

Sustainability Report 2020

Message from Chair & CEO



ALISTAIR DAVIS, CHAIR >

Message from the Chair, Alistair Davis

In 2019 TNZ achieved 32 years of market leadership in new vehicles, and a record year in used-vehicle sales, parts and accessory sales, and retail Store total sales.

2020 began with strong sales, but these soon succumbed to the growing COVID-19 pandemic, which threatened the wellbeing of communities worldwide. Our priority at this time shifted to the health and safety of employees and customers, and an attempt to mitigate the business impacts and maintain job stability for Toyota's people. I am proud of how our teams and Stores have responded; a summary of the immediate response can be found [here](#).

In this Report we look back on FY2020, and ahead to the more uncertain environment in FY2021.

Drive Happy Project

We launched the Drive Happy Project in 2018 after a long period of designing, refining and implementing the new business model. We anticipated an early reduction in sale volumes as Stores and customers became accustomed to the new way of working, and we are now seeing the performance and resilience we expected. 2019 saw the second highest-ever sales to private customers, and 2020 began with the fastest-ever sales from Stores, despite the market being down slightly overall.

While our retail outlets were initially cautious about the change, they now see the benefits for their businesses and customers. The groundwork established by the Drive Happy Project has set us up well for providing customers with price certainty and supportive buying and vehicle care experiences during uncertain times. The online component of the new business model remains an opportunity for the future.

Low-emission vehicles

Together with our parent company TMC, we are committed to a low-carbon economy and contributing to this future. We support the New Zealand Government's commitment to the Paris Agreement on climate change, and have set targets on our new vehicles in line with this to reduce the emissions of the vehicle mix we sell. We support clean-car legislation and proposals for high-emission vehicles to subsidise low-emission vehicles. We would like to see more progress and proactive action, such as clean-car legislation, to set New Zealand on a path to meet its Paris commitment.

We are well placed to support the transition to a low-carbon mobility sector in New Zealand. Hybrid sales, as a proportion of total new-vehicle sales, continue to grow. We achieved our hybrid sales target of 5% in 2017 and have set a target of 30% in 2020, which we are on track to achieve. In 2019 a new hybrid version of the popular RAV4 became available in New Zealand for the first time. The C-HR hybrid launched in January 2020 to a waiting list. The hybrid version of the Camry is also increasingly being chosen over the non-hybrid version.

Our 'core' business of selling vehicles, selling parts and servicing will continue for some time, but we continue to survey the 'edge' of what our business and products will look like in the future. Some elements, such as new mobility services and hydrogen vehicles, will likely appear in the not-too-distant future.

Transitioning to a new CEO

I took over from Bob Field as CEO in 2008, and I now pass the helm to Neeraj Lala, who steps in to the position of TNZ's CEO from July 2020.

This is the right time for a change. I have led the Drive Happy Project for the past 12 years; it is bedded in and achieving its purpose of creating better ways to engage with customers and providing the foundation for further online operations. Neeraj will build on this and set his vision for the coming decades, preparing TNZ for the challenges and opportunities that lie ahead.

The transition has been planned for a number of years, and Neeraj has grown his Toyota experience in most TNZ departments, as well as through a three-year Executive Leadership programme with Toyota Motor Sales in the United States and completing a Master of Business Administration.

I have mentored Neeraj intensely for the past several years, and I am confident he has built a strong foundation to lead TNZ into the next part of its journey.

I will continue to support TNZ in my role as non-Executive Chair of the Board, and will be particularly involved in how TNZ embeds the new 2050 Vision and action plans to better integrate sustainability.



Alistair Davis

Message from the Incoming CEO, Neeraj Lala



2019 was a year of major change for us. We had our first full year of the Drive Happy Project and we shook up our product range to make it more exciting. 2020 brings new challenges as New Zealand and the global community work to respond to the COVID-19 pandemic and manage both the social and the economic impacts.

The impacts of COVID-19

The focus of our response to the COVID-19 pandemic is on keeping our employees, Stores, customers and community safe, and working towards recovering and resetting to a new normal.

Overall, our Stores have weathered the immediate storm and are getting back to servicing customer vehicles and sales, albeit at a lower rate than usual. During the lockdown TNZ's national parts warehouse in Palmerston North operated with a skeleton staff, who worked in shifts to supply centres servicing essential workers' vehicles. While we were able to maintain our workforce during the lockdown, and Stores sought to maintain their staff, we were sad to see a small number of Store employees leave the Toyota family.

We saw some pre-lockdown orders cancelled, and we are engaging with fleet customers to understand their timelines for renewing their vehicles. A big and ongoing impact to our business is the sudden loss of tourism due to border closures which drives a large proportion of our vehicle sales revenue. We are turning our focus to retail sales to offset this, and we are working with our tourism sector customers to consider alternative approaches to protect the value of Toyota vehicles.

With the New Zealand government's COVID-19 restrictions occurring largely after the end of FY2020, the impact will be reduced overall sale of vehicles and parts and accessories for FY2021. The new vehicle market is expected to reduce by approximately 35%. As a result, we have reduced our forecasted revenue for FY2021 by around 30% compared to FY2020. We have reviewed our operational expenditure to identify where we can reduce spend to protect our margin, employees, and key suppliers. The coming period will be about understanding what the new commercial landscape looks like for TNZ and Stores, and continuing to find new opportunities for our business to operate sustainably.

Our market and products

Early 2020 saw the withdrawal of Holden from New Zealand, and we feel for the people and customers affected by the loss of this brand from the market.

In 2020 we will add more hybrids to our range to continue decreasing exhaust emissions of carbon and local air pollutants. Increasingly, customers are seeking fuel-efficient, low-emitting passenger vehicles, and the 2019 RAV4 hybrid is ticking many boxes for new vehicle buyers. With the addition of the next-generation RAV4, we now offer seven Toyota and ten Lexus hybrid options, with more to come in 2020.

In FY2020 we continued our focus on building greater resilience in our model line-up. We also took the opportunity to rebalance the mix of sales in the rental channel to allow us to be more responsive to private customers and business fleets.

The recall of some Hilux vehicles continued in FY2020. Through the hard work of engineers in TNZ, Japan and Thailand, we resolved issues with diesel particulate filters. We apologise to all affected customers for the frustration this caused, and thank them for their patience. We are now working through recalling and fixing the remaining affected vehicles.

Our operations

Freight logistics is the greatest contributor to our carbon footprint, and we are working hard with freight suppliers to optimise our logistics approach. The Drive Happy Project provides us with improved data and oversight of what vehicles are needed in which areas, and enables us to plan freight movements more efficiently. We are also investigating new technologies to support further freight reductions across all areas of vehicle logistics. We expect to see a reduction in carbon emissions from the first part of this year due to the COVID-19 lockdown.

Following the successful extension and seismic strengthening of our national parts warehouse, we are now preparing seismic upgrades for key parts of our head office in Palmerston North. The work will result in major disruptions to our training and atrium area. It is being undertaken well in advance of the 15 year legal requirement to ensure a safe workplace for employees and visitors.

Looking to the Future

In the short and medium term, our core business will remain selling vehicles and parts, and servicing. A focus for this period is bringing out the fun of driving with 'ever better cars'. We are also evolving with our customers. With New Zealand's demographics ageing and becoming increasingly multi-cultural, vehicle demand is changing to a greater focus on small vehicles powered by hybrid technology with lower emissions. We are preparing for these developments by planning hybrid options for every model in our range by 2025. In the medium term, we expect innovative new forms of personal transport to be a growing part of our business.

The means by which people move around will continue to change in the next 20 to 30 years, and for the first time in 100 years we can anticipate personal transport not powered by fossil fuels, vehicles not controlled by human drivers, and households and individuals not owning cars. Together, these trends have the potential to transform the transport sector into one that is resource efficient, safer for communities, more affordable and less polluting. We are already partnering with others in New Zealand to begin creating this new world, for example by expanding the Cityhop car-share service, increasing telematic data applications and trialling hydrogen technology. TMC has confirmed that, despite the disruption and significant revenue loss caused by the COVID-19 pandemic, it will continue to invest in future mobility.

This Report presents our progress and work towards making TNZ a more sustainable business. Our 2050 Vision is a step change and will guide us as we develop action plans for the short term that will support a greater integration of sustainability in our business.



Neeraj Lala
Chief Executive Officer
Toyota New Zealand

November 25, 2020

About this Report

Report structure and material issues

This year we have moved our Report to a predominantly online format. The Report includes the annual messages from our Board Chair and Chief Executive (CEO), and key summary information.

This Report provides stakeholders with a snapshot of our progress. Supporting commentary on context and how we manage our operations is separated, with links to relevant data and case studies.

Materiality

Material issues are defined as those areas of most interest, concern or relevance to our stakeholders, and where we have the greatest impact. They were identified using a formal materiality engagement process, described in this Report under the Governance section, under the Risk Management heading [here](#).

They are indicated using this icon.

MATERIAL ISSUE

Period covered by Report

All data covers the period 1 April 2019 to 31 March 2020 (FY2020) unless otherwise stated. For major ongoing initiatives, information from 1 April 2020 onward is also included.

Scope of the Report

The Report covers Toyota New Zealand's (TNZ's) activities, and those of the Toyota and Lexus retail network in New Zealand where relevant. It does not include the operations of Toyota Financial Services New Zealand, which is a separate entity owned by Toyota Motor Corporation, Japan (TMC).

Reference Guidelines

This Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option. We reference the six goals outlined in the Toyota Environmental Challenge 2050 and the United Nations' 17 Sustainable Development Goals (SDGs).

Assurance

Our Reports have been externally assured since 2011. This year's assurance statement can be found [here](#). The process provides stakeholders with confidence in our data-collection process and sustainability performance.

Key Information

Company name: Toyota New Zealand

Head office address: 29 Roberts Line, Kelvin Grove, Palmerston North 4414, New Zealand

We welcome any questions, comments or suggestions:

Toyota New Zealand Customer Dialogue Centre

Phone: 0800 TOYOTA; email: customercare@toyota.co.nz

Sustainability Strategy

1. Our Context

As a trusted brand, we are in a privileged position to influence New Zealand's society positively. TNZ has a long-standing commitment to sustainability, and we are proud of the progress we have made so far. We also recognise the increasing pressure of environmental and social concerns, and that our sustainability and business ambitions are increasingly converging.

We understand that environmental and social impacts are no longer expressed just locally –their scale and complexity throughout our business relationships are a serious challenge. As a major global and local brand, Toyota recognises it has a large environmental and social footprint. We believe that addressing our impacts presents an equally large opportunity to contribute to the change we want to see, and to influence and raise the bar on the performance of the wider motor vehicle industry and its supply chain.

This will enable us to be prepared for the business risks and challenges that lie ahead.

The following two global frameworks guide our sustainability strategy.

2. Global Frameworks

The UN Sustainable Development Goals (SDGs) identify the critical environmental, social and economic challenges governments, civil society and businesses need to address collectively by 2030. We have identified 11 SDGs where we can make a positive contribution and/or where we need to actively manage our impacts.



[More SDG information](#)

TMC's Toyota Environmental Challenge 2050 sets six goals for its global activities and distributors. The goals focus specifically on the environmental impacts of the motor industry and cover our key business relationships, corporate activities, retail outlets and suppliers. Collectively they challenge Toyota to be a net-positive contributor to the environment by 2050.

2050 Global Challenges



Toyota aims to reduce vehicle CO₂ emissions by 90% compared to 2010 levels. Toyota will continue developing next-generation vehicles with low or zero CO₂ emissions (hybrid, plug-in hybrid, electric and fuel cell vehicles) and encourage their adoption.



Toyota aims to reduce vehicle CO₂ emissions in material and vehicle production stages. Toyota will enhance vehicle eco-design aiming at zero CO₂ emissions in all stages of a car's life cycle and reduce the quantity of materials and parts used.



Toyota will cut CO₂ emissions to zero at manufacturing plants. Toyota will continue introducing and developing low CO₂ production technologies, energy efficiency and promote the use of renewable energy and hydrogen.



Toyota will minimise the quantity and optimise the quality of water used in vehicle manufacturing. Low water consumption and high water quality discharged back into the environment will be achieved with the focus on efficiency, water reuse through recycling and purification.



Toyota will continue rolling out systems aimed at resource efficiency to create a recycling based society. Toyota will utilise eco-friendly materials; make parts last longer; expand recycling technology; and manufacture new vehicles from end-of-life vehicles.



Toyota will collaborate with others to create a society where people coexist in harmony with nature. Toyota will develop partnerships with other businesses, government and non-government organisations, and local communities to conserve the natural systems on which we depend, and promote environmental education awareness.

3. TNZ 2050 Vision and Sustainability Priority Areas

Our 2050 Vision and Actions

MATERIAL ISSUE

In 2019 we developed a 2050 Vision that describes how we will operate and contribute to a sustainable New Zealand. Supporting action plans are divided into three themes: Leadership in the New Zealand Market; Sustainable Business; and Responsible Business.

In each plan we set out the immediate actions we need to take to realise the Vision. These consolidate and respond to the SDGs and Toyota Environmental Challenge in five areas –carbon, resources, workforce, adaptation and creating broader value – all underpinned by our move away from being a car company to become a mobility company. Together, the Vision and actions will help us make a step change in effort and better integrate sustainability activities within operations and decision-making processes.

We developed the Vision and action plans collaboratively with senior executives, management and team members, drawing on an earlier stakeholder materiality engagement. Strategy actions have been integrated with the wider three-year business plan, and in 2020 we will be establishing ways to track and report progress. We expect this to be an ongoing process, as our systems and teams adapt to the new business objectives.

The Vision is described below, and links connect to current activity.

2050 Vision

Sustainability Priority Areas



Our products – leadership in the New Zealand market

For TNZ, leadership means shaping and hastening the adoption of low-carbon personal transport in New Zealand. By applying our market dominance, influence and expertise, we can transform mobility, reduce emissions and minimise resource use. Actions in this theme will take the greatest effort but deliver the greatest change and improvements.

Areas of Focus:

- Tailpipe emissions
- Per-passenger-kilometre emissions
- Product and packaging waste
- Product (vehicles and parts) reuse

Our organisation – sustainable and responsible business

Being a sustainable and responsible business is about 'walking the talk' and aligning our business practices with our values to be a truly sustainable business in New Zealand. These actions call for green-business practices throughout our operations and supply chain, as well as consideration of the impacts on communities and ecosystems. Early actions in this theme include mapping the flow and quantities of resources and their impacts across the business. These actions are also vital to attracting and retaining skilled employees, and reassuring all stakeholders that TNZ operates as a compliant, conscientious and trustworthy company.

Action areas:

- Operational waste
- Operational water
- Operational resource use
- Operational emissions
- Store emissions
- Decision-making, including on environmental and community impacts
- Contribution to stakeholder environmental understanding
- Training and development
- Workplace of choice
- Diversity
- Gender diversity
- Pay equity
- Environmental compliance
- Responsible investments
- Organisational resilience
- Disclosure
- Sustainable procurement

Organisation

What we do



TNZ is a wholly owned subsidiary of TMC. We import and sell new Toyota and Lexus vehicles, as well as used vehicles and parts, both directly and through the retail Store network. We also sell parts to parts and service agents. New vehicles are manufactured in Japan, Thailand, Austria and the United States. We import used Toyota vehicles from Japan and certify them to New Zealand standards at our process and refurbishment facility in Thames. These vehicles are sold under our Signature Class and Toyota Certified used-vehicle brand.

Our business strategy

TNZ's business objective is to grow market share through our long-standing reputation for quality, broad product choice, and excellent sale and customer experiences. We add value through a range of after-sales support such as servicing, sales of parts and accessories, and financing and warranties, all of which build our relationships with customers. We endeavour to do this openly and responsibly.

Contribution in New Zealand

MATERIAL ISSUE

As a trusted brand in New Zealand, we are in a privileged position to contribute to New Zealand. Our endeavours are guided by our eight Believe statements see here. We seek to be a leading company by setting an example of good social and environmental responsibility: demonstrating how we can reduce carbon emissions, establishing high product safety standards, and supporting our retailers and their communities around New Zealand.

We track progress through annual corporate reputation surveys, which include stakeholder views of our social responsibility, fairness and trust. See [here](#).

Measuring our overall performance against the 2050 Vision will help us deliver more targeted outcomes for New Zealand.

As part of developing the 2050 Vision, we identified an objective to partner with others to foster a culture of innovation, value for communities, transparency, and caring for our unique natural environment. See more on the membership organisations we engage with [here](#).

Value Chain

We take a value chain view to identify and manage the impacts and opportunities linked with the life cycles of our products and services. TNZ's operations centre on sales, marketing and distribution to retail outlets, but we also consider activities 'upstream' (material extraction, suppliers and production and 'downstream' (customer use and product recycling and disposal of our business.

This aims to create value for our business, customers, partners and suppliers, and reduce negative environmental and social impacts.

The value chain approach shows that many of the biggest impacts of our business activities occur outside our direct control through our business relationships, and we need to collaborate with, influence and develop stronger partnerships with suppliers and the wider motor industry.

Main impacts (operations & vehicles / parts over time

Toyota has set ambitious goals for reducing the life cycle impacts of new vehicles and parts, which are described under the Toyota Environmental Challenge 2050. They are set out below to support a better understanding and evaluation of impacts and responsibilities in the different operational areas.



Our Products - leadership in the New Zealand market

Mobility for New Zealanders

MATERIAL ISSUE

Transport is New Zealand's second-largest source of greenhouse gas emissions, and New Zealand's emission rate ranks among the top five OECD member countries on a per-person basis. 'Transport' is dominated by private road transport, with New Zealand having one of the oldest and least fuel-efficient fleets in the developed world. Compared to other developed countries, vehicle ownership is very high and public transport use relatively low.

Our 2050 Vision sets out an aspiration for sustainability leadership in the New Zealand vehicle market. Our biggest contribution is providing high-quality personal mobility solutions and reshaping future transport systems.

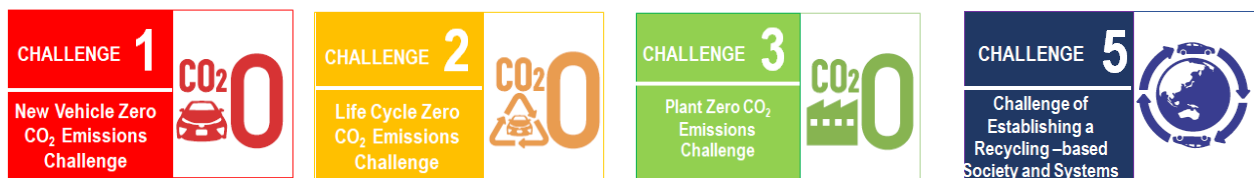
Our strategic outcomes include reducing emissions from vehicle use (tailpipe emissions, reducing overall travel distance emissions (per passenger-kilometre emissions), reducing vehicle and parts waste (product and packaging waste) and extending the lives of products (product use and reuse). We will continue to focus on vehicle safety and quality, and respond to customer needs.

The strategy groups activities into four areas:

- Reducing product carbon emissions
- Resource efficiency and reuse
- Vehicle and parts quality, safety and performance
- Future of mobility

Carbon

Resources



The impacts of COVID-19 on the delivery of our products

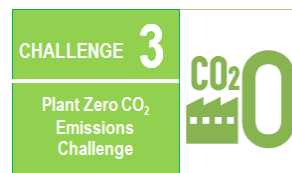
For the immediate impacts of the COVID-19 pandemic on products, see [here](#).

Reducing product carbon emissions

Our 2050 Vision for carbon emissions in our products and operations:

“We will deliver a **net reduction in carbon** across the whole life of our product lines and associated infrastructure, through the **efficient use of renewable energy** at our sites, and only partnering with **carbon neutral suppliers**.”

Carbon



We are working to reduce the tailpipe emissions of new and used vehicles, including through increasing the availability of hybrid electric vehicles. We are also focused on emissions associated with the freight transport of vehicles and parts within New Zealand. We set reduction targets and report on progress to our Executive team every two months. Additional targets will be developed to support the 2050 Vision.



New-vehicle product mix

2030 Target: Reduce tailpipe emissions to 152g CO₂/km (Toyota vehicles)

2030 Target: Reduce tailpipe emissions to 178g CO₂/km (Lexus vehicles)

Globally, TMC has set significant targets for both emission reductions and the availability of low or zero-carbon-emission vehicles, and has committed to having electrified options in the whole vehicle range by 2025, including self-charging hybrid electric, plug-in hybrid electric, battery electric and fuel-cell electric vehicles.

TNZ's low-carbon strategy promotes mass-produced hybrid vehicles over full electric options, and continues to explore hydrogen-fuelled vehicles as a cost effective offering.

Read article here: [Fuel for Thought](#)

New Zealand is well placed to create green hydrogen from renewable resources such as solar, wind and hydro power, and a number of local companies are working together under the New Zealand Hydrogen Association to make green hydrogen production and infrastructure.

TMC balances our product requests with those of other markets around the world, and prioritises countries with regulations requiring a proportion of electric vehicles (the New Zealand Government does not have such a requirement). TNZ's Drive Happy Project provides us with new data that gives greater oversight of the vehicles sold to customers and enables us to better predict the products needed in the near future.

TNZ has introduced a target to reduce tailpipe emissions to 152g CO₂/km and 178g CO₂/km for Toyota and Lexus respectively by 2030. We have already achieved the Lexus target (currently 151.4g CO₂/km), and will revise the target if a Clean Car Standard is implemented for all new and used light vehicles registered.

We have a target of 30% new-vehicle hybrid sales in 2020. This is a significant increase from 17% in 2019 due to an increase in the hybrid allocation from Japan and greater customer demand, in particular for the new RAV4 hybrid. 40% of the Toyota and Lexus product range now has hybrid options. New hybrid models include the RAV4, Corolla Sedan and CH-R.

Hybrid vehicles do not suit all customer needs, particularly those working in the agriculture sector. However, CO₂ tailpipe emissions for many non-hybrid vehicles, including utility vehicles, have decreased with each vehicle update.

See our progress [here](#).

Hybrid electric vehicles

We sell the following hybrid and plug-in electric hybrid as new vehicles in New Zealand:

- [Toyota Hybrid Range](#)
- [Lexus Hybrid Range](#)

Used vehicles

We are working on a target for tailpipe emissions for the used vehicles we sell to support TNZ's 2050 Vision. In FY2021 our focus will be on increasing the share of hybrid vehicles in the rental fleet. We will also work on geotagging vehicles for sale so they can be marketed in their local regions, reducing the number of vehicles freighted between locations, which saves on logistics costs, CO₂ emissions and air pollution.

An important contribution will be made by increasing the availability of used hybrid vehicles, and TNZ is now importing a higher percentage of quality used hybrids from Japan.

See our progress [here](#)



Logistics

2020 Target: 2.4 vehicle movements per new vehicle sold

2020 Target: 95% on-time deliveries from TNZ to Stores

The life cycles of vehicles include the emissions associated with their transportation to and around New Zealand, and their delivery to new owners. TMC works closely with international shipping companies to deliver vehicles internationally, whereas TNZ manages the movement of vehicles around New Zealand and the shipping (and air freight when necessary) of parts.

'Regional pools' of vehicles were established to support the Drive Happy Project. Vehicles arrive by ship to three key locations (Auckland, Wellington and Christchurch), and are stored here until sold to the end customer. Having three regional pools helps minimise our carbon emissions from road transport as we aim to supply vehicles from the closest location. Because TNZ can see where the end-customer is located, we can better forecast our regional pool stock to ensure we carry the right mix of stock in each pool.

The target of 2.4 vehicle movements per new vehicle sold includes any movements arranged by TNZ for pre-purchase work that occurs between ports and customers – for example accessory fit-outs completed by a third party. The average distance travelled between a delivery port and the final destination (usually a Toyota Store) was 250 kilometres in FY2020, compared to 252km in FY2019.

Rental car companies would usually purchase a large volume of vehicles from TNZ, and these sales typically involve minimal movements. However with borders closed due to COVID-19, rental companies have suspended purchases of new stock this year. Therefore, our vehicle movement target will remain at 2.4, even though we successfully reduced average movements to 2.1 over 2019/20.

We have developed strong relationships with our logistics providers over many years, enabling us to work together to improve environmental outcomes through route efficiencies, reviewing storage site locations and improving error rates in parts' sales and ordering.

See our progress against our targets [here](#).

Resource efficiency and reuse

Our 2050 Vision for resource efficiency and reuse in our products and operations:

“We will be a leader in resource efficiency with whole-of-life vehicle and parts management and green operations.”

Resources



We want to be a leader in resource efficiency, and consider the whole life cycles of the vehicles and parts we bring to New Zealand. To support our vision, we are working to better understand the life cycle impacts of vehicles, parts and accessories, and packaging.

Vehicles

Participation in the used-vehicle market helps maximise the lives of Toyota vehicles in New Zealand – primarily through purchasing back vehicles we have previously sold to the rental market (TNZ supplies approximately 60% of the New Zealand rental fleet). This also helps us to protect the residual value of Toyota vehicles for TNZ, our partners and customers. The vehicles are refurbished and provided to Toyota Stores, or sold back into the rental market.

Used vehicles at Toyota Stores

We provide the Toyota retail network with around half the used vehicles it sells. This contributes to New Zealand mobility by facilitating access to high-quality, near new, safe and reliable second-hand vehicles at a lower price than a new vehicle. Toyota is the only local vehicle distributor that provides used vehicles to Stores.

These vehicles are generally 6-18 months old and have travelled 15,000-50,000 kilometres. Many are branded as Signature Class vehicles, which are refurbished to a high standard at the Thames facility, and come with a minimum three-year, unlimited-kilometre warranty. We extend the choice of used vehicles by importing other models from Japan.

Used vehicles in the rental market

In FY2020 we worked to balance new and used vehicle sales and better manage the flow of ex-rental and leased vehicles. This enables us to maximise the value chain by selling a single vehicle multiple times. First as a new vehicle to the rental market, then potentially as second time as a refurbished used vehicle to the rental market, and then through our retail Stores to the private market.

Hybrid battery recycling

TNZ collects end-of-life hybrid batteries for recycling from all Toyota and Lexus Stores in New Zealand. We pay a \$100 bounty for batteries returned from vehicle dismantlers. Upcycle in Auckland dismantles the batteries and recycles the plastic and metal, and the battery cells are sent to Kobar in South Korea, the closest recycling facility. Both Upcycle and Kobar have ISO 14001-certified environmental management systems.

TMC is building a battery-recycling facility in Thailand to improve recycling in the Asia Pacific region.

TNZ is a member of the Motor Industry Association of New Zealand supporting the Battery Industry Group (B.I.G.) B.I.G. is a collaboration of more than 80 businesses in the energy, waste, transport and battery sectors that have large stationary or mobile batteries in their value chains. B.I.G. is working towards a battery product stewardship scheme.

See the [hybrid battery case study](#) for more information.



Parts and accessories

TMC is responsible for ensuring that Toyota Genuine Parts meet all global automotive standards, including those relating to engineering quality and environmental impacts. Although TNZ cannot directly influence the production of Toyota Genuine Parts, we are investigating better disposal options for critical components (such as painted hard-plastic bumpers damaged in minor crashes that currently cannot be recycled in New Zealand).

TNZ engages directly with conversion and accessory suppliers on sustainability. In 2019 we reviewed and consolidated suppliers and began developing an environmental assessment, which will allow us to engage more deeply and work together to reduce their product and operational impacts. We expect to roll out this assessment process during 2021.

We are continuing to examine disposal and recycling options for the end-of-life management of vehicle accessories such as hard tonneau covers and canopies.

TMC is undertaking a similar process, with its subsidiaries, of optimising and specifying preferred materials and components for Toyota Genuine Accessories. Toyota Motor Corporation Australia (TMCA) is one of TMC's conversion and accessory development bases, with approval to develop and manufacture products for the Australian market. TNZ benefits from this when we source parts through TMCA; for example, the new-generation RAV4 and Hiace accessories are almost exclusively from TMCA.

See our progress [here](#).

Vehicles' and parts' quality, safety and performance

MATERIAL ISSUE

There has been a sustained decrease in the number of accidents on New Zealand roads since 2000.

In 2019 the road toll was 36,526 crashes causing 341 fatalities. A further 2,504 people were seriously injured and 12,203 had minor injuries.

Toyota aims to use vehicle technology to prevent the likelihood of accidents happening, and vehicle design to mitigate the impacts on passengers and pedestrians should incidents occur. We manage vehicle safety in four areas:

- Making sure new vehicles are as safe as possible
- Refurbishing high-quality used vehicles
- Providing high-quality servicing
- Recalling and repairing vehicles with identified safety issues



New vehicles

TMC is dedicated to the safety of vehicles through their design and manufacture.

Rather than offering the best safety features that TMC makes available as optional extras, we fit these features where possible as standard to all vehicles that we bring into New Zealand.

When new vehicles are introduced, Toyota distributors around the world work together to monitor performance closely so that any safety issues can be quickly identified, shared and addressed.

All new Toyota and Lexus vehicles must comply with current NZ Transport Agency (NZTA) safety standards. The Australasian New Car Assessment Program (ANCAP) tests high-volume vehicles sold in Australia and New Zealand. To be eligible for a five-star ANCAP rating a car must be able to perform well structurally, and have technologies that help avoid crashes. All new Toyota and Lexus models from 2012 onwards tested by ANCAP are rated with five stars.

Safety tests in different regions of the world adhere to different standards, and in some instances NZTA has not yet developed rules to consider the most recent changes.

We currently have one regulatory non-compliance matter (related to the Fuel Consumption Information rule) for the Corolla Wagon, which does not acknowledge the method for the Japanese Worldwide Harmonised Light Vehicle Test Procedure (WLTP3). NZTA is aware of this oversight and has provided TNZ with an exemption until the rule is amended to account for the WLTP3.

TNZ has a representative on the Motor Industry Association's Product and Safety Committee to facilitate local industry vehicle safety improvements. We review the regulatory compliance of a new vehicle three months before it arrives in this country. Once here, a visual check is undertaken and the vehicle must be signed off as meeting the safety requirements before any other actions can commence. A pre-delivery inspection is undertaken on every vehicle prior to sale.

Toyota Safety Sense™

TMC continues to evolve its Toyota Safety Sense™ (TSS) technology, which has active safety features targeting common causes of traffic accidents. See more on the safety features provided by [TSS](#).

Supporting safe driving

We offer free familiarisation training to make sure customers know how to use their vehicles effectively and safely. Fleet customers can also access our extensive four-wheel-drive and utility-vehicle driver training.



Used Vehicles

All used vehicles refurbished by TNZ undergo rigorous safety inspections and quality checks, underpinned by ISO 9001 (quality) certification. All imported vehicles are certified by the New Zealand Automobile Association, which undertakes in-depth examinations of all safety-related items such as seat belts, brakes, shock absorbers and suspension components, and structural integrity. Following a new requirement of the Ministry of Transport, in March 2020 TNZ mandated a Vehicle Stability Control safety feature for all imported vehicles.

In FY2020 we implemented termination inspections for all used vehicles purchased back from rental companies. This has enabled TNZ to recover the costs of damaged or missing parts and provide better information on the condition of vehicles and the refurbishment required to bring the up to a standard suitable for sale at Toyota Stores or direct to customers.



Vehicle servicing

We support safety and performance throughout the life of a vehicle with servicing and the promotion of Toyota-approved parts whose quality keeps vehicles running efficiently and safely. We ensure quality and consistent servicing across our network of Stores by providing a range of technical training courses.

See our progress [here](#).

In 2020 TMC introduced a new diagnostic platform that increased protection against vehicle system hacking and interference. In addition, TMC provided centralised access to the Toyota and Lexus repair manuals. This has ensured that the latest repair information is readily available in a user-friendly format to TNZ and all Store technical staff.

Supra GR Servicing content

To better support the introduction of the new Supra GR, which utilises a BMW diagnostic system, in 2019 we introduced a Field Master Technician programme to help Store technical staff to manage servicing and repairs and respond to complex technical issues. Previously head office engineers would respond individually, which reduced their capacity to act as centralised support resources. Twelve Field Master Technicians in both metro and regional Stores undertook this specialist training, improving both customer service and employee efficiency across the TNZ network.

Vehicle recalls

TMC has a long-held commitment to customers to fix any vehicle affected by a recall at no cost, whether it was bought from a Toyota Store or was a used Toyota purchased from another distributor. To make receiving the repair process easier for customers, we have developed an online tool to search current recalls and book repair work at local service centres.

We follow the Motor Industry Association [code of practice](#) for vehicle recalls and make every effort to publicly notify customers of recalls. We contact owners directly and monitor the responses by reviewing the number of vehicles fixed at service centres each month.

See current recalls and repair progress [here](#).

Diesel particulate filter recall

Some Hilux vehicles have experienced blocked diesel particulate filters, which causes a large amount of white exhaust smoke. Although this is not a safety issue, TNZ will be proactively inviting customers to have the problem addressed on their vehicles.

Unfortunately, some customers' vehicles required multiple temporary fixes before an effective repair was developed. This involved the introduction of an upgraded Euro 6 filter system and componentry for the Hilux, Fortuner and Prado. We are now repairing the affected vehicles. We recognise the disruptions for these customers, and appreciated their patience as we determined the best solutions for their vehicles.

Future of mobility

TMC is investing heavily in future mobility solutions such as zero-emission vehicles and vehicle recycling – key elements of the Toyota Environmental Challenges 2050. See more [here](#).

Key aspects of innovation underway are smart vehicle technology, mobility as a service and hydrogen vehicles.

TMC is building a small experimental city in Japan to explore how mobility and technology will interact in the future. See more [here](#).



Improving fleet performance with telematics

In 2018 TNZ started trialling telematics technology, using vehicle data to understand, track and manage fleets more effectively. In 2020 we launched MindR, that enable customers to track in real time their fleets' utilisation, efficiency and driver safety. See more [here](#).

Mobility as a service

TMC and TNZ are developing multiple new mobility initiatives. In 2018 TMC extended its partnership with Uber to progress autonomous ride-sharing, building on the technological advances of both companies. Toyota Financial Services, our sister company in New Zealand, established a similar local partnership with Mindkin (this partnership is currently on hold), and in 2018 KINTO New Zealand (trading as Cityhop) became a wholly owned subsidiary of Toyota Financial Services.

An objective of these partnerships is to help reduce both carbon emissions per vehicle, and per passenger.

My Route, a joint venture between TMC and Nishi-Nippon Railroad launched in November 2019, is a multimodal mobility service for smartphone users in two Japanese cities. Route searches combine different modes of transport, including public transport and car hire, with reservation, payment, shopping and event information.

Our [Drive Happy Project](#) is designed to prepare us for these new ways of travelling and interacting with technology.

Hydrogen Vehicles

Hydrogen-fuel-cell vehicles emit only water and will play an important part in Toyota's global product decarbonisation, especially in the commercial sector.

New Zealand is perfectly placed to create green hydrogen from renewable energy sources TNZ is a member of the New Zealand Hydrogen Association, which works to develop green hydrogen production and infrastructure.

In 2019 we brought two hydrogen vehicles to New Zealand to test their application and build our local expertise of the technology, infrastructure and servicing needs.

Our Operations



Reducing our footprint

MATERIAL ISSUE

As TNZ is an office-based sales and distribution company, our greatest impacts are greenhouse gas emissions and material and water use.

The impacts of the COVID-19 pandemic on TNZ's operations will be predominantly felt in our FY2021 reporting period. See more on our immediate response and the anticipated impacts [here](#).

Operational emissions

TNZ's 2050 Vision for carbon emissions:

"We will deliver a **net reduction in carbon** across the whole life of our product lines and associated infrastructure, through the **efficient use of renewable energy** at our sites, and only partnering with **carbon neutral suppliers**."

Carbon



In FY2020 we continued to manage emissions under TNZ's Greenhouse Gas Strategy developed in 2016. In FY2021 we will review this strategy to ensure it aligns with the new 2050 Vision.

Other emission sources, such as demonstration and sponsorship vehicles, are reviewed annually. We undertake annual emission inventory audits as part of the Toitū [carbon reduce programme](#) – previously branded as CEMARS (the Certified Emissions Measurement and Reduction Scheme)

We reduce energy demand where we can and source certified renewable electricity from [Ecotricity](#), at TNZ-owned sites (our head office and national parts warehouse in Palmerston North, and the Thames vehicle facility). We offset emissions associated with business air travel.

See our performance [here](#).

Resource efficiency and reuse

Our 2050 Vision for resource efficiency and reuse in our products and operations:

“We will be a **leader in resource efficiency** with **whole-of-life vehicle and parts** management and **green operations**.”

Resources



We want to be a leader in resource efficiency, and consider the whole life cycles of the vehicles and parts we bring to New Zealand. To support our vision, we are working to better understand the life cycle impacts of vehicles, parts and accessories, and packaging.

Thames facility refurbishment & accessorisation site

In 2019 we worked to improve the accuracy of our waste forecasting, and find new avenues for waste management at refurbishment and accessorisation sites to reduce and divert it from landfill. The quantity of waste depends on the types of work undertaken – for example, accessorisation creates large volumes of cardboard waste for recycling at certain times of the year.

In FY2019 recycling decreased as less waste was shipped internationally for recycling. The lack of domestic recycling markets is problematic, and we are engaging with our supply chain to reduce packaging waste and find new local recycling opportunities, such as local opportunities for recycling window screens.

Retail operations

The Toyota and Lexus Stores manage their operational emissions, water, waste and other impacts under a mandatory Toitū enviromark certification requirement, which is audited annually.

See more on Stores' performance [here](#).

Supporting suppliers' sustainability performance

Encouraging suppliers to improve their sustainability performance is an important part of how we can reduce our wider value chain impacts. We have strong relationships with many suppliers and will work closely with them to progress relevant parts of TNZ's 2050 Vision. The process of developing new software to assess suppliers' performance has been delayed, and we are working to progress this in 2021.

TNZ's freight partners are responsible for the biggest carbon impact and we are working with them to optimise routes and encourage operational and fuel efficiency.

We are also [working with accessory suppliers](#) to improve sustainability outcomes.

Our People

Our 2050 Vision for Our People:

"We will be **an inclusive and diverse employer of choice** that attracts and partners with the **right people**, at the **right time**, enabled with the **right technologies**. Toyota's core Toyota Way principles of '**Respect for People**' and '**Continuous Improvement**' will facilitate an evolving culture out to 2050."

Workforce



We have a team of more than 300 employees, with most based at the National Customer Centre in Palmerston North. See our employee profile [here](#). The majority are direct employees; some temporary staff are contracted in the parts warehouse in Palmerston North.

We want employees to look forward to coming to work, and to see how what they do contributes to the success of the company and local communities. See how we engage with teams [here](#).

In 2019 we launched a new people management software, Jemini, which helps us better support our employees throughout their whole time with us, from hiring and induction through developing their skills within our business, and moving onto other opportunities or retiring. Jemini the 'life cycle' places the has wellbeing, health and safety of our people at its core.

In FY2020 we progressed our 2050 Vision of an inclusive and diverse place to work, attracting and retaining capable people, and supporting health, safety and wellbeing. In FY2021 we will identify how to action being an employer of choice, and how we will track progress.

This year we had a privacy incident, when an employee's data was made visible to a small number of employees during a training session. As soon as this was noticed the system was shut down, fixed and thoroughly tested to avoid a recurrence.

Diversity

As part of the 2050 Vision, we are exploring what diversity means for our company. We want all staff to have a healthy work-life balance and to ensure that they feel supported. In 2019 we continued training on unconscious-bias, and creating a workplace environment that better supports women, families and people with disabilities.



Unconscious bias

In late 2019 we released the first of a three-part series of e-learning modules, which aimed to identify and address the impacts and importance of unconscious bias, and to build employees' skills in identifying and managing it. The second and third parts will be released in FY2021.

8.4 Flexible working

In 2019 we developed an understanding among the management team of what flexible working might mean and the practical aspects of equipment, security protocols and staff productivity. We tested a range of flexible work options in different roles.

These trials meant we were well prepared for the COVID-19 Alert Level 4 lockdown. See more on our response to the pandemic [here](#). The ensuing full remote-working requirement across the company was enabled by our IT readiness and regular support and communication from the management and Executive teams.

During the four weeks under Alert Level 4 we circulated a Remote Work Survey, which highlighted high productivity and a very positive response to this new way of working. We are currently adding output-based accountabilities to job descriptions, as we offer remote-working opportunities in the near future.

Parental Leave

In 2019 we developed a parental leave guide aimed at streamlining parental leave in all departments. All staff, management and team members now know the processes for such leave and the support available on their return.

Disability

TNZ signed up to the [Accessibility Tick Programme](#) in April 2020. The programme helps organisations become more accessible and inclusive of people with disabilities. We have completed a self-assessment and are developing a plan to improve the accessibility of sites and operations.

See our progress [here](#).



Attracting, developing and retaining capable people

MATERIAL ISSUE

The most material issue for employees is our ability to attract, develop and retain capable people. TNZ's 2050 Vision reflects this, as an employer of choice we aim to remain adaptable to the significant changes in work anticipated in the next couple of decades.

We provide training for all employees, including those at retail Stores, and are engaged in supporting the development of future talent in our sector.



Developing TNZ employees

We determine individual training needs during mid- and end-of-year employee reviews and invite expressions of interest in specific courses, skill development. We also have a focus on succession planning. This has been enhanced through the implementation of the new Jemini Human Resources and payroll management system. Training effectiveness is measured using the Kirkpatrick method of evaluation, which charts course satisfaction, knowledge and certification, behaviours and business results. Monthly reports are reviewed by the Executive team, and training hours completed are compared with annual targets.

We continue to work through a process for providing more transparency of career pathways. This is particularly important to support our diversity objectives and help female employees plan their next career steps.

A key success in early 2020 was the implementation of the Udemy online learning platform. Please see the case study [here](#).

Our key focus in 2021 will be on further advancing this approach to learning with a digital mix of virtual classroom and micro learning, for both technical and business training.

See our progress [here](#).



Training for Stores

In FY2020 we continued providing leadership and one-on-one coaching programmes to develop future Store leaders. We also provided more local and online training options, making training more cost and time effective for Stores and technicians.

See our progress [here](#).

Vocational education

Vocational education in New Zealand is being reformed with the disbandment of industry training organisations such as the Motor Industry Training Organisation, which has had an important role in providing qualified staff for the retail network. Workforce Development Councils will now lead vocational education and training, and we are engaging on the proposed changes on behalf of the Toyota and Lexus Stores.

Health, safety and wellbeing

We are committed to making sure that employees, contractors and suppliers are safe and healthy at our premises and when they are undertaking activities on behalf of TNZ.

The physical activities at the national parts warehouse in Palmerston North and refurbishment facilities in Auckland and Thames present the highest potential risks to health and safety. Staff receive, store and move vehicles and parts and also install accessories in new and used vehicles, where manual handling, trips and falls can cause injury.

Staff receive full inductions and regular training to ensure safe practices are followed. We are working with [PeopleSafe](#) to find an independent auditor for our sites, following the Government's introduction of the SafePlus approach, which replaced the Accident Compensation Corporation (ACC Workplace Safety Management Practices Scheme).



Responsibility for health and safety

TNZ Board of Directors: The ultimate responsibility for health and safety sits with the Board of Directors. Progress against objectives and incidents are reported to the Board each quarter.

Corporate Affairs Executive Committee: Progress against safety objectives and any incidents are reported to the Corporate Affairs Executive meeting each month. Changes to ensure objectives are met are discussed and agreed.

Health and Safety Committee: Everyday health and safety matters are addressed by a representative committee that comprises 12% of the total workforce. It meets every two months at the head office and in Thames, and includes managers, team leaders, general employees and contractors, with representatives from all departments and site locations. The team develops and implements an annual Health and Safety Business Plan, which outlines objectives, targets and actions for the year, such as maintaining awareness and providing committee member and leadership training.

Staff, visitors and people we work with: We expect everyone working at our sites to take the safety of themselves and others seriously. Any incidents, near misses and injuries are recorded by employees and contractors using PeopleSafe, a cloud-based health and safety management tool. We undertake formal inductions with all contractors working at our sites.

Wellbeing

We have been growing our wellbeing programme to better support employees handle the many changes and future pressures affecting our business, and keep it operating effectively and efficiently.

We provide accessible and confidential peer support, backed up with free access to professional assistance, and encourage staff to share aspects of themselves that they enjoy outside work to help develop a rounder sense of the individuals in our workforce. Our Executive team actively engages with and promotes these messages to demonstrate the importance of staff wellbeing to TNZ.

Moving forward in light of the COVID-19 pandemic, we are looking to develop management training to support mental health and wellbeing of employees both at work and while working at home.

See our progress [here](#).

Our Suppliers

See how we engage with our suppliers [here](#).

Economic performance

MATERIAL ISSUE

Toyota's economic prosperity is connected to the success of Stores, business partners and suppliers, which together provide employment and deliver economic value to New Zealand. We track a range of economic measures each month to better understand and support their performance.

The Drive Happy Project protects Stores from vehicle prices being driven down, and enables TNZ to be more responsive to changes in how vehicles are sold. After a period of adjusting to the new way of doing business, the Drive Happy Project is meeting our aspirations. In calendar year 2019 we made the second highest-ever sales to private customers, and calendar year 2020 started with the fastest-ever sales by the retail network, despite the overall market being down slightly. As we work towards the Project's longer-term objectives, we expect to see these and other successes further strengthen TNZ's economic performance.

This is particularly important after the disruption caused by the COVID-19 pandemic. See more on TNZ's planned response to the financial implications in the [CEO's message](#) and the [COVID-19 case study](#).

In 2019 the New Zealand Government changed the taxation rules for multinational organisations. This means we now need to hold more capital in New Zealand.

See our financial performance [here](#).

Governance

Toyota Global vision



Guiding Principles



Believe Statements



TNZ supports the Vision and Guiding Principles locally through the Toyota Believe brand values.

We believe in respecting others.

We believe every day's an opportunity to improve.

We believe that if you can dream it, you can do it.

We believe a better tomorrow starts today.

We believe in trying to make a difference.

We believe in working together.

We believe good things stand the test of time.

We believe in going the extra mile.

Sustainability Policy

TNZ's Sustainability Policy describes our commitment, objectives and framework for advancing sustainability activity.

Corporate governance

The Executive team, comprising the CEO, a Senior Executive Director, a Senior General Manager and General Managers, meets weekly to monitor progress against TNZ's business strategy.

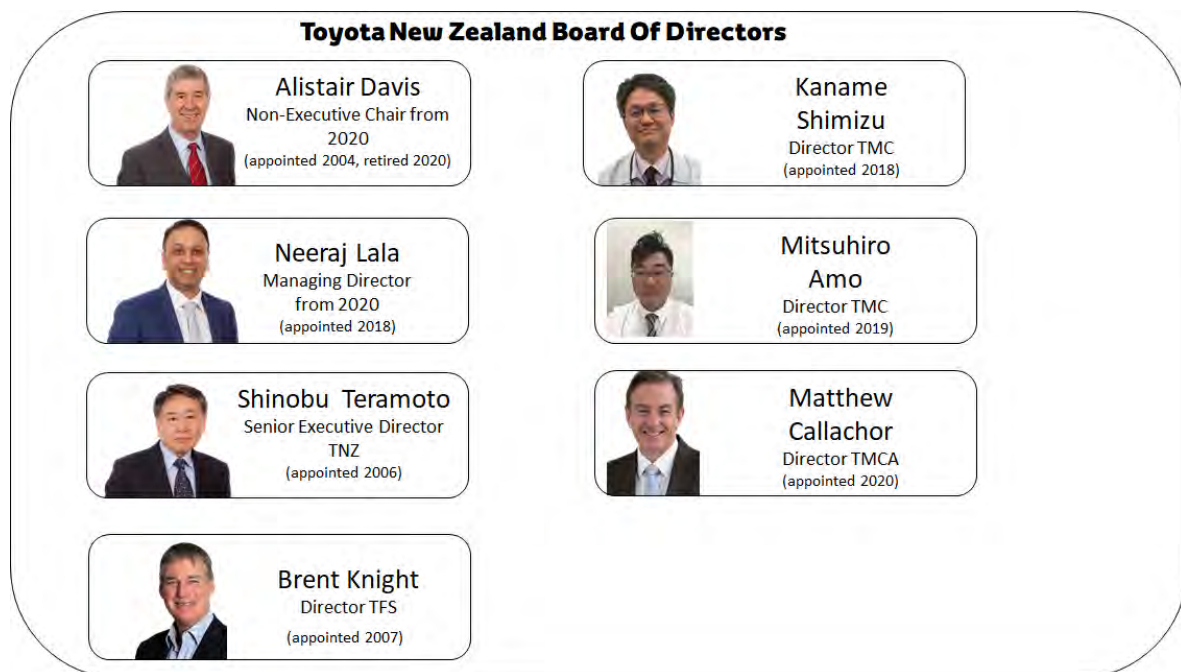
The strategy supports TMC's Vision and outlines short and long-term objectives and associated targets, delivered through a rolling five-year business plan.

A monthly balanced scorecard tracks key business performance indicators. It includes economic and sustainability measures such as health and safety, greenhouse gas emissions (from products, operations and freight), corporate and retail Store compliance with environmental management, and community investment.

As TMC is listed on the New York Stock Exchange, we must comply with management control requirements for financial reporting, IT and governance. Internal audits evaluate adherence to the required

controls and we use the audit findings to identify opportunities for improvement.

Board and board committees



TNZ's Board of Directors represents TMC and affiliated TMC companies.

Board members are appointed by TMC based on their skills, experience and industry knowledge. All Directors (as well as company executives and managers) are required to disclose related party transactions annually to highlight potential conflicts of interest.

TNZ has three internal committees responsible for assisting the Board with complex business matters. These committees are chaired by company executives and include relevant employees from all levels.

- The **Environment Committee** provides strategic environmental management and oversees the delivery of TNZ's Environment Strategy
- The **Internal Audit and Process Committee** assesses risk management, compliance activities, internal audit requirements and ethical conduct
- The **Corporate Affairs Committee** assists with discharging the Board's responsibilities regarding human resources issues, and promotes career planning and development

How we manage sustainability

Reports on the progress of sustainability activities are provided to the Executive team at Environment Committee meetings every two months, and to TMC for its global assessment of the activities.


As the strategy evolves in 2020, the responsibilities for key actions and measures will be developed by department managers. This will enable better performance tracking and reporting to align with the 2050 Vision. In 2020 we will integrate sustainability metrics in the core business planning and reporting process for greater accountability and transparency.

The long-running Planet Forward programme is a key mechanism for ensuring that sustainability is embedded in all departments. For more information, see [here](#).

TNZ's 2050 Vision sets an action to integrate environmental and community impacts with company decision-making. While we have always taken significant impacts into account, we are looking to make this process more comprehensive and encourage departments to include environmental and community outcomes in their day-to-day decision-making.

Responsibility for environment

Responsibility for the environment is integrated into all levels of our organisation.



TNZ Board of Directors: The Board is responsible for environmental performance, and receives progress reports each quarter.

Environment Committee: Projects, performance and challenges are reported and discussed with the Executive team at Environment Committee meetings every two months. This activity aligns with parent company plans and expectations, and is certified annually under environmental management and carbon certification systems.

Strategy and project management: The Environment Officer manages TNZ's environmental strategy and training, corporate and retail Store projects, environmental systems and certifications. A number of environmental metrics are reported internally and to the parent company.

Corporate and Store employees: TNZ's Sustainability Strategy devolves activity and performance accountability to departments across the company. Data collection has been centralised under the Business Planning team. A range of environmental awareness and learning activity is promoted to employees – notably during Toyota Environment Month each year.

Risk Management

Site compliance

We had no environmental non-compliance incidents during the reporting period, but did have one near-miss incident at the Thames site when a hydraulic hose burst on a supplier's delivery vehicle. On-site staff were quick to enact emergency response procedures and prevent the oil entering stormwater drains.

Unfortunately this was the second such incident in consecutive years, with a previous near-miss occurring in 2018. We held a review meeting with the supplier and agreed truck maintenance schedule, and countermeasures place. To help our ability to respond more quickly, we have added a new spill kit closer to where the near-miss occurred.

Organisational resilience

Our 2050 Vision for our organisational resilience:

“We will be **nimble and resilient** to changes and disruptions to our operations through strong **relationships** with key suppliers, utilising **existing and new technologies**, creating **resilience in operational processes**, and **business continuity planning**.”

Adaptation



The COVID-19 pandemic highlighted the need for TNZ, Stores and suppliers to consider how we could plan for and adapt to potential shocks and challenges to our business. Adaptation is a key pillar of our 2050 Vision, which has an objective that we be nimble and resilient to change and disruption. We aim to achieve this through maintaining strong relationships with suppliers, utilising existing and new technologies, adapting operational processes to enhance flexibility, and undertaking strong business continuity planning.

See more on how we are responding to the COVID-19 pandemic [here](#).

Responsible investments

Prior to the introduction of KiwiSaver in 2008, employees completing one year of service were invited to join a Group Pension Plan scheme. Funds of approximately \$46 million are managed by a third party that reports on how the investments perform and ensures that the funds are not invested in companies involved in gambling, munitions or tobacco.

External certificates, standards and awards

In addition to internal codes and charters, TNZ supports externally developed standards, including:

- Toitū carbonreduce certification to ISO 14064-1:2006 – of all corporate operations and sites
- ISO 14001:2015 (environmental management systems) – at the Thames facility
- ISO 9001:2015 (quality management) – at all corporate operations and the Thames facility
- Toitū enviromark (environmental management) – at all corporate operations and Stores nationwide

Our Stakeholders

Stakeholders are defined as those who either affected by our business or have the potential to affect it. They have a key role in TNZ's success, in achieving our organisational goals, and in contributing more broadly to the economy and society. The Executive team reviews and updates the stakeholder list every two years.

We track stakeholders' overall perceptions of us through annual corporate reputation surveys. For example, the [Colmar Brunton Corporate Reputation Index](#). These measure a wide range of leading New Zealand companies in four reputational categories: social responsibility, fairness, leadership/success and trust. See our performance in the most recent surveys [here](#).

The COVID-19 pandemic affected our stakeholders in different ways. See more [here](#) on how we have engaged with and supported them during this time.

Government and industry groups

We actively engage with the Government, the wider motor vehicle industry and forums to support and develop a sustainable transport sector in New Zealand. The list of industry associations below shows some of the key forums we engage with.

TNZ (or members of the Executive team) holds membership of numerous industry associations including:

- [BusinessNZ](#)
- Employers and Manufacturers Association)
- Massey University: [Massey Business School Advisory Board](#) (Debbie Pattullo, TNZ General Manager)
- Massey University Council (Alistair Davis, TNZ Chair)
- [Major companies Group](#)
- [Motor Industry Association of New Zealand](#)
- [Motor Trade Association](#)
- [New Zealand Hydrogen](#)
- [Sustainable Business Council](#)
- [Sustainable Business Network](#)
- [New Zealand Initiative](#)

Toyota Motor Corporation

TMC is an active stakeholder in all departments and at all management levels at TNZ. TMC senior executives are represented on the TNZ Board. TNZ's management team regularly visits Japan to participate in global committees and exchange information and lessons with TMC and other Toyota affiliates.

TMC sets the Global Vision and Guiding Principles for distributor operations. It focuses on economic performance and global environmental objectives, outlined [here](#).

We provide regular market and performance reports to TMC as part of globally shared metrics. These include reports on health and safety, the environment and community activities. See more on our reporting [here](#).



Stores

A nationwide network of independent Toyota and Lexus Stores, supplies customers with a range of new and used vehicles, parts and services.

TNZ's success is closely connected to that of the retail network, and we are focused on helping each Store to achieve its business objectives. We do this through two-way dialogue, clear franchise standards, and training aimed at improving business performance. We have a team dedicated to managing these relationships and supporting the building of strong, sustainable businesses with exceptional customer service.

We support and subsidise annual business planning and the continued education of CEOs and senior management. Targeted projects, such as developing a health and safety toolkit, help them to meet their legislative obligations, and we collaborate on customer life cycle management, marketing and sales activity.

Our [materiality assessment](#) identified that our Stores are focused on the [economic prosperity](#) of the Toyota ecosystem, the strength of the Toyota brand, the [environmental impact](#) of our vehicles, and [staff retention and development](#).

Stores collectively employ more than 1,700 people around the country. The Toyota Drive Happy Project aims to create more positive working environments by replacing the focus on price with a greater attention to helping customers choose the most suitable vehicles for their needs.

We track Stores' satisfaction with TNZ through an annual survey. A score of over 70 is considered positive*. See our performance [here](#).

*This score is not comparable to data prior to FY2019 due to a change in provider and approach.

We are continuing the development of three Stores and have put one Store on hold. See the impacts of the COVID-19 pandemic on Stores [here](#).

Community

Our Vision, Guiding Principles and Believe statements underpin our engagement with local communities. Through retail Stores, Toyota supports activities in more than 60 communities in New Zealand, and in doing so builds relationships with organisations that have similar values and objectives. We provide direct funding and in-kind support through donations of vehicles and employee and management time.

We also make marketing choices based on how we can support important conversations in New Zealand that reflect and shape our culture. For example, our marketing campaigns have included positive conversations about mental health.

Annual corporate reputation surveys help us understand how we are perceived in the community. We regularly rank in the top five of trusted New Zealand brands. See our performance [here](#).

See more on our community activities [here](#), and financial contribution [here](#).

We are looking at ways that we can best support the COVID-19 pandemic recovery. To support small businesses, we have provided 100 Toyota Highlander SUVs for use for a year. See more [here](#).

Suppliers

Our suppliers are responsible for the production and delivery of fit-for-purpose, high-quality goods and services. They include a mix of local and international organisations; the most significant by spend are those providing vehicle and parts, and international and domestic logistics services. Vehicles are sourced from TMC group companies, and parts from a combination of TMC group companies and other suppliers.

See [here](#) for more on where vehicles and parts come from, and our work with [logistics](#) providers.

We seek to establish strong, long-term relationships with key suppliers to maximise mutual benefits. We are working to integrate sustainability performance more fully with suppliers. In 2019 we continued this process with accessory suppliers; see [here](#). Our approach is summarised [here](#).

There were no significant supply chain changes during the reporting period.



Employees

TNZ corporate employees are based in Palmerston North, Thames and Auckland.

We communicate with our teams regularly and value questions and ideas to support continual improvements. Key forums for sharing information and gathering feedback are monthly staff meetings and an annual question and answer session with our CEO. We engaged all employees in the development of our Sustainability Strategy and 2050 Vision, and the actions each department will undertake to achieve them – described in this [case study](#).

We conduct annual employee surveys to understand where we are doing well and where we can do better.

In our [materiality assessment](#), employees told us that they care about [mobility for New Zealanders](#), including the sustainability of [our products](#), services and the environmental impact of [our operations](#). They also care about how we can [attract and retain key talent](#), on diversity and equal opportunity, and on health, safety and wellbeing.

[This case study](#) describes how we supported employees during the COVID-19 lockdown.



Customers

We strive to provide customers with high-quality service in all interactions, including vehicle purchasing and servicing, and with any queries or concerns they may have.

The Toyota Drive Happy Project was developed to improve customers' experiences during the purchase and ownership of their vehicles. See more on the [Drive Happy Project](#).

Providing customers with a positive buying and ownership experience is essential. We are adopting 'life cycle marketing' to provide customers with the right information about their vehicles at the right time. A new digital platform provides greater online engagement, with content personalised to individual preferences in areas such as safety, servicing and efficiency. To support this, we have been working with Stores to improve the quality of data.

How we engage with customers

TNZ's Customer Dialogue Centre is a key contact point, and we set targets for responding to customer queries quickly and effectively; our performance is summarised here. Where we fall short of meeting customer expectations, we have a structured approach to ensure we learn from the interactions and are able to respond better in future.

See how we supported customers during COVID-19 [here](#).

How we measure performance

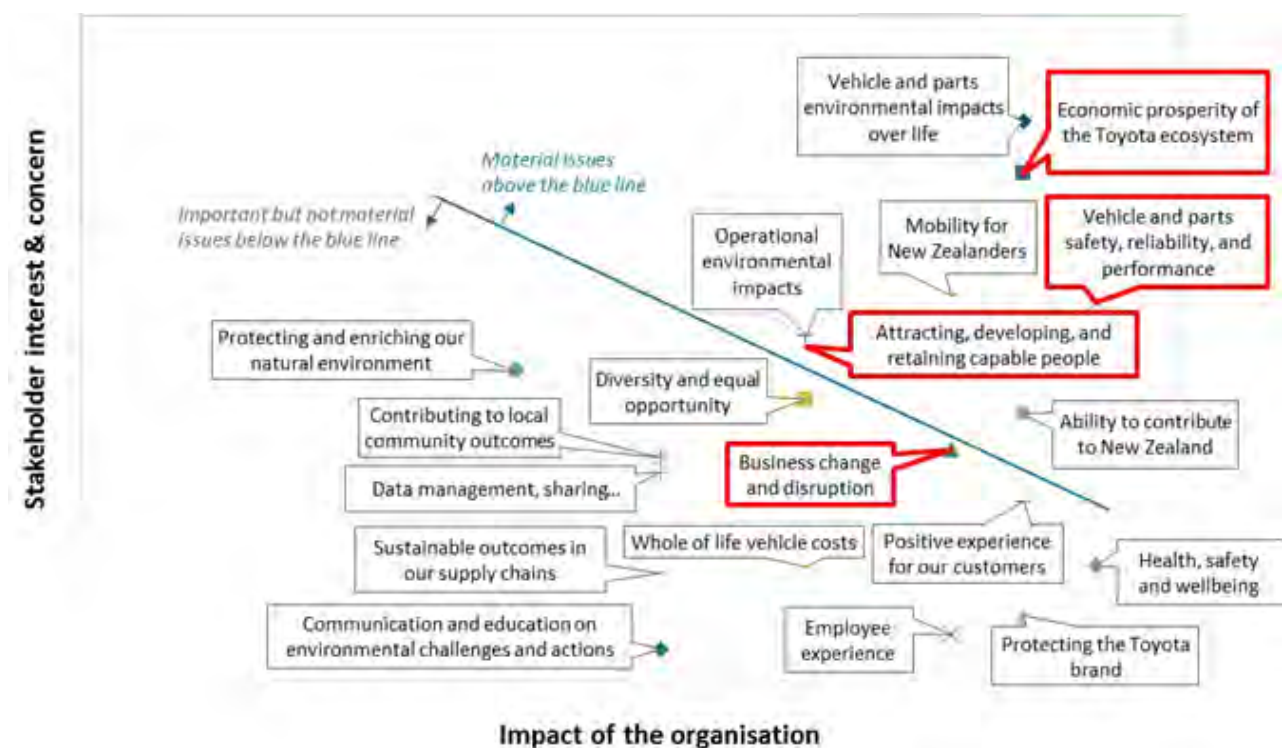
We measure customer service across the retail Store network with the Net Promoter Score®. This is a widely accepted measure of customers' willingness to recommend particular products or services to friends or family. Toyota Stores perform exceptionally well, where a score of 50 is considered high.

In early 2019 we introduced a new online tool to measure customer satisfaction with Stores, service centres and other points of engagement with Toyota. Results are reviewed every two months at a Customer Focus Executive meeting and at quarterly Board meetings. They form part of Stores' key performance indicators and contribute to the annual Dealer Awards.

Our materiality assessment identified that customers' priorities are the safety, reliability and performance of their vehicles and parts. They are also concerned about protecting New Zealand's natural environment. Data protection and privacy are emerging issues, and we are conscious of the need to protect customers' information. TNZ actively reviews customer records to ensure they are up to date and old information is removed.

Our material issues

Material issues were identified through a materiality assessment in 2019, which identified issues where we have the greatest impact and that are most important to stakeholders.



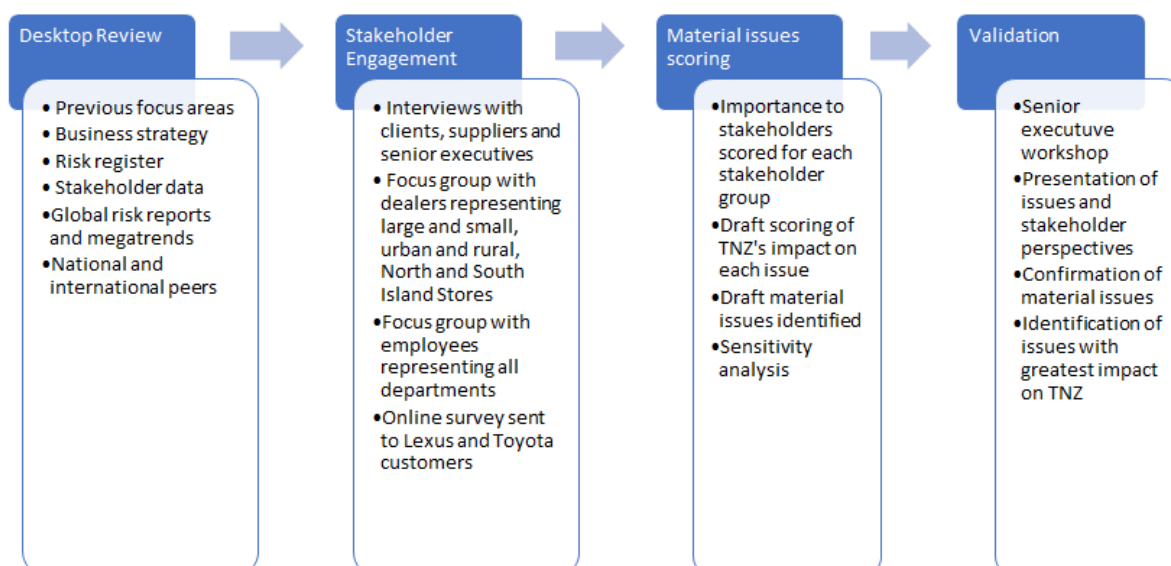
TNZ's material issues (2019) (Red boxes indicate the issues that have the potential to affect TNZ's ability to operate).

Vehicle and parts environmental impacts over life	Pursuing better environmental outcomes across the product life cycle, such as embodied emissions, waste, maximising longevity of Toyota vehicles and parts, and working towards increased end-of-life recyclability (including hybrid battery and tyre recycling).
Toyota's economic prosperity	Enabling Toyota in New Zealand to be financially sustainable and in turn provide employment and business opportunities for suppliers in their communities. These include TNZ, Dealers and key business partners and suppliers.
Vehicle and parts safety, reliability, and performance	Providing vehicles and parts that allow our customers to be safe, that meet and exceed compliance requirements and avoid recalls, and that provide reliable and increasingly optimised vehicle performance
Contributing to mobility in New Zealand	Enabling New Zealanders to be mobile through new vehicles and used vehicles (for the lower-priced end of the market), vehicles safety, parts and servicing. Mobility planning through sourcing new and innovative products for the local market, including electric and fuel-efficient vehicles, in-vehicle IT systems, and hybrid vehicles in more model ranges (including for large fleet customers), and appropriate actions preparing physical infrastructure.
Ability to contribute to New Zealand	Maximising our market leadership and utilising this role to actively contribute to broader value for New Zealand.
Operational environmental impacts	Managing our company footprint by using necessary resources more efficiently, with a focus on reducing carbon emissions, water and waste.
Attracting, developing, and retaining capable people	Being an attractive employer to entice and retain the right talent; supporting employees' skill development, capability building; and maintaining organisational knowledge, including career and succession planning.

Materiality assessment process

We engaged an independent third party to undertake the assessment, to allow for open and confidential stakeholder engagement on areas of TNZ's greatest impact, interest and concern.

The process began with a desktop review to identify potential material issues internally and externally. These informed discussions, surveys and stakeholder focus groups. Each issue was scored based on its importance to each type of stakeholder. An analysis of the impact of the business on that issue was also undertaken. Finally, a validation workshop was held with the Executive team to finalise the material issues.



Performance

Context

Car Industry

NOTE: Numbers have been rounded where applicable throughout the performance section

	Unit	FY 2019/20
Market leadership profile	Position (e.g. #1)	32 years
Toyota vehicles on New Zealand roads	No.	895,566
Total vehicles on New Zealand roads	No.	3,597,727
Total hybrid vehicles on New Zealand roads	No.	385,64

Business Performance

Finance

Description	\$million FY 2019/20
Total revenue	1,504,024
Operating costs	138,983,8
Capital provider costs	-1,475,117,111
Employee wages and benefit	34,409,971
After tax profit	7,802,000
Community investment	4,249,279

Product - New

Description	FY 2019/20
Vehicle launches (new model Toyota) during FY	6
Vehicle launches (facelift Toyota) during FY	2
Vehicle launches (new model Lexus) during FY	1
Vehicle launches (facelift Lexus) during FY	2
New vehicles from Japan	21,622
New vehicles from Thailand	7,480
New vehicles from USA	1,239
New vehicles from Europe	42

Product - New cont...

Description	FY 2019/20
New hybrid vehicles (Toyota)	5,973
New hybrid vehicles (Lexus)	527
New Toyota vehicles sold (calendar year)	30,137
New Lexus vehicles sold (calendar year)	886
Total market new vehicle sales	148,349

Product - Parts

Description	Unit	FY 2019/20
# Parts sold	No.	3,092,145
\$ Parts sold	\$	168,894,057
Parts from Japan	No.	1,595,178
Parts from Thailand	No.	190,571
Parts from Australia	No.	147,940
Parts from New Zealand	No.	554,601
Parts from other	No.	N/A
Parts arrival to Auckland	No.	165,475
Parts arrival to Tauranga	No.	59,140
Parts arrival to Napier	No.	1,389,782
Parts arrival to Wellington	No.	319,292
\$ accessories sold	\$	27,520,705
New vehicle accessorisation and fitout (total	No.	1,230

Product - Used Vehicles

Description	Calendar Year 2019
TNZ UVs refurbished	3,711
Imported used hybrid vehicles	722
Industry Imported used vehicles	147,643
NZ new used vehicles	12,169
NZ new used hybrid vehicles	347
Used Toyota vehicles sold	13,825
Used Toyota hybrids sold	1,026

Logistics

Description	FY 2019/20
Vehicle arrival to Auckland	20,439
Vehicle arrival to Wellington	3,599
Vehicle arrival to Christchurch	7,930

TNZ Recall Campaign Activity

Recall part	Start Date	New/Used or Both	Affecte	Progress % Completed
HV Power Management ECU	2019	Both	9,788	70%
Valve Spring	2019	Both	584	76%
Vacuum Pump	2019	New	11	82%
Torque Converter	2019	New	1,234	99%
SRS ECU	2019	Both	4,070	60%
Run Flat tyres	2019	New	10	100%
Park Brake shoe strut	2019	Used	1	100%
Rear Door Glass	2019	New	3	67%
Hybrid Brake Booster Pump	2019	New	466	96%
Hybrid Converter	2019	New	38	97%
Australia Drivers Airbag	2019	Used	2	100%
Back Door Stays	2019	New	59	88%
Fuel Inlet Pipe	2019	New	604	89%
Rear Seatbelt	2019	New	181	52%
Takata Airbag	2011	Both	180,475	81%

Servicing

Description	FY 2019/20
Numbers of vehicles serviced	No. 546,956

Customers

	Unit	FY 2019/20
Calls answered within 10 seconds	No. and % of total	94%
Queries responded to within 2 hours	No. and % of total	68% emails, 78% Facebook
Cases handled	No.	26,003
Call volume vs. on previous year	No.	- 19%
Complaints	No.	1,452
(Substantiated) complaints concerning breaches of customer privacy and losses of customer data	No.	0

Stores

	Unit	FY 2019/20
Stores	No.	67
Store employees	No.	1,772
Agents	No.	15
Sales people	No.	241
Technicians	No.	527
Support team members	No.	1,004
Dealer customer service performance (Net Promoter Score) - NV sales	CY No. (score out of 100)	74.1
Dealer customer service performance (Net Promoter Score) - UV sales	CY No. (score out of 100)	70.8
Dealer customer service performance (Net Promoter Score) - Service	CY No. (score out of 100)	59.8

Brand Value

	Unit	FY 2019/20
Website visitors	No.	2,164,430
Social media fans	No.	150,306
Social media Likes	No.	519,987

Carbon

Logistics

NOTE: Numbers have been rounded where applicable throughout the performance section

	Unit	FY 2019/20
Vehicles - International shipping	tCO2-e	17,344
Vehicles - domestic road freight	tCO2-e	2,641
Vehicles - Domestic shipping (cook strait ferry)	tCO2-e	66
Parts - International shipping	tCO2-e	400
Parts - International air freight	tCO2-e	2,240
Parts - Domestic air & road	tCO2-e	53
Parts - Domestic rail (Wtn to PN)	tCO2-e	4

Corporate Operations

	Unit	FY 2019/20
Scope 1	tCO2-e	1,368
Scope 2	tCO2-e	48
Scope 3	tCO2-e	24,469
Total GHG emissions (all scopes)	tCO2-e	25,884
Total GHG emissions per turnover/revenue (all scopes)	tCO2-e per \$million	17.2
Total GHG emissions reduction vs previous FY	tCO2-e	1,305
Scope 3 business air travel	tCO2	1,029

Carbon Credit Purchase

	Unit	FY 2019/20
Purchased emission reductions (tCO2e) (air travel offsets)	Number carbon credits (tCO2e) in FY	1,029
Average tailpipe emissions of New Vehicles CY	gCO2/km	169
Total GHG emissions per total car sales (NV and UV)	tCO2 per unit or per 000 units?	0.6
Investments/ pensions which exclude fossil fuel interests	TBC (\$ and % of total)	0
% TNZ building electricity from on-site renewable suppliers	Total and %	0
% TNZ building electricity consumption from renewable suppliers	Total and %	92%

Refrigerants

	Unit	FY 2019/20
GWP storage liability	tCO2	732

Resources

Hybrid Vehicle Batteries

	Unit	FY 2019/20
HV batteries collected	No.	601
HV batteries recycled	No.	562

Workforce

Health & Safety

	Unit	FY 2019/20
Injuries requiring medical attention (serious) Palmerston North	No.	23
Injuries requiring medical attention (serious) Thames	No.	5
Contractor H&S incidents (all sites)	No.	1
Lost time from H&S incidents (Palmerston North)	No. hours or days	15 hours (1.88 work days)
Lost time from H&S incidents (Thames)	No. hours or days	30 hours (3.75 work days)

Gender Profile

	FY 2019/20
Female	116
Auckland	1.07
NCC	77.7
TVO	37.0
Male	215
Auckland	5
NCC	151.8
TVO	47
HDT	4
POE	7

Total number of employees

	FY 2019/20
Total number of employees	No. 337

Employment Type

Description	Unit	FY 2019/20
Female	No.	115.7
Agency	No.	4.6
TNZ	No.	106.8
Contractor	No.	4.3
Male	No.	214.8
Agency	No.	11
TNZ	No.	200
Contractor	No.	3.8

Employment - Region

	Unit	FY 2019/20
Auckland	No.	6
Palmerston North	No.	229.5
Thames	No.	84
Hampton Downs (TGRNZ)	No.	4
Auckland (Port Of Entry)	No.	7
Management by gender - male	No. M and F by (i) senior management; (ii) manager; (iii) non-management	49
Management by gender - female		13
Female senior managers	%	2%
Female managers	%	19%

Employee Satisfaction

		FY 2019/20
Staff satisfaction		74
Staff survey response rate	%	89%
Retention %	% and % change vs. previous year (CY)	89.1%
Employees receiving performance and career development reviews	%	100% of salaried staff

Collective bargaining

Description	Unit	FY 2019/20
Employees covered by collective bargaining agreements	No. and %	19 and 5.7%

Discrimination

Description	Unit	FY 2019/20
Verified incidents of discrimination	No.	0

Training

Metric		FY 2019-20 AVG HRS	FY 2019-20 TOTAL HRS
Total Training Hours	Palmerston North & Auckland	8	0
	Thames	18	1,547
Total (Excl Dealers)			3,634
	Dealers		23,725
TOTAL:			27,359

Training cont...

Metric		FY 2019-20 AVG HRS	FY 2019-20 TOTAL HRS
Business, Health & Safety and Technical Areas Training			
Palmerston North and Auckland Business		7	1,826
Palmerston North and Auckland Health & Safety		0	0
Palmerston North and Auckland Technical		1	261
Thames Health & Safety		0	0
Thames Business Training		18	1,547
Total (Excl Dealers)			3,634
Dealers - Business		11	12,883
Dealers - Technical		22	10,842
TOTAL:			27,359
Management and Non-Management Training			
Palmerston North and Auckland Management		0	56
Palmerston North and Auckland Non-Management		8	2,031
Thames Management		0	8
Thames Non-Management		18	1,539
TOTAL:			3,634
Total Training by Gender			
Palmerston North and Auckland - Male		5	1,295
Palmerston North and Auckland - Female		3	791
Thames - Male		13	1,076
Thames - Female		6	471
Total (Excl Dealers)			3,634
Dealers - Male			20,428
Dealers - Female			3,297
TOTAL:			27,359
Total Training by Employment Type			
Full Time		10	3,326
Part Time		0.12	40
Fixed Contract		0.09	31
Other		0.69	237
TOTAL:			3,634

Broader Value

Compliance

Description	Unit	FY 2019/20
Non-compliance with environmental laws and regulations	No.	0
Environmental emergency incidents (corporate sites)	No.	0
Environmental near miss (corporate sites)	No.	1
Confirmed incidents of corruption	No.	0
Significant fines and non-monetary sanctions for non-compliance	No.	0

Stores

		FY 2019/20
Store sites with EMS (Toitu enviromark) diamond certification	% of total sites	98.5%
Kiwi guardian medals redeemed	No.	66,000
Kids engaged in kiwi guardians	No.	32,000
KG outdoor sites to visit across NZ	No.	110
KG home based activities	No.	13
TRS countries broadcast races to	No.	100+
TRS media mentions	No.	522
TRS races	No.	15
TRS global viewers	No.	n/a
Toyota Family Journeys - # families assisted p.a.	No.	23,960
Toyota Family Journeys - # articles read	No.	0
Toyota Family Journeys - # video views	No.	0

Case Studies



Logistics Efficiency

Logistics Efficiency

Carbon

We have been working in the past 12 months to further reduce carbon dioxide (CO₂) emissions throughout our vehicle transportation and logistics operations.

Improved vehicle supply from regional pools/reduced inter-island movements

For many years our unsold vehicle stock was stored in Auckland and Christchurch and transported around the country when wholesaled to retail Stores. This changed with the adoption of the Drive Happy Project business model in 2018 (see page 18 in our 2019 Sustainability Report), whereby new vehicles are held at three regional storage pools in Auckland, Wellington and Christchurch and only dispatched to Stores when sales have been confirmed with customers. This eliminated the need for Stores to hold unsold stock and removed the need for them to sell stock to each other (which created additional freight movements).

Further improvements have been made in the supply of vehicles from regional pools and we have a robust approval process in place for any inter-island requests for new vehicle stock. This has reduced the delivery distance (and associated carbon emissions) by road and shortened the average delivery time to Stores, from five to seven days to three or four days.

On occasions we still need to move some cars longer distances by road – for example, when there is a supply shortage of a model and vehicles in the local pool have been exhausted, such as was experienced with the new generation RAV4 Hybrid.

We continue to explore better ways to forecast our regional stock requirements, and are progressing a project to process some Lexus vehicles in the South Island (currently all Lexus vehicles arrive into Auckland, irrespective of their final destinations). This could save an estimated 23 tonnes of CO a year*.

Rental-return management

We are monitoring the volume of South Island rental car returns moved north for refurbishment at TNZ's Signature Class plant in Thames. The selection process for Signature Class vehicles has been refined to only allow inter-island movements of models that are in short supply in the North Island.

We are also looking at establishing a South Island refurbishment facility to further reduce the need to move our used-vehicle stock between islands.

Centralised accessorising/outwork

TNZ currently accessorises new vehicle stock at our Thames plant. We are looking at expanding this operation to centralise more of this work, instead of moving vehicles to multiple outworkers – for example, a vehicle could be moved to have a canopy fitted, moved again to have a light system installed, and moved again to have graphics added.

Each movement creates unnecessary carbon emissions and increases the risk of transit damage. Curtailing the number of movements will achieve a quicker, more efficient workstream, reduce costs and shorten customer lead times.

Transit damage

A working group has been established with our road freight contractors to reduce the volume of vehicles that sustain transit damage. In extreme cases a vehicle will have to be returned to storage and switched for a new vehicle.



Growth in Hybrid Sales

Carbon

2019 was a record year of hybrid vehicle sales for Toyota New Zealand. Sales increased from 1,337 in 2017 to 5,159 in 2019, leading to a falling emissions profile for the overall Toyota and Lexus model range. Hybrid sales are on track to increase further in 2020, with 3,627 sold by the end of July and another 0.6% drop in emissions.

Combined, the average Toyota and Lexus carbon dioxide (CO₂) emissions profile for CY2019 was 166.76 CO₂g/km, compared to a New Zealand industry average across all manufacturers of 174.22 CO₂g/km year.

Toyota is working to reduce greenhouse gases across its value chain. It is focused on offering a hybrid version for the entire range and new battery electric vehicles, as well as investing in hydrogen fuel cell technology. Hybrids help achieve emission reductions as we transition to alternatives when the supply, infrastructure and demand are ready.

TNZ Chief Executive Officer Neeraj Lala says, “It’s satisfying to report that the high number of hybrids sold is helping Toyota achieve two objectives – reducing our overall emissions as a brand and helping to support the New Zealand Government’s target to reduce gross carbon emissions by 30%** by 2030.”

In New Zealand, hybrids have been selling well across the range, with demand for the new RAV4 Hybrid outstripping supply. Since its release in March 2019, Toyota has sold 8,313 RAV4s, of which 49% were hybrid, and the percentage of RAV4 Hybrid sales has been steadily climbing in 2020.

Many businesses are adopting hybrid vehicles to reduce their carbon footprints:

- Frucor Suntory is replacing its entire sales vehicle fleet in Australia and New Zealand with energy-efficient Toyota RAV4 Hybrids. The new fleet will reduce fuel expenditure and approximately 300 tCO₂ each year for the business
- In July 2019 The Griffin’s Food Company made the decision to adopt a Toyota hybrid fleet for its vehicle-eligible employees. The fleet’s total CO₂ emissions have reduced by about 18%
- Silver Fern Farms has a fleet of 39 Toyota RAV4 Hybrids. It is moving vehicles to hybrids as part of its verified emissions reduction plan, certified under the Toitu carbon reduce programme

Toyota’s hybrid systems use advanced technology to capture energy from braking and from the petrol engine, and store it as electricity in a battery. The car decides for itself when it needs electric power or conventional power. When being driven at low speed in heavy traffic or around a car park, it will automatically shift to electric only. The petrol engine automatically shuts off when the vehicle stops rolling or is using the battery.

Further hybrids are on their way. In August the new-generation 2020 Toyota Yaris with a hybrid powertrain will further reduce Toyota’s fleet emissions profile. It has class-leading fuel efficiency of 3.3 litres per 100 kilometres and a carbon emission rate of just 76g/km.



Immediate Response to Covid-19 pandemic

Adaptation

On 11 March 2020, the World Health Organisation declared the COVID-19 virus a pandemic, and at midnight on 25 March New Zealand went into nationwide lockdown.

TNZ established a four-phase recovery framework to manage the impacts:

- **Phase 1: Survival:** crisis management, support and survival
- **Phase 2: Respond:** detailed start-up plan, contactless servicing and sales, split shifts at Thames and Port of Entry, and managing the backlog of containers
- **Phase 3: Recovery:** implementing start-up plans and monitoring new and existing indicators
- **Phase 4: Reset:** designing the new normal and adapting to shifts in industry and customer needs

This case study describes our immediate response to the first lockdown.

Operations

Within three days of the announcement to move New Zealand into full lockdown, our workforce was set up at home and working remotely. Departments were instructed to develop recovery plans with the objective of their emerging stronger and more sustainable.

Our parts warehouse remained operational to support the vehicle servicing of essential workers. Shifts were introduced to enable social distancing and safe working practices.

Due to the significant drop in revenue during the lockdown period, we received the first Government Wage Subsidy for employees. Given the loss of sales and continued uncertainty about the local economy and future trading, we will assess whether to return this in the first quarter of 2021 when we have a comprehensive assessment of the fiscal impact to our business.

The annual management bonus for FY2019 was cancelled, and employees were encouraged to reduce their holiday and sick leave liabilities.

New and used vehicles

We started 2020 with the best first quarter since launching the [Drive Happy Project](#), and had almost three months of presales at the start of the lockdown. Under COVID-19's Alert Level 4, sales of new vehicles fell significantly compared to the same months in 2019: by 38% in March and 90% in April. In May, as we transitioned to Alert Levels 3 and 2, new vehicle sales were down 32%. National car distribution returned to normal levels of functionality in Level 3 with no delays.

Vehicle sales will be affected by the lack of international tourists visiting New Zealand. We contacted rental vehicle customers to identify alternative business models to maximise the use and value of the vehicles. In some instances fleet customers deferred, rather than cancelled, their new vehicle purchases.

Parts and servicing

COVID-19 immediately affected our supply chain, with the availability of some parts (such as oil filters) manufactured in China quickly restricted. Our early response was to carry extra stock where possible, and work with customers to manage delays.

To support essential workers, servicing continued on a limited basis through the lockdown, which provided work for both Store service centres and TNZ's parts warehouse. The lighter workload at some servicing centres provided an opportunity to address recalls.

We assured customers that warranties and service plans would be unaffected by COVID-19-related delays.

Store operations

Stores closed under Alert Level 4, but service centres were able to operate on a limited basis, to support essential service workers' vehicles.

Contactless services commenced under Alert Level 3, together with new, strict health and safety systems. TNZ provided a free kit of signage and standards at each alert level to guide customers to visit safely. Stores' health and safety plans were updated, and approved by TNZ prior to their re-opening.

TNZ provided a communication strategy to help Stores re-engage with customers and remind them of their Toyota Care warrant-of-fitness and servicing needs.

All Stores survived the initial stages of the COVID-19 crisis, although there may still be difficult times ahead. In the national network approximately 1% of staff were made redundancies as of June 2020, and some staff took salary reductions.

TNZ's senior management held weekly meetings to keep Stores up to date with local and global developments, enabling them to focus their full attention on their businesses. We offered Stores payment options to help their cashflow and deferred some account payments, spreading them over three months. We provided targeted concessions of \$3.2 million and paid money from the Network Development Fund directly to the dealers as cash making \$1.8 million available.

Supporting the wider community

Toyota has worked to support communities and small businesses hard hit by the pandemic.

TNZ and Lexus customers raised \$125,000 in support of the Malaghan Institute of Medical Research through the donation of a portion of vehicle sales.

In June 2020 we launched a campaign offering the use of a Toyota Highlander SUV for 12 months to 100 small businesses (that employed fewer than 20 people and had received the Government's Wage Subsidy). MediaWorks supported the initiative by providing radio advertising for those businesses to a total value of \$1 million.

Customers

Online customer communications were enhanced with the introduction of a live 'Chat with an Expert' option [here](#). This will be expanded, as industry trends show its increasing use by phone and email.

We also worked with partners to create positive customer experiences during the lockdown. These included:

- One free online experiment with Nanogirl's Lab online science learning programme for 6- to 11-year-olds
- New 'great parenting' advice from Parenting Place
- Car-care tips to keep vehicles in top condition when not used for extended periods
- New Toyota Kiwi Guardians medals for indoor and backyard activities
- An e-sport TOYOTA GAZOO Racing GR Supra GT cup 2020 series championship for the PlayStation4 console, to find the world's best Supra driver on Gran Turismo Sport

Employee wellbeing

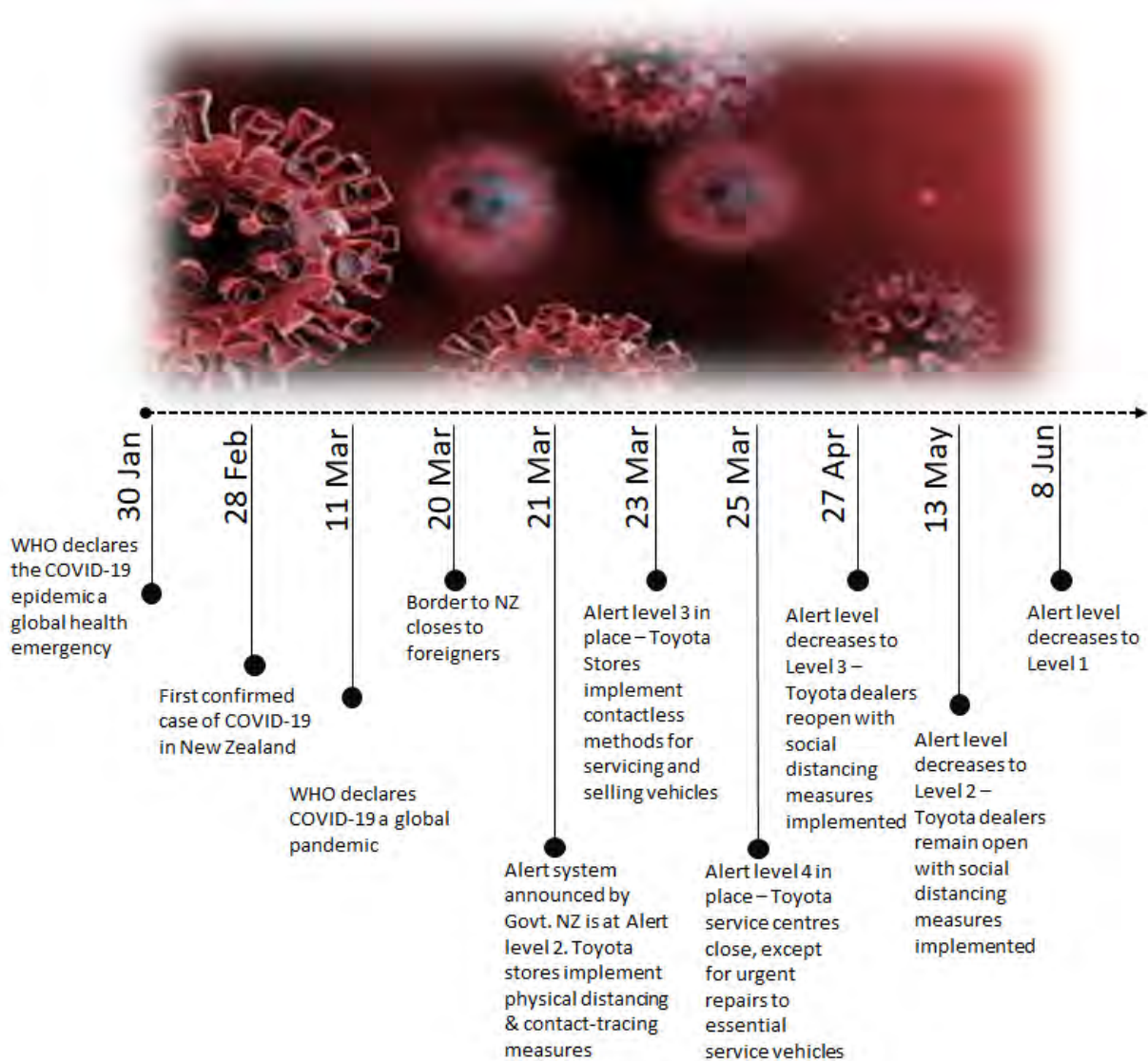
We established a range of fun and informative ways to engage with and support employees:

- Weekly online staff meetings to keep everyone informed of the national situation and the business perspective, with occasional guest speakers such as [Professor Graham Le Gros](#), (Director of Research, Allergic and Parasitic Diseases Programme Leader) from the Malaghan Institute, and New Zealand fashion designer Karen Walker
- A weekly newsletter that provided a senior management update, tips on wellness, phone support contacts, ideas to engage children, ways to find opportunity in the disruption, and a light-hearted section of jokes and brainteasers
- Instructive webinars: 'Keeping well amongst the chaos' and 'How to eat well, stay sane and keep active during isolation'
- A regular 'Remote Working Survey' to get feedback on how individuals were feeling and what initiatives we should continue to run

Departments also worked hard to keep engaged and in good spirits. For example, the Customer Dialogue Centre set up themed team meetings, daily quizzes, and dressing-up competitions with themes such as 'favourite sports teams', 'mad hair', '80s' and '90s' and 'Kiwiana'.

Going forward

In FY2021 we will focus on maximising organisational efficiencies and strengthening core operations to become leaner and more sustainable and resilient.





Climate Change Expert Speaks to TNZ Staff

Broader Value

“Mankind has embarked on a huge global experiment with his future.” Professor Will Steffen

In June 2018, TNZ invited Professor Will Steffen to address a special staff meeting at the head office in Palmerston North, as part of Toyota Global Environment Month. This annual event aims to promote environmental awareness, learning and action.

Professor Steffen is an earth system scientist and a Climate Councillor of the Climate Council of Australia (which delivers independent expert information on climate change). He is also an Emeritus Professor at the Australian National University, a Senior Fellow at the Stockholm Resilience Centre and a Fellow at the Beijer Institute of Ecological Economics.

As a Senior Associate of the Cambridge Institute for Sustainability Leadership, Professor Steffen regularly delivers sobering presentations on the impacts of climate change to business owners, senior managers and sustainability practitioners. Four members of TNZ’s Executive team have attended this course, which challenges participants to step up and respond to the challenges we face, and define the legacies they can lead. TNZ’s Environment Officer attended in 2018, leading to the development of TNZ’s Sustainability Strategy ([see here](#)).

Professor Steffen’s presentation drew on robust scientific evidence to describe the rising global temperatures, changing land uses and damage to natural systems from intensified agriculture and fishing, rapid urbanisation and fossil-fuel combustion. Humans have transformed the planet beyond natural planetary boundaries, leading to extinction rates thousands of times greater than background levels in some habitats. Climate change is the single most serious threat to humankind, and global temperature rises are already

beyond the range of natural variability. Scientists project catastrophic impacts for society if we transverse tipping points, some of which may be triggered with a 1.3C rise in global temperature.

This message proved timely as we sought to engage Toyota staff in the department action plans underpinning the Sustainability Strategy, and channel their energy to redefine our business.

“We are the only species on Earth who destroys its own habitat, threatening countless other species with extinction in the process.” Frijof Capra and Pier Luigi Luisi



Environmental Management at Highlander Assembly Plant

Resources

TNZ sources Highlander vehicles from the Toyota Motor Manufacturing Indiana (TMMI) plant in Princeton, Indiana, United States. In early 2021 TNZ Highlander will be offered as a hybrid only.

TMMI was completed in 1998 and covers 40 hectare in Gibson County. In addition to the Highlander and Highlander Hybrid, it builds the Sequoia SUV and Sienna minivan (unavailable in New Zealand). More than 422,000 units were assembled in 2018.

Toyota plants are required to be ISO 14001 certified within a year of their establishment, and implement ongoing environmental management. These requirements are part of Toyota's efforts to minimise risks and achieve leading environmental performance. Audits identify significant impacts and sets corresponding controls, goals and targets to manage and reduce them over time.

TMMI has participated in the Indiana Environmental Stewardship Program since 2007. Run by the state's Department of Environmental Management, it recognises leadership companies that go beyond basic compliance with environmental regulations. Each year members submit performance reports of volatile organic compounds (VOCs) and other air pollutants, energy consumption, hazardous materials and waste, water use, waste recovered and waste to landfill.

Awards

In 2018 TMMI was one of the winners of the Indiana Governor's Awards for Environmental Excellence, for achieving the following reductions, with five years of continual improvement between 2012 and 2018:

- Energy consumption – 42% per vehicle
- Carbon dioxide (CO₂) emissions – 31% per vehicle
- Water usage – 24% per vehicle
- VOC emissions – 20% per vehicle
- Waste generation – 19% per vehicle
- Landfill waste disposal – maintained zero waste to landfill.

TMMI's East and West Plants were two of the four Toyota sites awarded Energy Star building certifications by the US Environmental Protection Agency in 2018. Such buildings must meet strict energy performance standards and operate more efficiently than at least 75% of similar buildings nationwide.

LEAF

Every TMMI employee is required to understand the Toyota Environmental Policy and to put its principles into practice. To keep environmental responsibility at the forefront of thought and action, the acronym LEAF is used:



Looking Forward – risk & impact reduction
Environmental Compliance – obey all laws
Achievement – leader in environmental performance
Fresh Ideas – Kaizen & pollution prevention

This video illustrates how LEAF works in practice, with the story of a team member who identified that a small reduction of 73 grams of PVC spray on each Sienna vehicle would eliminate 11,000 kilograms of spray across the 150,000 minivans assembled each year: [View here](#).

Biodiversity

Since 1999 Toyota Motor North America has partnered with the Wildlife Habitat Council, which recognises and certifies meaningful wildlife habitat management and conservation education programmes. The Council helps to inventory plant and animal species on sites and identify appropriate projects. Protected areas include grassland, wildflower meadows, pollinator gardens and forests. TMMI holds a Silver Conservation Certificate, which was first awarded in 2013.

130,900 native Indiana trees have been planted on 92 hectares of land owned by TMMI, creating a habitat for wildlife including white-tailed deer, bobcats and nesting red-tailed hawks. The trees capture over 2,000* tonnes of CO₂ annually.

* Estimated 2,170 tonnes of CO₂ based on methodology used by US Environmental Protection

Agency in its Greenhouse Gas Equivalencies Calculator, where it is assumed that it takes about 10 years for a tree to reach its full potential for sequestering carbon.

TMMI is one of 17 Toyota sites across North America that have planted pollinator gardens along the migration path of the monarch butterfly. The gardens provide food and shelter to the butterflies at various stages of their life cycle as they make their way south for the winter, then return in the spring.

The monarch is the only butterfly known to make a two-way migration. Monarchs from the east migrate to the Sierra Madre mountains in Mexico, while those west of the Rocky Mountains overwinter in California. Some migration routes are as long as 4,800 kilometres, and a journey south can take as long as two months to complete.



Household waste

Since 1994 TMMI has helped team members and Gibson County residents to recycle and dispose properly of household waste. On designated collection days, electronic waste, appliances, fluorescent light bulbs, paint, pesticides and other household items that are difficult to recycle or dispose can be dropped off. Team members also collect items such as clothing and spectacles, which are donated to those in need.

Collections in October 2018 and April 2019 also gathered over 200 kilograms of household batteries, 3,400 litres of used oil, 15 litres of medicine and seven box trucks of used electronics. Almost 26,000 kilograms of waste were recycled or disposed of properly.

Community education

TMMI's schools programme seeks to build knowledge and foster a love of nature in children and an understanding of the importance of protecting it.

During Earth Week 2019, the plant hosted Earth Aware Camp at YMCA Camp Carson in Princeton and Wesselman Woods Nature Preserve in Evansville. Employees spent the day with third-graders, doing activities and games designed to teach them about environmental responsibility. Mesker Park Zoo brought its 'Going, going, gone' animal exhibit to share with the children the impacts that humans have on animals and their habitats.

Supporting community initiatives helps to scale up conservation efforts. In 2018, US\$1.7 million was donated to local non-profit organisations. Elsewhere, employees work to help plant gardens that produce food for local charities.

Plant modernisation

In January 2020 TMMI completed a US\$1.3 billion modernisation programme, with the installation of new equipment and advanced manufacturing technologies. The total number of employees exceed 7,000, and more than 420,000 vehicles can be assembled annually.

In addition to the plant investment, Toyota Indiana committed US\$1 million to a new regional workforce programme that will connect students with career opportunities in advanced manufacturing while they are still in high school.

More information about Toyota's North American initiatives is available [here](#):

Hybrid Battery Chain

Resources

Toyota is committed to safety, environmental and ethical policies across the hybrid battery value chain.

TNZ's 2018 Sustainability Report TNZ's 2018 Sustainability Report (page 22) describes the 'downstream' management of batteries in New Zealand: their nationwide collection at Toyota Stores, storage at our national parts warehouse in Palmerston North and recycling via Upcycle in Auckland and Kobar in South Korea. Appropriate procedures are followed at each stage to ensure the batteries' safe removal from vehicles, handling, transport, storage and freight to their final destinations.

This case study describes the 'upstream' sourcing of raw materials used in hybrid batteries by TNZ's parent company Toyota Motor Corporation (TMC). Public concerns have arisen about minerals in corporate supply chains procured from the Democratic Republic of Congo and neighbouring countries that may finance armed groups, create human rights abuses (such as child labour, forced labour, dangerous working conditions, death and serious injury) and cause corruption and environmental damage. Such minerals include cobalt, an important element for Toyota's hybrid batteries.

TMC's management approach sits within its Guiding Principles, Toyota Global vision and Sustainability Policy. These extend to supply chain operations. The Toyota Supplier Corporate Social Responsibility Guidelines require clear procedures for material procurement and care to avoid the procurement or usage of materials obtained unlawfully or unethically. Enquiries are conducted throughout supply chains, including metal smelters, to confirm if such minerals are used. Where they are found, TMC expects suppliers to take steps to discontinue their procurement.

Toyota has applied the 'reasonable country of origin inquiry' requirement throughout its global supply chain since 2013 for its automotive, marine and other businesses in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Toyota formulated a manual and briefing session to support suppliers and contacted those that had not submitted Conflict Minerals Reporting Templates. Templates were collected from thousands of suppliers.

Further information is available in TMC's [Sustainability Data Book 2020](#).

TMC also works with industry groups such as the Responsible Minerals Initiative. Toyota Motor North America has been engaging in the activities of the Conflict-Free Sourcing Working Group and the working group of the Automotive Industry Action Group. Toyota Motor North America continues to lead the Responsible Minerals Initiative's Global Smelter Engagement Teams Working Group in conducting background surveys of smelters/refiners. Industry cooperation has increased the number of conflict-free smelters/refiners worldwide to 267 (as of November 2019). Of these, 265 companies are included in Toyota's 2019 survey results.

TMC is also a partner of the 'Drive Sustainability' automotive partnership, which aims to establish a sustainable cobalt value chain. Visit [here](#) for more information.

Sustainability Strategy and Staff Engagement

Adaptation

Introduction

Our new Sustainability Strategy is described [here](#). It aims to reshape how TNZ responds to the scale, complexity and gravity of today's environmental and social concerns by setting a clear direction and greater urgency. It breaks down the difficult concept of 'sustainability' into a manageable framework, distilled in five simple priority areas that can be readily understood by all employees.

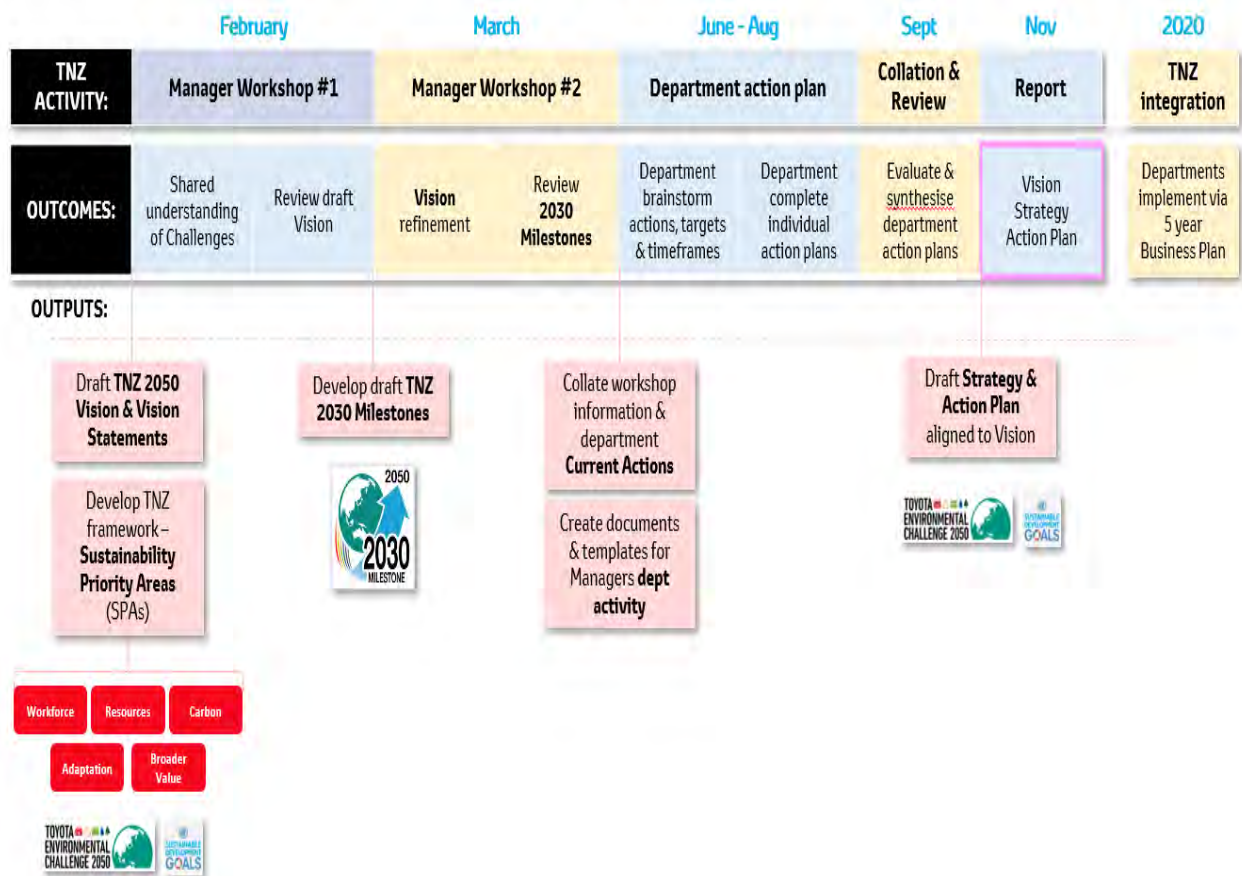
At the outset, the desire was to involve all employees in the Strategy's development – to harness their enthusiasm and ideas and create a common purpose around our ambition of becoming a truly sustainable company. This case study describes that process.

Process

There is no easy, tried-and-tested template for sustainability; governments, companies, societies and individuals around the world are all grappling with how to transition to a better way of doing things. Our starting point was to tailor the essential elements of the Toyota Environmental Challenges 2050 and the United Nations Sustainable Development Goals to a workable armature for our business (under Sustainability Priority Areas).

The focus then shifted to engagement within the business. Two workshops were held with the Executive and management teams to refine a 2050 Vision and determine 2030 Milestones. Managers then brainstormed 'break-through projects' with their departments to accelerate activity. This work was collated into a single action plan. The Strategy was signed off by the Environment Committee in November 2019 and published in January 2020. The diagram below outlines key steps and outputs.

Sustainability Strategy development 2019



The role of employees

Broad employee participation in the development of the Strategy afforded a number of benefits: it raised awareness of the substantial challenges we face as a company and society; it demonstrated TNZ's commitment to addressing its impacts; and it rallied employees as essential partners in a collective response.

Many staff valued the unique opportunity to contribute to the Strategy, regardless of their positions or newness to the company. It resonated with their personal values and eagerness to make bigger differences than they could achieve through their individual efforts. When environmental issues are presented as vast global problems, it can be very easy to feel overwhelmed and helpless; the Sustainability Priority Area framework empowers them to visualise how they can tackle impacts within the capacity of their daily activities.

The Strategy illustrates how TNZ's sustainability and business ambitions are converging; sustainability often drives innovation, and companies with robust sustainability programmes commonly display a focus on efficiency, cutting-edge operations and technology. These are key ingredients in improving company resilience and profitability and finding opportunities in adversity. They reflect the messages from the annual 'Believe Tours' ([see here](#)), which encouraged employees to unearth new value through creativity and collaboration.

Next steps

Whilst TNZ's journey towards full integration continues, there are already signs of a shift from how sustainability issues were viewed for many years (as a separate activity run by the Environment Officer) to how they are increasingly viewed today (as a core element at the heart of the business). Greater recognition is emerging of departments needing to 'own' their operational impacts and action plans; cross-department 'renewal clans' (see case study 1, page 38, 2019 Sustainability Report) have been quick to align their work with the [Strategy's actions](#).

Involving employees in the Strategy reassures them they are working for a company that wishes to play a leading role in change. As the Strategy matures, we expect it will further influence our business and culture and raise the bar for the wider car industry.



Planet Forward

Broader Value

'Play it forward' refers to carrying out a good deed without the expectation of any return, with the idea coming to prominence in the 2000 film of the same name.

In 2012 we launched a new department environmental programme and held a staff competition to come up with a name. The result was 'Planet Forward' (Plan It Forward), adapted from the film title and reflecting an ambition to reduce our environmental impacts and create a positive legacy for the future. The programme has grown from introducing modest changes in the early years to spearheading significant improvements across the company.

A common challenge experienced by many sustainability practitioners is the misconception that they have sole responsibility for addressing their companies' environmental impacts. This presumption faced our Environment Officer, and he struggled with limited resources and no direct leverage with the multiple departments creating those impacts.

The solution was to turn this problem on its head by introducing a new mandatory expectation for departments to deliver environmental projects linked to the end-of-year staff bonus. This repositioned the Environment Officer's role as a helpful facilitator (rather than someone encouraging improvements from outside traditional reporting lines), and all 18 departments now seek his assistance to ensure they meet the necessary outcomes by the deadlines.

How it works

Each department nominates a champion to lead its work. At the beginning of the year, champions agree on action plans and timelines with the Environment Officer. Most projects must be completed by November, or reach interim milestones in the case of two-year projects. This allows champions to balance this work with busy periods in their core department activities.

The Environment Officer guides champions with regular meetings, emails and phone calls. All parties contribute ideas and expertise, enabling projects to achieve a compatible mix of business and environmental value.

Progress is reported to senior management and regularly shared at staff meetings. The environmental bonus recognises the commitment of time and effort by champions, but is only awarded if every department completes its agreed project or milestone.

Benefits

Projects are designed to deliver environmental and business returns.

More than 100 projects have been completed since 2012, with reductions in carbon emissions, paper and printing, single-use plastics and waste. They have targeted building impacts, strengthened compliance and EMS processes, created ecodrive videos, developed environmental training modules and improved data management. Examples across the retail network include the installation of water meters and lighting upgrades, the promotion of Store certification and the installation of LittaTrap™ in stormwater drains.

Business benefits include sizeable cost savings, process efficiencies, risk management, fortification of our brand reputation and growing employee pride in the company for which they work. A single project can provide multiple benefits; for example, freight route improvements save hundreds of tonnes of carbon dioxide and thousands of dollars each year, and also reduce the risk of vehicle damage in transportation, requirements for part replacements, and waste. Such complementary benefits justify the staff time spent on the programme.

Environmental issues are often presented as national and global problems, preventing many people understanding how they might tackle them in practical, meaningful ways. This programme empowers staff to address such issues from an operational perspective; many champions value the opportunity to 'step out' of their normal roles for a few hours each month to contribute to TNZ's sustainability performance. It also provides project management skills that may not have been available to them in their core roles. As champions can change in subsequent years, the programme continues to build capability and understanding throughout the workforce.

Conclusion

Planet Forward has been a vital mechanism for accelerating environmental sustainability at TNZ. It has created a culture of collaboration, ownership, kaizen and innovation, and helped dismantle traditional barriers to progressing sustainability, without additional resources. It can be applied to all work areas and projects of differing scale and complexity.



Toyota Woven City

Adaptation

Toyota Motor Corporation (TMC) recently announced that it is building a new prototype city of the future, known as the 'Woven City'. It will be full of innovative technology and embrace new approaches to mobility in a real-world environment.

It will be built on a 175-hectare site in Higashi-Fuji, Japan, at the base of Mount Fuji. People will live, work and play there, and participate in a 'living laboratory'. This will provide researchers, engineers and scientists with opportunities to freely test technology such as autonomous vehicles, shared mobility, robotics, smart home connected technology and artificial intelligence.

TMC President Akio Toyoda said this was a unique opportunity to create an entire community from the ground up, allowing Toyota to build cutting-edge, digitally connected infrastructure. It would provide a chance to collaborate with other businesses, and he invited interested scientists around the world to apply their work to this project.

Design

Danish architect Bjarke Ingels, creator of some of the world's ground-breaking architectural buildings such as Google's new headquarters and Two World Trade Center, is helping to bring this vision to life.

The city is planned to be fully sustainable. Buildings will be made mostly of wood to minimise the carbon footprint, using traditional Japanese wood joinery combined with robotic production methods. Systems will be powered by hydrogen fuel cells, supplemented with rooftop photovoltaic panels to generate solar power.

Streets will be split into three separate forms of mobility: fast transportation of autonomous, zero-emission vehicles; an urban promenade shared by pedestrians and slower personal mobility vehicles; and a linear park with paths for pedestrians only. The streets will weave together into a grid of 3x3 city blocks – each framing a local park or courtyard to bring people together in social gatherings and recreation.

In an age when technology, social media and online retail are replacing traditional meeting places, the Woven City will also explore new ways to stimulate human interactions in urban spaces.

Residences will be equipped with the latest in human support technologies, such as in-home robotics to assist daily living and domestic chores. Sensor-based artificial intelligence devices will check occupants' health, take care of basic needs and enhance everyday life.

The plan is to 'break ground' in phases, beginning as soon as 2021, and accommodate Toyota employees and their families, retirees, retailers, visiting scientists, industry partners and the general public. The city will house 2,000 people at first, and grow over time.

TMC President Akio Toyoda says he believes this is a project that can benefit everyone. "Toyota began as a loom manufacturer and by weaving fabric. Now it is our hope to use our technology to weave together a new kind of city, and a new way of enjoying life. As a company committed to mobility for all and as global citizens, I believe it's up to all of us – especially corporations like Toyota – to do our part to help make the world a better place."

Technology courses curated for you

[Edit selection](#)

Microsoft Excel - Data Visualization, Excel Charts &...
Maven Analytics, Chris Dutton
4.5 ★★★★★ (16,590)



The Business Intelligence Analyst Course 2020
365 Careers
4.5 ★★★★★ (26,117)



Tableau 2020 A-Z: Hands-On Tableau Training for Data Science
Kirill Eremenko, SuperDataScience Team
4.6 ★★★★★ (57,601)



The Data Science Course 2020: Complete Data Science...
365 Careers, 365 Careers Team
4.5 ★★★★★ (60,282)



Microsoft Power BI - Up & Running With Power BI Desktop
Maven Analytics, Chris Dutton, Aaron Parry
4.6 ★★★★★ (26,541)

Business courses curated for you

[Edit selection](#)

Leadership: Practical Leadership Skills
Chris Croft
4.6 ★★★★★ (25,303)



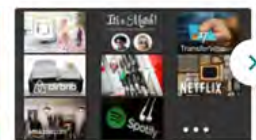
2020 SEO Training Masterclass: Beginner SEO To Advanced SEO
Alex Genadinik
4.5 ★★★★★ (1,103)



Lean Leadership Skills, Lean Culture & Lean Management
Lawrence M. Miller, Institute for Leadership E...
4.5 ★★★★★ (4,330)



Mega Digital Marketing Course A-Z: 12 Courses in 1 + Updates
Pouya Eti • Digital Marketing Expert, Allreza...
4.5 ★★★★★ (5,436)



Business Model Innovation: Differentiate & Grow Your...
Pavel N. | Business | Innovation | Video, Olen...
4.5 ★★★★★ (7,466)

Flexible Learning

Workforce

Toyota New Zealand has partnered with Udemy for Business to offer more than 4,000 online courses to permanent staff. Udemy is a leading global online learning and instruction tool providing high-quality instruction.

Udemy is designed to teach new skills with maximum flexibility and convenience. TNZ staff have unlimited access to its highest-rated courses, which cover a variety of topics.

Vocational courses range from data science and cloud computing to human resources and stress management. There are also many leisure choices available to view in one's spare time, for example to develop or improve language learning, drawing and painting, or playing an instrument.

The roll-out was originally planned for later in the year, but it was brought forward to allow staff to take advantage of the opportunities to progress their professional development during the COVID-19 lockdown in March.

On completion of a course, the participant can rate it with up to five stars, which helps ensure the content offered continues to remain useful and relevant to other users. Udemy can be utilised in the following ways:

- Independent learning: individuals take charge of their personal learning by choosing courses that interest them or by following a series of courses in a general 'learning pathway'. For example, managers can select from new manager essentials, established manager or mastering management. New staff can work through onboarding: diversity and inclusion pathway
- Manager-assigned learning: a manager can assign a course or a learning pathway to a specific individual or an entire team, as part of their development plan, such as a corporate account management refresher

TNZ's People Development team works alongside managers to create bespoke learning packages for their departments, recommending relevant courses of a similar theme to a number of individuals.



Toyota Believe Tours

Toyota Believe Tours

Workforce

In 2009 TNZ CEO Alistair Davis embarked on an 11-year programme to visit and present to every Toyota and Lexus retail Store in New Zealand. This became known as the ‘Believe Tour’ and was an established annual event in the company’s calendar under his tenure.

Here Alistair shares his thoughts on and motivation for how this came about.

Purpose

“The first thing you do when you become a CEO is decide what you’re going to do. You don’t need to make every decision – you employ good people to do that and give them the support they need. You choose where you’ll place an extra focus, and I decided that would be on the people and culture at Toyota. I’m fond of the Māori proverb ‘He aha te mea nui o te ao. He tangata, he tangata, he tangata’, which translates as ‘What is the most important thing in the world? It is people, it is people, it is people’.

My intention was to bring our people closer together and, in particular, strengthen the relationships with our franchise retail Stores. Mark Young, TNZ’s Marketing Manager at the time, had developed a ‘Believe’ advertising campaign based on our [core company values](#). These values could be used proactively as a culture and strategy tool, and this became the framework for the Tours.

Later the focus evolved into developing employees’ creative and collaborative thinking to find opportunities in and solutions to seemingly intractable problems.

Beginnings – laying the foundation

The question remained over how to do this. In the early days there was only a limited number of forums for the Stores and TNZ to connect: periodic visits by TNZ staff to Stores, training events and conferences bringing together groups for specific occasions, and Dealer Council Meetings. All were useful, but ended up being concentrated on just a small proportion of the wider Toyota/Lexus workforce. I wanted something more direct that could involve everyone and build a single, stronger team (which we now refer to as the 'Toyota Family').

In my first year as Chief Executive (2008), I explored different ways to engage with Toyota Stores. I visited different sites, walked around with their CEOs, had informal chats with random members of the workforce, and held full staff meetings in split shifts. But unfortunately none of these approaches worked particularly well; our discussions failed to get beyond the usual immediate business concerns. It was difficult to dig deeper into underlying issues that could strengthen our culture and strategic collaboration.

I decided I should visit each and every dealership each year and talk to everybody in small groups (between 12 and 80, depending on the location). This would build a broader understanding of the business, give an opportunity for anyone to contribute to the discussion and provide a platform for evolving our relationships and team culture.

Visiting five corporate sites (including our sister company Toyota Financial Services) and more than 60 Stores, and presenting to nearly 2,000 people in total was a significant commitment of time (three months each year, with many sessions in evenings to allow a whole team to attend at once) and energy (each session was more than three hours in length), but I immediately felt it was the right approach. The first Tour proved a little difficult as we laid out the scope of what was planned and attempted to bridge the gap in our respective outlooks. But gradually we began to build momentum, and it got better and better as Stores and their people embraced it and became more involved.

Maturity – tackling complexity through simplicity

TNZ had some significant changes in the pipeline that would affect our traditional business model, but I was also aware of numerous 'disrupters' on the horizon (new technology, mobility changes, demographics, trade frictions, new retail paradigms, growing inequality and, most significant of all, climate change) that would challenge both our industry and society at large.

Ignoring these issues wouldn't make them go away. It was clear to me that we'd need to confront them and find a way to steer our business forward. Our people would need to work closely together to succeed.

I've often reflected on John F Kennedy's words. As President of the United States, he said you should only direct your full energies into two or three things a year. So, to be effective on our voyage I focused on plotting our course in manageable stages and making steady progress. Incidentally, this boating allegory is deliberate: in our early planning, teams were closely involved in a pictorial mapping of hazards and opportunities along a fictional watercourse. This 'River of Change' became an established part of our conversations at subsequent Tours.

A notable achievement was the setting up of inter-department 'clans' (see the [2019 case study 1](#), page 38) to work on some of the complex emerging issues that our business faces. Similar teams were established in Stores to help them tackle the challenges to their businesses.

Legacy

My goal for the Toyota Family on each of the annual Tours (which in 11 years totalled more than 500 shows) was to develop employees' deeper understanding of Toyota and how their daily work fitted into a wider context. This meant taking them on a journey through different topics, and linking these to our history, stories and values in anticipation that our business ambitions would resonate with them and awaken in them the need for change in this VUCA (volatile, uncertain, complex, ambiguous) world.

In the last couple of Believe Tours – as my retirement neared – I wanted the differing themes I'd presented each year to coalesce in employees' minds, so they believed they were now very much part of one team, and were empowered to take on the next evolution of the business with confidence."



Diversity and Inclusion

Workforce

'Diversity' refers to all the ways in which we differ. It includes visible differences such as gender, age, ethnicity, physical appearance, mobility and nationality, as well as underlying differences in thinking, religion, sexual orientation, culture and family status. 'Inclusion' refers to creating a work environment and culture where all differences are valued, respected and utilised.

Toyota's commitment was formalised under a Diversity and Inclusion Policy, published in October 2019, to ensure equality and fairness are applied consistently and without bias. It extends to all areas of the business.

A couple of inter-department teams meet regularly to develop projects that support these objectives and create a welcoming work environment.

A key achievement in 2019 was the roll-out of stage one of unconscious bias training. Stages two and three will be made available in 2020. These courses help people to recognise inequity in the thinking, actions and behaviour of themselves and others, and how to mitigate and manage it.

Other activity includes:

Culture and ethnicity

Our first step is to gather better data to understand potential issues around employees' cultures and ethnicities, and whether barriers exist to anyone's learning or career or their sense of belonging at TNZ. We are examining how this can be improved in our communications to staff, from when they first join the company.

Māori became an official language in 1987 but is only spoken by about 3% of New Zealanders. To encourage its wider learning and acceptance, dual-language signage was added around the head office and well-known phrases and welcomes were posted during Māori Language Week in September.

As a fun activity to celebrate diversity, a morning tea is planned to which employees will be invited to bring food from their cultures.

Gender

Toyota's attendance at career expos now has an equal gender split. Recruitment posters, handouts and social media recruitment campaigns feature stories of female employees and technicians. See this video [here](#).

The annual Toyota Retail Graduate Programme, which has run since 2014, has predominantly attracted male applicants. To change perceptions of the career opportunities at Toyota Stores and attract more women to apply in 2020, we profiled the work of a female graduate; [View here](#).

TNZ's corporate recruitment process requires gender-neutral language. Both men and women are represented on the recruitment panel to reflect different views and insulate against unintentional bias.

A parental leave guide was published in May 2019 to support prospective parents working at TNZ with clear guidance, helpful tips and information on:

- What to do before leaving: such as making a formal application for leave and a return-to-work plan. It describes what happens to staff benefits, salary reviews, KiwiSaver, the TNZ pension plan, health care and company property
- What happens while on leave: for example, agreeing on a communication plan for parents to stay informed of company activity and department changes
- Expectations on returning to work: including options for part-time hours or getting back into full-time work straight away

Disability

One in four New Zealanders identifies as being disabled, and they are three times less likely to be employed as able-bodied people.

TNZ's head office has applied to [Accessibility Tick](#) for recognition as a workplace supportive of people with a range of visual, hearing, chronic health, mental health, communication and physical difficulties.

This year we conducted a site self-assessment. This was followed by an external audit of facilities' ease of access and potential hazards, attitudinal or cultural barriers. Nine areas of competency were reviewed: Commitment, Physical Environments, Employer Support/Workplace

Adjustments, Communication and Marketing, Products and Services, Information and Communication Technology, Recruitment and Selection, Career Development, and Suppliers/Partners.

Improvements have been included in short-term (12-month) and five-year action plans, which will be reviewed annually. This will assist our understanding of the needs of a broader range of employees and customers. We expect to gain certification before the end of 2020.

The Accessibility Tick



Age

We wish to support employees at all ages and stages of their careers, and have begun by mapping the age distribution of employees to better inform our plans.

Our immediate focus is on those approaching retirement. This includes exploring a stepped withdrawal from the workplace, such as through part-time or contract opportunities, to ensure valuable knowledge and experience are not lost. It may also encompass upskilling aged workers, as well as wider considerations such as pensions and financial advice, and social activities to ease the transition.

The demographic review also indicates that under-35-year-olds tend not to stay as long with TNZ as other age groups, so we will examine how we can make the workplace more appealing to this group.

Work/Life balance

We are working to assist all staff to maintain a healthy balance of work, family and lifestyle by exploring different ways of working. In 2018 we began a selective trial of flexible work hours.

After four weeks, participating employees and managers were surveyed to determine how well it was working. A clear appetite emerged favouring flexibility, which suited personal work patterns and gave some employees better scope to accommodate the fixed schedules of their dependants. Many managers reported that their staff appeared happier, and appreciative of the ability to work in a manner more adaptable to their personal routines.

This resulted in flexible hours being offered more widely across the company (pending management approval), but events quickly overtook this with the arrival of the COVID-19 virus to New Zealand shores and the mandatory working at home under the nationwide lockdown. [See here](#) for the initiatives put in place.

Community and Partnerships

Community and Partnerships

Our 2050 Vision for contributing to broader value for our community:

“Through **partnering and investing with others**, we will **foster** a culture in New Zealand of **innovation** for resource efficiency, **value for our communities**, **transparency**, and **caring** for our natural environment.”

Broader Value



Contribution to wider environmental understanding

TNZ's 2050 Vision includes a commitment to supporting environmental understanding among stakeholders and communities. This is driven from our desire to protect and enhance New Zealand's natural environment, and establish a future society in harmony with nature. It includes:

- Store training, including an online induction course to support new environmental champions
- Sustainability leadership training of employees with the Sustainable Business Council and Sustainable Business Network
- A partnership with the Department of Conservation promoting the Toyota Kiwi Guardians programme, educating children and encouraging them to explore their natural surroundings
- A range of information on and opportunities to participate in Toyota's Global Environment Month

Our key partnerships

In 2016 we reprioritised our sponsorships to increase community and brand outcomes with four long-standing relationships.



These reflect our brand values:

- The importance of families (Parenting Place)
- Innovation and determination (Emirates Team New Zealand)
- Motoring excellence (TOYOTA GAZOO Racing)
- Protecting the natural environment (Department of Conservation – Toyota Kiwi Guardians)

We also support a range of other national initiatives, such as the Olympics and Paralympics, Optinats, and Weet-Bix Kids TRYathlon, and sustainability networks including the Sustainable Business Council, Sustainable Business Network and New Zealand Hydrogen Association.

Find out more [here](#).

Parenting Place



Parenting Place is New Zealand's largest parenting organisation, providing fun, accessible courses and resources to encourage family relationships to flourish. The Toyota Family Journeys programme provides free downloadable tools and ideas to help families make the most of their times together in the car.

Emirates Team New Zealand

As a sponsor of Emirates Team New Zealand since the 1992 America's Cup campaign, TNZ has provided the longest continuous major sports sponsorship in this country. Both brands are committed to promoting the best of New Zealand through continual improvement and innovation.



TOYOTA GAZOO Racing

Formerly known as the Toyota Racing Series and Toyota 86, TOYOTA GAZOO Racing delivers major motorsport events with an international following. We provide the latest innovations in motorsport engineering, technology and safety, giving Kiwi drivers the best possible preparation for competition on the intense global stage.



Department of Conservation – Toyota Kiwi Guardians

The Toyota Kiwi Guardians programme encourages children and their families to explore and connect with the natural world. In 2019 the 50,000th medal was awarded. The medals are awarded to children who participate in interactive games, challenges and rewards, and conservation education materials. Children can receive multiple medals if they have taken part in different activities; the current leader is a person with 111 medals (October 2019).



Toyota Stores' community contribution

Stores represent Toyota in more than 60 communities around New Zealand. In addition to getting involved with the events of our partners, they support the needs of their local communities.

Related Content

Assurance

Our Reports have been externally assured since 2011. This year's assurance statement can be found [here](#). The process provides stakeholders with confidence in our data-collection process and sustainability performance.

GRI content index

This Report has been prepared in accordance with the GRI Sustainability Reporting Standards: Core option. We reference the six goals outlined in the Toyota Environmental Challenge 2050 and the 17 UN STGs.

GRI number	Description	Section title
Organisational profil		
102-1	Name of the organisation	About this Report – Key information
102-2	Activities, brands, products, and services	Our organisation – What we do
102-3	Location of headquarters	About this Report – Key information
102-4	Location of operations	Our organisation – Manufacturing and distribution
		Our organisation – Value chain
102-5	Ownership and legal form	Our organisation – What we do
102-6	Markets served	Our organisation – What we do
102-7	Scale of the organisation	Our organisation – Our value chain
		Our organisation – Manufacturing and distribution
		Data – Our people (employee profile)
		Data – Economic performance
102-8	Information on employees and other workers	Our organisation – Our people
102-9	Supply chain	Our organisation – Our value chain
		Our organisation – Our stakeholders – Suppliers
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain in the reporting period

GRI number	Description	Section title
Organisational profile cont..		
102-11	Precautionary principle or approach	
102-12	External initiatives	<u>Governance – Corporate governance – External certificates, standards and awards</u>
102-13	Membership of associations	<u>Governance – Stakeholders – Government and industry groups</u>
102-14	Statement from senior decision-maker	<u>Message from the Chair, Message from the CEO</u>
102-16	Values, principles, standards and norms of behaviour	<u>Governance – Toyota Global vision</u>
		<u>Governance – Guiding principles</u>
		<u>Governance – Believe statements</u>
102-18	Governance structure	<u>Governance – Corporate governance</u>
102-40	List of stakeholder groups	<u>Governance – Our stakeholders</u>
102-41	Collective bargaining agreements	7% of our workforce is covered by collective bargaining agreements
102-43	Approach to stakeholder engagement	<u>Governance – Our stakeholders</u>
102-44	Key topics and concerns raised	<u>Governance – Our stakeholders</u>
102-45	Entities included in the consolidated financial statement	<u>About this Report – Scope of report</u>
102-46	Defining report content and topic boundaries	<u>Governance – Our material issues</u>
102-47	List of material topics	<u>Governance – Our material issues</u>
102-48	Restatements of information	No restatements have been included in this report.
102-49	Changes in reporting	<u>About this Report – Report structure and material issues</u>
102-50	Reporting period	<u>About this Report – Period covered by Report</u>
102-51	Date of most recent report	<u>About this Report</u>
102-52	Reporting cycle	<u>Annual reporting cycle</u>
102-53	Contact point for questions regarding the Report	<u>About this Report – Key information</u>
102-54	Claims of reporting in accordance with the GRI Standards	<u>About this Report – Reference guidelines</u>
102-55	GRI content index	Related content – GRI content index
102-56	External assurance	<u>Related content – Assurance statement</u>

GRI number	Description	Section title
Material issue disclosures		
Economic prosperity of the Toyota ecosystem		
DMA		<u>Our organisation – Economic performance</u>
201-1	Direct economic value generated and distributed	<u>Data – Economic performance</u>
Vehicle and parts quality, safety and performance		
DMA		<u>Our organisation – Vehicle and parts quality, safety and performance</u>
416-1	Assessment of the health and safety impacts of product and service categories	<u>Our organisation – Our products – New vehicles – Safety standards</u>
		Vehicle and parts quality and safety 100% of vehicle categories are assessed for safety improvements
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our organisation – Our products – New vehicles – Safety standards
Attracting, developing and retaining capable people		
DMA		<u>Our organisation – Our people – Attracting, developing and retaining capable people</u>
404-1	Average hours of training per year per employee	<u>Data – Our people – Training</u>
404-3	Percentage of employees receiving regular performance and career development reviews	<u>Data – Our people – Training</u>
Vehicles' and parts' environmental impacts over life		
DMA		<u>Our organisation – Main impacts – Environmental impacts of vehicles and parts over their lives</u>
305-1	1- Scope 1	Data – Our product – Average tailpipe emissions of new vehicles
Operational environmental footprint		
DMA		<u>Our organisation – Our operations – Reducing our footprint</u>
305-1 to 305-5	1- Scope 2	<u>Data – Operational emissions</u>
	2- Scope 3	
	3- GHG emissions intensity	
	Reduction of GHG emissions	

GRI number	Description	Section title
Material issue disclosures		
Ability to contribute to New Zealand		
DMA		<u>Our organisation – Contribution in New Zealand</u>
Contributing to mobility in New Zealand		
DMA		<u>Our organisation – Our products – Mobility for New Zealanders</u>
Health, safety and wellbeing*		
403-1 (2016)	Workers' representation in formal joint management-worker health and safety committees	<u>Our organisation – Our people – Health, safety and wellbeing</u>
403-2 (2016)	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<u>Data – Our people – Health and safety</u> (Partially reported)

* Health and safety is not a material issue. We have included the information in the Report as it is very important to the business.

Glossary

ANCAP: Australasian New Car Assessment Program

B.I.G.: Battery Industry Group, collaboration of more than 80 businesses in the energy, waste, transport and battery sectors that have large stationary or mobile batteries in their value chains

CEO: Chief Executive Officer

COO: Chief Operating Officer

CO₂ g/km: Grams of carbon dioxide per kilometre driven

CY: Calendar year

Emission Scopes: These relate to greenhouse gas emissions

Scope 1: Direct emissions from owned or controlled sources

Scope 2: Indirect emissions from the generation of purchased energy (including travel)

Scope 3: All other indirect emissions that occur in the value chain (upstream or downstream)

EMS: Environmental Management System (a recognised independently audited and certified programme)

FY: Financial year

GHG: Greenhouse gas

GRI: Global Reporting Initiative (a leading international framework for sustainability reporting)

HV: Hybrid electric vehicle

ISO: International Organization for Standardization (an independent, non-government organisation that develops international standards)

Life Cycle Analysis: Assesses environmental impacts associated with all stages of a product's life, from raw material extraction and materials' processing to manufacture, distribution, use, maintenance and disposal or recycling

NZTA: Waka Kotahi New Zealand Transport Agency

Parts and Service Branches: Facilities owned by Stores that provide vehicle parts and servicing for customers

PHEV: Plug-in hybrid electric vehicle

SBC: Sustainable Business Council

Stores: Independent businesses that, since April 2018, have been acting as agents for the sale of new Toyota vehicles (previously called Dealerships)

tCO₂-e: Tonnes of carbon dioxide equivalent

TDP: Toyota Driveaway Price (the total cost a customer pays when purchasing a new vehicle). TDP includes pre-delivery costs, warrant of fitness/certificate of fitness, registration, fuel (and a 1,000-kilometre road user charge if applicable), floor mats and Toyota Care Service Advantage

TMC: Toyota Motor Corporation, Japan (parent company of TNZ)

TMCA: Toyota Motor Corporation Australia

TNZ: Toyota New Zealand

Value chain: The full life cycle of a product or process, including material sourcing, production, consumption and disposal or recycling