownership. This year, in partnership with the One Toyota alliance, we introduced KINTO to Australia. KINTO is Toyota's vehicle sharing and renting service to individuals and corporate customers.

Toyota Australia is also increasingly offering our customers the opportunity to customise their vehicles. While our vehicles are manufactured off-shore and imported from Toyota affiliates, we test and customise vehicles on-shore to ensure they suit the Australian landscape and the heavy-duty work that they do to support our local economies.

Capable, skilled communities and a strong economy

Stronger Australian economy

Toyota Australia's business is at the heart of an ecosystem of dealers, suppliers and partners. We play a role in the broader economy through innovating mobility solutions, promoting the potential of hydrogen as an energy source, and through making a positive contribution to our communities.

Our dealers are an essential part of our success, crucial members of the Toyota family, and the face of Toyota for many customers. We help develop the technical capability of dealership staff across the country through the Toyota National Skills Development Program. We also work closely with the National Toyota Dealers Association to build resilience to automotive industry transformations. In FY21, we also provided financial assistance to dealers as they faced operational disruptions from COVID-19.

Our suppliers are another key contributor to our sustainable business efforts. We work with them to ensure our supply chains are well managed in relation to environmental impacts and human rights issues. We are committed to upholding the Toyota core value of respect for people, and work to eliminate, and remedy, any modern slavery practices in our business and supply chains (see TMCA's Anti-Modern Slavery Statement). In FY21, we commenced an assessment of our existing suppliers' practices to identify any negative social impacts in their businesses. We also published our first Modern Slavery Statement.

Growing skills

Despite the majority of our employees working remotely this year, we received our best employee engagement scores to date. We have also established a Diversity and Inclusion Council and four Action Teams that will drive our company efforts on LGBTQI+, indigenous affairs, gender equality and disability issues.

Toyota Australia is also committed to growing the right skills in our economy for Australians' broader success. Through efforts such as the Toyota Production System Support Centre (TSSC) and the Toyota Technical Centre, we keep technical engineering skills and knowhow onshore in our broader community.

TSSC helped organisations such as Alex Makes Meals and Brite to support Australia's COVID-19 response by providing meals and supplying personal protective equipment for frontline healthcare workers. We also partnered with the Australian Fleet Management Association on a number of initiatives, including a professional development program for fleet managers and sponsorship of two scholarships specifically to support women and young professionals in the fleet management industry.

Enriching communities

Success for Toyota Australia means so much more than the number of vehicles we sell, and contributing to our communities is a longstanding priority. We maintain a strong presence in our communities through our sponsorships, business and capability building initiatives; and we support a range of community activities through education, road safety initiatives and environmental activities. Our employees are embedded in their communities and play an important part in our community efforts; they drive some of our initiatives, including community grants, fundraising and matched giving.

This year, Toyota Australia made \$2.67 million in community contributions, with \$1.92 million from community activities and \$749,000 through the Toyota Community Trust (TCT). The TCT encourages and enables young Australians to pursue education and careers in science, technology, engineering and mathematics (STEM). We are looking to build on our community contributions in the future not only by increasing our contributions amount, but also through expanding the range of initiatives we actively support.

Reducing our environmental impacts

Toyota Australia actively participates in global Toyota initiatives to reduce the negative environmental impact of our vehicles, such as the Toyota Environmental Challenge 2050, the Toyota Global 100 Dismantlers Project and the Toyota Global Car-to-Car Recycle Project. Toyota Australia's Environmental Action Plan embeds responsibility for sustainability efforts throughout our organisation. We work constantly to develop low-emissions and fuel-efficient technology, mitigate our vehicles' lifecycle impacts, and reduce emissions from our logistics and operations.

As part of our work to better understand our indirect emissions both upstream and downstream in our value chain, this year, we kicked off a carbon footprint reduction pilot with our dealer network to understand our dealers' scope 1, 2 and 3 emissions sources. We then developed a process to measure and track dealer emissions. Many of our sites are powered in part by renewable energy, with our Kemps Creek Toyota Parts Centre in Sydney going 100% renewable this year. We also run a Hybrid Vehicle Battery Recycling Program.