

# SUSTAINABILITY REPORT 2023

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**TOYOTA**

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MATERIAL HANDLING



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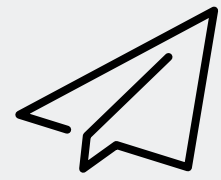
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# About this report



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## Adopting ESRS

The company has decided to switch from the Global Reporting Initiative (GRI) standards - the most widely used standard for sustainability reporting until now - to the European Sustainability Reporting Standards, or ESRS.

The ESRS are an upcoming set of EU compliance and disclosure requirements for large companies coming into effect as of 2026. A key part of the EU Corporate Sustainability Reporting Directive (CSRD), the ESRS will apply to all companies fulfilling certain requirements, including those having over 250 employees.

While the GRI allows companies to define their own material issues, the new disclosure requirements instruct companies to pick potential material issues from a finite list. As the ESRS was only adopted on 31 July 2023, we were not able to complete a 'Double Materiality Assessment' in time. However, in parallel with writing this report, we started on our Double Materiality Assessment, in line with the CSRD and ESRS. We aim to include the results in our next sustainability report.

In our first sustainability report in 2013, we included a simple materiality assessment. As we transition our reporting from one set of standards to another, it is important for us to reconsider our overall approach, especially relating to materiality. We have tried to translate our most recent Materiality Matrix , published in 2021, into the list of material issues put forward by ESRS.

Since it is clear that the requirement of a new double materiality assessment - 'impact materiality' and 'financial materiality' - will become the new norm for European companies, we decided to start aligning our reporting process. We have already compiled this year's report with the new structure in mind, disclosing the information we have available at present.

This approach also allows us to identify the gaps so that we can mature in the coming years through continuous

improvement. We still have a few years to prepare for the new standards, but our goal is to be ready well before then and continue leading our industry in sustainability.

When the EU Non-Financial Reporting Directive came into force in 2015, it gave us a head-start in understanding the material issues our stakeholders wanted us to address in our reporting. We commit to being transparent on the challenges we face in becoming a more sustainable company, more specifically regarding environmental, social and corporate governance issues.

## How to navigate the report

As in previous reports, we start by introducing the company - for those who do not know us. Thereafter, our President and CEO, Ernesto Domínguez, and SVP Corporate Development, Per Fyrenius, address the reader.

To help our readers navigate the report, we have translated our Materiality Matrix - developed through stakeholder engagement - to the issues listed in the ESRS. The colour key in the table of contents refers to material matters - which are already included, material and strategic topics - which are covered more extensively, and non-material ones - which are not covered in this report.

There are three ESRS categories: (1) cross-cutting standards (ESRS 1 and ESRS 2), (2) ten topical standards (five environmental, four social and one governance-related), and (3) sector-specific standards. The first two categories apply to all undertakings irrespective of the sector they operate in. The third category is not covered in this report.

As ESRS 1 stipulates standardised disclosure requirements to comply with when reporting, we begin our report with general disclosures in ESRS 2, providing information about the company structure, our products and services offered, our market position, our sustainability-related goals, as well as our business model and value chain. We also outline corporate governance, i.e. the system of rules, practices and processes by which we are directed, and the way rules, norms and actions are structured, sustained, regulated and held accountable.

The topical standards aim to cover the reporting areas of a) governance, b) strategy, c) impact, risk and opportunity management, and d) metrics and targets. Woven throughout, you will find more detailed information in the different ESG sections, ESRS E1-5 , ESRS S1-4 and ESRS G1 . The appendix contains a glossary, a cross-reference list of EU legislation and an organisational chart.

## EcoVadis

EcoVadis is the world's largest provider of business sustainability ratings. With a score of 79 out of 100, Toyota Material Handling Europe is among the top 1% of companies assessed by EcoVadis, for a fourth consecutive year. This evidence-based recognition demonstrates that Toyota Material Handling Europe continues to progress in its long-term sustainability goals.

Over time, making the EcoVadis' Business Sustainability Risk and Performance Index, or obtaining good sustainability ratings overall, has become somewhat of a competition. It is a race - against time - where a lot of companies are eager to get into the top 1%. Therefore, it is getting harder every year, to keep up and accelerate fast enough.

It is not just EcoVadis who has raised its expectations on Toyota Material Handling Europe's sustainability progress. Customers have as well. In fact, the whole supply chain needs to be scrutinised to be able to control a company's business impact on environment and society. From suppliers to factories, from local offices to the aftermarket, everything is under review.

For example, we have invited 456 suppliers to undertake the EcoVadis assessment. So far, 210 have shared their ESG scorecards and 135 are preparing to submit. 111 suppliers declined the invitation to take part. Nevertheless, we will continue encouraging them to take part because, going forward, we will prefer to choose suppliers open to work on transparency and ESG. A low initial rating should not be an immediate reason to exclude a supplier, but commitment to continuous improvement is a condition for us to continue doing business together in future.


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Toyota Material Handling Europe is part of Toyota Industries Europe AB, a fully owned subsidiary of Toyota Industries Corporation - part of Toyota Group.

As the world-leading manufacturer in material handling equipment and provider of automated solutions, we play a vital role in the supply and movement of goods, responding to the rapidly developing needs of companies of all sizes.

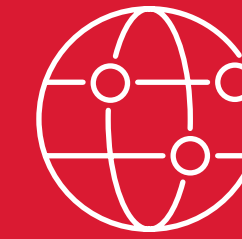
Active in 43 countries, 13,049 people across Europe strive to provide innovative and efficient solutions for our customers, backed by industry-leading service and financial support solutions.

Toyota Material Handling Europe AB is a Swedish limited liability company whose board meets in Mjölby, Sweden. Headquarter functions managing the group and its subsidiaries are located in Mjölby and in Willebroek, Belgium. This set up is suitable to stay close to our largest production facility and to easily meet with our customers and partners.

## A year in statistics: FY2023



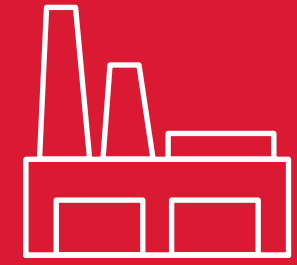
**Top 1%**  
companies assessed  
by EcoVadis, for a fourth  
consecutive year



Active in  
**43**  
countries



**118,000**  
units sold



**5**  
factories



**>130,000**  
sales visits



**6**  
support offices



**20**  
Marketing & Sales  
Companies



**200**  
dealers  
and 18 distributors



**13,049**  
people across Europe



**>300**  
direct suppliers



**>6,000**  
trained service  
technicians



**>4.8**  
million  
service visits

## We deliver for you

Premium forklifts, tow trucks and related service and rental and service solutions have been our core offer for a long time – and will continue to be so. Our portfolio also covers warehouse automation and fleet solutions, as well as connectivity and productivity services, which ensure safe and efficient delivery of goods and services across businesses and industries.

## Quality in everything we do

Our products adhere to the Toyota Production System (TPS) quality standards. Emphasising the importance of quality across our business is a key strategy. Our goal is to create an excellent customer experience with first-rate quality, while growing our company sustainably.

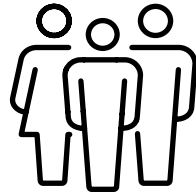

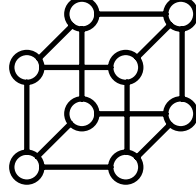
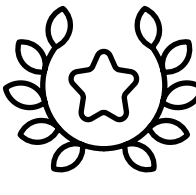
## Waste affects quality

The TPS standards ensure industry-leading quality, and we aim to transform the industry by providing a seamless flow of goods and data that takes away waiting and waste in material handling and logistics. Eliminating waste and errors in goods produced and services provided, is an approach that will always benefit our stakeholders.

## Built around people

We're all about people. Diversity, equity and inclusion are part of our cultural vision. When we develop and grow our people, we want them to reach their full potential by providing equal opportunities to everyone. We sincerely believe that diversity brings value and we want everyone to feel like they belong and can be themselves. For our success, for our brand and for our people - we are committed to ensuring all voices are heard.

### Part of a strong global network

	Toyota Industries Corporation	Toyota Material Handling Group	Toyota Material Handling Europe
 Employees	74,887	41,031	13,049
 Turnover	€24 bn	€12.9 bn	€3.2 bn
 Structure	<b>3</b> business segments Material Handling, Automotive, Textile Machinery	<b>5</b> regions Japan, Europe, North America, China, International	<b>30</b> operational entities
 Sustainability	SBTi: global targets submitted CDP Climate Change: A rating (2022) CDP Water Security: A- rating (2022) EcoVadis Silver <a href="#">TICO's sustainability website</a> >		SBTi: European targets submitted CDP Climate Change: included in TICO rating CDP Water Security: included in TICO rating EcoVadis Platinum <a href="#">Toyota Material Handling Europe's sustainability website</a> >

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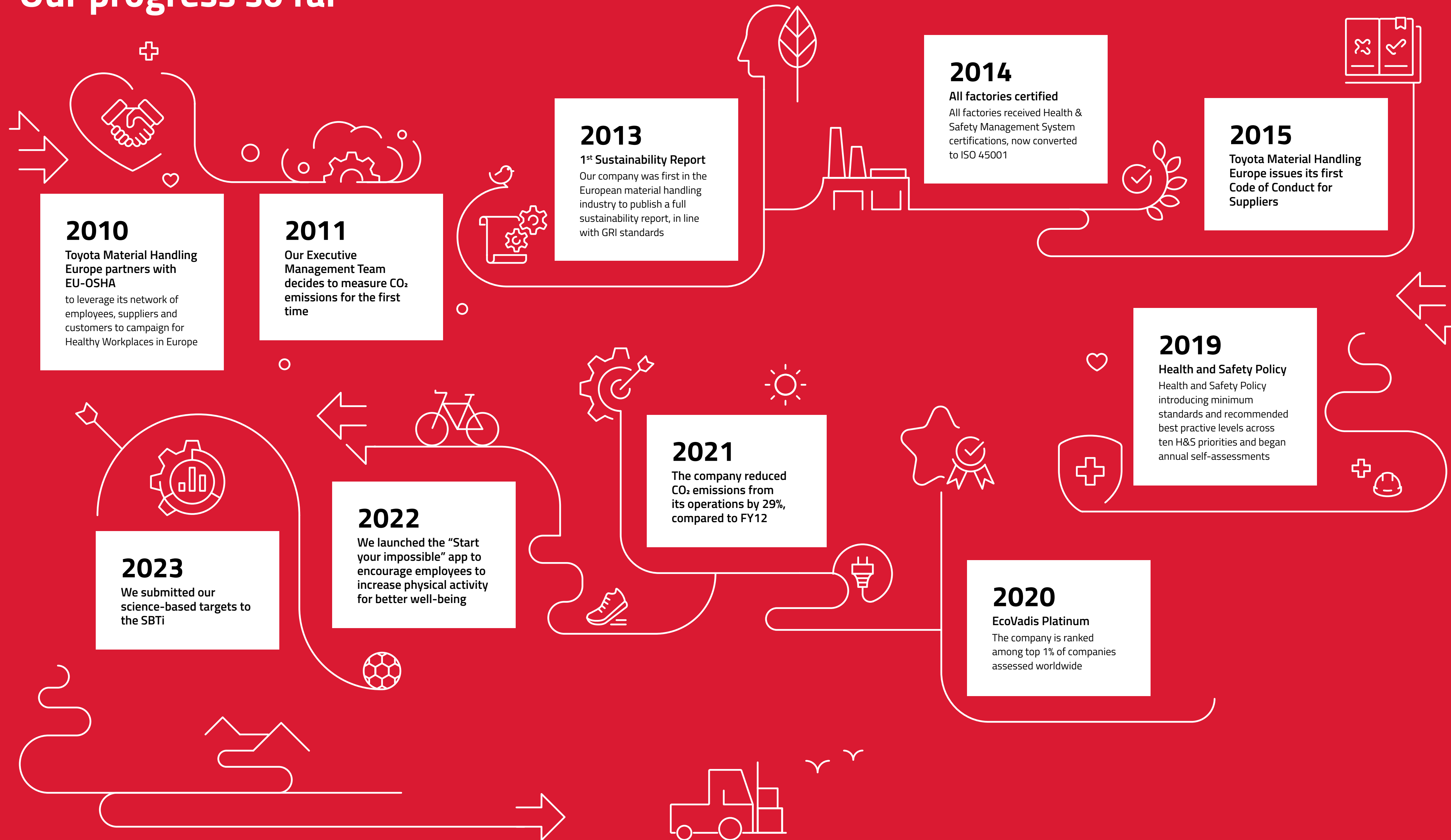
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## Message from our Management

# Raising standards, embracing change

While progress on sustainability has been made - and we will be taking significant steps forward this decade - we know that we have much more work to do. We are nevertheless grateful for what we have achieved thus far, alongside our stakeholders.

We set out to keep on leading our industry. We are committed to meeting and surpassing global climate objectives, creating successful workplaces promoting well-being, and driving improved governance.

Our new Sustainability Report follows the structure of the European Sustainability Reporting Standards, or ESRS - a new framework for large EU companies. While they are not yet mandatory, we wanted to be frontrunners by reporting in line with ESRS two years before we legally have to. This will help us identify any gaps in our approach, and suitably prepare ourselves to mature in the coming years. It's a complex challenge, but we're embracing it.

Ernesto Domínguez, President and CEO, and Per Fyrenius, SVP Corporate Development, discuss our latest accomplishments and look ahead at what is expected of our company and how we plan to deal with the complexity of material sustainability issues.



**Ernesto:** We provide products and solutions that move goods, supporting the supply of daily essentials. Coming out of the COVID-19 pandemic, it became even more evident to us that our business has a purpose beyond profit. Sustainability has been a red thread through the conversations I have had since day one with our stakeholders. Every day, they challenge and inspire us - many customers are achieving their ambitious targets for net zero, circularity or safety. Therefore, we want to strengthen our role in embracing sustainability throughout our entire value chain.

**Per:** When issuing our first report in 2013, we were frontrunners. This time, we decided to move away from previous sustainability reporting standards to follow the European Sustainability Reporting Standards (ESRS) framework before its adoption becomes mandatory, because we wanted to raise the bar and learn from the process. In some areas we have limited answers, but we expect our upcoming double materiality assessment and gap analysis will help us improve, year on year. As legislation keeps changing, and stakeholders' requirements keep evolving, we listen and assume responsibility. Admittedly, we still have some work ahead of us. That's why we launched a new ESG Committee, comprised of directors from all functions, to speed up our action plan and decision making. Standing still is not an option.

**Ernesto:** As the new ESRS standard framework is focused on Environmental, Social and Governance (ESG) issues, our sustainability outlook will evolve to match this approach. We are committed to being transparent towards our stakeholders on the challenges we face in becoming a more sustainable company and we want to be publicly accountable on our commitments towards progress through our sustainability reporting.

**Per:** We want to be climate action leaders, acting responsibly on environmental issues. In the last few years, stakeholder expectations related to sustainability have - quite rightly - become a lot stricter, demanding more commitment and results. In October 2023, we submitted our carbon emissions reduction targets to the Science Based Targets initiative (SBTi), a significant milestone. The SBTi isn't just about compliance - it's about setting carbon reduction standards in line with climate science. We are fully committed to driving energy efficiency and renewable energy across our value chain. 99% of our emissions either come from our suppliers or downstream through the usage of our products. We acknowledge and embrace the ambitious emissions reduction process. With target setting playing an important role in raising standards, by FY25, we urge suppliers who contribute significantly to our corporate carbon footprint to commit to SBTi. Major suppliers will have to submit an EcoVadis assessment or equivalent. We are among the top 1% of companies assessed by EcoVadis, for a fourth consecutive year - evidence that we continue to progress in our long-term goals.



**Ernesto:** When it comes to people, we firmly believe that everyone at Toyota Material Handling Europe has potential. Through our People Philosophy, we are fully determined to unleash this potential by actively building our future workplace culture together - and we have sharpened our focus on diversity and inclusion by signing our first DE&I Commitment. We want to be a company everyone wants to work for and attract, recruit, develop and retain a diverse workforce, providing equal employment

opportunities to everyone. We do not tolerate any kind of discrimination or harassment. We want to be a company where everyone feels welcome, accepted and included. Since 2010, through our partnership with EU-OSHA - the European Agency for Occupational Safety and Health at Work - we continue to leverage our network to promote the agency's campaigns for healthy workplaces and benchmark good practices with a diverse group of European stakeholders.

**Per:** Driving improved governance is another priority: we must ensure we have the right policies and processes in place and promote an ethical business culture across our value chain. In line with our Code of Conduct, we aim to behave with integrity and to ensure our company complies with all applicable laws and regulations in the countries we operate in. Our suppliers have accompanied us on our sustainability journey. To ensure compliance with legislation, we have asked them to gain ISO 14001 certifications and requested policies which will reduce their environmental impact. We have also established a set of criteria, based around EcoVadis, which suppliers must adhere to.

**Ernesto:** By collaborating, sharing best practices and learning from others we continuously improve, not only ourselves. Kaizen is in our DNA: measure, steer, and improve. Working towards science-based targets, for example, was truly a joint effort. I want to express a sincere thank you to the hundreds of employees who contributed to our Net Zero programme by helping us map our footprint across the value chain that will shape the net zero action plans for every European entity. I also want to congratulate over 1,000 employees who took part in World Cleanup Day, showing they cared about their local communities. Continuing to work together, working with my teams and our network, in the cockpit of this powerful machine, this is something I really look forward to. I see a much greener and more diverse future for our industry.



'We want to strengthen our role as corporate leader in embracing sustainability throughout our entire value chain. As we step up our ambitions - and ask our suppliers to do the same - we aim to be frontrunners by reporting in line with ESRS two years before we legally have to. It's a complex challenge, but we're embracing it.'

**Ernesto Domínguez**  
President and CEO,  
Toyota Material Handling Europe



# Our EcoVadis ratings

We are committed to drive ESG compliance and best practices across our own operations.

This is why we complete the EcoVadis survey once a year at head office level - and we ask every factory and Marketing & Sales Company to do the same.

Seven entities are rated 'Platinum', meaning they are in the top 1% of comparable companies for their transparency on various sustainability matters. It requires high ratings in all four areas: Environment, Labour Practices and Human Rights, Ethics and Responsible Purchasing.

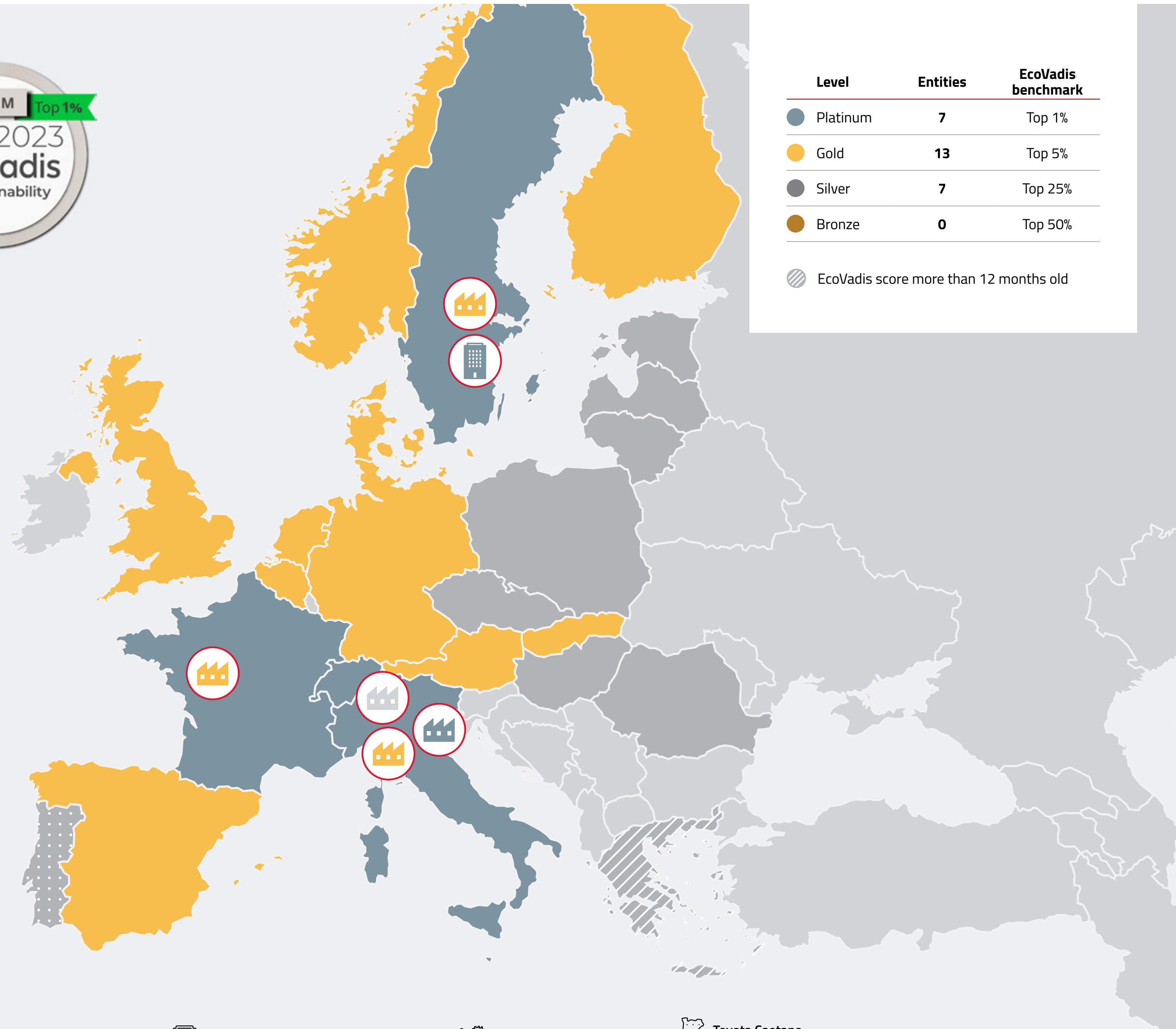
Thirteen entities are rated 'Gold' and seven are rated 'Silver'- meaning they are in the top 5% or top 25%, respectively.

In 2020, our independent supplier Toyota Caetano volunteered to act as a pilot for independent national distributors. It achieved a Silver rating and we are satisfied with their performance in the first steps in the ESG process improvement initiative.



Level	Entities	EcoVadis benchmark
Platinum	7	Top 1%
Gold	13	Top 5%
Silver	7	Top 25%
Bronze	0	Top 50%

EcoVadis score more than 12 months old



Head office



Factory



Sales and service company



Toyota Caetano - independent distributor pilot on EcoVadis

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## ➔ Basis for preparation

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**BP-2** Disclosures in relation to specific circumstances

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**GOV-2** Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

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## ➔ Strategy

**SBM-1** Strategy, business model and value chain

**SBM-2** Interests and views of stakeholders








**SBM-3** Material impacts, risks and opportunities and their interaction with strategy and business model

## ➔ Impact risk and opportunity management

**IRO-1** Description of the processes to identify and assess material impacts, risks and opportunities

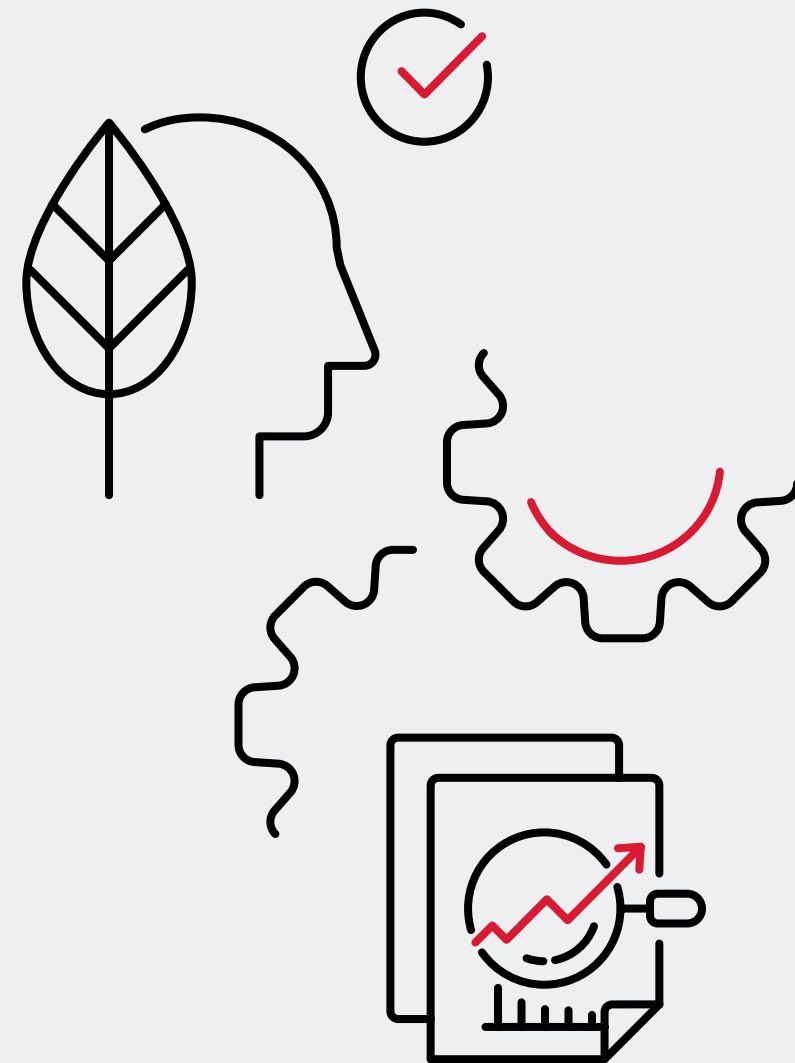
**IRO-2** Disclosure requirements in ESRS covered by the undertaking's sustainability statement



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# Basis for preparation



## BP-1 General basis for preparation of sustainability statements

This section focuses on the structure and governance of our company, outlines our strategy and describes our approach to risk management and opportunities.

Our owner **Toyota Industries Corporation (TICO)** is the global market leader in forklifts and warehouse trucks. The Corporation primarily operates in three main business segments: material handling equipment (68%), automotive (engines, air conditioning, car electronics, 28%) and textile machinery (2%).

Globally, the group employs over 74,800 people and had a turnover of €24 billion in FY23. Listed on the Tokyo and Nagoya stock exchange, it publishes its own annual report integrating ESG and financial data. The European material handling operation is organised under TICO's European mother company **Toyota Industries Europe AB (TIE)**. TIE AB in turn owns **Toyota Material Handling Europe AB**, which owns all the operating entities described in this report (factories, Marketing & Sales Companies, parts warehouses and staff offices). Upon request, the latest TIE annual report (in Swedish), with consolidated financial statements and other company information, can be obtained from the Swedish Companies Registration Office (Bolagsverket).

Today, Toyota Material Handling Europe as a Group operates in 43 countries through our 20 Marketing & Sales Companies and 6 support offices that serve 24 countries, complemented by more than 200 dealers and 18 independent distributors serving a further 19 countries. We employ 13,049 employees and had a €3.2billion turnover in FY23.

Corporate governance for the Toyota Material Handling Europe group of companies is based on Swedish legislation - in particular the Swedish Companies Act - and internal governing documents. Furthermore, based on TICO Management rules, TICO annually issues Control Guidelines defining the authority limits and escalation procedures for the Toyota Material Handling region.

The Toyota Material Handling Europe Governance Forum helps maintain and develop governance within the Toyota Material Handling Europe operations. It further hosts the [Audit Committee](#), the [Compliance Committee](#), the [Risk Committee](#) and manages corporate governance as issued and approves our fundamental governance policies.

## Processes and internal governing documents

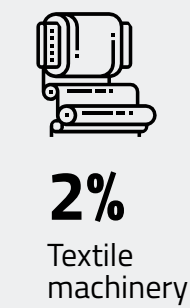
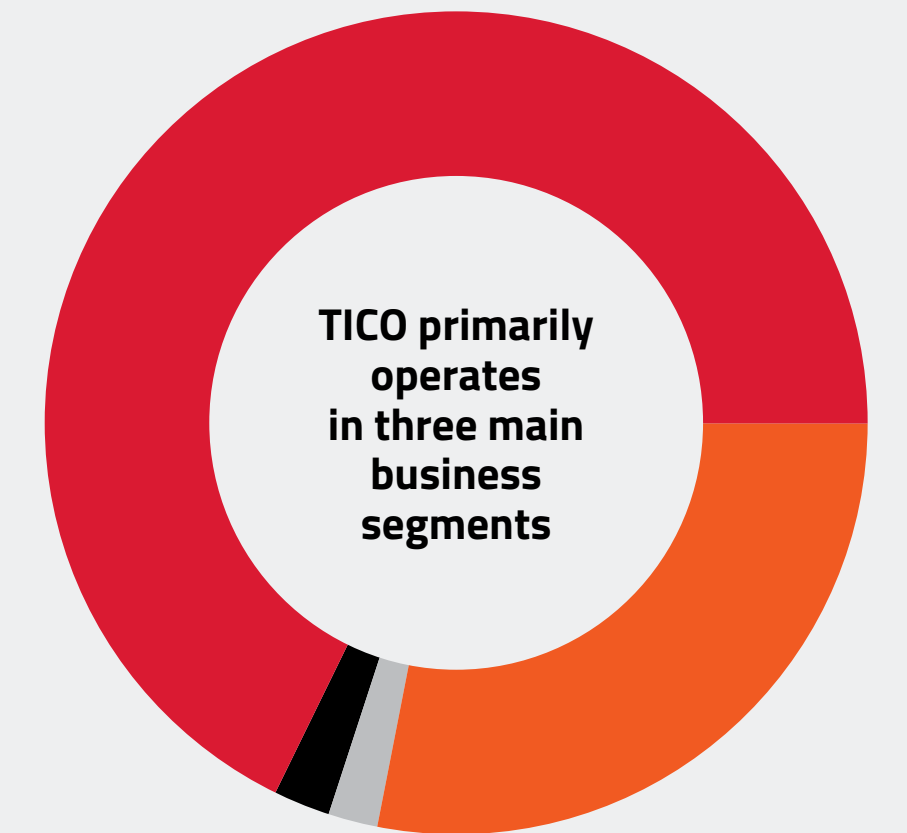
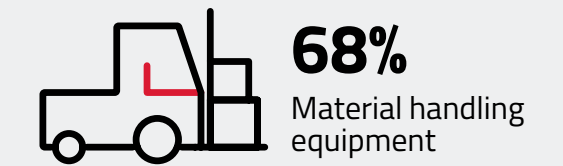
To drive consistency and efficiency across the company, Toyota Material Handling Europe processes and internal governing documents - Policies, Guidelines and Instructions - can be established by our head office. Compliance is confirmed through the Annual General Meeting Policy and the compliance certificate - where Managing Directors and Finance Directors sign off compliance to the internal governing documents.

The internal governing document structure starts with our Code of Conduct, which contains a set of binding rules and guidance regarding responsible behaviour for all employees.

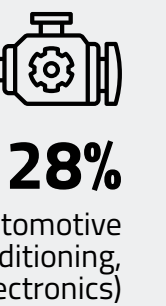
## Data used in this report

This sustainability report covers the operations of Toyota Material Handling Europe AB, an operative sub-group included in Toyota Industries Europe AB (TIE). Except where otherwise stated, the numerical performance data refers to our Financial Year FY23 (ending 31 March 2023) and covers over 95% of our employees. Descriptive sections in the report reflect the state of the organisation on October 1, 2023.

TIE AB is a private limited company in Sweden that reports annually to the authorities under Swedish accounting standards for larger companies.



2%  
Others








**Toyota Industries Corporation**



**Toyota Industries Europe**




**Toyota Material Handling Europe**

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Data in this report covers all five factories (Ancenis in France, Mjölby in Sweden and Bologna and Lift Truck Equipment, both in Italy). Also located in Italy, Simai is the factory we acquired most recently. With under 40 employees, Simai's data is currently only included in Key Performance Indicators (KPIs) for energy and scope 1&2 emissions.

Data also covers 20 national Marketing & Sales Companies (Austria; the three Baltic countries managed as one legal entity; Belgium; Czechia; Denmark; France; Finland; Germany; Greece; Hungary; Italy; The Netherlands; Norway; Poland; Romania; Slovakia; Spain; Sweden; Switzerland and the United Kingdom); and three corporate support entities (our head office in Mjölby, Sweden, as well as Toyota Material Handling Europe Brussels NV and Toyota Material Handling Europe Logistics, both based in Belgium). In FY23 we removed Russia from our reporting scope as part of our divestment process of our previous operations there.

In FY23, 29 entities reported all HR health & safety and environmental data using our cloud-based sustainability software SOFI on a quarterly basis. This platform enables efficient data collection and performance management for our defined KPIs, based on our material sustainability issues identified in previous reports. As of FY24, we added one factory (Simai), one corporate office (Riga) and two Parts Logistics Warehouses in Sweden and Italy. For a [full list of our entities](#) , please consult the Appendix.



The exponential increase in reporting requirements for sustainability data means that the planned review of our sustainability reporting platforms is on hold. We are currently working on a new set of mid and long-term sustainability targets, which we aim to review and finalise in dialogue with various stakeholders.

Since we published our latest sustainability report in 2021, the number of entities reporting sustainability data has increased and it now covers over 95.7% of our employees.


## Third-party verification from EcoVadis and reducing carbon emissions

For the eighth year in a row, our European operations have been assessed by EcoVadis and we have been awarded their Platinum rating for a fourth consecutive year in a row. We consider this evidence-based recognition of the fact that we continue progressing in our long-term sustainability goals.

To reach this goal, we launched our [Net Zero programme](#) . Since our first corporate carbon footprint analysis, we have continuously monitored scope 1&2 emissions – however, we conducted a full corporate carbon footprint across the entire value chain so that as of June 2023, scope 3 emissions are now also considered.

To ensure the robustness of our FY23 base year - and the company-wide targets which are contingent on it - we invited leading certification consultancy SGS to conduct an [external verification of our data](#) . In October 2023, several corrections were made to scope 1&2&3 base years and we received a final verification statement from SGS for a limited assurance. For more information on this process, please consult [disclosure E1-3](#) .

## Our value chain


While we currently have a limited view on our [suppliers' supply chain](#) , one of the four key areas EcoVadis investigates is how responsibly they manage their own suppliers.

In general, our larger customers have a higher level of sustainability maturity - often outlined in their tenders - compared to smaller customers. For the first time, we are including the EcoVadis sustainability scores for Portuguese independent distributor Toyota Caetano, who agreed to act as a pilot case, in our sustainability report.

We directly own Marketing & Sales Companies in 20 European countries. With 18 independent distributors serving 19 European countries, we provide sales and services to our customers via a network of independent dealers.

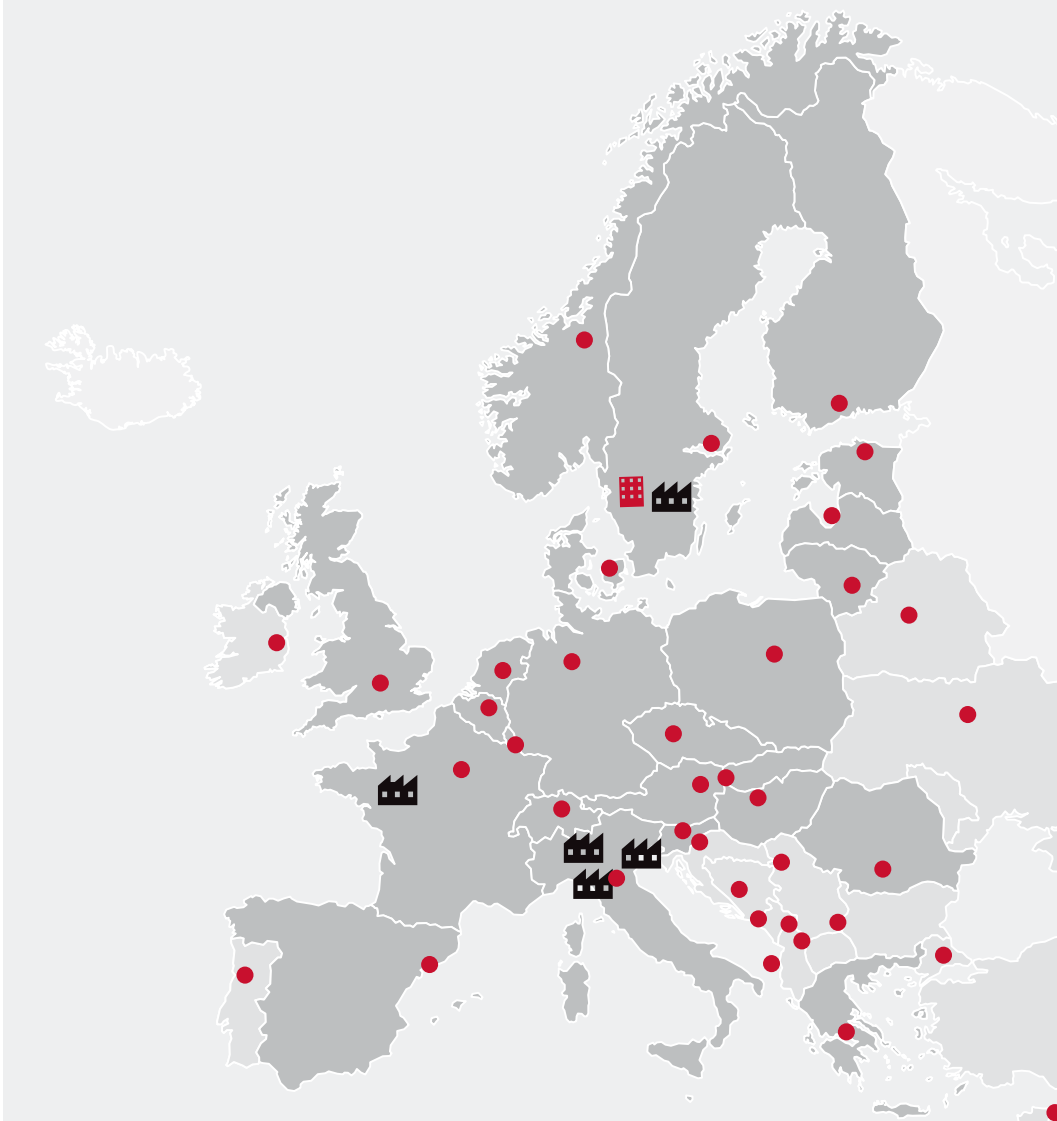
### BP-2 Disclosures in relation to specific circumstances

At this stage, we do not have any information, but we will be able to share more details in our next sustainability report.






However, for more information on actions and resources in relation to climate change policies, please consult [disclosure E1-3](#) .

## Our internal and external network

-  **Head office**
-  **Factories**
-  **Marketing & Sales Companies**
-  **National Toyota representation**
-  **Independent distributors**



# Governance

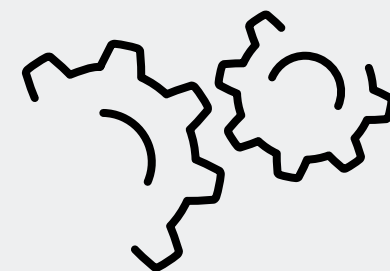
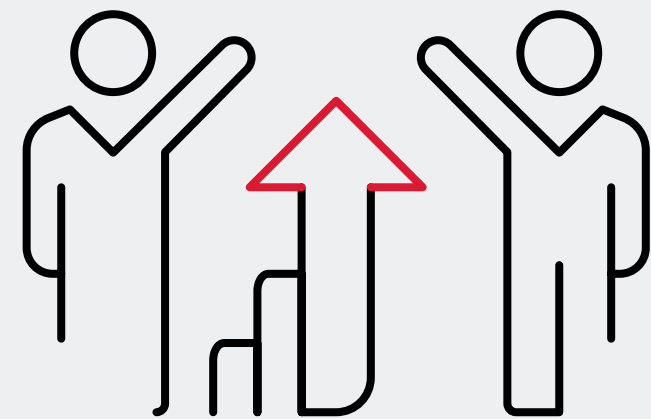
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## Toyota Material Handling Europe

**Toru Suzuki**  
Chair  
Executive Coordinator

**Yoichiro Yamazaki**  
Board Member

**Hiroyuki Taniguchi**  
Board Member

**Ernesto Domínguez**  
President

**Kristian Björkman**  
SVP  
Supply Operations

**Lars Hägerborg**  
SVP  
Finance

**Peter Damberg**  
SVP  
Human Resources

**Ralph Cox**  
SVP  
Market Operations

**Per Fyrenius**  
SVP  
Corporate  
Development

**Patric Hed**  
SVP  
Logistics  
Solutions

**Niclas Sternerup**  
SVP  
R&D

**Committees**

Audit  
  Governance and Risk  
  Information Systems and Information Technology  
  Compensation  
  Investment  
  Strategic Product  
  ESG

**Functional Accountability**

- Marketing & Sales
- Service & Logistics
- Logistics Solutions
- Rental & Used
- R&D
- Supply
- Finance
- HR
- Corporate Development

**Line Accountability**

20 Marketing & Sales Companies under the responsibility of 3 VP's

### GOV-1

## The role of the administrative, management and supervisory bodies

### Board of Directors

The Board of Directors of Toyota Material Handling Europe AB consists of Toru Suzuki, Hiroyuki Taniguchi, Yoichiro Yamazaki and Ernesto Domínguez, as well as three board members appointed by the trade unions in accordance with Swedish law. The Board of Directors appoints the President, who is responsible for daily management of our operations and compliance with our Control Guidelines.

Mr. Toru Suzuki is the Chair of the Board and Mr. Ernesto Domínguez is President & CEO and leads the Management Team. The accountability and responsibility for operational execution follows the line management hierarchy: Managing Directors (MDs) and Chair/Board of Directors and ultimately rest with the Toyota Material Handling Europe President.

To lead and manage subsidiaries inside Toyota Material Handling Europe, selected Senior Vice-Presidents (SVPs) and Vice-Presidents (VPs) are appointed as Chairs.

The board is ultimately responsible for the organisation and the stewardship of the company's affairs and operations. It acts as a link between TICO and Toyota Material Handling Europe on one hand and the respective companies on the other.

## Executive Management Team

The Executive Management Team consists of seven SVPs, our President & CEO, and our Chair. The Executive Management Team sets, implements and reviews the company vision, purpose and strategy. The SVPs are responsible for either different business areas or functions.

Within Market Operations, three VPs are responsible for Marketing & Sales, Service & Logistics and Rental & Used, reporting to the SVP Market Operations. Within Supply Operations, one VP is responsible for purchasing and reporting to the SVP Supply Operations.

To lead and manage subsidiaries inside Toyota Material Handling Europe Group, select SVPs and VPs are appointed Chair of each subsidiary.

Our work within Sustainable Development, including this report, is led by the Corporate Development department.

Several committees ensure cross-functional decision making, including topics related to product strategy, compliance, risk management, audit, and executive and director level employees' compensation.

The Executive Management Team holds operational and strategic meetings on a regular basis during which directors and - when required - other department members are invited. Executive Management Team members combine diverse backgrounds with a track record of expertise in material handling industry expertise, as well as in-depth knowledge of our company.



## Sustainable Development department

The department responsible for sustainable development is composed of four people and is based in Belgium. It reports directly to our SVP Corporate Development, Per Fyrenius, who in turn reports directly to our President & CEO. Its aims are to:

- Drive the Sustainable Development agenda for the Executive Management Team, the [ESG Committee](#) and the Sustainability Taskforce

- Align with TIE on double material issues which need to be embedded in Toyota Material Handling Europe strategy and aligned with regulations and TICO policies
- Support employees on external stakeholder dialogue (with customers, regulators, suppliers, civil society, etc.)
- Develop and maintain an ESG Risk Matrix for the company

- Align with internal stakeholders to develop a set of 2030 sustainability targets to present to Toyota Material Handling Europe for approval
- Decide which ESG issues and opportunities need to be elevated to the Executive Management Team, and take decisions on issues that are aligned with existing strategy and policies which do not need their approval
- Allocate the Sustainable Development Function's budget and resources
- Benchmark best practices with external stakeholders

## Sustainability taskforce

In June 2022, a new taskforce was launched to support the development and implementation of Toyota Material Handling Europe's 2031 Sustainability Roadmap, through a series of programmes and initiatives. In future, members of the Sustainability Taskforce will drive decisions supported by the ESG Committee.

So far, 30 local sustainability champions have been key figures in helping us establish ourselves as sustainability frontrunners. These champions are now joined by 20 colleagues from central functions. Together, they constitute a new taskforce that will ensure that Toyota Material Handling Europe delivers its sustainability commitments to achieve net zero emissions and maintains its EcoVadis Platinum rating.

## ESG Committee

To better support cross-functional sustainability strategy and decision making, a new ESG Committee was created in November 2023.

It is composed of directors who report to different members of the Executive Management Team, and its aims are to:

- Engage with internal and external stakeholders, advocate on their behalf to ensure their priorities are addressed and integrated into our company's sustainability priorities
- Annually review the company's ESG Risk Matrix
- Steer the company's mid-term sustainability objectives and supporting targets – based on the double materiality assessment, stakeholder dialogue and the ESG risk matrix - and present them to the Executive Management Team for approval
- Act as a steering committee for certain sustainability initiatives, to ensure they are followed thoroughly and adequate resources are allocated
- Deliver recommendations on adequate training and incentives for the Executive Management Team and other relevant decision bodies
- Take part in an external sustainability conference at least once per year

### GOV-2

## Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The newly created ESG Committee will raise sustainability matters to our Executive Management Team. Currently, the Team is informed on a range of sustainability topics, including net zero and circular economy (monthly status update), HR KPIs: Diversity, Health & Safety, Appraisal, Employee Satisfaction (yearly meeting update) and EcoVadis (yearly update on results and recommendations for improvement).

### GOV-3

## Integration of sustainability-related performance in incentive schemes

The company agrees with the importance of incentive schemes towards external credibility of its sustainability targets, and their role in driving performance. This is why our Compensation Committee, which includes owner representation, evaluates how to introduce sustainability-related incentive schemes, latest within the next three years. It is important that before we set incentives, we understand and integrate our material sustainability issues as well as how they can be translated into KPI's and targets for every business function as part of our 2030 sustainability target process. Only after completing that step are we able to start designing effective incentive schemes.

### GOV-4

## Statement on due diligence

In 2021, Toyota Material Handling Europe started rolling out EcoVadis supply chain sustainability ratings to its suppliers. By 2025, this process should cover suppliers for whom yearly purchases exceed €100,000.

The EcoVadis platform allows us to assess ESG risks across the entire supplier base and also allows us to zoom in on precise risks and specific supplier categories. In future, we will be able to identify high-risk sectors and which suppliers to focus physical sustainability due diligence on, in line with requirements of the EU's Corporate Sustainability Due Diligence Directive.

### GOV-5

## Risk management

The ESG Committee is also strengthening our sustainability governance system - and has reviewed and approved the report. We are in the process of designing risk management and internal control systems for a future sustainability reporting.

To ensure a relevant and complete report with accurate data, we involved a range of key stakeholders:

- An external agency to ensure the quality and timeliness of our data
- A sustainability consultancy to help us develop our double materiality exercise
- An external expert to verify our carbon footprint
- An external copywriter and sustainability communications expert to review all text and visuals in the report



'Every sustainability challenge is inherently cross-functional. That's why putting together a team of directors from every business function enables us to tackle a full range of sustainability issues, such as climate change, diversity and health & safety. The ESG Committee will enable us to support our Executive Management Team and gain momentum in transitioning to a more sustainable business.'

### Tom Schalenbourg

Director Sustainable Development,  
Toyota Material Handling Europe



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## SBM-1

### Strategy, business model and value chain

At its core, our company manufactures, sells, rents and services material handling equipment. Over 90% of products sold in Europe are manufactured in our European factories that produce finished goods.

The Toyota Material Handling Europe Market Operations Department is creating a strategic roadmap to further integrate sustainability in our business, which will help answer customer needs and strengthen our commercial position.

### General information

**Products and services offered:** Premium forklift and tow trucks plus related rental and service solutions have been our core offer for a long time - and continue to be so. We are increasingly adding solutions and services within the fields of automation, connectivity and productivity to our core offer. Being a leader in these areas is necessary to stay relevant in the future.

**Markets and customer groups:** Forklifts and material handling equipment are widely used across all sectors of the economy that are involved in material transport and shipping of goods. Some of the most important sectors include logistics, automotive, fast-moving consumer goods, industrial goods and retail. Our customers range from large multinationals with thousands of units in operation to family-owned businesses with only one or two units in operation.



**Number of employees:** Toyota Material Handling Europe employs 13,049 people and is one of the five regions of the Material Handling business of Toyota Industries Corporation.

Our business model is centred around producing and selling forklift trucks - as well as their related services, inclusive of automation, connectivity and productivity services. Our value chain is based around:

- ✔ **Our employees:** working at our headquarters, factories and across our sales and distribution channels
- ✔ **Our customers:** who purchase and operate our trucks (purchasers, warehouse managers and truck operators)
- ✔ **Our independent distribution network:** together with our employees, who sell our products and provide related services
- ✔ **Our suppliers and their suppliers:** who provide us with raw materials and parts to build our forklift trucks

## Strategy & sustainability-related goals

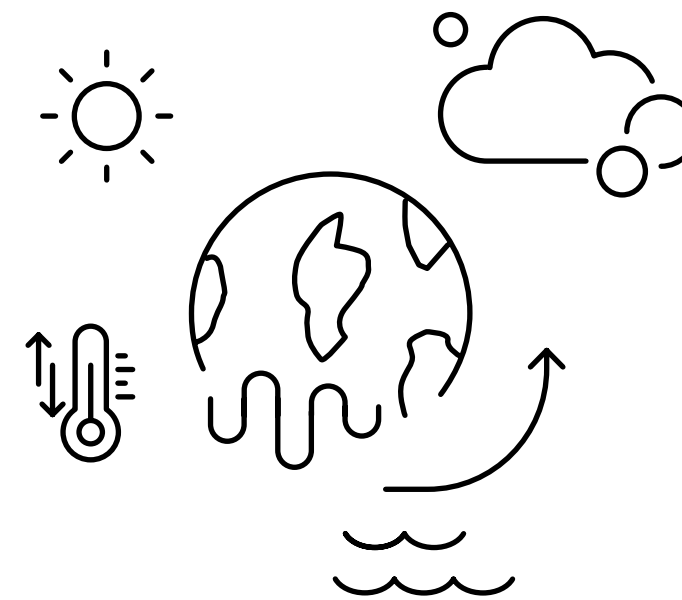
'Embrace sustainability' is one of the five key success factors of our business strategy. We will be undertaking our first double materiality assessment, based on ESRS guidelines, to share in our next sustainability report.

## Transitioning from GRI Standards to the ESRS framework

### Key messages

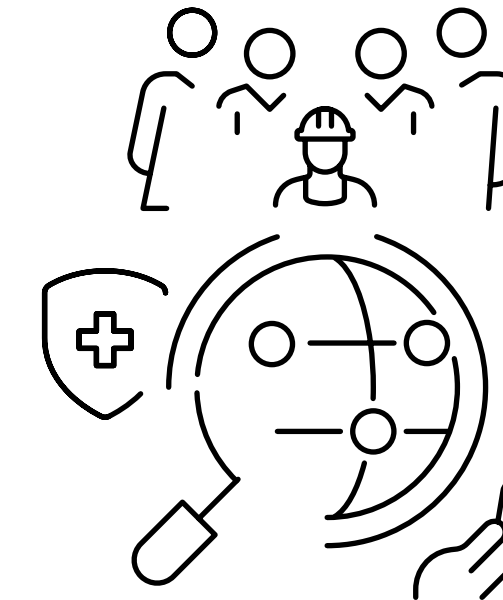
#### **ESG**

We are committed to be **transparent** towards our stakeholders on the challenges we face in becoming a more sustainable company. We aim to be publicly **accountable** on our commitments towards progress through our sustainability reporting.



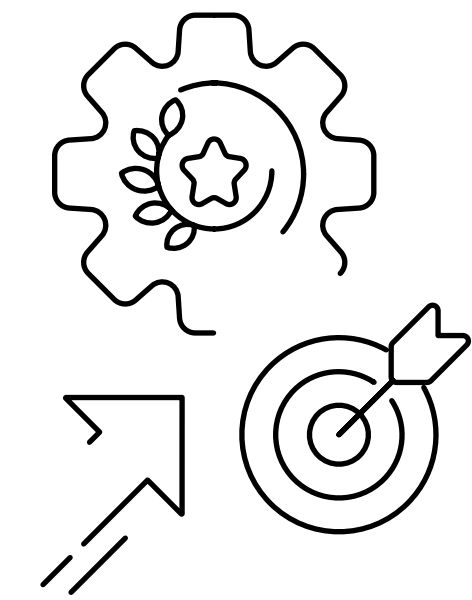
#### **Environment**

We aim to be a leader on **climate action**, and act responsibly on other environmental issues










#### **Social**

We care about the **people** working for us, for our customers and for our suppliers



#### **Governance**

Ensuring we have the right **policies**, processes, and an ethical **business culture** across our value chain

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**OBJECTIVES**

**1.**  
Embed ESG in the company's core strategy, governance, and risk management processes

**ESRS**

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**ESRS 2  
ESG Strategy**

<b>TARGETS</b>	<b>DUE*</b>	<b>EXECUTIVE MANAGEMENT TEAM OWNER</b>	<b>STATUS FY2023</b>
Establish European ESG Committee	2023	SVP Corporate Development	Established
Establish updated Materiality Matrix in line with EU Corporate Sustainability Reporting Directive Double Materiality Assessment criteria	2024	SVP Finance	Work in progress
Establish incentives to drive our ESG targets	2026	SVP Human Resources	Work in progress
EcoVadis Gold level for all factories	2026	SVP Supply	4/5
EcoVadis Gold level for all Marketing & Sales Companies & warehouses	2026	SVP Market Operations	14/23
EcoVadis Bronze level for six independent distributors	2028	SVP Market Operations	1/6
EcoVadis Bronze level in Independent Distributor Agreements	2030	SVP Market Operations	0/19
Strengthen ESG risk assessment policy, processes and due diligence	2026	SVP Corporate Development	Work in progress

\* Calendar year

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TEAM OWNER**

**STATUS  
FY2023**

**2.**  
Becoming a trusted industry leader on climate action

**E1  
Climate change**

Gain approval on net zero targets submitted to the SBTi and publish them	2024	SVP Corporate Development	Submitted
ISO 50001 for all factories	2025	SVP Supply	3/5
100% renewable electricity for all factories	2023	SVP Supply	5/5
EcoVadis 'Advanced' carbon rating for all factories	2025	SVP Supply	4 'intermediate level'
ISO 50001 for all Marketing & Sales Companies and warehouses	2025	SVP Market Operations	4/23
100% renewable electricity for all Marketing & Sales Companies and warehouses	2024	SVP Market Operations	16/23
EcoVadis 'Advanced' carbon rating for all Marketing & Sales Companies and warehouses	2025	SVP Market Operations	0/23
Offer electric version for every truck in our portfolio	2030	SVP Corporate Development SVP R&D	90%
Direct material suppliers >€100k to submit EcoVadis ESG and carbon rating or equivalent	2025	SVP Supply	Work in progress
Climate critical direct material suppliers >€100k to commit to SBTi	2025	SVP Supply	Work in progress

**3.**  
Use a risk management approach to ensure that our entire value chain works towards avoiding harm to the environment

**E2  
Pollution**

ISO 14001 for all factories (also key for increased ESRS E3, ESRS E4 and ESRS E5 compliance)	2025	SVP Supply	5/5
ISO 14001 for all Marketing & Sales Companies and warehouses	2027	SVP Market Operations	10/23
ISO 14001 for direct material suppliers >€100k	2025	SVP Supply	98%

**E3  
Water**

Complete water risk assessment for all Toyota Material Handling Europe locations, as required by EU Taxonomy Do No Significant Harm criteria	2025	SVP Finance SVP Corporate Development	Work in progress
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**E4  
Biodiversity**

Complete biodiversity risk assessment for all Toyota Material Handling Europe locations, as required by EU Taxonomy Do No Significant Harm criteria	2025	SVP Finance SVP Corporate Development	Work in progress
Update Code of Conduct for Suppliers to fully align with material sub-sub-topics listed in ESRS E4	2027	SVP Supply SVP Finance	Work in progress

**4.**  
Continue the journey towards a more circular business model

**E5  
Circularity**

Consolidate various functional and local initiatives into one cross-functional circularity strategy	2026	SVP Corporate Development	Work in progress
Conduct one full LCA for one product family	2024	SVP R&D	Work in progress
Eco-design – set clear % target on recycled materials (metals)	2024	SVP R&D SVP Supply	Work in progress

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OBJECTIVES	ESRS	TARGETS	DUE*	EXECUTIVE MANAGEMENT TEAM OWNER	STATUS FY2023
<b>5.</b> Continuous improvement of health, safety and well-being	<b>S1</b> Own Workforce	ISO 45001 certification for all factories	2024	SVP Supply	5/5
		ISO 45001 certification for all Marketing & Sales Companies and warehouses	2029	SVP Market Operations	7/23
		Zero major accidents	2030	SVP Human Resources	30
		Absenteeism minimum one day below EU average	2026	SVP Human Resources	12.23 days/employee
		H&S induction training for all new employees	2024	SVP Human Resources	Started in Nov 2023
<b>6.</b> Embed diversity, equity and inclusion as a foundation of our culture across our European network	<b>S1</b> Own Workforce	Management teams at both corporate and local levels to sign a Diversity, Equity & Inclusion commitment	2024	SVP Human Resources	Work in progress
		Rolling out unconscious bias training	2026	SVP Human Resources	Work in progress
		Establishing local DE&I teams	2024	SVP Human Resources	Work in progress
		Add a new KPI to monitor discrimination and harassment cases	2024	SVP Human Resources	Work in progress
<b>7.</b> Attract and retain people	<b>S1</b> Own Workforce	Improve employee referral rate	2024	SVP Human Resources	94.5%
		Turnover below 10%	2024	SVP Human Resources	10.64%
		Exit interviews for 90% of leavers	2024	SVP Human Resources	80%
		Performance appraisals for 80% of all employees	2024	SVP Human Resources	77%
<b>8.</b> Training and development	<b>S1</b> Own Workforce	Launch ten onboarding courses on Toyota Material Handling Europe Academy for new employees to improve the employee experience and engagement	2024	SVP Human Resources	2/10
		Provide access to employees to 31 e-learning courses on ESG topics within Toyota Material Handling Europe Academy, to be taken either voluntarily or on recommendation of their manager	2024	SVP Human Resources	4/31
		Integrate sustainability module in internal leadership courses (Thrive, LIFT, LEAD, Talent, HR director programme)	2024	SVP Human Resources	1/5
		25% female participants in leadership development programmes	2024	SVP Human Resources	17%
<b>9.</b> Ensure workers and communities across the value chain have access to safe and fair working conditions and have their human rights respected	<b>S2</b> Value Chain Workers	Suppliers >€100k to submit EcoVadis ESG rating or equivalent – covering Labour & Human Rights	2030	SVP Supply SVP Finance	Work in progress
		Suppliers >€100k to achieve ISO 45001	2030	SVP Supply SVP Finance	Work in progress
		All factories, Marketing & Sales Companies and warehouses to be ISO 9001 certified	2031	SVP Supply SVP Market Operations	5/5 9/23
	<b>S3</b> Affected Communities	Increased focus on customer safety in developing of new products and services	2027	SVP Corporate Development SVP R&D	Work in progress
		Continue our 12-year partnership with EU-OSHA to promote workplace health, safety and well-being across all European sectors	2024	SVP Human Resources	Ongoing
		Update Code of Conduct for Suppliers to fully align with material sub-sub-topics listed in ESRS S2	2025	SVP Supply SVP Finance	Partial
		Update Code of Conduct for Suppliers to fully align with material sub-sub-topics listed in ESRS S3	2025	SVP Supply SVP Finance	Partial

\* Calendar year

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OBJECTIVES	ESRS	TARGETS	DUE*	EXECUTIVE MANAGEMENT TEAM OWNER	STATUS FY2023
<b>10.</b> Ensuring we have the right policies, processes, and an ethical business culture across our value chain	<b>G1 Governance</b>	100% of all employees trained in Code of Conduct (every other year)	2024	SVP Finance	100%
		100% of all employees trained in Information Security (every other year)	2024	SVP Finance	100%
		100% of new employees trained in Sustainability	2024	SVP Corporate Development	Launched Nov 2023
		Update Code of Conduct and Code of Conduct for Suppliers to fully align with material sub-sub-topics listed in ESRS G1	2025	SVP Supply SVP Finance	Assessment ongoing
		Establish process for due diligence of suppliers	2025	SVP Supply	Work in progress
		Train all purchasing departments in Responsible Procurement	2024	SVP Supply SVP Finance	Ongoing

\* Calendar year

**SBM-2**

## Interests and views of stakeholders

In 2021, we witnessed more spontaneous engagement from stakeholders on sustainability than ever before.

Customers increasingly began including sustainability clauses in contracts and suppliers are keener than ever to highlight their sustainability credentials. Over 2,000 employees got involved in local volunteering efforts and over 50% of job candidates in our largest factory asked detailed questions about our sustainability commitments.

We engage with our stakeholders regularly:

- ✔ We survey employees' satisfaction through our regular 'Pulse' online survey
- ✔ Through the tender process with our customers
- ✔ We organise an annual supplier day

As a consequence of some stakeholders' views, we have adjusted our strategy and business model. For example, over 75% of our largest customers have committed to science-based targets through the Science Based Targets initiative (SBTi) - and we have started the same process.

We have also increased our attention and resources towards the circular economy and employee attraction and satisfaction.



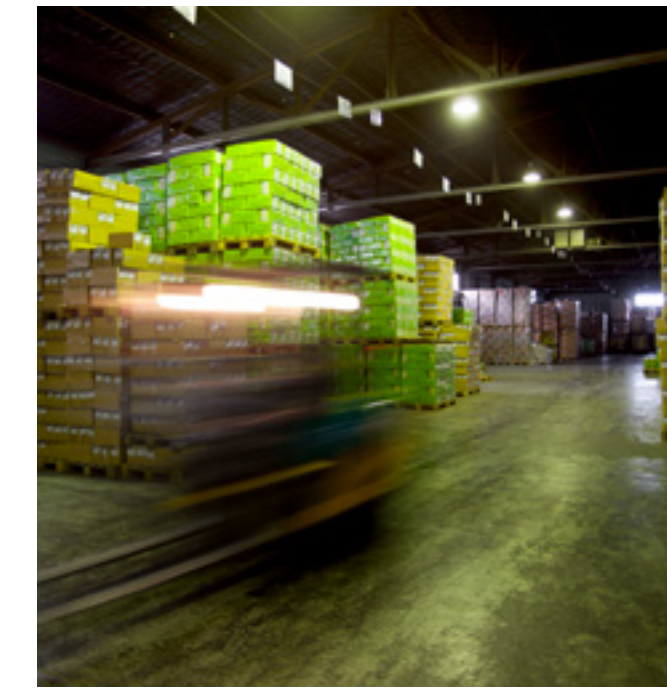
### Customers

85% of key accounts committed to science-based targets, remaining customers have internal targets to reduce greenhouse gas emissions



### Employees

New employees expect employers to go beyond legal compliance, offering opportunities to contribute to a healthier planet and more just society



### Competitors

Decarbonisation, circularity, health & safety, EcoVadis ratings have all become increasingly competitive, driving innovation and better value for customers



### President

Drives sustainability as part of TICO's business strategy and the Toyota Precepts, our company's value foundation



### Regulators

A wave of new directives and regulations from the EU Green Deal demand increasing transparency from companies



### Civil society

COP28 in Dubai calls for global transition away from fossil fuels for the first time ever



### Financial markets & investors

EU taxonomy for sustainable activities classifies how environmentally friendly economic activities are, to better inform investors



### Artificial intelligence


Sustainability has a data challenge - AI is a catalyst disrupting business models

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## Priorities for our customers

### Evidence of sustainability

There is a marked shift in customer priorities from purely technical to more holistic topics.

More customers request evidence on a wide range of topics including:

-  Process quality, e.g. our Net Promoter Score, ISO 9001
-  Responsible purchasing, e.g. EcoVadis' supplier evaluation
-  Emissions and energy-efficient customer solutions, e.g. science-based targets
-  Customer safety

Across all these topics, customers and other stakeholders want to see an exponential increase in transparency and accountability.

### Information security and data protection

As digitalisation, connectivity and automation became the norm, we have seen an increase in the number of customers that want information security management systems in place to securely handle data from suppliers and their employees.

### Circular economy

Our customers are increasingly expecting information on Life-cycle assessments (LCAs) for our products and solutions. Part of the challenge is that customers have different expectations of what standards should be used.

Thankfully, the circular economy is a major focus of the EU Green Deal - we hope this will help standardise requirements and provide many opportunities for business model innovation.





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**SBM-3**

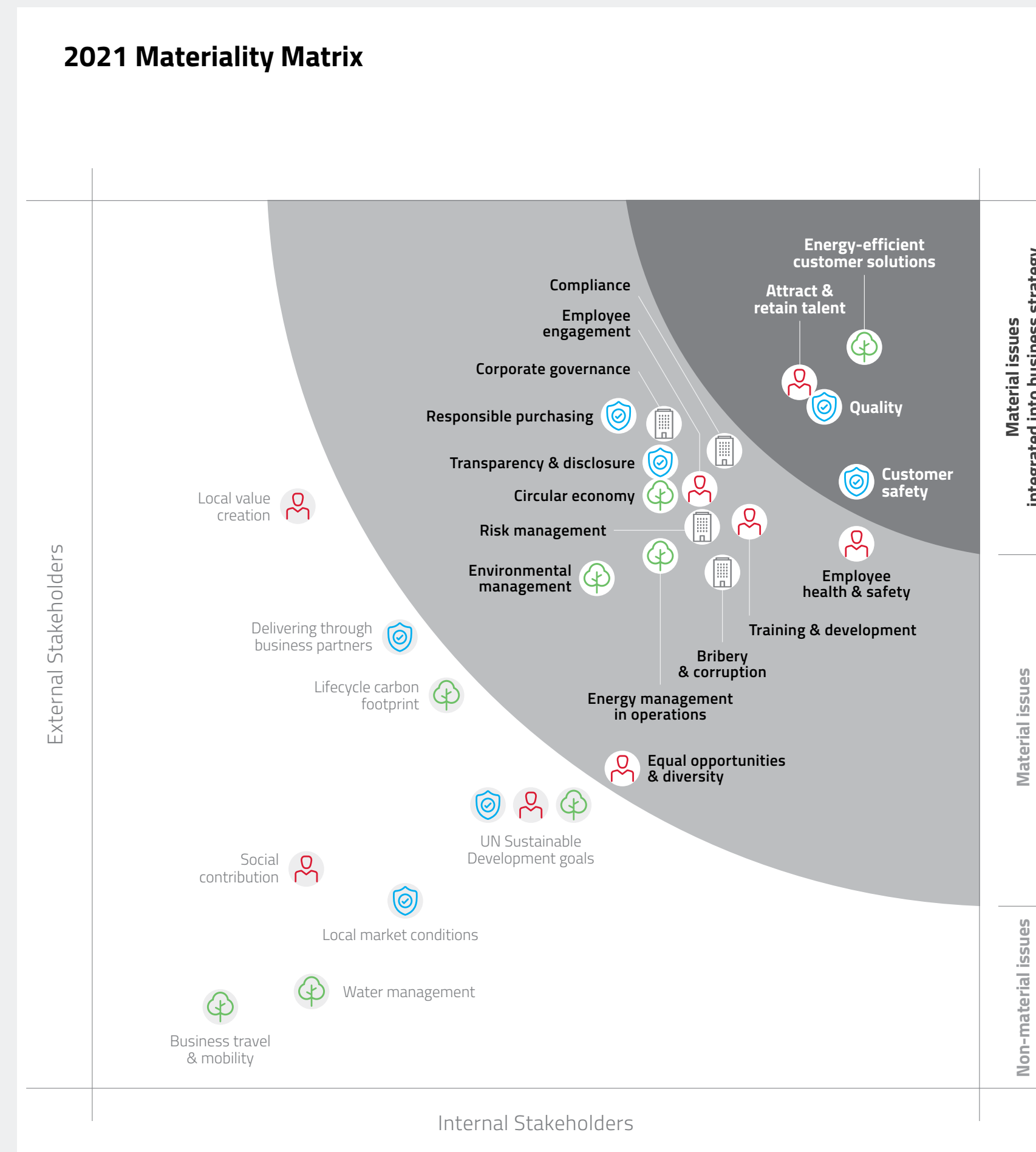
## Material impacts, risks and opportunities and their interaction with strategy and business model

### Materiality Matrix

In this report, we have included our materiality matrix which is the basis of our current sustainability framework, developed through stakeholder engagement in 2019 and 2021.

Material issues included in this report determine the priorities in our sustainability strategy, the material issues to be included in this report and [sustainability targets](#).

## Mapping 2021 Materiality Matrix to ESRS list of potentially material issues



### Translated into the ESRS framework

Cross-cutting standards

- ESRS 1** General principles
- ESRS 2** General disclosures

Topical sector-agnostic standards

Environment	Social	Governance
<b>ESRS E1</b> Climate Change	<b>ESRS S1</b> Own workers	<b>ESRS G1</b> Business conduct
<b>ESRS E2</b> Pollution	<b>ESRS S2</b> Workers in the value chain	
<b>ESRS E3</b> Water and marine resources	<b>ESRS S3</b> Affected communities	
<b>ESRS E4</b> Biodiversity and ecosystem		
<b>ESRS E5</b> Resource use and circular economy		

- not material, not covered in report
- material, covered in report
- material & strategic, more extensively covered



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## Environment

Topical ESRS	Sustainability Matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS E1	Climate change	Climate change adaptation	
		Climate change mitigation	
		Energy	
ESRS E2	Pollution	Pollution of air	
		Pollution of water	
		Pollution of soil	
		Pollution of living organisms and food resources	
		Substances of concern	
		Substances of very high concern	
ESRS E3	Water and Marine Resources	Water	Water consumption
		Marine Resources	Water withdrawals
			Water discharges
			Water discharges in the oceans
			Extraction and use of marine resources
ESRS E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change
			Land-use change, fresh water-use change and sea-use change
			Direct exploitation
			Invasive alien species
			Pollution
		Impacts on the state of species	Examples:
			Species population size
			Species global extinction risk
		Impacts on the extent and condition of ecosystems	Examples:
			Land degradation
Desertification			
Impacts and dependencies on ecosystem services			
ESRS E5	Circular economy	Resource inflows, including resources use	
		Resource outflows related to products and services	
		Waste	

## Social

Topical ESRS	Sustainability Matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS S1	Own workforce	Working conditions	Secure employment
			Working time
			Adequate wages
			Social dialogue
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
		Equal treatment and opportunities for all	Collective bargaining, including rate of workers covered by collective agreements
			Work-life balance
			Health and safety
		Other work-related rights	Gender equality and equal pay for work of equal value
			Training and skills development
ESRS S2	Workers in the value chain	Working conditions	Secure employment
			Working time
			Adequate wages
			Social dialogue
			Freedom of association, including the existence of work councils
		Equal treatment and opportunities for all	Collective bargaining
			Work-life balance
			Health and safety
		Other work-related rights	Gender equality and equal pay for work of equal value
			Training and skills development
ESRS S3	Affected communities	Communities' economic, social and cultural rights	The employment and inclusion of persons with disabilities
			Measure against violence and harassment in the workplace
			Diversity
			Child labour
			Forced labour
		Communities' civil and political rights	Adequate housing
			Adequate food
			Water and sanitation
			Land-related impacts
			Security-related impacts
Rights of indigenous peoples	Freedom of expression		
	Freedom of assembly		
	Impacts on human rights defenders		
	Free, prior and informed consent		
	Self-determination		

## Governance

Topical ESRS	Sustainability Matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS G1	Business conduct	Corporate culture	
		Protection of whistle-blowers	
		Animal welfare	
		Political engagement	
		Management of relationships with suppliers including payment practices	
		Corruption and bribery	Prevention and detection including training

Our upcoming double materiality assessment will likely mean a change in which issues our company considers material and strategic. This will be communicated in our next sustainability report.

This table does not reflect our Double Materiality Assessment (DMA) as required by ESRS and CSRD. We translated our existing Materiality Matrix from 2021 to the ESRS framework to enable our switch from GRI to ESRS reporting.

Following the formal DMA which we are due to publish latest in FY26, some material issues may be added, and some may be removed.


### 2021 Materiality matrix translated to ESRS list of issues

- not material, not covered in report
- material, covered in report
- material & strategic, more extensively covered

## Stakeholders' views on material and strategic issues across our value chain

### Health, safety and well-being

Social issues such as employee well-being, compensation and benefits, training and development, employee engagement and diversity and inclusion have become increasingly important to external stakeholders.


In response to the COVID-19 crisis in 2020, we elevated employee health & safety as our number-one social priority . The pandemic gave light to some new parameters to be considered. For example, we wanted to extend our focus on employee well-being beyond our factories, offices and warehouses towards home offices, as remote work became more common.


The HR-led Future of Work project was based on this change in expectations and pre-requisites on where and how work is conducted. Priorities include creating a hybrid work model - meaning employees work remotely some days and are at the office other days - and designing our workplaces for hybrid meetings, creativity and collaboration.

As our customers dealt with a similar change of perspective, we witnessed a significant increase in customer health & safety requirements.


Promoting health & safety to our number one social priority was only possible thanks to our ten-year long partnership with EU-OSHA. Several customers request evidence of our commitment to this area in the form of ISO 45001 certificates.

### Climate change


Climate change is undoubtedly one of the greatest physical and existential challenges we all face . As its effects become increasingly visible, expectations and pressure on companies such as ours will accelerate, which should further strengthen policymakers and our industry to come up with innovative solutions to tackle the crisis.

With 38% of Fortune 500 companies publicly committed to science-based targets, we see a substantial increase in customer requests to deliver energy-efficient customer solutions and to provide evidence of operational energy management. In our focus to minimise environmental impact, climate change is where we have made the most significant progress - with a 30% cut in absolute emissions since 2012, coinciding with a revenue growth of more than 50% over the same period. Several customers also request evidence of our commitment to this area in the form of ISO 50001 certificates, a commitment to science-based targets - which is now underway  - as well as using 100% renewable electricity.

### Business ethics

Business ethics  have been a priority for us since we launched our **Code of Conduct** in 2009, addressing a wide range of issues such as legal compliance, anti-bribery and corruption and responsible purchasing. Customers are increasingly requesting evidence of our commitment to this area.

Our Code of Conduct training is mandatory for all our employees with regular intervals. As an important part of supply chain management, we have rigorous selection processes for any partner in our supply chain. Suppliers are expected to commit to and comply with our **Code of Conduct for Suppliers**.

At the moment we do not have a specific sustainability risk assessment – however, this will be one of the five main responsibilities of the newly-formed ESG Committee .



# Impact risk and opportunity management



## IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

### Current materiality approach

#### History

Readers interested in how our view on materiality has developed over time are invited to read:

- Our [first report from 2013](#) where we introduced our Materiality Matrix and our approach to engage internal and external stakeholders in building our matrix
- Our [third report from 2018](#) where we documented our approach to the second round of external stakeholder feedback
- Our [fifth report from 2021](#) where we expanded the design of the matrix to its current design, changing some of the wording – while staying true to the input of our stakeholders

This matrix reflects where we were when it comes to our views on materiality – however, it does not show where we will be once the materiality assessment is completed. For this report, we continue to report on topics included in the past.

Following the new materiality assessment, we expect some previous material issues to be dropped and new material issues to be added to our future reporting.

### Upcoming double materiality assessment

We have started undertaking a double materiality assessment, based on the ESRS, identifying impact risk and opportunities to assess their materiality.

Methodologies included will be undertaken through desktop analysis of external and internal sources:

#### Internal

- Annual reports
- Risk assessments
- Previous materiality assessments
- Policies
- Sustainability reports
- Employee surveys
- Customer data

#### External

- Encore
- Sustainability Accounting Standards Board
- UN Human Rights Tool
- International Labour Organization
- Amfori
- United Nations Environment Programme Finance Initiative
- Walkfree
- Global Corruption Index by Global Risk Profile

Several interviews with internal stakeholders, suppliers and customers – focused on identifying impact risk and opportunities – will also be undertaken.

A two-day workshop focused on assessing materiality will be organised and a validation meeting, together with senior management, will also take place.

### Enterprise risk management

Toyota Material Handling Europe faces internal and external factors and influences which make it uncertain for us to know if and when we will achieve our objectives. The effect of this uncertainty on an organisation's objectives is 'risk'.

Our Enterprise Risk Policy (ERP) sets out the mandatory procedures and objectives for our [Enterprise Risk Management \(ERM\)](#).

ERM is part of our Corporate Governance and managed by the Risk Committee led by Toyota Material Handling Europe's Chair and President. The Risk Committee's priorities are to:

- Identify and analyse potential risks
- Decrease the likelihood of threats
- Increase the likelihood of opportunities
- Protect company assets

Toyota Material Handling Europe's risk statement concludes that risk can be taken within the limits and policies set by our company. This means our entities make educated decisions that balance risk and reward.

The underlying aim is to protect the company, employees and the brand. The managing director of each entity is responsible for performing risk assessments and defining mitigation measures. This also includes coordination and preparation as well as reporting tracking and monitoring the status of mitigation measures.

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As Toyota Industries Corporation is listed on the Japanese stock market, most of our entities are obliged to follow the control requirements from the Japanese Sarbanes-Oxley Act (J-SOX). Based on J-SOX we have established and are operating an internal control system to maintain the reliability of financial reporting.

All entities within the group perform a self-assessment of their internal control system. In case of identified weaknesses in the internal control environment, a remediation plan is set up to reduce potential risks related to governance risk and compliance. The internal control system's status and progress are reviewed by the Internal Audit Department and reviewed by independent auditors. Our Internal Audit intends to be an independent objective assurance and consulting activity designed to add value and improve our operations.

Our Audit Committee was established to provide oversight of the audit process, the company's system of internal controls and compliance with laws and regulations. It consists of our Chair, President & CEO, SVP Finance and General Counsel. 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 department in Toyota Industries Corporation.

## **IRO-2** Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Our current list of material topics per standard can be found in our [Materiality Matrix in SBM-3](#) .

Once our double materiality assessment is complete, we will be able to provide an updated list when publishing our next sustainability report.

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## ESRS E1: Climate change

### Governance

**ESRS 2 GOV-3** Integration of sustainability related performance in incentive schemes

### Strategy

**E1-1** Transition plan for climate change mitigation

**ESRS 2 SBM-3** Material impacts, risks and opportunities and their interaction with strategy and business model

### Impact, risk and opportunity management

**ESRS 2 IRO-1** Description of the processes to identify and assess material climate-related impacts, risks and opportunities

**E1-2** Policies related to climate change mitigation and adaptation

**E1-3** Actions and resources in relation to climate change policies

### Metrics and targets

**E1-4** Targets related to climate change mitigation and adaptation

**E1-5** Energy consumption and mix

**E1-6** Gross Scopes 1, 2, 3 and Total GHG emissions

**E1-7** GHG removals and GHG mitigation projects financed through carbon credits

**E1-8** Internal carbon pricing

**E1-9** Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

## ESRS E2: Pollution

### Stepping up pollution prevention

**ESRS 2 IRO-1** Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

**E2-1** Policies related to pollution

**E2-2** Actions and resources related to pollution

### Metrics and targets

**E2-3** Targets related to pollution

**E2-4** Pollution of air, water and soil

**E2-5** Substances of concern and substances of very high concern

**E2-6** Anticipated financial effects from pollution-related impacts, risks and opportunities

## ESRS E3: Water and marine resources

### Our water approach

**ESRS 2 IRO-1** Processes to identify and assess material water and marine resources-related impacts, risks and opportunities

**E3-1** Policies related to water and marine resources

**E3-2** Actions and resources related to water and marine resources

### Metrics and targets

**E3-3** Targets related to water and marine resources

**E3-4** Water consumption

**E3-5** Anticipated financial effects from water and marine resources-related impacts, risks and opportunities

## ESRS E4: Biodiversity and ecosystems

### Our approach towards biodiversity

**E4-1** Transition plan and consideration of biodiversity and ecosystems in strategy and business model

**ESRS 2 SBM-3** Material impacts, risks and opportunities and their interaction with strategy and business model

**ESRS 2 IRO-1** Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

**E4-2** Policies related to biodiversity and ecosystems

**E4-3** Actions and resources related to biodiversity and ecosystems

### Metrics and targets

**E4-4** Targets related to biodiversity and ecosystems

**E4-5** Impact metrics related to biodiversity and ecosystems change

**E4-6** Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities

## ESRS E5: Resource use and circular economy

### New opportunities for circular business model innovation

**ESRS 2 IRO-1** Description of the processes to identify and assess materials resource use and circular economy-related impacts, risks and opportunities

**E5-1** Policies related to resource use and circular economy

**E5-2** Actions and resources related to resource use and circular economy

### Metrics and targets

**E5-3** Targets related to resource use and circular economy

**E5-4** Resource inflows

**E5-5** Resource outflows

**E5-6** Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities





# EcoVadis Environment score

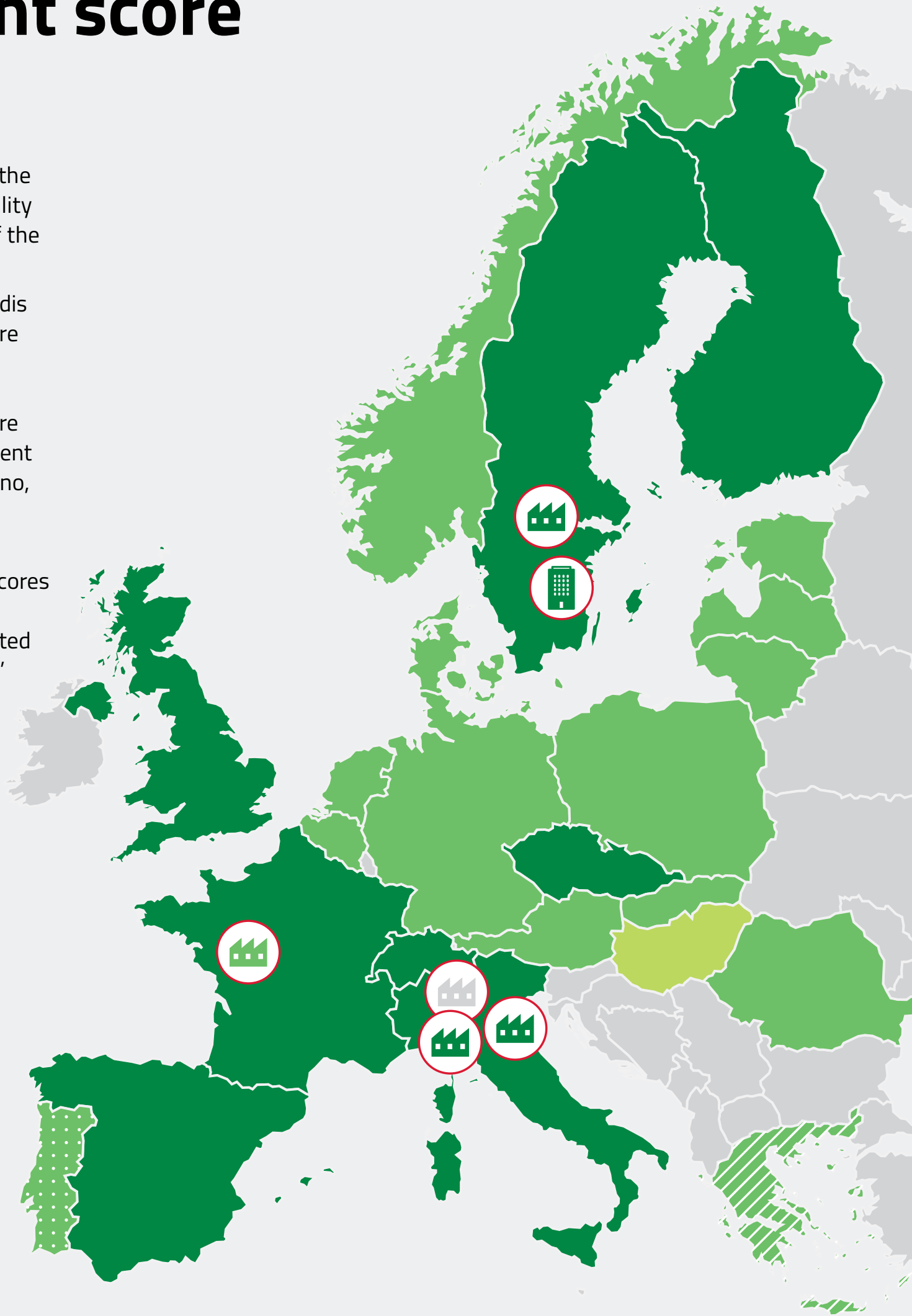
EcoVadis provides reliable, globally recognised sustainability ratings. The EcoVadis overall score reflects the quality of the company's sustainability management system at the time of the assessment.

Once a year, we complete the EcoVadis survey at head office level to measure ESG compliance and best practices across our operations. Our factories and Marketing & Sales Companies are asked to do the same. Our independent distributor in Portugal, Toyota Caetano, has volunteered to act as a pilot for independent national distributors.

Environment is one of the four subscores within the EcoVadis rating. The map shows that almost all entities are rated either as 'Advanced' or 'Outstanding' on this topic.

Score	
<span style="color: green;">●</span> >=80%	<b>Outstanding</b>
<span style="color: lightgreen;">●</span> 70%	<b>Advanced</b>
<span style="color: yellowgreen;">●</span> 60%	<b>Confirmed</b>
<span style="color: yellow;">●</span> 50%	<b>Intermediate</b>
<span style="color: orange;">●</span> 40%	<b>Partial</b>
<span style="color: orange;">●</span> 30%	<b>Pass</b>
<span style="color: red;">●</span> <30%	<b>Fail</b>
<span style="color: grey;">●</span>	Not assessed

EcoVadis score more than 12 months old



Head office



Factory



Sales and service company



Toyota Caetano - independent distributor pilot on EcoVadis

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EcoVadis scores



# EcoVadis Carbon Management score

Every year, we are assessed by EcoVadis on our performance and transparency across four key appraisal areas. Head office, all factories, and all Marketing & Sales Companies are also scored.

On top of their ESG scores, EcoVadis recently added a carbon management score. In 2023, only our head office and factories received a carbon rating, at an 'Intermediate' level. By our next report, we expect all of our subsidiaries to have also received a carbon rating.

Score	
<span style="color: darkgreen;">●</span> Leader	
<span style="color: lightgreen;">●</span> Advanced	
<span style="color: yellowgreen;">●</span> Intermediate	
<span style="color: orange;">●</span> Beginner	
<span style="color: red;">●</span> Insufficient	



Head office



Factory



Sales and service company



Toyota Caetano - independent distributor pilot on EcoVadis

# ESRS E1 Climate change

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## Embracing decarbonisation

As the global climate crisis continues, and its effects become increasingly visible, we remain committed to being part of the solution.

Our ultimate goal – as outlined in our Global Environment Commitment – is to establish a zero carbon emissions society, and we have been making efforts to reduce greenhouse gas (GHG) emissions throughout our supply chain. We continue engaging with customers, suppliers and civil society to accelerate the transition to a more sustainable economy - together.

Our 2023 Sustainability Report summarises highlights and lessons learned of our first decade of working with sustainability targets across our entire business.



In the last few years, we have extended conversations about climate change towards our business partners, suppliers and customers. We created a Sustainable Procurement Initiative to manage social and environmental performance and have invited partners to the EcoVadis platform to increase transparency and reduce carbon emissions produced in our supply chain.

The Net Zero programme was launched to help our company on its decarbonisation journey - and this year we also submitted our science-based targets to the Science Based Targets initiative (SBTi). Over 250 meetings so far have helped us establish our corporate carbon footprint base year and prioritise key decarbonisation levers. While we wait for SBTi approval, we are planning to ensure we have the resources needed to speed up emission reductions and reach those targets.

## Governance

### ESRS 2 GOV-3

## Integration of sustainability-related performance in incentive schemes

Sustainability incentives will drive progress within our company and boost our credibility. It is important to understand and integrate our material sustainability issues, which must be translated into Key Performance Indicators (KPIs) and targets throughout our business.

Once this process is completed, our Compensation Committee will introduce sustainability-related incentive schemes within the next three years.



# Strategy

## E1-1

### Transition plan for climate change mitigation








#### Reaching net zero and setting emissions reduction targets

Progress on our Net Zero programme is reported every two months to our Executive Management Team.


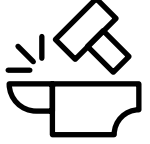
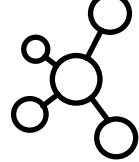
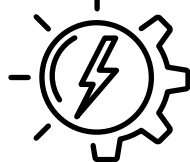


So far, over 250 meetings have helped us establish our corporate carbon footprint base year and prioritise key levers for decarbonisation. Embedding sustainability in financial planning is one of the project’s focus areas, and from FY24, we will be able to address this in future sustainability reports.

We are in the process of having our targets approved by the Science Based Targets initiative (SBTi), which enables companies to set ambitious emissions reduction targets in line with the latest climate science. Several other companies in the Toyota family have also set out on the path to science-based targets. Working together with sister companies enables us to share best practices.

Having completed the second step of the SBTi process in April 2023, our Executive Management Team increased the near-term target for our scope 3 standard in September 2023, to align with increased SBTi requirements. Our company submitted its targets to SBTi in October 2023. The SBTi asks companies not to disclose any targets prior to them being approved. We will therefore share our targets publicly only after the SBTi’s formal approval.

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#### Our transition plan to net zero

Scope 1&2	Scope 3				Other
<b>1.</b>  <b>Reach net zero in own operations</b>	<b>2.</b>  <b>Reduce material emissions</b>	<b>3.</b>  <b>Circularity</b>	<b>4.</b>  <b>Reduce use-phase emissions</b>	<b>5.</b>  <b>Lower logistics emissions</b>	<b>6.</b>  <b>Employee-led initiatives</b>
30 kt CO <sub>2</sub> e (0.9%)	650 kt CO <sub>2</sub> e (20%)		2,257 kt CO <sub>2</sub> e (69%)	219 kt CO <sub>2</sub> e (7%)	135 kt CO <sub>2</sub> e (3.1%)

Customers are increasingly encouraging – or requiring – suppliers to support them in their own net zero targets. Other industry peers have joined the SBTi, indicating that net zero is increasingly becoming an area which suppliers need to prioritise.





To gain SBTi’s approval, we will need to demonstrate that our scope 1&2 near-term targets will lead to an average annual reduction of 4.2% per year. Our scope 3 near-term targets must result in a 25% emissions reduction in 2030, compared to our base year of FY23. Both the Paris Agreement and the SBTi require companies to achieve net zero by 2050. In the targets we submitted to the SBTi, Toyota Material Handling Europe aims to achieve net zero well before then.

#### Our company-wide net zero transition plan




As part of the Net Zero programme, we have asked entities across our company to start planning and budgeting for their local decarbonisation strategies.

**Scope 1&2:** A detailed decarbonisation pathway has been created, highlighting activities required by our company to reach near and long-term targets.

Each factory and Marketing & Sales Company has been required to create a local ‘business case’ to reduce emissions from operations by 50% through a range of actions:

-  Transition into renewable energy for operations (e.g. electrification of equipment and procurement of renewable electricity)
-  Decarbonisation of vehicles (e.g. transition to fleets of electric or fuel cell company cars and service vans)
-  Improving energy efficiency to reduce baseline energy use, through the mandatory implementation of the ISO 50001 standard
-  Source renewable electricity that complies with the additional requirements of the Renewable Energy Directive

**Scope 3:** Like with scope 1&2, a detailed decarbonisation pathway has been created. As a substantial part of emissions stem from purchased goods and services, so this needs to be considered in the emissions reduction plans. Decarbonisation actions should include:

-  Analysing virgin raw materials used to see if they can be substituted with low-carbon alternatives or recycled materials
-  Continuing to reduce fossil fuel usage (e.g. electrification, improved fuel economy)
-  Extending the lifetime of our products to keep them in the loop for longer

ESRS 2 SBM-3

## Material impacts, risks and opportunities

As the effects of climate change become increasingly visible, there are expectations from companies such as ours to continue reducing our environmental impact. This should further strengthen policymakers and industry to create innovative solutions to tackle the crisis.

Whether it is our customers, suppliers, employees, universities, research institutions, local governments, media, non-governmental organisations (NGOs) – civil society is on the move and looking to play a leading role in the transition towards a net zero economy. We recognise that we equally have a role to play and want to be an active part of the conversation – even if we do not have all the answers yet.

Sustainability has now been identified as a key success factor in our updated company strategy, and the onward journey defined in a high-priority programme. While engaging the whole organisation to create a climate change roadmap was a sizeable process, we have now mapped relevant legal requirements under the EU Green Deal and started engaging with key customers and suppliers to ensure targets are aligned.

Our holding company TIE is due to report for the first time in line with EU Taxonomy for fiscal year starting April 1, 2025. This report will be included as part of the FY26 financial report Toyota Industries Europe plans to issue in June 2026.

Internally, the company has kicked off a three-year action plan to ensure readiness for the [EU taxonomy for sustainable activities](#). Criteria for EU taxonomy sustainable revenues, sustainable capital expenditure (CAPEX) and sustainable operating expense (OPEX) will be shared with the Net Zero programme to ensure that future plans and investments are aligned.

The emergence and increasing popularity of Artificial intelligence (AI) comes with risks and opportunities, and we start to see our customers using it as a selection criteria for suppliers. Soon, any customer will be able to write a simple AI query to benchmark our sustainability performance against our competitors. As more data becomes more readily available to more decision makers, this will accelerate the current trend where sustainability becomes increasingly important in purchasing decisions.

## Impact, risk and opportunity management

ESRS 2 IRO-1

### Description of the processes to identify and assess material climate-related impacts, risks and opportunities

In our 2021 Materiality Matrix, ‘Energy Efficient products’ was rated as a material and strategic issue, while ‘Energy Management in Operations’ was rated as a material issue. Our Executive Management Team grouped ‘Energy and Climate’ into a single material and strategic issue and approved the Net Zero programme to tackle both of those topics in parallel.

While the Global Reporting Initiative (GRI) standards left it up to the reporting companies to identify material sustainability issues, the ESRS provides a standardised list of material issues companies must evaluate for their materiality. Our existing reporting focus in the past has been on energy use and CO<sub>2</sub> emissions from operations (climate change mitigation) as well as energy-efficient and low-carbon products and solutions for our customers (energy). Climate change adaptation was not identified in the past as a material issue. It has also not been part of the scope of our Net Zero programme so far, so it will not be included in the scope of our sustainability report.

ESRS E1	
Sustainability Matters covered in topical ESRS	
Climate Change	
Climate change adaptation	Not provided yet by EFRAG
Climate change mitigation	
Energy	
<p>○ not material, not covered in report</p> <p>● material, covered in report</p> <p>● material &amp; strategic, more extensively covered</p> <p>This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.</p>	

E1-2

### Policies related to climate change mitigation and adaptation

**Toyota Industries Corporation’s Environmental Vision** wants to contribute to a low-carbon society through zero-carbon emissions from our products and solutions.

**Toyota Industries Corporation's Environmental Policy** states that prevention of global warming is a strategic priority, which is why we want to be a driving force in creating a carbon-neutral society and raising awareness of issues related to climate change. We will accelerate the development of energy-efficient products and technologies, reduce the energy consumption of all our business operations, support our customers and suppliers in reducing their carbon emissions and promote the use of clean energy.

**Toyota Material Handling Europe's Energy Policy** outlines support for our customers with products and solutions that aim to achieve zero energy waste and zero emissions. We collaborate with partners to assess our impact across our supply chain and are focused on research to implement innovations for zero energy waste and zero carbon.

The Energy Policy states that all our entities must adhere to SBTi scope 1&2 targets by 2030 with two intermediary milestones: all entities had to switch to 100% renewable electricity by March 31, 2021 and all entities must receive the ISO 50001 energy management certificate by March 31, 2025.

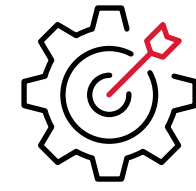
Once our targets have been approved by the SBTi, we plan to update our Energy Policy to a Climate & Energy Policy in FY25, adding our scope 1&2&3 targets. We will also need to consider how to address climate adaptation within this new policy.

**Our Code of Conduct for Suppliers** states that suppliers shall endeavour to support our company in reducing:

- ☑ **Scope 1&2 emissions**, by proactively offering more energy-efficient products and solutions enabling us to lower our energy consumption and carbon emissions. Energy efficiency will increasingly become a selection criterion alongside quality, price, and time of delivery. For more information outlining the different GHG categories, please consult [disclosure E1-6](#) and our [glossary](#).
- ☑ **Scope 3, Category 1 emissions**, by using energy more efficiently and avoiding energy waste in their own operations. We encourage suppliers to set energy efficiency targets, monitor power and energy consumption, adopt management practices, switch off idle equipment, and reduce energy consumption where possible. ISO 50001 certifications will add to suppliers’ positive evaluation, but are not mandatory.
- ☑ **Scope 3, Category 11 emissions**, by proactively supporting our company to develop energy efficient products and solutions, thereby reducing our products’ carbon emissions.

**E1-3**


## Actions and resources in relation to climate change policies



### Developing a net zero strategy and targets

Our Net Zero programme kicked off in May 2022 with a central team of two people, supported by 20 functional experts driving scope 3 reductions and 30 local sustainability champions driving scope 1&2 emissions. An external consultancy has provided guidance since the programme's inception.

Since our first corporate carbon footprint analysis, we have continuously monitored scope 1&2 emissions – however, we conducted a full corporate carbon footprint across the entire value chain so that as of June 2023, scope 3 emissions are now also considered.

To ensure the robustness of our FY23 base year - and the company-wide targets which are contingent on it - we invited consultancy SGS  to conduct an external verification of our data. In October 2023, several corrections were made to scope 1&2&3 base years and we received a final verification statement from SGS for an assurance.



### Updating our process for sustainability reporting

Our sustainability reporting process enables us to collect human resources data, as well as environmental and health & safety data, from our operating entities, underpinned by our reporting system 'SOFI interim'. In FY23, we extended the scope by adding one factory (Simai) two European warehouses (Italy, Sweden) and one European staff office (Riga). We added energy data from 100% owned dealers in Sweden, The Netherlands, Italy and the United Kingdom. We also removed one Marketing & Sales Company which we divested operations from (Russia).



The external verification resulted in additional recommendations to improve our existing sustainability reporting process for scope 1&2 emissions:

1. Not all energy sources used by entities were being captured, so a survey to design bespoke energy data collection forms for each entity will allow them to better report any kind of energy used in their operations.
2. To determine electricity consumption emissions, we used emission factors from the International Energy Agency (IEA) for the location-based calculation and Reliable Disclosure for Europe (RE-DISS) for market-based calculation. For FY23, we used IEA data released in 2022.
3. Renewable electricity certificates were found to be insufficiently robust in some cases - therefore, electricity in these circumstances was accounted as non-renewable until more suitable evidence from electricity suppliers can be provided.



### Engaging employees on net zero

Toyota Material Handling Manufacturing Sweden has established a programme to deliver an industrialised, fully fossil-free product. Actions undertaken so far include:

-  Conducting Life-cycle assessments (LCAs) to map products' carbon footprint and determine the impact of the programme's efforts on reducing emissions
-  Investigating the implementation of recycled, reused, and alternative materials focusing primarily on materials that have the biggest CO<sub>2</sub> impact






Aiming for net-zero CO<sub>2</sub> impact, we are initially focusing on implementing recycled materials that fall in line with our sustainability goals. As the availability of fossil-free alternatives increases, we plan to transition towards using them in our products.










### Engaging customers on net zero

As a manufacturer, we are always looking for incremental improvements in energy use across our product range, which helps our customers optimise their energy use and reduce their carbon emissions. According to our analysis, scope 3 carbon emissions generated by our customers during the use phase (category 11) represent 69% of our FY23 carbon footprint.

As part of Toyota's vision for net zero by 2050, the Toyota Industries Corporation's 7th Environmental Action Plan aims to reduce emissions by focusing on:

-  Even more energy-efficient technologies
-  Electrification
-  Weight reduction
-  Energy loss reduction
-  Hydrogen and fuel cell technologies

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.

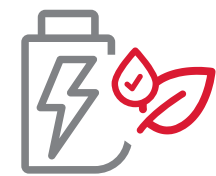
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 E1-3

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

1. Monitor energy use
2. Avoid energy waste
3. Innovate through energy efficiency
4. Innovate through low-carbon solutions

### Zero 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 or fully recharged, which shortens the battery's lifetime, thereby increasing customer costs and their environmental impact.

Lithium-ion battery technology offers a lifetime three times longer compared to traditional lead-acid batteries and the [I\\_Site fleet management tool](#) from Toyota Material Handling enables our customers to optimise efficiency, helping them prolong the life of their material handling solutions, as they are informed when the battery needs to be replaced in a timely manner.

## Efficiency improvements in Toyota Material Handling Europe's product portfolio

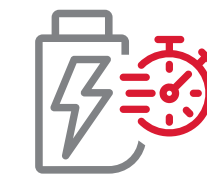
Forklift category	Truck category	Truck name	Most recent model update year	Percentage improvement of energy consumption (compared to previous reference model)
<b>Class 1</b>	Electric counterbalanced truck, 80V (2-3.5 tonnes)	Traigo80	2021	10%
<b>Class 1</b>	Electric counterbalanced truck, 24V (1-1.5 tonnes)	Traigo24	2022	4%
<b>Class 3</b>	Powered pallet truck (1.6 tonnes) (Built around Li-ion technology)	LWI160	2020	14%
<b>Class 3</b>	Reach Truck (1.6 tonnes) (R-E-N-O series)	RRE160H/HE/HN/HR/HCC	2021	26%
<b>Class 3</b>	Stand-in Powered pallet truck (2 tonnes) (Built around Li-ion technology)	LSI200	2023	26%
<b>Class 3</b>	Stand-in double stacker truck (2 tonnes) (Built around Li-ion technology)	SSI200D	2023	30%
<b>Class 3</b>	Stand-in narrow stacker truck (1.6 tonnes)	SSI160LN	2023	30%
<b>Class 5</b>	Diesel counterbalanced truck (1.5-3.5 tonnes) (Stage V)	Tonero Torque Converter & Hydrostatic Transmission	2021	10%



#### 2. Avoid wasting energy

We also encourage our customers to use high-frequency chargers if technically possible, as these shorten charging time (which optimises truck productivity), increase the likelihood of batteries being fully charged (lengthening batteries' productive life), and improve charging efficiency up to 20%.

Furthermore, smart chargers from Toyota come with Dynamic Power Limitations (DPL) as standard, which reduces the height of 'peak demand' costs. On the technology front, automation can also prevent waste of energy thanks to optimised routes and a pre-defined smooth operational flow, avoiding energy-consuming operator behaviour.



#### 3. Innovate through energy efficiency

Toyota has a continuous target for energy efficiency of our electric trucks. The energy consumption of a sample of our electric products illustrates that the latest models are significantly more energy efficient than its predecessors. The standards used to determine energy consumption are industry standards VDI 2198 and EN 16796. Lithium-ion is now available on 98% of our electric-powered range and we aim to raise this number up to 100%. The intelligent design features of these Li-ion batteries deliver a 20 to 25% electricity consumption reduction in compared to lead-acid batteries. Li-ion batteries can also be recharged quickly and have a greater storage capacity. Many of our customers see a clear business case for this technology, due to the longer lifespan, lower operating costs and significant reduction in energy usage and CO<sub>2</sub> emissions.



#### 4. Innovate through low-carbon solutions

According to FY23 data, carbon emissions generated by our customers' operations (scope 3 downstream) represent 69% of our total carbon footprint. It is therefore key for us to raise awareness of the importance of sourcing and producing of renewable energy for our customers' operations. Additionally, our Toyota diesel and LPG engines are also specified to use 'renewable' diesel fuel and gas (Hydrogenated Vegetable Oil (HVO) diesel and biopropane) to help reduce the emissions generated by burning fossil fuels. Lastly, over 90% of our electric forklifts fleet is currently available with fuel cell technology. Hydrogen fuel cell power trucks operate with zero emissions - and are carbon neutral if hydrogen produced from renewable sources is used. With a full tank, hydrogen-fuelled trucks can increase efficiency as they can operate for a full shift. Refuelling can be done indoors and outdoors, takes not more than a few minutes, and fuel cells only emit water and heat. More customers are deploying hydrogen technology for material handling in combination with developing infrastructure locally (charging and electrolysis), to also create an ecosystem for other applications such as road vehicles.

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## Engaging suppliers on net zero

In FY22, we started a pilot to introduce EcoVadis' evaluation process to a range of carbon-intensive suppliers which complements the implementation of our new **Responsible Purchasing Policy**. We focused on suppliers of metals, batteries and engines, as well as indirect suppliers with a higher ESG impact.

Like all companies actively working with net zero targets, we noticed a wide range in maturity levels among our supplier base. We have started training over 60 buyers on the importance of ESG and net zero. We want to encourage suppliers to join us on the net zero journey - while also making it clear that, in future, we increasingly prefer to work with suppliers strategically aligned with us on our net zero targets.

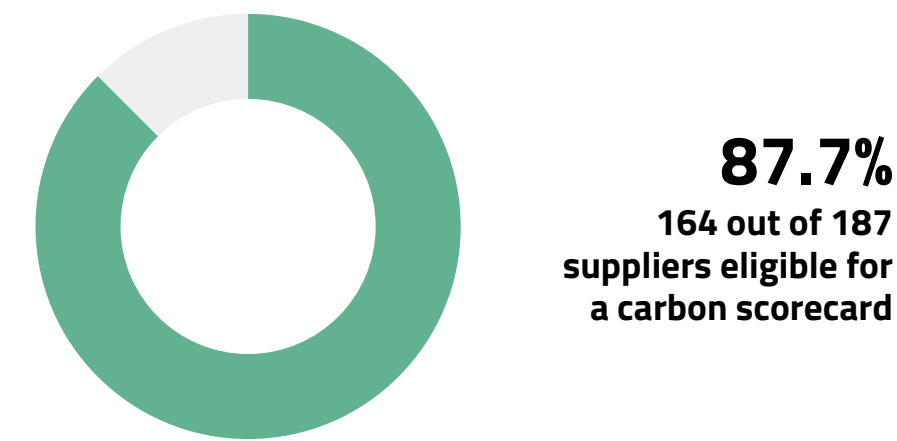
The snapshot visual on this page demonstrates our suppliers' carbon performance on 4 October 2023. The numbers are subject to change daily as more suppliers agree to share their carbon scorecards with us.

At the time of reporting, 87.7% of suppliers that shared their ESG scorecard, also agreed to share their carbon scorecard. Of those companies, 54.6% declared to have set at least one target for GHG emissions.

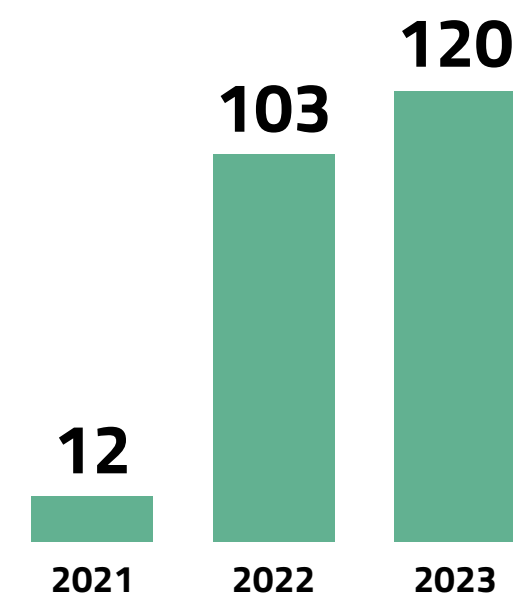
Around 37% of our suppliers claim to have set targets on scope 1&2 emissions, while 26% declare to have set scope 3 emissions. As EcoVadis assessments are an annual process, we will continue encouraging suppliers towards greater transparency and more ambitious commitments in terms of climate action.

## An EcoVadis snapshot of our suppliers' carbon performance, October 4 2023

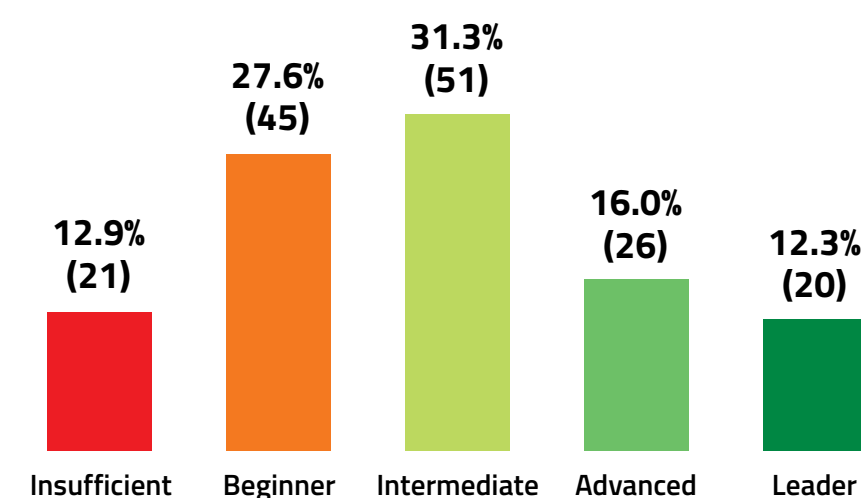
### Suppliers with a carbon scorecard



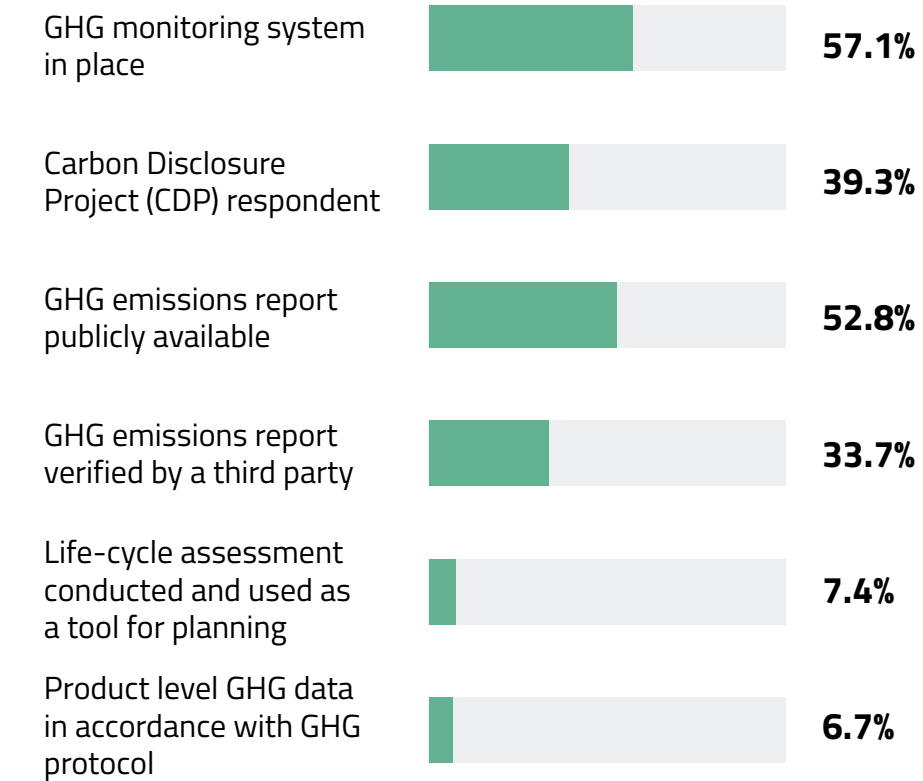
### Carbon scorecards published



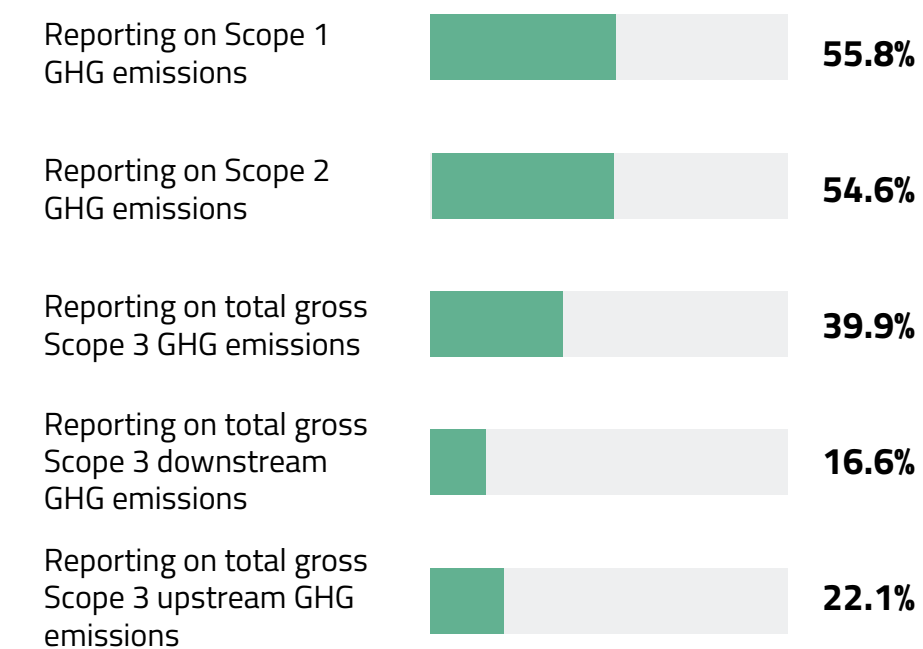
### Carbon management level distribution for 163 suppliers with a carbon scorecard



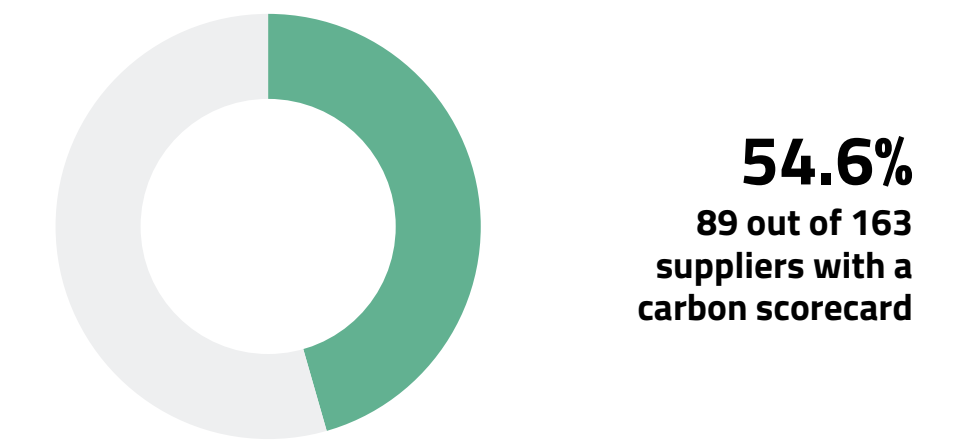
### GHG reporting KPIs for 163 suppliers with a carbon scorecard



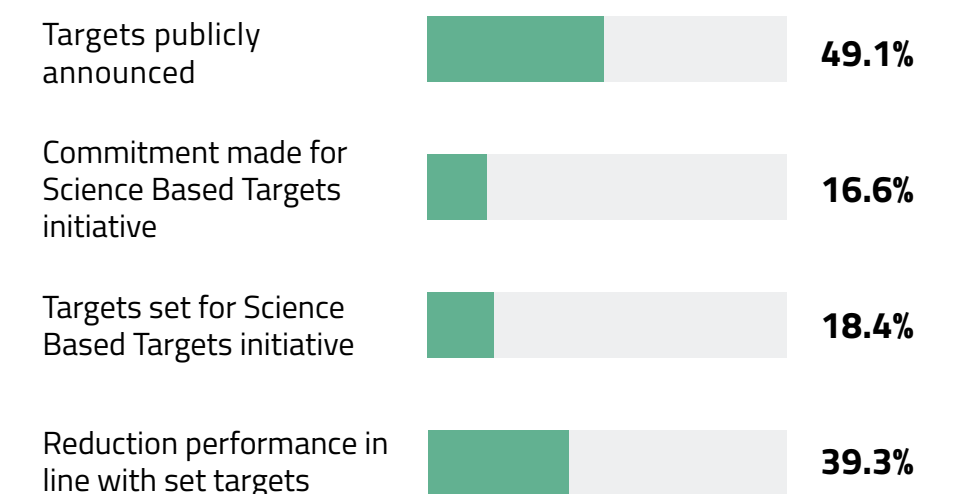
### GHG reporting by scope



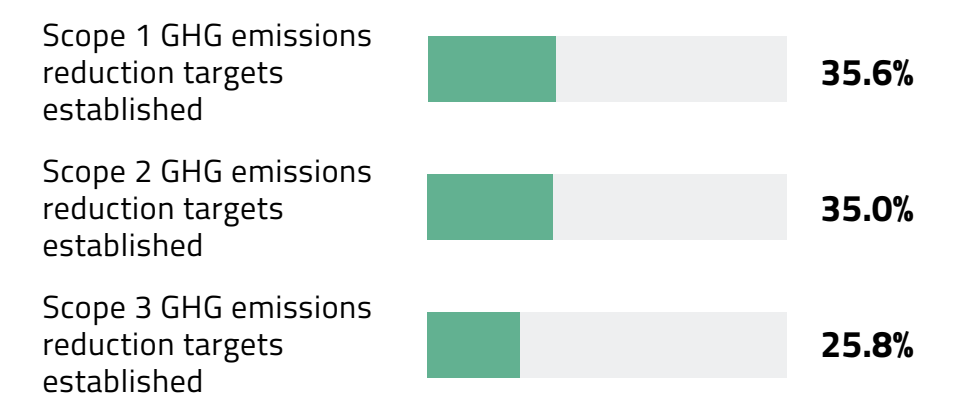
### Suppliers with at least one target set for GHG emissions










### GHG emissions targets KPIs for 94 suppliers with a carbon scorecard



### Suppliers with GHG emissions reduction targets for 94 suppliers with a carbon scorecard



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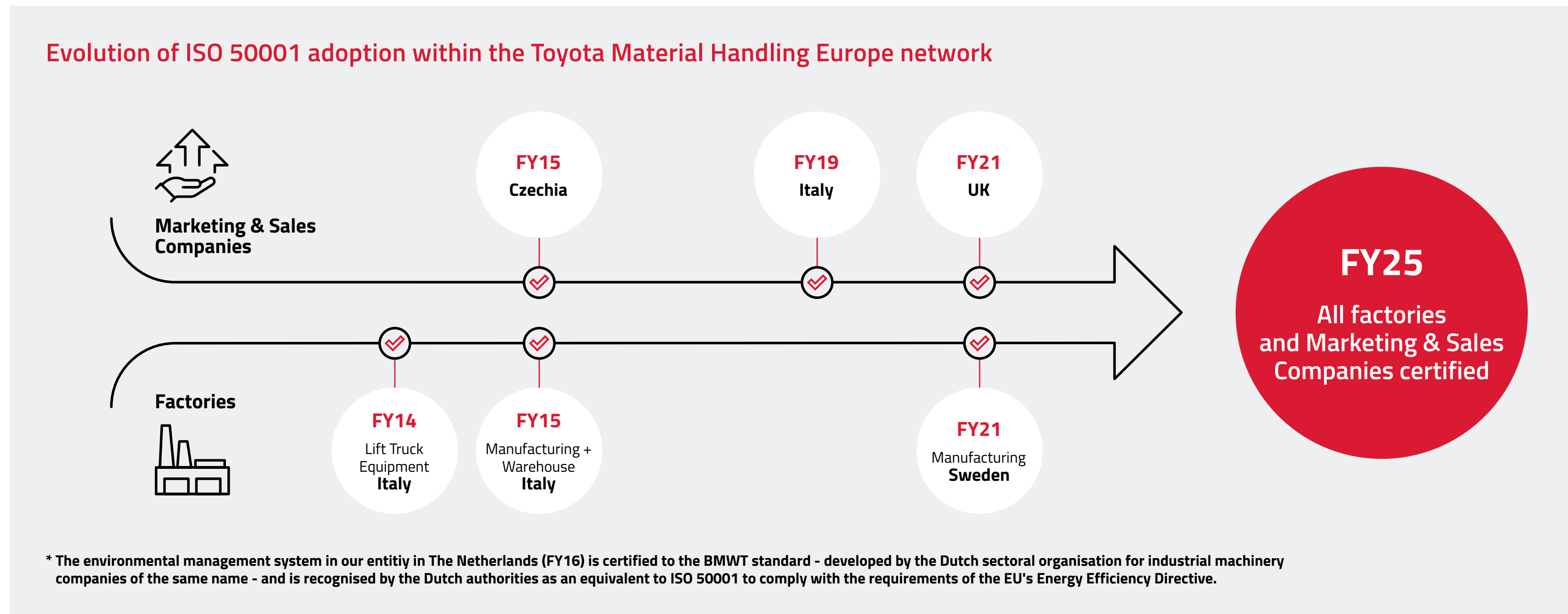
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Sustainability and net zero were the main themes discussed at our annual supplier conference in December 2023.

While we are waiting for our SBTi approval to share exact targets with suppliers, we have made it clear that, in future, we will only continue working with suppliers that have clear climate action and transparency commitments.

### Engaging our own network on net zero

In FY23, most entities complied with our Energy Policy to buy 100% renewable electricity at an entity level. In four entities, the external verification exercise showed that certain electricity certificates were not sufficiently robust for electricity to be accounted as renewable, therefore we updated our FY23 base year accordingly.



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**Let your tree grow by taking positive action.**

Each branch represents an action taken at a company level. You can include actions taken from April 2023 onwards, and all the ones that you're going to promote this fiscal year.  
 Begin your #kaizenenvironment activities and inspire your colleagues to join.

Let's keep our trees "growing" and  
**MOVE THE WORLD**  
 towards easy and sustainable







## Engaging our employees on net zero

Throughout FY23, the Net Zero programme engaged colleagues across our company and received hundreds of questions from employees asking how they could get involved. In a 2022 employee survey, colleagues selected the company's commitment to sustainability as one of the three key reasons why they are proud to work for Toyota Material Handling Europe.








In FY24, we launched a new 30-minute e-learning course in English, 'Introduction to Net Zero', making it available to all employees. Local entities can decide whether to translate the e-learning into their local language. We have also made free 'eco-driving training' - issued by Toyota Motor Europe - available on the Toyota Material Handling Europe Academy and will encourage local HR managers and sustainability champions to share it with drivers of company cars and service vans in their region.

In June 2023, we adapted our annual 'Environmental Month' awareness campaign to coincide with our Net Zero programme, in three focus areas:

-  **Save energy and reduce carbon at a local level**  
 Each of our entities is responsible for energy and carbon-saving targets. Energy consumption and carbon emissions are regularly reported to the Board of Directors in each local entity. We are also supporting energy awareness campaign activities - several entities across Europe posted physical posters or screensavers with our 'switch off' campaign to preserve energy.
-  **Encourage individual actions for energy and carbon savings at home**  
 Several entities in Europe used the posters we provided to run face-to-face brainstorm sessions in the office, asking every employee for a personal commitment to make one change in their daily live that is to reduce their personal energy consumption
-  **Make World Cleanup Day even bigger** – for more information, please consult [ESRS E2-2](#) 



## Metrics and targets


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### E1-4

## Targets related to climate change mitigation and adaptation

We submitted our science-based targets related to climate change mitigation to the SBTi in October 2023. We aim to lead by example across the material handling value chain by going faster than required, on both our own emissions, and those across our value chain.

Targets related to climate change adaptation are not part of the Net Zero programme. In case climate adaptation is considered a priority for our stakeholders in our [ongoing double materiality exercise](#) , we will consider how to best add them to future versions of our energy and climate strategy, policy and action plans.

All our objectives and targets - including those relating to [energy and climate](#)  - are outlined in ESRS 2.

### E1-5

## Energy consumption and mix

The data in the subsequent two pages was collected and consolidated using our sustainability reporting system 'SOFI interim'. Every factory, Marketing & Sales Company, warehouse and European staff office enters energy consumption data in this system each quarter.

Scope 1&2 emissions are calculated based on energy data provided by each of the entities. The scope extension of reporting entities and changes in emission factors makes it difficult to compare data with our 2021 sustainability report.

## Case study

# Energy management system helps Toyota Material Handling's Italian mast factory cut CO<sub>2</sub> emissions and drastically improve energy efficiency

Our mast factory in Italy has improved its energy efficiency by 41% since 2014, cutting its CO<sub>2</sub> emissions by 710 tonnes in one year.

The most impactful projects include replacing old lamps with smart LED ones, implementing a 'just-in-time' energy monitoring system, better managing auxiliary system activities and transitioning from gas to electric heating.

### How?

In 2014, the Lift Truck Equipment factory in Italy started implementing the ISO 50001 energy management system and received the certification in 2015.

Since the certification came into place, the factory has completed 53 different energy projects which have dramatically improved energy efficiency, saved carbon and cut costs.

### Why?

Following TICO's new Corporate Social Responsibility (CSR) Materiality targets relating to 'Mitigation of Global Warming' and 'Contribution to Circular Economy', the journey of our Italian mast factory is aligned to Toyota Material Handling Europe's mission to reach zero carbon emissions from its operations.

### Future sustainability plans

Our Italian mast factory currently purchases 100% renewable electricity - 2% of which is generated from solar panels on its roof.

By 2026, the factory wants to further reduce carbon emissions from its production activities by 35%, compared to 2014.

[Read more](#) 



'In 2022, energy costs in our Italian mast factory increased dramatically due to the global energy crisis. Thanks to our long track record in energy management, the company was able to avert a more painful outcome. It is important to manage and monitor energy, involving all departments, to identify opportunities and threats, and to be able to implement kaizen activities. Sustainability makes good business sense for us.'

### Sharon Aquilea

Sustainability Supervisor,  
Toyota Material Handling Europe,  
Lift Truck Equipment, Italy



### Toyota Material Handling Europe's energy consumption mix (Template ESRS E1-5)

ESRS E1-5 paragraph 35. The disclosure required by paragraph 33 shall include the total energy consumption in MWh related to own operations as follows:

(a) Total energy consumption from non-renewable sources for high climate impact sectors disaggregated by:		MWh (FY23)
i.	Fuel consumption from coal and coal products	0.00
ii.	Fuel consumption from crude oil and petroleum products	98,449.75
iii.	Fuel consumption from natural gas	45,137.36
iv.	Fuel consumption from other non-renewable sources	0.00
v.	Consumption from nuclear products	0.00
vi.	Consumption from purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	2,300.31
(b) Total energy consumption from renewable sources disaggregated by:		MWh (FY23)
i.	Fuel consumption for renewable sources (including biomass, biogas, non-fossil fuel waste, hydrogen from renewable sources, etc.)	175.79
ii.	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	65,432.77
iii.	Consumption of self-generated non-fuel renewable energy	1,577.26
<b>(a) Total non-renewable energy consumption: calculate as sum of lines (a)</b>		<b>145,887.42</b>
Sum	Share of non-renewable sources in total energy consumption (%)	68.5%
	<b>(b) Total renewable energy consumption: calculated as sum lines (b)</b>	<b>67,185.82</b>
	Share of renewable sources in total energy consumption (%)	31.5%
<b>Total energy consumption</b>		<b>213,073.24</b>

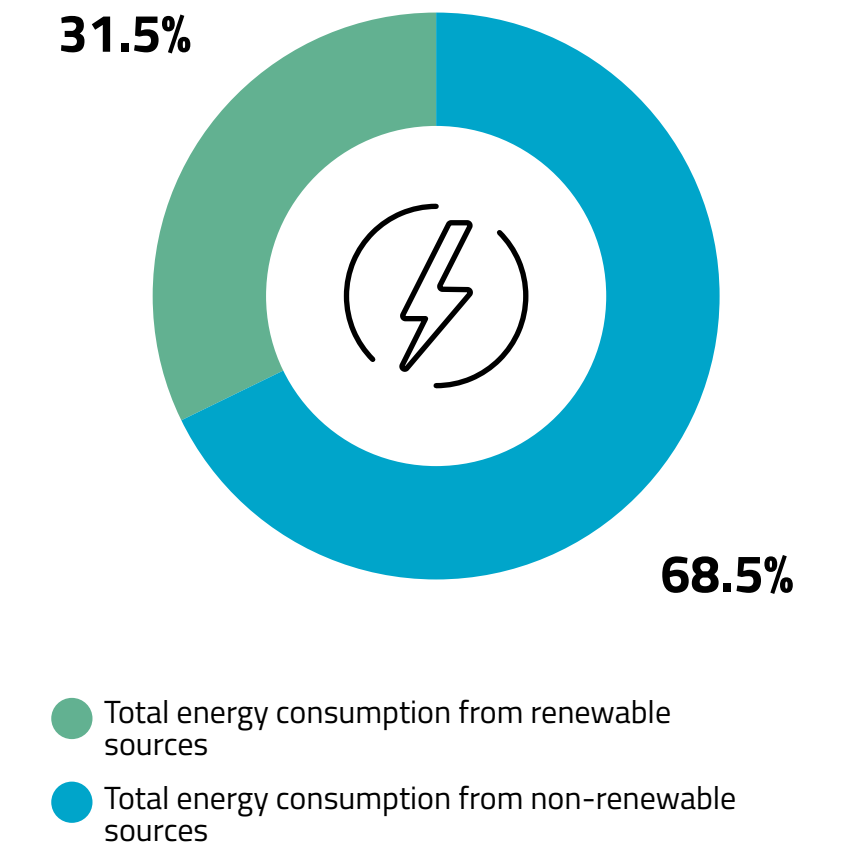
### Toyota Material Handling Europe's renewable versus non-renewable energy production (Template ESRS E1-5)

ESRS E1-5 paragraph 36. In addition, where applicable, the undertaking shall disaggregate and disclose separately its non-renewable energy production and renewable energy production in MWh.		MWh (FY23)
Non-renewable energy production		0.00
Renewable energy production		1,577.26

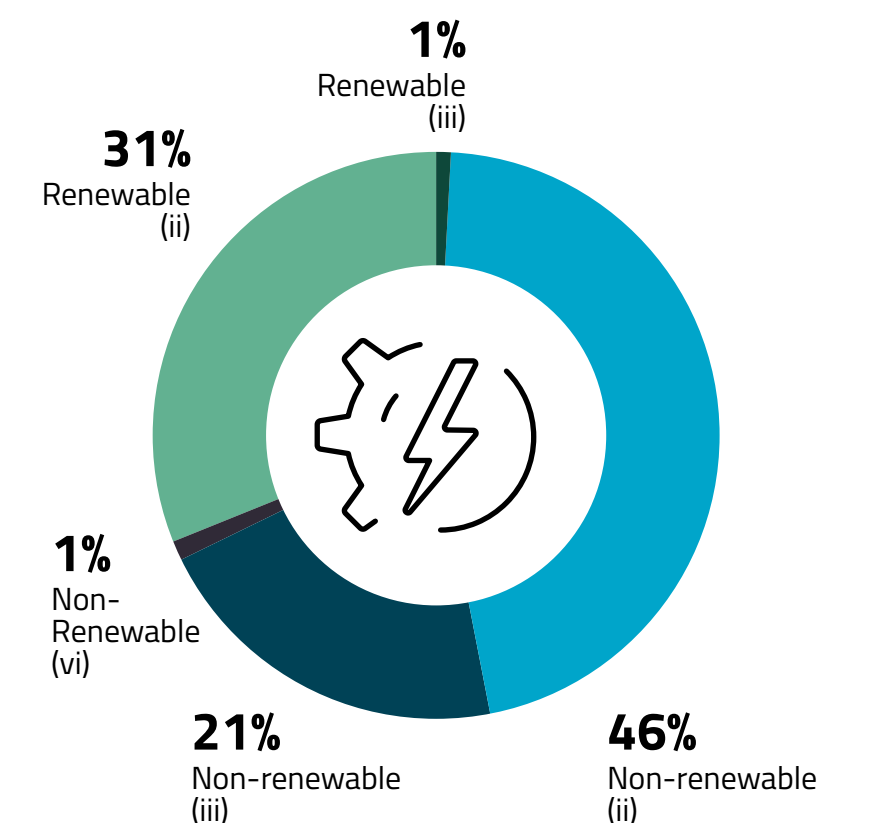
### Toyota Material Handling Europe's energy intensity

ESRS E1-5 paragraph 37. The undertaking shall provide information on the energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors.		Value (MWh /Million €)
Energy intensity per net revenue		70.94

#### Energy usage (GWh)



#### Energy usage by fuel (GWh)



**213.1 GWh**  
Total

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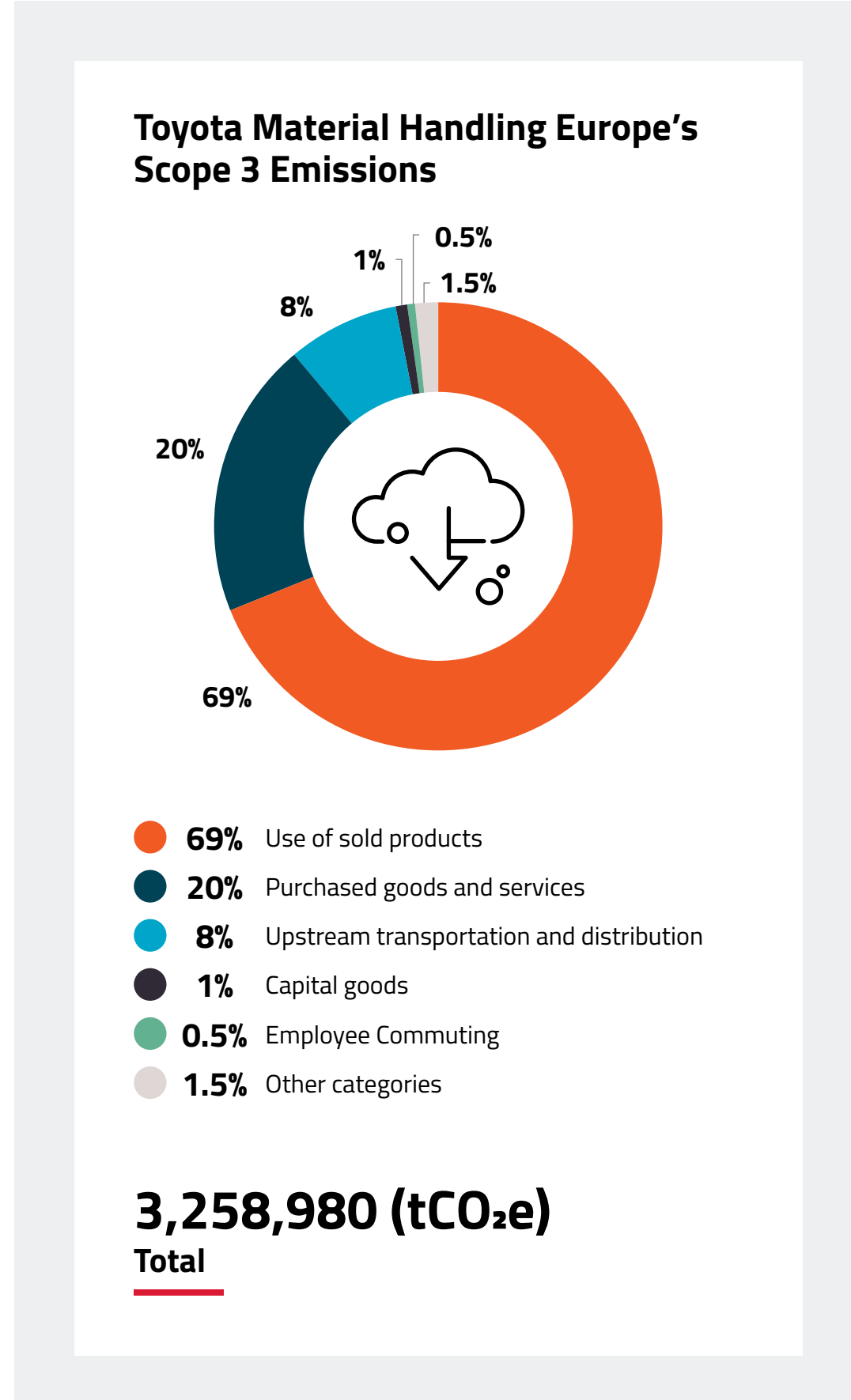
Scope	Brief description OR reason for exclusion (if any)	Verified Emissions (tCO <sub>2</sub> e)
<b>Scope 1</b>		31,569
<b>Scope 2 (Location-based)</b>		6,361
<b>Scope 2 (Market-based)</b>		573
<b>Out of Scope</b>		5,241
<b>Scope 3 total:</b>		3,258,980
<b>Cat 1 – Purchased Goods &amp; Services</b>	Emissions from goods procured where key emission sources are steel, batteries (Li-ion and lead-acid), aluminium, oils, rubber, copper, etc. Emissions from packaging & data servers	659,502
Sub-category: Cloud computing and data centre services		828
<b>Cat 2 – Capital Goods</b>	Emissions from capital goods such as machinery, building, etc.	34,530
<b>Cat 3 – Fuel and Energy-related Activities (not included in Scope 1 or 2)</b>	Wheel-to-tank (WTT) emission for the fuels and electricity used in operations	6,558
<b>Cat 4 – Upstream Transportation and Distribution</b>	Inbound as well as outbound transport paid by Toyota Material Handling Europe (road, rail, air, marine)	264,214
<b>Cat 5 – Waste Generated in Operations</b>	Emissions from waste generated in operations	1,381
<b>Cat 6 – Business Travel</b>	Emissions from business travel (air, rail, and road travel, hotel nights)	3,699
<b>Cat 7 – Employee Commuting</b>	Commuting to workplace, business travel by air, train, rental cars, staying at hotels	15,435
<b>Cat 8 – Upstream Leased Assets</b>	N/A - there are no upstream leased assets	0
<b>Cat 9 – Transportation and Distribution of Sold Products</b>	Scope 3 downstream transportation is excluded due to emissions from the activity being below the threshold*	Excluded
<b>Cat 10 – Processing of Sold Products</b>	Emissions from downstream processing of incomplete built units	7
<b>Cat 11 – Use of Sold Products</b>	Use-phase emissions from usage of products over their respective lifetime - based on trucks shipped this year and the amount of fuels (ICE trucks) and electricity (electric trucks) consumed across different regions	2,256,509
Cat 11a. – Downstream emissions from fossil fuels distributed but not sold by the company	N/A - there are no fossil fuels distributed	
<b>Cat 12 – End-of-life Treatment of Sold Products</b>	Emissions from end-of-life treatment based on materials in the sold units	14,172
<b>Cat 13 – Downstream Leased Assets</b>	Use-phase emissions from leased assets not belonging to Toyota Material Handling Europe	2,974
<b>Cat 14 – Franchises</b>	N/A - no franchises exist	
<b>Cat 15 – Investments</b>	N/A - there are no investments	
<b>Scope 1&amp;2&amp;3 total (Location-based)</b>		<b>3,296,910</b>
<b>Scope 1&amp;2&amp;3 total (Market-based)</b>		<b>3,291,122</b>

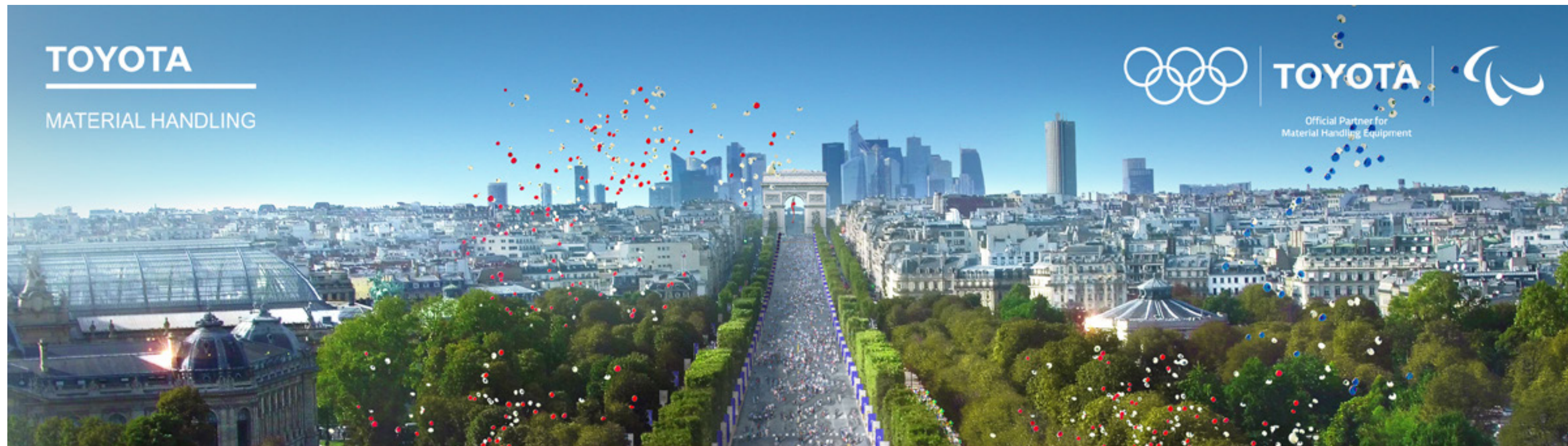
\* Emissions in this category stem from transportation from independent retailers. Total transportation emissions are ~8% of scope 3 whereas roughly 50% of those emissions are outbound transportation (i.e., 4% of total scope 3 emissions), which the transportation from independent dealers is categorised as. Roughly 25% of sales are via independent dealers, implying a maximum of ~1% of emissions could stem from downstream transportation. Hence, the activity is below the threshold and deemed suitable for exclusion.

## E1-6 Gross Scopes 1, 2, 3 and total GHG emissions

Scope 1&2 emissions were calculated based on energy data reported through our SOFI interim solution, in line with the [GHG Protocol Corporate Accounting and Reporting Standard](#) . The scope extension of reporting entities and changes in emission factors makes it difficult to compare data with our 2021 sustainability report.

Scope 3 emissions were calculated following the [GHG Protocol 'Technical Guidance for Calculating Scope 3 Emissions'](#) .





E1-7

### GHG removals and GHG mitigation projects financed through carbon credits

We are not involved in direct removal of greenhouse gases from the atmosphere and do not buy any carbon credits to offset our corporate carbon footprint.

As a company signed up with the SBTi, tools such as GHG removals and carbon offsets are only allowed once 90% of emissions are removed through the promotion of energy efficiency and renewable energy across our value chain. We do not aim to use carbon offsets for the foreseeable future, as we want to focus our Net Zero programme on the real elimination of carbon emissions.

### Olympic & Paralympic Games Paris 2024

We are involved in the Toyota sponsorship of the Paris 2024 Olympic Games. This one-off event is kept off our corporate carbon balance sheet. The Paris Games have set ambitious targets to halve the Games' overall carbon emissions compared to previous editions.

We will be supporting the Games by delivering electric material handling equipment on rental contracts. Our approach to mitigate carbon emissions by removing them wherever possible, reduce emissions with the adoption of good behaviour in hospitality, and – only as a last resort - use carbon offsets.

We have calculated our emissions using the full lifecycle emissions of trucks prorated by the duration of rental for the Games. We plan to compensate for over 100% of those emissions. These offsets have been selected by a robust local partner with a mix of local forestry and agricultural projects in France, are awarded with the 'Label bas-carbone' certification developed by the French government with a clear and transparent audit trail. This process will also provide us hands-on experience with carbon offsets as one of the tools for the decarbonisation of our remaining emissions in the future.

E1-8

### Internal carbon pricing

We are currently considering internal carbon pricing as one of several potential tools and incentives to drive progress on our net zero commitment.

E1-9

### Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The company has investigated certain physical and transition risks as part of preparing the business case for the Net Zero programme. The materiality of these effects and risks is yet to be formally evaluated as part of the company's preparation for compliance with relevant EU legislation. As of today, the company has not yet calculated any material potential financial effects from physical and transition risks. We will be able to cover this in more detail in future sustainability reports.




'We are proud to be supplying electric material handling equipment for the Olympic & Paralympic Games Paris 2024. This is a perfect opportunity for us to showcase the advanced technologies available today, which demonstrate that major steps are being taken to lower emissions and reduce environmental impact.'

**Mark Peters**

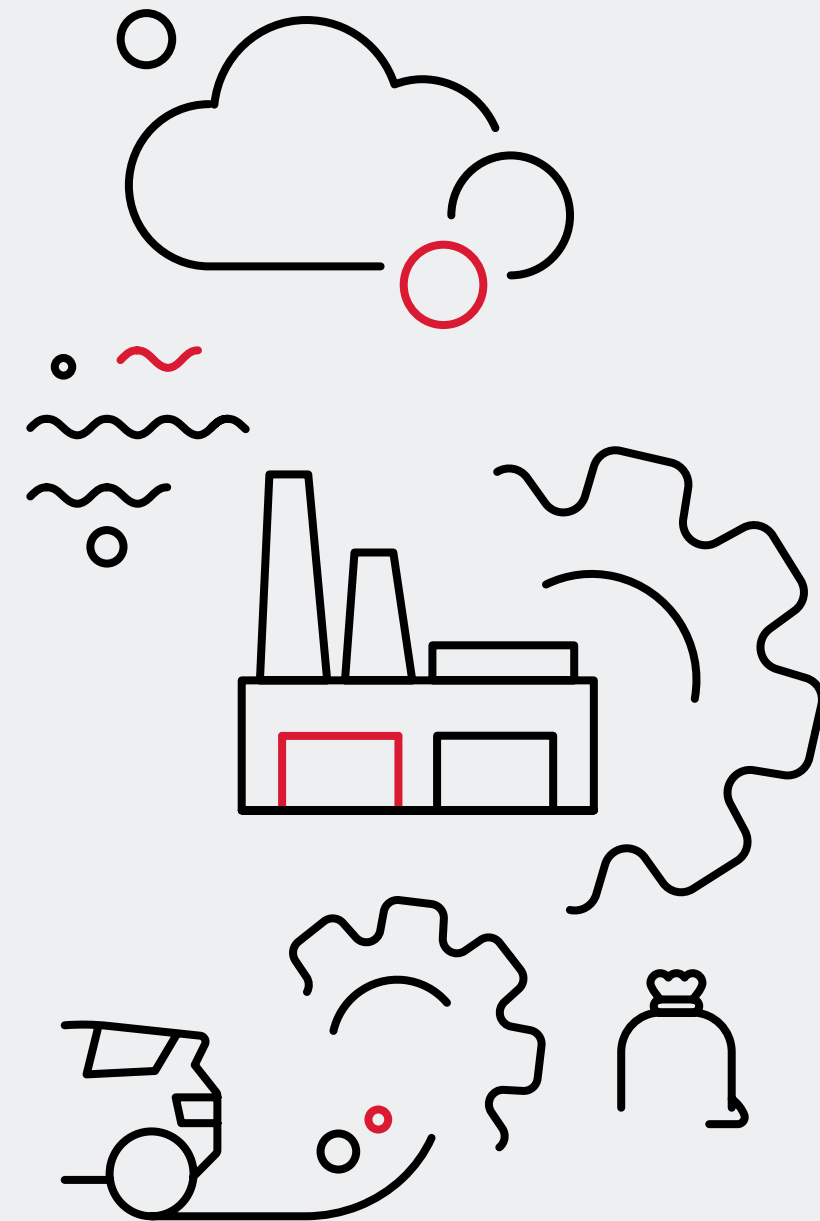
Marketing Director,  
Toyota Material Handling Europe

# ESRS E2 Pollution

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## Stepping up pollution prevention

As a manufacturer of forklift trucks, our own operations use various substances which could lead to pollution-related events. When potentially polluting substances are used in our operations, they are normally used in small quantities, in controlled environments to prevent spillage or contained in truck parts.

Nevertheless, we have implemented various processes to switch to less polluting substances where possible, to minimise spillage risk, and to report on any spillages when they occur in our own operations. For more information on why and where we use potentially polluting substances - and our procedures in place to deal with pollution - please consult [disclosure IRO-1](#)  and [disclosure E2-1](#) .

To fully comply with ESRS by 2026, we must complete a quantified analysis of impact, risk and opportunities. We can already share a qualitative assessment which demonstrates our current approach to pollution across the value chain. New and existing EU Green Deal legislation will continue to raise the bar on pollution prevention and control, for our customers, our suppliers and our company.

The risk of large-scale pollution-related events is mostly situated upstream, in the value chain. Therefore, major direct material suppliers are obliged to be ISO 14001 certified, and to sign our Code of Conduct for Suppliers, which sets out specific requirements on pollution control from our suppliers. The EcoVadis assessment we are rolling out to our suppliers will also enable us to manage this upstream risk.





Downstream, the largest pollution risk occurs if our trucks are involved in an accident at a customer site. This could lead to a number of issues including fire and major chemicals leaks, such as oil, gasoline and battery acid. This is why we focus on [customer safety](#)  as a material and strategic issue. A minor chemicals pollution event could also occur during maintenance at customer sites, which is why we have procedures in place to prevent, control and report this risk.

We see our commitment to net zero as a major opportunity to step up on pollution prevention and control. Significantly reducing the use of fossil fuels across the value chain will also have a positive impact on reducing other pollutants associated with sourcing, distribution and combustion of fossil fuels. Nevertheless, as manufacturers of electric trucks, we know we need to take a fully circular approach to dealing with environmental impacts, including pollution prevention and control.



## ESRS 2 IRO-1 Processes to identify and assess material pollution-related impacts, risks and opportunities








According to our 2021 materiality matrix, 'Environmental management' was considered a material – but not strategic – issue. As pollution prevention is the number one objective of environmental management, we equate both issues for the purpose of this report. While the Global Reporting Initiative (GRI) standards left it up to reporting companies to identify material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality. In the table on this page, we highlight the sub-topics covered in our previous report, which we can also continue to disclose in this report.

All our factories have an elevated potential risk of pollution-related events, as we use a range of chemicals throughout the production process. As part of their ISO 14001 certified environmental management system, all factories have procedures to prevent spillage to air, water and soil, to clean up accidental water or soil spillages, and have reporting procedures in place to inform Toyota Industries Corporation (TICO) and Toyota Material Handling Europe of such events. Where they are required to do so, factories will also report to local authorities with information on all the above.

ESRS E2 	
<b>Sustainability Matters covered in topical ESRS</b>	
<b>Pollution</b>	
<b>Pollution of air</b>	None specified in ESRS E2
<b>Pollution of water</b>	
<b>Pollution of soil</b>	
<b>Pollution of living organisms and food resources</b>	
<b>Substances of concern</b>	
<b>Substances of very high concern</b>	
<b>Microplastics</b>	
	not material, not covered in report
	material, covered in report
	material & strategic, more extensively covered
<small>This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.</small>	

All our Marketing & Sales Companies and logistics warehouses also have a risk of pollution-related events occurring in their locations and at customer sites due to the use of chemicals for maintenance and truck refurbishment. As part of their environmental management system, all Marketing & Sales Companies have control procedures in place to prevent spillages and clean up accidental spillages. Reporting procedures are also in place to inform Toyota Material Handling Europe. When spills occur at a customer site, our service technicians are trained to deal with them and report them to both the customer and Toyota Material Handling Europe.

Our R&D and purchasing departments work together to identify [Substances of Very High Concern](#)  (SVHCs). We continuously work with suppliers to find potential replacements for SVHCs – please see [disclosure E2-4](#)  for more details.

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## E2-1 Policies related to pollution

The **Toyota Industries Corporation's (TICO) Environmental Policy** states that we strive to use more environmentally friendly chemical substances in our products, while reducing unwanted substances from our own production activities.

The same policy objectives are reflected in our own **Code of Conduct**. ISO 14001 certification is mandatory for all factories globally and recommended for other entities. Factories need to conduct independent, high-quality internal audits based on their environmental management system.

Our **Code of Conduct for Suppliers** states that suppliers shall comply with any applicable laws and regulations such as the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances Directive (RoHS) which prohibits or restricts using specific substances. Suppliers must identify, manage and list SHVCs as required by each entity and comply with applicable labelling laws and regulations for design, manufacturing, recycling and disposal.

Environmental risks and impacts need to be identified to optimise environmental performance and environmental improvement plans shall be reviewed every year. Suppliers need to control air emissions of volatile organic compounds (VOCs), corrosives, particulates and ozone-depleting chemicals. Combustion by-products generated from operations, as required by applicable laws and regulations before discharge, must also be monitored. Suppliers must investigate the possible risks of ground contamination due to previous or ongoing activities on their premises.

Wastewater, solid waste, and air emissions must be reduced by suppliers, including energy-related indirect air emissions and substances of concern, by implementing appropriate conservation measures and by recycling, reusing, or substituting materials. Possibilities to convert to renewable energy sources must be identified. Finally, suppliers must prevent any severe environmental pollution – if this does occur, suppliers must report any cases to Toyota Material Handling Europe and to any other authority, as required by law. Environmental complaints must be recorded and acted upon.

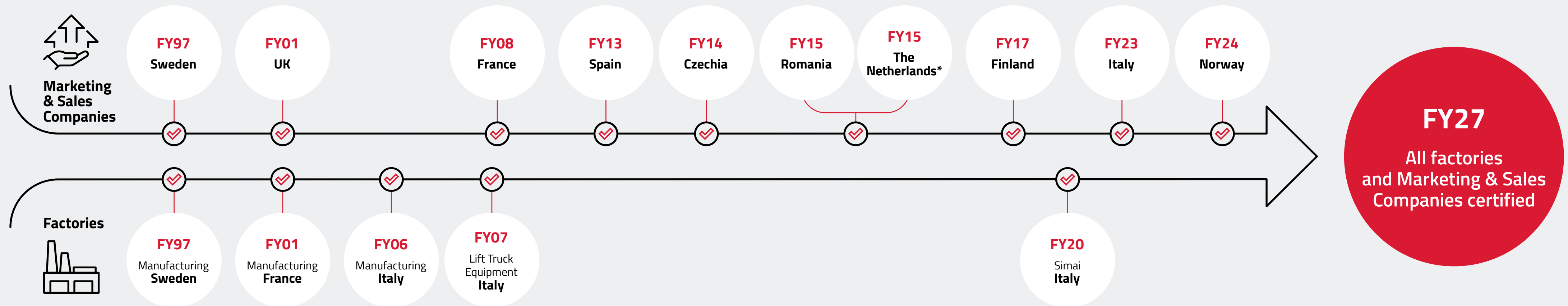
## E2-2 Actions and resources related to pollution

All five of our factories - as well as four of our Marketing & Sales Companies - have established Quality, Health, Safety, and Environment (QHSE) functions with teams of experts and budgets dedicated to maintaining management systems according to up to five different ISO management standards.

In some of our mid-sized entities, this role is performed by one dedicated full-time expert. In all other entities, responsibilities are carried out by a professional who also has other responsibilities outside of QHSE.

Due to our decentralised business model, budgets and resources are a local responsibility, for which information is not yet centrally collated. To align with the ESRS, we will have to collate and report this data centrally by 2026.

### Our ISO 14001 certification journey



\* The environmental management system in Toyota Material Handling Nederland (2015) is certified to the BMWT standard, which is developed by the Dutch sectoral organisation for industrial machinery companies.

We have two Europe-wide accreditation programmes: within our own organisation, we have the Lean Service Excellence (LSE) programme, and our independent partners undertake the Aftersales Service Evaluation & Certification (ASEC). These programmes ensure service teams and distributors have the right process in place to meet technical requirements and can service trucks safely with respect for the environment.

Our employees' annual 'Environmental Month' awareness campaign has been dedicated to pollution prevention and control for the last three years. We invited companies in our network to take part in World Cleanup Day 2023, as part of our commitment to 'Make World Cleanup Day Even Bigger'.

Over 1,000 employees from 14 countries took part in World Cleanup Day this year.



## Metrics and targets








### E2-3

### Targets related to pollution

In the last few decades, environmental legislation mostly targeted activities taking place within manufacturing processes. This is why our company has a policy to make ISO 14001 mandatory for all our factories. We have further cascaded this requirement to our major suppliers. Due to the EU Green Deal, we see a shift in focus from manufacturing to production and services at the point of sales. So far, 45% of our Marketing & Sales Companies have voluntarily chosen ISO 14001 certification.

We have set a target for all sales companies and logistics warehouses to achieve ISO 14001 by 2030. This will provide a management system that enables them to be compliant with emerging legislation. While EU regulations are standardised across EU countries, directives differ in their interpretation at EU level by national parliaments, which is why we believe environmental compliance is best managed at entity level.

All our objectives and targets - including those relating to [pollution](#) - are outlined in ESRS 2.

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**E2-4**

## Pollution of air, water and soil

Our factories in France, Italy and Sweden must report any violations of environmental regulations to TICO within 24 hours through the sustainability reporting software, 'RISE'. This requires separate reporting of releases to air, water, and soil, as well as incidents with foul odour, noise, vibrations, waste or other environmental violations.

At a European level, all entities must report volumes of substantial spills of chemicals on the Toyota Material Handling Europe sustainability reporting software. In FY23, we had zero reported accidental chemical spills affecting air, water or soil.

Additionally, TICO requires all factories worldwide to minimise substances of concern in its production. For this reason, our factory in Sweden switched from using solvent-based paint several years ago, to using powder-based paint now.

By implementing our [climate targets](#) , we will significantly reduce pollution resulting from fossil fuel combustion by suppliers, from our own operations, and from our products.

In 2023, our Marketing & Sales Company in Belgium implemented a project to reduce VOCs. Toyota Material Handling Belgium decided to change the type of paint, the paint spraying and paint drying procedure used in the repair and refurbishment of trucks coming back from customers.


This new product was applied without any technical adaption to existing infrastructure and the result was similar to the finished look of freshly painted trucks. On top of that, the project managed to reduce VOC emissions resulting from the painting process by 45%. Though not exceeding legal VOC limits, this reduction means healthier conditions for workshop technicians.

**E2-5**

## Substances of concern and substances of very high concern

According to the EU Waste Framework Directive, companies have an obligation to register any products containing substances of very high concern into the 'database for information on Substances of Concern in articles as such or in complex objects' (SCIP database), which is managed by the European Chemicals Agency (ECHA).

Since 2020, we have contacted over 600 suppliers to provide necessary information concerning SVHC presence in their products. This allows us to obtain necessary data to comply with our reporting obligations at a factory level. In 2023, we implemented a simplified solution to register SCIP numbers for each relevant legal entity, by linking to the SCIP numbers created for factories.

According to the EU REACH regulation, the company has a duty to inform customers on all our products containing SVHCs. We update the [REACH letter](#)  on our website annually to ensure our customers have access to this data. We have noticed an increasing amount of customers asking for our SCIP numbers, despite SCIP not being designed with end-users in mind. The data should be used by the entities that take care of machine disposal.

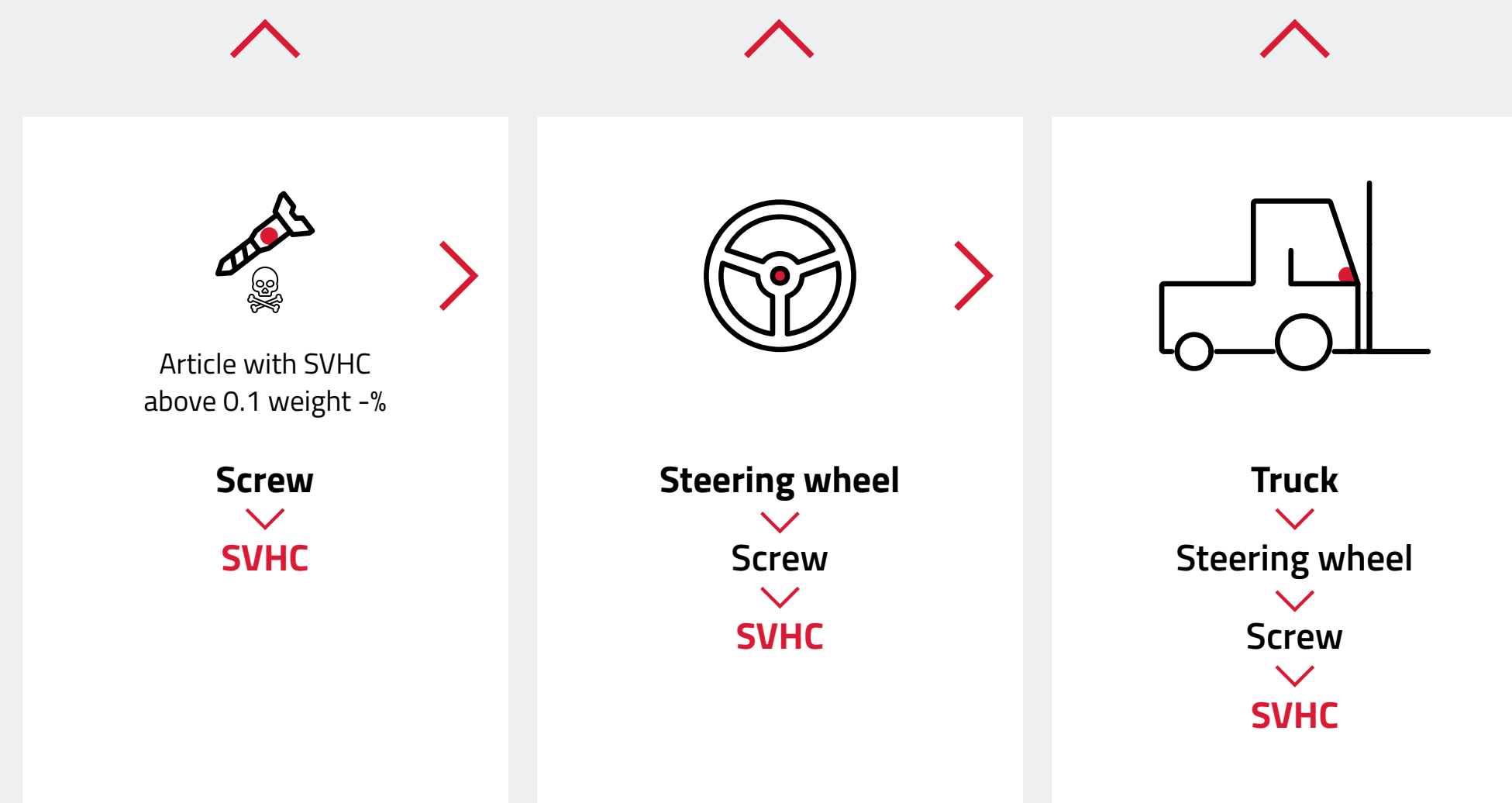
**E2-6**

## Anticipated financial effects

It is currently too early for us to report on potential financial effects from pollution-related impacts, risks and opportunities in our own operations and across our value chain.

### Notification in the SCIP database

Information duty applies to every actor in the supply chain from the first article containing SVHC



'Thanks to a paint project in Toyota Material Handling Belgium, we have reduced our volatile organic compounds emissions by 45%'.

**Philip de Jongh**

Safety, Health, Environment and Quality (SHEQ) Manager,  
Toyota Material Handling Belgium

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# ESRS E3

## Water and marine resources



### Our water approach

To fully comply with the European Sustainability Reporting Standards (ESRS) by 2026, we will have to complete a quantified analysis of impacts, risks and opportunities. We plan to do this by then - for now, we will share a qualitative assessment which represents our current approach to water and marine resources across the value chain.


As a manufacturer of forklift trucks, our stakeholders consider it unlikely that our own operations have a material impact on water and marine resources. Our factories are mainly assembly plants with limited water withdrawals.

If there are any material impacts, they are likely to be found upstream in the value chain. For example, manufacturing lead-acid batteries for our electric trucks is a water-intensive process.

So far, we have not identified any significant downstream effects on water and marine resources from the use of or disposal of our products by customers. Unlike other ESRS topics, our customers do not normally consider water to be a criterion which may potentially exclude us as a supplier.

#### ESRS 2 IRO-1

### Processes to identify and assess material water and marine resources-related impacts, risks and opportunities

According to our [2021 materiality matrix](#) , 'Water' was considered a non-material issue, as we only focused our questions on the impact of our own operations.

While Global Reporting Initiative (GRI) standards left it up to reporting companies to identify their material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality across the value chain. In previous reports we covered water withdrawals.

The ESRS makes a distinction between water consumption - where water is used to create the end product - and water withdrawals, where water is used in the processes, e.g. for cleaning purposes, but is then released again. As a manufacturer of material handling equipment, we consider our water consumption to be negligible or close to zero, which is why we continue focusing on reporting water withdrawals.

We do not collect data on water discharge. For now, we presume this to be roughly equal to our water withdrawals. Since we have no major facilities close to the coast, we also assume that water discharge into the ocean is zero. None of our business entities are involved in the extraction and use of marine resources. We are not aware of partners in our supply chain involved in the extraction or use of marine resources (except for fossil fuels, which we are trying to eliminate through our Net Zero programme).

Following internal environmental reporting guidelines from Toyota Industries Corporation, we started reporting water abstraction in 2012 - the process of extracting water from any natural source (e.g. ground water or water from rivers or lakes) - internally across our European operations. From 2015, we started including this data in our public reporting. These figures - relatively low compared to other industrial sectors - provide further evidence that water is not the most critical environmental issue that our company needs to focus on.

Nevertheless, as an environmentally-responsible and cost-conscious company, we encourage local entities to reduce their water consumption. For example, factories in France and Sweden have significantly reduced their water usage while growing their revenue.


ESRS E3	
Sustainability Matters covered in topical ESRS	
Water and Marine Resources	
Water	Water consumption
Marine Resources	Water withdrawals
	Water discharges
	Water discharges in the oceans
	Extraction and use of marine resources

not material, not covered in report  
 material, covered in report  
 material & strategic, more extensively covered


This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.

#### E3-1

### Policies

Across our value chain activities, our company's approach to water stewardship falls in line with with the principles set out in the **Toyota Industries' Environmental Policies** .

Our commitment to efficient resource use, pollution prevention and environmental management through the ISO 14001 standard implicitly covers water as a resource to be managed responsibly.

Every supplier is required to sign the **Code of Conduct for Suppliers**  as part of onboarding or their contract renewal. This document requires suppliers to monitor water usage, analyse, control and treat wastewater, and prevent contamination of stormwater runoff from their facilities.



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## E3-2 Actions and resources


While we do not set water targets at a central, corporate level, local entities are encouraged to drive water targets as a local priority.

As 'Water' is one of EcoVadis' 21 sustainability criteria, our 25 local entities - as well as over 200 suppliers who agreed to share their EcoVadis sustainability rating - are currently being assessed on key aspects of how they manage it.

Although we do not currently focus on water as a material issue across our value chain, we will deepen our focus in future. Once suppliers have been onboarded with the EcoVadis tool, its built-in risk heat map will allow us to investigate water risks in our own operations and across our supply chain.

## Metrics and targets

### E3-3 Targets

As required by the EU Taxonomy's Do No Significant Harm criteria , all our locations will undertake a water risk assessment by 2025.

By 2027, we will also identify supply chain categories which impact highly on water use and pollution. This will help us select suppliers based on best practice.

In a 2023 environmental management survey, 11% of operational entities reported that they have local water targets as part of their ISO 14001 local environmental management systems.

We encourage other entities - especially those impacted by high water stress - to do the same.

All our objectives and targets - including those relating to environmental targets  - are outlined in ESRS 2.

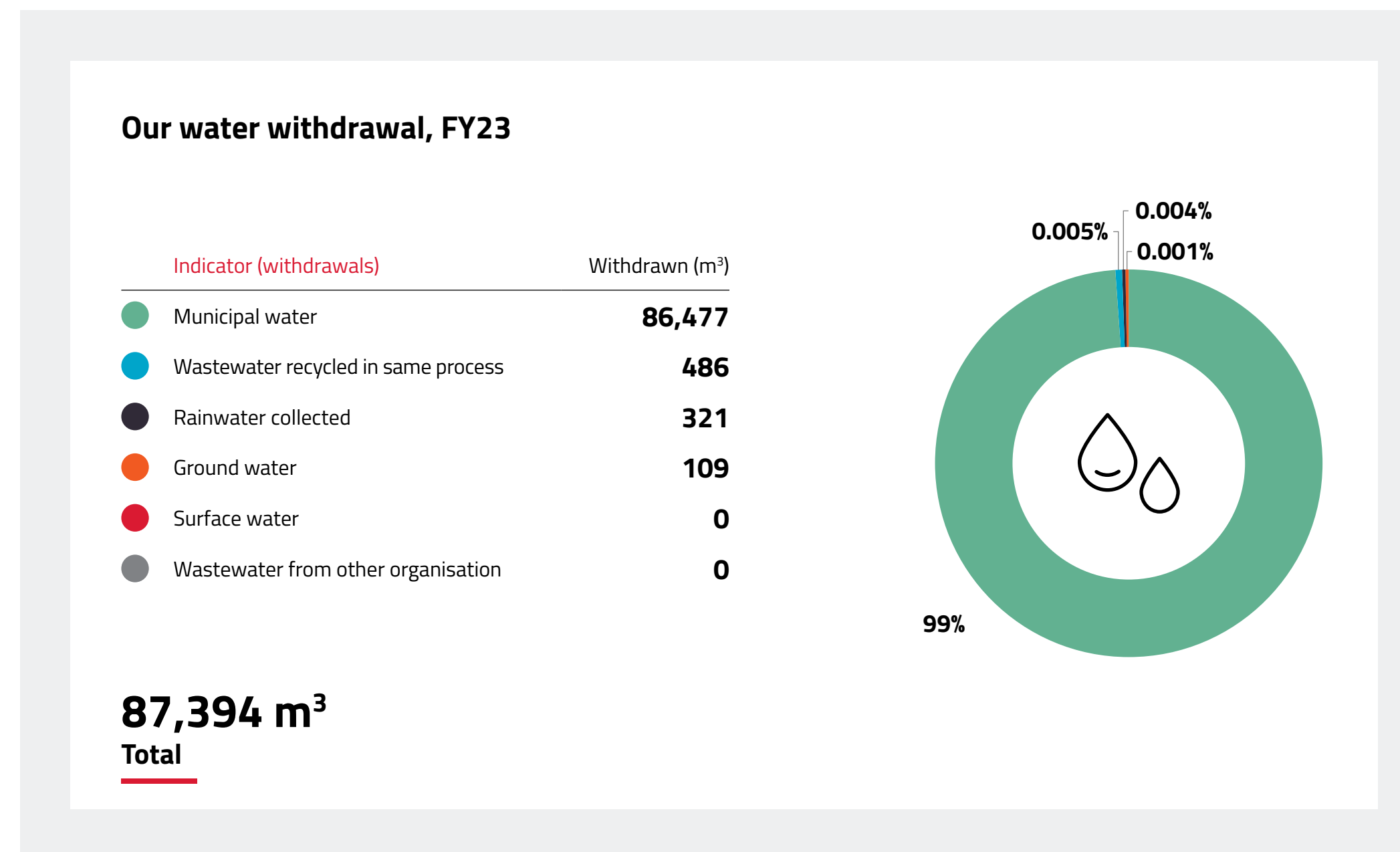
## E3-4 Water consumption

### Water withdrawal

ESRS E3-4 paragraph 28. The disclosure required by paragraph 26 shall include:		Value (Dm³)
<b>(a)</b>	Total water withdrawals	87.39
<b>(b)</b>	Total water consumption	Not Recorded
<b>(c)</b>	Total water discharges	Not Recorded
<b>(d)</b>	Where material, discharges for priority substances (in tonnes or kilograms)	None

### Water intensity management

ESRS E3-4 paragraph 32. When the undertaking provides the disclosure required by paragraph 30, it shall include the following:		Value (Dm³)
<b>(a)</b>	Total water withdrawals	0.027536772
<b>(b)</b>	Total water consumption	Not Recorded
<b>(c)</b>	Total water discharges	Not Recorded



Since 2019, all of our factories and 81% of our Marketing & Sales Companies report their water data on a quarterly basis. Most of the entities who do not report this data are small companies where water rates are included in the rent. Therefore, limited data is available.

Over 95% of reported water usage is municipal water. Rainwater makes up 4% of our total water consumption, up from 1% in FY19. Recycled process water and ground water were both reported as less than 1% of water usage.

In FY23, our entities reported over 87,000 m³ of water usage - over 65% of which was used in our factories as part of the manufacturing process. Water used in our Marketing & Sales Companies was primarily used to clean rental and used trucks.

As our business has grown, the company's water withdrawals have increased by 33% since FY21 - however, our water withdrawals have decreased by 13% relative to revenues, so we have become more water efficient.

## E3-5 Anticipated financial effects

Water is estimated to represent under 0.01% of the company's annual expenditure - therefore water consumption is unlikely to be a financially-material factor in our operations or for our entities.

For operations or suppliers in water-stressed areas, there is an increasing risk that water may become unavailable for one or more days. In future, this could potentially cause significant disruptions to our value chain.

As we only recently started aligning more closely with suppliers on their sustainability risks, it is at this point too early to quantify risks in the supply chain. As EcoVadis is increasingly rolled out to our suppliers, we will be able to assess sustainability topics such as water in more detail.

# ESRS E4 Biodiversity and ecosystems



## Our approach towards biodiversity

### E4-1

### Transition plan and consideration of biodiversity and ecosystems in strategy and business model

As biodiversity and ecosystem management has not yet been considered a material topic for our business, we do not currently have a specific transition plan relating to it.

### ESRS 2 SBM-3

### Material impacts, risks and opportunities

As a company, we will need to complete a quantified analysis of impacts, risks and opportunities by 2026 to be fully aligned with the European Sustainability Reporting Standards (ESRS) by 2026. For now, we can share a qualitative assessment which outlines our current biodiversity approach, across the value chain.

As a manufacturer of forklift trucks, our stakeholders consider it unlikely that our operations have a material impact on local biodiversity. In our industry, biodiversity impacts are more concentrated upstream in our supply chain, which is why biodiversity is integrated in our [Code of Conduct for Suppliers](#).

Nevertheless, to comply with the ESRS, we will conduct a biodiversity risk assessment in 2024 to see whether any of our locations fall within a radius of an officially protected biodiversity hotspot.

Any future material impacts will need to be considered in line with EU regulations, for example:

- The EU Deforestation-free Regulation will require us to investigate suppliers of rubber components (e.g. tyres), as some rubber plantations may have negative effects on biodiversity-rich areas
- The EU Conflict Minerals Regulation will require us to investigate the origins of any tantalum, tin, tungsten or gold sourced – illegal mines in conflict areas producing these metals can have devastating effects on people and biodiversity-rich areas

So far, our conversations with suppliers conclude that no-one in our value chain has yet reported the presence of tantalum, tin, tungsten or gold in any of the materials that we source.

We have not identified any significant biodiversity downstream effects from the use or disposal of our products by customers. The opportunity given by biodiversity reporting allows us to provide increased transparency to our customers, who have indicated that due to EU legislation, they will start excluding suppliers if those suppliers are not transparent enough.

Additionally, several customers adhere to the Organisation for Economic Co-operation and Development's (OECD's) voluntary [Due Diligence Guidance for Responsible Supply Chains of Minerals](#). Recent customer requests include adding cobalt to the scope of our conflict minerals reporting. Some customers have also requested certified responsibly sourced rubber, whether via the Forest Stewardship Council (FSC) or an equivalent standard.

### ESRS 2 IRO-1

### Processes to identify and assess material biodiversity and ecosystems-related impacts, risks and opportunities

According to our [2021 Materiality Matrix](#), 'Biodiversity' was considered a non-material issue, so we only focused on the impact of our own operations. While Global Reporting Initiative (GRI) standards left it up to reporting companies to identify their material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality. In our previous reports we did not cover any the possible material sub-topics or sub-sub-topics matching those listed by ESRS, therefore we are not yet able to cover any of these within the scope of this report.

#### ESRS E4

#### Sustainability Matters covered in topical ESRS

##### Biodiversity and Ecosystems

<b>Direct impact drivers of biodiversity loss</b>	Climate Change
	Land-use change, fresh water-use change and sea-use change
	Direct exploitation
	Invasive alien species
	Pollution
	Others
<b>Impact on the state of species</b>	Species population size
	Species global extinction risk
<b>Impact on the extent and condition of ecosystems</b>	Land degradation
	Desertification
	Soil sealing
<b>Impact and dependencies on ecosystem services</b>	

- not material, not covered in report
- material, covered in report
- material & strategic, more extensively covered

This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.



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## E4-2

### Policies

The Toyota Industries Group [Sustainability Policy](#) states: “We aim for growth that is in harmony with the environment by seeking to minimise the environmental impact of our corporate activities, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish, and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organisations involved in environmental preservation.”

Our own [Code of Conduct](#) refers to preservation of the natural environment in general terms but does not specifically mention biodiversity.

The company’s [Code of Conduct for Suppliers](#) has a chapter dedicated to environmental management requirements for suppliers, including biodiversity: “Conservation and Biodiversity Business activities are not conducted in High Conservation Value Areas, unless the area is certified according to a system recognised by Toyota Material Handling Europe.”

## E4-3

### Actions and resources related to biodiversity and ecosystems

At this stage, we have no dedicated actions or resources related to biodiversity and ecosystems. However, the issue is integrated in our larger Environmental, Social and Governance (ESG) engagement framework with our network and our suppliers.

Although we do not currently focus on biodiversity issues, we will deepen our focus on them in future. Once suppliers have been onboarded with the EcoVadis tool, its built-in risk heat map will allow us to investigate biodiversity risks in our own operations and across our supply chain.

We expect our operations’ biodiversity impact to be relatively low. Nevertheless, in some of our facilities, local sustainability champions drive biodiversity-themed activities as part of our ‘environmental month’ agenda, which helps increase employee awareness around the topics.

For example, Toyota Material Handling France has installed beehives with rare species of honeybees. Honey from the hives is offered in the canteen, to engage employees on the importance of biodiversity.

Our French factory in Ancenis has replaced lawnmowers with rare sheep breeds – a solution which is less expensive and reduces CO<sub>2</sub> emissions.

## Metrics and targets

### E4-4

#### Targets

In 2024, the company is planning to conduct a biodiversity impact assessment in line with the [Do No Significant Harm \(DSNH\) criteria of the EU Taxonomy](#). This will assess the biodiversity impact of our products, operations and supply chain. We will focus on specific materials within our supply chain which may present a biodiversity risk e.g. rare-earth metals, rubber parts.

Following on from this, we plan to develop a biodiversity-related sustainability policy by 2026, in alignment with the ESRS.

All our objectives and targets - including those relating to [environmental targets](#) - are outlined in ESRS 2.

The EU Deforestation-free Regulation, expected to come into force in 2025, aims to protect the world’s forests and covers a broader set of commodities - such as rubber – compared to similar existing regulations. We will investigate whether any of the parts we use are in scope of this regulation.

### E4-5

#### Impact metrics related to biodiversity and ecosystems change

As biodiversity is one of EcoVadis’ 21 sustainability criteria, Toyota Material Handling Europe’s 20 Marketing & Sales Companies and 5 factories - as well as over 200 suppliers who agreed to share their EcoVadis sustainability rating - are currently being assessed on their biodiversity risks.








### E4-6

#### Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities

It is too early to state our position on the disclosures outlined above, as it will depend on the outcome of:

- Our [double materiality exercise](#)
- The mandatory biodiversity risk assessment of our operational sites
- The evaluation of our existing suppliers’ performance against applicable EU legislation
- Our supply chain biodiversity risk mapping, using the EcoVadis platform

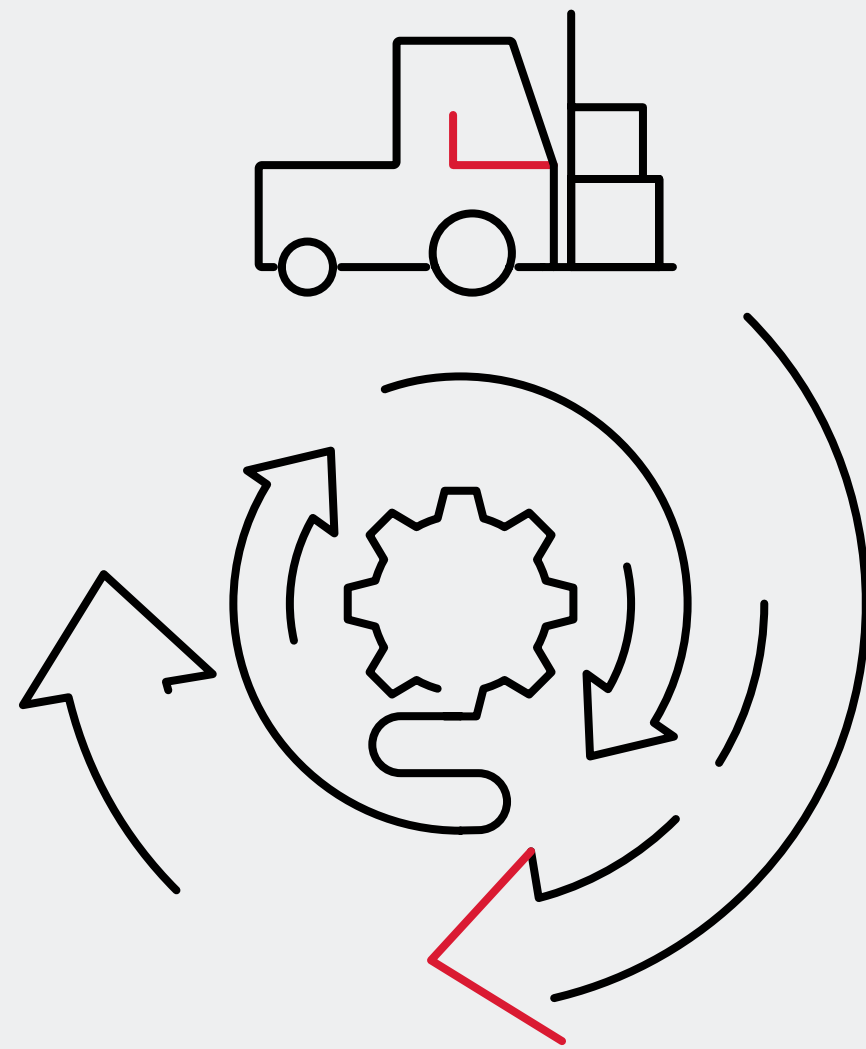


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# ESRS E5 Resource use and circular economy




## New opportunities for circular business model innovation

We support the EU in its vision: by focusing on circular economy and resource use, there is an opportunity to reduce emissions, stimulate employment, reduce dependency on imported materials and improve human rights issues in raw material supply chains.

To fully comply with ESRS by 2026, we will have to complete a quantified analysis of impact, risk and opportunities. We can already share a qualitative assessment which informs our current approach to resource use and circular economy across the value chain.

In 2021, our stakeholders informed us that they considered resource use to be an important issue. For the last few years, our customers also increasingly expect information on Life-cycle assessments (LCAs) for our products and want to offer 'circular trucks and services'.

As part of our corporate carbon footprint exercise to prepare our science-based targets submission, we have also analysed our corporate value chain (scope 3) emissions, [which can be consulted here](#) .

While we have a significant amount of data on material flows, we are not yet able to present data in tonnes of materials required for reporting in line with ESRS E5. We plan to do so in future reports.

Disruptive new regulations provide our industry - and our company - with opportunities to innovate and move towards a circular economy business model. A cornerstone of the EU Green Deal, we see a step change in EU legislation in this area, which should also be considered in conjunction with other EU Green Deal legislation, already discussed in our [Pollution section](#) . We are actively working with experts to develop a risk map and a roadmap to compliance.


Nevertheless, we encounter some of the same industrial challenges as our peers with whom we exchange information on these topics.

- 1. The cost of reverse supply chains:** There is a good case for re-manufacturing wheels – they have an inner core of durable steel and an outer tyre made from synthetic materials or rubber which wear out. Initial estimates showed that it was 70% more expensive. However, new research has now found that transporting parts is more cost-competitive. We believe challenges like these will become increasingly solvable over time, but they are not easy to implement and require a partnership approach across the value chain.
- 2. Lack of knowledge or skills:** Circular business models challenge the status quo – even when circular solutions are more efficient, innovative and cost-effective, they can be a hard sell. For example, re-manufactured trucks have a quality guarantee close to new, while refurbished trucks come with a lower quality level guarantee.
- 3. Lack of standardised data and reporting procedures:** As the EU Green Deal will make it mandatory for us and our value chain partners to measure and report more information around resource flows, this will hopefully facilitate a more standardised approach towards circularity across EU value chains.
- 4. Greenwashing:** Because of a shift in consumer behaviour, second-hand trucks are being requested more and more, often as part of the customer's commitment to transitioning to a circular economy. The absence of legal definitions means that trucks are sometimes marketed by others as 'used' after only one month in operations. Legal standards are necessary to protect customers from greenwashing and to create a level playing field.

The EU's evolving legal framework will enable us and our peers to work towards a common understanding of 'circular trucks and services' in the context of our industry.


### ESRS 2 IRO-1

## Description of the processes to identify and assess material circular economy issues

In our 2021 Materiality Matrix, 'Circular economy' was rated as a material issue (not material and strategic). In 2023, we launched the [Optimisation of Lifetime Profitability](#) , where circularity was upgraded to a material and strategic issue.

While the Global Reporting Initiative (GRI) standards left it up to the reporting companies to identify material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality.

Our previous reporting focus was on waste from operations and our second-life strategy for our trucks. Resource inflows (products and equipment used in our own operations and along the value chain) and resource outflows (resources which leave our organisation, including waste) related to products and services have so far been out of our scope and data has not yet been collected, which is why in this report the focus will be on our general approach to resource use and circular economy.

ESRS E5 	
<b>Sustainability Matters covered in topical ESRS</b>	
<b>Circular Economy</b>	
<b>Resource inflows, including resource use</b>	Not provided yet by EFRAG
<b>Resource outflows related to products and services</b>	
<b>Waste</b>	
<input type="radio"/>	not material, not covered in report
<input checked="" type="radio"/>	material, covered in report
<input type="radio"/>	material & strategic, more extensively covered
This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.	

**E5-1**

## Policies related to resource use and circular economy

The **Toyota Industries Environmental Policy** states that we strive to use natural resources more effectively. The same policy objectives are reflected in our own **Code of Conduct**.

ISO 14001 certification is mandatory for all factories globally and recommended for other entities. Factories need to conduct independent, high-quality internal audits based on their environmental management system.

Our **Code of Conduct for Suppliers** states that suppliers shall comply with any applicable laws and regulations. Suppliers shall manage and dispose of hazardous and non-hazardous waste generated from operations. Waste must be stored, handled, transported and disposed of in a manner that protects workers and the environment.

No waste shall be landfilled on site, while hazardous and non-hazardous waste shall be kept separately. Waste must not be incinerated on site, unless this is related to recovering energy. On request, records shall be made available which outline how, where, how much and by whom waste is treated. Opportunities to repair, reduce, reuse and recycle waste must be identified and implemented.

To ensure that suppliers actively embed these commitments into their operations, our major suppliers are required to be ISO 14001 certified.

**E5-2**

## Actions and resources related to resource use and circular economy

Toyota Material Handling Europe has not yet established an overarching strategy to establish a circular business model for the entire company. However, we see the potential for circular economy to enhance our triple bottom line, i.e. people, planet, and prosperity, which is why we are currently running a number of internal projects as well as pilot projects with key suppliers.

While we are not able yet to disclose dedicated resources in a meaningful way, we are able to describe five areas of activities being driven through project teams in the organisation.

### Optimisation of Lifetime Profitability (OLP)

In 2023, Toyota Material Handling Europe launched the OLP initiative with three strategic goals:

- ☑ Monitor, control and extend the lifetime of our products
- ☑ Optimise financial flow
- ☑ Minimise environmental impact

Toyota Material Handling is currently operating around 250,000 rental units in different regions. We are already preparing and reutilising roughly 60% of our rental fleet returns for a second life as used trucks sold to our direct customers, managed directly by our own Marketing & Sales Companies. An additional 30% is reutilised through non-direct customers, i.e. independent distributors or traders. Approximately 40% of the direct customer second life machines are re-entering our rental schemes to support customer applications. We want to boost these numbers, which is why the OLP is focused on identifying first and second-life opportunities to minimise waste and improve circularity.



### Extending refurbishment capacity across our network

Toyota Material Handling Europe operates 40 refurbishment centers in 20 countries around Europe. Over 600 trained and certified technicians provide repairs and refurbishment services. It processes over 100,000 units per year. All refurbishment centers are certified according to Toyota LEAN and the Toyota Production System.








In Sweden, our sales company has been working on developing a more circular business model for decades, through the activities of its truck refurbishment centre Truckhuset, based in Mjölby. In close collaboration with the University of Linköping, the organisation has successfully developed ways to increase the useful life of the truck and reduce the required product assembly duration time for remanufacturing.

When it comes to our workshop operations, every national entity has one or several physical buildings that contain workshops. There, trucks undergo maintenance, repair, and refurbishment. All equipment arriving to and shipping from the workshop must be fully traceable.

### Refurbishment centre Ancenis

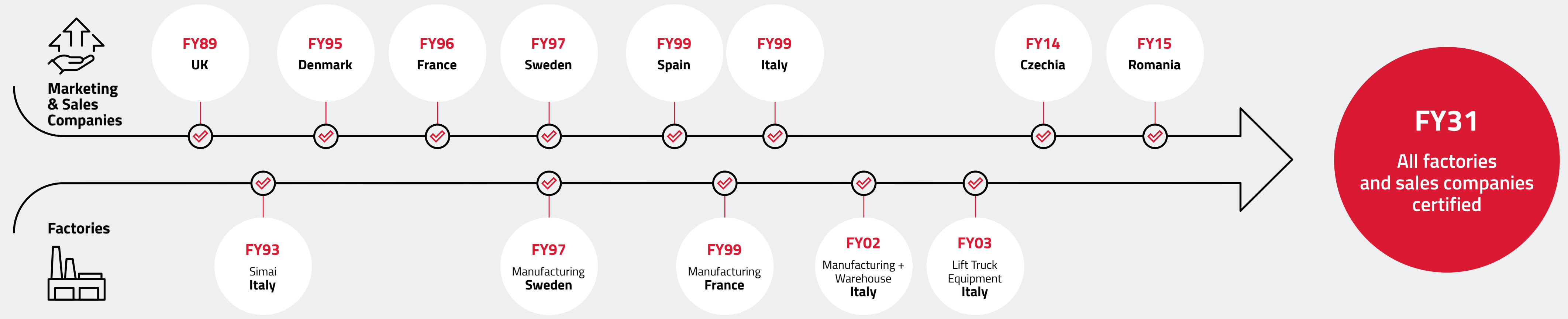
As our rental portfolio has grown, an increasing number of trucks return to our Marketing & Sales Companies, who are faced with an increasing amount of trucks needing to be fixed.

We want to refurbish these trucks and sell them as a second-hand option for our customers, which is why our Rental & Used department asked our supply organisation to set up a central and European refurbishment centre in Ancenis, Toyota Material Handling Manufacturing France. The aim of this pilot project is to deploy an industrial setting based on the Toyota Production System in a factory.

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## ISO 9001 - the Quality Management standard



### Second life strategy for batteries

Our factory in Sweden has established a programme covering the whole life cycle of Li-ion batteries, which focuses on the following areas:

-  Design and materials used in the batteries, with a target to minimise the use of virgin material
-  Prolonging the use phase of the batteries
-  Recycling strategies

When Li-ion truck batteries reach the end of their lifespan, we want to ensure they can still be used in other applications, such as energy storage, to support the local electrical grid. Pilot projects - where battery modules used in truck batteries have been repurposed for energy storage applications - are underway with third parties.

### Ecodesign training for all R&D employees

With over 400 employees working in Research and Development (R&D), we wanted to implement an EcoDesign programme, to educate and inspire colleagues who work to innovate our products. In September 2023, university professors from Bologna led a class in Mjölby, while a second class took place at our Bologna plant in October 2023.

### EcoVadis circularity criteria

'Materials, products and chemicals' as well as 'Product end-of-life' are 2 of the 21 sustainability criteria used by EcoVadis. This means that our company and our 20 Marketing & Sales Companies and four factories are currently being assessed on key aspects of circularity.

We scored 88% on the general 'Environment' topic, while our subsidiaries scored an average of 74%. Our governance on the matter is generally rated as 'Leading' at European level and 'Advanced' at a local level.

The same EcoVadis screening on circularity criteria also applies to over 200 of our suppliers who agreed to share their EcoVadis ratings. We are actively building our future capability to zoom in on circularity in coming years. Once our suppliers have been onboarded with the EcoVadis tool, its in-built risk mapping will allow us to investigate circularity aspects in our own operation as well as across our supply chain.

## Metrics and targets

### E5-3

## Targets related to resource use and circular economy

In our previous report we reported a 51% reduction in trucks scrapped and a 67% increase in sales of used trucks.

- 📌 **Increase used trucks sales:** The number of units brought to market for a second life has continued to increase despite a challenging FY22 and FY23. The COVID-19 pandemic led to a lack of components, which meant that customers extended their rental contracts. This resulted in a reduced amount of used trucks available, which explains the recent decrease in FY23. This highlights the importance of having a large rental fleet to serve the market with refurbished used trucks.
- 📌 **Boost rental fleet:** The numbers clearly show that our rental fleet has more than doubled compared to FY13. We have a solid rental fleet sourcing to supply our customers with refurbished trucks which will reduce resource use. All rental units are maintained to maximise their opportunity of a second life - and therefore, their lifetime is extended.

Our targets on [resource use and circular economy](#) 📌 can be found in [ESRS 2](#). They also relate to other targets outlined in [ESRS E2](#) 📌 (as reducing pollution will improve circularity) and [ESRS E3](#) 📌 (as ISO certifications will help the company use resources more efficiently).



All Marketing & Sales Co units	FY13	FY21	FY22	FY23
<b>Used units sold</b>	16,084	26,041	24,731	22,240
<b>% increase vs FY13</b>		62%	54%	38%

All Marketing & Sales Co units	FY13	FY21	FY22	FY23
<b>Total</b>	122,463	203,443	214,173	227,428
<b>Fleet development vs FY13</b>		66%	75%	86%



‘Our customers regularly reach out to us to align on sustainability targets. They expect full transparency on lifecycle emissions, and how we can help them achieve their carbon reduction targets with our products and services. This close collaboration will also help us to reduce our downstream emissions.’

### Marc Maureaux

Senior Sustainability Manager,  
Toyota Material Handling Europe

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
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### E5-4 Resource inflows

Toyota Material Handling Europe operates a decentralised business model. Each factory and sales company has local policies and procedures in place to manage process inflows.

As part of the [Net Zero programme](#) , we mapped resource inflows to enable us to calculate [scope 3 standard emissions](#)  for purchased goods and services (i.e. category 1 of 15). As we calculate most of the data based on the weight of raw materials, we should be able to start including data in future reports.

To align with ESRS by 2026 and to monitor our scope 3 targets for category 1, we will need to develop central processes that facilitate the annual reporting of resource inflows at a company level.

### E5-5 Resource outflows

As part of our science-based targets commitment, we have calculated our CO<sub>2</sub> emissions baseline for FY23, encompassing scope 1&2&3 data.

Focusing on materials we use, we looked at information such as material per truck, spare part volumes, and packaging quantities to gauge our material-related footprint. Our approach involved breaking down data by product family, estimating material composition and volume for each category, and applying material-specific emission factors.

The results highlight that steel is the primary source of CO<sub>2</sub> emissions in our products, contributing over 45% to total material emissions. At 30%, batteries in our trucks are the second main source. Steel and batteries also represent around 12% of our total emissions. The company needs to address these areas to decisively advance our sustainability objectives.

In our previous sustainability reports, we started mapping resource outflows as waste from operations. While not as critical as the end-of-life treatment of sold products, it is a significant building block of a future circular economy strategy.



'We are looking into the future, exploring numerous opportunities through a focus on the circular economy and more efficient resource utilisation!'

**Signe Svorén**  
Environmental Engineer,  
Toyota Material Handling Europe



## Waste and waste diversion at Toyota Material Handling Europe

ESRS E5-5 paragraph 38. The undertaking shall disclose the following information on its total amount of waste on its own operations at the reporting period, in tonnes or kilograms:

(a) The total amount of waste generated		Value (tonnes)	
i.	Waste		118,606.05

(b) For each type of hazardous and non-hazardous waste, the amount by weight diverted from disposal by recovery operation type and the total amount summing all three types. The recovery operation types to be reported are:			
		Hazardous (tonnes)	Non-hazardous (tonnes)
i.	Preparation for reuse	Not measured	248.69
ii.	Recycling	3,422.84	17,817.29
iii.	Other recovery operations	778.44	1,662.75
iv.	Total sum of (i. - iii.)	4,201.28	19,728.72

(c) For each type of hazardous and non-hazardous waste, the amount by weight directed to disposal by waste treatment type and the total amount summing all three types. The waste treatment types to be disclosed are:			
		Hazardous (tonnes)	Non-hazardous (tonnes)
i.	Incineration	212.19	208.73
ii.	Landfilling	588.47	294.30
iii.	Other disposal operations	127.50	447.75
iv.	Total sum of (i. - iii.)	928.16	950.78

### E5-6

## Potential financial effects from resource use and circular economy-related impacts, risks and opportunities

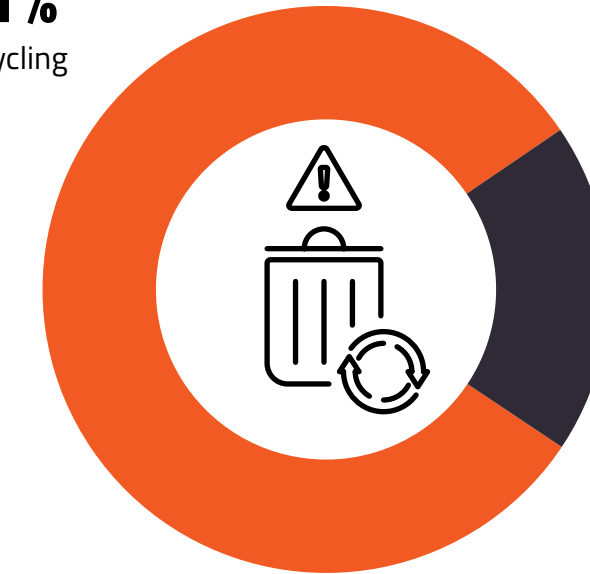
It is currently too early for our organisation to disclose the financial effects of resource use and circular economy-related impacts, risks and opportunities. They are in the process of being investigated.

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## Total waste weight, FY23 (25,808.94 T)

### Hazardous waste The recovery operation

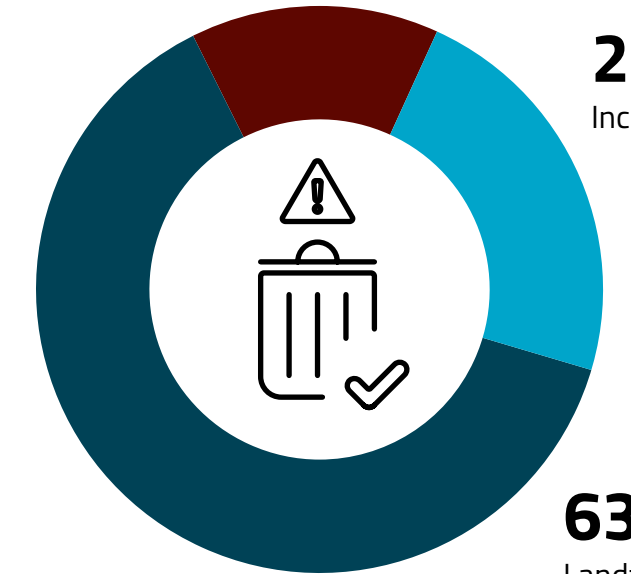
**81%**  
Recycling



**4,201.28 T**  
Total

### Hazardous waste Waste treatment by recovery operation type

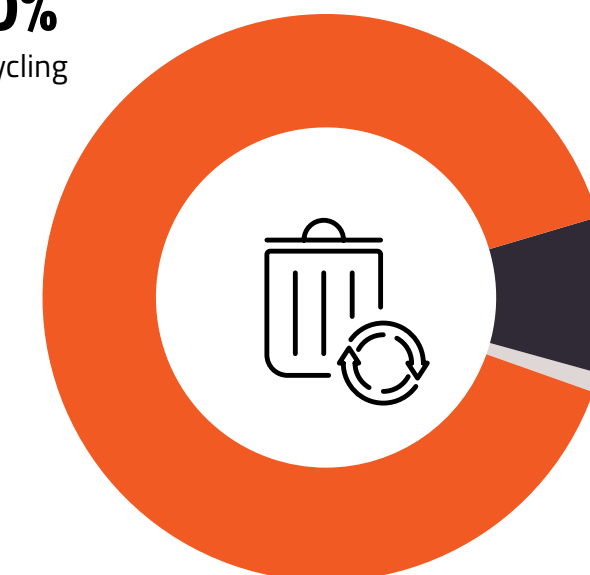
**14%**  
Other disposal operations



**928.16 T**  
Total

### Non-hazardous waste The recovery operation

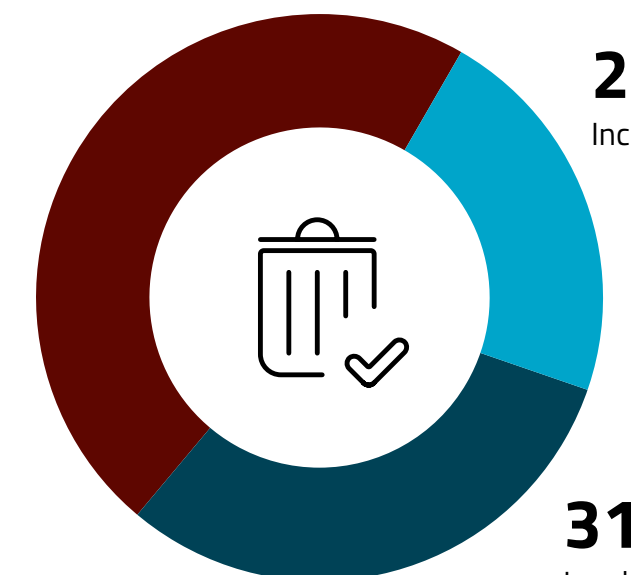
**90%**  
Recycling



**19,728.78 T**  
Total

### Non-hazardous waste Waste treatment by recovery operation type

**47%**  
Other disposal operations



**950.78 T**  
Total

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## ESRS S1: Own workforce

### Strategy

- ESRS 2 SBM-2** Interests and views of stakeholders
- ESRS 2 SBM-3** Material impacts, risks and opportunities and their interaction with strategy and business model

### Impact, risk and opportunity management

- S1-1** Policies related to own workforce
- S1-2** Processes for engaging with own workers and workers' representatives about impacts
- S1-3** Processes to remediate negative impacts and channels for own workers to raise concerns, policies related to own workforce
- S1-4** Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

### Metrics and targets

- S1-5** Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
- S1-6** Characteristics of the undertaking's employees
- S1-7** Characteristics of non-employee workers in the undertaking's own workforce
- S1-8** Collective bargaining coverage and social dialogue
- S1-9** Diversity metrics
- S1-10** Adequate wages
- S1-11** Social protection
- S1-12** Persons with disabilities
- S1-13** Training and skills development metrics
- S1-14** Health and safety metrics
- S1-15** Work-life balance indicators
- S1-16** Compensation metrics (pay gap and total compensation)
- S1-17** Incidents, complaints and severe human rights impacts

## ESRS S2: Workers in the value chain

### Strategy

- ESRS 2 IRO-1** Processes for impacts, risks and opportunities
- ESRS 2 SBM-2** Interests and views of stakeholders
- ESRS 2 SBM-3** Material impacts, risks and opportunities and their interaction with strategy and business model

### Impact, risk and opportunity management

- S2-1** Policies related to value chain workers
- S2-2** Processes for engaging with value chain workers about impacts
- S2-3** Processes to remediate negative impacts and channels for value chain workers to raise concerns
- S2-4** Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

### Metrics and targets

- S2-5** Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

## ESRS S3: Affected communities

### Our approach

- ESRS 2 SBM-2** Interests and views of stakeholders
- ESRS 2 SBM-3** Material impacts, risks and opportunities and their interaction with strategy and business model

### Impact, risk and opportunity management

- S3-1** Policies related to affected communities
- S3-2** Processes for engaging with affected communities about impacts
- S3-3** Processes to remediate negative impacts and channels for affected communities to raise concerns
- S3-4** Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
- S3-5** Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities



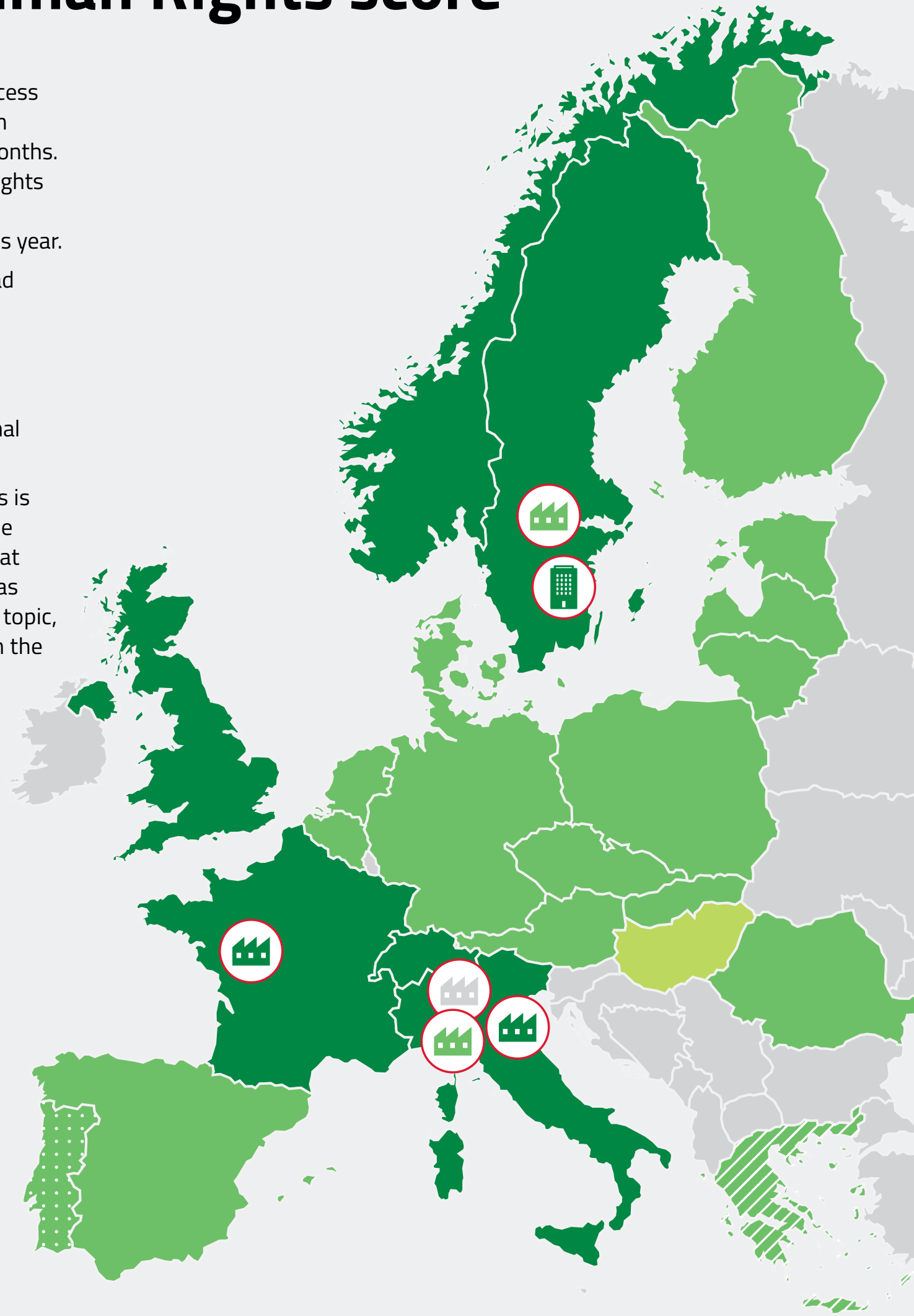
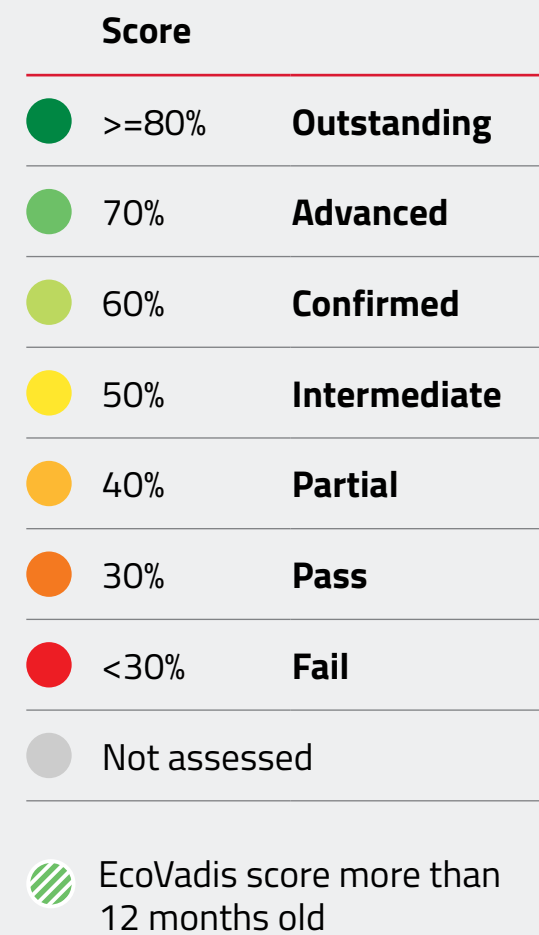


# EcoVadis Labour & Human Rights score

In the continuous improvement process of ESG best practices, we request an EcoVadis reassessment every 12 months. An annual assessment provides insights into the progress made across our operations compared to the previous year.

Yearly assessments are done at head office level and at each factory and Marketing & Sales Company. Our independent distributor in Portugal, Toyota Caetano, has volunteered to act as a pilot for independent national distributors.

Labour Practices and Human Rights is one of the four subscores within the EcoVadis rating. The map shows that almost all entities are rated either as 'Advanced' or 'Outstanding' on this topic, based on our approach described in the S1 standard.



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EcoVadis scores



Head office



Factory



Sales and service company



Toyota Caetano  
- independent distributor pilot on EcoVadis



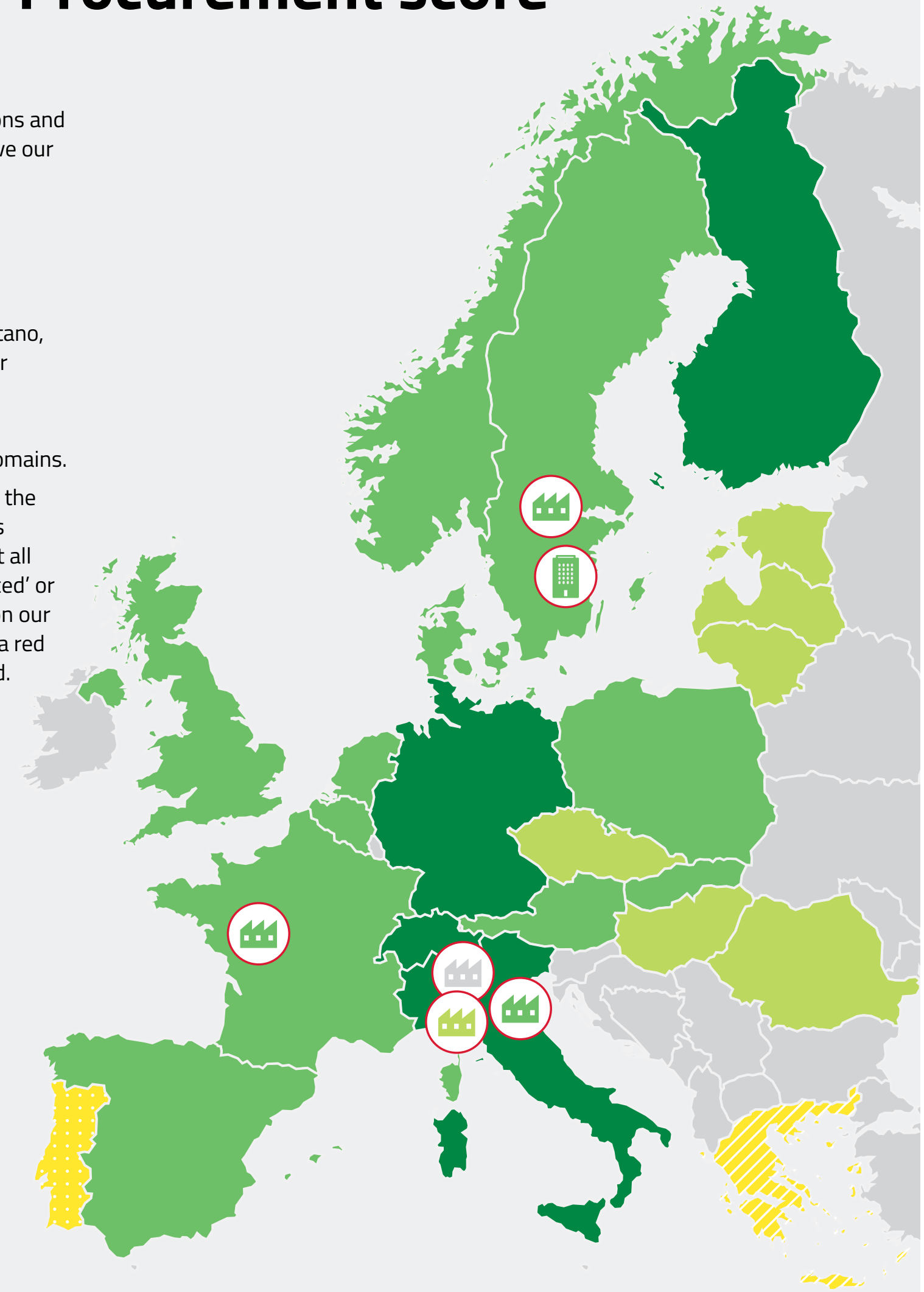
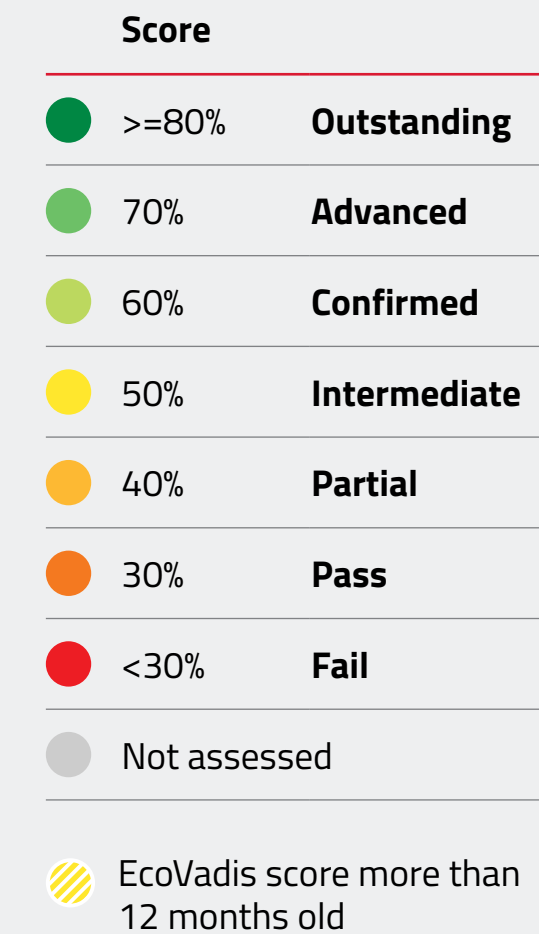
# EcoVadis Sustainable Procurement score

We are committed to being ESG compliant across our own operations and we continue to develop and improve our contributions and performance.

Therefore, we have EcoVadis rate our head office, our factories and our Marketing & Sales Companies once every year. Our independent distributor in Portugal, Toyota Caetano, has volunteered to act as a pilot for independent national distributors.

Based on 21 criteria, the EcoVadis evaluation is categorised in four domains.

Sustainable Procurement is one of the four subscores within the EcoVadis rating. The map shows that almost all entities are rated either as 'Advanced' or 'Outstanding' on this topic based on our approach to suppliers, outlined as a red thread across every ESRS standard.



Head office



Factory



Sales and service company



Toyota Caetano  
- independent distributor pilot on EcoVadis

# ESRS S1 Own workforce

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## Enabling people to thrive

Our company’s success lies in the continued investment in our people, their professional competencies, and personal development. Toyota Material Handling Europe’s People strategy prioritises our 13,049 employees’ well-being and continuous development.

We firmly believe that everyone at Toyota Material Handling Europe has potential. We are determined to fully unleash this potential by actively building our future workplace culture based on the trust we have in the abilities and ambitions of our people.

To fully comply with ESRS by 2026, we will complete a quantified analysis of impact, risk and opportunities. We can already share a qualitative assessment which outlines our current approach to our own workforce.

In 2023, we updated our business strategy, which states that developing and growing our people is one of our five key success factors. We measure employee satisfaction locally, using a variety of measurement tools.

We have continuously scaled up investments in our employees and developed processes to recruit the right people and retain a motivated, high-performing workforce. In line with Our [Code of Conduct](#), we work to improve our business performance so we can continue providing employment as well as maintaining fair and stable working conditions. We also aim to create a harmonious and stimulating work environment.

At a corporate level, EcoVadis rated our transparency and reporting on ‘Labour Practices and Human Rights’ at 80% in 2023. This places us among the top 1% of over 100,000 global suppliers. The average score for our factories and Marketing & Sales Companies’ individual assessments on the same topic is 71%. We consider this as independent evidence that there is a high level of local alignment with our centralised strategy.



We believe that responsibility for everyone’s health, safety and well-being is shared between leaders and employees. Leaders must provide a safe physical and psychological environment to create a thriving culture. Employees are responsible for following safety guidelines and taking proactive steps to ensure safety for themselves and their colleagues.

As a large employer with locations across Europe, we respect all people equally, embrace differences, and reflect the global nature of the Toyota family and values.


Find out more about how we do this through our [diversity, equity and inclusion \(DE&I\) work](#).

New and existing legislation that is part of the EU Green Deal - and the associated EU social agenda for a ‘Just Transition’ - will continue to help us raise the bar in managing risks and opportunities within our own workforce.

# Strategy

## ESRS 2 SBM-2

### Interests and views of stakeholders

Our last formal consultation with stakeholders was in 2018. Internal stakeholders included a selection of employees - ranging from factory workers and service technicians to top management - as well as representatives from our [European Works Council](#) . External stakeholders consulted included customers, suppliers, local and EU authorities, non-governmental organisations (NGOs) and industry associations.

According to our 2021 Materiality Matrix, our stakeholders agreed that 'Attracting and retaining talent' was defined as a material sustainability issue with a strategic business impact. Stakeholders also considered 'Employee health and safety', 'Diversity, equity and inclusion' and 'Training and development' as material sustainability issues where we need to be transparent and provide accountability.

## ESRS 2 SBM-3

### Material impacts, risks and opportunities

While the Global Reporting Initiative (GRI) standards left it up to reporting companies to identify material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality.

In the table on this page, we tried to match them with the material issues covered in our previous report. Sub-sub-topics related to the material and strategic issue of 'Working conditions' are highlighted in dark grey, while other material topics are highlighted in light grey.



We have not previously reported on 'Gender equality and equal pay for work of equal value', 'Employment and inclusion of persons with disabilities' or 'Adequate Housing' as defined by the ESRS. Once Toyota Industries Europe undertakes the 'double materiality' exercise, we will decide how to cover these topics in future reports.

Most sub-sub-topics fall under the responsibility of our HR and Corporate Communications department. Topics like 'Child labour', 'Forced labour' and 'Privacy' are strongly regulated in the countries where we employ 100% of our staff - 17 EU countries, Norway, Switzerland and the United Kingdom - have robust regulatory frameworks in place. In our company, these topics are therefore covered by the material issue of 'Legal Compliance', which is lead by our Legal & Compliance department.








## ESRS S1

### Sustainability Matters covered in topical ESRS

Own workforce	
<b>Working conditions</b>	Secure employment
	Working time
	Adequate wages
	Social dialogue
	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers
	Collective bargaining, including rate of workers covered by collective agreements
<b>Equal treatment and opportunities for all</b>	Work-life balance
	Health and safety
	Gender equality and equal pay for work of equal value
	Training and skills development
<b>Other work-related rights</b>	Employment and inclusion of persons with disabilities
	Measures against violence and harassment in the workplace
	Diversity
	Child labour
	Forced labour
	Adequate housing
	Privacy

- not material, not covered in report
- material, covered in report
- material & strategic, more extensively covered

This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.

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### S1-1

## Policies related to own workforce

### Committed to a safe, inclusive workplace

The **Toyota Industries Corporation's Sustainability Policy** states that we respect the human rights of all people based on international standards, including the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (DFPRW).

We are committed to adhere to human rights conventions regarding the abolition of child labour, the elimination of forced and compulsory labour, as well as the conventions on elimination of discrimination in employment and occupation and the freedom of association and collective bargaining. It means the right of individuals to interact and organise among themselves to collectively express, promote, pursue and defend common interests.

We do not discriminate on grounds of race, gender, ethnicity, age, religious or sexual orientation, physical disability, or marital or parental status. Workplace harassment or intimidation is not tolerated.

Should a problem or accident occur, we shall take appropriate action and investigate causes thoroughly, taking measures where necessary to prevent their reoccurrence. The possession, use, or distribution of illegal substances during work time is absolutely prohibited.



Our **Code of Conduct** states that:

"Toyota Material Handling Europe is committed to enhancing its business performance in order to continue to provide employment and maintain fair and stable working conditions. At the same time, the employer tries to create a harmonious and stimulating work environment. In exchange, we as employees strive to perform our duties with integrity. By fully utilising our talents and cooperating with others, we seek to enhance the business performance of our company."

Our corporate **Health and Safety Policy** allows each entity to develop its own local health & safety policy, aiming to go beyond legal compliance to achieve Toyota Industries Corporation's (TICO) Safety Vision and implement our Code of Conduct. These policies cover employees, as well as interns, contractors and visitors to our premises. Every entity must complete an annual health & safety self-assessment against ten key criteria set out in our Health & Safety Policy. An ISO 45001 certification is mandatory for factories and recommended for all other entities.

## Equal opportunities in recruitment

Toyota Material Handling Europe is committed to equal opportunity and follows recruitment and selection practices which comply with all applicable employment laws and our **Recruitment Policy**. We promote equal opportunities in employment, regardless of gender, age, marital status, race, ethnic origins, sexual orientation, disability, as well as religious and political affiliations.

The competence and skills of our team members are vital. We seek to attract the most qualified candidates who support our company's vision. All recruitment processes must always comply with our Code of Conduct as well as local rules and regulations applicable in the recruiting entity. Every step in the recruitment process – which candidates to interview, who the interviewer is, considering the current team composition and reference checks - must be conducted in a non-discriminatory way.

The local HR department should always be informed and involved in any internal or external recruitment processes to guarantee policies are followed and the recruitment process is of high quality. Toyota promotes internal mobility and encourages its employees to grow from within. We aim to post all vacant and newly created positions internally.

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## Helping employees grow and providing flexibility

Customer needs and competition in our markets inspire us to continuously ensure the company has employees with adequate competencies and willingness to take on any challenges met. Through our **Competence Development Policy**, we recognise that employees can learn in their everyday work and formal learning and training are important aspects of expanding competence. Formal training is based on a development and competence plan which is regularly evaluated in order to assess its quality and efficiency.

To help leaders and team members grow, we have developed a two-tier **Performance Management Policy**. Agile Performance provides a working model to support managers and employees in establishing focus, direction, prioritisation and follow-through in relation to established objectives. Our Performance & Personal Development Review (PPDR) is an annual exercise between manager and employee, centered on individual performance. 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.

The Performance Management Policy also supports local entities that want to manage remote working in line with local legislation. Every local entity needs to develop its own **Remote Working Policy** where local rules and regulations apply. For more information on how this interacts with our work-life balance indicators, please consult [disclosure S1-15](#) .

All leaders must collaborate with local Health & Safety and Human Resources teams to establish a systematic approach which considers employees' health and safety, no matter where work is conducted. Local working environment legislation, health & safety regulations, team and individual efficiency and performance, as well as additional costs, are a few examples of considerations which need to be recognised by both employees and management. A teamwork approach and continuous open dialogue is vital for successfully implementing remote working.

## Reviewing our approach to travel in a new era

As an international organisation, travelling is considered a normal working activity. However, travelling impacts the environment, health & safety and ways of working. The COVID-19 pandemic has also shown that online meetings can replace physical ones in many – if not most – situations.





This is why we have reviewed our **Travel Policy**, as we aim to be increasingly recognised as a responsible company that adapts to the times while also staying true to our values and purpose.

Across Europe, digital meetings are the standard way of working and meeting, while international business travel is seen as an exception – we do travel, but only if identified as imperative. Any meeting or conference that can be held online should not result in travel bookings. Before booking any travel, the need must be identified and approved by a direct manager.

Company cars can be used by employees to execute their work where appropriate. They must be managed, used and maintained to ensure compliance with all applicable laws. For drivers, the allocation and use of a company car imposes certain obligations.

We therefore place a heavy emphasis on the continuous improvement of cars and drivers' skills. When allocating a company car to drivers, they are given the responsibility for a high value asset. It is important that cars are treated responsibly and that drivers are aware of their responsibilities.

Our **Car Policy** states that all our entities should:

-  Monitor and target energy use, aiming for zero emissions by 2040
-  Be responsible for purchasing cars which are as safe and energy efficient as possible
-  Promote safer and more energy-efficient driving techniques; ensure maintenance that enables safe and energy efficient car use; promote eco-driving
-  Make sure all employees entitled to a company car take a mandatory 'Eco-driving' course




Members of our Executive Management Team with representatives from the EWC, outside Toyota Material Handling Europe Brussels

## S1-2 Processes for engaging with own workers and workers' representatives about impacts Representing employees' views

As our international company is established in several EU countries, the European Works Council (EWC) is a vital partner that helps represent our workers in meetings with the Executive Management Team. Established in 1996 under European and Swedish employment law, the EWC brings together at least one representative from each EU country to discuss questions that concern at least two EU member states – or the company as a whole.

Topics such as globalisation, restructuring, and corporate strategies have consequences on employment and working conditions, especially in multinational companies like ours. Employees need to be properly informed and consulted at a European level for these processes to be managed in a balanced and socially-responsible manner – the EWC fulfils this role, by addressing issues such as employee health & safety, employer branding and the work environment.

The EWC supports any activity to improve workers' safety and surroundings, and representatives' views are taken into account when developing action plans. The annual meeting is attended by our President and several members from our Executive Management Team, who discuss company performance on health & safety key performance indicators (KPIs) and present a business, finance and market update.

For more information on union representation and collective bargaining at local entity level, please consult [disclosure S1-8](#) .

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## Measuring employee satisfaction

Three times per year, we send out a 'Pulse Survey' to measure how employees perceive their employment at Toyota Material Handling Europe's head office. This allows us to gain insight into ongoing processes and analyse different themes related to employee satisfaction, such as stress and mental well-being, digital tool proficiency, and performance review status.

The survey is never longer than ten questions. Three questions remain constant - as illustrated in the charts on this page. Four to seven questions vary depending on which topics are perceived to be most important before the survey's release.

Since launching the Pulse Survey in October 2021, we have seen consistent results in regard to happiness, welcomeness and the tendency to recommend our company, with an average ranging from 7 and 8.4 (on a scale from 1 to 10).

Going forward, we will focus on employees' tendency to recommend us as a place to work to people they know, finding ways to further engage respondents to score a 9 or 10.

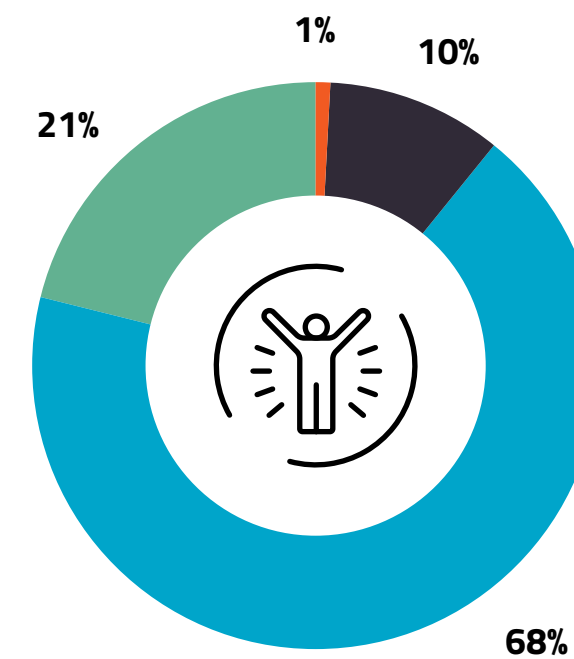
During 2024, the survey will be rolled out to all European entities within Toyota Material Handling Europe. The three main questions outlined in the graphs on this page will serve as a template, with a possibility for each entity to choose their own additional questions based on their local processes and ongoing initiatives.

## Main employee satisfaction questions from the Pulse Survey, FY23

### How happy are you at work? (1-10)

- **21%** Very happy
- **68%** Moderately happy
- **10%** Moderately unhappy
- **1%** Very unhappy

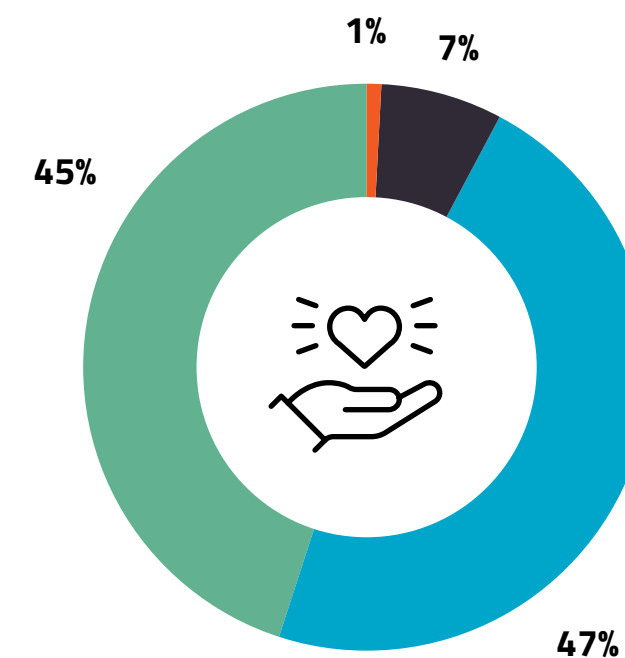
Average: **7.4** (+0.2 since Feb23)  
Typical value: **8**



### Is Toyota Material Handling Europe a welcoming employer? (1-10)

- **45%** Extremely welcoming
- **47%** Welcoming
- **7%** Not so welcoming
- **1%** Not at all welcoming

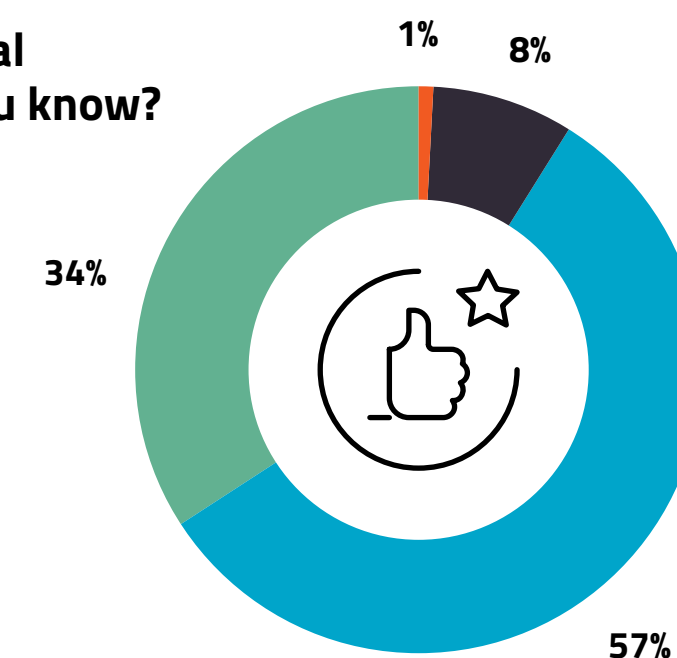
Average: **8.2** (+0.2 since Feb23)  
Typical value: **8**



### How likely are you to recommend Toyota Material Handling Europe as a place to work to people you know? (1-10)

- **34%** Extremely likely
- **57%** Likely
- **8%** Unlikely
- **1%** Extremely unlikely

Average: **7.8** (+0.3 since Feb23)  
Typical value: **8**



## Exit interviews

Employees leaving the company are heard and enabled to raise any concerns through our exit interview, rolled out across the company. Exit interviews help us better understand reasons for leaving and collect reliable data to prioritise mitigation measures.

Our ambition is for 80% of people leaving our company to be given the opportunity to participate in these exit interviews. In FY23, 78% of leavers chose to participate in this process. The main reasons for leaving - as well as suggested countermeasures - have been shared with our Executive Management Team.








To meet our targets and improve our measurement of exit interviews' outcomes, we are now integrating this process into our HR management tool, 'Talentsoft'. This will ensure all employees leaving will get the same opportunity to share their experiences and standardise the way we measure our performance. From the start of FY24, inviting leavers to the exit interview process through Talentsoft will become mandatory for all entities.

## S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns policies related to own workforce

Employee engagement is key to employee attraction and retention. Engaged employees are more motivated in their daily work, more productive in achieving their targets, more creative and more loyal towards their employer.

Workers can raise concerns anonymously via the Code of Conduct Helpline. Employees can also raise concerns with their line manager during the annual appraisal process, or throughout the year through our Continuous Conversation process.



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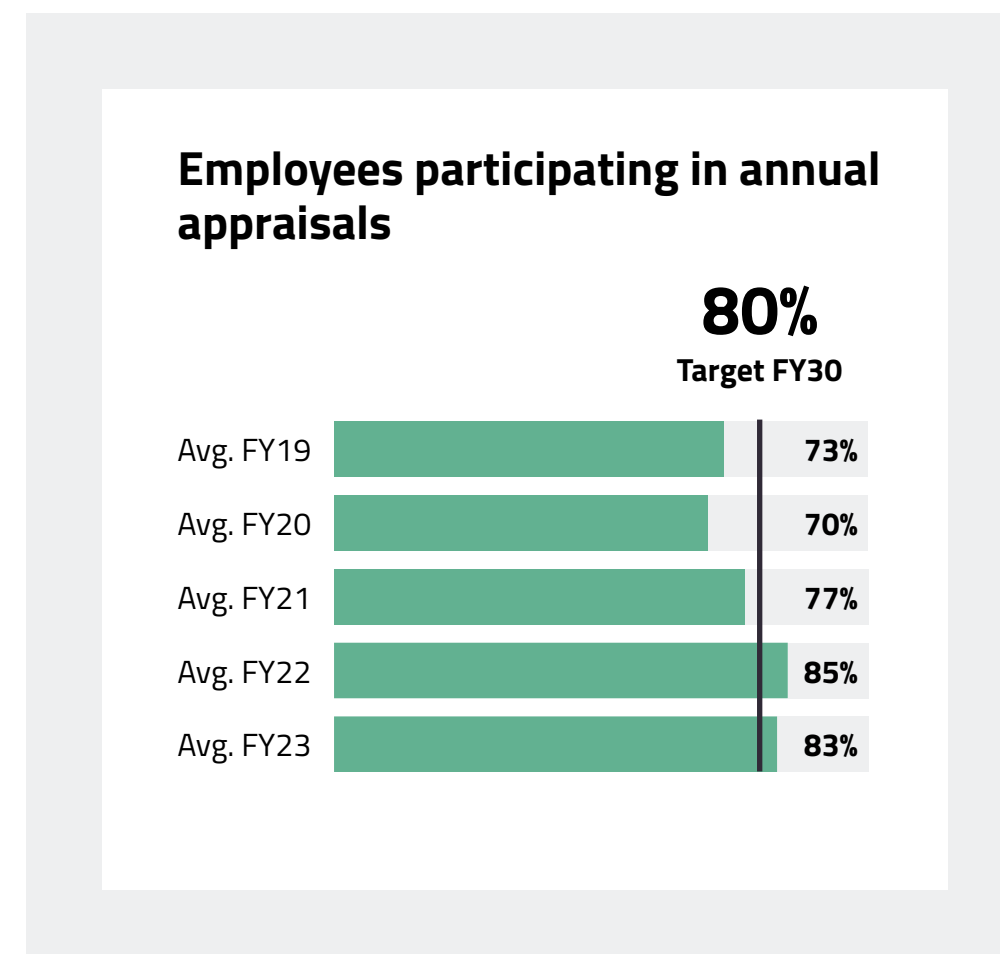
## Employee appraisal process

To drive individual job satisfaction, we believe in a strong corporate culture that maximises both individual and organisational performance. Individual performance management is key for work motivation, employee retention and business performance.

In FY23, 83% of our employees participated in an annual performance appraisal, compared to 77% in FY21. This means we finally reached - and exceeded - the 80% target we set ourselves in FY19. Due to COVID-19 and restrictions to meet face-to-face, this goal took longer to reach than initially planned.

We are especially pleased with our entities that exceeded this target: Austria, the Baltic countries, Belgium, Czechia, Denmark, Spain, France, Greece, Hungary, Italy, Logistics Solutions, The Netherlands, Norway, Poland, Romania, Sweden, Slovakia, Toyota Material Handling Europe Brussels, Toyota Material Handling Europe Mjölby and Europe Logistics (formerly known as TLC).




For our factories, it is more of a challenge to organise appraisals for production workers, who work in a strictly choreographed 'just-in-time' environment. It has been a challenge to find a new balance following COVID-19 and global supply chain disruptions.



## S1-4 Taking action on material impacts on own workforce

### A new commitment for diversity, equity & inclusion

Launched in 2021, our Future of Work project aims to deliver a modern workplace – attractive, inclusive and productive. Employees across Europe came together in focus groups to discuss how to develop our culture within Toyota Material Handling Europe – a culture characterised by:

-  Inclusivity at all levels
-  Flexible collaboration across functions, legal entities, departments
-  Leadership as a shared responsibility






We want everyone to feel welcomed, respected and included. The Executive Management Team has now formulated and signed our DE&I Commitment which reads as follows:

**'We're all about people. When we develop and grow our people, we want them to reach their full potential by providing equal opportunities to everyone. We sincerely believe that diversity brings value and want everyone to feel like they belong and can be themselves with us. At Toyota Material Handling Europe, all voices are heard, and we will not tolerate any kind of discrimination or harassment'.**

**Toyota Material Handling Europe's DE&I Commitment**

In FY24, we are aiming towards:

-  Rolling out the Diversity, Equality & Inclusion commitment across local entities
-  Rolling out unconscious bias training – we are in the process of developing this and would like to roll it out across the company by FY26 as part of onboarding
-  Adding a new KPI on measuring harassment and/or discrimination cases

### Prioritising health, safety & well-being

Our employees' health, safety and well-being is a key priority and a prerequisite for sustainable business success. In 2022, we established a European Working Group with a clear target: our company should be an employer people choose to work for without having doubts on how we prioritise health, safety and well-being.

We continuously analyse and minimise risks relating to these topics and proactively implement countermeasures. We have created mandatory induction material on these topics for all new employees and distributed insights on why current employees consider them important. We have also included new indicators in our reporting for improved knowledge.

Our long-term partnership with the European Agency for Safety and Health at Work (EU-OSHA) continues. The 2020-22 campaign 'Healthy Workplaces Lighten the Load' was the first Healthy Workplaces Campaign (HWC) running on a 3-year cycle. It was also the first campaign based on an Occupational Safety Health overview activity regarding the prevention of musculoskeletal disorders (MSDs).

In November 2022, the steering committee of EU-OSHA met in Bilbao and spent two days sharing knowledge on how to manage MSDs and discussing the future of organisational health & safety. The next HWC, 'Safe and healthy work in the digital age', was launched in October 2023.



## Employee onboarding

Employees at companies with high-quality onboarding programmes gain full proficiency significantly faster, which is why we consider this an important priority for our own workforce. A good onboarding programme is the best way to integrate new employees, maintain job satisfaction and reduce staff turnover.

We aim to harmonise, standardise, and improve the onboarding process of new employees - and reboarding of existing employees - across the organisation. Specific training and e-learning courses are mandatory for all new employees, and a list of additional training courses to consider depending on employees' competence can be consulted.

In our main entities, physical orientation days are organised twice a year – having temporarily shifted online during the pandemic – and we encourage all entities to organise local induction activities. A hybrid model with physical introduction for local employees, combined with online participation for remote employees, is also being tested.

Our Employee Branding Strategy provides HR leaders with a toolbox to ensure Toyota Material Handling Europe is seen as an attractive employer throughout our employees' careers – not only when we recruit.

## Metrics and targets

### S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities








All our objectives and targets - including those relating to people  - are outlined in ESRS 2.



'I am proud of our company putting more focus on Diversity, Equity & Inclusion, but this is a journey that requires persistence and patience. Management and leaders are important role models but everyone in our company has the responsibility to create the culture we want to work in together. We have an ambition regarding what kind of company we aspire to be and everyone's effort matters.'

### Maria Hagegård

Senior HR Project Manager,  
Toyota Material Handling Europe

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**S1-6**

## Characteristics of the undertaking's employees

### An increasingly diverse workforce

Developing a diverse workforce is crucial for our company - we respect all persons equally, embrace differences, and reflect the global nature of the Toyota family and values. As a large company employing people in more than 20 countries across Europe, we know that diversity is key to 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 28 entities, compared to 14 in our FY15 report. At the end of FY23, Toyota Material Handling Europe had 13,049 employees. Temporary personnel accounted for 4% while 96% have full-time contracts. Our workforce is 17% female and one in four of our employees are over 50.

We have 3,657 technicians, 11 of which are female – down from 13 in FY21. The percentage of female managers is 16.2%, a slight decrease compared to 16.8% in FY21. In our previous report, we had aimed for 30% of female employees and achieved 21%.

Our HR leaders are continuously assessing ways to make technical roles in our company more attractive to a diverse workforce. We also want to accelerate progress in appointing female managers. Following the easing of pandemic restrictions in 2022, we created a Gender Diversity Working Group. Inspired by local initiatives, the group is focused on benchmarking best practices inside and outside Toyota Material Handling Europe and establishing an action plan to advance women's full, equal and meaningful participation in the workplace.

Adding almost 2,000 new employees in FY23 has had only a marginal effect on our age structure. Loyal employees and policies against age-discrimination during recruitment made us slightly older than in FY21. On average, our factories have the youngest workforce in our company.

With one quarter of our employees aged over 50, we ensure a working environment fit for employees of all ages. We view our 'Healthy Workplaces' campaign 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 a higher-than-average employee age have put in place succession plans to make sure their knowledge is transferred internally to our future workforce.

Prior to the pandemic, our staff turnover rate was at approximately 10%, which is close to the manufacturing industry average. After decreasing to 7.6% during the pandemic, our turnover rate returned to approximately 10%. In Europe, job openings have increased, which favours the jobseeker market. We are closely monitoring which employee groups have the highest turnover to better tailor our focus on retaining employees.

**S1-7**

## Characteristics of non-employee workers in the undertaking's own workforce

Temporary personnel accounted for 4% while 96% have full-time contracts. Almost all non-employees are working in our factories.

**S1-8**

## Collective bargaining coverage and social dialogue

We follow all legal regulations concerning collective bargaining agreements, which cover over 80% of our employees. Some countries have different arrangements according to country-specific practices, traditions and local labour legislation.

Toyota Material Handling Europe provides channels for employees to engage in the company's activities and express their opinion, including the European Works Council – please see [disclosure S1-2](#) for more detail.

**S1-9**

## Diversity metrics

The graphs on this page show gender diversity breakdown in our company in European staff functions, Marketing & Sales Companies and supply functions. Our Executive Management Team is 100% male.

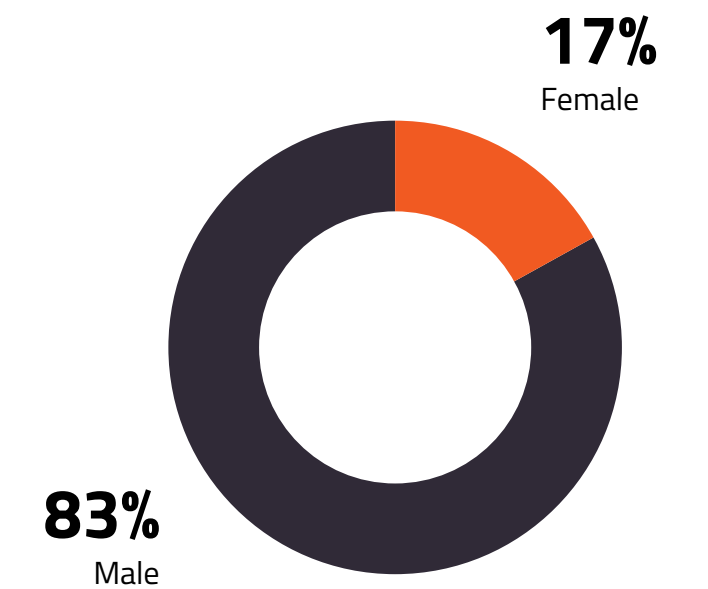
All our objectives and targets - including those relating to [diversity](#) - are outlined in ESRS 2.

## Gender Diversity Breakdown at Toyota Material Handling Europe, FY23

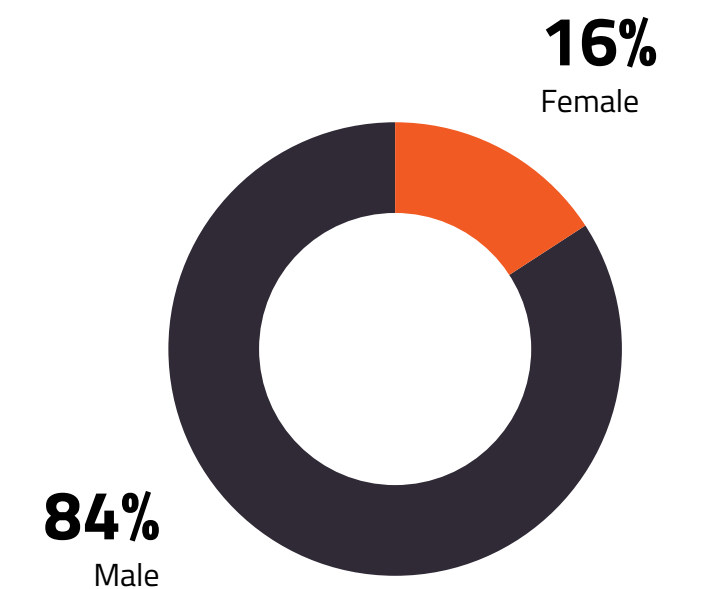
European staff functions






Marketing & Sales Cos.



Supply functions



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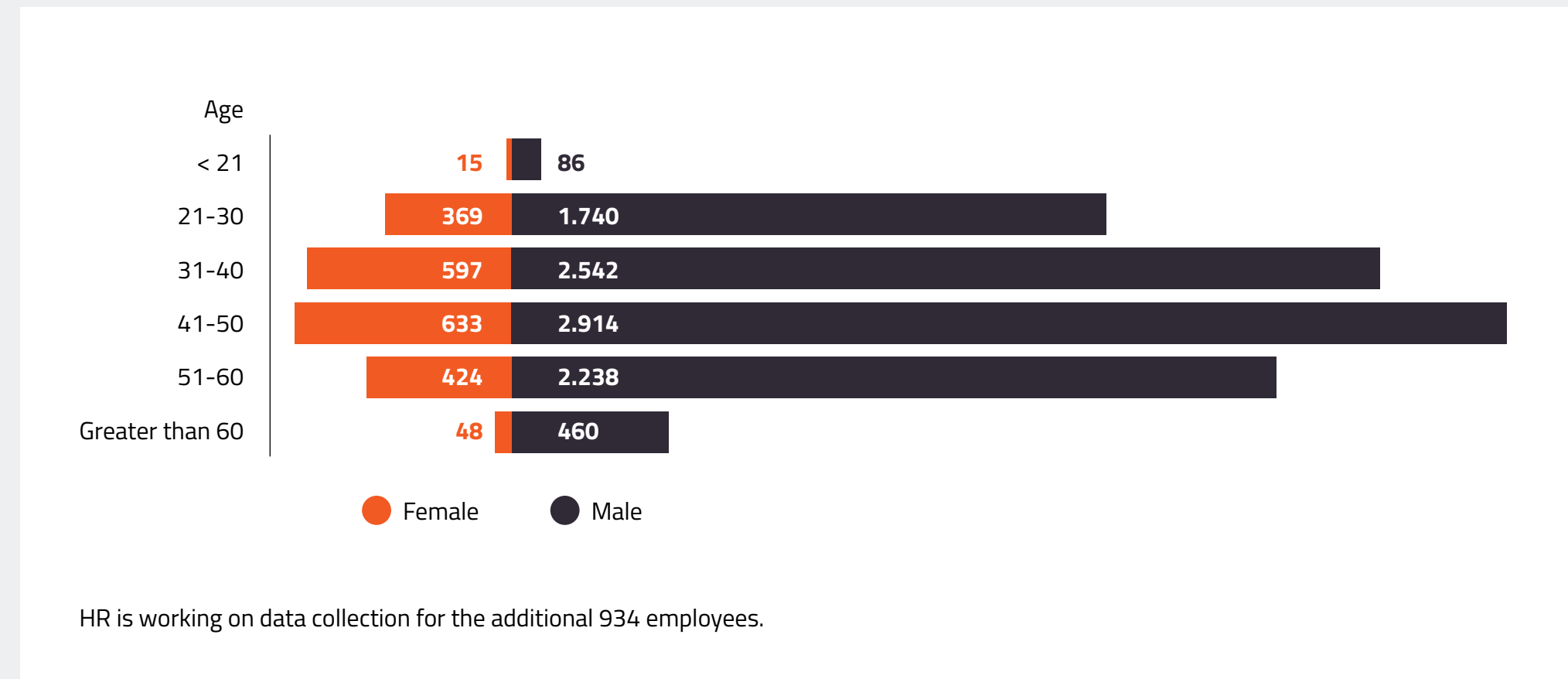
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## Age Diversity Breakdown at Toyota Material Handling Europe, FY23



### S1-10 Adequate wages

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 levels, in areas of fixed and variable pay and pension schemes. At Toyota Material Handling Europe, we continuously refine how we work with this information.

All our objectives and targets - including those relating to [training and skills development](#) - are outlined in ESRS 2.

### Compensation and benefits

Our **Reward Policy** ensures fairness, transparency and equal opportunity for all in remuneration, guiding development in compensation and benefits programmes.

All Marketing & Sales Companies have their executive pay structures aligned to our European compensation and benefit model. We have developed executive contracts and short-term incentive plans in line with our business strategy. We apply a uniform executive contract for all executive positions, underlining that we operate as one company throughout Europe.

All decisions on executive compensation and benefits are approved by the Toyota Material Handling Europe Compensation Committee. The Committee - consisting of our President and CEO, Senior Vice President of HR and Chair - monitors compensation and benefits activity across the company.



To support decision making, a yearly salary review process is prepared by the Compensation Committee. All executive positions have been graded using an independent external partner. This enables us to have yearly updated salary benchmark data in line with local markets and practices.

We ensure an overview of retirement and benefit arrangements in all our subsidiaries by regularly doing audits on our occupational retirement and insurance schemes across Europe. We have a variety of plans and arrangements based on different philosophy and design of retirement benefits.

These differences are related to:

- Varying pension practices in western Europe
- International trends and developments in occupational pension plans
- The later development of eastern European economies as free markets, which provides different starting points for retirement plan build-ups

We regularly monitor retirement benefit plans to ensure that benefits across all our entities are in line with local market practices.

### S1-11 Social protection

Our company complies with legal requirements on social protection in line with legislation in the European countries it operates in.







These include access to health care and income support in cases of challenging life events - such as the loss of a job - being sick and requiring medical care, giving birth and raising a child, or needing a pension due to retirement.

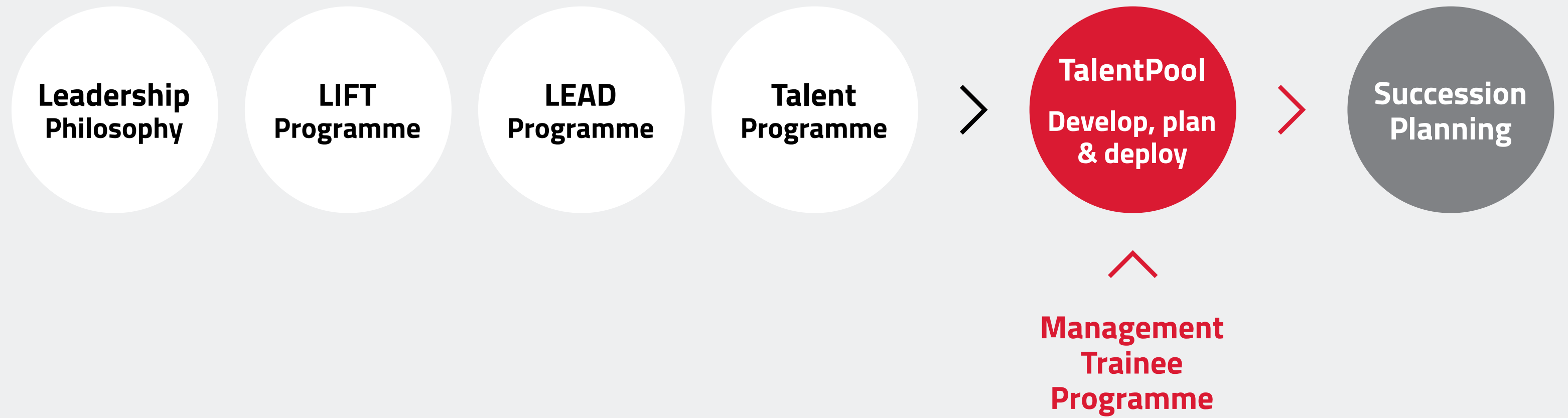
### S1-12 Persons with disabilities

Due to European General Data Protection Regulation (GDPR) legislation, we do not currently collect information on disabled employees. We will monitor EU level guidance on how to report on this topic whilst respecting both EU and local legislation.

### S1-13 Training and skills development metrics

At Toyota Material Handling Europe, our leadership and employee development programmes ensure that our people are:

-  Managed by skilled leaders who live up to our values
-  Actively supported to act as leaders while pursuing personal career ambitions
-  Given the opportunity to develop their skills and expertise throughout their career, through technical training
-  Evaluated fairly for their work
-  Supported to further develop themselves
-  Complemented with externally recruited high performers



## Leadership development

We focus extensively on training and development of our leaders – we know that good leadership enables our people and business to grow and retain employees.

### LEAD

The Leadership Development Programme a.k.a. LEAD is the cornerstone of Toyota Material Handling Europe’s leadership training. Content from this 13-day programme spans a range of topics, from leveraging our company values to developing coaching techniques, as well as providing general business insights. We aim to increase the percentage of women in management roles and therefore pay specific attention to including women in LEAD.

Since the launch of LEAD in 2014, more than 350 leaders have participated. Due to COVID-19, only 16 managers took part in FY21. However, in FY23, 32 leaders participated.

To measure LEAD’s impact, we perform evaluations six to eight months after the programme ends. These surveys continuously find that participants make significant progress, resulting in better team performance, better communication and improved coaching of employees directly reporting to them.

### LIFT

In FY20, a new Leadership Development Programme (LIFT) was introduced, aimed at leaders in cross-functional roles. Since the start, 90 leaders have participated, including 18 leaders in FY23.

### Talent

The Talent Programme equips participants with the tools to enable them to grow into senior leadership roles. So far, a diverse mix of 65 senior managers have participated in four different Talent programmes. The latest launched in May 2023 with 15 participants.


## Providing training to all employees








A dedicated department manages our online and offline Training Academy, which provides tailored training programmes for full-time and part-time employees.

In FY23, 1,866 courses (vs. 1,032 in FY19) were available on our e-learning academy, covering 15 course languages. For example, our ‘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.

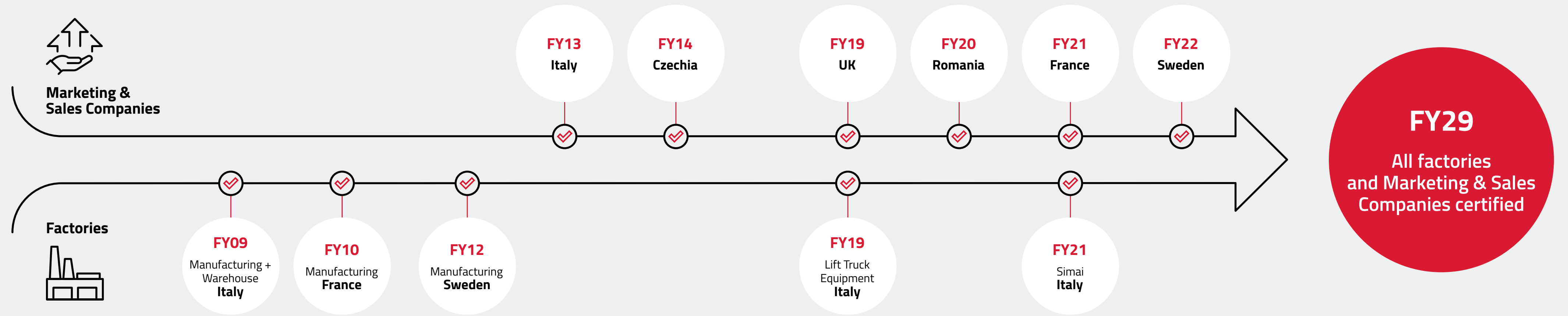
To implement close to five million service assignments per year, we work closely with over 200 dealers and 18 independent distributors across Europe. Although these are independent companies, their employees work with our products and services and are trained and assessed to ensure they work with their customers in accordance with our standards.

## Ensuring efficient, high-quality service

The Toyota Service Concept (TSC) describes our approach to customer relations and planning, managing and delivering high-quality service, throughout the working life of our trucks. Adapting the principles of the Toyota Production System (TPS), the TSC is key for efficient forklift after-sales servicing. For more information on the training programmes we provide to service teams and independent distributors, please consult [disclosure E2-2](#) .

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## ISO 45001 - the Occupational Health and Safety standard



### S1-14

## Health and safety metrics

### Absenteeism

Integrated into our strategic KPIs and reported annually to our HR team and Executive Management Team, absenteeism is defined as “the sum of sickness absence and days lost due to accidents or injuries.” Our HR experts record all cases of absence from sickness and must follow strict privacy regulations and national legislative differences when sharing this information. Therefore, we are not yet able to identify and analyse root causes of absence from sickness and set European-level priorities in the same way as done for accidents.

Over the past two years, we have seen an increased level of absenteeism. In FY23, the absentee rate was 12.2 days per employee, up from 10.2 days in FY21. 4% of absences were lost workdays, while 96% were related sickness. In future, we will further investigate absenteeism with our local entities.

### Lost day and injury rate

The lost day rate is an indicator to measure the most severe workplace accidents, which result in at least one day of absence from work. It accounts for the sum of lost days, divided by total hours worked, multiplied by 1,000,000. In FY23 the lost day rate was 302.

We have put a lot of emphasis on creating a safety culture within our company, [as outlined above](#). Talking more about health & safety results in more injuries being reported, including minor injuries. The injury rate was 30.56 injuries per million hours worked in 2022 with a minor increase to 30.61 in 2023.

To better understand our employees’ injuries, we will introduce a new reporting system in the next few years, which will give us further opportunities to take countermeasures.








### Broadening our health, safety and well-being scope

Within the central health, safety and well-being taskforce, we focus on identifying best practices and promoting them internally and externally. The team aims to broaden the scope from standard industrial health & safety to also include employee well-being to a larger extent – and we have seen progress.

Many of our entities now include well-being in their local health and safety policies, offer regular webinars on health, safety and well-being, and periodically conduct employee surveys to track progress. Moving forward, we will encourage all entities to be even more ambitious in their local People Strategies to address employee health, safety and overall well-being.

All our objectives and targets - including those relating to [health & safety](#) - are outlined in ESRS 2.

Entities	Tasks	2023 status
<b>Factories</b>	ISO 45001 certified	5 out of 5
<b>Marketing &amp; Sales Cos</b>	ISO 45001 certified	5 out of 20
<b>Warehouses</b>	ISO 45001 certified	1 out of 3

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### Toyota Material Handling Europe health & safety metrics

ESRS S1-11 paragraph 63. The undertaking shall provide the following information to comply with this disclosure requirement:

<b>(a)</b>	The number of fatalities because of work-related injuries and work-related ill health	0	Count
<b>(b)</b>	The number and rate of recordable work-related injuries		Count
	<b>i.</b> Number	638	Count
	<b>ii.</b> Rate	30.61	Average count per million hours worked
<b>(c)</b>	The number of cases of recordable work-related ill health	28	Count
<b>(d)</b>	The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	6,267	Days

### S1-15 Work-life balance indicators

We want to provide working conditions that serve the interest of employees and our business. Our physical premises should always be employees' first choice for conducting work. However, enabling employees to conduct work partly outside our premises when possible and feasible, recognises individual needs and the wide variety of working tasks in our company, as well as the importance of a healthy work-life balance.

Following the global COVID-19 pandemic, remote working proved to be a viable means of conducting work safely and efficiently. We recognised this by providing a flexible approach to working arrangements and remote circumstances best suited for the individual. Remote working may therefore be part of employees' working pattern, where the position allows.

We encourage employees to take holiday, parental leave and disconnect outside working hours. All our employees are entitled to take family-related leave. Our internal application 'Start your Impossible' has several KPIs focused on getting our people to be more physically active.

### S1-16 Compensation indicators

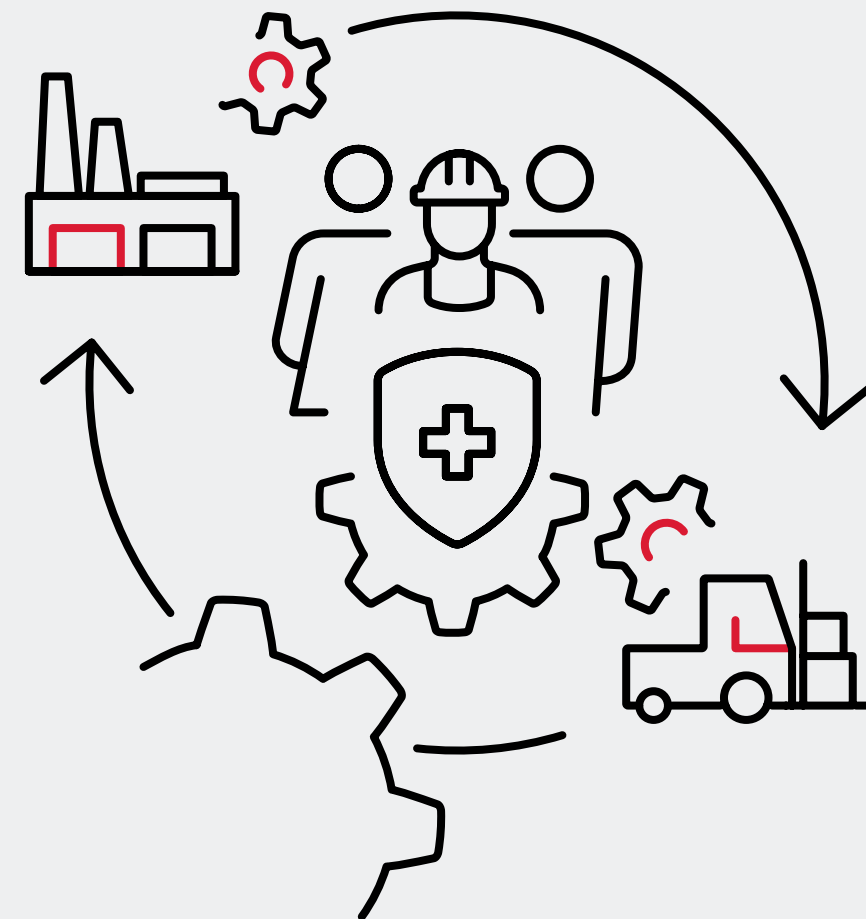
Currently, Toyota Material Handling Europe does not gather information that allows for data reporting on pay gap across its entire European network.

### S1-17 Incidents, complaints and severe human rights impacts

In FY23, no fatal accidents or severe human rights incidents were reported internally through the existing channels. Complaints raised through the appropriate channels, e.g. the Code of Conduct Helpline, have been dealt with according to internal procedures.

All our objectives and targets - including those relating to [KPIs](#)  - are outlined in ESRS 2.

# ESRS S2 Workers in the value chain



*According to the European Sustainability Reporting Standards (ESRS), the scope of workers in the value chain includes upstream workers and downstream workers materially impacted by our company's operations. In this chapter, we define suppliers as upstream workers and customers as downstream workers.*

*As an industrial manufacturer, private consumers neither drive or interact directly with our products, which is why we have not completed the ESRS S4 standard. Therefore, all information related to workers in the value chain is outlined in this section.*

## Supporting suppliers on their ESG journey and ensuring customer safety

As a leading manufacturer of forklift trucks, we have an extensive supplier base. 80% of suppliers are located close to our manufacturing plants, which allows us to support local economy and reduce the impact of transportation. Nevertheless, many other suppliers are based in countries where workers' legal protection differs.

In line with our [Code of Conduct for Suppliers](#), we aim to conduct business in a fair and honest manner – we want to become the most respected and trusted material handling partner in Europe. In this section, we also outline key material issues relating to customer health & safety, quality and data security.

Having joined the UN Race to Zero in 2021 to set science-based targets, we extended the scope to our business partners such as suppliers, launching a Sustainable Procurement Initiative to manage social and environmental performance throughout our supply chain.








Our efforts to improve the quality of our products and processes have one main focus: ensuring customer safety. In Europe, 10% of major injuries in the logistics sector occur with material handling equipment - which is why we want to ensure maximum safety for our customers by supporting them with risk assessment and management. With musculoskeletal disorders accounting for nearly 40% of all work-related ill health, our top social responsibility is to prevent them from happening, which is why we focus on product design and training on safety measures for operators and warehouse managers.

We also take employee and customer data protection very seriously. We continuously raise awareness of information security through e-learnings and other communication campaigns.

To fully comply with ESRS by 2026, we will have to complete a quantified analysis of impacts, risks and opportunities. We plan to do this by then - for now, we will share a qualitative assessment which represents our current approach to workers in the value chain.





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## Strategy

### ESRS 2 IRO-1 Processes for impacts, risks and opportunities

Transparency related to workers in the supply chain is a high priority for our customers. In 2023, our marketing department compiled a list of our customers' 250 most-asked questions. 41 of these related to workers in the value chain. Some customers informed us that if we do not match their level of human rights governance in the supply chain, we could be disqualified as a supplier.




EU legislation on these topics – such as the EU Corporate Sustainability Due Diligence Directive, the EU Deforestation Regulation, the Forced Labour Import Regulation – also requires us to further raise our level of governance. We welcome this opportunity for a level playing field, as all EU-based companies will be able to address these issues in a more standardised manner.

According to the 2021 Materiality Matrix, 'Responsible purchasing' was considered a material issue. At the time, we consolidated all Environment, Social and Governance (ESG) supplier aspects into one single material issue, without distinguishing between labour practices and human rights in the supply chain. The same matrix considered 'Customer safety' and 'Quality' as material issues with strategic importance.

While the Global Reporting Initiative (GRI) standards left it up to reporting companies to identify material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality. In our previous report, we had not covered any potentially material sub-topics or sub-sub-topics matching those listed by ESRS.





By cross-referencing ESRS S2 with our Code of Conduct for Suppliers, we found that 16 out of 18 potentially material sub-sub-topics are already covered in agreements between our company and our suppliers. Most of them are directly covered by EcoVadis.

### ESRS 2 SBM-2 Interests and views of stakeholders

We expect to be able to share more in-depth information following our [double materiality assessment](#) . In this report, please consult the [general basis for preparation of sustainability statements](#)  and [interests and views of stakeholders](#)  in ESRS 2 for more information.

### ESRS 2 SBM-3 Material impacts, risks and opportunities

We have outlined three main areas of risk:

-  **Upstream risk**  
We depend on our suppliers to successfully manage the quality of the parts provided to make our products. Through our Code of Conduct for Suppliers and continuous improvement activities with direct suppliers, we have developed a robust quality management process.
-  **Operational risk**  
High quality is needed to ensure we create safe products. We have committed to performing safety checks at every step of the production process and schedule regular maintenance check-ins with certified technicians.
-  **Downstream risk**  
According to European health & safety data, every year approximately 90 fatalities happen due to forklift accidents. We place a lot of focus to bring health & safety features onboard our equipment and offer ergonomics and training programmes for our customers. As data breaches can also affect customers connected through the [I\\_Site fleet management tool from Toyota Material Handling](#) , we have also set up a robust data management process.

ESRS S2 	
Sustainability Matters covered in topical ESRS	
<b>Workers in the Value Chain</b>	
<b>Working conditions</b>	Secure employment
	Working time
	Adequate wages
	Social dialogue
	Freedom of association, including the existence of works councils
	Collective bargaining
	Work-life balance
	Health and safety
<b>Equal treatment and opportunities for all</b>	Gender equality and equal pay for work of equal value
	Training and skills development
	The employment and inclusion of persons with disabilities
	Measures against violence and harassment in the workplace
	Diversity
<b>Other work-related rights</b>	Child labour
	Forced labour
	Adequate housing
	Water and sanitation
	Privacy

not material, not covered in report  
 material, covered in report  
 material & strategic, more extensively covered

This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.

## Impact, risk and opportunity management

### S2-1

## Policies related to value chain workers

We aim to create safe, innovative, high-quality products to meet a wide variety of customer demands. Our employees from various geographies and departments actively team up to maximise safety.


Our **Code of Conduct for Suppliers** covers four areas: Labour and Human Rights, Ethics, Health and Safety, and Environment.

It states that suppliers shall:

- ✔ Not discriminate against any employee based on race, colour, age, gender, gender identity, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring, and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, and termination of contract
- ✔ Commit to a workplace free of harassment and discrimination
- ✔ Not traffic in persons or use any form of slave, forced, bonded, indentured, or prison labour
- ✔ Only employ workers who are at least 15 years of age or the applicable minimum legal age, whichever is higher
- ✔ Identify and promote work opportunities for young workers
- ✔ Not charge fees and costs related to recruitment, employment or termination processes to workers




Our new contracts with suppliers also include the acceptance of our Code of Conduct for Suppliers. After signing it, every supplier is asked to complete the Responsible Procurement Self-Assessment. If potential ESG risks are detected and this result is confirmed during an inspection, we may need to conduct a partnership evaluation.

Our **Responsible Procurement Policy** focuses on minimising the risk of socially and environmentally immature suppliers. Reflecting our corporate principles and values, it states that employees should focus on socially responsible suppliers and encourages them to promote environmentally friendly purchasing. Follow-up trainings on our Responsible Procurement Policy are also undertaken at our factory in Mjölby. Find out more by consulting the [ESRS E1 standard](#) .

Other responsible procurement tools include:


- ✔ Responsible Procurement Declaration
- ✔ Responsible Procurement Clause
- ✔ Responsible Procurement Self-Assessment


Our general **Code of Conduct**  ensures fair treatment of customers and other third parties. In FY23, we continued to train 100% of our employees on the Code of Conduct.

Compliance with the General Data Protection Regulation (GDPR) and other similar privacy laws is integrated into the general Code of Conduct, and the company's Data Processing Agreement helps us safely govern and protect our customers' personal data. To comply with new legal requirements, a radical change will be required in data obtained from suppliers, in data processing and in reports that are being sent out to customers and regulators.

Reducing warranty claims is also an essential part of ensuring customer safety. Our **Warranty Policy** helps us maintain high standards of quality and safety, ensuring we learn from errors and that they are not repeated.

## S2-2 Processes for engaging with value chain workers about impacts

A productive warehouse starts with a safe workplace. As working with material handling equipment creates a high-risk environment, it is important to raise awareness among drivers – and knowing how to operate a forklift efficiently and safely reduces the risk of accidents. [See below](#)  for more information on operator training and customer safety.

At this point, we do not have processes in place to engage directly with suppliers and dealers about impacts. Once we undertake our 'double materiality' exercise , we will decide how to best engage with them in future.

## S2-3 Processes to remediate negative impacts

Our Code of Conduct Helpline is a third-party platform, accessible to employees, suppliers and customers who wish to raise any concerns. Available 24 hours a day, 7 days a week, it can be accessed by phone or website to raise concerns. Managed by our Head of Legal Counsel, it is also possible to request assistance via a third party if anonymity is preferred.

We have evaluated our service performance daily since 2015, thanks to the Net Promoter Score (NPS) provided in our customer quality survey.

## Quality management

We use several reports to mitigate quality issues and safeguard quality.

The four main types of issues reported internally are:

- 1. Non-conformity reports:** when delivery specifications do not meet order specifications.
- 2. Warranty claim reports:** covering only the repair cost, which has occurred due to a fault caused by the manufacturing plants.
- 3. Technical reports or continuous improvement suggestions:** any motivated recommendations coming from the market may be considered in new product development as a requirement.
- 4. Accident or incident reports:** issued when either of these situations arise. Handled by the Product Safety Committee, the report is expected to be delivered within 24 hours of an incident or accident occurring. Some issues reported may require official feedback from Toyota Material Handling Europe. Feedback is processed through our ticketing system or Service Bulletins which are used as official communication documents within our network.

## Bringing suppliers into the EcoVadis platform


Labour practices and human rights in the value chain present industry-wide challenges that are difficult for any company to solve alone.

10 out of 21 sustainability criteria used by EcoVadis are focused on workers in the value chain. Our local entities – as well as over 200 suppliers who agreed to share their EcoVadis ratings - are currently being assessed on these issues as part of our approach to create a sustainable value chain. A supplier score on 'Labour practices and human rights' reflects their maturity managing these topics within their company, while their score on 'Sustainable procurement' reflects their maturity managing these within their supply chain.

We are currently building up capability to further zoom in on this topic in the future - once suppliers have been onboarded to the EcoVadis tool, its in-built, risk-mapping tools will allow us to investigate our operations' labour practices and human rights as well as those of our suppliers. This will give us a better overview how our suppliers deal with social practices in relation to second-tier suppliers.

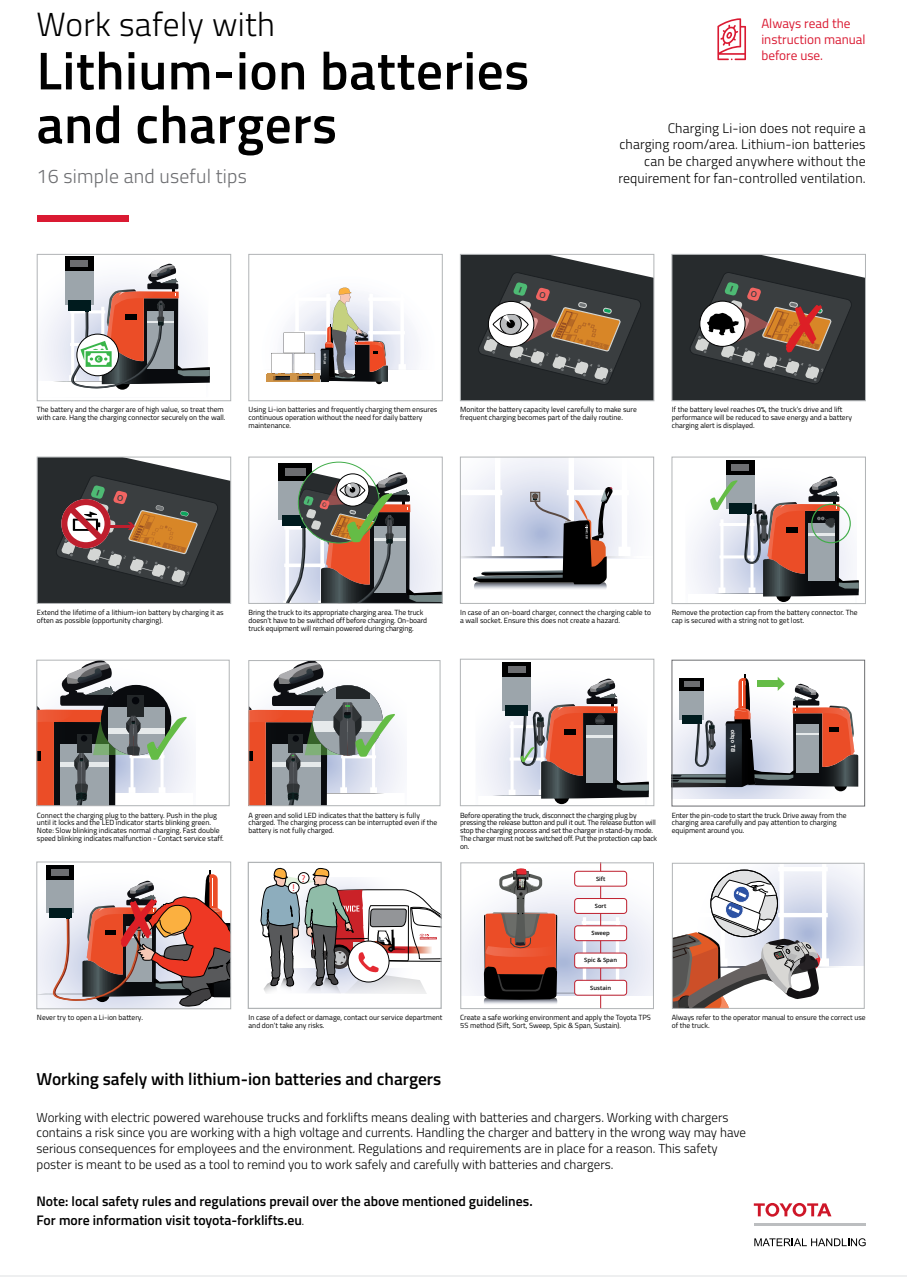
## Long-running partnership with EU-OSHA

Since 2010, we have been an official campaign partner of the EU Agency for Safety and Health at Work (EU-OSHA). We use our communication channels across the EU to promote their Healthy Workplaces Campaigns messages across our network, including our suppliers. By promoting the EU-OSHA Campaign toolbox to improve workplace safety, health and well-being, we aim for continuous improvement across our value chain.

As part of this commitment, health & safety posters with regard to trucks are made available for free in several markets – and in Belgium, [they are available to download](#) .

Work safely with Lithium-ion batteries and chargers

16 simple and useful tips



**Always read the instruction manual before use.**

Charging Li-ion does not require a charging room/area. Lithium-ion batteries can be charged anywhere without the requirement for fan-controlled ventilation.

**Working safely with lithium-ion batteries and chargers**

Working with electric powered warehouse trucks and forklifts means dealing with batteries and chargers. Working with chargers contains a risk since you are working with a high voltage and currents. Handling the charger and battery in the wrong way may have serious consequences for employees and the environment. Regulations and requirements are in place for a reason. This safety poster is meant to be used as a tool to remind you to work safely and carefully with batteries and chargers.

**Note: local safety rules and regulations prevail over the above mentioned guidelines.**  
For more information visit [toyota-forklifts.eu](http://toyota-forklifts.eu)

TOYOTA MATERIAL HANDLING

Work safely with an Automated Guided Vehicle

12 simple and useful tips










**Always read the instruction manual before use.**

**Built and developed with safety in mind**

Working in warehouses and storing pallets at height naturally entails certain risks. Every year minor and unnecessary incidents occur due to negligent behaviour and unwise usage of forklift trucks. With the introduction of automated guided vehicles (AGV) from Toyota Material Handling, there will be less risks and incidents thanks to safety sensors & cameras. Although an AGV is very safe, you need to consider some safety measures. Therefore, we created this safety poster to remind everyone within a warehouse how to act when near a Toyota Material Handling Autopilot.

For more information, please visit [www.toyota-forklifts.eu](http://www.toyota-forklifts.eu)

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**S2-4**

## Taking action on material impacts

We differentiate between direct material suppliers - who provide materials for our core business, such as parts like wheels, counterweights, chassis - and indirect suppliers, who provide products and services to our Marketing & Sales Companies (e.g. company cars, mobile phones, consultancy support).

All our direct material suppliers have already signed our Code of Conduct for Suppliers. By March 2024, 70% of European and national-level suppliers will have signed it. Through our target, we aim for 90% of European and national-level suppliers will sign it by 31 March 2027.

### Providing operator training and ensuring customer safety

To help customers operate our trucks safely, we offer operating training programmes. Our customers are also increasingly asking us to develop automated and semi-automated solutions.

We provide safety inspections of our products in operations, directly by Toyota Material Handling Europe's local entities or through third parties, and provide additional safety requirements. The [Site fleet management system](#) from Toyota Material Handling also ensures only licensed, trained operators can access trucks.

We offer operator training in 17 countries and trained 35,360 operators in FY23. In the same period, we trained 700 supervisors and managers, with a special focus on risk assessment.



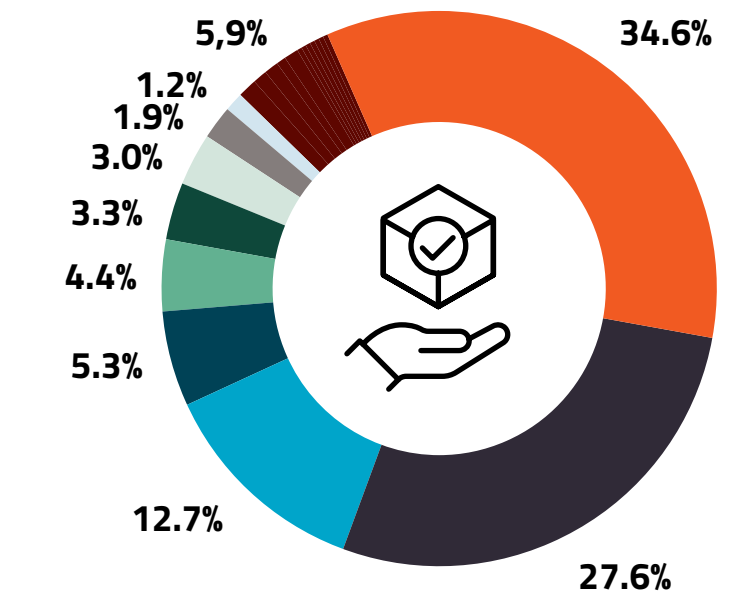
Our forklift operator training solutions help protect employees, equipment and materials with a comprehensive set of smart training solutions. We also assist HR and Health & Safety managers with material handling risk analysis to help comply with local requirements and find ways to continuously improve our customers' operations.

Toyota Material Handling Europe has a vision to reach zero accidents, which is why we take both active and passive safety into consideration when designing our trucks.

As forklift truck drivers are more prone to suffer from neck and shoulder injuries, optimal ergonomic design is crucial to ensure every driver is comfortable so they can operate safely and accurately. We provide a variety of standard features to reduce physical strain, such as high-comfort seats and armrest supports. We have also started providing new, large colour touchscreens to facilitate operations.

Our optional features include different control lever designs to suit drivers' preferences, warning lights and more advanced features, such as our recently launched SEnS+ operator assistance system, which minimises the risk of collision with pedestrians and obstacles.

### Direct suppliers' purchasing value, FY23



- **34.6%** Sweden
- **27.6%** Italy
- **12.7%** Germany
- **5.3%** China
- **4.4%** France
- **3.3%** Poland
- **3.0%** Czechia
- **1.9%** Japan
- **1.2%** Denmark
- **5.9%** Rest of the world

**€1.1 billion**  
 Total

## EcoVadis Invitation and Training for Suppliers

Before the COVID-19 pandemic, we organised quarterly 'Dantotsu visits' with our suppliers. These combined elements of quality training, consulting, coaching and auditing, occur thanks to a deep spirit of collaboration. Having piloted Corporate Social Responsibility (CSR) self-assessments with 50 suppliers, we understand its value. In FY23, we decided to launch EcoVadis to our suppliers.

We want all buyers to actively participate in the process of asking suppliers to sign up to EcoVadis and learn more about its tools, so we can collaborate more actively with our suppliers. By the end of FY24, we aim to have invited 660 suppliers to join EcoVadis and train 100 suppliers on the platform.

In coordination with other departments, the Procurement department integrates social and environmental criteria into the choice of its suppliers. EcoVadis scored us 70 on Responsible Purchasing, putting us in the top 1% of suppliers in the general-purpose machinery manufacturing category, (well above the average of 38 that over 150 other heavy machinery industry suppliers were scored).

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## Case study

# Improving health & safety with data-driven fleet management at Dagrofa Logistik

Dagrofa Logistik, the logistics company for the Dagrofa retail chain and other branded stores, has achieved remarkable results in enhancing health & safety, reducing accidents, and promoting sustainability through data-driven fleet management. Here's their story.

### Reducing accidents and promoting safety

Dagrofa Logistik serves both Dagrofa's own chain and a number of Danish supermarket chains and highly values the safety of its employees and their working environment. With the introduction of the I\_Site fleet management system from Toyota Material Handling, the company

witnessed a significant decrease in accidents. In 2021, they reported only two workplace injuries, a remarkable improvement compared to previous years.

### Preventing injuries with data-driven insights

I\_Site system gives Dagrofa Logistik a good structure in the form of database-driven insight into how and when employee injuries occur. These insights allow them to introduce appropriate measures and change behaviour so that injuries can be prevented and to avoid employees get foot or other types of injuries.

The company actively created a safety culture, and the results were evident.

### Equipment maintenance: less damage, less cost

The fleet management system has noticeably reduced damage to Dagrofa Logistik's equipment at the warehouse in Vejle. They have significantly less damage to trucks and gates, and less so-called 'hidden damages' to racking, which were not recorded previously. They are now because I\_Site registers all impacts, meaning everything gets repaired quickly. As a result, equipment lasts longer. But more importantly, the racks are kept in good and safe condition, so there are no accidents with overturned racking. This not only lowers costs but also prevents accidents related to equipment failures.

### Continuous improvement and safety goals for 2024








Dagrofa Logistik views I\_Site as an essential tool for continuously improving culture and behaviour in the warehouse. The data analyses from the system provide a clear overview of the challenges and areas for improvement and assist Toyota Material Handling Europe's specialists in their continuous support.

### Safety goals for 2024

Dagrofa Logistik aspires to win the Working Environment Award as Denmark's safest workplace. Henrik Madsen, Logistics Manager of Dagrofa Logistik, said that the I\_Site fleet management system is an important tool for implementing the behavioural change needed to achieve the status of Denmark's safest workplace in 2024.

[Read more](#) 



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## Using data to improve H&S and environmental performance

We offer smart trucks as a standard. The I\_Site fleet management tool from Toyota Material Handling uses online data to measure, analyse and maximise the performance of each connected machine.

I\_Site offers a range of smart monitoring opportunities:

-  **Access Control** allows for the creation of unique driver profiles with PIN codes, to make sure only trained and authorised drivers have access to and can operate our machines. Smart access cards are optional, but will further increase security, as drivers will need to use a personal smart card in order to access and drive our trucks
-  **Shock and Damage Management** informs exactly when and where a shock is detected on a truck, helping reduce accidents and improve operators' well-being by reducing the shocks they are exposed to over a longer period of time
-  **Pre-Operational Check** requests drivers to perform an inspection of the machine via a display before starting up the truck, improving reliability of the fleet and safety in the workplace



## Annual supplier conference


Every year, we provide an opportunity for our suppliers to come together to discuss common challenges, innovation, and continuous improvement.

Sustainability is often a popular topic and this year's conference also saw many conversations centred on net zero and decarbonisation.

## Metrics and targets

### S2-5 Targets



Our **objective**  is to ensure workers across the value chain have access to **safe and fair working conditions**  and have their human rights respected.

The targets related to **workers in the value chain**  are outlined in ESRS 2.



'In our company we say, "No measurement means no improvement". The I\_Site fleet management tool from Toyota Material Handling provides database-driven insight which helps our customers measure critical aspects of their material handling operations, helping them prevent injuries and improve their safety culture.'

**Sven Kruienza**  
 Head of Connectivity,  
 Toyota Material Handling Europe

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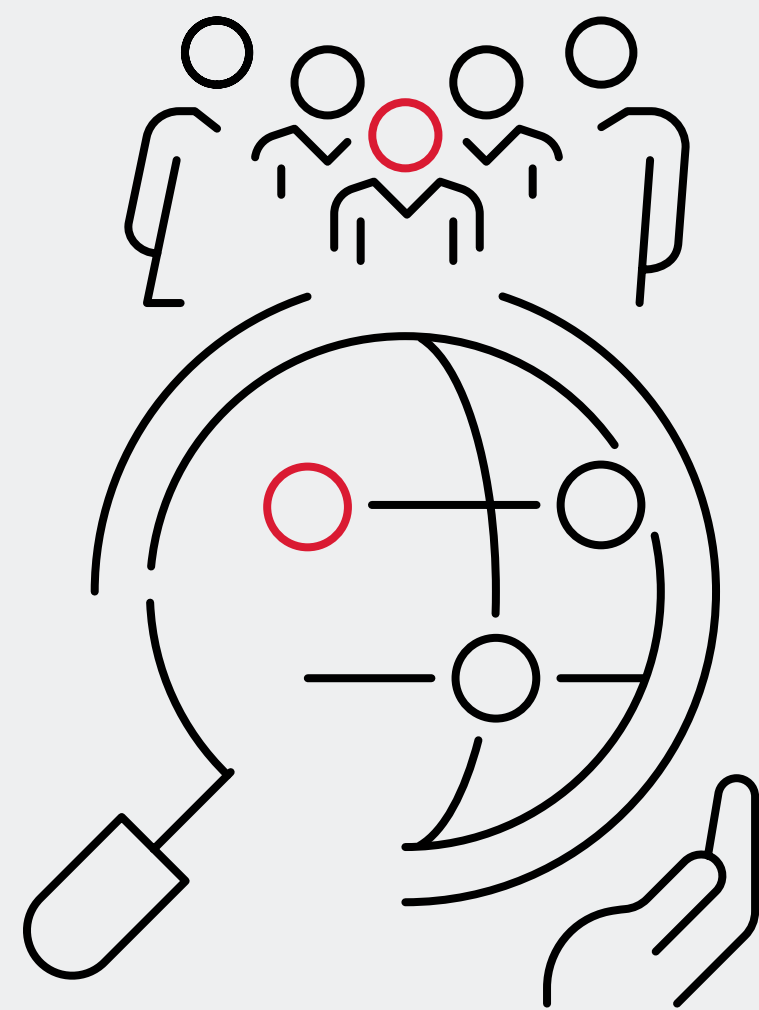
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# ESRS S3 Affected communities



## Our approach

### ESRS 2 SBM 2 Interests and views of stakeholders

To fully comply with ESRS by 2026, Toyota Material Handling Europe will have to complete a quantified analysis of impact, risk and opportunities. We can already share a qualitative assessment which demonstrates our current approach to [workers in the value chain](#) and affected communities.

Although we have an extensive supplier base, 80% of our European suppliers are located in the vicinity of our manufacturing plants, and Europe is where most of our suppliers are based. Some suppliers are based elsewhere, in countries where legal protection remains weaker and materially affected communities are not covered.

For example, some raw materials suppliers may operate mines, plantations or other operations that could materially affect local communities. We updated our [Code of Conduct for Suppliers](#) in 2023 to address this issue, in line with our Responsible Purchasing Policy.

A range of EU climate and social regulations – including the Forced Labour Regulation and Sectoral Social Dialogue - require us to further raise our level of governance on these issues. We welcome this opportunity to create a level playing field, as all EU companies will have to address this issue in a more standardised manner.

This topic is also important for many of our customers. In 2023, we compiled a list of '250 Most Frequently Asked Sustainability Questions by our Customers'.

A total of 28 questions out of 250 relate directly or indirectly to affected communities. Some customers have informed us that if we do not match their level of human rights governance in the supply chain, we may be disqualified as a supplier. We strive to regularly review regulations and customer requirements to stay aligned with continuously evolving expectations from our stakeholders.

### ESRS 2 SBM 3 Material impacts

According to our 2021 Materiality Matrix, 'Responsible purchasing' was considered a material issue. At the time, we consolidated all Environmental, Social and Governance (ESG) aspects concerning our suppliers into one single material issue. We did not separate labour practices and human rights in the supply chain.

While Global Reporting Initiative (GRI) standards left it up to companies to identify material sustainability issues, the ESRS provides a standardised list of material issues that companies must evaluate for their materiality. In our previous report, we did not cover potential material sub-topics or sub-sub-topics matching those listed by ESRS.

By cross-referencing [ESRS S2](#) with our Code of Conduct for Suppliers, we found that 16 out of 18 potentially material sub-sub-topics are already covered in agreements between us and our suppliers. However, topics related to affected communities are not explicitly covered. Nevertheless, most ESRS S2 sub-sub-topics are directly covered by EcoVadis - as well as some ESRS S3 topics.

ESRS S3	
Sustainability Matters covered in topical ESRS	
<b>Affected communities</b>	
<b>Communities economic, social and cultural rights</b>	Adequate housing
	Adequate food
	Water and sanitation
	Land-related impacts
	Security-related impacts
<b>Communities civil and political rights</b>	Freedom of expression
	Freedom of assembly
	Impacts on human rights defenders
<b>Right of indigenous people</b>	Free, prior and informed consent
	Self-determination
	Cultural rights

- not material, not covered in report
- material, covered in report
- material & strategic, more extensively covered

This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.

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# Impact, risk and opportunity management

## S3-1

### Policies related to affected communities

Our **Code of Conduct for Suppliers** specifically states the following in regards to affected communities:

- ✔ **Land rights of communities:** The rights and title to land and property of the individual, indigenous people and local communities shall be respected. All negotiations regarding land or property, including the use of and transfers of it, shall adhere to the principles of free, prior and informed consent, contract transparency and disclosure. Upon our request, suppliers are required to demonstrate a legal right to use the land
- ✔ **Community engagement:** Suppliers are encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which they operate

## S3-2

### Processes for engaging with affected communities about impacts

We do not currently have any dedicated processes to directly engage with affected communities about impacts.

## S3-3

### Processes to remediate negative impacts and channels for affected communities to raise concerns

At this stage, we do not have processes in place for affected communities to raise concerns. Nevertheless, we know this topic is important for many of our customers and upcoming EU legislation will require us to step up our governance on this issue in a standardised manner, which we plan to do in future.

## S3-4

### Taking action on material impacts on affected communities

At this point, we do not have dedicated processes to take action on impacts relating to affected communities. However, suppliers who go through the [EcoVadis assessment process](#) must answer questions on Labour Practices, Human Rights and Sustainable Procurement.

Suppliers' EcoVadis scores on Labour Practices and Human Rights will reflect the maturity in managing these topics within their own company - while their Sustainable Procurement scores demonstrate the maturity in managing these issues within their own supply chain.

For a more detailed analysis of how we work with our suppliers on EcoVadis, please consult [disclosure ESRS S2-4](#) and [disclosure ESRS G1-2](#).

## S3-5

### Targets

Our Code of Conduct for Suppliers will be updated to fully align with the material sub-sub-topics listed in ESRS S3.

Although we have not yet identified any relevant cases in our supply chain, this will help raise awareness of the issue among our suppliers.



'As our Code of Conduct for Suppliers states, "Suppliers are encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which they operate".'

**Rebeca Bruno**

Category Manager,  
Toyota Material Handling Europe



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## ➔ ESRS G1: Business conduct

### Impact, risk and opportunity management

**ESRS 2 GOV-1** The role of the administrative, supervisory and management bodies

**ESRS 2 IRO-1** Description of the processes to identify and assess material impacts, risks and opportunities

**G1-1** Corporate culture and business conduct policies

**G1-2** Management of relationships with suppliers

**G1-3** Prevention and detection of corruption and bribery

### Metrics and targets

**G1-4** Confirmed incidents of corruption or bribery

**G1-5** Political influence and lobbying activities

**G1-6** Payment practices





# EcoVadis Ethics score

We use EcoVadis, the world's largest and most trusted provider of business sustainability ratings, to drive ESG compliance and best practices across our own operations.

Therefore, our head office submits the EcoVadis survey each year. Factories and Marketing & Sales Companies also go through the EcoVadis assessment process every 12 months. Our independent distributor in Portugal, Toyota Caetano, has volunteered to act as a pilot for independent national distributors.

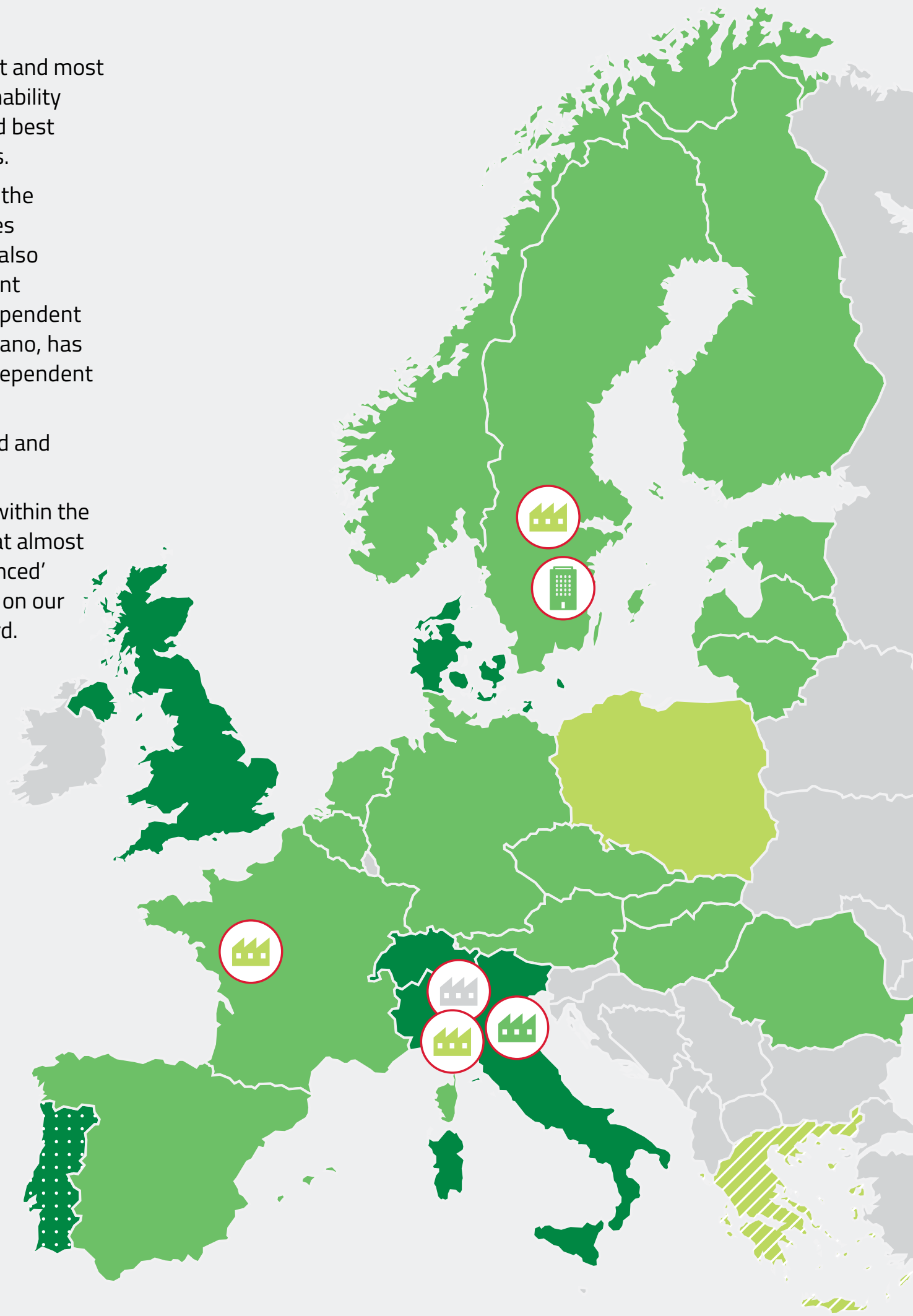
EcoVadis ratings are evidence-based and cover four sustainability thematic.

Ethics is one of the four subscores within the EcoVadis rating. The map shows that almost all entities are rated either as 'Advanced' or 'Outstanding' on this topic based on our approach outlined in the G1 standard.

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EcoVadis scores

Score	
<span style="color: green;">●</span> >=80%	<b>Outstanding</b>
<span style="color: lightgreen;">●</span> 70%	<b>Advanced</b>
<span style="color: yellowgreen;">●</span> 60%	<b>Confirmed</b>
<span style="color: yellow;">●</span> 50%	<b>Intermediate</b>
<span style="color: orange;">●</span> 40%	<b>Partial</b>
<span style="color: orange;">●</span> 30%	<b>Pass</b>
<span style="color: red;">●</span> <30%	<b>Fail</b>
<span style="color: grey;">●</span> Not assessed	
<span style="color: yellow; border: 1px dashed black;">▨</span>	EcoVadis score more than 12 months old



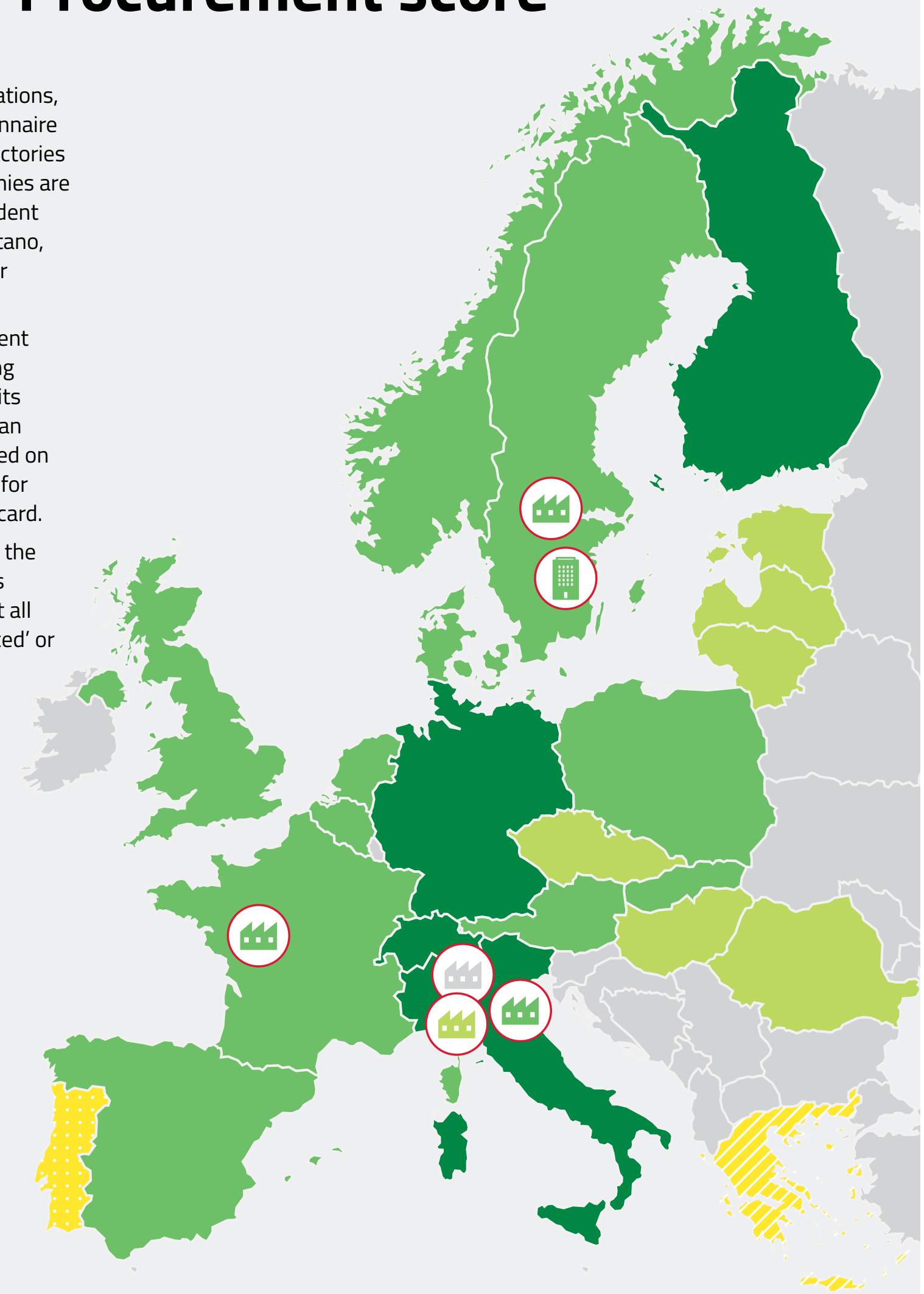
# EcoVadis Sustainable Procurement score

To implement sustainable ESG procurement across our own operations, we complete the EcoVadis questionnaire once a year. Our head office, our factories and our Marketing & Sales Companies are all reassessed yearly. Our independent distributor in Portugal, Toyota Caetano, has volunteered to act as a pilot for independent national distributors.

EcoVadis customises the assessment framework for companies according to its activity, size, and location of its operations. As well as being given an overall score, companies are advised on strengths and improvement areas for each theme on the EcoVadis scorecard.

Sustainable Procurement is one of the four subscores within the EcoVadis rating. The map shows that almost all entities are rated either as 'Advanced' or 'Outstanding' on this topic.

Score	
<span style="color: green;">●</span> >=80%	<b>Outstanding</b>
<span style="color: lightgreen;">●</span> 70%	<b>Advanced</b>
<span style="color: yellowgreen;">●</span> 60%	<b>Confirmed</b>
<span style="color: yellow;">●</span> 50%	<b>Intermediate</b>
<span style="color: orange;">●</span> 40%	<b>Partial</b>
<span style="color: orange;">●</span> 30%	<b>Pass</b>
<span style="color: red;">●</span> <30%	<b>Fail</b>
<span style="color: grey;">●</span> Not assessed	
<span style="color: yellow; border: 1px dashed black;">▨</span>	EcoVadis score more than 12 months old



# ESRS G1 Business conduct



## Our culture, values and governance

This section outlines our corporate culture and company values as well as policies, guidelines and targets relating to business conduct practices. This includes relationships with suppliers as well as compliance, export control, data protection and payment practices.

ESRS G1	
<b>Sustainability Matters covered in topical ESRS</b>	
<b>Business conduct</b>	
Corporate culture	
Protection of whistle-blowers	
Animal welfare	
Political engagement	
Management of relationships with suppliers, including payment practices	
Corruption and bribery	Prevention and detection, including training Incidents

not material, not covered in report  
 material, covered in report  
 material & strategic, more extensively covered

This table is a 'translation' from our existing 2021 materiality matrix, which was based on GRI, to match the ESRS framework. It does not reflect our Double Materiality Assessment (DMA) which will be published by FY26 at the latest.

## Impact, risk and opportunity management

### ESRS 2 GOV-1

The role of the administrative, supervisory and management bodies

This information is outlined in [ESRS 2](#)

### ESRS 2 IRO-1

Description of the processes to identify and assess material impacts, risks and opportunities

According to our [2021 Materiality Matrix](#) , five relevant topics were considered as material and therefore included in our sustainability reporting processes: 'Governance', 'Compliance', 'Bribery and corruption', 'Risk management' and 'Responsible purchasing'.

To fully comply with ESRS by 2026, we will complete a quantified analysis of impact, risk and opportunities. We can already share an assessment which demonstrates our current approach to our business conduct – and our double materiality assessment will result in an updated list of issues by FY26, in time for our first ESRS-compatible Sustainability Report.

### G1-1

Corporate culture and business conduct policies

Toyota Industries Corporation formulated the [Toyota Precepts](#) in 1935 to capture the innovative principles on which Sakichi Toyoda founded the company

The Toyota Precepts are sometimes referred to as our corporate creed and our corporate history.

## The Toyota Precepts



- Always be faithful to your duties, thereby contributing to the Company and to 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 at work that is warm and friendly
- Always have respect for spiritual matters and remember to be grateful at all times

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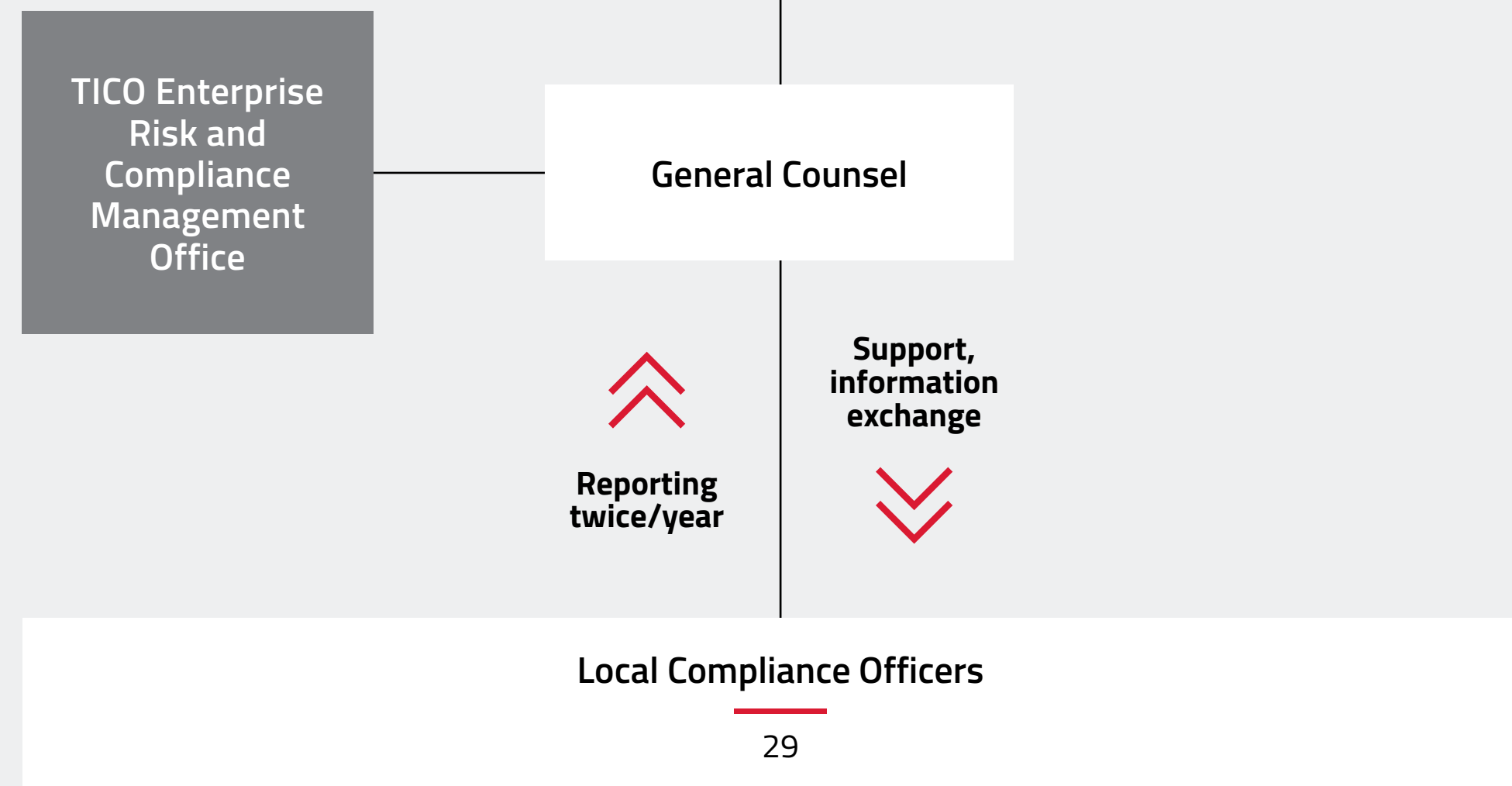
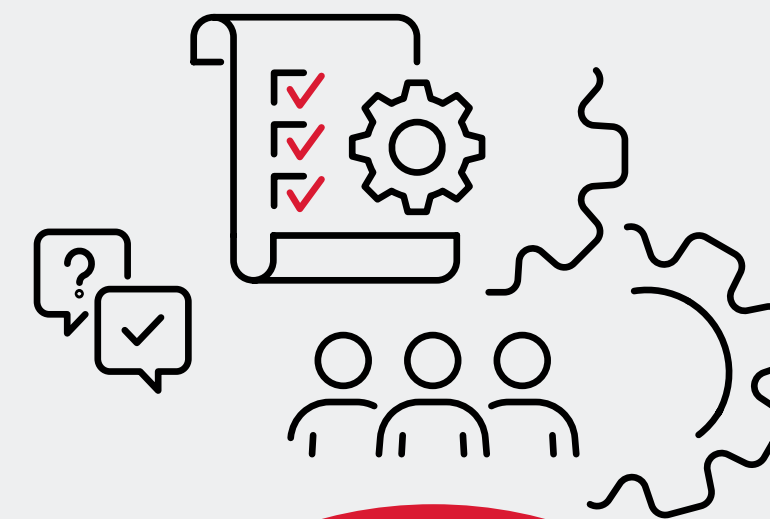
Our **Code of Conduct** translates the Toyoda Precepts philosophy into practical guidelines.

It stipulates the expected ethical behaviour of our employees when interacting with each other, with customers, with suppliers, with other stakeholders and with society at large.

It covers a broad range of topics, such as discrimination and respect for human rights and certain important topics such as use of company assets, insider trading, compliance with local laws and regulations and environmental preservation.

An interactive online Code of Conduct e-learning training is available in fifteen languages and complemented by face-to-face trainings conducted by the Local Compliance Officers (LCOs). As a part of our onboarding process, each employee also participates in an e-learning course to discover Toyota's history. They are also given examples of how to apply Toyoda Precepts in their daily work.

## Our Compliance Committee



## Compliance, risk assessment and organisation

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.

Our Compliance Committee has the oversight responsibility for matters of non-financial compliance, including the Toyota Material Handling Europe Compliance System with a focus on 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, Marketing & Sales Companies and support entities. Those colleagues assume the important role as compliance officers alongside their positions within mainly finance, HR and quality functions.


Our main tool in this area is the general Compliance Risk Assessment (CRA), part of the Enterprise Risk Management (ERM) process applied in our company today. LCOs from all local entities use the CRA to 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 for carrying out mitigation measures and monitoring progress.

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## Export control and sanctions

As a global company, we need to ensure that we sell and distribute our products and services in compliance with all relevant laws. This includes regulations focusing on how to control export to countries and customers that are considered to be linked to terrorism, development of weapons for mass destruction and other similar security issues.

As the global security environment surrounding Europe becomes increasingly complex, the importance of export control is critical for us and the Toyota Industries Corporation Group (TICO). We follow TICO's Global Export Control Guidelines which establish a structure and define internal rules for export control.

Our **Export Control Policy** ensures we comply with export control laws and TICO guidelines, securing that we check whether export items may be prohibited, where they are exported to and who the end users of export items are.

We are in the process of establishing a comprehensive **Trade Compliance Policy**, covering export control but also sanction and anti-money laundering related rules and regulations.

## Data protection and the ESRS

The General Data Protection Regulation (GDPR) has been with us for over five years and continues to have an impact on our business. Compliance with the GDPR and other similar laws is an integrated part of our Code of Conduct.






The focus continues to be the protection of our employees' and customers' personal data. Our efforts regarding information security awareness – through e-learnings and other communications activities – are key drivers of Toyota Material Handling Europe's GDPR compliance.

## Bringing together policies and guidelines in one location

We have established policies and guidelines to set internal standards, leading to a harmonised way of working. Policies are mandatory, guidelines give space for local entities to implement.

We have 3 types of steering documents:

-  **Policy**
  - Mandatory rule for all Toyota Material Handling Europe entities to follow
  - Should be implemented locally
  - No deviation or exception is allowed
-  **Guidelines**
  - Guiding principles for local implementation
  - Local adjustments or exceptions may be made to fit local laws
-  **Instructions**
  - Mandatory instructions normally related to reporting or a process for all Toyota Material Handling Europe entities to follow
  - No deviation or exception is allowed

Since 2019, our Legal & Compliance department has been improving accessibility and access to central policies and guidelines. All group policies are now available for consultation on our intranet platform.

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**G1-2**

## Management of relationships with suppliers

Our direct material suppliers have accompanied our ESG journey for many years. We have asked them to gain ISO 14001 certifications, ensure that they comply with environmental legislation and requested that suppliers develop policies which minimise their environmental impact.

A range of internal policies guide our relationship with suppliers:








-  Our **Responsible Procurement Policy** reflects our corporate principles and values, states that our purchasing processes should focus on socially and environmentally responsible purchasing. Find out more by consulting [standard ESRS S1](#)  and [standard ESRS S2](#) .
-  Our **Code of Conduct for Suppliers**, which is a part of Responsible Procurement Policy, specifies minimum standards expected of suppliers with focus on socially and environmentally responsible behaviour. Read [standard ESRS S1](#)  and [standard ESRS S2](#)  for more information on our Code of Conduct for Suppliers.
-  Procurement is also regulated by our **Purchasing Policy**. New suppliers need to be approved and registered before anyone can proceed with any purchase.



‘We aim to be a leader in the sustainable transformation of our value chain. By 31 March 2025, we expect climate critical suppliers to commit to science-based targets, and suppliers with a spend of over €100,000 to submit an EcoVadis assessment or equivalent’

**Giorgio Polonio**  
VP Purchasing Supply,  
Toyota Material Handling Europe


We have also established a set of criteria, based around [EcoVadis](#) , which suppliers must adhere to

 Suppliers	 70% of suppliers should sign the Code of Conduct for Suppliers by March 2024
	 90% of suppliers should sign the Code of Conduct for Suppliers by March 2027
Suppliers > €100,000/year	 Should accept an invitation for a sustainability audit, if they have been selected by our company as being a high ESG risk
	 Need to share their EcoVadis ESG and carbon scorecards with us by December 2024
Suppliers > €100,000/year, who have a high impact on our carbon footprint	 Should have an ISO 14001 certification
	 Should commit to the Science Based Targets initiative (SBTi) by December 2025

### G1-3

## Prevention and detection of corruption and bribery

Our company has a number of policies and guidelines in place to prevent corruption and bribery:

- ✔ **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), whether in connection with business transactions or otherwise
- ✔ We have further implemented a **Gifts and Hospitality Guideline** which has been integrated into our Code of Conduct training sessions. These build on existing legal guidance relating to the acceptance and provision of gifts, benefits and hospitality. According to this guideline, in difficult cases, employees are required to contact colleagues, managers or their local compliance officer for guidance. To further support for our work to prevent bribery and corruption, our Facilitation Payments Guideline deals with governmental contacts for routine matters
- ✔ The **Toyota Material Handling Europe Compliance Committee** is responsible for reporting on all compliance-related issues 
- ✔ **Our Code of Conduct Helpline** is a third-party platform accessible 24/7 for employees and anyone who has a work relationship with us. It is our whistle-blowing platform. It can be reached by phone or website to raise concerns with any breaches of our Code of Conduct, including concerns regarding corruption or bribery

## Metrics and targets

All our objectives and targets - including those relating to **KPIs**  - are outlined in ESRS 2.

### G1-4

## Confirmed incidents of corruption or bribery

We are currently working on how to consolidate and share this information at a European level.

### G1-5

## Political influence and lobbying activities

Toyota Material Handling Europe does not engage directly in any lobbying activities – whether at EU level or outside Europe. However, we take part in such activities indirectly as a member of industry associations such as the Federation of European Equipment Manufacturers (FEM), The Association of Swedish Engineering Industries and Orgalim (through FEM).

We support many organisations and activities through social contributions, volunteering, sponsorships and memberships. Our 'Guidelines for Investing in the Toyota Material Handling Europe Brand' state, for example:

- ✔ All contributions and sponsorships must be clear and visible, i.e. any reasons given must be justifiable and documented
- ✔ No contributions may be made to politically or religiously motivated organisations



### G1-6

## Payment practices

To avoid unfair payment practices, payment terms for our suppliers are defined in our General Terms and Conditions, which state our payment terms as 30 days. When local laws and practices are taken into consideration, the most common payment terms are: 30 days in northern and western Europe, 45 in France and over 60 days in southern and eastern Europe.

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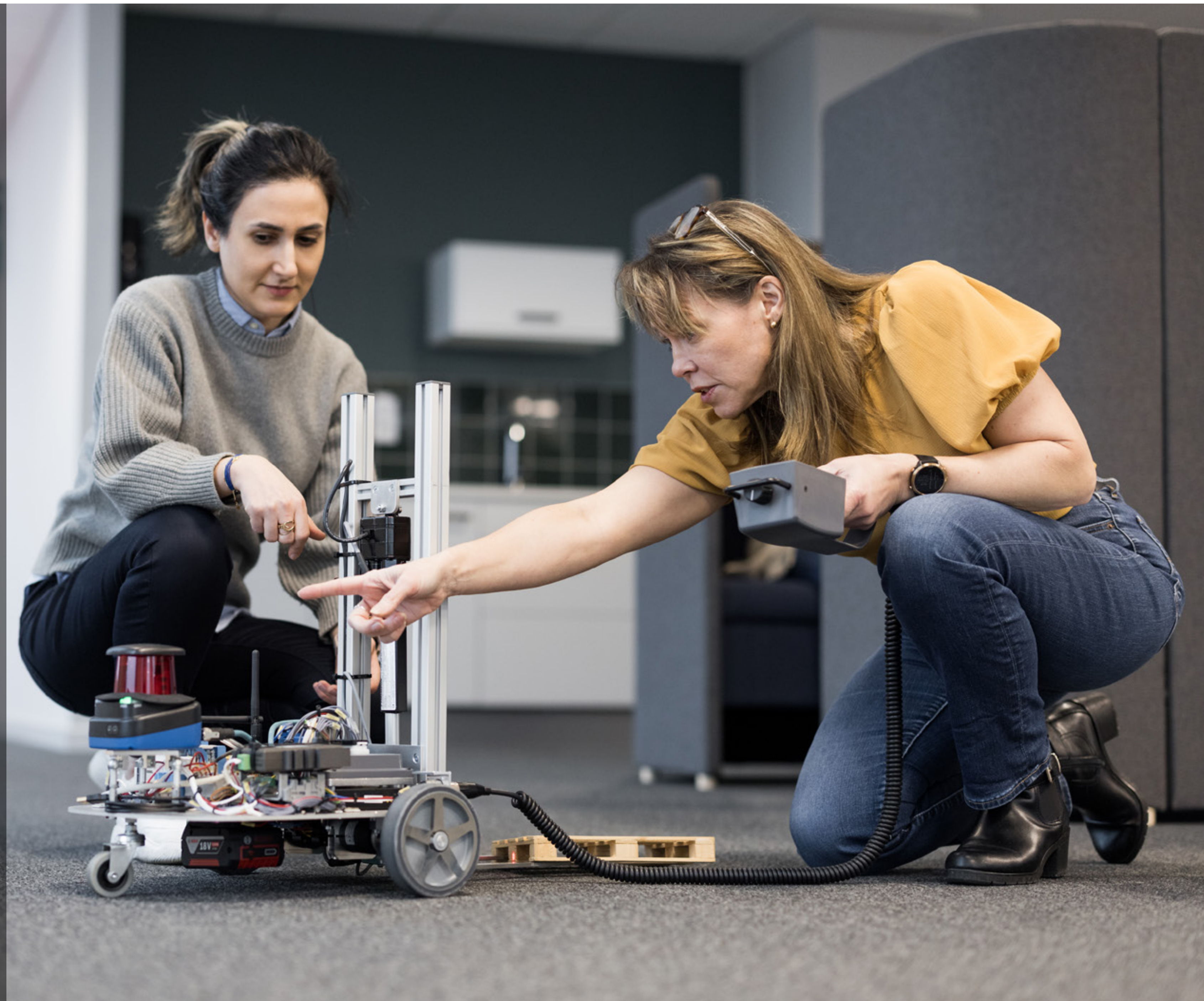


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# Glossary

## Sustainability: a glossary of terms

To make our sustainability communications as accessible as possible, we include a glossary of important terms used in this document.

As this report adheres to the European Sustainability Reporting Standards (ESRS), you can also access [Annex II - Acronyms and Glossary of Terms](#) which defines ESRS acronyms and terms.



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### ASEC

The Aftersales Service Evaluation & Certification training programme was developed to standardise and deploy Toyota's service and parts operations. It is aimed at entities and independent dealers with parts and services operations. The programme has 'good' and 'excellent' levels.

### Carbon dioxide equivalents (CO<sub>2</sub>e)

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, organisational or product level. A zero-carbon footprint means no carbon emissions through efforts of good practice, not including offsetting.

### Corporate Social Responsibility (CSR)

In general, CSR is similar to sustainability and refers to what an organisation is doing to reduce its environmental impact and outline its approach to social issues and governance.

### Dantotsu

A Japanese word meaning 'the best out of the best' - Dantotsu products (unrivalled products) have a specific machine-related use and are considered vastly superior to the 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

A trusted global provider of business sustainability ratings, EcoVadis helps companies manage value chain risk, compliance, performance and respond to increasing due diligence regulations. EcoVadis evaluates Toyota Material Handling Europe's environmental, social and ethical performance and it has ranked the company among the top 1% of 100,000 suppliers worldwide. It also has rated four of our factories, 20 Marketing and Sales Companies, as well as over 200 of our suppliers.

### 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 go along with it.

### Energy intensity

The amount of energy used in producing a given level of output or activity. 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 throughout the EU, with its main activities covering three distinct areas: analysis and research, prevention, and campaigning and awareness raising.

### FY

The way we display our financial year, also called fiscal year.

#### **FY12:**

The financial year ending on March 31, 2012. We used it as the base year for setting all our FY21 energy and emissions targets in line with the Corporate Reporting and Accounting Standard of the Greenhouse Gas Protocol.

#### **FY23:**

Our most recently completed financial year at the date of publication of this report, ending on March 31, 2023. Our past long-term sustainability targets evaluated in this report were set in our 2015 report for 2021, in line with our parent company's five-year planning cycles. The 6th Environmental Action Plan started on April 1, 2015 and ended on March 31, 2021.

#### **FY31:**

Our future long-term sustainability targets will be set for 2031, in line with our parent company's five-year planning cycles. The 8th Environmental Action Plan will start on April 1, 2025 and end on March 31, 2031.



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## Greenhouse effect

Gases produced naturally and by human activities that have contributed to the warming of the planet, global warming, by trapping sunrays.

## 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 its 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 Systems. Companies that are ISO 9001 certified have in general better structured governance around quality processes. They tend to have a quality-oriented culture.

## ISO 14001

Provides the baseline requirements for an Environmental Management System. Companies that are ISO 14001 certified have a better track record in environmental compliance, reusing and reducing waste and water consumption. These entities also tend to show a more advanced innovation culture at all levels of the organisation concerning environmental impact reduction.

## ISO 45001

Provides the baseline requirements for occupational Health and Safety Management Systems. Companies that are ISO 45001 certified have a better track record in health and safety compliance, reducing injuries and sickness absence, and general prevention measures. These entities also tend to show a more advanced innovation culture at all levels of the organisation concerning employee health, safety and well-being.

## ISO 50001

Provides the baseline requirements for an Energy Management System. Companies that are ISO 50001 certified have a better track record in compliance and a more advanced innovation culture at all levels of the organisation concerning energy efficiency and carbon emissions regulations. They are better at cutting energy usage and energy costs, while reducing emissions.

## Key Performance Indicator (KPI)

A 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.

## Lost day rate

An indicator which measures the most severe workplace accidents that result in at least one day of absence from work. It is calculated by dividing total days lost by total hours worked and multiplying by 1,000,000.

## Materiality Matrix

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

## Musculoskeletal disorders (MSDs)

Injuries to parts of the human musculoskeletal system, which includes joints, muscles and ligaments, as well as structures supporting the neck, back and limbs. MSDs are a particular risk in the logistics industry due to the physical demands of certain tasks, which is why it is important to prioritise their prevention to protect workers.

## 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, there is one very important question is asked: how probable is it that you will recommend this company to a friend? Clients give a figure between 0 and 10. People rating 0 to 6 are defined as 'detractors', 7 to 8 as 'passives' and 9 to 10 as 'promoters'. The ultimate NPS score is obtained deducting the percentage 'detractors' from the percentage of 'promoters'.

## Renewable electricity

Electricity generated by 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; your electricity is green if your supplier also delivers you the Renewable Origin Certificates (ROC's).

## Science-based targets

Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. More information can be found [here](#) >.

## Science Based Targets initiative

A global platform which helps organisations set science-based emissions reduction targets. The SBTi is a partnership between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UN Global Compact). Setting science-based targets via the SBTi is also one of the We Mean Business Coalition commitments.

## SBTi campaign 'The Business Ambition for 1.5°C'

The Business Ambition for 1.5°C campaign is an urgent call-to-action campaign led by the SBTi, UN Global Compact and the We Mean Business Coalition calling for companies to set emissions reduction targets to limit global warming to 1.5C.

Companies can commit to Business Ambition for 1.5°C by signing the commitment letter in step one of the target-setting process. By doing so, they will be recognised on the SBTi and UN Global Compact websites as having committed to the most ambitious science-based targets.

Committing to the Business Ambition for 1.5°C campaign is the highest ambition commitment offered through the SBTi, and we encourage all companies to choose this commitment level when committing to the SBTi.

There are two options companies can choose from when committing to Business Ambition for 1.5°C. To fulfil this commitment, companies can either set 1.5°C-aligned targets across scope 1, 2, and 3 emissions, or set targets in line with current SBTi criteria and commit to set a net-zero target according to SBTi forthcoming criteria.

Please see specific FAQs related to the Business Ambition for 1.5°C campaign [here](#) >.



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## SCIP database

Database established by the European Chemicals Agency to implement article 9.1 of the Waste Framework Directive, with an aim to provide transparency on Substances of Very High Concern contained in articles as such or in complex objects.

## Scope 1 CO<sub>2</sub> emissions

Direct emissions from sources that are owned or under direct control. Emissions often result from the combustion of fossil fuels for comfort heating or other industrial applications. Resulting from the combustion of fossil fuels as a direct result from a company's own operations. The emission sources are owned or leased by the company, and the fuel or energy bill is paid by the company.

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

Indirect emissions from sources under direct control. Emissions often result from energy consumption within a company's own operations, generated outside of the context given in scope 1, e.g. electricity and district heating. Electric trucks generate scope 2 CO<sub>2</sub> emissions, unless they are charged with 'green electricity'.

## Scope 3 CO<sub>2</sub> emissions

Indirect emissions which occur in an organisation's value chain - from assets not directly controlled or owned by a company. Scope 3 emissions are often the scope 1&2 emissions of customers and/or suppliers.

## 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 divided into 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.

## Toyota Industries Corporation (TICO)

Toyota Material Handling Europe AB is a fully-owned subsidiary of TICO.

## Toyota Industries Europe (TIE AB)

TIE AB is the holding company for Toyota Material Handling 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 service standards, 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, firstly, relevant and accessible and secondly, timely and accurate.

## Volatile organic compounds (VOCs)

Compounds - naturally-occurring or man-made - that have a high vapour pressure and can easily evaporate at room temperature. 'Organic' means the compound contains carbon atoms while 'volatile' relates to the compounds' ability to vaporise. Able to be inhaled when breathing, some VOCs are harmless while others are hazardous. Man-made VOCs are regulated - especially indoors, where their concentration is often higher.

# List of acronyms

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List of acronyms

Acronym	Expansion
<b>AI</b>	Artificial intelligence
<b>ASEC</b>	Aftersales Service Evaluation & Certification
<b>B2B</b>	Business-to-business
<b>BMWT</b>	Association of the Dutch industrial equipment sector
<b>CAPEX</b>	Capital expenditure
<b>CDP</b>	Organisation previously known as the Carbon Disclosure Project
<b>COVID-19</b>	Coronavirus 2019
<b>CRA</b>	Compliance Risk Assessment
<b>CSR</b>	Corporate Social Responsibility
<b>CSRD</b>	Corporate Sustainability Reporting Directive
<b>DE&amp;I</b>	Diversity, equity and inclusion
<b>DFPRW</b>	Declaration on Fundamental Principles and Rights at Work
<b>DMA</b>	Double Materiality Assessment
<b>DNSH</b>	Do No Significant Harm
<b>DPL</b>	Dynamic Power Limitations
<b>ECHA</b>	European Chemicals Agency
<b>ERM</b>	Enterprise Risk Management
<b>ERP</b>	Enterprise Risk Policy
<b>ESG</b>	Environmental, social and governance
<b>ESRS</b>	European Sustainability Reporting Standards
<b>EU</b>	European Union
<b>EU-OSHA</b>	European Agency for Safety and Health at Work
<b>EWC</b>	European Works Council
<b>FEM</b>	Federation of European Equipment Manufacturers
<b>FSC</b>	Forest Stewardship Council

Acronym	Expansion
<b>FY</b>	Financial Year or Fiscal Year
<b>GDPR</b>	General Data Protection Regulation
<b>GHG</b>	Greenhouse gas
<b>GRI</b>	Global Reporting Initiative
<b>HR</b>	Human resources
<b>H&amp;S</b>	Health & safety
<b>HVO</b>	Hydrogenated Vegetable Oil
<b>HWC</b>	Healthy Workplaces Campaign
<b>IEA</b>	International Energy Agency
<b>ILO</b>	International Labour Organization
<b>ISO</b>	International Organization for Standardization
<b>J-SOX</b>	Japanese Sarbanes-Oxley Act
<b>KPIs</b>	Key Performance Indicators
<b>LCA</b>	Life-cycle assessment
<b>LCO</b>	Local Compliance Officers
<b>LEAD</b>	Leadership Development Programme for team-leaders
<b>LEAN</b>	Toyota Lean Management
<b>LIFT</b>	Leadership Development Programme for cross-functional leaders
<b>LSE</b>	Lean Service Excellence
<b>MD</b>	Managing Director
<b>MSDs</b>	Musculoskeletal disorders
<b>MSDS</b>	Material Safety Data Sheets
<b>NGO</b>	Non-governmental organisation
<b>NPS</b>	Net Promoter Score
<b>OECD</b>	Organisation for Economic Co-operation and Development

Acronym	Expansion
<b>OLP</b>	Optimisation of Lifetime Profitability
<b>OPEX</b>	Operational expenditure
<b>PPDR</b>	Performance & Personal Development Review
<b>QHSE</b>	Quality, Health, Safety, and Environment
<b>R&amp;D</b>	Research and development
<b>REACH</b>	Registration, Evaluation, Authorisation and Restriction of Chemicals
<b>RE-DISS</b>	Reliable Disclosure for Europe
<b>RoHS</b>	Restriction of Hazardous Substances Directive
<b>SBTi</b>	Science Based Targets initiative
<b>SCIP database</b>	Database for information on Substances of Concern in articles as such or in complex objects
<b>SDGs</b>	Sustainable Development Goals
<b>SVHC</b>	Substance of very high concern
<b>SVP</b>	Senior Vice-President
<b>TICO</b>	Toyota Industries Corporation
<b>TIE</b>	Toyota Industries Europe AB
<b>TLC</b>	Former name of Europe Logistics
<b>TMHE</b>	Toyota Material Handling Europe
<b>TPS</b>	Toyota Production System
<b>TSC</b>	Toyota Service Concept
<b>UN</b>	United Nations
<b>VOCs</b>	Volatile organic compounds
<b>VP</b>	Vice-President
<b>WTT</b>	Wheel-to-tank



# United Nations Sustainable Development Goals (SDGs)

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## Toyota Material Handling Europe

We are not an official signatory of the UN Global Compact. On this page we cross-reference which United Nations Sustainable Development Goals (UN SDGs) are referenced within this report.

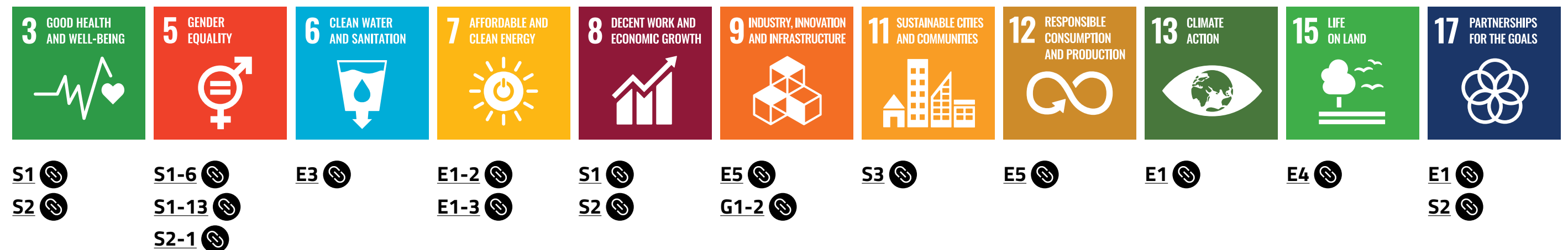
Goal 17 - 'Partnership for the Goals' - is the single most important SDG, as no organisation can work towards a sustainable future alone. Throughout the report, we provide examples of how we partner with our customers, suppliers, employees, industry bodies, institutions and local communities.

An excellent example of how we collaborate with EU institutions and customers is our partnership with EU-OSHA, which started in 2010. It helps promote "Good Health and Well-being for people" to our employees, customers and suppliers, in line with the aspirations of Goal 3.

## Toyota Industries Corporation

In our 2019 report, we explained how our owner Toyota Industry Corporation (TICO) links its business strategy to the UN Sustainable Development Goals (SDGs) in its [Value Creation Process](#). In 2020, TICO formalised nine [Material Issues](#) through formal stakeholder dialogue. Thanks to this process, TICO was able to focus on nine out of seventeen SDGs, where it can make the most significant contribution. TICO refers to these SDGs in its [Vision 2030](#), where it aims to make earth a better place, enrich lifestyles and promote a compassionate society.

In this sustainability report, we partially address 11 of the 17 SDGs:



### CSR MATERIALITY





-  Mitigation of Global Warming
-  Contribution to Circular Economy

### Resolving social issues through our business respect

-  Creation of Innovative Values

-  Products and Services which contribute to Safety, Security and Comfort
-  Mutual Prosperity through Partnerships with Local Communities

### Foundation supporting our business operations

-  Safe and Healthy Environments
-  Leveraging Diversity and Inclusion
-  Sustainable Procurement
-  Compliance and Risk Management

### SDGs TO CONTRIBUTE



# Sustainability Report 2023

**For more information contact us at**

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**TOYOTA**

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MATERIAL HANDLING