

# Sustainability Report 2021

## Message from the CEO

### 1. Message from the CEO, Neeraj Lala



#### 1.1 Introduction

Toyota New Zealand (TNZ) has a simple goal – to sell sustainably-made, affordable, reliable and safe cars to New Zealanders. We have a long-standing reputation for quality, broad product choice and excellent sales and customer experiences. But for us, it's equally important to set an example of good social and environmental responsibility. We endeavour to be a truly sustainable business, incorporating green-business practices throughout our operations. We recognise the impacts we have on the world around us, and that by addressing our own impacts we can influence the wider motor vehicle industry and its supply chain.

TNZ's long-standing commitment to sustainability is articulated through our [TNZ 2050 Vision](#) statement.

Our sustainability strategy connects us globally to both the United Nations' Sustainable Development Goals and Toyota Motor Corporation's Environmental Challenge 2050, with bold actions in five areas – carbon, resources, workforce, adaptation and creating broader value. This Report outlines how we have continued to develop a roadmap to achieve the Vision, align activities and reporting on progress.

## 1.2 COVID 19

Last year saw significant challenges for TNZ, as we navigated our business through the COVID-19 pandemic. In spite of these, our entire team – TNZ, our Dealers and our supply chain – came together with great success, and we exceeded our revised COVID-19 forecast sales for the 2021 financial year.

While 2020 was all about protecting the health and safety of our staff and communities, 2021 was about managing the flow-on effects of demand and COVID-19 in the long term. The closure of international borders affected both the number of overseas visitors and international supply chains. Areas such as the vehicle rental market, dropped dramatically as a result. However, there was also a welcome surprise: demand for new and used vehicles increased significantly compared to our predictions at the start of the year, and with fewer Kiwis travelling abroad domestic spending increased. This boosted car sales but COVID also impacted global component products and caused supply chain issues for the world's automobile industry. The resulting stock supply issues meant we needed to adapt our business processes and communicate consistently and constantly with our customers regarding their purchases.

In the past 12 months we have worked to connect our teams more than ever before. We acknowledge the value every team member brings to our business. We managed to retain all TNZ staff without needing to reduce hours or salaries. This has been made possible by holding back management and Executive team bonuses, and while we initially applied for the Government's wage subsidy, we were able to repay this fully early in 2021. The fact that staff confidence in senior leadership is at its highest level in TNZ's history highlights the value of these decisions.

As we responded to COVID-19's challenges, TNZ kept customers at the centre of all decision-making. We were proud that Toyota's retained its place as New Zealand's fourth most trusted brand in the Colmar Brunton Corporate Reputation Index. On behalf of TNZ, I would like to thank our loyal customers for their patience and support in the past 12 months.

## 1.3 Our road to carbon neutrality

In spite of the challenges we faced in 2020, our journey to a low carbon future is gathering momentum. Across our entire fleet we offer different products to meet customers' diverse needs and desires. We strongly believe that the road to a low carbon transport system will involve a range of powertrains – not just battery electric vehicles – and investment into transport infrastructure.

Our average fleet carbon emissions have fallen from over 185g CO<sub>2</sub>/km to just over 160g CO<sub>2</sub>/km in just five years. This has been achieved by a combination of increasing electrified options and greater efficiency in traditional internal-combustion-engine vehicles. For Toyota models (i.e. excluding Lexus), we are predicting that emissions will fall below 160g CO<sub>2</sub>/km by the end of the 2022 financial year.

There are many types of electrified vehicle in the market now, including Fuel Cell Electric Vehicles, Battery Electric Vehicles, Plug-in Hybrid Electric Vehicles and Hybrid Electric Vehicles. Each option meets unique customer needs and we welcome this shifting mindset among Kiwi car buyers; for example, the hybrid RAV4 is now outselling its petrol counterpart. New hybrids now account for four in every 10 vehicles sold by Toyota – an important milestone for the electrification of vehicles in New Zealand.

As this market continues to grow, we will keep working to make sure we are able to provide a range of vehicles that suits customers and reduces emissions. One way we will do this is by investing in hydrogen-powered vehicles. Since 2019 we have been testing three hydrogen vehicles in New Zealand. TNZ is working with the New Zealand Hydrogen Association in this exciting area to expand the availability of hydrogen-powered vehicles at a retail level.

The Clean Car Discount, announced by the Government in July 2021, represents another nationwide move towards carbon neutrality. TNZ views it as a positive step, as it supports our strategic goal of carbon-free mobility. On its introduction we saw an immediate change in customer purchasing patterns, with some requesting earlier deliveries of higher-emission vehicles to avoid potential fees and others delaying orders of lower-emission vehicles to benefit from potential rebates. With the supply chain already strained by COVID-19-related delays, our customer service team is working hard to keep customers up to date with the status of their vehicle orders.

## 1.4 Toyota and the community

As a business, we are in transition. Our 2050 Vision is to be a leader in sustainable and accessible mobility solutions – to move away from being a supplier of motor vehicles to playing a pivotal role in enabling a wide range of mobility options. This includes partnering in ridesharing and hourly vehicle-hire services. Looking ahead to the 2022 financial year, we will be working with a South Auckland community to improve mobility options with hybrid vehicles and e-bikes.

Looking forward, we will be making improvements to our facilities in the 2022 financial year. A third party will review the national parts warehouse management system and undertake phase 1 of our plan to transition to automated processes. The reduction in manual processing will increase available space and accuracy while leading to lower CO<sub>2</sub> emissions. It will allow us to utilise our workforce to assist with other activities.

It will also improve storage efficiency help by enabling us to pack goods and use the space more efficiently, and enhance warehouse data accuracy and productivity. In the Thames vehicle refurbishment and accessorising facility, we will continue to look at ways to reduce and better reuse waste. We are exploring the possibility of recycling hybrid-vehicle batteries on site; they are currently sent to an overseas recycling facility.

Our sponsorships are going from strength to strength and reflect our long-standing brand values. Parenting Place sponsorship reflects the importance of families in society. Toyota's support of Emirates Team New Zealand is now the longest continuous major sports sponsorship and underlines the value we place on innovation and determination. TOYOTA GAZOO Racing delivers major sporting events while embodying our passion for motoring excellence. Our partnership with the Department of Conservation to promote the Toyota Kiwi Guardians programme signifies our desire to protect the natural environment. TNZ also supports a range of other national initiatives, while our Stores support organisations and charities in more than 60 local communities around the country.

As we continue to move forward and adapt to the changes and challenges around us, I am excited about the work we have underway and how this is bringing our Vision 2050 to life.



Neeraj Lala  
Chief Executive Officer  
Toyota New Zealand

February 2022

# About this Report

## 1. Report structure and material issues

In 2020 we moved our Report to an online format. The Report includes the annual message from our Chief Executive Officer (CEO) and key summary information.

This Report provides stakeholders with a snapshot of our progress on 'material issues'. Supporting commentary on context and how we manage our operations is provided by links to relevant data and case studies.

### What are 'material issues'?

Material issues are defined as those areas of most interest, concern or relevance to stakeholders, and the issues where we can have the greatest impact. They were identified using a formal materiality engagement process. See more information about the process [here](#).

Material issues are indicated throughout the Report using this icon.

**MATERIAL ISSUE**

## 2. Period Covered by Report

All data covers the period 1 April 2020 to 31 March 2021 (the 2021 financial year) unless otherwise stated. For major ongoing initiatives, information from 1 April 2021 onward is included.

## 3. Scope of the Report

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

## 4. Reference Guidelines

This Report was prepared in accordance with the Global Reporting Initiative (GRI) Standards (2016): Core option. We reference the six goals outlined in the [Toyota Environmental Challenge 2050](#) and the [United Nations' 17 Sustainable Development Goals \(SDGs\)](#).

## 5. Assurance

Our Reports have been externally assured since 2011. This means that someone independent of our organisation has checked that this Report is factually correct and that appropriate standards have been applied. This year's assurance statement can be found [here](#). It gives stakeholders confidence in our data-collection process and sustainability performance.

## 6. Key Information

**Company name:** Toyota New Zealand

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

We welcome any questions, comments or suggestions:

**Toyota New Zealand Customer Dialogue Centre**

**Phone:** 0800 TOYOTA; email: [customercare@toyota.co.nz](mailto:customercare@toyota.co.nz)

# Our Sustainability Strategy

## 1. Our Place in the World



We understand that environmental and social impacts are no longer expressed just locally. Their scale and complexity pose a serious challenge for society globally and in New Zealand, and for TNZ, our partners and communities.

We recognise the large environmental and social footprint of our company (the Toyota brand represents nearly a quarter of all vehicles on New Zealand's roads). However, this means we have an equally large opportunity to contribute to changes for the better. As a trusted brand, TNZ is in a privileged position to positively influence New Zealand society. TNZ has a long-standing commitment to sustainability, and we are proud of the progress we have made so far.

Through addressing our impacts, we can influence the wider motor vehicle industry and its supply chain. This means we can be collectively better placed to prepare for the business risks and challenges that lie ahead.

The following two global frameworks guide our sustainability strategy.



## 2. Global Frameworks for Sustainability

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



### [More SDG information](#)

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

### [2050 Global Challenges](#)



## 3. TNZ 2050 Vision and Sustainability Priority Areas

### 3.1 Our 2050 Vision and Actions

#### MATERIAL ISSUE

In 2019 we developed a 2050 Vision that set a direction for how we would operate in and contribute to a sustainable New Zealand. The Vision is underpinned by our move away from being a vehicle and parts sales company towards being a mobility company by adapting to changing lifestyles and ways of getting around. This means preparing for a decline in households and individuals with fixed vehicle ownership, and providing more flexible transport options. The Vision focuses on five areas – carbon, resources, workforce, adaptation and creating broader value. To make sure we consider our direct and indirect impacts, supporting action plans encompass three areas: our product, TNZ and Toyota Franchise business operations and our value chain.

During the reporting period we completed a detailed 2030 Roadmap for delivering the Vision and to help us make a step change in our sustainability activity by better integrating operations and decision-making. We set 2030 goals and supporting targets, with regular reporting to measure our company-wide performance.

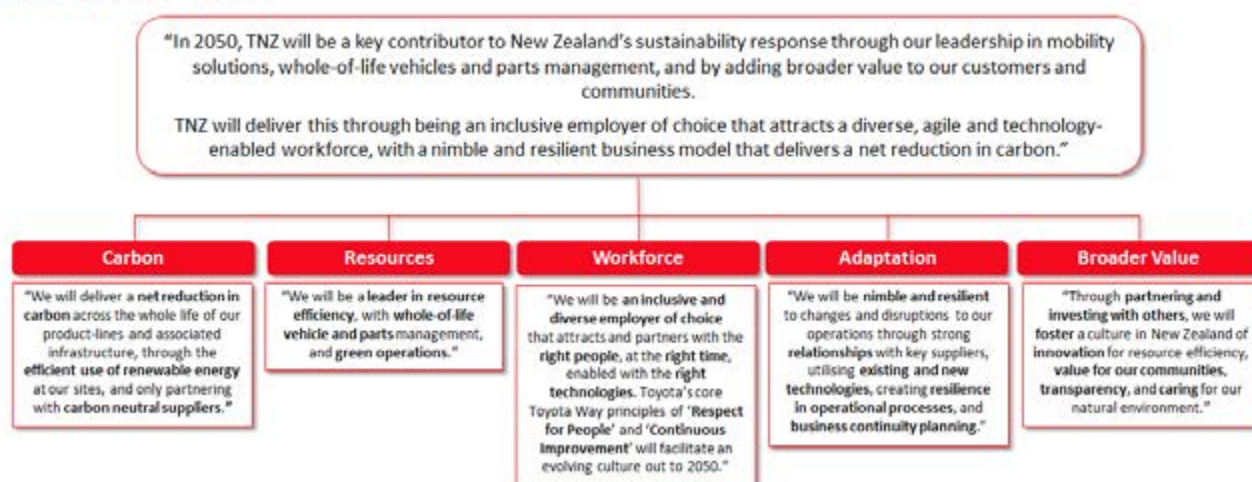
How we developed our 2050 Vision

The Vision consolidates and responds to the SDGs and the Toyota Environmental Challenge through the five areas. Through a series of workshops and supporting engagement, we developed the Vision collaboratively with senior executives and management. We also drew on stakeholder materiality engagement. Department managers then worked with their teams to develop supporting action plans.

See more about how we developed the strategy here.

### 3.2 2050 Vision

#### Sustainability Priority Areas





## 3.3 Our products – leadership in the New Zealand market

For TNZ, leadership means shaping and hastening the adoption of low-carbon personal transport in New Zealand. We can apply our position as market leader and use our influence and expertise to help transform mobility, reduce emissions and minimise resource use. Actions in these areas will take the greatest effort but deliver the greatest change and improvements.

### Areas of Focus:

- [Tailpipe emissions](#)
- [Per-passenger-kilometre emissions](#)
- [Vehicle and parts, and packaging waste](#)
- Vehicle and [parts](#) reuse
- Vehicle and parts safety
- Harmful chemical use in vehicles and parts
- Product communications

## 3.4 Toyota Franchise businesses

Setting a Vision to be a leader in sustainable and accessible mobility solutions requires us to ‘walk the talk’. It means aligning business practices with our values to operate in a truly sustainable way. Robust green-business practices are also vital to attracting and retaining skilled employees, and demonstrate to stakeholders that TNZ is a compliant, conscientious and trustworthy company.

### Action areas:

- [Operational waste](#)
- [Operational water](#)
- [Operational resource use](#)
- [Operational carbon emissions](#)
- Store carbon emissions
- [Training and development](#)
- [Diversity](#)
- [Pay equity](#)
- [Environmental compliance](#)
- [Organisational resilience](#)
- [Responsible investments](#)
- Nature conservation
- [Contribution to stakeholder environmental understanding](#)
- [Partnerships](#)

## 3.5 Our Value Chain

Our supply chain purchasing choices influence the nature of the impacts in our value chain. Early actions include mapping the flow and quantities of the resources used and their impacts.

- [Stakeholder insights](#)
- [Sustainable procurement](#)
- Carbon emissions in logistics
- Vehicle servicing waste
- End-of-life vehicle and parts recycling

# Our Organisation

## 1. What we do



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

## 2. Our Business Strategy

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

### 3. How We Fit into Our Value Chain

TNZ's Sustainability Strategy takes a value-chain view to identify and manage the impacts and opportunities linked with the life cycles of our products and services.

The value chain approach shows that many of our biggest business impacts occur outside our direct control. We recognise the need to develop stronger partnerships with suppliers and the wider motor industry to better address these impacts.

#### Value Chain Diagram

### 4. Main Impacts of Our Operations, Vehicles and Parts Over Time

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

#### Main Impacts Diagram



## 5. Contribution to New Zealand

### MATERIAL ISSUE

As a trusted brand, we are in a privileged position to contribute to New Zealand. Our endeavours are guided by our eight Believe statements, see [here](#).

We seek to be a leading company by actively demonstrating how we can reduce carbon emissions and resource use, establish high product-safety standards and support our retailers and their communities.

Our 2030 Roadmap will deliver more targeted outcomes and foster a culture of innovation, care for the natural environment, transparency in our performance and growing value to local communities.

We currently track progress through annual corporate reputation surveys, which seek stakeholder views of our social responsibility, fairness and trust.

[See more](#) on the membership organisations with which we engage.

See how we contribute to communities [here](#).



# Our Products Leadership in the New Zealand Market

## 1. Our Products - leadership in the New Zealand market



We sell new and used vehicles and new parts directly to customers via our corporate sales team and through the Toyota network of franchise Stores. We also sell parts to parts and service agents.

Strategic focus areas for new and used vehicles are:

- Reducing the environmental impacts of vehicles
- Vehicle and parts quality, safety and performance

We also contribute to reshaping future transport systems.

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

The immediate impacts of COVID-19 and our response are outlined [here](#).

TNZ is now managing the longer-term impacts of COVID-19 on our business, notably the ongoing disruption to the supply chain. Before COVID-19, new vehicles sourced from TMC in Japan were delivered to customers less than two months after they were ordered. During December 2020 this increased to three months. By July 2021 the average wait time was six months. This has been an understandable source of frustration for customers, and our Customer Dialogue Centre and retail Stores are working hard to ensure all customers are kept up to date with the progress of their orders.

Before COVID-19, urgently required parts and accessories arrived in New Zealand via air freight within five days of ordering from TMC Japan. Specific parts were ordered for specific jobs, with no need to hold surplus parts in stock. During the 2021 financial year, delivery times increased to three weeks and the associated freight costs grew too. TNZ increased the parts stock holdings to lessen exposure to supply chain issues and also decided to move more stock via sea freight rather than air freight. This achieved greater delivery reliability, lower costs and fewer CO<sub>2</sub> emissions.

## 1.2 Mobility for New Zealanders

### MATERIAL ISSUE

In New Zealand, private vehicle ownership is high and public transport use is currently low compared to other developed countries. As a distributor of vehicles and parts, we enable New Zealanders to get where they need to safely and efficiently.

We provide a wide range of new vehicles and lower-priced, used-vehicle options to meet our customers' different needs.

We track progress against our Strategy, market share and Roadmap emission and resource targets. We're also investing in alternative fuels such as hydrogen.

See more [here](#) on how we're thinking about future mobility.



### Managing reduced availability of low-cost vehicle options

The constraints placed on our vehicle supply chain have led to increased used-vehicle prices. We expect this trend to continue until supply starts to match market demand, which may take two or three years. In the past two years we have sold around 1,000 used vehicles to Stores and fleet customers each month; this dropped to 500 per month in the 2021 reporting period.

We are managing the reduced vehicle availability by making sure all Toyota Stores have fair access to vehicles. Vehicles first registered in New Zealand are sold via weekly Toyota-only auctions to help manage the local supply. Vehicles first registered overseas remain available for Stores to pre-order and pre-purchase from Japan, or to purchase from our vehicle refurbishment and accessorising facility in Thames.

## 1.3 Reducing Environmental Impacts of Vehicles and Parts

Transport is the second-largest source of greenhouse gas emissions in New Zealand, and the country is among the top five worst-performing OECD member countries for greenhouse gas emissions on a per-person basis. Transport movements are dominated by private road movements, and we have one of the oldest and least fuel-efficient fleets in the developed world. Vehicle ownership is high and public transport use relatively low.

We are focusing on:

- [Reducing vehicle carbon emissions](#)
- Resource efficiency and reusing vehicles and parts

### **TMC activity to reduce environmental impacts of vehicles and parts**

TMC is focused on reducing the environmental impacts of vehicles and parts through their design and manufacture.

Examples of how TMC is managing environmental impacts include:

- During vehicle manufacture [here](#) and [here](#)
- Applying environmental principles to hybrid-battery manufacture [here](#)





## 1.4 Reducing our operational carbon emissions

TNZ's 2050 Vision for carbon emissions:

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



Our focus areas for reducing vehicle carbon emissions are:

- Emission reductions in new vehicles
- Emission reductions in used vehicles
- Reducing emissions from logistics (logistics refers to the transportation of parts, accessories and vehicles from their original manufacturing facilities to customers. It includes air-, road- and sea-freight methods)

### Emission reductions in our new-vehicle product mix

**TNZ 2030 Target: Reduce tailpipe emissions to 152g CO<sub>2</sub>/km (Toyota vehicles)**

**TNZ 2030 Target: Reduce tailpipe emissions to 178g CO<sub>2</sub>/km (Lexus vehicles)**

**TNZ target: Hybrid sales target?**

See our progress [here](#)

### TMC activity to reduce vehicle carbon emissions

TMC has set targets for emission reductions and the availability of low- and zero-carbon-emission vehicles. These inform the design of new vehicles. At TNZ, we've committed to electrified options across our whole vehicle range by 2025. These options include Self-charging Hybrid Electric, Plug-in Hybrid Electric, Battery Electric and Fuel Cell Electric Vehicles. TMC balances our product requests with those of other markets around the world, and prioritises countries with regulations mandating electric vehicles.

### Our strategy to reduce vehicle carbon emissions

TNZ's low-carbon strategy promotes mass-produced hybrid vehicles and fuel-efficient internal combustion engines. See more about how we think about different low-emission options [here](#).

CO<sub>2</sub> tailpipe emissions for many non-hybrid vehicles, including utility vehicles, continue to decrease with each model update. For example, the new-generation Highlander provides the lowest-emission option in the Sport Utility Vehicle (SUV). The average CO<sub>2</sub> emissions of SUVs nationally is currently 170.3g CO<sub>2</sub>/km. The emissions of Toyota and Lexus SUVs are considerably lower at 137.7g CO<sub>2</sub>/km.

Battery Electric Vehicles are part of our product strategy to reduce emissions, and we will be introducing the full-electric Lexus UX model to New Zealand in late 2021.

### **Beyond Zero**

TMC has developed a new range of electric vehicles – the bZ ('beyond Zero') range. These battery electric vehicles will strengthen our range of low- and zero-emission vehicles and offer customers further powertrain choices. Seven bZ models will be launched globally by 2025, starting with the bZ4X. See more about the bZ4X.

See our progress on reducing the emissions of our new-vehicle fleet [here](#).

### **Preparing for hydrogen fuel**

We continue to explore ways to bring hydrogen-fuelled vehicles to market cost effectively. Generating hydrogen cleanly and competitively and installing the fuelling infrastructure are key areas of work.

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

### **The Clean Car Discount**

The Clean Car Discount announced by the Government on 1 July 2021 consists of rebates and fees for imported new and used vehicles, based on CO<sub>2</sub> emission ratings. Rebates are available for Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles.

Rebates and fees are set according to vehicle CO<sub>2</sub> emission ratings, calculated using international testing protocols and the Worldwide Harmonized Light-duty Vehicles Test Procedure.

As the incentives apply to specific dates, we need to manage changing customer requests for when they wish to receive their vehicles. Given the supply challenges from global manufacturing constraints, customers are receiving cars when available and may be affected positively or negatively depending on the timeframe of the Clean Car Discount. We are doing our best to keep customers informed.

For more information, see the [Waka Kotahi NZ Transport Agency website](#).

### **Exhaust emission standards**

New Zealand introduced the Land Transport Rule: [Vehicle Exhaust Emissions 2003](#), setting minimum emission standards for used and new vehicles. The European 'Euro' standards are among the most commonly used standards directly influencing the mix of vehicle models we bring to the market.

New vehicles have had to meet the Euro 5 standard since 1 November 2016, and used vehicles have had to meet Euro 4 since 1 January 2012. The Ministry of Transport has proposed introducing Euro 6d, the highest level, from January 2023. This is earlier than previous indications of a 2027 introduction, and now ahead of Australian requirements.

Currently none of our vehicles meet this requirement and we are highlighting the difficulties this poses to the Ministry of Transport.

### **Hybrid and plug-in electric vehicles**

TNZ is on a journey to electrification. We introduced the Prius hybrid to the market in 2003, the Camry hybrid model in 2010 and the Corolla hybrid in 2016. In the 2021 financial year, 16 Toyota and Lexus hybrid models were available. See more on the growth in hybrid sales [here](#).



Fifty-seven per cent of the Toyota and Lexus product ranges now feature hybrid options. In 2020 we set an ambitious target of 30% new-vehicle hybrid sales and we achieved 38%.

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

- [Toyota hybrid and plug-in range](#)
- [Lexus hybrid and plug-in range](#)

### **Emission reduction for our used vehicles**

Our approach to reducing used-vehicle emissions is to increase the proportion of quality used-hybrid vehicles we import from Japan. The closure of borders in 2020 due to COVID-19 and the fall in overseas visitors and subsequent shrinking sales to rental companies have affected our ability to supply New Zealand-new hybrid models to rental companies and therefore the return of these vehicles to TNZ for sale as used hybrids to Toyota Stores.

We are establishing a process for measuring used-vehicle tailpipe emissions this year, but have not yet set an emission target.

See our progress [here](#).

### **Reducing emissions from logistics**

The vehicle life cycle includes the emissions associated with freighting vehicles and parts to, and around, New Zealand, including delivery to new owners. TMC works closely with shipping companies to deliver vehicles internationally. TNZ manages the movement of vehicles around New Zealand and the shipping (and air freight when necessary) of parts.

### **Moving vehicles to and around New Zealand**

**TNZ 2020 Target: 2.4 vehicle movements per new vehicle sold**

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

**TNZ 2020 Target: Establish Regional Pool Efficiency Benchmark**

Carbon emissions from vehicle transportation directly correlate to the distance a vehicle travels to get to the end-customer. Wherever possible we land vehicles at the closest 'regional pool' to the end-customer to keep road transport distances to a minimum.

This year we started tracking regional pool efficiency (i.e. the percentage of vehicles supplied to Stores within the same region) and will use the result as a benchmark. In this reporting period our pool efficiency was 78%, with 10% of vehicles moving between the North and South Islands.

See more [here](#) on how we established the regional pools in Auckland, Christchurch and Wellington.

### **Working with our logistics partners**

We have developed strong long-term relationships with our logistics providers. These partnerships enable us to work together to make route efficiencies, improve storage-site locations and reduce error rates in parts sales and ordering.

During a typical rental-vehicle cycle we have a high volume of ex-rental vehicles returning to the South Island, of which many require some form of refurbishment. As a result we have established relationships with two third-party providers to refurbish South Island stock for resale, which reduces the need to move vehicles to our North Island facilities for this activity.

To improve the logistics of parts and accessories, TNZ has established a new relationship with Mainfreight to handle items weighing more than 25kg. This has improved delivery accuracy, up to 95% from 80%, and reduced damage to parts, resulting in significant financial savings.

See more about the logistics delays associated with COVID-19 [here](#).

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

## 1.5 Improving Resource Efficiency and Reuse

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

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



To support this Vision, we wish to better understand the life-cycle impacts of the vehicles, parts, accessories and packaging that are central to our business.

Our strategic focus areas are:

- [Maximising the useful lives of vehicles](#)
- [Hybrid-battery recycling](#)
- [Reducing the impacts of parts and accessories](#)

## 1.6 Maximising the useful lives of vehicles

The used-vehicle market extends the lives of vehicles in New Zealand. Toyota is the only local vehicle distributor that provides factory-refurbished used vehicles to Stores. Our supply of used vehicles comes from three main sources: customer trade-ins, used imports from overseas (90-95% from Japan) and ex-rental and -fleet vehicles.

## 1.7 Used vehicles in the rental market

We make used vehicles available to the market by buying back vehicles previously sold to the rental-vehicle market. Toyota vehicles have historically accounted for a large portion of rental vehicles. In 2018 TNZ supplied approximately 60% of the New Zealand rental fleet. The buy-back process also helps us to protect the residual value of Toyota vehicles for TNZ, our partners and our customers. Used vehicles are refurbished and provided to Toyota Stores or sold back into the rental market.

With the closure of New Zealand's international borders in March 2020, rental-market new-vehicle sales decreased by 82% between 2019 and 2020. Rental-vehicle customers are holding on to vehicles longer, so there are fewer vehicles available to buy back and make available to the market.



## 1.8 Used vehicles at Toyota Stores

We provide the Toyota retail network with around one-third of the used vehicles it sells.

The vehicles we provide from the rental market are generally 6-18 months old and have travelled 15,000-50,000km. Vehicles imported from Japan generally range from one to seven years old and zero to 80,000km. Many are branded as Signature Class vehicles (refurbished at the Thames facility) and come with a minimum three-year, unlimited-kilometre warranty.

After an initial drop in sales due to the COVID-19 pandemic and global financial uncertainties, demand for new and used vehicles increased significantly towards the end of the year. This has proved a challenge to meet as we continue to have an undersupply of both new and used vehicles. See more on how we are managing this [here](#).

## 1.9 Hybrid battery recycling

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

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

## 1.10 Battery Industry Group

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

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

## 1.11 Reducing the impacts of Parts and Accessories

### **TMC parts design and materials specification**

TMC is responsible for ensuring that Toyota Genuine Parts meet all global automotive standards, including those relating to engineering quality and environmental impacts.

TMC works with its subsidiaries to optimise parts manufacture, specify preferred materials and components, and reduce the presence of harmful substances of concern.

Toyota Motor Corporation Australia (TMCA) is one of TMC's international conversion and accessory-development bases, ensuring any parts we source from TMCA meet TMC's sustainability standards. New-generation RAV4 and Hiace accessories are almost exclusively from TMCA.

### **TNZ parts and accessories suppliers and improved disposal options**

TNZ has a major influence on the parts and accessories we source directly within New Zealand. Our 2030 Roadmap includes engaging more closely with local suppliers on their sustainability performance. A planned rollout of our local supplier sustainability performance evaluation has been delayed.

We are examining disposal and recycling options for the end-of-life management of vehicle accessories that currently cannot be recycled in New Zealand. These include parts such as painted hard-plastic bumpers damaged in minor crashes, hard tonneau covers and canopies that are disposed in landfill.

[See our progress.](#)

## 1.12 Vehicles and Parts Quality, Safety and Performance

### **MATERIAL ISSUE**

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

In 2020 the road toll was 32,584 crashes causing 318 fatalities. A further 2,163 people were seriously injured and 10,663 had minor injuries.

The Toyota brand represents nearly a quarter of all vehicles on New Zealand's roads. TMC is dedicated to the safety of vehicles through exceptional design that can lessen the impacts of accidents on passengers and pedestrians. We manage vehicle safety in four areas:

- [Making sure new vehicles are as safe as possible](#)
- [Refurbishing used vehicles](#)
- [Supporting vehicle servicing](#)
- [Recalling and repairing vehicles with identified safety or quality issues](#)

TNZ also has a representative on the Motor Industry Association's Product and Safety Committee to facilitate compliance with vehicle regulatory and safety standards.

## 1.13 Making Sure New Vehicles are as Safe as Possible

Where possible we fit the best safety features as standard, rather than optional extras, to all vehicles that we bring into New Zealand.

We review the regulatory compliance of each new model three months before its landing in this country. Once here, a visual check is undertaken and safety sign-off is required. A further pre-delivery inspection is undertaken on every vehicle prior to sale.

Toyota distributors around the world work together to monitor closely the performance of all new models so any safety issues can be quickly identified, shared and addressed.

## 1.14 Australasian New Car Assessment Program

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

All new Toyota and Lexus models tested by ANCAP from 2012 onwards have been five-star rated.

The rating system was developed in 1993. Since then the ANCAP safety rating programme has evolved, with changes progressively implemented to enhance the safety of new cars and encourage continual improvements across the industry. This means a five-star rating in 2021 meets a higher standard than the same five-star rating in 2012.



## 1.15 Toyota Safety Sense™

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

## 1.16 Waka Kotahi NZ Transport Agency compliance

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

We currently have one ongoing regulatory non-compliance matter for the Corolla Wagon (related to the Land Transport Fuel Consumption Information Rule), because Waka Kotahi does not currently recognise the Japanese Worldwide Harmonized Light-duty Vehicles Test Procedure. Waka Kotahi is aware of this and has provided TNZ with an exemption until the rule has been amended to include the procedure. In the meantime this remains listed as a regulatory non-compliance.



## 1.17 Supporting safe driving with customer training

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

## 1.18 Refurbishing used vehicles

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

In 2020 we implemented new inspections for all used vehicles purchased back from rental companies. These inspections provide better information on the condition of vehicles and the refurbishment required to bring them to an appropriate standard suitable for resale. This has also enabled TNZ to recover the costs of damaged and missing parts.



## 1.19 Supporting Vehicle Servicing

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

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



## 1.20 Fix-it-right refresher training

In the 2021 financial year we noted an increase in customer complaints about poor repairs. We decided to address this by relaunching the 'Fix-It-Right' training programme to refresh skills. The first of two phases expanded and strengthened technical skills and service standardisation across the Toyota service network. The next phase, which will be rolled out in the 2022 financial year, targets the customer and service process, which includes anticipating repair needs, supporting customers and delivering a high-quality service experience.

## 1.21 Recalling and Repairing Vehicles with Identified Safety or Quality Issues

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

We follow the Motor Industry Association Code of Practice for vehicle recalls and make every effort to publicly notify customers of recalls. We contact vehicle owners directly and monitor the responses by reviewing the number of vehicles fixed at service centres each month.

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

## 1.22 Diesel particulate filter recall

Some Hilux vehicles have experienced blocked diesel particulate filters, which cause a large amount of white exhaust smoke. Although this is not a safety issue, during the reporting period TNZ proactively offered repairs to affected customers.

Unfortunately some customers' vehicles required multiple temporary fixes before an effective repair was developed. This involved the introduction of an upgraded Euro 6 filter system and componentry

for the Hilux, Fortuner and Prado. We repaired the affected vehicles through the application of a warranty extension on the diesel particulate filter system (10yr/unlimited km). By the end of the reporting period we had repaired 15% of the affected models; we expect to address the remainder within the next three years.

## 1.23 Takata airbags recall

The 2015 global recall of faulty airbags produced by manufacturer Takata has affected an estimated 100 million vehicles and 11 major car manufacturers worldwide. In 2018, Waka Kotahi NZ Transport Agency announced a mandatory recall of the Alpha type Takata airbags, which had a design fault that posed the most severe risk of failure in a crash. In 2019 Waka Kotahi implemented an action to ensure that vehicles with Alpha airbags were identified and the fault repaired before they could receive Warrants of Fitness.

To ensure that all customers affected were aware of the Alpha recall, TNZ rolled out a campaign in which letters were sent to just under 60,000 customers between 2016 and 2021. As at the date of this report, TNZ has replaced 87% of the Alpha airbags in the affected vehicles 82% of non-Alpha airbags. The ban on issuing Warrants of Fitness to vehicles with Alpha air bags has made a significant contribution to this success.



## 1.24 The Future of Mobility

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

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

Key aspects of innovation underway in TNZ are:

- Improving fleet performance with telematics
- Mobility as a service
- Introducing hydrogen to New Zealand



## 1.25 Improving fleet performance with telematics

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

## 1.26 Mobility as a service

Globally and locally, Toyota is focused on developing multiple new initiatives to increase mobility access and reduce carbon emissions. [Our Drive Happy Project](#) was designed to prepare us for these new ways of travelling and interacting with technology.

In the 2022 financial year TNZ will be working with a community in South Auckland with 20 hybrid vehicles and 20 e-bikes. This will help to improve community mobility and social opportunities.

Mobility services are also being progressed by TMC and Toyota Financial Services (our sister company in New Zealand). Initiatives include the following:

- In 2018 TMC extended its partnership with Uber to progress autonomous ride sharing, building on the technological advances of both companies.
- In 2018 KINTO New Zealand (trading as Cityhop) became a wholly owned subsidiary of Toyota Financial Services.

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



# Our Operations

## 1. Our Operations



### 1.1 Our Operations

The main areas of impact in our operations are:

- [Our environmental footprint](#)
- [Suppliers' sustainability performance](#)
- [Our people](#)

### 1.2 Our Environmental Footprint

#### **MATERIAL ISSUE**

TNZ is an office-based sales and distribution company, and our greatest impacts are greenhouse gas emissions and material use. The 2030 Roadmap sets a clear direction, and in implementing it we continue to refine short-term targets to manage our environmental footprint. In 2020 we introduced a Green Building Policy to raise the standard of the imminent head office rebuild and ensure a consistent, robust approach to future renovations, maintenance and new building work.



To help us track and manage our performance we adopted carbon and sustainability data-management software. Staff in the relevant corporate departments were trained to input data in 2020, and this was followed by Stores in early 2021.

## 1.3 Reducing our operational carbon emissions

TNZ's 2050 Vision for carbon emissions:

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



We undertake annual emission inventory audits as part of the Toitū Envirocare Carbon Reduce programme – previously branded as CEMARS (the Certified Emissions Measurement and Reduction Scheme).

We source certified renewable electricity for TNZ-owned sites (our head office and national parts warehouse in Palmerston North, and the Thames vehicle refurbishment and accessorising facility from Ecotricity). We offset emissions associated with business air travel.

See our [carbon emissions performance](#).

### **Increasing the efficiency of our warehouse operations**

To improve the efficiency of our national parts warehouse, we will engage a third party to review our warehouse-management system. This will support our transition to automated processes and a modernisation of both technology and processes. The review will consider how we can pack goods more efficiently, use the space available in the warehouse better, improve accuracy, improve productivity and lower CO<sub>2</sub> emissions.

See more [here](#).

## 1.4 Increasing resource efficiency and reuse

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

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

## Resources



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



### 1.5 Improving resource efficiency and reuse at the Thames refurbishment and accessorising facility

Waste streams and quantities at the Thames vehicle refurbishment and accessorising facility fluctuate depending on the type of work undertaken. For example, at certain times of the year parts accessorising creates large volumes of cardboard waste for recycling.

We continue to investigate and implement opportunities to reduce and better reuse waste materials. Windscreens, previously difficult to recycle, are now recycled by 5R Solutions in Auckland. Wooden pallets from deliveries are chipped and reused commercially.

We are investigating the potential for electric-vehicle battery recycling at the site. Currently these batteries cannot be recycled in New Zealand and are sent overseas to be recycled. A national facility would reduce freight emissions and potentially provide a supply of refurbished batteries.

## 1.6 Managing the environmental footprint of all our retail operations

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

During the 2021 financial year a new online training module launched to support the induction of new environmental champions with running the Toitū enviromark programme at Stores. Repeat COVID-19 lockdowns necessitated the annual audits to be conducted remotely at 30 sites, and all were successfully recertified at the close of the reporting period.

See how Stores are working to reduce litter entering waterways [here](#).

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



## 1.7 Supporting Suppliers' Sustainability Performance

Encouraging suppliers to improve their sustainability performance is an important part of how we can reduce our wider value-chain impacts. We have strong relationships with many suppliers and work closely with them to progress relevant parts of TNZ's 2050 Vision.

In 2019 we developed an environmental assessment tool to support our engagement with suppliers. The tool will help us work together to reduce suppliers' product and operational impacts. We have trialled the tool but the rollout has been delayed.

Suppliers interact with many of our operational areas, and information on how we work with suppliers is spread through this Report:

- Our biggest carbon impact occurs from vehicle and parts freight suppliers. See how we are working with our freight partners [here](#)
- See how we are [working with accessory suppliers](#) to improve sustainability outcomes
- See how we engage with [our suppliers](#)

## 2. Our People

### 2.1 Our 2050 Vision for Our People:

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



We have a team of more than 300 employees, with most based at the National Customer Centre in Palmerston North. See our employee profile [here](#).

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

In 2019 we launched new people-management software. This helped us to better support our employees through the whole of their work journeys with us. In 2020 we began using more of its features, which allow us to get better insights into our business and people.

Our 2050 focus areas are:

- [Attracting, developing and retaining capable people](#)
- [The diversity of our people](#)
- [Focusing on health, safety and wellbeing](#)

Throughout the 2022 financial year we will be undertaking a seismic upgrade of our National Customer Centre in Palmerston North, where most employees are based. See an overview of how we prepared for the disruption of the upgrade [here](#).

### 2.2 Attracting, developing and retaining capable people

#### MATERIAL ISSUE

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

While TNZ is not among the biggest businesses in New Zealand, we are considered a ‘big’ business by New Zealand standards (more than 100 employees). We also assist the recruitment, development and retention of our retail Stores’ teams, which collectively number more than 1,700 employees.

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



## 2.3 Developing TNZ employees

We determine individual training needs during mid- and end-of-year employee reviews and invite expressions of interest in specific courses and skill development. We also have a focus on succession planning and continue to work through a process for providing more transparency in career pathways. This is particularly important to support our diversity objectives and help female employees plan their next career steps.

See a breakdown of the training we provided [here](#).

## 2.4 How we track our training needs and achievements

Our training needs are captured in an online system that enables employees to review and update their personal objectives regularly. Managers can easily review and update team dashboards for Performance and Aspirations.

We measure the effectiveness of training using the Kirkpatrick evaluation method, which charts course satisfaction, knowledge, certification, behaviours and business results. Monthly training and evaluation reports are reviewed by the Executive team, and training hours are compared to annual targets.



## 2.5 Moving our training online

In 2020 we moved more training to the online Udemy platform. While this was initially driven by the COVID-19 Alert Level 4 lockdown, more courses will be delivered this way in future. Online training reduces employee time commitments and total training costs, and enables us to deliver training to more corporate and retail Store employees.



Virtual classrooms are different from e-learning, as they are led by 'live' instructors and attendees can take part interactively. In our business training we've reduced classroom training time from 40 hours of in-person training to 22 hours in a virtual classroom. This means Stores employees save travel time and productivity is enhanced. We have also rolled out 10 continuous weeks of the Toyota Technician Efficient Servicing course. In all, 27 subject-matter experts and 83 technicians took part during the year to strengthen Stores' servicing processes – see section 5.8.1.

See more on how Udemy supports flexible learning [here](#).

## 2.6 Providing training for Store employees

In the 2021 financial year we continued to provide leadership training for retail Store employees. Nationally, 11 aspiring managers took part in the Departmental Leadership Programme with TNZ and completed Level 5 Diplomas in Business (Leadership and Management). Another 18 employees enrolled for the next course in September 2021.

See the training we provided to [Stores](#).

## 2.7 Vocational education

TNZ has been actively involved in the Review of Vocational Education with the Tertiary Education Commission. The review will lead to a single Institute of Skills and Technology and six industry-led Workforce Development Councils (WDCs), including a Hanga-Aro-Rau Manufacturing, Engineering and Logistics WDC.

The WDCs will give the industry greater leadership of vocational education and training. They will set standards, develop qualifications and help shape the curriculum of vocational education. Some of these functions, which are currently undertaken by the New Zealand Qualifications Authority or industry training organisations, will transition to WDCs on 4 October 2021.

We will continue to engage with the implementation of the changes and what they mean, on behalf of Toyota and Lexus Stores.

## 2.8 The diversity of our people

As part of the 2050 Vision, we want to be inclusive, and make all current and future team members feel welcome and supported.

To help us understand the diversity of our team, we have begun asking about ethnicity in employee engagement surveys. Our current areas of focus to support an inclusive and diverse team are:

- [Reducing the risk of unconscious bias in our recruitment process](#)
- [Enabling flexible working](#)
- [Parental leave](#)
- [Disability and the Accessibility Tick](#)

See an overview of how we started thinking about diversity and inclusion at TNZ in 2019 [here](#).

## 2.9 Reducing the risk of unconscious bias in our recruitment process

In 2019 and 2020 we rolled out a three-part training programme on what unconscious bias means and how to recognise it. The e-learning was made available to all managers and employees. We continue to upskill our managers and guide them during recruitment.

We are taking steps to reduce the risk of unconscious bias at each stage of the recruitment. We take care to make the language in our job descriptions attractive to a diverse audience and ensure that the recruitment company we use reflects our diversity and inclusivity values.

Going forward, we will be updating and improving the culture training content of our induction material.



## 2.10 Enabling flexible working

We support work-life balance and the wellbeing of our people, and their ability to work flexibly.

In 2019 we launched our flexible working policy. The 2020 COVID-19 lockdowns helped our staff and managers to understand how flexible working agreements could operate effectively for both individuals and teams.

Lockdowns also fast-tracked the introduction of technology to facilitate working flexibly. We introduced a staff purchase scheme, subsidising equipment purchases by 50%, and provided the assistance of a physiotherapist to make sure home workstations were safe and comfortable. More than 70 staff took up the subsidy scheme.

Other technological developments have enabled flexible working, such as moving our training online and focusing on tools such as eCommerce.

## 2.11 Parental Leave

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

## 2.12 Disability

One in four New Zealanders is limited by a physical, sensory, learning, mental health or other impairment. We want to ensure we are an employer of choice for all, regardless of individual accessibility needs.



In the 2020 financial year TNZ signed up to the [Accessibility Tick Programme](#). The programme helps organisations become more accessible for and inclusive of people with disabilities. It helped to formalise our approach to accessibility and inclusivity.

In December 2020 we achieved a key milestone, as our National Customer Centre in Palmerston North was awarded an Accessibility Tick.

## 2.13 Focusing on health, safety and wellbeing

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

See how we managed the health risks of COVID-19 [here](#).

## 2.14 Understanding and managing health and safety in our operations


The biggest risks to health and safety at TNZ are from the physical activities at the national parts warehouse in Palmerston North and the vehicle refurbishment facilities in Auckland and Thames, where staff receive, store and move vehicles and parts. There is a risk of trips and falls, which can cause injury. Our new warehouse layout has created a greater separation between people and machines, decreasing the risk to our people – see [here](#) for more information.

Staff receive full inductions and regular training to ensure safe practices are followed. We have been running additional training and refresher courses for the warehouse and Thames teams to help staff to feel more comfortable and confident in reporting near misses and discussing their health, safety and wellbeing.

Following the Government's introduction of the SafePlus approach, TNZ will be working to find an independent auditor for our sites. This is on hold until seismic strengthening work has been completed at the national parts warehouse.

See our health and safety performance [here](#).

## 2.15 Responsibility for health and safety



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

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

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

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

## 2.16 Supporting Wellbeing

We have been growing our wellbeing programme to help employees handle the many changes and pressures affecting them and our business.

In 2020 we introduced a resilience and wellbeing programme. The programme features monthly workshops with a specialist and a mobile, computer-based app called 'Hello Driven'. The app is structured along themes of reasoning, collaboration and health and offer short daily activities to build resilience and proactive responses when facing challenges.

Our confidential peer-support service continues. This is backed up with free access to professional assistance.

## 3. Our Economic Performance

### MATERIAL ISSUE

Toyota's economic performance is connected to the success of Stores, business partners and suppliers. There are 64 Stores (comprising core dealerships, full branches, used-vehicles branches and our parts and services branches) in communities across New Zealand. We work with many business partners and suppliers, and our Stores also engage with a wide range of partners and suppliers. Together, we provide considerable employment, economic and social value.

The Drive Happy Project enables us to be more responsive to changes in how vehicles are sold and protects Stores from vehicle prices being driven down. As the Drive Happy Project continues to evolve, we expect to see them further strengthen TNZ's economic performance.

We track a range of economic measures each month to better understand and support our performance. Revenue, operating costs and employee wages and benefits are an indication of our economic contribution.

See a breakdown of our [financial performance](#).

### 3.1 Economic impacts of COVID-19

See our immediate responses to COVID-19 [here](#).

Our first response to the 2020 COVID-19 pandemic was to ensure that we protected the health and wellbeing of staff, while endeavouring to provide customers with great service.

The Government's nationwide economic support package during the early stages of the pandemic cushioned the impacts on the vehicle market, which was initially hit hard by reduced sales to the rental market from the sharp drop-off in inbound tourism. We were a recipient of this support but repaid it fully in early 2021.

Despite the challenges, and with the help of TMC, business performance in all divisions rebounded strongly. Sales forecasts exceeded revised COVID-19 plans, and TNZ secured a 33rd consecutive year of market leadership. This reflected our resilience and we will continue to respond positively to the ongoing challenges of the pandemic.



# Our Governance

## 1. Toyota Global vision



## 2. Guiding Principles



## 3. Believe Statements



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

We believe in respecting others.

We believe every day's an opportunity to improve.

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

We believe a better tomorrow starts today.

We believe in trying to make a difference.

We believe in working together.

We believe good things stand the test of time.

We believe in going the extra mile.

## 4. Our Sustainability Policy

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

[View Sustainability Policy](#)

## 5. Our Corporate governance

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

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

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

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

## 6. The TNZ Board and Board Committees

BOARD OF DIRECTORS – February 2021		
Member	Company	Appointed
AG Davis (C 2020)	TNZ	2004
N Lala (MD 2020)	TNZ	2018
BI Knight	TFS	2007
M Amo	TMC	2019
M Callachor	TMCA	2020
T Chikazawa	TMC	2021
E Ojima	TMC	2021

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

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

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

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

## 7. How We Manage Sustainability

We manage sustainability by setting our direction and activities, allocating responsibilities, and tracking and regularly reviewing our progress.

The direction and aspiration for sustainability cascade from the Toyota Global Vision and Toyota Environment Challenge through our Sustainability Strategy and supporting action plans.

The 2030 Roadmap sets goals and targets for operational areas.

The Planet Forward programme is a key mechanism for progressing actions in all departments. For more information, [see here](#).

Reports on the progress of sustainability activities are provided to the Executive team at Environment Committee meetings every three months. Our Executive team has performance goals for organisational resilience, customers and environmental sustainability.

Progress updates are provided to TMC for its global assessment of sustainability progress. TMC consolidates performance in Sustainability and Environment databooks – available [here](#).



## 8. Our Risk Management

### 8.1 Site compliance

We had no environmental non-compliance incidents during the reporting period.

### 8.2 Organisational resilience

#### Our 2050 Vision for our organisational resilience:

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



The COVID-19 pandemic highlighted the need for TNZ, Stores and suppliers to consider how we could plan for and adapt to potential shocks and challenges to our business. Adaptation is a key pillar of our 2050 Vision, and we aim to achieve it through maintaining strong relationships with suppliers, utilising new technologies, flexible operational processes and continuity planning.

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

### 8.3 Responsible investment scheme for employees

Prior to the introduction of KiwiSaver in 2008, employees completing one year of service were invited to join a Group Pension Plan scheme. Funds of approximately \$46 million are managed by a third party that reports on how the investments perform.

Funds are not invested in companies involved in gambling, munitions or tobacco.

### 8.4 TNZ’s external certificates, standards and awards

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

- Toitū Envirocare Carbon Reduce certification to ISO 14064-1:2006 of all corporate operations and sites
- ISO 14001:2015 (environmental management systems) at the Thames vehicle refurbishment and accessorising facility
- ISO 9001:2015 (quality management) at all corporate operations and the Thames vehicle refurbishment and accessorising facility
- Toitū enviromark diamond (environmental management) certification at all corporate operations and Stores nationwide

In 2020 our award-winning vehicles were:

- New Zealand Car of the Year Finalist **Yaris**
- Stuff **Top Car** for 2020 **Yaris**
- Stuff **Top Hybrid** for 2020 **Yaris**
- Stuff **Top Compact/Small Car** for 2020 **Yaris**
- Stuff **Top Ute** for 2020 **Hilux**

## 9. Our Stakeholders

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

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

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

### 9.1 Government and industry groups

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

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

- BusinessNZ
- Employers and Manufacturers Association
- Massey University: Massey Business School Advisory Board(Debbie Pattullo, TNZ General Manager)
- Massey University Council (Alistair Davis, TNZ Chair)
- BusinessNZ's Major companies Group
- Motor Industry Association of New Zealand
- Motor Trade Association
- New Zealand Hydrogen Association
- Sustainable Business Council
- Sustainable Business Network
- The New Zealand Initiative
- Human Resources Institute of New Zealand
- Global Women
- Drive Electric
- Institute of Directors in New Zealand (Debbie Pattullo)



## 9.2 Toyota Motor Corporation

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

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

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



## 9.3 Toyota and Lexus Stores

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

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

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

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

The Toyota Drive Happy Project aims to create more positive working environments at Stores by replacing the emphasis on price with a greater attention to helping customers choose the most suitable vehicles for their needs.

An annual survey tracks Stores' satisfaction with TNZ. A score of over 70 is considered positive\*.

\*This score is not comparable to data prior to the 2019 financial year due to a change in survey provider and approach.

During the 2020 financial year two new Stores were opened: Toyota in Alexandra and Lexus of North Shore. Both Store openings were delayed due to COVID-19.

See the immediate impacts of the COVID-19 pandemic on Stores [here](#).

## 9.4 New Zealand Communities

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

We make marketing choices based on how we can support important conversations that positively shape our society and culture. For example, our campaigns have included constructive conversations about mental health.

Annual corporate reputation surveys help us understand how we are perceived in the community. We understand that Kiwis are interested in living sustainable lifestyles, the end lives of waste materials and the overall cost of living.

We regularly rank in the top five trusted New Zealand brands. See our performance [here](#).

We are looking at ways in which we can best support the COVID-19 pandemic recovery. To support small businesses in the 2021 financial year, we provided 100 Toyota Highlander SUVs for them to use for a year. See more [here](#).

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



## 9.5 Our Suppliers

Our suppliers are responsible for the production and delivery of fit-for-purpose, high-quality goods and services. They include a mix of local and international organisations, and the most significant by spend are those providing vehicles and parts and international and domestic logistics services.

Vehicles are sourced from TMC group companies, and parts from a combination of TMC group companies and other suppliers. See [here](#) for more on where vehicles and parts come from, and our work with [logistics](#) providers. There were no significant supply-chain changes during the reporting period.

We seek to establish strong, long-term relationships with key suppliers to maximise mutual benefits. We are working to integrate sustainability performance more fully with suppliers.

During the materiality assessment, several suppliers told us that vehicles' and parts' safety, reliability and performance, protecting and enriching our natural environment, and the ability to contribute to New Zealand through market leverage are important to them. In future materiality assessments we will look to better understand what is important to suppliers.



## 9.6 Our Employees

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

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

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

In our [materiality assessment](#), employees told us that they cared about [mobility for New Zealanders](#), [product sustainability](#), service and the environmental impacts of [our operations](#). They also cared



about how we can attract and retain key talent, diversity and equal opportunities, health, safety and wellbeing.

This case study describes how we supported employees during the 2020 COVID-19 lockdowns.

See an example of how we help our employees to learn about what is happening in sustainability here.

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

The Toyota Drive Happy Project was developed to improve customers' experiences during the purchase and ownership of their vehicles. See more here.

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

## 9.7 How we engage with customers

TNZ's Customer Dialogue Centre (CDC) is a key contact point, and we set targets for responding to customer queries quickly and effectively. Our performance is summarised here. If we fall short of meeting customer expectations, we have a structured approach to ensure we learn from interactions and can respond better in future.



## 10. Customers

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## 10.1 Streamlining how we manage customer information

In early 2020 we started moving to a new contact-centre-based phone system, PureCloud. The first phase, implemented immediately prior to the COVID-19 lockdown, transferred the CDC phone system to allow remote working. The second phase connected PureCloud to the Customer Relations Management system, so previous customer information could be accessed during calls. The third phase, scheduled for the end of 2021, will enable us to offer customer confirmation messages for services, such as test drives via products including SMS.

The service technical help desk also introduced a case management system through Salesforce as a new platform for handling dealers' technical enquiries relating to customer issues. This ensures all case-related information is connected to the CDC with the aim of better managing cases and customer outcomes.

## 10.2 Engaging with customers online

Managing customer expectations during COVID-19, and particularly the ongoing delays in the supply chain, has been a significant focus for the CDC and Stores that relay information to customers. In April 2020 a live chat function was added to our website. We also use Facebook messenger, which broadens communication options for customers beyond a traditional phone call or email. See more about how we have supported customers during [COVID-19](#).

An Online Service Booking system was implemented in October 2020 for customers who had purchased new vehicles from Toyota or Lexus Stores. In March 2021 it was extended to all existing customers with 'first registered in New Zealand' vehicles in the Stores' database.

When a customer receives a service reminder by email, they now have the option of booking the service online and selecting a date and time. This system helps the Stores' efficiency too, by decreasing the administration time spent phoning customers to arrange services.

## 10.3 Unsolicited electronic communications

We strive to ensure customers' contact details and communication preferences are managed carefully. In January 2021 TNZ received a formal warning from the Department of Internal Affairs in relation to the Unsolicited Electronic Messages Act 2007 for sending an uninvited email without current consent and a compliant unsubscribe function. We responded by changing the way we store customer data, send electronic communications and present the email unsubscribe function.

## 10.4 How we measure performance

We measure customer service in the retail Store network with the Net Promoter Score®. This is a widely accepted measure of customers' willingness to recommend products or services to friends and family. Toyota Stores perform exceptionally well. See our performance [here](#).

We use an online tool to measure customer satisfaction with Stores and other points of engagement with Toyota. Results are reviewed every two months at a Customer Focus Executive meeting and at quarterly Board meetings. They form part of Stores' key performance indicators, and scores count

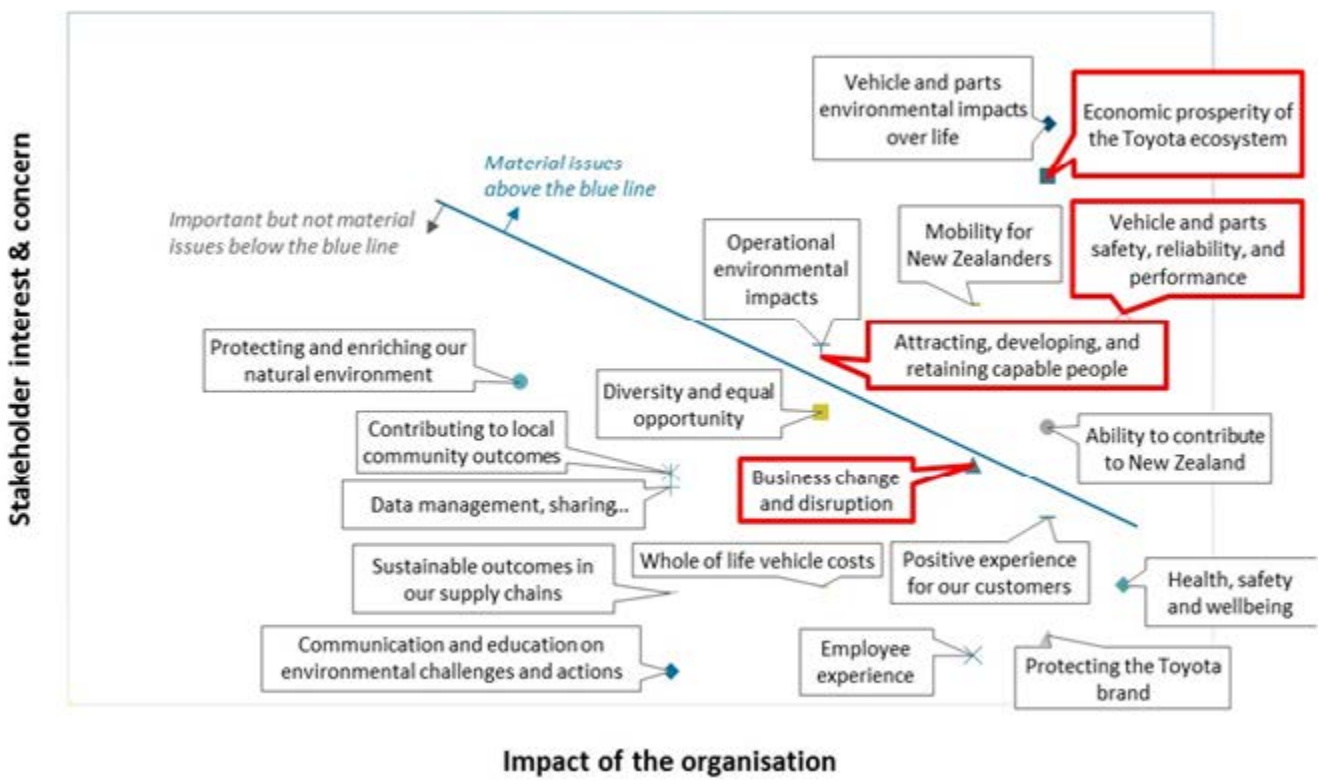


towards the annual ‘Business Excellence Awards’.

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

## 11. Our material issues

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



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

Issue	Description
Vehicles’ and parts’ environmental impacts over life	Pursuing better environmental outcomes across the product life cycle, such as through reducing embodied emissions, reducing waste, maximising the longevity of Toyota vehicles and parts, and increasing end-of-life recyclability (including hybrid-battery and tyre recycling).
Economic prosperity of the Toyota group in New Zealand	Enabling Toyota operations to be financially sustainable and provide employment and business opportunities in their communities, including for TNZ, retail Stores, key business partners and suppliers.

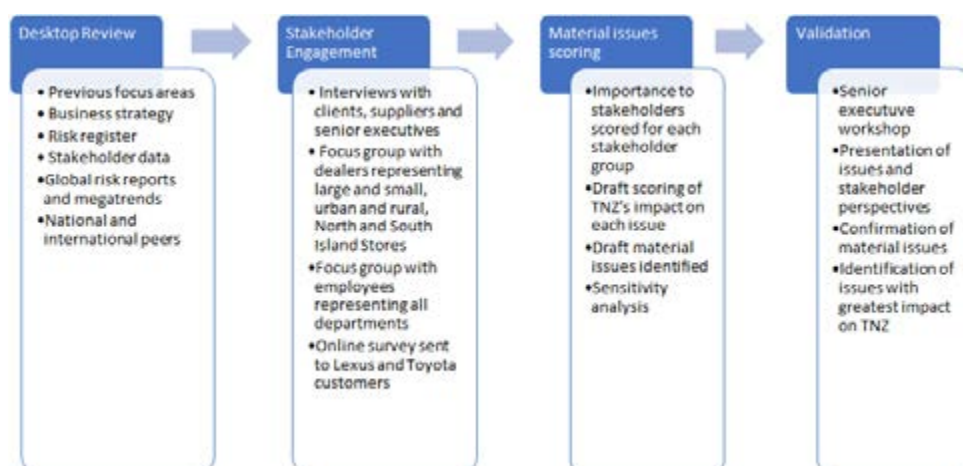
Vehicles' and parts' safety, reliability and performance	Providing vehicles and parts that allow our customers to be safe, that exceed compliance requirements and avoid recalls, and that provide reliable and increasingly optimised vehicle performance.
Mobility for New Zealanders	<p>Enabling New Zealanders to be mobile in their day-to-day lives including;</p> <ul style="list-style-type: none"> <li>• through new vehicles, used vehicles (for the lower-priced end of the market)</li> <li>• keeping vehicles safe and mobile through parts and servicing.</li> <li>• Innovating and planning for the future of mobility in New Zealand through sourcing new and innovative products for the market including;</li> <li>• electric vehicles, more fuel-efficient vehicles, in-vehicle IT systems</li> <li>• more hybrid models and the physical infrastructure for future mobility patterns.</li> </ul>
Ability to contribute to New Zealand	Maximising our market leadership and utilising this role to contribute actively to broader value for New Zealand.
Operational environmental impacts	Managing our company footprint by avoiding operational impacts and using necessary resources efficiently, with a focus on reducing carbon emissions, waste and water.
Attracting, developing and retaining capable people	Attracting and retaining the right talent, supporting employees' skill development, building capability and maintaining organisational knowledge, including through career and succession planning.

## 12. Materiality assessment process

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

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

See more detail on our materiality assessment process [here](#).



# Performance

## 1. Context

### 1.1 Car Industry

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

	Unit	FY 2019/20	FY 20/21
Market leadership	Position (e.g. #1)	32 years	33 years
Toyota vehicles on New Zealand roads	No.	927,353*	932,213
Total vehicles on New Zealand roads	No.	3,667,165*	3,706,521

\*Restatement of prior year figure as data now reflects financial year numbers rather than calendar year. This is consistent with current year.

## 2. Business Performance

### 2.1 Finance

Description	\$million	FY 2019/20	FY 20/21
Total revenue		1,504,024	1,294,414,000
Operating costs		138,983,8	1,199,171,643
Capital provider costs		-1,475,117,111	1,199,171,643
Employee wages and benefits		34,409,971	36,090,213
After tax profit		7,802,000	37,353,262
Community investment		4,249,279	5,672,365

## 2.2 Product - New

	Unit	FY 2019/20	FY 2020/21
Vehicle launches (new model Toyota) during FY	No.	6	2
Vehicle launches (facelift Toyota) during FY	No.	2	3
Vehicle launches (new model Lexus) during FY	No.	1	1
Vehicle launches (facelift Lexus) during FY	No.	2	2
New vehicles from Japan	No.	21,622	15,298
New vehicles from Thailand	No.	7,480	7,138
New vehicles from USA	No.	1,239	699
New vehicles from Europe	No.	42	14
New hybrid vehicles (Toyota)	No.	5,973	8,160
New hybrid vehicles (Lexus)	No.	527	646
New Toyota vehicles sold (calendar year)	No.	30,137	20,778
New Lexus vehicles sold (calendar year)	No.	886	818
Total market new vehicle sales	No.	148,349	119,622

## 2.3 Product - Parts

	Unit	FY 2019/20	FY 2020/21
# Parts sold	No.	3,092,145	2,859,044
\$ Parts sold	\$	168,894,057	158,465,528
Parts from Japan	No.	1,595,178	1,552,233
Parts from Thailand	No.	190,571	212,093
Parts from Australia	No.	147,940	140,039
Parts from New Zealand	No.	554,601	630,544
Parts from other	No.	N/A	N/A
Parts arrival to Auckland	No.	165,475	25,842
Parts arrival to Tauranga	No.	59,140	69,544
Parts arrival to Napier	No.	1,389,782	1,552,233
Parts arrival to Wellington	No.	319,292	326,290
\$ accessories sold	\$	27,520,705	30,942,530
New vehicle accessorisation and fitout (total)	No.	1,230	1,135

## 2.4 Product - Used Vehicles

Description	Unit	FY 2019/20	FY 2020/21
TNZ UVs refurbished	No.	3,711	2,604
Imported used hybrid vehicles	No.	722	529
Industry Imported used vehicles	No.	147,643	119,820
NZ new used vehicles	No.	12,169	9,001
NZ new used hybrid vehicles	No.	347	320
Used Toyota vehicles sold	No.	13,825	9,741
Used Toyota hybrids sold	No.	1,026	843

## 2.5 Logistics

Description	FY 2019/20	FY 2020/21
Vehicle arrival to Auckland	20,439	13,516
Vehicle arrival to Wellington	3,599	3,467
Vehicle arrival to Christchurch	7,930	4,700

## 2.4 Product - Used Vehicles

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



Rear Seatbelt	2019	New	181	52%
Takata Airbag	2011	Both	180,475	81%

## 2.7 Servicing

		<b>FY 2019/20</b>	<b>FY 2020/21</b>
Numbers of vehicles serviced	No.	546,956	510,974

## 2.8 Customers

	<b>Unit</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>
Calls answered within 10 seconds	No. and % of total	94%	81%
Queries responded to within 2 hours	No. and % of total	68% emails, 78% Facebook	70% emails, 90% Facebook
Cases handled	No.	26,003	26,233
Call volume vs. on previous year	No.	- 19%	-0.27
Complaints	No.	1,452	2,308
(Substantiated) complaints concerning breaches of customer privacy and losses of customer data	No.	0	2

## 2.9 Stores

	<b>Unit</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>
Stores	No.	67	65
Store employees	No.	1,772	1,717
Agents	No.	15	15
Sales people	No.	241	227
Technicians	No.	527	518
Support team members	No.	1,004	972
Dealer customer service performance (Net Promoter Score) - NV sales	CY No. (score out of 100)	74.1	78.4
Dealer customer service performance (Net Promoter Score) - UV sales	CY No. (score out of 100)	70.8	73.9
Dealer customer service performance (Net Promoter Score) - Service	CY No. (score out of 100)	59.8	64.2

## 2.10 Brand Value

	Unit	FY 2019/20	FY 2020/21
Website visitors	No.	2,164,430	2,526,216
Social media fans	No.	150,306	191,815
Social media Likes	No.	519,987	472,930

## 3. Carbon

### 3.1 Logistics

	Unit	FY 2019/20	FY 2020/21
Vehicles - International shipping	tCO2-e	17,344	16,806
Vehicles - domestic road freight	tCO2-e	2,641	2,212
Vehicles - Domestic shipping (cook strait ferry)	tCO2-e	66	59
Parts - International shipping	tCO2-e	400	401
Parts - International air freight	tCO2-e	2,240	238
Parts - Domestic air & road	tCO2-e	53	33
Parts - Domestic rail (Wtn to PN)	tCO2-e	4	5

### 3.2 Corporate Operations

	Unit	FY 2019/20	FY 2020/21
Scope 1	tCO2-e	1,368	758
Scope 2	tCO2-e	48	25
Scope 3	tCO2-e	24,469	21,231
Total GHG emissions (all scopes)	tCO2-e	25,884	22,014
Total GHG emissions per turnover/ revenue (all scopes)	tCO2-e per \$million	17.2	16
Total GHG emissions reduction vs previous FY	tCO2-e	1,305	3,870
Scope 3 business air travel	tCO2	1,029	348

Toyota NZ uses the operational control approach. TNZ's carbon inventory is compiled and audited in accordance with the requirements of ISO 14064-1: 2006.

Baseline year: 1/4/2016-31/3/2017 (Total emissions 24,573 tCO2; Scope 1: 1,459; Scope 2: 241; Scope 3: 22,873). The baseline year was recalculated due to significant extension to reporting boundary since 2005.

TNZ emission factors include recognised national (MFE) and international (DEFRA) emission factors, international shipping freight emission factors and bespoke emission factors created for specific TNZ operations (e.g. domestic parts freight by plane, truck or van) for which no existing emission factors apply. All emission factors used are independently reviewed and verified during the annual independent Toitu carbon reduce audit.

### 3.3 Carbon Credit Purchase

	Unit	FY 2019/20	FY 2020/21
Purchased emission reductions (tCO <sub>2</sub> e) (air travel offsets)	Number carbon credits (tCO <sub>2</sub> e) in FY	1,029	348
Average tailpipe emissions of New Vehicles CY	gCO <sub>2</sub> /km	169	162
Investments/ pensions which exclude fossil fuel interests	TBC (\$ and % of total)	0	0
% TNZ building electricity from on-site renewable suppliers	Total and %	0	0
% TNZ building electricity consumption from renewable suppliers	Total and %	92%	89.4%

### 3.4 Refrigerants

	Unit	FY 2019/20	FY 2020/21
GWP storage liability	tCO <sub>2</sub>	732	732

## 4. Resources

### 4.1 Hybrid Vehicle Batteries

	Unit	FY 2019/20	FY 2020/21
HV batteries collected	No.	601	347
HV batteries recycled	No.	562	347

## 5. Workforce

### 5.1 Health & Safety

	Unit	FY 2019/20	FY 2020/21
Injuries(all sites)	No.	29*	20
Contractor H&S incidents (all sites)	No.	1	1
Lost time from H&S incidents (Palmerston North)	No. hours or days	15 hours (1.88 work days)	0
Lost time from H&S incidents (Thames)	No. hours or days	30 hours (3.75 work days)	0

\*Restatement of prior year figure to reflect inclusion of the Thames site. This is consistent with current year.

## 5.2 Gender Profile

	FY 2019/20	FY 2020/21
<b>Female</b>	116	123
Auckland (inc. POE)	1.07	1
NCC	77.7	87
TVO	37.0	34
HDT		1
<b>Male</b>	215	213
Auckland (inc. POE)	12	11
NCC	151.8	150
TVO	47	48
HDT	4	4

## 5.3 Total number of employees

		FY 2020/21
Total number of employees	No.	336

## 5.4 Employment Type

Description	Unit	FY 2019/20	FY 2020/21
<b>Female</b>	No.	115.7	123
Agency	No.	4.6	3
TNZ	No.	106.8	114
Contractor	No.	4.3	6
<b>Male</b>	No.	214.8	213
Agency	No.	11	8
TNZ	No.	200	200
Contractor	No.	3.8	5

## 5.5 Employment - Region

	Unit	FY 2019/20	FY 2020/21
Auckland	No.	6	12
Palmerston North	No.	229.5	237
Thames	No.	84	82
Hampton Downs (TGRNZ)	No.	4	5
Auckland (Port Of Entry)	No.	7	
Management by gender - male	No. M and F by (i) senior management; (ii) manager; (iii) non- management	49	54
Management by gender - female		13	18
Female senior managers	%	17%*	20%
Female managers	%	19%	25%

\*Restatement of prior year figure to correct calculation. This is consistent with current year calculation method.

## 5.6 Employee Satisfaction

		FY 2019/20	FY 2020/21
Staff satisfaction		74	85
Staff survey response rate	%	89%	90%
Retention %	% and % change vs. previous year (CY)	89.1%	98%
Employees receiving performance and career development reviews	%	100% of salaried staff	100% of salaried staff

## 5.7 Collective bargaining

Description	Unit	FY 2019/20	FY 2020/21
Employees covered by collective bargaining agreements	No. and %	19 and 5.7%	18 and 5.4%



## 5.8 Discrimination

Description	Unit	FY 2019/20	FY 2020/21
Verified incidents of discrimination	No.	0	0

## 5.9 Training

Metric		FY 2019-20 AVG HRS	FY 2019-20 TOTAL HRS	FY 2020-21 AVG HRS	FY 2020-21 TOTAL HRS
<b>Total Training Hours</b>	Palmerston North & Auckland	8	2,087	4	929
	Thames	18	1,547	14	1,108
<b>Total (Excl Dealers)</b>			<b>3,634</b>		<b>2,038</b>
	Dealers		<b>23,725</b>	<b>5</b>	<b>8,742</b>
<b>TOTAL:</b>			<b>27,359</b>		<b>10,780</b>

<b>Business, Health &amp; Safety and Technical Areas Training</b>	Palmerston North and Auckland Business	7	1,826	4	870
	Palmerston North and Auckland Health & Safety	0	0	0	0
	Palmerston North and Auckland Technical	1	261	0	59
	Thames Health & Safety	0	0	0	0
	Thames Business Training	18	1,547	14	1,108
<b>Total (Excl Dealers)</b>			<b>3,634</b>		<b>2,038</b>
	Dealers - Business	11	12,883	3	3,342
	Dealers - Technical	22	10,842	11	5,401
<b>TOTAL:</b>			<b>27,359</b>		<b>10,780</b>

<b>Management and Non-Management Training</b>	Palmerston North and Auckland Management	0	56	0	42
	Palmerston North and Auckland Non-Management	8	2,031	4	887

	Thames Management	0	8	1	39
	Thames Non-Management	18	1,539	14	1,069
<b>TOTAL:</b>			<b>3,634</b>		<b>2,038</b>
<b>Total Training by Gender (hrs)</b>	Palmerston North and Auckland - Male	5	1,295	3	603
	Palmerston North and Auckland - Female	3	791	1	327
	Thames - Male	13	1,076	10	732
	Thames - Female	6	471	5	376
<b>Total (Excl Dealers)</b>			<b>3,634</b>		<b>2,038</b>
	Dealers - Male		20,428		7,891
	Dealers - Female		3,297		852
<b>TOTAL:</b>			<b>27,359</b>		<b>10,780</b>
<b>Total Training by Employment Type</b>	Full Time	10	3,326	6	1,981
	Part Time	0.12	40	0.02	5
	Fixed Contract	0.09	31	0.01	2
	Other	0.69	237	0.15	48
<b>TOTAL:</b>			<b>3,634</b>		<b>2,036</b>

## 6. Broader Value

### 6.1 Compliance

Description	Unit	FY 2019/20	FY 2020/21
Non-compliance with environmental laws and regulations	No.	0	0
Environmental emergency incidents (corporate sites)	No.	0	0
Environmental near miss (corporate sites)	No.	1	0
Confirmed incidents of corruption	No.	0	0
Significant fines and non-monetary sanctions for non-compliance	No.	0	Formal warning from DIA for sending unsolicited emails without a functional unsubscribe function (Dec 2020)

## 6.2 Stores

	Unit	FY 2019/20	FY 2020/21
tore sites with EMS (Toitu enviromark) diamond certification	% of total sites	98.5%	100%
Kiwi guardian medals redeemed	No.	66,000	85,215
Kids engaged in kiwi guardians	No.	32,000	43,460
KG outdoor sites to visit across NZ	No.	110	111
KG home based activities	No.	13	17
TRS countries broadcast races to	No.	100+	100+
TRS media mentions	No.	522	455
TRS races	No.	15	24
Toyota Family Journeys - # families assisted p.a.	No.	23,960	6,922
Toyota Family Journeys -# Total Website Users	No.	0	191,756
Toyota Family Journeys - #Parenting Place total eDM opens	No.	0	169,801

# Case Studies



## 1. Hybrid Sales Become the New Normal

### Carbon

Toyota New Zealand (TNZ) is committed to a decarbonised transport sector and supports the New Zealand Government's transition plans to a low-emissions economy, including the Clean Car Discount announced after the reporting period in June 2021.

Rather than focus on one type of fuel or powertrain, Toyota has a strategy of developing and producing a range of powertrain types that meet the mobility needs of drivers around the world. These include Battery Electric Vehicles (BEVs) and plug-in electric hybrid (PHEV), hybrid (HEV) and hydrogen fuel cell vehicles (FCEV).

The supply of BEVs and PHEVs will increase in the next few years. In the meantime, hybrids remain the best alternative for starting the carbon-reduction journey as new hybrids reach price parity with petrol versions.

At the end of March 2021, around 38% of the Toyota and Lexus combined sales were hybrids, confirming the strong consumer demand for low-carbon-emitting vehicles.

The impacts of the growing hybrid portfolio and the Clean Car Discount were evident in July 2021, with a year-to-date monthly record of 1,002 Toyota and Lexus hybrid vehicle sales.

A hybrid powertrain is now available in a wide range of Toyota and Lexus models, from hatches to sedans and compact SUVs to mid- and large-size SUVs. Toyota also offers the plug-in Prius Prime, which was eligible for the Clean Car Discount in 2021.

HEVs have contributed to an average carbon dioxide reduction of 19 grams per 100 kilometres (g/100km) across the full Toyota and Lexus range since 2003. As a result, Toyota New Zealand's portfolio CO<sub>2</sub> rating of 161g/100km shows the company is on track to meet its Clean Car CO<sub>2</sub> target of 164g/km before the Government's target date of 2023.

The Lexus portfolio is under its 2023 target of 176g/km and is on track to pass the total industry target of 105g/km by 2023.



## 2. Testing the Water with Hydrogen

### Carbon

Toyota New Zealand (TNZ) believes hydrogen is another step in the journey to a zero-emissions future. As with its industry-leading investment in hybrid technology, Toyota is pioneering the development of both fuel-cell electric vehicles (FCEVs) and hydrogen as combustible fuels in engines.

To pursue the development of hydrogen in New Zealand, TNZ brought first-generation Toyota Mirai FCEV cars to this country to test and share the technology with customers. Ten Mirai, including second-generation models, have been located in Auckland for a car-sharing scheme for customers who are committed to reducing their carbon emissions.

The Hydrogen Project is due to be launched in late 2021. The logistics of the scheme – contracts, maintenance, parking and refuelling – will be managed by Cityhop, a business owned by Toyota Financial Services.

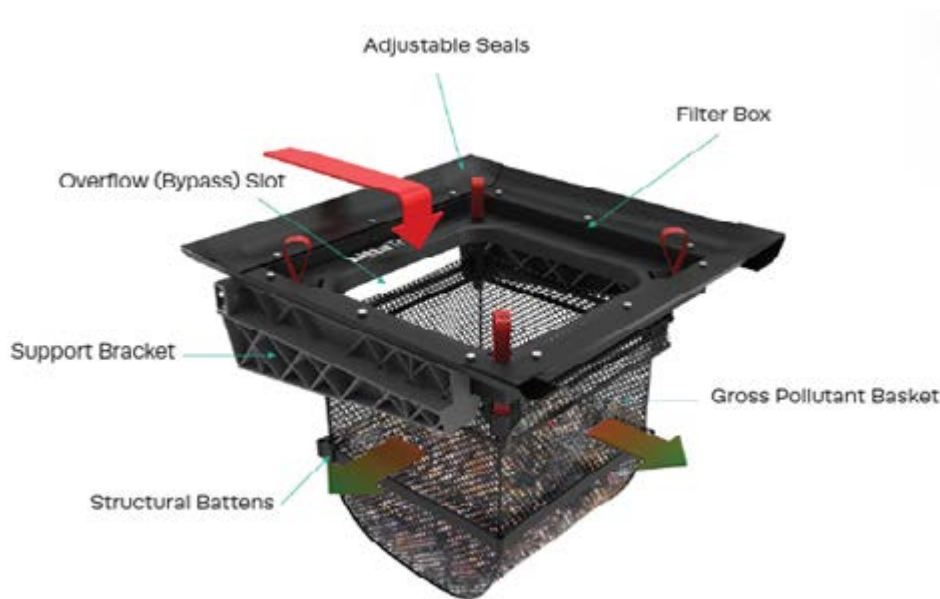


While the national infrastructure for refuelling FCEVs is still growing, the trial hydrogen-car-sharing scheme was established as a catalyst for the burgeoning hydrogen market.

We aim to lower the country's emissions by providing the most suitable electric vehicles in response to the economic environment, energy policies, industry policies and customer need. Hydrogen is one technology of many that can lead to low- or zero-emitting mobility solutions.

### 3. Innovative Stormwater Filter cleans up Stores

#### Broader Value



Toyota Stores around the country are kept clean and tidy, but it took a trial of an innovative stormwater filter trap to discover that small pieces of plastic and coarse sediment were still making their way to the sea via the stormwater system.

The installation and trial of the Enviropod LittaTrap supports Toyota New Zealand's goal of no air, land or water pollution by 2030.

In 2021, TNZ installed 12 trial LittaTrap stormwater catch basin inserts at seven dealerships in the upper North Island. Stormwater drains were chosen near high-activity areas such as car parks, service areas and smoking zones. The basin filter basket is easily installed in the mouth of a drain and is specially designed to capture up to 99% of items smaller than 5 square millimetres and 40% of suspended solids in water.

After 100 days the catch basins were opened and their contents analysed. A total of 1,486 pieces of litter, excluding leaves and sticks, was found in the filter basket. Of that total, 1,169 pieces were plastic, including cigarette butts, soft plastics and small pieces of rubber.

Without the intervention of the filter, all of these items would have flowed out to sea, where the soft plastics would have broken down eventually into microplastics and chemicals that can be ingested by marine life. This can prove extremely painful and even fatal for wildlife, as hard plastic gets stuck in their digestive tracts and soft plastics degrade into harmful particles and are absorbed in body tissues. The subsequent transfer of such microplastics into the human food chain has been widely reported.

A secondary benefit of installing the traps was a change in behaviour among Store employees. At one Store, having noticed the installation near a smoking zone and learned about its purpose, employees changed their behaviour. As a result, that site recorded the lowest amount of litter caught in the 12 trial traps. Since the trial, LittaTrap basins have also been installed at TNZ's headquarters in Palmerston North and rolled out to more Stores.



## 4. Small Business Driver to the Rescue

### Broader Value

When COVID-19 arrived in New Zealand in early 2020 and forced the country into a prolonged lockdown, it quickly became apparent that the impacts on small businesses and their employees would be significant and potentially catastrophic.

Toyota New Zealand (TNZ) made a quick decision to see where it could help small businesses. The resulting Small Business Driver initiative called for small business owners (who had qualified for the Government's Wage Subsidy Scheme) to apply for free use of a pre-owned Toyota Highlander for a year. Toyota made 100 Highlanders available for the initiative, which launched in June 2020.

After a short media campaign, thousands of business owners applied, and a panel of Toyota executives and Toyota Ambassadors was formed to review the applications and select 100 successful applicants. They represented a wide range of businesses, from food producers to rock bands, event-staging suppliers to independent retailers, adventure tourism operators to fashion designers. Each business received a Highlander via their local Toyota dealership, with insurance and registration for 12 months.

For many of the recipients, the Highlanders were more than just vehicles: they provided an ability to reduce costs, save capital or replace more expensive or older vehicles.

Wellington-region mobile wedding caterer, Good Food Society, was typical of the Small Business Driver. The company had had to sell a vehicle (a 1982 Hilux) to pay client refunds during lockdown, and used the Highlander to keep the business mobile once lockdown restrictions were lifted and events and weddings could be held again.

At the end of June 2021, after the 12-month programme, the Highlanders were returned to Toyota. In some cases the business owners chose to purchase the vehicles – an indication of a return to financial health, with support from Toyota.



## 5. Flexible Working is Here to Stay

While COVID-19 lockdowns forced, to a certain degree, employers and employees to find new ways of working, many employers such as Toyota New Zealand (TNZ) treated the lessons of lockdown as an opportunity to create and formalise flexible working policies.

The Toyota Flexible Working Policy was designed to provide employees with the tools needed to manage different working arrangements. Ultimately, the policy set out a framework for enabling a win-win for employees, businesses and customers.

Importantly, the policy recognises that not all parts of the business or all roles can adapt flexibility in the same way. The policy was designed to enable people to do their work in a way that helped to balance their work and lives.

Five key principles underpin the Flexible Working Policy, which was released in November 2020:

1. We agree that offering flexibility is great for our people and our business.
2. We agree that the office is our main place of work.
3. We know that trust isn't about timing.
4. We believe that great work can happen anytime.
5. We value working smarter over working longer.

The policy allows for both informal flexibility – for short periods working from home or one-off events such as a school activity – and formal flexibility, where an employee may permanently change start times, working hours or working-from-home days.

To date, 33 Toyota employees have applied for Workplace Flexibility. The Business Technology department has created a Remote Working Equipment Agreement to facilitate this by subsidising the purchase of selected computer/electronic hardware.





## 6. Safety Improvements in Extended Warehouse

After completing a substantial extension to our national parts warehouse in Palmerston North in 2019, we took the opportunity to review and upgrade operational activities in the building to improve personal safety and energy efficiency.

The extended warehouse is 35,000 square metres in area, or around four rugby fields in size. It employs 44 or more staff who pick and pack parts from the 1.4 million parts in stock for our 67 Stores nationwide.

To carry out the massive upgrade, the warehouse was divided into 10 areas of 2,500 square kilometres each, then parts and shelving were removed. The next step involved upgrading the sprinkler system to the latest standards, and replacing lighting with low-energy LED technology.

The warehouse racking system was replaced and rotated 90 degrees to achieve a better workflow and more efficient operations.

The new layout provides a better separation of people and machines, assisted lifting for heavier items, and narrower, single-direction aisles. New boom gates have been installed to separate people from machines such as forklifts. Within each 'operation pen' is a boom gate and safety barriers. Some areas have automated boom gates.

A focus on reporting safety observations and all injuries and discomforts resulted in an increase in safety metrics over the previous year. The warehouse has a total staff of 42 and recorded nine injuries or physical discomforts in the year compared with four the previous year.



## 7. Three-decade Partnership based on Loyalty

The March 2021 successful defence of the America's Cup was yet another highlight in the 29-year partnership between Toyota New Zealand (TNZ) and Emirates Team New Zealand.

The support of Team New Zealand since 1992 is one of the most successful sports sponsorships in the country's history.

As a major sponsor of the team, Toyota was involved in Black Magic's victory in 1995 and its successful defence of the Cup in 2000. We stood behind the team when the trophy went to Switzerland in 2003 and remained loyal during the challenges of 2007 and 2013. We were with the team again in 2017, when it won back the Cup in Bermuda.

There is a strong alignment between Toyota and Emirates Team New Zealand: the sailing team has created a reputation for thinking differently and surprising the fleet with its innovations. And notably, it is the people within the team who always go the extra mile to challenge the parameters of sailing and deliver great results.

Toyota's In Crazy We Believe campaign lived up to its name in the match racing in summer 2020/2021 that culminated in the successful defence of the America's Cup by Emirates Team New Zealand. The team's philosophy of imagination, determination and innovation has been the winning ingredient.





## 8. Tsutsumi-Prius Manufacturing Plant

Toyota New Zealand (TNZ) sources Toyota Prius from the Tsutsumi manufacturing plant in Aichi prefecture, Japan. Tsutsumi is one of the original five\* Toyota ‘Sustainable Plants’ announced in 2007. These plants aim to integrate three basic concepts:

- Energy reduction.
- Energy conversion.
- Local community involvement and environmental protection.

The Tsutsumi manufacturing plant has been certified ISO 14001 since 1996 and requires suppliers/contractors to meet green purchasing guidelines.

Key features at Tsutsumi:

### Site power

- 15,000 square metres of rooftop solar panels generating up to 2,000 kilowatts of energy an hour, equivalent to the power used by 500 households.
- Power is sourced from a highly efficient gas co-generation system.
- Sunlight ducts channel natural light into areas of the building with no windows.
- Energy-efficient lighting, control systems that cut the levels of electricity used outside normal production hours, and regular staff energy patrols ensure electricity is not wasted.

### Waste

- Since 2000, waste to landfill has been eliminated through measures preventing paint sediment, waste plastic, wastewater sediment and recycling.
- Incinerated waste is reduced by promoting operating efficiencies, careful resource use and improved yields.

## Water

- Tsutsumi uses 3,300 cubic metres of water a day. This is processed through an on-site wastewater treatment system.
- Water-quality testing of the water discharged back into the environment is conducted to internal standards that are stricter than regulatory requirements.

## Air pollution

- 112,687 square metres of exterior walls are coated in photocatalytic paint, which releases oxygen when activated by light energy to neutralise harmful airborne toxins such as nitrogen oxides and sulphur oxides.
- Low-sulphur heavy oil is used in all applications.
- Dust collectors, hoods and cast-metal back filters are installed on all equipment that discharges soot and dust.
- Turf-covered rooftops act as a heat sink and also help to remove air pollutants.

## Noise

- Noisy power equipment is located in the central part of every building, and fitted with low-noise devices.
- Vibration-proof and sound-absorbing materials line walls and screens.

## Nature conservation

- In 2008, 50,000 native broadleaf trees were planted around the factory, to restore the traditional Japanese satoyama forest native to the region and encourage wildlife at the site.
- By 2018, the Biotope Tsutsumi\*\* of approximately 2,800 square metres of waterside habitats, grassland and forest was established. Endangered plants and fish were introduced to help support wild populations. 'Indicator species' and ecological surveys measure the biotope's health.

\* The four others are: TMMMS (USA); TMUK (England); TMMF (France); and TMT (Thailand).

\*\* Biotope: an ecological habitat for wildlife.

# 9. Less is More

'Small changes can make big differences' is a frequent refrain in sustainability circles. In 2020 our Product Planning team implemented an example of this, when reviewing the many and varied items put in the vehicle cabin interiors prior to sale – known in the industry as the 'Local Supply List' (LSL).

Wise resource use is one of the core pillars of Toyota New Zealand's Sustainability Strategy, and often the most effective way to achieve this is through reducing items at source. The goal of Toyota's Product Planning team in 2020 was to review and streamline the LSL where this posed no loss in quality or customer experience.

All 117 items were appraised against the following kaizen criteria:

- Merge – combine one document with another existing document, and be mindful to reduce the content rather than add more pages.
- Digitise – replace a physical document with an online digital version, so only those documents that need to be printed are printed.
- Delete – discontinue unnecessary items.

Eight items (totalling more than 80,000 individual pieces) were selected for streamlining or complete removal.

Item	FY20-21 quantity (based on sales)	Action	Description
Blitz windscreen wash bottle	914	Delete	32ml plastic bottle with label
Toyota dealer list	22,231	Delete	A5 size, 3 pages, paper stock
Immobiliser label	23,145	Delete	14cm x 5cm size, wax-coated paper
CRD brochure	9,623	Delete	A4 size, tri-fold brochure, paper stock
Engine oil-consumption sticker	723	Delete	13cm x 13cm size, paper sticker
SUNA traffic card	17,247	Merge	A5 size, card stock
Diesel Particulate Filter card	6,765	Digitise	21cm x 15cm size, card stock
Lexus diesel oil labels	57	Merge	
<b>80,705</b>			

In addition to the environmental benefits (resources, emissions and waste reduction), there is a solid business case – from savings in costs, staff administration and fitment time to improving the customer experience by shrinking the quantity of supplementary items and the space they take up in the glove compartment and door pockets of their new car.

Going forward, two additional goals must be satisfied:

- Items will only be added to the LSL if they are deemed essential and cannot be replicated electronically.
- Items remaining on the LSL must be produced in an environmentally responsible manner.

# Community and Partnerships

## 1. Community and Partnerships

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

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

### Broader Value



### 1.1 Our Contribution to Wider Environmental Understanding

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

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

## 1.2 Our key partnerships

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

These relationships reflect our brand values:

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



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

Find out more [here](#).

## 1.3 TNZ and the Parenting Place

[Parenting Place](#) is New Zealand's largest parenting organisation, providing fun, accessible courses and resources to encourage family relationships to flourish. Toyota has been the principal partner of Parenting Place for more than 15 years, and we are proud to support it in the work it does to support parents across New Zealand. See more [here](#).





## 1.4 Sponsorship of Emirates Team New Zealand

As a sponsor of Emirates Team New Zealand since the 1992 America's Cup campaign, TNZ has provided the longest continuous major sports sponsorship in this country. Both brands are committed to promoting the best of New Zealand through continual improvement and innovation. See more on our long history and the latest campaign [here](#).



## 1.5 TOYOTA GAZOO Racing

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



## 1.6 Department of Conservation – Toyota Kiwi Guardians

The Toyota Kiwi Guardians programme encourages children and their families to explore and connect with the natural world. In 2020, 21,144 medals were awarded. Children receive multiple medals if they participate in different activities (such as interactive games, challenges and rewards), and conservation education materials. The current leader has 112 medals. See more [here](#).



## 1.7 Toyota Stores' community contribution

Stores represent Toyota in more than 60 communities around New Zealand. In addition to getting involved with our partners' events, they support the needs of their local communities. See more [here](#).

# Related Content

## 1. Assurance

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

[View Assurance Statement](#)

## 2. GRI content index

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

GRI number	Description	Section title
<b>Organisational profile</b>		
102-1	Name of the organisation	<a href="#">About this Report – Key information</a>
102-2	Activities, brands, products, and services	<a href="#">Our organisation – What we do</a>
102-3	Location of headquarters	<a href="#">About this Report – Key information</a>
102-4	Location of operations	<a href="#">Our organisation – What we do</a>
		<a href="#">Our organisation – How we fit into our value chain</a>
102-5	Ownership and legal form	<a href="#">Our organisation – What we do</a>
102-6	Markets served	<a href="#">Our organisation – What we do</a>
102-7	Scale of the organisation	<a href="#">Our organisation – What we do</a>
		<a href="#">Our organisation – How we fit into our value chain</a>
		<a href="#">Our Performance – Workforce (total number of employee)</a>
		<a href="#">Our Performance - Finance</a>

102-8	Information on employees and other workers	<a href="#">Our organisation – Our people</a>
102-9	Supply chain	<a href="#">Our organisation – How we fit into our value chain</a> <a href="#">Our Governance – Our stakeholders – Our suppliers</a>
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain in the reporting period
102-11	Precautionary principle or approach	<a href="#">Our Governance – Our Sustainability Policy</a>
102-12	External initiatives	<a href="#">Our Governance – Our Corporate governance</a> <a href="#">Community and Partnerships – Our key partnerships</a>
102-13	Membership of associations	<a href="#">Our Governance – Our Stakeholders – Government and industry groups</a>
102-14	Statement from senior decision-maker	<a href="#">Message from the CEO</a>
102-16	Values, principles, standards and norms of behaviour	<a href="#">Our Governance – Toyota Global vision</a> <a href="#">Our Governance – Guiding principles</a> <a href="#">Our Governance – Believe statements</a>
102-18	Governance structure	<a href="#">Our Governance – Our Corporate governance</a>
102-40	List of stakeholder groups	<a href="#">Governance – Our stakeholders</a>
102-41	Collective bargaining agreements	5.4% of our workforce is covered by collective bargaining agreements
102-43	Approach to stakeholder engagement	<a href="#">Our Governance – Our stakeholders</a>
102-44	Key topics and concerns raised	<a href="#">Our Governance – Our stakeholders</a>
102-46	Defining report content and topic boundaries	<a href="#">Our Governance – Our material issues</a>
102-47	List of material topics	<a href="#">Our Governance – Our material issues</a>
102-48	Restatements of information	Any restatements have been included in this report in performance section and noted.
102-49	Changes in reporting	<a href="#">About this Report – Report structure and material issues</a>
102-50	Reporting period	<a href="#">About this Report – Period covered by Report</a>
102-51	Date of most recent report	<a href="#">About this Report</a>
102-52	Reporting cycle	<a href="#">Annual reporting cycle</a>
102-53	Contact point for questions regarding the Report	<a href="#">About this Report – Key information</a>

102-54	Claims of reporting in accordance with the GRI Standards	<a href="#">About this Report – Reference guidelines</a>
102-55	GRI content index	<a href="#">Related content – GRI content index</a>
102-56	External assurance	<a href="#">Related content – Assurance statement</a>

## Material issue disclosures

### Economic prosperity of the Toyota ecosystem

DMA		<a href="#">Our Operations – Our Economic performance</a>
201-1	Direct economic value generated and distributed	<a href="#">Our Performance – Economic performance</a>

### Vehicle and parts quality, safety and performance

DMA		<a href="#">Our Governance – How we manage sustainability</a> <a href="#">Our Products – Vehicle and parts quality, safety and performance</a>
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Our organisation – Our products – New vehicles – Safety standards</a> Vehicle and parts quality and safety 100% of vehicle categories are assessed for safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<a href="#">Our Products – Making sure new vehicles are as safe as possible</a>

### Attracting, developing and retaining capable people

DMA		<a href="#">Our Governance – How we manage sustainability</a> <a href="#">Our Operations – Attracting, developing and retaining capable people</a>
404-1	Average hours of training per year per employee	<a href="#">Our Performance – Workforce - Training</a>
404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Our Performance – Workforce - Training</a>

### Vehicles' and parts' environmental impacts over life

DMA		<a href="#">Our Governance – How we manage sustainability</a> <a href="#">Our Products - Reducing environmental impacts of vehicles and parts</a> <a href="#">Our Products – Reducing vehicle carbon emissions</a> <a href="#">Our Products – Improving resource efficiency and reuse</a>
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305-1	1- Scope 1	<a href="#">Our Performance – Carbon – Corporate operations</a>
<b>Operational environmental footprint</b>		
DMA		<a href="#">Our Governance – How we manage sustainability</a>
		<a href="#">Our Operations – Our environmental footprint</a>
<b>Contributing to mobility in New Zealand</b>		
DMA		<a href="#">Our Products – Mobility for New Zealanders</a>
Our measures	New and used vehicles sales, future of mobility activity	<a href="#">Performance – Business Performance</a>
		<a href="#">Our Products – The future of mobility</a>
<b>Ability to contribute to New Zealand</b>		
DMA		<a href="#">Our organisation – Contribution to New Zealand</a>
Our measures	Corporate reputation surveys	<a href="#">Our organisation – Contribution to New Zealand</a>



## 3. Glossary

### 3.1 Glossary

**ANCAP:** Australasian New Car Assessment Program

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

**CEO:** Chief Executive Officer

**COO:** Chief Operating Officer

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

**CY:** Calendar year

**Emission Scopes:** These relate to greenhouse gas emissions

**Scope 1:** Direct emissions from owned or controlled sources

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

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

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

**FY:** Financial year

**GHG:** Greenhouse gas

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

**HV:** Hybrid electric vehicle

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

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

**NZTA:** Waka Kotahi New Zealand Transport Agency

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

**PHEV:** Plug-in hybrid electric vehicle

**SBC:** Sustainable Business Council

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

**tCO2-e:** Tonnes of carbon dioxide equivalent

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

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

**TMCA:** Toyota Motor Corporation Australia

**TNZ:** Toyota New Zealand

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