Toyota Material Handling Europe

Sustainability Report





TOYOTA

MATERIAL HANDLING



This is our first sustainability report and for us the beginning of a journey. With Dual Impact, we are implementing an approach where we involve our partners in defining those key issues that matter to all of us. We have deliberately chosen to produce a concise report focusing on the key elements that matter to us and our partners. In this way we concentrate our efforts on managing those key impacts where together, we can make a difference.

OUR PARTNERS

Customers

Suppliers

Toyota Family*

Local Communities

Public Authorities

OUR TARGET

To positively engage with all our partners, to understand their sustainability targets and to align our priorities

ABOUT THIS REPORT

This report addresses the sustainability management and performance of Toyota Material Handling Europe (TMHE), a fully owned subsidiary of Toyota Industries Corporation (TICO). Except where otherwise stated, the performance data refers to our financial year (FY) ending 31 March 2013 and covers 60% of our employees. The data is from four factories – Sweden, France, and two in Italy – and four of our sales and service offices in Sweden, France, UK and The Netherlands.

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

We aim to extend the scope of our reporting to all our factories and sales and service operations in all countries in Europe where we have a presence by 2015. We also intend to have developed a deeper understanding of our supply chain impacts and report on them more completely by 2016.

GRI has performed an application level check to confirm the required set and number of disclosures for the application level C+ have been addressed in the report in line with the GRI 3.1 guidelines. The + has been added to this application level because we have submitted (parts of) the report for externally assurance.

^{*} The Toyota Family incorporates employees from Toyota Material Handling Europe, Toyota Industries Corporation and of the Toyota Group at large.

OUR PARTNERS' TARGETS AND OUR RESPONSE

Sustainability is an increasingly important topic for our partners. Our customers are amongst the world leaders on sustainability. Their expectations are high. Here are some key statistics on sustainability targets disclosed by 30 of our European fleet customers*. As a response, we aim to minimise environmental impacts, optimise business processes and maximise safety, quality and performance.

OUR PARTNERS' TARGETS

80%

publicly report their carbon footprint

67%

set energy saving targets >10%

23%

have published case studies about using TPS (Toyota Production System) in manufacturing processes

20%

focus on material

handling carbon footprint

require suppliers disclosure on fair business and employment practices

27%

have measurable targets focused on improving safety

47%

require suppliers disclosure on safety, quality and performance

OUR OBJECTIVES

MINIMISE

ENVIRONMENTAL IMPACTS

- Helping our customers to be more energy efficient and reduce their CO2 emissions
- **p.12** Our own energy use and CO₂ emissions

OPTIMISE

BUSINESS PROCESSES

- **p.13** Our people and processes make a difference
- p.15 Fair Business Practices
- p.16 Empowering Employees

MAXIMISE

SAFETY, QUALITY AND PERFORMANCE

- p.17 Our priority is to maximise safety for people using our equipment
- p.19 Safe products and services: Preventing accidents through innovation
- p.19 Safety of our workplaces
- p.20 Quality and performance
- p.20 Pride in Performance

^{*} A customer that has business operations within several national markets, has a central purchasing department in place and has several hundred's of material handling units in operation.

PROVIDING SOLUTIONS TO OUR PARTNERS' CHALLENGES

In the table below we give examples of critical targets set by our partners and how we are contributing to the achievements of those targets.

OUR PARTNERS' CHALLENGES



CO₂
Customers with
CO₂ targets
switch to electric

100% of the electricity Unilever purchases in Europe is from renewable sources. Therefore, any electric equipment they run is accounted for as zero carbon. Unilever has a European-wide policy to buy electric trucks only, which contributes to its overall climate change strategy to emit 50% less CO₂ emissions by 2020.



MINIMAL DOWNTIME in operations

If you have four objects on your desk, it is likely that at least one of them has been transported by a Toyota or BT truck at some point. Reliability of equipment and of repair services is therefore one of the key selection criteria for material handling service providers.



-25%
The European
Commission set
a target to reduce
accidents by 25%

41.4% of fatal accidents across EU-27 countries in the period 2001–2005 were related to 'loss of control of machine, means of transport, handling equipment or handled tool or object' according to the most recent Eurostat publication dating from 2008.

OUR RESPONSE



FULLY ELECTRIC

Counterbalanced range up to 8.5 tonnes

To support the increasing number of customers who, like Unilever, have ambitious climate change strategies, we continue to improve our electric range. With the launch of the Traigo 80 we now provide our customers with a full electric range in counterbalancedtrucks up to 8.5 tonnes. Our warehouse product range, representing 60% of manufactured powered truck volumes, was always designed to run on electric power.



4,500Fully trained technicians performing 3.5m visits a year

Across the whole of Europe, we have 4,500 fully trained technicians performing 3,500,000 service visits per year. Our service operations have been designed following TPS principles and are supported by modern technologies such as tablet computers, so they can help our customers to operate as efficiently as possible.



NO.1
Our System of Active
Stability (SAS) prevents
forklift accident cause
no.1

According to research from the Dutch safety agency, 29% of accidents with counterbalanced trucks are caused by tipovers. This is why Toyota SAS makes a difference as we offer the most advanced dynamic anti-tipping technology installed as standard on all our European manufactured Toyota forklifts.

WHAT PEOPLE SAY

OUR PARTNERS



John Maguire
Group Manufacturing Sustainability Director
Unilever

"Our eco-efficiency programme helps us to minimise both our carbon footprint and our costs – over €300m since starting in 2008. Also, we only buy electric material handling equipment in Europe, as we are committed to source most of our energy from renewable sources."



Harry Bruns
Director
TNT International Road Hub

"98% of TNT customers are satisfied with our delivery services. We expect our suppliers to operate to the same standards of responsibility and quality, as well as to support us in handling our customers' goods carefully and efficiently."



Gonzalo de Cea-Naharro Romero Global Buyer – Logistics HEINEKEN Global Procurement

"The Heineken approach to managing employee safety has, as a key objective, the achievement of World Class Safety performance. This means an accident free workplace in the production units by 2020."

OUR PEOPLE



Craig Walby
Product Management Director
Toyota Material Handling Europe AB

"TICO's vision 2020 calls for us to innovate in energy efficient and environmentally friendly technology. In response we extended our electric range in counterbalanced trucks up to 8.5 tonnes. We also offer fleet management solutions for optimising productivity whilst minimising energy consumption."



Pank Hertsenberg
Managing Director
Toyota Material Handling Nederland BV

"By putting TPS and the Toyota Way at the heart of our training programmes, our employees come to appreciate how technical excellence, quality and customer satisfaction go hand in hand."



Sophie Lachaux-Vailler Human Resources Director Toyota Material Handling France SA

"The 'Safer Together' campaigns created a new dynamic to improve the safety of our customers in material handling operations, as well as the safety of all of us in TMHE."

TICO AND TOYOTA MATERIAL HANDLING

TOYOTA INDUSTRIES CORPORATION (TICO) IS WORLD'S NUMBER 1 IN MATERIAL HANDLING*

A focus on 'customers first', innovation and continuous improvement is part of the Toyota DNA. The Toyota Way, defining our core values and the way we act, and the Toyota Production System (TPS), one of the most widely used manufacturing systems in the world are core to how we do business. From the past and into the future, TICO keeps its commitment to quality for the well-being of society in its Vision 2020.

A STRONG GLOBAL NETWORK

TICO TMHG TMHE

Employees**

47,400

20,700

8,300

Turnover**

€15.1bn

€5.6bn

€1.7bn

Structure

Business units

Automotive***, Material
Handling, Electronics,
Textile Machinery, Logistics

Regions

Japan, Europe,
North America,
China, International

See map on page 6

THE TOYOTA WAY

This set of values has been shaping Toyota's identity and reputation for years. 'Challenge', 'Kaizen' (continuous improvement), 'Genchi Genbutsu' (going to the source), 'Respect' and 'Teamwork' are applied by all employees, at every level, whether in the design process, manufacturing of the forklifts or the service offered to customers.

CHALLENGE



KAIZEN



GENCHI GENBUTSU



RESPECT



TEAMWORK



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

^{**} Rounded figures for FY13.

^{***} TICO is a contributor to Toyota Motors Corporation's car production and is an independently listed company.

TOYOTA MATERIAL HANDLING EUROPE

BRINGING EXCEPTIONAL EFFICIENCY TO MATERIAL HANDLING OPERATIONS

With a strong European presence in more than 30 countries, we strive to bring exceptional efficiency to customers' material handling operations. We manufacture and sell Toyota forklifts, BT warehouse equipment and Cesab branded products. Our products and solutions help to minimise environmental impact, optimise business processes and maximise safety and performance.

WHAT WE DO

How we design and build



We strive to consistently design and produce durable, reliable and highly productive products and services. To achieve this, we follow rigorous design review processes and implement defect elimination targets for our own production and the parts delivered by our suppliers.

How we take to the market



TPS is based on a Pull System, meaning that we produce and deliver exactly what is needed when it is needed. This helps to optimise our logistics flow and eliminate 'Muda' (unnecessary waste of resources and time). We also provide financial solutions for over 30% of our trucks.

How we support customers' operations



Our 4,500 fully trained technicians are performing 3,500,000 service visits per year. We also provide a wide range of training and logistics solutions such as Toyota I_Site a fleet management solution to maximise safety and efficiency of our customers' operations.

How we manage and recycle our products



All of our products are designed with end of life in mind. Our BT Vector R-series truck for instance can be up to 99% recovered. The batteries are recycled, the lead melted down and reused, while the plastics can be used as a co-fuel in electricity generation.

WE ARE ACTIVE IN MORE THAN 30 EUROPEAN COUNTRIES

Facts

4,500

trained service technicians

3,300

Mobile fleet of fully equipped service vans

290,000

trucks on service agreement

3.5 million

service assignments per year

143.000

units sold in FY13

4

European factories



MATERIALITY ASSESSMENT

MATERIALITY

Creating a list of relevant issues
Our ambition is to create a sustainability
report that is short and to the point. A
sustainability report should cover what

sustainability report should cover what matters to all those impacted by our business – our partners.

We created a list of 32 potentially material issues

- 1. By reviewing sustainability questionnaires from our customers
- 2. By reviewing our internal TMHE and TICO policies and objectives
- 3. By referring to the Global Reporting Initiative guidelines for sustainability reporting

Involving our partners

We invited both internal partners (ranging from service technicians to our president) and external partners (customers, suppliers, authorities, industry bodies, charities, pressure groups and academics) to review our list of 32 issues.

We had 36 partners accepting our invitation to take part. We asked them to:

- Score selected issues as either low, medium, high or of major importance to TMHE's business success over the next two to three years
- Limit the number of issues scored to the same level to a maximum of 10

This ensured a good spread of results that represented the views of both internal and external stakeholders.

How we determined what to report

We noticed that on all issues there was an important degree of alignment between the internal and external views. This report focuses on all issues of high and major importance. Additionally we also added two issues scored as of medium importance:

- External stakeholder engagement, the focus of this page
- Water management

For the materiality matrix to be readable, we have reduced the number of issues presented. The issues excluded were the ones ranked as minor importance to our partners. Some issues ranked as medium importance are currently out of scope and we will look at including them in future reports.

MATERIALITY MATRIX



"The true value of this exercise is that it creates an ongoing dialogue. If our stakeholders tell us we have missed any significant issues, we will respond in future reports. In line with the Toyota philosophy, we strive to continuously improve this process."



Tom Schalenbourg Director Sustainable Development Toyota Material Handling Europe AB

ENGAGING WITH OUR PARTNERS



Customers
Serge Arnaud
Senior Buyer, Nestlé

What they said

"As a company, we are part of society. We therefore have to conduct our business in a responsible way that respects society's wishes. Nestlé expects its suppliers to operate to the same standards."

What we did

We identified what issues were important both to us and society in general (our 'materiality assessment') and our social and environmental performance was independently assessed. Together these showed Nestlé that we take the issues seriously.



Suppliers

Rikard Johansson Sales Director EVS Europe, Kollmorgen – Danaher Corporation "We supply electronics to several TMHE factories throughout Europe, but each country has a slightly different format on the list of substances of concern contained in our products according to the EC REACH Directive."

We have acknowledged that we should have a standard set of requirements for our suppliers. We are organising a series of meetings with our key suppliers to look into this



Toyota Family

Ken Brooks Service Technician, TMH UK "Previously it took a long process to obtain safety shoes, which didn't make sense because safety was supposed to be a priority."

We have made the process much more straightforward. Now a service technician can order safety equipment and have it delivered overnight, along with any spare parts they have ordered.



Local community

Elisabeth Nilsson County Governor, Östergötland, Sweden

Picture: Göran Billeson "The County of Östergötland and the University of Linköping have supported the green technology industry for 20 years or more. As a key part of our regional development plans, we want to support the industry and see it grow."

In October 2012, TMHE was a gold level sponsor at the Greening of Industry Conference that brought together 200 participants from academia, government and industry at the Linköping Conference Centre. On top of that 80 participants visited our factory in Sweden and attended an on-site workshop on low-impact manufacturing. This created interesting dialogues between the groups in order to further drive the Sustainability agenda.



The European Commission

Dr. Christa Sedlatschek Director, (EU-OSHA)

"Reducing the number of accidents at work and occupational diseases is the prime objective of EU workplace health and safety policy. Each Member State actively engages their key stakeholders to address the most common risks and the most vulnerable sectors and develop targeted national strategies."

TMHE has been a long-standing partner in promoting EU-OSHA campaigns across our entire network in the EU 27 countries. We have taken a lead in adapting the campaign messages for the material-handling sector.



MINIMSE ENVIRONMENTAL IMPACTS



"WE AIM TO LEAD THE INDUSTRY ON IMPACT REDUCTION."

OUR FOCUS AREAS

- Helping our customers to be more energy efficient and reduce their CO₂ emissions
- Our own energy use and emissions

OBJECTIVES AND TARGETS

What our customers told us

In order to gain a clearer picture of our customers' needs, we conducted a benchmarking exercise of 30 European fleet customers. Of these, 80% reported energy use, CO₂ emissions and climate change strategy to the Carbon Disclosure Project (CDP). Furthermore:

70% set energy reduction targets ranging from -5% to -50%

33% reported achieved energy savings ranging from -10% to -70%

10% set a renewable energy target ranging from 10% to 100%, which will further increase demand for electric trucks

63% have requested formal disclosure of our carbon footprint through independent supply chain platforms.

Our targets reflect what we heard

We aim to collaborate with our customers to minimise CO_2 emissions from their operations and with colleagues to minimise CO_2 emissions from our factories and sales and service offices.

Specifically, our targets are to:

- Develop an energy strategy for our operations in 2014
- Partner with 10 European fleet customers in order to reduce their CO₂ emissions

Our longer-term targets include:

 Extend environmental data collection for our entire network by 2015

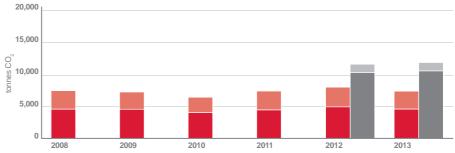
OUR PRIORITY IS TO REDUCE CO₂ EMISSIONS

It is widely agreed that man-made climate change is one of the most significant issues of our time. The main way we affect the climate is through the release of heat-trapping greenhouse gases into the air. Chief among these is carbon dioxide, which is the result of combustion. Burning fossil fuels for energy is therefore a key contributor to climate change.

Tackling climate change is of growing importance to our customers. As the world leader in material handling, we are committed to supporting our customers by improving the energy efficiency of our products and reducing the CO₂ emissions from our own operations.

Direct and indirect CO₂ emissions

(Factories and Sales and Service companies)



Direct CO₂ emissions of four factories

Europe

Toyota Material Handling

- Indirect CO₂ emissions of four factories
 Direct CO₃ emissions of four Sales and Service companies
- Indirect CO₂ emissions of four Sales and Service companies

WE DELIVER

We submitted data to EcoVadis, a recognised independent platform two years in a row so our customers can evaluate our sustainability performance. This led to an improved scoring from 51% in 2012 to 68% in 2013 which puts TMHE in the top 11% of the 24,000 subscribers assessed.

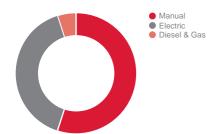
HELPING OUR CUSTOMERS TO BE ENERGY EFFICIENT AND REDUCE THEIR CO₂ EMISSIONS

- TPS advice: Applying lean thinking to our material handling fleet can result in fewer truck movements, and reduced energy consumption.
- Fleet management: Our Toyota I_Site solution helps customers monitor their fleet and their battery charging installations.
- Driver training: As part of our truck-driver training programmes for customers, we teach driving techniques which reduce energy consumption as well as accidents. In FY12 we trained 23,000 truck drivers.
- 4. Energy efficiency of new products: Our new 80 Volt truck in the Traigo range is 20% more energy efficient. Our new order picker OME100H is 25% more energy-efficient than its predecessor.
- Transparency: We regularly review our internal processes to provide our customers with the product energy consumption data they require to map the energy efficiency and carbon footprint of their operations.
- Automated solutions: We can help customers design an optimal and lean process, and provide an automated solution that is typically 10% to 20% more energy efficient than an operator-driven truck.

- 7. Extending electric product range:

 Extending electric product range: As customers switch to renewable energy sources, an increasing number express a preference for electric over LPG/ diesel-powered trucks. Our Traigo 80, for example, completes the Traigo range, with performance that can rival internal combustion trucks with a similar capacity.
- 8. Power train innovation: Being part of a global group gives us access to developments from all over the world. Our colleagues in North America have piloted hydrogen trucks, Toyota Material Handling Europe has piloted energy-efficient lithium-ion batteries with customers, whilst our Japanese colleagues have developed hybrid trucks.
- 9. High Density Warehousing: High Density Warehousing such as our VNA truck and our BT Radioshuttle solution enables customers to achieve significant energy and CO₂ savings associated with temperature and humidity control as less warehouse space is required.
- Data on our CO₂: Our operational footprint is part of our customers' indirect impacts so disclosing that data helps our customers map their supply chain carbon footprint.

FY13 Truck production of our European factories by type and power source





MINIMISE ENVIRONMENTAL IMPACTS

CONTINUED

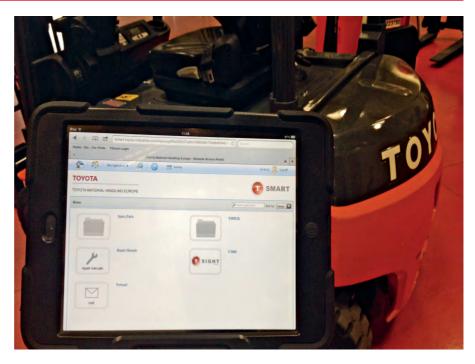
Different energy sources, different emissions

About 12% of our powered trucks manufactured in FY13 have internal combustion engines and burn fossil fuels to run. We can calculate their CO_2 emissions from their fuel consumption. The other 88% of our vehicles are electric. To calculate their CO_2 emissions we refer to the grid electricity conversion factors in each country.

 CO_2 emissions for our electric trucks vary significantly on where and how our customers choose to operate them. For instance, a Traigo 24* truck running for 1,000 hours in Sweden would result in 0.2 tonnes of CO_2 per year. The same truck in Poland would generate 2.8 tonnes of CO_2 per year, because of the different fuel mixes used to generate electricity by the power plants in the two countries. If a customer has on-site renewable generation from solar panels or a green electricity contract with an external provider, the CO_2 emissions from using the truck would be zero tonnes per year.



^{*} Example based on a 7FBEST10/400Ah forklift truck.



CASE STUDY: REDUCING VEHICLE FUEL USE WITH T-SMART, GPS AND ECO-DRIVING

We make around 3,500,000 service visits every year in Europe. The fuel used in our vehicles to make these visits accounts for 80% of the annual energy use of our sales and service teams and more than 60% of Toyota Material Handling Europe's total energy use.

Carrying less paper, burning less fuel

The 258 active service vans in our Swedish sales and service operations piloted T-Smart — a new portal we have developed so our service technicians can have access to the latest service manuals for all our forklift trucks without carrying around huge amounts of paper. We estimate that by giving each technician a computer to access all the manuals and guidelines, we are reducing the weight of each service van by 100kg.

All this paper also takes up lots of space so the new computerised system means we can use smaller vans, which further drives down the fuel use. The weight reduction together with the smaller service vans is estimated to save about 0.5 litre of fuel per

100km. In Sweden alone this would thus lead to a potential saving of 30,000 litres of fuel equivalent to 78 tonnes of ${\rm CO_2}$.

TMHE improves customer service and cuts fuel use

Toyota Material Handling UK has implemented GPS tracking on service vans, which allows for better route planning. We can now send the nearest available service technician to a customer who has a technical breakdown. This improves our customer service as well as minimises our fuel use.

Toyota Material Handling Netherlands has included eco-driving as part of the standard induction for new service engineers.

These initiatives all help reduce the CO₂ emissions from our sales and service business so we intend to roll them out across all of Europe.

Marcus Johansson and Agneta Ring brought authorities and suppliers around the table in our Swedish factory, to design a new powder paint line, going beyond legal compliance in reducing emissions to air and to water. It also has a lower carbon footprint, as the pre-treatment process uses district heating instead of LPG.





OUR OWN ENERGY USE AND CO, EMISSIONS

In line with Global Reporting Initiative requirements and carbon accounting standards we distinguish between 'direct' or 'scope 1' energy consumption (created by burning fuel in engines we operate, such as boilers, generators or car engines) and 'indirect' or 'scope 2' energy consumption (for example electricity generated off-site by utility companies). Our customers' emissions described above would be considered part of our 'scope 3' emissions. As mentioned on page 1 we recognise we do not fully report on the impacts in our supply chain which we intend to do more completely by 2016.

Energy use and CO, emissions in our factories

All of our European factories, as well as three of our sales and service offices (UK, Sweden, France), have environmental management systems certified to the international ISO 14001 standard. This certificate confirms that our companies have systems in place that drive continuous improvement in environmental performance.

In line with the TICO fifth environmental action plan we are committed to reducing energy used in manufacturing by 10%. Our factories in Italy and France invited external experts to audit their energy use, and have implemented those recommendations where a business case could be made. Our factory in Sweden has started to convert from LPG to district heating as a lower CO₂ emissions source.

Our manufacturing energy use has remained fairly stable. While truck production volumes have not increased since FY2008, we now manufacture certain parts ourselves, which we previously outsourced. This increase in our manufacturing may be offsetting many of the savings we have made from our energy efficiency initiatives in lighting, heating and in the painting of products.

In 2013, direct energy consumption in our factories was 21.7 GWh, a 9.3% reduction from the 23.3 GWh used in 2012, but identical to our 2008 usage. Our direct (scope 1) CO. emissions were 4,596 tonnes, down 6.5% from 4,917 tonnes in 2012. Our indirect energy consumption in our factories was



37.0 GWh a 3.1% reduction from 38.2 GWh used in 2012 but also identical to our 2008 usage. The indirect (scope 2) CO2 emissions were 2,802 tonnes, down 8.8% from 3,073 tonnes in 2012.

Energy use and CO, emissions in our sales and service offices

The carbon footprint of just four of our 25 sales and service offices is greater than that of our four European factories. This reflects the distances our service technicians travel to maintain material handling equipment at our customers' sites

We have estimated that our sales and services operations are responsible for two-thirds of our operational carbon footprint. We will therefore extend our sustainability reporting scope to cover all our largest markets in 2014 and for all our operations by 2015.

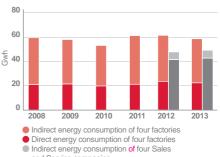
In 2013 in our sales and service offices our direct energy use was 42.5 GWh, an increase of 3% from 41.3 GWh in 2012. Our indirect use was 6.5 GWh, a slight increase of 1.6% from 6.4 GWh in 2012. Our direct (scope 1) CO₂ emissions were 10,477 tonnes, up 2% from 10,265 tonnes in 2012. Our indirect CO₂ (scope 2) emissions were 1,390 tonnes, up 3.9% from 1,338 tonnes in 2012.

Case studies on water use and reduction of VOC (Volatile organic compounds) are not included in this report as they are not identified as material issues by our stakeholders. For further details, please refer to the GRI and KPI table and see our website: http://www.toyota-forklifts.eu.



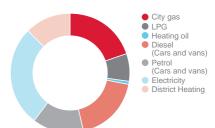
Direct and indirect energy consumption

(Factories and Sales and Service companies)



- and Service companies
- Direct energy consumption of four Sales and Service companies

Fuel consumption by type





OPTIMISE BUSINESS PROCESSES



"OUR PEOPLE AND PROCESSES MAKE A DIFFERENCE."

OUR FOCUS AREAS

Business processes

Toyota Production System (TPS)

Fair business practices

- · risk management
- legal compliance
- bribery and corruption
- · responsible purchasing

Employee empowerment

- · attracting and retaining talent
- employee engagement
- training and development

OBJECTIVES AND TARGETS

What our customers told us

In our benchmarking of 30 European fleet customers, we counted that 47% require us to disclose our approach to fair business and employment practices through independent supply chain platforms. Five of them require us to sign their supplier Code of Conduct and at least one conducts extensive audits of our operations to ensure we comply with their Code of Conduct.

Our objectives are aligned

We understand how important it is for our customers that we operate within the law and have strong governance systems and processes in place. To that end we are committed to working with our colleagues to ensure we operate with fairness and integrity. We also recognise how important it is that we apply the Toyota Production System (TPS) consistently. It not only helps us to operate efficiently but applying the TPS approach also helps us to meet our customers' needs and deliver value to them.

Our targets include:

- Roll-out of the TMHE performance and career development reviews across all functions in all of Europe by April 2014
- All major suppliers (> €100k) are to fully comply with and return a signed copy of our Code of Conduct for suppliers by 2014
- TPS to be fully embedded in all organisational departments by 2015

OUR PEOPLE AND PROCESSES MAKE THE DIFFERENCE

Our customers rely on us to supply them with quality products that perform well, and then to service them as necessary. We aim to be the first-choice partner in material handling solutions to our customers and we know we can achieve that through the quality of our people and of our systems.

WE DELIVER

From our suppliers to our employees, operating effectively with fairness and integrity is woven through everything we do.

CASE STUDY: THE TOYOTA PRODUCTION SYSTEM

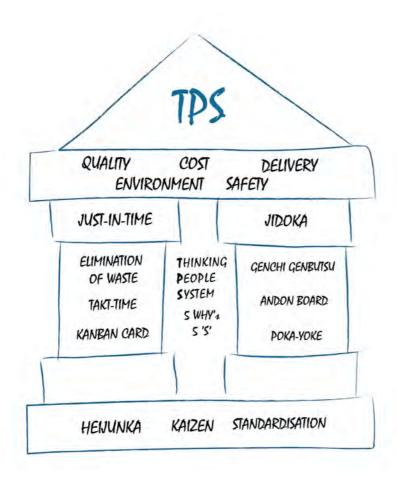
The Toyota Production System is one of the best-known manufacturing systems in the world. The system allows us to reduce costs while ensuring a high quality product for our customers. Sometimes referred to as a 'lean manufacturing system', it focuses on eliminating waste and on producing only what is needed for the next stage in the process.

We are committed to ongoing training in TPS across Europe to share what makes us unique as an organisation and to set a foundation for integration and growth. We actively encourage sales and service offices and factories to offer TPS training to all employees and to use TPS in their day-to-day management.

How TPS makes a difference

In the Netherlands, 250 employees (97%) have received TPS training and the remaining 3% will have received their training by the end of 2013.

Following the TPS training, each department manager was asked to suggest improvements they could make, which resulted in many positive developments across the organisation. For example, we found that customers were often returning short-term rental trucks in need of significant repairs. Applying TPS thinking, we realised the underlying cause was lack of training. We increased the safety advice and training given to customers and we saw a big decrease in truck damages. We now spend less time making repairs and our customers incur less charges, a win-win situation.





OPTIMISE BUSINESS PROCESSES CONTINUED

FAIR BUSINESS PRACTICES

We strive to be the first choice partner for all customers and partners. Having all our employees operate according to fair business practices is central to achieving trust.

To us, compliance is the basis of sustainable business relationships. We know that business is not only about what you do, it is about how you do it. We expect the highest standards from our people and in 2013 we have continued to develop the Toyota Material Handling Europe's Compliance System consisting of policies, guidelines for responsible procurement, topics of competition law and how to treat gifts and hospitality. For us it is essential that as well as mitigating risk, a robust compliance system enhances our customers' trust in us and helps us succeed over the long term.

Risk management

All our companies work with continuous improvements regarding internal control. One essential part of this work is the annual self-assessment in the form of a questionnaire. It covers control questions regarding compliance to Japanese financial laws and regulations (J-SOX) and other external and internal requirements. TMHE Internal Audit Department perform reviews of all self-assessments and provide feedback to each company. Internal Audit also perform several on-site audits each year to verify control design and function. Depending on the entity the audit frequency is 3-5 years. All improvement work is monitored and verified.

Locally based suppliers

As part of our TPS system, we aim to keep minimum stock levels and have our parts and direct materials delivered just-in-time for us to use. This has encouraged us to develop close working relationships with many suppliers located close to our manufacturing plants. As a result, more than 75% of our annual sourcing volume comes from suppliers in Europe.

Driven by our sustainability thinking, we have made integrating social and environmental criteria into the choice of our suppliers one of our strategic priorities. This



approach is articulated in our 'Responsible Procurement Strategy', which also includes our Code of Conduct for suppliers. All of our key significant suppliers have to abide by this Code of Conduct. As a result of this commitment, the percentage of direct suppliers with environmental management systems certified to the international ISO 14001 standard increases from year to year and currently 94% of our direct suppliers are already certified.

Our Employee Code of Conduct

Our Code of Conduct aims to communicate the fundamental approach necessary to inspire continued confidence in TMHE, to respect and comply with the laws, and to maintain our honesty and integrity. It has been implemented for all entities and all of our employees must complete the training. All employees acknowledge that they understand and commit to abiding by the terms of the Code of Conduct.

Elements included in the Code of Conduct training are:

- Our core Values (Challenge, Kaizen, Genchi Genbutsu, Respect, Teamwork)
- Compliance with Laws and Regulations
- Compliance with Toyota Material Handling Europe policies and internal directives
- · Respect for human rights
- Achieving and maintaining a safe and healthy working environment
- Complying with the rules of fair competition
- Offering and granting advantages (gift giving and receiving policy)
- Environmental preservation
- Enhancing relations with local communities

Actions taken in response to violations of our Code of Conduct

The Code of Conduct addresses how employees should report any violations of our Code of Conduct and we have established a reporting procedure for employees.

Our European compliance organisation includes local compliance officers in all our entities who report regularly to TICO, with compliance officers in every entity and any incidents must be reported via our internal audit Self-Assessment Questionnaire.



EMPOWERING EMPLOYEES

"In the international Toyota Family, each employee's personal advancement is supported, respected and constantly encouraged. Our employees can express their ideas and evolve to their full potential. We strongly believe that creating the right environment and possibilities for our people is the best way to a growing business and a healthy working environment," Matthias Fischer, President of Toyota Material Handling Europe

About our workforce

People tend to stay with us for a significant part of their career. Over time these employees become highly skilled and motivated members of staff.

We have an ageing workforce which is an asset and also a future challenge.

Attracting employees

In Sweden we worked with employer branding specialists to reinforce and enhance our employment strategy. In a highly competitive market, this is essential to the company's business development. We emphasised the opportunities for young people and for international assignments. We also highlighted the importance we attach to hiring female engineers.

Training and developing our employees

Training is important in order to retain and develop employees. We have a European-wide programme in the Toyota Production System, a 5S training programme for people to organise their work space, a Service Technician Education Programme (STEP), Soft Skills – teaching service technicians to build trusting relationships.

This year we are establishing systems that will track training hours more closely and allow us to report training by both gender and employment level in future reports.

TMHE Academy

Our TMHE Academy plans and coordinates training activities across Toyota Material Handling Europe. It ensures that all employees from across the business have equal access to the same high-quality training through a shared catalogue and calendar of courses. These include induction, training in the Toyota Way and leadership programmes.

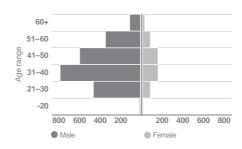
With eLearning opportunities, the Academy provides a flexible learning resource to our people to help them develop their careers within TMHE.

Regular performance and career development reviews

From next year, we will roll out a standard format across TMHE for regular performance and career development reviews, which will become mandatory in all functions across Europe from April 2014.

FY13 age pyramid

(Number of employees in factories)



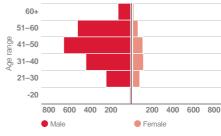
FY13 Employment ratios

(4 Factories and 4 MCSO's)

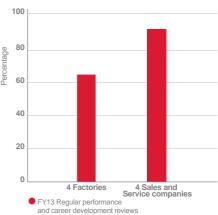
		Male	Female	Total
	Full time	2,204	408	2,612
Factories	Part time	22	57	80
4 Fac	Fixed period contract	28	7	35
contrac	Temporary contract	99	33	217
vice	Full time	1,939	275	2,212
les and Sen	Part time	26	55	82
Sales and Service companies	Fixed period contract	33	15	48
4 00	Temporary contract	10	16	26

FY13 age pyramid

(Number of employees in Sales and Service companies)



FY13 Regular performance and career development reviews





MAXIMISE SAFETY, QUALITY AND PERFORMANCE



"WE AIM TO DELIVER THE HIGHEST LEVEL **OF SAFETY AND** PERFORMANCE FOR **OUR CUSTOMERS.**"

OUR FOCUS AREAS

- Safe products and services
- Safe and healthy workplaces
- · Quality and performance

OBJECTIVES AND TARGETS

Our customers require us to support them in maximising the safety of their operations and to provide them with comprehensive data on our health and safety performance.

In our benchmarking survey of 30 European fleet customers, we learned that:

47% require us to formally disclose our quality and health and safety performance in independent supply chain platforms.

27% have set themselves measurable targets to improve safety and

13% specifically address material handling safety in their operations

We are committed to collecting health and safety data as part sustainability reporting policy to our entire marketing and sales company network by 2015.

For us and our partners', safety will always be a key priority.

OUR PRIORITY IS TO MAXIMISE SAFETY FOR PEOPLE USING OUR EQUIPMENT

Reducing the number of accidents at work and occupational diseases is the prime objective of EU policies in workplace health and safety. In its community strategy 2007-2012 on health and safety at work the European Commission set an ambitious goal of achieving a 25% reduction in the total incidence rate of accidents at work in the EU by 2012.

Since 2010, TMHE has been officially partnering with the European Agency for Health and Safety at Work (EU OSHA) in their European wide campaigns to raise awareness about safety in the workplace. The themes that were supported by TMHE

- 2010-2011: Safe Maintenance
- 2012–2013: Working Together For Risk Prevention

TMHE is looking forward to support the strategy of the EU and its partnering agencies in the near future.

Of the 1,700,000 accidents recorded in the European statistics on accidents at work (ESAW) database, 23,000 involved manual handling of loads. There are many risks related to the manual handling of loads and they can have severe consequences. Therefore the European Commission recommends minimising the manual handling of loads, and giving priority to mechanical handling.

Although mechanical handling of loads is preferable to manual handling from a health and safety perspective, it comes with its own risks. Research shows that although forklift trucks are involved in 1% of workplace accidents they contribute to 10% of major injuries. Due to the considerable social and economic impacts TMHE puts risk prevention at the top of its agenda.

Forklift accidents' statistics



- 43%: Pedestrians hit by forklift
- 29%: Accidents
- involving forklift driver 9%: Entrapment between or against an
- object and the truck ■ 7%: Fall from height moving work platform on the forks of the
- 6%: Person hit by object falling from
- forklift truck 6%: Others

WE DELIVER

To prevent tip-overs, the most common cause of forklift accidents, we have created a unique System of Active Stability (SAS) for our European manufactured counterbalanced trucks.

WORKING SAFELY WITH FORKLIFT TRUCKS 25 SIMPLE AND USEFUL TIPS

Toyota forklifts: designed and manufactured with safety in mind

Every year many incidents occur due to negligence and incorrect use of forklift trucks. Toyota forklifts are designed to facilitate safe load handling and transportation. Easy to operate forklifts help reduce the risk of accidents and physical injuries. This poster was developed to remind users how to work safely with forklift trucks.



Inspect the forklift before use



After use, always apply the handbrake, switch off forklift and



Only authorized and duly traine persons are allowed to drive forklift trucks.



r trained drive



Make sure you have a clear view while driving forward or



Keep a safe distance from



Always look around and brake in good time. Use the horn



On ramps and slopes, always drive forward (not backward) and never execute turns.



Always anticipate the unexpected.



Use only load supports and other attachments which are



Only handle loads that are



Take special care when securing



Take note of the increased ris



Never allow any passengers



For lifting persons, only use accessories designed and



Never switch off LPG forklift trucks in a confined space. Close gas tap on LPG tank when not in use



Park forklift truck in designated area and in a proper manner.



on forklifts that have open cal and no crash bars.



Always ensure that the load stable and placed as close a possible to the load backres



load is Never stand under raised to



Do not overload the forklift truck. Comply with the forklift truck



Never use one fork tip only; use both forks and an approved



Always check that the driving surface can bear the machine



Do not drive with raised for



Always look in the direction you are driving and brake in good



MAXIMISE SAFETY, QUALITY AND PERFORMANCE

CONTINUED

SAFE PRODUCTS AND SERVICES: PREVENTING ACCIDENTS THROUGH INNOVATION

We have made innovations to our products and services with the aim of reducing the most common forklift accidents. The table shows which types of accidents our innovations address.

	Pedestrian hit by forklift	Accident involving forklift driver	Entrapment	Fall from height	Person hit by object falling from truck	Further details		
Forklift accidents' statistics	43%	29%	9%	7%	6%			
SAS (System for Active Stability)		V				In 1998, Toyota introduced SAS – System for Active Stability – on its forklift trucks. SAS drastically reduces the risk of trucks tipping over while turning, which is one of the most frequent causes of serious injury for forklift drivers.		
Driver Ergonomics	~	~	~	~	~	All products are designed to maximise comfort, ease of use and visibility for the driver.		
Safety package	~	~	~	~	~	On our products, our customers can choose a number of options to further increase safety of their operations.		
Driver training	~	~	~	~	~	We provide driver training in more than 10 countries for our customers' drivers – from novice to experienced – on all brands of material handling equipment.		
Toyota I_Site	~	~	~	~	~	The fleet management reporting helps identify and monitor system or human errors.		
SpotMe	~					Thanks to a system of highly sensitive infrared sensors, SpotMe detects the presence of pedestrians and forklift trucks and alerts the operators. If a potential danger is detected, the warning lights flash and anybody nearby is alerted, substantially reducing the risk of collisions.		

SAFETY OF OUR WORKPLACES

All of our factories have occupational health and safety management systems certified to the OHSAS 18001 standard and have a dedicated area for safety training called 'safety dojo' ('dojo' means 'school' in Japanese). More than 2,250 employees have been trained on risk assessment, safe use of equipment and handling of hazardous products. The approach is intended to provide safety lessons and minimise the risks specific to the areas our employees work in: workshop, service and warehouse. We have also started to roll-out this concept in our sales and service offices, for example in the UK, where safety has been integrated in the 'training dojo'.

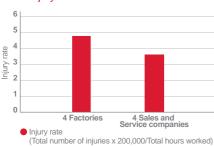


Injury rates and lost days

For the first time, we have started to consolidate data at a European level. Historically different performance indicators have been used due to local legislation however we have now started to seek the same indicators to improve consistency in the future.

As part of TICO, we aim for zero accidents. All of our employees in the scope of this report are represented in formal joint managementworker health and safety committees.

FY13 Injury rate





QUALITY AND PERFORMANCE

Toyota Industries Corporation (TICO) has been leading the material handling industry from the front for many years on quality and health and safety topics.

"A product should never be sold unless it has been carefully manufactured and has been tested thoroughly and satisfactorily." Sakichi Toyoda

Maximising the quality of our products is ensured thanks to the Toyota Production System (TPS). Jidoka – which is defined as 'automation with a human touch' – incorporates quality checks into every step of the production process. By making sure that all processes are visible, Jidoka helps ensure that a production line is stopped as soon as any problems occur. In this way any abnormalities can be addressed immediately and improvements can be incorporated into the standard workflow.

Additionally, daily check-up meetings attended by the plant manager are taking place to review quality levels and manage defects on a daily basis. Also, ISO 9001 quality management systems are in place in all our factories.

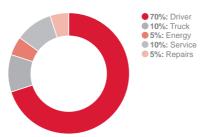


Here are some results that we have obtained in the production of our warehouse trucks in our Swedish factory since 2006:

- Warranty costs cost for repairing a non-correct truck within warranty period has decreased by 54%
- Number of incorrect trucks found at final checks before being delivered to customers has decreased by 58%
- Number of incorrect articles from suppliers found in production has decreased by 59%

Our long-term goal is to reduce warranty costs by as much as 88% compared to the 2006 level. Ensuring customer satisfaction making more than 3,500,000 service visits each year, we know that meeting or exceeding our customers' expectations is fundamental to our ensuing success. We regularly check with our customers to see how well we are doing, whether they are renting one truck or a whole fleet. With the 'Talk about service' campaign, we have spoken to more than 5,000 customers, asking them how satisfied they are with our service and whether they would recommend us to others. Nearly nine out of 10 (87%) of our customers said they would be likely or very likely to recommend Toyota Material Handling to a friend, colleague or business partner.

The total cost of ownership



PRIDE IN PERFORMANCE

The total cost of ownership seeks to take into account both direct and indirect costs of a system. When applying this thinking to safe material handling operations, there are two important issues for our customers:

- The safety of their people
- The physical integrity of their raw materials and finished goods.

For most of our customers the safety of people is an important part of operational efficiency, alongside the energy efficiency of our material handling equipment. When looking closely and analysing the numbers, it is clear that in any handling operation with operator-controlled trucks, people represent over 70% of the total cost.

The costs of damage in handling operations can be extremely significant, where damage to equipment, the goods being handled, and worse still, the potential for human injury are all risks. Recognising this fact, Toyota has worked with many customers to develop its 'Pride In Performance' programme. Through communication, education and empowerment of the workforce, this programme has maximised safety and performance in our business.

GRI INDEX AND KEY PERFORMANCE INDICATORS

In the table below you can find examples of critical targets set by our partners and how we are contributing to achieving those targets together.

\/^	LIDATING C	UR REPOR	T WITH OLIP	DAD	TNIED	3
V	LIDATING	OK KEFOK	I WITH OOK	IAIN	INLIX	3
	What	Focus area	FY13	GRI		Where
	fair business practices	environmental market research		DMA EN	0	p. 9
MINIMISE Environmental impacts	energy	product energy efficiency		EN6	•	p. 10 – 14
		energy efficiency services				
	carbon	lower carbon services				
	scope 3 emissions: product use				0	-
	water	product water consumption		EN26	0	-
MAXIMISE OPTIMISE Safety, quality and performance Business processes	TPS	external TPS Training		EC9	0	p. 13 – 17
	fair business practices	market research		DMA SO	0	p. 13
		risk management		_	0	-
		responsible supplying – transparency and disclosure		EC9	0	p. 15
	employee empowerment	TMHE approach to services		EC9	0	p. 16
		supporting customers attracting truck driver talent	social truck driver trainings schemes together with employment agencies			
		support customers training truck drivers	23,000 truck drivers trained in europe			
		support customers assessing truck drivers	number of trucks with I_Site			
	safe and healthy society	health and safety leadership		DMA LA	0	p.17 – 18
		national material handling safety statistics		EC9	0	p.19 – 20
		safe products & services		PR1	•	p.19 – 20
				PR2		internal
	quality and performance	quality management approach		DMA PR	0	TICO 2013 report p. 50
		quality and reliability metrics		-	0	-
(f)		practices to assess customer satisfaction		PR5	•	p. 20

THIS TABLE PRESENTS GRI AS WELL AS OUR FUTURE NON-FINANCIAL REPORTING FRAMEWORK.

Four factories and four sales and service companies provided the data presented in this report representing 60% of TMHE's employees.

INDEX

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

- complete disclosure for this indicator as per GRI definition;
- partial disclosure as not all data required by GRI is available;
- o material issue for which internal data exists which requires additional consideration prior to disclosure.

DMA: Disclosure of Management Approach; EC: Economic; EN: Environment; SO: Society; LA: Labour; PR: Product. The scope of the data covers four factories and four Sales and Service companies. Accident statistics for GRI are calculated per 200,000 hours worked. We use points as decimal spacer and commas for thousands; EN8: the only water we consume is from the mains.

	What	Focus area	KPI	FY08	FY12	FY13	GRI		Where
MINIMISE Environmental impacts	governance	environmental management	factories with ISO 14001 Sales and Service companies with ISO 14001	4 3	4 3	4 3	DMA EN	0	p. 12 p. 12
	energy	direct energy consumption	factories Sales and Service companies	76.0 TJ	83.8 TJ 148.3 TJ	78.1 TJ 153.0 TJ	EN3	•	p. 12
		indirect energy consumption	factories Sales and Service companies	138.2 TJ	137.5 TJ 23.0 TJ	133.2 TJ 19.8 TJ	EN4	•	_
	Carbon direct CO ₂ emissions factor (scope 1) Sale		factories Sales and Service companies	4,555 T	4,917 T 10,265 T	4,596 T 10,477 T	EN16	•	_
		indirect CO ₂ emissions (scope 2)	factories Sales and Service companies	2,887 T	3,073 T 1,338 T	2,802 T 1,390 T			
	water	mains water consumption	factories Sales and Service companies	18,444 m³	22,336 m³ 10,795 m³	23,315 m³ 15,369 m³	EN8	•	_
	TPS	internal TPS Training					-	0	p. 14 – 16
	fair business practises	management approach TMHE					DMA SO	0	p. 15
OPTIMISE Business processes	practises	corporate governance TICO					_		TICO 2013 report p. 43 – 49
		risk management, legal compliance, bribery and corruption	% employees trained in COC			100%	SO3	•	p. 13
		responsible purchasing	% suppliers with ISO 14001		91%	94%	EC6	•	p. 15
	employee empowerment	HR management approach TMHE	% TMHE employees covered by GRI			60%	DMA LA	0	p. 15 – 16
		attracting and retaining talent					LA1	•	_
		training and development					LA10	0	_
		performance appraisals	factories Sales and Service companies			63.3% 90.1%	LA12	•	
MAXIMISE Safety, quality and performance	safe & healthy workplaces	health and safety management	factories – OHSAS 18001 Sales and Service companies – OHSAS 18001	0 0	4 0	4 0	DMA LA	•	p. 19 – 20
		safety committees	factories Sales and Service companies		4 4	4 4	LA6	•	_
		safety and health statistics	Injury rate factories Injury rate Sales and Service			4.78 3.58	LA7	0	
			companies Lost Day Rate factories Lost Day Rate Sales and Service companies			52.26 71.15			
	quality and performance	quality management approach	factories – ISO 9001 Sales and Service companies – ISO 9001	4 2	4 3	4 3	DMA PR	0	p. 22
Sai		quality and reliability metrics					-	•	p. 22
		performance metrics					_	0	-

EXTERNAL VERIFICATION – STAKEHOLDER DIALOGUE

INTRODUCTION TO STAKEHOLDER SECTION

On September 27th 2013, KAURI organised a stakeholder dialogue for Toyota Material Handling Europe (TMHE). With the help of MVO Nederland, we gathered 30 stakeholders to discuss TMHE's first sustainability report (stakeholder's feedback available on kauri.be). TMHE now commits itself to take these remarks into consideration. They will inform their stakeholders on how this input helps them to further develop their corporate responsibility engagements.

CONCLUSIONS

The stakeholders would like to congratulate TMHE for their first sustainability report. All participants of the stakeholder dialogue agreed on 3 general remarks:

Materiality

First of all, there is a general appreciation for the way TMHE approach stakeholders and make strict materiality choices. TMHE made an audacious choice to focus on a very limited number of sustainability topics in its report. Stakeholders support this strict focus if it is combined with a deepness and completeness on the few topics chosen. The stakeholders recommend TMHE to deepen these materiality choices further in the future.

Dual Impact

Secondly, stakeholders discussed on the "Dual Impact" philosophy of the report.

Toyota Material Handling Europe wants to make an impact through focusing on external stakeholders AND by taking an exemplary role on sustainability in its own internal operations.

The stakeholders suggest to highlight the internal topics more, in order to influence the external stakeholders. They would like to learn more on the weaknesses and difficulties, not only on the achievements.



Clear targets

Thirdly and most importantly the stakeholders warmly encourage TMHE to translate all the collected data into clear ambitions and measurable targets. In this first report, important steps have been made in terms of data collection. Stakeholders are eager to see these figures interpreted (what they mean) and translated into transparent ambitions (what the target is by when).

NAMES OF STAKEHOLDERS AND ORGANISATIONS

Online participants

Toyota Motor Europe

ABN Amro Foundation Climact FACTOR4 Federation of Equipment Manufacturers Globethics Imperial Tobacco

Physical participants

Atlas Copco
Carbon Constraint Initiatives
Erasmus University
EVO
Hoppecke
Jobgepast
KAURI
MVO Nederland
Van der Kreeft

Toyota Material Handling Europe Toyota Material Handling Nederland TMHE European Workers' Councel

Written feedback only

CNV
Coca-Cola Belgium-Luxembourg
Delhaize
GRI
Heineken
Ministerie Sociale Zaken en
Werkgelegenheid
MVO Nederland
SD Worx
Toyota Material Handling US
Unilin

THIRD PARTY EVALUATIONS

GLOBAL REPORTING INITIATIVE



CREDITS

SALTERBAXTER

Project Management, GRI Framework, Materiality Assessment, Copy writing and Artwork





Stakeholders dialogue



EXTERNAL BENCHMARKING







This is the position of TOYOTA MATERIAL HANDLING

EcoVadis provides a solution for monitoring Sustainability in global Supply Chains, using on-line questionnaires and CSR expert auditing information provided by suppliers. Through increased transparency, EcoVadis aims at helping buyers and suppliers adopting more sustainable practices.

After the evaluation TMHE scored in the top 10% in our sector, and in the top 11% of 24,000 subscribers globally assessed.



The printers of this report use a chemical-free process to expose printing plates, use vegetable-based ink as a standard and are ISO 14064 certified.

Chairman and President Statements



"Today, it has become clear that productivity goes hand in hand with safety, energy and cost efficiency. Responding to growing needs for greater environmental performance in the global market is a priority for us and our customers.

Therefore, Toyota Industries Corporation naturally integrated sustainable development and the 3Es (energy, environment protection and ecological thinking) into its strategy for the next decade – Vision 2020."

Hirooki Fujiwara Chairman

"Toyota Material Handling Europe's core responsibility is to create products, services and solutions that positively influence our customers' business, the material handling industry and the European society as a whole.

With this report we hope to show that we are committed to taking our responsibility in the creation of a sustainable society"

Matthias Fischer
President

M fincler

CONTACT DETAILS

Visit our website www.toyota-forklifts.eu



