

# Sustainability Report 2019

Toyota Material Handling Europe



**TOGETHER**  
we make a difference

**TOYOTA**

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MATERIAL HANDLING

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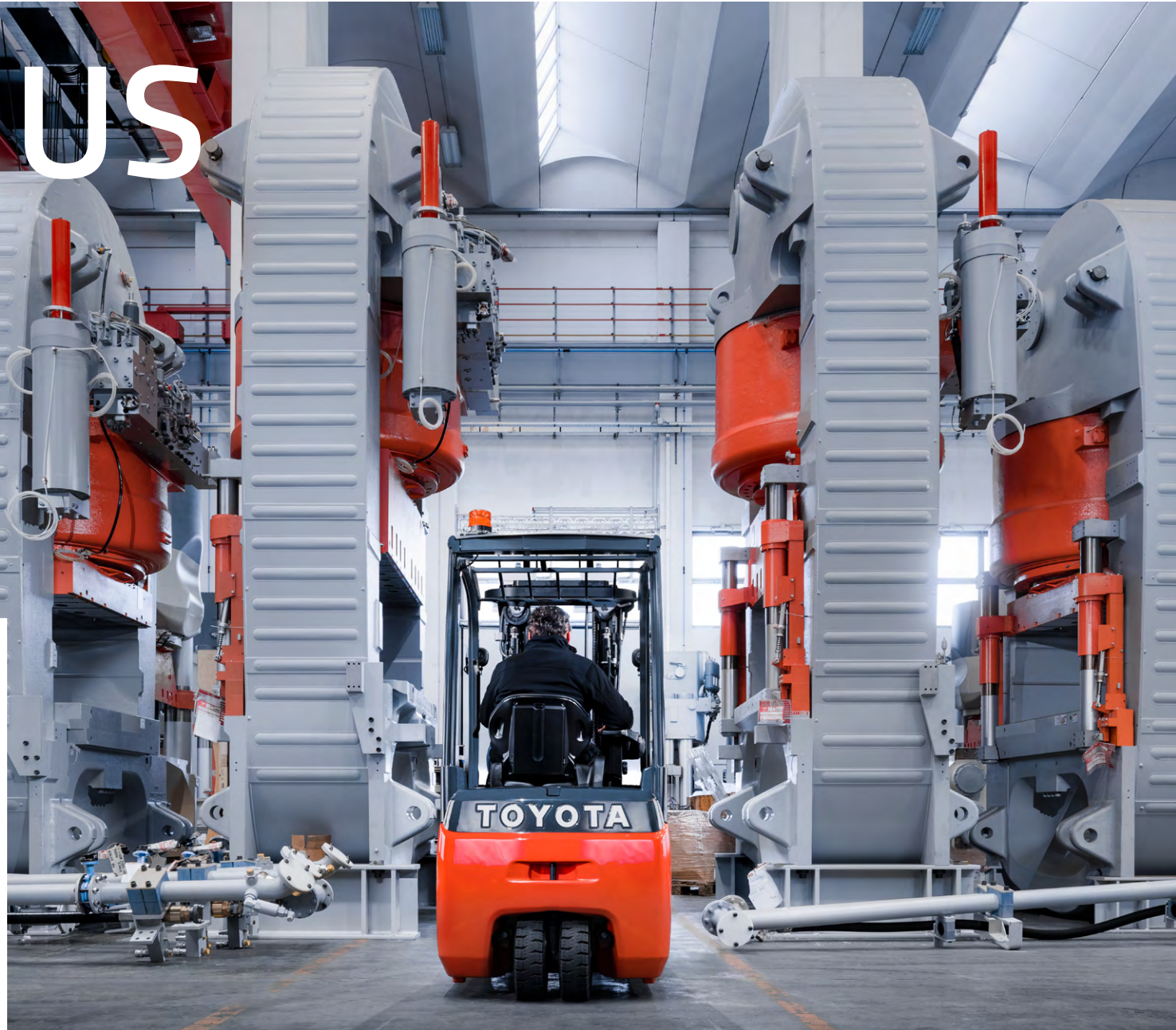
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● Material issues as defined by our stakeholders, read pages 16-17 to understand how they prioritised these issues to be selected for our report



# ABOUT US

Toyota Material Handling Europe is part of Toyota Industries Corporation (TICO), the global number one in material handling since 2001. It's TICO's ambition becoming the first-choice partner in the material handling business as a total solution provider for projects of all sizes.





# GET STARTED

## OUR STAKEHOLDERS

Employees  
Prospective employees  
Students

Customers  
Suppliers  
Distributors

Toyota Industries and its group companies  
Local communities  
Public authorities  
European Works Council

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

## 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 make a bigger impact TOGETHER.

## DIALOGUE WITH STAKEHOLDERS

In preparation for this 2019 report we continue to use the 2018 feedback as the basis to select the material issues for this report. Prior to writing the 2018 report, we repeated the stakeholder engagement exercise we did in preparing for our 2013 sustainability report, and together with our stakeholders we identified additional issues on which our stakeholders require transparency.

## CHANGES


Our previous report marked an important step change as it had to comply with the EU Directive on Non-Financial Reporting and the Diversity of Boards. Our first two reports were voluntary, bi-annual, and prepared in line with the Global Reporting Initiative (GRI) G3.1 guidelines.


This report addresses the sustainability management and performance of Toyota Material Handling Europe, part of Toyota Industries Europe, a fully owned subsidiary of Toyota Industries Corporation. Like last year's report this report has been prepared according to the GRI Standards: Core Option.


Descriptive sections in the report reflect the state of the organisation at the end of financial year (FY)19 (ending 31 March 2019). Except where otherwise stated, the numerical performance data refers to our FY19 and covers over 95% of our employees. The data are from four factories\* (Sweden, France, and two in Italy); 21 sales and service companies (Austria, the Baltic countries, Belgium, the Czech Republic, Denmark, France, Finland, Germany, Greece, Hungary, Italy, the Netherlands, Norway, Poland, Romania, Russia, Slovenia, Spain, Sweden, Switzerland and the UK); and four support function offices (our headquarters in Mjölby, our European office in Brussels, Logistics Solutions in Gothenburg, and our logistics in Europe).

No external verification has taken place for this report. However, we have had all our sustainability performances assessed by EcoVadis for the third time in FY19. This may not consist of an audited external verification of this report specifically, but we do consider it an independent external assessment of sustainability governance in our company.

### Three different icons for links

 Reference to other part of report or glossary

 Reference to website or external document

 Video

*\* Data for our fifth factory, Simai S.p.A (Italy), is currently not yet included in the report. It is a recent acquisition with 40 employees, which requires us to pace the speed of integration. We aim to include them into our sustainability reporting processes from FY22 onwards.*



# ABOUT TOYOTA MATERIAL HANDLING EUROPE

## QUICK FACTS

Toyota Material Handling Europe is part of Toyota Industries Europe AB Group, a fully owned subsidiary of Toyota Industries Corporation, the global number one in material handling since 2001 and aiming to be the first-choice partner in Europe in the material handling business.

Part of a strong **global** network



Active in  
**42**  
countries



**187,581**  
units sold



**404,000**  
trucks on service agreement



**5**  
factories



**4**  
support entities



**21**  
sales and service companies



**4 million**  
service visits per year



**+5,100**  
trained service technicians



**+300**  
suppliers



**200**  
dealers and 15 distributors

	TOYOTA INDUSTRIES CORPORATION	FY19 vs FY13	TOYOTA MATERIAL HANDLING GROUP	FY19 vs FY13	TOYOTA MATERIAL HANDLING EUROPE	FY19 vs FY13
EMPLOYEES	<b>64,641</b>	+36%	<b>44,878</b>	+117%*	<b>11,410</b>	+37%
TURNOVER	<b>17.2 bn EUR</b>	**	<b>11.4 bn EUR</b>	**	<b>2.5 bn EUR</b>	+47%
STRUCTURE	<b>3</b> business units Material Handling, Automotive, Textile Machinery		<b>5</b> regions Japan, Europe, North America, China, International		<b>30</b> operational entities	

\* Includes several acquisitions: Vanderlande, Bastian, Tailift; numbers for Vanderlande in Europe are not included in Toyota Material Handling Europe

\*\* Change from Japanese to IFRS standard makes comparisons with previous years difficult - but growth rates are broadly in line with those displayed for employees



# "ZERO MUDA" IS OUR VISION

"Through manufacturing, we shall contribute towards society and the world." These words from our founder Sakichi Toyoda inspired us when developing our sharpened strategy, which puts quality at the heart of everything we do. It applies to how we work with our business partners, our people, and with the environment.

## MAXIMISE QUALITY AND CUSTOMER SAFETY

Our new business strategy focuses on the quality of our products, of our solutions and of the customer experience. Our products gained 26 international design awards in the last 10 years. Our quality experts visit hundreds of suppliers every year to ensure that they are with us on the quality journey. We continue to further strengthen our capabilities in TPS and in operator training as a framework to engage with our customers to enable them to learn from our journey to better quality and safety.

## OPTIMISE OPPORTUNITIES FOR OUR PEOPLE TO THRIVE

Through our people strategy we ensure that every local company identifies and addresses local priorities to attract and retain talented people. Since 2014, we have trained over 300 leaders to adopt a more coaching style, to enable people to thrive. Every year we organise several competitions to celebrate excellence in some of our core professions: designers, welders, sales people and service technicians. We are a partner of the EU OSHA campaigns for "Healthy Workplaces" since 2010, and several of our entities have since noticeably improved health and safety performance. Our Toyota Values empower our teams to always find better ways to work.

## MINIMISE ENVIRONMENTAL IMPACT

We have significantly reduced CO<sub>2</sub> emissions from manufacturing whilst growing our business, and aim to use only renewable electricity by 2021. In Sweden we are in the process of switching our largest factory from LPG to bio-gas. Through these actions, we aim to actively contribute to TICO maintaining its global leadership with a double A rating from CDP for Climate Change and Water. We continuously review our offer of products and services to help our customers to achieve their own emission reduction targets.

## TRANSPARENCY AND ACCOUNTABILITY

As part of Toyota Industries Corporation, we also endorse the United Nations Sustainable Development Goals in line with TICO's Vision 2030. We are using EcoVadis' third-party evaluations to streamline transparency to our largest customers, and to drive performance in our network. With both Toyota Material Handling Europe and 16 of 25 local entities achieving EcoVadis Gold level, we are well on our way to set Gold as a minimum standard for all of Toyota Material Handling by 2021.

**Matthias Fischer**  
President & CEO Toyota Material Handling Europe



Quality is key to keep business moving. Therefore, let's work together for zero breakdowns, zero accidents and zero carbon emissions.

**Matthias Fischer,**  
President & CEO, Toyota Material Handling Europe



# QUALITY, THE FOUNDATION OF OUR BUSINESS STRATEGY

Efficient, safe and sustainable material handling – that is the value we aim to bring to our customers. In 2019 Toyota Material Handling Europe sharpened its business strategy in order to increase speed and to continue to be the best partner for our customers in their transformation:

## BROADENED CORE OFFER

Premium forklift and tow trucks, related service solutions, and rental solutions have been our core offer for a long time, and it will still be essential. In addition, we offer solutions within the fields of automation, connectivity and productivity services – now fully a part of our core offer. Being the leader in these areas is necessary to stay relevant.

## QUALITY IN EVERYTHING WE DO

Quality has always been the focus in Toyota as the foundation of our success. Redefining and raising quality in all parts of our business is key to our strategy and essential for our customers in the complex future full of new technology, integrated systems, new services, new competitors, and new partners that they face. We strive to take Quality to the next level and widen it to provide a superior customer experience. Fast, easy and reliable is the new Quality.

## PASSIONATE PEOPLE MOVE THE WORLD

Our company culture is special. People and quality have always been the core. We see problems as opportunities, we like to solve them and help customers to be even more successful. This culture is deeply rooted and goes back to our founder Sakichi Toyoda and his Precepts. We create positive delivery experiences all over the globe and moving goods more efficiently makes the world more sustainable. We aim to save energy and reduce waste. The tools are digitalisation, automation and new services, and this will be the focus in our industry for the coming decade. Logistics and material handling are next in line after manufacturing.

## ZERO MUDA WILL CHANGE EVERYTHING

The future we want to create is a future where Muda is history. All goods produced and services provided are value-adding for end users. Constraints like waiting, deficiencies and errors are gone. This is a future where material handling equipment and systems are connected and integrated end-to-end over all type of borders and automated as far as possible. Zero Muda, that is our vision.

## MAKING THE WORLD MORE SUSTAINABLE THROUGH ZERO MUDA





# ORGANISATIONAL STRUCTURE



## TOYOTA INDUSTRIES CORPORATION

Our owner is the world's market leader in forklifts, warehouse trucks and related services and solutions, it has four business units: material handling equipment (59%), automotive (engines, air conditioning, car electronics) (34%), textile machinery (4%) and logistics (3%). Toyota Industries Corporation employs 64,641 people and had a turnover of 18.6 billion EUR for its FY19. The company is listed on the Tokyo stock market. Find out more about Toyota Industries Corporation's latest annual, environmental and CSR reports [🔗](#).

## TOYOTA INDUSTRIES EUROPE

Toyota Industries Europe AB is a privately held company in Sweden that reports annually to the authorities under Swedish accounting standards for larger companies. Toyota Industries Europe AB is the legal parent company to a selected number of other companies, including Toyota Material Handling Europe AB (representing the majority of revenues and employees) as well as Vanderlande BV. Vanderlande publishes their own sustainability report.

In May 2017 Toyota Industries Europe AB acquired the more than 5,000-employee strong international Vanderlande Industries Holding BV, the global market leader for value-added logistic process automation of warehouses, parcel and post, as well as airport baggage handling. This acquisition does not impact the size, structure or supply chain of Toyota Material Handling Europe during the period covered in this report.

The latest Toyota Industries Europe AB Group annual report, with consolidated financial statements and other company information, can be requested (in Swedish) from Bolagsverket [🔗](#), the official Swedish authority for company registrations.

## TOYOTA MATERIAL HANDLING EUROPE

In 2006, the integration between Toyota Industrial Equipment with the company BT Industries AB was completed. We are headquartered in Mjölby, Sweden, with a European Marketing & Sales office based in Belgium, and we operate in more than 40 countries. We employ 11,410 people, and generated a turnover of 2.5 billion EUR in FY19.

Our product range (ten product families [🔗](#)) is manufactured in our European factories in Sweden (Mjölby), France (Ancenis) and Italy (Bologna and Ferrara). Lift Truck Equipment S.p.A. in Ferrara is a fully owned supplier of masts for forklifts, delivering to our factories in France and Italy. In FY17, we acquired a fifth manufacturing site: Simai in Milan, Italy. Simai produces its own branded towing tractors for airports, and employs about 30 employees. We have not consolidated any data for Simai in this report. Less than 5% of the volume our company sells in Europe is imported from factories in other regions in the Toyota Material Handling Group, a global organisation for Material Handling business within TICO.

Our company has 21 national sales and service companies and four support entities, complemented by more than 200 dealers and 15 independent distributors in 20 countries. [Read our company factsheet 🔗](#).

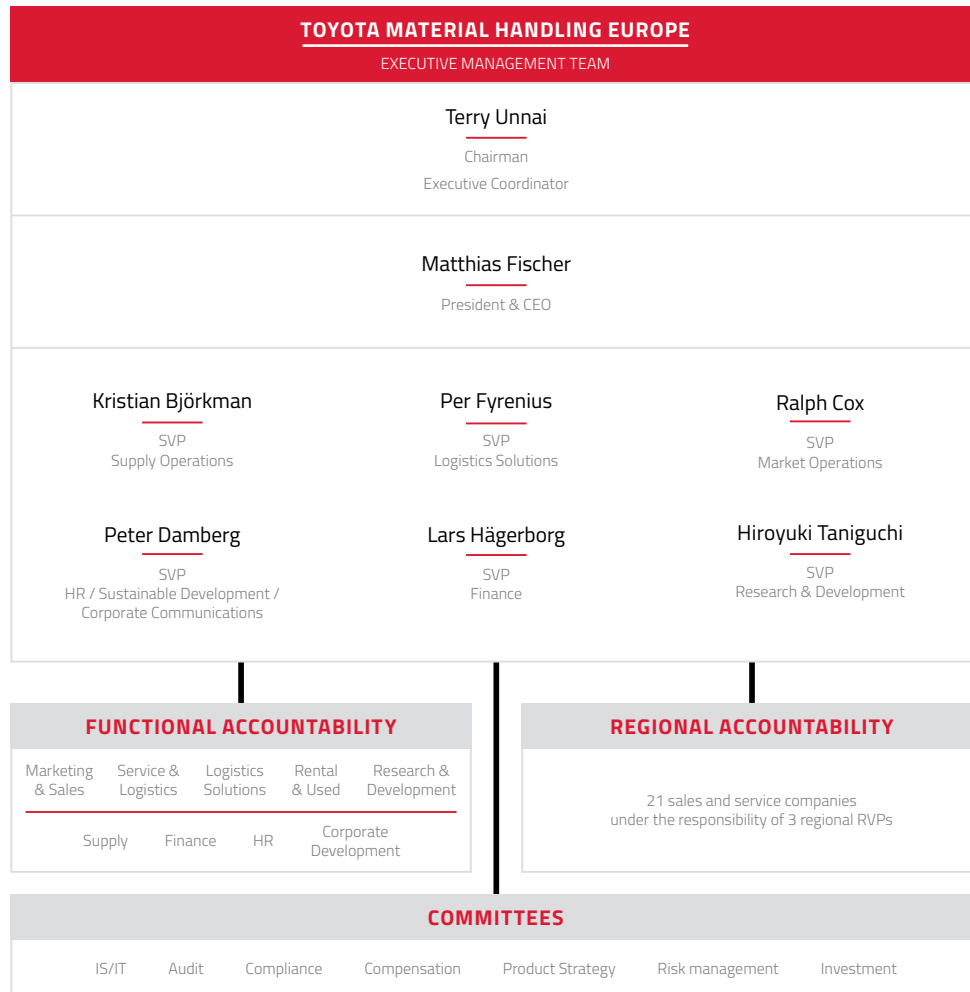
Our people make up over 25% of people employed worldwide by the Toyota Material Handling Group. The other regions the group covers are Japan, North America, China and 'International' - serving all other markets across the world. Toyota Material Handling Group is the global leader in material handling equipment across five continents.

### Our internal and external network

- Headquarters
- Factories
- National Toyota representation
- Independent distributors
- Sales and service companies







\* Supply controls manufacturing operations, R&D centres and strategic purchasing product quality

## BOARD OF DIRECTORS

Our company has a four-member Board of Directors comprising Terry Unnai, Yuichiro Yamazaki, Toru Inagawa and Matthias Fischer. Terry Unnai is Chairman of the Board of Directors, and also the Executive Coordinator sitting on the Executive Management team of Toyota Material Handling Europe. Matthias Fischer is President & CEO heading our groups Executive Management Team.

The Board is responsible for the company's organisation and management. The Board is scheduled to meet once a month and holds an extraordinary meeting when requested by the President or a Board Member, for specific topics or purposes. For each subsidiary of Toyota Material Handling Europe (see full list [🔗](#)) the Board receives an annual report with financial results, which has been audited by external auditors. Our Board is ultimately responsible that our company's consolidated financial statements are prepared in accordance with the applicable laws and accounting principles.

## EXECUTIVE MANAGEMENT TEAM

The Executive Management Team consists of six Senior Vice Presidents, our President & CEO and our Chairman. The Management Team sets, embeds and reviews the company vision, mission and strategy. A number of committees ensure cross-functional decision-making on topics related to product strategy, compliance, risk management, audit, and executive and director level employees' compensation.

We operate the organisation in a matrix model. The Management Team holds monthly meetings during which directors and, at set intervals or when required, other members of various departments or regions are invited to present.

The members of the management team have diverse backgrounds, combining a track record of material handling industry expertise with strategic topic specialisation, and in-depth, long-term knowledge of our company. View our Management Team's detailed profiles by clicking on their names in the governance structure map.

## MEMBERSHIP OF ASSOCIATIONS

Matthias Fischer is a member of the Board of the European Materials Handling Federation [🔗](#) and the president of the Federation's Industrial Trucks Product Group [🔗](#).



# OUR VALUE FOUNDATION

## TOYODA PRECEPTS

Toyota Industries Corporation formulated the *Toyoda Precepts* in 1935 to captivate the innovative principles on which Sakichi Toyoda founded the company, and to ensure they would live on after him passing away. The Toyoda Precepts are sometimes referred to as our Corporate Creed and our Corporate History.

- Always be **faithful** to your duties, thereby contributing to the Company and the overall good.
- Always be **studious** and creative, striving to stay ahead of the times.
- Always be **practical** and avoid frivolousness.
- Always strive to build a **homelike** atmosphere, that is warm and friendly.
- Always have **respect** for spiritual matters, and remember to be grateful at all times.

The five statements forming the Precepts are the most important set of principles for all companies in the Toyota Industries Corporation. Employees and leaders use them as guidance for everything they do, from daily behaviours to strategic business decisions.

## TOYOTA WAY

The Toyota Way are our shared corporate values, adopted by Toyota Material Handling in 2004. They were inspired by the Toyoda Precepts and are the foundations of our corporate culture, based on 'continuous improvement' (challenge, Kaizen and Genchi Genbutsu) and 'respect for people' (respect and teamwork). The Toyota Way helps us to speak a common language and share common goals across the company and its entities.

<b>Challenge</b>	Maintaining a long-term vision and meeting all challenges with the courage and creativity needed to realise that vision.
<b>Kaizen</b>	Kaizen means 'continuous improvement' and suggests that every product or process can always be improved.
<b>Genchi Genbutsu</b>	Gaining a complete understanding of a problem requires 'going to the source' (genchi genbutsu) and assessing it for yourself.
<b>Respect</b>	Toyota respects its partners, makes every effort to understand others, accepts responsibility and does its best to build mutual trust.
<b>Teamwork</b>	We value the importance of sharing knowledge and motivation to learn from each other. We practice teamwork to maximise individual and team performance.

We teach our five corporate values to all employees as part of their induction training. Processes, practices and business-related tools ensure the embedding of the Toyota Way values within our decision-making culture, our ways of communicating and our workplace behaviours. An assessment of employee alignment with the Toyota Way values is included in annual performance reviews.



# FAIR BUSINESS PRACTICES

## CORPORATE GOVERNANCE

In this report we disclose data on our governance more extensively than in previous reports: a clear organisational structure, strong leadership, policies and guidelines, besides fair business practices dealing with risk management, compliance, bribery and corruption.

## LEADERSHIP

Our **Leadership Philosophy**, established in 2012, is a set of principles that guide the behaviour of our leaders in their daily work and relations with others. The Leadership philosophy will be updated in FY20 and communicated across the business as our industry and society evolves. By having a Leadership Philosophy we aim to:

- harmonise leadership with our company's vision and strategy
- certify common expectations and accountabilities of our leaders
- widen the scope of leadership, focusing more on cross-functional leadership
- put stronger emphasis on change-oriented leadership
- and set expectations for desired leadership behaviours

Leaders have three different, but complementary roles to play: as a manager supporting teams to secure deliverables and achieve business goals; as a coach providing feedback and encouraging open communication within teams; and as a strategist stimulating innovation and business improvements that contribute to the mission and vision of the company. Leaders also have responsibilities for results as well as for progress.

In the past five years, our European HR organisation has mainly focused on training and development of leaders. General research shows that when people leave an organisation, the quality of leadership is the most important reason why people leave.

## GUIDELINES AND POLICIES

Our **Code of Conduct** stipulates the expected ethical behaviour of our employees, when interacting with each other, with customers, with suppliers, with other stakeholders, or with society at large. It covers a broad range of topics, such as discrimination and respect for human rights, and situations, such as use of company assets, insider trading, compliance with local laws and regulations and environmental preservation. [Read the full Code of Conduct](#).

Our **Code of Conduct for suppliers** specifies minimum standards expected of all suppliers with focus on socially and environmentally responsible behaviours. [Read the full Code of Conduct for Suppliers](#).

Our **Responsible Procurement Policy** (internal document), reflects our corporate principles and values, states that employees should focus on socially responsible suppliers and stimulates them to promote the awareness of environmentally responsible purchasing. [Read about Responsible Procurement at Toyota Material Handling](#).

Our **Code of Conduct Helpline**, a third-party platform accessible 24/7 for employees, can be reached by phone and website to raise concerns.

In FY19:

- we trained 100% of our employees in the Security Awareness training
- we have had follow-up trainings on Responsible Procurement Policy with our factories in Mjölby and Ancenis
- we have all our major suppliers signing our Code of Conduct for Suppliers

## SUSTAINABILITY MANAGEMENT

Sustainability is always on the agenda of our Executive management team and twice a year, it is placed firmly on the front burner: members discuss how these sustainability 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 a local level.

The **Sustainability Development department** is based in our headquarters in Mjölby and in our Brussels office. The Director of the Sustainability Development department reports directly to our Senior Vice President of HR, Corporate Communications & Sustainable Development who in turn reports directly to our President & CEO.

**Local Sustainability Champions**, appointed by the Managing Director in each of our 30 entities, are responsible for:

- implementing TICO's environmental commitment, health & safety vision and CSR policy
- managing legal compliance in sustainability-related areas
- reporting progress on sustainability KPIs versus targets
- co-ordinating the local EcoVadis submission
- promoting good practice with local management
- participating in monthly online meetings organised by the Sustainability department to align with directives of the Executive Management Team
- attending the annual sustainability meeting with a focus on sharing Good Practices



## COMPLIANCE

In line with our Code of Conduct, we aim to behave with integrity and to ensure that our company complies with all applicable laws and regulations in the countries where we operate. We consider it our responsibility to be familiar with the laws applicable to us in any business situation, including competition laws and environmental laws.

### ORGANISATION

Our Compliance Committee has the oversight responsibility for matters of non-financial compliance, including the Compliance System with respect to legal and regulatory compliance.

Our Compliance Organisation is chaired by our General Counsel and is made up of a **29-member team of Local Compliance Officers (LCO)**, with representatives from our factories, sales and service companies and support entities and holding positions across finance, HR, quality and compliance. An LCO is responsible for implementing the compliance system, including policies and guidelines in the compliance area. An interactive online Code of Conduct e-learning version in 13 languages complements the face-to-face training conducted by the LCOs.

In FY19, Toyota Material Handling Europe has launched a **Security Awareness Training** for all employees as a priority complement to the Code of Conduct training. The purpose of the training is to protect our information, which is one of our most important assets, to enable us to be a trustworthy and reliable business partner for our customers and to protect our brand to ensure the long-term survivability and profitability.

An LCO is also in charge of continuous education on compliance topics, such as impact of new regulations on anti-corruption, and of handling compliance issues, such as violations of the Code of Conduct.

Our tools for risk assessment in the compliance area consist of the general **Compliance Risk Assessment (CRA)**, which is a part of the ERM process applied at Toyota Material Handling Europe today. LCOs of all local entities performs the CRA, identify potential risks for our company and discuss risks and mitigation strategies with relevant management. The Managing Director of every local entity is ultimately responsible to perform and carry out mitigation measures and monitor progress.

We have held two European conferences in FY15 and FY18 where LCOs discussed challenges and shared best practices. It's challenging for the LCO organisation to work with compliance-related topics alongside daily operations, and at the same time to develop Compliance from simply following the law to create an ethical and culture-based way of working. We have the need to prepare for and strengthen our capabilities to manage our exposure on complex emerging risks such as fraud attempts and cyber-attacks.

### GENERAL DATA PROTECTION REGULATION (GDPR)

As from 25 May 2018, the EU has a common, union-wide law, GDPR, governing data protection in general and personal data in particular. GDPR sets higher data protection standards and raises the bar of compliance for everyone involved in processing personal data.

Within Toyota Material Handling Europe, more than 400 systems processing personal data were identified. Our Legal and IS/IT functions devised a GDPR Roadmap and managed a programme to enable us to secure that we are GDPR-compliant for these systems.

During FY19, we established a Data Protection Working Group (DPWG) to continue to work with GDPR and data protection related questions. DPWG supports the organisation and monitors that the implemented processes are followed. We issued a Personal Data Protection Policy based on seven fundamental principles governing all processing of personal data across all our operations, as well as guiding documents for secure development and maintenance of IT services.

## BRIBERY AND CORRUPTION

Our Code of Conduct forbids us to, directly or indirectly, demand or accept any unjustified gifts, or other unjustified advantages from any supplier, customer or other third party (including any public organs, authorities and similar bodies) in connection with business transactions or otherwise.

In support, we have implemented a **Gifts and Hospitality Guideline** which we integrated in our Code of Conduct trainings. This guideline builds on the existing legal guidance in relation to the acceptance and provision of gifts, benefits and hospitality; it offers guidance and implements minimum requirements for all our employees. According to the gift test, in difficult cases, employees are required to contact colleagues, managers or their local Compliance Officer for guidance.



## RISK MANAGEMENT

In line with our Code of Conduct, we aim to comply with all applicable regulations and to behave in a way that does not reflect negatively on our company's reputation. Risk management is critical to manage or mitigate impacts to our business and operations and to secure our 'license to operate' within society.

Our **Enterprise Risk Policy** (ERP) sets out the mandatory procedures for our company and its local entities to 'identify, analyse, mitigate and report risks' using our **Enterprise Risk Assessment** (ERA) and **Enterprise Risk Management** (ERM) mechanisms.

Each entity's Managing Director (MD) is responsible for performing an ERM annually and for defining and implementing mitigation measures throughout the year. Once a year, the Risk Committee, consisting of our Chairman, President & CEO, CFO, SVP, HR, Compliance Officer, General Counsel, Internal Auditor and Head of Internal Audit reviews the risk assessed by the local entities. Potential risks are categorised as 'operational, financial, strategic, emergency or compliance'. The local MD should also develop a risk awareness culture among employees and other stakeholders.

Our Internal Audit intends to 'be an independent, objective assurance and consulting activity, designed to add value and improve our operations.'

As Toyota Industries Corporation is listed on the Japanese stock market, most of our entities are obliged to follow the control requirements from J-Sox or Japanese Sarbanes-Oxley Act. This act contains specific threshold criteria on revenues, number of people etc. that result in whether an entity is obliged to comply with J-Sox. All entities within the group perform a Self-Assessment of their internal control environment. This is documented in a form of a **Self-Assessment Questionnaire** (SAQ). At the start of a new financial year, the local Management team for each entity in the group assess their internal control and document that in the SAQ. In case of identified weaknesses in the internal control environment, a remediation plan is set in order to reduce potential risks related to governance, risk and compliance.

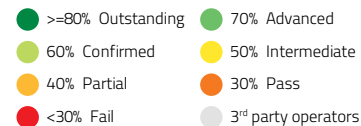
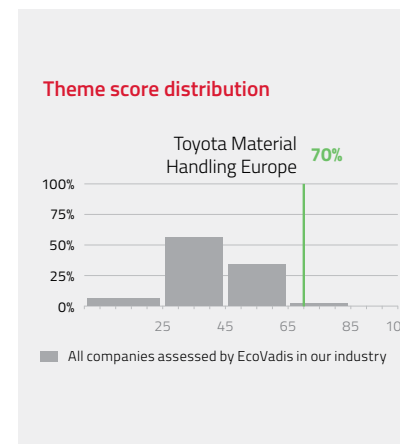
Our company established its **Audit Committee** in FY12, to provide oversight of the audit process, the company's system of internal controls and compliance with laws and regulations. It consists of our Chairman, President & CEO, CFO, General Counsel and Head of Financial Control. Other audit stakeholders include the other members of our Executive Management Team and our local Managing Directors. The consolidated review is shared with the Audit and CSR departments in Toyota Industries Corporation.

EcoVadis rates suppliers on 4 issues: Environmental Management, Labour Practices, Ethics and Responsible Purchasing. The Ethics rating looks at the performance in areas covered on previous pages of the report: management structure, corporate governance, leadership, compliance, bribery and corruption, risk management etc.

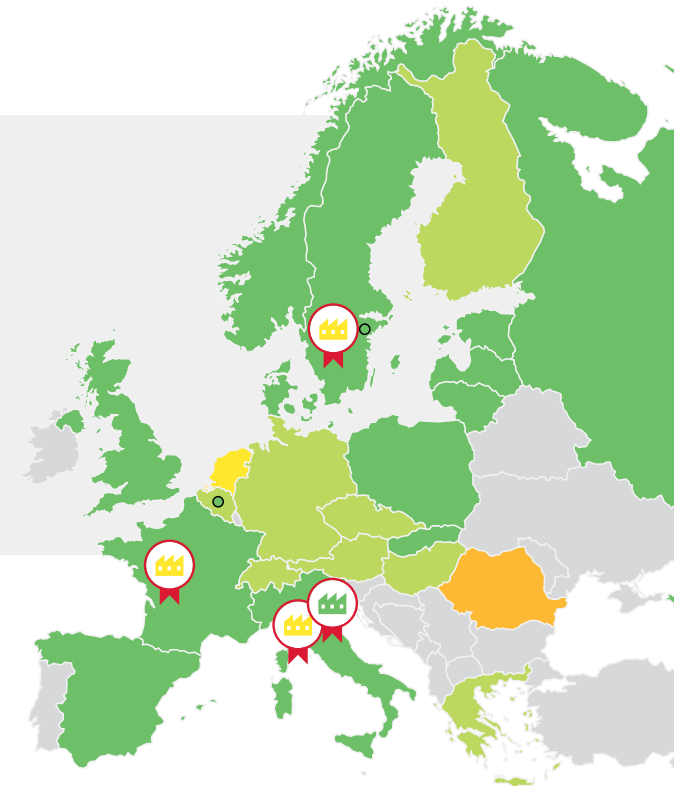
Thanks to their commitment to these topics, Toyota Material Handling Europe and 12 of its subsidiaries achieved an "advanced rating" and a further 8 subsidiaries achieved a "confirmed" rating. More information on EcoVadis on pages 22 and 30.

## ETHICS SCORE

- According to EcoVadis



- Factory
- Sales and service company
- Toyota Material Handling Europe





# ABOUT THIS REPORT



As sustainability is strongly linked to our Toyota Values, many of our employees across Europe are helping us to always find improvements on issues that are most material to our stakeholders.



**Tom Schalenbourg,**  
Director Sustainable Development,  
Toyota Material Handling Europe





# ABOUT THIS REPORT

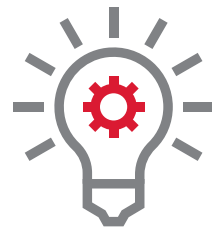
## QUICK FACTS

Transparency is becoming the new paradigm for doing business. It helps us to tell our story, but most importantly, it drives internal conversations and actions on how we can do better.

Join the conversation  
via our social channels



**69%**   
out of 71  
sustainability targets  
are on track to be achieved by 2021



New in this report  
**New business strategy  
& leadership philosophy**



**>95%**  
of our revenues and  
employees covered



Covers  
**17** material  
issues



**GRI  
Standard**  
Core Option  
Reporting




# MATERIALITY ASSESSMENT

## HISTORY STAKEHOLDER DIALOGUE

In 2012, we organised our first official 'stakeholder engagement' round to determine the most material issues for 28 internal and external stakeholders.

In 2013, we released our first sustainability report  and had it reviewed by an external stakeholder panel.

In 2015, we published our second report  in which we addressed recommendations from the stakeholder panel.

In 2017, we conducted a second round of 'stakeholder engagement' to update the list of material issues that stakeholders expect us to cover in this report. We repeated a formal dialogue in 2017 and updated our materiality matrix, asking **56 stakeholders** to prioritise 27 issues which we considered to fall within our 'sphere of influence'. Our 34 internal stakeholders included leaders and decision makers of Toyota Material Handling Europe, both at regional and functional levels, spread across headquarters and local entities. We ensured a strong representation of our aftersales and service market employees (that make up almost half our headcount but are more difficult to reach by email) by engaging 15 service teamleaders across entities, who through their usual meetings, reached some 250 technicians. Our 22 external stakeholders included industry associations, a civil society agency, an external consultant, an auditor, our owner, a daughter and sister company, academia, media, a local government representative, a worker that is not an employee, and several suppliers and customers. The represented opinions are much broader than the number of surveys conducted: many participants engaged other experts/decision makers in their respective departments or organisations to complete the surveys.

## 17 MATERIAL ISSUES

It's this materiality analysis that forms the basis of both the 2018 and 2019 Sustainability Reports. Stakeholders identified a total of 17 material issues, each of which we decided to report on, according to the principles of the 2016 GRI Standards. Even though stakeholders did not consider environmental management a material topic, we insist on starting to report on this topic as it is an important Toyota Industries Corporation mandate. As such, we report on 17 topics. We define material issues those which our internal and external stakeholders graded as having a 'major' or 'high' potential business impact.

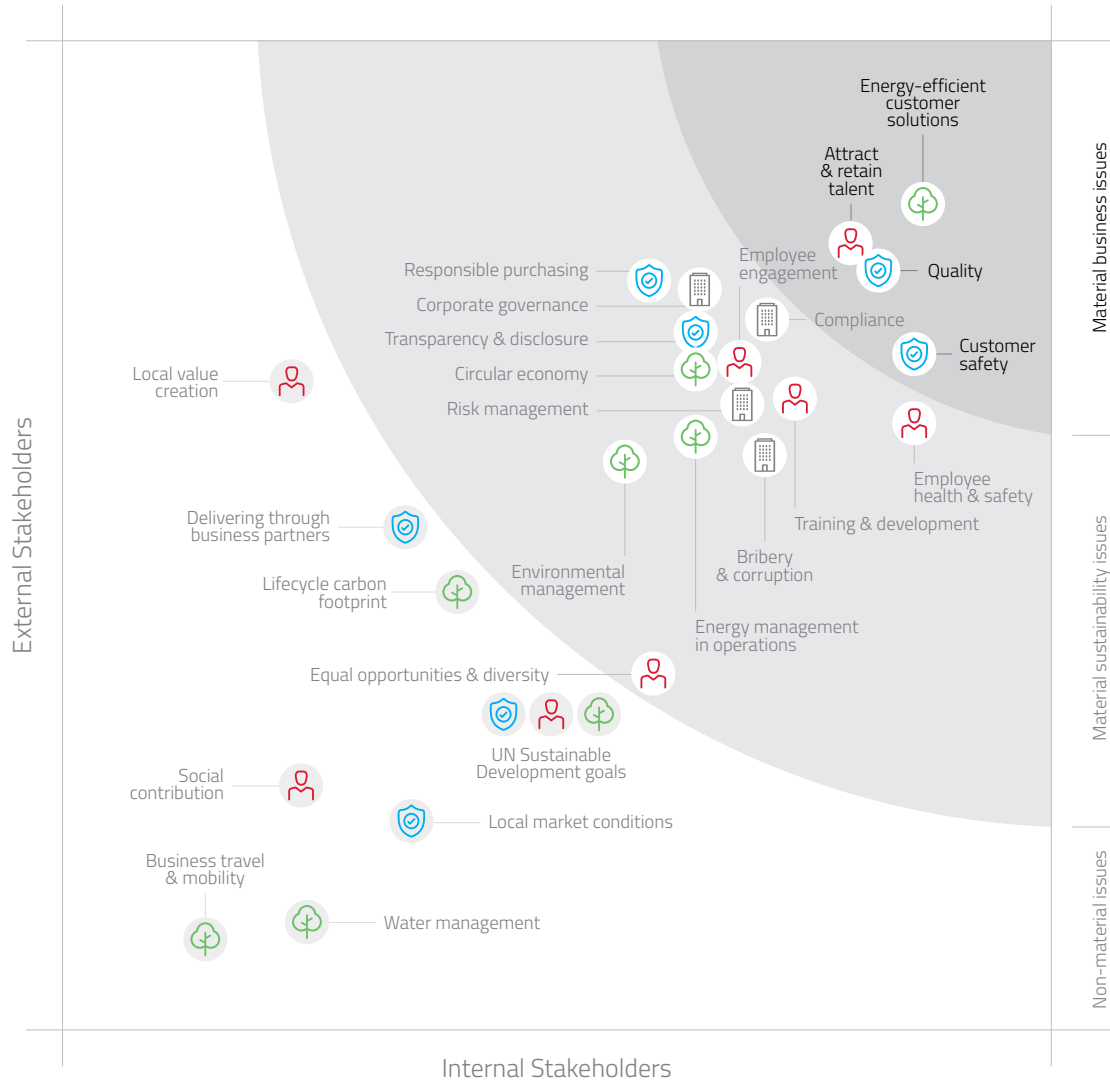
Our new material issues, viewed as having a major potential impact in the next three to five years, are circular economy and diversity and equal opportunities. In December 2017, our European Management Team approved the stakeholder engagement results and the new materiality matrix.







### 2019 MATERIALITY MATRIX



### PRIORITISATION OF MATERIAL ISSUES

We take responsibility for our activities from an economic, social and environmental point of view and integrate sustainability into the day-to-day work at production sites, sales and service entities and support functions.



#### We set high standards on business conduct

Therefore, we disclose data on our foundations, being our business structure and organisation. We provide more information on internal regulations, policies, and guidelines assuring that we have an appropriate level of compliance with European and national legislations in areas of risk management, corporate governance, bribery and corruption and compliance.



#### MAXIMISE quality and customer safety

Quality is key in our production and processes, the products and services we offer our customers, guaranteeing them maximum safety.



#### OPTIMISE opportunities for people to thrive

Our employees build our success: talent management, remuneration, training and development, employee engagement, employee health and safety, equal opportunities & diversity are the priorities in this area.



#### MINIMISE environmental impacts

In line with Toyota Industries Corporation's 2030 Vision, we increase our expertise in developing energy-efficient products and services for our customers. We also want to reduce our energy use in our operations, and through environmental management monitor our water use and waste. In line with our firm belief that the long-term viability of our business and the quality of our suppliers' services hinges on socially and environmentally responsible behaviour, we encourage our commercial partners to develop within a two-way relationship founded on these principles.

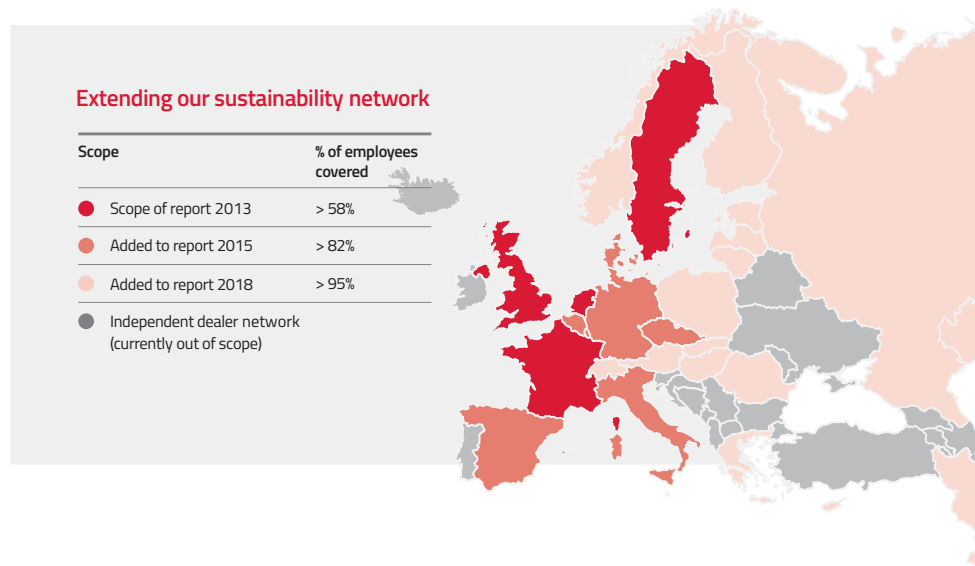


# SUSTAINABILITY REPORTING

## COVERAGE

All **29 entities** report on HR, health & safety, and environmental data on a quarterly basis into Sofi by Thinkstep, our cloud-based sustainability software solution since 2012. This platform enables efficient data collection and performance management for the KPIs defined on the basis of the material issues identified in our 2015 report. Toyota Industries Corporation has started rolling out its own cloud-based environmental reporting software, called RISE, to its global operations. Currently four of our factories and Toyota Material Handling Poland are piloting this solution. Within the coming years we aim to migrate all our environmental reporting to RISE.

Since we published our latest sustainability report in 2018, the number of entities reporting sustainability data has remained the same, covering **more than 95% of our operations** and **more than 90% of our employees**.





## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Toyota Industry Corporation's Vision 2030, displayed on the right, refers directly to UN Sustainable Development Goals (SDGs).

The key inspiration we take from the SDGs is the importance of working in partnership with our stakeholders to create a more sustainable world. This is why we focus throughout the report on examples of how we partner with our customers, suppliers, employees, industry bodies, institutions, universities and local communities. Our partnership since FY10 with EU-OSHA is an excellent example of how we collaborate with EU institutions and customers to promote "Good Health and Well-being for people" to our employees, customers and suppliers, in line with the general aspiration of Goal 3.



In our sustainability report we address some of the priorities covered by six of the 17 SDGs:

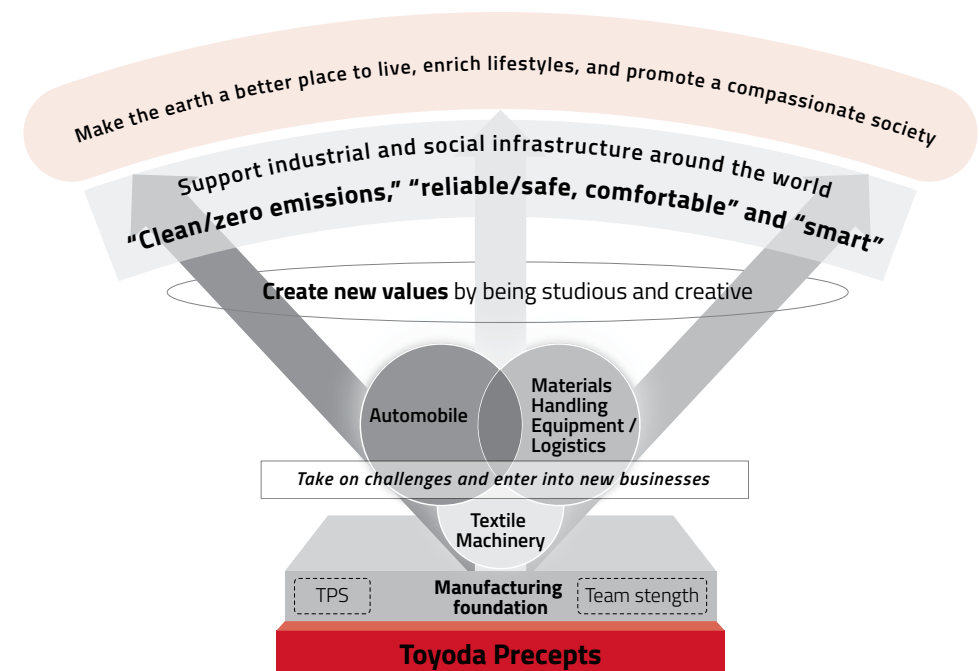
Goal 3	▪ <b>Good Health and well-being for people</b>	Pages 28 to 30, 40 to 44
Goal 5	▪ <b>Gender equality</b>	Page 39
Goal 9	▪ <b>Industry, innovation and infrastructure</b>	Pages 22 to 25
Goal 12	▪ <b>Responsible consumption and production</b>	Pages 53 to 57
Goal 13	▪ <b>Climate action</b>	Pages 47 to 52, 57
Goal 17	▪ <b>Partnerships for the goals</b>	Pages 24 to 28, 38

## TICO VISION 2030

TICO has been expanding its business, structure and organisation. Therefore, the TICO Vision 2030 has been revised in response to changes in the internal and external environments. Trends in the Fourth Industrial Revolution, heightened geopolitical risks and expanded social demands for non-financial reporting has also been considered when revising the Vision. TICO Group contributes toward the achievement of the United Nations' SDGs by striving to resolve social issues through corporate activities.

## OVERVIEW OF THE NEW VISION

Contribute to making the earth a better place to live, enrich lifestyles, and promote a compassionate society by supporting industrial and social infrastructure around the world through the continuous supply of products/ services that anticipate customers' needs.





## OUR JOURNEY IN SUSTAINABILITY REPORTING



Toyota Material Handling Europe  
Sustainability Report 2013

**DUAL IMPACT**  
together we make a difference

**2013 Sustainability Report**  
Reporting year FY13 + FY12

Standard  
GRI G3.1. level C+  
Employees (%)  
>58%  
Entities (#)  
8  
Material issues (#)  
11  
Pages (#)  
26  
External verification  
Stakeholder panel

TOYOTA  
MATERIAL HANDLING




Toyota Material Handling Europe  
Sustainability Report 2015

**DUAL IMPACT**  
together we make a difference

**2015 Sustainability Report**  
Reporting year FY14 + FY15

Standard  
GRI G3.1. level C+  
Employees (%)  
>82%  
Entities (#)  
14  
Material issues (#)  
11  
Pages (#)  
30  
External verification  
Partial, PWC

TOYOTA  
MATERIAL HANDLING



SUSTAINABILITY HIGHLIGHTS 2017

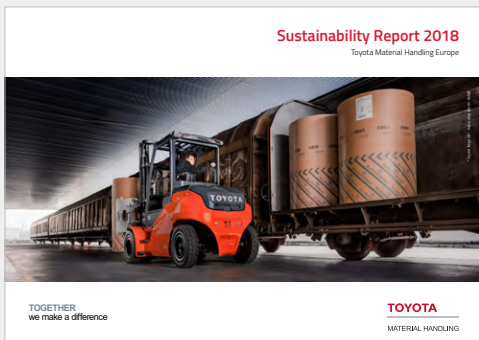
“  
We did not know where the sustainability journey would lead us, but we knew taking the first steps needed strong leadership.  
Matthew Fisher  
President Toyota Material Handling Europe

**LEADERSHIP MATTERS**

TOYOTA  
MATERIAL HANDLING

**2017 Sustainability Highlights**  
Reporting year FY16 + FY17

Standard  
Not a full report, just an update  
Employees (%)  
>82%  
Material issues (#)  
11  
Pages (#)  
4  
External verification  
No

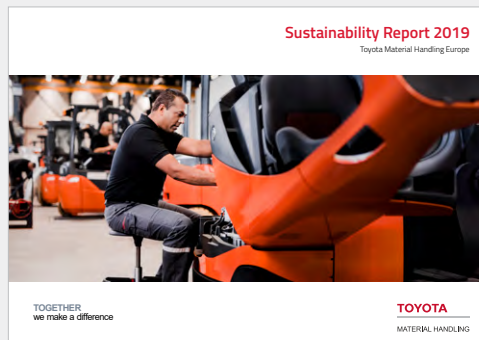


**Sustainability Report 2018**  
Toyota Material Handling Europe

**2018 Sustainability Report**  
Reporting year FY18 + FY17 + FY16

Standard  
GRI Standards Core Level  
Employees (%)  
> 95%  
Entities (#)  
29  
Material issues (#)  
17  
Pages (#)  
60  
External verification  
No

TOYOTA  
MATERIAL HANDLING



**Sustainability Report 2019**  
Toyota Material Handling Europe

**2019 Sustainability Report**  
Reporting year FY19

Standard  
GRI Standards Core Level  
Employees (%)  
> 95%  
Entities (#)  
30  
Material issues (#)  
17  
Pages (#)  
67  
External verification  
No

TOYOTA  
MATERIAL HANDLING



# MAXIMISE

## QUALITY AND CUSTOMER SAFETY



Quality in everything we do is the focus of our new business strategy.



Quality applies to our products, our services and the customer experience. One way we aim to increase the quality of the customer experience is by increasing transparency to our customers on environmental, social and governance issues. Over 50% of local entities have achieved Gold according to independent ESG rating agency EcoVadis.

**Per Fyrenius,**  
Senior Vice President,  
Logistics Solutions,  
Toyota Material Handling Europe

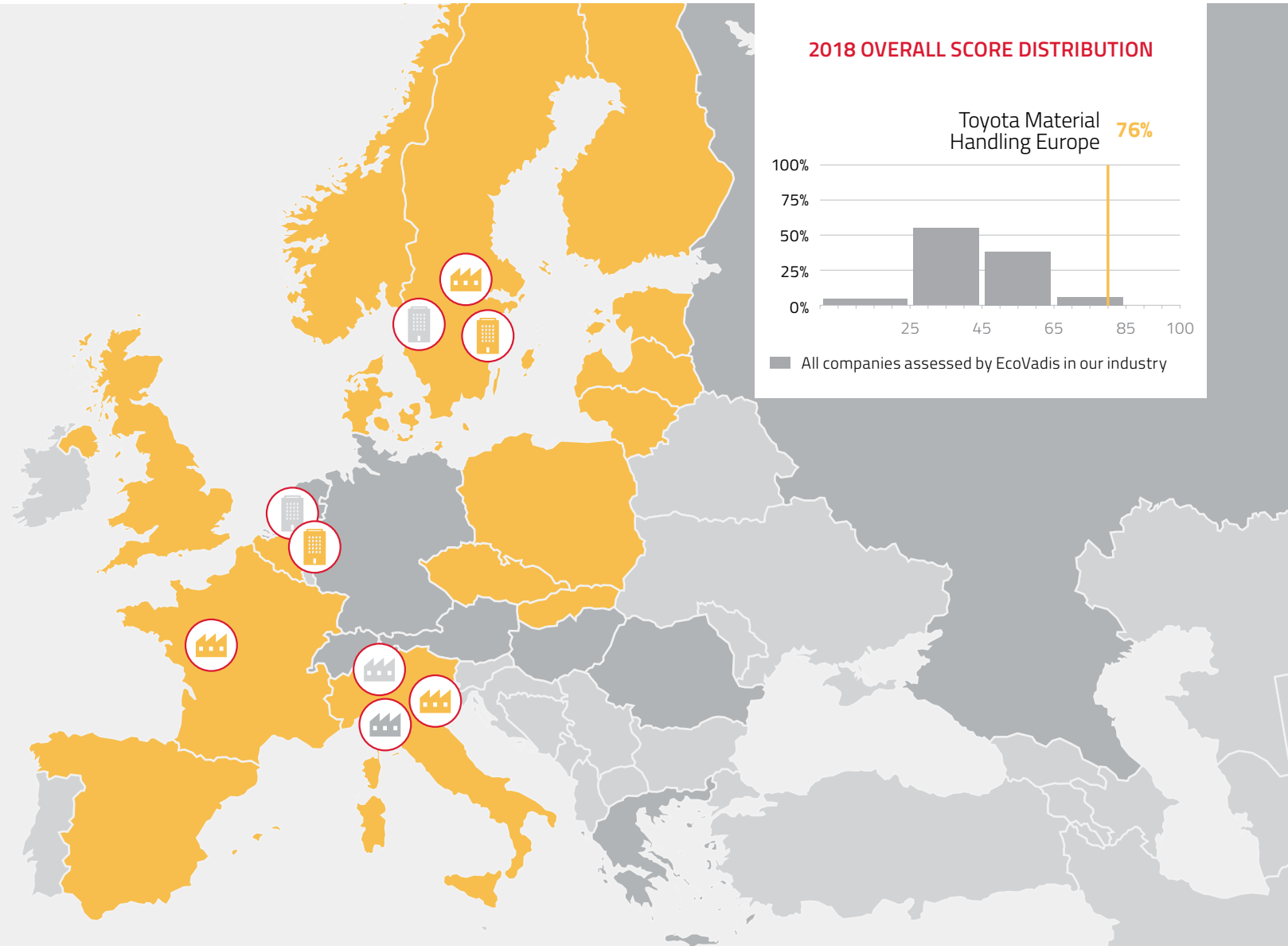


# SUSTAINABILITY SCORE

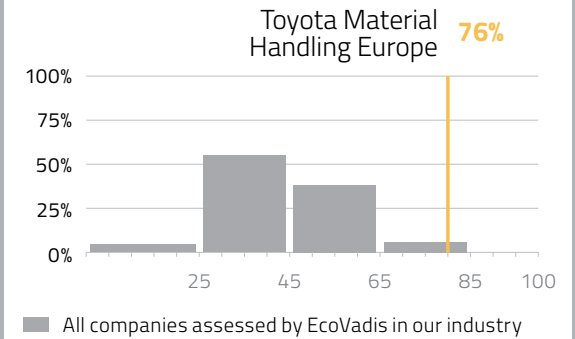
According to EcoVadis

Toyota Material Handling Europe and 16 of its subsidiaries achieved EcoVadis Gold to date. The map displays the latest situation on October 1<sup>st</sup> 2019.

Level	Entities	EcoVadis benchmark
● Gold	<b>17</b>	Top 10%
● Silver	<b>9</b>	Top 30%
● Bronze	-	Top 60%



## 2018 OVERALL SCORE DISTRIBUTION



Factory  
 Sales and service company  
 Head office  
 Office



# MAXIMISE QUALITY AND CUSTOMER SAFETY

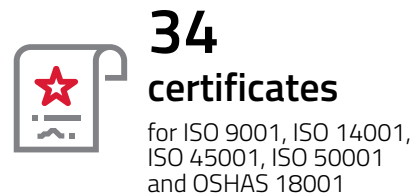
## QUICK FACTS

Excellent quality through proactive methods and continuously supplying attractive products that anticipate customer needs are the main ingredients of our new quality strategy.

At Toyota Material Handling Europe we focus on quality in product development, purchasing, manufacturing, and service guided by the principles of continuous improvement and customer safety.



Customers rate our service on a scale from -100 to +100. In FY19, on average, they gave us 3 points more than in FY18.





Customers can now learn about Lean directly from the source, through our Toyota Lean Academy. When working with customers we focus on 3 areas: flow, leadership and people.

Pär Forsell,  
Senior Manager,  
Toyota Material Handling Europe

## PRODUCT QUALITY

Toyota Industries Corporation's Vision 2030, that applies to all members of the Toyota Industries Corporation group, defines its philosophy in ensuring quality and supplying only high-quality products and services. In line with our Code of Conduct we offer high-quality products, services and solutions, holding ourselves and our suppliers to the yearly updated quality guidelines. These are shared at regular quality assurance meetings and top management regularly revises their implementation.

### HOLISTIC APPROACH

The thinking of quality in our industry in general has evolved from a strict product focus to a more holistic approach, taking into account data organisations receive about their products along their entire life cycle. This evolution is confirmed by the new quality management system standard ISO 9001:2015, which:

- helps to address organisational risks and opportunities in a structured manner
- addresses supply chain management issues more effectively

This change in the management system standard will have a significant impact on how we manage quality in our business: over 62% of our revenues in FY19 were generated through factories and sales and service companies which are ISO 9001 certified.

### SOLUTIONS DEVELOPMENT

Toyota is the source of lean thinking, deriving from the iconic Toyota Production System. Now, companies can learn lean from the source directly through our Toyota Lean Academy - our new lean consultancy service. Our approach puts the people in the centre as value are realized through people. When working with customers, we focus primarily on 3 areas:

- **Flow** - The target is to increase the value of the flow by eliminating waste and removing non value adding activities completely
- **Leadership** - The value obtained from the flow accelerated through Genchi Genbutsu leadership and visual management

- **People** - Successful change management requires people in the center of the entire Kaizen process. Value is realized through people  
Find out more about Toyota Lean Academy.

Product development of smart warehouse trucks by implementing telematics as standard during production for easy connection with I\_Site fleet management system (I\_Site Fleet Management), focus on automation (Autopilot), continuous development of in-house lithium-ion solutions and state-of-the-art software (T-ONE, T-Stream).

### NEW QUALITY STRATEGY

In line with this evolution, our quality organisation has decided to evolve from a target to only reduce warranty costs to focus more on quality from a customer and life cycle perspective. Excellent quality through proactive methods and 'Continuously supplying attractive products that anticipate customer needs' will be the main ingredients in our new quality strategy. The strategy will be based on four pillars.

<b>Product development</b>	We will make more active use of our data gained directly from our trucks via our I_Site fleet management system and other software applications such as T-ONE, and indirectly from maintenance and repairs conducted by our service technicians via T-Stream.
<b>Recurrence prevention &amp; proactive prevention</b>	In this area we will perform both Design and Process FMEA (Risk assessments) in all our factories and some of our suppliers.
<b>Supplier quality assurance</b>	We will continue our existing approach to work closely with our suppliers on quality improvement, by providing them with regular 'Dantotsu' training (how to be the best of the best) and conducting regular audits at supplier facilities.
<b>HR development Teamwork</b>	We participate at several TICO Global skill competitions in different areas such as welding, inspection, service etc. in order to develop competences and increase motivation.





## DESIGN EXCELLENCE

### TOYOTA LOGICONOMI APPROACH

Logiconomi describes our way of thinking - aiming for lean processes, eliminating waste, maximising efficiency and reducing cost. All with the help of innovation and collaboration with likeminded partners. It is our collaboration for the future, realising our lean vision for the future. Lean logistics & a continuous flow is a challenge now, and even more in the future.

### WE WIN AWARDS

#### Design Center

From the raw idea through to the final elaborate product, Toyota Material Handling Europe's design team creates optimum quality forklifts with employee and customer in mind. The Design Team takes pride in its award-winning material handling equipment, the result of close collaboration with customers, ergonomists, engineers, marketing experts and sales force.

Our designs are not just about aesthetics, they also provide the perfect balance between safety, durability, productivity, driveability and simplicity, Toyota's core values. Also sustainability plays an increasingly important role in product development.

"The idea was to be a counterweight to R&D, and we have developed ourselves around that initial intention. Today, we have around ten people in our team and continue to grow, especially within UX/UI. New technology like AR and VR keep evolving, which is affecting how our studio works. It's become increasingly difficult to predict the needs of today even compared to just ten years ago," says Magnus Oliveira Andersson, Head of Design.



#### Design Awards

The Design Center has a strong international reputation for developing functional and ergonomic forklifts with character and style.

Toyota Material Handling Group (TMHG) has over 40 awards, half of them are Good Design international awards. This demonstrates our commitment to developing innovative forklift design solutions that enable our customers to improve the efficiency of their processes.

Last March Toyota Material Handling has been granted with 2 iF Design Award for 2019 edition. One for its electric forklift, Toyota Traigo 80 in the discipline Product, in the Automobiles / Vehicles category and one for the Pallet drone in the discipline Professional Concept, in the Mobility category, as a proof of its design quality.

Earlier in the year the Traigo80 has at the same time been awarded with the German Design Award for outstanding design quality. The award ceremony took place in the context of the Ambiente fair in Frankfurt am Main.



Magnus Oliveira Andersson, Simone Fremondi,  
Tomas Jankauskas



Mattias Nilsson, Tomas Jankauskas, Luigi Buzzi



## WE ORGANISE AWARDS

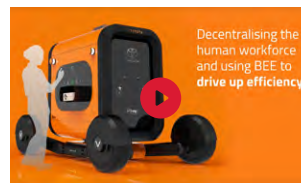
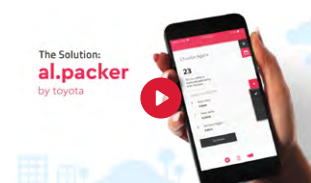
### Toyota Logistic Design Competition

The Toyota Logistic Design Competition was initiated in 2014 to open a dialogue with young designers and welcome fresh ideas. For the 2018 Logistic Design Competition, Toyota Material Handling Europe challenged university students, and those who've recently graduated, to revolutionise the future of package handling and the logistics process. Toyota was searching for package delivery concepts. Participants were challenged to think about the possibilities of direct delivery to customers, abandoning the idea of the traditional supply chain. To think about how they would optimise the last mile each package delivers to the end customer. And to come up with a logistic solution that is fast, sustainable and most of all: revolutionary.

First in the competition was al.packer, by Hannah Rayner and Matt Putman (Loughborough University, United Kingdom). It's a new application that provides a socially sustainable solution to the last mile of package delivery. It abandons the traditional supply chain and introduces a micro-entrepreneur third stakeholder that is guaranteed to accept the delivery. The end customer is able to collect the package when and where (s)he wishes to, which enhances communication, reliability and satisfaction between each stakeholder.

Second winner was CIPS -combined infrastructure parcel service by Paul Pötzelberger and Mohammad Moradi (Kunsthochschule Berlin-Weissensee, Germany). The concept offers an alternative delivery solution using the public transport bus service as the underlying eco-friendly network to provide a faster and more efficient local delivery service. Using bus stations as distribution points, the recipients can set time and location of their preference to pick up their shipment or book a special home delivery service. CIPS helps to bring products closer to consumers, increasing the flexibility and adaptability of distribution networks while using a worldwide available transportation network.

Third place was for Toyota Bee by David Wolter (Lund University, Sweden), based on a HIVE system, consisting of several smaller BEE units and mobile control points. Parcels can be delivered round the clock due to the balanced collaboration between the BEE and its human counterpart. Being able to switch between both a stationary delivery mode and a mobile delivery mode is what makes the Toyota Bee so versatile.



Terry Unnai, Mattias Barrklev, Oscar Brännström, Magnus Persson

### Logistic Engineering Challenge

After the success of the Toyota Logistic Design Competition, Toyota Material Handling has taken the challenge a step further for the 2018 edition by inviting Swedish engineering students and recent graduates to create innovative but feasible engineering solutions for the second edition's winning design: the FLOCK. The FLOCK challenges how fully automated solutions can work together autonomously in a way that human-driven forklifts cannot.

The winning design, Woodpecker, a derivate of the FLOCK's Mother Goose, was the solution the jury was looking for. It works together with Nestlings (successors of the FLOCK's Ducklings doing horizontal transport) and vertically relocates cargo provided by them. The Woodpecker can also work autonomously, and is designed to be sustainable and easily serviceable. The design by Mattias Barrklev and Oskar Brännström (Linköping University) was compact and engineered with great skills based on correct calculations with the complete material handling system in mind.

The Nestling, a realisation of the FLOCK's duckling engineered by Fredrik Engström, Alexander Nilsson and Valdemar Melin (Linköping University), was the runner-up. This small autonomous vehicle transports cargo on ground level and works alongside the FLOCK's Woodpecker. Its lifting mechanism was designed for efficient space utilisation, easy maintenance and collaboration, with circular economy in mind.

Third place was for Jonas Dahlgren's (Luleå University of Technology) with an electro-mechanical belt-driven lifting system. Thanks to a limited number of parts, a simple construction, and electric motors, it's easy to assemble and energy-efficient.



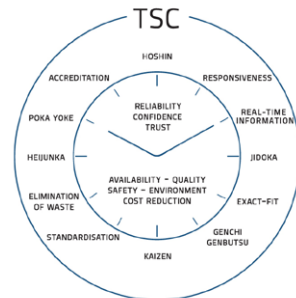
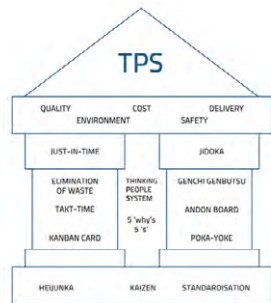
We increased our focus on service, resulting in a better Net Promoter Score obtained from our customers. For this we've applied the Toyota Service Concept: obtaining ASEC certificates, improving working methods, organisation and control, STEP certification of technicians and much more. Our shared Toyota Values are at the heart of all these processes.

Ion Stroe,  
Service Director,  
Toyota Material Handling Romania

## PROCESS QUALITY

### TOYOTA PRODUCT SYSTEM

The Toyota Production System (TPS) is our 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.



### TOYOTA SERVICE CONCEPT

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 which reflect the critical issues that we keep in focus throughout our customer service operations. Our ultimate aim in implementing TSC is to deliver maximum reliability for our customers. We focus our efforts on delivering the highest quality and providing maximum truck availability, productivity and cost-effectiveness, without compromising safety or the environment. We aim to have all sales and service companies to use TSC in FY20.

As part of the TSC, we have two European-wide accreditation programmes, the Aftersales Service Evaluation & Certification (ASEC) and our Service Technician Education Programme (STEP). These make sure service teams and distributors have the right knowledge to suit technical requirements and can build trusting relationships with customers. Our technicians are trained on how to service our trucks under safe conditions with respect for the environment and to the highest quality standards.

Our 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.

Linked to the Toyota Service Concept T-Stream was developed in collaboration with Microsoft and serves as an internal tool for technicians to manage their work. T-Stream is the platform for connectivity services and first release was rolled out during FY19. Next release, containing even more features, will come during FY20, and going forward, the tool will be even more integrated with telematics data and augmented reality. This contributing to a better support for both technicians and customers, and to a zero breakdown vision.

### NET PROMOTER SCORE

Since 2015, we have evaluated our service delivery daily supported by the worldwide recognised Net Promoter Score (NPS). This NPS is a management tool that can be used to gauge the loyalty of a company's customer relationships. Close to 68,000 customer responses from 19 European markets have provided valuable information to improve our service. Via the daily measurements we see that the corrective measures we take make a difference to our customers. Our customer satisfaction index, the Net Promoter Score, is growing year by year.

### IN FY19

- 19 markets scored our service with a 49 Net Promoter Score
- we achieved a 96% first-fix rate throughout the network
- all newly hired technicians go through both safety and sustainability training
- we increased ASEC service accreditation in the network from 41 to 54%



In an inspiring way, we contribute to Toyota's growth, challenging ourselves and our partner suppliers to capture innovative and sustainable solutions with best possible customer value.

Stéphane Lolicart,  
Supply Purchasing Director,  
Toyota Material Handling Europe

## RESPONSIBLE PURCHASING

Over 80% of our annual sourcing volume comes from suppliers in Europe. Many are located close to our manufacturing plants, sustaining the local economy and reducing the impacts of transport. We work closely with all our suppliers to make sure they adhere to our quality, social and environmental criteria. By practicing 'responsible purchasing' we want to create a positive impact for more than 300 suppliers, mitigate risks to our own business, and create further value for our customers. As a result of our actions so far, we achieved a 65% score from EcoVadis on 'Responsible Purchasing' putting us in the **top 1% of suppliers** in the general purpose machinery manufacturing category, assessed by EcoVadis (well above the 38% benchmark average of over 150 other suppliers within the heavy machinery industry).

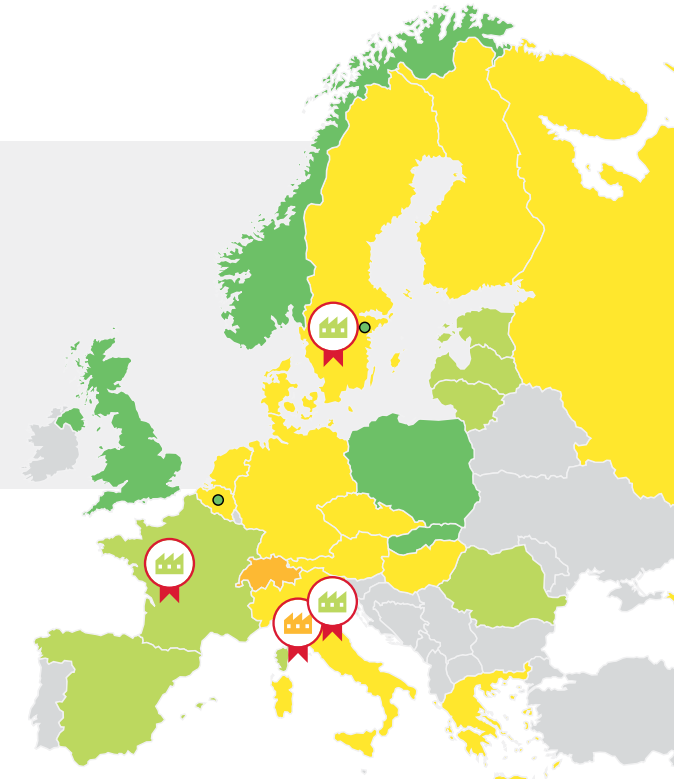
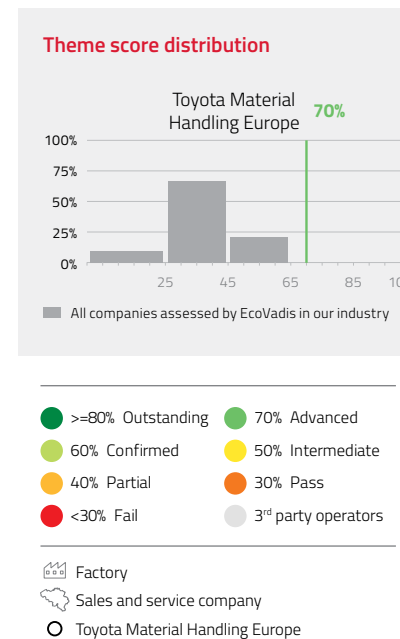
In line with our Code of Conduct, we aim to conduct business in a fair and honest manner, and to become the most respected and trusted material handling partner in Europe. The responsibility for our European products manufacturing is shared among different companies, different departments, and different geographies: Toyota Industries Corporation, our Product Development and R&D departments. They define the product requirements and ensure they use the latest available technologies. The main purchasing categories are steel raw material, mechanical components, electro mechanics, electronics and hydraulics.

Responsible purchasing is managed by the policies of Toyota Industries Corporation, Toyota Material Handling Europe and our four factories as well as governed by EU Directives and national laws in the countries we operate and from which we purchase. The Responsible Procurement Policy (internal document) aims to integrate socially and environmentally responsible suppliers into our supply chain and to increase the awareness of environmentally responsible procurement. In coordination with other departments, the Procurement department integrates social and environmental criteria into the choice of its suppliers.

EcoVadis rates suppliers on 4 issues: Environmental Management, Labour Practices, Ethics and Responsible Purchasing. Thanks to their commitment to this topic, Toyota Material Handling Europe and 4 of its subsidiaries achieved an "advanced rating" and a further 5 subsidiaries achieved a "confirmed" rating. More information on EcoVadis on pages 22 and 30.

### SUSTAINABLE PROCUREMENT

- According to EcoVadis





For us at Toyota Material Handling Norway, it is important to have a good and long relationship with our most important suppliers. We achieve this by using our Code of Conduct for Suppliers, which focusses highly on the suppliers ability to focus on environmental and safety improvements for employees.

Solfrid Marken,  
HR/IT/Quality/HMS Manager,  
Toyota Material Handling Norway

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.

We have been consistently asking all our suppliers to gain ISO 14001 certification since many years. These environmental management systems ensure that our suppliers comply with environmental legislation in their local jurisdiction, and that they have policies and continuous improvement procedures in place for their major environmental impacts. Today, this programme covers over **98%** of the annual price value of parts for our trucks from suppliers with sales to us of over 100,000 EUR per year.

### CODE OF CONDUCT FOR SUPPLIERS

#### LABOUR AND HUMAN RIGHTS

- Anti-discrimination
- Fair treatment
- Prevention of involuntary labour and human trafficking
- Prevention of underage labour
- Juvenile employees
- Working hours, wages and benefits
- Freedom of association

#### HEALTH AND SAFETY

- Occupational injury
- Prevention chemical exposure
- Emergency prevention, preparedness and response
- Occupational safety procedures and systems
- Ergonomics
- Housing and dining
- Health & safety communication
- Employee health and safety committees

#### ETHICS

- Business integrity
- Sourcing of minerals
- Gifts and hospitality
- Disclosure of information
- Whistle-blower protection and anonymous complaints
- Community engagement
- Data privacy, intellectual property and confidentiality

#### ENVIRONMENT

- Substances of concern
- Waste management
- Water management
- Air emissions
- Ground contamination
- Environmental permits & reporting
- Pollution prevention
- Resource reduction
- Energy-efficiency

In addition, a **CSR self-assessment** has been launched with a pilot group of 14 suppliers in 2015. In 2017, we conducted CSR assessments of 30 major direct material suppliers and 10 indirect material suppliers in Sweden, hereby overachieving our 2015 target. France conducted CSR assessments of 21 strategic suppliers. And in Italy 14 suppliers did the CSR self-assessment. In FY18, we trained 100% of our purchasing employees in 'responsible purchasing'. In FY19 our factory in Sweden conducted the CSR assessment to 5 more suppliers.

Our annual Supplier's Day in FY19 attracted more than 250 participants: an opportunity to discuss shared challenges, industry innovation and ongoing improvement.

We align with the EU legislation 'REACH', the ROHS EU Directive and the POPs regulation and have gone beyond legal compliance for our industry by adding a conflict minerals section to the Supplier Code of Conduct. Moreover, Toyota Material Handling Europe has the duty to inform customers on all our products containing 'Substances of Very High Concern' (SVHC). The list of SVHC is updated every six months. With the introduction of lithium-ion batteries into our own branded product range, we are aware of the importance of an increased vigilance on the presence of conflict minerals in the materials we source. The Lithium-Ion batteries we build in our factories in Mjölby and Bologna are assembled using battery cells from only two suppliers: Samsung\* and MIDAC\*\*.

\* When it comes to conflict minerals, there are no conflict minerals in our 18650/21700 cell - as defined by the US legislation, currently include the metals tantalum, tin, tungsten and gold. Cobalt is not included in conflict minerals but most of cobalt are from Congo area where human-right related topic has been emphasized. SDI, as the company that consume cobalt, do multilateral effort including due diligence to meet the requirements from the international society. SDI's sustainability report (59-61pg).

\*\* According to MIDAC, the battery cells they supply to TMHE do not contain any cobalt, gold, tantalum, tin or tungsten whatsoever.



We are proud to achieve 72% on EcoVadis for TMHUK, the highest local score within Toyota Material Handling. We are an industry leader in sustainability in the UK providing a corner stone for creating an attractive place to work for our team members.

Michelle Clark,  
HR & QHSE Director,  
Toyota Material Handling UK

## TRANSPARENCY AND DISCLOSURE

### ECOVADIS

Our major customers are increasingly including CSR assessments in their procurement processes. EcoVadis is used as part of a growing global trend for increasing supply chain transparency and accountability. It provides sustainability ratings of more than 55,000 suppliers worldwide on their environmental, social and ethical performance. Its online platform allows 175 multinationals to access ratings of their selected suppliers across 150 countries.

The FY19 CSR assessment by EcoVadis gave Toyota Material Handling Europe an overall score of 76%, ranking us alongside the **top 3%** of companies in the 'general-purpose machinery's sector. We obtained EcoVadis Gold for Toyota Material Handling Europe and EcoVadis Gold for 16 out of 25 local entities. The local EcoVadis evaluations in this report are based on the most recent available evaluation from EcoVadis in calendar year 2018 and 2019. At the date of publication of this report, a total of [eight] entities were in the process of being re-evaluated by EcoVadis. In April 2018, EcoVadis presented us with the first ever supplier award for 'Best Group Engagement', for our commitment to transparency on the performance of all our local entities.

### CDP

When customers ask us for our CDP score we refer to the fact that CDP only accepts submissions at the highest corporate level. In calendar year 2019 Toyota Industries Corporation achieved 2 A-level ratings from CDP, 1 for climate change and 1 for water management.

### ISO

All our 34 certificates are available on our website.

### OUR TRACK RECORD IN ECOVADIS EVALUATIONS

Reporting year	Target FY21	FY19	FY18	FY13
Toyota Material Handling Europe ranking	Top 3%	Top 2%	Top 3%, Best Group Engagement award	Top 60%
Maintain Toyota Material Handling Europe	Gold	Gold	Gold	Silver
EcoVadis Total Score	75%	76%	73%	51%
EcoVadis Sub-Score - Labour Practices	80%	80%	70%	50%
EcoVadis Sub-Score - Environment	80%	80%	80%	70%
EcoVadis Sub-Score - Fair Business Practices	70%	70%	60%	50%
EcoVadis Sub-Score - Responsible Purchasing	70%	70%	70%	30%
Gold at local level	20	16	10	-



Our customers increasingly expect us to analyse their risks and support them with solutions to improve Health & Safety in their operations. In response, we have doubled our business in operator training, we now have 136 qualified operator trainers across Europe and we are still growing. However, some of our fastest growing training is for non-operators, such as training for warehouse managers and for pedestrians.

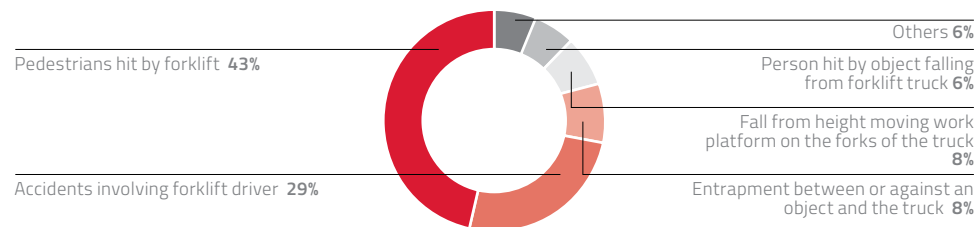
Olivier Drouin,  
Sales Development Manager, Safety & Training,  
Toyota Material Handling Europe

## CUSTOMER SAFETY

All our efforts in improving product and process quality have one main focus: providing maximum safety for the customer. Customer safety is our number-one social responsibility (10% of major injuries in EU industry occur with material handling equipment) and our number-one opportunity for positive social impact (40% of all injuries in EU occur due to manual handling of goods, which our solutions help to avoid).

Therefore, we must offer safe equipment and quality services, but as we have found that in more than 80% of cases, the issue is the wrong use of the truck, we understand that helping our customers maximise safety involves support in leadership, besides processes and behavioural safety programmes by our trainers. Root causes drive our search for solutions. When we look at root cause analysis, we see that 43% of accidents involve pedestrians. With safety posters we aim to help our customers address and better deal with these risks.

### FORKLIFT ACCIDENT STATISTICS

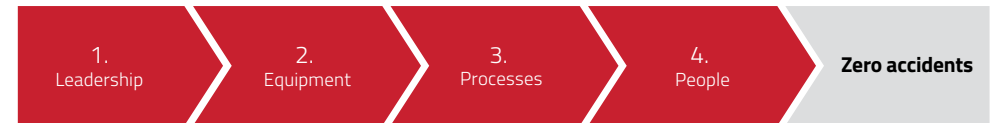


\* European statistics on accidents at work (ESAW), 2015.

### OUR APPROACH

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

#### FOUR STEPS TO CUSTOMER SAFETY



#### 1. Mutual leadership support

We are an active campaign partner with the **European Agency for Safety and Health at Work (EU-OSHA)** since 2010. We joined the steering committee of the EU-OSHA benchmarking initiative. As such, we exchange best practices with other EU-OSHA partners and have a thorough understanding of customer safety and how and when accidents occur. Through the 2018 campaign 'Healthy Workplaces Manage Dangerous Substances', we aim to raise awareness for safety matters with our customers via our website and social media. Find out more about the EU-OSHA campaigns and events.





## 2. Safe 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 in our **Early Warning System (EWS)**, and a manufacturing fault is recorded in the factory's ISO 9001 system.

We have long innovated for the safety of customers using our trucks. In 1998, Toyota introduced its **System for Active Stability (SAS)** on its counterbalance trucks to reduce the risk of tipping over while turning with loads, being one of the most frequent causes of injury for forklift drivers (29%), and this technology is still unique to Toyota Material Handling.

The Toyota Production System (TPS), 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.

## 3. Processes

We support our customers in operating our trucks safely through our fleet management system and our operator training programmes. Our customers also increasingly ask us to develop automated and semi-automated solutions to optimise productivity and maximise safety in their operations. A clear example of a supporting publication on how to improve ergonomics can be found via this [link](#).

Automated driverless operations using our **Autopilot** forklifts 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, **Autopilot AGVs** (automated guided vehicles) 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, automated Autopilot forklifts have contributed to productivity gains of up to 70%-80%.

Toyota warehouse trucks are now smart trucks with telematics as standard. Customers can easily connect their smart trucks via **I\_Site**, Toyota's fleet management system, which allows them to control, measure and improve their daily operation, in terms of machines as well as drivers. Anytime, anywhere, via a tailored dashboard, a complete overview of the customer's operations is available, on-line or via the **I\_Site** app. As a result, customers will increase productivity, improve workplace safety and reduce overall costs with smart trucks connected to Toyota **I\_Site**.

## 4. People's behaviour

Of all forklift injuries every year, roughly 25% of those are attributed to lack of operator training. Our basic operator training is a procedure to ensure compliance with laws requiring drivers to be appropriately qualified.

In most countries, legislation fails to adequately address behavioural safety. In many countries, legislation is more basic than we believe is required to enable customers to operate safely. Many countries require only one day of training to operate a vehicle with far more complexity than a car. Yet, no one would expect that after just one day one would be qualified to drive a car. That's why 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**. We provided forklift training to **350** global health & safety managers from customers since 2015. In FY19, the company trained over **35,000** material handling operators in 11 countries across Europe, expanding its training capabilities to other European countries. Toyota Material Handling Europe has currently 86 training facilities and 136 instructors in service.







## MAXIMISE QUALITY AND CUSTOMER SAFETY

2050 VISION	FY21 TARGET AND/OR KPI	FY19 STATUS	FY18 STATUS	FY17 STATUS
<b>PRODUCT QUALITY</b> Continuously supply attractive products that anticipate customer needs by implementing defect-free processes	5 additional design awards over the period FY18 – FY21	3	2	5
	1 competition for design students every 2 years	-	1	-
	1 competition for engineering students every 2 years	-	1	-
	Suppliers receiving 'Dantotsu' training (no target)	8	10	44
	Suppliers receiving 'Dantotsu' quality visits in their facilities (no target)	295	317	346
	Suppliers receiving quality audits in their facilities (no target)	104	161	238
	Maintain ISO 9001 certification cover of operations to >75% of total revenues	>70%	>75%	>75%
<b>PROCESS QUALITY</b> Be a reference on process quality across all our 21 sales and service companies	100% sales and service companies to implement Toyota Service Concept	20	12	10 (target 21)
	50% sales and service companies to implement T-Stream	Release 1 implemented in 17 MSCOs	First release T-Stream	Further pre-study
	100% sales and service companies to maintain ASEC certification	55%	41%	35%
	100% sales and service companies to achieve a Net Promoter Score > = 54	NPS = 52	NPS = 49	NPS = 42
	100% sales and service companies to achieve a first-time fix rate > = 95%	95,7%	95,3%	95,5%
	50% sales and service companies to implement T-ONE	Process established	Process established	238
	<b>RESPONSIBLE PURCHASING</b> Finding the right partners to support our customers and us in achieving all our sustainability goals	Maintain all major suppliers to sign Code of Conduct for Suppliers	100%	100%
Control mechanism for evaluating suppliers' compliance		Under review	-	Established
Maintain 100% buyers trained in responsible procurement		100%	100%	100% (target 100%)
CSR self-assessment all major direct material suppliers		50	30	30 (target 30)
CSR self-assessment 10 indirect material suppliers		Pilot done	Pilot done	5
Install risk assessment tool for all major direct material suppliers		Established	-	-
Review CSR assessment processes for all suppliers		Under review	-	-
<b>TRANSPARENCY AND DISCLOSURE</b> Continue in top 3% on transparency and disclosure among > 40,000 global suppliers rated by EcoVadis, rating performance on environmental, social and governance issues	Maintain Toyota Material Handling Europe leadership position in transparency & sustainability	Top 1%	Top 3%	Top 3%
	Toyota Material Handling Europe to maintain Gold at EcoVadis European level	1	1	1
	17 local subsidiaries to achieve Gold at local level	16	9	10
	8 independent distributors to achieve bronze level on EcoVadis	Pilot started	-	-
	Continue sustainability reporting in line with GRI covering > 95% employees	GRI Standards > 95%	GRI Standards > 95%	GRI Standards > 90%
	External verification GRI report by FY21	No	No	No
	We have started engaging / planning / budgeting with our financial auditor to extend their verification services, with a view to include a statement from them in our FY21 Sustainability report.	No	No	No
<b>CUSTOMER SAFETY</b> Aim for zero accidents with material handling equipment in the EU	Enhance our approach to help our customers improve health & safety in their material handling operations 3 customer case studies per year published	3 Glud & Marstrand Logitri , Kesko	-	-
	All our customer safety solutions available in all 21 sales and service companies (dojo, posters, risk assessment, training, telematics, automation)	Yes	-	-
	Integrate additional safety technology in standard products	Yes	-	-
	100% of trucks enabled to operate with I_Site fleet management	Yes	+ 150%	+100%
	Forklift training for global safety managers of our customers: 100	182 (new target TBD)	60 (target 60)	50 (target 50)
	Continue promoting safety, as a partner of EU-OSHA since 2010	Yes	Yes	Yes
	Customer Risk Analysis - Implementation in 3 country in FY20; Implementation in 6 countries by FY21	Launch		

If you want more info on previous years, please consult our previous Sustainability Reports.



I am proud of our strong network of local HR leaders implementing our ambitious People Strategy. As a result, over 80% of our 11,410 employees in Europe now work in factories and sales companies whose Labour Practices have been assessed as “Advanced” by the independent sustainability rating agency EcoVadis. By 2021, we want all our entities across Europe to achieve “Outstanding” or “Advanced” status, by optimising the opportunities for our people to thrive.



**Peter Damberg,**  
Senior Vice President Human Resources,  
Sustainable Development  
and Corporate Communications,  
Toyota Material Handling Europe

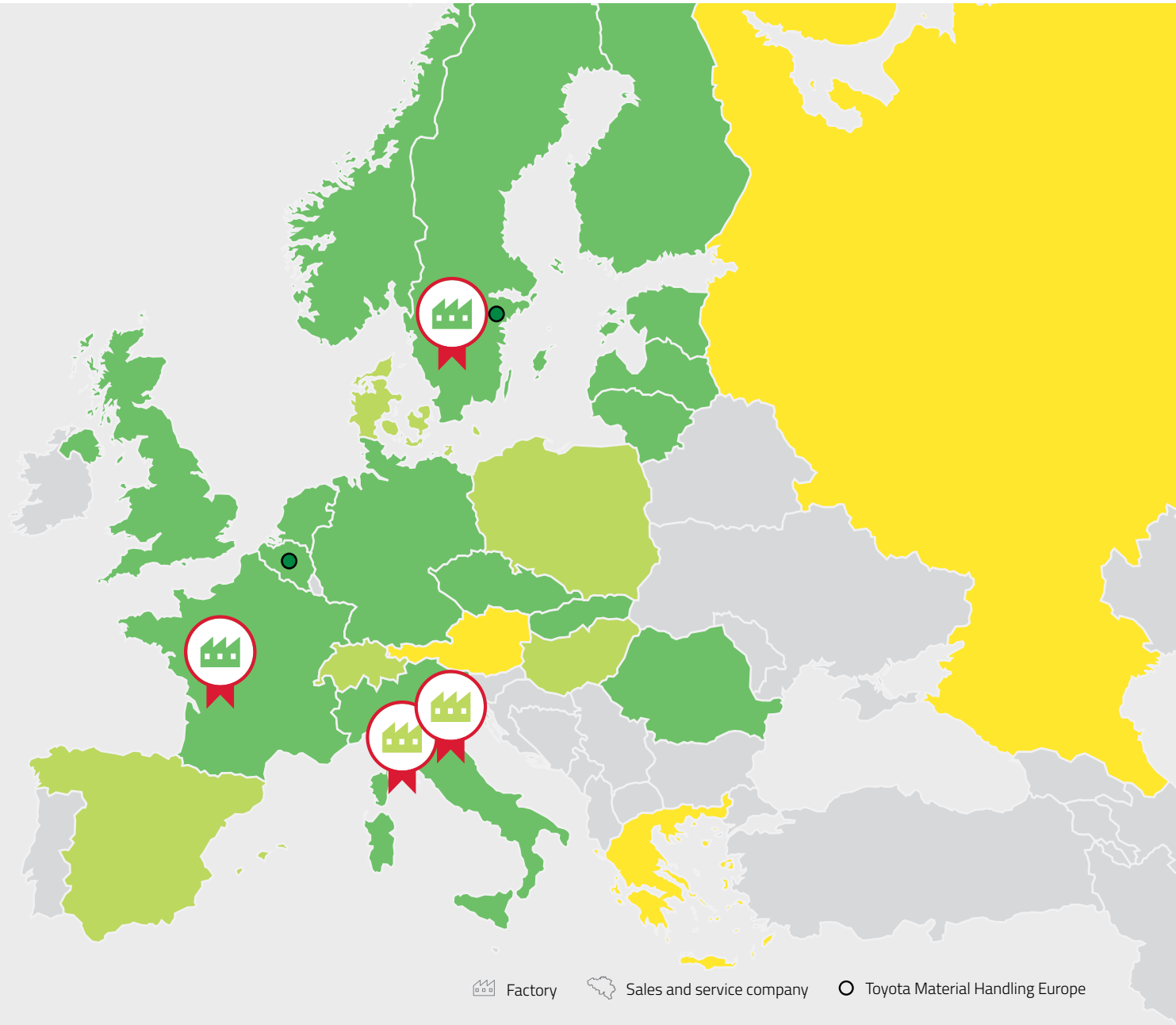
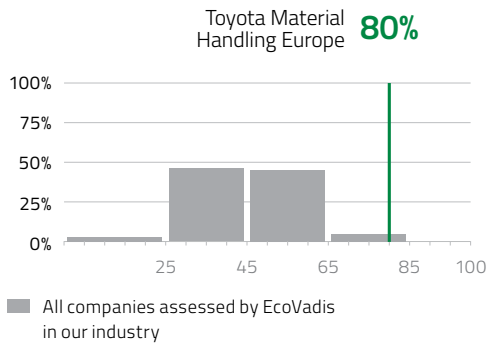


# LABOUR & HUMAN RIGHTS SCORE

According to EcoVadis

- >=80% Outstanding
- 70% Advanced
- 60% Confirmed
- 50% Intermediate
- 40% Partial
- 30% Pass
- <30% Fail
- 3<sup>rd</sup> party operators

## THEME SCORE DISTRIBUTION





# OPTIMISE OPPORTUNITIES FOR PEOPLE TO THRIVE

## QUICK FACTS

Toyota Material Handling Europe's ability to continue to maintain and grow its business as well as provide high-quality products to customers depends on the contributions of its people. Therefore, our ability to attract, retain and develop qualified employees throughout the organisation is essential. As we have been building a harmonised pan-European People Strategy, HR organisation and HR KPIs, we are achieving greater success in promoting development of best practice regarding attracting and retaining talent, developing our people and respecting equal opportunities and engaging its employees.



# 200

## managers trained

in leadership skills in LEAD programme so far



# 12

## e-learning

sessions completed per employee per year on average



OHSAS 18001  
(now ISO 45001) for

# 4

 factories

# 3

 sales & service companies

# 100%

## employees

work in entities with an ambitious local 'People Strategy'



# 15%

## female managers

while 16% of workforce is female



# 1,481

## new employees

hired since FY18



# 1032

## courses

available on our e-learning academy, covering 13 languages (+39% vs FY18)



# ATTRACT AND RETAIN TALENT

Our success as a first-choice employer lies in our continued investment in our people, their professional competencies, and personal development. Since 2014 we have stepped up investments in our employees and developed programmes and processes to recruit the right people and retain a workforce that is motivated and performing well. We have been awarded an EcoVadis **80% score** 'Advanced level' on 'Labour practices'.

In line with our Code of Conduct, we enhance business performance so we can continue to provide employment and maintain fair and stable working conditions. We also aim to create a harmonious and stimulating work environment.

## PEOPLE STRATEGY

All our entities approved local People Strategies, so local HR teams can support the business in developing the local workforce it needs to execute the business strategy, each focusing on three local HR priorities.

We have reviewed our central People Strategy to support the launch of our new corporate strategy "Zero Muda". By aligning our HR activities with the new priorities of our corporate strategy, we've increased focus on digitalisation by investing in competences and new resources for our Logistics Solutions divisions.

GOING DIGITAL	SPEED AND ACCOUNTABILITY	COMPETENCE ADVANTAGE	COMMUNICATION DRIVING CHANGE	SUSTAINABILITY FRONTRUNNER
<ul style="list-style-type: none"> <li>▪ New digital workspace</li> <li>▪ Talentsoft</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agile leadership and performance</li> <li>▪ Delegation</li> <li>▪ Cross functional</li> <li>▪ Talents and mgmt trainees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Employer brand</li> <li>▪ New competence</li> <li>▪ Increase capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trust</li> <li>▪ Transparency</li> <li>▪ Strategic clarity</li> <li>▪ One direction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Values in action</li> <li>▪ Safe &amp; Healthy</li> <li>▪ Climate &amp; Energy</li> <li>▪ New business</li> </ul>

## ONBOARDING AND RELEASING

As employees at companies with high-quality onboarding programmes **gain full proficiency significantly faster**, we consider these as very important. We organise orientation days three times a year in our main entities, encouraging our entities to organise local induction activities.

In 2019, we had a **10% turnover rate**, close to the 10% average for the manufacturing industry, up from 8% last year. Driving this number down has become a main priority. We aim to keep this number under 8% in the future.

Employees leaving the company are heard and enabled to raise any concern through our exit interview, rolled out across the company to better understand reasons for leaving and collect reliable data to prioritise mitigation measures. We have launched this in FY18 and our ambition is that 80% of people leaving our company will be given the opportunity to participate in these exit interviews by FY21.

## COMPENSATION AND BENEFITS

At Toyota Material Handling Europe, we believe in a **fair and transparent process for setting remuneration levels** in line with market practices and individual performance. We benchmark salary trends at European and local level, in areas of fixed and variable pay and pension schemes. We aim to continue to refine how we work with this information.

In FY16, we developed a **Reward Policy** serving as a guide for the development of plans and strategies in sub-areas, such as short-term incentives, and for operating compensation and benefits programmes. This new Reward Policy embeds fairness, transparency and equal opportunity for all. Our 21 sales and service companies have their pay structures aligned to the Toyota Material Handling Europe model and supporting strategic intent. In line with the business strategies, we developed Executive Contracts and Short-Term Incentive Plans. We apply a uniform Executive Contract for all executive positions, which underlines that we operate as one company throughout Europe with similar terms and conditions for those positions.

In FY14, we set up a **Compensation Committee** to decide on executive compensation and benefits. The Committee, consisting of our Chairman, President & CEO, Senior Vice President of HR, monitors and controls the compensation and benefits area. They also take decisions on all new or amended programmes. A yearly salary review process is outlined and prepared for decision-making in the Compensation Committee. All executive positions have been graded using an independent external partner, enabling us to have yearly updated salary benchmark data and thorough market practices. And we ensure control and deep knowledge on retirement and benefit arrangements in all our subsidiaries.

In FY18 we completed an **audit of pension and insurance schemes** across Europe with a view to get to greater consistency and fairness through harmonisation.



# TRAINING AND DEVELOPMENT

The progress of our people is essential both for the individuals but also for our customers and our company as a whole. Therefore we provide our people with opportunities to develop and maintain their competences and skills as well as investing in our network of dealers and suppliers.

In line with our Code of Conduct we continuously pursue personal growth and enhancement of our employees' professional capabilities, through training and all other appropriate means.

Our leadership and employee development programmes ensure that our people:

- are trained in, and work according to our Code of Conduct, our principles and values: the Toyoda Precepts and the Toyota Way are led by leaders who understand and have the skills to live up to our Leadership Philosophy
- are given the opportunity and are actively supported to act as leaders while perusing personal career ambitions through our LEAD, LIFT and Talent programmes
- have the opportunity to develop their skills and expertise throughout their career with us, with technical training, such as the Toyota Production System (TPS) or our sales onboarding programme
- are evaluated fairly for their work, and having a continuously dialogue with their managers through our newly developed Agile Performance tools, and get support to develop themselves further, as stipulated in our Competence Development Policy
- are complemented with externally recruited high performers as part of our Management Trainee programme

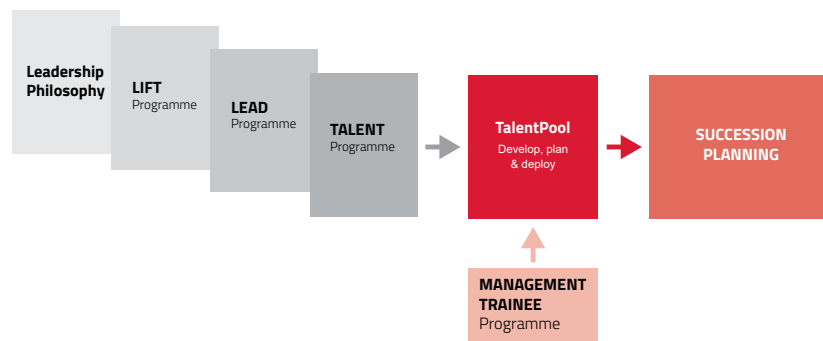




The world keeps changing, customers interact and expect things in different ways, the way we manage people is evolving as well. The LEAD programme made me feel confident in my leadership role, I felt enriched both by my peers and the coaches.

Nathalie Arlt,  
Marketing Manager,  
CESAB Material Handling Europe

## LEADERSHIP DEVELOPMENT



In the past five years, our European HR organisation has focused extensively on training and development of our leaders. Driving this focus is the awareness of the critical role that leadership plays in enabling our people and our business to grow. Also, general research shows that the primary key to retaining people is the quality of leadership. In the next five years, we will continue to focus on leadership development.

### LEAD

Toyota Material Handling Europe has as a key step made the LEAD, the Leadership Development Programme, permanent. This 13-day programme consisting of four modules supports each participant's progress in their role as a leader. The programme content spans from leveraging our company values to developing coaching techniques as well as expanding their general business insights. We aim to increase the percentage of women in management roles and therefore we pay specific attention to including women in the LEAD programme. Our target is that by FY21, 30% of participants in Toyota Material Handling Europe's development programmes are women.

16 managers took part in the LEAD programme in FY16, another 60 in FY17 and 120 in FY18. In evaluations made six months after the programme conclusion, surveys show that the participants in LEAD made significant progress as leaders resulting in **better team performance, better communication and better leveraging the potential in coaching** of their direct reports. Our objective is to gradually increase the capacity in our LEAD programme. During FY19, 85 leaders participated in the LEAD programme.

### LIFT

In order to meet a growing requirement to be able to generate value that spans over several organisational functions, we have launched our first LIFT programme in order to **develop cross-functional leaders**. In FY19, 14 people participated in the first LIFT Programme and by FY21 more than 50 employees will have completed the programme.

### TALENT

In total, a mix of 34 **junior and senior managers** have participated in Toyota's Talent Programme. The programme is equipping participants to take additional steps in their development towards senior leadership roles. We launched the third programme in April 2019.

### MANAGEMENT TRAINEE PROGRAMME

To complement our internal leadership programmes, we have launched a **Management Trainee Programme**. In FY19 we ran our first Programme with 8 participants. We've recruited 8 high-performers across Europe (5 male, 3 female) with 3 to 8 years working experience, who worked on various assignments across our organisation and locations as a part of the programme. After one successful trainee year, they were offered positions within the organisation that matched our company needs and the trainees' skill set and growth potential.



## EMPLOYEE DEVELOPMENT PROGRAMMES

Our Competence Development policy has been adopted across the organisation in December 2015. Formal learning and training requirements are documented in an employee's development and competence plan, which is discussed as part of the employees' annual performance review.

### TRAINING ACADEMY

We provide formal learning and training opportunities to all full-time and part-time employees. A dedicated department manages our online and offline Training Academy. Tailored training programmes are developed and continuously updated for specific business areas or for all employees. For example, our blended online and offline 'Sales Training Portfolio' is supported by a team of specialists to ensure that all employees working in sales receive training, in the language of their choice, available to them on demand.

In FY19, **1032 courses** (vs. 745 in FY18) were available on our e-learning academy, covering 21 system languages and 15 course languages.

To implement four million service assignments per year, we rely heavily on, and work in close tandem with more than 200 dealers and 15 independent distributors across Europe. Although these are independent companies, their employees working with our products and services are trained and assessed to ensure they work with their customers, in accordance with our Toyota Material Handling standards. In FY17, our Network Academy had some **3,000 external users** and offered more than 170 courses on sales, service, technical skills and on our fleet management software, I\_Site.

### TOYOTA SERVICE CONCEPT AND TRAININGS

The Toyota Service Concept (TSC) aims to adapt the lean principles of the Toyota Production System (TPS), designed for manufacturing, to our service business. The TSC describes our approach to planning, managing and delivering exceptional standards of service, throughout the working life of trucks and our relationship with customers. Technician training is the key to efficient forklift service.

Our Service Technician Education Programme (STEP) is made available to service teams and certified independent distributors and dealers. STEP ensures technicians have the right knowledge to suit technical requirements and can build trusting relationships with customers. 92% technicians are trained on how to service our trucks under safe conditions with respect for the environment and to the highest quality standards. Learn how STEP helps dealers in Italy work to increase efficiency.

The Aftersales Service Evaluation Certification (ASEC) is also geared at our employees, independent distributors and dealers. ASEC provides a standardisation for all sales and service companies globally, across 280 sites. It secures the Toyota '5-S' condition (Sort-Straighten-Shine-Standardise-Sustain) for each service technician before they begin their work, such as personal protection equipment, environmental management, recycling, training etc. Each site is audited on the correct application of ASEC every three years.

Our 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.







I believe in a workplace that cares for the emotional and intellectual wellbeing of its employees so they can thrive, enabling them to meet the needs of our customers to their best ability. Great leadership is the biggest asset for building our company culture. Having a clear focus on delivering our commitments and taking ownership of everything we do. Today more than ever, sustainability is part of every employee's responsibility.

Viktória Prevužňáková,  
HR & Compliance Manager,  
Toyota Material Handling Slovakia

## EMPLOYEE ENGAGEMENT

Employee engagement is key to employee attraction and retention. Engaged employees are known to be **more motivated** in their daily work, **more productive** in achieving their targets, **more creative and loyal** to their employer. In line with our Code of Conduct, we respect expectations and ambitions of employees through a never-ending search to improve.

### APPRAISALS

We believe that a strong corporate culture, that maximises individual and business performance, drives individual job satisfaction. Individual performance management is key to employee motivation, retention and business performance. In time, technology will enable us to engage all employees on a much more personal and individual level. This report consolidates appraisals from 29 entities. In FY19, 73% of our employees has undergone an annual performance appraisal. We thank the 15 entities who have already reached the 80% appraisal target two years before the 2021 deadline: Austria, Switzerland, Czech Republic, Spain, Finland, Hungary, Manufacturing France, Manufacturing Sweden, The Netherlands, Slovakia, Romania, Russia, Sweden, Norway and TMHEL Antwerp.

In comparison with FY18:

- 11 entities improved their appraisal level
- 7 entities stayed at the same level
- 11 entities performed less appraisals

Toyota Material Handling Europe aims to boost performance appraisals and make work more engaging and meaningful for all, while taking a structured approach for making change happen in our organisation.

### REPRESENTATION

We follow all legal regulations concerning collective bargaining agreements which cover the majority of our employees (>80%). Some countries have different arrangements according to country-specific practices, traditions and labour legislation. Toyota Material Handling Europe provides channels for employee to engage in the company's activities and express their opinions.

### EUROPEAN WORKS COUNCIL

The European Works Council (EWC) is a partner and a vital contributor to communicate on matters affecting employees in more EU countries. It addresses issues such as employee health and safety. Every year, performance against health and safety KPIs are shared at our European Works Council. The views of employee representatives are also taken into account when developing action plans. The EWC was established in 1996 under European and Swedish employment law. Each entity has the opportunity to elect one or more representatives, depending on their size. The annual meeting is attended by our President and several members of the Management Team.

### VOLUNTEERING

In order to increase sustainability awareness among our employees, we conduct a number of activities every year, particularly around the United Nations World Environment Day (June) and the European Week for Health & Safety at Work (October).

We are dedicated to make a positive contribution to society and want to engage our employees in this. In FY19 we donated about 100,000 EUR to social and environmental non-profit organisations. On top of that, more than 500 employees took part in different volunteering activities of various character; to raise money for charity, support local environmental actions, raise awareness about disability, events for students etc. Quite some entities organise charity runs. 51 employees from Toyota Material Handling France took part in the La Baule triathlon, 24 employees ran against cancer in Italy and 260 employees in Sweden supported blood donation initiatives via a charity run.

With the support of an external organisation, Toyota Material Handling France held a workshop to raise awareness for disabilities. The workshop is designed for employees without disabilities to better understand the difficulties and feelings of employees with visual, hearing and other physical disabilities or those with a psychosomatic disease in their daily lives. The event was attended by 81 employees, in which they experienced cooking with blinders or earplugs. They shared the feeling of their challenged colleagues through the disability simulations and exchanged information on disabilities.



# EQUAL OPPORTUNITIES & DIVERSITY

As a large employer across more than 20 countries in Europe, we respect all persons equally, embrace differences, and reflect the global nature of the Toyota family and values. We believe that having a diverse workforce is crucial across our company and directly affects our business success. In line with our Code of Conduct, we do not tolerate discrimination. In this report, we have consolidated gender and age data for 29 entities, compared to 14 in the FY15 report.

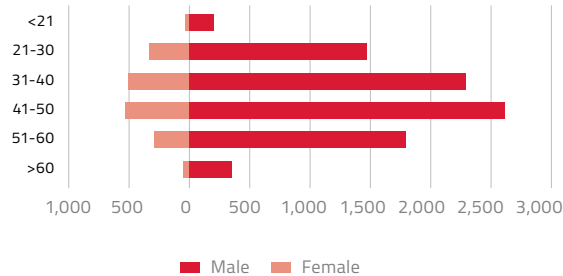
At the end of FY19, Toyota Material Handling Europe had a total of 11,410 employees. Temporary personnel accounted for about 3.8%, while 96.2% have full-time contracts. Our workforce is 16% female and 22% of our employees are over 50. We have 5,100 service technicians, of which only one is female.

While at the end of FY19 15% of our managers are female, we aim to gradually increase this percentage by including 30% of female employees in our leadership training programmes.

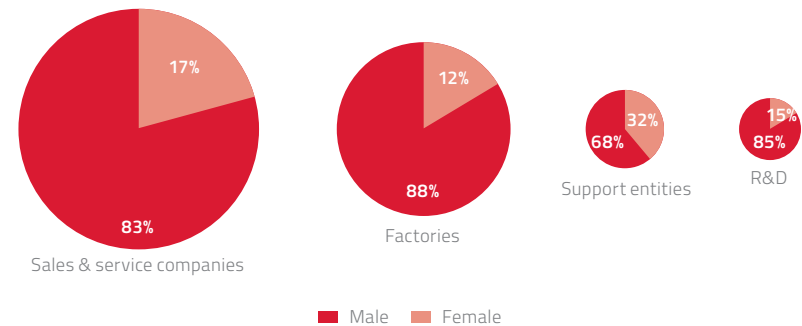
As approximately one out of five employees is over 50, we have already worked on healthy ageing in the workplace and on ensuring a working environment fit for employees of all ages. We view 'Healthy Workplaces' as an integral component of employee retention. We also want to encourage these employees to stay active and take part in our training and development programmes. Four entities with higher than average employee age have put in place succession plans to make sure their knowledge is transferred internally to our workforce of the future.

Inspired by local initiatives, such as the '2016- 2018 Equal treatment plan' and the 2017 'gender diversity' action plan in Sweden, Toyota Material Handling Europe created in the beginning of 2018, a **gender diversity** working group. It consists of members from our central HR, Sustainable Development and Legal & Compliance departments and will report periodically to the our Governance Committee. It will benchmark our current gender diversity, assess potential risks and opportunities, and aims to define and implement a diversity and equal opportunities strategy by FY21.

EMPLOYEES BY AGE AND GENDER



EMPLOYEES BY FUNCTION AND GENDER





# EMPLOYEE HEALTH AND SAFETY

Toyota Industries Corporation's Safety Vision for zero accidents states that every employee, guided by our corporate creed, aims to create a corporate culture that places a top priority on maintaining safety in all areas, and focuses on mutual courtesy and safety, as well as realising workspaces being great places to work. Read more on [Toyota Industries Corporation Safety Vision](#), and approach to workplace safety.

In line with our Code of Conduct we create a safe, healthy working environment for all. We consider that health and safety is a responsibility shared between leaders and employees. Leaders should provide a safe physical environment to create a safety culture. Employees are responsible to follow safety guidelines and take proactive steps to ensure safety for themselves and their colleagues.

With the input from some of our most senior health and safety experts from our entities in France, Spain and Sweden, we have drafted a detailed company-wide **Health & Safety policy**, which has been adopted by the European Management Team and communicated to the business in FY19.

In order to achieve our objective of zero accidents, injuries and work-related illnesses, Toyota Material Handling Europe aims to:

- ensure safety is an integral part of all activities and decisions throughout the company
- cooperate to prevent accidents and work-related illness by identifying, evaluating and removing risks
- systematically identify and eliminate the root causes of accidents and near misses which have occurred, with the aim of preventing them from happening
- ensure that the management and the line organisations are responsible for occupational safety, assisted by occupational safety specialists
- ensure that all managers lead by example. They are responsible for the work environment and must serve as good role models
- ensure that all employees are provided with all necessary instructions, training and equipment necessary for facilitation of safe work methods
- comply with all applicable laws, regulations and requirements

## HEALTH AND SAFETY MANAGEMENT

Health and safety is functionally and locally managed.

### MANUFACTURING

As employees in manufacturing are using industrial machinery within a factory setting, we pay particular attention to their health and safety. Moreover, we know from our EU-OSHA partnership research that 10% of all industrial accidents happen with forklift trucks.

#### Management

Each of our factories' local health & safety policies consolidate the specific national laws and local context. Developing and adopting a Health & Safety policy at factory level is a basic requirement to be 'Occupational Health & Safety OHSAS 18001' certified (since 2013), now the new ISO 45001. Correct application of this safety management system is audited twice per year, when each factory goes through a re-certification audit. [View our entities' certifications](#), as well as our manufacturing health & safety policies.

The Toyota Industries Corporation Health & Safety department requires our factories to monthly report their safety performance and to annually submit a health & safety action plan in line with Toyota Industries Corporation's global safety priorities. Once a year, the Toyota Industries Corporation Health & Safety department organises a health and safety meeting with representatives of all factories.

#### Health & safety committees

100 % of employees working in manufacturing at Toyota Material Handling Europe are covered by a formal health & safety committee. Their structure differs slightly, depending on the specific legal requirements and local context. Depending on the country and local labour legislation, these committees meet once, twice or four times a year, or when an accident or near miss occurred to do accident analysis, risk assessment, and are consulted prior to any modifications in policies or processes.

Intermediate inspections take place in all factories. Sustainability 'dojos' or active learning spaces on the workflow provide health & safety (besides environmental and quality) training on an ongoing basis. Through practical exercises, the root cause analysis and results of any near miss or actual incidents are visually presented using the Toyota '5 S' methodology, and new prevention actions, safety tools, and protection equipment are introduced.



I like the complete autonomy of being a technician when facing customers: working in the field and managing my own schedule. I joined Toyota quite recently, so for me it was an opportunity to compete in the European Service Skills Competition with other technicians and it works.

**Kévin Ferrand,**  
Service Technician, Toyota Material Handling France,  
Winner European Service Skills Competition 2018

## SALES AND SERVICE COMPANIES

### Management

For our sales and service companies, the decision whether to adopt the occupational health & safety management system, OHSAS 18001, now ISO 45001, is taken autonomously by each entity's management team. So far, they have been adopted by our factories in Italy, France and Sweden and in our sales companies in Italy, Czech Republic and Romania. The sales companies in UK and France aim to be certified by FY21.

We pay particular attention to different health & safety aspects relevant to this large group of employees around topics, such as responsible driving, correct use of tools and safe behaviour on customer sites.

We complement the adoption and application of the right policies, management systems and change projects, with specially designed trainings to further embed, and continuously foster safe behaviour within our corporate culture.

All service technicians take our Service Technician Education Programme (STEP) when they first join Toyota Material Handling. This includes a safety training and safety packages, ensuring the correct use of tools, chemical product handling, and how to carry out service safely at customer sites. Our objective is to ensure our entire aftersales and service market is STEP Bronze certified by FY21.

A European-wide **service skills competition** was launched in April 2018 for all STEP practitioners, aftersales and service direct employees, as well as employees working for our external network of distributors and dealers. This will generate incentives for all to further develop their safety behaviours.

### Health & safety committees

Formal health & safety committees are present in more than half of our 21 sales and service entities, covering all employees, mandatory by law or established on a voluntary basis, depending on local labour laws.

Where a formal committee is not present (Slovakia and Austria), a local HR security or health responsible escalates, when relevant, any employee well-being, health or safety issue internally, reports them within our management systems and to the local authorities, in line with the national reporting procedures and legal requirements.

All our sales and service companies report all accidents and incidents through our technical operations, where they are shared with the related departments at a central level, allowing experience and best practice sharing, as well as fast and efficient remediation and mitigation.

## SUPPORT ENTITIES AND LOGISTICS

The local HR department manages health & safety, or as stipulated under the national labour law.

## OUR EXTERNAL NETWORK

Our network includes 15 independent distributors across 20 countries and more than 200 dealers.

Our Service Technician Education Programme (STEP) is also made available to certified independent distributors and dealers. Through the STEP training programme, regular evaluations are conducted to ensure that teams have safe equipment, the required knowledge and skills to handle hazardous products and waste, and take the necessary precautions to ensure the safety of themselves and those in the proximity.





Since 2012 we were able to reduce our absenteeism rate by 30% in Toyota Material Handling Belgium, by focusing on education and prevention. In January 2019, Toyota Material Handling Belgium moved to a new building, where a 'Safety Dojo' was introduced. This is an active learning place for health and safety, open to all employees. Gradually we aim to build a culture where health and safety is on top of everyone's mind.

Marina Rooms,  
Human Resources Manager,  
Toyota Material Handling Belgium

Walter Van Vlasselaer,  
Quality & Safety Manager,  
Toyota Material Handling Belgium

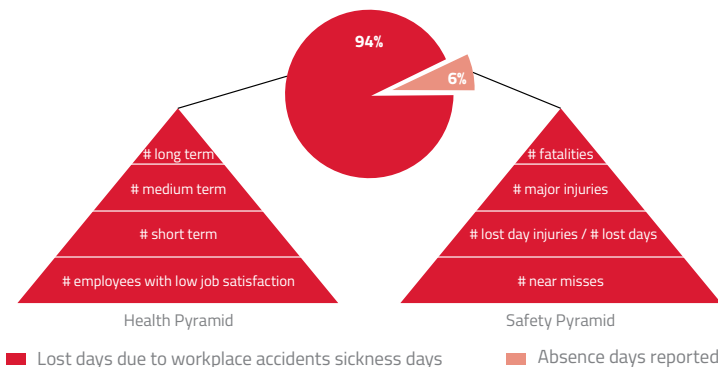
## DATA ON ABSENTEEISM, INJURIES, AND LOST TIME INJURY FREQUENCY

### ABSENTEEISM RATE

Since 2016, absenteeism has been integrated into strategic HR KPIs that are annually reported both to our organisation's HR Management Team, and to the Executive Management Team. Our HR experts record all cases of absenteeism, but are faced with strict privacy regulations and differences in national definitions when sharing this information. Therefore, at a central level, we are not able to collect root causes or absenteeism and set European-level priorities to the same degree of details as the root causes of accidents.

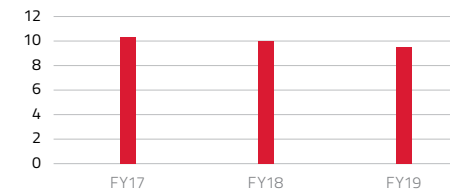
In general, we note that, for the last several years, an average of **6%** of absences were accounted for by **workplace accidents**, whereas **sickness absence** made up the remaining **94%**.

### FY19 ABSENCE DAYS REPORTED



More specifically, we can say that on average for our 29 entities, the absence rate for the last three years stands at about **9 days** per employee per year and this rate is quite stable.

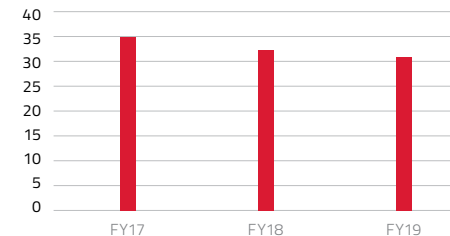
### ABSENTEE RATE/ EMPLOYEE / YEAR – AVERAGE FOR 29 ENTITIES



### INJURY RATE

The injury rate for our same 29 entities stands on average at 30 injuries per million hours worked versus 35 in FY17. Our factories showed an increase in the total injury rate, but have successfully reduced major injuries. The increase is mainly due to a rise in minor injuries, such as cuts and bruises.

### INJURY RATE / MILLION HOURS WORKED – AVERAGE FOR 29 ENTITIES



Since Toyota Material Handling Europe employs over 5,100 service technicians, they represent almost 50% of the company's workforce. In addition to this, 25% of the total workforce is over 50 years old. While straining movements can be eliminated throughout the factory and premises, having mobile technicians working at customer sites in uncomfortable positions can easily lead to overstrain.



By implementing good practices, employers can protect their workers' health and safeguard the future of their businesses. We engage relevant stakeholders to provide examples of successful interventions and create a prevention culture across Europe.

Christa Sedlatschek,  
Director of the European Agency for Safety and Health at Work

## OTHER SAFETY INITIATIVES

### EU-OSHA CAMPAIGNS

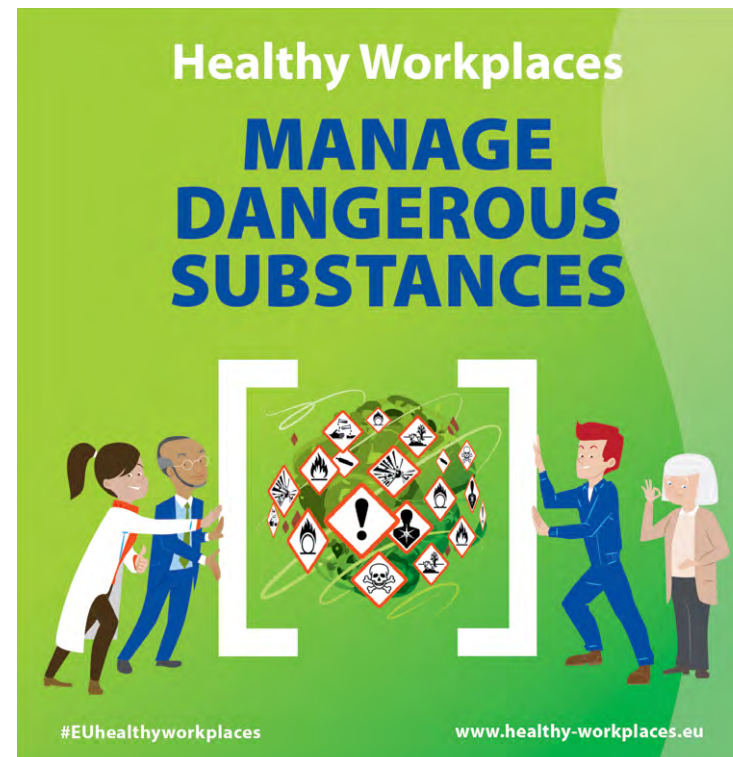
As an official **campaign partner of the European Occupational Health & Safety Agency (EU-OSHA)** since 2010, and as a member of the campaign partner steering group since 2014, Toyota promoted the EU-OSHA bi-annual European-wide campaigns on 'Safe Maintenance', 'Working Together for Risk Prevention', 'Managing Stress' and 'Healthy Workplaces for All Ages' via our website and social media, to be accessed through toolkits in 27 languages that EU-OSHA provided.

Toyota promotes the 2018-2019 EU-OSHA campaign 'Healthy Workplaces Manage Dangerous Substances' among its employees as well as European customers and suppliers, and share good practices with campaign partners.

Engaging with EU-OSHA partners, we have learned that 10% of major injuries in the EU industry involve material handling equipment and that 80% of accidents involve human error, which makes us confirm that customer safety is our number-one priority. This is why most of our functions, such as R&D, Logistics Solutions, Marketing and Sales have committed to improve and streamline our offer of customer safety solutions by FY21.

### SUSTAINABILITY CONFERENCES

Leaders and safety experts also participate in annual sustainability conferences. Since 2013 health & safety accounts for more than 50% of the agenda. In FY19, we had more than 40 health and safety experts, our local and regional Sustainability Champions from 20 entities, at the good practice event from Toyota Material Handling Europe, Toyota Industries Corporation Europe and Toyota Industries Corporation Japan. The **seventh European conference** aimed to ensure legal compliance, reinforce our safety culture and improve health & safety technology and measures. The European central team presented performance on local and group targets regarding accident rates and absenteeism, while local entities presented their best practices.





## OPTIMISE OPPORTUNITIES FOR PEOPLE TO THRIVE

2050 VISION	FY21 TARGET AND/OR KPI	FY19 STATUS	FY18 STATUS	FY17 STATUS
<b>ATTRACT AND RETAIN TALENT</b> Become one of the most attractive employers in EU industry to attract and retain talent	Turnover rate < 8%	10,2%	8%	8%
	% exit interviews with voluntary leavers: 80%	17,8%	8%	-
	EcoVadis HR score 80% - Advanced level	80%	70%	70%
	3 case studies - our 'people approach' every year	0	People Strategy approved	
	Establish European remuneration practices		Continue to streamline HR procedures. Focus on Pay & Title structure	Streamline HR procedures, structures
<b>TRAINING AND DEVELOPMENT</b> Be an industry-wide reference company in training and development	<b>Leadership development programmes</b>			
	100% of new managers to receive basic leadership training and an introduction to our Leadership Philosophy	New leadership philosophy launched	Establish process	-
	GROW programme for cross-functional leaders: 40* trained in 2015-2021	12	Start process	-
	Management Trainee programme: 16* trained in 2015-2021	8	Programme started	-
	LEAD programme for functional leaders: 300* trained in 2015-2021	200	120	60
	Talent programme for future senior managers: 50* trained in 2015-2021	50	34	34
	<b>Employee development programmes</b>			
	100% of new employees to receive an induction training	Program implemented, 4 have been accomplished	Programme to start	-
	Implement and apply competence profiles	4 profiles implemented	Establish process	
	Number of courses available on e-learning academy (no target)	1032	745	681
	Number of languages available on e-learning academy (no target)	13	13	13
	Service Technician Education Programme: 92% Bronze level	92%	92%	92%
<b>EMPLOYEE ENGAGEMENT</b> Strengthen our culture of two-way communication through employee engagement	100% appraisal rate	73,2%	63% (target 80%)	65% (target 80%)
	Entities with an appraisal rate > = 80%	15	10	17
	Agile performance rolled out to 29 entities	9	9	
	Establish employee survey in several entities (no target)	2	2	
	<b>EQUAL OPPORTUNITY &amp; DIVERSITY</b> Become a good practice employer in equal opportunity & diversity	<b>* All our EU leadership programmes to include</b>		
▪ 30% women		22%	20%	
▪ diverse range of nationalities		✓	✓	
▪ diverse age range		✓	✓	
Develop diversity and equal opportunities strategy		In progress	Initiated	=
<b>STAFF HEALTH &amp; SAFETY</b> Become an industry leader in staff health & safety and achieve Toyota Industries Corporation's Safety Vision for zero accidents	<b>Implement company-wide health &amp; safety policy and strategy</b>			
	> 80% employees covered by health & safety committees	> 80%	> 80%	> 80%
	Injury rate - number of injuries per million hours worked (no target)	30	33	35
	Absenteeism rates - sum of sickness absence and lost days due to injuries per employee (target < 8 days / employee / year)	9,4	9,9	10
	40 experts to participate in health & safety events	50	40	40
	Increase operational coverage of health & safety management management systems to > 60% of revenues, while transitioning all systems from OSHAS 18001 to ISO 45001 standard	41%	49%	48%



Since 1993, Toyota Industries Corporation (TICO) has been one of the first companies committed to implement the Kyoto Protocol. Due to our systematic approach, CO<sub>2</sub> emissions across our 4 largest factories in Europe have decreased by 2,100 tonnes. This is 20% less annual emissions than in 2012, while production nearly doubled over the same period. This is one of the many reasons TMHE and 10 of its subsidiaries achieved “outstanding” or “advanced” rating of their Environmental management practices by EcoVadis.

**Kristian Björkman,**  
Senior Vice President Supply Operations  
Toyota Material Handling Europe  
and Managing Director Toyota Material Handling  
Manufacturing Sweden AB



# MINIMISE ENVIRONMENTAL IMPACTS



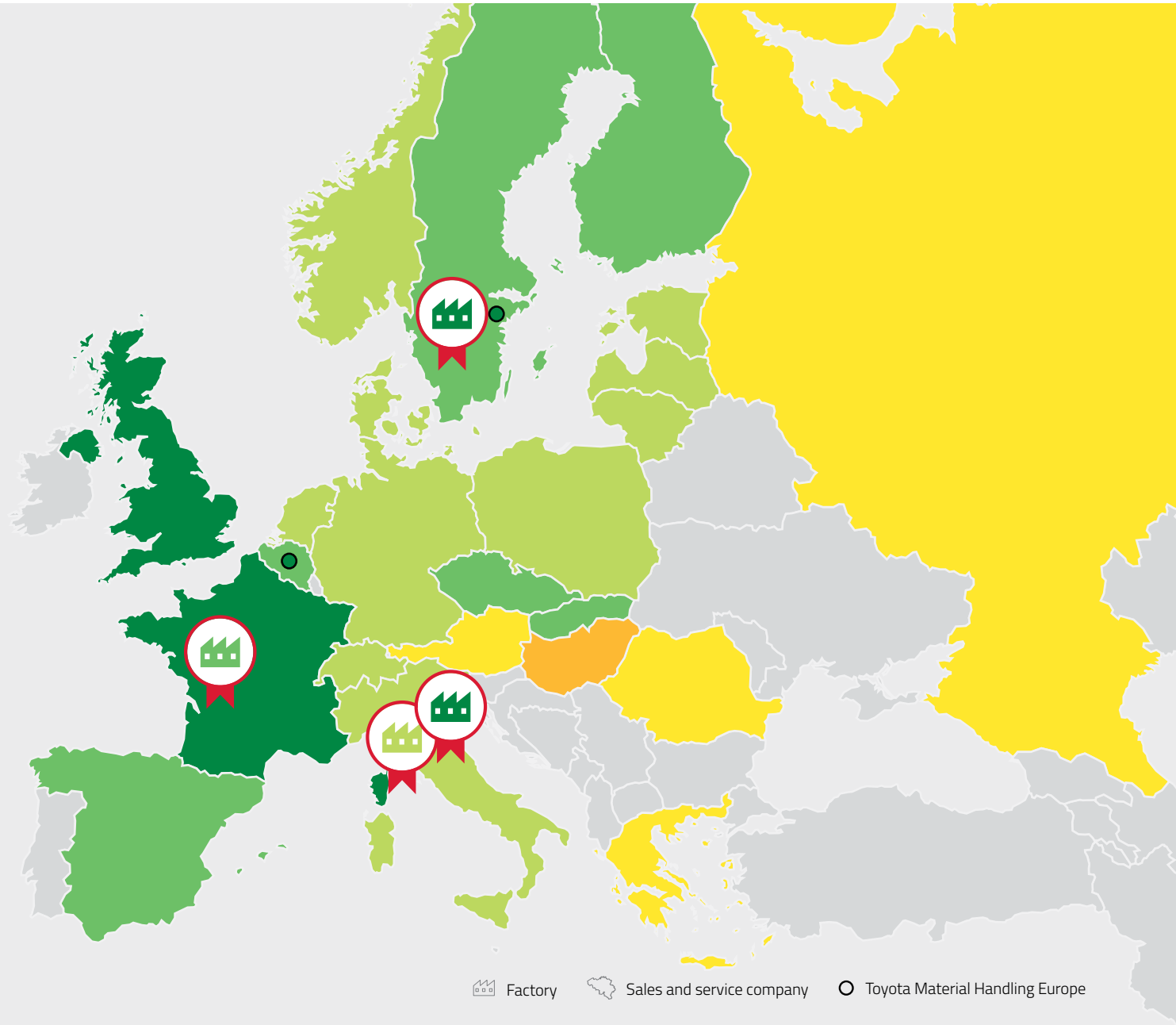
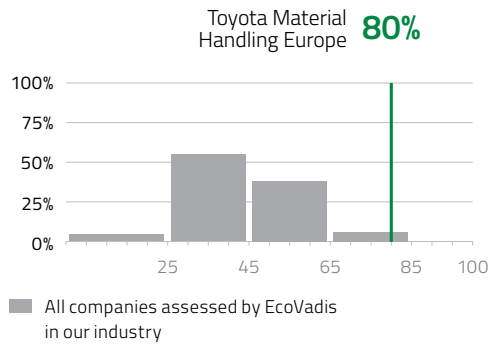


# ENVIRONMENTAL MANAGEMENT SCORE

According to EcoVadis

- >=80% Outstanding
- 70% Advanced
- 60% Confirmed
- 50% Intermediate
- 40% Partial
- 30% Pass
- <30% Fail
- 3<sup>rd</sup> party operators

## THEME SCORE DISTRIBUTION



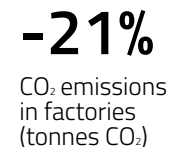
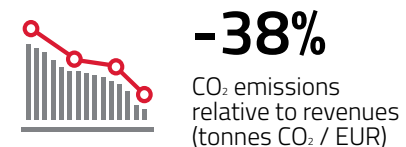
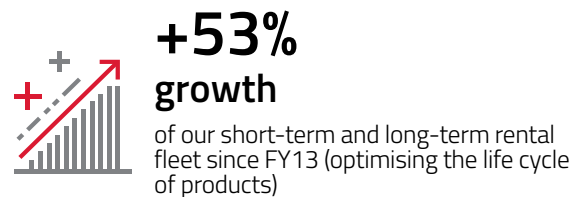
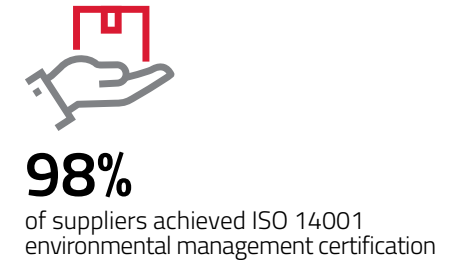
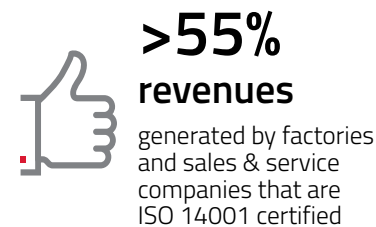
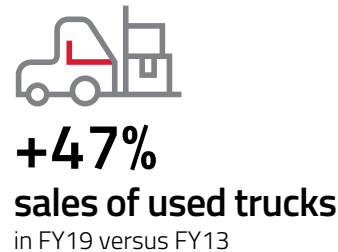
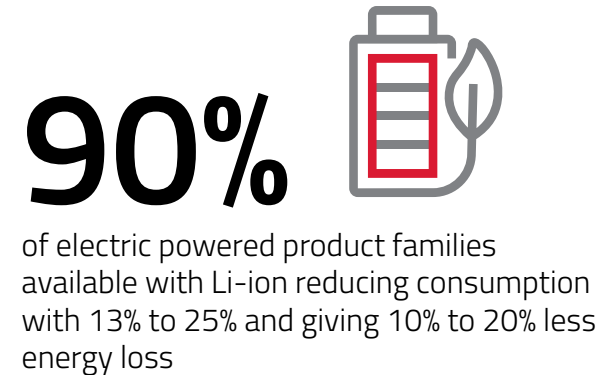
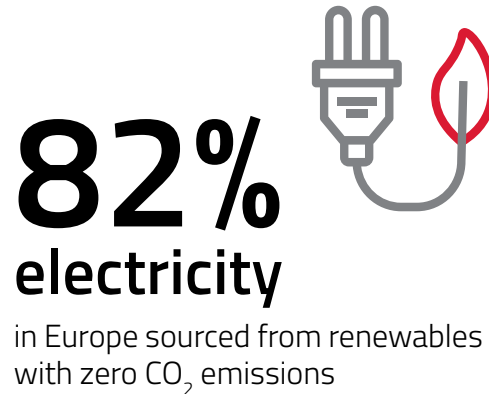


# MINIMISE ENVIRONMENTAL IMPACTS

## QUICK FACTS

Toyota Industries Corporation's Environmental Vision aims to contribute to a low-carbon society through zero carbon emissions from our products and operations by 2050. We act in line with Toyota Industries Corporation's 2020 focus areas for reducing emissions from our products and operations in the Sixth Environmental Action Plan.

This involves promoting innovative, more energy-efficient products, reducing energy consumption in our operations, exploring possibilities to use renewable energy sources, reducing water use and waste, and enhancing recycling of our products.





# ZERO CARBON EMISSIONS FROM OUR PRODUCTS AND SOLUTIONS

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. Toyota Industries Corporation's Environmental Vision aims to contribute to a low-carbon society through 'zero carbon' emissions from our products & solutions by 2050. By 2020 Toyota Industries Corporation's Sixth Environmental Action Plan [🔗](#) aims to reduce product CO<sub>2</sub> emissions by focusing on:

- even more energy-efficient technologies
- electrification
- weight reduction
- energy loss reduction
- hydrogen and fuel cell technologies

In line with our Code of Conduct, we offer clean products, services and solutions. We aim to develop new products with reduced emissions and improved energy efficiency. In line with Toyota Industries Corporation's position, Toyota Material Handling Europe strives for a society with zero CO<sub>2</sub> emissions by 2050. In 2011, our first corporate carbon footprint concluded that **95% of the emissions** across our value chain were generated by our products **during use**.

Since our previous report, we have now completed over **90%** of our electric vehicle range with **energy saving lithium-ion battery technology**. For our internal combustion range, we have taken significant steps to comply with EU stage V emissions regulations for non-road machinery.

## Our approach

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.

## FOUR STEPS TO MINIMISE CUSTOMER ENERGY USE AND CARBON EMISSIONS



### 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 and environmental impact.

Our [I\\_Site fleet management tool](#) [🔗](#) enables our customers to optimise operational efficiency, to prolong its productive life, and informs them when the battery needs to be replaced.

### 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

The fuel cell towing tractor is a concept model utilising technologies originally developed for Toyota Industries' **fuel cell forklift trucks**. Fuel cell vehicles can be refueled rapidly with hydrogen to offer the same uptime as battery-powered equipment and contribute to higher operational efficiency for customers.

Since our 2015 report, Toyota has also improved the energy efficiency of its **electric trucks**. The table below shows the energy consumption of a sample of our electric products and how the latest model is significantly more energy-efficient than its predecessors. The standards used to determine energy consumption are the industry standard VDI consumption standards. The specific standard used is VDI 2198.




Our unique modular approach, using even smaller blocks of lithium-ion battery cells, allows us to rethink truck design and offer customers a smaller, lighter model. Combined with a significant energy efficiency gain over traditional batteries, this means that the BT Levio LWI optimises energy efficiency whilst delivering ergonomic benefits for the operator. For a customer using electricity from non-renewable sources, saving energy allows them to also lower their carbon footprint.

Craig Walby,  
Product Management Director,  
Toyota Material Handling Europe

**85% of electric-powered product families** are now available with lithium-ion (Li-ion) batteries and we are aiming to complete the full range by the end of FY19. The intelligent design features on these li-ion batteries deliver a **13 to 25% reduction in electricity consumption** over lead-acid batteries. This first energy efficiency improvement is due to a reduced energy loss in the charging process of li-ion batteries versus traditional 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 li-ion battery is higher than a traditional lead-acid battery. Many of our customers see a clear business case for this technology, due to the longer life spans and lower operating costs and because of the better value for money through significant reductions in energy use and CO<sub>2</sub> emissions.

Forklift category	Truck category	Truck name	Base consumption at 100%	Base model year	New model consumption improvement	New model release	Percentage improvement
Class 3	Powered Stacker Truck	SPE160L	100%	2003	87%	2015	13%
Class 3	Powered Pallet Truck	LWE130	100%	2005	86%	2017	14%
Class 3	Powered Stacker Truck	SWE120	100%	2008	90%	2014	10%
Class 1	Electric Counterbalanced Truck	Traigo 80 8T	100%	2009	75%	2018	26%

**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 use 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.

#### 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 90% of our 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 a possible business case for the necessary installations on their sites. In response to this demand, we are developing the technology for additional products. The use of a fuel cell truck reduces CO<sub>2</sub> emissions by 300 tonnes per year. With their ability to supply electricity, fuel-cell forklifts can serve as a source of power supply during emergencies.






# ZERO CARBON EMISSIONS FROM OUR OPERATIONS

We believe that by reducing energy use in operations, we can better serve our customers with products and solutions making them improve their energy efficiency and CO<sub>2</sub> emissions, which is also a priority for them.

## ENERGY AND EMISSIONS MANAGEMENT

Toyota Industries Corporation's Environmental Vision aims to contribute to a low-carbon society through 'Zero Carbon' emissions from our operations and logistics in 2050. In 1993, Toyota publicly committed to integrate energy efficiency in its business strategy with its first environmental action plan. Toyota Industries Corporation has defined climate change as the number-one environmental priority and has set a carbon reduction target of 26% by 2020 for all our factories. In 2019 we are at -21% and we have further projects lined up to achieve our target. Toyota Industries Corporation also requires our sales and services network to report annually on its energy consumption and encourages them to set local targets in line with the [Sixth Environmental Action Plan](#) .

In line with our Code of Conduct, we aim to reduce the use of energy and to reduce emissions, in order to make economic growth compatible with the conservation of the natural environment. Our stakeholders, and especially our customers, consider our energy use and CO<sub>2</sub> emissions as key sustainability issues, addressed in requests for quotations or through third-party supply chain platforms like EcoVadis. Most of our CO<sub>2</sub> emissions and the major risk for future increases in energy prices are situated across the value chain rather than inside our own operations (less than 3% of our carbon footprint). However, in order to be able to be a leader in our industry and to influence our customers and suppliers on energy efficiency and low-carbon solutions, we should become a leader ourselves.


Our **Sustainable Development** department drives the **energy guideline** and its **energy and CO<sub>2</sub> strategy**. Vice Presidents, responsible for individual functions and regions, set and agree targets, which our local sustainability champions put in operation. Since 2015, four factories and 11 sales and service companies have set up a dedicated **Energy Management Team** (EMT) composed of facility managers, fleet managers, and production managers. The EMT drafts and updates an **Energy Management Plan** (EMP) focusing on opportunities to improve energy efficiency and lower their carbon footprint, stretching to 2020. In another five entities, the local management team acts as the energy management team.

Entities report their energy use data into our non-financial reporting software, which automatically calculates CO<sub>2</sub> equivalent emissions data and acts as a data repository to follow up on progress versus targets at site, regional and European level.

In this report, we consolidate energy and CO<sub>2</sub> KPIs of 24 entities. For all entities that are included we have 100% equity and operational control. We have based our calculations on the Greenhouse Gas Protocol, in particular their standard for Corporate Greenhouse Gas Reporting.

Emissions related to energy consumption can be reduced by improving energy efficiency and increasing the use of renewable energy sources. Systematic energy efficiency management and production of electricity from renewable sources improves energy efficiency and decreases emissions.

## ENERGY MIX AND ELECTRICITY USE

Toyota Material Handling Europe used 771 TJ of energy in FY19, an increase of 22% vs FY12. Diesel is with 32% the major energy source in our energy mix, mainly used by service vans. Diesel's share of 80% in FY12 in our car fuel mix has come down to 24% due to our green car policy (see further 'Smarter fleet' ). 20% of our total energy use comes from renewable sources, which we intend to increase to over 35% by FY21.

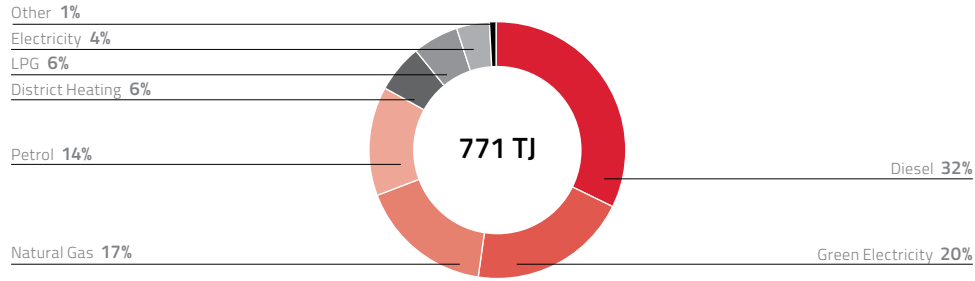
Within our total energy use, electricity represents 24% of which 80% comes from renewable sources. We aim for 100% by FY21.

## GROWTH OF ENERGY USE AND CO<sub>2</sub> EMISSIONS VERSUS REVENUES GROWTH

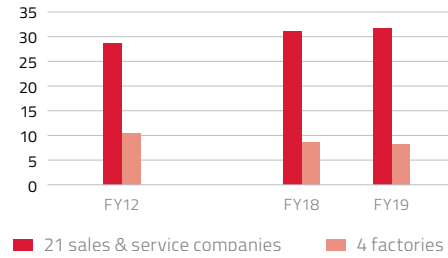
In FY19, our revenues have grown with 45% since our FY12 base year, whilst our overall energy consumption has only risen by 22%. Due to consistent efforts from many of our entities to implement energy efficiency measures and renewable energy projects, our CO<sub>2</sub> emissions have stayed nearly the same (+0.1% since FY12). This means that for every euro we generate in sales in FY19, we emit 34% less than in FY12. The key drivers have been our factories, which have reduced absolute emissions by 21% since FY12. Within our sales and service companies, absolute CO<sub>2</sub> emissions increased by 8%, but decreased by 29% per euro they generated in sales.



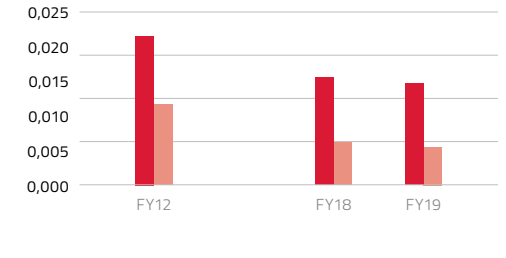
**FY19 ENERGY USE BY FUEL (terajoules)**



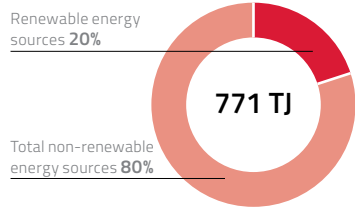
**CO<sub>2</sub> EMISSIONS (kilotonnes)**



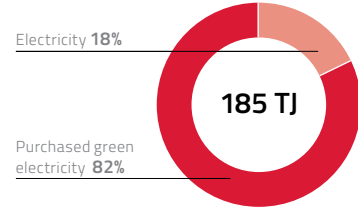
**CO<sub>2</sub> EMISSIONS / REVENUES (kilotonnes/euro)**



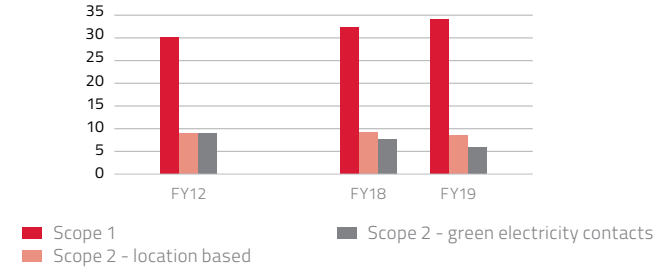
**FY19 ENERGY USE (terajoules)**



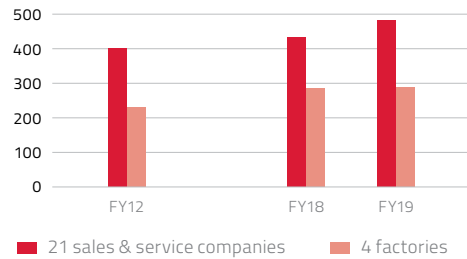
**FY19 ELECTRICITY USE (terajoules)**



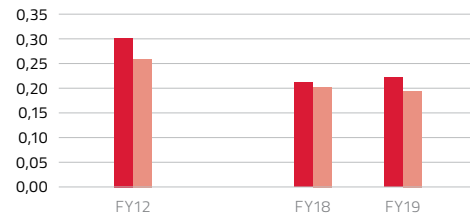
**SCOPE 1 AND SCOPE 2 EMISSIONS (kilotonnes)**



**ENERGY USE (terajoules)**



**ENERGY USE / REVENUES (terajoules/euro)**



CO <sub>2</sub> Emissions (kilotonnes)	FY12	FY18	FY19	FY21 (aim)
Scope 1	30	32	34	-
Scope 2 - location based	9	9	8	-
Scope 2 - market based	9	7	6	-

Scope 2 location emissions above are calculated by summing the emissions from district heating plus the emissions from both grid and green electricity with the appropriate IEA emission factors are applied.

Scope 2 market emissions above are calculated differently: under this method we apply a zero emission factor to the green electricity consumption and a residual mix emission factor from AIB to the grid electricity whilst the district heating component of emissions is the same as in the location method.

The reduction over time that is shown in market emissions has been achieved through the switch of electricity consumption to renewable sources.



We are proud to be the first Sales Company to have acquired an ISO 50001 Energy certification. Compared to FY12 we achieved a 47% reduction of Energy use per unit of revenue. We are glad to be able to pass on and share this obligation with our suppliers, dealers and our customers.

Jiří Franz,  
Business Controller & Sustainability Champion,  
Toyota Material Handling Czech

### SPECIFIC ENERGY REDUCTION PROGRAMMES

Since we started our energy reductions programme in 2015, we counted **146 energy saving actions** completed locally across Europe, saving over 2.2 million EUR annually. Specific actions concern energy-friendly and emission-reducing initiatives relating to a smarter fleet, smarter factories and smarter buildings.

#### SMARTER FLEET

In FY15, we launched our green company car guideline, moving to more hybrid company cars and reduced fleet fuel consumption. The share of **diesel** in our fuel mix for company cars and service vans has been **reduced from 89% to 70%** since FY12.

With four million service visits per year 60% of our fuel use and 29% of our total energy use comes from fuel for service vans. By carrying about 20% less weight, getting smaller service vans, using GPS and eco-driving we use less fuel and reduce CO<sub>2</sub> emissions.

#### SMARTER BUILDINGS

In our FY15 report, we already reported that our factories in Italy and our company in the Czech Republic have achieved ISO 50001, and that our company in the Netherlands achieved significant CO<sub>2</sub> reductions. These entities continue to act as centers of excellence in energy management. Another factory (France) and two sales and service companies will become ISO 50001 certified in FY21. Toyota Material Handling Manufacturing **Sweden** has started to switch to liquefied biogas (LBG) and so reduce the total CO<sub>2</sub> output from Toyota Material Handling by more than 5% through one single project in FY19.

Two customer demo sites for solar charging have been launched in our premises:

- On the Toyota Material Handling **Netherlands** campus in Ede, energy from solar panels is fed via solar charging stations to electric material handling equipment.
- Lift Truck Equipment S.p.A. (LTE), our most manufacturing company in **Italy**, installed a hydrogen station in May 2017, producing hydrogen from renewable electricity generated by the company's solar panels (140 kW). The hydrogen is filled to the company's fuel cell lift trucks - developed by Toyota Industries Corporation - to contribute to CO<sub>2</sub> reduction.

Due to their commitment to energy efficiency and low-carbon technologies, both entities have already met their 2020 energy and CO<sub>2</sub> targets. In FY16, our sustainability champions visited Toyota Material Handling Netherlands and in FY18 our Lift Truck Equipment factory (LTE) in Ferrara, Italy in order for our experts to learn from their best practice experience.





The future is the result of the decisions we make today: it is up to us to protect our planet and to raise awareness on the Environmental issues.

Giorgio Polonio,  
Managing Director,  
Toyota Material Handling Manufacturing Italy

## ENVIRONMENTAL MANAGEMENT

Since the previous report, we upgraded environmental management, water and waste management, to a material sustainability issue as it is a Toyota priority. Toyota Industries Corporation's Vision 2050 aims to contribute to a recycling-based society by achieving 'Zero Water to Drain', establish a society in harmony with nature by promoting a positive impact on bio-diversity, and promote environmental management. Vision 2030 puts 3 Es (Ecology, Energy and Environment) the heart of Toyota's business strategy.

Toyota Industries Corporation's Sixth Environmental Action Plan asks us to:

- reduce waste by 30% through reuse & recycling
- monitor water input and output in each country and develop and promote appropriate measures
- minimise VOC emissions by 36%
- investigate chemical substances contained in products and manage replacement of SVHC & other substances of concern

In line with our Code of Conduct, we aim to reduce waste, the use of hazardous chemicals and emissions in production and distribution. We believe that economic growth and conservation of the natural environment are compatible.

Our customers consider our environmental governance as a **key sustainability issue** addressed in the **requests for quotes** or through third-party supply chain platforms, such as EcoVadis, that rated Toyota Material Handling Europe as 'advanced' on the combined topics of environmental management (also covering our material issues 'energy use in operations' and 'energy-efficient customer solutions').

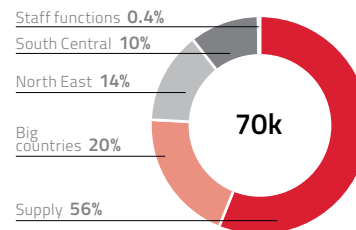
Our factories are required by Toyota Industries Corporation to maintain an ISO 14001 environmental management system certification. Additionally, our sales and service companies in France, UK, the Czech Republic, Romania, Spain, Finland and Sweden have voluntarily adopted ISO 14001 in response to local market conditions. ISO certificates for all these entities can be downloaded via [www.toyota-forklifts.eu/sustainability](http://www.toyota-forklifts.eu/sustainability) . In the Netherlands, our local sales and service company has opted for the 'BMWt' certification standard.

### WATER USE

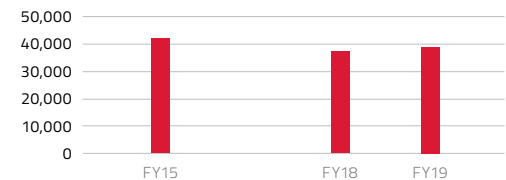
Water efficiency and energy efficiency are closely correlated, meaning that lower water consumption implies lower energy consumption resulting in lower costs: 10% of electricity in an average industrial operation is linked to pumping water around; saving 10% on water consumption will, therefore, result in saving an additional 1% on the energy bill.

In this report all 29 Toyota Material Handling entities in Europe (four factories, 20 sales and service companies, and four support entities) report their water use. In total, over **98%** of reported water consumption is municipal water. Rain water contributes less than 0.9%, recycled process water less than 0.6% and less than 0.32 % is ground water. In FY19, Toyota Material Handling consumed over 70,000 m<sup>3</sup> of water of which more than 56% was used in our factories as part of the manufacturing process. The majority of water used in our sales and service companies was used for cleaning rental and used trucks. Our factories used about 7.5% less water vs FY15 while factory revenues increased by 50% making the reduction relatively even more important.

FY19 WATER CONSUMPTION (m<sup>3</sup>) BY REGION



WATER CONSUMPTION (m<sup>3</sup>) FACTORIES





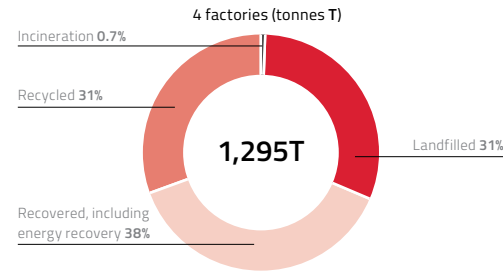


## WASTE DISPOSAL

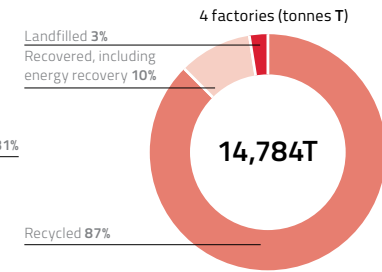
In this report, we consolidated waste KPIs for four factories for the second time. These factories generate waste mainly from production, maintenance and truck scrapping. Currently 15 of our 20 sales and service companies and none of our four staff offices report on waste, which is not enough for trustworthy extrapolation. In the years to come, it is our ambition to report on waste in sales and service companies, when definitions of waste are defined more specifically than just hazardous/non-hazardous waste.

Since FY15, reported hazardous waste has increased by 37% and reported non-hazardous waste by 47%. Since FY15, total waste has increased by 46%, while factory revenues have increased by over 50% over the same period: this illustrates that the overall waste increase rate is lower than the growth rate, which shows a reasonable operational control. The relatively faster increase in hazardous waste growth is due to better reporting, changes in local legislation and changes in processes.

FY19 HAZARDOUS WASTE



FY19 NON-HAZARDOUS WASTE



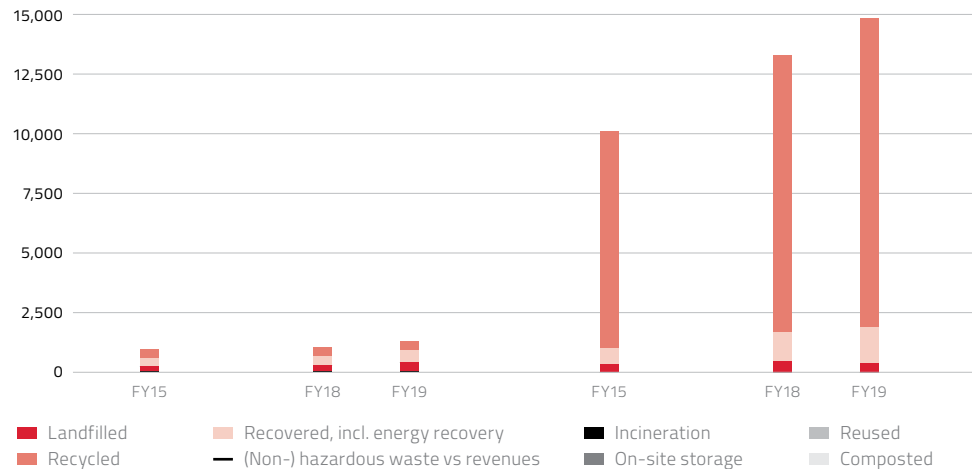
In FY19 no non-hazardous waste was reported as composted, incinerated, stored on-site or as reused. This is not taking into account our used trucks volume.

HAZARDOUS WASTE

4 factories (tonnes)

NON-HAZARDOUS WASTE

4 factories (tonnes)





Having in our mind the sustainable development directions on Profit, Planet & People we have created a strategy for Second life of our trucks by launching the "Used Campaign". Because our employees understood the benefit of circular economy, they acted as a strong sales force made of 120 employees. Including TMH Sweden in this project, both companies became first in Europe last year (growth in Used equipment), one in relative achievement and one on profit. So, the core value of Teamwork became an international action and sustainability has proven to be the feasible path to success.

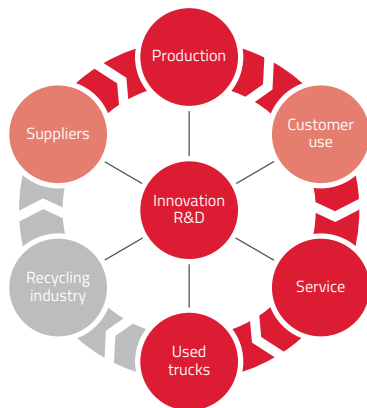
**Leulescu Dragos,**  
Rental & Used Director,  
Toyota Material Handling Romania

## CIRCULAR ECONOMY

### PRODUCT LIFE CYCLE

Circular economy is not yet considered a material issue by our stakeholders, yet we see it growing in importance year by year. The topic will require us to further strengthen our environmental governance internally, but also to extend the scope of our environmental management to our supply chain and our customers' operations.

In January 2018, the European Commission presented the 2018 circular economy package, 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 products' 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, as illustrated hereunder.

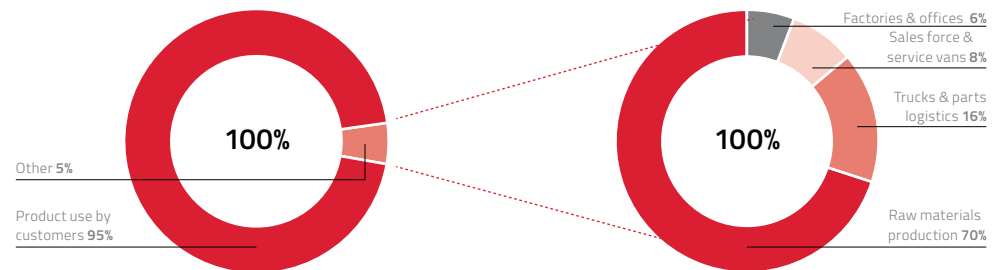


### REMANUFACTURING

Within the product life cycle, the customer energy use is the largest source of CO<sub>2</sub> emissions, accounting for 95% of our carbon footprint.

When we exclude the customer use, steel manufacturing (raw material for our trucks) is the main source of our carbon footprint (70%). Remanufacturing forklift trucks extends the useful life of the metal chassis, and spreads the upfront 'high-carbon investment' over a longer useful life. In 2015-2017, we partnered with the University of Linköping to conduct a study on the positive life cycle effects of our remanufacturing processes in Truckhuset, the central truck facility of Toyota Material Handling Sweden.

### CARBON FOOTPRINT INCLUDING CUSTOMER USE | CARBON FOOTPRINT EXCLUDING CUSTOMER USE



*Toyota Industries Corporation has done a similar exercise for the total scope of its products, and this can be found in the 2019 Toyota Industries report on page 74*

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



Sustainability and climate protection is a fundamental request for companies and manufacturers. In Rental & Used we take care of the “second” and “last” life of our trucks. We are continuously developing processes and policies to secure high standards and ecological footprints. That’s the way to increase our reputation in front of our customers and support our strategy in quality in everything to do.

Gisela Fagerstedt,  
Senior Manager Workshop Operations, Rental & Used,  
Toyota Material Handling Europe

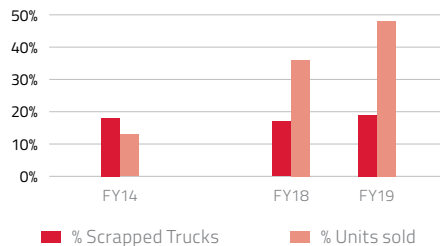
### SECOND LIFE STRATEGY

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 remanufactured trucks for lower-intensity applications or as extra vehicles on standby for use in busier periods. Our Second Life strategy 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.

With the increasing use of our long and short-term rental offer, making up a large segment of our business, we drastically improve the lifespan of our products, while at the same time reducing emissions from transportation logistics to and from our customers. As such, we also optimise our product use; an important fact to consider knowing that a truck’s average utilisation is only 35%. Since FY14, our long and short-term rental fleet has grown by 53%, today representing more than half of the total units delivered to our customers every year.




Since FY13, we have been able to sell almost 48% more used trucks, reducing at the same time the number of scrapped units by 3p.p (3 points of the percentage). A remanufactured product gives price sensitive customers the option to buy a Toyota approved truck at a lower price point.

48% INCREASE IN USED TRUCK SALES





## MINIMISE ENVIRONMENTAL IMPACTS

2050 VISION	FY21 TARGET AND/OR KPI	FY19 STATUS	FY18 STATUS	FY17 STATUS
<b>ZERO CARBON EMISSIONS FROM OUR PRODUCTS AND SOLUTIONS</b> Toyota Industries Corporation's Environmental Vision aims to contribute to a low-carbon society through zero carbon emissions from our products and solutions by 2050	Enhance our approach to support our customers to improve energy efficiency and lower their carbon footprint publish 3 case studies per year on how we help customers to achieve lower carbon footprint by focusing on a combination of the Toyota Industries Corporation priorities	3 Uponor  Logitri  , Kesko 	2 customer demo sites solar charging trucks	10 customer partnerships to improve energy efficiency and lower CO <sub>2</sub> emissions
	Ever more energy-efficient technologies (no specific target)	4	3	-
	Electrification (no specific target)	1	-	-
	Weight reduction (no specific target)	1	-	-
	Energy loss reduction (no specific target)	1	-	-
	Hydrogen and fuel cell technologies (no specific target)	1	1	1
<b>ZERO CARBON EMISSIONS FROM OPERATIONS</b> Toyota Industries Corporation aims for zero carbon emissions from operations  By 2030, Toyota Industries Corporation aims to cut carbon emissions from operations by 50%.  We act in line with Toyota Industries Corporation's 2020 focus areas for reducing process emissions in the Sixth Environmental Action Plan	Develop energy and CO <sub>2</sub> reduction strategy for our operations	Under review		
	Conduct energy audits in 10 entities once every 4 years	Due in FY20	-	-
	Extend initiatives to reduce fleet energy consumption (vans & company cars)	Ongoing	Share of diesel in fleet fuel mix reduced from 89% to 70% in 5 years	Most new company cars are hybrids
	-10% energy use vs FY12**	+23%	+13%	+9%
	-10% energy use relative to revenues vs FY12**	-26%	-27%	-23%
	-30% CO <sub>2</sub> emissions vs FY12**	2%	2%	0%
	Number of actions to reduce energy use and CO <sub>2</sub> emissions	>146	146	131
	100% green electricity use	82%	74%	67%
	Double the revenues covered by ISO 50001 certifications to > 30%	13%	14%	14%
	<b>ENVIRONMENTAL MANAGEMENT</b> Environmental management in line with Toyota Industries Corporation's Vision to 'create a society in harmony with nature' and to 'reduce environmental risk'	Extend waste reporting to cover all factories	100%	100%
Extend waste reporting to cover all sales and service companies		71%	71%	71%
Maintain >60% cover of revenues under ISO 14001 certification		61%	61%	60%
Extend water reporting to cover all factories		100%	100%	100%
Extend water reporting to cover all sales and service companies		81%	81%	86%
<b>CIRCULAR ECONOMY</b> Circular economy in support of Toyota Industries Corporation Vision for zero waste	Increase of used Counterbalanced & Warehouse units sold	+48% vs FY13	+44% vs FY13	+32% vs FY13
	Reduce scrapped trucks vs FY13	-19% vs FY13	-11% vs FY13	-22% vs FY13

\* No survey conducted in FY19, therefore the reported number has not been increased.



OVERVIEW OF TOYOTA MATERIAL HANDLING LEGAL ENTITIES, COVERAGE OF GRI, ECOVADIS AND ISO SYSTEMS AS TO TOTAL OF EMPLOYEES AND REVENUES (%)

Function	Activity	Abbreviation	Company Name	City	Country	GRI				EcoVadis		ISO / OSHAS				ISO			Comments		
						2013	2015	2019	2021	2019	2021	9001	14001	50001	18001	9001	14001	50001		45001	
% employees covered						58%	81%	97%	98%	98%	99%	77%	62%	12%	43%	77%	62%	38%	60%		
% revenues covered						59%	80%	96%	96%	98%	99%	76%	61%	14%	49%	77%	61%	39%	62%		
Supply (5 Factories + 1 Warehouse operation)	Factory	TMHMS	Toyota Material Handling Manufacturing Sweden AB	Mjölby	Sweden	1	1	1	1	1	Gold	1	1	1	0	1	1	1	1	1	
	Factory	TMHMF	Toyota Material Handling Manufacturing France SAS	Ancenis	France	1	1	1	1	1	Gold	1	1	1	0	1	1	1	1	1	
	Factory	TMHMI	Toyota Material Handling Manufacturing Italy Supply	Bologna	Italy	1	1	1	1	1	Silver	1	1	1	1	1	1	1	1	1	
	Factory	LTE	L.T.E LiftTrucks Equipment S.p.A.	Ferrara	Italy	1	1	1	1	1	Gold	1	1	1	1	1	1	1	1	1	ISO 14067 on Carbon Footprint of product
	Factory	SIMAI	Simai S.p.A	Milano	Italy	0	0	0	1	0	0	1	1	0	0	0	1	1	1	1	
	Warehouse	TMHEL	Toyota Material Handling Europe Logistics AB (Mjölby site)	Mjölby	Sweden	0	0	0	0	0	0	0	1	1	0	1	1	1	0	1	In scope of TMHMS certifications
	Warehouse	TMHEL	Toyota Material Handling Europe Logistics AB (Antwerp branch)	Wilrijk	Belgium	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Region Big Countries (4)	Sales & Services	TMH DE	Toyota Material Handling Deutschland GmbH	Hanover	Germany	0	1	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH FR	Toyota Material Handling France SAS	Paris	France	1	1	1	1	1	Gold	1	1	1	0	0	1	1	0	1	
	Sales & Services	TMH IT	Toyota Material Handling Italia S.R.L.	Bologna	Italy	0	1	1	1	1	Gold	1	1	0	1	1	1	0	0	1	
	Sales & Services	TMH UK	Toyota Material Handling UK Ltd	Slough	United Kingdom	1	1	1	1	1	Gold	1	1	1	0	0	1	1	0	1	
Region North East (8)	Sales & Services	TMH BA	Toyota Material Handling Baltic SIA	Riga	Latvia	0	0	1	1	1	Gold	1	0	0	0	0	0	0	0	0	Also covers Estonia & Lithuania
	Sales & Services	TMH BE	Toyota Material Handling Belgium NV/SA	Willebroek	Belgium	0	1	1	1	1	Gold	1	0	0	0	0	1	0	0	0	Also covers Luxemburg
	Sales & Services	TMH DK	Toyota Material Handling Danmark A/S	Slangerup	Denmark	0	1	1	1	1	Gold	1	1	0	0	0	1	0	0	0	
	Sales & Services	TMH FI	Toyota Material Handling Finland Oy	Helsinki	Finland	0	0	1	1	1	Gold	1	0	1	0	0	0	1	0	0	
	Sales & Services	TMH NL	Toyota Material Handling Nederland BV	Ede	Netherlands	1	1	1	1	1	Silver	1	0	0	0	0	0	0	0	0	Environmental and Quality certificate BMW, H&S certificate VCA
	Sales & Services	TMH NO	Toyota Material Handling Norway AS	Trondheim	Norway	0	1	1	1	1	Gold	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH RU	OOO Toyota Material Handling Russia	Moscow	Russia	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH SE	Toyota Material Handling Sweden AB	Stockholm	Sweden	1	1	1	1	1	Gold	1	1	1	0	0	1	1	0	0	
	Sales & Services	TMH AT	Toyota Material Handling Austria GmbH	Vienna	Austria	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
Region Central South (9)	Sales & Services	TMH CH	Toyota Material Handling Schweiz AG	Bülach	Switzerland	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	50% ownership
	Sales & Services	TMH CZ	Toyota Material Handling Czech s.r.o.	Prague	Czech Republic	0	0	1	1	1	Gold	1	1	1	1	1	1	1	1	1	
	Sales & Services	TMH ES	Toyota Material Handling Espana SA	Barcelona	Spain	0	1	1	1	1	Gold	1	1	1	0	0	1	1	0	0	
	Sales & Services	TMH GR	Toyota Material Handling Greece SA	Athens	Greece	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	Also covers Cyprus
	Sales & Services	TMH HU	Toyota Material Handling Hungary Ltd	Budapest	Hungary	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH PL	Toyota Material Handling Polska Sp z.o.o.	Jaktorow	Poland	0	0	1	1	1	Gold	1	1	0	0	0	1	0	0	0	
	Sales & Services	TMH RO	Toyota Material Handling Romania S.R.L.	Bucarest	Romania	0	0	1	1	1	Silver	1	1	1	0	1	1	1	1	1	
	Sales & Services	TMH SK	Toyota Material Handling Slovensko s.r.o.	Bratislava	Slovakia	0	0	1	1	1	Gold	1	0	0	0	0	0	0	0	0	
	Sales & Services	N/A	Cesab GmbH	Eberstadt	Germany	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other sales channel	Sales & Services	N/A	Cesab Ltd	Wellingborough	United Kingdom	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Staff	Office	TMHE	Toyota Material Handling Europe AB	Mjölby	Sweden	0	0	0	0	1	Gold	0	0	0	0	0	0	0	0	0	
	Office	TMHE BXL	Toyota Material Handling Europe Brussels NV/SA	Willebroek	Belgium	0	0	1	1	1		0	0	0	0	0	0	0	0	0	0
Logistics solutions	Office	TMHLS	Toyota Material Handling Logistics Solutions AB	Gothenburg	Sweden	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	
Financial services (2)	Office	TMHCF	Toyota Material Handling Commercial Finance AB	Mjölby	Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Office	TMHTF	Toyota Material Handling Truckfleet AB	Mjölby	Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Office	TMHFF	Toyota Material Handling FlexibleFleet AB (ceased March 2018)	Mjölby	Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	



## TOYOTA MATERIAL HANDLING EUROPE SPECIFIC DISCLOSURES ON MATERIAL ISSUES

Material issues	DMA, KPIs, Targets	Pages	Link with GRI Standard
<b>MAXIMISE</b>			
<b>Quality</b>	Disclosure on Management Approach	21 to 27	103-1, 103-2, 103-3
	KPIs and targets (number of ISO certificates)	33	103-1, 103-2, 103-3
<b>Responsible purchasing</b>	Disclosure on Management Approach	28, 29	103-1, 103-2, 103-3, 204-1, 308-1, 308-2, 414-1 and 414-2
	KPIs and targets (# suppliers covered by ISO14001 programme, CSR self-assessment, ...)	33	
<b>Transparency &amp; Disclosure</b>	Disclosure on Management Approach (GRI general disclosure)	18, 19, 20, 30	103-1, 103-2, 103-3, 102-45, 417-1 to 417-3
	KPIs and targets (EcoVadis score)	33	
<b>Customer Safety</b>	Disclosure on Management Approach	31, 32, 46	103-1, 103-2, 103-3, 416-1 and 416-2
	KPIs and targets (zero accidents)	33, 47	
<b>OPTIMISE</b>			
<b>Attract and retain talent</b>	Disclosure on Management Approach	35, 36, 58	103-1, 103-2, 103-3, 401-1 to 401-3
	KPIs and targets ( turnover rate,...)	47	
<b>Training and Development</b>	Disclosure on Management Approach	38 to 40	103-1, 103-2, 103-3, 404-1 to 404-3
	KPIs and targets ( # courses available in the e-learning academy,...)	47	
<b>Employee engagement</b>	Disclosure on Management Approach	41	103-1, 103-2, 103-3, 401-1 to 401-3
	KPIs and targets ( % of employees with annual performance appraisal)	47	
<b>Diversity &amp; Equal opportunities</b>	Disclosure on Management Approach	42	103-1, 103-2, 103-3, 405-1 and 405-2
	KPIs and targets ( repartition of employees by gender, age,...)	47	
<b>Employee Health &amp; Safety</b>	Disclosure on Management Approach	43 to 48	103-1, 103-2, 103-3, 403-1 to 403-4
	KPIs and targets (# days of absenteeism per employee, # injuries / 1,000,000 hours worked,...)	47	
<b>MINIMISE</b>			
<b>Energy-efficient customer solutions</b>	Disclosure on Management Approach	49 to 52	103-1, 103-2, 103-3, 302-1 to 302-5
	KPIs and targets (Truck consumption efficiency, % fuel cell solutions,...)	60	
<b>Energy management in operations</b>	Disclosure on Management Approach	53, 54	103-1, 103-2, 103-3, 302-1 to 302-5
	KPIs and targets (renewable energy use, zero carbon emissions by 2050)	60	
<b>Circular Economy</b>	Disclosure on Management Approach	58, 59	103-1, 103-2, 103-3, 301-1 to 301-3
	KPIs and targets (reduce the ratio of scrapped trucks by 20% )	60	
<b>Environmental management</b>	Disclosure on Management Approach	55 to 57	103-1, 103-2, 103-3, 303-1, 306-2 and 306-4
	KPIs and targets (reduction of water consumption and waste disposal)	60	



## TOYOTA MATERIAL HANDLING EUROPE GRI GENERAL DISCLOSURES

Disclosure title	Pages	General Disclosures GRI 102
Organisation profile	5, 8, 9, 61	102-1
Activities, brands, products, and services	5, 7	102-2
Location of headquarters	8	102-3
Location of operations	8, 61	102-4
Ownership and legal form	8, 9, 61	102-5
Markets served	8	102-6
Scale of the organisation	5	102-7
Information on employees and other workers	5, 35 to 47	102-8
Supply chain	7, 28, 29, 30, 33, 58	102-9
Significant changes to the organisation and its supply chain	7, 8, 9	102-10
Precautionary principle or approach	10, 11, 12, 13	102-11
External initiatives	19, 25, 26, 30, 31, 46	102-12
Membership of associations	8	102-13
Statement from senior decision maker	6	102-14
Values, principles, standards, and norms of behaviour	10, 11, 13	102-16
Governance structure	8	102-18
Corporate governance	9, 13	102-18
Risk management	13	102-30
Compliance	12, 13	102-18
Bribery and corruption	12, 13	205-1 and 205-2
List of stakeholder groups	4, 16, 19, 41	102-40
Collective bargaining agreements	41	102-41
Identifying and selecting stakeholders	16	102-42
Approach to stakeholder engagement	16	102-43
Key topics and concerns raised by stakeholders	17, 18, 19	102-44
Entities included in the consolidated financial statements	8, 61	102-45
Defining report content and topic boundaries	16, 17, 18, 19	102-46
List of material issues	17	102-47
Restatements of information	4	102-48
Changes in reporting	4	102-49
Reporting period	4	102-50
Date of most recent report	20	102-5
Reporting cycle	4	102-52
Contact point for questions regarding the report	14, 15	102-53
Claims of reporting in accordance with the GRI Standards	4	102-54
GRI content index	2, 62, 63	102-55
External assurance	4, 33	102-56



# Glossary

## SUSTAINABILITY: A GLOSSARY OF TERMS

### 5 S methodology

5S is a workplace organisation method that uses a list of five Japanese words: seiri, seiton, seiso, seiketsu, and shitsuke. These have been translated as sort, set in order, shine, standardise and sustain. The list describes how to organise a work space for efficiency and effectiveness by identifying and storing the items used, maintaining the area and items, and sustaining the new order. The decision-making process usually comes from a dialogue about standardisation, which builds understanding among employees of how they should do the work.

### ASEC

Aftersales Service Evaluation & Certification training programme, developed to standardise and deploy Toyota's service and parts operations. It is aimed at the Toyota Material Handling entities and independent dealers with parts and services operations. The programme has Good and Excellent levels.

### Carbon dioxide equivalents (eCO<sub>2</sub>)

The internationally recognised way of expressing the amount of global warming of a particular greenhouse gas in terms of the amount of CO<sub>2</sub> required to achieve the same warming effect over 100 years.

### Carbon footprint

The total emissions of greenhouse gases (in carbon equivalents) from whichever source is being measured – be it at an individual, organisation or product level.

### Carbon zero

This is to reduce all carbon emission to zero by good practice, not including offsetting.

### Corporate Social Responsibility (CSR)

In general, CSR is similar to sustainability and refers to an organisational policy to reduce a company's impact on environmental and social issues. Within Toyota Industries Corporation, CSR refers specifically to social contributing and volunteering.

### Dantotsu

Japanese word for 'the best out of the best' - Dantotsu products (unrivalled products) are a designation used only for machines considered vastly superior to competitors' products. Furthermore, it is this selectivity that ensures Dantotsu is synonymous with dramatically enhanced commercial value.

### Dealer

A dealer is an independent company distributing our products and services in a part of a country where we have a national sales and service entity.

### EcoVadis

EcoVadis provides sustainability ratings of more than 55,000 suppliers worldwide on their environmental, social and ethical performance. Its online platform allows 175 multinationals to access ratings of their selected suppliers across 155 countries.

### Emission intensity

Emission intensity is a measure of greenhouse gas emissions per unit of economic activity, usually measured in Gross Domestic Product (GDP). Unlike absolute emission values which measures the quantum of emissions, emission intensity is a relative value with respect to units produced. Reduction of emission intensity means reducing pollution per unit, but if the production of units increases, the emissions also grow along with it.

### Energy intensity

The amount of energy used in producing a given level of output or activity (see also Efficiency vs. Intensity). It is measured by the quantity of energy required to perform a particular activity (service), expressed as energy per unit of output or activity measure of service.

### EU-OSHA

The European Agency for Safety and Health at Work (EU-OSHA) is a decentralised agency of the European Union, with the task of collecting, analysing and disseminating relevant information that can serve the needs of people involved in safety and health at work. EU-OSHA works through diverse networks spanning the EU, with its main activities covering three distinct areas: analysis and research, prevention, and campaigning and awareness raising.





### First-time fix rate

Rate at which Toyota technicians repair a forklift truck on the first service visit.

### Green electricity

Is generated from renewable resources such as wind, solar and photovoltaic energy, low-impact hydro resources, low-emission geothermal, low-emission sustainably produced biomass, or biogas. Renewable energy certificates can be sold separately, so your electricity is only green if your supplier also delivers you the Renewable Origin Certificates (ROC's).

### Greenhouse effect

Gases produced naturally and by human activities that have contributed to the warming of the planet, know as global warming, by trapping the suns rays.

### GRI

The Global Reporting Initiative (GRI) is an international organisation in the Netherlands, set up in 1997. It provides a framework to guide the sustainability reporting process and performance metrics, which results in a sustainability report that conveys disclosures on an organisation's impacts—positive and negative—on the environment, society, and economy.

### Independent distributor

Independent company offering our products and services in a market where Toyota has no presence.

### ISO 9001

Provides the baseline requirements for Quality Management System

### ISO 14001

Provides the baseline requirements for an Environmental Management System.

### ISO 45001

Provides the baseline requirements for occupational Health and Safety Management System

### ISO 50001

Provides the baseline requirements for an Energy Management System.

### Key Performance Indicator (KPI)

Financial and non-financial indicator for the performance of a company.

### Life cycle assessment (LCA)

A tool for evaluating the environmental impact of a product or service system through all stages of its life cycle.

### Materiality matrix

A matrix that enables a company to decide which sustainability initiatives to invest in.

### Muda (waste)

Japanese word meaning "futility; uselessness; wastefulness", a key concept in lean process thinking, like the Toyota Production System (TPS) as one of the three types of deviation from optimal allocation of resources (the others being mura and muri). Waste reduction is an effective way to increase profitability.

From an end customer's point of view, value-added work is any activity that produces goods or provides a service for which a customer is willing to pay; muda is any constraint or impediment that causes waste to occur.

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- **Transport** Moving products that are not actually required to perform the processing.
  - **Inventory** All components, work in process and finished products not being processed.
  - **Motion** People or equipment moving or walking more than is required to perform the processing
  - **Waiting** Waiting for the next production step.
  - **Overproduction** Production ahead of demand
  - **Over Processing** Resulting from poor tool or product design creating activity.
  - **Defects** The effort involved in inspecting for and fixing defects
- 

### Net Promoter Score

The Net Promoter Score (NPS) is calculated as the difference between the percentage of Promoters and Detractors. The NPS is not expressed as a percentage but as an absolute number lying between -100 and +100. When measuring the NPS, one question is asked: how probable is it that you will recommend a company to a friend? Clients give a figure between 0 and 10. People with a low figure (0 to 6) are Detractors, the others are Promoters. The ultimate NPS score is obtained deducting the percentage Detractors from the percentage of Promoters.



### Toyota Material Handling product range

Toyota Material Handling offers a full range of electric counterbalanced trucks, engine counterbalanced trucks, IC and electric forklifts and 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.

Product Family	Li-Ion	Fuel Cell
Powered Pallet Trucks	✓	✓
Powered Stacker Trucks	✓	-
Order Picker Trucks	✓	✓
Reach Trucks	✓	✓
Very Narrow Aisle Trucks	✓	-
Electric Counterbalanced Trucks	✓	✓
Towing Tractors	✓	-
Hand pallet trucks	-	-
Engine Counterbalanced Trucks	-	-
Automated Guided Vehicles (AGV)	✓	-

### Scope 1 CO<sub>2</sub> emissions or direct emissions from sources that are owned or under direct control

Emissions resulting from the combustion of fossil fuels for comfort heating or other industrial applications, from the combustion of fossil fuels used in the operation of vehicles or other forms of mobile transportation.

### Scope 2 CO<sub>2</sub> emissions or indirect emissions from sources under direct control

Emissions resulting from energy consumed within a company's own operations, but generated elsewhere, e.g. electricity and district heating. Electric trucks generate scope 2 CO<sub>2</sub> emissions, unless they are charged with 'green electricity'.

### STEP

Service Technician Education training programme. STEP ensures technicians have the right knowledge to suit technical requirements and can build trusting relationships with customers. It is split in three levels: bronze (including onboarding), silver and gold.

### Sustainability

Sustainability is the overarching concept of meeting the needs of the present without compromising the ability of future generations to meet their needs.

### Sustainable development

Taking into consideration environmental, social, and wider economic success factors alongside financial indicators in the long-term strategy of business to strive towards sustainability.

### T-ONE

T-ONE is installed as an integration layer communicating with the Toyota Autopilot automated guided vehicles (AGVs) and customers' existing infrastructure, such as warehouse management systems, goods identification and other material handling equipment. The intelligent software offers operational robustness and optimises warehouse resource utilisation, enabling us to deliver customised automated solutions quicker in the future.

### T-Stream

Internal service tool for Toyota technicians supporting them in their daily work.

### TICO

Toyota Industries Corporation

### TIE

Toyota Industries Europe

### TPS

The Toyota Production System (TPS) is our 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.

### TSC

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.

### Transparency

As a principle, directors of companies and organisations and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability. Information should be managed and published so that it is: 1. relevant and accessible; 2. timely and accurate.

### Triple bottom line

The concept adds two more 'bottom lines' for social and environmental concerns to the traditional bottom line. Often paraphrased as 'Profit, People, Planet', or referred to as 'the three pillars'.

# Sustainability Report 2019

Toyota Material Handling Europe

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**TOYOTA**

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MATERIAL HANDLING