

RENEWAL

TOYOTA NEW ZEALAND LTD
2013 SUSTAINABILITY REPORT



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About this report →

This is Toyota New Zealand's fifth biennial Sustainability Report, which communicates the economic, social and environmental impacts of its operations to stakeholders. It covers the operations of Toyota, Lexus and Daihatsu for the period April 1, 2011 to March 31, 2013, but excludes the operations of Toyota Financial Services NZ (a separate company also owned by Toyota Motor Corporation, Japan).

Toyota New Zealand does not have any joint ventures, subsidiaries, leased facilities or outsourced operations.

The activities of Toyota dealers, which are independently operated under a franchise agreement with Toyota New Zealand, are discussed in this report as they are an integral part of the delivery and sustainability of Toyota's business in New Zealand. However, data shown in this report generally excludes dealer results (unless otherwise noted).

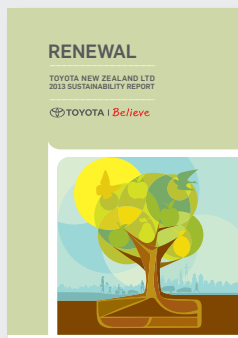


This report applies the Global Reporting Initiative (GRI) G3.1 framework (considered the world's leading framework for corporate responsibility reporting) to a B+ level, and has been assured by an external provider (see pages 43-44).

A full GRI index, highlighting relevant disclosures and indicators, and where to find them, can be found on pages 46-48.

Unless otherwise stated, all data in this report relates to financial years ending March 31. There were no significant changes regarding size, structure or ownership. The report contains the restatement of some specific data relating to Economic Performance (see table page 13) and Environmental Performance (see table page 24).

About the cover →



The image of a tree has been chosen for this year's Sustainability Report to symbolise the Toyota global vision, its 'roots to fruits'. The tree is a symbol of natural strength. It is useful and long-lasting, something that continues to grow and flourish year after year.

The Toyota principles are represented as the roots because everything we do as an organisation must grow from the foundation of our beliefs. These roots support the trunk of the tree which signifies the strength and stability of our operations.

From the trunk, the branches lead to the 12 tenets that make up the Toyota vision – the 'fruits' of the tree. The tree allows all of this imagery to be connected together, a metaphor for how closely we at Toyota work together to achieve success.

Finally, the tree is set in a human environment to remind us of who we work for – our customers. The backdrop is universal, to represent our customers across the globe.

Compliance with laws and regulations →

During the reporting period there was no legal action taken against the company; nor were there any fines or sanctions for non-compliance with laws and regulations. This includes environmental laws, anti-competitive laws and laws concerning the provision and use of products and services. All vehicle recalls were conducted in compliance with the Motor Industry Association Code of Conduct.

CEO's Message

In 2012, Toyota celebrated 25 years of market leadership. We attribute our success and longevity to one fundamental factor: consistently delivering customer satisfaction. That doesn't just mean our customers enjoy driving our cars, and can count on both their reliability and the service they obtain from one of our great dealerships. It means that customers trust the Toyota brand to deliver the very best driving experience possible, whatever that entails.

It goes without saying, however, that while we can be proud of our past achievements, complacency can never be allowed to creep in. From the way in which we distribute, market, sell and service vehicles, to the very sustainability of our business model, every process Toyota New Zealand is engaged in is part of a long-term journey to constantly renew and invigorate the way we do business.

On top of 'business as usual' come particular challenges, both national and international, that we must also factor into our daily operations. In 2012, against the backdrop of a global recession, adverse weather events in much of Asia and international product recalls, Toyota decided to re-establish business momentum by recapturing the 'fun' of driving. Instead of relying on the 'rational' or head-based buying decisions, we wanted to also capture the 'emotional' or heart-based purchase. It's what is known in Japan as 'Waku-Doki' – or heart-thumping exhilaration – and we believe we've engendered it in our customers with a number of new product launches.

The 2012 Yaris with its new, stand out colours, the return of the 86, a smart new Corolla and luxury GS Lexus are all examples of cars that have caused 'Waku-Doki' in our customers. In the process of creating this vibe around these new models, we have embarked on marketing campaigns that have engaged and, occasionally, enraged. From Barry Crump more than a quarter century ago to our recent 'fun police' campaign for the 86,

we make no apology for telling stories, engaging people and getting noticed (although we do apologise if there was any serious offence caused).

Along with all the good stuff we are keen to profile, Toyota New Zealand doesn't shy away from the more difficult publicity. A couple of high-profile local recalls during 2012 were met with swift action from the team – identifying a safety issue, ordering parts and instructing dealers, and contacting all affected customers to get their cars repaired at no charge. Essentially, we believe in sticking to our tried and true formula: putting the customer first. If it is our mistake, we will fix it – wherever our customers are.

Not only are our customers spread from one end of the country to the other, so too are our dealership relationships that are also critical to the success of the company as a whole (not to mention their contribution to thousands of families and townships, with Toyota pumping salaries of around \$100 million into communities each year through its operations and nationwide dealership network). A lot of thinking has gone into mapping how small dealerships will remain viable in the face of lean financial times. We are now trialling the company's first small dealer business model in Te Puke, investigating an online sales business for new cars and exploring more varied service options for older cars – tailored to different budgets, for example – in order to keep business nimble.



ALISTAIR DAVIS, CEO OF TOYOTA NEW ZEALAND

CEO's Message (CONTINUED)

Dealers themselves have driven all sorts of positive change for the business, including embracing the Enviro-Mark environmental management system. This has been a heartening response not only to Toyota's own focus on hybrids, green supply management and other sustainability initiatives, but also to a sea change in public thought. Our Thames team deserves a special mention here – they're already ISO 14001 accredited and have decided to push themselves further, displaying an amazing and relentless spirit of Kaizen ('change for the better').

On the issue of environmental sustainability in general, Toyota remains committed to hybrids as part of the company's global strategy. We acknowledge that hybrids represent a pathway to a new future; a mixture of technologies that will define the future of mobility.

We are aware that there will be a cost – one initially borne by people who are concerned and can afford to make a difference. But this will eventually even out. The incredible value represented by the Prius c shows just where responsibility will meet affordability. Despite our pride in the Prius, however, we acknowledge there is still a way to go in terms of developing hybrids that can handle an increased workload, such as that required by commercial vehicle operators.

Still with environmental issues, we need to own up to the fact that our emissions have jumped in the last year as we have grown and become busier with the easing of the global financial crisis. But we are still committed to reductions. At present we are rewarding our staff in each department for moving through the Enviro-Mark process, while acknowledging it is a long-term game,

much like the move to hybrid cars itself.

We are no longer buying carbon credits to try and achieve for carbon neutrality, but sequestering that money for sustainability initiatives such as software to manage our total footprint. Carbon credits only ever covered daily operations – buildings, travel and cars – but never covered our freight. Our way forward will be to better measure our carbon footprint, including freight, and set targets to reduce emissions across the board.

In short, as we celebrate a quarter century of leadership in 2012, we can look at our operation across New Zealand and feel confident that we are winning customers' trust now, as well as positioning ourselves for changes ahead.

We also feel a celebration is in order! We have rolled out '25 ways to say thanks' – a way of thanking 25 of our non-profit organisations for their incredible contribution towards making New Zealand better. We're also heavily committed to supporting The Parenting Place in making Kiwi families stronger. And for the sports-mad amongst us, we can also take heart that we have stuck by Emirates Team New Zealand through lean times and again in 2013 in its quest to regain the America's Cup.

It's a busy time for Toyota New Zealand as we trade our way out of lean times and look to the future with confidence. We hope to be able to bring plenty of 'Waku-Doki' to our New Zealand customers and stakeholders as our next 25 years unfold.



ALISTAIR DAVIS – CEO





About Toyota

Toyota New Zealand is a wholly owned subsidiary of Toyota Motor Corporation, Japan (TMC). It has been the market leader in New Zealand for almost 25 years.

TMC is Japan's largest vehicle manufacturer and in 2012 was the largest automotive company in the world with plants in more than 50 countries and sales operations in about 170 countries.

Toyota New Zealand

Toyota New Zealand's corporate headquarters are based at the National Customer Centre in Palmerston North. In addition, the company has a Port of Entry facility and a Corporate Sales Office in Auckland, and a Signature Class refurbishment plant in Thames. The company directly employs 234 people (FTEs in 2013).

Toyota New Zealand sells new Toyota, Lexus and Daihatsu vehicles (although Daihatsu sales will cease at the end of 2013) as well as used vehicles, parts and service. Finance and insurance products are also provided by Toyota Financial Services. Toyota New Zealand delivers these products and services to customers primarily through the Toyota dealer network on a wholesale basis, although the company also sells directly to larger national fleets.

Governance and Accountability

Board of Directors

Toyota New Zealand (TNZ) has a single board of eight Directors, three of whom are Executive Directors. The chair of the board is a non-executive Director; the other four directors represent the shareholder or affiliated companies. Board members are appointed by Toyota Motor Corporation (TMC) based on their skills, experience, performance and industry knowledge. Directors represent three nationalities (New Zealand, Japan and Australia) and are all males over 50 years

of age. All Directors (as well as all company executives and managers) are required to sign a disclosure of related party transactions annually to highlight any potential conflicts of interest. During the period covered by this report, the Board of Directors met four times a year.

Performance

The CEO of Toyota New Zealand and senior executives of TMC review the performance of Directors and the board as a whole against annual objectives and key performance indicators under the Toyota Global Assessment Performance framework. The company's executive and management remuneration structure consists of a fixed salary and an annual performance based incentive programme which incorporates a wide range of organisational and individual objectives (including social and environmental targets). Executive Directors also receive nominal Director's fees.

Toyota New Zealand has five key internal committees responsible for assisting the board in carrying out its responsibilities and to enable due consideration of complex issues in the areas of corporate governance, information technology, human resources, environment, and health and safety. These committees are chaired by executives of the company and include relevant staff from all levels of the company.

INTERNAL AUDIT AND PROCESS COMMITTEE

This committee provides a formal forum for communication between the board and senior management in relation to risk management, compliance activities, internal audit requirements and ethical conduct requirements.

CORPORATE AFFAIRS COMMITTEE

The Corporate Affairs Committee assists the company to discharge the

board's responsibilities with respect to human resource issues and provide focus, vision and strategies to enhance people relationships. It provides a forum through which top management can promote a company-wide consistent approach to key human resource issues. It promotes a collaborative approach to career planning and development across operating divisions.

ENVIRONMENT COMMITTEE

The Environment Committee assists the company to discharge its responsibilities in relation to environmental issues. The main objectives of the committee are to:

- Ensure senior management leadership and involvement in environmental matters
- Develop strategy and share information across the organisation
- Oversee management of Toyota New Zealand's five year Environment Plan.

INFORMATION TECHNOLOGY REVIEW COMMITTEE

The Information Technology Review Committee assists the company to discharge its responsibilities towards effective, efficient and acceptable investment in and use of IT in Toyota New Zealand.

Its main objectives are to:

- Ensure that IT plans, policies and procedures are implemented and followed in an efficient and cost effective manner
- Evaluate IT proposals to ensure they align with Toyota New Zealand's objectives and funding requirements

- Monitor the performance of approved proposals to ensure achievement of intended benefits
- Monitor the manner in which Toyota New Zealand is reviewing IT compliance and conformance.

HEALTH AND SAFETY COMMITTEE

The Health and Safety Committee assists the company to discharge its responsibilities for health and safety. The main objectives of the committee are to:

- Ensure that senior management provides leadership and is involved in health and safety issues
- Review the performance of all areas of the business in relation to health and safety.

Toyota Dealer Network

The independently owned Toyota dealer network includes more than 85 outlets nationwide, which employ another 1,440 staff. Dealers operate under a franchise agreement with Toyota New Zealand, which is reviewed every 3-5 years based on dealer performance across a wide range of areas and indicators.

For this reason and because Toyota dealers are such an integral part of the delivery and sustainability of Toyota's business in New Zealand, this report includes commentary on dealer activities during the reporting period. However, as the network is independently owned, data in this report generally excludes dealer results (unless otherwise noted).

Risk Management

Risk management at Toyota New Zealand is integrated into the corporate planning process. By adopting this focus, risk management is embedded in Toyota New Zealand's culture. The vision is for an integrated planning management process that seamlessly incorporates risk into all objectives, targets and results analysis.

The company applies the precautionary principle in its approach to risk management – for example, in the area of safety-related vehicle recalls, the company will advise customers of recalls even if there have been no reported incidents within New Zealand; the costs of safety-related repairs are covered by the company (including customers who did not purchase vehicles from the company or its dealer network); and the timing of recalls is carefully managed with respect to availability of repair parts.

A register of risks is reviewed annually by the Board of Directors.

Corruption

Toyota New Zealand did not have any incidents of corruption during the reporting period. All executives and managers sign a disclosure of related party transactions annually.

The company also compiles a risks register (including corruption), which is reviewed at board meetings annually. All employees are trained on the Ethics and Compliance policy and procedures (which are available to staff on the company intranet).

Toyota New Zealand did not make any donations to political parties in the period,

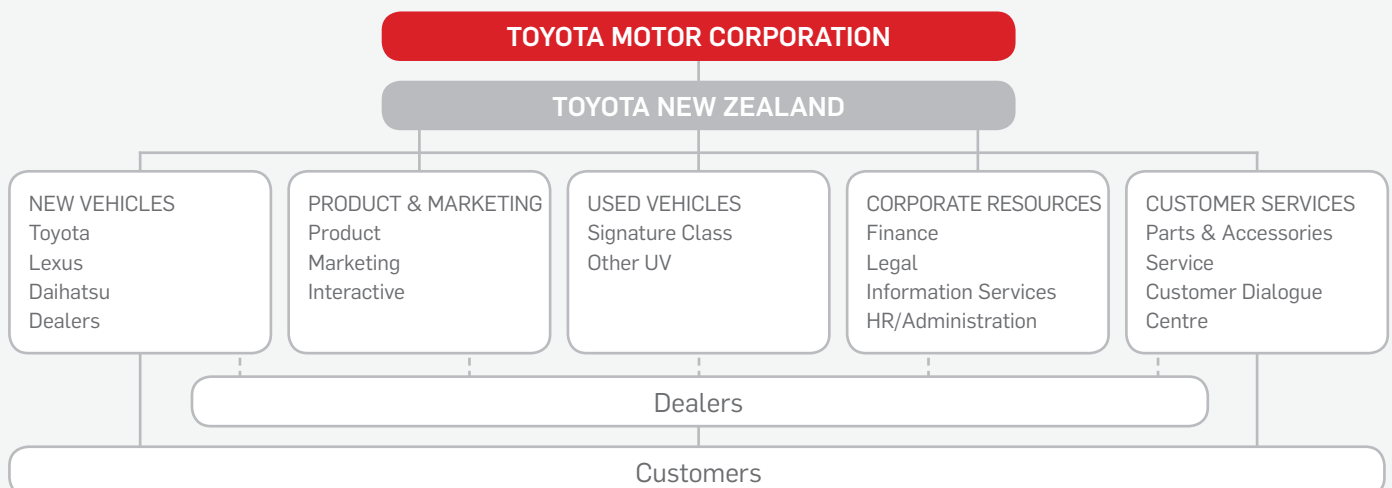
nor make any payments to the Government, other than taxes.

Public Policy

- Toyota New Zealand is a member of the Motor Industry Association (MIA), Sustainable Business Council, Business New Zealand, Employers and Manufacturers Association and Sustainable Business Network.
- Toyota New Zealand's CEO is on Business New Zealand's Prime Minister's CEO Advisory Group.
- Toyota New Zealand managers chair the MIA Technical Committee and sit on the Motor Industry Training Organisation Board.
- Toyota New Zealand makes submissions on local authority issues in the Palmerston North and Thames communities.

TOYOTA CORPORATE STRUCTURE →

A full analysis of Toyota New Zealand's governance and committee structure is available on the company's website www.toyota.co.nz





Our Vision and Values

Toyota New Zealand's culture and commitment to sustainable development are based on Toyota's global philosophies. These can be broadly defined as a commitment to continuous improvement and respect for people.

Toyota's Global Vision

Toyota's new global vision was launched by President Akio Toyoda in March 2011. Developed with the help of Toyota executives from around the world, it clearly outlines Toyota's desire to continue to lead into the future by developing products and services that exceed customers' expectations and make them smile:

Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people. Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile. We will meet our challenging goals by engaging the talent and passion of our people, who believe there is always a better way.

Toyota's Guiding Principles

Toyota's Guiding Principles underpin its management policy for all its global

operations. These principles, which were adopted in 1992 and revised in April 1997, reflect a commitment to fairness in all corporate activities, the provision of clean, safe and innovative products, and respect for the environment and culture of the communities in which it operates.

Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world.

Respect the culture and customs of every nation and contribute to the economic and social development through corporate activities in the community.

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

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

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

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

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

The Toyota Way

Toyota's Guiding Principles are supported by the Toyota Way which also guides Toyota New Zealand's activities. There are two foundation pillars of the Toyota Way: Continuous Improvement – Toyota always seeks ways to improve its business; and Respect for People – Toyota respects its people and recognises that success only comes from the efforts of individuals and through teamwork.

THE TOYOTA WAY →

→ CHALLENGE

We form a long-term vision, meeting challenges with courage and creativity to realise our dreams

→ KAIZEN

We improve our business operations continuously, always striving for innovation and evolution

→ GENCHI GENBUTSU

We practise Genchi Genbutsu which means going to the source to find the facts to make correct decisions, build consensus and achieve goals as quickly as possible

Continuous improvement

Respect for people

→ RESPECT

We respect others, make every effort to understand each other, take responsibility and do our best to build mutual trust

→ TEAMWORK

We stimulate personal and professional growth, share the opportunities of development and maximise individual and team performance

Toyota Code of Ethics

All employees are trained on our Ethics and Compliance policy and procedures (which are available to staff on the company intranet). Employees, contractors and agents of TNZ are expected to:

- Obey the law
- Be honest in word and deed
- Respect community values
- Be responsible
- Perform their duties in a manner consistent with the Code of Ethics
- Use good judgement in avoiding any action that could create a conflict between personal, company and community interests.

GILTRAP CITY TOYOTA, AUCKLAND



Achievements and Awards

	2011	2012	2013
BRAND	Reader's Digest Most Trusted Brand Cars: Toyota	Reader's Digest Most Trusted Brand Cars: Toyota	Reader's Digest Most Trusted Brand Cars: Toyota
	Toyota named the world's greenest brand in the 2011 Best Global Green Brands report published by Interbrand	JD Power's Vehicle Dependability Survey: Lexus	JD Power's Vehicle Dependability Survey: Lexus
PRODUCT		NZ Car of the Year 2012 – Toyota 86 (New Zealand Motoring Writers' Guild partnered with the Automobile Association)	
		NZ Car of The Year 2012 – Toyota 86, Sports Performance award	
		Toyota 86 People's Choice and Performance Car awards at the AMI Insurance Autocar of the Year awards	
		Toyota 86 Sports Car of the Year in the NBR Car of the Year awards	
ENVIRONMENT	CEMARS ISO 14001 Enviro-Mark Gold	CEMARS ISO 14001 Enviro-Mark Gold	CEMARS ISO 14001 Enviro-Mark Gold



Believe

In May 2009, Toyota New Zealand launched its 'Believe' branding, centred around eight statements that reflect Toyota's core values and culture.

Toyota's previous branding, 'Welcome to our World' and 'Everyday People', celebrated New Zealand's unique country and people. This connected strongly with heartland New Zealand and established Toyota as one of New Zealand's most trusted brands.

However, the face of New Zealand was changing, with growing baby-boomer and Asian populations, a huge shift from rural to urban centres, and growing concerns about the environment, and it was important that Toyota's branding reflected the 'new New Zealand'. At the time, New Zealand was also in the grip of the global recession, which followed sporting disappointments at the Rugby World Cup and America's Cup, as well as the loss of Kiwi icons such as Sir Peter Blake and Sir Edmund Hillary.

Within six months of launching 'Believe' and barely out of the recession, Toyota had to draw heavily on those values to steer the company and customers through the Toyota global recall crisis of early 2010.

In October 2010 the 'Believe'-inspired 'Flying Fox' TV commercial was voted as the Best Ad in the annual Fair Go Ad Awards, confirming that 'Believe' had resonated strongly with a new generation of New Zealanders.

'Believe' continues to underpin our branding, with our current focus on Toyota's quest to reshape personal mobility into a more sustainable form and make a start on a better tomorrow, today. Hybrid development is central to this idea. With five million sales of hybrid vehicles around the world – 5,000 of those on the road in New Zealand – we are continuing to work hard on the next generation of plug-in hybrids, both electric and hydrogen. Overall, the increased adoption of this technology will mean a 30-40 per cent saving in fuel consumption and a huge improvement in carbon emissions.

Since the campaign started, 'Believe' has gone from strength to strength. The company sends out a customer magazine entitled 'Believe' to over 35,000 Toyota customers twice a year, bringing 'Believe' to life through a range of stories showcasing our sponsorships, 'Believe' scholarship winners (see below) and motorsport sections.

We believe

- + every day is an opportunity to improve
- + if you can dream it, you can do it
- + a better tomorrow starts today
- + in respecting others
- + in trying to make a difference
- + in working together
- + good things stand the test of time
- + in going the extra mile

Believe Scholarships

Toyota New Zealand established 'Believe' scholarships in 2009 and has so far awarded more than \$30,000 to New Zealanders who encapsulate the 'Believe' ethos. One of the latest recipients is Hamish Hammond, a 21-year old from Greytown in the Wairarapa. While completing his Bachelor of Agri-commerce at Massey University, Hamish won local and international triathlons.

learn more at → www.believe.co.nz

"The support from Toyota through the 'Believe' scholarship has been amazing," says Hamish. "It allowed me to compete successfully in the World Champs and took away the huge financial burden that I would have been left with once I returned home."



Stakeholder Engagement

Toyota New Zealand's stakeholders are those who affect, or who are affected by, its operations. During the reporting period, stakeholder engagement was done in various ways:

STAKEHOLDER GROUPS	ACTIVITIES IN 2012 AND 2013
CUSTOMERS Roughly 710,000 Toyota, Lexus and Daihatsu vehicles on New Zealand roads; customers range from private buyers to large corporate and government buyers.	<ul style="list-style-type: none"> • Interaction through dealerships and Toyota Customer Dialogue Centre • Customer satisfaction surveys • Mystery shopping at Toyota dealers plus dealer training • Dealer websites and in-dealer interactive screens
DEALERS The Toyota dealer network employs 1,440 staff across more than 85 sites to support customers.	<ul style="list-style-type: none"> • Dealer satisfaction surveys • Training and support programmes including competitions • Annual 'Believe' dealer roadshow (Toyota New Zealand CEO meeting all Toyota New Zealand, dealership and Toyota Financial Services staff) • Regular CEO and sales conferences • Performance reviews and annual awards programme • Quarterly meetings with Dealer Council to air issues
EMPLOYEES Toyota NZ employs 234 FTE staff across three sites to support dealers and customers in New Zealand.	<ul style="list-style-type: none"> • Employee satisfaction surveys • Staff meetings including executive team, ambassadors and sponsorship partners • Regular staff updates, e.g. CEO update, environmental newsletter • Regular performance reviews • Social events (e.g. charity mufti days) • Induction process and exit interviews
SUPPLIERS Toyota NZ has more than 4,500 local suppliers for goods and services (one-offs and ongoing).	<ul style="list-style-type: none"> • Regular dialogue and contract reviews • Annual conference/workshops with key marketing and IT suppliers • Sustainable purchasing policy
COMMUNITY Toyota NZ and dealers are actively involved in a wide range of sponsorships and partnerships in the community/environmental space.	<ul style="list-style-type: none"> • Regular dialogue with national sponsorships, e.g. Emirates Team New Zealand, The Parenting Place, GrassRoots Rugby • Local dealer sponsorships/partnerships • 'Believe' scholarships • Staff participation in community programmes/governance • Annual contributions to charities • Contributions to public debates independently and through industry bodies
TOYOTA MOTOR CORPORATION (TMC) AND SHAREHOLDERS Toyota NZ is 100% owned by TMC, based in Japan.	<ul style="list-style-type: none"> • Regular visits, meetings and dialogue on products, services and marketing • Forums and meetings on recalls • Toyota New Zealand executive participation in global TMC committees
INDUSTRY GROUPS AND GOVERNMENT Toyota NZ is a member of a number of industry groups.	<ul style="list-style-type: none"> • Member of the Sustainable Business Council Advisory Board (Alistair Davis), Business NZ (Major Companies Group), Motor Industry Association, EMA • Funding partner for Sustainable Business Council projects • Regular dialogue with key Government officials • Supplier to large number of central and local government bodies



ISSUES HIGHLIGHTED BY STAKEHOLDERS

- Rising fuel prices and motoring affordability
- Diversity of product range
- Hybrid viability (large fleet car customers)

- Economic viability/cashflow
- Throughput of stock
- Reliability of parts supply

- Safety and reliability of products
- Trust in the ethics of the company
- Maintaining market dominance
- Reducing emissions

- Integrity of relationship with Toyota

- Ongoing/assured sponsorship/partnerships
- Support of local communities
- Continued alignment of Toyota's goals and objectives for strong communities with sponsor/partner

- Managing recalls and local response
- Implementing Toyota Global Vision

- Toyota as integral part of industry response to legislative change

Material Issues for 2013 Sustainability Report

Material issues were identified through regular stakeholder engagement throughout the reporting period, and additional interviews in 2013 with representatives of the following stakeholder groups: customers, dealers, employees, community.

Stakeholders were asked for their views on the 2011 report's content. They were also asked what issues they thought should be reported on in 2013. The company considered the issues raised by stakeholders as well as wider industry and regulatory issues in the context of the level of impact/risk on the company (financial or reputational), and the level of influence the company has over the issue. The company

has focused the content of this report on the issues with high risk/impact and high ability to influence, and also on those issues with a high risk/impact but with low-medium level of influence, as well as those with a low-medium impact/risk but with a medium-high level of influence. (Note: The Emissions Trading Scheme and the ongoing assistance to dealerships affected by the Christchurch earthquakes

have not been covered in the report as they are of low impact and there are no significant updates during the reporting period.)

Material issues have been covered in a number of ways with general commentary as well as a number of 'case studies' and 'spotlights' on specific topics.

LEVEL OF INFLUENCE				
		LOW	MEDIUM	HIGH
IMPACT/ RISK	LOW	<ul style="list-style-type: none"> Fuel price stabilisation Vehicle recyclability including hybrid batteries ETS, including Synthetic Greenhouse Gases CO₂ emissions from international freight 	<ul style="list-style-type: none"> Ongoing assistance to dealerships affected by Christchurch earthquakes 	<ul style="list-style-type: none"> Toyota Racing Series Reduction of emissions from Toyota vehicles and operations Community partnerships
	MEDIUM	<ul style="list-style-type: none"> Product safety 	<ul style="list-style-type: none"> Vehicle WOF / service Regional economic influence (Thames, Palmerston North/ Manawatu) Integrity of supplier relationships CO₂ emissions from local freight Fuel efficiency, electric/hybrid technology (fossil fuel shortages) Hybrid viability for large fleet car customers 	<ul style="list-style-type: none"> Product diversity (including Lexus, Daihatsu, Signature Class, After Sales) Dealer environmental management (Enviro-Mark) Staff environmental activities Thames facility environmental management Customer service / satisfaction Employee satisfaction Employee diversity and equal opportunity Health and safety
	HIGH	<ul style="list-style-type: none"> Security of supply Global recalls Implementing Toyota Global Vision 	<ul style="list-style-type: none"> 25 years market leadership 	<ul style="list-style-type: none"> New product launches Dealership viability Local recall response (customers and media) Marketing campaigns

Material Impacts and Challenges (by division)

Toyota New Zealand's operating divisions experience challenges and opportunities which positively and negatively impact on the company's sustainable development.

	IMPACTS	CHALLENGES	RESPONSIBILITIES
HEAD OFFICE (PALMERSTON NORTH)	<ul style="list-style-type: none"> Significant contributor to New Zealand and Manawatu economy, employment and community Main environmental impact: consumption of energy (power and gas); fuel (staff vehicles); water; packaging; emissions linked to staff air travel New Zealand's largest car company, credible lobby voice for industry and national policy change 	<ul style="list-style-type: none"> Addressing the end-of-life recyclability of one in four vehicles on New Zealand roads Addressing environmental impact of vehicles Quality and recall issues Fluctuating New Zealand exchange rate Legislative change 	<ul style="list-style-type: none"> Ensure the safety and quality of Toyota vehicles Maintain retail sales and service structure across New Zealand Develop partnerships which support New Zealand community Ensure responsible employment practices
NEW VEHICLES	<ul style="list-style-type: none"> New vehicles contribute revenue of 2011/12 \$549m, 2012/13 \$691m Main environmental impacts: fuel consumption and emissions; end-of-life disposal; emissions from shipping to NZ and distribution 	<ul style="list-style-type: none"> Trend to smaller cars, reducing profit per vehicle Competition from emerging low-price brands Models towards end of life cycle 	<ul style="list-style-type: none"> Provide safe and environmentally friendly low-impact vehicles (range of options) Respond in a timely way to safety issues
USED VEHICLES (THAMES PLANT)	<ul style="list-style-type: none"> Contributes revenue of 2011/12 \$122m, 2012/13 \$132m and employs 69 people Main environmental impacts: importation contributes emissions from international shipping and local distribution; refurbishment involves paints, solvents and air emissions; energy use (gas and electricity); water use 	<ul style="list-style-type: none"> Competition from independent Japanese imports Competition from online traders 	<ul style="list-style-type: none"> Provide safe used vehicles that have been refurbished to a satisfactory quality standard Import vehicles that are accessible for all drivers (including mobility vehicles) Ensure the Thames plant has no impact on the Ramsar Convention wetland next to the site Safety of workers at Thames (hazardous substances and accidents)
CUSTOMER SERVICES	<ul style="list-style-type: none"> Contributes revenues of 2011/12 \$110m, 2012/13 \$116m Main environmental impacts: packaging waste; emissions from parts importation and distribution; power use 	<ul style="list-style-type: none"> Competition from after-market competitors Daihatsu pulling out of local market; ongoing servicing requirements 	<ul style="list-style-type: none"> Customer service through the supply of parts and the availability of qualified technicians Safety of warehouse staff Environmentally responsible disposal of packaging waste

Economic Performance

TOYOTA NEW ZEALAND AND ITS DEALER NETWORK MAKE A HUGE CONTRIBUTION TO REGIONAL ECONOMIES AND COMMUNITIES. THIS CONTRIBUTION CAN BE MEASURED BY THE COMPANY'S DIRECT AND INDIRECT EMPLOYEES, ITS SUPPORT OF LOCAL SUPPLIERS AND COMMUNITY ORGANISATIONS, AND ITS CAPITAL INVESTMENT AND PAYMENT OF TAXES.



RICHARD BROWN, CEO RANGIORA TOYOTA

Economic Management and Results

Policy and Objectives

In New Zealand the company's key economic objectives are:

- Provide customers with products and services of superior quality and value
- Lead the vehicle market in sales, customer satisfaction and innovation
- Maximise returns for the company's shareholders, staff and dealers
- Maintain a financially viable, independent dealer network
- Be a good corporate citizen and contribute to national and regional economies
- Contribute global value: be a role model for best business practice in a very open market.

Management Approach

The company's approach to managing economic sustainability includes:

- Business planning – Toyota New Zealand's Finance team is responsible for developing five-year strategic plans and annual operating budgets. This is done with the Executive team in consultation with Toyota Motor Corporation
- Financial reporting – a comprehensive management 'key factor' report is reviewed at monthly Executive Committee meetings and reported to Toyota Motor Corporation, as well as to the company's Board of Directors every three months
- Dealer support and consultation – the company's Franchise Development team works with dealers through the year providing assistance, training and advice on all areas of business including financial performance
- Dealer workgroups – a number of workgroups comprising staff from Toyota New Zealand and dealerships were established in early 2009 to work together on key franchise issues and renewal projects.

Goals and Performance

	Last Year			Next Year	Previous Years	
	y/e Mar 2013			y/e Mar 2014	y/e Mar 2012	y/e Mar 2011
	Target	Actual	Achieved	Target	Actual	Actual
New vehicle retail sales volume (Toyota NZ and Dealers)						
Toyota passenger	–	15,131	–	–	11,899	13,272
Toyota commercial	–	7,076	–	–	5,362	5,829
Lexus	–	504	–	–	486	434
Daihatsu	–	312	–	–	163	165
Total	–	23,023	–	–	17,910	19,700
Toyotas in the top 15 selling vehicles*	–	5	–	–	6	6
Toyota share of new car market (incl. Lexus)*	23.4%	21.9%	×	23.10%	21.30%	22.90%
Used vehicle sales volume	4,500	4,393	×	4,930	4,353	4,593
Net revenue	\$916.4 m	\$932.2 m	✓	\$1,023m	*\$779.2m	\$826.5m
Operating profit (EBITE)	\$11.1 m	\$7.3 m	×	\$11.8m	*\$7.5m	\$12.0m
Net profit after tax	\$4.8 m	\$1.6 m	×	\$3.4m	*\$2.0m	\$(0.4)m
Capital expenditure	\$7.4 m	\$7.0 m	–	\$9.0m	*\$5.3m	\$2.5m
Total assets	–	\$335.4 m	–	–	*\$277.1m	\$270.5m

* These are restated figures for the year ending March 2012. For further information in respect to the nature of the restatement, refer to Toyota New Zealand's financial statements for the year ended 31 March, 2013.

This data relates to Toyota New Zealand's activities only (except retail sales). The national economy is still emerging from the after-effects of the global economic crisis, and the New Zealand economy grew just two per cent in the 2011/12 year, with roughly the same forecast for the 2012/13 year. But vehicles sales overall are at historic highs of about 20 per cent year-on-year. As market leader, Toyota New Zealand followed this trend, posting a record to March 2013 in terms of new and used vehicles sold as well as sales records for customer services. The company is forecasting \$1,023m in revenue for the 2013/14 financial year. Toyota New Zealand returned 100 per cent of its post-tax profits in the reporting period to its shareholder, Toyota Motor Corporation Japan, as dividends the following year. No economic value was retained by Toyota New Zealand.

Product Diversity

The rampant popularity of the SUV has continued in the past two years. SUVs are now the most common new vehicle purchased, making up almost a quarter of total sales, and nearly 25,000 hit New Zealand roads each year.

However, customer preference within the category has changed markedly since the vehicles were introduced in the mid-1990s, with most drivers today preferring small to medium sized SUVs that are energy efficient and boast the type of on-road handling and ride quality that the best passenger cars offer.

Toyota leads the SUV market thanks to the RAV4's dominance in the hugely popular small SUV sector. Toyota has the second biggest-selling SUV in the medium soft category, the Toyota Highlander, and tops the rugged categories with the Prado and the Land Cruiser. The popularity of SUVs is underlined by the fact that the Lexus RX SUV was the company's top selling Lexus model in the year ending March 2013.

Overall, sales of Toyota SUVs grew by 17 per cent over the reporting period,

with the company's share of the overall category at 18 per cent.

Toyota also continues to dominate in most other vehicle categories. The Corolla leads the small/medium passenger car segment and Camry leads the medium sedan segment, while Toyota light trucks (Hilux) and vans (Hiace) are also the most popular makes in both of those groups. In sports cars, Toyota has made a welcome return to second place with the popular 86 igniting the category and winning the 2012 New Zealand Car of the Year Award.

In the reporting period, Toyota has launched a record 12 new models, including hybrids and luxury hybrids and new iterations of the Corolla Wagon and Hatchback. The 2013 year will see fewer new vehicle launches, but customisable versions of the 86, Lexus IS and

significant improvements for the Hilux are all in progress.

During the reporting period, Daihatsu Japan has announced it will stop exporting vehicles to several countries including New Zealand, meaning that brand will be withdrawn from Toyota's product portfolio from the end of 2013, although ongoing service for the vehicles will be provided for local customers.

Toyota offers a range of premium used vehicles under its Signature Class and Supplied By Toyota (SBT) brands, including Signature Class mobility vehicles for people with mobility challenges. These vehicles come from Japan and offer a variety of options including wheelchair lifts and ramps and mobility seats for drivers.

SEGMENT	MARKET		TOYOTA NZ	
	SIZE OF SEGMENT 2012 (%)	CHANGE IN SALES VOLUME 2011→2012 (%)	SHARE OF SEGMENT 2012 (%)	CHANGE IN SALES VOLUME 2011→2012 (%)
Mini	1%	20%	0%	0%
Small	13%	10%	20%	36%
Small/medium	20%	28%	28%	28%
Medium 4	7%	-1%	24%	35%
Medium 6	1%	-15%	68%	-2%
Large	4%	-4%	0%	0%
Luxury	6%	20%	8%	-3%
Sports	1%	43%	15%	-
SUV	24%	35%	18%	17%
MPV	0%	74%	39%	162%
Conventional Van	5%	8%	41%	30%
Light Truck 4x2	5%	18%	21%	-1%
Light Truck 4x4	10%	19%	32%	14%
Heavy Truck	3%	13%	0%	-
TOTAL MARKET	100%	19%	22%	23%



New Product Launches

Toyota New Zealand introduced 12 new models and 13 revamped standard Toyota and Lexus models during the reporting period, invigorating the market and Toyota sales.

The new product launches came following a new drive from Toyota Motor Corporation, under the leadership of a new global President Akio Toyoda (also named 2012's Autocar Man of the Year), to inject its vehicles with excitement and innovation as well as its traditional standards of quality, durability and reliability.

Akio Toyoda gave the new direction the name 'Waku-Doki'. Roughly translated, it means that he wanted Toyota cars to cause the heart to beat with excitement and leave the customer re-energised and enthused about driving.

In New Zealand, customers have embraced the new offerings, says Steve Prangnell, General Manager of Sales and Operations. He says the sheer number of new launches has made for a busy few years, but those that have stood out the most for him include the launch of the new Toyota Corolla and the 86.

"We launched the new Toyota Corolla at the end of 2012 with press events, two-day dealer events and lots of marketing, and have found New Zealanders love the new design and driving experience," says Steve, noting that the Corolla was already the market's top seller before being revamped.

"Almost a year after launching, we still have clients on waiting lists for the top end models."

Steve says while fleet car managers had always appreciated Corollas for their sheer durability, the cars have now captured a new generation of private and young buyers. It is the same story for the Toyota 86, which has ignited the sports car category for Toyota for the first time since the Celica came out in 2006/07.

"Certainly after the global financial crisis, the earthquake and tsunami in Japan and floods in Thailand in the two years to 2011,

sales had taken a hit," says Steve. "But things have rebounded very strongly. In 2012 we sold just over 22,000 cars and we are on track to selling 24,000 vehicles in the current financial year, which just shows how buoyant the market is."

SUMMARY OF LAUNCHES APRIL 2011 – MARCH 2013

New Models

- + Toyota Yaris HB
- + Toyota Camry
- + Toyota Camry Hybrid
- + Toyota Aurion
- + Toyota Prius c
- + Lexus GS
- + Lexus GS Hybrid
- + Toyota Prius v
- + Toyota Corolla Wagon
- + Toyota 86
- + Toyota Corolla
- + Toyota RAV4

2013 TOYOTA COROLLA



TOYOTA 86



Security of Supply

Toyota New Zealand's priority during 2012-13 has been to manage its supply of vehicles in the aftermath of a worldwide shortage brought on by natural disasters in Japan and Thailand in 2010 and 2011.

These events had a drastic and immediate effect on the supply of vehicles and parts for Toyota cars worldwide, including in New Zealand.

Toyota New Zealand had access to a very limited supply of Hilux, the company's second-largest seller, following the 2010 floods in Thailand, and sales of that vehicle had started recovering just as the East Japan earthquake hit in March 2011.

The effects of that earthquake and tsunami were minimal on Toyota Motor Corporation's plants, although subsequent power blackouts affected production, and the company's high-tech componentry suppliers in one of Japan's most badly affected areas, Tohoku, were devastated.

The overall effect on the production of Toyota cars in 2011 meant a global shortfall of about a million vehicles. As a result, Toyota New Zealand dropped its sales forecast. It sold 18,019 in the period (in a market of 84,639), which was approximately 15 per cent below normal levels.

Coming into the reporting period, Toyota was able to build its production levels up to pre-disaster levels, but as at the end of the period there remains more demand than supply of Toyota vehicles worldwide.

In particular there is a notable shortage of the company's big sellers: the RAV4, Corolla, Hilux and the Highlander are all under pressure. For example, there is a global shortage of 120,000 Hilux vehicles at the time of publication.

Steve Prangnell, General Manager of Sales and Operations, says Toyota New Zealand is paying close attention to its sales figures and projections to ensure the same problem does not affect the local market too severely, as dealers require a constant stream of fresh stock to ensure they meet their own and the company's sales targets.

"We do have models that have continued to experience their usual high demand, such as Hilux models, the Hybrid Camry and the high-end Corolla, but we are confident dealers will continue to be able to service the record sales year we are having at present," he says.

TOYOTA HILUX





Toyota Dealer Viability

After some tough years riding out the global recession and supply issues that resulted from natural disasters in Japan and Thailand, Toyota's wide network of independently owned franchise dealers are now fully back in business.

The company's 27 core dealers are showing great results – putting the top 30 per cent of them ahead of the New Zealand national average for dealerships, with 52 Toyota outlets also reporting positive growth.

The company will not add more dealerships to the network in the foreseeable future, feeling that the existing network covers the country thoroughly. The network is selling between 12,000 and 12,500 cars a year in total, has access to the largest supply of new and used vehicles of any car maker in the country, and provides full after-sales service to the 675,000 Toyotas currently on New Zealand roads.

While the overall performance of the dealership network is excellent and results are commensurate with this, there are always areas of improvement the company seeks to address. Toyota New Zealand works closely with dealers throughout the year regarding all aspects of their sales performance. In the last two years it has focused on sales and service programmes that aim to help dealerships lift the level of customer service to help them retain customers for up to a decade after selling them a vehicle.

Toyota dealerships are independently owned, community-based businesses that aim to be the 'best retailer' in town. Toyota dealers take their responsibility to their communities seriously and aim to give something back. They are each involved with many local community sponsorships as well as supporting national corporate partnerships such as New Zealand's Got Talent, the company's largest commercial partnership of 2012.

TOYOTA NEW ZEALAND HEAD OFFICE IN PALMERSTON NORTH



Spotlight on dealers



Richard Brown,
Rangiora Toyota

RICHARD BROWN – RANGIORA TOYOTA



RICHARD BROWN IS A TYPICALLY MODEST CANTABRIAN, BUT THERE'S NO DENYING THE HUGE ACHIEVEMENT IN TAKING OUT THE 2012 TOYOTA DEALER OF THE YEAR AWARD.

The CEO of Rangiora, Kaiapoi and Ashburton Toyota has owned the dealership since 1986 and grown it exponentially. The dealership received a score of 88.5 points out of a 100 in its assessment to be in the running for the prestigious Yokoi Cup – the highest ever score to be achieved since the award was introduced eight years ago.

The Yokoi Cup is awarded for overall excellence in dealership operations, market leadership and dealership facilities.

Richard credits his great team of 50 for the result. But while an award is great, “we are more focused on giving our customers the best service we can,” he says. “We don’t chase awards, we chase fantastic customer service!”

That singular focus was reflected in Rangiora Toyota’s scorecard, which was rated very highly for customer satisfaction. Of other key criteria measured, the dealership was above the national market share for new vehicles as well as leading the field in passenger and commercial sales in its territory.

Richard says after a devastating and uncertain few years after the earthquakes, the Christchurch region is economically buoyant as skilled people flood into the area to help with the rebuild. This ‘micro-climate’ looks set to last for as long as the redevelopment of the city lasts, as few as five and as many as 15 years, according to estimates, and Richard says the environment for all vehicles – in particular business cars – is thriving.

As well as favourable economic conditions, Richard says Rangiora Toyota put in place several initiatives in 2012 that really made the business hum. One was a Toyota national initiative, the Kodawari Process, which at Rangiora saw everyone involved in servicing a vehicle from the initial enquiry through to handing the vehicle back, to help standardise and improve customer service.

Another big boon to the branch was an upgrade of the Rangiora premises. “The customer experience has vastly improved with a new showroom and other facilities but the team has also had a real boost from it,” says Richard.



Toyota Racing Series

The Toyota Racing Series (TRS) recently completed its ninth season, continuing to build its international and local reputation, and acting as a springboard for the best local and international drivers as they build their international driving careers.

Auckland-based Nick Cassidy took out the championship for the second year in a row in 2013, and moves on to Europe as the season there unfolds, following in the footsteps of many great New Zealand drivers. Cassidy also won the New Zealand Grand Prix for the second consecutive year.

The TRS has held 166 races since 2005, attracting a large field of international competitors eager to hone their skills on unfamiliar tracks while the Northern Hemisphere breaks for winter. In 2013, a record number of 17 drivers from around the world came to contest the series.

In the nine years the Series has run, the major prizes have been spread around the world, however the Series champions have always been New Zealanders.

The TRS is broadcast into 39 countries across Europe, North and South America and Australasia in six languages as well as commanding a huge online and print media presence.

The Series continues to use 85 per cent ethanol-blend fuel – an output of the dairy industry and a sustainable energy source. The E85 fuel delivers power and torque improvements and increased performance through the rev range compared with standard racing fuel.

To further burnish the TRS cars' environmentally-friendly credentials, the use of lightweight high tech components combined with sophisticated chassis design and aerodynamics make them faster than V8 Supercars, but using just a fraction of the fuel.

Closing the 2013 season, Toyota New Zealand CEO Alistair Davis signalled the company would overhaul the fleet of TRS cars in the next two to three years to ensure their safety specifications remain current and to freshen the engineering and aerodynamics.

In other motorsport developments, Toyota has announced a new series for the 86 coupe; a 20-race, seven-meeting series that will begin in late 2013. Competitors will be able to purchase a race-ready TR86 for the events, with strong initial interest reported.

JOSH HILL COMPETES IN THE TOYOTA RACING SERIES

PHOTO: BRUCE JENKINS





Global and Local Recalls

Quality, Reliability and Durability: In our last sustainability report we examined the publicity surrounding the spike in global recalls triggered by some high-profile incidents in the US market. Since then there have been a number of new recalls announced and by the mid-point of 2013 the number affecting Toyota and Lexus vehicles was 10.

We talked to Spencer Morris, Toyota New Zealand's General Manager of Customer Services, about these recalls and how customers can be assured about the quality of their Toyota vehicle.

How many recalls has Toyota undertaken in New Zealand during the reporting period?

Of the 10 global recalls announced during the reporting period, six have been applicable to new models sold in New Zealand. In 2012 we wrote to customers on a total of seven recalls affecting local models. Because used import cars from Japan are popular here, some Japanese domestic models imported into New Zealand may also be involved. In such incidents we will work with the NZTA to try to locate and repair those vehicles.

Has the nature and purpose of recalls changed over the years?

Initially some of the spike in Toyota recalls was caused by the rapid growth we experienced during the first decade of the 21st century. Our quality suffered as a result of this and consequently we saw a rise in the number of recalls.

We've now recovered from that, however consumers are changing too. They have higher expectations of product integrity

and rightly so. Ultimately this is good for Toyota because that is where we are strongest.

What all of this means is that the threshold for deciding what should be recalled has dropped and many of those announced this year and in 2012 were to reassure customers about our commitment to quality and reliability.

Given this, what is the outlook for future recalls?

Our quality is better – in fact in New Zealand, Toyota warranty claim rates are currently at an all-time low which should be very reassuring for customers. But also, because we are more proactive about recalls, and because we want to give customers confidence that we will fix whatever residual safety problems may exist (however remote), there will continue to be recall announcements. I think this is a positive rather than a negative point.

How is each recall handled?

Firstly, there's a public announcement. We will often issue a press release, a Toyota website statement and a Facebook post simultaneously. Sometimes the international timing means these are announced outside of normal working hours in New Zealand and the news is out

before we are able to publish a statement more relevant for New Zealand customers. After that we need to identify the current owners of all applicable vehicles on our roads and simultaneously arrange for the supply of any repair parts. Once these arrive we can begin writing to customers. They are invited to contact the approved Toyota dealer of their choice to arrange the repair. We will make every endeavour to provide a loan vehicle while theirs is being worked on. In New Zealand parallel imports are not uncommon, however for Toyota and Lexus vehicles there is no charge for safety-related recall work, regardless of who imported the vehicle.

Overall, our approach is one of being proactive and transparent in terms of how we inform customers and the general public as soon as possible with any issues of this sort. At the same time, we're also working hard to remedy the issue.

Does a recall ever 'close'?

As far as we are concerned, as long as there are vehicles that we have identified as 'not repaired' we consider the recall campaign is still open. This means that, regardless of the time lapse between us writing to the registered owner of the vehicle and it being presented to us, we will still repair it free of charge.

INDUSTRY GUIDELINES

The Motor Industry Association has a Code of Conduct that members are obliged to follow when undertaking a safety-related recall. This Code represents the minimum requirements that members must follow in the event of a safety recall campaign being undertaken on a New Zealand new vehicle that they have imported and sold. Toyota New Zealand ensures it meets or exceeds this Code. To see the Code of Conduct, go to <http://www.mia.org.nz/recalls.asp>.



Lite Package Increases Service Options

Customers now have more options for servicing their vehicles following the 2012 launch of Service Lite at Toyota dealers.

The Lite package includes all the major checks needed to keep a vehicle roadworthy at a fixed price. Quality is assured however, with a full diagnostic computer health check conducted during the Lite service and only Toyota genuine parts used in any repairs.

Toyota New Zealand's General Manager of Customer Services, Spencer Morris, says Service Lite responds to both the upcoming change in Warrant of Fitness (WOF) regulations and current market trends.

"In part, Service Lite is designed to meet the needs of our customers who were increasingly looking elsewhere to get their vehicles serviced after their three-year

warranty had expired. The message to us was that some customers needed a more cost effective and convenient option than our full service package. We have developed something that responds to that and the changing WOF regulations."

From mid-2014, new vehicles and those up to nine years old will be subject to fewer WOF checks under laws proposed by the New Zealand Transport Agency. New vehicles will be checked only once in their first three years and annually thereafter (unlike the current six-monthly inspections).

Service Lite was launched during the reporting period and is aimed at customers with vehicles outside their warranty period

(i.e. three years) or those that have done more than 100,000km. These three-years and older vehicles still need a WOF every year – Service Lite provides this with Toyota reassurance and consistent quality.

At the time of writing, Service Lite cost \$195 for petrol and \$245 for diesel vehicles. A free WOF inspection is conducted with every service purchased. (A full list of terms and conditions of this service are available at www.toyota.co.nz.)

"We will continue to respond to the needs of our customers by reviewing WOF and service offerings to ensure customers have a range of options available," Spencer Morris says.

TOYOTA DEALERSHIP SERVICING



Contribution to Regional Economies

Toyota New Zealand continues to be a significant contributor in the country's regions, in particular in Palmerston North and Thames where the company's main facilities are based.

As well as providing vehicles, servicing and support that help regions thrive, the company provides employment to 234 people and supports strong community partnerships in each dealership location.

Palmerston North: National Customer Centre

Toyota New Zealand has been operating from its Palmerston North site since 1977 – a site that was originally purchased as a parts distribution facility. In 1992, all after-sales functions including service and training were added, and the total site was renamed the National Customer Sales Centre. In 1998, Toyota New Zealand's sales and corporate functions were consolidated there as well, and it is currently known as the National Customer Centre. The current operation in Palmerston North employs approximately 160 staff, with a significant proportion of its expenditure (personnel

costs and purchased services) going directly into the local economy.

Thames: Used Vehicle Refurbishment and New Vehicle Logistics

The Thames assembly plant began life in 1968, as a contract assembler of Corollas. In 1977, the plant was purchased by Toyota New Zealand and its assembly function grew to include a wide range of models. At its peak in the 1990s, the plant employed about 380 people producing about 15,000 units per year, and its production quality was widely acclaimed. However, in 1998 the Government's open-market policies meant tariffs on imported vehicles were removed, and local production ceased to be economical. The Thames facility was then repurposed as a used vehicle refurbishment plant. The plant now

employs approximately 70 staff primarily involved in refurbishing cars under Toyota's Signature Class brand, as well as fitting accessories on new Hilux, 86 and other vehicles.

Toyota contribution to New Zealand economy

The company contributes \$64.5m to the New Zealand economy in local operating costs/expenditure and taxes (details in the table below). While there is no explicit requirement to purchase locally, the ability of suppliers to support and respond quickly to the company's needs in each location is a key consideration in purchasing decisions (as well as other criteria such as cost and environmental performance). Similarly, Toyota does not require itself to recruit or hire locally, but is committed to providing local employment where possible.

Toyota contribution to New Zealand economy		
	y/e Mar 2012	y/e Mar 2013
Distribution costs	9.9	11.6
Employee wages and benefits	12.6	12.1
Marketing and communications/IT	17.5	19.9
Community sponsorships	3.5	3.4
Purchased services	2.0	1.8
Interest/financing	3.2	4.2
Local taxes	2.3	1.4
All other costs/expenses	9.8	10.1
TOTAL	\$60.8m	\$64.5m

Environmental Performance

TOYOTA'S APPROACH TO ENVIRONMENTAL MANAGEMENT ENCOMPASSES THE COMPLETE LIFE CYCLE OF VEHICLES – FROM DESIGN THROUGH TO END-OF-LIFE. BUT IT ALSO EXTENDS TO OPERATIONAL PLANNING AND PERFORMANCE, AND THE ENGAGEMENT OF EMPLOYEES AND FRANCHISE DEALERSHIPS.



HAWKES BAY TOYOTA'S PHIL WHYMAN SERVING A PARTS DEPARTMENT CUSTOMER

Environmental Management and Results

Policy and Objectives

In New Zealand Toyota's key environmental objectives are:

- Measure and reduce the company's energy and water usage, waste and emissions
- Measure and reduce emissions from local freight and logistics
- Progress the environmental management and practices at Toyota dealers
- Support local environmental partners (e.g. the Sustainable Business Network)
- Leadership in motor industry forums to advance environmental issues.

A full copy of the company's environmental policy is available at www.toyota.co.nz.

Management Approach

The company's approach to managing environmental sustainability includes:

- Dedicated resources – full-time environmental officer responsible for implementing plans and activities
- Environment Executive Committee – executive review and governance at bi-monthly meeting
- Five-year and annual plans – including annual objectives, targets and reporting
- External certification for corporate carbon emissions measurement and reduction (CEMARS)
- External EMS certification – for Toyota corporate activities (Enviro-Mark and ISO 14001) and franchise dealers (Enviro-Mark)
- Environmental partners – working with partners to support their objectives and activities
- A wide range of training and communication of sustainability issues and activity to engage employees.

Goals and Performance

The following table highlights the total CO₂ emissions for the reporting period and covers the most significant contributors to that total.

	Previous Years		Reporting cycle		Next Year
	y/e Mar 2010	y/e Mar 2011	y/e Mar 2012	y/e Mar 2013	y/e March 2014
	Actual	Actual	Actual	Actual	Target
Total Emissions (tCO ₂ e)	–	–	15,318	19,804	–
Operational Emissions (tCO ₂ e)					
Gas and electricity use	724	657	685	730	730
Domestic air travel	564	605	616	787*	700
International air travel	522	438	677	990*	900
Waste to landfill	–	1,147	309	166	** see note below
Local logistics emissions					
Vehicles by road freight – total (tCO ₂ e)	1,775	1,796	1,963	1,975	2,110
Vehicles by road – per unit sold (kgCO ₂ e)	–	70	72	65	64.4
Cook Strait shipping – total (tCO ₂ e)	–	355	403	366	Included in per unit target above
Additional performance data					
Overseas shipping – vehicles ***	8,159	10,783	9,617	13,373	n/a: outside TNZ scope of influence
Water use (m ³)	5,186****	5,105	5,609	3,834	<4,000
Service parts total tCO ₂ e	–	–	198.9	230.1	224.6
Service parts (tonnes per 10,000 lines shipped)	–	–	2.89	3.27	3.17
Packaging purchased (total kgs)	–	60,626	60,628	61,701	62,060
Packaging purchased (tonnes per 10,000 lines shipped)	–	–	0.88	0.95	0.88
Direct energy consumption by primary energy source (mega joules, including ethanol)	–	–	42,332,524	50,050,165	–
Indirect energy consumption by primary energy source (mega joules, including ethanol)	–	–	8,215,574	8,222,155	–
Enviro-Mark certification					
Toyota New Zealand	–	Gold	Gold	Gold	Platinum
Dealers	–	Bronze & Silver	Gold	Gold	Gold
ISO 14001 certification					
Toyota New Zealand (Thames/Used Vehicles)	completed	completed	completed	completed	maintain

There were no significant spills during the reporting period.

* Emissions have increased in the 2013 financial year – please refer to commentary provided in the CEO's Message section of this report.

** Inconsistent waste data means setting a reduction target is problematic. Improved data monitoring will be a focus in 2014.

*** Shipping freight emission factor revised in 2012. Figures for y/e March 2012 and earlier are restated.

**** Some months estimated due to faulty water meter at Palmerston North site.



Freight

Toyota New Zealand relies on freight companies to bring its vehicles to market. Vehicles are shipped from overseas manufacturing plants to New Zealand and then distributed around the country on trucks.

International Freight

The company's vehicles come from Japan, Thailand, Australia and the UK. Toyofuji ships vehicles from Japan and Australia and is owned by Toyota Motor Corporation in Japan. These ships are modern and efficient, and various efforts have been undertaken to minimise their carbon footprint. These include consolidating the number of ports used to reduce the freight kilometres, using advanced navigation tools to reduce fuel and avoid bad weather, and being powered by modern diesel engines, which run efficiently, generate lower NOx emissions and use less fuel oil. Solar panels on the deck provide on-board lighting and can supplement the diesel engines, thrusters, hydraulics and steering gear, providing about 10 per cent of the total electricity usage.

In addition to the above, Mitsui O.S.K Lines (MOL) ships vehicles from Thailand and Wallenius Wilhelmsen Logistics (WWL) ships Toyota Avensis models from the UK.

About 80 per cent of the vehicles are destined for the North Island, all of which leave the ship at the Port of Auckland. The remainder are offloaded at Lyttelton, Christchurch.

Domestic Freight

An independent freight company, the Car Distribution Group (CDG), transports Toyota vehicles around New Zealand. Toyota New Zealand regularly meets with the CDG to explore ways in which carbon emissions from this process can be reduced. These include:

- Routes rationalised to the shortest distance; outbound trucks leave full and, where possible, utilise a round trip (backfill)
- New trucks that can transport more vehicles are being purchased
- Truck speed limits are set at a maximum of 95km/h
- Drivers are trained on fuel efficiency, driving best practice, and have their vehicles regularly maintained.

Toyota New Zealand tracks and measures the emissions associated with the freight and distribution of both the vehicles and service parts it sells. Each part is assigned an emission value based on its weight and size, and the distance it travels. As emissions from these areas are closely tied to sales, the company calculates both the total emissions and per unit emissions every month.

These systems are reviewed annually by external auditors and certified under the CEMARS programme.



TOYOTA PORT OF ENTRY FACILITY, AUCKLAND

Thames Facility

Continuing efforts to reduce its carbon footprint and investigate new processes of car refurbishment, including painting, have been major undertakings for Toyota's Thames refurbishment facility in the two-year period under review.

The Thames plant refurbishes about 4,500 used vehicles a year – roughly 3,000 Signature Class vehicles and 1,500 Supplied by Toyota (SBT) directly imported used vehicles. It also is the venue for fitting more than 1,200 accessories to new Toyota Hilux and other vehicles each year.

In the past two years, the site has taken over the checking and upgrading of SBT imported cars from Auckland. This work gave Toyota better economies of scale and improved SBT vehicle standards. The plant employs 69 local people.

The 5.78ha facility borders the Kauaeranga River, which flows into the Firth of Thames. The Firth contains a Ramsar site, designated under the Convention on Wetlands of International Importance as one of the country's three most important coasts for shorebirds. More than 70 bird species have been recorded here, including those which are rare or endangered such as the dotterel and black stilt.

To ensure that it has no detrimental effect on this fragile ecosystem, Toyota has a full range of environmental management measures in place and evaluated under ISO 14001 certification. All systems are regularly inspected to ensure full compliance, reduce hazard and incident risks, and monitor electricity, gas, water and fuel use each month.

During the reporting period a significant investment was made in the site to improve its resilience to a major flood. Stop banks have been raised 500mm to lower the risk of flooding. A new generator can run high volume pumps to move water into an

upgraded stormwater catchment system and flood gate. The pumps can be switched off to contain a spill if one ever occurs.

To reduce spills from earthquakes, shelving in the Dangerous Goods store and in general storage is now bolted top and bottom, and oil tanks in the bunded area are secured to the ground.

The plant has recently changed the way vehicle coolant is stored and managed to significantly reduce the amount held on-site. The 6,000 litre bulk storage tank of long-life coolant (glycoshell) has been removed. This has been replaced with Super long-life coolant, which is now stored in 12 small containers – a total of less than 50 litres. This means any accident with the coolant would be far less damaging. This new coolant also lasts longer, meaning it is replaced far less frequently in vehicles – now it only happens every 10 years or 150,000km. Imported vehicles for refurbishment at Thames are usually less than 10 years old and the coolant is not often compromised, so these days it rarely needs replacing.

Waterborne Base Coats

Around 80 per cent of the cars Toyota refurbishes are ex-rental and lease company vehicles, while the rest are imported used cars from Japan. These vehicles undergo a full inspection and assessment process, full servicing and replacement of fluids, parts and tyres, followed by the interior replacement and compliance, then mechanical and panel repairs.

About 60 per cent of each used vehicle processed at Thames is repainted. The upgrade in 2009 of its paint shop led to significant energy, water and paint VOC emissions. And these efficiencies have been maintained over the last two years.

Trials for using a waterborne base coat paint for refurbishing vehicles are now complete, and this is expected to lead to further reductions in Volatile Organic Compounds (VOCs) and solvent usage. The next step is investigating blowers needed for drying the paint quickly and getting them installed into booths.

VEHICLE REFURBISHMENT PLANT AT THAMES





Staff Environmental Activities

Successfully integrating sustainability is a challenge for every company and requires the support and commitment of its employees.

Toyota promotes environmental awareness and involvement throughout the year, but has a specific focus during Toyota Environment Month every June. In 2012, Toyota Environment Month was used to launch a new programme, known as PlanetForward, whose aim was to encourage each department to better understand and take more responsibility for the impacts from their operational activities.

The concept was introduced at a staff meeting and all departments were invited to nominate a champion to attend

regular meetings with the environmental officer to guide them through a four-step Environmental Impact Assessment (EIA).

The first step involved listing their department activities, products, services and suppliers, then noting the associated inputs, outputs and resulting impacts. A scoring system was applied to determine which impacts were most significant and to prioritise them. Finally any existing controls or mitigation efforts were recorded.

By the end of the year, the assessment was completed and each department

was able to select a project addressing one outstanding impact, in readiness to implement the following year.

Projects include how to tackle a recent increase in overseas air travel, a major overhaul of the environmental data systems, improved efficiency in department and company-wide paper use, investigating new areas which can improve the efficiency of car and part movements, and further measures to address potential risks in used oil storage.

Fuel Efficiency

Spotlight on Hybrids:
Roy Trimbel, Corporate Manager – Direct Fleet Sales

There have been a couple of major developments in the fleet car area since 2011, in particular in the area of hybrids, where large corporates are leading the pack in their take-up of the new technology.

“Large customers like Fonterra Brands have changed the majority of their reps’ cars to hybrids, and The Warehouse late last year swapped out its entire passenger fleet, which is an incredible commitment to lowering its carbon footprint,” says Roy Trimbel, Toyota’s Corporate Manager.

“One quick look at taxis around Auckland will also show you that hybrids have become the new normal for those fleets,” he says. “But taxi owners are primarily doing it for the cost saving. The cars are perfectly suited to the kind of stop-go motoring you get around the city.”

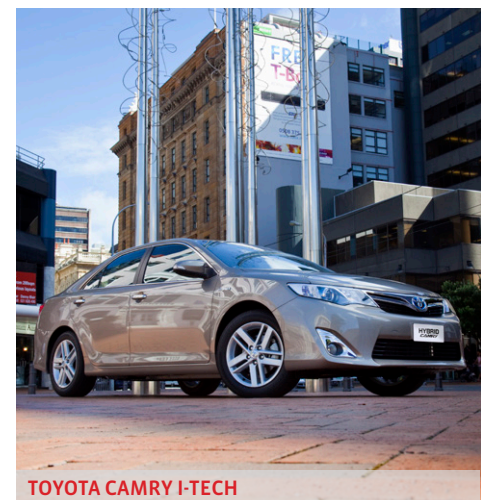
Roy admits that the enthusiasm with which more and more corporate clients are embracing hybrid technology is yet to be shared by consumers at large, but believes a bigger uptake of the vehicles will come to the country eventually.

“At the moment the consumer can’t see enough savings in fuel to bridge the cost barrier of buying a hybrid, whereas the corporate client is constantly running the numbers as well as looking at overall carbon emissions,” he says.

“There are a few ways large fleet holders are incentivised to go the hybrid route too, so that makes them even more compelling.”

Much of the luxury Lexus range is now offered in both hybrid and conventional models, with a hybrid model included in the IS line-up recently released into the market.

“This move, along with the production of five million hybrid vehicles by Toyota in Japan, shows a trend is definitely emerging,” says Roy.



TOYOTA CAMRY I-TECH

Enviro-Mark Certified Dealer Network

Car buyers surveyed by the Motor Industry Association have consistently ranked Toyota as the #1 brand that “cares most for the environment”, in part because Toyota seeks independent certification to endorse its activities.

Toyota's Thames refurbishment facility uses the internationally recognised ISO 14001 accreditation, while the company's head office is certified under Enviro-Mark.

In 2010 Toyota New Zealand declared its goal of having the first dealer network in New Zealand with an independently certified Environmental Management System (EMS). However, a review of EMS in 2010 concluded the process of becoming ISO 14001 is very time consuming, costly and simply beyond the ability of many small franchise owners to attempt. A number of other EMS programmes lacked the rigour and external verification necessary to give public confidence.

The company settled on the Enviro-Mark system, which is run by Landcare Research and sees an independent assessor audit participating sites every year. Since 2010, a total of 65 sites have followed the process of Enviro-Mark accreditation, with Toyota New Zealand providing support and bespoke materials to help.

The first training sessions kicked off in March 2011, with a requirement that dealers achieve the ‘bronze’ and ‘silver’ level of the accreditation before the end of the year, but a number of sites progressed further, to ‘gold’ within their first year.

By the end of 2012 the objective was for the full network to achieve gold, and all except three sites reached this target. One dealership, Waikato Toyota, decided to set their sights beyond gold to become the first

dealer in the country to achieve the top level ‘diamond’ certification.

Now in the third year of the programme, dealers are focusing on integrating their improvement projects – tackling the impacts they identified at the silver level – into their daily operations. Every dealer has set up projects to manage CO₂ emissions and wastewater, as well as individual projects focused on a specific impact of their choice.

Toyota and Lexus dealers remain the only dealers in the country with EMS certification.

Tristan Lavender, Toyota's Environmental Officer, says some dealers are motivated by the benefit to their local environment or community, but others are also driven by the efficiency and commercial advantages. For example, a number of the dealers had saved thousands of dollars on their electricity and waste collection costs, while others have won fleet tenders from companies which share similar values of business responsibility and appreciate the efforts their local dealership has made.



ELISSA WOOD, TANIA MILNE AND LAURA CURRIE FROM CURRIE MOTORS ALEXANDRA WITH THEIR ENVIRO-MARK CERTIFICATES.



Vehicle Design and Recyclability

Little has changed in the area of recycling end-of-life vehicles in New Zealand, as we go to print. And the issues remain the same: relatively low vehicle volumes, limited recycling infrastructure and lack of a strategic regulatory framework around vehicle disposal. However, at a global level Toyota Motor Corporation continues working on reducing the environmental impact of all its vehicles in the design and manufacturing process.

Eco-Vehicle Assessment

At the concept stage, Toyota Motor Corporation's engineers use a design tool called the Eco-Vehicle Assessment System (Eco-VAS) to anticipate the environmental impacts of every component and material at each life cycle stage.

Eco-VAS designs out problem materials such as hazardous substances and improves overall resource recovery so vehicles have lower environmental impacts both during their use and at end-of-life.

Avoiding Harmful Substances

Lead, together with mercury, cadmium and hexavalent chromium, are heavy metals that cause long-term damage to the environment if buried unprocessed in landfill. Toyota cars are now virtually free of these heavy metals, for example with zero-lead car parts and anti-corrosion coating as well as mercury-free lighting and switches.

Making a Material Difference

As cars often contain plastics that are hard to recycle, Toyota has developed a special recyclable plastic called Toyota Super Olefin Polymer, or TSOP, used to make car bumpers and other parts which can then be recycled many times over.

Easy to Dismantle



To simplify the dismantling process to assist recycling, Toyota has designed new 'Easy to Dismantle' marks. They show useful points at which large resin parts can be separated easily and where holes can be drilled for removing fuel.

In addition, the use of internationally approved parts and material coding standards make it easier to identify parts and materials suitable for recycling.

Recyclability

Innovations in the materials and manufacture of all Toyota vehicles now mean close to 97 per cent could be recycled if the right mechanisms were in place. In New Zealand, however, the recycling infrastructure at present only allows for about 75 per cent of any vehicle (by weight) to be recycled.

End-of-Life (New Zealand)

New Zealand has one of the highest car usage rates in the world, and the flood of older vehicles into the country has accelerated and multiplied the issues around disposal of vehicles at end-of-life.

Toyota would like to see the Waste Minimisation Act used to develop a local end-of-life vehicle stewardship scheme to raise the proportion of a vehicle's recyclability.

RECYCLABILITY OF TOYOTA VEHICLES IN NEW ZEALAND, BY WEIGHT

+ 97% Toyota vehicle recycling potential

+ 75% Current NZ recycling level

Social Performance

TOYOTA'S GLOBAL VISION, LAUNCHED IN MARCH 2011, HAS SOCIAL RESPONSIBILITY AT ITS CORE. THE VISION OUTLINES TOYOTA'S INTERNATIONAL COMMITMENT TO ADD VALUE AND HAPPINESS TO OUR CUSTOMERS AND COMMUNITIES WITH SAFE AND ENVIRONMENTALLY-CONSIDERATE PRODUCTS, AND ALSO RECOGNISES THE KEY ROLE OUR EMPLOYEES PLAY IN EVERYTHING WE DO.



WEEBIX TRIATHLON COMPETITOR COMPLETING THE SWIM LEG

Social Management and Results

Policy and Objectives Management Approach

In New Zealand the company's key social objectives are:

- Customers – provide safe and reliable vehicles, supported by a robust recall process and industry-leading customer service
- Employees – provide a safe and enjoyable workplace with opportunities to grow and develop
- Community – form long-term partnerships with national and community organisations to enhance the wider community.

The company's approach to managing social sustainability includes:

- Safety – working with Toyota Japan to incorporate active and passive safety features across its model ranges and communicating this information to customers in brochures, websites etc
- Recall response – working with Toyota Japan to understand the impact on the New Zealand market and contacting customers to offer free repairs on safety-related recalls (including vehicles not imported by the company)
- Dedicated customer resources – a dedicated Customer Dialogue Centre (CDC) which offers a 24/7 service for all Lexus, Toyota and Daihatsu customers
- Customer satisfaction programme – customers are surveyed on their purchase and service experience, with results reported to dealers and outstanding issues proactively followed up by the CDC team
- Customer satisfaction benchmarking – the company participates in industry customer surveys to benchmark against competitors (results are confidential, however they have highlighted key areas where the company has concentrated its improvement efforts, e.g. new vehicle sales process)
- Employee satisfaction surveys – staff participate in a number of regular surveys (internal and external) with strong participation and open discussion of results at staff meetings and within teams
- Health and Safety programme – the company has a comprehensive structure to include H&S committees at all sites and executive governance to ensure compliance with regulations
- Community partnerships – the company has selected a number of national social and environmental partners. Its marketing team is in regular contact with partners and meets formally at least once a year to review plans and objectives, and the status of key partnerships is reviewed on a bi-monthly basis with the company's executive
- Dedicated HR resource and training programmes – HR officer reporting to Executive responsible for performance appraisal and coaching programme, and developing training and career plans with staff and managers.

Goals and Performance

	Last Year			Next Year	Previous Years	
	y/e Mar 2013			y/e Mar 2014	y/e Mar 2012	y/e Mar 2011
	Target	Actual	Achieved	Target	Actual	Actual
Customers						
Overall customer satisfaction score	93.5	93.7	✓	93.5	93.7	93.0
Number of customer cases opened	–	15,672 ¹	–	–	22,148	13,775
Percentage of cases closed in <4 days	–	79.8%	–	–	69.1%	86.3%
Employees						
Turnover rate	<10%	6.0%	✓	<10%	5.7%	6.0%
Best places to work survey score	80%	72.08%	✗	80%	–	82.2%
Number of health and safety incidents	Overall reduction	35	20% reduction ² ✓	Overall reduction	25	44
Community						
Sponsorship funding	\$3.3 m	\$3.4 m	✓	\$5.0 m	\$3.5 m	\$2.9 m

¹ 2012 was an exceptionally busy year for the team with a number of special service campaigns that increased the call volume, with 2013 representing a return to normal levels.

² The 20% reduction relates to the reporting period ending March 2013 compared to the reporting period ending March 2011.

Marketing Campaigns

Four Years of 'Believe': Toyota New Zealand and its creative partners spend a lot of time and effort devising advertising and marketing campaigns that aim to convey the passion, innovation and sense of humour inherent in the Toyota brand.

Our Believe campaign, which was launched in 2009, looked to convey a message of hope and inspiration – a reminder of the unique Kiwi spirit that gives New Zealanders the confidence to face the future and realise their dreams.

Our advertising leans heavily on the conventions of story-telling, involving some measure of drama and tension, but ultimately ending happily. However, two campaigns within the period covered by this report generated some negative public sentiment. While the company stands by the suitability and humour of its campaigns, it needed to also do some fence-mending as a result of taking all of the feedback – both positive and negative – on board.

TOYOTA 'BELIEVE' CAMPAIGN



CASE STUDY: 86 Billboard – August 2012

The high-performance Toyota GT86 was launched in August 2012, with several billboards erected around the country to herald the arrival of this hotly anticipated vehicle.

The car's strong association with the motor sport of drifting was reflected in the billboards, which ran the strapline "May cause slide effects".

The billboard elicited no public complaints, but there was some ensuing negative publicity about the billboard's perceived endorsement of so-called 'boy racing', despite the fact Toyota was clear to explain that drifting was something that should always be done on a race track, not on a public road.

As a result of the misperception, and high emotion around the issue of boy racers at the time, Toyota decided to withdraw the billboards immediately. Shortly thereafter, General Manager of Marketing Neeraj Lala met with the spokeswoman for road safety charity Brake – a critic of the billboards – to apologise for offence caused and establish an ongoing relationship.

Neeraj says Toyota wanted to push the envelope with advertising but not sabotage its brand perception as a reliable, public-minded corporate citizen.

"Toyota is a responsible and trusted company in New Zealand and we welcomed the opportunity to meet with Brake to discuss how we might work closer together after that."

CASE STUDY: Corolla Cat Campaign – October 2012

Toyota has a history of creating ads to entertain viewers by using animals and humour. Previous examples of this have included the Hilux "Bugger" and "Bulls" ads, both of which generated huge brand recognition and critical acclaim.

However, New Zealanders are passionate about their animals and don't always see the humour when animals are used in advertising. Cat lovers in particular are passionate about their pets – cats being the most common household pet in the country, with 68 per cent of Kiwis owning one.

The huge public affinity with cats was one of the reasons Toyota decided, along with its advertising partner Saatchi & Saatchi, to devise the Corolla Cat Campaign in October 2012. The campaign centred on a ginger Persian cat called Alloroc (Corolla spelt backwards) who only got to ride in the family's Toyota Corolla when it went to the vet. While cats don't like riding in cars, Alloroc finds the Corolla so irresistible it finds ever more inventive ways to injure itself in order to get more rides in the beloved car.

The final scene sees the family sadly burying the cat – a misadventure too far – but once they are not watching, the cat re-emerges, determined to ride in the car one last time.

Needless to say, Toyota believes in responsible and respectful behaviour to animals at all times. The ad was filmed in



a controlled environment and the needs of the multiple cats that play the role of Alloroc were at the forefront of the crew's minds at all times. Special effects were used wherever possible.

In addition, Toyota engaged and sought feedback from multiple animal care and training parties during the creation of the campaign, including a high-profile cat trainer and the SPCA, which indicated no specific concerns but was sensitive to potential concerns from members.

However, there were 48 complaints about the ad to Toyota itself, as well as three complaints to the Advertising Standards Authority about the Corolla advertisement.

The ASA found there were no grounds to proceed with complaints. The nature of the advertisement was quirky and humour-based, rather than displaying or promoting any message of animal cruelty and the average consumer would recognise the over the top nature of the advertisement.

Despite that finding, Toyota apologised for any offence caused and pulled a long version of the commercial, opting instead to air a less controversial 15-second version for the remainder of the campaign.

When we last enquired, Alloroc himself, the star of the campaign, remains alive, well and happy.

CASE STUDY:

Sponsorship New Zealand's Got Talent

Toyota's marketing budget is divided up between advertising and marketing campaigns and sponsorships (and then further divided up between media and projects).

Sponsorship has, over the years, proven to be a highly effective way to demonstrate Toyota's affinity with causes that represent the hopes, dreams and aspirations of many New Zealanders. This has been a key reason behind one of Toyota's largest, and most long-standing sponsorships, that of Emirates Team New Zealand.

In late 2011, Toyota New Zealand was approached to become the main naming-rights sponsor to a new TVNZ show, a highly successful talent show franchise from overseas, which would become New Zealand's Got Talent (NZGT).

As the largest corporate sponsorship Toyota had ever committed to, it was important that the partnership with NZGT aligned with the aims of the 'Believe' campaign – realising dreams being a major component of both entities.

The sponsorship also allowed Toyota to reach out to a younger market throughout the country (auditions for the show were held in 14 centres from one end of New Zealand to the other). At each audition, Toyota had a brand presence and Toyota dealerships across the country also took part in building excitement around auditions.

As the show reached its final stage – the final acts performing before three judges in Auckland over a series of nine weeks – Toyota had plenty of opportunity to capitalise on the sponsorship, including things like furnishing judge Rachel Hunter with an 86 (which the 'fun police' took away) and holding the new Corolla launch in front of a live studio audience on the night of the series final.

The results of the partnership with NZGT for Toyota were hugely positive, as borne out by some of the statistics generated in the wake of the first series of the show.

- Viewers were able to interact with the Toyota 'Believe' NZGT iPhone app – there were 25,864 downloads of the app, with its swingometer feature getting about 200 hits per second on launch night.
- 200,000 unique browsers visited the NZGT page, with 1.5 million page impressions. That meant there were 1,481,266 Toyota display ad impressions, with more than 2,200 people clicking through to the Toyota website from that site.
- There were as many as 48,692 clicks onto the Toyota website to view Toyota OnDemand, with 143,726 unique viewers streaming 325,990 short clips of NZGT in September alone.

In 2013, Toyota has signed up to be part of the fun and excitement of New Zealand's Got Talent, series two.

2012 NEW ZEALAND'S GOT TALENT WINNER CLARA VAN WEL



Product safety

Toyota New Zealand's objective is to ensure its products have the lowest adverse impact possible.

Vehicle Safety

Active and Passive Safety

Toyota's safety technologies involve either active safety or passive safety. Passive safety seeks to reduce the extent of injuries sustained after a collision, while active safety seeks to reduce the likelihood that a crash will even occur at all.

Two of the most important enhancements across much of Toyota's vehicle range in recent years have been:

- the fitting of Vehicle Stability Control (VSC) as standard specification to maintain vehicle stability while cornering, particularly in slippery conditions
- the installation of Supplemental Restraint System (SRS) side impact and curtain shield airbags, including an innovative rear window curtainshield airbag in the iQ model (sold only as a used vehicle in New Zealand).

In the period under review, further developments in this area include introduction of new safety technologies such as Driver and, in some cases, Passenger Knee Airbags, Brake Override System (BOS), Blind Spot Monitor (BSM), Active High Beam (AHB), Lane Departure Alert (LDA) and expansion on fitment of Daytime Running Lights (DRLs) to mainstream models such as Toyota RAV4.

New Zealand's Safety Regulations

Vehicles approved for importation to New Zealand must meet the relevant safety standards in Europe, or countries such as Japan, Australia and the US. Australia and Asian countries are starting to adopt European standards as world best practice.

The New Zealand Motor Industry Association has a Vehicle Safety and Design committee, which Toyota New Zealand is represented on. The MIA has put in place voluntary standards for the phasing out of lap belts by 2015, replacing them with three-point diagonal belts.

At the end of the reporting period, there were three Toyota commercial models out of a total of 21 Toyota models in which lap belts were fitted. Toyota New Zealand is working with TMC's engineers in Japan to try to meet the standard and in the next 12 months we expect this number to reduce to only two Toyota commercial models.

Independent Safety Ratings

The Australian and European New Car Assessment Programme (ANCAP AND EURO NCAP) rating systems are recognised as premier independent safety rating systems.

The following table shows current NCAP star ratings for Toyota and Lexus vehicle ranges as well as detail of airbags, stability control and safety features.



Product & Service Labelling

The company includes the following information for new vehicles (and a subset of it for used vehicles) on its website, in brochures and owner handbooks, and in this report:

- Safety features and crash test performance
- Official fuel consumption and emissions data
- Compliance with emission standards
- Compatibility with bio-fuels
- Instructions on the safe usage, servicing and disposal of vehicles and related products.

The company also displays fuel economy labels on all new and late-model used vehicles for sale in line with regulations; there were no incidents in the reporting period relating to non-compliance.

Information on the sourcing of product components is not required by regulation, or collected.



TOYOTA	DRIVER	DRIVER KNEE	PASSENGER	PASSENGER KNEE	FRONT SIDE	2nd ROW SIDE	CURTAIN	VSC/TRC	NCAP RATING
86	●	●	●	–	●	–	●	●	★★★★★
AURION	●	●	●	–	●	–	●	●	★★★★★
AVENSIS WAGON	●	●	●	–	●	–	●	●	★★★★★
CAMRY / CAMRY HYBRID	●	●	●	–	●	–	●	●	★★★★★
COROLLA HATCH	●	●	●	–	●	–	●	●	★★★★★
COROLLA SEDAN	●	●	●	–	●	–	●	●	★★★★★
COROLLA WAGON	●	–	●	–	●	–	●	●	★★★★★
PREVIA	●	●	●	–	●	–	●	●	★★★★★
PRIUS HATCH	●	●	●	–	●	–	●	●	★★★★★
PRIUS c	●	●	●	–	●	–	●	●	Not Tested
PRIUS v	●	●	●	–	●	–	●	●	Not Tested
YARIS HATCH	●	●	●	–	●	–	●	●	★★★★★
YARIS SEDAN	●	–	●	–	●	–	●	●	Not Tested
FJ CRUISER	●	–	●	–	●	–	●	●	Not Tested
HIGHLANDER	●	●	●	–	●	–	●	●	★★★★★
LAND CRUISER PRADO	●	●	●	–	●	–	●	●	★★★★★
LAND CRUISER WAGON	●	●	●	●	●	●	●	●	★★★★★
RAV4	●	●	●	–	●	–	●	●	★★★★★
HIACE	●	–	●	–	–	–	–	–	★★★★
HILUX 2WD	●	–	●	–	–	–	–	–	★★★★
HILUX 4WD	●	–	●	–	●	–	●	●	★★★★
LAND CRUISER 70	●	–	●	–	–	–	–	–	★★★
LEXUS									
CT	●	●	●	●	●	–	●	●	★★★★★
IS	●	●	●	●	●	●	●	●	Not Tested
ES	●	●	●	●	●	●	●	●	Not Tested
GS	●	●	●	●	●	●	●	●	Not Tested
LS	●	●	●	●	●	●	●	●	Not Tested
RX	●	●	●	●	●	●	●	●	Not Tested
LX	●	●	●	●	●	●	●	●	Not Tested

- VX Limited only
- Double Cab only
- Luxury Package option only
- LS600hL only

Customer Satisfaction

With customer satisfaction its number one objective, Toyota New Zealand is always seeking out customer experiences and looking to feed them back into the business to improve the way we operate.

The customer is king (or queen) at Toyota New Zealand and there are many ways in which their experiences, concerns and other feedback are sought.

One way in which the company has a real-time view of customer experience is through its award-winning Customer Dialogue Centre (CDC) based in Palmerston North, which receives upwards of 20,000 calls a year (as well as more than 6,500 emails). Toyota is proud to report that it takes the company only a day to close 79.8 per cent of customer queries, most of which are related to technical issues with vehicles.

But the CDC deals with people who have a reason to get back in touch with Toyota and the company is also keen to get more detailed feedback from those who may never need to call or email it back. So, it has been conducting a consistent survey of customers since the early 1990s using a tool called its Customer Satisfaction Index (CSI).

Toyota's CSI scores have been steadily increasing over the last 20 years, with current levels sitting at between 92 per cent satisfaction for service to almost 98 per cent satisfaction for customers who have bought a new Lexus. Toyota also benchmarks its CSI against other automotive brands, and can report that the company is consistently in the top three as far as this measure is concerned.

But the trusty CSI has had a few shortcomings. There were often weeks between when the customer purchased his or her vehicle or service from Toyota to when he or she filled out the survey form.

In addition, Toyota looked more closely into the survey form and found it tended to ask questions based on what the company thought was important rather than what the customer would have focused on. And the number of completed surveys was consistently fewer than the number of transactions, giving an incomplete picture of total customer satisfaction.

A new solution implemented in the period under review (rolled out in March 2012) sees a text or SMS-based system called Customer Radar used. The technology collates and displays results by dealer site and department on a web-based dashboard.

Customers are able to provide a 1-5 scale score based on whether they would recommend the dealer as a place to do business or not, and include any comments they wish alongside that rating.

Results from the first three months of Customer Radar data show that the amount of information flowing back from customers is up 200 per cent on the old system. And it's fast. Dealers can see in almost real-time how they are tracking in the minds of customers and are able to follow up promptly when concerns are expressed.

CUSTOMER DIALOGUE CENTRE REPRESENTATIVE JOCELYN GOODMAN



Employees

Toyota New Zealand recognises the importance of having safe and satisfied employees, and is committed to providing a safe and enjoyable workplace.

At the end of the reporting period, the company had 228 full-time and 10 part-time employees – a total of 234 full time equivalent employees (FTEs). The majority of its employees (68 per cent) are based at the National Customer Centre in Palmerston North.

The other key location is the Thames refurbishment facility (26 per cent), with remaining staff located in Auckland.

Toyota is an equal opportunity employer and its workforce has a dynamic mix of cultures, ages, religions and beliefs, with staff from more than 10 nations. About 23 per cent of its workforce is covered by collective bargaining agreements.

There were no incidents of discrimination during the reporting period.

Gender Profile

The automotive industry has historically been male-dominated and in Toyota New Zealand's case the overall gender mix is 67 per cent male and 33 per cent female. This also translates to fewer women at high levels of the company.

Toyota New Zealand is committed to recruitment based on individual merit regardless of gender or any other demographic factor. Promotional opportunities are also based on individual merit and performance, and available to all employees without discrimination.

Gender by Functional Area	Male	Female	Total	Female %
Customer and Dealer Support	25	18	43	41
Sales and Marketing	19	12	31	39
Product and Technical	17	0	17	0
Logistics and Refurbishment	74	28	102	27
Admin and Corporate Support	20	19	39	48
Executive	6	0	6	0

	y/e Mar 2013			y/e Mar 2012	y/e Mar 2011
Gender by Level	Male	Female	Total	Female	Female
Executive	6	0	6	0	0
Manager/Asst	16	5	21	2	1
Team Leader	26	7	33	9	7
Team Member	113	65	178	65	55

Age Profile

As expected, the largest percentage of Toyota New Zealand's workforce is aged between 30 and 50. The average age is 43.8 years.

The average length of service in the reporting period was 10.1 years, which reflects strong staff engagement and satisfaction.

Turnover

Toyota's staff turnover rate in the reporting period was 6.0 per cent in the 2012/13 year, 5.7 per cent in the 2011/12 year, and 6.0 per cent in the 2010/11 year.

Benefits

Toyota New Zealand employees are entitled to four weeks annual leave per year (in accordance with the Holidays Act 2003).

Toyota New Zealand grants additional long service entitlements on completion of continuous service milestones, up to 25 days after 40 years.

Toyota New Zealand meets all of its legal obligations with regard to additional leave, such as illness and bereavement. Leave for jury service is actively encouraged.

All Toyota New Zealand staff are entitled to:

- Discounted staff purchases for them and their families (including new and used vehicles and parts)
- Staff loans (via Toyota Financial Services)
- Medical insurance
- Subsidised cafeteria (in Palmerston North)
- Free car parking
- A company contribution of four per cent to KiwiSaver (non pension plan members only). This applies to 55 of the 83 staff enrolled in KiwiSaver
- A defined benefit pension plan scheme which operated prior to KiwiSaver and is now closed. The scheme has 142 members and its obligations for the year ending March 31, 2013 were \$46.5m
- Toyota also supports employee study (in addition to the employee's full time work) provided the study undertaken is relevant to their current/future roles or development. Study fees and leave are also granted, as long as the employee successfully passes the paper.

Other benefits include:

- Performance-related bonuses
- Paid maternity and paternity leave
- Employee assistance programme that offers confidential counselling
- All employees are free to join a union.

Remuneration

Each year, Toyota New Zealand undertakes salary surveys, where all salaries are benchmarked against three national surveys: Employers and Manufacturers Association, Hays Salary Survey, and Cubix. These provide a snapshot of salaries and employment market trends across Australia and New Zealand, which allows Toyota to position itself competitively.

All Toyota New Zealand employees are covered by workplace agreements which ensure fairness of workplace conditions.

The processes, policies and systems in place for achieving these aims are distributed to employees and are available on the company intranet.

The workplace agreements and corporate policies cover issues including:

- Occupational Health and Safety
- Flexible working hours
- Anti-discrimination policies
- Performance reviews.

Organisational Change

From time to time, any organisation has to go through changes. Toyota New Zealand consults fully with all affected staff in the case of major organisational or operational changes. Individual and collective agreements include a minimum four weeks' notice period in the case of restructuring/redundancy.



TOYOTA TECHNICIAN SERVICING A VEHICLE

Age by level	<30 Years	30-50 Years	>50 Years
Executive	0	2	4
Manager	0	12	9
Team Leader	0	25	10
Team Member	15	64	32
Total	15	103	55

Note: some ages are not recorded.



Employee Satisfaction

Analysis of Employee Satisfaction Survey

In order to understand the views of its employees, Toyota New Zealand undertakes annual workplace staff satisfaction surveys.

These provide a clear picture about the level of employee engagement and satisfaction on a regular basis.

Since 2000, Toyota New Zealand has participated in the Unlimited/JRA Best Places to Work Survey (now known as the Kenexa New Zealand Workplace Survey), the country's largest annual survey of workplace climate and employee engagement, with 2009 the only year the company did not participate in the survey.

Employees are asked to complete a confidential assessment about their workplace which then allows Toyota to benchmark its results against other New Zealand companies. It can identify key drivers which impact on employee engagement, develop action plans and review areas that require improvement. One hundred and twenty-six staff (88 per cent) completed the 2010 survey; 190 staff (80.5 per cent) completed the 2012 survey.

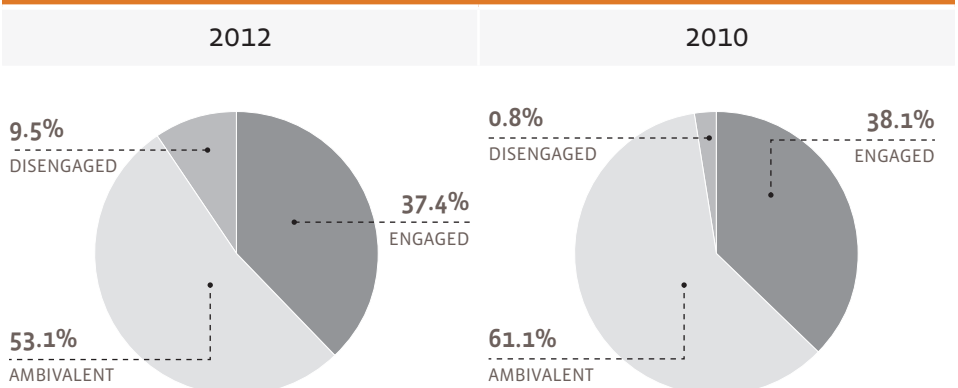
The decrease in overall workplace rating and staff engagement appears to reflect the fact that 2012 was a year when, in general, staff experienced unusually high levels of stress due to a significant number of new model launches across the range. There was also a considerable pull on resources due to a major computer system upgrade – putting pressure on staff. Additionally, 2012 saw staff dealing with the emotional impact of significant health issues affecting long-term colleagues.

OVERALL WORKPLACE RATING

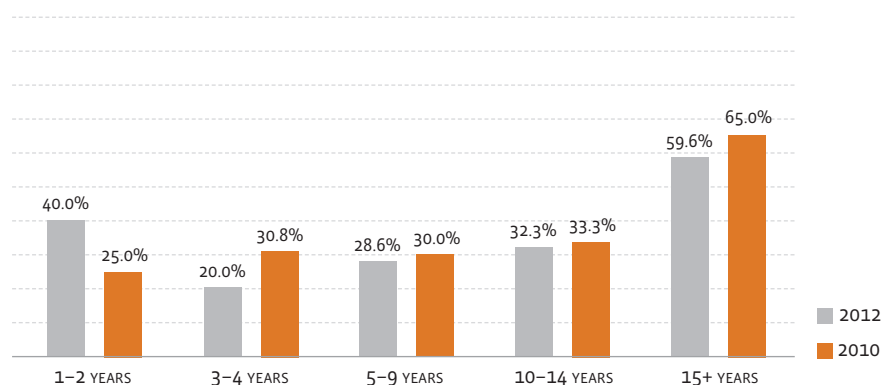
2012	2010
72.8 %	82.2 %

>80% Very Good 75-80% Good 70-74% Average
65-69% Below Average <65% Poor.

STAFF ENGAGEMENT



STAFF ENGAGED BY LENGTH OF SERVICE



Health and Safety

All Toyota New Zealand employees are covered by the Employment Relations Act 2000 and the Health and Safety in Employment Act 1992. These acts govern the main rights and obligations of employers and employees.

Five per cent of the company employees are involved in Health and Safety Committees with representation from a range of departments.

The committees meet every two months and take the lead in helping to promote and encourage staff to comply with current legislation and provide a forum for discussion and information to staff relating to health and safety issues. Targets and objectives are set and reviewed each year. A qualified physiotherapist visits Toyota New Zealand's sites several times a year to educate staff on safe seating and working practices.

Toyota New Zealand has achieved and retained tertiary status within the Workplace Safety Management Practices, a programme run by ACC. This includes staff participation to ensure good processes and procedures are documented and implemented in the workplace.

Employees are encouraged to identify and report hazards within their areas, and new ideas and initiatives are welcomed. Health and safety newsletters update staff each year.

Toyota records incidents – injury and non-injury – at three sites, and also reports on those involving non-Toyota visitors.

The company's health and safety incidents (injury and non-injury) decreased from last year, with a strong focus on reporting near misses, which enables us to prevent accidents happening.

Incidents/accidents

	PALM NTH OFFICE	PALM NTH WAREHOUSE	THAMES	VISITORS	TOTAL	NEAR MISS
2010/11	7	22	12	3	44	0
2012/13	7	17	11	0	35	2

The main types of incidents referred to in the table above are strains and sprains along with cuts and grazes to fingers. At the time of the physiotherapist visits to both the Palmerston North and Thames locations, advice is given on stretching before work and lifting techniques. Gloves of all types are made available to workers at all times.

During the reporting period a total of 36 days was lost as a result of incidents/accidents at the Palmerston North office, Palmerston North warehouse and Thames plant.

It is our hope that every one of us will contribute to a safe and healthy workplace by being committed to reducing risks. We need to be reporting near misses, unsafe acts and unsafe conditions. By reporting them it gives us the opportunity to act and reduce the likelihood of someone getting hurt.



Community Partnerships and Sponsorships

Toyota's Global Vision includes enriching the lives of customers beyond the driving experience. Toyota New Zealand shares this vision, and has developed a range of long-term partnerships and sponsorships that contribute to the communities and environments in which it operates.

Toyota's aims in creating these relationships are to build profile as a responsible corporate citizen, to encourage employee and dealer participation, and deliver long-term social and environmental benefits. Toyota shares skills and knowledge with our partners as well as more tangible resources including vehicles, funding, employee and management time.

Toyota New Zealand has streamlined its portfolio of partnerships and sponsorships in the past two years, with a view to enhancing the support for our partners. But the company continues to support partners on both a national and local basis; from GrassRoots rugby, for example, to our continued alignment with Emirates Team New Zealand.

	ANNUAL SPONSORSHIP CONTRIBUTION	
	< \$150,000	>\$150,000
Society and Community	<ul style="list-style-type: none"> • Attitude TV and National Awards • Police Ten 7 • NZ Business Week • Angus NZ • Heartland TV • Mitre 10 Dream Home • TRN – Special Children's Christmas • M2 Man/Woman of the Year • Life Education Trust 	<ul style="list-style-type: none"> • The Parenting Place • New Zealand's Got Talent
Arts and Culture	<ul style="list-style-type: none"> • NZ International Festival of the Arts • Lexus Sculpture in the Gulf • Evento – Wearable Arts Festival • Lexus – Young Architects • International Pacific College – Spring Festival 	<ul style="list-style-type: none"> • Lexus Song Quest
Sport	<ul style="list-style-type: none"> • Weet-Bix TRYathlon • Optimats (National Optimist Yachting Championships) • Sir Peter Blake Regatta • ITM – Fishing Show • Manfeild • Makoura Lodge – 4WD facility • Rugby News – digital 	<ul style="list-style-type: none"> • GrassRoots Rugby TV • Emirates Team New Zealand • Toyota Racing Series (and NZ Grand Prix)
Other	<ul style="list-style-type: none"> • Pure Energy – Hilux fleet • The Radio Network – contra 	



WEETBIX TRYATHLETES PARTICIPATING IN THE TRYATHLON'S CYCLE LEG

In addition to Toyota New Zealand's national sponsorship activities, many Toyota dealers have developed their own partnerships with local community and charity organisations in regions around the country. For example, Miles Toyota in Christchurch supports Ronald McDonald House, while in New Plymouth, Tasman Toyota gets behind the Taranaki Helicopter Trust.

Toyota New Zealand is now in its second year of supporting New Zealand's Got Talent, a TVNZ production that is watched by an average of 1.4 million people tuning into each of the 13 weekly episodes over a season. It is the company's largest commercially based sponsorship.

Family is Everything

Case Study: The Parenting Place

One thing most people can agree upon is that great parenting makes for happier families, which in turn make for happier communities.

And ensuring New Zealand communities strive to develop and nurture their next generation is a cause close to the heart of both Toyota New Zealand and one of its major sponsorship partners, The Parenting Place.

“We strive to build corporate sponsorship with companies that are real icons in the community – companies that have a genuine, vested interest in the people of this country and are prepared to not just talk about it, but actually live it,” says Bruce Pilbrow, CEO of The Parenting Place.

“This is why we are so happy to have had Toyota on board since 2005,” he says. “The hearts of people in both organisations are in alignment on the need to support parents and families.”

The Parenting Place, formerly Parents Inc., provides programmes that support parents throughout the country. Their Toolbox parenting programme, events, workshops and magazine reach tens of thousands every year. Their Attitude high school and intermediate programme will impact more than 240,000 teens annually.

The Parenting Place operates almost entirely without Government support and relies on funding from blue-chip sponsors like Toyota to meet a huge and ever-growing demand for its services.

“Through good financial times and more lean times, Toyota has stuck by its commitment to us,” says Bruce. “We have a level of funding continuity from the company that allows us to meet our fixed costs, freeing us up to be able to find the good people we need.”

Toyota also supplies around 13 cars for The Parenting Place’s fleet, which are frequently driven by the organisation’s youngest speakers as they deliver Attitude – a programme tackling youth-related physical, mental and emotional health issues including safe driving – to 93 per cent of high schools around New Zealand.

“It’s fair to say those cars get a pretty good thrashing!” laughs Bruce.

Toyota branches around the country often work with The Parenting Place to facilitate programmes and events, and the Palmerston North Toyota HQ lunchroom “picks out” when The Parenting Place talks are held on site.

This year The Parenting Place will continue its outreach to youth, as well as growing its Toolbox parenting groups, with Bruce grateful for continued Toyota support.

“Together we can achieve great things.”

BRUCE PILBROW



BRUCE PILBROW
CEO, THE PARENTING PLACE

“
We strive to build corporate sponsorship with companies that are real icons in the community – companies that have a genuine vested interest in the people of this country and are prepared to not just talk about it, but actually live it.
”

Assurance Statement



Independent Limited Assurance Report to the Directors of Toyota New Zealand Limited

We were engaged by the Board of Directors of Toyota New Zealand Limited (“TNZ”) to perform a limited assurance engagement in relation to TNZ’s sustainability report for the period 1 April 2011 to 31 March 2013 (“the Report”). Our assurance engagement involves providing a limited assurance conclusion on:

- The “Selected Sustainability Information”, as defined below, prepared in accordance with the Global Reporting Initiative (“GRI”) G3.1 reporting principles and guidelines; and
- The self-declared GRI application level assertion of B+, presented in accordance with the GRI application level requirements for B+.

Selected sustainability information

The “Selected Sustainability Information” covers the collation and presentation of the significant indicators and claims made in the Report excluding:

- Financial information included in the table on page 13 of the Report; and
- Greenhouse gas emissions included in the table on page 24 of the Report.

We have not been engaged to provide assurance over any comparative indicators outside of the reporting period.

Management responsibility

Management is responsible for the preparation and presentation of the Report in accordance with the criteria set out in the GRI G3.1 guidelines, for each of the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. Management is also responsible for determining TNZ’s objectives in respect of sustainability reporting and for establishing and maintaining appropriate performance management and internal control systems from which the information is derived.

Our responsibility

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE (NZ) 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. That standard requires that we comply with the requirements of Professional and Ethical Standards issued by the External Reporting Board of New Zealand, and implement quality control procedures that are applicable to the engagement.

Assurance approach

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in relation to the above scope. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate.

Our procedures included:

- Enquiries of TNZ personnel to understand the process for deriving the “Selected Sustainability Information”;



- Analytical review and other testing to assess the reasonableness of the information presented;
- Comparing the self-declared GRI index table in the Report to the requirements of the GRI G3.1 guidelines; and
- Overall sense check of the Report against our findings and understanding of TNZ.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Use of our report

Our assurance report is made solely to the Directors of TNZ in accordance with the terms of our engagement. Our work has been undertaken so that we might state to TNZ those matters we have been engaged to state in this assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of TNZ for our work, for this assurance report, or for the conclusions we have reached.

Independence

KPMG also provides internal audit and other advisory services to TNZ. The Partners and employees of our firm may also deal with TNZ on normal terms within the ordinary course of trading activities. This has not impaired our independence in respect of this engagement. The firm has no other relationship with, or interests in, TNZ.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- The “Selected Sustainability Information” has not, in all material respects, been prepared in accordance with the GRI G3.1 reporting principles and guidelines; and
- The self-declared GRI application level assertion of B+ is not presented in accordance with the GRI application level requirements for B+.

Our assurance engagement was completed as at 25 October 2013 and our conclusion is expressed as at that date.



KPMG

Auckland

Global Reporting Initiative (GRI) Framework

This report is based on the Global Reporting Initiative G3.1 framework (considered the world's leading framework for corporate responsibility reporting).

The report applies the G3.1 framework to a B+ level and includes all of the Profile Disclosures, Management Approach Disclosures and a minimum of 20 Performance Indicators. See the GRI Application Level Table below for more information.

GRI Profile Disclosures and Performance Indicators in this report are referenced by page number in the GRI Index on the following pages. Some indicators are not applicable to Toyota New Zealand's operation. For example, the company imports all vehicles, so indicators relating to manufacturing are not relevant.

GRI Application Level Table

STANDARD DISCLOSURES	REPORT APPLICATION LEVEL	C	C+	B	B+	A	A+
	G3 Profile Disclosures	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15	REPORT EXTERNALLY ASSURED	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17	REPORT EXTERNALLY ASSURED	Same as requirement for Level B	REPORT EXTERNALLY ASSURED
	G3 Management Approach Disclosures	Not required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labour, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

*Sector Supplement in final version



GRI Index Table

SECTION	GRI PROFILE DISCLOSURE	REPORTING	PAGE
1.1	Statement from the CEO		1, 2
1.2	Key impacts, risks and opportunities		10, 11, 16
2.1	Name of organisation		Inside cover (IC)
2.2	Primary brands, products and/or services		3, 4
2.3	Operational structure of organisation		3, 4
2.4	Location of organisation's headquarters		3
2.5	Number of countries where organisation operates		3
2.6	Nature of ownership and legal form		3
2.7	Markets served		3
2.8	Scale of the reporting organisation		3, 13
2.9	Significant changes during the reporting period		IC
2.10	Awards		6
3.1	Reporting period		IC
3.2	Date of most recent previous report		IC
3.3	Reporting cycle		IC
3.4	Contact point for the report		IC
3.5	Process for defining report content		10
3.6	Boundary of the report		IC
3.7	Limitations on the scope or boundary of the report		IC
3.8	Reporting on joint ventures and other entities		IC
3.9	Data measurement techniques described throughout the report		IC
3.10	Explanation of re-statements		IC
3.11	Significant changes from previous reporting periods		IC
3.12	Table of standard disclosures GRI table		46
3.13	External assurance		43
4.1	Governance structure		3-4
4.2	Chair of the highest governance body		3-4
4.3	Independent and/or non-executive board members		3-4
4.4	Mechanisms to provide recommendations or direction to the board		3-4
4.5	Compensation and performance		3-4
4.6	Avoidance of conflicts of interest		3-4
4.7	Board selection process		3-4
4.8	Mission and values statement, codes of conduct and principles		5-7
4.9	Management of performance		3-4
4.10	Performance evaluation		3-4
4.11	Explanation of whether and how the precautionary principle is addressed		3-4
4.12	Externally developed economic, environmental, and social charters		20
4.13	Memberships in associations		8-9
4.14	List of stakeholder groups		8-9
4.15	Basis for identification and selection of stakeholders		8
4.16	Approaches to stakeholder engagement		8-10
4.17	Key stakeholder topics and concerns		8-10

COLOUR CODING IS AS FOLLOWS:

Fully reported

Partially reported

Not reported

GRI Index Table – *continued*

GRI PERFORMANCE INDICATOR		REPORTING	PAGE
EC1	Direct economic value generated and distributed		22
EC2	Financial implications of climate change		
EC3	Organisation's defined benefit plan		38
EC4	Significant financial assistance received from government		
EC5	Standard entry level wage/local minimum wage		
EC6	Locally based suppliers		22
EC7	Procedures for local hiring		22
EC8	Development and impact of infrastructure investments and services		
EC9	Indirect economic impacts		
EN1	Materials used by weight or volume		26
EN2	Percentage of materials used that are recycled input materials		
EN3	Direct energy consumption by primary energy source		24
EN4	Indirect energy consumption by primary source		24
EN5	Energy saved due to conservation and efficiency improvements		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services		24, 27
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		24
EN8	Total water withdrawal by source		24
EN9	Water sources significantly affected by withdrawal of water		
EN10	Water recycled and reused		
EN11	Land in biodiversity habitats		26
EN12	Impact on biodiversity rich areas		26
EN13	Habitats protected or restored		
EN14	Managing impacts on biodiversity		26
EN15	IUCN Red List species		
EN16	Direct and indirect greenhouse gas emissions		24
EN17	Other indirect greenhouse gas emissions		24
EN18	Initiatives to reduce greenhouse gas emissions		24, 27
EN19	Emissions of ozone-depleting substances		
EN20	NOx, SOx, and other significant air emissions		
EN21	Total water discharge		
EN22	Weight of waste by type and disposal method		
EN23	Significant spills		24
EN24	Weight of hazardous waste under Basel Convention		
EN25	Biodiversity rich water bodies		26
EN26	Initiatives to reduce impacts of products and services		24, 25, 27, 28, 29
EN27	Products sold that are reclaimed		
EN28	Fines and sanctions for non-compliance with environmental laws and regulations		IC
EN29	Impacts from transport		25, 26
EN30	Total environmental protection expenditures		
LA1	Workforce		37-38
LA2	Employee turnover		31, 38

COLOUR CODING IS AS FOLLOWS:

Fully reported

Partially reported

Not reported

GRI Index Table – *continued*

GRI PERFORMANCE INDICATOR		REPORTING	PAGE
LA3	Benefits for full-time employees		38
LA4	Percentage of employees covered by collective bargaining agreements		37
LA5	Minimum notice period for operational changes		38
LA6	Workforce represented in formal health and safety committees		40
LA7	Absentee rates and injuries		40
LA8	Programmes for serious diseases		
LA9	Health and safety in formal trade union agreements		
LA10	Training per employee		
LA11	Career and skill development programmes		
LA12	Employee performance reviews		38
LA13	Workforce by diversity		37-38
LA14	Salary ratio by gender		
HR1	Investment agreements with human rights considerations		
HR2	Supplier screening on human rights		
HR3	Employee training on human rights		
HR4	Total number of incidents of discrimination and actions taken		37
HR5	Risk to freedom of association and collective bargaining		
HR6	Risk of child labour		
HR7	Risk of forced or compulsory labour		
HR8	Security personnel trained in human rights		
HR9	Incidents involving indigenous people		
SO1	Managing impacts on communities		
SO2	Analysis on corruption		
SO3	Employees trained on corruption		
SO4	Actions in response to corruption		4
SO5	Public policy positions and lobbying		4
SO6	Political donations		4
SO7	Anti-competitive behaviour, antitrust and monopoly practices		
SO8	Fines and sanctions for non-compliance with laws and regulations		IC
PR1	Life cycle stages of products and services		29, 34-35
PR2	Non-compliance with regulations on health and safety impacts of products and services		
PR3	Product and service information		34-35
PR4	Non-compliance with regulations and voluntary codes on product and service information.		34-35
PR5	Customer satisfaction		31, 36
PR6	Marketing communications		32-33
PR7	Non-compliance with regulations and voluntary codes on marketing communications		
PR8	Complaints on breaches of privacy		
PR9	Monetary value of significant fines		

COLOUR CODING IS AS FOLLOWS:

Fully reported

Partially reported

Not reported

TO PROVIDE FEEDBACK

PLEASE CONTACT:

Toyota New Zealand

Customer Dialogue Centre

Phone: 0800 TOYOTA (0800 869 682)

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