The ‘GM Holden Business Report 2012’ outlines the environmental, social, and economic performance of our Australian operations. This is our third annual business report and complements our progress updates through the General Motors’ (GM) global reporting process. It offers a comprehensive account of our achievements and challenges, as well as areas for improvement and commitments for the future as we work to design, build and sell the world’s best vehicles.

**Boundary**

This report covers Australian operations of GM Holden Ltd including:
- Head Office, Design and Engineering Centre and Holden Engine Operations (HEO), Port Melbourne, Victoria
- Holden Vehicle Operations (HVO), Elizabeth, South Australia
- National Distribution Centre (NDC), Dandenong, Victoria
- Proving Ground, Lang Lang, Victoria
- State sales offices - Victoria, New South Wales, South Australia, Queensland and Western Australia.

This report excludes the performance of the Holden dealership network, which is owned and operated independently by over 270 outlets in Australia.

**Scope**

The performance and financial data in this report covers Holden’s operations for the calendar year to 31 December 2012, unless otherwise indicated. The report does include more current commentary to ensure coverage of substantive and material issues. Unless stated otherwise all financial data is expressed in Australian dollars ($AUD).

To help understanding and comparability with other automotive companies and industries, the content in this report has been guided by the Global Reporting Initiative’s Sustainability Guidelines (G3.1).

**Materiality**

Material issues for this report were identified by considering feedback from key stakeholders regarding issues that they considered most important, and our own internal assessment of issues with actual or potential high impact on our business.

Senior management analysed a range of material including:
- Insights from internal experts who engage with stakeholders and public policy discussion
- Peer review (inside and outside the automotive industry)
- Current public debate review through media coverage.

External consultation was undertaken with a selection of key stakeholders about the effectiveness of our previous report and the emerging issues of concern that they believe are relevant to our business. Stakeholders were interviewed and included representatives from government, fleet, employees, the media and community partners. These issues were then factored into an internal materiality assessment, which identified the following priority areas:

<table>
<thead>
<tr>
<th>Material Issue</th>
<th>Report Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>The future of the automotive industry (including global competitiveness, exchange rates, trade, industry and tax policy)</td>
<td>Public Policy, Economic Contribution, Future of Australia's Automotive Industry</td>
</tr>
<tr>
<td>Holden products: safety, innovation and quality</td>
<td>Product Innovation, Customer Focus</td>
</tr>
<tr>
<td>Cleaner vehicle technology and environmental efficiency</td>
<td>Product Innovation, Environment</td>
</tr>
<tr>
<td>Employees (safety, talent attraction and retention, engagement and performance)</td>
<td>Employees and Workplace</td>
</tr>
<tr>
<td>Suppliers - impact and ethics</td>
<td>Economic Contribution, Suppliers</td>
</tr>
<tr>
<td>Manufacturing efficiency - two car line strategy at HVO and reducing material usage</td>
<td>Our Business &amp; Strategy, Product Innovation and Environment</td>
</tr>
</tbody>
</table>

This analysis forms the structure of this report and provides a valuable mechanism for ongoing engagement with our stakeholders.
Engaging with our stakeholders

Our people are our most crucial stakeholders at Holden. We recognise the passion and dedication they have for the Holden brand, as well as the pivotal role they play in driving the high levels of precision and quality in our products. We regularly communicate with employees and their six major unions in order to foster this relationship. We also maintain strong relationships with our retail and fleet customers, our Holden dealers around Australia and local suppliers who help us maintain our high standards of service and operations. These stakeholders all make significant contributions to our business.

We understand that we operate as part of a wider community, which includes our employees’ families and those near our operations. We engage frequently with the Australian media, local communities, and others who represent them, including community leaders and key environmental agencies. We have developed innovative ways of creating dialogue with our stakeholders including the use of social media tools such as our Holden HQ blog, Open Mike, YouTube videos, Twitter and Facebook.

Public policy and legislation can significantly impact our industry and business, so we maintain an active and respectful dialogue with policy makers at federal, state and municipal levels of government, often briefing Members of Parliament on matters of interest. We also work closely with the automotive industry’s representative body, the Federal Chamber of Automotive Industries (FCAI).

Holden also participates in industry working groups to advise on public policy, such as the Prime Minister’s Taskforce on Manufacturing and the Manufacturing Leaders Group.

As part of our parent company, GM, we are a member of a larger global business and industry, with responsibilities to the international investment community.

For the purpose of this report, senior management identified key stakeholders as those groups or individuals who have an interest in Holden and who have a significant influence on our business.

We see the value of this report as an opportunity to engage with our key stakeholders, in addition to our other regular consultation mechanisms.
2012 was very exciting for many reasons at Holden, as you’ll see in this Report. One reason is that as a car company, I think one of the most critical factors of our success is the performance of our vehicle portfolio.

So it was a very pleasing result that in 2012 two Holden vehicles, the Commodore and Cruze, were among the top five selling cars in Australia. Both these care are built, designed and engineered locally. That is a result that demonstrates Holden makes cars Australians want to buy. As far as our business strategy goes, that is a critical factor in ensuring our ongoing success.

In 2012 we also geared up to launch a range of great new cars – eight vehicles between June 2012 and August 2013 - to bring our total to a strong portfolio of 20 vehicles. One of these cars will be the highly anticipated VF Commodore in 2013. I believe our expanded portfolio will thrill our loyal Holden customers, as well as attract new customers to the brand.

2012 also saw Holden launch the Volt – a vehicle that brings together commercial and innovation imperatives into what Holden believes is the car of the future. It is Australia’s first long range electric vehicle without the normal range anxiety. Recharging in less than six hours, via a regular household outlet (10A charge), road travel can cost as little as $2.50 for a full charge. It has no tailpipe emissions when operating in all-electric mode and, when coupled with renewable power generation, it reduces reliance on unsustainable energy sources. In purchasing the Volt, Holden and its customers are leading the way by investing in a sustainable future.

Of equal significance 2012 was about our people. A new variable performance based pay system became standard for all GM companies and we took proactive steps to increase employee engagement based on feedback from our annual Workplace of Choice survey.

We also continued our work with Holden’s Diversity Committee and appointed functional champions in a concerted effort to address gender diversity and workplace flexibility.

Last but not least, we began the conversation that will lead to the launch of our employee volunteering policy in 2013.

On a macro-level, we looked carefully and closely at the economic conditions and challenges working against us and made some important decisions about our productivity and our costs. We moved our General Assembly lines at both Holden Vehicle Operations and Holden Engine Operations to one shift to ensure our continued profitability and performance. Faced with an Australian dollar at historical highs and uncertain economic times, we need to ensure that we are doing all we can to achieve long term financial sustainability.

While all this was happening at Holden, debate continued around the future of the local automotive industry. A high-tech manufacturing industry like the car industry drives critically important employment opportunities, research and development (R&D) and innovation for the Australian people and the Australian economy.

The automotive industry employs more than 48,000 people and since 2007, $4.5 billion dollars has been spent on research and development, including for new powertrain technologies, innovations in lightweighting, alternative fuels and electrification.

It’s about jobs, it’s about innovation and it’s about capability.

We are one of only a handful of countries in the world with this capability. A capability founded on decades of education, nurturing local talent, growing a supplier base, and developing cutting-edge technology. A capability that once lost, requires decades and tenfold the current investment to re-establish.

There isn’t a country in the world lucky enough to have this industry that doesn’t rely on a public-private partnership of some sort to allow it to compete in a challenging and highly competitive global market.

In 2012 Holden also started working on an assistance program with the Australian government. The program would see GM investing $1 billion alongside $275 million from the South Australian and Victorian State Governments and the Australian Government. Work on this will continue in 2013. It’s important to note though, it’s more than investment that the local industry needs. For long term sustainability, we need clear and globally competitive automotive policies so that we can compete fairly. The business environment needs to be on a globally level playing field for Australian auto manufacturing.
In the meantime we need to continue to focus on the factors within our control. Tough economic conditions demand quality production, strong supplier relationships and efficient manufacturing processes. In 2013 we will continue to focus on ways to increase our competitiveness and improve productivity.

There’s more to do, much more, in all the areas outlined in this report.

However, we are confidently moving in the right direction to ensure our long term sustainability. I am sure the decisions we have made as an organisation in 2012 have set us on the right course for the future.

Mike
Our business model

Our vision, which we share with our parent company, is to design, build and sell the world’s best vehicles. Consistent with changes made at GM during the global financial crisis, our business model is focussed on achieving a market share that supports ongoing profitability and reinvesting that profit into the future of our business.

Our business model integrates with our sustainability model by focusing on what we can control and what is valued by our stakeholders. That is, to improve our competitiveness by continuing to improve our quality, eliminating waste, improving efficiency, reducing costs and managing our social and environmental responsibilities.

In order to maintain a competitive business, we reduced our previously forecasted growth in exports and adopted a strategy of growing sustainably, lowering our cost base and producing small vehicles to ensure we are profitable on domestic production alone. We responded to tough economic conditions by reconfiguring our plant at Holden Vehicle Operations and Holden Engine Operations, adjusting our General Assembly to a single shift.

Our business model supports flexibility and responsiveness, to meet the ebb and flow of consumer demands. At Holden Vehicle Operations, line speed increased by nearly 40%, driving greater manufacturing efficiency. The single shift model allowed us to manufacture the same number of vehicles across a single General Assembly shift, significantly reducing costs and production time per vehicle.

This strategy of focusing on efficiencies in domestic manufacturing better aligns with customer requirements and projected future volume. In order to boost manufacturing productivity and efficiency, we took this necessary step to ensure that we are able to continue to have a viable manufacturing operation in Australia for the next decade.

HOW OUR BUSINESS AND SUSTAINABILITY MODELS ALIGN

**DESIGN**
Focusing on fewer brands; leveraging global resources to create the most compelling vehicles and technologies.

Leading in the research and development of advanced technologies to help reduce petroleum dependency, improve fuel economy and reduce emissions.

**REINVEST**
Reinvesting cash and profits consistently into vehicle and technology development regardless of business cycle.

Putting our financial strength to work to ensure the economic viability of our company, to be the employer of choice of our workforce and to enhance the quality of life in our communities.

**BUILD**
Optimizing our global footprint to cost-effectively develop best-in-segment vehicles.

Maximizing the benefits of operating our facilities in an environmentally and socially responsible manner.

**SELL**
Maximizing revenues with a focused brand strategy; delivering world-class vehicles to market.

Offering sustainable vehicle choices to consumers that meet their diverse needs.
An integrated approach

Our business and sustainability models are aligned. At the core of this integrated approach is a strong financial drive to be profitable by achieving our financial targets. Without profits we cannot sustain our overall business performance.

Central to our approach is a commitment to working on renewable and sustainable energy systems to power our range of vehicles. We recognise the global sustainability issues of energy security, finite resources and climate change, alongside the economic factors of increased competition and higher production costs that have long-term impacts on our business.

Consequently, research and development into alternative fuels, automotive safety technology and future friendly vehicles is our priority. We have continued to invest in research and development through our Ecoline strategy that offers consumers cars that run on fuel saving technologies or alternative fuels. We also launched what we believe is one of the most environmentally sound and transformational vehicles in history, the Volt, into the Australian market.

At Holden, sustainability is about finding the right balance between efficient and economic manufacturing of vehicles that are better for the environment and meeting market demands and community needs. We believe fuel-saving technologies and alternative fuels can ensure cars like the Commodore and the fuel efficient LPG model meet the needs of Australian families driving long distances, while still embracing our future-friendly Ecoline philosophy.

Internally, our business systems drive performance, behaviour and understanding throughout the organisation. GM’s Business Plan Deployment (BPD) is a highly effective global system used to drive responsibility and accountability throughout our business. It provides business units with benchmarks for financial, efficiency, environmental, health and safety metrics, and these are carefully managed through monthly reporting.

In 2012 we continued our journey to integrate the extensive range of global, legal and local systems and processes across the organisation.

Our 2012 business plan supports our move to a locally sustainable business model during continued tough economic conditions facing the Australian automotive industry.
Holden has significantly evolved from its origins as a South Australia saddlery founded in 1856. We are both a longstanding symbol of Australia’s automotive heritage and a part of GM’s global family of companies. Holden is a key player in the Australian manufacturing industry and has long been a major contributor to the domestic economy and wider society.

Holden is one of only seven fully-integrated global GM operations that designs, builds and sells vehicles for Australia and the world. We are supported by the global policies, processes and strategies of our parent company which give us access to international knowledge, skills and design capabilities that are adapted to our local requirements.
**Holden Quick Facts**

**Organisation Type**: Fully owned subsidiary

**Industry**: Automotive

**Employees**: 4278 as at 31/12/12

**Markets**: Australia, Exports to Brazil, Middle East, New Zealand, South Africa and USA

**Products**: Volt, Barina Spark, Barina, Cruze, Commodore, Sportwagon, Caprice, Captiva 5, Captiva 7, Ute, Colorado, Colorado 7, Combo, Epica, Monaro

**Models**: 55 models with six body styles and nine variants

**Holden cars in top 5 selling vehicles in 2012**: 2 – Cruze and Commodore

**Head Office**: Port Melbourne, Victoria Australia

**Main Locations**:
- Holden Vehicle Operations (HVO), Elizabeth, South Australia
- Holden Engine Operations (HEO), Port Melbourne, Victoria
- Design and Engineering Centres, Port Melbourne, Victoria
- National Distribution Centre (NDC), Dandenong, Victoria
- Proving Ground, Lang Lang, Victoria
- State sales offices (Victoria, New South Wales, South Australia, Queensland and Western Australia)

**Distribution**: Over 270 Holden outlets throughout Australia

**Parent Company**: General Motors Company (GM), Detroit

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**Performance at a Glance**

<table>
<thead>
<tr>
<th>Economic</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$4.54b</td>
<td>$4.31b</td>
<td>$4.0b</td>
</tr>
<tr>
<td>Net Profit/(Loss)</td>
<td>$112m</td>
<td>$90m</td>
<td>($152.8m)</td>
</tr>
<tr>
<td>Holden vehicles sold</td>
<td>132,923</td>
<td>126,095</td>
<td>114,665</td>
</tr>
<tr>
<td>Total market share</td>
<td>12.8%</td>
<td>12.5%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Holden vehicles manufactured in Australia</td>
<td>66,061</td>
<td>90,424</td>
<td>82,172</td>
</tr>
<tr>
<td>Holden vehicles manufactured in Australia exported</td>
<td>7,817</td>
<td>12,068</td>
<td>13,778</td>
</tr>
<tr>
<td>Holden built engines</td>
<td>98,146</td>
<td>101,019</td>
<td>74,555</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption (kL)</td>
<td>386,888</td>
<td>421,647</td>
<td>407,847</td>
</tr>
<tr>
<td>Total waste (tonnes)*</td>
<td>33,723</td>
<td>37,135</td>
<td>34,351</td>
</tr>
<tr>
<td>Waste to landfill (tonnes)*</td>
<td>1,767</td>
<td>1,807</td>
<td>995</td>
</tr>
<tr>
<td>VOC emissions (tonnes)*</td>
<td>673*</td>
<td>798**</td>
<td>887***</td>
</tr>
<tr>
<td>GHG emissions Scope 1&amp;2 (tonnes CO₂-e)*</td>
<td>150,812*</td>
<td>160,919**</td>
<td>148,016***</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Society</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees (direct)</td>
<td>4,661</td>
<td>4,754</td>
<td>4,278</td>
</tr>
<tr>
<td>Wages paid</td>
<td>$404m</td>
<td>$452m</td>
<td>$421m</td>
</tr>
<tr>
<td>Recordable injury rate (per 200,000 hrs worked)**</td>
<td>0.88</td>
<td>0.38</td>
<td>0.45</td>
</tr>
<tr>
<td>Lost work day case rate</td>
<td>0.29</td>
<td>0.09</td>
<td>0.17</td>
</tr>
<tr>
<td>Australian safety recalls</td>
<td>5</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Customer satisfaction with Holden vehicle</td>
<td>84.3</td>
<td>85.7</td>
<td>86.0</td>
</tr>
<tr>
<td>Customer willingness to recommend Holden vehicle</td>
<td>85.7</td>
<td>87.3</td>
<td>88.1</td>
</tr>
<tr>
<td>Community contributions</td>
<td>$3.715m</td>
<td>$1.577m</td>
<td>$1.013m</td>
</tr>
</tbody>
</table>

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* Mandatory reporting requirements means that GHG and VOC emissions are reported in financial years

+2009-10 ++2010-11 +++2011-12

# Waste from HEO and and HVO plants

## Number of people who visit medical centre for more than first aid treatment
Holden’s Board is committed to upholding high standards of corporate governance and ethical behaviour. The Board is responsible for ensuring the long-term success of Holden, delivering value to our parent company, GM, and to the wider Australian community. Holden is a wholly-owned subsidiary of GM. This relationship underpins our governance practices, alongside Australian regulations, legislation and community expectations.

**Governance framework**

As part of our governance framework, Holden’s Board is accountable to GM for operational performance and risk management. The Board has broad oversight across Holden’s business and meets regularly to discuss a range of key issues, including financial performance, business risks, occupational health and safety, corporate affairs. Public policy and environmental matters. Annually, the board will review and approve its audited financial statements.

From a governance perspective, the work of the board is bolstered by the Senior Leadership Team (SLT). The SLT is the executive body which meets weekly to review all operational activities. The SLT comprises the Managing Director and the leaders of each function at Holden.

Our financial risks are managed and mitigated via:

- Compliance with Sarbanes-Oxley Act (2002);
- Process Risk Management system;
- Participating in General Motors Audit Services (GMAS) audits, which are conducted regularly, up to a maximum of a three-year cycle.

Holden is committed to a culture of respect and ethical behaviour. GM’s Winning with Integrity (WWI) code of conduct is a comprehensive suite of policies that provides specific guidelines on issues such as discrimination, anti-corruption, public policy and anti-competitive behaviour. The code also includes a conflict of interest policy. All salaried employees are required to complete an annual certification process, including a declaration regarding any existing conflicts of interest, and certification of their compliance with the code of WWI policies.

Holden also upholds the Global Sullivan Principles of Social Responsibility, originally developed by GM Board member Dr. Leon Sullivan in 1977.
Greg Tyus, Executive Director of Engineering.

Ashley Winnett, Executive Director of Human Resources.

Grant Hewston, Ravi Tallapalli and Adam Keller from Holden IT.

Jen Hill, Commercial Controller from Holden Finance.
CONTRIBUTION OF THE AUTOMOTIVE INDUSTRY OF AUSTRALIA

An informed public discussion about the levels of Government automotive manufacturing in Australia requires transparency in the levels of Government assistance provided to the industry.

In order to dispel a perception of secrecy within the car industry, or the claim that car makers are trying to hide the amount of support supplied by Australian tax payers, Holden has been open about the amount of co-investment provided by the Australian government.

However, it is important to note that in return for this co-investment there are enormous spill-over benefits from the auto industry into the wider economy, especially through R&D and the substantial spend Holden and other local manufacturers make with Australian suppliers.

On average (over a 12 year period):
- Holden received $150 million per year from the Australian Government;
- Holden spent $490 million on capital, engineering and design investment;
- Holden spent $490 million on wages (of which $120 million returned to the Australian Government as income tax revenue);
- Holden spent $1.75 billion to with Australian suppliers

For every dollar Holden has received from the Australian Government in the past 12 years, 18 times that amount has been generated into the Australian economy by Holden’s local manufacturing activities.

In this debate, it’s also critical to consider the challenging economic conditions car manufacturing in Australia faces. In 2012, this included factors such as the sustained strength of the Australian dollar which makes it highly favourable toward imported cars but makes exporting very difficult; the significant and ongoing support other countries provide for their local car manufacturing industries; and, the impact of declining tariffs on the local car market.

The auto industry in Australia directly employs 48,000 people. For each of these jobs, another four to six people are employed in supporting industries.

As importers and local manufacturers, we play a strategic role in addressing sustainability and helping people reduce carbon emissions. Since 2007, $4.5 billion dollars has been spent on research and development, including for new powertrain technologies, innovations in light-weighting, alternative fuels and electrification.

Holden continues to build considerable capability in alternative fuels – like LPG and flex-fuels which highlights the flow-on benefits of local manufacturing - building and supporting the local industries that produce these fuels.

The automotive industry’s future is by no means certain, however, it is one of the powerhouses of our economy. We are developing new technologies, investing in research and development and using our state of the art manufacturing skills to contribute to the Australian economy. Fostering the intellectual capital generated within the automotive industry, including people and know-how, means we support the potential to unlock future technologies, solutions and ways of thinking. It also means we develop and retain some of the best home grown talent in Australia.
IMPACT OF REDUCED TARIFFS ON THE AUSTRALIAN VEHICLE MARKET

80% OF VEHICLES ARE IMPORTED (2011) (FCAI, 2012)

VEHICLE TARIFFS ARE AT AN ALL TIME LOW OF 3.5%* (2011) *Official rate 5% reduces to 3.5% due to FTA's (FCAI, 2012)

LOCAL IMPORTS EXPORTS TARIFF

IMpACt OF reduced tAriffS ON tHE AUStrALIAN VEHICLE MARKet

Automotive countries around the world recognise the contribution the automotive industry makes in dollars, jobs and technology.

AUSTRALIA VS. OTHER COUNTRIES ON GOVERNMENT CO-INVESTMENT

Government Budgetary Assistance to the Automotive Industry

Automotive countries around the world recognise the contribution the automotive industry makes in dollars, jobs and technology.

Sweden US France Canada Germany UK Australia

=G = $50

(Sapere Research Group, 2011)
Financial Performance

In 2012 Holden recorded a net loss of $152.8 million. The result included $226 million in special one-off charges associated with the restructure of the business – predominantly due to revaluing the company’s manufacturing assets to align with reduced demand. Holden’s consolidated revenue was down from $4.3 billion in 2011 to $4.0 billion in 2012 reflecting lower sales of locally built Commodore and Cruze and the blackout of Colorado prior to the new model launch.

Holden Chief Financial Officer, George Kapitelli said Holden’s 2012 financial performance was the result of an extremely challenging and competitive car market in Australia with unprecedented price competition and discounting.

“Australia is one of the most open and trade-exposed automotive markets anywhere in the world with more than 180 passenger cars to choose from. With the Australian dollar at levels not seen since the early 1980s, this puts particular pressure on our Australian manufacturing operations,” Mr Kapitelli said.

“While we benefit from the strength of the currency with our imported models, we are the most trade-exposed of the local manufacturers, with 60 per cent of our sales from the locally produced Commodore and Cruze.

“Despite the loss Holden is well positioned for future profitability, with a strong and healthy balance sheet and zero debt.

“Holden remains committed to a long term future in Australia - in 2012 we increased our capital spend in plant and equipment by $65 million to over $100 million in preparation for the launch of VF Commodore. Holden also spent $197 million on Research and Development (R&D) activities, taking our R&D investment to over $1 billion in the last five years”.

CASE STUDY: DESIGN SKILLS LEAD BACK TO WHERE IT ALL BEGAN

It’s a long way from Gilgandra in country New South Wales, to Detroit and Seoul, but that was Andrew Smith’s journey as an employee of the global automotive industry. In a career with General Motors spanning three continents, Andrew led interior, exterior and advanced design, as well as global architecture development and concept car creation.

“I’ve had some incredible experiences and opportunities in my overseas assignments and I draw inspiration from them. I love technology and the creative challenge of putting technology into the context of everyday life and the driving experience,” says Andrew.

Andrew cut his teeth as an industrial designer when he joined Holden in 1992, eventually becoming responsible for the exterior design of the VU ute and Sandman, and later being promoted to Interior Design Manager. As Interior Design Manager he led the VE Commodore and WM Statesman/ Caprice program. This experience was a fertile training ground which saw him working at GM’s design headquarters in Detroit, the birthplace of the automotive industry.

In the United States, he held a number of senior North American design positions including Director of Interior Design and Director Advanced Design where he led the Small Premium project for Buick, creating car concepts that are luxurious, spacious and fuel efficient. As Director of Architecture Strategy, Andrew oversaw all vehicle platform development.

Andrew then moved to Seoul, where he was Managing Director of Architecture and Advanced Design for the last two years, with responsibility for small and mid-size vehicle development and the Miray concept car. He has now returned to Holden in Australia, where he brings the insight of his international experience of the automotive industry to his current role as Design Director.

“|I’m excited to be back in Australia leading such an experienced team at Holden. I see my role as integral in driving global collaboration for future product development and ensuring Holden vehicles continue to evolve and meet the needs of our local and global customers,” says Andrew.

It is this kind of global collaboration that is symbolised by Holden’s recently forged relationship with the Pan Asia Technical Automotive Centre, which will see Australian designers and engineers using their talents to break into new markets.

The auto industry provides a vital training ground for designers, who often become ‘live’ Australian exports like Andrew. These world-class skills and capabilities ensure that Australia remains globally competitive.

According to the new Design Director, “it gives the Holden workforce a great sense of pride to work on global vehicle programs like this and to see Australian design, engineering and manufacturing expertise exported around the world.”
Holden recognises the importance of proactively engaging with and adapting to regulation in order to remain competitive. We are a key contributor to policy discussions and work in partnership with government to ensure the long-term viability of Australia’s automotive industry.

Policies related to the environment, industry, trade, economy and safety have the potential to significantly impact our business and industry. We regularly engage with policy makers and regulators at federal, state and local government levels to discuss these areas so that Australia remains competitive and productive.

We also brief Members of Parliament on issues of interest to their constituents, particularly regarding our local plants and new manufacturing developments.

Through close collaboration with our representative body – the Federal Chamber of Automotive Industries (FCAI) – we support the industry and its views. In 2012, Holden’s Managing Director and Chairman, Mike Devereux, handed over the role of FCAI President after an extended tenure of two years. Mike also represented the automotive industry on the Prime Minister’s Manufacturing Taskforce and is a member of the Australian Government’s Manufacturing Leaders Group.

In 2012, we responded to the introduction of the carbon pricing scheme by pursuing energy efficiency gains in our facilities.

We recognise the risks associated with climate change and the potential impacts on our business and society overall. To mitigate those risks we are continuing our investment in fuel economy technology and launching environmentally efficient vehicles including the LPG Commodore and the Volt.

**Government support**

For the domestic automotive industry to continue it needs stable and contemporary assistance and clear, competitive long-term policies with certainty that make Australia an attractive place to invest. These policies are also essential to be competitive with other countries, such as the United Kingdom, which has become a fertile ground to invest due to contemporary government policy and the absence of a debate as to whether or not a public/private partnership is good for the country.

Government assistance enables Holden to compete with other
automotive manufacturing countries, amidst unprecedented competition for capital investment in manufacturing, Australia requires competitive, consistent and contemporary policy to ensure the future of automotive manufacturing. This is already the case for every G20 country with a local automotive industry which is supported by government legislation.

With any investment, whether from GM or the government, comes great responsibility. Holden will continue to focus on controlling structural costs, treating these investments responsibly and investing every dollar wisely.

Between June 2012 and August 2013, Holden will bring eight new cars to market, including four new vehicles in segments where Holden has not been represented. Holden will have 20 vehicles for customers to choose from, including, for the first time, four SUVs. Holden will continue to sell cars that people want to buy. Two of 2012’s top five cars, the Commodore and the Cruze, were built, designed and engineered in Australia.

Holden will continue to respond quickly and strategically to the changing global environment and changing customer needs. We have a long term business plan and will continue to work closely with all levels of government to ensure our continued innovation and competitiveness.

The current federal and state governments have recognised the extensive economic benefits that flow from the engineering, design and manufacturing of cars in Australia. Ongoing recognition of these economic benefits is necessary for the long term sustainability of the local automotive industry.
Holden is one of only seven countries in the GM world with the capability to design, build and sell cars. The time required to bring a new car to market, up to four and a half years, necessitates forecasting market trends and demands, along with predicting environmental and economic changes well into the future.

Driving innovation through Ecoline

We are committed to continuing work on renewable and sustainable energy systems to power our range of vehicles. Adapting the petrol combustion engine to minimise its environmental impact remains a key element in Holden’s range of sustainable transport.

The following fuel saving technologies underpin Holden’s Ecoline portfolio:

- The Spark Ignition Direction Injection (SIDI) system which enables better fuel economy in six cylinder vehicles than some four cylinder cars.
- The Active Fuel Management (AFM) technology on our V8 engines which temporarily de-activates four of the eight cylinders in certain driving conditions when less engine power is required. This improves fuel efficiency and reduces greenhouse gas emissions while maintaining power and performance.
- The Intelligent Turbo Induction petrol engine in the Cruze provides superior performance with fuel economy starting at just 6.4L/100km.

The locally made flex-fuel and LPG vehicles create real world solutions to sustainability challenges. Our flex-fuel range allows cars to run on regular petrol, premium or bio-ethanol. Holden’s R&D into the next generation of fuels and flex-fuel vehicles have led to the following product innovations:

<table>
<thead>
<tr>
<th>Fuel source</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>The Volt is Australia’s first long range electric vehicle, which uses both a battery and petrol generator to travel hundreds of additional kilometres once the battery depletes. The Volt was released in Australia in November 2012. Compared to other similar sized vehicles, the typical driver could save up to 1,890 litres of fuel each year based on 24,000 kilometres of travel.</td>
</tr>
<tr>
<td>Bio-ethanol</td>
<td>E85 fuel is a blend of up to 85% ethanol and 15% petrol. Our analysis shows that Australian E85 reduces non-renewable carbon emissions by 20-40% compared to driving with petrol. Future production processes could potentially reduce the emissions of E85 by up to 90%, compared to petrol. (<a href="http://www.ethanolanswers.com.au/ethanol/benefits">www.ethanolanswers.com.au/ethanol/benefits</a>) All petrol versions of Commodore and Captiva are factory fitted with flex fuel capability.</td>
</tr>
<tr>
<td>Liquefied Petroleum Gas (LPG)</td>
<td>In 2012, we made the dedicated LPG system available in the Commodore and Caprice models. The purpose-built LPG Commodore offers improved environmental credentials and lower running costs, achieving just 189 grams of carbon per kilometre for the LPG Omega sedan.</td>
</tr>
<tr>
<td>Diesel</td>
<td>Advanced diesel technology typically emits less carbon than its petrol equivalents and achieves greater fuel efficiency. Diesel engine models include the Cruze, Captiva, Epica and Colorado vehicles.</td>
</tr>
</tbody>
</table>

Advanced propulsion technology

GM’s global vehicle strategy is to develop energy alternatives and advanced technologies that could reduce and/or displace petroleum, help address energy security, improve fuel efficiency and reduce emissions. We believe that there is no silver bullet, but rather a combination of solutions is required to address the issue of propulsion and energy technologies. Ultimately, we believe electrically driven vehicles may offer the best long-term solution for providing sustainable personal transportation. Electric drive supports vehicles that produce zero tailpipe emissions and can be fuelled by electricity from a variety of renewable sources, such as hydro, wind and solar. These vehicles also enable diverse and efficient energy-generation and storage options, including batteries and ultimately hydrogen fuel cells. Moreover, there are practical recharging locations for currently available vehicles — at home, in parking garages and at parking spaces equipped with charging facilities.

Educating customers about the reliability of electric vehicles is an ongoing priority, particularly for fleet customers who rely on long-range travel. The ready availability of charging stations in regional areas and electric outlets at homes or workplaces will support consumer uptake of electric vehicles.

Beyond battery technology, our parent company is investing in the design and manufacture of electric motors, a core technology for hybrid and electric vehicles. So far, we have expanded electric motor research and development; developed state-of-the-art design and simulation capabilities; and enhanced validation capabilities for electric motors.

Global vehicle development gives Australia the opportunity to design and engineer vehicles for markets around the world. In 2012, Holden signed an historic agreement with Shanghai General Motors (SGM) and the Pan Asia Technical Automotive Centre (PATAC) to develop new vehicles for the growing Chinese market. PATAC is a 50-50 joint venture between GM and Shanghai Automotive Industry Corporation (SAIC). It provides automotive engineering services including design, development, testing and validation of components and vehicles to SGM and its affiliates in China.

The relationship will see a Holden team of engineers and designers develop new vehicles for the world’s largest car market. We see the agreement as a symbol of Australia’s ability to compete in the global arena, hold our own in new and emerging markets, and identify new business opportunities to maintain a sustainable business in the future.
CASE STUDY: VOLT – THE CAR OF THE FUTURE

The Volt brings together commercial and innovation imperatives into what Holden believes is the car of the future.

Introduced to the market in 2012, the Volt is Australia’s first long range electric vehicle to eliminate range anxiety. Recharging in less than six hours, via a regular household outlet (10A charge), road travel can cost as little as $2.50 for a full charge. This is a considerable long-term saving when compared to the running costs for petrol vehicles. It is also a more environmentally responsible choice, with no tailpipe emissions and reducing reliance on unsustainable energy sources.

With its award-winning advanced technology propulsion, the Volt delivers the reliable performance of a petrol car, without the environmental impacts or additional costs. It has an electric range of up to 87km, after which point, the petrol generator is activated to reach a combined range of more than 600km. This back-up generator maintains the battery charge and offers seamless cruising performance. The electric range is sufficient for most drivers to commute each day without the need for petrol.

In purchasing the Volt, drivers are leading the way by making an investment in a sustainable future.

VOLT ACCOLADES

2009

2011
- Car and Driver Ten Best Cars
- Motor Trend Car of the Year
- Green Car of the Year by ‘Green Car Journal’ ‘Automobile of the Year by ‘Automobile Magazine’
- North American Car of the Year announced at the 2011 North American International Auto Show
- Greenest Vehicles of the Year listed by the American Council for an Energy-Efficient Economy
- Edison Award - Gold in the Transportation Category, Personal Transportation Segment
- Grand Prize for Environment selected by 2009 Festival Automobile International
- World Green Car announced at the 2011 New York Auto Show

2012
- 2012 Car of the Year (Europe)
- Blue Auto 2012 Trophy – Best Midsize Family Car (Portugal)
- 2012 Drive Green Innovation Award (Australia)
The Volt incorporates the latest in vehicle innovations including regenerative braking within the anti-lock disc braking system. Additional features showcase GM’s global developments in car safety including lane departure warning and forward collision alert to help prevent accidents before they occur. The Pedestrian Alert System helps to alert people who may not hear the Volt approaching at low speed. Combined with active technologies such as electronic stability control, traction control, eight airbags and a unique safety cell, the culmination of these features and technologies secures the highest possible five star ANCAP safety rating.

For full information about the Volt, visit: www.holden.com.au/volt

Accreditation and recognition

All dealers of the Volt are required to undergo accreditation certifying their commitment to environmental responsibility. To date, six Volt dealers have achieved the Green Stamp Plus Accreditation through the Green Stamp program. The program is an Australian Environmental Accreditation scheme designed for the automotive industry, and is run through motoring associations nationwide. Dealerships that attain the environmental accreditation must implement a minimum number of environmental management practices across their business. This may include recycling, efficient energy usage and reduction in the use and disposal of toxic chemicals.

PLANS FOR 2013

- Begin production of VF Commodore
- Prepare for the introduction of eight new vehicles between June 2012 and August 2013
- Continue to showcase the Volt
- Continue to reduce fleet average emissions to the 2015 target
With a reputation for innovation and leadership in automotive safety technology, we use mandatory safety standards as a starting point for our vehicle testing, ensuring that our cars are built to withstand a variety of conditions.

Crash testing

Our testing regime is comprised of virtual crash modeling and barrier crash testing. Increasingly, advanced safety systems are developed by simulating car crashes using technology rather than speeding prototypes into a concrete barrier. We use leading-edge virtual technology tools to run thousands of crash modeling tests that cover a large range of impact scenarios and occupant criteria to assess all of the safety related structures and systems. Barrier crash tests are then used to confirm the virtual test results of vehicle body structure and restraint systems.

Holden vehicles are tested by the Australasian New Car Assessment Program (ANCAP) - an independently assured, industry comparable, five star rating on vehicle safety for consumers in Australia and New Zealand. Tests in the ANCAP configurations are a small sub-set of the total crash testing carried out by Holden to ensure a high

**HOLDEN’S HISTORY OF SAFETY ACHIEVEMENTS**

2003
First Holden all wheel drive system provides high levels of traction on a wide range of surfaces

2004
GM Holden offers ESC for first time on locally manufactured sedans
As part of driver behaviour research program $400,000 spent on vehicle simulator upgrade

2006
VE Commodore improves occupant protection via stiffer, high-strength steel body, multiple load path strategy, structurally optimised crush zones, advanced crash avoidance technology
VE first locally built car to offer ESC as standard across range; 6 airbags available across range
Breakaway pedal system, ride-down steering column, front/rear park assist offered for first time
WL Caprice first locally built car with Bi Xenon headlamps

2007
VE Commodore is first locally produced Ute with standard ESC; stiffer body features high-strength steels

2008
Holden makes curtain airbags standard across Commodore range

2009
Holden achieves 5 star ANCAP across locally produced Commodore range

2012
Holden introduces the Volt - a long range Electric Vehicle with a 5 star ANCAP rating and 8 airbags, including roll-over capable curtain bags and lane departure warning and forward collision alert
Introduction of a 3 row coverage curtain airbag in the new MY13 Colorado 7 SUV
Colorado crew cab retains five-star ANCAP rating (occupant protection) when fitted with genuine accessory bull bar

**PERCENTAGE DISTRIBUTION OF STAR RATINGS AWARDED TO ANCAP TESTED HOLDEN VEHICLES**

<table>
<thead>
<tr>
<th>ANCAP Star Rating</th>
<th>2005</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Star</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Star</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Star</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Star</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Star</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
level of vehicle crash safety in the real world environment.

To achieve an ANCAP five star rating, a vehicle must achieve the highest internationally recognised standards in all test categories.

In 2012, we continued to increase the percentage of our vehicles that were awarded the highest possible five star rating. In 2012, ANCAP tested a number of new Holden vehicles. Not all vehicles are tested by ANCAP. Of the Holden vehicles tested in 2012, 86% achieved a five star rating and all Cruze and Commodore models, which are manufactured locally, continue to have a five star rating.

**Vehicle safety systems**

Our overriding objective is to ensure passenger road safety through carefully engineered safety systems. Holden takes a ‘back to basics’ approach to crash avoidance which emphasises the almost taken-for-granted vehicle attributes that are essential to road safety: predictable ride and handling, great road holding abilities complemented by excellent road connection, vehicle response, an on-centre steering feel and high directional stability.

A car’s crash avoidance capability benefits drivers and passengers far more often than protective features such as a strong body structure, airbags and seat belts.

We use both active and passive safety systems as the basis for our vehicle’s crash avoidance capabilities. While active systems are designed to prevent the crash in the first place, passive systems mitigate any impacts or injuries if it does occur. The active safety system features include all the standard safety features, as well as our leading stability control system.

**Product recalls**

Product recalls are an important part of enforcing our rigorous vehicle safety standards and protecting our customers’ health and safety. We adopt the Federal Chamber of Automotive Industries’ (FCAI) voluntary code that stipulates if a manufacturer identifies that there may be a safety issue, then it is obliged to act. If a condition is detected, Holden thoroughly reviews product design, supplier quality and/or the manufacturing process and implements necessary actions to ensure customer safety.

During 2012, there were five model safety recalls covering 60,934 vehicles.

Our vehicle recall management strategy can involve a range of actions, including where necessary to promptly inform affected customers by accessing the National Exchange of Vehicle and Driver Information System, sending up to three letters to affected vehicle owners and advertising in the mainstream media. We can also flag relevant vehicles in our warranty system to ensure any necessary check occurs when a subject vehicle is presented to a Holden dealer for a regular service.

### Holden 2012 Recalls

<table>
<thead>
<tr>
<th>Model</th>
<th>Condition</th>
<th>Number Of Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>CG Captiva</td>
<td>Electronic Brake Control Module</td>
<td>27,778</td>
</tr>
<tr>
<td>EP Epica</td>
<td>Electronic Brake Control Module</td>
<td>3,723</td>
</tr>
<tr>
<td>JF Viva</td>
<td>Electronic Brake Control Module</td>
<td>11,691</td>
</tr>
<tr>
<td>JH Cruze</td>
<td>Lower Air Deflector</td>
<td>9,547</td>
</tr>
<tr>
<td>TK Barina</td>
<td>Electronic Brake Control Module</td>
<td>8,195</td>
</tr>
</tbody>
</table>
Valuing our customer relationships

Listening to our customers is an integral part of our enterprise-wide quality approach. Customer satisfaction directly feeds into our cycle of continuous improvement and is a key business measure in our global performance pay plan.

In 2012, we launched our “Customers for Life” program at all dealerships. With a vision and purpose to create and keep customers for the long term, there was a renewed focus on working with dealers to build initiatives that drive service retention and customer satisfaction.

One such initiative was capped price servicing (see break out box next page) aimed at promoting trust and making the aftersales experience more transparent and simple for Holden customers. We also developed a Customer Retention Toolkit specifically designed to empower dealers with the research, initiatives, action planning and training required to integrate all aspects of customer retention and satisfaction into the sales process.

Delivering satisfaction

The Customer Survey Process aims to capture how well Holden Dealer Retail standards are being met in the field. The measurement process includes the Purchase and Delivery Survey, which asks customers about their experiences when buying a Holden car and the Service Satisfaction Survey (SSS), which assesses a private customer’s most recent service experience. Surveys are issued after the dealer reports the service. Customers who service their vehicles outside the Holden Dealer Network are not surveyed.

In the first two questions of the Service Satisfaction Survey, customers rate their overall impression of their vehicle and their willingness to recommend it to other people.

Our Customer Assistance Centre

The strength of the Holden brand and the passion of our people means that customer service is always front and centre for every customer, past, present and for those yet to own a Holden. Our Customer Assistance Centre provides support from 8am-7pm weekdays and 9am-1pm Saturdays via phone, email, mail, fax and social media channels.

HOLDEN’S 2012 SERVICE SATISFACTION SURVEY RESULTS:

| 1. Satisfaction on current Holden vehicle - six monthly average | 86% |
| 2. Would you recommend your Holden vehicle - six monthly average | 88% |
Through the use of our dedicated Customer Relationship Management (CRM) system we are able to quickly identify trends that may be impacting customer satisfaction and take action as required whilst also capturing detailed feedback from our customers. Holden’s Customer Assistance Centre is an integral part of the business that openly shares communications with all functional areas to investigate customer feedback and drive continuous service improvement.

**Responsible communication**

We respect our customers by clearly communicating with them through ethical, transparent and accurate advertising and marketing. Our communications comply with all legislative requirements in relation to car advertising, including the Competition and Consumer Act 2010 and the Federal Chamber of Automotive Industries’ Voluntary Code of Practice for Motor Vehicle Advertising (FCAI Code).

The Act provides protection to consumers, concerning how products may be advertised in Australia. We voluntarily adopt the FCAI Code, which states that motor vehicle advertisers will not depict, encourage or condone dangerous, illegal, aggressive or reckless driving in their advertising. We also abide by the Australian Competition and Consumer Commission’s (ACCC) guidelines on vehicle advertising.

To ensure all relevant employees are aware of these obligations, compulsory legal training is held regularly. We have internal review processes in place to make sure the content in our advertising material is correct, including a rigorous internal and legal marketing approval procedure. Regular website audits ensure product information is current and accurate.

Customers can raise concerns relating to our marketing and advertising through the Holden Customer Assistance Centre.

During 2012 the Holden Customer Assistance Centre received over 120,000 enquiries, answered over 78% of phone calls within 20 seconds and made over 120,000 outbound phone calls. No matter what the age of vehicle or type of enquiry, we strive to provide our customers with a professional and supportive service.

**PLANS FOR 2013**

- Grow the service business - more customers, both new and returning to Holden service and Holden approved parts
- One Team - work with Dealers to collaboratively create and keep customers for life
- Easy to do business with - process re-engineering to ensure it is easier for customers and dealers to do business with Holden

The Holden customer satisfaction philosophy applies across the entire vehicle ownership cycle, not just at the point of sale. In August 2012, we introduced capped price servicing to customers. This program develops trust and makes the aftersales experience more transparent and simple for Holden customers.

Capped price servicing applies to a car’s first four standard services, for the first three years or 60,000 km, whichever comes first. So customers know upfront about what to expect and how much to pay for standard scheduled services.

For more information, visit: [www.holden.com.au](http://www.holden.com.au)
We value the skills and talents of our people as they are the foundation of our business and the ambassadors for our products and industry. The passion and loyalty they have for the Holden brand is an invaluable part of our workplace culture.

In 2012, our strategy was to secure Holden’s position as a workplace of choice, by respectfully engaging with our employees, offering career development opportunities and supporting them to be ambassadors for our products and industry.

Our overriding objective is to become a workplace of choice by setting the tone for the leadership and individual conduct we expect of each other and creating a great corporate culture for our people. Seven dimensions are vital to our success as a Workplace of Choice: Commitment, Teamwork, Trust, Personal & Professional Growth, Recognition, Fairness, and Health & Well-Being.

Listening to our employees is critical in understanding how we’re tracking against our goal of being a workplace of choice. In 2012, employees completed their second Workplace of Choice assessment. The global GM survey is designed to capture employee feedback on the seven workplace of choice areas and to improve our organisational performance and highlight areas for further action and attention.

The survey involved salaried (81% participation rate) and hourly (72% participation rate) employees. Our greatest improvement was in the area of confidence and trust in our leaders to act on the assessment results and provide our employees with feedback.

As a leadership team, a conscious effort was made to be more open and transparent with employees about business decisions and the challenges facing Holden. We believe this had a positive effect on the trust results and we plan to continue with this approach.

Health and wellbeing was another area where employees provided positive feedback about our healthy lifestyle promotions and leadership support for work-life balance. Work-life flexibility was also a key focus area for the Diversity Committee in 2012.

Survey results are discussed with team members across business units in order to implement tailored programs incorporating their feedback.

<table>
<thead>
<tr>
<th>Employment type</th>
<th>Female</th>
<th>Male</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time</td>
<td>456</td>
<td>3,677</td>
<td>4,133</td>
</tr>
<tr>
<td>Part Time</td>
<td>97</td>
<td>48</td>
<td>145</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>553</strong></td>
<td><strong>3,725</strong></td>
<td><strong>4,278</strong></td>
</tr>
</tbody>
</table>
The significance of the Volt in Holden’s portfolio and the passion employees have for the Holden brand cannot be overstated. 2012 played host to a comprehensive program of Volt-centric events to inspire and excite everyone at Holden about the advent of Holden’s first long range electric car.

The first of many employee events was a competition to win a spot on an engineering trip to test the Volt in local weather and terrain conditions. Jim Eckert, Holden’s longest serving employee, said the test trip was one of the best experiences of his 55 year career with Holden.

“I have such fond memories of the trip and what made it really special was the team of people that I went with. It was an absolute joy to be with them and they taught me a tremendous amount about the Volt. It was a journey that made an old man’s heart glad,” Jim said.

Next, three Holden employees were chosen as Volt Ambassadors – they were given a Volt to drive for twelve weeks and asked to share their experiences with their friends, family and other employees via social media. Lenny Cucksey, Jess Lansberger and Vas Mitsabonis, pictured on the cover of this Report, took on their roles with great enthusiasm and thoroughly enjoyed their time with the Volt.

Jess said of her experience, “Being the techy nerd that I am, I was thrilled to be one of the first people in Australia privileged enough to drive a Holden Volt. I loved every minute I spent in the Volt, from the stares I got when I would pull up in complete silence, the range of high tech features, to only having to visit my local servo twice in three months!! Driving the Volt and experiencing its amazing technology allowed me to appreciate how incredible the Holden Volt really is.”

Vas said of his time with the Volt, “Being a Volt ambassador was an amazing experience. The Volt looks, feels and is the future and I could see that in the eyes of friends and family as they played with the gadgets and admired the design. I was proud to drive the only car in Australia that could get me to and from work without using a drop of fuel, and yet take to the mountains on the weekend without being left stranded. The Volt is a product which proves how far Holden has come. We are at the forefront of technology, we’re environmentally conscious, and we are here to stay.”

More employees got on board with the Golden Ticket competition. Twelve employees from Victoria and South Australia received the winning tickets in Holden’s People magazine. They chose a family member or friend to accompany them on a Volt drive day to the Yarra Valley and McLaren Vale respectively. The program turned them into instant Volt fans.

A drawing competition for children of employees was held. The theme was to draw the best ‘car of the future’. The winning entries (displayed) secured a visit from the Volt and Volt subject matter experts for their school. The winners were students from the Old Orchard Primary School in South Australia and One Tree Hill Primary School in Victoria. Both students and their teachers had a great time learning about the technology of the Volt in the school yard.
Enterprise agreement

Holden respects employees’ rights to freedom of association and collective bargaining. Our workforce is covered by a combination of collective and individually regulated employment arrangements.

We negotiate our Enterprise Bargaining Agreement (EBA) with the Federation of Vehicle Industry unions. The EBA covers 74% of our total workforce.

Case study: Reconfiguring our Elizabeth Plant

A high Australian dollar and lower consumer demand for locally built cars, combined with one of the world’s most open and competitive automotive markets, prompted a re-configuration of our Elizabeth plant in May 2012. The General Assembly production line was modified to a single shift, which reduced vehicle production from 440 to 400 cars per day.

The new shift model improves productivity and helps manage the impact of the high Australian dollar. It allows Holden to maintain vehicle production volume over a single General Assembly shift, significantly reducing costs and production time per vehicle. From a quality perspective, the new shift model reduced elements handled per operator, assisting us in managing our complex model mix. The ability to produce all the required volume on a single shift lets us focus on eliminating waste and inefficiencies from the process.

The reconfiguration of the plant was designed to minimise employee impact. There were no voluntary or forced redundancies for permanent Holden employees as a result of the shift changes. In addition to our permanent workforce Holden currently draws on employees engaged on fixed-term contracts and supplementary labour to help manage peaks and troughs in production and these will be gradually reduced over the coming year.

These changes helped ensure Holden remains globally competitive. Our Elizabeth plant has responded to changes in consumer demand many times over the years, and this latest adjustment is necessary to continue our long-term plan to sustain auto manufacturing in Australia for the long-term. Holden must continue to remain responsive and flexible to the ebbs and flows of the industry and our customers.

Career development and training

A culture of precision and enterprise-wide quality requires our employees and leaders to build individual capability.

One strategy designed to achieve this, encourages every employee to create and action a smart Individual Development Plan by developing SMART development goals and associated action plans using the 70/20/10 development principles. This requires 70% of development opportunities to be provided “on the job”, 20% through exposure to others and 10% through formal training.

To demonstrate Holden’s commitment to development, $990,323 was invested in formal training in 2012, up from $718,978 in 2010. Employees spent 38,000 hours in formal training compared to 345,000 in 2010. This reduction in training hours reflects the large amount of training that Holden provided to HVO employees during the down-days in 2010 as adjustments were made to vehicle production levels to meet demand.
Blair Dellemijn, a fitter and turner at HEO.

Lisa Gilmartin in the Body Shop at Holden Vehicle Operations.

Chris Wiksch, HVO apprentice of the year for 2011.
Regular performance and development reviews are undertaken each year for all salaried employees. Employees meet with managers at least three times a year to set goals, review progress and then undertake a close out review.

Career progression for hourly employees is managed through the Holden’s EBA 2012 which includes classifications for each role. It also outlines structures for staff progression between classification levels through demonstrating job capability.

Diversity

Holden’s inclusive culture supports diversity as a source of competitive advantage. In 2012, we continued our ambitious strategy to capitalise on the opportunities that a diverse workforce offers. Employing people from diverse backgrounds can attract and retain the best talent, better serve a wider customer base and enhance leadership styles and decision making by incorporating different points of view.

Established in 2011, our Diversity Committee is chaired by our Managing Director. Every function is represented by a Diversity Champion. The committee meets every three months to discuss issues around diversity and workplace flexibility.

One of the committee’s strategic priorities is to boost Holden’s female workforce from approximately 11%, closer to manufacturing industry standards of 26%. Providing all employees with access to flexible working arrangements is important in supporting an inclusive working environment. Initiatives in this area include providing flexible working arrangements for employees, advertising new roles as flexible and making a concerted effort to retain people and offer them clear career progression pathways.

As the first private sector employer in Australia to introduce a paid parental scheme in 2002, Holden provides a comprehensive policy which includes 14 weeks paid parental leave for employees with over two years service. Flexible work options are also available for parents returning from parental leave.

Our diversity initiatives were recognised by the Government’s Equal Opportunity for Women in the Workplace Agency as an ‘Employer of Choice for Women’. The award publicly recognises women-friendly organisations with Equal Opportunity programs and practices that advance their female workforce.

As the first automotive company to receive this recognition, this is a proud achievement. Holden’s progress in the areas of women in manufacturing, workplace flexibility, parental leave, gender pay equity and leadership engagement were the basis for achieving this recognition.

Employee safety

The safety of our employees is of paramount importance, guiding operations at all our facilities. Dealing with complex machinery and equipment in a manufacturing and warehousing environment means that our employees need to be well trained to keep themselves and their colleagues free from harm.

All employees are trained in accordance with Golden Rules of Safety which outline our expectations for individual responsibilities related to safety. These rules emphasise the importance of safe behaviour at all times, rigorous incident reporting, close monitoring of pedestrians, vehicles and mobile plant activities and the use of safety signs, devices and protective equipment.

Our main safety indicator is the GM recordable injury rate (number of people in every 200,000 hours work who visit medical centres for an injury needing more than first aid treatment). This indicator is standard throughout GM’s worldwide operations. We take a cautious approach to staff safety and encourage reporting of all injuries, even when minor in nature. Every injury is investigated and assessed to determine if it could have been anticipated and prevented. We actively conduct risk assessments across our business to pro-actively identify risk, prior to releasing new products or making workplace changes.

In 2012, the total GM recordable injury rate for Australia’s operations was 0.45, an improvement in performance from 0.88 in 2010. Another key safety metric, used across GM is the Lost Work Day Case Rate, which was 0.17 for the year.

PLANS FOR 2013

Establish an agreement with the Australian Employee Covenant to promote opportunities for Indigenous Australians in the workplace

Build on Holden’s culture of inclusion and diversity with focus on gender balance, workplace flexibility, disability and lesbian, gay, bisexual and transgendered persons.

Build on initiatives to establish Holden as Workplace of Choice, such as continued citation as an Employer of Choice for Women from Workplace Gender Equality Agency (Holden is currently the only automotive manufacturer to have this citation)

Increase employee engagement by 5%
For Aaron, the program was life-changing.

“I’ve been on the dole for the past six months,” explains the new mechanical fitter apprentice at Holden Vehicle Operations in Elizabeth. “This opportunity means I can be a role model for my family and support my three daughters.”

The program, run in partnership with the Aboriginal Recruitment Training and Employment (ART Employment) and Holden, creates meaningful opportunities for Indigenous Australians to work and improve their quality of life.

Aaron’s own experience has lived up to this objective.

“This apprenticeship means I have secured a stable income for the next four years. I will have valuable skills, knowledge and a trade behind me for the future,” he says.

For 12 young, Aboriginal job seekers from the northern regions of Adelaide, their involvement in Holden’s Apprenticeship Program landed them a job offer. This is a major achievement, given their long professional development journey from skills training to job readiness.

Richard Phillips, Holden’s Executive Director of Manufacturing views the program as an opportunity to train the next generation of Holden’s workforce.

“Holden has always prided itself on our ‘fair go’ mentality and giving these apprentices the means to learn a trade and build a career is fantastic,” he says.

Working with ART Employment to achieve this outcome has been a rewarding experience and I’m looking forward to seeing these apprentices go on to rewarding careers”

Under the guidance of ART Employment, 23 job seekers initially underwent a training program, including a seven week pre-employment training scheme. Eighteen participants went on to complete Stage Two of the 17-week accredited training program which resulted in them achieving a TAFE Certificate 1 in Engineering.

These 18 participants were interviewed by Holden, and selected to be enrolled in a Certificate III Apprenticeship in Engineering and secured a four-year employment contract with Holden as apprentice Mechanical Fitters.

Holden’s innovative Apprenticeship Program is part of an Aboriginal Employment Covenant, established to facilitate Indigenous Australians into work. Its goal is to create real employment opportunities for Aboriginal job seekers and support the South Australian government’s ‘close the gap’ strategy.
We expect our suppliers to optimise design and manufacturing on a world class level, use environmentally responsible practices, and adopt a lean manufacturing philosophy. Ensuring the quality of our vehicles is dependent on close collaboration with our suppliers.

Holden’s supply chain is not just about making cars – it goes beyond the automotive industry into other sectors and related industries, such as mining, telecommunications and construction.

**Building supply chain competitiveness**

Ensuring our global competitiveness means that we frequently engage our suppliers in skills building and capacity development initiatives.

The strength of our supply chain is built on the quality of our partnerships. Holden works closely with each supplier and develops these relationships throughout the year with quarterly supplier meetings, an annual supplier conference and a number of supplier technology shows. These initiatives assist our suppliers to formulate strategies to enter new markets.

Holden is involved in the Automotive Supply Chain Development Program to assist supplier business development. This competitive grants-based program provides $20 million over four years to Australian automotive manufacturers, suppliers and auto industry research and development organisations to enable local automotive suppliers to compete more effectively in global and domestic markets.

In early 2010, Holden received a grant to expand its supplier development team, which has worked extensively to help improve the businesses of local suppliers. To date, this team has undertaken work with 40 strategic local automotive suppliers to help develop their businesses in what is an increasingly global market for the auto industry. In the next two years, the team will extend its program scope to include 60 top strategic local suppliers.

As a direct result, 14 Australian suppliers have secured increased local manufacturing work worth $26 million per year in additional revenue from Holden and, in some cases, have secured opportunities to quote for new global supply contracts.

**Supply chain ethics**

Holden recognises that our supply chain is an extension of our business. As a result, anti-corruption and worker abuse clauses are embedded into suppliers’ contracts to support human rights in communities where we work directly as well as indirectly.

As part of our risk management process, we assess risk in countries in which we or our suppliers operate, considering political, labour, infrastructure and macro-economic issues. In 2012 none of our suppliers fell into the high risk category (See Country Risk Rating table below).

**PLANS FOR 2013**

- Improve the supplier relationship by 10% as measured by the GM Global Supply Chain Survey
- Improve the financial stability, competitiveness and quality of direct and aftersales suppliers through the Holden Supplier Development Program
- Work with the Supplier Working Group (state and federal governments, supplier representatives and Holden) to support and grow the local supplier base to service Holden’s next generations of locally manufactured vehicles
- Recognise and award one of the 2013 Supplier of the Year Award winners as having the most significant commitment to environmental and social sustainability
Suppliers are required to adhere to our Global Purchasing and Supply Chain quality improvement process if they are to continue doing business with Holden. The process outlines expectations and actions to maintain the highest standards of supply quality. It identifies 16 steps, the first eight of which are designed to help suppliers understand Holden’s business procedures. The second set of eight emphasises the continuous improvement process and elimination of identified quality issues.

### 2012 Award Winners

Each year, Holden recognises suppliers who in the previous year made an outstanding contribution to our business. This year’s award categories are: Innovation, New Model Introduction Capability, Cost Competitiveness, Production Flexibility, Customer Service and Responsiveness, Business Globalisation and Diversification, as well as a Special Recognition Award.

Winners are chosen from Holden’s 100-plus suppliers by the Global Purchasing and Supply Chain leadership team, with input from across the business, including Design, Engineering and Manufacturing.

The winners were announced and presented with their awards by Michael Filazzola, Executive Director Global Purchasing and Supply Chain, and Johnny Saldanha, GMIO Vice President – Global Purchasing and Supply Chain, at the Holden Supplier Conference, held on 18 April, 2013, at Holden’s Port Melbourne headquarters.

Congratulations to the following suppliers selected as the 2012 Award recipients:

<table>
<thead>
<tr>
<th>Category</th>
<th>Award Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td>Katcon Australia</td>
</tr>
<tr>
<td></td>
<td>For development of a new exhaust heat shield for VF Commodore.</td>
</tr>
<tr>
<td></td>
<td>Katcon is a manufacturer of exhaust components and assembler of catalytic converters.</td>
</tr>
<tr>
<td><strong>New Model Introduction Capability</strong></td>
<td>Australian Arrow Pty. Ltd (AAPL)</td>
</tr>
<tr>
<td></td>
<td>For successful Production Part Approval Process (PPAP) on over 200 parts.</td>
</tr>
<tr>
<td></td>
<td>AAPL is a manufacturer of electronic components and wiring harnesses.</td>
</tr>
<tr>
<td></td>
<td>Venture DMG</td>
</tr>
<tr>
<td></td>
<td>For significant improvement in launch capability and strong execution of the MY14 Cruze and VF Commodore launch.</td>
</tr>
<tr>
<td></td>
<td>Venture DMG manufactures a range of interior and exterior components.</td>
</tr>
<tr>
<td><strong>Cost Competitiveness</strong></td>
<td>Precision Components Australia Pty. Ltd</td>
</tr>
<tr>
<td></td>
<td>For developing hot stamping capability at a competitive cost and in line with program timing, whilst maintaining a competitive cost base on current products.</td>
</tr>
<tr>
<td></td>
<td>Precision Components produce a number of medium and large stampings including welding and assembly.</td>
</tr>
<tr>
<td><strong>Production Flexibility, Customer Service and Responsiveness</strong></td>
<td>Guhring Pty. Ltd.</td>
</tr>
<tr>
<td></td>
<td>For its innovative approach to cutting tool management and superior commercial performance.</td>
</tr>
<tr>
<td></td>
<td>Guhring is a Machinery and Equipment supplier specialising in cutting tools.</td>
</tr>
<tr>
<td><strong>Business Globalisation and Diversification</strong></td>
<td>HELLA Australia Pty. Ltd</td>
</tr>
<tr>
<td></td>
<td>For successful business diversification into mining lighting applications.</td>
</tr>
<tr>
<td></td>
<td>HELLA is a manufacturer of lighting and electronic components.</td>
</tr>
<tr>
<td><strong>Special Recognition Award</strong></td>
<td>Venture DMG Pty. Ltd.</td>
</tr>
<tr>
<td></td>
<td>For its well managed recovery from a major fire, maintaining vigilance to protect supply to Holden.</td>
</tr>
<tr>
<td></td>
<td>Venture DMG experienced a fire in its chrome plate facility in 2012.</td>
</tr>
</tbody>
</table>
Holden is the first division of General Motors worldwide to introduce an aluminium deck lid to its body closures for the new VF Commodore, to be launched in 2013. The innovation will deliver ergonomic benefits through lighter panels and reduce overall vehicle mass for greater fuel economy.

Working with Hirotec Australia who already supplies steel engine hoods and deck lids to Holden, new technologies and processes have been developed to enable Australia’s first production of large, premium quality, aluminium panels.

Mr Tex Igarashi, Vice President of Hirotec Australia said the injection of funds through the Green Car Innovation Fund had enabled Holden and Hirotec to collaborate on the project.

“This was very important. Without this financial support I do not think we could have completed this project,” Mr Igarashi said.

“Holden is 80% of our business so the VF program is very important to us,” he said.

“The aluminium material is quite different from steel. We needed a large amount of investment to extend our Adelaide plant 30 metres to create 3800 square metres purely to provide the equipment and infrastructure to manufacture the aluminium deck lid and engine hood for the VF Commodore,” he said.

In another first, Hirotec is the only stamping supplier with the capability to produce both steel and aluminium panels on a single press line on such a large scale.

“The aluminium material is popular in Europe and North America for engine hoods. There they have sufficient volume to establish a dedicated line to manufacture aluminium panels. In Australia we do not yet have the volume so it is important to be able to manufacture both aluminium and steel on the one line,” Mr Igarashi said.

But whilst aluminium engine hoods are not a new phenomenon in the global automotive world, deck lids are quite a different scenario.

“We rely on Hirotec Corporation in Japan for essential technology to make our parts for engine hoods, doors and deck lids for Holden. Even in our head office and our group of companies overseas, they don’t have any experience in the manufacture of a deck lid in this material. This was all new learning for us,” Mr Igarashi said.

Daniel Hayward, Vehicle Dimensional Quality Manager at Holden Vehicle Operations knows all about steep learning curves. Daniel and his team are now moving into a combined state of excitement and anxiety as full volume production of the VF Commodore draws nearer.

“From a manufacturing point of view the biggest issue with the aluminium engine hood and deck lid is the way we achieve our final body fit, that is the flushness between panels,” Mr Hayward said.
“Some of the processes we use on steel panels don’t lend themselves to these new aluminium panels so we had to develop new ones. In the end the customer gets a very good product but the processes involved for us to achieve that are more complicated and take longer than steel panels.

“The quality on these parts is even better than our current steel parts. The reason is that aluminium is naturally a lighter, less rigid material and the design considerations that go into it need to be quite robust. You don’t just achieve strength of the component by the material properties alone. A lot of it is to do with the design and the shape.

“From a quality point of view you are getting a more rigid but lighter component on the car,” Mr Hayward said.

Mr Hayward has traveled to Hirotec headquarters in Hiroshima, Japan four times in the past 18 months during the development of tooling for the aluminium closures.

“We have shared many challenges on this particularly to ensure we get as good or better visual appearance on the panel. We are striving for better quality out of VF. We always want to be moving forward,” he said.

“Hirotec has been a very good supplier for us from a quality and production point of view. We have a very good relationship and we are happy to be working with a strong existing supplier and developing our knowledge around these new aluminium closures together,” Mr Hayward said.
We take seriously the responsibility of minimising the environmental impacts from our facilities through conserving the resources we use and reducing the emissions and waste we produce. Equally as important is our focus on improving the environmental credentials of our cars by adopting renewable fuels and improving fuel efficiency.

As an automotive manufacturer, we are well positioned to create new, more sustainable transport technologies and processes through our future friendly strategy. Our Ecoline portfolio of cars is the cornerstone of this approach to environmentally-driven product innovation, with its emphasis on developing fuel-saving technology and alternative fuels.
Managing impacts is everyone's responsibility

Vehicle manufacturing is an intensive industrial process with possible environmental implications. We safeguard our consumption of resources and generation of waste through an ISO 14001 certified environmental management system. This system allows us to closely monitor our resource use and how we are tracking against our targets.

Each business unit is accountable for its own environmental performance. GM reviews the global metrics to see which worldwide operation is performing best against the different measures, so we can learn from different experiences. This knowledge is used to benchmark performance and set organisational targets to drive continuous improvement.

For example, at Holden Engine Operations, this data is then communicated to staff monthly using an Environmental Score Card. The Scorecard visually displays our performance and compares the current results with the same period last year, for water, waste, electricity and gas. It also provides tips on how employees can make a difference and highlights good environmental practices already in place.

<table>
<thead>
<tr>
<th>Water</th>
<th>2011 CY</th>
<th>2012 CY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Water consumption (kL)</td>
<td>421,647</td>
<td>407,847</td>
</tr>
<tr>
<td>- HVO</td>
<td>405,463</td>
<td>398,796</td>
</tr>
<tr>
<td>- HEO Total collected and used</td>
<td>14,659</td>
<td>7,597</td>
</tr>
<tr>
<td>- HSPO</td>
<td>1,525</td>
<td>1,455</td>
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<tr>
<td>Water consumption per car (kL)</td>
<td>4.49</td>
<td>4.86</td>
</tr>
<tr>
<td>Water consumption per engine (kL)</td>
<td>0.15</td>
<td>0.10</td>
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</table>

<table>
<thead>
<tr>
<th>Waste</th>
<th>2011 CY</th>
<th>2012 CY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste (tonnes)</td>
<td>37,135</td>
<td>34,351</td>
</tr>
<tr>
<td>HVO</td>
<td>33,720</td>
<td>31,988</td>
</tr>
<tr>
<td>HEO</td>
<td>3,415</td>
<td>2,363</td>
</tr>
<tr>
<td>Waste per car (kg)</td>
<td>373.48</td>
<td>389.28</td>
</tr>
<tr>
<td>Waste per engine (kg)</td>
<td>33.80</td>
<td>31.69</td>
</tr>
<tr>
<td>Waste to landfill (tonnes)</td>
<td>1,807</td>
<td>995</td>
</tr>
<tr>
<td>HVO</td>
<td>1,638</td>
<td>875</td>
</tr>
<tr>
<td>HEO</td>
<td>169</td>
<td>120</td>
</tr>
<tr>
<td>Waste to Landfill per car (kg)</td>
<td>1.67</td>
<td>1.60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VOC</th>
<th>2011 FY</th>
<th>2012 FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC emissions to atmosphere (tonnes)</td>
<td>798</td>
<td>887</td>
</tr>
<tr>
<td>HVO</td>
<td>793</td>
<td>883</td>
</tr>
<tr>
<td>HEO</td>
<td>3.87</td>
<td>1.81</td>
</tr>
<tr>
<td>Lang Lang</td>
<td>1.18</td>
<td>2.54</td>
</tr>
<tr>
<td>VOC emissions per car (kg)</td>
<td>10.85</td>
<td>9.63</td>
</tr>
<tr>
<td>VOC emissions per engine (kg)</td>
<td>0.04</td>
<td>0.02</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CO₂</th>
<th>2011 FY</th>
<th>2012 FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 and 2 GHG emissions (tonnes CO₂-e)</td>
<td>160,919</td>
<td>148,016</td>
</tr>
<tr>
<td>HVO</td>
<td>89,096</td>
<td>86,412</td>
</tr>
<tr>
<td>HEO &amp; Tech Center Combined</td>
<td>48,709</td>
<td>41,678</td>
</tr>
<tr>
<td>Other locations combined</td>
<td>23,114</td>
<td>19,926</td>
</tr>
<tr>
<td>GHG emissions per car (tonnes CO₂-e)</td>
<td>1.22</td>
<td>0.9</td>
</tr>
<tr>
<td>GHG emissions per engine (tonnes CO₂-e)</td>
<td>0.48</td>
<td>0.56</td>
</tr>
</tbody>
</table>
We continue to encourage employees to be involved in a range of energy and environment initiatives to manage their own footprint. These include National Ride to Work day, MobileMuster and e-waste collection. Our challenge is to increase employee participation, improve the visibility of the initiatives already in place, and ensure that the environment is factored into everyday decision making.

In 2012 there were two records of notice of non-compliance, issued by SA Water for exceeding discharge limits to sewers at Holden Vehicle Operations. No enforcement action was associated with the notices and we promptly implemented corrective actions to prevent recurrence.

As part of proactive investigations by Holden to examine historical uses of the HVO, manufacturing site, Holden identified historical ground water contamination at a depth of 18 to 20 metres below the ground surface of the site. Holden’s environmental management team, together with environmental consultants and an EPA accredited auditor, are undertaking investigations to determine the extent of the contamination. Holden will continue to take necessary actions to effectively manage this issue.

Our operations

Resource consumption and waste production are strongly influenced by manufacturing activity. Significant reductions in waste to landfill were achieved through close consultations with resource management experts and GM Holden’s internal environmental management team, resulting in HVO’s general waste stream being diverted from landfill and used for energy recovery. The manufacturing efficiencies obtained through the re-rate of production also resulted in an overall reduction in resource consumption and waste generated.

Water

Water is an important element in many of our manufacturing processes, which is why we continually identify opportunities for water reuse, recycling or capture. Total mains water usage reduced by over 13,000 kls in 2012 helped by the ongoing harvesting and use of rainwater at Holden Engine Operations.

We have implemented third-party monitoring where water consumption is significant. In the last five years we have also invested in technologies to reduce water usage where it has been demonstrated to be cost effective to do so. Our engine manufacturing facilities include a substantial rainwater harvesting system which is used for cooling tower supplementation.

Climate change and greenhouse gases (GHG)

Climate change is often viewed as a risk but it also provides opportunities for Holden. The risk associated with climate change primarily relates to operating in a carbon–constrained world and reducing the GHG emissions produced by our vehicles as well as emissions generated by our operations. Mitigating this risk creates considerable efficiency opportunities through implementation of leaner manufacturing processes, as well as innovation potential for our cars and advanced fuel technologies, fostering greater energy security and reducing reliance on petroleum.

The majority of greenhouse gases reported from our facilities relates to energy use such as the consumption of electricity and natural gas. We actively engage GM and external expertise to drive electricity and gas usage reduction programs across our production facilities.

HVO CO₂ EMISSIONS (SCOPE 1 & SCOPE 2)

- Electricity: 70%
- Natural Gas (non-transport): 2%
- LPG: 28%

HEO CO₂ EMISSIONS DATA (SCOPE 1 & SCOPE 2)

- Electricity: 87%
- Natural Gas (non-transport): 1%
- Gasoline (transport): 12%

Scope 1 emissions: the release of greenhouse gas into the atmosphere as a direct result of an activity or series of activities that constitute the facility.

Scope 2 emissions: the release of greenhouse gases into the atmosphere as a direct result of one or more activities that generate electricity, heating, cooling or steam that is consumed by the facility but do not form part of the facility.
Emissions from product distribution

Holden has a geographically dispersed dealer network and vehicles produced in Adelaide have to be shipped to all parts of Australia. This creates a significant challenge in minimising road distance travelled and the associated resource use and emissions caused.

Holden distributes its finished vehicles across Australia by independent logistics providers. In 2012, more than 99 million kilometres were travelled to deliver vehicles to almost 360 locations Australia wide. This activity emitted 18,334 tonnes of CO₂.

We continually review logistics practices to maximise truck utilisation. We work closely with our logistics partners to ensure they have initiatives in place to reduce emissions. These programs cover areas such as:

- Eco driving
- Speed limiting
- Simple aerodynamics
- Tyre inflation and other maintenance practices
- Network design and transport planning
- Electricity usage, lighting, heating and cooling in facilities.

Holden’s vehicle range continues to decrease its CO₂ emissions per kilometre over time.
Air travel
As an Australian subsidiary of an international company, air travel is often a necessary part of our everyday work. This increased from 17.5 million kilometres in 2011 to 22.0 million kilometres in 2012 due to the increasing travel to China in negotiating and developing our relationship with PATAC (See page 19).

Waste generation
Waste from manufacturing can be broadly categorised into three types:
- Recycled scrap metal;
- Recycled waste (e.g. cardboard, wood, plastic); and
- Non-recycled waste (e.g. process residues, general waste).

GM’s focus is to minimise the amount of non-recycled waste that we produce, with the long-term goal of being landfill free stated in GM’s 2020 Manufacturing Commitments. GM recycles 90% of its worldwide manufacturing waste and has 102 landfill-free facilities, with a goal of having 125 globally by 2020. GM’s global Resource Management Program engages a third-party services provider to assist our business to identify and implement waste reduction and avoidance. Some of the initiatives undertaken include the diversion of general waste from landfill to energy recovery and the source segregation of general waste to ensure maximum recyclability.

A key focus area is working with suppliers to look for solutions for packaging that is currently non recyclable. We continue to look for strategies to cope with non-returnable expendable packaging waste from overseas component suppliers.

During 2012 at Holden we produced 34,351 tonnes of waste including all of the recycled waste. Through our focus on the reduction of non-recycled waste, the total disposal to landfill was reduced to 995 tonnes.

Reducing reliance on petroleum
We are playing our part in reducing automotive customers’ reliance on petroleum through our Ecoline product strategy. Creating low emission and alternative fuel solutions is the driving force behind this product strategy, which has culminated in the development of the Volt our long range electric vehicle.

Our Ecoline product strategy aims to reduce reliance on petroleum in two ways:
- Fuel efficiency - improving the fuel usage in petrol cars through a suite of technological advancements
- Energy diversity - developing and implementing future fuels such as Bio-ethanol, LPG (indigenous fuel at lower running costs, decreases fuel importing) and electric vehicles such as the Volt.

Fuel efficiency
The SIDI technology featured in our V6 Commodore range improves fuel efficiency while increasing available power and lowering emissions. The technology injects fuel directly into the combustion chamber allowing a higher compression ratio and precise fuel distribution. By using a higher compression ratio, engine performance and efficiency is improved because less fuel is required to produce the equivalent kilowatts of power. Direct injection technology also helps to reduce cold-start emissions by approximately 25%.
Vehicle emissions

Passenger car transport currently accounts for less than eight percent of Australia’s total greenhouse gas emissions. Holden continues to take action to reduce the emissions from our vehicles.

Currently the weighted average of emissions for the Holden range of vehicles is 214 g CO₂/km. We expect emission levels to drop further through increasing fuel efficiency technologies and the broader uptake of alternative fuel vehicles.

Alternative fuels

Holden continues to invest in developing vehicle capabilities using alternative fuel sources such as electricity, flex-fuel (Bio-ethanol) and LPG.

The Volt, our long range electric vehicle was introduced to the market this year and offers Australian drivers the confidence of extended road performance and environmental efficiency. It is estimated that the Volt will save up to 1,890 litres of fuel each year compared to other similar sized vehicles.

In 2012 we launched a dedicated LPG Omega Commodore sedan, which emits just 189 g CO₂/km, the lowest figure of any locally-built six-cylinder sedan. Previously dual fuel LPG customers had to compromise on the distances they could travel on a single tank of LPG but the all-new LPG Commodore had a clear target to produce ‘petrol-like range’, eliminating distance compromises and making it extremely competitive with its petrol competitors. For example, the Omega LPG sedan can travel up to 710km on a single tank.

Holden was the first automotive company to introduce flex-fuel capability to the Australian market, in our Series II Commodore. Now all petrol versions of the Commodore and Captiva vehicles are factory fitted with flex-fuel capability, which means that they are capable of running on up to 85% ethanol. The ability to run on Bio-ethanol can reduce emissions by 20% to 40% when compared to petrol.

PLANS FOR 2013

Focus on Reducing non-recycled waste from vehicle and engine production
- Investigate alternative technologies to reduce paint sludge volumes
- Improve packaging waste methodologies
- Continuous improvements in Waste Segregation and employee education

Focus on Reducing Energy consumption from vehicle production
- Total Gas usage reduction of 11% from 2012 to 2014
- Total Electricity reduction of 3.5% from 2012 to 2014
Employees can also participate in our Workplace Giving program, which offers a streamlined way for people to combine all their donations through one process. With over 26,000 registered charities, donations are deducted automatically from pre-tax pay.

Holden contributed approximately $1.028 million in cash and in-kind donations to Australian communities through various support programs during the year.* This figure is a decrease from Holden's 2011 community contribution, primarily because a large part of 2011's contribution was for natural disasters that occurred in that year.

Holden’s Community Support Program has three priority areas – Road Safety and Education, Environment and Local Community.

Road Safety and Education

Supporting projects and education programs that further advance automotive technology development, improve road safety and contribute to vehicle related child safety is one of Holden’s community engagement priorities.

Since 2001, Holden has been providing free child restraint checking services to local community groups and organisations. The program, Buckle Up Kids, is free to the community and aims to educate parents and carers about child restraints. RACV research shows up to 70% of child restraints are incorrectly fitted. The program currently operates in Victoria, South Australia and Queensland, with plans to expand nationally.

Holden has also supported the Australasian Road Rescue Organisation (ARRO) for 14 years, and donated in excess of 1000 non-saleable engineering test vehicles. ARRO offers training and practice to emergency services to ensure they are able to handle all the possibilities that could occur in an actual road crash.

Holden supports annual educational events including the RACV Energy Breakthrough and Formula SAE, where primary and university students respectively engineer and design vehicles. Holden also donates engines, vehicles and parts to TAFE colleges and schools.

Environment

Holden supports a number of environmental programs within Landcare Australia that aim to restore and protect the natural environment. Through our partnership with Landcare Australia, we are involved in a number of environmental initiatives, including the plantation of native trees, restoration of wildlife habitat and community education. Through the Holden Environment Landcare Partnership (HELP), founded in 2010, we have assisted to rebuild native habitats affected by bushfires and ensure the safe rehabilitation of native animals.

*2012 London Benchmarking Group figure
Local community

Our Community Support Program supports a number of organisations and initiatives in the local communities in which our plants and facilities operate. In South Australia, Holden supports the Birdwood Motor Museum, and Julian Burton Burns Trust. Holden also provides vehicles for patient transport to our charity partner, the Leukaemia Foundation.

Bedford Industries is Holden’s longest continuous community partner in South Australia, marking 44 years of support in 2012.

Holden and Bedford Industries have collaborated on a range of projects since 1967 to help people with disability or disadvantage that work at Bedford. The most recent of these is Let’s Go, a program aimed to support the Bedford community gain their learner’s permit, get behind the wheel and obtain their ‘P’ plates.

To enable the participants to get behind the wheel, Holden has provided two automatic Barina sedans to assist the learner drivers in clocking up their required hours. In 2012, the Let’s Go program helped 24 people in the Bedford community qualify for their Learner’s permits and five people for their P1 permit. An additional 17 young people are currently working toward qualifying for their probationary license.

For the past 10 years Holden has also supported the Smith Family, an organisation committed to eradicating poverty through education and family support. Holden provides support for the Learning for Life scholarships to assist primary school children from financially disadvantaged backgrounds.

PLANS FOR 2013

We will continue to strengthen relationships with long-term partners to ensure our programs support communities in a meaningful and mindful way. Future plans include:

- Building on our relationships with existing community partners to meet their needs
- Implementing an employee volunteering policy to drive increased employee engagement with Holden community partners
- Working more closely with GM International Operations to identify common goals and share resources
- Supporting the UN Decade for Action for Road Safety in conjunction with Kidsafe Victoria
This is why Holden has partnered with the Australasian Road Rescue Organisation (ARRO) the peak body for the development and exchange of information, knowledge and skills in road rescue. The partnership has been in place for the last 14 years, with Holden donating in excess of 1000 non-saleable test vehicles. Holden subject matter experts such as engineers and designers are also made available at ARRO’s training activities.

In 2012, Holden donated 70 cars to ARRO. These cars formed the simulated crash scenario at the Australasian Rescue Challenge in Hobart where the emergency response skills of participants were put to the test.

Twenty one teams participated in over 60 simulated-emergency scenarios all designed to improve their emergency response skills, including rescue and medical treatment for injured motor vehicle occupants.

Providing ongoing training opportunities for the road rescue workforce ensures that they are prepared for a range of emergency scenarios and are familiar with the different vehicles commonly found on the road.

Paul Jerome, Executive Officer at ARRO, acknowledged the common goal uniting both Holden and ARRO.

"Holden’s support of this program gives our road rescue teams the valuable opportunity to get real hands on experience using new vehicles with the latest automotive technology. There is no other manufacturer in the world that provides this level of support, with both vehicles and technical expertise.”

CASE STUDY: HOLDEN TO THE RESCUE

The stakes are high for road rescue workers. Operating in extreme conditions, under high stress, they often battle the clock and navigate environmental hazards to evacuate passengers from serious crash sites.
Since our first Business Report in 2010 we have continued to set a number of annual commitments in four key areas. Below is a summary of our progress. For 2013 commitments please refer to “Plans for 2013” under the sections Product Innovation, Customer Focus, Holden People, Holden Suppliers, Holden and the Environment and Holden and the Community.

### 2011 COMMITMENTS

<table>
<thead>
<tr>
<th>Products</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement plan to reduce fleet average emissions by 20% by 2015 from a 2008 baseline</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Begin production of the Series II Cruze, the most fuel efficient car yet made in Australia</td>
<td>Fully</td>
</tr>
<tr>
<td>Introduce flex-fuel capability on new 3.6 litre V6 Commodore models, making 100% of petrol powered Commodores flex-fuel capable</td>
<td>Fully in Australia</td>
</tr>
<tr>
<td>Develop monofuel LPG Commodore, optimised to improve fuel economy and lower running costs</td>
<td>Fully</td>
</tr>
<tr>
<td>Prepare for the introduction of Holden’s Volt to the Australian market in 2012</td>
<td>Fully</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce energy, waste and water use by 20% for every car manufactured by 2015 from a 2008 baseline</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Reduce energy use and greenhouse gas emissions</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Reduce waste to landfill</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Reduce process air emissions</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Uptake an alternative water supply</td>
<td>Under review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement initiatives to establish Holden as a workplace of choice</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Increase employee engagement by 5%</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Continue to drive a performance-based culture based on transparent communications and an increased emphasis on variable pay</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Work with unions to negotiate a new enterprise agreement to take effect in 2011</td>
<td>Fully</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance relationships with our major community partners</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Secure a road safety partner</td>
<td>Fully</td>
</tr>
<tr>
<td>Establish a Holden Foundation</td>
<td>Under review</td>
</tr>
<tr>
<td>Launch a payroll giving program</td>
<td>Fully</td>
</tr>
<tr>
<td>Pilot an employee volunteering policy</td>
<td>Fully</td>
</tr>
</tbody>
</table>
HSPO employees, Clency Bedos and Ian Hamilton.

Leukaemia Foundation ambassador, Garth Tander, and Leukaemia Foundation volunteer drivers at Holden.

Cruze SRi-V Hatch

Amanda Lee, Julie Kousourakis and Rebekah Fitzgerald at Holden’s new Bulk Distribution Centre in Hallam.

Leukaemia Foundation ambassador, Garth Tander, and Leukaemia Foundation volunteer drivers at Holden.
Feedback

We value your feedback. If you would like to help us improve any aspect of our business report you can provide your comments by contacting:

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Email: holden.corporateaffairs@gm.com