

EVERYDAY

04

WHEN YOU BUY A TOYOTA, WHAT ARE YOU BUYING INTO? ANSWERING THAT QUESTION IS WHAT THIS PUBLICATION IS ALL ABOUT.

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THE ENVIRONMENT

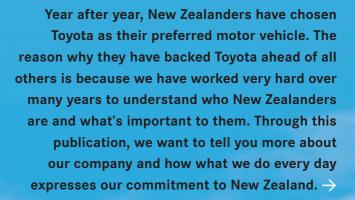
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Over 50% of the world's top 100 economies are business corporations and the rest are the economies of the largest sovereign nations. This means that governments and corporations have an equal responsibility to ensure that humans can live in harmony with each other and with nature. The future of our planet and our lives depend on it.

This responsibility has given rise to the corporate practice of issuing Triple Bottom Line or Sustainable Development Reports (SDRs) – covering a company's performance in:

- 1. Environmental matters
- 2. Social responsibility
- 3. Business results

The publication you are about to read is Toyota New Zealand's first SDR report but it captures activities that we have been supporting for decades, long before SDRs were invented. It reflects our long-standing commitment to preserving the unique 'Kiwi' lifestyle and to protecting our unique and precious natural environment here in New Zealand. We also have some business results to report.

Our SDR may be different from any other you have read. That is deliberate. In researching SDRs we found that readership levels moved in the opposite direction to the level of text and tables within the overall content – in other words: the more detail put in, the less people took out. We have therefore tried to make the report as accessible and relevant as possible – supporting the information with strong visuals and independent commentary.

For those readers who want more of the detail behind our SDR commitments we invite enquiries to our awardwinning Customer Dialogue Centre on 0800 TOYOTA or you can visit www.toyota.co.nz.

The spirit of our SDR is represented in our corporate theme of Everyday People, reflected in the title of this publication. We hope you enjoy it.

R L Field

EXECUTIVE CHAIRMAN

→ INTRODUCTION

THE SPIRIT OF OUR SUSTAINABLE DEVELOPMENT REPORT IS REPRESENTED IN OUR CORPORATE THEME OF EVERYDAY PEOPLE.



BETTER PRODUCT

Toyota New Zealand is committed to meeting customer needs in a sustainable way with environmentally friendly technology and maximum use of recycled products. Our key achievements include:

- Being the industry leader in fuel-efficient and low-emission vehicles
- We were the first motor company to introduce hybrid technology to New Zealand
- → We have the country's biggest used vehicle refurbishment centre to extend vehicle life
- > We provide recycled parts for repair work

BETTER PRACTICES

Toyota New Zealand is committed to minimising the ecological footprint of our franchise operations in New Zealand.

Our key activities include:

- → End of Life Vehicle Research in conjunction with Massey University
- → The quest for world-class environmental practices through the pursuit of company-wide ISO 14001 accreditation
- → An active zero waste programme
- → A carbon zero programme for our corporate activities

EDUCATION AND PROMOTION

Toyota New Zealand is committed to promoting public awareness and practices that enhance the ability of humans to live in harmony with nature. Our key activities include:

- Involvement in and sponsorship of the NZBCSD Sustainable Energy Futures for New Zealand project
- Foundation sponsorship of the New Zealand pavilion at World Expo 2005 under the theme of sustainable development
- → Involvement in and winner of the 2004 EECA EnergyWise Rally promoting fuel economy
- → Regular participation in national conferences with conservation themes

PARTNERSHIPS

Toyota New Zealand is committed to working with specialist partners to arrest and reverse the degradation of the natural environment. Our key partnerships include:

- → 20-year sponsorship of the World Wide Fund for Nature
- → Foundation membership of the Business Council for Sustainable Development
- → Membership of the Sustainable Business Network (including foundation sponsorship of the Green Fleet project)

OUR COMMITMENT TO THE ENVIRONMENT → BETTER PRODUCT

BETTER PRACTICES **EDUCATION AND PROMOTION PARTNERSHIPS**

→ BETTER PRODUCT

Motor vehicles have a serious and damaging effect on the environment. They are also indispensable to the social and economic fabric of our country.

Those two truths set us a big challenge.

Toyota is anything but complacent when it comes to making progress on environmental issues. Our response is both local and global and covers every aspect of our business from production engineering, research and development, and recycling, to our many community relationships.



→ BETTER PRODUCT

BETTER PRACTICES

EDUCATION AND PROMOTION

PARTNERSHIPS

"We don't pretend to be perfect – but we are making real progress," Toyota New Zealand Executive Chairman Bob Field says. "We're not going to be dragged into the 21st century — we're going to drive there: firstly in new Hybrid Synergy Drive vehicles and, as soon as our research and development programme covers the final distance, in hydrogen cell vehicles – sometime in the next 20 years."

The challenge we have set ourselves is to be the leading vehicle manufacturer for improving the environmental sustainability of motor vehicles.

DRIVING INTO THE FUTURE

Toyota believes that its Hybrid Synergy Drive is the most significant advance in automotive technology for half a century – combining the best low-emission petrol engine design with the latest electric motor and electronic control technology.

And what has Toyota done with the dramatic competitive advantage it has achieved in Hybrid Synergy Drive? As well

as releasing its revolutionary Prius and investing heavily in research and development to further extend the technology, Toyota has also released its break-through to some of its competition! A number of automotive manufacturers have rushed to sign licensing agreements that give them access to Toyota's Hybrid Synergy Drive technology. It's The Toyota Way.

PARTS THAT WON'T COST THE EARTH

Recycled parts are now an important part of our business, providing customers with high-quality, low-priced parts for older Toyotas. These are available, along with the full range of Toyota Genuine Parts, from your Toyota Dealer.

HOW HYBRID SYNERGY DRIVE WORKS

1 Ready	2 Low-speed driving	3 Normal driving	4 High-speed driving	5 Decelerating, braking	6 Stopped	
NO FUEL CONSUMPTION	OPTIMUM FUEL CONSUMPTION			ENERGY REGENERATION (CHARGING)	NO FUEL CONSUMPTION	
			5		=	
Engine ■ Motor	Engine Motor	Engine Motor	Engine Motor	Engine Motor	Engine Motor	Engine
						Motor

Petrol Engine

Electric Motor

→ BETTER PRODUCT

"THERE IS NO FUTURE FOR THE AUTOMOTIVE INDUSTRY WITHOUT THE PROMOTION OF ENVIRONMENTAL TECHNOLOGY ... TOYOTA IS CONVINCED THAT ONLY COMPANIES THAT

SUCCEED IN THIS AREA WILL BE ACCEPTABLE TO SOCIETY."

FUJIO CHO, PRESIDENT TOYOTA MOTOR CORPORATION.

Prius packs all the practical and performance virtues of a 2.4 litre vehicle into the most environmentally friendly car in the world. Carbon monoxide and hydrocarbon emissions are significantly reduced, and nitrous oxides have been completely eliminated.



BETTER PRODUCT

→ BETTER PRACTICES→ EDUCATION AND PROMOTION

PARTNERSHIPS

TOYOTA'S WAY

Long before the environment became a cover story, Toyota's corporate culture was focused on two philosophies: respect for people and continuous improvement. Zero waste and energy conservation are natural extensions of this culture. As New Zealand's largest motor vehicle distributor we've taken our responsibilities seriously.

Small improvements, when multiplied across our entire business, have large impacts. Toyota have always recycled inwards packaging. Our electricity consumption has been slashed by more than 20% over the past two years and Toyota also supports tree planting and native forest regeneration to mitigate the effects of CO₂ emissions.

END OF LIFE VEHICLE RESEARCH

All good things must come to an end but when it comes to vehicles, the way they meet their end can have some disturbing side effects. The explosion in used vehicles is creating a growing problem for the New Zealand environment. Over 170,000 used vehicles are coming into the country every year and that number is growing. Those vehicles on average are seven years old – so they are closer to the end of their life which creates a problem in terms of disposal and other end-of-life issues.

At best, New Zealand has an 'average' infrastructure to deal with recycling at end-of-life. In addition to its own research, Toyota has invested in a major study by Massey University that has investigated this issue and presented recommendations for improving the manufacturer, dealer, customer and governmental response to the challenge they pose.



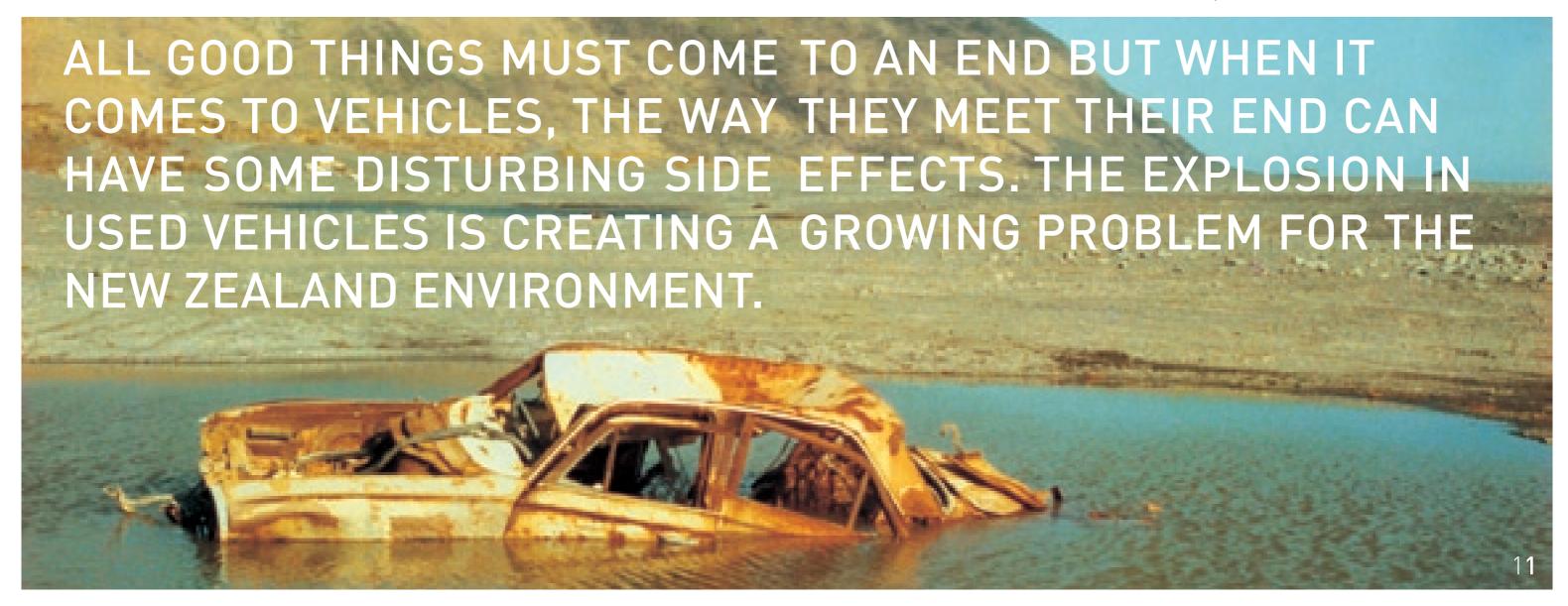
GREEN SWEEP BY TOYOTA IN RALLY

After being one of the world's fastest drivers in his earlier days, ex-Formula One ace Chris Amon can now lay claim to another achievement – being the leanest, meanest and greenest driver in New Zealand.

Amon, driving a Toyota Prius hybrid/electric car, won the top award in the 1,617-kilometre 2004 EECA EnergyWise Rally, recording 4.02 litres per 100 kilometres (70.3 miles per gallon) over the four-day return journey from Auckland to Wellington in 'real' driving conditions. Toyota and Daihatsu vehicles also finished second and third.

↑ EDUCATION AND PROMOTION





BETTER PRODUCT
BETTER PRACTICES
EDUCATION AND PROMOTION

→ PARTNERSHIPS



TOYOTA AND SUSTAINABLE BUSINESS

"We saw Toyota as a likely partnership because we want to encourage business to buy more fuel-efficient vehicles and Toyota is a leader in hybrid vehicle technology," says Jami Williams, Chief Executive of the Sustainable Business Network (SBN).

Sustainable business practices are becoming more important especially as fair trade, global warming, oil shortages and other issues work their way up the social, political and business agendas. Everyone has a part to play, Williams says:

"Businesses of all shapes and sizes have a part to play in ensuring the ongoing wellbeing and quality of life for the human race."

SBN exists to encourage and assist businesses to become sustainable by providing the tools and resources they need to make sustainability achievable.

- "We encourage businesses to address the triple bottom line
- to consider their environmental and social performance as well as their financial performance," Williams says.
- "We got involved with Toyota through our Green Fleet programme which is about getting businesses to address the environmental and social impacts of transportation.

We've been fortunate in the relationship we have formed with Toyota New Zealand because as a company they are addressing sustainability themselves – so it's not just a marketing ploy; it's part of the way they operate.

Sustainability is the way of the future and Toyota

New Zealand are one of the corporate leaders. They are
taking it seriously – through the use of alternative fuels and
technologies research and are incorporating it in the whole
way they operate. They are not just doing it because they
think they have to – but because they believe in sustainable
business practice."

→ PARTNERSHIPS



BETTER PRODUCT
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→ PARTNERSHIPS

Toyota has supported WWF New Zealand for 20 years. As well as providing financial support and vehicles to WWF, Toyota has used its national Dialogue Centre to assist WWF with its research, and operates 0800 4 MAUIS.

WORLD WIDE FUND FOR NATURE (WWF)

A vehicle manufacturer supporting a conservation organisation? That could understandably, almost inevitably, invite cynicism. Jo Breese, Chief Executive of WWF-New Zealand, gives her perspective on Toyota's involvement with WWF, which goes back 20 years.

"For an organisation like ours to have a relationship with a car company has some inherent challenges," Breese says. "However Toyota are committed to trying to make a difference and trying to improve their own performance, including being an innovator in hybrid technology and trying to find ways to reduce the impact of vehicles on the environment.

The relationship with Toyota has moved forward over the years into innovative financial support for WWF's work. This support has enabled us to look forward more strategically in programme development. Thanks to Toyota's support, we are now able to look seriously at the development of a climate change programme."

A recent example of WWF's programme development is the release of the 'Shining a Spotlight on the Biodiversity of New Zealand's Marine Ecoregion' report based around a WWF-organised collaboration of marine scientists. The diverse experts not only identified key areas of our globally significant and incredibly diverse marine environment and mapped them, but also identified the knowledge gaps. The report provides a biodiversity foundation for the development of more detailed marine conservation strategies. The scientists also expressed their alarm about the lack of knowledge in the marine environment and urged the government and other stakeholders to ensure the relevant institutions have the capacity to meet the challenge.

WWF-New Zealand hopes that the report will serve not only as a useful information resource, but also as a catalyst for more widespread, coordinated, and focused conservation of New Zealand's unique marine and coastal environment.

"Toyota was not involved in the project directly but without their funding support, taking on such long-term projects would be beyond our reach," Jo Breese says.

THE WORLD'S SMALLEST AND RAREST DOLPHINS

Just 100 Maui's dolphins are left and Toyota has lent its assistance to WWF to support this conservation programme. Toyota's Customer Dialogue Centre in Palmerston North hosts 0800 4 MAUIS which logs sightings and funnels data back into the research programme.

The dolphins are found in isolated pockets along the north-west coast of the North Island, between Dargaville and New Plymouth. They live in small pods of one to five dolphins within five nautical miles of the coast.

More information on Maui's dolphins can be found at www.wwf.org.nz.

"Because there are very few dolphins, we don't get thousands and thousands of calls but the calls that we do get are very important," WWF's Lynda Murray says, "and it's critical that the data is collected properly and professionally. Toyota has done a fantastic job doing that. We have regular updates for their staff about what's happening. So, it's not always about money; it's about providing expertise and resources that we don't necessarily have internally."

→ PARTNERSHIPS





OUR CUSTOMERS

Our customers are the first priority in all our business strategies. Our customers have made Toyota the biggest-selling vehicle franchise in New Zealand for 17 years in succession. We support them with:

- → An industry-leading range of products and services
- → Independently owned community dealers throughout the country
- → An award-winning Customer Dialogue Centre
- → A lifetime support structure for every Toyota

OUR COMMUNITY

Our corporate theme of 'Everyday People' is a visual representation of our commitment to the local communities in which we operate. We help to celebrate and protect the unique 'Kiwi' lifestyle that is the backbone of our community. Some of our specific activities include:

- → Prodrive a free driver education programme for secondary school pupils
- → Heartland/Grassroots Rugby bringing community rugby to television audiences
- → NZ Yachting building a new generation of yachting stars
- → Toyota Festival Picnics free family concerts using top Arts Festival performers
- → Parents Inc making life better for parents and their kids
- → SADD educating students on the dangers of driving drunk
- > Life Education Trust promoting health and self-esteem in children

OUR EMPLOYEES

Our employees consistently rank Toyota as one of the best workplaces in New Zealand in an annual independent survey.

Our workplace encourages all employees to reach their full potential within a caring, supportive and fun environment that includes:

- Free medical insurance for all staff and their families
- → A subsidised pension plan for all staff
- → Generous cafeteria, staff purchase and long service benefits
- Regular open communication sessions for all staff

OUR COUNTRY

Kiwi success on the world stage brings honour to all New Zealanders, including our customers, our employees and the wider community. We take pride in assisting talented New Zealanders to achieve world-class performances with key initiatives such as:

- Team New Zealand bringing America's Cup benefits back home
- Toyota Racing Series developing the next homegrown international driving star
- → Young Rider of the Year developing the next homegrown Olympic champion
- → Lexus Song Quest developing the next homegrown international opera star

→ OUR CUSTOMERS

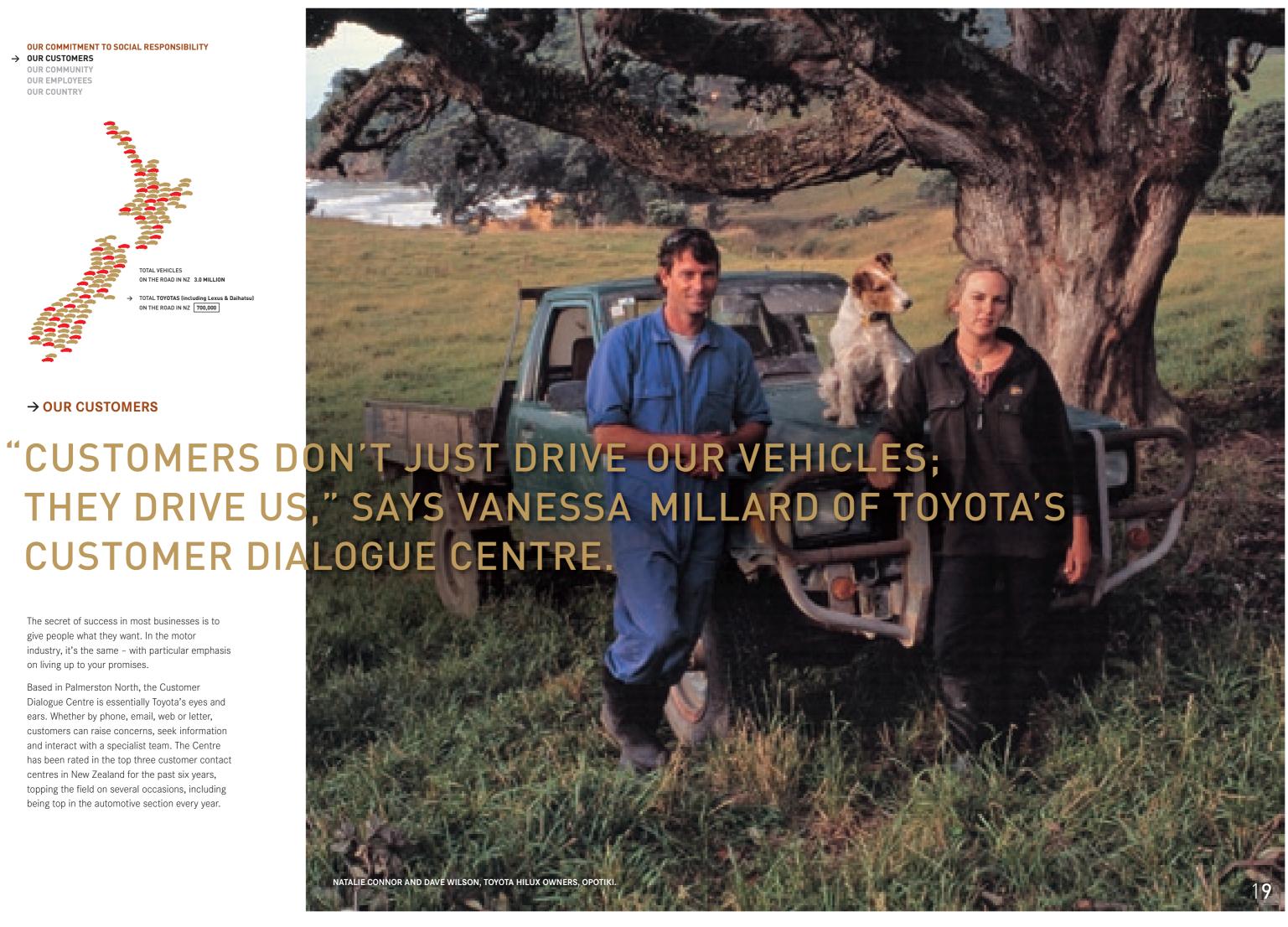
OUR COMMUNITY OUR EMPLOYEES **OUR COUNTRY**



→ OUR CUSTOMERS

The secret of success in most businesses is to give people what they want. In the motor industry, it's the same - with particular emphasis on living up to your promises.

Based in Palmerston North, the Customer Dialogue Centre is essentially Toyota's eyes and ears. Whether by phone, email, web or letter, customers can raise concerns, seek information and interact with a specialist team. The Centre has been rated in the top three customer contact centres in New Zealand for the past six years, topping the field on several occasions, including being top in the automotive section every year.



OUR CUSTOMERS

→ OUR COMMUNITY
OUR EMPLOYEES
OUR COUNTRY

ROAD SAFETY

Everyday people want to get home safe and sound at the end of the day. And Toyota New Zealand is playing its part through a wide range of initiatives. The most important contribution we make is in the built-in quality of our vehicles and the maintenance support we provide. Other community-based initiatives include Toyota's support to such organisations as Students Against Drunk Driving (SADD), AA Driver Education Foundation, Land Transport New Zealand's Up to Scratch campaign and, one of our longest associations, the Prodrive Driver Education Trust.

New Zealand has a less-than-impressive record in road safety, particularly with our most accident-prone group: young drivers.

"In your first 18 months as a driver, you are more at risk of having an accident than at any other time in your driving career. Yet, these days, people are just taught to drive, not how to control a motor vehicle," says lan Snellgrove of Prodrive.

"If you're an airline pilot, you are taught how to fly a plane, and given hours and hours of practical and theory about what can go wrong and what you can do to correct it. That's the same thing we're doing with Prodrive."

Prodrive, an initiative of Motorsport NZ and Toyota New Zealand, was started 11 years ago. Toyota New Zealand set Prodrive up with a fleet of Starlets.

"We've always identified Toyota as a company that cares about its product and its relationship with the community at large," Snellgrove says. "When we went to them with the idea they embraced it straight away. And it's been pleasing to note that they have never questioned continuing or not; it's always been 'What more can we do?'"

Toyota has now replaced Prodrive's original fleet of Starlets with a new fleet of Echos.

PRODRIVE'S JAMES HANCOCK WITH PUPILS AT EDGEWATER COLLEGE.

"The Starlets have had thousands of different learner drivers over those 11 years, yet in all of that time we have not replaced a clutch or any major mechanicals in the cars in all the original fleet. They've been absolutely fantastic. If we get the same run out of the Echos, we'll be rapt."

Eleven years on, and 40,000 students later, Prodrive is reaching 95% of all secondary schools in the country with the message. Each year over 4,000 students attend weekend courses to make them better drivers.

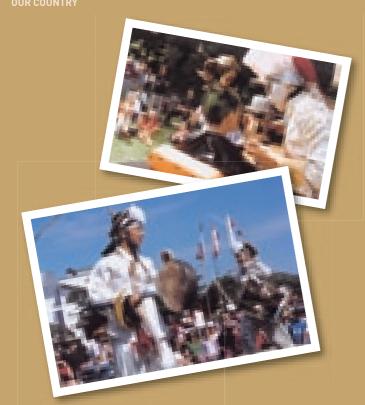
"You're not going to be Michael Schumacher after the course," Snellgrove says. "But they're taught such things as power to weight, and weight transfer front to rear and corner to corner, and then they go out for an hour and a half to two hours and put it into practice. All it's going to show you is how little you know and how much more you need to do – and that may be all a few of our young ones need to survive."

→ OUR COMMUNITY

END OF THEIR DAY. AND TOYOTA NEW ZEALAND IS PLAYING ITS PART THROUGH A WIDE RANGE OF INITIATIVES.

EVERYDAY PEOPLE WANT TO GET HOME SAFE AND SOUND AT THE

→ OUR COMMUNITY



NEW ZEALAND INTERNATIONAL ARTS FESTIVAL

Toyota's whole business is based around turning class acts into everyday experiences. That's what our vehicles and service are all about. So it was a natural extension of that philosophy to support the New Zealand International Festival of the Arts.

Toyota worked with the festival in planning a series of picnics that brought a mix of the best of local and international acts into the community. Festival CEO David Inns:

"The Toyota Picnics reflect Toyota's investment in the community. It has a grassroots feel yet delivers high-quality acts. What Toyota has given is the opportunity for people in the community to see a non-ticketed event for free, so we're able to take groups of performers out into the region."

"Toyota have really shown that they're in it for everyone," David Inns says. "Their contribution is very balanced across the full spectrum of what we do."

GRASSROOTS AND HEARTLAND RUGBY

For years Graham Veitch had felt that 17 out of 27 rugby unions in New Zealand weren't getting a fair crack on television. The TV producer of many seasons of top rugby had an idea. But he needed a partner.

In 1997, after seeing the 'Bugger' commercial, he decided to knock on one door: Toyota New Zealand's. The result has become a Kiwi TV icon: Toyota Heartland Rugby, followed a few years later by Toyota Grassroots Rugby.

"Toyota embraces what we're trying to do because no company understands New Zealand like Toyota," Executive Producer Veitch says. "You just have to see the 'Bugger' commercial to understand that. The shows are as much about culture and communities as they are about rugby. It's not just about the game for today; it's the game that has been going on since this country was founded - that actually binds New Zealand from Cape Reinga to the bottom end of Stewart Island. It brings to life an absolute wealth of wonderful stories from five-year-olds through to 65-year-olds playing Golden Oldies."

> A few years ago, grassroots and heartland rugby was in danger of decline. The benefits that come from the greater exposure Toyota's support has enabled is having a ripple effect on the unions involved, including creating more attractive sponsorship packages for sponsors.





"As long as I've been involved, Toyota have been there, providing vehicles and support. They have shown a commitment and a responsibility to the

nurturing of the future champions of

NURSERY FOR CHAMPIONS

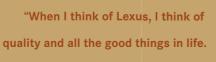
Yachting New Zealand's Future Champions Academy

Russell Coutts and Dean Barker, as well as a long list of Olympians and professional sailors who have made their mark across the globe, are graduates of the Yachting New Zealand Academy. A nursery for developing our future champions, the Academy builds their skills from around age 14 with thousands of hours of training over four to five years. The programme takes the young sailor through increasing levels of national and international competition before they're ready New Zealand yachting." to take on the world and win.

The Academy's High Performance Manager, Peter Lester, himself one of our finest and most successful yachtsmen, says Toyota's support for the Academy goes back many years.

"Everyone knows how central Toyota have been to New Zealand's America's Cup campaigns - but less well known is what a huge supporter and unsung hero they have been with youth yachting," Lester says.

"As long as I've been involved, Toyota have been there, providing vehicles and support. They have shown a commitment and a responsibility to the nurturing of the future champions of New Zealand yachting."



And the Song Quest and Lexus are such a good fit."

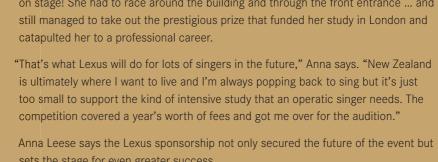
Another significant investment in the arts is our sponsorship from 2005 of the Lexus Song Quest. Had Lexus not taken on the Song Quest the door may have closed on a wonderful piece of New Zealand culture. Festival of New Zealand CEO David Inns says Lexus has allowed New Zealand to keep a 48vear tradition alive.

2002 Mobil Song Quest winner Anna Leese nearly shut the door on her own career. Literally. She recalls the intensity of the Song Quest and the crazy moment in the final when she accidentally locked herself out of the theatre moments before going on stage! She had to race around the building and through the front entrance ... and still managed to take out the prestigious prize that funded her study in London and

LEXUS SONG QUEST

sets the stage for even greater success.

"When I think of Lexus, I think of quality and all the good things in life. And the Song Quest and Lexus are such a good fit."



OUR CUSTOMERS

→ OUR COMMUNITY

OUR EMPLOYEES OUR COUNTRY



→ OUR COMMUNITY

PARENTS INC

lan Grant has a simple but beautiful dream: to make New Zealand a nation that grows great kids. That, says Grant, is all about parenting skills and is the key driver behind his organisation that reaches over 100,000 parents and a similar number of high school students every year with its range of programmes.

A team of presenters travels the length and breadth of the country delivering programmes and events such as Hot Tips seminars for parents, Attitude programmes in high schools, and No Sweat Parenting.

To reach those audiences, Parents Inc turned to Toyota, who have part-funded the organisation into a fleet of five Daihatsu Terios, two Echos, two Hilux Double-Cabs, a Landcruiser, an Avensis, a RAV 4 and a Corolla.

The choice of sponsors was critical to an organisation that above all needs to be family-safe.

"You can trust Toyota to be reliable, high-quality and trustworthy and we want our parents to be like that too - so it's a great fit," Ian Grant says.

For further information: www.ParentsInc.org.nz

SADD

Students Against Drunk Driving is dedicated to reducing harm amongst young people by promoting the alternatives to drinking and driving through positive peer influences. Peter Sheppard, Chief Executive of the AA Driver Education Foundation, which provides the governance for SADD, says Toyota has made SADD ... very happy.

"The relationship we have with Toyota is a strong relationship. We're impressed with the stance that Toyota takes in relation to the safety and wellbeing of young New Zealanders in the road safety area. I think it's a genuine concern from Toyota for young people in the community."

Toyota provides SADD with vehicles for SADD coordinators who operate throughout New Zealand. SADD currently reaches up to 75% of New Zealand secondary schools. Going forward, SADD will be placing a growing emphasis on the more at-risk groups of teenagers. Toyota provides similar support to the Alchemy Driver Programme – an AA programme which is an incentive-based programme for 15to 24-year-old drivers.

LIFE EDUCATION TRUST

When the Life Education Trust approached Toyota, they got a little more than they were bargaining for.

Not everyone in the education sector is government-funded and for an organisation with ambitious goals like the Life Education Trust, that can be a challenge. The Trust reaches around 250,000 children a year with programmes that promote the life and educational skills needed to achieve goals and live a healthy life. Peter Cox, Chief Executive:

"All our programmes are linked to the current health and physical education curricula and our mission is to teach the kids that they are unique and special, that the human body is magnificent and that we need to support and respect each other and the environment.

We needed a vehicle based at the national office to help us get round the 34 community trusts that we have in New Zealand," Cox says. "We wrote to Toyota asking if they would be prepared to sponsor us with, say, a reliable secondhand vehicle. Three weeks later we got this wonderful letter telling us that they were going to provide us with a new release Prius Hybrid. It was the start of a great relationship with Toyota."





OUR CUSTOMERS
OUR COMMUNITY

→ OUR EMPLOYEES

OUR COUNTRY

I BELIEVE IN WHAT THIS ORGANISATION IS TRYING TO ACCOMPLISH.

78.9%

87.2%

ALL COMPANIES BENCHMARK 2004

TOYOTA NEW ZEALAND RESULTS 2004

THIS ORGANISATION HAS A CLEAR VISION OF WHERE IT'S GOING AND HOW IT'S GOING TO GET THERE.

75.1%

91.5%

→ OUR EMPLOYEES

Toyota sells vehicles but our business is first and foremost about people – our staff, dealers and customers. We celebrate the diversity of people and lifestyles that make New Zealand such a rich and positive country – and we're delighted that we have a team of people who are as diverse as the hundreds of thousands of New Zealanders who choose Toyota.



TOYOTA NEW ZEALAND WAS A
FINALIST IN THE 2004 UNLIMITED
BEST PLACES TO WORK IN NEW
ZEALAND SURVEY. THE SURVEY IS AN
INDEPENDENT ANNUAL EMPLOYEE
SURVEY THAT BENCHMARKS
COMPANIES AGAINST THE BEST.



OUR CUSTOMERS
OUR COMMUNITY

→ OUR EMPLOYEES
OUR COUNTRY

Marilynn Keston, Marketing Analyst, Customer Dialogue Centre.

"When you read about what Toyota does in the community, or our involvement with Team New Zealand or the introduction of Prius, it creates a sense of pride. It makes you proud to be part of a company that's not just about the bottom line to the company.

When I think about other vehicle manufacturers, I think 'cars'; when I think of Toyota it's about people as well. Being such a big company it's great that we set an example for everyone – and that's partly why it feels like we're a big family here."

Toyota's success in the market place has been built on a workplace culture that values people, according to Aidan Thomas, Business Consultant, Dealer Operations.

"I've been with Toyota New Zealand for 15 years, with seven years in a dealership prior to that. That length of service is not uncommon at Toyota because of the culture that has been encouraged and developed. It stems from a very positive management team and leadership from the top. Everyone is encouraged to work together and we're totally informed by management about what's going on. We're also involved in decision making.

It's pretty obvious the success the company has had – 17 years of leadership – has a lot to do with people who are happy doing what they are doing. They tend to get behind the strategies that have been developed and support the direction that the company wants to take. It has been really refreshing and outstanding to be a part of that.

The welfare of our customers, dealers and staff is paramount to Toyota's culture and philosophy."

Business Planning Team Leader Gareth Fergus says he sees Toyota living by a wise management philosophy: If you look after your staff, your staff will look after your company.

"The culture at Toyota is completely different to what I've seen at other companies. It's a very, very positive place to work and everyone is very focused on continuous improvement. This is a place that knows that success comes from focusing on the detail as well as the big picture. Everyone's in it together and we work hard to achieve that success."

Sandra Taipari-Carsons has been part of Toyota's Thames operation on and off for over 30 years.

"I first started when I was 18 and I've been in and out for 30 years, having my family – but I always come back. I like the organisation I work for and I like the people. It's all teamwork at Toyota. Everybody gets along and helps each other.

If there's a problem, we won't just try to pass it on — we fix it. We're always trying to improve things – that's the way here. Above all, we get it right the first time.

It's also great working for an organisation that does a lot in the community. You feel proud to be part of a company, of a team that supports the community."

Receptionist Marilyn O'Halloran knows how to make people welcome and feel looked after. She says that is also how she feels when she comes to work.

"People like to work here and they like to stay here because it's a great environment to work in. I think they work as a family and take care of you and you just feel valued. I believe it comes from the top and comes right through all the managers. They have an open door policy. If you want to see a manager, they are available.

It's a wonderful place to work. There's an amazing cafeteria; everything is here for you — we're very well looked after. They offer training to all staff and they will provide the best they can for you and there are opportunities to move if you wish."



OUR COMMUNITY **OUR EMPLOYEES**

→ OUR COUNTRY

→ OUR COUNTRY

"FROM AN ECONOMIC VIEWPOINT, THE AMERICA'S CUP BRINGS HIGH VALUE TO NEW ZEALAND

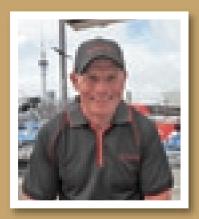
ACROSS A HOST OF INDUSTRIES."

FOR NEW ZEALAND - AMERICA'S CUP

Everyday people love to see New Zealanders compete - and win - on the world stage. We are everyday people too.

Following the disappointments of the last defence, Grant Dalton says Toyota, like all the sponsors, needed to reassess their potential involvement with Team New Zealand going forward. >





"We had to become more like Team

New Zealand was when Peter Blake
formed it – to make sure that it was back
to its original values – loyalty, stickability,
Kiwi can-do, honesty, the bloke next door,
approachability. They were all very much
the values I feel that Toyota has. Luckily
for us – or we wouldn't be here today

- Toyota decided we were back on track."

"Obviously Toyota are heavily connected with the culture of New Zealand but they also want to be associated with winners. Before we could really even approach them we had to show that we were a team that could be winners again and to do that we had some personnel changes which happened over a period of about three to five months after the loss of the last Cup.

Kiwis are a country of sportsmen and they like winners. So from a straight sporting position, if we are able to win back the Auld Mug, that's a good thing for New Zealand. From an economic point of view, the America's Cup brings high value to New Zealand in hospitality, tourism and the marine industry and across a host of industries that gain exposure or provide services through the challenge."

Toyota's Bob Field: "I think we take a very similar attitude to the New Zealand Government. There's a lot of pride involved and that's important for a nation. But there are also a lot of very practical benefits – tourism dollars, business and technological credibility, international relationships – that come just by challenging. A second victory would be more than icing on the cake – it'd be a whole new cake!"

Dalton says Toyota are Team New Zealand's most loyal and long term sponsor – the only sponsor that's been with Team New Zealand since it began in the early 90s.

"It's a company that's loyal. It's a company that wishes to connect with people, that has an affinity with the grassroots. It is a company that values people.

Not only do we look to Toyota for their financial involvement – but with their huge wealth of knowledge of the America's Cup, Toyota play a real support and mentoring role."



"It's a demanding, timeconsuming sport that asks a
lot of participants mentally,
physically and emotionally. It's
huge for their whole outlook
on life and their long-term
ability to deal with the ups and
downs that inevitably come
with competing at a high level."

YOUNG RIDERS SERIES

New Zealand riders are amongst the best. But they are bred, not born that way. Young riders are groomed from an early age in competitions that produce not only excellent competitors but also good horse people and motivated adults.

The Toyota Young Riders Series is an extremely important part of the national showjumping scene in New Zealand. It attracts young people from four up to 21, providing young riders with a grounding that will set them up for international competition. Coming through the ranks of the Young Riders will be tomorrow's Olympians, says Rosemary Harrington, national coordinator of the Young Riders Series.

"It's an extremely important part of the development of our riders," Rosemary Harrington says. "It is an opportunity to be competitive in their own age group before joining the ranks of senior competition.

As well as looking after themselves the young riders have to look after an animal seven days a week, 24 hours a day – and learning that kind of responsibility is great for all of us," Harrington says.

"Toyota has been very generous and supportive. They're totally committed to encouraging youth sport and youth competition. Their focus has been on the development of our riders, the development of young people and I think that speaks hugely for Toyota."

THE TOYOTA RACING SERIES

January 2005 saw the launch of what Motorsport New Zealand believes will be one of the finest 'one-make' series in the world – the Toyota Racing Series (no prize for guessing the sponsor).

Steve Kennedy, President of Motorsport New Zealand says the series will be the proving ground from which will emerge New Zealand's next Chris Amon or Denny Hulme.

"It's everything that a racing driver dreams about all rolled into a reliable package marketed by Toyota. We see it as being the way of the future – running a very modern engine – a Standard Celica – with all the latest bits like sequential six-speed transmission, the full gamut of highly adjustable motor racing technology," Kennedy says. "All the vehicles in the series are Toyotas with the same 1800 cc engine, the same gearbox, the same discs – so it's not actually about who spends the most money on their car; we're looking at who is the best driver."

The concept for the series emerged out of a partnership between Category Managers Barrie and Louise Tomlinson and Toyota New Zealand.

"It's brought back what we used to have 10 years ago but lost — a premier, wings and slicks single seater series," Barrie Tomlinson says. "Top international formulas are expensive to race and cost killed it in New Zealand. What we've done with Toyota is control cost and bring it back."

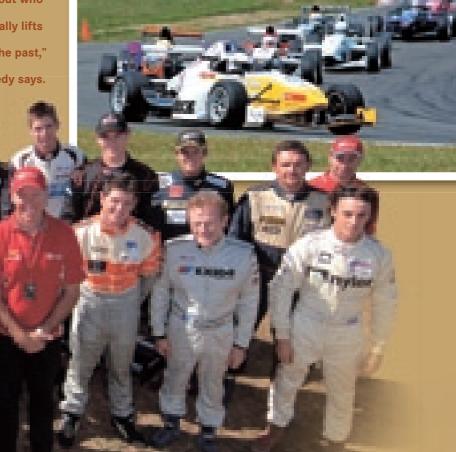
The result, Motorsport New Zealand's Steve Kennedy says, has been an outstanding success.

"The introduction of the Toyota Racing Series has been a major feather in the cap of New Zealand motor sport.

The racing is unbelievable; parity is guaranteed and there've been no dramas about reliability. And we've got 15-year-olds through to Kenny Smith who is well into his 60s and a group of young lions who are lining up for the title.

I don't think there's any doubt that future champions from our country will need to win the Toyota Racing Series category – particularly with the New Zealand Grand Prix in this category," Kennedy says.







NEW VEHICLES

Toyota has been the new vehicle market leader in New Zealand for 17 years in succession. We are committed to being the leading new vehicle franchise in New Zealand by providing:

- → Luxury vehicles under the Lexus brand
- → Affordable vehicles under the Daihatsu brand
- → A full range of new vehicles under the Toyota brand
- → A strong commitment to product safety, low emissions and fuel economy, across all of our brands

USED VEHICLES

Our used car customers have been growing at a rate of 10% per year and we are now the biggest used vehicle franchise in New Zealand. We are committed to providing the best quality/best value used vehicles under our Signature Class brand:

- → Our used vehicles are recycled through our world-class Thames Refurbishment Centre
- → Our wide range of used vehicles include imports and New Zealand new vehicles
- → We provide a two-year factory warranty with unlimited mileage on Signature Class vehicles

AFTER SALES

The number of Toyota vehicles in New Zealand has increased three-fold over the past 25 years and we are committed to providing all our customers with the best after-sales service and range of after sales products:

- → We have a lifetime commitment to Toyota customers for parts supply
- → We have an award-winning Customer Dialogue Centre
- We offer a range of extended warranties and service plans for individual customer needs

DEALER NETWORK

To optimise our service to customers in their own communities, Toyota New Zealand has appointed a national network of independently owned dealers who share our commitment to total customer satisfaction. We support dealers to deliver this objective by:

- → Training for best practice in customer service, business processes and technical skills
- → Having an active dealer excellence programme, the centrepiece of which is the annual Toyota Dealer Awards
- → Delivering a comprehensive range of franchise support systems in marketing, technical advice, finance and business planning

→ NEW VEHICLES

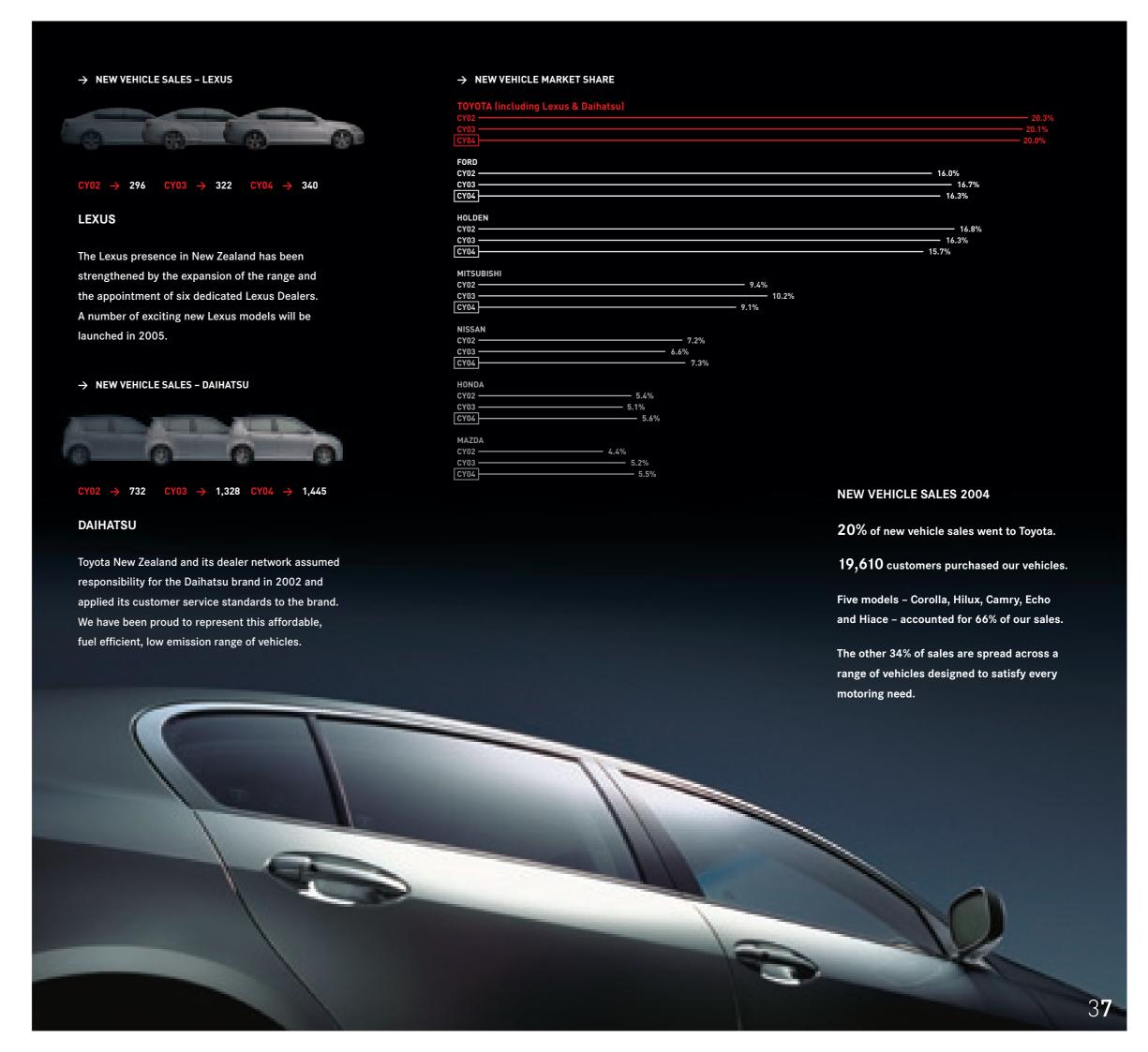
USED VEHICLES AFTER SALES DEALER NETWORK

→ NEW VEHICLES

SEVENTEEN YEARS' LEADERSHIP IN NEW VEHICLE SALES

Toyota's track record shows we are focused on not only meeting international standards but exceeding them. The people who are the toughest assessors of our vehicles are our own staff. Each vehicle must undergo rigorous inhouse testing to meet our Global Outstanding Assessment criteria. What this means is that Toyota designs and builds vehicles to meet or exceed – usually exceed – any current safety standards that are available around the world.

Our built-in quality is reflected in Toyota's success in independent international tests such as separate European and Australian New Car Assessment Programme (NCAP) awards in which both our Avensis and Prius achieved five-star status. These are comprehensive testing programmes that reflect the all-round passive and active safety features that Toyota builds into its vehicles.



NEW VEHICLES

→ USED VEHICLES

AFTER SALES
DEALER NETWORK

→ USED VEHICLES

Toyota New Zealand converted one of the most efficient vehicle assembly operations in the world – Toyota's Thames plant – into the centre for Signature Class vehicles. It created a unique facility – with a workforce that had over many years achieved world-leading standards in assembly, were imbued with the Toyota quality culture and were committed to keeping their community thriving. Everyone wins from this, says Operations Manager Peter Manning.

Toyota Thames won New Zealand's inaugural National Quality Awards in 1993. Today, it is also the only used vehicle refurbishment plant in the world with ISO9001.

"We brought all those systems, philosophies and processes from the new car assembly and transferred them into Signature Class, but we've always treated our biggest asset as the staff that's here, especially on the quality focus and continuous improvement," Manning says.

Vehicles reaching Thames undergo inspection, assessment, panel and paint, and a rigorous review of all mechanical and interior features to bring them up to Signature standard.

→ TOTAL TOYOTA USED VEHICLE SALES



Since their introduction in 1997, Signature Class vehicles have revolutionised the used vehicle market by providing:

- → Factory-refurbished and certified used vehicles
- → A two-year unlimited kilometre warranty
- → AA roadside assistance
- Certified mileage
- > Nationwide customer support

Team Leader Ernie Lemon – you may have seen him in one of Toyota's everyday people television ads – has been part of Toyota Thames Vehicle Operations for many years now. He says there are a few home truths that anyone buying a Signature Class car should take a lot of comfort from.

"I've worked here about 37 years. That should tell you something. If I disliked it and didn't like the type of work, I wouldn't be here. This is a place where people really enjoy their job; they really enjoy coming to work and putting their best effort into it.

We put the satisfaction in right here: with all the checks to make sure that the vehicles are right up to becoming a Signature Class car. I mean, it's the next best thing to a brand new car because we don't leave anything untouched – no shoddy workmanship or anything like that.

It's a great company to work for. They look after everybody and everyone looks after the customers. That's the way it is."





NEW VEHICLES
USED VEHICLES

→ AFTER SALES

DEALER NETWORK

Customer Dialogue Centre

- → 24/7 back-up for customers
- → Handled 48,470 contacts from customers in 2004 (Inbound 29,320 / Outbound 19,150)

→ AFTER SALES

Some wag once said of marriage: "Kissing don't last; cookin' do" ... and it's a bit like that with motor vehicles. What happens long after the first glow of ownership is as important to long-term happiness as the original decision. It's another reason why Toyota has the largest number of vehicles on New Zealand roads. Standing behind you, your vehicle and the dealer network are the National Parts Centre and the Customer Dialogue Centre.

- → Toyota New Zealand and the Toyota Dealer Network supply genuine parts: designed, tested and backed by Toyota.
- → Toyota's National Parts Centre in Palmerston North underpins Toyota's market leadership in Parts and Service through the Toyota Dealer Network.
- → The parts delivery service is unrivalled: there is overnight parts delivery to all Toyota dealers and same day delivery to major metro dealers (if orders are placed before 2pm).
- → There is a 95% supply rate (i.e. 95% of parts ordered through TNZ are supplied off the shelf).
- → Training of all Toyota technicians is centralised. On average each of the 450 Toyota Dealer Technicians receives 15 hours' training per year by Toyota New Zealand in addition to their dealer-based training.

- → Toyota New Zealand will airfreight parts from overseas suppliers for urgent customer orders (only for the 5% of cases which can't be supplied off the shelf).
- → Manufacturer-backed extended warranties offer protection against sudden and unexpected mechanical or electrical failure, well after the vehicle's original warranty has expired.
- → Toyota offers a competitive range of vehicle insurance, leasing and finance products.

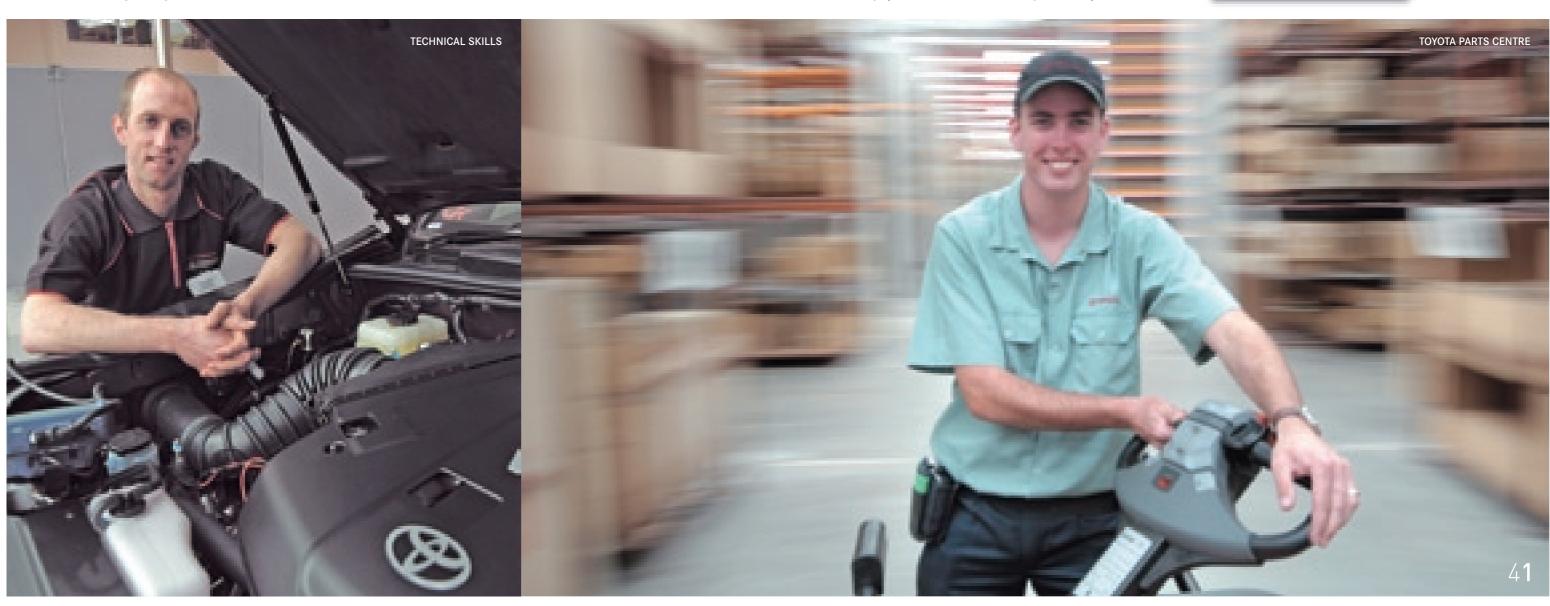
TOYOTA'S CUSTOMER DIALOGUE CENTRE

Toyota's Customer Dialogue Centre is a top performer in the national CRM Customer Service Awards introduced to New Zealand in 1997 by the Startel Group. The awards provide an annual 'snapshot' of how New Zealand contact centres are responding to customer enquiries over the telephone and internet.

The key objective of the CRM Customer Service Awards is to give well-deserved recognition to those contact centres that provide better levels of customer service than their competitors and, by doing so, to raise awareness of the crucial role that customer service plays in how a contact centre is perceived by customers.

- 1999 Automotive Industry Award
- **1999** Silver Award (3rd overall)
- 2000 Automotive Industry Award
- 2000 Diamond Award (1st overall)
- 2001 Automotive Industry Award
- 2001 Diamond Award (1st overall)
- **2002** Automotive Industry Award
- 2002 Diamond Award (1st overall)
- 2003 Automotive Industry Award
- 2004 Automotive Industry Award
- 2004 Silver Award (3rd overall)





NEW VEHICLES USED VEHICLES AFTER SALES

→ DEALER NETWORK

Our dealer network, supported by our Customer Dialogue Centre is at the heart of our commitment to our customers. We believe the best customer service is delivered by an independent dealer who lives and works in the community they service.

- → There are 450 Toyota-trained technicians in the network who are committed to a Right First Time work ethic.
- → On average each received 15 hours' training per year by Toyota New Zealand in addition to their dealer-based training. The productivity and quality of the workmanship delivered through the network are designed to provide the most cost-efficient customer support service available.
- → Toyota dealers have the latest and most comprehensive service information for customers' vehicles. Our dealers also have specialist tools and computer diagnostic equipment not available to non-network garages.
- → Dealers have the technical back-up of TNZ including technical experts, Japanese translation resource, and links into Toyota Japan service information databases.
- → Our dealers have been established to provide a one-stop shop service to customers. This includes finance, insurance, new and used vehicles, new and used parts, WOFs, accessories, warranties and service plans.



RICHARD BROWN CEO, RANGIORA

Richard is current Chairman of the Toyota Dealer Council and has been part of the Toyota team for 19 years. "Part of the Toyota success story has been its stability. Many of the Toyota New Zealand people and the dealers have been around since before I joined in 1986. We've built up mutually respectful relationships and the end result is providing good products and services for the customer. People sense that strength and security in our organisation and it helps explain why we're the leading franchise."



HEATHER DICKSON CEO, DUNEDIN

"Toyota New Zealand look towards us for the utmost performance, whether that's personnel, products or facilities ... and they're very supportive in helping us achieve that. Our kaizen philosophy – the ethos of continuous improvement – has been with us for many years and is ingrained in the Toyota culture. The other thing is that we're partners – hand-in-hand with Toyota New Zealand – and give each other excellent support. If that wasn't the case, we wouldn't have been Number One for so long."



BOB JAGO CEO, NORTH SHORE

Bob Jago, North Shore, has been a Toyota CEO since 1978. He's says he has loved being part of a business that is devoted to continuous improvement. "Toyota's first step is to select the very best dealers and then support them to project Toyota within their own geographic area. Dealers handle that responsibly with a great deal of pride because Toyota is clearly seen as the franchise that everyone wants. Toyota fosters excellence in staff by ensuring there is pride in the product, supported by exemplary training. There is a culture of wanting to win and to succeed in a way that is all about Customer First."

→ DEALER NETWORK

TOYOTA DEALER AWARDS

The key interface between Toyota and our customers is at the dealer level. To ensure that the customer experience is the best in the industry – and affordable – we set high standards for our dealers in terms of business processes, customer handling skills and technical excellence. The annual Dealer Awards system recognises those dealers who exemplify this commitment.

2004 DEALER AWARD WINNERS



Toyota Dealers

→ 35 dealers, 91 outlets, 1,480 staff

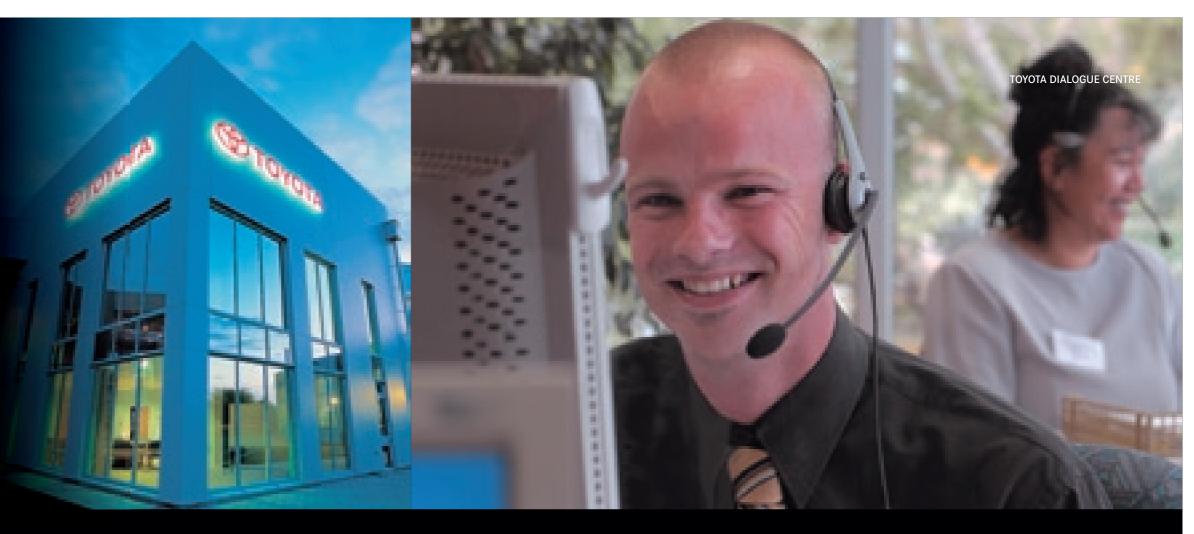




"When we were looking for a central location to provide the

best nationwide support for our dealers and customers we settled on Palmerston North and built a state-of-the-art facility. Our decision has made an important contribution to regional development in the Manawatu and helped us to deliver our commitment to all New Zealanders as articulated in this publication. Instead of calling our facility the national headquarters we call it the National Customer Centre. It reminds us every day of who we work for. Our customers."

Alistair Davis, Senior General Manager



FINANCIAL PERFORMANCE

EMPLOYEES

TOTAL TNZ STAFF

AT MAR 03 ---- 173

AT MAR 04 — 191

AT MAR 05 _____ 214

TOTAL DEALER STAFF

AT MAR 04 1,456

Business is only sustainable if the society in which it operates is sustainable. Toyota embraced this philosophy long ago. One of the cornerstones of The Toyota Way is that decisions should be made with the long-term outcomes in mind even if this is at the cost of short-term profitability.

PROFIT NPBT \$M

FY02/3 --- 3.8

FY03/4 --- 13.2

That commitment is reflected in Toyota being one of three companies singled out for special commendation when the first annual Global 100 Most Sustainable Corporations in the World were announced by the World Economic Forum in Davos on January 28, 2005.

REVENUE TOTAL REVENUE \$M

FY02/3 736.1 FY03/4 761.

Accordingly, Toyota New Zealand is more concerned with the long-term issue of sustainable mobility for New Zealanders than short-term profitability. However, after many years of lean returns during our industry restructuring, Toyota New Zealand is now enjoying record profitability – proving that taking the long-term view will ultimately be rewarded.

ASSETS TOTAL ASSETS \$M

AT MAR 03 163.5

AT MAR 04 178.5



Talk to us! If you would like to give us any feedback on this publication or would like additional information on our vehicles or services, please contact us:

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