Sustainability Report 2018

Toyota Material Handling Europe



* Toyota Traigo 80 - heavy duty electric forklift

TOGETHER
we make a difference

TOYOTA

MATERIAL HANDLING

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TOGETHER
we make a difference

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

OUR STAKEHOLDERS

Employees
Prospective employees
Students
Customers
Suppliers
Distributors
Local communities
Public authorities
European Workers Council

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

OUR APPROACH

We engage with our partners and work TOGETHER to meet those sustainability targets we have in common. By concentrating our efforts we can make a bigger impact TOGETHER.

GET STARTED

New dialogue

Prior to writing this report, we have repeated the stakeholder engagement exercise we did in preparing for our 2013 sustainability report, and together with our stakeholders we have identified additional issues on which our stakeholders require transparency. Our report has grown considerably since our previous editions, so we have chosen an interactive format to enable readers to zoom in on the issues of their interest.

Changes

This report marks an important step change, as it is an annual requirement to comply with the EU Directive on Non-Financial Reporting and the Diversity of Boards. The report has been prepared according to the Global Reporting Initiative (GRI) Standards: Core Option. Our first two reports were voluntary, bi-annual, and prepared in line with the GRI G3.1 guidelines.

It addresses the sustainability management and performance of Toyota Material Handling Europe, part of Toyota Industries Europe, a fully owned subsidiary of Toyota Industries Corporation.

Descriptive sections in the report reflect the state of the organisation at the end of FY18 (ending 31 March 2018). Except where otherwise stated, the numerical performance data refers to our financial years (FY) FY16 (ending 31 March 2016), FY17 (ending 31 March 2017) and FY18 (ending 31 March 2018) and covers over 95% of our employees. The data are from four factories (Sweden, France, and two in Italy); 21 sales and service companies (Austria, the Baltic countries, Belgium, the Czech Republic, Denmark, France, Finland, Germany, Greece, Hungary, Italy, the Netherlands, Norway, Poland, Romania, Russia, Slovenia, Spain, Sweden, Switzerland and the UK); and four support function offices (our headquarters in Mjölby, our European office in Brussels, Logistics Solutions in Gothenburg, and our European logistics centers in Mölby and Antwerp.)

No external verification has taken place for this report. However, we have had all our sustainability performances assessed by Ecovadis for the first time in 2017. This may not consist of an audited external verification of this report specifically, but we do consider it an independent external assessment of sustainability governance in our company.

Three different icons for links

- Reference to other part of report or glossary
- Reference to website or external document
- Video

ABOUT TOYOTA MATERIAL HANDLING EUROPE

QUICK FACTS

Toyota Material Handling Europe is part of Toyota Industries Europe, a fully owned subsidiary of Toyota Industries Corporation, the global number one in material handling since 2001 and active in 5 regions worldwide aiming to be the first-choice partner in the material handling business.

A strong **global** network

	TOYOTA INDUSTRIES CORPORATION	FY18 vs FY13	TOYOTA MATERIAL HANDLING GROUP	FY18 vs FY13	TOYOTA MATERIAL HANDLING EUROPE	FY18 vs FY13
Employees	61,200	+29%	41,200	+99%*	10,800	+29%
Turnover	15.4 bn EUR	**	10.1bn EUR	**	2.3 bn EUR	+35%
Structure	4 **business units** Material Handling, Logistics, Automotive, Textile Machinery		5 **regions** Japan, Europe, North America, China, International		30 **operational entities**	

Active in **42** countries

190,897 units sold

4 million service visits per year

+200 dealers and 15 distributors

5 factories

21 sales and service companies

+4,900 trained service technicians

377,000 trucks on service agreement

+300 suppliers

4 support entities

** Includes several acquisitions: Vanderlande, Bastian, Tailift; numbers for Vanderlande in Europe are not included in Toyota Material Handling Europe*
*** Change from Japanese to IFRS standard makes comparisons with previous years difficult - but growth rates are broadly in line with those displayed for employees*

> Quality is key to keep business moving. Therefore, let's work together for zero breakdowns, zero accidents and zero carbon emissions by 2050.

Matthias Fischer,
President & CEO, Toyota Material Handling Europe



OUR PRESIDENT & CEO ON SUSTAINABILITY

At Toyota Material Handling, we aim to integrate quality in everything we do. This applies to our products, our services, but also in how we act towards our employees, to society, and to the planet. Taking a lead in sustainability is key to understand our customers' future business priorities - as safety, automation, energy policies and supply chain transparency are just a few of the issues that will drive our industry to change significantly by 2030.

By 2017, we had achieved 18 out of the 25 targets we publicly committed to in our 2015 sustainability report. In the same period, we also received three external recognitions at the highest level. In 2017, the EU Commissioner Marianne Thyssen commended us for sharing a case study on how Toyota Material Handling Spain reduced absenteeism by over 50%. In 2018, the globally leading sustainability rating agency EcoVadis awarded Toyota Material Handling Europe the first ever award for 'Best Group Engagement', for achieving Gold level in over 33% of our European subsidiaries. Also in 2018, we won the prestigious 'Red Dot' design award for our redesigned BT Reflex warehouse truck, gaining recognition for our dedication to design, quality and sustainability.

Setting ourselves ambitious targets naturally means that we didn't achieve everything we set out to do. For example, we didn't achieve our target of 80% appraisals, and we see a slight increase in turnover and absenteeism rates. We have now significantly increased our commitments to optimise opportunities for our people to thrive: we introduced two new leadership development programmes and strengthened our employee training programmes. All our entities have defined their own People Strategy, in which they set their local priorities to become a more attractive employer.

We now have more than doubled the number of public sustainability commitments from 25 to 65 by 2021. We look forward to working together with our customers, suppliers, employees, local communities and NGO's to make sure we contribute to a more sustainable society together.

Matthias Fischer
President & CEO Toyota Material Handling Europe

SUSTAINABILITY, THE FOUNDATION OF OUR BUSINESS STRATEGY

Looking back on how we delivered on our past strategy – which we communicated in the 2015 report, we set out our three sustainability priorities.

Four pillars of our 2015 BUSINESS strategy

1 TRANSFORM the offer

Our offer helps our customers operate with the highest safety standards and use resources most efficiently. Most of our product families have been updated with improved energy efficiencies ranging from 10% to 49%. We are particularly proud of our I_Site fleet management solution with its technical excellence as the global fleet management standard across Toyota Industries Corporation's global operations. With seven of our truck families winning design and innovation awards over the FY16 to FY18 period, external experts agree that we are transforming our offer.

Automation will help our customers focus activities of their employees on safer, healthier roles with a higher added value. Connectivity will help customers better understand their safety and energy performance in material handling, and ultimately drive down costs by consequently taking smart actions.

2 LEAD IN SERVICE in Europe

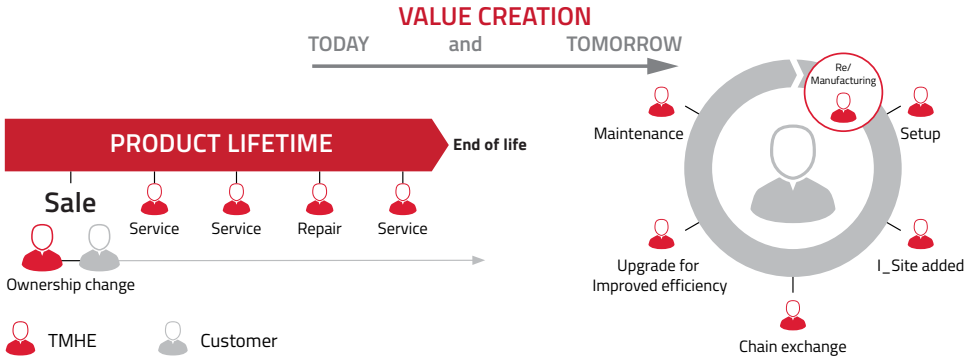
With 4,900 service technicians performing more than 4,000,000 service visits every year across Europe, we need a highly efficient system to make sure customers can obtain the service they need when they need it. The world-renowned Toyota Production System, originally developed for our manufacturing operations, has evolved into the Toyota Service Concept to support our service operations, resulting in a more efficient use of resources, as well as enhanced customer support. Our value creation will be more and more based on economics of creativity: the ability to find a solution to a customer problem, or the new way a new product or service is sold and delivered.

3 STRENGTHEN position in key markets

Every market and segment is important, but top management is focusing on some in particular. In our four biggest countries in Europe, we added 630 people the last three years to strengthen our position.

4 OPTIMISE operational efficiency

If we want to achieve our financial objectives, we need to think `integrated´ and 'cross-departmental'. Our employees continuously strive to eliminate 'muda' or 'unnecessary waste' at their own level, and, of course, at our customers and partners.



Our SUSTAINABILITY strategy has three priorities

Companies are increasingly held responsible for their entire value chain and product life cycle. Our sustainability strategy is to take a leadership role in our industry in Europe, so we can better serve the increasing number of customers who take bold steps in balancing planet, people and profit. Increasing the circularity of resource flows include switching to longer-lasting products, modularisation and remanufacturing, component reuse, and designing eco-friendly products. Learning by doing is how we aim to understand the solutions our customers really need to achieve their goals to balance people, planet and profit.

Automation will help our customers focus activities of their employees on safer, healthier roles with a higher added value. Connectivity will help customers better understand their safety and energy performance in material handling, and ultimately drive down costs by taking smart actions.

With our business priorities in mind, we focus on three priorities:

1. MAXIMISE quality and customer safety
2. OPTIMISE opportunities for employees to thrive
3. MINIMISE environmental impacts

Our best option is to play offense on sustainability and try to make this issue the matter on which we differentiate ourselves in the marketplace.

ORGANISATIONAL STRUCTURE

TOYOTA INDUSTRIES CORPORATION

TOYOTA INDUSTRIES EUROPE

TOYOTA MATERIAL HANDLING EUROPE

Toyota Industries Corporation

Toyota Material Handling Europe's ultimate owner is Toyota Industries Corporation, the world's market leader in forklifts, warehouse trucks and related services and solutions. Toyota Industries Corporation has four business units: material handling equipment (59%), automotive (engines, air conditioning, car electronics) (34%), textile machinery (4%) and logistics (3%). Toyota Industries Corporation employs 61,200 people and had a turnover of 15.4 billion EUR for its FY18. Toyota Industries Corporation is a Tokyo stock market-listed company. Find out more about Toyota Industries Corporation's latest annual, environmental and CSR reports.

Toyota Industries Europe

Toyota Industries Europe AB is a privately held company in Sweden that reports annually to the authorities under Swedish accounting standards for larger companies. Toyota Industries Europe AB is the legal parent company to a select number of other companies, including Toyota Material Handling Europe AB (representing the majority of revenues and employees) as well as Vanderlande BV. Vanderlande plans to publish their own sustainability report on their website in 2018.

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

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

Toyota Material Handling Europe

Our company was established in 2006, integrating Toyota Industrial Equipment Europe with the company BT Products AB of Sweden. We are headquartered in Mjölby, Sweden, with a European office in Brussels, Belgium, and we operate in more than 40 countries. We employ 10,800 people (FTE), and generated a turnover of 2.3 billion EUR in FY18.

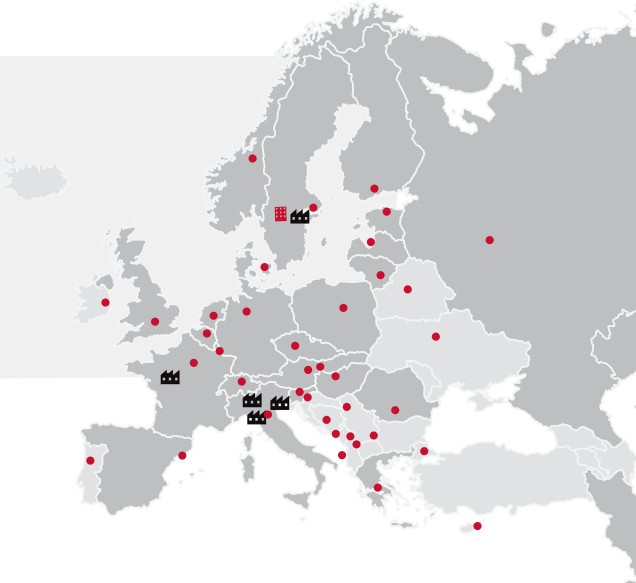
Our product range (ten product families) is manufactured in our European factories in Sweden (Mjölby). France (Ancenis) and Italy (Bologna and Ferrara). Lift Truck Equipment S.p.A. in Ferrara is a fully owned supplier of masts for forklifts, delivering to our factories in France and Italy. In FY17, we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

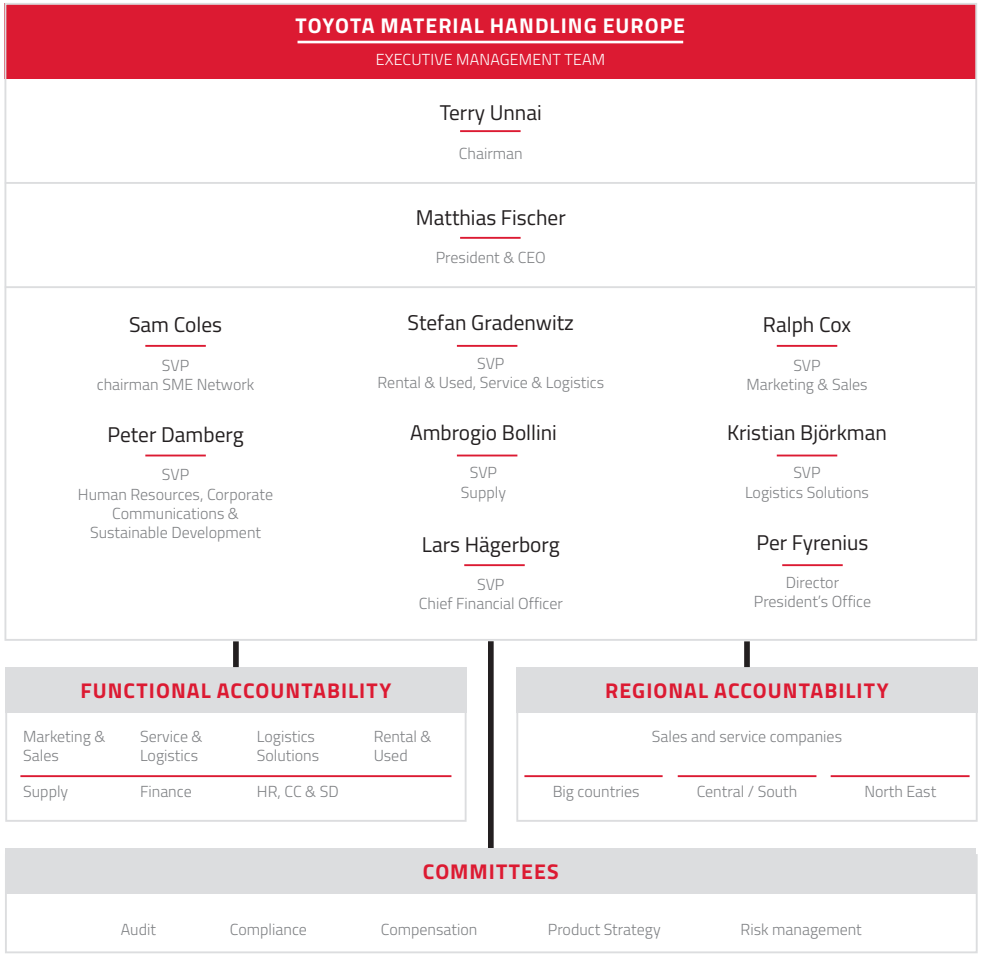
Our company has 21 national sales and service companies and four support entities, complemented by more than 200 dealers and 15 independent distributors in 20 countries. Read our company factsheet.

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

Our internal and external network

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





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

Board of Directors

Our company has a four-member Board of Directors comprising Terry Unnai, Takuo Sasaki, Toru Inagawa and Matthias Fischer. Terry Unnai is Chairman of the Board of Directors, and also the non-executive Chairman of Toyota Material Handling Europe. Matthias Fischer is President & CEO of our company's Executive Management Team.

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

Executive Management Team

The Management Team consists of seven Senior Vice Presidents, our President & CEO, the Director of the President's Office and our Chairman; the latter two having non-executive roles. The Management Team sets, embeds and reviews the company vision, mission and strategy. Four governance forum members sit on a number of committees, that ensure cross-functional decision-making on all topics related to product strategy, compliance, risk management, audit, and executive and director level employees' compensation.

We operate the organisation in a matrix model. Two Management Team members have regional accountabilities, while the other members have a functional responsibility, as shown in the governance structure map. The Management Team holds monthly meetings during which directors and, at set intervals or when required, other members of various departments or regions are invited to present.

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

Membership of associations

Matthias Fischer is a member of the Board of the European Materials Handling Federation and the president of the Federation's Industrial Trucks Product Group.

OUR VALUE FOUNDATION

Toyoda Precepts

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

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

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

In FY17, we launched an interactive e-learning on the Toyoda Precepts. By providing history and context, we aim to encourage employees to reflect on their meaning and think creatively about their daily application in their workplace.

Toyota Way

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

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

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

FAIR BUSINESS PRACTICES

Corporate governance

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

LEADERSHIP

Our **Leadership Philosophy**, established in 2012, is a set of principles that guide the behaviour of our leaders in their daily work and relations with others. We will update our Leadership Philosophy in FY19 to respond better to changes in our industry and in society. More specifically, we hereby try to:

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

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

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

GUIDELINES AND POLICIES

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

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

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

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

In FY18:

- we trained 100% of our employees in the Code of Conduct
- we trained all our procurement employees in responsible purchasing
- we have all our major suppliers signing our Code of Conduct for Suppliers
- we obtained a 60% score from Ecovadis on 'Fair Business Practices', putting us in the top 12% of global suppliers assessed in our industry

SUSTAINABILITY MANAGEMENT

Sustainabilty is always to on the agenda of our Executive management team and twice a year, it is placed firmly on the front butner: members discuss how these sustainability issues interact with other business priorities and set future priorities and targets. Regional Vice Presidents are briefed once a quarter on performance against key performance indicators (KPIs) and work with local Managing Directors to set priorities for action. These can differ by entity, based on the risks and opportunities at a local level.

The **Sustainability department**, based in our headquarters in Mjölby and our Brussels European office, sets the agenda for the Management Team meeting with direct reports from every functional Vice President in the Management Team. The Director of the Sustainability department reports directly to our Senior Vice President of HR, Corporate Communications & Sustainable Development who in turn reports directly to our President & CEO.

Local Sustainability Champions, appointed by the Managing Director in each of our 29 entities, are responsible for:

- managing legal compliance in sustainability-related areas
- reporting progress on sustainability KPIs versus targets
- co-ordinating the local EcoVadis submission
- promoting good practice with local management
- participating in monthly online meetings organised by the Sustainability department to align with directives of the Executive Management Team
- attending the annual sustainability meeting with a focus on sharing Good Practices

RISK MANAGEMENT

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

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

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

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

As Toyota Industries Corporation is listed on the Japanese stock market, most of our entities are obliged to follow the control requirements from J-Sox or Japanese Sarbanes-Oxley Act*. This act contains specific threshold criteria on revenues, number of people etc. that result in whether an entity is obliged to comply with J-Sox. It takes the form of a **Self-Assessment Questionnaire** (SAQ), annually provided by Toyota Industries Corporation, which we first adopted and implemented across our organisation in FY11. At the start of a new financial year, the Finance department and Management Team of each entity complete the SAQ and submit a remediation plan to improve potential risks related to governance, risk and compliance, taking into account recommendations from our Internal Audit department based in Swedish headquarters.

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

** IFRS reporting requirements are the same in EU and in Japan. Since FY18 Toyota Industries Corporation has also implemented the same level of IFRS requirements so we use the same standards that are used in the sustainability report. Swedish gap is handled only in TIE annual report*



COMPLIANCE

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

Organisation

Our Compliance Organisation is made up of a **28-member team of Local Compliance Officers** (LCO), with representatives from our factories, sales and service companies and support entities and holding positions across finance, HR, quality and compliance. An LCO is responsible for implementing the compliance system, including policies and guidelines in the compliance area. An interactive online e-learning version in 13 languages complements the face-to-face training conducted by the LCOs.

An LCO is also in charge of continuous education on compliance topics, such as impact of new regulations on anti-corruption, and of handling compliance issues, such as violations of the Code of Conduct. Our General Legal Counsel and member of our Governance Committee chairs the Compliance Organisation.

The Competition Compliance Programme stipulates that no violations of competition laws are tolerated. Since FY15, our Legal & Compliance department, supported by our President & CEO, has conducted 'trade association and competition law' surveys on individual and corporate memberships in trade associations and the like, followed by risk-based targeted follow-up activities in order to further strengthen our compliance with the Competition Compliance Programme. The LCO should assess and obtain the potential risk level of each membership.

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

In FY17, Toyota Industries Corporation held a **global compliance conference**, bringing together regional representatives of all group companies, representing most employees. Since FY17, we held two European conferences where LCOs discussed challenges such as: sharing best practices; conducting non-compliance investigations; risk assessments; and, engaging local management on compliance issues.

General Data Protection Regulation (GDPR)

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

Within Toyota Material Handling Europe, more than 400 systems needed to be secured for the new legislation. Personal data of our customers, our suppliers, and, of our employees, is present in almost every one of our systems. Our Legal and IS/IT functions devised a GDPR Roadmap and managed a programme to enable us to guarantee to our stakeholders that we are GDPR-compliant.

BRIBERY AND CORRUPTION

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

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



ABOUT THIS REPORT



CSR Champions Toyota Material Handling Europe on seminar in Bologna, Italy

"Acting sustainably and communicating transparently is part of what it takes to be a 21st century leader.

This is why we have chosen to integrate sustainability and corporate communications into our Human Resources function – and into our leadership development programmes.



Peter Damberg,
Senior Vice President, Human Resources, Corporate Communications & Sustainable Development

ABOUT THIS REPORT

QUICK FACTS

A renewed dialogue with our stakeholders, coverage of more material topics and the collection of more data from more entities make Toyota Material Handling Europe more transparent. Transparency is becoming the new paradigm for doing business. It helps us to tell our story, but most importantly, it drives internal conversations and actions on how we can do better.

Join the conversation via sustainable.development@toyota-industries.eu



>95%
of our revenues and employees covered



56 stakeholders
included in reviewing our sustainability priorities



Covers
17 material topics
6 of which were not covered in previous reports



GRI Standard
Core Option Reporting



First-time disclosure on
waste and water data



MATERIALITY ASSESSMENT

Stakeholder dialogue

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

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

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

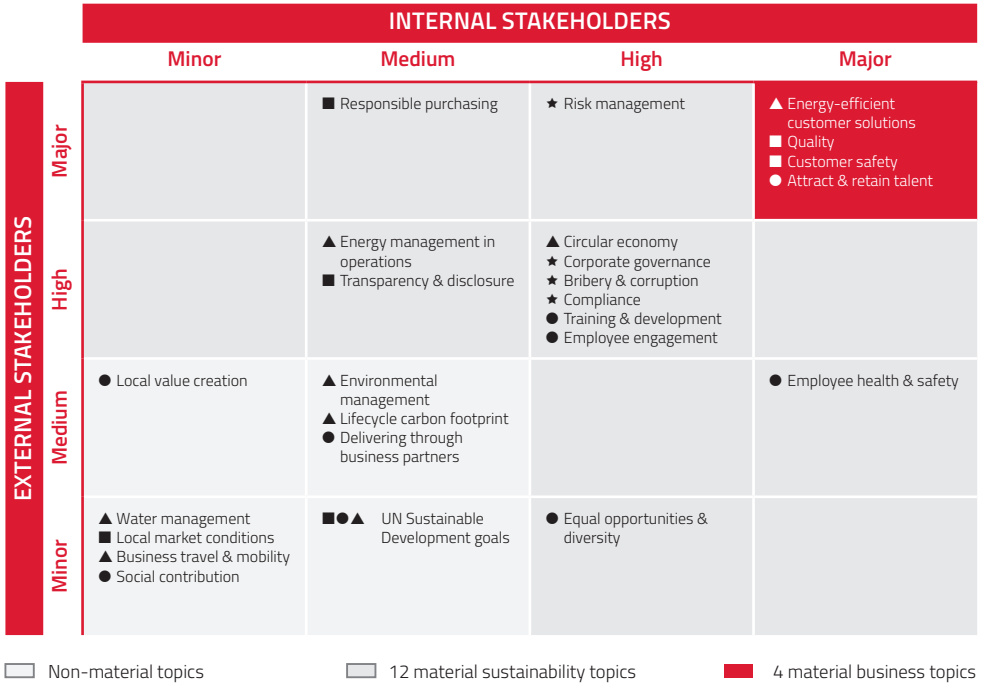
In 2017, we conducted a second round of 'stakeholder engagement' to update the list of material topics that stakeholders expect us to cover in this report. We repeated a formal dialogue in 2017 and updated our materiality matrix, asking **56 stakeholders** to prioritise 27 issues which we considered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

17 material topics

Stakeholders identified a total of 16 material topics, each of which we decided to report on, according to the principles of the 2016 GRI Standards. Even though stakeholders did not consider environmental management a material topic, we insist on starting to report on this topic as it is an important Toyota Industries Corporation mandate. As such, we report on 17 topics. We define material topics those which our internal and external stakeholders graded as having a 'major' or 'high' potential business impact, if not responded to by our organisation.

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

2017 MATERIALITY MATRIX



Prioritisation of material topics

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

★ We set high standards on business conduct

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

We have classified the other material topics, linked to the triple bottom line: productivity, people and planet according to the different sections of this report.

■ MAXIMISE quality and safety

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

● OPTIMISE opportunities for people to thrive

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

▲ MINIMISE environmental impacts

In line with Toyota Industries Corporation's 2020 Vision, we increase our expertise in developing energy-efficient products and services for our customers. We also want to reduce our energy use in our operations, and through environmental management monitor our water use and waste. Even though environmental management is not considered a material issue, we report on it, as it is an important Toyota Industries Corporation mandate. And in line with our firm belief that the long-term viability of our business and the quality of our suppliers' services hinges on socially and environmentally responsible behaviour, we encourage our commercial partners to develop within a two-way relationship founded on these principles.

SUSTAINABILITY REPORTING

More coverage

All **29 entities** report on HR, health & safety, and environmental data on a quarterly basis into CloudApps™, our cloud-based sustainability software solution since 2012. This platform enables efficient data collection and performance management for the KPIs defined on the basis of the material issues identified in our 2015 report. The same software is used by Toyota Industries Corporation to extract environmental information for its annual report.

Since we published our latest sustainability report in 2015, the number of entities reporting sustainability data has grown from 14 to 29, covering **more than 95% of our operations** (vs 82% in 2015) and **more than 90% of our employees**.

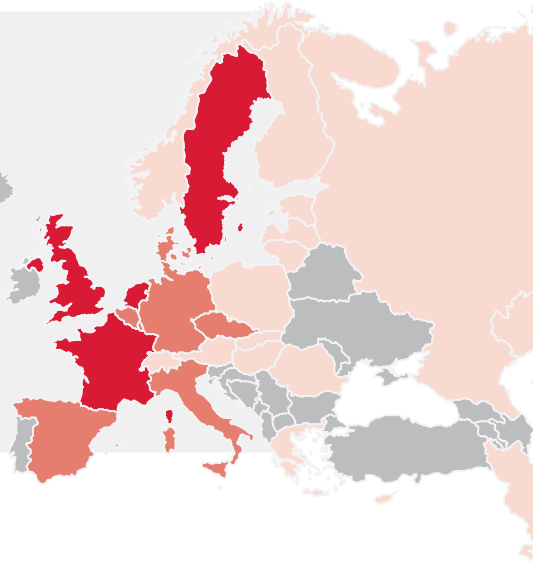
More material topics

The number of issues we cover in this report, has also increased. Stakeholders in our second survey in FY17 reinforced the importance of the people values, defining attraction and retention, training and development, and employee health and safety as some of the most developed material topics.

In the perspective of our Toyota values and actual market trends, our Management Team endorsed the increased focus on these **'soft' non-financial issues**. We also stepped up the reporting on **responsible purchasing**, **environmental management** and **circular economy**, which were not defined by stakeholders as material issues in previous reporting.

Extending our sustainability network

Scope	% of employees covered
Scope of report 2013	> 58%
Added to report 2015	> 82%
Added to report 2018	> 95%
Independent dealer network (currently out of scope)	





GRI standards and United Nations Sustainable Development Goals (SDGs)

As we report according to the **GRI Standards - Core Option**, taking a broader scope than sustainability in the supply chain, we also disclose data on our foundations, being our business structure and organisation. We provide more information on internal regulations, policies, and guidelines assuring that we have an appropriate level of compliance with European and national legislations in areas of environment, labour practices, fair business practices and responsible purchasing.

We have taken a conscious decision not to formally align our sustainability report with the UN Sustainable Development Goals (SDGs). It would add another layer of complexity to our report which we believe would make it harder, not easier, for our internal and external stakeholders to identify with and support the actions we need to take to drive progress on our material issues. In our sustainability report we do understand we address some of the priorities covered by six of the 17 UN SDGs to some degree:

Goal 3	• **Good Health and well-being for people**	Pages 27 to 29, 38 to 42
Goal 5	• **Gender equality**	Page 37
Goal 9	• **Industry, innovation and infrastructure**	Pages 21 to 24
Goal 12	• **Responsible consumption and production**	Pages 50 to 54
Goal 13	• **Climate action**	Pages 44 to 49, 54
Goal 17	• **Partnerships for the goals**	Pages 23 to 27, 36



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

OUR JOURNEY IN SUSTAINABILITY REPORTING

Report title	2018 Sustainability Report	2017 Sustainability Highlights	2015 Sustainability Report	2013 Sustainability Report
Reporting year	FY18 + FY17 + FY16	FY17	FY15 + FY14	FY13 + FY12
Standard	GRI Standards Core Level	-	GRI G3.1. level C+	GRI G3.1. level C+
Employees (%)	> 95%	> 95%	> 82%	>58%
Entities (#)	29	29	14	8
Material issues (#)	17	11	11	11
Pages (#)	60	4	32	26
External verification	No	No	Partial, PwC	Stakeholder panel

MAXIMISE



** Truck parts on the conveyer belt of our automated paint line in our Swedish factory*

The thinking of quality in our industry in general has evolved from a strict product focus to a more holistic approach, taking into account data organisations receive about their products along their entire life cycle.

This evolution shifts our target away from reducing warranty costs to focusing more on quality from a customer and life cycle perspective, being our design excellence, supplier quality programmes, our ISO 9001 coverage – as well as our various programmes to improve process quality in our sales and services network.



Tony Ageneau,
Supply Quality Director,
Toyota Material Handling Europe

MAXIMISE quality and customer safety

QUICK FACTS

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

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

IMHX DESIGN 4 SAFETY AWARDS

for our I_Site fleet management app with instant incident notifications for warehouse managers

49
Net Promoter Score (NPS)

Customers rate our service on a scale from -100 to +100. In FY17, on average, they gave us 3 points more than in FY16

91%
First-time Fix Rate

75%
of revenues generated by factories and sales and service companies that are ISO 9001 certified

-80%
warranty claims paid vs 2007

34
certificates

for ISO 9001, ISO 14001, ISO 50001 and OSHAS 18001

x2
I_Site

Doubling of trucks equipped with the I_Site fleet management system improving customer safety and efficiency

Supplier Excellence Award

from EcoVadis for 'Best Group Engagement' for achieving Gold for 30% of subsidiaries and top 3% rank in our industry

Training of
24,000
truck operators across Europe

PRODUCT QUALITY

Toyota Industries Corporation's Vision 2020, that applies to all members of the Toyota Industries Corporation group, defines its philosophy in ensuring quality and supplying only high-quality products and services. In line with our Code of Conduct we offer high-quality products, services and solutions, holding ourselves and our suppliers to the yearly updated quality guidelines. These are shared at regular quality assurance meetings and top management regularly revises their implementation.

Holistic approach

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

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

This change in the management system standard will have a significant impact on how we manage quality in our business: over 75% of our revenues in FY18 were generated through factories and sales and service companies which are ISO 9001 certified.

Solutions development

Product development through smarter trucks (as I_Site), focus on automation (as Autopilot), connectivity and energy efficiency (Lithium-ion, hydrogen and fuel cell technologies) is accompanied by state-of-the-art software (T-ONE, T-Stream) in forklift use.

New quality strategy

In line with this evolution, our quality organisation has decided to evolve from a target to only reduce warranty costs to focus more on quality from a customer and life cycle perspective. As a reference, warranty claims paid (WCP) in 2017 had decreased by 80% in comparison to 2007. Excellent quality through proactive methods and 'Continuously supplying attractive products that anticipate customer needs' will be the main ingredients in our new quality strategy. The strategy will be based on four pillars.

- **Product development** — We will make more active use of our data gained directly from our trucks via our I_Site fleet management system and other software applications such as T-ONE, and indirectly from maintenance and repairs conducted by our service technicians via T-Stream.
- **Proactive prevention Kaizen** — We will perform root cause analysis for known defects and accidents, and we will use the outputs to continuously identify upstream countermeasures to avoid recurrence, and update manuals and checklists for our employees.
- **Supplier quality assurance** — We will continue our existing approach to work closely with our suppliers on quality improvement, by providing them with regular 'Dantotsu' training (how to be the best of the best) and conducting regular audits at supplier facilities.
- **HR development Teamwork** — We will provide additional quality tool boxes and training for existing employees, and hire new profiles with expertise in data analysis to support our quality strategy.

As such, the Quality department sees the improvement of warranty claims paid as just a representative indicator for the first year of use of our products. Our quality strategy is moving forward looking beyond the warranty period. In the two most recent years, the improvement in warranty claims paid (WCP) has stalled while the production volumes have drastically increased. This is the last report in which we will report on our WCP rate, to close the target we set ourselves in our 2015 report.

Instead, we will be reporting on our focus on design excellence, supplier quality programmes, our ISO 9001 coverage – as well as our various programmes to improve process quality in our sales and services network and in our human resources development.



Artificial intelligence based on millions of calculations every second will allow trucks to identify the safest and most optimal route with a minimum use of resources. Using this type of direct communication means that traditional central warehouse management system control will no longer be required. It will just be a matter of machine-teamwork.

Boris Ahnberg,
Core Technology Developer,
Toyota Material Handling Manufacturing Sweden



As we were designing the BT Reflex E-series, we kept in mind that it isn't about the truck, it's about putting the human being at the center, about the human dimension. Of course it's about the truck. But, and this is the point, if the truck isn't right for the person driving it, it simply isn't good enough.

Magnus Oliveira Andersson,
Head of Design, Toyota Material Handling Manufacturing Sweden

Design excellence

TOYOTA LOGICONOMI APPROACH

Logiconomi describes our way of thinking - aiming for lean processes, eliminating waste, maximising efficiency and reducing cost. All with the help of innovation and collaboration with like-minded partners. It is our **collaboration for the future**, realising our lean **vision for the future**.

Lean logistics & a continuous flow is a challenge now, and even more in the future. Our solution? Teamwork between trucks thanks to artificial intelligence, sending the right trucks to the right place at the right time. For a maximum value-added operation with extreme optimisation, and zero waste in energy, time and space as a result.





GERMAN DESIGN AWARD WINNER 2018 — reddot award 2018 best of the best

GERMAN DESIGN AWARD WINNER 2016 — GOOD DESIGN AWARD 2015

iF DESIGN AWARD 2017

GOOD DESIGN AWARD 2015









WE WIN AWARDS

Our Design Center

Design is a strong focus, reinforcing product quality. Sustainability plays an increasingly important role in product development. Our Design Center is a creative environment with professionals who are eager to move the world of material handling into the future. Our designs are not just about aesthetics, they also provide the perfect balance between safety, durability, productivity, driveability and simplicity, Toyota's core values.

Recognition for the BT Reflex and Levio series

"For me, designing forklifts is about placing the human being at the center. Our challenge in this is expressing **good ergonomics** in the actual design, so that the driver experiences it to the fullest," said Magnus Oliveira Andersson, Head of Design at Toyota Material Handling Europe, who has been continuously improving the the BT Reflex series since 1995. The BT Reflex reach truck has a long history, and was first equipped with a simple interior. Following the rise of the philosophy in the 70s and 80s to respond to customer needs across different industries and design products with the user in mind, the updated design from BT was focused on the comfort of the driver. This led to the first iF design award for outstanding ergonomics in 1982 for the BT1350E reach truck. Good design is about **simplicity**. To make something clean, have the courage to eliminate rather than to add, highlight functions, have a careful selection of materials and a precise detail orientation.
Over the years, the models have been improved according to the Toyota value Kaizen (continuous improvement) and using the Toyota Design Review Process. And these review processes got the two series quite some recognition, since our last 2015 report.

The Red Dot Award 2018 'Best of the Best' for the BT Reflex E-series reach truck, based on a well-thoughout functionality, guaranteeing transport performance of the highest standard, even in high-level applications. Developed with a sharp conceptual focus on its users, the truck's ergonomics offer a high level of comfort for the driver, resulting in an outstanding performance. The BT Reflex R-series obtained a 2018 German Design Award for its clean and functional design. The BT Reflex O-series got the 2017 IF Design award for its redesign with unique glass roof, exceptionally clean mast and overall quality design. And Toyota Material Handling has been awarded earlier with the 2016 German Design Award for BT Levio P-series. For this BT Levio P-series, Toyota Material Handling received the 2015 Japanese Good Design Long Life Design award for its clean and minimalistic design.



Our solution takes a different approach by using a third-party's social network enterprise to bridge the last mile in a sustainable and efficient way.

Matt Putman,
Logistic design award winner 2018,
Student at Loughborough University, UK



The competition challenged us to collaborate with students from other disciplines. It makes me understand that becoming an engineer means becoming a problem solver.

Valdemar Melin,
Logistic engineering challenge winner 2018,
Linköping University, Sweden



Mentorship is all about guiding students, and it amazes me how much more they inspired me than expected.

Axel Wahle,
Marketing Director,
Toyota Material Handling Europe

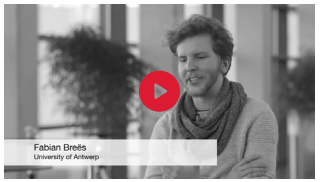
WE ORGANISE AWARDS

Logistic Design Awards

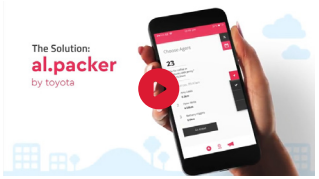
Earlier Toyota Design Competition editions challenges in 2014 focused on a 'makeover of tow tractors' and in 2016 on recreating the 'forklift, like you've never seen them before'. The 2018 design competition pitched into revolutionary solutions for sustainable last-mile delivery in the age of e-commerce. Take a look at the winning concepts over time.



Nea Kosonen and Elisa Määttänen
Turku University of Applied Sciences
Industrial Design, Finland
Find out more about Bubo (pdf)



Fabian Breës
University of Antwerp
Find out more about the Flock (pdf)



Hannah Rayner and Matt Putman
Loughborough University, UK



Mattias Barrklev and Oskar Brännström
Linköping University, Sweden

Logistic Engineering Challenge

The 2018 Toyota Engineering Competition 'from concept to reality' challenged engineering students to bring the 2016 Toyota Logistic Design Competition winning entry, the **Flock**, to life. The competition looked for an automated solution to make forklifts work together.

Woodpecker (a derivate of the Flock's Mother Goose) and **Nestling** (successors of the Flock's Ducklings) were the winners. Woodpecker by Mattias Barrklev and Oskar Brännström (Linköping University) and Nestling engineered by Fredrik Engström, Alexander Nilsson and Valdemar Melin (Linköping University), bridged the gap between concept and implementation, based on correct calculations, with the complete material handling system, easy maintenance and collaboration, and circular economy in mind.

The Toyota Logistic Design Competition was initiated in 2014 to open a dialogue with young designers and welcome fresh ideas. After its success, we introduced the Toyota Logistic Engineering Challenge in 2018 in Sweden to challenge engineering students to create innovative but feasible engineering solutions. Those Design and Engineering competitions got more than 1,500 registrations and respectively 86 and 9 submissions. Three winners got paid **internships** and two more winners got offered **jobs** within our company. Through these competitions, we aim to share our passion for high-quality design and see it as a way to promote innovative 'best of the best' (the so-called dantotsu) product and service quality for our customers.

Smart Logistics Challenge

Together with 5 other renowned companies in material handling, we are partnering with the European Materials Handling Federation (FEM) on 'The Smart Logistics Challenge'. The competition challenges students to rethink how material handling can work in the future. In Europe alone, around 25 million packages are delivered every day. Customers are buying online at an exponential rate with no sign of slowing down even in the next decade. So, how will companies be racing for e-commerce fulfillment in 2027? Another chance for students coming up with game-changing solutions to win paid internships in leading logistics companies.



We see digital transformation as a strategic course to make Toyota the leader in the European service market. We collaborate closely with Microsoft to develop T-Stream, a solution that will empower employees, as well as increase customer value and satisfaction.

Joakim Plate,
Director Service Market, Toyota Material Handling Europe



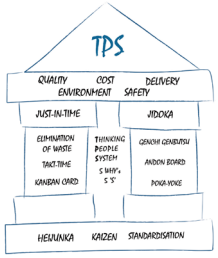
For us as an independent distributor, ASEC represents our way of working in the workshop and in after-sales: a certain standard of safety and efficiency. Analysing and improving all processes with the customer in mind and with customer loyalty as the ultimate aim.

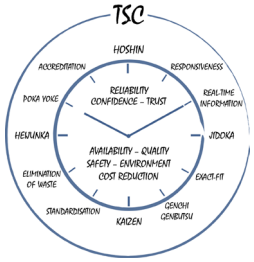
Carlotta Ghetti,
HR manager Ghetti 3, Italy

PROCESS QUALITY

Toyota Product System

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





Toyota Service Concept

The Toyota Service Concept (TSC) describes our approach to planning, managing and delivering exceptional standards of service, throughout the working life of trucks and our relationship with customers. It is based on a series of values which reflect the critical issues that we keep in focus throughout our customer service operations. Our ultimate aim in implementing TSC is to deliver maximum reliability for our customers. We focus our efforts on delivering the highest quality and providing maximum truck availability, productivity and cost-effectiveness, without compromising safety or the environment. We aim to have all sales and service companies to use TSC in FY20.

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

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

Linked to the Toyota Service Concept, T-Stream was developed in collaboration with Microsoft and serves as an internal tool for technicians to manage their work. T-Stream comes with improved functionalities compared to the previous tool, EASY, and was rolled out for testing at the end of FY17. In the future, the tool will be updated to work with telematics data and augmented reality, contributing to better support for both technicians and customers, and to a zero breakdown vision.

Net Promoter Score

Since 2015, we have evaluated our service delivery daily supported by the worldwide recognised Net Promoter Score (NPS). This NPS is a management tool that can be used to gauge the loyalty of a company's customer relationships. Close to 40,000 customer responses from 16 European markets have provided valuable information to improve our service. Via the daily measurements we see that the corrective measures we take make a difference to our customers. Our customer satisfaction index, the Net Promoter Score, is growing year by year.

In 2017:

- customers in 16 markets scored our service with a 43% Net Promoter Score, increasing to 49% in FY18
- we achieved a 92% first-fix rate throughout the network
- we increased the percentage of technicians trained in safety and sustainability (STEP Bronze) to 92%
- we increased ASEC service accreditation in the network from 35 to 41%



Behaving ethically, contributing to the economic development, improving the quality of life are clear statements which require clear actions. This is the reason why it's time to speed up and to enroll all strategic suppliers in our CSR process.

Stéphane Lolicart,
Purchasing Deputy Director, Toyota Material Handling France

RESPONSIBLE PURCHASING

Over 80% of our annual sourcing volume comes from suppliers in Europe. Many are located close to our manufacturing plants, sustaining the local economy and reducing the impacts of transport. We work closely with all our suppliers to make sure they adhere to our quality, social and environmental criteria. By practicing 'responsible purchasing' we want to create a positive impact for more than 300 suppliers, mitigate risks to our own business, and create further value for our customers. As a result of our actions so far, we achieved a 70% score from Ecovadis on 'Responsible Purchasing' putting us in the **top 2% of suppliers** in the general purpose machinery manufacturing category', assessed by Ecovadis (well above the 38% benchmark average of over 150 other suppliers within the heavy machinery industry).

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

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

All main suppliers have accepted our **Code of Conduct for Suppliers** by signing the Responsible Procurement declaration. All new contracts include acceptance of our Code of Conduct for Suppliers and overall adoption is also tracked.

We have been consistently asking all our suppliers to gain ISO 14001 certification since many years. These environmental management systems ensure that our suppliers comply with environmental legislation in their local jurisdiction, and that they have policies and continuous improvement procedures in place for their major environmental impacts. Today, this programme covers over **97%** of the annual price value of parts for our trucks from suppliers with sales to us of over 100,000 EUR per year.

CODE OF CONDUCT FOR SUPPLIERS

LABOUR AND HUMAN RIGHTS	ETHICS	HEALTH AND SAFETY	ENVIRONMENT
Anti-discrimination	Business integrity	Occupational injury	Substances of concern
Fair treatment	Sourcing of minerals	Prevention chemical exposure	Waste management
Prevention of involuntary labour and human trafficking	Gifts and hospitality	Emergency prevention, preparedness and response	Water management
Prevention of underage labour	Disclosure of information	Occupational safety procedures and systems	Air emissions
Juvenile employees	Whistle-blower protection and anonymous complaints	Ergonomics	Ground contamination
Working hours, wages and benefits	Community engagement	Housing and dining	Environmental permits & reporting
Freedom of association	Data privacy, intellectual property and confidentiality	Health & safety communication	Pollution prevention
		Employee health and safety committees	Resource reduction
			Energy-efficiency

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

Our annual Supplier's Day in FY18 attracted more than 500 participants: an opportunity to discuss shared challenges, industry innovation and ongoing improvement.

We align with the EU legislation 'REACH', the ROHS EU Directive and the POPs regulation and have gone beyond legal compliance for our industry by adding a conflict minerals section to the Supplier Code of Conduct. Moreover, Toyota Material Handling Europe has the duty to inform customers on all our products containing 'Substances of Very High Concern' (SVHC). The list of SVHC is updated every six months.



Increasing transparency on sustainability has multiple benefits: towards our business partners, it helps us to build trust; inside our company, it helps us to drive better performance.

Tom Schalenbourg,
Director Sustainable Development, Toyota Material Handling Europe

TRANSPARENCY AND DISCLOSURE

Ecovadis

Our major customers are increasingly including CSR assessments in their procurement processes. Ecovadis is used as part of a growing global trend for increasing supply chain transparency and accountability. It provides sustainability ratings of more than 45,000 suppliers wordwide on their environmental, social and ethical performance. Its online platform allows 175 multinationals to access ratings of their selected suppliers across 120 countries.

The FY18 CSR assessment by EcoVadis gave Toyota Material Handling Europe an overall score of 73%, ranking us alongside the **top 3%** of companies in the 'general-purpose machinery's sector. We obtained EcoVadis Gold for Toyota Material Handling Europe and EcoVadis Gold for 10 of 25 local entities. In April 2018, EcoVadis presented us with the first ever supplier award for 'Best Group Engagement', for our commitment to transparency on the performance of all our local entities.

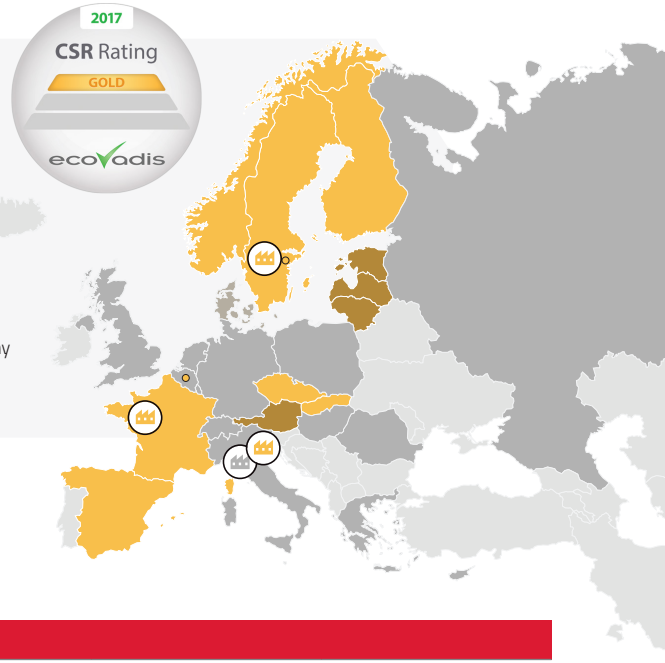
CDP

When customers ask us for our CDP score we refer to the fact that CDP only accepts submissions at the highest corporate level in calender year 2017: Toyota Industries Corporation achieved a B-level rating from CDP.

Toyota Material Handling and 10 of its subsidiaries achieved EcoVadis Gold in 2017

Level	Entities	EcoVadis benchmark
Gold	**11**	Top 10%
Silver	**13**	Top 30%
Bronze	**2**	Top 60%

Factory | Sales and service company | Toyota Material Handling Europe



ISO

All our 34 certificates are available on our website.

OUR TRACK RECORD IN ECOVADIS EVALUATIONS

Reporting year	FY21	FY18	FY17	FY16	FY15	FY14	FY13
Toyota Material Handing Europe ranking	Top 3%	Top 3%, Best Group Engagement award	Top 3%	Top 3%	Top 3%	Top 10%	Top 60%
Maintain Toyota Material Handing Europe	Gold	Gold	Gold	Gold	Gold	Gold	Silver
EcoVadis Total Score	75%	73%	75%	71%	71%	68%	51%
EcoVadis Sub-Score - Labour Practices	80%	70%	80%	80%	80%	70%	50%
EcoVadis Sub-Score - Environment	80%	80%	80%	80%	80%	80%	70%
EcoVadis Sub-Score - Fair Business Practices	70%	60%	60%	60%	60%	60%	50%
EcoVadis Sub-Score - Responsible Purchasing	70%	70%	70%	70%	70%	50%	30%
Local level	20 x Gold	10	5	-	-	-	-



The most significant benefit from EU-OSHA safety benchmarking events in Italy has been to understand how we can help our customers create a safer and more productive working environment by tailoring our solutions to their safety needs.

Maria Christina Iacazio,
CFO, Director HR & Sustainability,
Toyota Material Handling Italy



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

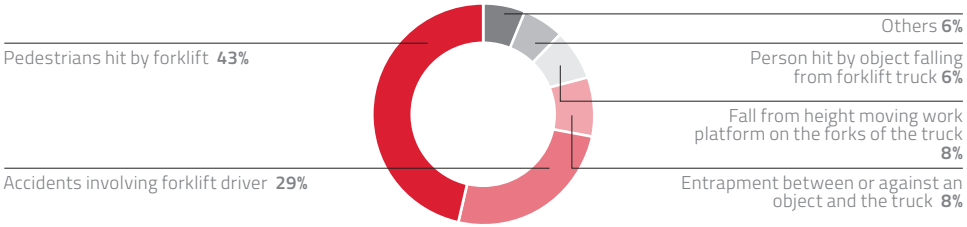
Olivier Drouin,
Sales Development Manager, Safety & Training,
Toyota Material Handling Manufacturing France

CUSTOMER SAFETY

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

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

FORKLIFT ACCIDENT STATISTICS



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

Our approach

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

FOUR STEPS TO CUSTOMER SAFETY

1. Leadership → 2. Equipment → 3. Processes → 4. People → **Zero accidents**

1 Mutual leadership support

We are an active campaign partner with the **European Agency for Health and Safety** at Work (EU-OSHA) since 2010. We joined the steering committee of the EU-OSHA benchmarking initiative. As such, we exchange best practices with other EU-OSHA partners and have a thorough understanding of customer safety and how and when accidents occur. In FY17, we supported the 'Healthy Workplaces for all Ages' campaign; together with 10 partners, with whom we held workshops in Belgium, Spain and Italy. Through the 2018 campaign 'Healthy Workplaces Manage Hazardous Substances', we - again - aim to raise awareness for safety matters with our customers via our website and social media. Find out more about the EU-OSHA campaigns and events.

2 Safe equipment

Providing safe trucks is a key legal requirement for us. We have robust processes in place to collect and analyse information when accidents occur at customers' sites with our products. Where required, we do a full root cause analysis of the accident. A design fault gets systematically fed into our design review in our **Early Warning System** (EWS), and a manufacturing fault is recorded in the factory's ISO 9001 system.

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

The Toyota Production System (TPS), the way we build our products with quality in mind and a strong focus on reducing warranty claims, is an essential part of ensuring customer safety.

3 Processes

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

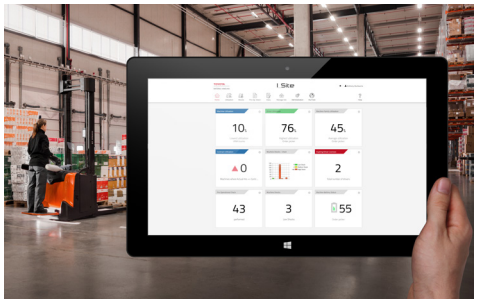
Automated driverless operations using our Autopilot forklifts achieve accurate and safe handling, significantly reducing the risk of accidents in busy environments. Equipped with sensors to detect obstacles and determine when to slow down or stop to prevent a collision, **Autopilot** AGVs (automated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

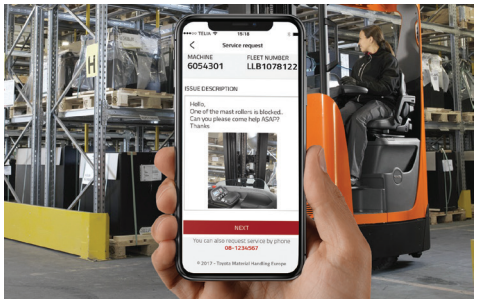
I_Site is our award-winning fleet management system that connects a customer's fleet, collects data and tells what to do to optimise customer operations. It has been proven to improve safety and efficiency at customer sites. I_Site enables warehouse managers to keep track of all operators' driving licences, and gives alerts of who needs to be sent for refresher training before their licences expire. In FY17, we doubled the number of trucks enabled to operate with I_Site vs FY15. Watch the I_Site video.

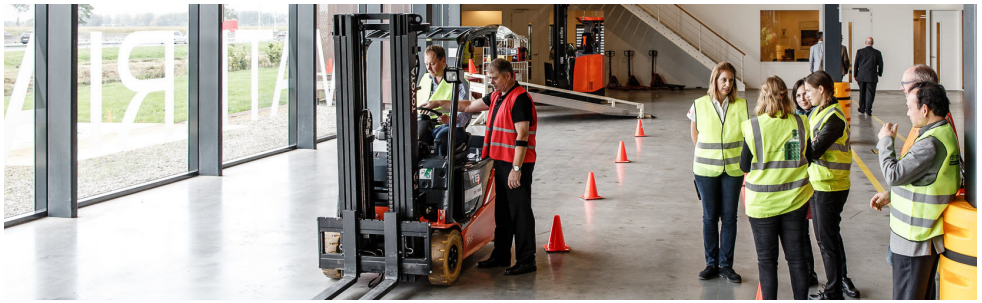
4 People's behaviour

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

In most countries, legislation fails to adequately address behavioural safety. In many countries, legislation is more basic than we believe is required to enable customers to operate safely. Many countries require only one day of training to operate a vehicle with far more complexity than a car. Yet, no one would expect that after just one day one would be qualified to drive a car. That's why we have designed a European approach that complies with most local regulations, as well as addressing some of our more ambitious customers' expectations for a harmonised European **operator training programme**. We provided forklift training to **50** global health & safety managers from customers since 2015. In FY17, the company trained over **26,000** material handling operators in 10 countries across Europe, expanding its training capabilities to other European countries.







MAXIMISE QUALITY AND CUSTOMER SAFETY

2050 VISION	FY21 TARGET ON KPI	FY18 STATUS	FY17 STATUS	FY15 STATUS
PRODUCT QUALITY Continuously supply attractive products that anticipate customer needs by implementing defect-free processes	5 design awards	2	5	7
	1 competition for design students	1	-	1
	1 competition for engineering students	1	-	-
	Suppliers receiving 'Dantotsu' training (no target)	10	44	-
	Suppliers receiving 'Dantotsu' quality visits in their facilities (no target)	317	346	-
	Suppliers receiving quality audits in their facilities (no target)	161	238	-
	Reduce warranty claims paid versus 2007 (indicator to be phased out by next report)	-80% (target 88%)	-83% (target 88%)	-80% (target 80%)
	Maintain ISO 9001 certification cover of operations to >75% of total revenues	>75%	>75%	72%
PROCESS QUALITY Be a reference on process quality across all our 21 sales and service companies	100% sales and service companies to implement Toyota Service Concept	12	10 (target 21)	5 (target 5)
	50% sales and service companies to implement T-Stream	First release T-Stream	Further pre-study	Pre-study
	100% sales and service companies to maintain ASEC certification	41%	35%	25%
	100% sales and service companies to achieve a Net Promoter Score > = 54	NPS = 49	NPS = 42	NPS = 40
	100% sales and service companies to achieve a first-time fix rate > = 95%	91,3%	91%	89,1%
	50% sales and service companies to implement T-ONE	process established	238	-
RESPONSIBLE PURCHASING Finding the right partners to support our customers and us in achieving all our sustainability goals	Maintain all major suppliers to sign supplier Code of Conduct	100%	100%	100%
	Control mechanism for evaluating suppliers' compliance	-	Established	-
	Maintain 100% buyers trained in responsible procurement	100%	100% (target 100%)	-
	CSR self-assessment all major direct material suppliers	30	30 (target 30)	-
	CSR self-assessment 10 indirect material suppliers	Pilot done	5	-
	Install risk assessment tool for all major direct material suppliers	-	-	-
	Review CSR assessment processes for all suppliers	-	-	-
TRANSPARENCY AND DISCLOSURE Continue in top 3 % on transparency and disclosure among > 40,000 global suppliers rated by EcoVadis, rating performance on environmental, social and governance issues	Maintain Toyota Material Handling Europe leadership position in transparency & sustainability	Top 3%	Top 3%	Top 10%
	Toyota Material Handling Europe to maintain Gold at European level	1	1	1
	20 local subsidiaries to achieve Gold at local level	9	10	-
	8 independent distributors to achieve bronze level on Ecovadis by FY21	-	-	-
	Continue sustainability reporting in line with GRI covering > 95% employees	GRI Standards > 95%	GRI Standards > 90%	GRI 3.1 82%
	External verification GRI report by FY21	No	No	PwC (partial)
CUSTOMER SAFETY Aim for zero accidents with material handling equipment in the EU	Enhance our approach to help our customers improve health & safety in their material handling operations 3 customer case studies per year published	-	-	-
	All our customer safety solutions available in all 21 sales and service companies (dojo, posters, risk assessment, training, telematics, automation)	-	-	-
	Integrate additional safety technology in standard products	-	-	-
	100% of trucks enabled to operate with I_Site fleet management	+ 150%	+100%	+20%
	Forklift training for global safety managers of our customers: 100	60 (target 60)	50 (target 50)	10 (target 10)
	Continue promoting safety, as a partner of EU-OSHA since 2010	Yes	Yes	Yes

OPTIMISE



“In the UK, we are developing our People Strategy to deliver the ultimate experience for all our teams, with a focus on attracting the right people, retaining the great talent we already have, and developing those who want to progress. Over the last three years, we have promoted over 40 people each year from within the company through development succession planning. We also want to continue to develop this core talent through effective leadership and to make TMHUK an employer of choice.



Michelle Clark,
HR Director, Toyota Material Handling UK

OPTIMISE opportunities for people to thrive

QUICK FACTS

Toyota Material Handing Europe's ability to continue to maintain and grow its business as well as provide high-quality products to customers depends on the contributions of its people. Therefore, our ability to attract, retain and motivate qualified employees throughout the organisation is key.

As we have been building a pan-European HR organisation and embedding HR KPIs in the organisation, it is achieving greater harmonisation and promoting development of best practice in attracting and retaining talent, training, respecting equal opportunities and engaging its employees.

1st commendation
in our industry from an EU commissioner on our approach to safety & health in Spain

745 courses
available on our e-learning academy, covering 13 languages

100% employees
work in entities with an ambitious local 'People Strategy'

OHSAS 18001 (now ISO 45001) for
4 factories
3 sales & service companies

200
managers trained in leadership skills in LEAD programme so far

12 e-learning
sessions completed per employee per year on average

1,481 new employees
hired since FY15

14% female managers
while 17% of workforce is female

ATTRACT AND RETAIN TALENT

Our success as a first-choice employer lies in our continued investment in our people, their professional competencies, and personal development. Since 2014 we have stepped up investments in our employees and developed programmes and processes to recruit the right people and retain a workforce that is motivated and performing well. We have been awarded an Ecovadis **70% score** 'Advanced level' on 'Labour practices', aiming to bring this to 80% in FY21.

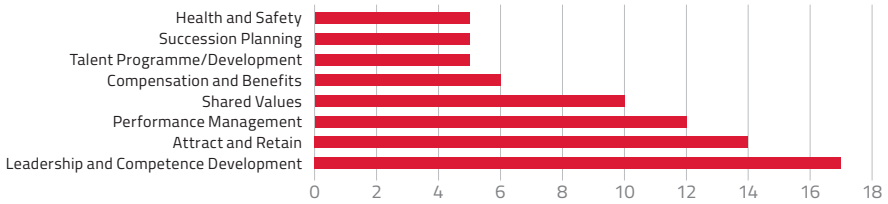
In line with our Code of Conduct, we enhance business performance so we can continue to provide employment and maintain fair and stable working conditions. We also aim to create a harmonious and stimulating work environment.

People Strategy

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

Recruitment, leadership and performance management have been considered to be the top priorities (see graph hereunder). Initiatives in these fields should result in a HR delivery which is better than the European industrial average. Local entities will complete their objectives set out in these strategies by FY21.

LOCAL HR ACTIVITIES AGGREGATED AT EUROPEAN LEVEL



** The graph represents the number of local HR activaties per HR priority, consolidated at European level*

Onboarding and releasing

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

In 2018, we had a **8% turnover rate**, below the 10% average for the manufacturing industry. Driving this number down has become a main priority. We aim to keep this number under 8% in the future.

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

Compensation and benefits

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

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

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

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



TRAINING AND DEVELOPMENT

We provide our people with opportunities to develop and maintain their competences and skills. Training and development is key for our employees' career progression and our customers benefit from employees with an improved skill set. Therefore, we invest in the continuous development of our employees and in responsible partnerships with our network of dealers and suppliers.

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

Our leadership and employee development programmes ensure that our people:

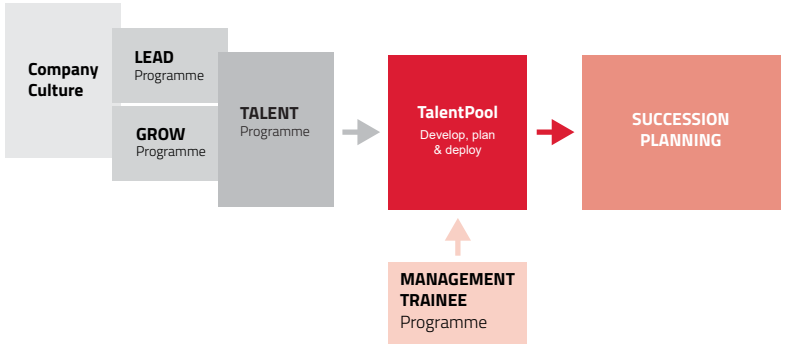
- are trained in, and work according to our Code of Conduct and our principles and values: the Toyoda Precepts and the Toyota Way
- are led by leaders who follow the Leadership Philosophy
- are given the opportunity and are actively supported to become company leaders of the future through our LEAD, GROW and Talent programmes in order to strengthen cross-functional, agile and motivational leadership (accountabilities as strategist, coach and manager)
- have the opportunity to develop their skills and expertise throughout their career with us, with technical training, such as the Toyota Production System (TPS) or our sales onboarding programme
- are evaluated fairly for their work, and continuously dialogue with their managers through our newly developed Agile Performance tools, and get support to develop themselves further, as stipulated in our Competence Development Policy
- are complemented with externally recruited high performers as part of our succession planning programme, our Management Trainee programme



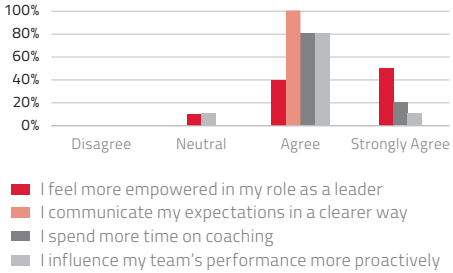
LEAD is a strong management tool. It gave me more insights both about myself and Toyota. The programme mirrors your management style. It's also a toolbox for coaching team members. In combination with Agile performance, it takes my leadership to a next level.

Chris Coens,
Marketing Manager, Toyota Material Handling Belgium

Leadership development



RESULTS FROM LEAD ALUMNI EXPRESSING THEIR 'GAINS' FROM THE PROGRAMME



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

LEAD

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

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



The management trainee programme is a great way to understand the business in a fast pace. It enables me to contribute straight away to the company moving forward in the future of logistics. I am motivated by the passion and talent of colleagues I have met in Toyota.

Maria Arnell,
Management Trainee Programme participant



STEP training acts as a quality reference for customers: it's a transparent tool that proves you are working with certified, knowledgeable technicians. Toyota believes in investing in their people, in the added value of training, and that we're proud of our technicians and the service they deliver.

Francesco Benazzi,
Technical Service Manager, Toyota Material Handling Italy

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

TALENT
In FY16, 18 **future senior managers** participated in the second Talent Programme, adding up to 34 people in FY18 at the end of the third Talent Programme. We will launch the fourth programme in FY19.

MANAGEMENT TRAINEE
To complement our internal leadership programmes, we aim to **recruit potential future leaders**. In FY19 we run our first Management Trainee Programme. We recruited eight high-performers across Europe (five male, three female) with three to eight years working experience, who will work on various assignments across our organisation and locations. After one successful trainee year, they will be offered a position within the organisation that matches our company needs with the trainees' skill set and growth potential.

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

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

In FY18, **745 courses** (vs. 681 in FY17) were available on our e-learning academy, covering 13 languages. Each employee took, on average, part in 29 digital training activities..

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

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

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

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

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



Running for charity means we cultivate team spirit in TMH France, we encourage a healthy life style, and we give back to society – all at the same time. In total we participated with 20 teams and 10 individual athletes in the La Baule Triatlon in 2018.

Gildas de Bouillerie,
Participant in La Baule Triatlon 2018,
Toyota Material Handling France



EMPLOYEE ENGAGEMENT

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

Appraisals

We believe that a strong corporate culture that maximises individual and business performance drives individual job satisfaction. Individual performance management is key to employee motivation, retention and business performance. In time, technology will enable us to engage all employees on a much more personal and individual level. This report consolidates appraisals from 28 entities. In FY18, **63%** of our employees have undergone an annual performance appraisal.

- Ten entities achieved the target of 80% performance appraisals (Austria, Czech Republic, Denmark, Finland, Russia, Spain, Slovakia, Sweden, our factory in France and our warehouse in Belgium).
- Six entities improved their appraisal level, especially our factories in Sweden and Italy.
- Nine entities stayed at the same level.
- Thirteen entities performed less appraisals than the previous year.

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

Representation

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

European Works Council

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

Volunteering

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

We are dedicated to make a positive contribution to society and want to engage our employees in this. In FY18 we donated about 100,000 EUR to social and environmental non-profit organisations. On top of that, more than 500 employees took part in volunteering activities to raise money for charity. Quite some entities organise charity runs. 42 employees from Toyota Material Handling France took part in the La Baule triathlon, and people ran against cancer in Italy, France, Greece and Belgium. Sweden supported blood donation initiatives. Our Netherlands entity set up a fund and our Swedish organisation matched the amounts raised by employees. Sweden donated also several trucks to the UNHCR, the United Nations agency for refugees.

EQUAL OPPORTUNITIES & DIVERSITY

As a large employer across more than 20 countries in Europe, we respect all persons equally, embrace differences, and reflect the global nature of the Toyota family and values. We believe that having a diverse workforce is crucial across our company and directly affects our business success. In line with our Code of Conduct, we do not tolerate discrimination. In this report, we have consolidated gender and age data for 28 entities, compared to 14 in the FY15 report.

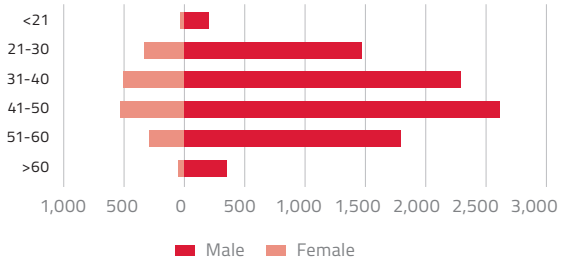
At the end of FY18, Toyota Material Handling Europe had a total of **10,800 permanent employees**. Temporary personnel accounted for about 2.25%, while 97.75% have full-time contracts. Our workforce is 17% female and 25% of our employees are over 50. We have 4,900 service technicians, of which only one is female.

While at the end of FY18 14% of our managers are female, we aim to gradually increase this percentage by including 30% of female employees in our leadership training programmes.

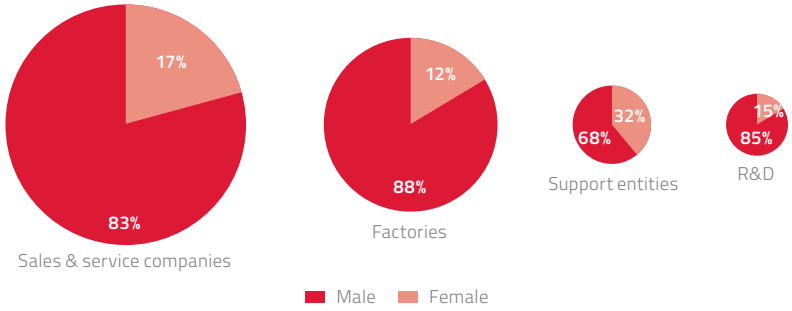
As one out of four employees is over 50, we have already worked on healthy ageing in the workplace and on ensuring a working environment fit for employees of all ages. We view 'Healthy Workplaces' as an integral component of employee retention. We also want to encourage these employees to stay active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

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

EMPLOYEES BY AGE AND GENDER



EMPLOYEES BY FUNCTION AND GENDER



EMPLOYEE HEALTH AND SAFETY

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

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

With the input from some of our most senior health and safety experts from our entities in France, Spain and Sweden, we have drafted a detailed company-wide **Health & Safety policy**, which the sustainability department presented to our European Management Team in early 2018.

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

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

Health and safety management

Health and safety is functionally and locally managed.

MANUFACTURING

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

Management

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

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

Health & safety committees

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

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



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

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



Following a strong focus on our STEP and ASEC programmes, we aim to focus on the role of our service technicians. Inb FY18, we organised our first 'Skills Contest' as a way to recognise their expertise and attract potential external candidates.

Antoine Réminiac,
Manager Service Development Market,
Toyota Material Handling Manufacturing France

SALES AND SERVICE COMPANIES

Management

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

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

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

All service technicians take our Service Technician Education Programme (STEP) when they first join Toyota Material Handling. This includes a safety training and safety packages, ensuring the correct use of tools, chemical product handling, and how to carry out service safely at customer sites. Our objective is to ensure our entire aftersales and service market is STEP Bronze certified by FY21, while we now stand at **92%**.

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

Health & safety committees

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

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

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

SUPPORT ENTITIES AND LOGISTICS

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

OUR EXTERNAL NETWORK

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

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





By increasing awareness and commitment, our management and employees reduced our injury rate step by step. Dedicated to the Toyota Safety Vision, we strive to achieve ZERO accidents. Every accident is one too much.

Agneta Ring,
Sustainability Manager,
Toyota Material Handling Manufacturing Sweden



We launched our SAFE 21 project last year to improve the general safety mindset in the factory through training and quite some safety initiatives.
Better than previous years actions, we created higher awareness and reinforced employees' safety behaviour.

Laurent Marcoul,
Health Safety and Environment Manager,
Toyota Material Handling Manufacturing France

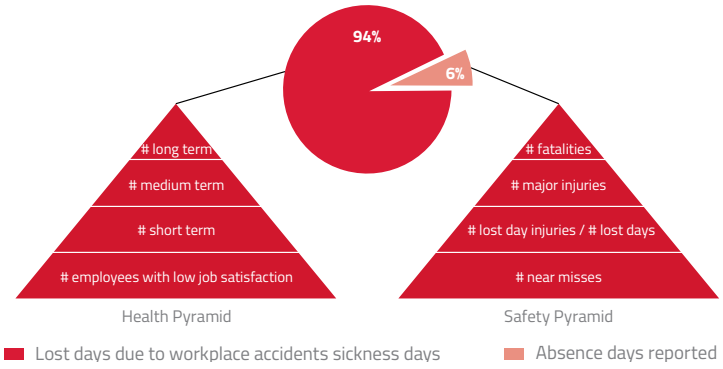
Data on absenteeism, injuries, and lost time Injury frequency

ABSENTEEISM RATE

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

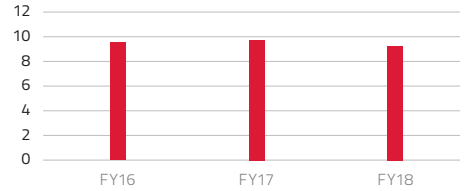
In general, we note that, for the last several years, an average of **6%** of absences were accounted for by **workplace accidents**, whereas **sickness absence** made up the remaining **94%.**

FY18 ABSENCE DAYS REPORTED



More specifically, we can say that on average for our 29 entities, the absence rate for the last three years stands at about **8 days** per employee per year and this rate is quite stable.

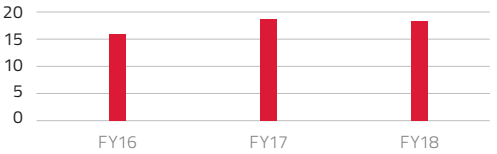
ABSENTEE RATE/ EMPLOYEE / YEAR – AVERAGE FOR 29 ENTITIES



INJURY RATE

The injury rate for our same 29 entities stands on average at **18 days**, slightly increasing from about 15 days vs three years ago. Looking closer to the difference among functional entities, factories account for more than 30 injury days per employee per year, followed by support entities with about 30 days, and finally sales and service companies with less than 10 injury days per employee per year. Our factories showed an increase in the total injury rate, but have successfully reduced major injuries. The increase is mainly due to a rise in minor injuries, such as cuts and bruises.

INJURY RATE / MILLION HOURS WORKED – AVERAGE FOR 20 ENTITIES



Since Toyota Material Handling Europe employs over 4,500 service technicians, they represent over 50% of the company's workforce. In addition to this, 15% of the total workforce is over 50 years old. While straining movements can be eliminated throughout the factory and premises, having mobile technicians working at customer sites in uncomfortable positions can easily lead to overstrain.



On top of increasing employee well-being in FY18, we reduced injury rates by 71% and lost day rates by 50% over a 10-year period. We have organised more than 750 physiotherapist sessions since 2013 and, as such, also significantly decreased our absenteeism rate.

Elisabeth Folguera,
Quality, Health & Safety and Environmental Manager,
Toyota Material Handling Spain



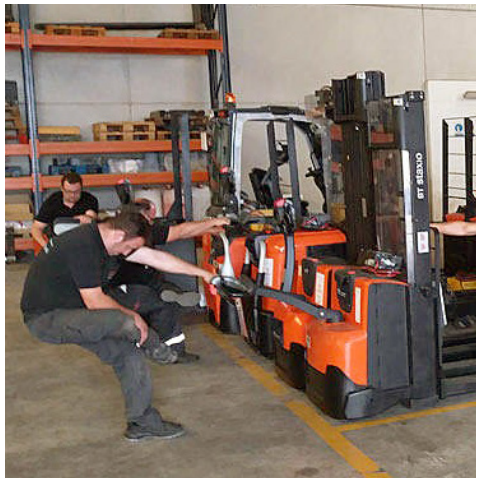
By implementing good practices in age management, employers can protect their workers' health and safeguard the future of their businesses. With this competition we engage relevant stakeholders, provide examples of successful interventions and create a prevention culture across Europe.

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

In order to prevent these types of injuries, Toyota Material Handling in Spain developed a physiotherapy programme for all their technicians, which was also implemented by other Toyota Material Handling entities and shared with EU-OSHA campaign partners through EU-OSHA's Good Practice Benchmarking events. It has been awarded a 'commendation' for its approach to managing employees' health over their entire career span by EU commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen.

The success of the programme resulted in its rollout to other employee categories and to four more entities, each investing in physiotherapy programmes to prevent injuries and ensure healthy ageing.





OTHER SAFETY INITIATIVES

EU-OSHA CAMPAIGNS

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

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

Engaging with EU-OSHA partners, we have learned that 10% of major injuries in the EU industry involve material handling equipment and that 80% of accidents involve human error, which makes us confirm that customer safety is our number-one priority. This is why most of our functions, such as R&D, Logistics Solutions, Marketing and Sales have committed to improve and streamline our offer of customer safety solutions by Y21.

SUSTAINABILITY CONFERENCES

Leaders and safety experts also participate in annual sustainability conferences. Since 2013 health & safety accounts for more than 50% of the agenda. In FY17, we had more than 40 health and safety experts, our local and regional Sustainability Champions from 20 entities, at the good practice event from Toyota Material Handling Europe, Toyota Industries Corporation Europe and Toyota Industries Corporation Japan. The **fifth European conference** aimed to ensure legal compliance, reinforce our safety culture and improve health & safety technology and measures. The European central team presented performance on local and group targets regarding accident rates and absenteeism, while local entities presented their best practices.

OPTIMISE OPPORTUNITIES FOR PEOPLE TO THRIVE

2050 VISION	FY21 TARGET ON KPI	FY18 STATUS	FY17 STATUS	FY15 STATUS
ATTRACT AND RETAIN TALENT Become one of the most attractive employers in EU industry to attract and retain talent	Turnover rate < 8%	8%	8%	6%
	% exit interviews with voluntary leavers: 80%	8%	-	-
	EcoVadis HR score 80% - Advanced level	70%	70%	60%
	3 case studies - our 'people approach' every year	People Strategy approved		
	Establish European remuneration practices	Streamline HR procedures, structures	Remuneration Committee established	/
TRAINING AND DEVELOPMENT Be an industry-wide reference company in training and development	**Leadership development programmes**			
	100% of new managers to receive basic leadership training and an introduction to our Leadership Philosophy	Establish process	-	-
	GROW programme for cross-functional leaders: 40* trained in 2015-2021	Start process	-	-
	Management Trainee programme: 16* trained in 2015-2021	Programme started	-	-
	LEAD programme for functional leaders: 300* trained in 2015-2021	120	60	Process established
	Talent programme for future senior managers: 50* trained in 2015-2021	34	34	16
	Employee development programmes			-
	100% of new employees to receive an induction training	Programme to start	-	-
	Implement and apply competence profiles	Establish process		
	Number of courses available on e-learning academy (no target)	745	681	ca. 500
	Number of languages available on e-learning academy (no target)	13	13	13
	Service Technician Education Programme: 100% Bronze level	92%	92%	87%
EMPLOYEE ENGAGEMENT Strengthen our culture of two-way communication through employee engagement	100% appraisal rate	63% (target 80%)	65% (target 80%)	55% (target 80%)
	Entities with an appraisal rate > = 80%	10	17	12
	Agile performance rolled out to 29 entities	9		
	Establish employee survey in several entities (no target)	2		
EQUAL OPPORTUNITY & DIVERSITY Become a good practice employer in equal opportunity & diversity	*** All our EU leadership programmes to include**			
	• 30% women	20%		
	• diverse range of nationalities	✔		
	• diverse age range	✔		
STAFF HEALTH & SAFETY Become an industry leader in staff health & safety and achieve Toyota Industries Corporation's Safety Vision for zero accidents	**Implement company-wide health & safety policy and strategy**			
	> 80% employees covered by health & safety committees	> 80%	> 80%	> 80%
	Injury rate - number of injuries per million hours worked (no target)	18	18	16
	Absenteeism rates - sum of sickness absence and lost days due to injuries per employee (target < 8 days / employee / year)	10	9	10
	40 experts to participate in health & safety events	40	40	20
	Increase operational coverage of health & safety management management systems to > 60% of revenues, while transitioning all systems from OSHAS 18001 to ISO 45001 standard	49%	48%	47%

MINIMISE



Solar charging system for trucks, Toyota Material Handling, The Netherlands

"At Toyota, we believe that knowledge is gained through action. Moving to a new A-rated building and actively pursuing energy efficiency opportunities in our fleet, we reduced our own carbon footprint by over 40% in 5 years. On top of that, we installed three different pilot power banks for trucks linked to solar panels. When customers want to reduce their material handling carbon footprint, we can do better than talk about it. We can show them how we do it!



Pank Hertsenberg,
Managing Director,
Toyota Material Handling Netherlands

MINIMISE ENVIRONMENTAL IMPACTS

QUICK FACTS

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

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

146 initiatives
saving 2.2 million EUR

74% green electricity
saving 5,182 tonnes CO_2 in Europe

85%
of electric powered product families available with Li-ion reducing consumption with 13% to 25% and giving 10% to 20% less energy loss

-30%
CO_2 emissions relative to revenues (tonnes CO_2 / EUR)

-12%
CO_2 emissions in factories (tonnes CO_2)

>60% revenues
generated by factories and sales & service companies that are ISO 14001 certified

+50% growth
of our short-term and long-term rental fleet (increasing life cycle of products, decreasing service calls transport by 15%)

97%
of suppliers achieved ISO 14001 environmental management certification

+44% sales of used trucks
in FY18 versus FY13

ZERO CARBON EMISSIONS FROM OUR PRODUCTS AND SOLUTIONS

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

Toyota Industries Corporation's Environmental Vision aims to contribute to a low-carbon society through 'zero carbon' emissions from our products & solutions by 2050. By 2020 Toyota Industries Corporation's Sixth Environmental Action Plan aims to reduce product CO_2 emissions by focusing on:

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

In line with our Code of Conduct, we offer clean products, services and solutions. We aim to develop new products with reduced emissions and improved energy efficiency. In line with Toyota Industries Corporation's position, Toyota Material Handling Europe strives for a society with zero CO_2 emissions by 2050.

In 2011, our first corporate carbon footprint concluded that **95% of the emissions** across our value chain were generated by our products **during use**. In 2012, we launched automated solutions, using up to 20% less energy than identical manual trucks with driver. In 2013, we introduced new internal combustion engines for counterbalance trucks. In the last three years, we have pursued our efforts of monitoring energy use, avoiding energy waste, and innovating in energy efficiency and zero-carbon technology.

Our approach

We work with our customers to reduce energy consumption and CO_2 emissions so they can achieve their sustainability targets while saving on costs.

FOUR STEPS TO MINIMISE CUSTOMER ENERGY USE AND CARBON EMISSIONS



1 Monitor energy use

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

Our I_Site fleet management tool enables our customers to optimise operational efficiency, to prolong its productive life, and informs them when the battery needs to be replaced.

2 Avoid energy waste

We also encourage our customers to use **high-frequency chargers** wherever technically possible, as this: shortens charging time, (thereby optimising truck productivity), increases the likelihood of batteries being fully charged, (lengthening the productive life of batteries), and improves the energy efficiency of battery charging up to **15%**.

3 Innovate – energy efficiency

In the past four years, Toyota Material Handling has introduced new internal **combustion engines** that are up to **49% more efficient**, taking advantage of new technology to reduce fuel consumption and emissions of CO_2, NOx and particulate matter. The latest Stage IIIB-compliant diesel engines are now available for the whole forklift range in the EU market. Further improvements have been done in the past two years, notably to achieve compliance with the upcoming Stage V as from 2019.

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

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



Lithium-ion trucks are practical to work with: not only are they easier and more ergonomic to charge, but it also takes less time. I can just plug it in instead of having to change the entire battery.

Katja Sysioja,
Lithium-Ion driver at Meira Nova

85% of electric-powered product families are now available with lithium-ion (Li-ion) batteries and we are aiming to complete the full range by the end of FY19. The intelligent design features on these li-ion batteries deliver a **13 to 25% reduction in electricity consumption** over lead-acid batteries. This first energy efficiency improvement is due to a reduced energy loss in the charging process of li-ion batteries versus traditional batteries. They can be recharged quickly and truck availability is further improved through greater storage capacity and 10%-20% lower energy loss. The upfront cost of a li-ion battery is higher than a traditional lead-acid battery. Many of our customers see a clear business case for this technology, due to the longer life spans and lower operating costs and because of the better value for money through significant reductions in energy use and CO_2 emissions.

Forklift category	Truck category	Truck name	Base consumption at 100%	Base model year	New model consumption improvement	New model release	Percentage improvement
Class 3	Powered Stacker Truck	SPE160L	100%	2003	87%	2015	13%
Class 3	Powered Pallet Truck	LWE130	100%	2005	86%	2017	14%
Class 3	Powered Stacker Truck	SWE120	100%	2008	90%	2014	10%
Class 1	Electric Counterbalanced Truck	Traigo 80 8	100%	2009	75%	2018	25%

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

4 Innovate – low-carbon solutions

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

Fuel cells can now be used to power 85% of our product families. Their only emissions are water and heat, and refuelling with **hydrogen** for up to 10 hours operation is as quick as for internal combustion engines. The use of fuel cells in transport today is constrained by the lack of hydrogen infrastructure, but some of our customers are discovering a possible business case for the necessary installations on their sites. In response to this demand, we are developing the technology for additional products. The use of a fuel cell truck reduces CO_2 emissions by 300 tonnes per year. With their ability to supply electricity, fuel-cell forklifts can serve as a source of power supply during emergencies.





** Charging li-ion battery*
*** Refuelling the Traigo 80V Compact forklift with hydrogen at Woikoski, Finland*

ZERO CARBON EMISSIONS FROM OUR OPERATIONS

We believe that by reducing energy use in operations, we can better serve our customers with products and solutions making them improve their energy efficiency and CO_2 emissions, which is also a major material issue and business priority for them.

Energy and emissions management

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

In line with our Code of Conduct, we aim to reduce the use of energy and to reduce emissions, in order to make economic growth compatible with the conservation of the natural environment. Our stakeholders, and especially our customers, consider our energy use and CO_2 emissions as key sustainability issues, addressed in requests for quotations or through third-party supply chain platforms like EcoVadis. Most of our CO_2 emissions and the major risk for future increases in energy prices are situated across the value chain rather than inside our own operations (less than 3% of our carbon footprint). However, in order to be able to be a leader in our industry and to influence our customers and suppliers on energy efficiency and low-carbon solutions, we should become a leader ourselves.

Our **Sustainable Development** department drives the **energy guideline** and its **energy and CO_2 strategy**. Vice Presidents, responsible for individual functions and regions, set and agree targets, which our local sustainability champions put in operation. Since 2015, our four factories and 11 sales and service companies have set up a dedicated **Energy Management Team** (EMT) composed of facility managers, fleet managers, and production managers. The EMT drafts and updates an **Energy Management Plan** (EMP) focusing on opportunities to improve energy efficiency and lower their carbon footprint, stretching to 2020. In another five entities, the local management team acts as the energy management team.

Entities report their energy use data into our non-financial reporting software CloudApps™, which automatically calculates CO_2 equivalent emissions data and acts as a data repository to follow up on progress versus targets at site, regional and European level.

In this report, we consolidate energy and CO_2 KPIs of 24 entities, compared to 14 entities in the 2015 report. For all entities that are included we have 100% equity and operational control. We have based our calculations on the Greenhouse Gas Protocol, in particular their standard for Corporate Greenhouse Gas Reporting.

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

Energy mix and electricity use

Toyota Material Handling Europe used 660 TJ of energy in FY18, an increase of 19% vs 2015. Diesel is with 26% the major energy source in our energy mix, mainly used by service vans. However, its share of 90% in FY12 in our car fuel mix has come down to 70% due to our green car policy (see further 'Smarter fleet'). 21% of our energy comes from renewable sources, which we intend to increase to over 35% by FY21.

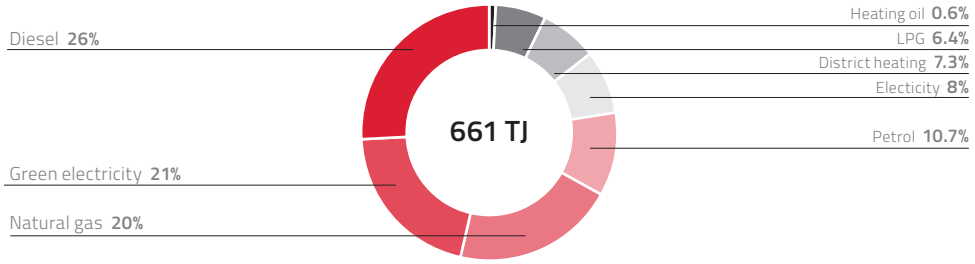
Within our total energy use, electricity represents 29% of which 72% comes from renewable sources. We aim for 100% by FY21.

Growth of energy use and CO_2 emissions versus revenues growth

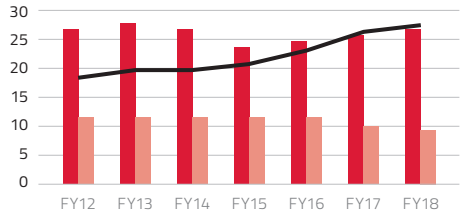
In FY18, our revenues have grown with 43% since our 2012 base year, whilst our overall energy consumption has only risen by 19% of which 38% in our factories and 4% in our sales and services network.

Also in FY18, our CO_2 emissions have been reduced by 6%, of which 19% in our factories which shows the clear effect of our energy and CO_2 targets in action. Within our sales and service companies, the CO_2 emissions decreased by 10% vs our 2012 base period.

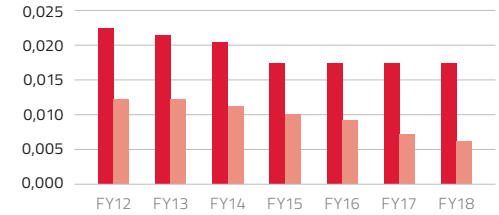
FY18 ENERGY USE BY FUEL (terajoules)



CO_2 EMISSIONS (kilotonnes)

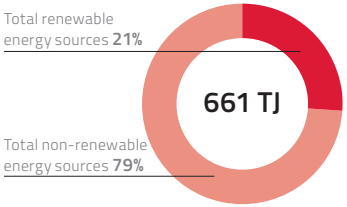


CO_2 EMISSIONS / REVENUES (kilotonnes/euro)

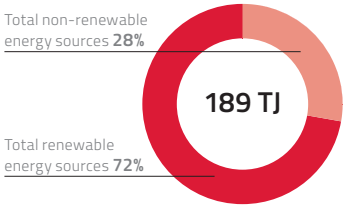


21 sales & service companies — 4 factories — Revenues

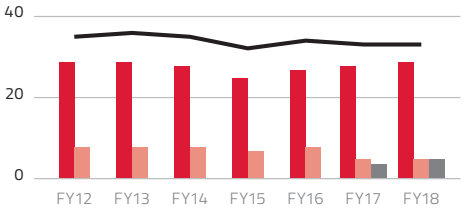
FY18 ENERGY USE (terajoules)



FY18 ELECTRICITY USE (terajoules)

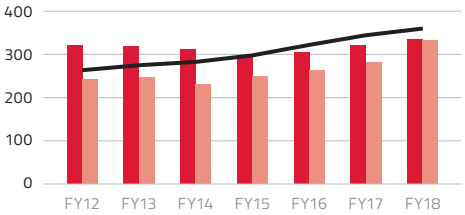


SCOPE 1 AND SCOPE 2 EMISSIONS (kilotonnes)



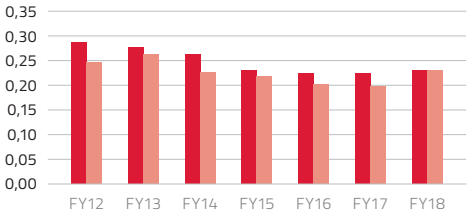
Scope 1 — Scope 2 - location based — Scope 2 - green electricity contacts — Market based emissions

ENERGY USE (terajoules)



21 sales & service companies — 4 factories

ENERGY USE / REVENUES (terajoules/euro)



Revenues

CO_2 Emissions (kilotonnes)	FY12	FY13	FY14	FY15	FY16	FY17	FY18		FY21 (aim)	
Scope1	30	30	29	26	28	30	30		-	
Scope 2 - location based	8	8	8	7	9	8	5		-	
Scope 2 - green electricity contracts	0	0	0	0	0	4	5		-	
MARKET BASED EMISSIONS (net total emissions)	37	38	37	34	36	35	35	**-7%**	26	**-30% emissions**



Our team was very proud to be awarded twice at the sustainability champions meeting for the largest CO_2 reduction in TMHE and for our EcoVadis Gold Award. We were the first factory to achieve ISO 50001 and we reduced CO_2 emissions more than 56% vs the level of FY16.

Rudy Zaramella,
Operations & Sustainability Director,
Lift Truck Equipment, Italy



We see switching to liquid biogas as a very important step in our goal of minimising fossil fuel in our production. It is a natural step towards achieving our sustainability ambition of ensuring that our materials handling products are produced in a way that minimises environmental and climate impact.

Kristian Björkman,
Managing Director and SVP Logistic Solutions,
Toyota Material Handling Manufacturing Sweden

Specific energy reduction programmes

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

SMARTER FLEET

Already in FY15, we reported that our overall **fuel consumption** in 10 countries **dropped by 19%**. We launched our green company car guideline, moving to more hybrid company cars and reduced fleet fuel consumption. The share of **diesel** in our fuel mix for company cars and service vans has been **reduced from 90% to 70%** since FY12.

With four million service visits per year 80% of our fuel use and 60% of our total energy use comes from fuel for service vans. By carrying about 20% less weight, getting smaller service vans, using GPS and eco-driving we use less fuel and reduce CO_2 emissions.

SMARTER BUILDINGS

In our FY15 report, we already reported that our factories in Italy and our company in the Czech Republic have achieved ISO 50001, and that our company in the Netherlands achieved significant CO_2 reductions. These entities continue to act as centers of excellence in energy management. Another factory (France) and two sales and service companies will become ISO 50001 certified in FY21. Toyota Material Handling Manufacturing **Sweden** has started a new project, aiming to switch to liquefied biogas (LBG) and so reduce the total CO_2 output from Toyota Material Handling by more than 5% through one single project in FY19.

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

- On the Toyota Material Handling **Netherlands** campus in Ede, energy from solar panels is fed via solar charging stations to electric material handling equipment.
- Lift Truck Equipment S.p.A. (LTE), our mast manufacturing company in **Italy**, installed a hydrogen station in May 2017, producing hydrogen from renewable electricity generated by the company's solar panels (140 kW). The hydrogen is filled to the company's fuel cell lift trucks - developed by Toyota Industries Corporation - to contribute to CO_2 reduction.

Due to their commitment to energy efficiency and low-carbon technologies, both entities have already met their 2020 energy and CO_2 targets. In FY16, our sustainability champions visited Toyota Material Handling Netherlands and in FY18 our Lift Truck Equipment factory (LTE) in Ferrara, Italy in order for our experts to learn from their best practice experience.





** Hydrogen station Italy*
*** Switch to liquefied biogas in factory, Sweden*



When you decide to follow the path of Sustainability, you do it because you have values you want to spread. When your actions start to give results, you no longer need to explain: sustainability becomes the only feasible option.

Andrea Raviolo,
Sustainability Manager,
Toyota Material Handling Manufacturing Italy

ENVIRONMENTAL MANAGEMENT

Environmental management, water and waste management, has been rated a non-material sustainability issue by both internal and external stakeholders surveyed, but we report on this issue as it is a Toyota Industries Corporation priority. Toyota Industries Corporation's Environmental Commitment (Toyota Industries Corporation Vision 2050) aims to contribute to a recycling-based society by achieving 'Zero Water to Drain', establish a society in harmony with nature by promoting a positive impact on bio-diversity, and promote environmental management.

Toyota Industries Corporation focuses in its Vision 2020, besides value chain and world market, on 3 Es, being Ecology, Energy and Environment. As such, also Toyota Material Handling Europe contributes to the realisation of a society with minimum environmental impact through technological innovation in environment and energy areas.

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

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

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

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

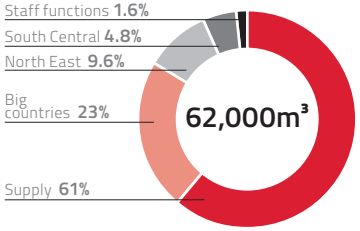
Our factories are required by Toyota Industries Corporation to maintain an ISO 14001 environmental management system certification. Additionally, our sales and service companies in France, UK, the Czech Republic, Romania, Spain, Finland and Sweden have voluntarily adopted ISO 14001 in response to local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

Water use

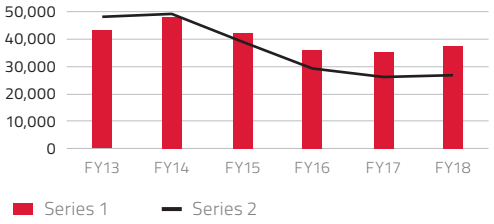
In this report all 29 Toyota Material Handling entities in Europe (four factories, 21 sales and service companies, and four support entities) report their water use. In total, over **98.5%** of reported water consumption is municipal water, and less than 1.5% is ground water. In FY18, Toyota Material Handling consumed over 62,000m³ of water of which more than 60% was used in our factories as part of the manufactoring process. The majority of water used in our sales and service companies was used for cleaning rental and used trucks. Our factories used about 10% less water vs FY15 while factory revenues increased by 50% making the reduction relatively even more important.

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

FY18 WATER CONSUMPTION (m³) BY REGION



WATER CONSUMPTION (m³) FACTORIES



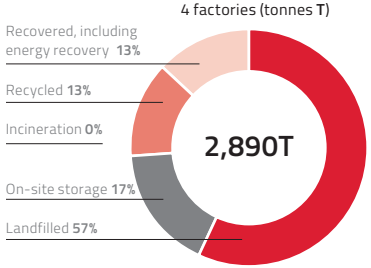
Waste disposal

In this report, we consolidated waste KPIs for four factories for the first time. These factories generate waste mainly from production, maintenance and truck scrapping. Currently 14 of our 21 sales and service companies and none of our four staff offices report on waste, which is not enough for trustworthy extrapolation. In the years to come, it is our ambition to report on waste in sales and service companies, when definitions of waste are defined more specifically than just hazardous/non-hazardous waste.

Since FY15, reported hazardous waste has increased by 148% and reported non-hazardous waste by 27%. Since FY15, total waste has increased by 38%, while factory revenues have increased by over 50% over the same period: this illustrates that the overall waste increase rate is lower than the growth rate, which shows a reasonable operational control. The relatively faster increase in hazardous waste growth is due to better reporting, changes in local legislation and changes in processes.

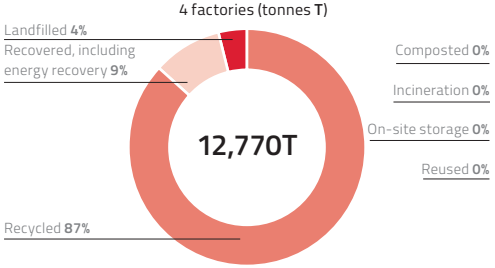
FY 18 HAZARDOUS WASTE

4 factories (tonnes **T**)



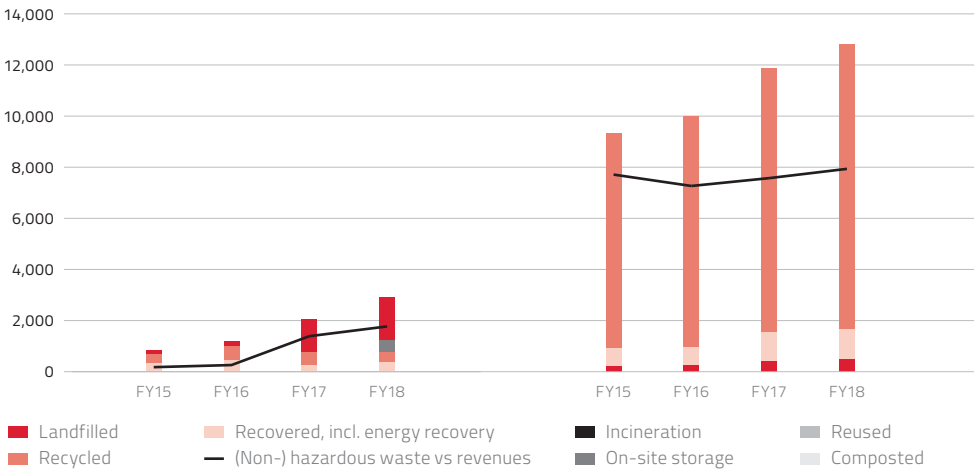
FY18 NON-HAZARDOUS WASTE

4 factories (tonnes **T**)



HAZARDOUS WASTE

4 factories (tonnes and tonnes / EUR revenues)



NON-HAZARDOUS WASTE

4 factories (tonnes and tonnes / EUR revenues)

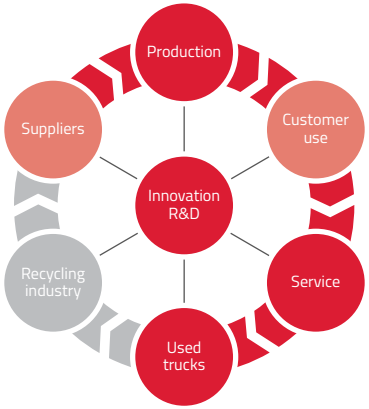


CIRCULAR ECONOMY

Product life cycle

The growing importance of circular economy, not considered as a material topic by our stakeholders, requires us to build on our environmental governance in our own operations to cover environmental aspects in our supply chain and in our customers' operations.

In January 2018, the European Commission presented the 2018 circular economy package, to transform Europe into a more competitive resource-efficient economy. Within our business we already have control or significant influence on most steps of our products' lifecycle. From working with our suppliers to reduce the amount of hazardous substances in our trucks to selling used trucks solutions, we remain closely involved with our trucks over their productive life, as illustrated hereunder.



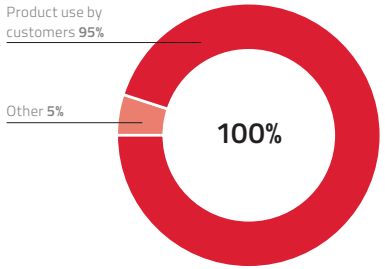
Whithin our sphere of control | Whithin our sphere of influence | Limited engagement for now

Remanufacturing

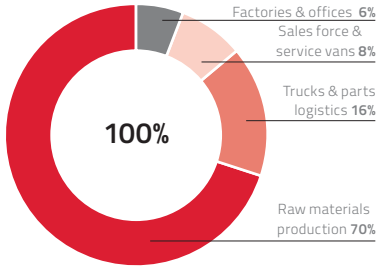
Within the product life cycle, the customer energy use is the largest source of CO_2 emissions, accounting for 95% of our carbon footprint.

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

CARBON FOOTPRINT INCLUDING CUSTOMER USE



CARBON FOOTPRINT EXCLUDING CUSTOMER USE







We aim to maximise the lifetime of our trucks with quality built in from design, over maintenance to refurbishing and second life. To support sustainable growth, we recently opened our e-commerce platforms for Toyota approved used trucks where customers can access available trucks anywhere anytime in 16 countries in Europe.

Cecilia Nilsson,
Online commerce manager, Toyota Material Handling Europe

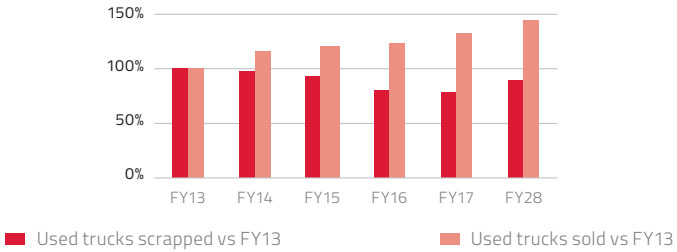
Second Life strategy

Toyota Material Handling Europe's Second Life strategy aims to reduce the ratio of scrapped trucks by 20% in coming years. Though only new energy-efficient products are suited to high-intensity applications, customers welcome used or remanufactured trucks for lower-intensity applications or as extra vehicles on standby for use in busier periods. Our Second Life strategy case study explains how raw materials production is responsible for the majority of the full carbon footprint of the production of a new truck, while refurbishment only involves the cabin and engine, not the chassis. Refurbishment is also mostly done locally in-country, avoiding a further 15% of emissions from logistics.

With the increasing use of our long and short-term rental offer, making up a large segment of our business, we drastically improve the lifespan of our products, while at the same time reducing emissions from transportation logistics to and from our customers by 15%. As such, we also optimise our product use; an important fact to consider knowing that a truck's average utilisation is only 35%. Since FY14, our long and short-term rental fleet has grown by 50%, today representing more than half of the total units delivered to our customers every year.

Since FY13, we have been able to sell almost 44% more used trucks, reducing at the same time the number of scrapped units by 11%. Moreover, a remanufactured product is generally cheaper than a new one, giving economically less privileged businesses a valuable alternative. Read more about our used truck offer.

44% INCREASE IN USED TRUCK SALES





MINIMISE ENVIRONMENTAL IMPACTS

2050 VISION	FY21 TARGET ON KPI	FY18 STATUS	FY17 STATUS	FY15 STATUS
ZERO CARBON EMISSIONS FROM OUR PRODUCTS AND SOLUTIONS Toyota Industries Corporation's Environmental Vision aims to contribute to a low-carbon society through zero carbon emissions from our products and solutions by 2050	Enhance our approach to support our customers to improve energy efficiency and lower their carbon footprint publish 3 case studies per year on how we help customers to achieve lower carbon footprint by focusing on a combination of the Toyota Industries Corporation priorities	2 customer demo sites solar charging trucks	10 customer partnerships to improve energy efficiency and lower CO_2 emissions	
	Ever more energy-efficient technologies (no specific.target)	3	-	-
	Electrification (no specific.target)	-	-	-
	Weight reduction (no specific.target)	-	-	-
	Energy loss reduction (no specific.target)	-	-	-
	Hydrogen and fuel cell technologies (no specific.target)	1	1	1
ZERO CARBON EMISSIONS FROM OPERATIONS Toyota Industries Corporation aims for zero carbon emissions from operations By 2030, Toyota Industries Corporation aims to cut carbon emissions from operations by 50%. We act in line Toyota Industries Corporation's 2020 focus areas for reducing process emissions in the Sixth Environmental Action Plan	Develop energy and CO_2 reduction strategy for our operations			Launched
	Conduct energy audits in 10 entities once every 4 years			Completed
	Extend initiatives to reduce fleet energy consumption (vans & company cars)	Share of diesel in fleet fuel mix reduced from 90% to 70% in 5 years	Most new company cars are hybrids	20% weight reduction in vans
	-10% energy use vs FY12**	+21%	+9%	+2%
	-10% energy use relative to revenues vs FY12**	-20%	-23%	-20%
	-30% CO_2 emissions vs FY12**	0	0%	-6%
	Number of actions to reduce energy use and CO_2 emissions	146	131	33
	100% green electricity use	74%	67%	16%
	Double the revenues covered by ISO 50001 certifications to > 30%	14%	14%	14%
ENVIRONMENTAL MANAGEMENT Environmental management in line with Toyota Industries Corporation's Vision to 'create a society in harmony with nature' and to 'reduce environmental risk'	Extend waste reporting to cover all factories	100%	100%	100%
	Extend waste reporting to cover all sales and service companies	50%	40%	20%
	Maintain >60% cover of revenues under ISO 14001 certification	61%	60%	9%
CIRCULAR ECONOMY Circular economy in support of Toyota Industries Corporation Vision for zero waste	+50 % increase in used trucks sold vs FY13	+44% vs FY13	+32% vs FY13	+20% vs FY13
	Reduce scrapped trucks by -25% vs FY 2013	-11% vs FY13	-22% vs FY13	-8

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

Function	Activity	Abbreviation	Company Name	City	Country	GRI				EcoVadis		ISO / OSHAS					ISO				Comments
												9001	14001	50001	18001	9001	14001	50001	45001	
						2013	2015	2018	2021	2017		2021	2018				2021				
% employees covered						58%	81%	97%	98%	98%		99%	77%	62%	12%	43%	77%	62%	38%	60%	
% revenues covered						59%	80%	96%	96%	98%		99%	76%	61%	14%	49%	77%	61%	39%	62%	
Supply (5 Factories + 1 Warehouse operation)	Factory	TMHMS	Toyota Material Handling Manufacturing Sweden AB	Mjölby	Sweden	1	1	1	1	1	Gold	1	1	1	0	1	1	1	1	1	
	Factory	TMHMF	Toyota Material Handling Manufacturing France SAS	Ancenis	France	1	1	1	1	1	Gold	1	1	1	0	1	1	1	1	1	
	Factory	TMHMI	Toyota Material Handling Manufacturing Italy Supply	Bologna	Italy	1	1	1	1	1	Silver	1	1	1	1	1	1	1	1	1	
	Factory	LTE	L.T.E LiftTrucks Equipment S.p.A.	Ferrara	Italy	1	1	1	1	1	Gold	1	1	1	1	1	1	1	1	1	
	Factory	SIMAI	Simai S.p.A	Milan	Italy	0	0	0	1	0	0	1	0	0	0	0	1	1	1	1	Acquired in 2017
	Warehouse	TMHELAS	Toyota Material Handling Europe Logistics AB (Mjölby site)	Mjölby	Sweden	0	0	0	0	0	0	0	1	1	0	1	1	1	0	1	In scope of TMHMS certifications
	Warehouse	TMHELAB	Toyota Material Handling Europe Logistics AB (Antwerp branch)	Wilrijk	Belgium	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	
Region Big Countries (4)	Sales & Services	TMH DE	Toyota Material Handling Deutschland GmbH	Hanover	Germany	0	1	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH FR	Toyota Material Handling France SAS	Paris	France	1	1	1	1	1	Gold	1	1	1	0	0	1	1	0	1	
	Sales & Services	TMH IT	Toyota Material Handling Italia S.R.L	Bologna	Italy	0	1	1	1	1	Silver	1	1	0	0	1	1	0	0	1	
	Sales & Services	TMH UK	Toyota Material Handling UK Ltd	Slough	United Kingdom	1	1	1	1	1	Silver	1	1	1	0	0	1	1	0	1	
Region North East (8)	Sales & Services	TMH BA	Toyota Material Handling Baltic SIA	Riga	Latvia	0	0	1	1	1	Bronze	1	0	0	0	0	0	0	0	0	Also covers Estonia & Lithuania
	Sales & Services	TMH BE	Toyota Material Handling Belgium NV/SA	Wilrijk	Belgium	0	1	1	1	1	Silver	1	1	0	0	0	1	0	0	0	Also covers Luxemburg
	Sales & Services	TMH DK	Toyota Material Handling Danmark A/S	Slangerup	Denmark	0	1	1	1	1	Silver	1	1	0	0	0	1	0	0	0	
	Sales & Services	TMH FI	Toyota Material Handling Finland Oy	Helsinki	Finland	0	0	1	1	1	Gold	1	0	1	0	0	0	1	0	0	
	Sales & Services	TMH NL	Toyota Material Handling Nederland BV	Ede	Netherlands	1	1	1	1	1	Silver	1	0	0	0	0	0	0	0	0	Environmental certificate BMWT
	Sales & Services	TMH NO	Toyota Material Handling Norway AS	Trondheim	Norway	0	1	1	1	1	Gold	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH RU	OOO Toyota Material Handling Russia	Moscow	Russia	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH SE	Toyota Material Handling Sweden AB	Stockholm	Sweden	1	1	1	1	1	Gold	1	1	1	0	0	1	1	0	0	
Region Central South (9)	Sales & Services	TMH AT	Toyota Material Handling Austria GmbH	Vienna	Austria	0	0	1	1	1	Bronze	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH CH	Toyota Material Handling Schweiz AG	Bülach	Switzerland	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	50% ownership
	Sales & Services	TMH CZ	Toyota Material Handling Czech s.r.o.	Prague	Czech Republic	0	0	1	1	1	Gold	1	1	1	1	1	1	1	1	1	
	Sales & Services	TMH ES	Toyota Material Handling Espana SA	Barcelona	Spain	0	1	1	1	1	Gold	1	1	0	0	0	1	0	0	0	
	Sales & Services	TMH GR	Toyota Material Handling Greece SA	Athens	Greece	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	Also covers Cyprus
	Sales & Services	TMH HU	Toyota Material Handling Hungary Ltd	Budapest	Hungary	0	0	1	1	1	Silver	1	0	0	0	0	0	0	0	0	
	Sales & Services	TMH PL	Toyota Material Handling Polska Sp z.o.o.	Jaktorov	Poland	0	0	1	1	1	Silver	1	1	0	0	0	1	0	0	0	
	Sales & Services	TMH RO	Toyota Material Handling Romania S.R.L.	Bucarest	Romania	0	0	1	1	1	Silver	1	1	1	0	1	1	1	0	1	
	Sales & Services	TMH SK	Toyota Material Handling Slovensko s.r.o.	Bratislava	Slovakia	0	0	1	1	1	Gold	1	0	0	0	0	0	0	0	0	
Other sales channel	Sales & Services	N/A	Cesab GmbH	Eberstadt	Germany	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Sales & Services	N/A	Cesab Ltd	Wellingborough	United Kingdom	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Staff	Office	TMHE	Toyota Material Handling Europe AB	Mjölby	Sweden	0	0	0	0	1	Gold	0	0	0	0	0	0	0	0	0	
	Office	TMHE BXL	Toyota Material Handling Europe Brussels Office NV/SA	Brussels	Belgium	0	0	1	1	1		0	0	0	0	0	0	0	0	0	
Logistics solutions	Office	TMHLS	Toyota Material Handling Logistics Solutions AB (from April 2018)	Gothenburg	Sweden	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	
Financial services (3)	Office	TMHCF	Toyota Material Handling Commercial Finance AB	Mjölby	Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Office	TMHTF	Toyota Material Handling Truckfleet AB	Mjölby	Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Office	TMHFF	Toyota Material Handling FlexibleFleet AB (ceased March 2018)	Mjölby	Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

TOYOTA MATERIAL HANDLING EUROPE SPECIFIC DISCLOSURES ON MATERIAL TOPICS

Material Topics	DMA, KPIs,Targets	Pages	Link with GRI Standard
MAXIMISE			
Quality	Disclosure on Management Approach	21 to 24	103-1, 103-2, 103-3
	KPIs and targets (number of ISO certificates)	29	103-1, 103-2, 103-3
Responsible purchasing	Disclosure on Management Approach	25	103-1, 103-2, 103-3, 204-1, 308-1, 308-2, 414-1 and 414-2
	KPIs and targets (# suppliers covered by ISO14001 programme, CSR self-assessment, ...)	29	
Transparency & Disclosure	Disclosure on Management Approach (GRI general disclosure)	26	103-1, 103-2, 103-3, 102-45, 417-1 to 417-3
	KPIs and targets (Ecovadis score)	29	
Customer Safety	Disclosure on Management Approach	27, 38	103-1, 103-2, 103-3, 416-1 and 416-2
	KPIs and targets (zero accidents)	29, 42	
OPTIMISE			
Attract and retain talent	Disclosure on Management Approach	32 to 33	103-1, 103-2, 103-3, 401-1 to 401-3
	KPIs and targets (turnover rate,...)	42	
Training and Development	Disclosure on Management Approach	33 to 35	103-1, 103-2, 103-3, 404-1 to 404-3
	KPIs and targets (# courses avalable in the e-learning academy,...)	42	
Employee engagement	Disclosure on Management Approach	36	103-1, 103-2, 103-3, 401-1 to 401-3
	KPIs and targets (% of employees with annual performance appraisal)	42	
Diversity & Equal opportunities	Disclosure on Management Approach	37	103-1, 103-2, 103-3, 405-1 and 405-2
	KPIs and targets (repartition of employees by gender, age,...)	42	
Employee Health & Safety	Disclosure on Management Approach	38 to 41	103-1, 103-2, 103-3, 403-1 to 403-4
	KPIs and targets (# days of absenteeism per employee, # injuries / 1,000,000 hours worked,...)	42	
MINIMISE			
Energy-efficient customer solutions	Disclosure on Management Approach	45 to 46	103-1, 103-2, 103-3, 302-1 to 302-5
	KPIs and targets (Truck consumption efficiency, % fuel cell solutions,...)	54	
Energy management in operations	Disclosure on Management Approach	47 to 49	103-1, 103-2, 103-3, 302-1 to 302-5
	KPIs and targets (renewable energy use, zero carbon emissions by 2050)	54	
Circular Economy	Disclosure on Management Approach	52 to 53	103-1, 103-2, 103-3, 301-1 to 301-3
	KPIs and targets (reduce the ratio of scrapped trucks by 20%)	54	
Environmental management	Disclosure on Management Approach	50 to 51	103-1, 103-2, 103-3, 303-1, 306-2 and 306-4
	KPIs and targets (reduction of water consumption and waste disposal)	54	

TOYOTA MATERIAL HANDLING EUROPE GRI GENERAL DISCLOSURES

Disclosure title	Pages	General Disclosures GRI 102
Organisation profile	4, 7, 8, 55	102-1
Activities, brands, products, and services	4, 6	102-2
Location of headquarters	7	102-3
Location of operations	7, 55	102-4
Ownership and legal form	7, 8, 55	102-5
Markets served	7	102-6
Scale of the organisation	4	102-7
Information on employees and other workers	4, 31 to 42	102-8
Supply chain	6, 25, 26, 52	102-9
Significant changes to the organisation and its supply chain	6, 7, 8	102-10
Precautionary principle or approach	9, 10, 11, 12	102-11
External initiatives	17, 23, 27, 41	102-12
Membership of associations	7	102-13
Statement from senior decision maker	5	102-14
Values, principles, standards, and norms of behaviour	9	102-16
Governance structure	7	102-18
Corporate governance	8	102-18
Risk management	11	102-30
Compliance	11	102-18
Bribery and corruption	12	205-1 and 205-2
List of stakeholder groups	3, 15, 18, 36	102-40
Collective bargaining agreements	36	102-41
Identifying and selecting stakeholders	15	102-42
Approach to stakeholder engagement	15	102-43
Key topics and concerns raised by stakeholders	16 to 17	102-44
Entities included in the consolidated financial statements	7, 55	102-45
Defining report content and topic boundaries	17 to 18	102-46
List of material topics	16	102-47
Restatements of information	3	102-48
Changes in reporting	3	102-49
Reporting period	3	102-50
Date of most recent report	3	102-51
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Glossary

SUSTAINABILITY: A GLOSSARY OF TERMS

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

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

Carbon dioxide equivalents (eCO_2)
The internationally recognised way of expressing the amount of global warming of a particular greenhouse gas in terms of the amount of CO_2 required to achieve the same warming effect over 100 years.

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

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

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

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

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

EcoVadis
EcoVadis provides sustainability ratings of more than 45,000 suppliers wordwide on their environmental, social and ethical performance. Its online platform allows 175 multinationals to access ratings of their selected suppliers across 120 countries.

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

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

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

First-time fix rate
Rate at which Toyota technicians repair a forklift truck on the first service visit.

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

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

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

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

ISO 14001
Provides the baseline requirements for an Environmental Management System.

ISO 50001
Provides the baseline requirements for an Energy Management System.

Key Performance Indicator (KPI)
Financial and non-financial indicator for the performance of a company.

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

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

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

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

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

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

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

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

Scope 1 CO_2 emissions or direct emissions from sources that are owned or under direct control
Emissions resulting from the combustion of fossil fuels for comfort heating or other industrial applications, from the combustion of fossil fuels used in the operation of vehicles or other forms of mobile transportation.

Scope 2 CO_2 emissions or indirect emissions from sources under direct control
Emissions resulting from energy consumed within a company's own operations, but generated elsewhere, e.g. electricity and district heating. Electric trucks generate scope 2 CO_2 emissions, unless they are charged with 'green electricity'.

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

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

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

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

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

TMHE
Toyota Material Handling Europe

TICO
Toyota Industries Corporation

TIE
Toyota Industries Europe

TPS
The Toyota Production System (TPS) is our lean manufacturing system that works according to a pull system: we only produce what is ordered. TPS entrusts team members with well-defined responsibilities to optimise quality by constantly improving processes and eliminating unnecessary waste in natural, human and corporate resources.

TSC
The Toyota Service Concept (TSC) describes our approach to planning, managing and delivering exceptional standards of service, throughout the working life of trucks and our relationship with customers.

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

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

Sustainability Report 2018

Toyota Material Handling Europe

For more information contact us at
sustainable.development@toyota-industries.eu

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