

# DUAL IMPACT

together we make a difference



**TOYOTA**

MATERIAL HANDLING

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In the online version,  
this symbol links to  
more information.



Link to video material.



[www.toyota-forklifts.eu](http://www.toyota-forklifts.eu)

This is our second sustainability report and the next step in our journey. We work with our partners to tackle the key issues that matter to all of us. We listened to our partners' comments to improve reporting in some key areas and we have retained a tight focus on the material issues that matter most to both our partners and us.

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## OUR STAKEHOLDERS

Toyota Family\*

Customers

Suppliers

Local Communities

Public Authorities

## OUR APPROACH

We engage with our partners and work together to meet those sustainability targets we have in common.

By concentrating our efforts we can achieve the greatest Dual Impact.

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## ABOUT THIS REPORT

This report addresses the sustainability management and performance of Toyota Material Handling Europe (TMHE), a fully owned subsidiary of Toyota Industries Corporation (TICO). It has been prepared according to the GRI G3.1 guidelines.

Except where otherwise stated, the performance data refers to our financial years (FY) FY14 (ending 31 March 2014) and FY15 (ending 31 March 2015) and covers over 82% of our employees. The data is from four factories – Sweden, France, and two in Italy; ten sales and service companies covering Belgium, the Czech Republic, Denmark, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK; European offices in Brussels and Gothenburg and our European warehouse in Antwerp.

Please consult TICO's integrated reports on [www.toyota-industries.com](http://www.toyota-industries.com) for more information on TICO strategy, governance, Vision 2020 and the 5th Environmental Action Plan.


\* The Toyota Family incorporates employees from Toyota Material Handling Europe, Toyota Industries Corporation and of the Toyota Group at large

# TICO AND TOYOTA MATERIAL HANDLING

## TOYOTA INDUSTRIES CORPORATION (TICO) IS WORLD NUMBER 1 IN MATERIAL HANDLING\*

A focus on 'customers first', innovation and continuous improvement are part of Toyota's DNA. TICO's commitment to wellbeing in society is rooted in the past and stretches into the future with its Vision 2020: to support industries and social foundations around the world by continuously supplying products/services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles.

### A STRONG GLOBAL NETWORK

	<b>TICO</b> FY15 vs FY13	<b>TMHG</b> FY15 vs FY13	<b>TMHE</b> FY15 vs FY13
<b>Employees</b>	<b>52,500</b> +11%	<b>27,100</b> +31%	<b>9,000</b> +8%
<b>Turnover</b>	<b>€15.6bn</b> +3%	<b>€6.6bn</b> +18%	<b>€1.8bn</b> +6%
<b>Structure</b>	<b>4</b> Business units Material Handling, Logistics, Automotive**, Textile Machinery	<b>5</b> Regions Japan, Europe, North America, China, International	<b>30</b> Countries 

### PRODUCT RANGE - TOYOTA MATERIAL HANDLING EUROPE

TMHE offers a full range of Toyota counterbalanced IC and electric forklifts and BT warehouse equipment. All our trucks are built according to the Toyota Production System (TPS), guaranteeing high quality and minimum environmental impact. Our extensive services and solutions include service contracts, genuine parts, rental solutions, approved used trucks, the fleet management system I\_Site and other logistics solutions. We also think about the future, which is why most of our range is available with lithium-ion and fuel cell technology.



\* Every year since 2001, the reputed dhf Intralogistik and Logistik Journal magazines place TICO at the head of their world ranking  
The sequence is based on the companies' financial performance at the end of the fiscal year

\*\* TICO is a contributor to Toyota Motor Corporation's car production and is an independently listed company

# TOYOTA MATERIAL HANDLING EUROPE

## BRINGING EXCEPTIONAL EFFICIENCY TO MATERIAL HANDLING OPERATIONS

With a strong European presence in more than 30 countries, we strive to bring exceptional efficiency to our customers' material handling operations. Our company manufactures and sells Toyota forklifts, BT warehouse equipment and Cesab branded products. All our products and solutions aim to MAXIMISE safety, OPTIMISE business processes and MINIMISE environmental impact.

## WE ARE ACTIVE IN MORE THAN 30 EUROPEAN COUNTRIES

### Facts

**4,500**

trained service technicians

**3,300**

fully-equipped service vans in our mobile fleet

**290,000**

trucks on service agreement

**3.5m**

service assignments per year

**135,011**

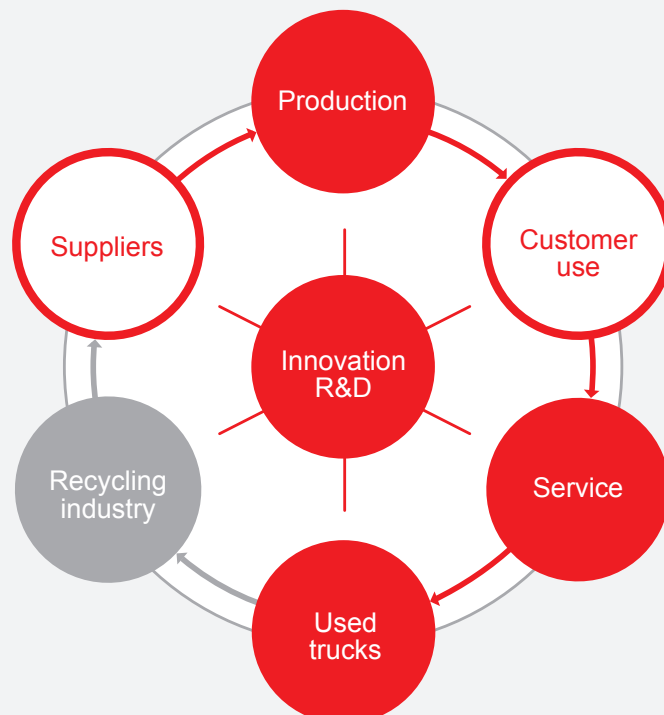
units sold in FY15

**4**

European factories

### OUR PRODUCT LIFECYCLE

The European Commission aims to present a new circular economy strategy, to transform Europe into a more competitive resource-efficient economy. Within our business we already have control or significant influence on most steps of our product's lifecycle. From working with our suppliers to reduce the amount of hazardous substances in our trucks to selling used trucks solutions, we remain closely involved with our trucks over their productive life.

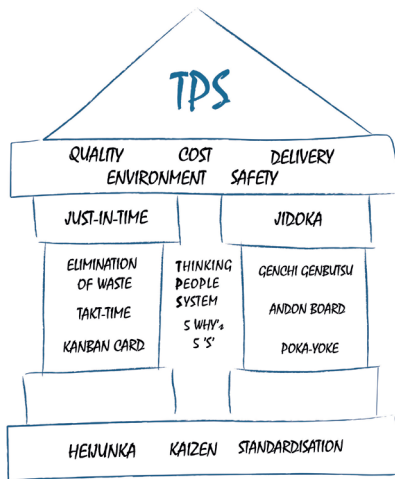


#### Key

- Within our sphere of control
- Within our sphere of influence
- Limited engagement for now

# WE AIM TO BUILD TRUST AND CONFIDENCE

## WE DELIVER QUALITY PRODUCTS AND SERVICES THAT ADD VALUE TO OUR CUSTOMERS' BUSINESSES

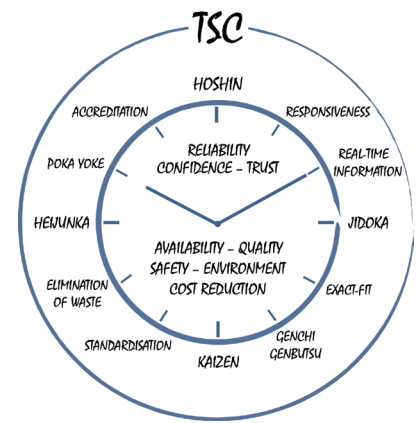


### The Toyota Production System (TPS)

is a lean manufacturing system that works according to a pull system: we only produce what is ordered. TPS entrusts team members with well-defined responsibilities to optimise quality by constantly improving processes and eliminating unnecessary waste in natural, human and corporate resources. TPS influences every aspect of our organisation as it includes a common set of values, knowledge and procedures. TPS helps us focus on a continuous workflow, which we call 'just-in-time', and also ensures the quality of this workflow.

### The Toyota Service Concept (TSC)

describes our approach to planning, managing and delivering exceptional standards of service, throughout the working life of trucks and our relationship with customers. It is based on a series of values that reflect the critical issues that we keep in focus throughout our customer service operations.



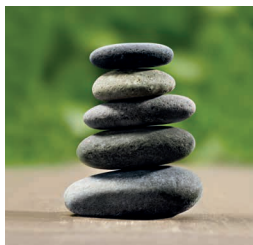
## WE EMPLOY PEOPLE THAT SHARE OUR VALUES, AS SET OUT IN 'THE TOYOTA WAY'

### Challenge



Maintaining a long-term vision and meeting all challenges with the courage and creativity needed to realise that vision.

### Kaizen



Kaizen means 'continuous improvement' and suggests that every product or process can always be improved.

### Genchi genbutsu



Gaining a complete understanding of a problem requires 'going to the source' (genchi genbutsu) and assessing it for yourself.

### Respect



Toyota respects its partners, makes every effort to understand others, accepts responsibility and does its best to build mutual trust.

### Teamwork



We value the importance of sharing knowledge and motivation to learn from each other. We practice teamwork to maximise individual and team performance.

# TO BECOME NUMBER 1 IN CUSTOMER SATISFACTION

## FOUR STRATEGIC PILLARS ADD STRENGTH TO OUR FOUNDATIONS



### OUR FOUNDATIONS

Our business strategy is to become first in customer satisfaction, by bringing exceptional efficiency to material handling operations. The effectiveness and speed of transforming our business relies on the strength of our foundations: safety, quality, compliance and sustainability. The Toyota Way and the Toyota Production System help all of us to work in a consistent way towards our shared goal. And these are not just foundations for our business strategy – they are also priorities for our customers.

### OUR FOUR STRATEGIC PILLARS

#### 1. Transform the offer

Our offer helps our customers operate with the highest safety standards and use resources most efficiently. Most of our product families have been updated with improved energy efficiencies ranging from 10% to 49%. We are particularly proud of our I\_Site fleet management solution, winner of the IFOY award in 2014 and selected for its technical excellence as the global fleet management standard across TICO's global operations. With 6 of our trucks winning design and innovation awards over the FY14 and FY15 period, external experts agree that we are transforming our offer.

#### 2. European Leader in Service

With 4,500 service technicians performing 3,500,000 service visits across Europe, we need a highly efficient system to make sure customers can obtain the service they need when they need it. The world-renowned Toyota Production System, originally developed for our manufacturing operations, has evolved into the Toyota Service Concept to support our service operations, resulting in a more efficient use of resources as well as enhanced customer support.

#### 3. Strengthen position in key markets

Every market and segment is important, but top management is focusing on some in particular. For example, we have opened new head offices in energy-efficient buildings to support more streamlined operations in Germany and the Netherlands. And we have added hydrostatic trucks to our range to improve our competitive edge in the high performance segment.

#### 4. Optimise operational efficiency

If we want to achieve our financial objectives, we need to think 'integrated' and 'cross-departmental'. Every Toyota employee strives continuously to eliminate 'muda' or 'unnecessary waste' at their own level. Over the last two years, the collective efforts of our employees contributed to over €7 million in cost savings, just through identifying more efficient ways of doing business.

With these mutual priorities we call our sustainability report: DUAL IMPACT, together we make a difference. Within Dual Impact, we MAXIMISE safety, OPTIMISE business processes, MINIMISE environmental impact to become NUMBER 1 in customer satisfaction.

**Matthias Fischer**  
President


**Norio Wakabayashi**  
Chairman

# MATERIALITY ASSESSMENT

## IDENTIFYING MATERIAL ISSUES

Our ambition is to focus on those issues with a material influence on our future business success, as well as issues where our business can make a difference for society and the planet.

### STAKEHOLDER INPUT

The 2013 stakeholder dialogue defined the material issues on which we based our sustainability framework. Details can be found in our 2013 report. 

We defined as a **matrix of material issues** those which were deemed of major or high importance by either internal or external stakeholders.

We consider other issues to be either **non-material**, or **emergent** – we touch upon some of these in the report where we deem it relevant to the reader.

We will repeat a formal stakeholder dialogue in 2016, and update our materiality matrix, KPIs and targets in our 2017 report. This complements our ongoing dialogue with stakeholders through EU-OSHA events, supplier conferences, European Works Council and various customer events.

### FOUR SETS OF MATERIAL ISSUES

We have classified the material issues according to the sections of our report.

#### ■ Maximise safety

Creating *safe workplaces* in line with TICO's Safety Vision, we also increase our expertise in developing *safe products and services* for our customers. This way we can make a material impact as 1 in 10 major industrial injuries occur with material handling equipment.

#### ● Optimise business processes

Our employees build our success: *talent management, training and employee engagement* are the priorities in this area.

Toyota sets high standards in terms of business conduct and we agree with our stakeholders that *corporate governance, compliance, risk management, bribery and corruption, and responsible purchasing* are all material.

#### ▼ Minimise environmental impact

Lowering *energy use in our own operations* will not only help us reduce cost. It provides insight into how to develop *energy-efficient products and services, and lower carbon products* for our customers.

#### ★ Number 1 in customer satisfaction

Our business strategy builds on three material issues as defined by our stakeholders:

- *Quality, reliability and performance* of our products and services.
- *Total cost of ownership*, a tool we use to integrate safety, productivity and energy efficiency into the cost-benefit analysis for Toyota products.
- *Transparency and disclosure* via this sustainability report and sustainable supply chain platforms such as EcoVadis.

### MATRIX OF MATERIAL ISSUES

according to external stakeholders	Major		<ul style="list-style-type: none"> <li>● talent acquisition &amp; retention</li> <li>● legal compliance</li> <li>● risk management</li> <li>★ total cost of ownership</li> </ul>	<ul style="list-style-type: none"> <li>■ safe products &amp; services</li> <li>● corporate governance</li> <li>▼ energy-efficient products &amp; services</li> <li>★ quality, reliability &amp; performance</li> </ul>
	High	<ul style="list-style-type: none"> <li>■ safe workplaces</li> <li>● engaging employees</li> <li>▼ local environment</li> </ul>	<ul style="list-style-type: none"> <li>● bribery &amp; corruption</li> <li>● responsible purchasing</li> <li>● training</li> <li>▼ energy use in operations</li> <li>▼ low carbon products</li> <li>★ transparency &amp; disclosure</li> </ul>	
	Medium	<ul style="list-style-type: none"> <li>● external stakeholder engagement</li> <li>▼ recycling &amp; reuse</li> <li>▼ water management</li> <li>★ delivering through business partners</li> </ul>		
	Minor	<ul style="list-style-type: none"> <li>● equal opportunity &amp; diversity</li> <li>● human rights</li> <li>● local value creation</li> <li>● regulatory shifts</li> <li>● social contributions and volunteering</li> <li>▼ business travel carbon footprint</li> <li>★ disruptive innovation</li> <li>★ local market conditions</li> </ul>		
	Minor	Medium	High	Major

according to internal stakeholders

- MAXIMISE safety
- OPTIMISE business processes
- ▼ MINIMISE environmental impact
- ★ NUMBER 1 in customer satisfaction

□ OUR MATERIAL ISSUES

□ NON-MATERIAL ISSUES OR EMERGENT ISSUES

# SUSTAINABILITY GOVERNANCE

## TOYOTA'S LEADERSHIP TRACK RECORD

Toyota Industries Corporation defined a global environmental strategy in 1993 and has been reporting on its environmental performance for over 20 years. Social reporting was added in 2004, and TICO moved to integrated financial, social and environmental reporting in 2008.

### A COMMITTED LEADERSHIP

Sustainability is on the Toyota Material Handling Europe management team agenda twice a year: they discuss how these issues interact with other business priorities and set future priorities and targets.

Regional Vice Presidents are briefed once a quarter on performance against Key Performance Indicators (KPIs) and work with local Managing Directors to set priorities for action. These can differ by entity, based on the risks and opportunities at local level. A sustainability steering group sets the agenda for the management team meeting with direct reports from every functional vice president in the management team.

### Our sustainability network

27 entities across Europe appointed a sustainability champion with the responsibility to:

- manage legal compliance in sustainability related areas,
- report progress on sustainability KPIs versus targets and,
- promote best practice with local management.

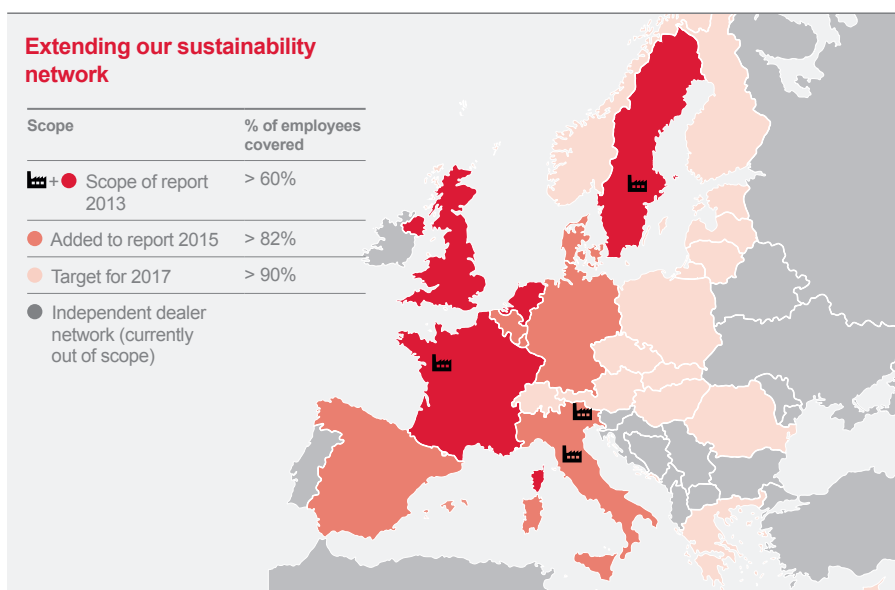
These 27 local champions receive support from four regional champions for sales and service companies, one functional champion for manufacturing and a central sustainability team based in Brussels. They meet in web conferences on a regular basis and in person once a year.

### Sustainability reporting

In FY15 we used the Cloudapps solution to roll out cloud-based sustainability software to the 27 entities across Europe. This platform enables efficient data collection and performance management for the KPIs defined on the basis of the material issues identified in our 2013 report. This process replaces the spreadsheet-based approach used to gather data for our previous report that proved difficult to scale.

### Extending our sustainability network

Scope	% of employees covered
 Scope of report 2013	> 60%
 Added to report 2015	> 82%
 Target for 2017	> 90%
 Independent dealer network (currently out of scope)	



### OUR AUDIENCE: THE TOYOTA FAMILY

Following the Toyota philosophy, we consider our customers, employees, distributors, suppliers, public authorities and our local communities as members of the 'Toyota Family'. This term accurately reflects how we prefer to build long-term relationships. For the rest of the report we will use the more common term 'stakeholders' which refers to the same group of people and organisations.


This report responds to the ever-increasing pressure from our stakeholders for transparency and disclosure. It also serves as preparation for compliance with the European Directive on Non-Financial Reporting which will make this type of reporting mandatory for large companies from 2018 onwards.

### European Works Council (EWC)

The EWC takes a special interest in labour-related issues. Performance against HR and safety KPIs are shared every year at the EWC meeting in Brussels and the views of employee representatives are taken into account when developing action plans.

### Responding to stakeholders

In response to stakeholder comments on our first report, shareholders are not included in this list since we are a 100% subsidiary of Toyota Industries Corporation. Toyota Industries Corporation shareholders are the primary audience for TICO's integrated financial, social and environmental report, which can be found on [www.toyota-industries.com](http://www.toyota-industries.com)

Further stakeholder feedback has been addressed in the report where possible, and, if not, we have provided our answer in a Q&A document on our website. 

### OUR TARGETS LOOKING FORWARD

By moving beyond legal compliance, our sustainability strategy aims to create shared value for our customers, ourselves, and the societies where we operate.

On page 8 we look back at how we performed against the targets stated in our 2013 report, and on page 9 we look forward and set targets that we aim to achieve before our third report is published in 2017.

# 2015 TARGETS HOW WE DELIVERED ON OUR TARGETS IN 2014-2015

- ✓ Achieved
- ~ Partly achieved
- ✗ Not achieved

			Go to page	Progress
MAXIMISE SAFETY	PRODUCTS & SERVICES	Strengthen our EU-OSHA campaign partnership for safer workplaces	12	✓
		Indirectly improve customer safety by growing I_Site fleet management by 20%	13	✓
	OPERATIONS	Implement TICO Safety Vision in our factories	10	✓
		Work towards zero accidents	10	~
		Consolidate accident and sickness data at European level	10	✓
OPTIMISE BUSINESS PROCESSES	PRODUCTS & SERVICES	All major suppliers to sign supplier code of conduct	17	~
		Increase number of customer operators trained by 10%	15	✓
		Develop understanding of environmental impact of our supply chain	17	✗
		Maintain full coverage of employees trained on Code of Conduct	16	✓
	OPERATIONS	Extend sustainability data collection to all entities	14	~
		Introduce LEAD, our new leadership development program	14	✓
		All entities to conduct performance appraisals	14	~
		Increase number of suppliers with ISO 14001	16	✓
		Roll out first European Talent Programme	17	✓
	MINIMISE ENVIRONMENTAL IMPACT	PRODUCTS & SERVICES	Partner with 10 European fleet customers to reduce their CO <sub>2</sub> emissions	19
Further growth in used truck sales			21	✓
Improve energy efficiency for 5 product families			20	✓
Extend range of Li-ion battery and fuel cell powered products			21	✓
OPERATIONS		Develop energy strategy for our operations	18,19	✓
		Conduct energy audits in 10 entities	18	✓
		NUMBER 1 IN CUSTOMER SATISFACTION	PRODUCTS & SERVICES	Develop the Toyota Service Concept (TSC) and implement in 5 countries
Establish a common methodology to monitor customer satisfaction	22			✓
Establish first fix rate as a major KPI in the network	22			✓
OPERATIONS	Maximise quality by reducing warranty claims by 80% vs 2007		23	✓
	Roll out STEP and ASEC technician training programmes Europe-wide		22	✓

# 2017 TARGETS NEXT STEPS

<b>MAXIMISE</b> SAFETY	<b>PRODUCTS &amp; SERVICES</b>	Continue our EU-OSHA partnership with the new campaign 'Healthy Workplaces for all Ages'
		Double the number of trucks enabled to operate with I_Site fleet management vs FY15
		Pilot forklift training for 50 global and European safety managers
	<b>OPERATIONS</b>	Adapt TICO Safety Vision for implementation in our sales and service companies
<b>OPTIMISE</b> BUSINESS PROCESSES	<b>PRODUCTS &amp; SERVICES</b>	Establish a control mechanism for evaluating suppliers' compliance with supplier code
		Train 100% of our purchasing staff in 'responsible procurement'
		Develop further understanding of our supply chain's environmental impact
		Conduct CSR (self) assessments of 30 major Direct Material Suppliers
		Pilot a self-assessment approach for Indirect Material Suppliers
	<b>OPERATIONS</b>	Publish consolidated sustainability data for all TMHE entities
		LEAD program – reach number of 64 participants in 2 years
		TPS visual management tools to be implemented in all entities
		Conduct European-wide employee survey
<b>MINIMISE</b> ENVIRONMENTAL IMPACT	<b>PRODUCTS &amp; SERVICES</b>	Continue partnership with 10 European fleet customers to reduce their CO <sub>2</sub> emissions
		Increase sales of used trucks by 20%
		Launch additional silent products
	<b>OPERATIONS</b>	Reduce energy consumption by 10% across Europe vs FY12
		Develop a green company car policy
		Extend initiatives to reduce fleet energy consumption
<b>NUMBER 1</b> IN CUSTOMER SATISFACTION	<b>PRODUCTS &amp; SERVICES</b>	Toyota Service Concept (TSC) fully utilised in all sales and service companies
		Use the Net Promoter System (NPS) in all sales and service companies
		Target a 95% first-fix rate throughout the network
	<b>OPERATIONS</b>	Maximise quality through reducing warranty claims by 88% vs 2007
		Increase percentage of technicians trained in safety and sustainability (STEP Bronze soft skill)
		Drive ASEC service accreditation in the network towards 100%

# MAXIMISE SAFETY

## TICO SAFETY VISION

Aiming for zero accidents, we reduced the lost day rate in our factories by 67% in 2 years



**“In applying the TICO Safety Vision we aim to establish a safety-oriented culture rather than relying solely on rules and systems.”**

Norio Wakabayashi, Chairman, Toyota Material Handling Europe

### EMPLOYEE SAFETY

#### Governance

We aim to go beyond legal compliance in managing health and safety for our employees across Europe by implementing TICO's Safety Vision under the sponsorship of Akira Onishi, President of TICO, with the goal of zero accidents.

Occupational health and safety management systems certified to the OHSAS 18001 standard are in place in all our factories, as well as in sales and service companies in Italy and the Czech Republic.

Over 99% of our employees in the scope of this report are represented in formal, joint management-worker health and safety committees.

#### Training

Each of our factories has benefited for many years from a Safety Dojo, an area where employees are trained on risk assessment, safe use of equipment and handling of hazardous products ('dojo' means 'school' in Japanese). We have also started to set up these dedicated areas in our sales and service companies in Germany, Italy, the Netherlands, Poland, Spain and the UK.

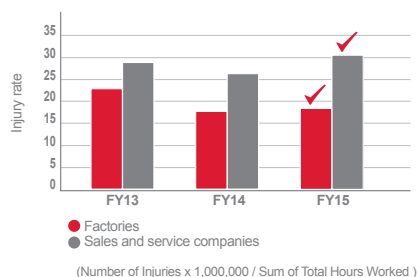
### Accident reporting

We have extended data collection and consolidation to all fully owned entities in the EU and EEA. We continue to struggle – as do most companies operating at European level – with the fact that accident and injury rates are defined differently at national level, making it difficult to be completely accurate when collating statistics, or when benchmarking different entities. By far the most reliable measure is the improvement of every entity compared to its own data from previous years.

An increased focus on safety in our factories as a result of the implementation of the TICO Safety Vision has led to significant reductions in injury and lost day rates.

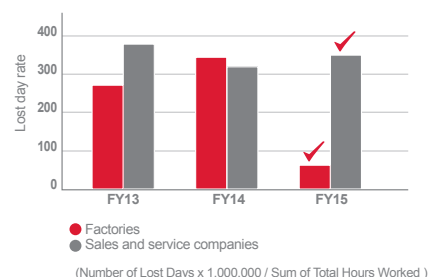
In our sales and service companies, higher reported injury and lost day rates are primarily the result of improvements in reporting and the extension of the scope of this report to more sales and service companies. A majority of employees in our sales and service companies work remotely, so only major accidents and injuries tend to be reported, leading in turn to longer absences from work. Better reporting of accidents is the first step to identifying root causes and developing effective action plans.

### Injury rate



✓ FY2015 verified by PWC

### Lost day rate



✓ FY2015 verified by PWC

\* Due to the scope expansion of entities included in this report we have extrapolated 19% of the injuries and lost days to calculate a more accurate base year of FY13, in a similar way as we have done for CO<sub>2</sub> emissions using a base year approach in line with the GHG protocol

\*\* PWC conclusion on p.29 and full statement on our website.




## A VISION FOR OUR INDUSTRY

We aim to lead by example and campaign for safer workplaces in partnership with EU-OSHA



**"In Italy, we reduced injury rates by 74% since 2007. Achieving OHSAS 18001 in 2014 was a key milestone in creating a more active focus on safety by both employees and management."**

Francesca Simoncelli, Health & Safety Manager,  
Toyota Material Handling Italy: Case Study 



**"In our Ancenis factory, we reduced injury rates by 89% since FY13 by conducting frequent risk assessments followed up directly with the right countermeasures."**

Laurent Marcoul, Health & Safety Manager,  
Toyota Material Handling Europe, Ancenis Factory, France:  
Case Study 

### CUSTOMER SAFETY

Customer safety is the sustainability issue where we can make the largest positive impact for our customers and for society as a whole:

- 1 in 10 major injuries in the European manufacturing sector occurs with material handling equipment.
- Lack of training or unsafe behaviour are the root cause of over 80% of accidents with our equipment reported to us by our customers.

### OUR APPROACH

Our approach is based on the 'Bradley Safety Model' used by the safety managers of our customers to achieve zero accidents.



As an example, we work with Heineken globally to deliver:

#### 1. Mutual Leadership support

We have supported each other with expert speakers for safety benchmarking events at Heineken and Toyota.

#### 2. Safe Equipment

In Europe all our counterbalance trucks are equipped with SAS technology to prevent tipovers, responsible for 29% of all forklift accidents.

#### 3. Processes

In Portugal, Heineken has piloted our fleet management solution I\_Site on all its trucks. Operators are prevented from driving a truck for which they do not have adequate training.

#### 4. People's Behaviours

By implementing our 'Pride in Performance' behavioural safety program together with Hereford Cider in the UK, accidents were drastically reduced, reflected in a 94% reduction in maintenance costs.

**"Creating a safety culture requires leadership commitment: at Heineken we start every meeting with Health & Safety."**

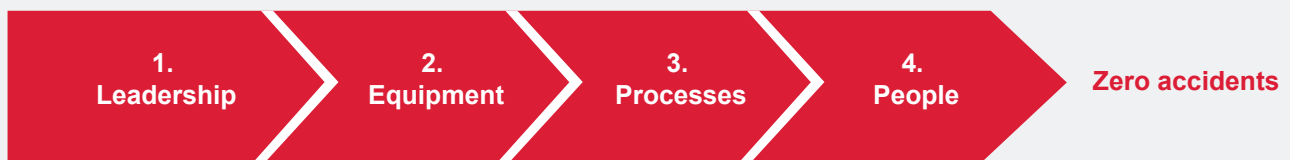
Reyes Gonzalez, Global Safety Manager,  
Heineken, speaking at Toyota Safety Days



# MAXIMISE SAFETY

CONTINUED

## Four steps to Customer Safety



### 1. Leadership

We are an active **campaign partner** with the European Agency for Health and Safety at Work. We joined the steering committee of the **EU-OSHA benchmarking initiative** in 2013 and supported their events as well as those organised by other partner companies. In November 2014, it was Toyota's turn to organise the Safety Days in our European Head Office in Mjölby, Sweden.

Alongside 40 participants representing customers, suppliers, trade unions, industry associations, local and European authorities, 30 Toyota colleagues also took part.

On Day 1, EU-OSHA presented its campaign 'Healthy Workplaces Manage Stress' with facts, figures and practical case studies. After hearing a Swedish labour inspector's view on stress prevention, participants discussed in roundtables how to build better resilience and how they manage stress in their organisations.

Day 2 focused on benchmarking physical safety indicators. It was kicked off with a presentation on material handling safety by our president, Matthias Fischer. After case studies presented by the global safety managers from Lego and Heineken, participants had the opportunity to exchange again their own experiences in workshops focused on safety in manufacturing, material handling, mobile workforces and in supply chains.

One of the main challenges identified by our customers was that they did not have a previous knowledge of all our innovations in products and services in the area of safety. It was suggested we present them more clearly - which is what pages 12 and 13 set out to do.



**"The set-up and organisation has exceeded our ambitions: we wanted to create more interaction amongst our diverse campaign partners and this event more than delivered. Furthermore, this event achieved a considerable multiplier effect, by reaching many organisations that have not been in touch with EU-OSHA before, such as some TMH clients and customers, which helped to spread the campaign messages to new audiences.**

**For this reason, we have documented it as a case study in our recently published 'Review of successful Occupational Safety and Health benchmarking initiatives'**

Dr Dietmar Elsler, Project Manager –  
Benchmarking Initiative EU-OSHA, Spain



**"Metro is a major user of BT Hand Pallet Trucks, and it was impressive to see the attention to safety and ergonomics in both the development and the production of HPT trucks."**

Walter Spiertz, Senior Project Manager,  
Equipment Metro, Germany



**"As an inspector, it makes for a nice change to be able to contribute when a wide range of stakeholders come together to discuss safety as an opportunity to do business in a smart way."**

Britt-Marie Henriksson, Labour Inspector and  
Resilience Expert, Arbetsmiljöverket, Sweden



David Backx, Group Manager Product Management Counterbalance Trucks explained Toyota's safety features during a workshop on material handling safety.

## 2. Equipment

Providing **safe trucks** is a key legal requirement for us. We have robust processes in place to collect and analyse information when accidents occur at customers' sites with our products. Where required, we do a full root cause analysis of the accident. A design fault gets systematically fed into our design review, and a manufacturing fault is recorded in the factory's ISO 9001 system. However, as we have found that in more than 80% of cases, the issue is with wrong use of the truck, we understand that helping our customers maximise safety involves support in leadership, processes and behavioural safety programmes.

We have long innovated for the safety of customers using our trucks. In 1998, Toyota introduced **SAS** (System for Active Stability) on its counterbalance trucks to reduce the risk of tipping over while turning with loads – one of the most frequent causes of injury for forklift drivers, and this technology is still unique to Toyota.

In the **TPS** philosophy, the way we build our products with quality in mind and a strong focus on reducing warranty claims is an essential part of ensuring customer safety. *Read more about our achievements in quality on page 4.*

## 3. Processes

We support our customers in operating our trucks safely through our fleet management product and our operator training programmes. Our customers also increasingly ask us to develop automated and semi-automated solutions to optimise productivity and maximise safety for their operations.

**Automated driverless operations** using our Autopilot system achieve accurate and safe handling, significantly reducing the risk of accidents in busy environments. Equipped with sensors to detect obstacles and determine when to slow down or stop to prevent a collision, trucks fitted with Autopilot can work smoothly in mixed operation alongside personnel and manually operated vehicles. Suitable for many different environments, these vehicles reduce both energy costs and the waste of damaged goods and equipment. In many sites around Europe, Autopilot installations have contributed to productivity gains of up to 70-80%.

**I\_Site** is our award winning fleet management system. It has been proven to improve safety and efficiency at customer sites. Developed in Europe, it is now being rolled out as a global system within Toyota Material Handling. *Read more about I\_Site on page 20.*



**"It's exciting to see the high level of engagement of our customers when we talk about safety of employees: it generates even more interest than when we discuss the latest technology developments."**

Søren Vester Rasmussen, I\_Site and Project Manager, Toyota Material Handling Denmark

## 4. People

**Basic operator training** is a procedure to ensure compliance with laws requiring drivers to be appropriately qualified – but in most countries this fails to address behavioural safety. We have designed a European approach that complies with most local regulations as well as addressing some of our more ambitious customers' expectations for a harmonised European operator training programme.

With our **advanced operator training** we aim to support those customers who seek to fundamentally change workplace behaviour to create a truly sustainable safety culture. *Read more on page 22.*



**"I have been working for 20 years with welding safety in 28 countries – but it's exceptional to be involved in an event where a major employer promotes safety to its stakeholders in a very open and honest way."**

Italo Fernandes, Safety expert, European Welding Federation, Portugal

# OPTIMISE

## OUR BUSINESS PROCESSES

### UTILISING EXISTING COMPETENCES

EcoVadis evaluated our labour practices in 2014 and scored us in the top 3% of global suppliers assessed in our industry.



**“To be number one in the material handling industry, it is vital that we cultivate talent in our organisation.”**

Peter Damberg, Senior VP, HR & Sustainability, Toyota Material Handling Europe

#### HUMAN RESOURCES RISING TO EUROPEAN CHALLENGE

As the company builds a pan-European HR organisation from the bottom up by using local competences at European level, it is achieving greater harmonisation and promoting development of best practice.

#### Experienced workforce

The age pyramid of our factories and our sales and service companies has been fairly constant over the past few years. Our workforce is highly experienced as a large number of employees have been with the company for many years. This is a great advantage, but also brings its own challenge.

Like many companies in our industry, a large proportion of our employees are over 50. As many of them are working in a physically demanding job such as a service technician, we need to ensure that their health remains a top priority. We also want to encourage these employees to stay with us until retirement and make sure their knowledge is transferred internally so we can build our workforce for the future.

We are looking forward to working with EU-OSHA and other partners on their next campaign ‘Healthy workplaces for all ages.’

#### Workforce in scope of this report\*

	Male	Female	Total
Full time	6613	1101	7714
Part time	74	189	263
Temporary contract	546	111	657

\* The data in these tables covers 82% of our employees in the scope of this report as set out on page 1

#### Developing leaders

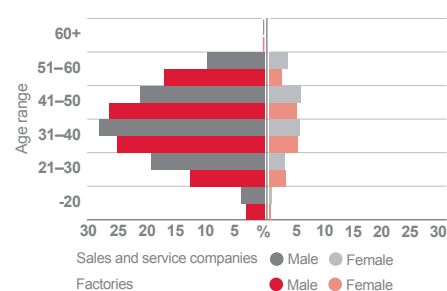
Six women and ten men from six countries completed our first annual Talent Programme in 2015. The programme was developed to ensure our company leadership for the future and build further on the strong capabilities that these talents already have. Based on the proposal of Senior Leaders, the Toyota Material Handling Europe Management Team nominated these high-potential employees to attend three training workshops in Europe and one in Japan. Find out more in this Case Study [2](#).

To further support our company's ambition we have now also launched the first of two ongoing annual leadership programmes called LEAD. Every programme consists of four modules where employees come together to work with trained experts in order to work on the desired company leadership behaviour.

#### Embedding HR KPIs in the organisation

The internal data collection led to further embedding of Human Resources KPIs in quarterly reporting. From this fiscal year, we have introduced a European template for Personal Performance & Development Reviews. We now measure the implementation against this new template where our factories are at 29% and our sales and service companies are at 68% of yearly employee reviews performed. We are aiming for an 80% target by FY17.

#### FY15 age pyramid\*




## CAPACITY BUILDING IN OUR COMMUNITIES

In FY15 we trained 26,000 forklift operators across Europe




**“The sustainability data gathering exercise helped us focus on key issues leading to further improvement such as a safer working environment and with much more overall employee engagement on the topics.”**

Mercè Santacreu, HR Director, Toyota Material Handling Spain, receiving the Xcellens award for health and safety thanks to the physiotherapy programme developed by her and her team: Case Study 



**“It was rewarding to be chosen as a candidate for the Talent programme. I met interesting and knowledgeable speakers from different backgrounds. The varied assignments increased my knowledge of different market scenarios and helped me think about new ways to interact with customers. It’s good that the company is putting effort into developing its people as this will help them meet future challenges!”**

Tony Agneau, Quality Director, Toyota Material Handling Europe, Ancenis Factory: Case Study 

### CORPORATE CITIZENSHIP

We are one of the largest providers of forklift operator training in Europe. Insufficient training has been identified as the root cause in 80% of cases involving major injuries sustained in material handling operations. It is also a skill that helps many people access jobs with better employment conditions. This is why we are proud to have increased our reach by 13% over FY13 to 26,000 forklift operators trained.

In 2014 Toyota Material Handling France gave training to ten operators in partnership with the local employment office, as part of our social contributions strategy.

We invest over €200,000 annually in our communities, with a focus on capacity building. We follow Toyota Industries Corporation's three corporate priorities:

1. Social Welfare & Emergency Relief
2. Science & Education
3. Environmental preservation



**“Working together with industry is part of our genes and essential for research and high education quality. Many of our students do their master thesis at Toyota Material Handling factories, and furthermore they receive valuable mentoring from the staff. We also work in close collaboration with the company in many research projects. In addition to important funding, working with Toyota strengthens the university’s research and teaching.”**

Per-Olof Brehmer, Head of the Department of Management and Engineering, University of Linköping, Sweden



# OPTIMISE OUR BUSINESS PROCESSES

CONTINUED

## RESPONSIBLE BEHAVIOUR

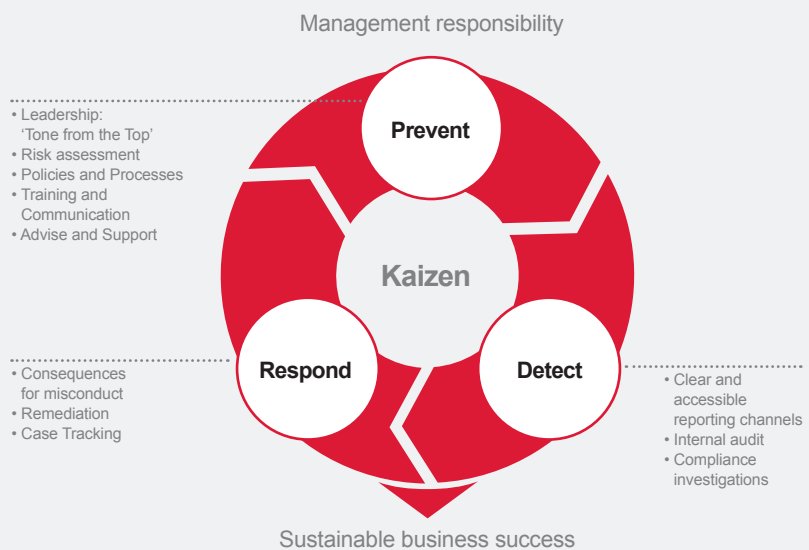
Corporate governance, risk management, legal compliance, bribery and corruption have been identified as material issues by our stakeholders (see page 6).

Our Code of Conduct helps inspire continued confidence in Toyota Material Handling Europe and to maintain honesty and integrity throughout the company. Before they commit to abide by the Code of Conduct, all our employees follow training that covers:

- The Toyota Way
- Compliance with Laws, Regulations and company policies
- Human rights
- A safe and healthy working environment
- Fair competition
- Offering and granting advantages
- Environmental preservation
- Relations with local communities

In 2014 EcoVadis assessed our approach to Fair Business Practices and scored us in the top 1% of global suppliers assessed in our industry.

## Toyota Material Handling Europe's Compliance System



**"Our confidential helpline has already helped us identify issues early on and deal with them appropriately. It will promote transparency and ensure our reputation remains strong."**

Richard Ekenger, Legal & Compliance Counsel,  
Toyota Material Handling Europe

## Treating whistleblowers with respect

Since the implementation of the Code of Conduct in 2009 we have encouraged employees to report any violations and all our entities have a dedicated Local Compliance Officer. In April 2015 we set up an independent Code of Conduct Helpline to give the ability, and moreover the empowerment, to raise concerns or call for assistance when a violation is found. Employees who ask a question, raise a concern or make a report via the Internet have the possibility to remain anonymous.

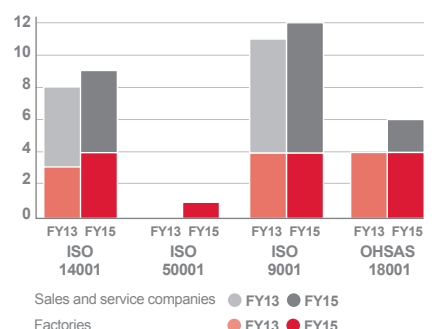
Retaliation against those who have reported valid compliance concerns is not tolerated under our Violation Reporting Guideline. This protects the whistleblower from discrimination or any direct or indirect action to harm their employment relationship, earning potential, bonus payments, career development or other work-related interests.

## Certified Management Systems

All our factories have management systems certified to ISO 9001, ISO 14001 and OHSAS 18001 standards. We also encourage our local sales and service companies to go for certification. The table below provides an overview of our progress and we maintain a full listing of all ISO and OHSAS Certifications awarded to our companies on our website [here](#).

## Certificates

(2013 to 2015)





**“We have identified 40 top suppliers with whom we work intensely, supporting them with relevant Supplier Kaizen activities and educating them in Toyota principles to improve their performance in safety, quality and responsibility.”**

Susanne Petterzon, Toyota Material Handling Europe, Purchasing Sustainability Coordinator

## RESPONSIBLE PURCHASING

Driven by our sustainability thinking, we make sure our suppliers adhere to sustainability criteria outlined in our Responsible Procurement Strategy as a strategic priority.

- 97% of the annual price value of parts for our trucks from suppliers with sales to us of over €100,000 per year are purchased from companies with environmental management systems certified to the international ISO 14001 standard.
- All main suppliers have accepted our Code of Conduct for suppliers by signing the Responsible Procurement declaration.
- All new contracts include acceptance of our Code of Conduct for suppliers and overall adoption is also tracked.
- In addition, a CSR self-assessment has been launched with a pilot group of 14 suppliers.

Over 80% of our annual sourcing volume comes from suppliers in Europe and many are located close to our manufacturing plants, sustaining the local economy and reducing the impacts of transport.

EcoVadis evaluated our Sustainable Procurement processes in 2014 and scored us in the top 3% of global suppliers assessed in our industry.

## Cascading sustainability throughout the supply chain

We aim to go beyond reducing ‘muda’ and improving efficiency in our internal operations. Involving the supply chain in our vision of sustainability helps mainstream our approach, as can be seen in this Case Study .

We organise an annual Supplier Conference for our top 200 European suppliers. We work closely with many more to help them maintain and enhance their production efficiency, quality and logistic results by implementing tools according to TPS principles. In turn we encourage our direct suppliers to support their suppliers in implementing the TPS toolbox (Asaichi, Weak-Point Analysis and Change Point Management), extending our principles further down the value chain.

Suppliers of the Year need to show strong performance and stability over multiple years in quality, delivery and cost and to be honestly interested in taking on our challenges.



Two winners of the Toyota Material Handling Europe 2015 Supplier of the Year Awards: Camoplast Solideal and Stena Stål Molkom AB

## Challenging our suppliers to raise performance

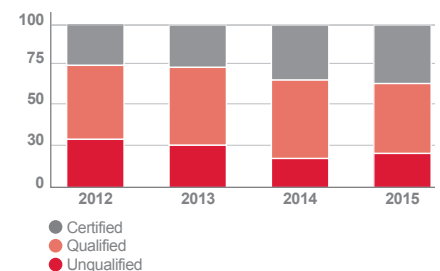
Suppliers are classified in three categories: Certified, Qualified and Unqualified. Certified suppliers are high performers in all areas: Quality, Delivery, Cost and Service.

- Good performers become qualified suppliers.
- Unqualified suppliers are those who obtain a low score in our initial supplier evaluation.

Depending on the identified business risk, some qualified and unqualified suppliers are given an individual Supplier Kaizen (continuous improvement) programme.

At the June 2015 Supplier Conference, we pointed out there was a stable to positive average trend for all four factories. However there was little decrease in the ratio of unqualified suppliers. We urged all suppliers to continue their efforts to achieve certification and take countermeasures when unqualified.

## Supplier certification results



## ENERGY EFFICIENT OPERATIONS

In 1993, Toyota publicly committed to integrate energy efficiency in its business strategy with its first environmental action plan

### MINIMISE ENVIRONMENTAL IMPACTS

# MINIMISE ENVIRONMENTAL IMPACTS

**“We grew our revenues by 5% while reducing emissions by 33% compared to 2012, with a combination of technology and sound business practices.”**

Lydia van den Bogaard, Sustainability Champion, Toyota Material Handling Netherlands

#### Smarter fleets

Overall fuel consumption in 10 countries dropped by 19%. For example, when a customer experiences a technical breakdown, GPS tracking on service vans enables Toyota Material Handling UK to send the nearest available service technician. In the UK this led to an overall fuel consumption decrease of 12% as well as improving our customer service.

#### Smarter factories

Implementation of ISO 50001 has enabled our factory in Ferrara, Italy to reduce the energy consumption involved in producing the masts for forklift trucks by 9% since FY12 despite a production increase of 48%. This Case Study [reports](#) that the impressive decoupling is continuing in 2015, with greater energy savings as production rises.



**“Over 75% of service technicians in Sweden have received eco-driving training using our TMHE Academy e-learning tool, and we’ve made the tool available to other European markets for translation.”**

Christer Lundberg, Sustainability Specialist, Toyota Material Handling Sweden

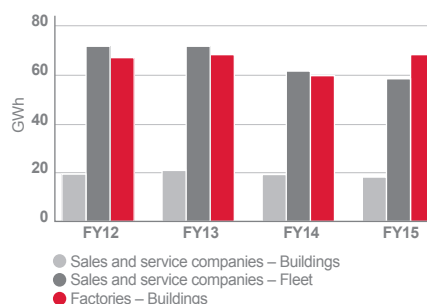


**“We needed to bring many people on board as we worked to obtain the ISO 50001 energy management system certification and this team effort continues to pay off.”**

Rudy Zaramella, Environmental expert and Costanzo Marsan, Process Engineering, Toyota Material Handling Europe, Ferrara Factory

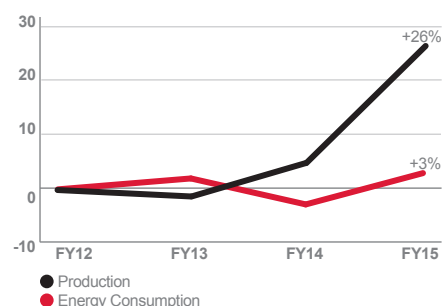
#### Energy consumption

(Factories and Sales and Service companies per Buildings and Fleet)



#### Production vs Energy consumption

(Total Factories)



\* Due to the scope expansion of entities included in this report we have extrapolated 33% energy consumption in line with the GHG protocol base year recalculation methodology to calculate a more accurate base year of FY12

## ENERGY EFFICIENT PRODUCTS AND SERVICES

We have improved energy efficiency for 8 out of 9 product families

### Low carbon buildings



The 9,800m<sup>2</sup> photovoltaic system in the picture above has 2,200 modules and generates 20% of the electricity used at our newly built German headquarters in Hannover.

Our Swedish factory now only purchases electricity from renewable sources and so does our sales and service company in the Netherlands.

Toyota Material Handling Netherlands is now housed in an A-rated energy-efficient building. Energy consumption is 31% lower than before the move, leading to annual savings of over €45,000. Find out more in this Case Study [2](#).

EcoVadis evaluated our Environmental performance in 2014 and scored us in the top 1% of global suppliers assessed in our industry.

### CUSTOMER ENERGY USE

We work with our customers to reduce energy consumption and CO<sub>2</sub> emissions so they can achieve their sustainability targets while saving on costs. As an example, we worked with Woikoski in Finland to deliver:



#### 1. Monitoring and targeting

Our I\_Site fleet management solution helps them avoid unnecessary energy consumption.

#### 2. Avoiding energy waste

We provide tips to Woikoski based on TPS principles to make their material handling operations leaner, and thereby also more energy-efficient.

#### 3. Energy efficiency

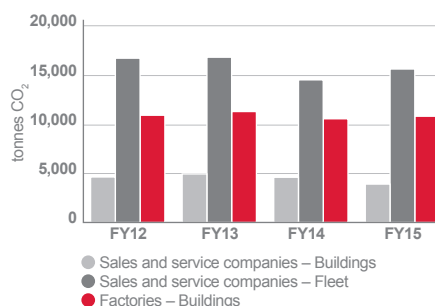
Woikoski tested our trucks and those of competitors in their facility and measured fuel consumption. As they found ours the most efficient, they are renting 17 Toyota Tonero LPGs.

#### 4. Renewable energy

A pioneer of hydrogen for over 100 years in Finland the company was the first end user in Europe to purchase a forklift truck with a fuel cell.

### CO<sub>2</sub> emissions

(Factories and sales and service companies per Buildings and Fleet)



“As a hydrogen pioneer, we choose suppliers who can develop tomorrow’s energy solutions together with us. This is why we were first in Europe to buy a Toyota truck with fuel cell technology.”

Kalevi Korjala, CEO, Woikoski Oy, Finland



# MINIMISE CUSTOMER ENERGY USE

## Four steps to minimise customer energy use and carbon emissions



### ENERGY INNOVATIONS

As both a manufacturer and a solutions provider we look for incremental improvements in energy use across our product range and in how our customers can optimise their use.

#### 1. Monitor energy use

Traditional lead-acid batteries have a limited lifetime. On average they can be recharged up to 1,500 times. In many applications, they are not fully discharged and recharged. This shortens the lifetime of the battery, increasing both costs for the customer as well as environmental impact.

Our **I\_Site** fleet management tool enables our customers to be reminded:

- when a battery needs to be recharged, to prolong its productive life, and
- when the battery needs to be replaced, to maintain optimal operational efficiency.

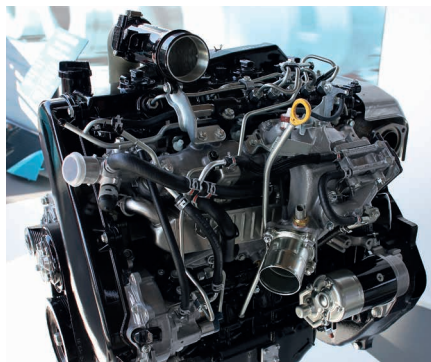
#### 2. Avoid energy waste

We also encourage our customers to use **high-frequency chargers** wherever technically possible, as this:

- shortens charging time, thereby optimising truck productivity,
- increases the likelihood of batteries being fully charged, lengthening the productive life of batteries, and
- improves the energy efficiency of battery charging up to 15%.

#### 3. Innovate – energy efficiency

In the past two years, Toyota Material Handling Europe has introduced **new internal combustion engines** that are up to 49% more efficient, taking advantage of new technology to reduce fuel consumption and emissions of CO<sub>2</sub>, NOx and particulate matter. The latest Stage III B compliant diesel engines are now available for the whole forklift range in the EU market. Further improvements are foreseen in the next two years, notably to achieve compliance with the upcoming Stage V from 2019.



Read more about our efforts to offer new clean diesel engines with significantly enhanced environmental performance to customers globally in our global Toyota Industries Report [📖](#)

Six out of seven electric-powered product families are now available with **lithium-ion (Li-ion) batteries** and we are aiming to complete the full range. The intelligent design features on these Li-ion batteries deliver a 30% reduction in electricity consumption over lead-acid batteries. They can be recharged quickly and truck availability is further improved through greater storage capacity and 10%-20% lower energy loss. The upfront cost of a lithium-ion battery is higher than a traditional lead-acid battery, but their longer life spans and lower operating costs add up to a full return on investment within 2 to 3 years. This technology also offers better value for money through significant reductions in energy use and CO<sub>2</sub> emissions.

Product Family	Li-ion	Fuel cell
Powered Pallet Trucks	✓	✓
Powered Stackers Trucks	✓	
Order Picker Trucks	✓	✓
Reach Trucks	✓	✓
Very Narrow Aisle Trucks		
Electric Counterbalanced Trucks	✓	✓
Towing Tractors	✓	

Read more about our efforts to create a hydrogen-based society in our global Toyota Industries Report [📖](#)



Refuelling the Traigo 80V Compact forklift with hydrogen at Woikoski, Finland.

#### 4. Innovate – low carbon solutions

We are constantly developing and promoting technology and business practices to achieve the least impact possible on the planet.

**Fuel cells** can now be used to power four product families. Their only emissions are water and heat, and refuelling with hydrogen for up to 10 hours' operation is as quick as for internal combustion engines. The use of fuel cells in transport today is constrained by the lack of hydrogen infrastructure, but some of our customers are discovering there is a business case for the necessary installations on their sites. In response to this demand, we are developing the technology for further products.

Toyota Material Handling Europe's **Second Life strategy** aims to reduce the ratio of scrapped trucks by 20% in coming years. Though only new energy-efficient products are suited to high-intensity applications, customers welcome used or refurbished trucks for lower intensity applications or as extra vehicles on standby for use in busier periods. This Case Study  explains how raw materials production is responsible for

the majority of the full carbon footprint\* of the production of a new truck, while refurbishment only involves the cabin and engine, not the chassis. Refurbishment is also mostly done locally in-country, avoiding a further 15% of emissions from logistics.

\* The full carbon footprint covers suppliers' emissions (scope 3), unlike our data on page 19 which only covers emissions under our control (scope 1 and 2)




**“As over 95% of the total carbon footprint of a truck comes from the steel-making process, prolonging the useful life of a truck not only makes good business sense, it is also good for the environment.”**

David Gómez, Used Solutions Manager, Toyota Material Handling Spain



Customers are increasingly turning to deliveries outside of business hours to decrease fuel consumption, lower CO<sub>2</sub> emissions and reduce time lost in traffic. However, in many areas, 24/7 deliveries are only permitted using equipment developed to limit noise to the minimum.

Toyota Material Handling Europe's **Silent Solutions** for both manual and powered trucks are the only trucks in the industry to be certified by QUIET MARK to the Dutch PIEK standard as not exceeding 60 decibels during operation, as described in this Case Study .



Over three million **BT Lifters** have rolled off production lines in Mjölby, Sweden since manufacture began in 1946. Tests have proved that the BT Lifter can last up to four times longer than other hand pallet trucks (HPTs), earning it TICO's ECO label for the environmental benefits gained from the resulting reduction in manufacturing and distribution and disposal processes.

## NUMBER 1 IN CUSTOMER SATISFACTION

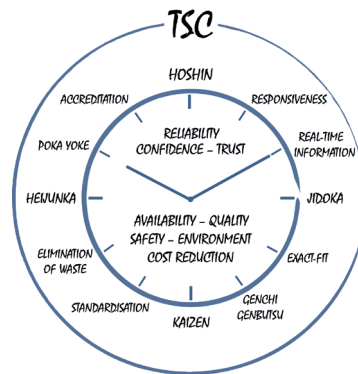
### MEETING OUR GOALS

More than 9 out of 10 of our forklift trucks are fixed on the first service visit



**“Toyota Service Concept will be the guiding philosophy for us developing our service offer, but also to ensure that we meet and exceed customer expectations in the future.”**

Joakim Plate, Director, Service Market, Toyota Material Handling Europe



#### THE TSC PROMISE TO CUSTOMERS

Our ultimate aim in implementing the Toyota Service Concept (TSC) is to deliver maximum reliability for our customers. TSC helps us earn and keep their confidence by responding to what is most important to them. We focus our efforts on delivering the highest quality and providing maximum truck availability, productivity and cost-effectiveness, without compromising safety or the environment.

#### Net Promoter Score

We have spoken to more than 10,000 customers in recent years about our service delivery. We asked them how satisfied they are with our service and how likely they are to recommend our service to a colleague or business contact. We now know that 90% of our customers would likely or very likely recommend our service.

These first valuable insights have made us realise what value real customer feedback can bring to our business. Introducing the Net Promoter System (NPS) in our organisation was an easy and natural next step in getting closer to our customers. The Czech Republic, Denmark, Germany, the Netherlands, Poland, Sweden and the UK are already applying NPS and at least a further 16 countries will be on board by the end of FY17.

#### Over 9 out of 10 first time fixes

Our first-fix rate – defined as the rate at which Toyota Material Handling Europe technicians repair a forklift truck on the first service visit – exceeded 90% in FY15. This Case Study [2](#) explains how continuous improvement using training and completely integrated online support will enable us to increase this rate to at least 95% by 2017.

#### STEP and ASEC training brings consistency to customer experience

Our two Europe-wide accreditation programmes, the After Sales Service Evaluation & Certification (ASEC) and our Service Technician Education Programme (STEP), make sure service teams and distributors have the right knowledge to suit technical requirements and can build trusting relationships with customers. Included in these programmes is the encouragement of technicians to address a complaint if they are not provided with a safe place to work at the customer site, or if the risk of environmental spills is not sufficiently contained. This Case Study [2](#) reports on how the company is rapidly rolling out both programmes throughout the region.



**“The ASEC and STEP programmes are a crucial part of improving the skill set of our service organisations. We will continue to work towards our goal: 100% of technicians trained on STEP Bronze level and 100% of our network reaching ASEC entry level certification by FY21.”**

Antoine Reminiac, Service Operations Development Manager, Toyota Material Handling Europe

## MEETING OUR CUSTOMERS' EXPECTATIONS

Almost 9 in 10 of our customers would recommend Toyota Material Handling to a friend

### Closing in on long-term warranty goals



**“Our TPS-inspired improvements in reducing warranty claims correspond to better global efficiency, which results in significant savings in logistics and emissions for us and our customers.”**

Michael Lambert, Quality Director Supply, Toyota Material Handling Europe

Our contribution to Toyota Industries' Vision 2020 is to continue to offer the best in class quality in the industry. As a reference, warranty costs in 2015 had decreased by 80% in comparison to 2007.

To achieve this, our factories:

- proactively prevent quality issues at design stage,
- offer strong support in the field of quality management to our network of suppliers, and
- manage a fast and efficient problem-solving process throughout our supply chain.

### Applying TPS principles with DHL

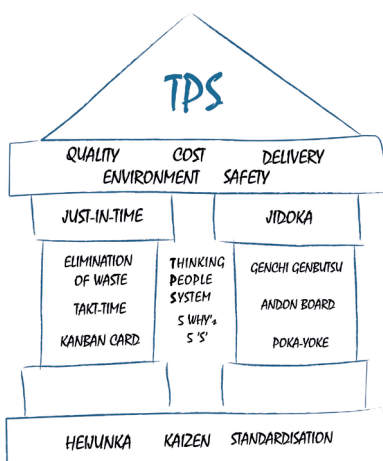
Handling operations come with the risk of human injury and damage to trucks, goods or infrastructure. The Pride in Performance seven-step plan carefully identifies problems, designs tailored solutions, measures successes and outlines future plans for customers. This Case Study [2](#) explores how Toyota Material Handling Europe worked with drivers and local management at DHL Netherlands to bring down damage costs, exceeding the target of a 15% reduction.



**“We combined our Company's change management toolkits – DHL's 'First Choice' and Toyota Material Handling's 'Pride in Performance' to pinpoint what was causing a relatively high damage cost in DHL's Eindhoven site.**

**Working closely together with our staff using 'Gemba Walks' and a 'Pride Wall', we were able to communicate the issue more meaningfully, and overachieve on our accident reduction target. Most importantly, we have created a safety culture where everyone is more aware of their own safety and that of their colleagues.”**

Marcel Nooteboom, Project Manager,  
DHL, Eindhoven, The Netherlands



# NUMBER 1 IN CUSTOMER SATISFACTION

CONTINUED

## DESIGN WITH IMPACT

Products need to fulfil a variety of requirements, such as being visually attractive, but also ergonomic, safe, functional, cost- and energy-efficient. These characteristics are also the qualities that win innovation and design awards. Building on the 2012 success of an iF Gold award for the BT Optio L-series, Toyota's global design approach has continued to rise to this challenge.

### Safety and environmental benefits from award-winning I\_Site

Automation reduces accidents and stress in tough working environments while telematics connects trucks and other information sources to cloud-based fleet management systems to reduce environmental impact through higher utilisation and better battery management. Our I\_Site solution has been extended with smartphone apps for remote fleet control, pre-operational check for safety managers and a driver access control system.



"Innovation is a collaborative process. In 2015, we were invited to present at an EU-OSHA workshop in Bilbao of developers of apps for improving industrial safety. We shared our experience, but also got a lot of inspiration in return to further improve our I\_Site fleet management app."

Marcus Löwendahl, Product Manager I\_Site,  
Toyota Material Handling Europe

## Toyota Logistic Design Competition



Tomas Jankauskas and Elisa Määttä, finalists of the 2014 edition, are now both at work in Mjölby, as a transport designer and a trainee.

The Toyota Logistic Design Competition is held each second year. The 2016 competition is ongoing and we received 100 complete submissions from 565 registered users this year. The public will have the chance to vote for their favorite forklift design from January 22 to February 12, 2016.

Check out the competition:  
<http://design.toyota-forklifts.eu>

## AWARDS



Toyota Material Handling Europe received the prestigious 2014 iF international design award for its BT Movit N-series. This quiet, lightweight and versatile tow truck is perfectly adaptable to a variety of working environments, ranging from warehouses to hospitals.



The BT Levio P-series, Traigo 80 and Tonero were all endorsed by iF's expert jury in 2015. This international recognition confirms that our design puts the needs of the operator first. We want everyone to feel comfortable and safe using our products.



reddot award 2015  
winner

The quality and innovation of the BT Levio P-series powered pallet truck also won over the 38-member jury of the Red Dot Award: Product Design 2015.



The electric Traigo 80 became the 2014 IFOY forklift truck of the year on account of its powerful acceleration, which makes it 20% more productive and one of the most energy-efficient in its class.



Following Computer Weekly's Enterprise Software Award 2013, I\_Site received the 2014 IFOY intralogistics solution of the year award.



### Designing for society

Equipped with LED lamps and a one-hand-operation steering handle, the BT Movit S-series is a prime example of good man-and-machine communication. Designed for moving goods in a continuous flow, but equally to give the driver as much support as possible, the high-performance truck impressed the iF Universal Design expert jury. A specially adapted version, the ergonomic and robust N-series Care truck won the approval of the 50-strong consumer jury.



“This truck helps hospital staff move patients around, and we are delighted the jury recognised the ‘consumer’ benefits this includes. Receiving the consumer favourite distinction fits in nicely with Toyota’s principle to be a ‘good citizen’ by making a contribution in the healthcare arena.”

Magnus Oliveira Andersson, Head of Design,  
Toyota Material Handling Europe

universal  
design

consumer  
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# DUAL IMPACT – KEY PERFORMANCE INDICATORS (KPIs)

## THIS TABLE REPRESENTS OUR SUSTAINABILITY KPIS IN LINE WITH GRI STANDARDS

Four factories, ten sales and service companies and three European premises.

### INDEX

GRI Reference to GRI G3.1 Indicator List; (<https://www.globalreporting.org>)

- complete disclosure for this indicator as per GRI definition
- ▶ partial disclosure as not all data required by GRI available

DMA: Disclosure of Management Approach; EC: Economic; EN: Environment; SO: Society; LA: Labour; PR: Product.

Accident statistics for GRI are calculated per 1,000,000 hours worked.

We use points as decimal spacer and commas for thousands; EN8: the only water we consume is from the mains.

## Internal Impact KPIs

	Focus Area	KPI	FY12	FY13	FY14	FY15	GRI		Where
MAXIMISE SAFETY	Management Systems	Factories – OHSAS 18001	4	4	4	4	DMA LA	●	10-12
		MSCOs – OHSAS 18001	0	0	1	2			
	Health & Safety Committees	Factories	4	4	4	4	LA6	●	10,16
		MSCOs	4	4	10	10			
	Health & Safety KPIs	Injury Rate Factories	/	22.8	17.6	18.4	LA7	▶	10
		Injury Rate MSCOs	/	28.9	26.6	30.4			
		Lost Day Rate Factories	/	270.1	342.8	63.3			
		Lost Day Rate MSCOs	/	372.5	317.3	348.9			
OPTIMISE BUSINESS PROCESSES	Internal TPS training						DMA SO	●	14-16
	Fair business practices	% Employees trained in COC	/	100%	100%	100%	SO3	●	16
	Transparency	% TMHE employees covered by GRI	/	60%	/	82%	DMA LA	●	1,17
	Attracting and Retaining Talent						LA11	▶	14
	Performance Appraisals	Factories	/	63.3%	37.0%	29.1%	LA12	●	14
		MSCOs	/	90.1%	68.3%	67.8%			
MINIMISE ENVIRONMENTAL IMPACT	Management Systems	Factories – ISO 14001	4	4	4	4	DMA EN	●	16,18
		MSCOs – ISO 14001	3	3	4	5			
		Factories – ISO 50001	0	0	0	1			
		MSCOs – ISO 50001	0	0	0	0			
	Direct Energy Consumption (TJ*)	Factories	93	92	81	90	EN3	●	18
		MSCOs	297	303	262	247			
	Indirect Energy Consumption (TJ*)	Factories	146	154	148	156	EN4	●	18
		MSCOs	29	30	30	31			
	Direct tCO <sub>2</sub> e Emissions (Scope 1)	Factories	5,458	5,307	4,869	5,191	EN16	●	19
		MSCOs	19,098	19,440	16,807	17,543			
	Indirect tCO <sub>2</sub> e Emissions (Scope 2)	Factories	5,553	5,983	5,802	5,644			
		MSCOs	2,318	2,393	2,372	2,021			
NUMBER 1 IN CUSTOMER SATISFACTION	Mains Water Consumption	Factories	41,120	43,432	47,848	44,049	EN8	●	
		MSCOs	22,680	28,857	25,806	24,172			
	Management Systems	Factories – ISO 9001	4	4	4	4	DMA PR	●	16
		MSCOs – ISO 9001	3	7	7	8			
	Quality	Warranty Claims vs FY07	/	-62%	-65%	-80%	PR5	●	22

MSCOs – Sales and service companies

Direct energy consumption (city gas, LPG, oil, biomass) lead to direct CO<sub>2</sub> emissions (Scope 1)

Indirect energy consumption (electricity, district heating) lead to direct CO<sub>2</sub> emissions (Scope 2)

\* 1TJ=277,778 KWh



GRI has confirmed that the report was prepared according to the GRI G3.1 Guidelines, at Application Level C+

## External Impact KPIS

	Focus Area	KPI	FY13	FY14	FY15	GRI	Where
MAXIMISE SAFETY	Safety Leadership					DMA LA	● 11,12
	Customer Safety					PR1	● 10-13
	Operator Training	Forklift Operators Trained	23,000	24,046	26,000	EC9	● 13,22
	Fleet Management	Number of trucks with I_Site	9,374	13,079	20,500		
OPTIMISE BUSINESS PROCESSES	Governance					DMA SO	● 15
	Transparency	EcoVadis total score	51%	68%	71%	EN18	● 17,28
		Environment	70%	80%	80%	EN18	● 19,28
		Labour Practices	50%	70%	70%	SO2	● 16,28
		Fair Business Practices	50%	60%	70%	HR2	● 17,28
		Sustainable Procurement	30%	50%	60%	EN18	● 19,28
	Responsible Purchasing	% Suppliers with ISO 14001	94%		99%	EC6	● 17
MINIMISE ENVIRONMENTAL IMPACT	Environmental Leadership					DMA EN	● 20,21
	Product Energy Innovation	Product families available with Lithium-ion	3	4	6	EN6	● 19-21
		Product families available with Fuel Cell	0	0	4		
		Product families available with Quiet Mark	2	2	2		
	Used trucks	Sales increase	1.2%	14.8%	19.4%	EN26	● 21
NUMBER 1 IN CUSTOMER SATISFACTION	Toyota Service Concept					DMA PR	● 22,23
	Customer Satisfaction	% of customers who would recommend us			90%	PR5	● 22
		Countries where TSC is implemented			5		
		Net Promoter Score			37%		
		First-Fix Rate		89.9%	90.5%		

# ECOVADIS

## LEADING THE INDUSTRY

As part of the world's leading forklift truck manufacturer, Toyota Material Handling Europe takes its environmental and social responsibility seriously. Sustainable manufacturing is a joint effort with our employees, customers and suppliers.

Our major customers are increasingly including CSR assessments in their procurement processes. For the past three years we have disclosed information on over one hundred indicators to EcoVadis. They rate and assess our policies, guidelines and performance in four key areas: Environment, Labour Practices and Human Rights, Fair Business Practices and Sustainable Procurement.

We were proud to receive the 2014 Gold rating for our performance from EcoVadis, one of the world's leading monitors of supply chain sustainability in industry.

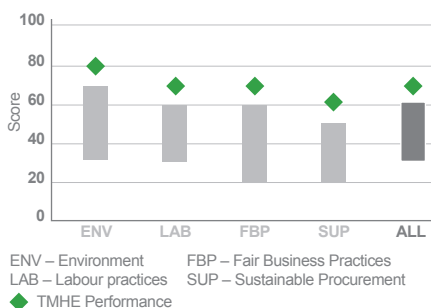
### Top 2% for transparency

The 2014 CSR assessment by EcoVadis gave Toyota Material Handling Europe an overall score of 71/100, ranking us alongside the world's top two percent of companies that have achieved 'Advanced CSR engagement'.

EcoVadis also benchmarks our CSR performance against that of over 150 other suppliers within the heavy machinery industry. Toyota Material Handling Europe leads on transparency across the four themes examined by EcoVadis.

### Benchmark

(Benchmark is data on all suppliers of the same business category in the EcoVadis database)

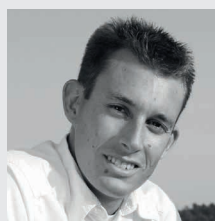


## GOLD-RATED

Most of the information covered in this report responds to questions in the EcoVadis questionnaires. This table provides our progress in the topic areas defined by EcoVadis and a cross reference to the relevant report sections and pages.

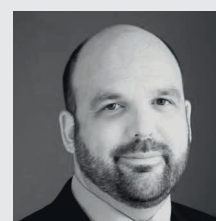
[www.ecovadis.com](http://www.ecovadis.com)

	FY13	FY14	FY15		Pages
Environment	70%	80%	80%	MINIMISE environmental impact	18,19, 20, 21
Employment Practices	50%	70%	70%	MAXIMISE safety	10,11,12,13
				OPTIMISE business processes Human Resources	14, 15
Fair Business Practices	50%	60%	70%	OPTIMISE business processes Responsible Behaviour	16
Sustainable Procurement	30%	50%	60%	OPTIMISE business processes Responsible Purchasing	17
<b>EcoVadis total score</b>	<b>51%</b>	<b>68%</b>	<b>71%</b>		



"EcoVadis is providing suppliers with a unique methodology to demonstrate performance on sustainability by building on what is already existing and by ensuring that perception of the 'external world' is also reflected. For buying organisations such as Nestlé, EcoVadis is one of the methodologies used to avoid duplication and ensure collaboration on responsible sourcing with strategic suppliers."

Benjamin Ware, Global Supplier Assessment & Development Manager, Nestlé



"The EcoVadis Gold Level ranking reflects the commitment of Toyota Material Handling Europe to sustainable development and our ambition to contribute to the societies and the environment we operate in. This external seal of approval helps us reassure our customers we put a lot of effort into doing business responsibly."

Tom Schalenbourg, Director Sustainable Development, Toyota Material Handling Europe

## THIRD PARTY EVALUATIONS


### ASSURANCE STATEMENTS



This report has been prepared in accordance with the terms of our engagement contract dated 26 October 2015, whereby we have been engaged to issue an independent limited assurance report in connection with the Sustainability Report as of and for the year ended 31 March 2015 of Toyota Material Handling Europe and its subsidiaries (the "Report").

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our audit firm applies International Standard on Quality Control (ISQC) n° 1 and accordingly maintains a comprehensive system of quality control including

documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Based on our work, as described in this Independent Limited Assurance Report, nothing has come to our attention that causes us to believe that the information and data presented in the Sustainability Report marked with the symbol √ (on page 10 of this report) for the year ended 31 March 2015 of the Company are not fairly stated, in all material respects, in accordance with the Criteria. The full statement of PwC can be found on our website. 

Marc Daelman  
Registered Auditor, PwC Bedrijfsrevisoren bcvba



"WSP has been contracted to conduct energy audits for compliance with the EU Energy Efficiency Directive at Toyota Material Handling Europe's sales and service companies in Belgium, Germany, Italy, Netherlands, Norway, Spain, and the United Kingdom, its factory in France, and its

European Warehouse in Belgium. As part of the scope, we also reviewed how energy accounting was done at these sites and in the European office in Brussels. We can confirm that the data presented in this report is representative for the parts of the organisation covered by our audits."

Andrew Marsh-Patrick  
Associate Partner, WSP

### CREDITS



Design Concept



Consulting and Copywriting



Sustainability Data Support



European Health and Safety Campaigns



Sustainability Reporting Software

