



**TOYOTA**

Sustainability Report 2022



## Let's Go Places

Our world is changing at an accelerated rate. The climate crisis is accelerating new technologies and innovation.

As we evolve from a traditional car company to a mobility company, the latest discoveries will offer incredible new opportunities.

Under *Let's Go Places*, Toyota is exploring the future and inspiring its customers and country to join them.

On one level it's a simple invitation to get out and explore.

On another level, it's Toyota's call to step into the future with positivity, optimism and confidence.

To go places unknown. Places maybe not even yet imagined. Exciting, meaningful, hopeful places. Places that are the future.



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# About this Report

Toyota New Zealand's Sustainability Report 2022 provides our stakeholders with an overview of our environmental, social, and economic performance. We view this report not only as a reporting tool, but as a way to account for our activities.

This report has been prepared in accordance with the Global Reporting Initiative's (GRI's) Standards, 2016: Core Option (See GRI Content Index on [page 30](#)). We recognise that the GRI Standards, 2021 will be mandatory from January 2023 and we will be working towards referencing these in the year ahead. We further reference the six goals outlined in Toyota Motor Corporation's Global Environmental Challenge 2050 and the United Nations' Sustainable Development Goals (SDGs).

**SUSTAINABLE DEVELOPMENT GOALS**

- CHALLENGE 1** New Vehicle Zero Emissions (CO<sub>2</sub> 0)
- CHALLENGE 2** Life Cycle Zero CO<sub>2</sub> Emissions Challenge (CO<sub>2</sub> 0)
- CHALLENGE 3** Plant Zero CO<sub>2</sub> Emissions Challenge (CO<sub>2</sub> 0)
- CHALLENGE 4** Minimising and Optimising Water Use
- CHALLENGE 5** Challenge of Establishing a Recycling-based Society and Systems
- CHALLENGE 6** Challenge of Establishing a Future Society in Harmony with Nature

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

## Period Covered by the Report

The report covers our performance for the 12 months from 1 April 2021 to 31 March 2022 (corresponding with the Japanese financial year) unless otherwise stated. For major ongoing initiatives, information from 1 April 2022 onward is included.

## Scope of the Report

The report focuses on the performance and activities of Toyota New Zealand. Where relevant, it also covers the Toyota Stores and Lexus Dealerships. 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.

## Assurance

Our Reports have been externally assured since 2011. This year's assurance statement can be found on [page 32](#). It gives stakeholders confidence in our data collection process and sustainability performance.

## Key Information

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

## Toyota New Zealand Customer Dialogue Centre

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

# Sustainability Key Metrics

## Sustainability

TOTAL GHG EMISSIONS (SCOPE1, 2, 3)

1,555,036 tCO<sub>2</sub>e

HYBRID BATTERIES COLLECTED & RECYCLED

486

TOITŪ ENVIROMARK CERTIFICATION

100%

OF ALL STORES

TOYOTA

29%

HYBRID ELECTRIC NEW VEHICLES SOLD

LEXUS

76%

ELECTRIFICATION OF SALES



## Mobility

### The Hydrogen Project\*

TRIPS

669

DIFFERENT DRIVERS

124

SAVED

1.419 tCO<sub>2</sub>e

DRIVEN

7,239 Kilometres

### Waka Aronui\*

Community-based car leasing scheme

LOW-EMITTING HYBRID ELECTRIC VEHICLES

20

PARTICIPATING WHĀNAU

20



\*1 May- 30 September 2022

Sustainability Key Metrics cont.

# Community

FEMALE REPRESENTATION IN MANAGEMENT

38%

EMPLOYEES

369

INVESTED IN THE COMMUNITY

\$2.4M

STAFF RETENTION

94%

STORES THROUGHOUT NEW ZEALAND

65



# Economic Performance

REVENUE

\$1.5Bn

NEW LEXUS VEHICLES SOLD

1035

AFTER TAX PROFIT

\$81M

PARTS SOLD

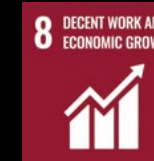
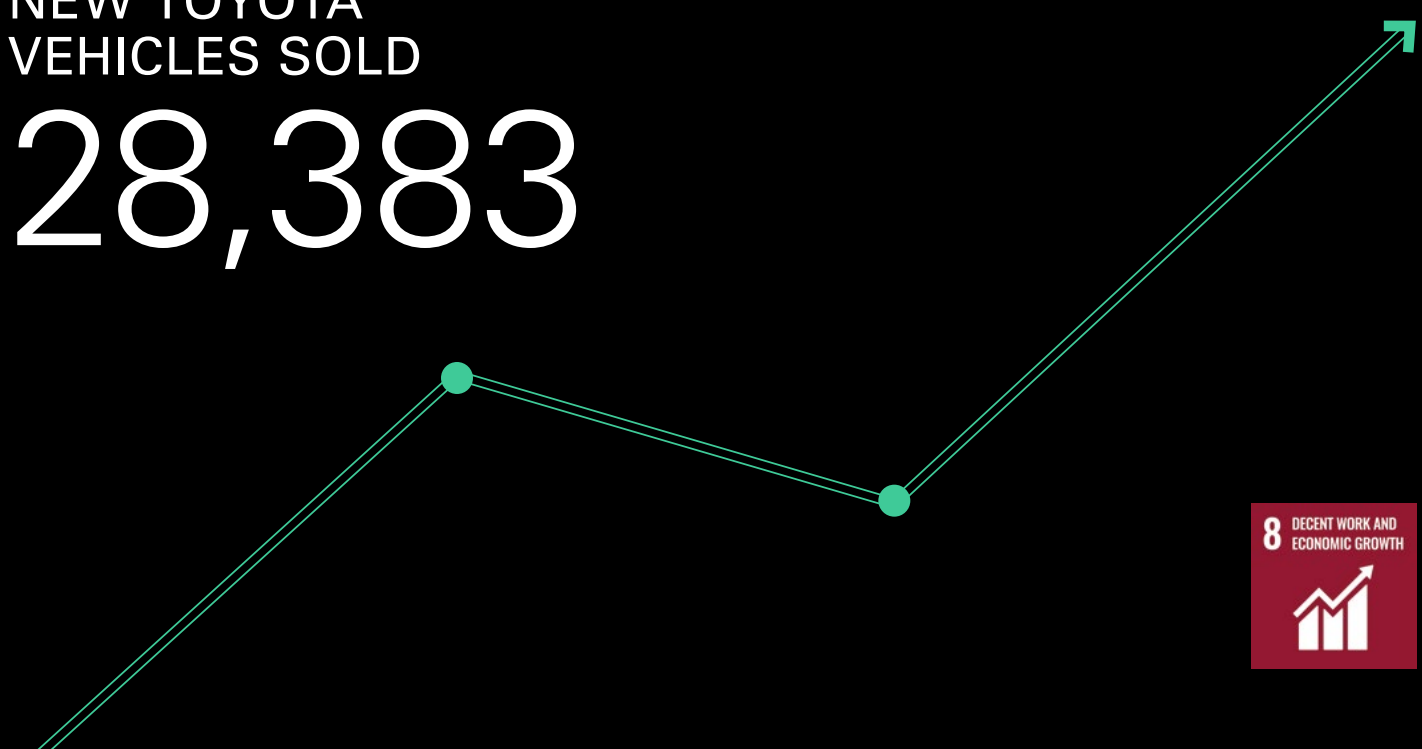
\$144M

ACCESSORIES SOLD

\$37M

NEW TOYOTA VEHICLES SOLD

28,383



# Our Emissions Commitment

Toyota New Zealand (TNZ) commits to a minimum of 46% absolute<sup>1</sup> reduction in greenhouse gases by 2030 in Scope 1, 2, and 3<sup>2</sup> emissions from a FY2018-19 base year.

In addition, our goal is for at least 50% of our suppliers<sup>3</sup> (by emissions) to align with science-based targets (SBTs) by the end of 2025.

TNZ commits to achieving net-zero<sup>4</sup> carbon emissions by 2050 or sooner.

<sup>1</sup> Gross absolute emissions;

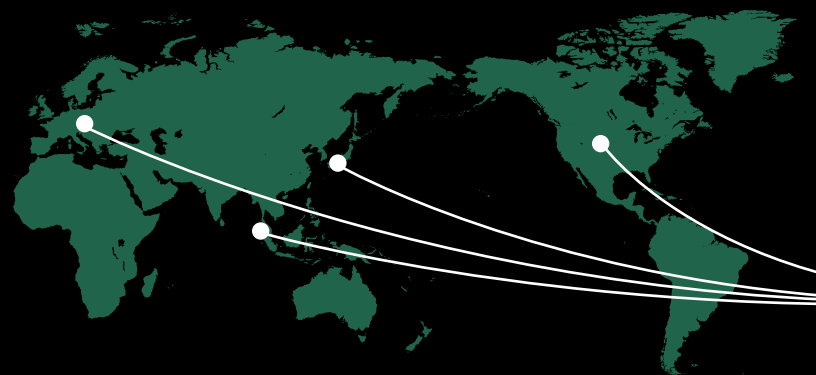
<sup>2</sup> Transportation/distribution, operational waste, business travel, vehicle end-of-life, employee commuting, franchise businesses;

<sup>3</sup> Goods, services & capital suppliers;

<sup>4</sup> As defined by SBTi Net Zero framework.

# About Toyota New Zealand

The Toyota New Zealand value chain from manufacture to end of use



## 1 Manufacturing

Toyota and Lexus vehicles are manufactured in plants in Japan and in four continents: Europe, Asia, the Americas and Africa.

## 2 Distribution & Logistics

New and used cars and parts are shipped to New Zealand to Ports of Auckland, Port of Tauranga and Napier Port. Then railed or trucked to distribution centres in Auckland, Wellington and Christchurch, or to Thames for refurbishment.

## 3 Refurbishment

Used cars refurbished at Thames for Signature and Certified brands.

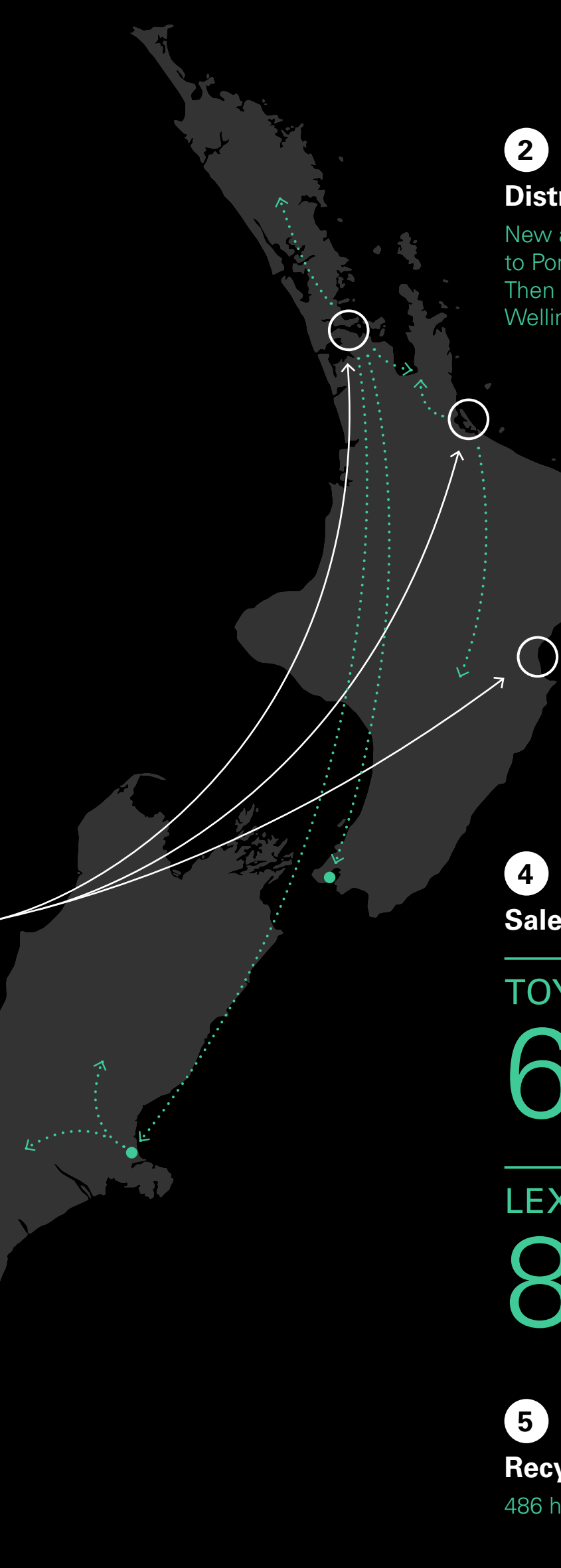
## 4 Sales

TOYOTA  
**65 STORES**

LEXUS  
**8 DEALERSHIPS**

## 5 Recycling

486 hybrid batteries recycled in FY22.





# Our Leadership



## Message from our CEO

### Our commitment:

**Toyota New Zealand commits to net-zero carbon emissions by 2050 or sooner.**

This report represents a sea change as we continue to head down our sustainability journey towards the future at Toyota New Zealand.

As we publish this Sustainability Report, we are releasing an ambitious commitment to reduce the carbon footprint of all vehicles we sell, and our operational emissions by 46% by 2030—just eight short years away.

We have adopted short- and long-term science-based emissions targets to support the delivery of substantial reductions needed to limit future global warming to 1.5 degrees Celsius. These targets will also serve to ensure we achieve the New Zealand Government's 2027 Clean Car Standard targets and contribute to the global ambitions of our parent, Toyota Motor Corporation.

# 46%

## ABSOLUTE CARBON REDUCTION BY 2030

To be clear, this target includes the tailpipe emissions from all the new and used vehicles we sell each year. We are taking a bold step, the first New Zealand automotive company to do so, by accounting for our vehicles' carbon emissions as our customers use them over the vehicles' expected lifetime. It is a significant number and accounts for 86% of our annual direct and indirect emissions.

Our responsibility is not only to reduce our own emissions; but, also to support our supply chain and customers to contribute to overcoming this enormous challenge alongside us.

We recognize that capturing data and measuring correctly is critical and we are also committing to applying the core Toyota value of kaizen (continuous improvement) regarding our data sources, not only our most recent numbers but also our baseline numbers. This means that we know and accept that our data will always be improving. As our suppliers can provide us more accurate numbers, and as we learn more about carbon emission across our Scope 3 areas, we need to—and will be—constantly improving our measurement.

As a global and New Zealand market leader we have set a direction for our company to make a significant contribution to carbon emissions reductions.

This direction is expressed by our new brand vision—**Let's Go Places**. Launched in October 2022, this new vision is our pledge to Aotearoa New Zealand based on

a commitment to sustainability, mobility for all, and the communities we serve.

Under **Let's Go Places** we will explore the future and inspire our customers and country to join us. On one level it's a simple invitation to go somewhere, get out and explore, to have an adventure.

But on a deeper level, it's our call to step into the future with positivity, optimism, and confidence.

In sustainability terms, going places is also about finding solutions to the big challenges that face us, our planet, and our communities.

### Our electrified transformation

Sustainability for us is supporting a just transition through the availability of hybrid electric technology and accelerating our electrification journey. It's making sure no customer gets left behind in this electrification transition, ensuring it's equitable, affordable and all Kiwis have freedom to move.

We have been a leader in electrification for many years in Aotearoa New Zealand since the introduction of the Toyota Prius hybrid in 2003. Our hybrid electric technology will continue to provide a low emission option, in both the new and used vehicle markets, for New Zealanders as vehicle technology and infrastructure for full electrification continues to advance and becomes more accessible.

In April 2021, Toyota Motor Corporation announced it would address global-scale challenges to achieve carbon neutrality by 2050. Toyota New Zealand is matching that commitment.

To this end, we have been working to further develop technology for electrified vehicles, such as hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and hydrogen fuel cell electric vehicles (FCEVs).

Toyota has sold more than 20 million electrified vehicles worldwide. As a result, the company has achieved a global CO<sub>2</sub> emissions reduction of at least 160 million tonnes (as of February 28, 2022).

## GLOBAL CO<sub>2</sub> EMISSIONS REDUCTION OF AT LEAST 160,000,000 tonnes

(AS OF FEBRUARY 28, 2022)

Starting in 2023, Toyota New Zealand will introduce battery electric models with dedicated electric platforms and seek to achieve reliable vehicle supply through battery development and production strategies.

In December 2021, TMC announced an aim of developing 30 types of BEVs and achieving a full line-up in the passenger and commercial segments to reach 3.5 million annual global vehicle sales by 2030.

To achieve our net-zero carbon objective by 2050 we also need to consider the environmental performance of our New Zealand business operations and collaborate with others to effect sizeable change and support Aotearoa New Zealand's rapid decarbonisation ambition. We are working with the Government, public, and private sector agencies to develop positive outcomes for all of Aotearoa New Zealand.

### Supporting a just transition

For us to be successful, all New Zealanders need to be on the journey to net-zero carbon. It is critical that our transition is one that is fair, equitable, and inclusive for all New Zealanders as we move to a low-emissions, climate resilient economy. We take the view that carbon is the enemy, not mobility.

We believe the transition to a net-zero carbon future will rely on a wide range of solutions and diversification of technology, powertrains, and mobility solutions.

Importantly, we also believe it will take multiple mobility low-emissions solutions to

reach a net-zero carbon position. Consumers and regulators in New Zealand and around the world are requiring an acceleration to the pace of change. At Toyota we are continually developing the technology for electrification, and we are focused on offering the right mobility solution to meet the customers' needs. This may not be a traditional car, but micro mobility or even human-centred mobility solutions. Our technology partners are also continually researching and testing more sustainable solutions such as solid-state batteries and hydrogen-fueled engines.

Battery electric vehicles have their place in this new electrified eco-system; however, the resources for batteries are scarce and there are environmental and social costs associated with their production.

The climate crisis is requiring manufacturers to tool up swiftly and produce greater volumes, and quickly. The research, development and re-tooling of vehicle production facilities has a high cost which needs to be recovered. This is also impacting the affordability and accessibility of low emissions vehicles.

A significant challenge for Toyota—a global manufacturer respected for its affordable, durable, and reliable vehicles—is to navigate our way through the complexities of resource acquisition, production supply, consumer demand, and Government regulations, and whole-of-life product stewardship, all the time with our net-zero carbon target inspiring and driving us forward. Over time, our "Powertrain Department Stores" will enable us to

present a range of choices that meet customer mobility needs that are affordable, accessible and safe.

### Connecting with our communities

Our community is the Toyota community, the communities our 65 Stores operate in, our Toyota New Zealand and Store employees including vehicle consultants, technical advisors, head office specialists, and all of Aotearoa New Zealand.

Kiwi communities have supported us for decades, and we are focused on how we can give back to them through positive social impact ensuring they thrive.

Our approach to social responsibility is to think nationally and act locally. We have always had deep roots in our local communities through our Store network. All Toyota Stores have strong connections with their communities, whether supporting local secondary school sport or providing free access to a Hiace passenger van for community group use.

Through our larger partnerships with the Department of Conservation, Emirates Team New Zealand, the New Zealand Olympic Committee, and Paralympics New Zealand we continue to support national initiatives that puts Aotearoa New Zealand on the global stage and care for our taonga.

### Outlook

This report represents a major step forward for Toyota New Zealand on our path towards net zero carbon by 2050.

As market leader and a trusted brand in New Zealand we are setting ourselves a lofty target. There are challenges ahead for our business, but we are also looking forward to a future of exciting possibilities.

With imagination, confidence, and innovation we are determined to go places we have not ventured before. We invite you to join us on this exciting journey.

Namaste and Ngā Manaakitanga,

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

*For us to be successful, all New Zealanders need to be on the journey to net zero carbon. It is critical that our transition is one that is fair, equitable, and inclusive for all New Zealanders as we move to a low emission, climate resilient economy.*



# Sustainability at Toyota New Zealand



## Our Sustainability Context

Our approach to sustainability is guided by the global context within which we operate. The Covid-19 pandemic, the war in Ukraine, the shortage of component products, supply chain disruptions together with the global call to reduce global warming to 1.5 degrees Celsius, has changed the way we do business. These challenges are re-writing the outlook of the automotive industry and provides Toyota with the ambition to lead through this disruption and transition on our journey to a mobility company. Sustainability needs to be at the core of our business strategy and to strive to meet the ambitious and essential science-based emissions targets we have set.

Our place in 2050 will be green; net-zero carbon, 100% circular with technology for all. This vision connects us globally to the United Nations' SDGs and to TMC's Global Environmental Challenge 2050. The Environmental Challenge sets six environmental goals that specifically focus on the environmental impacts of our industry, challenging Toyota New Zealand to reach net-zero carbon by 2050 or sooner.

In response to an ever-changing environment, we developed a Sustainability Framework to guide us on our sustainability journey. At the core of this is our 2050 vision to be sustainable, net-zero carbon, 100% circular with technology for all.

We have adopted three Sustainability Pillars: Sustainability (see [page 16](#)), Mobility (see [page 23](#)), and Community (see [page 26](#)). Our Sustainability Levers will enable us to achieve the aspirations set out in our pillars and our 2050 Vision. These levers are: Our People (who we are), Our Product Mix (what we sell), Procurement (what we buy), and Resources (what we optimise).

We have set ambitious targets for 2030 and through to 2050 based on science and we are hoping to achieve these and continue to develop data that is accurate, measurable, and verifiable. These targets will be accelerated by innovation through our product mix; circular economy and product stewardship; mobility and accessibility; hydrogen and new technology; partnerships and community; and workplace diversity and inclusion.

# Our Sustainability Framework

2050 SUSTAINABILITY VISION

Our place in 2050 will be green; net-zero carbon, 100% circular with technology for all.

SCIENCE-BASED TARGETS

2022 —————> 2030 —————> 2040 —————> 2050

OUR SUSTAINABILITY LEVERS

People  
*who we are*

Product Mix  
*what we sell*

Procurement  
*what we buy*

Resources  
*what we optimise*

OUR SUSTAINABILITY PILLARS



Sustainability – Ensuring our path to 2050 helps nature, our business and our communities thrive.



Mobility – Ensuring that no customer is left behind and all mobility solutions are affordable, accessible, and safe for all.



Community – Encompasses our Toyota community, the communities we operate in and all of Aotearoa.



TOYOTA'S ENVIRONMENTAL CHALLENGE 2050

**CHALLENGE 1**  
New Vehicle Zero Emissions

**CHALLENGE 2**  
Life Cycle Zero CO2 Emissions Challenge

**CHALLENGE 3**  
Plant Zero CO2 Emissions Challenge

**CHALLENGE 4**  
Minimising and Optimising Water Use

**CHALLENGE 5**  
Challenge of Establishing a Recycling-based Society and Systems

**CHALLENGE 6**  
Challenge of Establishing a Future Society in Harmony with Nature



### Governance of Sustainability

Toyota New Zealand is governed by a local Board of Directors (the Board) that represents Toyota Motor Corporation. The Board sets the overall strategic direction for the company which is implemented by our Executive Management Committee (EMC). The EMC is chaired by the CEO, Neeraj Lala and comprised of 5 members of the Executive.

Toyota New Zealand has two 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 Internal Audit and Process Committee assesses risk management, compliance activities, internal audit requirements, and ethical conduct. Climate Change has been recognised as a strategic risk and included in the company's Risk Register.
- » The Corporate Affairs Committee assists with discharging the Board's responsibilities regarding human resources issues and promotes career planning and development.

With the development of science-based targets, the governance of sustainability matters (through the establishment of a Sustainability Executive Committee) is being reviewed and will be strengthened in this financial year. Greenhouse gas emissions, compliance with environmental management, and other key indicators are reported to the executive management with escalation to the Board as required.



*We have set ambitious targets for 2030 and through to 2050 based to science and we are hoping to achieve these and continue to develop data that is accurate.*

## What Matters Most

### Our materiality process

We conducted a materiality assessment to determine our material topics for this year. Our stakeholders comprised of customers, employees, regulators, industry groups, Government, suppliers, Stores, and our community partners. Their responses informed the identification of our material topics.

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

*A materiality assessment consists of direct and indirect research of internal and external stakeholders to identify and prioritise environmental, social, and governance topics that matter most to stakeholders and business.*

Interviews were conducted with 19 external and internal stakeholders including executives and employees from across the business. An online survey was distributed to 64 internal and external stakeholders with 30 responses received. Stakeholders were asked what mattered most to them with respect to Toyota, its strategies, performance, and impact on the environment and society.



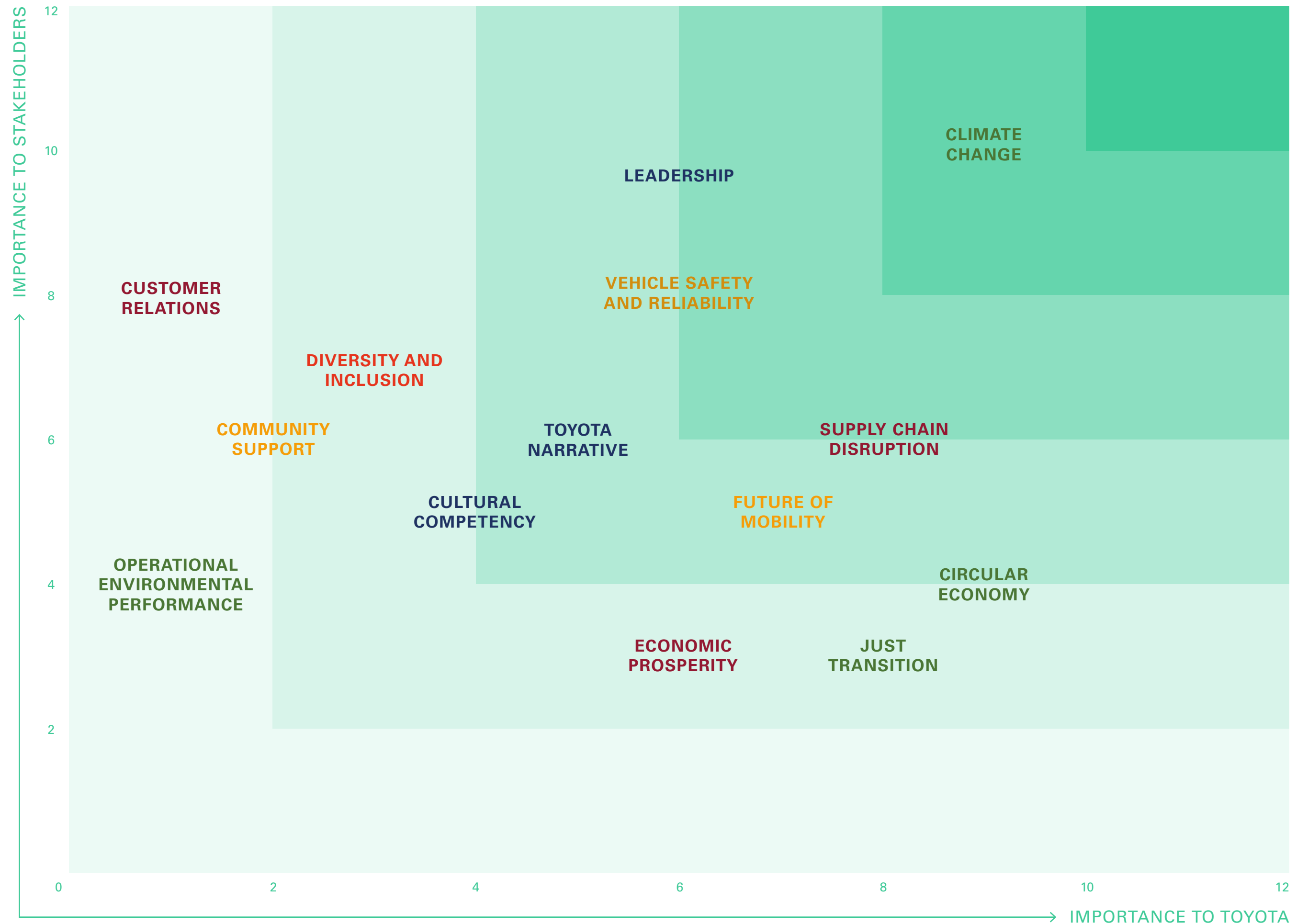
The interview process identified key topics relevant to us understanding trends that impact our business, the continued need to focus on important sustainability topics, and define where we can make the biggest impact. These topics were ranked and calibrated to ensure balanced weightings across internal and external views.



### Our materiality matrix

The most important topics for external stakeholders were plotted against the topics Toyota New Zealand has the most impact on.

Topics included in the materiality matrix are all important to Toyota New Zealand and our stakeholders. Topics identified during the research that were lower in importance are not included in the matrix, which shows the relationship of importance between both groups of stakeholders.





**Carbon displaces COVID as top material topic**

Recent reports from the International Panel on Climate Change, Government policy, and legislative change has pushed climate change and our response to it, higher up the agenda. After more than two years of COVID-19 dominating organisational conversations, climate change was identified as the most material topic for external stakeholders. This reflects increased concern and the need to both reduce emissions and adapt to the impacts of climate change as a business. Stakeholders view Toyota as playing a strong role in supporting customers to reduce their emissions by providing more affordable, low-emitting vehicles and innovative options for mobility.

**Our material issues**

Our report content is aligned to our material issues and describes how we are responding to our stakeholders on these issues. We report on the following:

- CLIMATE ACTION 
- GREENHOUSE GAS EMISSIONS 
- JUST TRANSITION 
- FUTURE OF MOBILITY 
- CIRCULAR ECONOMY 
- COMMUNITY SUPPORT 
- ECONOMIC PROSPERITY   



### Stakeholder Engagement

Our stakeholders play an important part in our sustainability journey and we aim to build on our engagement in the year ahead as we share and communicate our vision and the important role our stakeholders will play in helping us achieve this.

STAKEHOLDER GROUP	HOW WE ENGAGE
<b>Government and Industry Groups</b>	We actively engage with Government on issues that impact our business. We advocate through our participation in the wider motor vehicle industry. We belong to key business forums*, to support and develop a sustainable transport sector in Aotearoa New Zealand.
<b>Customers</b>	Our customers and delivering an exceptional customer experience are our priorities. Our Customer Dialogue Centre is a key contact point and we set targets for responding to customer queries quickly and effectively. We have effective mechanisms in place should we fall short of customer expectations.
<b>Stores</b>	Our Stores provide our customers with a range of new and used vehicles, parts, and services. We actively support our Stores through one-on-one interactions, training, clear franchise standards, and 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 aim to further integrate sustainability performance into 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 surveys are conducted to understand how we are doing and how we can improve.
<b>Toyota Motor Corporation (TMC)</b>	TMC is an active stakeholder in all departments and at all management levels. Toyota New Zealand's management team regularly visits Japan to participate in global committees and exchange information. We provide regular market and performance reports 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.

## Looking Ahead

Guided by the principle of kaizen (continuous improvement), we intend to broaden the scope of stakeholder engagement in the materiality assessment in 2023. For example, we will seek more response in our online survey and broader involvement from our customers; in particular, retail and private buyers as well as our fleet customers.



# Our Pillars: Sustainability

## Reaching for Net Zero



### MATERIAL ISSUES

- » Climate Action
- » Greenhouse Gas Emissions
- » Just Transition
- » Circular Economy

**Climate change requires urgent, lasting action to help protect our communities, our economy, and the natural environment for future generations.**

As a leading manufacturer, Toyota is positioned to be leading the automotive category's emissions reduction. As an importer of new and used vehicles, we recognise that our pathway towards net-zero carbon will be impacted by the

factors and levers that we can control. For example; the product mix of what we sell, our procurement practices, and how well we can optimise our human and financial resources. With the publication of this Sustainability Report, Toyota New Zealand commits to emission reduction targets based on science and a plan to achieve net-zero emissions by 2050 or sooner.

Our targets are aligned with our parent company, Toyota Motor Corporation who 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 needs in those countries and regions can be optimally satisfied. As a result, our strategy is tailored to Aotearoa

Of our total annual carbon emissions, 86% are from the vehicles we sell. In carbon accounting terms, part of our Scope 3 emissions. To achieve our 2030 reduction target, we plan to sell a greater proportion of electrified vehicles by the end of the decade than we do today. By the end of 2022, 67% of our passenger vehicles will have an electrified option available.

It is important for Toyota'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 objective.

### Measuring our emissions and setting targets

The next opportunity for Toyota New Zealand is to be able to forge an authentic, science-based path towards our net zero 2050 goal with a roadmap that will get us there.

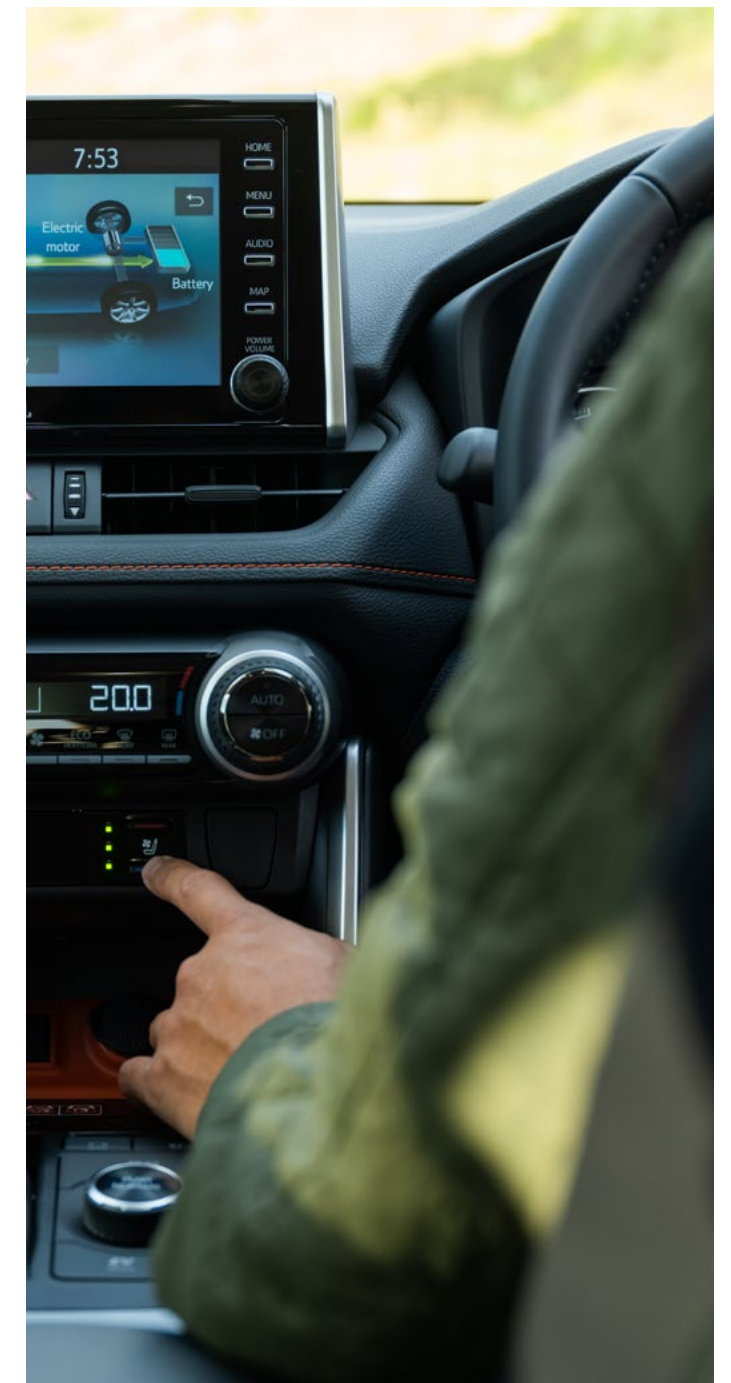
We need to start measuring our emissions so that we can understand where we are currently and what work needs to be done to get to our 2050 goals.

We have been measuring our direct emissions for more than a decade with significant reductions in our operational and logistics areas. Our next challenge is to measure our indirect emissions—those emissions that are generated by what we buy, sell, the waste we generate,

*We have been measuring our direct emissions for more than a decade with significant reductions in our operational and logistics areas.*

New Zealand's customer needs, economic requirements, and regulatory conditions.

We will flexibly and strategically modify our total vehicle sales mix, as one of the levers, in response to changes in the market and regulatory environment.



and how our people move around, our Scope 3 emissions.

We are excited to be sharing our roadmap to 2030 with our stakeholders. We have set targets across all our emission areas including the challenging areas namely, the fuel that goes into the cars we sell, for the length of time that they are on our road.

# Our Targets to 2030

## Toyota New Zealand's Carbon Emissions (Tonnes CO<sub>2</sub>-equivalent)

	EMISSION SOURCE	FY18/19 BASELINE tCO <sub>2</sub> e	FY21/22	% CHANGE	2030 TARGET tCO <sub>2</sub> e	% CHANGE REQUIRED FROM FY22 TO MEET 2030 TARGET*	EXPLANATION
SCOPE 1***	Car Fleet	825	345	-58%	444	Achieved**	Toyota runs a fleet of vehicles for employees and other key partners.
	Gas	460	142	-69%	248	Achieved	Gas that is purchased for use in Toyota New Zealand operations (National Customer Centre and Thames Vehicle Operations).
	Bulk Fuel	162	145	-10%	87	-36%	Fuel that is purchased for use in Toyota New Zealand operations (National Customer Centre and Thames Vehicle Operations).
SCOPE 2***	Electricity	172	22	-87%	92	Achieved	Electricity that is purchased from a renewable energy source.
SCOPE 3	Purchased Goods and Services	188,986	181,485	-4%	101,675	-42%	All goods and services that Toyota New Zealand purchases for its operations. This includes: computer services, other professional services, and embodied carbon for the vehicles we buy.
	Capital Goods	2,501	4,552	82%	1,346	-128%	All goods purchased as a capital expense in the FY 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	0%	162	-46%	Fuel used for sponsorship vehicles and energy that is lost by transmission through power lines.
	Transportation and Distribution***	24,152	26,925	11%	12,994	-58%	The majority of the emissions (92%) are from the international transportation of vehicles and parts coming into New Zealand. The remainder is within New Zealand.
	Waste Generated***	30	31	3%	16	-49%	The waste generated includes waste at the National Customer Centre and Thames Vehicle Operations.
	Business Travel***	1,388	159	-89%	747	Achieved	This refers to employees' business travel. There was a significant decrease in travel during the 2021/22 FY due to Covid-19 restrictions. Travel includes air, taxis and public transportation.
	Employee Commuting	249	305	22%	134	-69%	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	1,565,822	1,310,799	-16%	842,412	-30%	Lifetime tailpipe emissions based on the average final odometer reading when a light passenger vehicle is deregistered.
	End-of-Life Treatment of Sold Products	14,202	13,633	-4%	7,641	-42%	An estimate measure of the emissions caused by vehicle scrappage.
	Franchises	11,997	12,797	7%	6,454	-53%	This includes our stores' Scope 1 and Scope 2 emissions as well as waste.
Investments	3,395	3,395	0%	1,826	-46%	Emissions associated with our financial investments, including superannuation funds.	
<b>TOTAL (All Scopes)</b>		<b>1,814,642</b>	<b>1,555,037</b>	<b>-14%</b>	<b>976,278</b>	<b>-32%</b>	

\* Based on a 46% absolute reduction in greenhouse gases by 2030 in Scope 1, 2, and 3 emissions from a FY2018-19 base year.

\*\* Although we have achieved our 2030 target, we will continue to reduce our emissions.

\*\*\* Scope 1,2 and select Scope 3 (Fuel and Energy Related Activities; Transportation and Distribution; Waste Generated; Business Travel) have been verified by Toitū. The remaining categories in Scope 3 are to be verified in January 2023.



OUR AMBITION IS  
**74.4G/KM**  
 ACROSS OUR PLANNED  
 PORTFOLIO FOR 2027

**Hybrid sales increasing rapidly**

Toyota's average new vehicle fleet carbon emissions have fallen from over 185g CO<sub>2</sub>/km to just over 160g CO<sub>2</sub>/km in the past five years. This has been achieved by a combination of increasing electrified options for customers and new technologies helping reduce the emissions of our traditional internal combustion engines. For Toyota models, a further reduction in emissions to below 160g CO<sub>2</sub>/km by the end of 2022 is expected. With on-going supply challenges with low-emission technology, we are pleased with this result for now, but know it is just the start.

We sold 29 418 new vehicles in the 12 months to the end of March 2022, with an electrification mix of 37%—a decrease of 2% as a result of the volume increase in commercial vehicles pre-Clean Car Discount scheme coming into effect on 1 April 2022. CO<sub>2</sub> emissions for new vehicle sales was 160 g/km at the end of March 2022. Our ambition is to achieve 74.4g/km across our planned portfolio for 2027 (WLTP).

Lexus, as a standalone brand, for the same 12 months had 76% electrification of sales and an average of 130g of CO<sub>2</sub> per kilometre across its total sales.

Toyota's used vehicle sales have also seen a large shift to electrification, with 29% hybrid electric vehicles sold in the year to 31 March 2022.

We have seen an ever-increasing move to hybrid electric versions of our vehicles, with

the hybrid electric RAV4 being one of our top selling vehicles, supported this year by the Clean Car Discount.

In 2022 we announced that all new mainstream Toyota Corolla variants will be hybrid-electric, with no petrol-only vehicles available in New Zealand. This move is in keeping with our commitment to electrify our range and have a hybrid-electric option in all model ranges.

For commercial customers who have preferred to run fleets of diesel Hilux utes, we are encouraging a switch to a hybrid electric RAV4 or Highlander where appropriate. We believe utes are not always necessary for fleet use when the majority are passenger-only driving on tarmac between offices and work sites.

In the past, Hilux sales have been a significant part of our sales. While we await new innovations to enable an electrified version, Toyota New Zealand has committed to selling less Hilux utes in the future, and for those that we do sell, they will be targeted at people or firms that need them.

**Multiple powertrain strategy**

We believe a multi-powertrain strategy focusing on different low emitting options is the best way to reduce carbon emissions as a country while meeting the needs of Aotearoa New Zealand.

The supply of battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEVs) will increase over the next few

years. To start the CO<sub>2</sub> reduction journey today, HEVs remain the best alternative. New HEVs approach price parity with petrol equivalents due to the Clean Car Discount, and are abundant in the used import vehicle market.

While Toyota Motor Corporation has announced the development and eventual production of 30 new BEVs, we see HEVs as a way to accelerate CO<sub>2</sub> emission reductions in Aotearoa New Zealand with the current affordability, supply, and infrastructure constraints that surround BEVs and PHEVs.

Toyota Motor Corporation, is addressing supply and production constraints with a \$93bn global investment in electrification over the next eight years.

In the area of batteries, Toyota is increasing battery-related global investment to \$23bn, aiming for production capacity of 280 GWh.

In August 2022, Toyota Motor Corporation announced it would increase automotive battery production capacity in Japan and the U.S. by up to 40 GWh, with the aim of starting automotive battery production between 2024 and 2026.

We are excited as BEV models become available in New Zealand through both our Lexus and Toyota brands. We are working hard to secure as many as we can and ensure that they play an important role in the electrification of the New Zealand fleet.

**QUICK FACTS**

**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 gets energy from fuel and the motor gets 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.



 CASE STUDY

**Hydrogen's Future**

Hydrogen has the potential to play a key role in Aotearoa New Zealand's clean, secure, and affordable energy future. Toyota aims to be a key player in the hydrogen ecosystem.

We are expanding our business activities in Aotearoa New Zealand by becoming the local distributor for hydrogen fuel stacks and associated hydrogen energy technologies. We have formalised a partnership with Mitsui in New Zealand to identify hydrogen fuel cell opportunities and bring these to market.

In the past year, two initiatives were established to accelerate and showcase this technology.

**Chasing Zero with Emirates Team New Zealand**

With a partnership of over 30 years, Emirates Team New Zealand (ETNZ) and Toyota New Zealand have worked together in the development of a hydrogen-powered chase boat. Toyota New Zealand facilitated the acquisition and commissioning of two 80kw hydrogen fuel cell systems from TMC in Japan that were still in their prototype phase at the time.

During the America's Cup in Auckland in 2021, ETNZ measured their carbon emissions as part of the Toitū carbon zero campaign. It was found that the team's petrol engine chase boats were a significant contributor to the team's carbon emissions. As holder of the Americas Cup, the team are able to propose competition initiatives and regulations for the next Americas Cup. The team have proposed that all competitors in Barcelona in 2024 have two hydrogen-powered chase boats as part of their racing campaign. This innovation is a definitive shift towards a cleaner more sustainable future in powerboating around the world.

Chase Zero, a foiling catamaran, is able to cruise at 35 knots with a top speed of over 50 knots. The success of this innovative



Chase Zero hydrogen-powered foiling chase boat

technology is due to the collective efforts of the ETNZ team, Toyota New Zealand, Gurit (composites), Global Bus Ventures, and made possible with the backing from Sir Stephen Tindall—ETNZ's sustainability ambassador.

Toyota New Zealand is positioning hydrogen as one of the most viable clean energy sources in the future, through its investment in hydrogen and fuel cell technology. We are also looking to apply the technology to various forms of mobility, including passenger vehicles, commercial vehicles, industrial

vehicles (such as forklifts), trains, ships, and stationary generators.

Our intention, as shown with ETNZ, is to partner with interested parties beyond the automotive industry.

**Refuelling with Green Hydrogen**

Toyota New Zealand and Obayashi Corporation have partnered to provide green hydrogen refuelling for the Toyota Hydrogen Project Car Share scheme launched in May 2022 (See page 24).

The agreement will see Halcyon Power Limited, a joint venture partnership between

Obayashi Corporation and Tūaropaki Trust, supply Toyota with 100% green hydrogen, domestically produced at a hydrogen production plant at Mōkai, near Taupō in the North Island.

This pilot project is crucial in demonstrating the practical and commercial application of hydrogen fuel cell technology and provides Toyota New Zealand with an opportunity to explore new environmentally sustainable options for the domestic market.

 QUICK FACT

**What is Green Hydrogen?**

Green hydrogen is produced by splitting water into hydrogen and oxygen using renewable energy.

 CASE STUDY

**Change ahead for local motor sport**

TOYOTA GAZOO Racing New Zealand, the motorsport arm of Toyota New Zealand, organises two motorsport series from its headquarters at Hampton Downs Motorsport Park in Waikato.

Held over the summer at motorsport tracks around New Zealand, the two series—Castrol Toyota Racing Series (TRS) and the Toyota Racing (TR86) 86 Championship—are aimed primarily at developing emerging young motor racing talent.

The Castrol TRS attracts young drivers from Europe and North America during the Northern Hemisphere winter season. It offers an opportunity for additional race time and laps in a competitive single seater which is close in specification to the F3 Regional 2 race car.

Both series currently use Toyota internal combustion engines with similar fuel

consumption. CO<sub>2</sub> emissions from the cars are 717.6gm of CO<sub>2</sub>/km at a fuel usage of 31 litres of BP 98 per 100kms.

In a typical season, total CO<sub>2</sub> emissions from TRS (20 cars over five rounds) are 43 tons. Total emissions from TR86 (20 cars over six rounds) are 36 tons.

Traditionally motorsport is a high-emission sport, however there is a global commitment to reduce emissions and develop a sustainable sport for people to enjoy. This commitment is also important here in New Zealand, with TOYOTA GAZOO Racing New Zealand beginning their emission reduction journey, achieving Toitū EnviroCare Bronze Certification in August 2022 whilst also seeking to meet the global 3-star FIA standards.

TOYOTA GAZOO Racing are working on carbon reduction initiatives including the testing and adoption of synthetic fuels;

hydrogen combustion and alternative powertrains; and recycling components such as oils, brake pads, and tyres.

The management team are investigating the use of electrofuel (e-fuel) for the TRS race cars by 2025 and e-fuel or hydrogen for the Toyota GR86 race cars with a target to switch to sustainable fuels by 2030. We will also progress to Diamond certification in the coming years.

E-fuels are manufactured using captured carbon dioxide or carbon monoxide, together with hydrogen obtained from renewable electricity sources. The process uses carbon dioxide in manufacturing and delays its release until the fuel is burned, for an overall lower carbon footprint.



 CASE STUDY



**Efficient freight and logistics**

Moving vehicles and parts around the country accounts for just over a third of our carbon emissions.

We can reduce this by making changes to the way we run our business, introducing operational efficiencies, and working in partnership with our logistics suppliers. For example, in 2021 we focused on having the right parts on the shelf at the right time to reduce our reliance on airfreight. This resulted in a 66% reduction in CO<sub>2</sub> compared to 2018.

In 2022, we focused on domestic containers carrying parts by rail from the Port of Napier to our distribution centre in Palmerston North. The modal shift from long-haul trucks to rail delivered a 75% reduction in carbon emissions.

While we continue to fly some urgent parts domestically, we are seeking further reductions and efficiencies.

## REDUCED LANDFILL WASTE BY

# 40%

IN FY22

### Warehouse waste

With a large warehouse handling around 1.6m parts annually, reducing and recycling the packaging of inbound goods is a focus.

Around 70% of waste in the Parts Warehouse is now recycled. All soft plastics are bailed and recovered in a partnership with Oji Fibre Solutions. Adhesive label backings are also recycled, accounting for 50% of our warehouse waste.

When shipping parts out, the Warehouse uses only recycled consumables such as paper tape, recyclable strapping, paper void fill, and paper ice cube protectors.

During 2021/22, Toyota New Zealand took delivery of 2328 tow bars for Hilux ute from Best Bars. In the past the tow bars were heavily wrapped in plastic and delivered on pallets. Our warehouse and parts department worked with Best Bars and our Aftersales department on more sustainable and efficient packaging and transport solutions.

A shift to more efficient and recyclable cardboard packaging has resulted in a CO2 saving of 30% and 25 fewer pallets every month.

From 2023 Toyota will bail all cardboard waste, removing 43 truck movements per month, and dropping to one pick up of bailed cardboard from Oji Fibre Solutions.

### Carbon credits

Unavoidable carbon emissions from business travel, are tracked and, with the help of Toitū Envirocare, offset via the purchase of carbon credits.

In 2021/22, Toyota New Zealand purchased 152 carbon credits. Of these, 100 were sourced from Kurinui Station, a native forest regeneration site located inland from Moeraki in the Otago region. The forest is close to 100 ha and consists of a diverse range of vegetation, including many dryland species and several that are nationally threatened.

The remaining 52 credits were sourced from carbon-reducing cookstove projects in Ghana and Ethiopia.

These support Ethiopian farmers and Ghanaian families with green burning, efficient stoves which require less wood as fuel. This, in turn, helps reduce tree and habitat clearance; and carbon emissions and smoke-related health issues.



*Our focus for the future will be not to increase our offsetting but to invest in innovation, process improvement, and business change to reduce actual emissions. This is a more responsible approach and one we are committed to across our whole business in all Scope emission areas.*

**QUICK FACTS**

**Carbon language explained**

**Base year**

Consistent base year for all near-term and long-term targets (simplifies data tracking & communication).

**Carbon emissions**

- Scope 1 – Directly emitted by the company by consuming coal, gas or liquid fossil fuels.
- Scope 2 – Energy purchased with upstream emissions, such as electricity directly consumed by the company.
- Scope 3 – Indirect emissions such as business travel and accommodation, freight and logistics, waste and recycling, and consumer use of products sold.

**GHG**

Greenhouse Gases: Gas emissions such as carbon dioxide and methane that contribute towards global warming and climate change.

**Net zero carbon**

Companies reach net zero carbon (consistent with 1.5°C) when they reduce all GHGs to zero (with residual emissions fully neutralized).

**SBTi**

Science Based Targets Initiative. A global organisation that sets standards and verifies standards for emissions targets.

**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 is one that is based on designing out waste and pollution, keeping products and materials in use and regenerating our natural system. The essential concept is to ensure we can unmake everything that we make. This 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 sources. This is a big challenge for our industry and one that needs everyone to work together to solve.

We are at the start of this journey and look forward to continuing to drive towards our goal of being 100% circular by 2050.

**Batteries**

The recent increase in imported new and used hybrid electric Toyotas is bringing new challenges to our business, and we are committed to finding better solutions for their repair and repurpose, with responsible recycling for all parts possible.

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

This year Toyota New Zealand has strengthened its end-of-life hybrid batteries process, with greater transparency and

reporting. The number of batteries returned from dismantlers, and the associated costs, rose significantly in 2022 with 486 hybrid batteries recycled. We expect the growth in used batteries will continue and we are actively looking to develop repair and repurpose solutions as a better option before recycling.

Our focus is to devise a sustainable long-term solution for the collection and recycling of Toyota and Lexus hybrid (NiMH) and Lithium ion batteries.

Our goal is to have local solutions to repair, repurpose, and recycle batteries. We continue to work in support of the New Zealand Government's product stewardship goals and the work undertaken by the Battery Industry Group (B.I.G).

**Looking Ahead**

We can achieve our net-zero carbon commitment by changing our traditional ways of doing business. This means that we need to push for low-emission technology that is affordable and right for New Zealand. We also need to make difficult decisions about what we are currently selling in order to achieve the CO<sub>2</sub> ambitions that both Toyota New Zealand and the New Zealand Government have committed to.



The new battery electric bZ4X



# Our Pillars: Mobility

## Mobility for All



### MATERIAL ISSUE

- » Climate Action
- » Greenhouse Gas Emissions
- » Just Transition
- » Future of Mobility

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

Toyota'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.

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 a just transition to our 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.



We have partnered with Toyota Financial Services and Kinto, a car-sharing subsidiary of Toyota.

It's about creating mobility products and solutions that are broader than just cars; including micro-mobility, for urban transport; mobility-as-a-service offerings, such as City Hop; or human mobility solutions, for people with disabilities or physical constraints. Toyota Motor Corporation has been developing these products for more than a decade, so we are well placed to take advantage of this future.

During the last year, we have launched two unique mobility schemes in Aotearoa New Zealand to trial new technologies and mobility—The Toyota Hydrogen Project, a hydrogen fuel cell car-sharing scheme; and Waka Aronui, which provides affordable access to safe, reliable, low-emission vehicles for families and whānau.

### The hydrogen opportunity

The use of green hydrogen as a fuel for transport reduces exhaust and air pollution.

Hydrogen can store more energy in less weight, making the Toyota fuel cell system suitable for vehicles with heavy payloads and long ranges. Fast refuelling also benefits commercial fleets and other vehicles in near-continuous use; such as straddle carriers, forklifts, taxis, and car-sharing schemes.

We believe environmental technologies should be shared and not monopolised, to speed up society's adoption and climate change response.

 CASE STUDY
Toyota's hydrogen project car share with the *Mirai*

### The Toyota Hydrogen Project

The Toyota Hydrogen Project launched on 1 May 2022, comprising of eight Auckland-based Kiwi companies having access to a pool of hydrogen fuel cell powered Toyota Mirai cars in a real-world, car-sharing trial. These vehicles use green hydrogen.

Our partners include: The Warehouse Group, Air New Zealand, Saatchi & Saatchi, TVNZ, Beca, Westpac NZ, Spark, and Z Energy.

Toyota New Zealand is investigating other opportunities to trial the applications of hydrogen technology outside of the automotive sector.

Hydrogen has the potential to play a key role in a clean, secure, and affordable energy future for Aotearoa New Zealand. The commercial application of this technology is vast, and Toyota is investing in hydrogen technologies for multiple applications.

The Hydrogen Project tests the ability for large companies to collaborate on sharing or reducing their fleets, which in the future could lead to a larger reduction in carbon emissions with less cars within corporate fleets. It also demonstrates a future where car ownership may no longer be the norm and where people rely on usage solutions such as mobility-as-a-service.

A great opportunity to provide consumers greater flexibility while reducing inner city congestion and carbon emissions.

Toyota New Zealand is an active member of the New Zealand Hydrogen Council and committed to the Hydrogen Project as part of the efforts to advance hydrogen technology and infrastructure.

*"At Beca we are passionate about transforming to a decarbonised world. We have company-wide goals to reduce both our direct and indirect business carbon emissions. Joining Toyota's Hydrogen project is one important step of the journey to reduce our direct emissions associated with work travel by 50% by 2030."* — Greg Lowe, CEO, Beca

### THE HYDROGEN PROJECT PERFORMANCE TO DATE MAY - SEPTEMBER 2022

TRIPS

669

DRIVEN

7,239 KMS

DIFFERENT DRIVERS

124

SAVED

1.419 tCO<sub>2</sub>e

## CASE STUDY

### Waka Aronui

We are embracing our responsibility to be a sustainable business and demonstrate our thinking as a future-focused mobility company with our support of Waka Aronui, a pioneering community-based car leasing scheme in South Auckland.

Waka Aronui was launched on 26 May 2022 at the Ngā Whare Waatea Marae in Favona, Auckland. In the scheme, 20 whānau each lease a low-emitting hybrid electric Toyota Corolla wagon for a set affordable price per week.

The three-year lease covers warrant of fitness, registration, insurance, servicing, repairs, and a new set of tyres when needed.

Toyota Corolla hybrid electric vehicles were chosen as they use around a third less fuel than a comparable petrol engine and have a much lower carbon footprint.

The programme aligns with Toyota's view that the transition to a low emission future should be accessible and affordable for everyone. The Waka Aronui programme is making a difference to people's everyday lives through:

- » A reduction in vehicle running costs leading to a stronger financial situation for whānau and improved overall whānau wellbeing;
- » Less vehicle administration leading to less stress, more time with whānau, and greater overall wellbeing;
- » Supporting the transition to low emission vehicles; and
- » Providing access to the safest (5 Star Safety Rating) vehicles.

The project is being run by the Manukau Urban Māori Authority and the Ākina Foundation with funding, investment, and support provided by The Tindall Foundation; Ministry of Business, Innovation and Employment, Waka Kotahi; Auckland Council; and Toyota.

Waka Aronui is foremost about people and their needs. Whānau are at the centre and Toyota are honoured and privileged to be in that space. After just four months, participants reported the positive impact the programme had on their lives:

*"It has helped us save money as well as being more able to travel and visit family."*

*"The car is a hybrid, this allows me to make my dollars count towards other things."*

*"Having the costs inclusive of insurance, services, WOF relieves stress and worry."*

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

*"The ability to be a part of this initiative focused on Tiaki Taiao and transportation that does not further harm te Taiao."*

*"Waka Aronui will open a door of opportunities for me - it will have a significant impact for me."*



## Looking Ahead

Around the world, in research and development facilities, Toyota Motor Corporation is working on a range of new mobility technologies, from autonomous cars to micro-mobility solutions.

Toyota engineers work with research institutes, universities, and medical professionals to develop technology solutions to help people rehabilitate from injury or illness and support those who are unable to move on their own.

Our human mobility solutions—such as the C-walk, an electric scooter—are designed to help people with mobility issues go about their day to day lives more easily and securely. Electric, compact, and easy to manoeuvre, its ready to go whenever you are.

Toyota are continuing to prototype, develop, and trial robotic mobility technology for people with disabilities and the elderly.

The Toyota Welwalk leg assist robot has been used to assist people who have had a stroke and are hospitalised with relatively severe symptoms, but our vision is to broaden the scope for its use to include people in post-recovery, or those with different conditions or disabilities.

Micro-mobility also includes personal mobility solutions such as the Toyota i-Road, a small vehicle resembling an enclosed three-wheeled scooter designed to offer greater mobility flexibility in cities while reducing inner city congestion and carbon emissions.

With more than 10 years' experience in the research and development of micro-mobility, we believe that as these new technologies become available, they will offer an ideal solution for short distance urban transport.

On a grander scale, the Toyota Woven City real-world testbed is underway in Japan. Built on the site of a former Toyota car assembly plant, Toyota and its technology partners are trialling new sustainable solutions in a living laboratory environment. These include a roading network designed for autonomous vehicles, public transport, and micro-mobility solutions; a hydrogen refuelling station, and a hydrogen pipeline network supplying the carbon-free gas to private homes for cooking and heating.

We look forward to a future where innovative and proven technologies from Woven City are integrated into our business and our communities in Aotearoa New Zealand.

# Our Pillars: Community



## MATERIAL ISSUE » Community Support

'Community' for Toyota New Zealand encompasses our social relationships and partnerships—from our corporate office employees to people in our Store network, our community partners, and broader society.

Our local communities have supported us for decades, and we are focused on how we can make a positive social impact to give back to them.

Through partnering and investing with others, we aim to foster a culture of innovation for resource efficiency, value for our communities, transparency, and caring for our natural environment.

We activate this goal through multiple partnerships at both the national and local level. Our community partnerships range from a three-decade long association with Emirates Team New Zealand, our partnerships with Paralympics New Zealand, and New Zealand Olympic Committee through to supporting local sports and community groups with vehicles and funding from our Stores in every town across the country.

Over recent years, we have formed a much-valued partnership with the Department of Conservation (DOC) through supporting for Toyota Kiwi Guardians, an



educational programme that gets our children connecting and spending time in nature.

Our commitment to reducing our impact on the environment is also reflected in our determination to be part of the leadership of business groups in this sector. In 2022, our Chief Executive was elected to the Advisory Board of the Sustainable Business Council and the CEO Steering Group for the Climate Leaders Coalition.

People make our business. During this period, Toyota New Zealand has had a high employee retention rate which is based on a unique workplace culture, career progression opportunities, and the celebration of loyalty and long service.

However, we also realise we have room for improvement regarding diversity and inclusion, and our own cultural understanding and competency. We are addressing these topics and will be able to report on our progress in our 2023 Sustainability Report.

## Connecting with our communities

Stores represent Toyota in more than 60 communities around New Zealand contributing to local organisations in some way; either by providing free vehicles for the long or short term, discounted servicing, volunteer hours, or direct funding. Support is provided to junior sports teams, hospices, schools, coastguard, health, and rescue helicopters.

To recognise the contribution that our Stores make to their local communities, Toyota New Zealand has introduced a Citizenship Award as part of its annual dealer awards and the inaugural winner from their 2022 results will be celebrated in 2023. We will also be acknowledging the achievements of the network in our 2023 Sustainability Report.



*In our materiality assessment, our employees told us they cared about vehicle safety and sustainability, the environmental impact of our operations, and economic prosperity.*

### Our key partnerships

At a national level, Toyota New Zealand has three long-standing relationships that reflect our core brand values:

- » Protecting the natural environment (DOC—Toyota Kiwi Guardians);
- » Innovation and determination (Emirates Team New Zealand); and
- » Developing and giving opportunities to young racing drivers (TOYOTA GAZOO Racing New Zealand).

In addition, we support the New Zealand Olympic Committee, Paralympics New Zealand and their athletes, as well as five individual Kiwi Olympians: Dame Valerie Adams, Dame Lisa Carrington, David Liti, Emma Twigg, and Olivia McTaggart.

### Staff engagement

In early 2021, we vacated our head office building in Palmerston North for 15 months while the building was strengthened to meet earthquake building code requirements.

During this period, our people worked from home and temporary offices in the city. This hybrid working system was required during an environment of pandemic restrictions, lockdowns, and severe disruption to our supply chain due to global shortages of key components in our new vehicles.

The pressure on our people, within our company and within our associated Store network, has been enormous. We have faced the challenges of working remotely, meeting customer needs, and maintaining a unique Toyota culture that has been

developed in New Zealand over the past 50 years.

Against this backdrop, staff engagement remained high at 80% and retention was 94% compared to ratings of 85% and 98% respectively in FY21. We are pleased that even with this disruption to our people, both engagement and retention were higher than our FY20 results (74% and 89% respectively).

We communicate with our teams regularly and value questions and ideas to support the Toyota approach to kaizen (continuous improvement). The key forums for sharing information and gathering feedback are monthly staff meetings and an annual question-and-answer session with the CEO and Executive team. We conduct annual

employee surveys to understand where we are doing well and where we can do better. In our materiality assessment, our employees told us they cared about vehicle safety and sustainability, the environmental impact of our operations, and economic prosperity.

They also cared about how we can attract and retain key talent, diversity and equal opportunities, health, safety, and wellbeing. Team culture and connection are critical to Toyota's success.

### Safety at work

We have taken action to improve the quantity and quality of our collection of data on safety incidents and near misses. During the year we experienced 26 injuries across all our sites. There were 106 hours lost due to injury. The increase in incidents from 20 in 2020/21 is due to better reporting of near misses.

From 3 October 2022, we extended the hours of our Parts Warehouse Operation from 6am to 10pm—with 47 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 shifts means our staff will have more space for machinery to be used—which will lead to better health and safety outcomes for our warehouse staff.

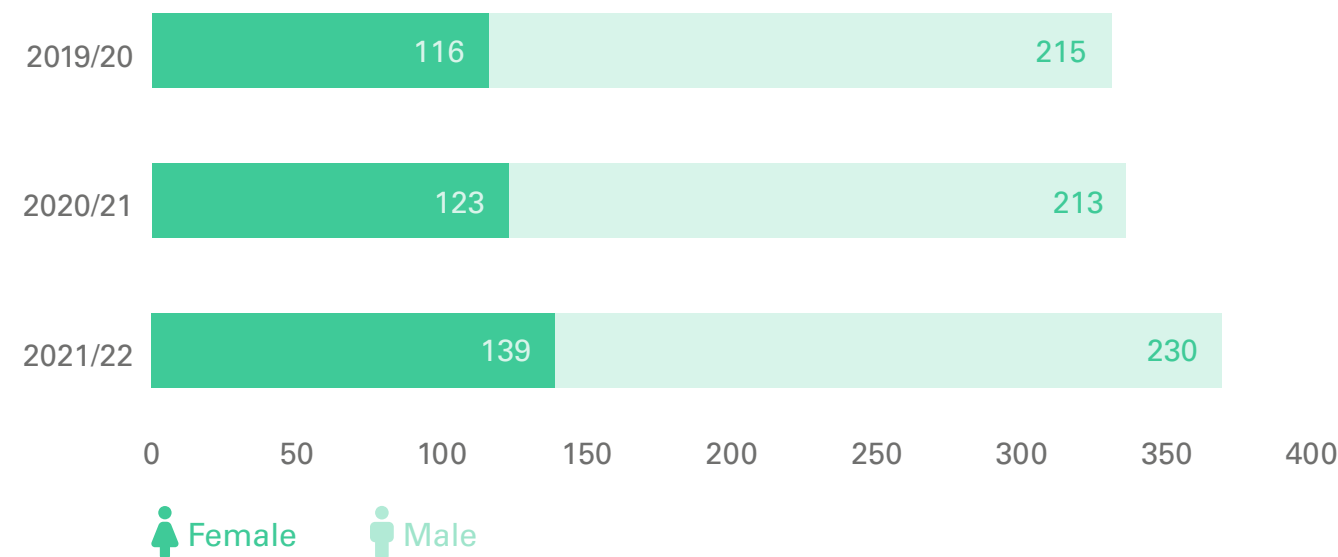
### Gender balance

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

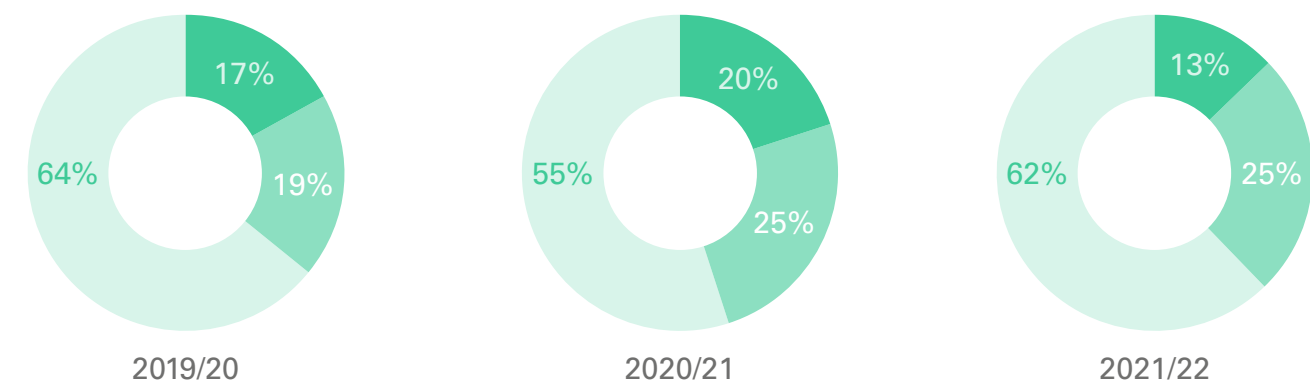
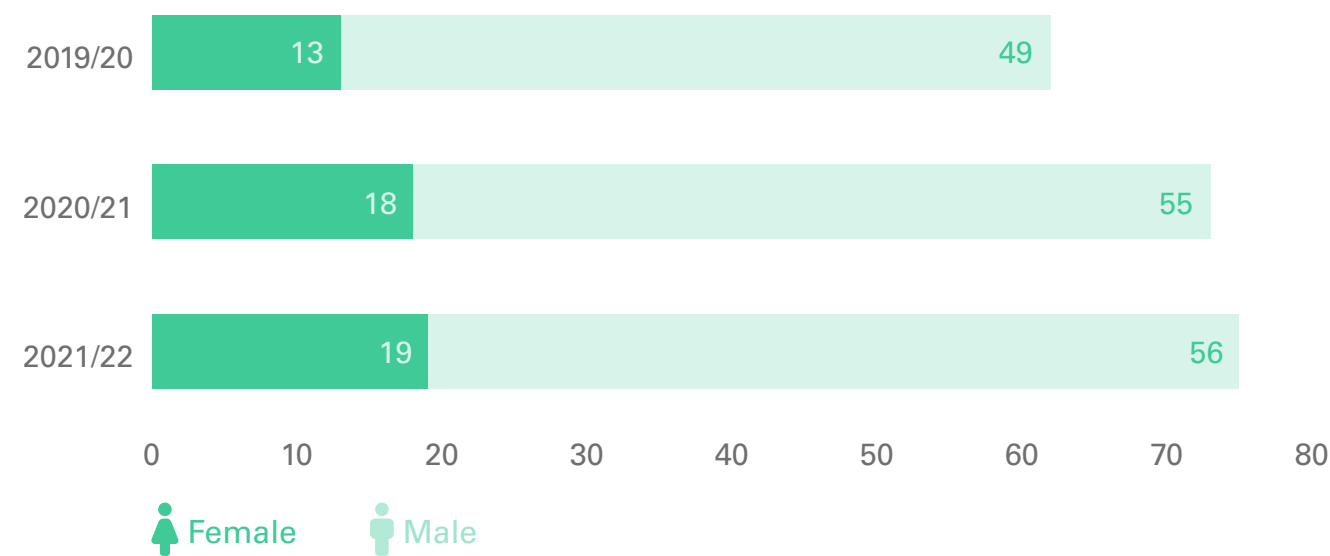
However, as the data alongside shows, we recognise that the gender balance of our management structure is not sufficient at both management and senior leadership levels. We have a responsibility to improve this for our own people and for the wider industry that has historically been male dominated.

We recently became a partner to Global Women and our CEO has joined its 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. We are working on a gender and diversity strategy and targets and intend to report on our progress in our 2023 Sustainability Report. We know we have work to do and we are committed to the long-term journey ahead.

#### Gender profile: All Employees



#### Gender profile: Management



- Female managers
- Female senior managers
- Male managers



CLOSE TO HALF OF OUR TOTAL EMPLOYEES HAVE MORE THAN **20 YEARS'** OF SERVICE

#### Long service celebrated

It is important we celebrate our people and recognise the significant service milestones achieved.

We are proud to have 60 people at Toyota New Zealand and the Store network with 30 years or more service (16% of our total workforce) and 15 people with more than 40 years of service (4% of our total workforce). We have 181 employees—close to half of our total employees—with more than 20 years' service.

Long service is more than about retaining people with experience and skills; it is also a reflection of job satisfaction, career development opportunities within Toyota, and a passion for working within the automotive industry. Secure and stable employment serves to grow the economic prosperity of our families and the wider communities that we operate in.

### Lexus Design Award— an investment into innovative and sustainable design

This year, Lexus New Zealand partnered with both Auckland University of Technology (AUT) and the University of Auckland to help develop young, design talent in New Zealand.

Dedicated to empowering and encouraging the next generation of creators, Lexus Design Award inspires the next generation to propose imaginative and sustainable solutions that create for a better tomorrow, while three key principles of the Lexus brand: Anticipate, Innovate, and Captivate.

After three successful years with AUT, Lexus New Zealand was pleased to expand the entries to students studying Industrial Design at the University of Auckland.

Participants are encouraged to take their innovative designs to the world stage. This year, four global winners of the prestigious award will secure funding for their project, receive world-class mentoring, and be exposed to the global design community and media.


 The logo features the Lexus emblem (a stylized 'L' in an oval) on the left, followed by the text 'DESIGN AWARD 2023' in a bold, sans-serif font. The background consists of a series of parallel, slightly curved lines in shades of red and orange, creating a sense of motion and depth.
 

LEXUS

DESIGN  
AWARD  
2023

### Awards and recognition

#### Reputation holds steady

The Kantar Corporate Reputation Index measures the responsibility, fairness, success/leadership, and trust of 50 of New Zealand's top corporate companies by revenue. For the FY22 Index, Toyota sat in 3rd equal and improved from 107 to 108 points. Toyota was the only automotive brand in the top 10. An overall score of more than 105 is considered a world-class rating.

#### Customer contact centre awards

At the 2022 CRM Contact Centre Awards, our Customer Dialogue Centre received seven awards from seven categories, one of the most complete performances in a competitive industry.

In the Supreme awards we won Diamond Award—1st Place for Omni Channel experience (phone, email, chat and social media), a new award and top award for all Contact centres; and Diamond Award—1st Place for Customer Service (Contact Centre with under 50 seats). Other awards were: 2nd place for Web/Email Customer service; 2nd Place Live Chat; Gold Award 2nd place for Social Media; and Industry Sector Award for best in Automotive. An individual award Inbound Agent of the year—voted by the CRM Consulting Judges was presented to Aaron Wheeler.



## Looking Ahead

We will continue to actively engage with the Government, the wider motor vehicle industry, and forums to support and develop a sustainable transport sector in New Zealand.

In 2022, our CEO, Neeraj Lala, was elected to the Steering Committee of the Climate Leaders Coalition (CLC) and confirmed Toyota's commitment to the group's new Statement of Ambition.

As one of the 12 founding members of the CLC, Toyota New Zealand is fully committed to the greenhouse gas emission reduction targets and to public reporting on its progress to meeting those targets.

Mr Lala was also appointed to the Sustainable Business Council's (SBC) Advisory Board. He became one of 15 business leaders elected by council members to govern the work of SBC. He continues the tradition set by his predecessors—Alistair Davis; and Bob Field, who was one of the founders of the Sustainable Business Council.

# GRI Content Index

This Sustainability Report has been prepared in accordance with the GRI Standards, 2016: Core Option.

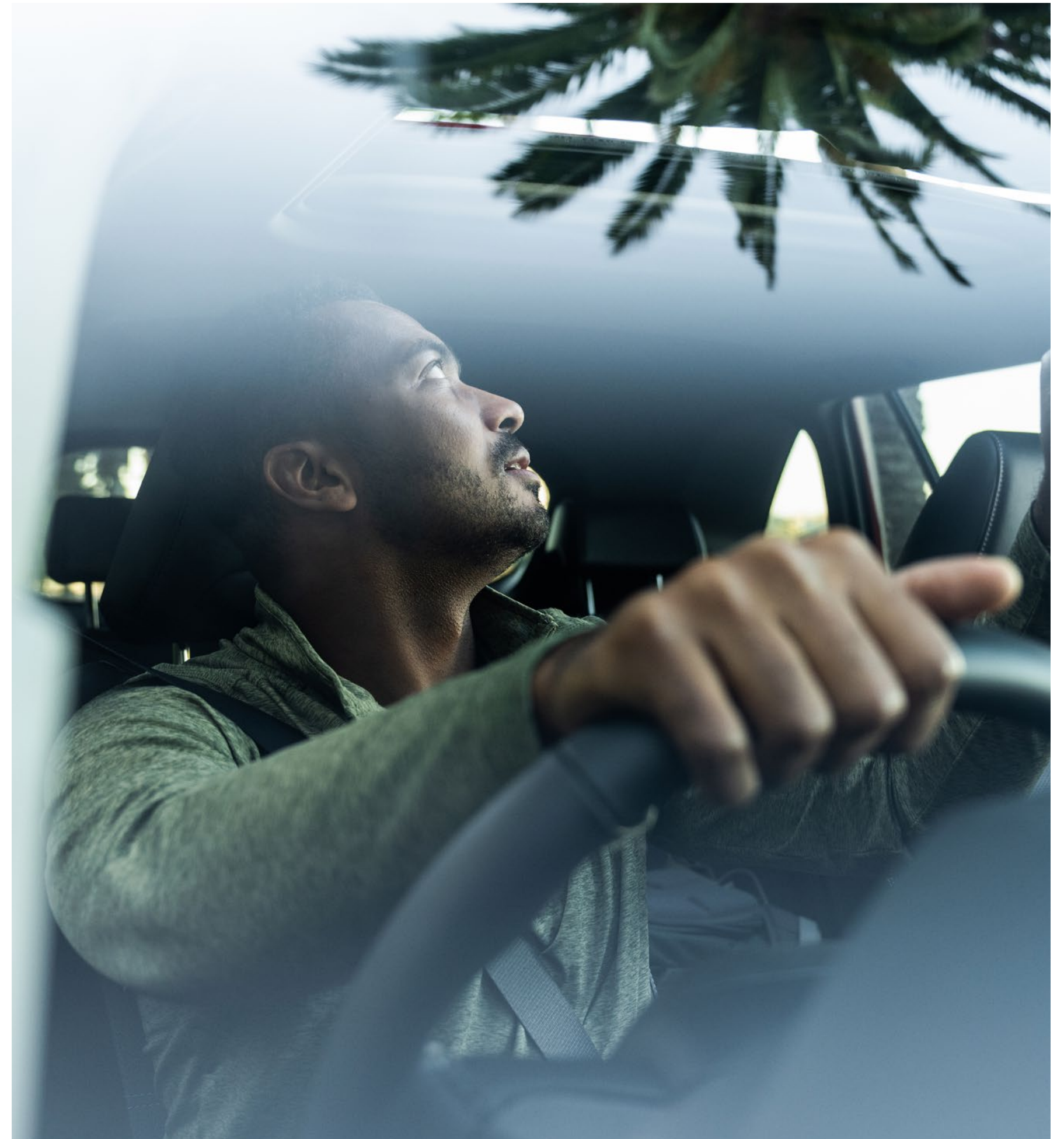
GRI 102: GENERAL DISCLOSURES 2016			
	DISCLOSURE		LOCATION
Organisational Profile	102-1	Name of the organisation	Toyota New Zealand Limited.
	102-2	Activities, brands, products, and services	See About Toyota New Zealand, <a href="#">page 6</a> .
	102-3	Location of headquarters	29 Roberts Line, Palmerston North, New Zealand.
	102-4	Location of operations	New Zealand.
	102-5	Ownership and legal form	Limited Liability Company.
	102-6	Markets served	See About Toyota New Zealand, <a href="#">page 6</a> .
	102-7	Scale of the organisation	369 employees. See About Toyota New Zealand, <a href="#">page 6</a> . See Sustainability Key Metrics, <a href="#">page 3</a> .
	102-8	Information on employees and other workers	See Our Pillars: Community, <a href="#">page 26</a> .
	102-9	Supply chain	See About Toyota New Zealand, <a href="#">page 6</a> .
	102-10	Significant changes to the organisation and the supply chain	There have been no significant changes to the organisation and the supply chain during the reporting period.
	102-11	Precautionary principle or approach	The precautionary principle/ approach has been applied throughout the report.
	102-12	External initiatives	See our key partnerships, <a href="#">page 27</a> .
	102-13	Membership of associations	See membership of associations, <a href="#">page 15</a> .

GRI 102: GENERAL DISCLOSURES 2016				
	DISCLOSURE		LOCATION	
Strategy	102-14	Statement from senior decision-maker	See Our Leadership, <a href="#">page 7</a> .	
	Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	See Governance of Sustainability, <a href="#">page 11</a> . There were no confirmed incidents of corruption during the reporting year.
		102-18	Governance structure	See Governance of Sustainability, <a href="#">page 11</a> .
	Stakeholder Engagement	102-40	List of stakeholder groups	See Stakeholder Engagement, <a href="#">page 15</a> .
		102-41	Collective bargaining agreements	3.8% of our workforce is covered by collective bargaining agreements.
		102-42	Identifying and selecting stakeholders	See Stakeholder Engagement, <a href="#">page 15</a> .
		102-43	Approach to stakeholder engagement	See Stakeholder Engagement, <a href="#">page 15</a> .
		102-44	Key topics and concerns raised	See Our Material Issues, <a href="#">page 14</a> .
	Reporting Practice	102-45	Entities included in the consolidated financial statements	Toyota New Zealand Limited. Steels Motor Assemblies 1979 Limited*; and Consolidated Motor Distributors Nominees Limited*. *Dormant entities.
		102-46	Defining report content and topic boundaries	See What Matters Most, <a href="#">page 12</a> .
		102-47	List of material topics	See Our Material Issues, <a href="#">page 14</a> .
102-48		Restatements of information	Refer to restatements issued throughout the Report.	
102-49		Changes in reporting	See Our Material Issues, <a href="#">page 14</a> .	
102-50		Reporting period	1 April 2021 – 31 March 2022.	
102-51		Date of most recent report	January 2022.	
	102-52	Reporting cycle	Annual.	
	102-53	Contact point for questions regarding the report	<a href="mailto:sustainability@toyota.co.nz">sustainability@toyota.co.nz</a>	
	102-54	Claims of reporting in accordance with the GRI Standards	See About this Report, <a href="#">page 2</a> .	
	102-55	GRI content index	See GRI Content Index.	



## GRI Content Index cont.

GRI 103: MANAGEMENT APPROACH 2016			
	DISCLOSURE		LOCATION
Management Approach	103-1 to 103-3	Economic Prosperity	See Our Pillars: Sustainability, <a href="#">page 16.</a>
Economic Performance	201-1	Direct economic value generated and distributed	See Economic Performance, <a href="#">page 4.</a>
Management Approach	103-1 to 103-3	Climate Action Greenhouse Gas Emissions Circular Economy	See Our Pillars: Sustainability, <a href="#">page 16.</a>
Emissions	305-1	Direct (Scope 1) GHG emissions	See Our Targets to 2030, <a href="#">page 17.</a>
	305-2	Energy indirect (Scope 2) GHG Emissions	See Our Targets to 2030, <a href="#">page 17.</a>
	305-3	Other indirect (Scope 3) emissions	See Our Targets to 2030, <a href="#">page 17.</a>
	305-5	Reduction of GHG emissions	See Our Targets to 2030, <a href="#">page 17.</a>
Environmental Compliance	307-1	Non-compliance with Environmental Laws and Regulations	1 minor environmental incident that was contained.
Management Approach	103-1 to 103-3	Future of Mobility Just Transition	See Our Pillars: Mobility, <a href="#">page 23.</a>
Our own measures		Future of Mobility Activity	See Our Pillars: Mobility, <a href="#">page 23.</a>
Management Approach	103-1 to 103-3	Community Support	See Our Pillars: Community, <a href="#">page 26.</a>
Training and Education	404-1	Average hours of training per year per employee	Total hours of training for all employees is 19 453. Total hours of training by gender is 14 888 (Male) and 4565 (Female). Total hours of training by employment excluding dealers is Full Time (4696), Part Time (1), Fixed Contract (17) and Other (70).
	404-3	Percentage of employees receiving regular performance and career development reviews	100% of salaried employees.
Non-discrimination	406-1	Incidents of Discrimination and Corrective Actions Taken	There were no incidents of discrimination during the reporting period.



# Assurance Report



## Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that the selected non-financial information in Toyota New Zealand's Sustainability Report 2022 has not, in all material respects, been prepared in accordance with the Global Reporting Initiative Universal Reporting Standards 2016: Core Option ("GRI") for the period 1 April 2021 to 31 March 2022.

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

### Information subject to assurance

We have performed an engagement to provide limited assurance in relation to Toyota New Zealand Limited's ("Toyota New Zealand") Sustainability Report for the period 1 April 2021 to 31 March 2022 (the "Sustainability Report").

### Selected non-financial information

The selected non-financial information covers the collation and presentation of the significant areas within the Sustainability Report as referenced on pages 30 to 31 in the GRI index within the Sustainability Report. This work excludes:

- » Economic performance disclosures included in the Sustainability Report (GRI 201-1); and
- » Greenhouse gas emission disclosures included in the Sustainability Report (GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-5).

### Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards, we have:

- » used our professional judgement to plan and perform the engagement to obtain limited assurance that the selected non-

financial information is free from material misstatement and non-compliance, whether due to fraud or error;

- » considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- » ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Restriction of distribution and use

Our report is made solely for the directors of Toyota New Zealand Limited. Our assurance work has been undertaken so that we might state to the directors of Toyota New Zealand Limited those matters we are required to state to them in the assurance report and for no other purpose. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by any third parties other than the directors of Toyota New Zealand Limited for any purpose or in any context. Any other party who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

Our report is released to the directors of Toyota New Zealand Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to any party other than the directors of Toyota New Zealand Limited for our work, for this independent limited assurance report, and/or for the conclusions we have reached.

### Directors' responsibility for the Sustainability Report

The directors of Toyota New Zealand are responsible for the preparation and fair presentation of the selected non-financial information in accordance with the GRI for each of the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of the selected non-financial information that is free from material misstatement and non-compliance whether due to fraud or error.

### Our responsibility

Our responsibility is to express a conclusion to the directors on whether anything has come to our attention that the selected non-financial information has not, in all material respects, been prepared and presented in accordance with GRI.

### Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

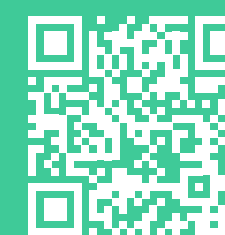
The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided internal audit and cyber security services to Toyota New Zealand. Subject to certain restrictions, partners and employees of our firm may also deal with Toyota New Zealand on normal terms within the ordinary course of trading activities of the business of Toyota New Zealand. These matters have not impaired our independence as assurance providers in respect of this engagement. The firm has no other relationship with, or interest in, Toyota New Zealand.

KPMG  
Auckland  
28 November 2022

# Glossary

<b>BEVs</b>	Battery Electric Vehicles
<b>B.I.G.</b>	Battery Industry Group
<b>CLC</b>	Climate Leaders Coalition
<b>DOC</b>	Department of Conservation
<b>ETNZ</b>	Emirates Team New Zealand
<b>GRI</b>	Global Reporting Initiative
<b>GHG</b>	Greenhouse Gas
<b>HEVs</b>	Hybrid Electric Vehicles
<b>FCEVs</b>	Fuel Cell Electric Vehicles
<b>PHEVs</b>	Plug-in Hybrid Electric Vehicles
<b>SDGs</b>	Sustainable Developmental Goals
<b>SBT</b>	Science-Based Targets
<b>SBTi</b>	Science Based Targets Initiative
<b>TFS</b>	Toyota Financial Services
<b>TMC</b>	Toyota Motor Corporation
<b>TRS</b>	Toyota Racing Series
<b>TR86</b>	Toyota Racing 86



[toyota.co.nz/sustainability](https://toyota.co.nz/sustainability)

**TOYOTA**