



# DE-CARBON- IZE

# LET'S PRESERVE OUR GREAT KIWI LIFESTYLE BY DECARBONISING NEW ZEALAND

Preserving the great Kiwi lifestyle for future generations is at the heart of Toyota New Zealand's sustainability initiatives. Representing the leading car brand in the country, we recognise our responsibility to make a significant and positive impact on New Zealand's decarbonisation goals. Through accessible and affordable initiatives, we are committed to decarbonising our operations and fostering a sense of accountability. We aim to create a safe and beautiful country that every Kiwi can enjoy.

**LET'S GO PLACES.**



## About This Report

Toyota New Zealand's (TNZ's) 2023 Sustainability Report provides our stakeholders with a view of our sustainability performance and activities. This year's report builds on the emissions commitment we made in 2022 and details progress against our science-based targets (SBTs) for 2030. We view this report not only as a reporting tool, but also as a way to account for our impact on the environment, society and the economy, which is guided by our Sustainability Framework and 2050 Vision.

This report has been prepared with reference to the Global Reporting Initiative's (GRI's) Standards, 2021 (see GRI Content Index on [page 29](#)). As our sustainability data matures and is embedded in the organisation, we will aim towards reporting in accordance with GRI. We further reference the six goals outlined in the Toyota Environmental Challenge 2050 and the United Nations' Sustainable Development Goals (SDGs).

Commentary on our sustainability performance and activities is indicated by these icons:



ENVIRONMENTAL



SOCIAL



ECONOMIC

This report is available on our website [www.toyota.co.nz](http://www.toyota.co.nz). Questions about the report can be directed to [sustainability@toyota.co.nz](mailto:sustainability@toyota.co.nz)

Scan the QR Code or [click here](#) to complete our Sustainability Survey.



### Period covered by the Report

The report covers our sustainability performance and activities for the 12 months from 1 April 2022 to 31 March 2023 (corresponding with the Japanese financial year) unless otherwise stated. For major ongoing initiatives, information from 1 April 2023 onward is included.

### Scope of the Report

The report focuses on the sustainability performance and activities of TNZ. Where relevant, it also covers those of the Toyota and Lexus Store network in New Zealand. It does not include the operations of Toyota Financial Services (TFS) New Zealand, as this is a separate entity 100% owned by Toyota Motor Corporation (TMC), Japan.

### Key Information

Company name: Toyota New Zealand  
 Head-office address: 29 Roberts Line, Kelvin Grove, Palmerston North 4414, New Zealand

### Toyota New Zealand Customer Dialogue Centre

Phone: 0800 TOYOTA (0800 869682)  
 Email: [customercare@toyota.co.nz](mailto:customercare@toyota.co.nz)

## Contents

ABOUT TOYOTA NEW ZEALAND	03
OUR LEADERSHIP	04
SUSTAINABILITY AT TOYOTA NEW ZEALAND	06
Our Sustainability Framework	06
Governance of Sustainability	08
What Matters Most	09
Our Stakeholders	10
OUR ENVIRONMENTAL IMPACT	11
OUR SOCIAL IMPACT	18
OUR ECONOMIC IMPACT	25
GRI CONTENT INDEX	29
GLOSSARY	30

# ABOUT TOYOTA NEW ZEALAND



TNZ is a wholly owned subsidiary of TMC. We import and sell new Toyota and Lexus vehicles, used vehicles and parts, both directly and through our retail Store network. TNZ has been based in the Manawatū region since first establishing our National Parts Centre in 1979. The operation was expanded in 1990 with the addition of service, training and customer support activities, establishing the National Customer Service Centre. Following the industry restructuring in the 1990s, all activities were centralised in Palmerston North at the National Customer Centre (NCC).

- TOYOTA STORE
- TOYOTA BRANCH
- LEXUS DEALERSHIP
- NEW ZEALAND PORT
- VEHICLE REFURBISHMENT

## OUR VALUE CHAIN

### 1. Manufacturing

Toyota and Lexus vehicles for New Zealand are manufactured in plants in Europe, Thailand, Japan and America.

### 2. Distribution and Logistics

New and used vehicles (from Japan) are shipped to the Ports of Auckland, Wellington and Christchurch. Parts are shipped to Napier Port and then railed to Palmerston North's NCC for distribution.

### 3. Refurbishment

Used vehicles are refurbished at Thames for Signature and Certified brands.

### 4. End of Life

**747** Hybrid batteries recycled in FY23

### 5. Sales

**65** Toyota Stores

**8** Lexus Dealerships

# TAKING THE LEAD

## Message from our CEO



NEERAJ LALA  
CHIEF EXECUTIVE OFFICER

**As the market leader in New Zealand for over 36 years, our ambition has always been to have a positive impact here.**

For many years we saw our impact through providing reliable, safe and quality vehicles for people from all walks of Kiwi life. We also made an impact by being a New Zealand-based business with a network of 60 independently owned stores from Whangārei to Invercargill, employing hundreds of talented people and contributing to their local economies and communities.

Our social contribution remains strong and is a key pillar of our sustainability vision and business overall.

In recent years, we have included environmental and governance business areas as a focus where we can make a positive impact.

Our environmental impact is manifest throughout our corporate and Store operations as well as through the new and used hybrid vehicles we deliver to customers each year. While we increase our global production and technology for battery electric vehicles and other low- or zero-emitting mobility technology, we continue to focus on hybrid electric vehicles as an affordable, effective transition to a net-zero-carbon world.

Toyota New Zealand takes our leadership in this space seriously, with one in every four cars on the road in New Zealand carrying a Toyota or Lexus badge.

From a governance point of view, it's important that we lead the change in the automotive industry. Currently, I am proud to contribute to the Advisory Board for the

Under our *Let's Go Places* brand vision, it's more important than ever that we ensure that the transition to a climate-resilient economy in New Zealand is one that is equitable and inclusive.

Sustainable Business Council, and Steering Committee for the Climate Leaders Coalition. These are two key organisations that are instrumental in driving change in partnership with government and other organisations.

Under our *Let's Go Places* brand vision, it's more important than ever that we ensure that the transition to a climate-resilient economy in New Zealand is one that is equitable and inclusive.

However, volatility in the new vehicle industry, largely caused by shifts in government policy over the past year, has made the transition extremely difficult for all automotive brands. Record sales of new and used hybrid electric vehicles were incentivised by the Clean Car Discount until the rules changed for a second time on 1 July 2023 and removed most hybrids from the scheme. This is disappointing when hybrids are a good low-emission transitional technology for customers, both as new or used vehicles. Equally disappointing was the Government's sudden removal of its own scrappage scheme designed to remove many unsafe vehicles from the roads across Aotearoa New Zealand.

The average age of our total carpark of four million vehicles is over 14 years old and will be at least 15 years old by the end of the decade. If, because of government decisions and cost of living increases, the four million carpark continues to grow and age, we will never, as a country, realise our aspirations for a safe, reliable and low-emitting vehicle fleet.

In TNZ's view, rather than spending \$200 million on subsidising battery electric vehicles (BEVs) for those

that could afford them, we should be focusing on the Clean Car Upgrade scheme which could have removed up to 100,000 highly inefficient, high-emitting cars from the roads. We are passionate advocates that we need to get customers into the next newest car to make the biggest impact in both carbon reduction and safety.

Regardless of government policy, TNZ's focus is to continue to adapt our business strategy and stay the course when it comes to doing what's best for our organisation, the planet, and the communities we support.

*We are committed to achieving our science-based targets and emissions reduction ambitions.*

*We will continue to electrify our portfolio.*

*We are committed to continuing to grow our business and ensure it remains sustainable here in New Zealand.*

Our reputation and position in the New Zealand business community is built on the trust we have developed with our customers and stakeholders over almost 60 years of Toyota operating here.

I was pleased to see that our strong reputation continues to grow as we moved up three places to fourth in the 2023 Kantar Corporate Reputation Index, a significant feat given that Toyota is the only car brand in the Top 50.

Trust forms the largest contribution to the Kantar Corporate Reputation Index at 37% weighting. I am proud that the Toyota brand continues to perform well with a strong local reputation for trust, reliability and dependability over many decades.

It's truly humbling to see our overall ranking improve. It reflects the efforts of all our staff across the country, from our Stores to our National Customer Centre and to Toyota Financial Services, in what has been a challenging period for most industries including automotive.

Supply chain disruptions and production delays caused by the ongoing impact of the COVID-19 pandemic, as well as global demand for semi-conductor chips, have created extensive interruptions for our industry. Customers are now having to wait for extended periods of time to be able to take delivery of their new vehicle. While our back orders are now down from a peak, we continue to have around 10,000 orders – around a third of our annual sales – in the supply pipeline.

However, we have been able to secure new electrified product from Toyota and Lexus in Japan. This year we introduced the fully battery-electric Lexus RZ SUV and in early 2024, the first Toyota BEV, the bZ4X, will go on sale here. We are excited about the new electrified product coming next year and in future years.

46% 

ABSOLUTE CARBON REDUCTION BY  
2030

A year ago, we set ourselves an ambitious science-based target to reduce the tailpipe carbon emissions of our portfolio by a minimum of 46% by 2030. That was a big ask for a brand that is committed to offering the widest range of vehicles to meet the needs of all our customers.

But we are on track to get there with our focus on hybrid electric vehicle impact and, from next year, continuing to add an increasing number of Toyota and Lexus BEVs to our range. From 1 September 2023 we decided to import only electrified passenger vehicles and remove the internal combustion equivalent models where that option was available. Almost three-quarters of our vehicles are now available in an electrified version.

Through our network of over 60 Stores in New Zealand, TNZ is firmly connected with our communities by supporting dozens of community groups as well as our national support of key partnerships, and sponsorship.

In 2023 we introduced a Citizenship Award to our national Business Excellence Awards to recognise the great work that our Stores do in their communities.



NATIONAL CUSTOMER CENTRE, PALMERSTON NORTH

The award went to Ebbett Toyota for their 'Community Moover' – a community van that is available to not-for-profits, schools, local sports teams, and other groups and organisations to use, free of charge, as transport for events.

Community Moover is just one initiative of many that are funded or supported by our Stores. Their connections with their communities are deep and broad. We don't widely advertise this work – it is just part of our DNA.

At a national level we recently signed up to provide a crucial funding boost to Road Safety Education through our sponsorship of the Rotary Youth Driver Awareness (RYDA) programme. We're helping to teach teenage drivers how to be responsible when they are behind the wheel and the consequences of poor judgement, social media distractions and inattention while at the wheel. It's vital for us, as a company focused on safety, that we continue to support these great community initiatives.

We are pleased to present this 2023 Toyota New Zealand Sustainability Report. While we face industry-specific and broad economic challenges, we are making good progress in minimising our environmental impact by working to reduce the effect of our vehicles and operations on climate change and biodiversity.

Wherever we do business – from Whangārei to Invercargill – we are actively engaging, both individually and with partners, in social activities that help strengthen communities and contribute to the enrichment of our great Kiwi lifestyle and society.

I hope you enjoy reading our 2023 Sustainability Report.

**Neeraj Lala**  
**Chief Executive Officer**  
**Toyota New Zealand**

# SUSTAINABILITY AT TOYOTA NEW ZEALAND

Our approach to sustainability is guided by the global and regulatory context within which we operate. The automotive sector is coming out of one of the most disruptive periods in history. The slowdown in the industry caused by the COVID-19 pandemic, the war in Ukraine, the shortage of component products, supply chain disruptions, together with the call to reduce global warming to 1.5 degrees Celsius, have changed the way we do business. The importance of sustainability is apparent in the stricter emissions regulations being imposed on the industry worldwide.

In New Zealand, the introduction of the Clean Car Standard regulating tailpipe emissions and the Clean Car Discount for low-emission vehicles are impacting the way in which automotive companies do business. Balancing the sustainability of products and value chains to meet customer demands while complying with government regulations remains at the forefront of challenges for the automotive industry in this country.

Despite these challenges, the automotive industry is experiencing unprecedented opportunities. Globally, the industry is expected to grow in the coming years with ever-changing customer preferences, the adoption of electric vehicles (EVs), technological advancements, innovative mobility solutions, and the steady growth in the automotive aftermarket.

These challenges and opportunities are providing TNZ with the ambition to lead through the volatility and transition on our journey to being a mobility company. Sustainability is at the core of our business strategy and sets us on the path to meeting the ambitious science-based targets (SBTs) we set in 2022, and ensuring that we achieve our sustainability vision of achieving net-zero carbon by 2050.

## Our Sustainability Framework

In response to an ever-changing environment and in order to measure our impact, we have adapted our Sustainability Framework (page 07) in the past year to reflect the three traditional pillars of sustainability – namely, environmental (page 11), social (page 18) and economic (page 25). For each pillar, we have an objective aligned to key targets and metrics. We aim to continually develop our data to ensure that it is accurate, measurable and verifiable.

Our Sustainability Framework connects us globally to the United Nation SDGs. TMC's Environmental Challenge 2050 forms a key part of our environmental pillar also. The Environmental Challenge sets six goals that specifically focus on the impacts of our industry, challenging TNZ to reach net-zero carbon by 2050.



# Our Sustainability Framework



## Environmental Impact

Contributing to decarbonising the economy and preserving nature through lowering carbon emissions.

### Key Metrics and Targets:

- Minimum of 46% absolute reduction in Scopes 1, 2 and 3 emissions by 2030
- 50% of our suppliers to align with SBTs by the end of 2025
- Achieve 1.5 degrees Celsius – aligned SBT by 2030
- 100% Stores remain Toitū Enviromark certified



### TOYOTA'S ENVIRONMENTAL CHALLENGE 2050

<b>CHALLENGE 1</b> New Vehicle Zero Emissions		<b>CHALLENGE 2</b> Life Cycle Zero CO2 Emissions Challenge	
<b>CHALLENGE 3</b> Plant Zero CO2 Emissions Challenge		<b>CHALLENGE 4</b> Minimising and Optimising Water Use	
<b>CHALLENGE 5</b> Challenge of Establishing a Recycling-based Society and Systems		<b>CHALLENGE 6</b> Challenge of Establishing a Future Society in Harmony with Nature	



## Social Impact

Providing affordable, accessible mobility solutions for all. Ensuring a skilled, diverse and healthy workforce.

### Key Metrics and Targets:

- Partner in community based car leasing scheme (Waka Aronui)
- 341 total employees
- 65 Stores throughout New Zealand employing 1,895 people
- 37% female representation in the workforce
- 29% female representation in management
- 74% staff engagement
- 88% staff retention
- Zero tolerance of discrimination
- Stores' Citizenship Awards
- \$4.6m investment in community initiatives



## Economic Impact

Ensuring a sustainable business model with the correct product mix, technology and innovation.

### Key Metrics and Targets:

- 29,696 new Toyota vehicles sold
- 41.2% electrified Toyota sales
- 937 new Lexus vehicles sold
- 82% electrified Lexus sales
- \$148m parts sold
- \$53m accessories sold
- \$1.7b revenue
- \$84m after-tax profit
- Hydrogen car-share projects (Auckland and Nelson)



GOVERNANCE & RISK MANAGEMENT

EXTERNAL & REGULATORY CONTEXT

We have included sustainability in our decision-making process, and further embedded sustainability into our operations.



### Governance of Sustainability

TNZ is governed by a local Board of Directors (the Board) that represents TMC, Japan. The Board sets the overall strategic direction and TNZ’s Executive Management Committee (EMC) is responsible for implementing strategy and providing executive management and oversight of sustainability.

With a greater focus on sustainability and the setting of SBTs in 2022, a Sustainability Executive Committee (the Committee) was established in 2023. The Committee reports directly to the EMC, with meetings taking place bi-monthly, and is chaired by the Chief Executive Officer. The Sustainability Team updates the Committee on sustainability-related matters including: progress against strategy and implementation; targets and metrics; climate change risks and opportunities; environmental compliance and management; and sustainability initiatives.

With the establishment of the Committee, we have included sustainability in our decision-making process. We have further embedded sustainability into our operations by including key metrics and targets, specifically our SBTs, into our annual business planning process through our corporate plans (Hoshin).

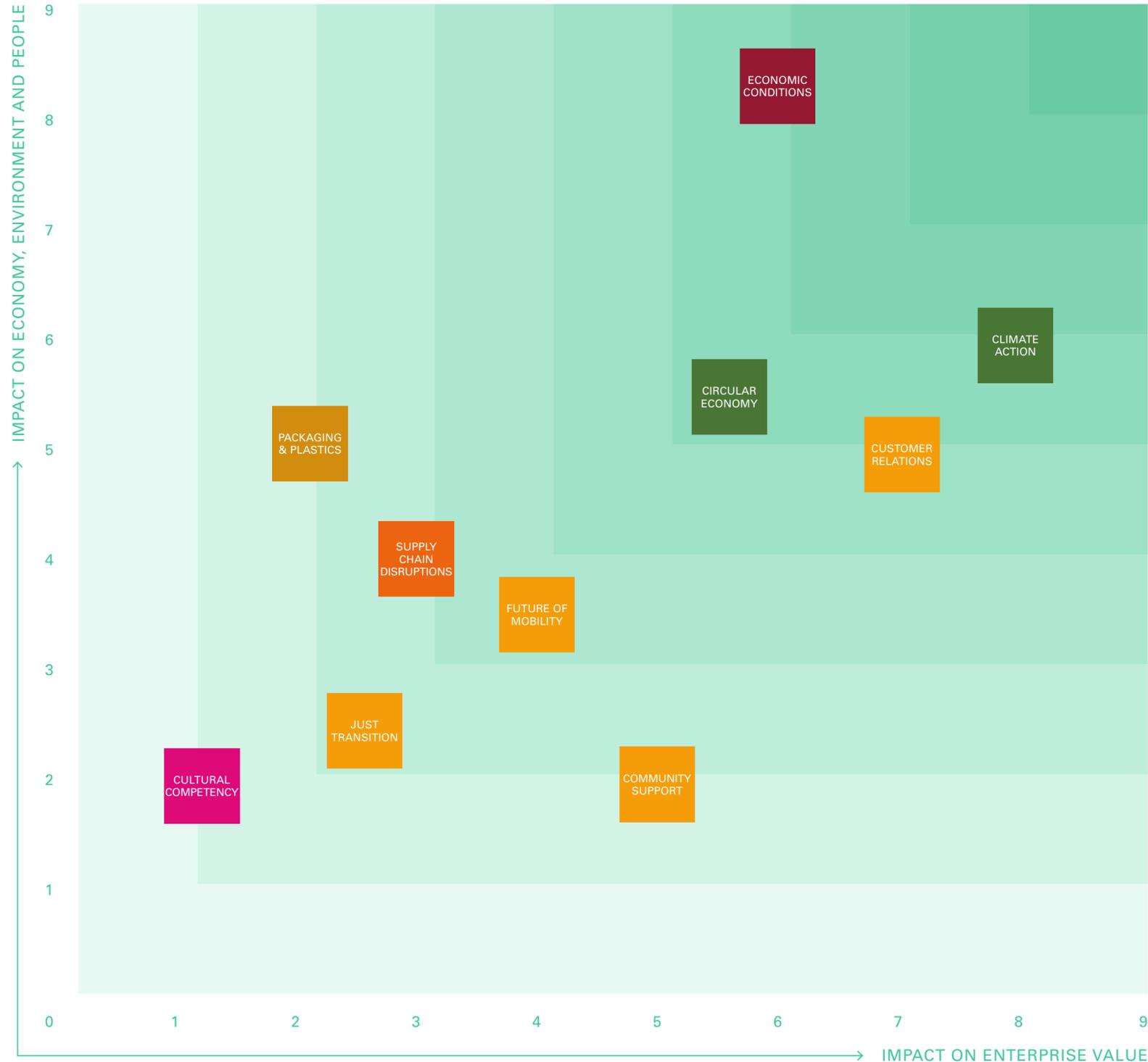
### Risk Management

The Internal Audit and Process Committee (IAPC) is a subcommittee of the Board and assists the Board in fulfilling its governance duties, including the management of risks. The IAPC meets bi-monthly and is chaired by a Vice President or the Company Secretary, with Managers from all Business Units in attendance.

Climate change has been recognised as a strategic risk and included in the company’s risk register for discussion at IAPC meetings. TNZ will release its first Climate-related Disclosure Report at the end of November 2023. This report identifies our top-five climate-related risks and opportunities and the impact on our business, and outlines how we are preparing for the future.

The risk register is continually reviewed and updated and presented to the Board for approval on an annual basis. TNZ’s risk management system is aligned to TMC’s Toyota Global Risk Management Standard (TGRMS) and covers all risks related to our corporate activities.

Risks are aligned with our business planning horizons of short (one to three years), medium (five years) and long (beyond five years) term.



### What Matters Most

#### Our Materiality Process

To determine our material topics for this year’s report, we conducted a desktop materiality assessment to update our interview-based process in 2022. A desktop materiality assessment consists of indirect research of external and internal stakeholders to identify and prioritise environmental, social and governance topics that matter most to our stakeholders and our business. The materiality process identified key topics indicating relevant risks and opportunities. This assisted us in understanding the trends that impact our business, the continued need to focus on important sustainability topics, and defining where we can make the biggest impact.

Results were plotted on a materiality matrix with the most important topics for external stakeholders plotted against the topics that TNZ has the most impact on. Topics included in the materiality matrix are all important to our external stakeholders and TNZ and shows this relationship.

#### Our Materiality Matrix

TNZ adopted a double materiality approach to identifying material topics for 2023. In reviewing the materiality matrix, the EMC reviewed the impact of these topics on TNZ’s financial value and, more importantly, our impact on the environment and society.



#### Our Material Issues

Economic conditions is our top material topic. Inflationary pressure on the cost of living impacted large sections of the New Zealand economy in FY23 and, in consumer surveys, displaced climate change and other societal issues as the chief concern for around two-thirds of the population. While economic conditions are a concern for TNZ, carbon emissions and climate change remain the issue that has the most impact on our business. Two or more years of supply chain disruption, largely caused by the pandemic and knock-on effect on component production, has also impacted customer relations as many customers continue to wait for the delivery of their new vehicle. Our report content is aligned to our material issues and describes how we have responded to our stakeholders on these issues. We report on the following:

- CLIMATE ACTION 
- CUSTOMER RELATIONS 
- ECONOMIC CONDITIONS 
- SUPPLY CHAIN DISRUPTIONS 
- CIRCULAR ECONOMY 
- JUST TRANSITION 
- FUTURE OF MOBILITY 
- PACKAGING AND PLASTICS 
- COMMUNITY SUPPORT 
- CULTURAL COMPETENCY 

## Our Stakeholders

Engaging with our stakeholders is a crucial part of our business. Understanding the issues that are important to them directs our engagements, and we view our stakeholders as playing a key role in our sustainability journey.

Looking ahead to 2024, we will include a more in-depth analysis of our stakeholders through our materiality assessment to identify the most significant concerns of each stakeholder group.

STAKEHOLDER GROUP	HOW WE ENGAGE
<b>Customers</b>	Our customers and delivering an exceptional customer experiences are our priorities. Our Customer Dialogue Centre is a key contact point and we set targets for responding to customer queries quickly and efficiently. We have effective mechanisms in place should we fall short of customer expectations.
<b>Government and Industry Groups</b>	We actively engage with government on issues that are impacting our business. We advocate through our participation in the wider motor vehicle industry. We belong to key business forums*, to support and contribute to a sustainable transport sector in New Zealand.
<b>Stores</b>	Our Stores provide our customers with a range of new and used vehicles, parts and services. We have a team that actively engages with our Stores in achieving their business objectives through one-to-one interactions, training, clear franchise standards, and support for annual business planning.
<b>Suppliers</b>	We recognise that our suppliers have a role to play in achieving our sustainability goals. We engage with our suppliers in line with our Procurement Policy and we have included sustainability clauses in supplier contracts moving forward.
<b>Community</b>	Through our Store network, we engage and support over 60 communities around New Zealand. Every Store engages its local community to address needs specific to that community. Support includes funding, volunteer work and providing vehicles for the short or long term.
<b>Employees</b>	Our people are our biggest asset. Information is shared with employees through the intranet, monthly staff meetings, and regular Question and Answer sessions with the CEO and Executive Team. Annual employee engagement surveys are conducted to understand how we are doing and how we can improve.
<b>TMC</b>	TMC is an active stakeholder in all departments and at all management levels at TNZ. Our management team regularly visits Japan to participate in global committees and to exchange information. We provide regular market and performance reports to TMC as part of globally shared metrics.

\*These forums include: Business NZ, Sustainable Business Council, Climate Leaders Coalition, Motor Industry Association of New Zealand, Motor Trade Association, New Zealand Hydrogen Council, Sustainable Business Network, The New Zealand Initiative, Global Women, Drive Electric, Battery Industry Group.

## WE ENGAGE AND SUPPORT 60+ COMMUNITIES



# OUR ENVIRONMENTAL IMPACT



## KEY ENVIRONMENTAL IMPACT METRICS

TOTAL GHG EMISSIONS (SCOPES 1, 2 AND 3)

1,552,614 tCO<sub>2</sub>e 

HYBRID BATTERIES COLLECTED & RECYCLED

747 

TOITŪ ENVIROMARK CERTIFICATION

100%

OF ALL STORES

TOYOTA

41.2% 

ELECTRIFICATION OF SALES

LEXUS

82% 

ELECTRIFICATION OF SALES

# REACHING FOR NET ZERO



## SCIENCE BASED TARGETS

For a target to be called a science-based target it must aim to reduce emissions by a certain percentage, in line with what the latest climate science says is needed to limit global warming to 1.5°C above pre-industrial levels. It also needs to have been validated by the Science Based Targets initiative (SBTi). TMCs SBTs were validated in September 2022, and TNZ's targets sit under the global validation.



## MATERIAL ISSUES

- » CLIMATE CHANGE
- » CIRCULAR ECONOMY
- » PACKAGING AND PLASTICS

Representing the leading car brand in the country, we recognise our responsibility to contribute to the country's decarbonisation goals by reducing our carbon emissions. One in four vehicles on New Zealand roads are Toyota and the emissions from these vehicles have a significant impact on climate change.

Globally, TMC has committed to being carbon neutral by 2050 across all operations and has SBTs of 68% reduction in Scopes 1 and 2 emissions by 2035, and a 33.3% reduction in Scope 3 (for passenger and light commercial vehicles) by 2030.

In our 2022 Sustainability Report, TNZ committed to SBTs and to achieving net-zero carbon by 2050.

We are taking steps to achieve, at a minimum, a 46% absolute reduction in Scopes 1, 2 and 3 emissions from a 2018/19 baseline by 2030. This requires action across our entire business from our operations through to our product line-up.

Of our total annual carbon emissions, 84% are from the vehicles we sell. This forms part of our Scope 3 emissions. We aim to reduce the tailpipe carbon dioxide (CO<sub>2</sub>) emissions from our sold vehicles by continuing to electrify our fleet and trial new low emitting powertrains. We will pursue technological options that will further accelerate CO<sub>2</sub> reductions to keep us on a downward trajectory to meeting our emissions targets.

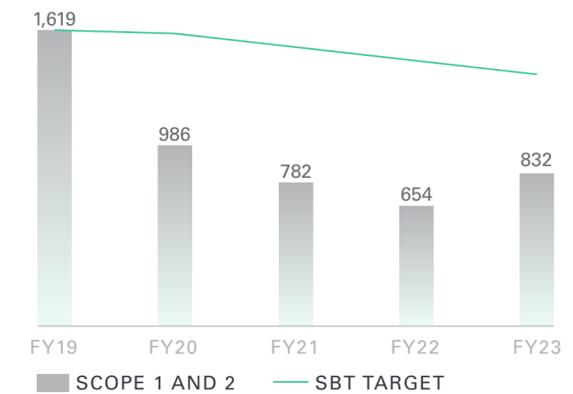
## Progress against our science-based targets

Our Scopes 1 and 2 emissions (direct use of energy) increased during the past financial year as a result of our return to the NCC in Palmerston North after an 18-month seismic strengthening of a portion of our head office to bring it to 100% of new building standard (NBS). There was an uplift in Scopes 1 and 2 emissions as we tested all the systems and brought them back up to full operation. In addition, our Thames refurbishment site increased production due to improved supply chain post-COVID-19.

Despite these increases, our Scopes 1 and 2 emissions remain under our 2030 carbon emissions target.

The business will continue to work on reducing these emissions through our annual corporate plans (Hoshin).

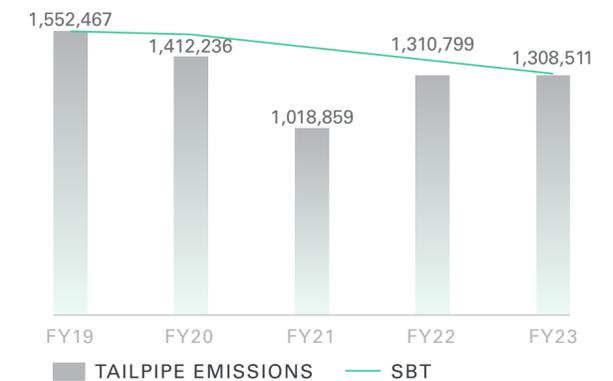
## SCOPE 1 AND 2 EMISSIONS VS SBT (tCO<sub>2</sub>)



The vehicles we sell account for 84% of our Scope 3 emissions and it is the tailpipe emissions from these vehicles that we aim to significantly reduce.

There was a slight decrease in tailpipe emissions in FY23. As electrification of product mix continues, the downward trajectory should continue to 2030.

## TAILPIPE EMISSIONS VS SBT (tCO<sub>2</sub>)



# Our Targets to 2030

This table provides our progress against all categories for Scopes 1, 2 and 3 emissions over the past financial year.

We have committed to 1.5 degrees science-aligned targets across our full value chain (Scopes 1,2,3).

The ambition levels of these targets have been validated by Toitū during an audit of the FY23 period.

## TNZ'S CARBON EMISSIONS (TONNES CO<sub>2</sub>-EQUIVALENT)

	EMISSION SOURCE	FY19 BASELINE tCO <sub>2</sub> e	FY22	FY23	2030 TARGET tCO <sub>2</sub> e	EXPLANATION
SCOPE 1	Car Fleet	825	345	392 <sup>1</sup>	444	TNZ runs a fleet of vehicles for employees and other key partners.
	Gas	460	142	240 <sup>2</sup>	248	Gas that is purchased for use in TNZ's operations (National Customer Centre and Thames Vehicle Operations).
	Bulk Fuel	162	145	185 <sup>3</sup>	87	Fuel that is purchased for use in TNZ's operations (National Customer Centre and Thames Vehicle Operations).
SCOPE 2	Electricity	172	22	15 <sup>4</sup>	92	Electricity that is purchased from a renewable energy source.
SCOPE 3	Emissions from Purchased Goods	188,719	181,485	180,230 <sup>5</sup>	101,531	All goods and services that TNZ purchases for our operations. This includes computer services, other professional services, and embodied carbon for the vehicles we buy.
	Emissions from Capital Goods	2,501	4,552	2,689 <sup>6</sup>	1,346	All goods purchased as a capital expense in the financial year and accounting for carbon at the time of purchase; for example, seismic strengthening of our National Customer Centre, technology and purchased motor vehicles for TOYOTA GAZOO Racing.
	Fuel- and Energy-Related Activities	301	301	346 <sup>7</sup>	162	Fuel used for sponsorship vehicles and energy that is lost by transmission through power lines.
	Transportation and Distribution	24,152	26,925	31,862 <sup>8</sup>	12,994	Most of the emissions (92%) are from the international transportation of vehicles and parts coming into New Zealand. The remainder is from within New Zealand.
	Waste Generated	30	31	33 <sup>9</sup>	16	The waste generated includes waste at the National Customer Centre and Thames Vehicle Operations.
	Business Travel	1,388	159	590 <sup>10</sup>	747	Travel includes air, taxis and public transportation.
	Employee Commuting	208	305	213 <sup>11</sup>	112	Includes working-from-home electricity. We have applied the Toitū-verified employee commute which is based on commuting in Auckland. We will expect to see a decrease once we start measuring employees' commuting in and around Palmerston North.
	Use of Sold Products	1,552,467	1,310,799	1,308,512 <sup>12</sup>	835,227	Lifetime tailpipe emissions based on the average final odometer reading when a light passenger vehicle is deregistered.
	End-of-Life Treatment of Sold Products	14,205	13,633	14,369 <sup>13</sup>	7,642	An estimate measure of the emissions caused by vehicle scrappage.
	Emissions from Franchises	10,002	12,797	10,238 <sup>14</sup>	5,381	Includes our Stores' Scopes 1 and 2 emissions as well as waste.
Emissions from Investments	3,395	3,395	2,701 <sup>15</sup>	1,826	Emissions associated with our financial investments, including superannuation funds.	
<b>TOTAL (ALL SCOPES)</b>		<b>1,798,987</b>	<b>1,555,037</b>	<b>1,552,614</b>	<b>967,855</b>	

<sup>1</sup> An increase in our press and demonstration vehicles, and racing fuel.

<sup>2</sup> Move back to the NCC after seismic strengthening and increased operations at Thames post-Covid.

<sup>3</sup> Move back to NCC resulted in more fuel used on site.

<sup>4</sup> Increase in fuel for sponsorship vehicles.

<sup>5</sup> Increase in vehicles sales requiring transportation and distribution.

<sup>6</sup> Increase at Thames of wood, metal and cardboard due to increased production post-Covid.

<sup>7</sup> Increased travel post-Covid.

<sup>8</sup> Increased vehicle sales will result in increased vehicle scrappage in the future.

AsureQuality is on a carbon-reduction journey using science-based targets and fleet and travel are our two largest categories. Fuel consumption is important as we travel 25,000km each day as a fleet. We were delighted that Toyota New Zealand took such a leadership position in the hybrid vehicle market allowing us to lower our carbon use. From 2019 we swapped to hybrid RAVs or Corollas at vehicle swap-out and have been very happy with the results in lowering our carbon output.

JIM OXLEY, HEAD OF PROCUREMENT, PROPERTY AND SUSTAINABILITY, ASUREQUALITY LIMITED

**Hybrid electric vehicles (HEVs)**

It is important for TNZ's business continuity that we continue to electrify our fleet, trial new low-emitting powertrains, and ensure that our carbon footprint for vehicle sales is on a downward trajectory to meet our emissions commitments.

Our total emissions from the vehicles we sold decreased in the past year. Our forecast modelling of the impact of electrified vehicles in our product pipeline, particularly in 2026 and 2027, gives us confidence that we remain on track to meet our 2030 emissions targets.

The reductions achieved to date are a result of a focus on manufacturing and marketing hybrid vehicles at scale.

We sold 29,696 new vehicles in the 12 months to the end of March 2023, with an electrification mix of 41.2%. Total CO<sub>2</sub> emissions for new vehicle sales was 174.4g/km at the end of March 2023. Our ambition is to achieve 74.4g/km across our planned portfolio by 2027.

Lexus, as a stand-alone brand, for the same 12 months had 82% electrification of sales and an average 120g/km across its total sales.

Our used vehicle sales have seen a large shift to hybrid vehicle sales too, with 37.7% HEVs sold in the year to 31 March 2023.

Our forecast modelling found that total HEV sales in New Zealand compared to battery electric vehicle (BEV) sales are having a greater impact on reducing carbon emissions. Three HEVs equal one BEV in terms of CO<sub>2</sub> reduction. The resources for batteries in 260,000 BEVs can reduce 20 times more CO<sub>2</sub> emissions if the same resource is used in HEVs. This leads to greater access to carbon-reducing mobility, not just for those who can afford full BEVs.

**Multiple powertrain strategy**

Our carbon emissions targets are aligned with our parent company, TMC, which conducts sales in over 170 countries and regions whose economic conditions, energy and industrial policies, and customer needs vary significantly. Therefore, it is important to have a global strategy that offers a variety of options for electrified vehicles so that different requirements in those countries and regions can be optimally satisfied.

We believe a multiple powertrain strategy focusing on different low-emitting options (HEVs, PHEVs, BEVs, FCEVs) is the best way to reduce carbon emissions while meeting the needs of our customers and the current economic and regulatory conditions.

Globally, TMC plans to roll out 30 new BEVs by 2030 comprising passenger vehicles, SUVs and commercial vehicles.

In 2024, Toyota will add the Beyond Zero (bZ) range to its product mix, starting with the battery powered fully electric bZ4X which will arrive in New Zealand early 2024. The Toyota bZ series will introduce new technology with a zero emissions performance. The bZ premise is for human-centric vehicles that transform how we interact with our vehicles, others and society.

Lexus has accelerated its BEV development also and will develop next-generation BEVs by 2026 with a focus on optimising everything in the car for the battery electric powertrain. Lexus is working towards having a complete range of BEVs by 2030 with the goal of 100% BEV stock by 2035.

**THE NEW BATTERY ELECTRIC BZ4X**



**WHAT IS A POWERTRAIN?**

A powertrain refers to every component that drives your vehicle forward.

**WHAT DO WE MEAN BY ELECTRIFIED VEHICLE?**

An electrified vehicle is a vehicle that has an electric motor and a battery as part of its powertrain.

**BEV: BATTERY ELECTRIC VEHICLE**

A vehicle that is fully powered by electricity. The electricity used to drive the vehicle is stored in a large battery pack which can be charged by plugging into the electricity grid.

**FCEV: FUEL-CELL ELECTRIC VEHICLES**

Electric energy is produced from a chemical reaction; for example, a hydrogen Fuel-Cell Electric Vehicle.

**HEV: HYBRID ELECTRIC VEHICLE**

A vehicle that has both an internal combustion engine and a battery-powered motor powertrain. The engine obtains energy from fuel and the motor sources electricity from the battery. The transmission is rotated simultaneously by both the engine and electric motor.

**PHEV: PLUG-IN HYBRID ELECTRIC VEHICLE**

A vehicle that has both an internal combustion engine and a battery charged from an external socket. This means that the vehicle can be charged with electricity rather than the engine.

### Leaning into the circular economy

While we are focused on electrification and weighting our portfolio of new and used vehicles towards low or zero emitting product, we have not lost sight of the responsibility that we have for product stewardship.

A circular economy for TNZ means that we need to be able to repair, rebuild, repurpose or responsibly recycle all aspects of what we make, ensuring that we enrich our natural resources and use energy from renewable resources. This is a big challenge for us and we are only at the start of this journey.

#### Battery recycling

The increase in imported new and used hybrid electric Toyota vehicles poses significant challenges to our business and we are committed to finding better solutions for the repair of batteries, with responsible recycling for all parts possible.

Although TNZ may not have been the importer of many of the used HEVs entering New Zealand, we believe we have a social responsibility for the final disposal or recycling of hybrid batteries from all Toyotas.

Our objective is to lead the local industry in product stewardship and generate new value from recovered items such as batteries.

For the year under review, we recycled 747 hybrid batteries, up from 486 in 2022.

Currently, TNZ is focused on the following initiatives:

- We cover all recycling costs for complete Toyota hybrid batteries returned to us (regardless of whether the vehicle was imported by TNZ or a third party).
- We have changed our pathways to retain materials within the Toyota group of companies, with the materials returned to Japan to be used in battery-to-battery recycling to power the next generation of electrified vehicles.
- We are actively working on second-life activities in cases where batteries have remaining useful life. Remanufacture for in-vehicle use is the best available option for Nickel Metal Hydride batteries commonly used in Toyota hybrid vehicles.

#### Warehouse waste

With a large warehouse handling around 1.6 million parts annually, reducing and recycling the packaging of goods received is a continuous focus for us and our suppliers.

Around 70% of waste in our warehouse is now recycled. All soft plastics are baled and recovered, in partnership with Oji Fibre Solutions. We also recycle label backings with adhesive, which accounts for 50% of our warehouse waste.

For outward shipping of parts, the warehouse uses only recycled consumables such as paper tape, recyclable strapping, paper void fill and paper ice cube protectors for all outbound freight.

In 2023, we introduced a cardboard baler to the warehouse. All cardboard goes through the baler, gets broken down to create a 450kg cardboard bale and is then sent away for recycling, thereby creating a new revenue stream. In addition, we have only one truck pick-up each month, rather than 19 to 23 truck movements per month, adding further CO<sub>2</sub> savings to our reduction programme.



#### Disposing of e-waste

To dispose of e-waste, we partner with the Digital Wings' Takeback at End-of-Life Policy programme. This programme provides refurbished electronic equipment (desktop PCs, laptops and tablets) to charities and community organisations with a focus on youth development and education as well as employment initiatives.

Digital Wings securely disposes of our e-waste, wiping and refurbishing high-end equipment for reuse by the community and responsibly recycling equipment where reuse is not viable. We provide them with all our surplus IT equipment at no cost.

#### CO<sub>2</sub>e saved with the modal shift from road to rail

Moving vehicles and parts around the country accounts for just over a third of our carbon emissions. In 2022, we started moving containers carrying parts from the Port of Napier to our distribution centre in Palmerston North via rail instead of road.

In the past year, we experienced a 69% decrease in carbon emissions by the modal shift from road to rail with a saving of 32.8 tonnes of CO<sub>2</sub>e. The decrease would have been higher at approximately 75% if the rail network had not been temporarily disrupted by Cyclone Gabrielle.



CYCLONE GABRIELLE AFTERMATH, HAWKES BAY  
LEONIE CLOUGH / UNSPLASH



## Responding to severe weather events

In early 2023, New Zealand faced two extreme weather events – the January rainstorm across Auckland and Cyclone Gabrielle in March – that severely impacted our operations and communities. These events tested our resilience and commitment to sustainability.

These extreme weather events led to operational difficulties for the Stores with flooding and infrastructure damage hindering their ability to provide essential services to our customers in affected areas. Inventory losses and facility repairs placed additional strains on customer operations.

Amid these challenges, dedicated staff and dealership partners demonstrated unwavering support and resilience. Many employees volunteered their time and resources to assist affected communities, exemplifying our commitment to exceptional customer support.

Toyota Stores, TNZ, TFS and Toyota Vehicle Insurance collectively raised almost \$250,000 towards the support and recovery of those regions. TNZ and TFS also directly supported those Stores and staff impacted though additional financial support. This was a true and genuine demonstration of the culture and spirit within our One Toyota family.

Toyota Vehicle Insurance serviced those affected by the Auckland floods by standing up a dedicated Flood Team who could respond to customers quickly and provide Toyota and Lexus customers the peace of mind that they expect in such trying circumstances. Within a two-week period, all claims were settled or awaiting a replacement vehicle. With claims tallying more than \$1.5 million, Toyota and Lexus customers were able to return to normality quickly.

In the face of adversity, these extreme weather events reinforced the importance of our sustainability initiatives. We remain committed to mitigating climate risks, building resilient operations, and fostering a culture of support and social responsibility.

COLLECTIVELY RAISED ALMOST  
**\$250,000**  
BY TOYOTA STORES, TNZ, TFS  
AND TOYOTA VEHICLE INSURANCE



## Building a local hydrogen economy

TNZ is supporting New Zealand to establish a hydrogen economy beyond light transport and expanding our business operations through technology innovations.

Our hydrogen efforts focus on hydrogen opportunities in both mobility solutions and static applications as part of our ambition to diversify and continue to build a carbon-neutral business.

Working with TMC, we have introduced new hydrogen technologies in the form of vehicles, fuel cells, and fully renewable hydrogen generators to support the construction and conservation sectors in New Zealand.

We introduced three hydrogen initiatives into New Zealand in FY23 to support our carbon-neutrality ambition:

- A highly innovative hydrogen-powered electricity generator built in Europe;
- Hydrogen fuel-cells sourced from Japan for America's Cup chase boats; and
- Hydrogen fuel cell Mirai cars in an exclusive car-sharing scheme with commercial partners in Auckland.

TNZ worked with Toyota Europe and its technology partner Energy Observer Developments (EODev) to bring the first hydrogen-powered electricity generator to New Zealand. The GEH2 generator has a footprint of around three square metres and is rated at 110kVA and 88kW. It runs purely on hydrogen and emits only hot water and filtered air.

The GEH2 is equipped with the latest generation of fuel cells from TMC, giving it exceptional durability and reliability. In relation to the power delivered, it is the most compact and efficient electro-hydrogen generator on the market in Europe.

The hydrogen generator has many potential uses in New Zealand. It is ideal for:

- Off-grid isolated sites (shelters, islands, telecom relays);
- Sensitive or confined environments (tunnels, closed spaces);
- Construction sites (off-grid or downtown); and
- Emergency use during power outages for data centres, hospitals, airports, ports, and banks.

It is also ideal for events such as concerts and temporary sporting events, whereas a traditional diesel generator is noisy and pollutes with CO<sub>2</sub>, nitrous oxide, and diesel particulate-emissions.

*The GEH2 generator provides a new solution and in time can provide an affordable alternative as green hydrogen becomes more readily available.*

We worked with our long-term partner Emirates Team New Zealand to develop the first hydrogen chase boat, providing the fuel-cell technology. Chase Zero showcases the benefits of hydrogen adoption as an alternative fuel. After extensive trialling, hydrogen chase boats will be used in the next America's Cup.

We are currently commercialising the sales and supply of fuel cells for wider mobility industries like heavy transport, bus and marine applications. Before departing for Europe, Chase Zero removed more than 19.8 tonnes of CO<sub>2</sub> from the Hauraki Gulf.

The Toyota Hydrogen Project car-share scheme was launched in May 2022 in Auckland. We partnered with eight Kiwi companies to showcase the capabilities of this using the latest-generation Toyota Mirai. Our partners are: The Warehouse Group, Air New Zealand,

Saatchi & Saatchi, TVNZ, Beca, Westpac NZ, Spark and Z Energy. The car-share initiative is available for daily use by the members and demonstrates how large companies can collaborate in sharing or reducing their fleets. This project/scheme is supported by our partner Obayashi, who is providing green hydrogen from their Mokai production facility in Taupō.

In the past 12 months, 115 Toyota Mirai drivers from the nine (including TNZ) companies in the scheme have travelled 41,026km, saving 8,041 tonnes of CO<sub>2</sub> compared with driving the same distance in a petrol-fuelled car.

Based on the success of this project, we have expanded the fleet from three to five vehicles and are currently inviting new members to join. Fletcher Building, IAG and EnviroNZ are the most recent members to have joined the project.

NINE KIWI COMPANIES TRAVELLED

41,026KM

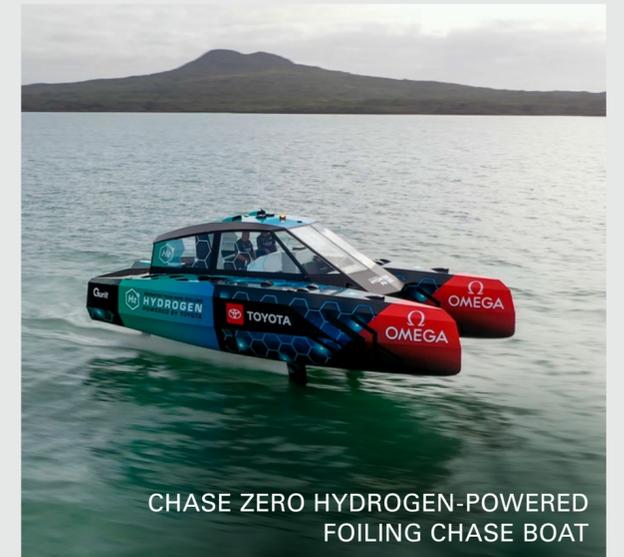
SAVING

8,041tCO<sub>2</sub>e

COMPARED WITH DRIVING THE SAME DISTANCE IN A PETROL-FUELLED CAR



THE GEH2 GENERATOR



CHASE ZERO HYDROGEN-POWERED FOILING CHASE BOAT



THE TOYOTA MIRAI



CROWDS GATHER FOR THE START OF THE CASTROL TOYOTA FORMULA REGIONAL OCEANIA CHAMPIONSHIP



## TOYOTA GAZOO Racing New Zealand works towards carbon-neutral motorsport

TOYOTA GAZOO Racing New Zealand (TGRNZ) has continued its journey towards a more sustainable motorsport future for its two categories in New Zealand after a successful dyno test programme with carbon-neutral fuel in its Castrol Toyota Formula Regional Oceania Championship engine.

TGRNZ sourced a supply of the fuel from P1 Fuels at the WRC Rally New Zealand event towards the end of 2022. It began an engine dyno testing programme on the 2.0L turbocharged unit used in the Toyota FT-60 cars for its international single-seater series.

The dyno testing programme confirmed there was no loss in power or performance, reliability issues, or significant changes required in engine mapping. As a result, the motorsport operation of TNZ integrated this fuel into our on-track testing programme for 2023 and will adopt the fuel for our Formula Regional Oceania Championship in 2024.

TGRNZ would then look to introduce the fuel to its Toyota 86 Championship in New Zealand as soon as

possible after that and is already looking at potential partners for the project.

Carbon-neutral fuels such as P1 Fuels are part of a large family of partly or fully fossil-free synthetic fuels. They are blended from chemical components derived from either second-generation feedstock such as bio-alcohols generated from agricultural and urban-waste biomass, or the industrial catalytic conversion of syngas (CO + H<sub>2</sub>), generally known as e-Fuel or Power to Liquid.



*TGRNZ is Toitū EnviroMark Bronze Certified. It is also in the process of applying to the motorsport world governing body, the FIA, for its Three-Star Environmental Accreditation programme.*



# OUR SOCIAL IMPACT



## KEY SOCIAL IMPACT METRICS

FEMALE REPRESENTATION IN WORKFORCE

37%

FEMALE REPRESENTATION IN MANAGEMENT

29%

STAFF ENGAGEMENT

74%

STAFF RETENTION

88%

TOTAL EMPLOYEES

341

INVESTMENT IN THE COMMUNITY

\$4.6M



# CONNECTING WITH OUR COMMUNITIES



## MATERIAL ISSUES

- » COMMUNITY SUPPORT
- » CUSTOMER RELATIONS
- » FUTURE OF MOBILITY
- » JUST TRANSITION
- » CULTURAL COMPETENCY

'Community' for TNZ encompasses our Store network employees and the communities they operate in, our corporate office employees, and our community partnerships. TNZ is committed to ensuring that our social relationships and partnerships have a positive impact on the community.

Our impact within regional New Zealand is through our Store network with over 60 Stores operating from the top of the North Island (Whangārei) to the bottom of the South Island (Invercargill). Our Stores' commitment to the community remains steadfast despite the challenging year, with customer excellence and community at the heart of what they do every day.

Our employees are at the centre of our business. Towards the end of 2022, after an 18-month seismic upgrade of our NCC in Palmerston North, we moved back in. We believe that the return has enhanced our workplace culture and has contributed to employee satisfaction and a high employee retention rate.

Our partnerships encompass long-standing relationships with Emirates Team New Zealand, the New Zealand Olympic Committee, Paralympics New Zealand, our Brand Guardians and, more recently, a three-year partnership with RYDA's school education programmes to educate teenagers on driver responsibility and making the right decisions.

Our commitment to reducing our impact on the environment is also reflected in our leadership

commitment. Our Chief Executive is on the Advisory Board of the Sustainable Business Council and the CEO Steering Group for the Climate Leaders Coalition.

*Our efforts to ensure a better New Zealand for all align with three key objectives:*

- Providing mobility for all;
- Ensuring a skilled, diverse and healthy workforce; and
- Forming impactful community partnerships.

**Providing mobility for all**

TNZ's vision of Mobility for All represents a belief that mobility should be accessible to everyone, meet all customer needs, and be safe and affordable. It is our commitment to ensure that everyone has access to mobility solutions that meet individual or community needs. Through our partnership with The Ākina Foundation, the Waka Aronui social leasing scheme continued to have a positive social impact over the past year. Also, the winner of our newly launched Store Citizenship Award reflected the the importance of mobility in the regional communities we operate in.

*'Waka Aronui allows us more flexibility to get to and from work as well as to whānau and hapū events, such as tangi and hui, and community events: sports, kapa haka, shopping, library and socialising with friends and whānau.'*

*'We needed a new car as our car is old and in need of extensive repairs which we cannot afford in addition to the amount of gas it uses to get around.'*

*'We are putting the savings from our vehicle towards other necessities and to save for a home deposit.'*

*'Peace of mind. Having a reliable vehicle and without the unexpected expenses.'*

*'Waka Aronui supports whānau like ours in our community and allows us to continue pursuing our whānau oranga in a sustainable and eco-friendly way.'*

**Affordable and accessible mobility: Waka Aronui**

In May 2022, we partnered in a pilot programme, designed by The Ākina Foundation and Manukau Urban Māori Authority (MUMA) to transition South Auckland whānau into low-emissions vehicles, supported by funding from Waka Kotahi, Ministry of Business, Innovation and Employment, and Auckland Council. TNZ, Russell McVeagh and The Tindall Foundation joined the partnership.

The programme provides 20 whānau with safe, reliable, low-emissions hybrid Toyota Corolla station wagons for a set affordable price per week. The three-year lease covers maintenance, warrant of fitness, insurance, servicing, repairs and a new set of tyres when needed.

The Waka Aronui programme is proving to have a positive social impact on the community through providing financial resilience, improved mental health, greater community connection and access to essential services. Insights from the first year include:

- Fuel savings of between \$20 and \$150 per week;
- 90% of participants reported a reduction in vehicle running costs and 80% of participants reported a reduction in maintenance costs;
- 95% of participants reported having lower levels of stress relating to their vehicle;
- 65% of participants reported being able to spend more time with their whānau;
- 90% of participants reported having improved involvement in their community; and
- 85% of participants reported having improved access to appointments and activities that improved their mental health.

This initiative has also had a positive environmental impact through transitioning to electrified vehicles:

- 394,856km travelled by whānau in the first year; and
- Approximate emissions saving of 34tCO<sub>2</sub>e (a 2015/16 Toyota Fielder hybrid with 92g/km WLTP vs a 2010 Mazda Demio ICE vehicle with 178g/km WLTP).



THE COMMUNITY MOOVER VAN



LAUNCH OF WAKA ARONUI PILOT PROGRAMME, MAY 2022

**Stores' Citizenship Award: The Community Moover**

In 2022, we introduced the Citizenship Award as part of our national Store Excellence Awards. The Awards recognise the Toyota Store that excels in community support through innovative initiatives.

Ebbett Toyota won with their 'Community Moover' programme. This initiative provides a 10-seater Toyota Hiace van to non-profit organisations, schools, local sports teams, and other groups, with event transportation free of charge. The Community Moover initiative is a great showcase of how mobility can be shared and utilised across a community. Paired with an online booking tool, in 2022 the Community Moover was used 77 times, and over 215 days, at a number of community events:

- Young Women's Leadership Retreat;
- Anzac service in Waiouru;
- Association of Intermediate and Middle Schools Games in Tauranga;
- School snow camp; and
- Eastern Zone winter sports at Wharepapa South.

Due to high demand, the Waikato region's Stores are currently investing in a second Community Moover which will operate from the Te Awamutu Store. This initiative is creating a profound impact in the community, allowing groups to attend events they would not have been able to access previously.



**FUN FACT**

As this van is primarily based out of our rural Morrinsville dealership, it felt like a fun play on words to call it the Community 'MOOver' as Morrinsville is synonymous with its 'Cow' status around town.



REOPENING OF THE NCC

### Embracing our Toyota New Zealand culture

In early 2021, we vacated the NCC in Palmerston North while the building was strengthened to meet earthquake building code requirements. During this time, NCC staff worked from home and temporary offices in the city. The pressure on our people, within our company and within our associated Store network, was significant. We had to face the challenge of working remotely while meeting our customer needs. This hybrid system was not ideal for the unique Toyota culture that has been developed in New Zealand over the past 50 years. Against this backdrop, our staff engagement remains high at 74% and retention is 88%.

Staff engagement is important at TNZ. We communicate with our staff regularly to share information and gather feedback through monthly staff meetings and an annual question-and-answer session with our CEO and Executive team. We conduct annual surveys to understand where we are doing well and where we can do better.

#### STAFF ENGAGEMENT

74%

#### STAFF RETENTION

88%

### Acknowledging our community heritage

On 25 October 2022, TNZ employees returned to the NCC after 18 months of working from temporary offices.

The reopening was celebrated through a building blessing and Karakia ceremony, in collaboration with the local Rangitāne O Manawatū and facilitated by Wiremu Te Awe Awe. The ceremony paid tribute to the land and local iwi, acknowledging the heritage TNZ has been built upon.

Led by long-serving TNZ staff, a tour of the atrium and new offices was conducted, followed by a welcoming speech from our CEO in the central atrium. The redesigned space embodies our corporate vision and culture, while encompassing a mix of work and wellness areas for our employees.

### Celebrating long-service commitment

TNZ is proud that close to half of our 341 total employees have more than 20 years of service representing a workforce with extensive knowledge and experience. We have 45 employees from TNZ and the Store network that have more than 30 years of service, and 13 employees with over 40 years of service.

We take pride in these service milestones that reflect high job satisfaction, career growth and progression, and a passion for the automotive industry. Emails and personalised cards are some of the ways in which we recognise employee anniversaries.



## Our CEO celebrates 25 years at TNZ



This year, Neeraj Lala celebrated 25 years with TNZ and believes his long-term service is a direct result of the company's supportive and nurturing approach to our staff, the most valuable asset to our success.

In the age of the Great Resignation, he observes, finding the right employer and sector keeps you learning, maturing and challenging yourself throughout your career.

*'As an industry, we are at the intersection of retaining the passion of enthusiasts and transitioning to a more sustainable future. Moving our business from a car company to a mobility company is a great honour, along with committing to our sustainability objectives and championing women in leadership.'*

### Empowering women in leadership

As part of our 2050 Vision, we want to be inclusive and make all current and future employees feel welcome and supported. We recognise that there is room for improvement in terms of diversity and inclusion practices.

Our CEO has joined Global Women's Champions for Change programme. This commits us to driving a 40:40:20 balance at all levels of employment, that is at each level of seniority, 40% of both women and men, with the remaining 20% being of any gender, allowing for a natural flow of people into and out of the organisation.

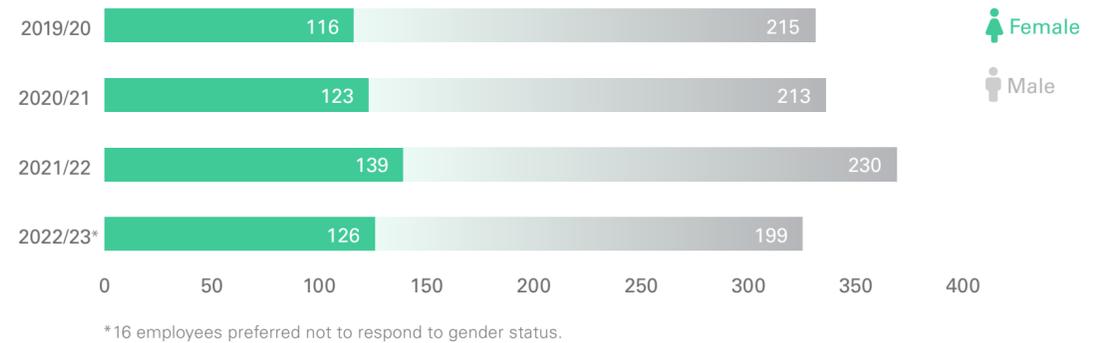
As the data alongside shows, the gender balance at management level is improving and we will continue to focus on pursuing a more representative workforce.

Our partnership with Global Women affirms our commitment to women in leadership at all levels of employment, offering diverse career pathways from technical roles within our Store network to professional positions at both our Stores and the NCC.

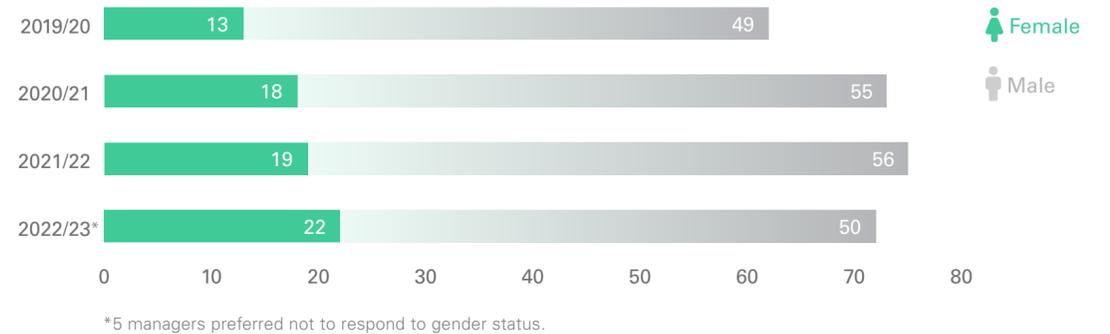
This year, four TNZ female employees participated in the Activate Leaders Programme, which promotes adaptability, courage in decision-making, and a shared understanding of our mission.

We also collaborated with Global Women to conduct two workshops for all our leaders on Diversity, Equity, Inclusion and Belonging. These workshops provided a platform for open discussions about the business case for diversity and inclusion and encouraged the exploration of each person's role as an ally in promoting these values within our organisation.

### GENDER PROFILE: All Employees



### GENDER PROFILE: Management





# Celebrating gender diversity at Thames

Thames Vehicle Operations focuses on the refurbishment of used vehicles for the New Zealand market and represents a technical and operational environment. Historically this has been a male-dominated workspace.

Management at the Thames site has committed to and followed a succession plan to grow gender diversity in the business. This has created a more representative workforce where nearly 50% of leadership roles are held by females. Out of the current 80 staff members, 7 of the 15 leadership positions are held by women.

We are proud of our Thames facility's commitment and progression towards greater gender diversity in the workplace.



## Safety at work

During the past year, we experienced 17 injuries across all our sites. There was a total of 112 hours lost due to injury.

While the number of accidents with injuries have decreased from 20 in 2022, incidents have increased due to improved kaizen reporting processes of what actually happened.

From 3 October 2022, we extended the hours of our Parts Warehouse Operation from 6am to 10pm with staff operating across two major shifts. Not only will this provide better service to our customers, but it will also assist with achieving greater efficiency. Splitting the shift means our staff will have more space for machinery to be used, which will lead to better health and safety outcomes for all our warehouse employees.

## Reputation holds steady

The Kantar Corporate Reputation Index measures the responsibility, trust, leadership and fairness of 50 of New Zealand's top corporate companies by revenue.

For the FY23, TNZ secured fourth place, advancing three positions from 2022, and now stands as the sole automotive brand and one of only two global brands. We were positioned as the fourth most trusted entity, behind Air New Zealand, PAK'nSAVE and Mitre 10.

## New Partnerships: road safety education for young Kiwi drivers

In July 2023, we extended funding to the Rotary Youth Driver Awareness (RYDA) programme, to enhance road safety education for young Kiwi drivers to save lives.

RYDA delivers online workshops to high school students, proving its worth over the last 21 years, with 650 participating schools around New Zealand and Australia and 750,000 students attending. When the workshops begin again, RYDA is hoping to reach 15,000 New Zealand youth. From the 60 Stores we have in New Zealand, 56 are located in communities with participating schools.

Drivers aged between 16 and 24 years face a greater risk of severe road accidents, with an estimated 7,000 young people suffering fatalities or serious injuries over the past decade. This programme is making a tangible impact within New Zealand communities, helping reduce road fatalities and injuries.

By partnering with RYDA, we are hoping to accelerate New Zealand's progress in reducing road fatalities within our local communities. This partnership develops a safe and accessible transport ecosystem reflecting our commitment to social impact through our operations.

## Toyota Kiwi Guardians programme draws to a close

After seven years, the Department of Conservation, in consultation with TNZ, made the difficult decision to wind down the Toyota Kiwi Guardians (TKG) programme from 1 August 2023.

The goal of this initiative was to connect kids with nature and encourage more care and consideration for New Zealand's great outdoors. The programme provided TKG with online resources, signage, maps and a medal redemption programme for adventures completed at a TKG site or through actions at home.

More than 400,000 people were inspired to interact with nature because of this initiative. Funding from TNZ over the past seven years contributed towards the cost of development and delivery of the programme, such as manufacturing and mailing out medals to more than 100,000 Kiwi kids.

We are now focused on developing another programme that aligns with our sustainability strategy and leverages our connections with New Zealand communities.



TOYOTA KIWIS GUARDIANS



ROTARY YOUTH DRIVER AWARENESS PROGRAMME



TOYOTA KIWIS GUARDIANS



## Toyota New Zealand is going places with our Brand Guardians

We are proud to partner with our Brand Guardians who embody the core values of TNZ as a brand, both now and into the future. We believe our Guardians are helping to lead and drive New Zealand’s momentum forward in positive and impactful ways.

From their unwavering dedication to mobility technology and active participation in sustainable endeavours to their passionate advocacy for diversity, mentorship of young Kiwis, and facilitation of stronger bonds within New Zealand communities, these remarkable individuals excel in every way.

ANDREW DAVIS, VICE PRESIDENT  
– MARKETING AND CUSTOMER EXPERIENCE, TNZ



Cam Calkoen, who was born with cerebral palsy, believes in a world where every Kiwi with a disability is enabled to achieve their dreams of mobility.

*I believe in a world where every New Zealander with a disability that has the ability to drive knows that they can drive. One of our most awesome programmes is I.Drive, which gives young people with disabilities the inspiration, motivation and resources to drive themselves. When you have a sense of mobility, and a sense of freedom, it builds a foundation for some awesome dreams. When you connect a vision and your passion, you really start to go places.*



Matt Watson is a passionate fisherman, who cares deeply about creating a more sustainable tomorrow.

*Once I understood how important it is for Kiwis to have access to a healthy and abundant ocean, I became really protective of it. When we talk about respect, the best thing you can do to respect a fish you catch is to eat the whole thing. That’s why I created Free Fish Heads, a community project to distribute fish parts that would normally go to waste, to those in need of food. I don’t think New Zealanders know how special it is to have access to kaimoana. It fills more than your belly; it fills your soul. If we can understand what we’ve got, protect it and make it better, then we really are going places.*



Dr Michelle Dickinson has been a TNZ Brand Guardian since 2017.

The founder of Nanogirl Labs is an engineer, nanotechnologist and best selling author, famous for making complicated information simple, fun and engaging. Along with TNZ, she is also involved with Global Women to help propel more New Zealand women forward.

*I am on a mission to help young people realise they can be the inventors of the technologies that change the future. By inspiring a generation of diverse young people to be the inventors of the future, we get to build a better future – not just globally but also for our communities here in New Zealand.*

# OUR ECONOMIC IMPACT




## KEY ECONOMIC IMPACT METRICS

TOTAL REVENUE	AFTER-TAX PROFIT
\$1.7B 	\$84M 

NEW TOYOTA VEHICLES SOLD	NEW LEXUS VEHICLES SOLD
29,696 	937 

PARTS SOLD	ACCESSORIES SOLD
\$148M 	\$53M 

# DELIVERING A SUSTAINABLE BUSINESS IN NEW ZEALAND



## MATERIAL ISSUES

- » FUTURE OF MOBILITY
- » CUSTOMER RELATIONS
- » ECONOMIC CONDITIONS
- » SUPPLY CHAIN

Our role since the company first started in New Zealand in 1966 is to provide the most reliable, affordable and safe mobility solutions. That objective remains today with the addition of providing exceptional customer experiences and a strong focus on leadership in sustainability.

Mobility is at the centre of our evolution as a sustainable business.

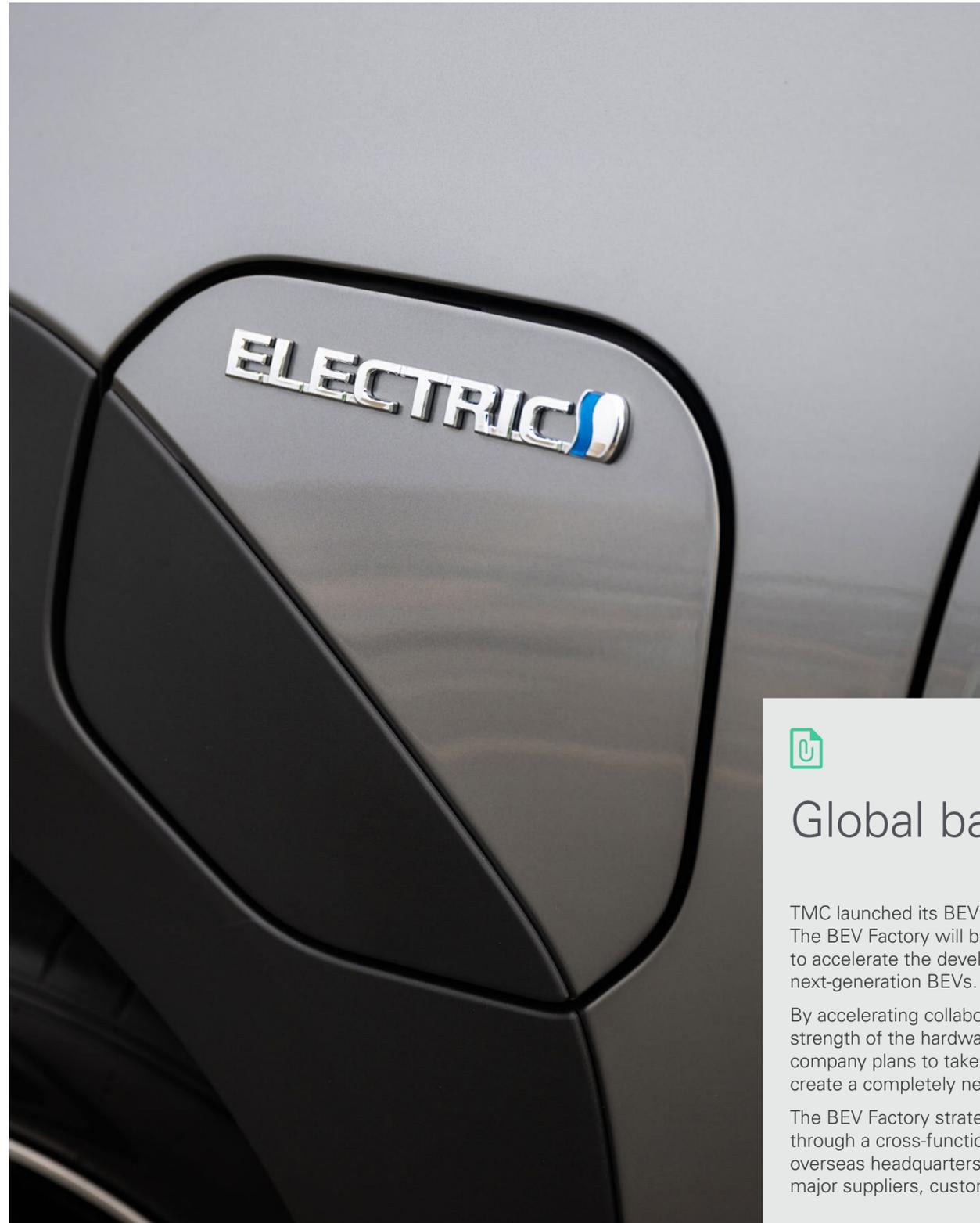
Our vision is to provide multiple forms of powertrains, multiple modes of transport, integrated autonomous driving networks, and mobility solutions that would support both innovative ownership and user solutions that directly support out net-zero carbon goals.



It means a future where widespread private car ownership may no longer be normal, car usage is affordable and accessible for all, and all vehicles are low or net-zero carbon emissions, while ensuring both people and vehicles remain safe.

Mobility in these terms means more flexible and accessible ownership and a range of leasing, rental, or usage solutions.

To this end, we launched our third mobility project in October 2022, the Toyota Mobility Project, following the launch of the Toyota Hydrogen Project (page 16) and Waka Aronui (page 20).



### Our business strategy

Our customers and delivering an exceptional customer experience remain our priority.

In response to changing customer expectations, we transformed our business model in 2018 to reflect our 'One Toyota' strategy. The strategy covers all aspects of our value chain including new vehicles (agency model and direct sales), used vehicles (wholesale) and after sales (Toyota care, parts and accessories).

The strategy is premised on a customer-centric approach to vehicle buying and the entire ownership experience to put the pleasure back into buying a vehicle, new or used.

Our goal is to make the buying process as easy and transparent as possible. The customer experience includes a transparent drive-away price, including: all on-road costs, consistent nationwide; a seven-day money-back guarantee; flexible test-drive options from a larger pool of demonstrator vehicles at every TNZ Store; and the ability to customise vehicles online.

Our business strategy and growth over recent years gained us a placing in the Deloitte Top 200 Awards for Best Growth Strategy in 2022.

### Global and regulatory challenges

Global supply chain issues, since the COVID-19 pandemic, continue to create significant delays to new vehicle deliveries and, together with local logistical challenges, put pressure on our ambition to continue to create exceptional customer experiences.

To build our resilience to difficult economic conditions and emissions-related regulatory changes, TNZ is focused on making better data-driven decisions and growing our electrified range of new and used vehicles.

With one in four cars on New Zealand roads being a Toyota, we are focused on offering our customers the right vehicle for the task to transition as many as possible into low-emission models.

Despite the removal of the government sanctioned rebate on most hybrids, TNZ has continued to focus our sales and marketing efforts on hybrids and to move all models to low-emissions versions as part of our contribution to creating a decarbonised economy.

At the time of reporting, TNZ and Lexus offered two fully electric models, the medium-sized RZ SUV and the compact UX300e SUV, as well as 16 hybrid models – from the sub-compact Yaris to the family-carrying Highlander SUV. A hybrid Hilux ute is due here in early 2024, along with Toyota's first fully electric car – the bZ4X.

Our promise to New Zealanders is that we will provide innovative, low-emission mobility services both now and into the future.

### A trusted brand

For 18 years in a row, TNZ has won the Reader's Digest Most Trusted Car Brand Award, and our Signature Class-branded used vehicles won the award for the fifth year in a row.



The overall most trusted brand award is for vehicles, while the Signature Class award is for the certified used vehicles category. We also came sixth overall for all brands across all categories.

Our unrelenting approach to excellent customer service, product quality and affordability has resulted in retaining these two Reader's Digest Most Trusted Brand Awards.

Trust is a unique, complex component of our brand. It is built on many facets of our business; namely, our deep community connections through our nationwide Store network, our commitment to operating in a sustainable way, and our determination to ensure all Kiwis have access to affordable, reliable and functional mobility.



## Global battery strategy

TMC launched its BEV Factory concept in May 2023. The BEV Factory will be established as a dedicated organisation to accelerate the development and business of the world's leading next-generation BEVs.

By accelerating collaboration with new partners based on the strength of the hardware Toyota has already developed, the company plans to take on the challenge of producing BEVs that create a completely new world view.

The BEV Factory strategy is to accelerate agile development through a cross-functional organisational structure integrating with overseas headquarters, the technology hothouse Woven by Toyota, major suppliers, customer needs and market trends.

Under a single leader, the processes of 'development, production and business' will be conducted in one place, enabling speedy decision-making and execution.

One of the aims of the BEV Factory is, through technologies such as the integration of next-generation batteries and sonic technology, to achieve a vehicle cruising range of 1,000km. Designers will focus on expressing natural sensibility, a stylish design and aerodynamic performance to be supported by artificial intelligence.

TMC will roll out next-generation BEVs globally and as a full line-up to be launched in 2026. By 2030, an estimated total of 1.7 million units out of 3.5 million overall will be provided by the BEV Factory.



## Toyota New Zealand's Mobility Project

TNZ launched our third mobility project in October 2022, the Toyota Mobility Project. The trial is in partnership with the Bowater Toyota Store in Nelson. It gives our customers, and the wider Nelson community, an opportunity to try a different way of being mobile or to utilise a vehicle that they need but don't currently have access to.

Customers in Nelson, can gain access to a fleet of vehicles through a downloadable app and sign

up to a subscription or pay-by-the-hour service. For example, with the subscription service if a customer purchases a \$500 pack this gives them 41 hours with a hybrid Toyota Yaris ZR, which equates to just over \$12 per hour. Alternatively, they can pay by the hour, which starts at \$17 per hour for a hybrid Toyota Yaris ZR. Fuel is included in the price if customers book a vehicle for under two hours and travel less than 70km. If customers travel over

that distance they simply need to refuel the vehicle before bringing it back.

We are also looking at what this means for TNZ customers who can purchase the vehicle that suits their needs for 99% of the time and gain access to the vehicles for a period of time as a benefit of being a TNZ customer; for example, you purchase a Yaris and gain access to a Hilux for two days a year.

There are currently eight vehicles available for use: Corolla Cross hybrid, Yaris hybrid, Yaris Cross hybrid, CH-R hybrid, RAV4 hybrid, Highlander hybrid, Hilux and a Lexus UX300e. Five VIP vehicles require pre-approval: the GR Yaris, GR Corolla, GR Supra, Landcruiser 300, and the GR Sport.

Since launch in October 2022, a total of 82 reservations were made and 19,311km driven in a range of hybrids and a Hilux. On average the car users drove 277km per booking while the Hilux travelled 80km per booking, demonstrating the use of a ute for a more functional trip.



## Improving logistics efficiency

After a 41-year relationship with the Car Distribution Group, TNZ moved New and Used vehicle delivery logistics to the PTS Group and its Auto Logistics unit, at the end of 2022.

This was partly due to PTS Group's ability to operate more efficiently in the short term, saving carbon emissions, and in the long term moving to low-emitting transport options, such as using hydrogen fuel-cell-powered car transporter tractor units.

As part of the transition, TNZ made the decision to relocate all our Auckland vehicle processing back to our facility at the Ports of Auckland, with an immediate impact of removing one vehicle movement from around 40% of our Auckland-processed vehicles. Previously, vehicle processing was split between the Port of Auckland and a Wiri site.





# GRI CONTENT INDEX

This Sustainability Report has been prepared with reference to the GRI Standards, 2021.

GRI STANDARD	DISCLOSURE	LOCATION	
GRI 2: General Disclosures 2021	2-1 Organisational details	See About This Report, <a href="#">page 02</a> .	
	2-2 Entities included in the organisation’s sustainability reporting	See About This Report, <a href="#">page 02</a> .	
	2-3 Reporting period, frequency and contact point	See About This Report, <a href="#">page 02</a> .	
	2-4 Restatements of information	Refer to restatements issued throughout the Report.	
	2-5 External assurance	We have committed to 1.5 degrees science-aligned targets across Scopes 1,2,3. The ambition levels of these targets have been validated by Toitū during an audit of the FY23 period.	
	2-6 Activities, value chain and other business relationships	See About Toyota New Zealand, <a href="#">page 03</a> .	
	2-7 Employees	See Our Social Impact, <a href="#">page 22</a> .	
	2-9 Governance structure and composition	See Governance of Sustainability, <a href="#">page 08</a> .	
	2-11 Chair of the highest governance body	See Governance of Sustainability, <a href="#">page 08</a> .	
	2-12 Role of the highest governance body in overseeing the management of impacts	See Governance of Sustainability, <a href="#">page 08</a> .	
	2-13 Delegation of responsibility for managing impacts	See Governance of Sustainability, <a href="#">page 08</a> .	
	2-14 Role of the highest governance body in overseeing the management of impacts	See Governance of Sustainability, <a href="#">page 08</a> .	
	2-16 Communication of critical concerns	See Risk Management, <a href="#">page 08</a> .	
	2-22 Statement on sustainable development strategy	See Sustainability at Toyota New Zealand, <a href="#">page 06</a> .	
	2-27 Compliance with laws and regulations	There were no incidents of non-compliance with environmental laws and regulations during the reporting year.	
	2-28 Membership associations	See membership of associations, <a href="#">page 10</a> .	
	2-29 Approach to stakeholder engagement	See Our Stakeholders, <a href="#">page 10</a> .	
	2-30 Collective bargaining agreements	24% of our workforce is covered by collective bargaining agreements.	
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	See What Matters Most, <a href="#">page 09</a> .
		3-2 List of material topics	See What Matters Most, <a href="#">page 09</a> .
3-3 Management of material topics		See our Environmental Impact, <a href="#">page 11</a> . See our Social Impact, <a href="#">page 18</a> . See our Economic Impact, <a href="#">page 25</a> .	



GRI STANDARD	DISCLOSURE	LOCATION
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See Our Economic Impact, <a href="#">page 25</a> .
	201-2 Financial implications and other risks and opportunities due to climate change	See our Environmental Impact, <a href="#">page 11</a> .
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See What Matters Most, <a href="#">page 09</a> .
	3-2 List of material topics	See What Matters Most, <a href="#">page 09</a> .
	3-3 Management of material topics	See our Environmental Impact, <a href="#">page 11</a> . See our Social Impact, <a href="#">page 18</a> . See our Economic Impact, <a href="#">page 25</a> .
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	There were no incidents of corruption during the reporting year.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	See Our Targets to 2030, <a href="#">page 13</a> .
	305-2 Energy indirect (Scope 2) GHG Emissions	See Our Targets to 2030, <a href="#">page 13</a> .
	305-3 Other indirect (Scope 3) emissions	See Our Targets to 2030, <a href="#">page 13</a> .
	305-5 Reduction of GHG emissions	See Our Targets to 2030, <a href="#">page 13</a> .
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	See our Environmental Impact, <a href="#">page 15</a> .
	205-3 Confirmed incidents of corruption and actions taken	There were no incidents of corruption during the reporting year.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	See our Social Impact, <a href="#">page 21, 22</a> .
GRI 403: Occupational Health & Safety 2018	403-2 Types of injury and rates of injury, lost days, and number of work-related fatalities	See our Social Impact, <a href="#">page 23</a> .
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of employees	See our Social Impact, <a href="#">page 22</a> .
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	See our Social Impact, <a href="#">page 18</a> .

# GLOSSARY



Battery Electric Vehicles	<b>BEVS</b>
Global Reporting Initiative	<b>GRI</b>
Hybrid Electric Vehicles	<b>HEVS</b>
Hydrogen Fuel Cell Electric Vehicles	<b>FCEVS</b>
National Customer Centre	<b>NCC</b>
Plug-in Hybrid Electric Vehicles	<b>PHEVS</b>
Rotary Youth Driver Awareness Programme	<b>RYDA</b>
Science-Based Targets	<b>SBTS</b>
Sustainable Developmental Goals	<b>SDGS</b>
Toyota Financial Services	<b>TFS</b>
Toyota Gazoo Racing New Zealand	<b>TGRNZ</b>
Toyota Motor Corporation	<b>TMC</b>

