

Toll Holdings EEO Public Report 2011

Part 1 - Corporation Details

Controlling Corporation

Period to which this report relates

Insert the name of the Controlling Corporation exactly as it is registered with the EEO Program. The period to which the report relates is the total period of participation up to 30 June prior to when the report is due.

From To

Table 1.1 - Major Changes to Corporate Group Structure or Operations

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Extraction from Toll Media Release 11 March 2011

Toll Group, the Asian region's leading provider of integrated logistics solutions has agreed to acquire Mitchell Corp, a major supplier of transport and logistics services to and from mining sites in Western Australia.

"The continuing development of the Western Australian (WA) resources industry is globally significant and offers Toll important growth opportunities in a number of our businesses," said Toll Group Managing Director, Paul Little AO.

"The Mitchells business is the second largest player in its sector in the Western Australian market. It will be an important part of our Global Resources Division where it will provide Toll with a strong base in the WA resources market complimenting our mining services operations in other states and creating service opportunities for other Toll businesses," said Mr Little.

"Mitchell Corp has a strong reputation as a quality innovative resources transport provider. It has a premium customer base and a unique range of well maintained assets," added Mr David Jackson, Chief Executive Officer of Toll Global Resources.

"Mitchells provides its customers with transport services in the bulk resources, hydrocarbons and dangerous goods market segments. Toll's Global Resources Division services the oil and gas, iron ore and coal industries in Australia and Asia. We also provide marine logistics, ship husbandry and remote logistics services around the Asian region and beyond.


Table 1.2 – Aggregate energy assessed covered in this report

Total energy use covered by all assessments in this report	8,510,182	GJ
Total energy assessed as percentage of total energy use of the corporate group*#	98	%

* If this report covers only part of the corporate group, than the percentage should be computed on the total energy use for that part of the group covered in this report

Please note that corporations are required to assess 80% or more of their energy use in the first five-year assessment cycle and 90% or more in subsequent five-year assessment cycles. Accordingly, for those corporations with a 2005-06 trigger year (i.e. those corporations at the end of their first-five year assessment cycle), the value in "Percentage of corporation's energy use assessed" above, must be more than 80%.

Declaration

Declaration of accuracy and compliance	
<p>The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the <i>Energy Efficiency Opportunities Act 2006</i> and <i>Energy Efficiency Opportunities Regulations 2006</i>.</p>	
	(Brian Kruger, Managing Director - Elect)
	Date 20 December 2011

Part 2 - Assessment Outcomes

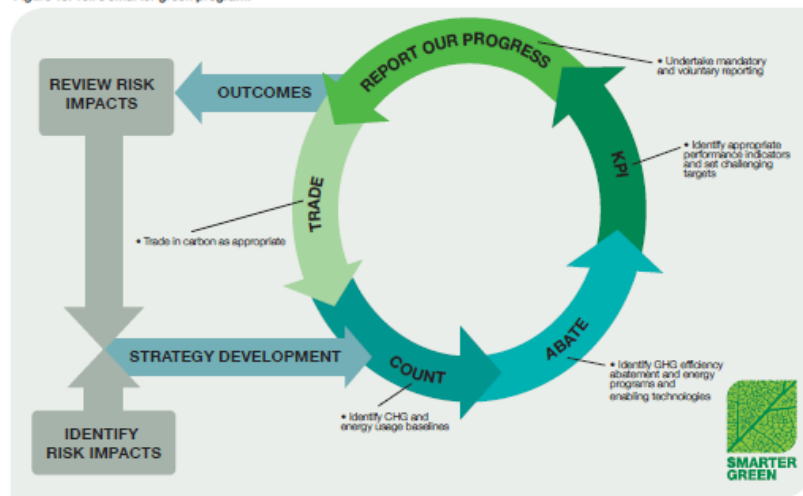
Table 2.1 – Assessment Details

It is compulsory to complete a separate table for each group member, business unit, or key activity that has been assessed

Description of the way in which the entity carried out its assessment

This year, Toll's focus has been on rolling out the results of assessments completed in previous years as part of a new strategy for tackling the challenges associated with climate change and energy security. Toll's "Smarter Green" program is an integrated management program that encompasses the 6 key elements of the *Energy Efficiency Opportunities Guidelines (2006)* eg: Leadership; People; Information, Data and Analysis; Opportunity Identification and Evaluation; Decision Making and Communication.

Figure 16. Toll's smarter green program.



The Smarter Green strategy is to:

- Actively manage our risks and leverage our opportunities associated with Climate Change/Greenhouse Gas Emissions & Energy.
- Reduce emissions intensity and improve energy efficiency in our own operations, as economically feasible (Short term)
- Move to renewable energy sources, as they become viable, so that we can run our operations in a more sustainable way (Longer term)
- Engage with our customers and suppliers to reduce the emissions intensity and improve the energy efficiency of their supply chains through optimal modal choice, equipment choice, technical innovation and improved business design and operational practices.
- Protect and enhance our reputation in the sustainability arena.

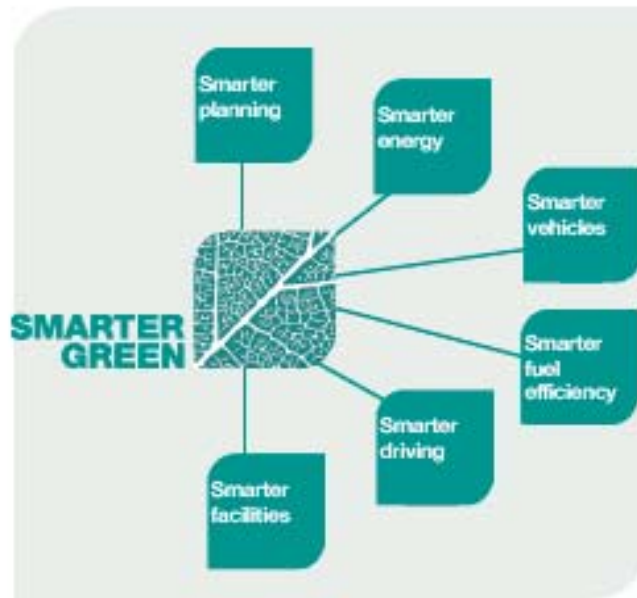
Toll has set in place its Smarter Green program to address the risks of climate change and energy security. In it we are measuring our baselines, developing KPI's, setting targets, implementing abatement programs, reporting our progress to stakeholders and preparing to trade, as appropriate.

Toll has firmly set its sights on growth as a company. This has been reflected in its history of over 90 acquisitions in its history across various transport modes including road, sea and air. These acquisitions have grown our logistics task and likewise our requirements for energy use. Consequently our total energy use continues to grow in absolute terms. This was again the case in the last year with the acquisitions of Mitchell Corp and Concord Park to our Australian operations. At the same time Toll is diligently seeking to improve our overall energy intensities and greenhouse gas intensities. For the later we have set an improvement target of 20% by 2020 against a minimum reference year of F10. In order to monitor our progress to achieving this target we are developing Intensity Indexes for each of our key modes. This will provide an indication of our energy and Greenhouse gas improvements on a kilometre (eg road transport), tonne-kilometre (road transport/marine/air) or area (facilities) presented as an index. Put simply, if we become more efficient in our use of energy and level of emissions than our competitors this will be an area of comparative advantage for Toll and a net

benefit for the planet in terms of relative greenhouses gas emissions and use of constrained energy resources.

Toll has a vision of sustainable logistics in which we reduce our environmental impacts, minimise harmful emissions, increasingly use renewable energy sources as we fulfil community needs for transport and logistics service to move of goods across our global communities.

The initiatives that are being rolled out under Smarter Green fall in to six different categories.



Smarter Driving: Our experience shows that driver behaviour can have significant impacts on vehicle fuel economy and emissions. By training our drivers to better anticipate the driving task, keep within ideal engine rev ranges, minimise vehicle idling behaviour, breaking and gear changes we estimate that fuel efficiency and associated emission can be improved by around 8%.

Smarter Energy: Reliance on fossil fuels such as diesel, with their higher emissions and the long term supply and demand picture for a finite resource has driven Toll to develop its smarter energy program. We are actively researching and trialling a range of options including biodiesel, compressed and liquefied natural gas, LPG, ethanol, hydrogen, electric and solar as part of our longer term energy mix in our road, sea, air and facility based operations.

Smarter Vehicles: We are looking at a range of alternative drive trains that we can use in place of the traditional combustion engine. These include the application of electric motors powered by batteries and or capacitor technology; hybrid electric vehicles which combine traditional combustion engine technology with electric motors to improve fuel efficiency and emissions and mechanical hybrids.

Smarter Fuel Efficiency: Toll has identified a number of new and evolving technologies that can drive improved fuel efficiency into our fleets and at the same time

reduce emissions. These include improved: engine efficiency management systems; vehicle aerodynamics; the use low friction tyres; smarter maintenance regimes; the use lightweight materials; idle off devices; auxiliary power units, improved refrigeration in our road fleets. Similar opportunities are being investigated in our shipping and air fleets.

Smarter Planning: Significant scope exists to improve our emissions through smarter logistics planning. This is possible through: improving vehicle capacity and utilisation, network and route optimisation to reduce kilometres travelled; night-time freight movements to reduce congestion, working with our customers to streamline their supply chains

Smarter Facilities: To help us drive down emissions and energy use in our facilities we have developed an “Environmental Design Template” for all our new and retrofitted facilities. This includes considerations of; building design with regard to environmental conditions (natural light, building orientation, building materials); smart lighting and heating; energy management systems (mechanical and lighting), natural gas co generation plants; alternative supplementary power sources (solar and wind power); water harvesting along with environmentally sustainable building fit out and furniture materials.

Smarter Green involves each Business Unit (BU) operating within Australia to have a Smarter Green action plan. The action plan covers off on all initiatives to be implemented by the BU. There are currently around 140 initiatives either under investigation or in the process of implementation across the 32 BU's.

Toll's EEO assessments have been completed in three areas and represents 97% of energy use at Toll.

1. Road Transport (Fuel use)
2. Shipping (Specifically marine diesel bunker fuel use)
3. Facilities (Electricity and LPG use)

Toll's energy use covers approximately 400 sites across 32 Business Units within Australia.

The figures for this report represent Toll's 2010/2011 Financial Year data. These were collated using our Greenhouse Emissions Management System (GEMS) in which Business Units enter data for transport fuel, electricity and LPG consumption on a monthly basis. This data is then used extensively within Toll as operational management information for energy and emissions management and also for various reporting tasks including *National Greenhouse and Energy Reporting (NGERS)*. Toll's energy data for this period has been reasonably assured by Ernst and Young.

Road Transport

Transport fuel consumption represented 96% of all Toll's energy use this financial year, covering road transport, shipping and aviation activities across 23 Business Units. Within this, road transport represented 81% of energy use.

Toll's fuel usage categories reviewed in last year's assessment are listed below:

- Cars
- <4.5 Tonne vehicles
- >4.5 Tonne vehicles
- >20 Tonne vehicles
- Refrigerated containers and reefers
- Refrigerated trailers
- Forklifts
- Other (bulldozers, loaders etc)

Shipping

Shipping fuel represented 12% of Toll's total energy consumption.

The following categories were used for the shipping assessment:

- Cars
- >20 Tonne vehicles
- Containers
- Forklifts
- Ships
- Other



This year's energy usage figures for Shipping included only bunker fuel, with data for associated facilities and road transport being allocated to their respective analysis categories.

Facilities

Toll's facility energy usage made up 4% of the total energy used by Toll in this financial year.

Toll categorises its 400 sites into 6 operational categories:

- Distribution Centres
- Warehousing
- Docks and Depots
- Workshops
- Administration
- Refrigeration

* Please note that, for individual sites that use more than 0.5PJ of energy, all energy use must be assessed (less a small proportion for non integral energy use).

Name of group member or business unit or key activity

Road Transport

Total energy use in the last financial year

6,926,913 GJ

Energy use assessed in this entity as a percentage of total entity energy use*

100 %

Energy use assessed in this entity as a percentage of total corporate energy use

80 %

Accuracy of above estimates related to energy use assessed - only required if not $\pm 5\%$ or better

5 %

Period over which assessment was undertaken

01/07/2006

30/06/2011

Table 2.2 a– Energy efficiency opportunities identified in the assessment

Status of opportunities identified to an accuracy of better than or equal to $\pm 30\%$	Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)	
		0 – < 2 years		2 – \leq 4 years		> 4 years			
		No of Opps	GJ	No of Opps	GJ	No of Opps	GJ		
Business Response	Implemented	11	6	20,281	4	6,507	1	687	27,475
	Implementation Commenced	2			1	6,915	1	2,616	9,531
	To be Implemented								
	Under Investigation								
	Not to be Implemented								
Outcomes of assessment	Total Identified	13	6	20,281	5	13,422	2	3,303	37,006
Status of opportunities identified to an accuracy of worse than $\pm 30\%$									
Business Response	Implemented	3	2	9,216			1	2,657	11,873
	Implementation Commenced	15	15	253,030					253,030
	To be Implemented								
	Under Investigation	59	51	173,210	1	797	7	11,674	185,681
	Not to be Implemented								
Outcomes of assessment	Total Identified	77	68	435,456	1	797	8	14,331	450,584

Please note that Corporate Groups **are not required** to report opportunities with a payback greater than 4 years. Reporting this data is voluntary.

Name of group member or business unit or key activity

Shipping

Total energy use in the last financial year

1,083,283 GJ

Energy use assessed in this entity as a percentage of total entity energy use*

100 %

Energy use assessed in this entity as a percentage of total corporate energy use

12 %

Accuracy of above estimates related to energy use assessed - only required if not $\pm 5\%$ or better

5 %

Period over which assessment was undertaken

01/07/2006

30/06/2011

Table 2.2b – Energy efficiency opportunities identified in the assessment

Status of opportunities identified to an accuracy of better than or equal to $\pm 30\%$	Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
		0 – < 2 years		2 – \leq 4 years		> 4 years		
		No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Implemented							
	Implementation Commenced	1	1	7,766				7,766
	To be Implemented							
	Under Investigation	1	1	46,766				47,766
	Not to be Implemented							
Outcomes of assessment	Total Identified	2	2	54,532				54,532
Status of opportunities identified to an accuracy of worse than $\pm 30\%$								
Business Response	Implemented							
	Implementation Commenced	2	2	13,105				13,105
	To be Implemented							
	Under Investigation	7	4	58,392	3	58,622		117,014
	Not to be Implemented							
Outcomes of assessment	Total Identified	9	6	71,497	3	58,622		130,119

Name of group member or business unit or key activity

Facilities

Total energy use in the last financial year

499,987 GJ

Energy use assessed in this entity as a percentage of total entity energy use*

100 %

Energy use assessed in this entity as a percentage of total corporate energy use

5.8 %

Accuracy of above estimates related to energy use assessed - only required if not $\pm 5\%$ or better

5 %

Period over which assessment was undertaken

01/07/2006

30/06/2011

Table 2.2c – Energy efficiency opportunities identified in the assessment

Status of opportunities identified to an accuracy of better than or equal to $\pm 30\%$	Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)	
		0 – < 2 years		2 – \leq 4 years		> 4 years			
		No of Opps	GJ	No of Opps	GJ	No of Opps	GJ		
Business Response	Implemented	10	10	4,553				4,553	
	Implementation Commenced								
	To be Implemented	1			1	834		834	
	Under Investigation								
	Not to be Implemented								
Outcomes of assessment	Total Identified	11	10	4,553	1	834		5,387	
Status of opportunities identified to an accuracy of worse than $\pm 30\%$									
Business Response	Implemented								
	Implementation Commenced	3	3	17,676				17,676	
	To be Implemented								
	Under Investigation	38	21	29,398	8	18,369	9	4,949	52,716
	Not to be Implemented	1					1	2,426	2,426
Outcomes of assessment	Total Identified	42	21	47,074	8	18,369	10	7,375	72,818

Table 2.3 - Details of significant opportunities identified in the assessment

Corporate Groups are required to provide at least 3 examples of significant opportunities for improving the energy efficiency of the group that have been identified in assessments.

Nike - just doing it green.

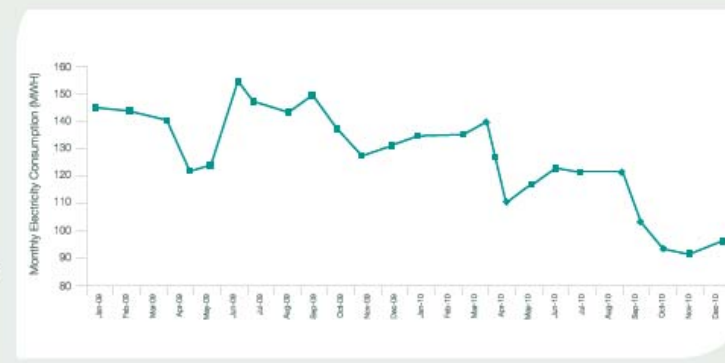
Nike and Toll in2store have been logistics partners since 2000. Toll in2store purpose built a state of the art facility for Nike Australia's operational needs, incorporating sophisticated warehouse management systems and materials handling.

The 25000sqm facility in Altona Melbourne, has the ability to handle in excess of 30,000SKU's of both locally produced and imported goods.

Toll in2store originally designed an environmentally aware site that incorporated translucent roofing and energy efficient lighting systems with automation controls to optimise natural light.

In 2008 the Toll and Nike team set out to further improve the site by installing timers on air compressors, using light timers for offices and then in 2010 added sunset sensors in the warehouse.

These initiatives improved energy use and emissions reduction by 26 per cent, with paybacks of less than a year. These results show that reviews of modern facilities can yield significant energy efficiency gains with GHG reductions.





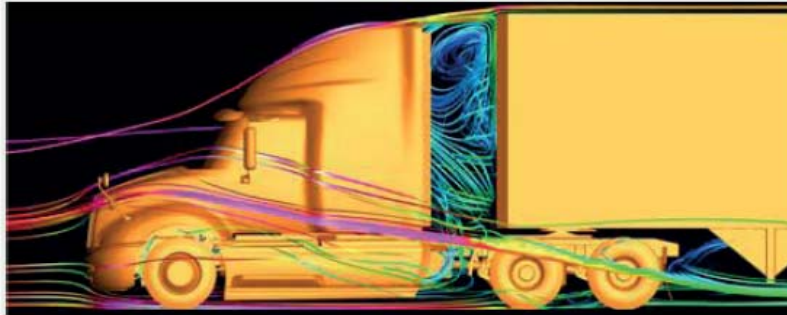
Aerodynamic drag reduction.

Aerodynamic drag is the result of forces (pressure imbalances) acting on a vehicle as it passes through the air. The magnitude of the forces acting on the vehicle depends on speed, frontal area and external shape. Aerodynamic drag is the most significant contributor to vehicle power requirements above a speed of 80 km/hr.

Aerodynamic treatments can significantly reduce the horsepower required to move the truck. These tend to be more effective at higher speeds. The power required to overcome things like tyre rolling resistance at lower speeds, are not affected by the aerodynamic aids.

Not only cabs are affected by wind resistance, but also trailers can play their part in creating aerodynamic drag. For example, adding side skirts reduces aerodynamic drag. Three trials conducted by Toll all increased fuel efficiency by to 8 per cent, by adding side skirts. Beyond this aerodynamic can be expected to improve fuel efficiency up to 20% alone.

Up to
20% GHG
reduction





Pushing the design envelop - Higher Productivity Vehicles (HPV).

Toll is working closely with our equipment suppliers and various industry and Government programs trailing and developing a range of smarter vehicles.

Higher Productivity Vehicles (HPV) (truck and trailer combinations), give Toll the ability to shift freight more efficiently while providing significantly reduced GHG intensities and improved safety performance.

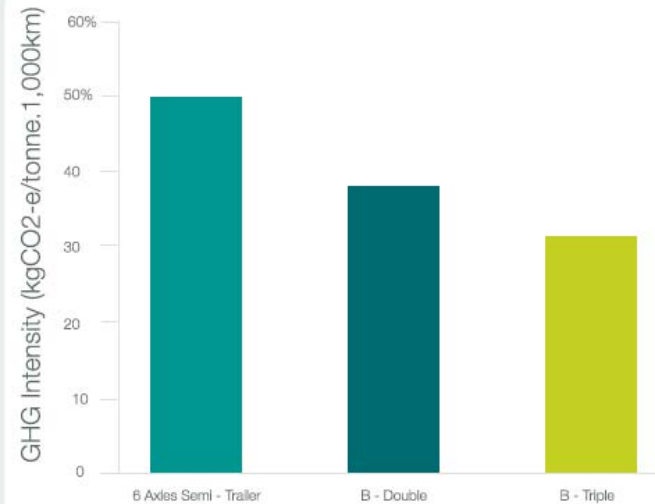
Typically they are used in 'point-to-point' high volume freight tasks. In a comparison of different trucks moving 1000 tonnes of freight, HPV's make significant savings through reduced fuel consumption, reduced driver demand, road impacts, truck trips, reduced congestion, increased payload and GHG reductions.

In the table we see that gains of 21 per cent for B Doubles and 35 per cent for B Triples in GHG intensity over a six axle semi-trailer.

As regulatory authorities allow a greater prevalence of these vehicles on routes, the productivity and environmental benefits grow.

Toll has a large fleet of HPV vehicles and works at the forefront with relevant authorities to progress their application in its various markets.

Relative GHG intensity of HPV's



Up to
35% GHG
reduction