# **Societal Issues**

**Changes in** business flows due to growth in e-commerce (C2B)

**Labor shortages** and the need to enhance productivity

Use of new technologies such as IoT, AI, and VR\*

\* VR: Virtual Reality

### Inputs

#### **Capital**

#### Financial capital

Funds that can be used in sustainable corporate activities, including fund-raising and fund usage

### Manufactured capital

Non-current assets, including production equipment and systems

#### Human capital

The skills and abilities of employees and their motivation as well as the organizational experience

#### Intellectual capital

All types of intangible assets, including intellectual property and software, which the Company uses in creating value

# Social and relationship capital

Engagement and bonds of trust with society and stakeholders, along with systems to further develop those

#### Natural capital

The natural environment and material resources that have an impact on the Company's business activities and its sustainability





# **Daifuku's Business Activities**



**Value Innovation 2020** 

# **Value Provided**

Customers Safety/Security Quality/Accuracy



We aim to develop products that meet customer needs and deliver the best, most appropriate solutions, designed with workplace safety and security in mind.

#### **Shareholders and Investors Transparency**



Through the timely disclosure of corporate and financial information, we aim to foster deeper understanding among shareholders and investors while also increasing our enterprise value through sustained growth.

# Employees Work-Life Balance



We aim to foster a corporate culture that recognizes the role that all employees play in supporting our business by greatly valuing individual lifestyles and enabling employees to fully utilize their capabilities and derive fulfilment from their work.

Suppliers Trust Relationships



We work as one with our suppliers in the manufacturing of goods and equipment. Putting in place the means for the regular sharing of information, we strive daily to maintain good relationships based on mutual trust, and consistently adhere to laws and regulations in line with a common desire to work with confidence in each other.

**Communities** Environmental Conservation



As a good corporate citizen, we work closely with local communities towards global environmental conservation, and in addressing numerous social issues.

# Risk Factors >>

### **Price competition**

We believe that the Daifuku Group's products offer high value-added and incorporate technology, quality, and cost characteristics that competitors cannot easily replicate, but competition in the industries in which we do business is fierce, and the intensification of price competition has the potential to put pressure on our earnings.

# **Product quality issues**

We endeavor to apply rigorous quality management to all products produced in Japan and abroad, and we hold liability insurance to safeguard against the possibility of unforeseen quality claims, but serious quality claims, should they arise, have the potential to affect the Group's financial results.

#### Capital expenditures and economic conditions

All of our customers in the semiconductor and flat-panel display (FPD) market and the automotive market are among the industry leaders, actively engaged in capital expenditures with a view to the future, and exhibit strong growth, but temporary suspensions and/or postponements of capital expenditures due to sudden changes in demand trends in both markets, were they to occur, have the potential to affect the Group's financial results.

### **Non-Japan business**

We do business globally, particularly in North America and Asia. Relative to domestic operations in Japan, however. overseas business operations are subject to higher levels of risk from changes in social, political, and economic conditions, unforeseen regulatory changes, and the like.

### Increasing project scale

With the recent advance of e-commerce, reductions in semiconductor sizes, increases in FPD sizes, and so forth, the systems that we are involved with are becoming more sophisticated and larger in scale than ever before. Our financial results may be affected by the timing of orders recorded, along with how efficiently all aspects of projects are managed.