

Always **BETTER** — Lives —



Toyota Motor Europe
Sustainability Summary 2014

TOYOTA

ALWAYS BETTER LIVES

Always Better Lives puts people at the centre of everything we do. We create cars that let people live cleaner, safer, less stressful and more connected lives. We develop smart mobility solutions that connect people, vehicles and the city in order to dramatically reduce congestion and pollution. We operate a business that is profitable, sustainable and a great place to work. Always Better Lives: it is what Sustainability means to us.



OUR 2014 REPORT

This is the summary of our eighth annual Sustainability Report for the financial year 2013 (FY13) from 1 April 2013 to 31 March 2014. It presents our Sustainability vision, Always Better Lives, and our three areas of focus: Always Better Cars, Always Better Society and Always Better Business.

The full Report is online at <http://www.toyota-europe.com/world-of-toyota/sustainability/always-better-lives.json>

PRESIDENT'S MESSAGE



"Our approach to sustainable business puts people at the heart of everything we do."

At Toyota, Sustainability encompasses all our business activities. As stated in our Global Vision, this means delivering products and services that respect and enrich society and the environment.

In 2013, we outlined the three strategic pillars of our approach to Sustainability: Always Better Cars, Always Better Lives, and Always Better Business. This year, we have elevated Always Better Lives as the overall expression of our view towards Sustainability in Europe: Putting people at the heart of everything we do. As such, while we maintain our three-way approach, we have renamed one of the pillars 'Always Better Society'.

Always Better Cars

We strive to make Always Better Cars in quality, safety, environmental performance and driving pleasure. In Europe, our focus is on small and compact cars and this year we have launched two important models: The new Aygo and the new Yaris. Thanks to their high degree of customisation, both are proof of our commitment to give all customers a product that is tailored to their individual needs, while at the same time safer, more environmentally friendly and fun to drive. Looking forward, next year we will launch the Mirai, the first sedan Fuel Cell Vehicle, powered by hydrogen. Its extended driving range, zero emission and fast refuelling time make it the nearest thing yet to the ultimate eco-car.

Always Better Society

We believe that green technologies and mobility should be affordable for all. We also recognise that for the former to have a real impact they need to be widely used. For this reason, we have spearheaded the adoption of hybrid vehicles. As of today we have put more than 7,000,000 of them on the road worldwide, with 800,000 of those in Europe. At the same time, we continue to pioneer alternative solutions that address society's challenges by pursuing our vision towards a Smart Mobility Society that connects private and public means of transportation in a seamless way. A recent example is the Citelib by Ha:Mo project in Grenoble, where we are working with partners to study modal and last mile mobility with ultra-compact electric vehicles, including the revolutionary i-ROAD.

Always Better Business

To achieve our vision and long-term goals, we must be a successful business. For us this means creating a business model for sustainable growth. For example, one of our commitments is to contribute to communities by producing locally and hiring where we sell. Today we can proudly say that we are a legitimate local player, with 20,000 employees, 9 manufacturing plants and 31 sales and marketing organisations covering 56 countries. Moreover, our dedication to make cars that are eco-friendly and help people have a stress-free life is paying-off. This year's hybrid sales increased by almost 30%, making it a fundamental contributor to our profitability.

Through our vision for a sustainable business in a sustainable society, we have set for ourselves very ambitious goals. However, we are confident that through our commitment to create Always Better Cars, Society, and Business, we will be able to deliver our promise: Always Better Lives for our customers.

Didier Leroy
President & CEO
Toyota Motor Europe

ALWAYS BETTER CARS

We design and make Always Better Cars that excite and exhilarate our customers. Cars that help people to have cleaner, safer, less stressful and more connected lives. Leading the way on safety, quality, durability and environmental performance, our goal is to bring a smile to every customer's face by putting people at the centre of Always Better Cars.

How do our cars
**ENABLE
PEOPLE TO
LEAD SAFER,
HEALTHIER
AND STRESS
FREE** *Lives?*





THE NEW 2014 EUROPEAN YARIS

Designed in Europe for local and global markets, the new 2014 Yaris shows our commitment to European innovation and manufacturing. Its design is characterised by new distinctive styling, wider diversification of equipment and colour choices, improved road-holding, driving pleasure, comfort and soundproofing.

The Yaris hybrid is even more environmentally friendly than before, with consumption of just 3.3 l/100km, emissions as little as 75 gCO₂/km, and extremely low NOx and particulate emissions. It offers customers a uniquely smooth, quiet and entirely intuitive driving experience, together with strong, seamless acceleration from a standstill.

The 2014 Yaris is also Toyota's largest scale European vehicle development to date, as part of the Toyota Global Vision for Europe as the planning centre for small to midsize cars. A total of 85 million euros and 576,000 hours of R&D have been invested in the project, for which also over 1,000 new parts have been designed.

All phases of the planning, design and development, and the project management were executed in Europe, resulting in TME contributing about 75% of the creation of the 2014 Yaris. This shows the big step forward in European ownership of vehicle development when compared to the 25% for the 2011 Yaris. The new Yaris also received the 'Origine France Garantie' label, making it a true 'Made in France' car.

2020

AUTONOMOUS
DRIVING

ZERO
ACCIDENTS

FUEL CELL
VEHICLES

ZERO
EMISSION

NEW MOBILITY
ULTRA-COMPACTS

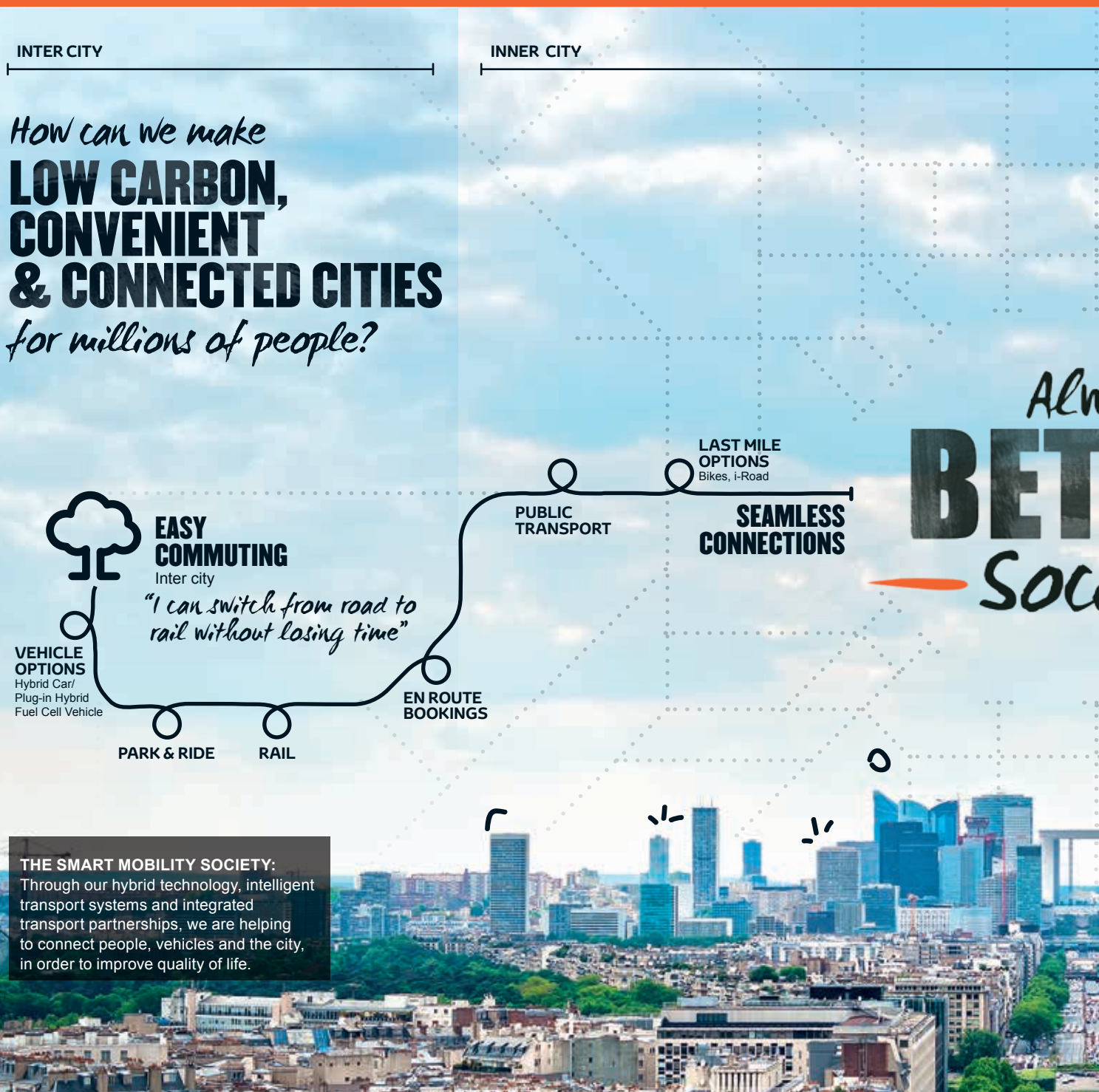
ZERO
STRESS

Always
BETTER
Cars

**BOLD GOALS +
CONTINUOUS INNOVATION:**
We develop our cars, hybrid technology, advanced alternative powertrains and safety systems, to address, reduce and ultimately eliminate the key challenges of modern cities: congestion, pollution and accidents.

ALWAYS BETTER SOCIETY

We help to create an Always Better Society with smart mobility solutions that improve people's journeys and make daily life more enjoyable. We aim to connect people, vehicles and the city through affordable solutions that help reduce congestion and pollution. We deliver green manufacturing and forge lasting partnerships in the communities where we operate. Our goal is an Always Better Society in which personal mobility is safe, stress free and in harmony with the environment.





GRENOBLE: SMART MOBILITY SOCIETY PILOT

Grenoble is the first city in Europe to test Toyota's Ha:Mo concept: a system that makes urban transport more flexible, efficient and environmentally friendly by integrating ultra-compact electric vehicles within the existing public transport network.

The Grenoble project was launched in October 2014 in partnership with the City of Grenoble, the metropolitan area Grenoble-Alpes Metropole, EDF and its affiliate Sodetrel, and Cité lib. The purpose of the project is to study how electric mobility can best be used within a multimodal mobility plan.

We are providing 35 three-wheel Toyota i-ROAD and 35 four-wheel Toyota Auto Body COMS for three years, to be used for short city trips. Customers will

be able to pickup and leave them in any of the 27 charging stations installed and operated by Sodetrel.

The service aims to complement Grenoble's public transport network with a solution for short-trips, including one-way trips that can be planned as part of overall city journeys. Moreover, thanks to a direct connection to Grenoble's transport network, users are able to plan and book their entire journey in advance through a single application.

Toyota believes that electric vehicles are part of the overall solution for low-carbon transport and are especially suited to short-distance, urban journeys, while hybrids, plug-in hybrids and fuel cell vehicles will prove more practical for longer trips.



ALWAYS BETTER BUSINESS

We strive to be an Always Better Business that is profitable, sustainable and a great place to work. We do it by focusing on continuous improvement in our operations and supply chain, in partnership with our employees and suppliers. We aim to achieve sustainable growth through continuous commitment to innovation, efficiency, employee development and local R&D and production, so contributing to the communities where we operate.

*How does growing
sustainably create*
**GREENER FACTORIES,
LOCAL INNOVATION
& SKILLED JOBS**
for Europe?

OUR SUSTAINABLE GROWTH JOURNEY:

By investing in European production, localised R&D, green operations and local talent development, we make vehicles that our customers love, enabling sustainable growth and reinvestment in our local communities.



SUPPORTING SUPPLIERS' PERFORMANCE

Toyota's European Association of Manufacturers (TEAM) is a group of Toyota suppliers who work together to improve their performance through mutual support, open communication and sharing best practice and techniques. TEAM is one of 12 Toyota supplier associations that exist globally, and the only one with a regional basis.

Supported by TME Purchasing, TEAM is made up of 70 long-term business partners organised in 10 groups spread across three regions (UK, Turkey, and Central Europe). These 10 groups meet every month to focus on practical shop-floor improvement. Every company follows an annual improvement project using the Toyota Business Practice approach to problem solving. Twice a year, all companies meet for an Annual Review and Interim Review Meeting.

The last Interim Review meeting held in France focused on Safety. The host TEAM member shared best practice in data management systems of recurring incidents, which led to improved operators' ergonomics and safety.

Earlier this year, a three-day workshop was held at one of our member companies in the Czech Republic focused on productivity enhancement and space reduction, challenging a 30% improvement target. Through process study and small corrections, we could exceed that target, increasing productivity in assembly by 35%, achieving 50% space reduction in internal logistics and reducing by 50% the walking needed in logistics operations.



SUSTAINABILITY ACHIEVEMENTS

We measure and report our sustainability progress annually,
the highlights for FY13 include:


€**434M**
operating income in FY13

116.4 g/km
*Fleet Wide CO₂
average in FY13*

191 
*community projects
supported by our
NMSCs and EMCs*

No.1 
*ranked number one for
After Sales Services in 15
out of 25 countries in FY13*


847,540
*vehicles sold by Toyota
Motor Europe in FY13*

17% 
*less CO₂ emissions per
vehicle produced in FY13*

2 OUT OF 3 
*Toyota vehicles
sold in Europe are
produced locally*

90%+ 
*of used HV hybrids' batteries
recovered and recycled from
retailers and repairers*

156,865 
*Hybrids sold in
Europe in 2013*

49M 
*fewer tonnes of CO₂ emissions
since 1997 due to worldwide
sales of Hybrids*

KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE	FY09	FY10	FY11	FY12	FY13
ISO 14001 certified European Manufacturing Companies (EMC)	7	7	7	7	8
ISO 14001 certified National Marketing and Sales Companies (NMSC)	28	28	28	28	28
ISO 14001 certified Parts Distribution Centres (PDC)	14	14	14	14	14
ISO 14001 certified Vehicle Logistics Centres (VLC)	9	9	9	9	9
EMC total energy usage (MWh)	784,735	794,707	778,782	780,029	881,120
EMC total water usage (1,000m ³)	1,035	964	969	849	1,205
EMC total discharged water (1,000m ³)	689	603	692	516	838
EMC total VOC emissions (tonnes)	957	843	822	730	1,088
EMC total waste-at-cost (tonnes)	11,038	10,078	10,624	9,404	13,038
EMC energy usage (kWh/vehicle produced)	1,442	1,706	1,656	1,778	1,446
EMC CO ₂ (kg/vehicle produced)	419	501	481	500	418
EMC total CO ₂ emissions (1,000 tonnes)	228	234	226	219	255
EMC water usage (m ³ /vehicle produced)	1.90	2.07	2.06	1.94	1.98
EMC Volatile Organic Compounds (g/m ²)	18.4	18.5	18.01	17.24	18.35
EMC waste-to-landfill (kg/vehicle produced)	0	0	0	0	1.97
EMC number of fines	0	0	0	0	0
EMC number of prosecutions	0	0	0	0	0
EMC number of complaints	0	0	0	0	0
CO ₂ emissions – Production Parts Logistics (1,000 tonnes)	72	61	60	53	61
CO ₂ emissions – Vehicle Logistics (1,000 tonnes)	53.2	52.8	64.6	68.88	75.96
CO ₂ emissions – Service Parts Logistics (1,000 tonnes)	44.2	43.8	40.3	39.4	37.8
CO ₂ emissions – Average Toyota vehicles sold in EU-28 (gCO ₂ /km)	132	129	126.5 ⁽¹⁾	121.8	116.4
Remanufactured parts sales (units)	58,601	59,640	76,717	61,783	80,769
Number of plants covered by result	7	7	7	7	8
SOCIAL PERFORMANCE	FY09	FY10	FY11	FY12	FY13
Employment (direct) – Head Office, NMSC, Logistics	4,587	4,175	4,052	3,912	3,874
Employment (direct) – EMC	15,464	14,469	13,818	13,423	13,979
Gender distribution – % of women in HO, ZAV, NMSC, Logistics	32	29	30	31	32
Gender distribution – % of women in EMC	11	11.5	12	14	11
Injury frequency rate – EMC (no. of lost-in-time injuries x 1 million/no. of hours worked)	2.2	3.3	2.4	1.9	1.45
Injury frequency rate – Head Office, Zeebrugge, Zaventem (no. of lost-in-time injuries x 1 million/no. of hours worked)	1.1	1.1	1.6 ⁽²⁾	0.46	0.43
Injury frequency rate – Regional Parts Centres and Toyota Parts Centre Europe (no. of lost-in-time injuries x 1 million/no. of hours worked)	27.3	24.9	16.6	16.4	7.14
Suppliers – purchased European content of core models (%)	>90	>90	>90	>90	>90
Social contributions – total amount (million euros)	4.2	4.99	4.7	3.3	3.3
Social contributions – % of total spent on social contributions linked to education, safety, environment	69	73	60	62	64
ECONOMIC PERFORMANCE	FY09	FY10	FY11	FY12	FY13
Net revenue (million)	16,390	17,535	18,293	19,468	20,452
Operating income (million)	(252)	116	163	246	434
Annual investments (million)	229	283	239	432	346
Vehicles produced in Europe	544,050	465,868	470,348	438,540	580,182
Engines and transmissions produced (calendar year)	1,108,694	1,072,643	1,074,661	924,954	961,675
Total sales Toyota and Lexus vehicles (calendar year)	882,351	808,311	822,386	837,969	847,540
Hybrid sales (calendar year)	55,456	70,520	84,839	109,478	156,865
Market share (%)	4.9	4.4	4.2	4.6	4.8

1. For TPCA joint venture – Toyota includes 1/3 reporting of total production volume and emissions.

2. This number is different from the one provided in our last report. It has been updated after a late notification.

Contact information**Corporate Website**

www.toyota-europe.com

Follow our Twitter account

@Toyota_Europe

Our 2014 Report covers TME's environmental, social and economic performance for the financial year 2013 (FY13) from 1 April 2013 to 31 March 2014. We report on the 15 priority issues identified in our FY12 Materiality review, and on a set of KPIs developed and maintained by our CSR Committee.

We welcome your comments on this summary and our online report and invite you to share them with us via email at sustainability@toyota-europe.com

To read the full report visit our website at <http://www.toyota-europe.com/world-of-toyota/sustainability/always-better-lives.json>



Designed by SALTERBAXTER MSLGROUP.

Printed by Greenshires Group Ltd.

FSC® and PEFC chain of custody certified.

Printed on Oxygen Offset which is 100% recycled and FSC/ISO14001 certified paper.

