FY2021 Achievements of the Sustainability Action Plan

Themes	Materiality	SDGs	Key Performance Indicators (KPIs)	Scope	FY2021 Targets	FY2021 Results
Contribute to a smart society	Promote innovative technological development and invention		① Innovation investment amount (*1) ② Patent registrations (cumulative total)	Global	① 15.0 billion yen ② 3,600 patents	① 13.0 billion yen ② 3,726 patents
	Develop new business domains		Penetration into new markets and new business conditions; commercialization of new products	Global	· Collaborative research with universities and companies · Provide new automated solutions · Develop new customers, expand business area globally · Expand service business	· Promoted the development of new products through open innovation with multiple universities and external research institutions · Began supplying an in-house developed piece-picking robot · Expanded new customer base and global business area through strategic alliance with Germany-based AFT Industries AG · Service sales: +16.6 billion yen (+14%) over the previous year
	Cater to customer needs through smart logistics		Introduction of cutting-edge technology to products/services	Global	· Use wireless/5G tech and rechargeable batteries · Introduce high-efficiency systems and predictive maintenance systems using AI tech · Reduce energy consumption with more sophisticated power supply equipment · Make maintenance services more efficient with use of IoT	· Conducted study on adoption of wireless/5G tech · Currently evaluating various types of rechargeable batteries · Highly-efficient transport system using AI has been developed and adopted · Predictive maintenance system is being trialed and data collection is underway · Currently developing an advanced non-contact power supply device that reduces power consumption · Launched maintenance services using various sensors and remote functions
Maintain and improve the quality of products and services	Optimize production through globalization		New/expanded production sites to achieve production in optimal conditions; and other countermeasures	Global	· Build a procurement network globally and share production technology · Strengthen ability to respond at non-Japan subsidiaries (in sales, production/service) · Optimally distributed production through consolidation/in-sourcing	· Currently sourcing global suppliers and verifying the quality of procured goods · Production technologies such as manufacturing procedures and inspections deployed to non-Japan subsidiaries · Enhanced responsiveness (development, design, production, etc.) through personnel training at non-Japan subsidiaries · Carried out consolidation, shift to in-house production, and construction of new plants to optimize local production for each product
	Pursue product quality and safety		① Number of serious accidents related to product/system safety (*2) ② Rate of ISO 9001 global multi-site certification (*3) in production sites ③ Number of employees who obtain safety assessor credentials (*4)	①②Global ③Japan	① 0 occurrences ② 60% ③ 160 people	① 0 occurrences ② 62% ③ 178 people
Enhance operational framework	Strengthen governance	–	① Improving effectiveness of the Board of Directors ② Enhancing internal perceptions ③ Carrying out sound internal audits	Global	① Carry out efforts to improve effectiveness ② Implement measures to propagate Group Code of Conduct globally ③ Carry out internal audits in Japanese business units and non-Japan subsidiaries (total 300 cases, 3 years) and maintain compliance with internal evaluations	① · Held interviews with selected officers in addition to conventional questionnaires on the Board's effectiveness ② · Released the Compliance Guidebook to explain the Group Code of Conduct in six languages and propagated it globally · Globally implemented e-learning on the Guidebook and the concept of compliance ③ · 125 audits (103 in Japan, 9 international, 13 specified audits) · Internal evaluations determined the Group as compliant
	Ensure compliance		Carrying out anti-corruption training	Global	Carry out training and follow-ups for Japanese and global parties with authority to accept/place orders	· Created compliance training materials for global use in Japanese and English and carried out e-learning
	Manage risk		Implementing countermeasures against major risks	Global	·Carry out regular risk assessments and risk response training	· Conducted a risk assessment through 49 officers of Group companies worldwide and identified five significant areas of risk
	Ensure responsible procurement in the supply chain		Establishing a CSR procurement system and expand range of operations	Global	Review CSR Procurement Standards and formulate new guidelines to be applied in Japan and abroad	· Conducted different surveys to formulate new guidelines
	Strengthen information security	–	① Number of global information security education sessions ② Number of global e-mail training sessions	Global	① 2 sessions ② 3 sessions	① 2 sessions ② 3 sessions
	Ensure transparent information disclosure and strategic communication		① Number of dialogue meetings held with shareholders and investors (*5) ② Enhancing communication with stakeholders	①Global ②Japan	① 370 meetings (ESG-related: 10 meetings) ② Carry out events for science and engineering students; get employees to participate in social contribution activities	① 376 meetings (ESG-related: 16 meetings) ➡1,241 companies (ESG-related: 52 companies) · Held "DAIFUKU Presents Discovery Hackathon 2021," a manufacturing event for science and engineering students to facilitate exchanges with students from Japan and abroad · Contributed to local communities through voluntary cleanups and tie-up events with social welfare organizations, mainly in the Shiga region
Respect human dignity	Protect employee safety and health		① Frequency rate: Japan (non-Japan) ② Severity rate: Japan (non-Japan) ③ Number of occupational safety and health trainees ④ Number of serious accidents (*6)	Global	① 0.4 (0.9) ② 0.02 (0.03) ③ 1,500 trainees ④ 0 accidents	① 0.21 (0.65) ② 0.002 (0.009) ③ 1,627 trainees ④ 0 accidents
	Achieve diversity and inclusion		① Number of female managers ② Employment rate of people with disabilities ③ Paternity leave acquisition rate	Japan	① 19 people ② 2.3% ③ 5.0%	① 20 people ② 2.54% (As of June 1, 2021) ③ 8.7%
	Create a workplace environment that motivates employees		① Paid leave acquisition rate ② Maintaining high rate of stress check testing ③ Holding events to encourage mental and physical health	Japan	① 73% ② 96% ③ Continued events centered on main facilities	① 73% ② 97% · Enriched online events, such as physical exercise seminars and programs · Held walking events at the Osaka Headquarters and Shiga Works
	Cultivate human resources		① Strengthening education for managerial employees and candidates ② Developing training using online resources and promoting autonomous learning	Japan	① Provide education according to the qualities of candidates up for promotion ② Establish on-demand library for training and education	① · Implemented training and aptitude tests on business management and labor management for those promoted to managerial positions in FY2022 · Offered promotion recommendation requirement courses for candidates for managerial positions in FY2023 and beyond ② · Began using training videos with internal lecturers for rank-based training (16 programs in total)
	Respect human rights		① Promotion of workplace understanding of human rights ② Carrying out due diligence for human rights	Global	① Carry out human rights training for Group employees ② Formulate policies and carry out due diligence for human rights and ensure wide-spread human rights knowledge inside and outside the Company	① · Provided three anti-harassment seminars to managers at Group companies in Japan ② · Formulated and disclosed our human rights policy; then disseminated it across the Group through videos and internal newsletters
Contribute to the environment through our business	Keep business operations environmentally friendly		① Daifuku's total CO_2 emissions reduction rate (over FY2018) ② Participation rate in CO_2 emissions reduction programs (*7) throughout the supply chain ③ Recycling rate of waste	①③Global ②Japan	① 2.5% reduction ② 32% ③ Survey global sites; establish goals	① 14% reduction ② 36% ③ 99%
	Expand environmentally friendly products and services		① Avoided CO_2 emissions (*8) ② Sales ratio of projects that include environmentally friendly products (*9) ③ Recyclability rate for new products	Global	① 30,000 t-CO_2 ② 43% ③ 90%	① 69,694 t-CO_2 ② 63% ③ 86%

*1: R&D expenses + DX investment amount

*2: Accidents caused by the malfunction of our products or systems leading to death or serious illness/injury during operations (injury or illness requiring 30 days or more of treatment)

*3: Carrying out reviews based on unified standards under the same schedule and certification authority, and obtaining and maintaining certification

*4: Credentials meant chiefly for designers that certify knowledge and abilities in the field of safety based on international safety standards

*5: In fiscal 2022, KPI changed to: "Number of companies with which dialogue meetings were held"

*6: Accidental deaths occurring during work at Daifuku (labor accidents)

*7: Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO_2 emissions at suppliers

*8: CO_2 emissions produced from our products/services provided to our customers are subtracted from the CO_2 emissions produced from our products/services in FY2011—the base year for environmental performance.

*9: Projects that have contributed to customers in terms of environmental consideration through certified Daifuku Eco-Products, etc.

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Contribute to a smart society	Promote innovative technological development and invention		① Innovation investment amount (*1) ② Patent registrations (cumulative total)	Global	① 15 billion yen ② 3,800 patents	① 15.6 billion yen ② 4,040 patents
	Develop new business domains		Penetration into new markets and new business conditions; commercialization of new products	Global	· Development through collaborative research with universities and companies · Provide new automated solutions · Cultivate new customers, expand business area globally · Expand service business	· Promoted the development of new products through open innovation with multiple universities and external research institutions · Provided automation solutions for back-end processes in semiconductor manufacturing (wafer stacking, direct bonding, etc.) · Developed and marketed resin case cleaning equipment for the distribution and logistics markets · Received an EV-related project in India for a new customer · Service sales: an increase of 22.8 billion yen (+16.8%) compared to the previous year
	Cater to customer needs through smart logistics		Introduction of cutting-edge technology to products and services	Global	· Use wireless and 5G technology and rechargeable batteries · Introduce high-efficiency systems and predictive maintenance systems using AI technology · Reduce energy consumption with more sophisticated power supply equipment · Make maintenance services more efficient with the use of IoT	· Demonstration experiments for the introduction of wireless and 5G technology are underway · On track to complete a predictive maintenance system using AI technology · Developed a high-capacity, contactless power supply device that reduces power consumption by 12% · Launched the Carwash Smart Support service (remote program updates, etc.)
Maintain and improve the quality of products and services	Optimize production through globalization		New and expanded production sites to achieve production in optimal conditions; other countermeasures	Global	· Build a procurement network globally and share production technology · Strengthen ability to respond at global subsidiaries (in sales through production and service) · Optimally distribute production through consolidation and in-sourcing	· Established a global supply chain for key components of pallet-based products to switch to overseas manufacturing · Introduced a framework for sharing project information between the sales department and the production, construction, and service departments in order to centrally manage global subsidiary operations · Enhanced responsiveness (development, design, production, etc.) through personnel training at global subsidiaries · Consolidated and streamlined factories to ensure optimal local and in-house production for each product
	Pursue product quality and safety		① Number of serious accidents related to product or system safety (*2) ② Rate of ISO 9001 global multi-site certification (*3) in production sites ③ Number of employees who obtain safety assessor credentials (*4)	①②Global ③Japan	① 0 occurrences ② 60% ③ 190 people	① 0 occurrences ② 64% ③ 223 people
Enhance operational framework	Strengthen governance	–	① Improving the effectiveness of the Board of Directors ② Enhancing internal perceptions ③ Carrying out sound internal audits	Global	① Carry out efforts to improve effectiveness ② Implement measures to propagate the Group Code of Conduct globally ③ Carry out internal audits in Japanese business units and global subsidiaries (total 300 cases, 3 years) and maintain compliance with internal evaluations	① · Addressed issues identified in an effectiveness assessment of the Board of Directors ((1)training opportunities for board members, (2) sharing the discussion content of Advisory Committee meetings, (3) diversity in Board of Directors composition) ② · Utilized the Compliance Guidebook, which explains the Group's Code of Conduct, and disseminated the concept of compliance through e-learning and at meetings for overseas subsidiaries · Reformed the e-learning system, bringing the total number of participants to more than 10,000 over a two-year period ③ · Total of 88 audits: 71 in Japan, 8 at overseas subsidiaries, and 9 specified audits (214 audits over 2 years) · Internal evaluations determined the Group as compliant
	Ensure compliance		Carrying out anti-corruption training	Global	Carry out training and follow-ups for Japanese and global parties with authority to accept and place orders	· Expanded the e-learning implemented in Japan and the US in fiscal 2021 to other countries and regions in multiple languages
	Manage risk		Implementing countermeasures against major risks	Global	·Carry out regular risk assessments ·Form a risk management policy and spread awareness of it ·Implement significant risk countermeasures ·Carry out risk response training	· Established the Risk Management Committee and built an effective risk management system · Assigned departments to oversee five key risks and managed the progress of countermeasures · Held a total of four working groups focusing on procurement risks · Held lectures by risk management experts
	Ensure responsible procurement in the supply chain		Establishing a CSR procurement system and expanding the range of operations	Global	Review CSR Procurement Standards and formulate new guidelines to be applied in Japan and abroad	· Began work on Sustainable Procurement Guidelines
	Strengthen information security	–	① Number of global information security education sessions ② Number of global e-mail training sessions	Global	① 4 sessions ② 4 sessions	① 4 sessions ② 4 sessions
	Ensure transparent information disclosure and strategic communication		① Number of dialogue meetings held with shareholders and investors (*5)	①Global ②Japan	① 1,200 companies (ESG-related: 20 companies)	① 1,437 companies (ESG-related: 70 companies)
			② Enhancing communication with stakeholders		② · Implement measures to promote the brand based on the renewal of Hini Arata Kan · Carry out events for science and engineering students · Get employees to participate in social contribution activities	· Held a tour of Hini Arata Kan for the media, which was attended by 17 people from 16 publications and resulted in 14 published articles. · Exhibited at Logis-Tech Tokyo 2022 and had over 10,000 visitors to our booth · Began consideration for the implementation of manufacturing events for engineering students in fiscal 2023 · Regularly conducted community contribution activities based on annual activity plans for the Company as a whole as well as for each region
Respect human dignity	Protect employee safety and health		① Frequency rate: Japan (global) ② Severity rate: Japan (global) ③ Number of occupational safety and health trainees ④ Number of serious accidents (*6)	Global	① 0.4 (0.8) ② 0.01 (0.02) ③ 1,600 trainees ④ 0 accidents	① 0.45 (0.90) ② 0.006 (0.216) ③ 2,161 trainees ④ 1 accident
	Achieve diversity and inclusion		① Number of female managers ② Employment rate of people with disabilities ③ Paternity leave acquisition rate	Japan	① 25 people ② 2.3% ③ 8%	① 26 people ② 2.48% (As of June 1, 2022) ③ 16% (44%) (*7)
	Create a workplace environment that motivates employees		① Paid leave acquisition rate ② Maintaining high rate of stress check testing	Japan	① 76% ② 96%	① 79% ② 99%
			③ Holding events to encourage mental and physical health		③ Continue events centered on main facilities	· Enhanced online events for all regions · Held events related to mental health · Held seminars on cancer and women's health issues
	Cultivate human resources		① Strengthening education for managerial employees and candidates ② Developing training using online resources and promoting autonomous learning	Japan	① Provide education according to the qualities of candidates up for promotion ② Establish an on-demand library for training and education	① · Implemented training and aptitude testing on business and labor management for those promoted to managerial positions in fiscal 2023 · Offered promotion and promotion recommendation requirement courses for candidates for managerial positions in fiscal 2023 and beyond ② · Produced seven new types of video training materials for career hires · Renewed the e-learning system, the education and training infrastructure for the entire Group, and began operations of the new system
	Respect human rights		① Promotion of workplace understanding of human rights ② Carrying out due diligence for human rights	Global	① Carry out human rights training for Group employees ② Formulate policies and carry out due diligence for human rights and ensure wide-spread human rights knowledge inside and outside the Company	① · Implemented training on the Daifuku Group Human Rights Policy for new hires and career hires ② · Informed major suppliers about the Daifuku Group Human Rights Policy and the implementation of human rights due diligence at a briefing session · Identified negative impacts on human rights related to our overall business activities and set crucial human rights themes · Implemented a global supply chain information aggregation system and surveyed the employment status at 19 companies · Selected two domestic suppliers and engaged in direct dialogue with foreign national workers
Contribute to the environment through our business	Keep business operations environmentally friendly		① Daifuku's total CO_2 emissions reduction rate (compared to FY2018) ② Participation rate in CO_2 emissions reduction programs (*8) throughout the supply chain ③ Recycling rate of waste (*9)	①③Global ②Japan	① 5% reduction ② 34% ③ 99%	① 34% reduction ② Target was achieved in fiscal 2021 (36%); began considerations for a review of the system ③ 95%
	Expand environmentally friendly products and services		① Avoided CO_2 emissions (*10) ② Sales ratio of environmentally friendly properties (*11) ③ Recyclability rate for new products	Global	① 60,000 t-CO_2 ② 46% ③ 90%	① 121,356 t-CO_2 ② 72% ③ 86%

*1: R&D expenses + DX investment amount

*2: Accidents caused by the malfunction of our products or systems leading to death or serious illness/injury during operations (injury or illness requiring 30 days or more of treatment)

*3: Carrying out reviews based on unified standards under the same schedule and certification authority, and obtaining and maintaining certification

*4: Credentials meant chiefly for designers that certify knowledge and abilities in the field of safety based on international safety standards

*5: In fiscal 2022, KPI changed to: "Number of companies with which dialogue meetings were held"

*6: Accidental deaths occurring during work at Daifuku (labor accidents)

*7: The number in parentheses () is based on the amendment to the Child Care and Family Care Leave Act

*8: Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO_2 emissions at suppliers

*9: Excluding North American locations

*10: CO_2 emissions produced from our products and services provided to our customers are subtracted from the CO_2 emissions produced from our products and services in FY2011, the base year for environmental performance.

*11: Projects that have contributed to customers in terms of environmental consideration through certified Daifuku Eco-Products, etc.