

Module: Introduction

Page: Introduction

0.1 Introduction

Please give a general description and introduction to your organisation

Toll Holdings Limited ("Toll Group, Toll") is the Asia-Pacific region's leading provider of integrated logistics services company, with over AUD5.6 billion in Australian revenue in FY10.

The Group consists of Business Units (BUs) grouped into six operating Divisions. We provide tailored, seamless, end-to-end logistical solutions for multinational entities across automotive, FMCG, industrials, major infrastructure, resources and relocation sectors operating across all modes (air, rail, road, sea) of transport.

Toll is highly focused in our chosen field. Our strategic approach to energy efficiency and greenhouse gas emission is through cost minimisation, the development of our people, and superior technical and technological resources.

Toll is a robust, adaptive, flexible and valuable partner of our customers, a responsible corporate citizen and a disciplined contributor to our shareholders' wealth. We aim to become the logistics service provider of choice in all of our areas of operation.

0.2 Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Wed 01 Jul 2009 - Wed 30 Jun 2010

0.3 Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

| Select country |
|----------------|
| Australia |

0.4 Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD (\$)

0.5 Please select if you wish to complete a shorter information request

0.6 Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email respond@cdproject.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

1.1 Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a Please identify the position of the individual or name of the committee with this responsibility

- Company Board - strategic oversight and responsibility
- Nomination and Corporate Governance Committee - delegated responsibility for policy formulation, review and approval with respect to climate change from a risk perspective.
- Group Risk Management Committee - develop, implement and monitors operational objectives in accordance with overall strategy direction regarding climate change risks.

1.2 Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a Please complete the table

| Who is entitled to benefit from these incentives? | The type of incentives | Incentivised performance indicator |
|---|------------------------|--|
| Corporate executive team | Monetary reward | Short Term Incentive Scheme (planning stage) subject to meeting carbon intensity reduction targets |
| Management group | Monetary reward | Short Term Incentive Scheme (planning stage) subject to meeting carbon intensity reduction targets |

2.1 Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a Please provide further details (see guidance)

Toll Group Risk Management Framework

Scope

Climate change (CC) impacts are assessed as part of our spectrum of risks. We consider the potential financial consequences of CC in the assessment of:

- Physical risks – impacts of major meteorological events
- Reputational – impacts on brand and relationships with customers & suppliers with respect to our emission profile and climate change actions. Specifically this relates to our ability in meeting customers' CC expectation and influencing suppliers' behaviour towards ecological responsibility and stewardship, and how that will reflect on our brand and market position.
- Regulatory – impacts on our cost base in relation to regulatory changes relating to climate change (e.g. Carbon tax or trading)

How risks/opportunities are assessed at a company level

Our framework is based on the following components and is consistent with the principles of the Australian/NZ risk management standard ISO 31000 and ASNZ 4360:

- Active support by senior management for awareness and management of risk.
- Implementation of a corporate policy and a consistent group wide framework - understood and owned by all management.
- Communication and development of processes to make risk management a daily way of doing business.
- Implementation of processes at Group, Division and Business Unit level to identify, assess, and manage key risks.
- Implement processes to monitor the risk management framework, including on-going evaluation and reappraisal of key risks.

How risks/opportunities are assessed at asset level

Risk and opportunities are assessed at Business & Facility level via the budget planning process. This is monitored on a continuous basis within the larger Business Financial Reporting and Risk Management framework - adapted by each business for operating conditions on the ground and includes flow through, monetised quantification in running Profit & Loss.

Frequency

Continuous monitoring complemented by:

- Weekly business level reporting
- Monthly Business and Divisional level reporting

- Semi-annual Board Report
- Annual Board Report
- Ad-hoc escalation of significant risk events at all levels
- Random audit conducted by Toll's Business Assurance and Internal Audit team (BAIA)

Materiality Criteria

Toll does not discount any risk factors, all risks are identified and assessed per Fine & Kinney* method (inter alia, as part of the overall set of risk methodologies), appropriate mitigation or remedial measures are then prescribed at the relevant level, with documented, formal controls and escalation hierarchy.

* Fine and Kinney (1971), *Mathematical evaluation for controlling hazards*, Journal of Safety Research v3 i.4, pp. 157–166.

Reporting line

- Weekly business level reporting: Business Financial Controllers (FCs) & Commercial Managers, State Managers, OH &S and Environment Officers
- Monthly Business and Divisional level reporting: Business FCs, Business General Managers (GMs), Divisional FCs, Group Environment Managers. Significant risks are referred to Divisional GMs when applicable for further upstream report into Group Risk Management Committee and BAIA for action.
- Semi-annual Board Report: Summary of significant risk items and action, provided by Group Risk management Committee and BAIA to the Board.
- Annual Board Report: as above annually at end of financial year.
- Random audit and reporting: Business and Divisional FCs, State/Operational managers for the relevant business or site (i.e. the audited party) and the business' GM for remedial sanction or further escalation to Division or Group.
- Ad-hoc escalation: across all relevant levels of the business as applicable.

2.2 Is climate change integrated into your business strategy?

Yes

2.2a Please describe the process and outcomes (see guidance)

Toll Smarter Green is our organisation-wide Climate Change Action Plan.

The plan is the embodiment of our "no regrets" philosophy in taking actions - we focus primarily on emission savings through improved energy efficiency and input rationalisation across all activities. This will provide the twin benefits of cleaner, greener operations and lower costs.

This included:

- Implementation of Group-wide Carbon Intensity Reduction target of 20% by 2020.
- Implemented tailored Smarter Green Action plans for each of our Australian business units to reach the target.
- Implemented Smarter Green Monthly Reporting on business performance against target.
- Integrating the plan into Toll's annual Strategic and Budget planning processes.
- Initiated Smarter Green KPIs planning for incorporation into the Short Term Incentive Scheme for the executive and senior management teams.

2.2b Please explain why not

2.3 Do you engage with policy makers to encourage further action on mitigation and/or adaptation?

Yes

2.3a Please explain (i) the engagement process and (ii) actions you are advocating

- (i) Toll is a foundation member of the Australian Logistics Council (ALC), the peak national body representing major Australian transport & logistics companies, unions, and state-based transport & logistic industry associations and state-government departments. We engage with policy makers (State and Federal levels) via our inputs into ALC's advocacy actions.
- (ii) Current ALC advocacy actions:
- Improve legislative certainty on Carbon Tax, especially around provision of ETA for implementation, and transparency on who is responsible for legislations and how it is drafted.
 - Government assistance for industry-based evaluation trials of energy efficient technologies for heavy vehicles.

Page: 3. Targets and Initiatives

3.1 Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Intensity target

3.1a Please provide details of your absolute target

| ID | Scope | % of emissions in scope | % reduction from base year | Base year | Base year emissions (metric tonnes CO2e) | Target year | Comment |
|----|-------|-------------------------|----------------------------|-----------|--|-------------|---------|
|----|-------|-------------------------|----------------------------|-----------|--|-------------|---------|

3.1b Please provide details of your intensity target

| ID | Scope | % of emissions in scope | % reduction from base year | Metric | Base year | Base year emissions (metric tonnes CO2e) | Target year | Comment |
|------|---------|-------------------------|----------------------------|--|-----------|--|-------------|---|
| I-01 | Scope 1 | 100% | 20% | metric tonnes CO2e per kilometer | 2010 | 437525 | 2020 | <p>Metric is tO2-e per activity measure (denominator) - this measure is dependent on the nature of each business unit's dominant business activity.</p> <p>For most BUs, this would usually be emission/kilometers, however there are exceptions. For instance our warehousing divisions would employ emission per square meter, yet other may use emission per flight hour where their main activity is aviation freight, etc..</p> <p>Where available, Toll prefers to report on a modal intensity. That is emissions per tonne of freight per kilometre.</p> <p>Base year (2010) metric is converted to an initial index indicator number of 100, and the aim is to reduce this number to 80 by 2020 = a reduction in carbon intensity of 20%.</p> |
| I-02 | Scope 2 | 100% | 20% | Other: metric tonnes CO2e per size of facility (meters, CPUs, Hours of Operation etc...) | 2010 | 95164 | 2020 | <p>See details above re variation in metric denominator. Predominantly our indirect emission comes from electricity purchases and this is applied against facility size, but exceptions exist per above.</p> |

3.1c Please also indicate what change in absolute emissions this intensity target reflects

| ID | Direction of change anticipated in absolute Scope 1+2 emissions at target completion? | % change anticipated in absolute Scope 1+2 emissions | Direction of change anticipated in absolute Scope 3 emissions at target completion? | % change anticipated in absolute Scope 3 emissions | Comments |
|------|---|--|---|--|---|
| I-01 | Increase | | | | We expect an increase in absolute emission as a result of continuing business growth based on an earnings-accretive acquisition strategy, As such we prefer not to speculate and are unable to provide a projection on the size of the increase in absolute emission. |
| I-02 | Increase | | | | See above |

3.1d Please provide details on your progress against this target made in the reporting year

| ID | % complete (time) | % complete (emissions) | Comment |
|------|-------------------|------------------------|--|
| I-01 | 10% | | Target duration - 10 years. This report is for our baseline establishment year (FY2010). As such progress measurement can only be provided from FY2011 onward. |
| I-02 | 10% | | See above |

3.1e Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

3.2 Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

3.2a Please provide details (see guidance)

- (i) As a third party logistics provider, we own the emissions resultant from customers utilising our services that otherwise would have counted towards their emission profile as prescribed under Australian legislation (National Greenhouse and Energy Reporting Act 2007). Thus Toll's total direct emission (Scope 1) = emission avoided by our customers

Thus Toll's total direct emission (Scope 1) = emission avoided by our customers.

- (ii) The quanta are as follow:

| Financial Year | Scope 1 (avoided emission) tCO2-e |
|----------------|-----------------------------------|
| 2008 | 454,034 |
| 2009 | 409,822 |
| 2010 | 437,525 |

- (iii) Methodologies are per NGER requirements, which build on IPCC AR4 and are captured in the attached National Greenhouse Account Factors (for the latest factors refer to the file at: <http://www.climatechange.gov.au/~media/publications/greenhouse-acctg/national-greenhouse-factors-july-2010-pdf.pdf>) It is understood that part of Scope 3 emission is counted towards avoided emission (for instance contractor emissions). However actual data is unavailable at the time of writing. Please note that this is in line with peer practice (industry peer either has no data or use estimates only).

- (iv) Toll is yet to consider CER or ERU under the CDM/JI framework.

3.3 Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

3.3a Please provide details in the table below

| Activity type | Description of activity | Annual monetary savings (unit currency) | Investment required (unit currency) | Payback period |
|--------------------------------------|--|---|-------------------------------------|----------------|
| Transportation: fleet | Total of 99 initiatives - highlights include EcoDriving, Container Fork Utilisation, Speed Limiting, Hybrid Vehicles, Aerodynamics - Simple, Idle reduction, Route Optimisation. Please note - due to commercial confidentiality regarding "savings pa & investment required", Toll will not disclose these quanta | | | >3 years |
| Energy efficiency: building services | Total of 54 initiatives - highlights include energy efficient lighting systems, HVAC, Load factor management. Please note - due to commercial confidentiality regarding "savings pa & investment required", Toll will not disclose these quanta | | | >3 years |

3.3b What methods do you use to drive investment in emissions reduction activities?

| Method | Comment |
|--|---|
| Compliance with regulatory requirements/standards | Provide initial baseline driver for action as outcome of risk assessment process. |
| Dedicated budget for energy efficiency | Part of Smarter Green Action planning. |
| Dedicated budget for low carbon product R&D | Part of Smarter Green Action planning - integrated in to individual businesses' annual budget process. R&D outputs leveraged across group. Business undertaking R&D is compensated for higher cost input at research/trial phase. |
| Dedicated budget for other emission reduction activities | Part of smarter Green Action planning - integrated in to individual businesses' annual budget process. |
| Employee engagement | Group-wide environmental policy awareness as part of induction, ad-hoc initiatives by each business depending on their main operational activities. |
| Internal incentives/recognition programs, | Planning for Green KPIs completed and subject to Board approval for implementation into Short-term Incentive Schemes for Senior Executive Team and Management Group. |
| Marginal abatement cost curve | Used by Group to assess merits of each action planned under Smarter Green for each business unit. |
| Partnering with governments on technology development | part of R&D effort, engagement is at individual business level. |

3.3c If you do not have any emissions reduction initiatives, please explain why not

Page: 4. Communication

- 4.1 Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)

| Publication | Page/Section Reference | Identify the attachment |
|--|------------------------|--------------------------------|
| In other regulatory filings (complete) | part 2B, page 8 of 12 | THL EEO 2010 Public Report.doc |
| In annual reports (complete) | page 55 | AnnualReport2010.pdf |

Attachments

[https://www.cdproject.net/Sites/2011/71/19171/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/THL - EEO 2010 Pub Report.doc](https://www.cdproject.net/Sites/2011/71/19171/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/THL%20-%20EEO%202010%20Pub%20Report.doc)
[https://www.cdproject.net/Sites/2011/71/19171/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/AnnualReport2010.pdf](https://www.cdproject.net/Sites/2011/71/19171/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/AnnualReport2010.pdf)

Module: Risks and Opportunities [Investor] Page: 5. Climate Change Risks

- 5.1 Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

5.1a Please describe your risks driven by changes in regulation

| ID | Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact |
|------|---|---|----------------------------|------------|-------------------------|------------------------|---------------------|
| RR-1 | Carbon taxes | Australian carbon tax proposal currently being debated in the public arena. | Increased operational cost | 1-5 years | Direct | More likely than not | Low-medium |
| RR-2 | Uncertainty surrounding new regulation | Uncertainty around the ultimate form of carbon pricing framework (regulation or incentive scheme, exemption/compensation status). | Increased operational cost | 6-10 years | Direct | About as likely as not | Low-medium |
| RR-3 | Fuel/energy taxes and regulations | Phased reduction of Diesel & Alternative Fuel Grant Scheme (DAFGS) rebate in the event of an introduction of a carbon price, coupled with ratcheted increase in on-road levies. | Increased operational cost | 1-5 years | Direct | Likely | Medium |
| RR-4 | Emission reporting obligations | Potential increase in reporting overheads associated with wider regulatory capture of emission scoping (for instance potential transition to compulsory Scope 3 emission). | Increased operational cost | 1-5 years | Indirect (Supply chain) | More likely than not | Medium |
| RR-5 | General environmental regulations, including planning | Changes in state/regional/local environmental regulations, such as EPA directives and rulings | Increased capital cost | Current | Indirect (Supply chain) | More likely than not | Medium |

5.1b Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

RR-1, RR-2, RR-3

- (i) There is no Australian detailed framework for Carbon Pricing and no certainty on the price, as such financial implications at this stage is at best speculative. Toll may submit a quantified risk metric if and when this is finalised by legislators.
- (ii) Never-the-less Toll recognises systemic implications of climate change risks and they are captured as part of our risk assessment framework (refer 2.1a). Selected risk mitigation measures include:
- Continuing efforts in improving energy and thus emission efficiency (refer 3.3a for actions) for reduction in risk (to a low-medium by 2012 - potential implementation year of carbon pricing regime).
 - Drafted cost pass-through clauses in standardised contractual agreements (commercial in confidence) in anticipation of any finalised carbon pricing mechanism in order to reduce exposure on direct fuel costs/carbon price impacts.

- (iii) As such, Cost estimate for mitigation are unavailable but Toll may provide further information when a carbon tax regime is finalised. Any potential estimates are captured under our budget planning process. Categorically they would (for instance) include consultation fees, treasury costs for any price management tool in respect of fuel pricing/ carbon exposure, and project costs associated with mitigation/abatement undertakings by each business unit.

RR-3 only

- (iii) Supplementary. The introduction of a carbon price is trigger for gradual phase out of DAFGS scheme. Thus any potential estimate for this loss is dependent on activation of carbon pricing.

RR-4

- (i) (Regulatory reporting overhead for environment is captured as part of the Group's aggregate expenses. The potential consequence (such as compulsory Scope 3 reporting extension to NGER Act framework) for non-compliance is a maximum of AUD 220,000 for individual CEO or Board members per breach plus an additional AUD11,000 per day thereafter during which no rectification was completed.
- (ii) Methodology is per Toll's risk assessment framework (2.1a)
- (iii) Indicative assurance cost on regulatory compliance to ISAE 3000 standard is in the range of AUD10,000 to 40,000.

RR-5

- (i) (Regional, state and local level environmental regulations varies from one area to another and are negotiated by individual BU according to their major economic undertaking.
- (ii) Quantum of risk is accrued in budget planning process using the Toll Risk framework (see 2.1a). Data is quarantined for individual BU's view only.
- (iii) Cost is unquantifiable.

5.1c Please describe your risks that are driven by change in physical climate parameters

| ID | Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact |
|------|---|---|---|------------|------------------|------------------------|---------------------|
| PR-1 | Tropical cyclones | Recent extreme weather events on the Eastern Australian seaboard highlighted this risk | Reduction/disruption in production capacity | Current | Direct | More likely than not | Medium-high |
| PR-2 | Change in precipitation extremes and droughts | Impacts operational ability in affected areas ranging from higher operating costs (maintenance and fuel) to inability to execute (due to flooding, technical failures etc...) | Increased operational cost | 6-10 years | Direct | About as likely as not | Medium |

5.1d Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

PR-1 & PR-2

- (i) Physical risks primarily impacts our capital/operational costs in respectively -in remediation of impaired facilities or service delivery failure, and higher maintenance & servicing from operating in more adverse physical conditions. Supply chain risks also forms a factor as our customers and suppliers' deliverables are impacted by physical risks. Both of these risks are provisioned for per (iii) below.
- (ii) Refers 2.1a for risk methodology. Risks related to customer contracts are mitigated via either standard Terms & Conditions or detailed, negotiated Service Level Agreements, Toll also apply its competitive advantage in modal switching (Road, Rail, Air & Shipping) to mitigate impacts for customers. Increased provisions for property insurance, robust business continuity & and contingency planning are in place to deal with impact on activities.
- (iii) Cost estimate is historical and does not reflect the ongoing changes in scope and scale of our operations. Modal switching is free of charge for our customers and is implied in other costs of doing business. Actual costing is subject to commercial agreements embargo.

5.1e Please describe your risks that are driven by changes in other climate-related developments

| ID | Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact |
|------|-------------------------------|--|-----------------------------------|------------|-------------------|----------------------|---------------------|
| RO-1 | Uncertainty in social drivers | impacts on reputation and revenue due to uncertain regulatory environment, consumer preferences and economic conditions. | Reduced demand for goods/services | >10 years | Indirect (Client) | More likely than not | Medium |
| RO-2 | Other drivers | Technological | Increased capital cost | 6-10 years | Direct | More likely than not | Low-medium |

5.1f Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

RO-1

- (i) The key driver for Toll is changes in community, supply chain and customer expectations on climate change actions and their downstream impact on reputation & revenue. This risk is unquantifiable at present.
- (ii) However, Toll is actively taking actions to address this on a targeted, on-going program for sustainable value creation through our Smarter Green Initiatives.
- (iii) Please refer to 3.3a for more details

RO-2

(i) Financial implication of technology risk:

The key risk is here is excess investment in stranded technology under BAU or alternatively in leading edge technologies which are sub-optimal from a ROI perspective, given the particular future emission regulation and or carbon pricing scenario.

(ii) Due to lack of clarity and certainty on the shape of future regulations on emission & carbon, Toll is taking a pragmatic approach to evaluate a suite of technology options across both energy and transport innovations (on top of the risk assessment framework - refer 2.1a). Toll assesses adoption potential as follow:

- Conducts strategically driven product life cycle analysis, inclusive of trials and case studies,
- Partnering and collaboration programs to leverage our R & D efforts,
- Provision of investment grade information,
- Optimising ROI and,
- Communicating outcomes.

(iii) The cost of the above assessment (such as those associated with technology trials) is embedded in-situ for participating Business Unit(s) within their annual budget. This is quarantined for BU views only.

5.1g Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1h Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1i Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1 Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
 Opportunities driven by changes in other climate-related developments

6.1a Please describe your opportunities that are driven by changes in regulation

| ID | Opportunity driver | Description | Potential impact | Timeframe | Direct/Indirect | Likelihood | Magnitude of impact |
|------|---|--|--------------------------------|-----------|-------------------------|----------------------|---------------------|
| OP-1 | Carbon taxes | By becoming a lower carbon-intensive logistics supplier, the financial impost of a carbon price would create an opportunity for us to differentiate ourselves on a cost-to-service basis from our competitors. | Investment opportunities | 1-5 years | Indirect (Client) | Likely | Low-medium |
| OP-2 | Product efficiency regulations and standards | Through advancements in fuel efficiency driven by equipment suppliers, technology changes, alternative fuels and behaviour change, Toll will be able to reduce operating costs. | Reduced operational costs | 1-5 years | Direct | Very likely | Medium-high |
| OP-3 | General environmental regulations, including planning | Change in location of major transport infrastructure hubs (rail and sea ports) will create new opportunities to position operations outside of planned residential growth areas. Allowing for quicker, smoother traffic flow and thus more efficient operations. | Reduced operational costs | >10 years | Indirect (Supply chain) | More likely than not | Low-medium |
| OP-4 | Emission reporting obligations | Through collecting our greenhouse emission footprint, Toll is able to investigate ways of implementing consignment-level reporting to our customers. This service could differentiate Toll from other logistics providers. | New products/business services | 1-5 years | Indirect (Client) | More likely than not | Low-medium |

6.1b Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

OP-1

- (i) Due to lack of detail for the proposed legislation, the direct and indirect impacts of a carbon tax cannot be quantified. Therefore any financial opportunity that arises from a tax on emissions cannot be calculated.
- (ii) On an on-going basis Toll is monitoring and reporting carbon emissions and implementing opportunities to reduce Toll's carbon intensity through our Smarter Green program. When any price on carbon is implemented Toll will be in a good position to capitalise.
- (iii) Direct costs to the business are hard to estimate given the lack of details in the upcoming legislation.

OP-2

- (i) Given the volatility in global fuel prices, definitive estimates on the implications of increased fuel efficiency are hard to make. Toll is targeting a 20% improvement in greenhouse intensity from FY2009/10 to 2020.
- (ii) Toll business units have developed budgets and assigned responsibilities to relevant employees to achieve the mandated target within the given timeframe. Action plans and budgets are reviewed on a regular basis.
- (iii) Projects are financed to meet business mandated ROIs.

OP-3

- (i) The financial implications cannot be accurately quantified given that this is a longer term opportunity
- (ii) Toll engages with different levels of government through industry bodies focusing on investigation of a range of planning options.
- (iii) Given the long term nature of the opportunity direct costs are hard to estimate.

OP-4

- (i) Financial implications are hard to estimate as this opportunity is in the pre-feasibility stage.
- (ii) Toll is liaising with industry bodies and consultants to look at methods of developing consignment level reporting
- (iii) Costs cannot be estimated as yet, but Toll will be looking to share the cost with those clients looking for this extra service.

6.1c Please describe the opportunities that are driven by changes in physical climate parameters

| ID | Opportunity driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact |
|----|--------------------|-------------|------------------|-----------|------------------|------------|---------------------|
|----|--------------------|-------------|------------------|-----------|------------------|------------|---------------------|

6.1d Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

6.1e Please describe the opportunities that are driven by changes in other climate-related developments

| ID | Opportunity driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact |
|------|--------------------|---|---|-----------|-------------------|----------------------|---------------------|
| OP-5 | Reputation | Increased reputation due to environmental performance, becoming a logistics supplier of choice based on carbon intensity. | Increased demand for existing products/services | 1-5 years | Indirect (Client) | More likely than not | Low-medium |

6.1f Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

OP-5

- (i) Difficult to estimate as it is an externality & based on brand reputation
- (ii) Highlighting key outcomes through client briefings, environmental reports and through other public reporting.
- (iii) No direct costs as already managed through current resources.

6.1g Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1h Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

Although Toll sees opportunities through changes in the physical climate, they will not be realised during the short to medium term (10 years)**.

** The Economics of Climate Adaptation Working Group (2009), Shaping Climate Resilient Development. A Framework for Decision-making, joint report by ClimateWorks Foundation, Global Environmental Facility, European Commission, McKinsey & Co., The Rockefeller Foundation, Standard Chartered Banks and SwissRe.

6.1i Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

**Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]
Page: 7. Emissions Methodology**

7.1 Please provide your base year and base year emissions (Scopes 1 and 2)

| Base year | Scope 1 Base year emissions (metric tonnes CO2e) | Scope 2 Base year emissions (metric tonnes CO2e) |
|-----------------------------------|---|---|
| Wed 01 Jul 2009 - Wed 30 Jun 2010 | 437,525 | 95,164 |

7.2 Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

| Please select the published methodologies that you use |
|---|
| Australia - National Greenhouse and Energy Reporting Act |

7.2a If you have selected "Other", please provide details below

7.3 Please give the source for the global warming potentials you have used

| Gas | Reference |
|-----|--|
| CO2 | IPCC Fourth Assessment Report (AR4 - 100 year) |

7.4 Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

| Fuel/Material/Energy | Emission Factor | Unit | Reference |
|-------------------------------|-----------------|------------------------------|---------------|
| Diesel/Gas oil | 2.73 | metric tonnes CO2e per litre | AUS DCCEE NGA |
| Motor gasoline | 2.38 | metric tonnes CO2e per litre | AUS DCCEE NGA |
| Jet kerosene | 2.56 | metric tonnes CO2e per litre | AUS DCCEE NGA |
| Liquefied petroleum gas (LPG) | 1.59 | metric tonnes CO2e per litre | AUS DCCEE NGA |
| Liquefied Natural Gas (LNG) | 0.00 | metric tonnes CO2e per m3 | AUS DCCEE NGA |

Attachments

[https://www.cdproject.net/Sites/2011/71/19171/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/7.EmissionsMethodology/National Greenhouse Account Factors 2010.pdf](https://www.cdproject.net/Sites/2011/71/19171/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/7.EmissionsMethodology/National%20Greenhouse%20Account%20Factors%202010.pdf)

Page: 8. Emissions Data - (1 Jul 2009 - 30 Jun 2010)

8.1 Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2a Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

437,525

8.2b Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 breakdown

| Boundary | Gross global Scope 1 emissions (metric tonnes CO2e) | Comment |
|----------|---|---------|
|----------|---|---------|

8.2c Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 Total

| Gross global Scope 1 emissions (metric tonnes CO2e) - Total Part 1 | Comment |
|--|---------|
|--|---------|

8.2d Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 2

| Gross global Scope 1 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities | Comment |
|---|---------|
|---|---------|

8.3a Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

95,164

8.3b Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 breakdown

| Boundary | Gross global Scope 2 emissions (metric tonnes CO2e) | Comment |
|----------|---|---------|
|----------|---|---------|

8.3c Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 Total

| | |
|--|---------|
| Gross global Scope 2 emissions (metric tonnes CO2e) - Total Part 1 | Comment |
|--|---------|

8.3d Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 2

| | |
|---|---------|
| Gross global Scope 2 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities | Comment |
|---|---------|

8.4 Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

8.4a Please complete the table

| Reporting Entity | Source | Scope | Explain why the source is excluded |
|------------------|--------|-------|------------------------------------|
|------------------|--------|-------|------------------------------------|

8.4 Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a Please complete the table

| Source | Scope | Explain why the source is excluded |
|---------------------|---------------|---|
| Overseas Operations | Scope 1 and 2 | 8.2a & 8.3a are Australian Emissions only. Overseas operations' counting scheduled to commence in the short to medium term, subject to availability of legal and technical infrastructure in-situ. The focus initially is on Australian operations as this accounts for around 60% of revenue |

8.5 Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

| Scope | Uncertainty Range | Main sources of uncertainty | Please expand on the uncertainty in your data |
|---------|---|--|--|
| Scope 1 | More than 2% but less than or equal to 5% | Assumptions Metering/ Measurement Constraints | Uncertainty is associated with adjustments made during the monthly reporting process at the end of each month, especially in relation to causes leading to adjustment, and each business decision process in arriving at adjusted total. |
| Scope 2 | More than 2% but less than or equal to 5% | Data Gaps Metering/ Measurement Constraints | Minor issues with data sourcing from energy vendor in related to normal switch of providers during the year |

8.6 Please indicate the verification/assurance status that applies to your Scope 1 emissions

Verification or assurance complete

8.6a Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.6b Please provide further details of the verification/assurance undertaken, and attach the relevant statements

| Type of verification or assurance | Relevant standard | Relevant statement attached |
|-----------------------------------|-------------------|--|
| Reasonable assurance | ISAE 3000 | 2009 - 2010 NGER EY Assurance Project Letter Final |

8.7 Please indicate the verification/assurance status that applies to your Scope 2 emissions

Verification or assurance complete

8.7a Please indicate the proportion of your Scope 2 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.7b Please provide further details of the verification/assurance undertaken, and attach the relevant statements

| Type of verification or assurance | Relevant standard | Relevant statement attached |
|-----------------------------------|-------------------|--|
| Reasonable assurance | ISAE 3000 | 2009 - 2010 NGER EY Assurance Project Letter Final |

8.8 Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?

No

8.8a Please provide the emissions in metric tonnes CO₂e

Attachments

[https://www.cdproject.net/Sites/2011/71/19171/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Jul2009-30Jun2010\)/2009 - 2010 NGER - EY Assurance Project Letter Final.pdf](https://www.cdproject.net/Sites/2011/71/19171/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Jul2009-30Jun2010)/2009-2010%20NGER-%20EY%20Assurance%20Project%20Letter%20Final.pdf)

9.1 Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

9.1a Please complete the table below

| Country | Scope 1 metric tonnes CO2e |
|-----------|----------------------------|
| Australia | 437,525 |

9.2 Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By business division

9.2a Please break down your total gross global Scope 1 emissions by business division

| Business Division | Scope 1 metric tonnes CO2e |
|----------------------------------|----------------------------|
| Toll Global Resources | 46,744 |
| Toll Global Logistics | 103,213 |
| Toll Global Forwarding | 216 |
| Toll Global Express | 41,702 |
| Toll Domestic Forwarding | 118,445 |
| Specialised and Domestic Freight | 127,206 |
| Toll Corporate Services | 0 |

9.2b Please break down your total gross global Scope 1 emissions by facility

| Facility | Scope 1 metric tonnes CO2e |
|----------|----------------------------|
|----------|----------------------------|

9.2c Please break down your total gross global Scope 1 emissions by GHG type

| GHG type | Scope 1 metric tonnes CO2e |
|----------|----------------------------|
|----------|----------------------------|

9.2d Please break down your total gross global Scope 1 emissions by activity

| Activity | Scope 1 metric tonnes CO2e |
|----------|----------------------------|
|----------|----------------------------|

Page: 10. Scope 2 Emissions Breakdown - (1 Jul 2009 - 30 Jun 2010)

10.1 Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

10.1a Please complete the table below

| Country | Scope 2 metric tonnes CO2e |
|-----------|----------------------------|
| Australia | 95,164 |

10.2 Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By business division

10.2a Please break down your total gross global Scope 2 emissions by business division

| Business division | Scope 2 metric tonnes CO2e |
|----------------------------------|-----------------------------------|
| Toll Global Resources | 2,594 |
| Toll Global Logistics | 28,101 |
| Toll Global Forwarding | 505 |
| Toll Global Express | 23,584 |
| Toll Domestic Forwarding | 24,751 |
| Specialised and Domestic Freight | 10,934 |
| Toll Corporate Services | 4,695 |

10.2b Please break down your total gross global Scope 2 emissions by facility

| Facility | Scope 2 metric tonnes CO2e |
|-----------------|-----------------------------------|
|-----------------|-----------------------------------|

10.2c Please break down your total gross global Scope 2 emissions by activity

| Activity | Scope 2 metric tonnes CO2e |
|-----------------|-----------------------------------|
|-----------------|-----------------------------------|

Page: 11. Emissions Scope 2 Contractual

11.1 Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?

Yes

11.1a You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO2e

11.1b Explain the basis of the alternative figure (see guidance)

11.2 Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

11.2a Please provide details including the number and type of certificates

| Type of certificate | Number of certificates | Comments |
|---------------------|------------------------|----------|
|---------------------|------------------------|----------|

Page: 12. Energy

12.1 What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

12.2 Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

| Energy type | MWh |
|-------------|-----------|
| Fuel | 1,729,631 |
| Electricity | 99,993 |
| Heat | |
| Steam | |
| Cooling | |

12.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

| Fuels | MWh |
|-------------------------------|-----------|
| Diesel/Gas oil | 1,628,451 |
| Motor gasoline | 8,278 |
| Jet kerosene | 53,861 |
| Liquefied petroleum gas (LPG) | 39,019 |
| Liquefied Natural Gas (LNG) | 22 |

Page: 13. Emissions Performance

13.1 How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Increased

13.1a Please complete the table

| Reason | Emissions value (percentage) | Direction of change | Comment |
|-----------------------------------|------------------------------|---------------------|--|
| Other: Acquisitions & methodology | 6.65 | Increase | Increased due to: Acquisitions of new business - selected highlight includes the purchase of four large Australian domiciled transport & logistics businesses. Methodology - continuing refinement of data capture rigour, including engagement of external auditors (Ernst & Young) to conduct assurance on existing methods and processes. |

13.2 Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Explanation |
|------------------|--------------------|--------------------|-----------------------------|--|--|
| 94.25 | metric tonnes CO2e | unit total revenue | 4.39 | Increase | NOTE: Metric is Australian tCO2-e/Australian Revenue (Million AUD). This increase in intensity measure is in line with acquisition based growth. However we expect that future synergies will reduce the rate of increase. |

13.3 Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Explanation |
|------------------|--------------------|--------------------|-----------------------------|--|---|
| 14.40 | metric tonnes CO2e | FTE Employee | 5.53 | Increase | NOTE: Metric is Australian tCO2-e/Australian FTEs. Direct relationship between increase in organisation size due to acquisitions and activity level, with lesser synergies available in term of labour force flexibility. |

13.4 Please provide an additional intensity (normalized) metric that is appropriate to your business operations

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Explanation |
|------------------|--------------------|--------------------|-----------------------------|--|-------------|
| | metric tonnes CO2e | | | | |

Page: 14. Emissions Trading

14.1 Do you participate in any emission trading schemes?

No, and we do not currently anticipate doing so in the next two years

14.1a Please complete the following table for each of the emission trading schemes in which you participate

| Scheme name | Period for which data is supplied | Allowances allocated | Allowances purchased | Verified emissions in metric tonnes CO2e | Details of ownership |
|-------------|-----------------------------------|----------------------|----------------------|--|----------------------|
|-------------|-----------------------------------|----------------------|----------------------|--|----------------------|

14.1b What is your strategy for complying with the schemes in which you participate or anticipate participating?

14.2 Has your company originated any project-based carbon credits or purchased any within the reporting period?

No

14.2a Please complete the following table

| Credit origination or credit purchase | Project type | Project identification | Verified to which standard | Number of credits (metric tonnes of CO2e) | Number of credits (metric tonnes CO2e): Risk adjusted volume | Credits retired | Purpose e.g. compliance |
|---------------------------------------|--------------|------------------------|----------------------------|---|--|-----------------|-------------------------|
|---------------------------------------|--------------|------------------------|----------------------------|---|--|-----------------|-------------------------|

15.1 Please provide data on sources of Scope 3 emissions that are relevant to your organization

| Sources of Scope 3 emissions | metric tonnes CO2e | Methodology | If you cannot provide a figure for emissions, please describe them |
|---------------------------------|--------------------|--|--|
| Transportation and distribution | | N/A | Toll employs contractors for part of its operations. We expect that the emissions arising from them is of some significance but are unable to provide an estimate at this point in time. There are various barriers to doing so and we are examining technological, analytical and legal options. To this end we have included this in the scope of work for consultancy tenders in the coming years |
| Waste generated in operations | 22,594.16 | Waste data from service provider invoices converted into tCO2-e per Australian National Greenhouse Account Factors (NGA) | |

15.2 Please indicate the verification/assurance status that applies to your Scope 3 emissions

Not verified or assured

15.2a Please indicate the proportion of your Scope 3 emissions that are verified/assured

15.2b Please provide further details of the verification/assurance undertaken, and attach the relevant statements

| Type of verification or assurance | Relevant standard | Relevant statement attached |
|-----------------------------------|-------------------|-----------------------------|
|-----------------------------------|-------------------|-----------------------------|

15.3 How do your absolute Scope 3 emissions for the reporting year compare to the previous year?

Increased

15.3a Please complete the table

| Reason | Emissions value (percentage) | Direction of Change | Comment |
|--------------|------------------------------|---------------------|---|
| Acquisitions | 3.97 | Increase | Acquisition of new businesses added their facilities' waste streams to overall waste CO2 calculation. |

Module: Sign Off
Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

Nick Prescott
Group Environment & Energy Manager
Toll Holdings Limited