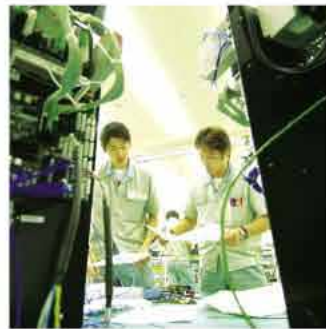


Social & Environmental Report 2009



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■Preface

Daifuku's annual environmental report highlights performance related to global environmental conservation for manufacturing and business operations. In 2007, the format was expanded to include more content dealing with the social aspects of its activities and the report renamed the *Social & Environmental Report*. The new format is intended to illustrate to customers, shareholders and all other stakeholders how we at Daifuku are paying heed to social contribution and environmental conservation concerns in the course of manufacturing and sales. Like its predecessor, Daifuku's *Social & Environmental Report* will be published annually.

Information on social contribution and environmental conservation activities is also accessible via Daifuku's website: www.daifuku.com. In order to improve the report's activity content and overall quality, we would very much like to receive feedback.

■Scope of This Report

Period covered: April 2008 - March 2009

Note: Some content dealing with activities may include information on activities that took place at times other than the above-mentioned period.

Operations: Osaka Headquarters, Tokyo Head Office, Shiga Works, Komaki Works, Chubu Tokai Area (Tokai Office)

■Contact

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Supporting Lifestyles with “Technology That Moves Materials”

Automotive factories where a variety of vehicles are created;
 cleanroom factories for the electronics industry; and mass merchandisers,
 which deal in a wide range of items—These various scenes of production
 and distribution involve items that play essential roles in our lifestyles.
 Material handling technology ensures the efficient transport,
 sorting and storage of the things that enrich the way we live.

Material Handling and Beyond

Daifuku has been providing industry with its material handling systems and equipment for over 70 years since its founding in 1937.

Over the course of its history, the Company has delivered more than 20,000 automated warehouse stacker cranes to factories and distribution centers in every type of manufacturing and distribution industry and over 4,000 kilometers of production line systems to automotive factories.

Daifuku has also delivered cleanroom transport and storage systems for semiconductor and LCD production to a vast number of global companies.

Through the efforts of everyone involved,

Daifuku has risen to the top of the material handling field worldwide.

Daifuku will carry on its commitment to material handling and innovating in the field to take up the new challenges that lie ahead.

“Material Handling and Beyond”

Building Strength for the Next Leap Forward



K. Takeuchi

Katsumi Takeuchi
Chairman and Co-CEO

M. Hojo

Masaki Hojo
President and Co-CEO

Becoming the Global Leader in the Material Handling Field

The Daifuku Group was seriously affected by the global financial crisis, which, triggered by the subprime loan crisis, spread to the real economy and led to a sudden fall in corporate capital expenditure. However, taking a medium- to long-term outlook and global perspective, the economy appears to be stabilizing after bottoming out, and in the industries where the Company's customers are mainly concentrated—automobiles, semiconductors and flat-panel displays, and distribution—we foresee potential growth and feel confident that demand for Daifuku's material handling systems will not falter.

Steadfast in this belief, in fiscal 2009, the year ending March 31, 2010, Daifuku is taking strategic steps to become the undisputed global leader in the material handling industry, pursuing its basic policy of strengthening business quality and meeting diversified market needs to prepare for the next leap forward.

Emphasizing Social Contributions and the Environment in Corporate Activities

Material handling systems and equipment constitute part of the essential social infrastructure that supports industry. For Daifuku, the main pillar of its management philosophy is expressed in the motto, “contributing to the development of industry by supplying optimal material handling systems to a global market.” Since the

Company's founding in 1937, Daifuku has been developing its business and honing its technologies to better respond to customer needs. Under its current business model, Daifuku is not only a manufacturer but also a systems integrator, which involves the delivery of products to customers' sites, where we construct optimal material handling systems in existing structures and facilities through finely tuned adjustments. The Company follows up on product delivery in an effort to establish deep and long-lasting relationships with customers through after-sales services specially tailored to their needs. In line with this business model, our corporate strategies aim at thorough project management while expanding the aftermarket service business.

In its project management, Daifuku strictly adheres to the principles of S.Q.C.D.E.—safety, quality, cost, delivery and ecology—during installation at customers' sites and in operations at the Company's production bases. Thanks to this approach, we are able to efficiently get customers' systems up and running, which, in turn, establishes a basis for gaining their trust. As we continue to globalize the Company's business, we will step up efforts to enhance the precision of our project management when establishing and fostering relations with local business partners worldwide, keeping in mind differences in business practices and cultures among countries and regions.

Looking toward the future, Daifuku aims to be a company that gains even deeper trust from its stakeholders. We ask for your continued understanding and support.

Meeting Market Needs

Customer needs are becoming more and more diverse, with growing demand for highly advanced automated facilities in societies where birthrates are declining and populations aging existing alongside expectations for low-cost equipment to provide inexpensive goods in emerging nations. Daifuku develops its products with serious attention to meeting these needs.

The driving forces behind the growth of the Daifuku Group are the advanced technologies it has built up over many years and its highly capable workforce. Currently facing a severe economic climate, we are channeling management resources to R&D and human resource training as steps toward the next leap forward. In R&D, the Company is working to solve a wide range of needs across its entire line of products, from low-end to highly advanced models. In human resource development, we are actively sending young staff overseas for training while enhancing the skills of global affiliate staff, with the ultimate aim of providing optimal material handling systems worldwide.

Based on our belief in grounding operations on site, we will work to enhance the Group's ability to continuously verify whether its products and services that follow S.Q.C.D.E. are fully meeting actual customer needs. In addition, Daifuku's principal bases in Japan acquired certification related to the Occupational Health and Safety Assessment Series, OHSAS 18001, in March 2009, following their previous acquisition of ISO certification related to quality and environmental management.

Growing Demand for Material Handling in New Growth Areas

In Daifuku's mainstay Logistics Systems businesses, the Factory Automation and Distribution Automation (FA&DA) business, which encompasses storage, transport, and sorting and picking systems for the manufacturing and distribution industries, suffered only a modest decline in the number of large-scale projects in areas generally unaffected by business conditions, such as the distribution, pharmaceutical and food wholesale industries. However, deteriorating business conditions are having a prolonged impact on small- to medium-sized projects and material handling equipment sales. On a more positive note, Daifuku is working to gain market share in expanding areas that are generating new demand for material handling, such as agriculture and the solar cell and other industries.

In the Automotive Factory Automation (AFA) business, which handles conveyor systems for automobile production lines, new investment was postponed for the most part in advanced

economies. However, we expect to see burgeoning demand in emerging economies, primarily China, along with investment in environmentally friendly vehicle production over the medium to long term.

In the e-Factory Automation (eFA) business, which includes cleanroom transport and storage systems for the electronics industry, despite the continuing severe business environment surrounding semiconductors and flat-panel displays, we are developing systems for next-generation production technologies, including 450mm wafers and 11th- and 12th-generation LCD glass substrates, in preparation for a recovery in market conditions.

The airport baggage handling (ABH) systems business of Daifuku's U.S.-based affiliate Jervis B. Webb Company has been growing steadily. The company demonstrated a system integrating its automatic guided vehicles with Daifuku's automated storage and retrieval system at ProMat, the premier material handling and logistic event in North America. With orders for the system already accepted, Daifuku is setting its sights on further synergies of the two entities in the future.

Further Strengthening Corporate Structure

Moving forward, Daifuku is focusing on its aftermarket service—a business that embodies the Company's unique strengths—which is increasingly geared toward regular after-delivery maintenance and equipment upgrades and retrofits. Building on the over 20,000 systems the Company has delivered around the world, we are establishing a business model designed to continue transactions with customers after delivery to produce profit over the long term. Regardless of our customers' capital expenditure outlays, maintenance inspections are necessary as long as equipment is in operation; such inspections cannot be drastically cut back, even if economic conditions are as severe as they are in the current recession. Daifuku has been devoting a considerable amount of energy to its aftermarket service business, but from this point forward, we will actively make efforts to further expand the framework of the business to include overseas operations, while strengthening customer-oriented systems and creating new added value.

In an effort to lower the Company's break-even point, we are working to cut expenses across the board, bring down initial costs and thoroughly control inventories. Daifuku has also reorganized its business structure for the purpose of increasing management efficiency, including through the integration of three affiliates in South Korea in March 2009 and the merger of a car wash machine sales company and a bowling alley equipment sales company in Japan in April 2009.

Management Philosophy

1. Contribute to the development of industry by supplying optimal material handling systems to a global market.
2. Focus on healthy, growth-driven management which values profitability.
3. Create a lively corporate culture which respects the personality and individuality of each employee.

Basic Management Policy

1. Adopt a management approach that is transparent, honest, and has integrity.
2. Accomplish stated business goals based on the principle of commitment-focused management.
3. Practice cash flow management and further strengthen our financial integrity to flexibly respond to changes in the economic environment.
4. Comply with the laws and social norms of each country, and enhance our internal control structure.
5. Take all measures to ensure the supply of environmentally sensitive and safe products, including the establishment of an appropriate multinational production structure.
6. Create a corporate entity consisting exclusively of a small number of exceptional employees, overseen under a fair, just, and objective human resources policy worthy of a truly global corporation.
7. Contribute to the development of industry as the leading material handling company.

Corporate name Daifuku Co., Ltd.

Osaka 3-2-11 Mitejima, Nishiyodogawa-ku
Headquarters Osaka 555-0012 Japan

Tokyo 2-14-5 Shiba, Mitato-ku
Head Office Tokyo 105-0014 Japan

Established May 20, 1937

Paid-in capital 8,024 million yen (As of March 2009)

Representative Masaki Hojo, President & Co-CEO

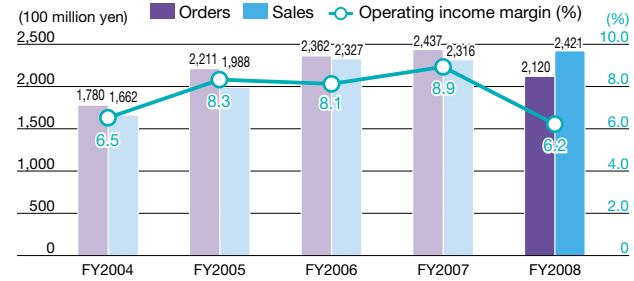
Employees 5,660 (total for Daifuku Group, as of March 2009)

Consolidated sales 242,182 million yen (Fiscal year ended March 31, 2009)

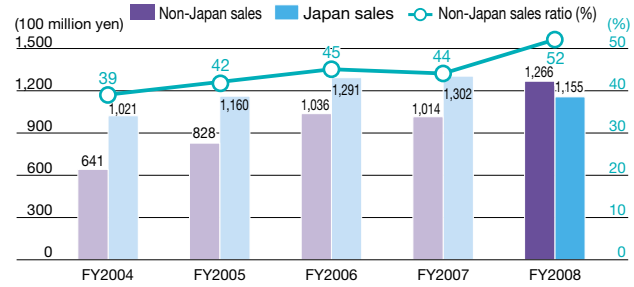
Business Provides comprehensive consultation, planning, engineering, design, manufacturing, sales, installation and aftermarket services for material handling and logistics systems

Products Transport systems, storage systems, sorting and picking systems, control and information systems, material handling equipment, and others (car wash machines, bowling alley equipment, special-purpose equipment, etc.)

Consolidated Orders and Sales



Consolidated Non-Japan Sales Ratio



Locations



Osaka Headquarters

3-2-11 Mitejima, Nishiyodogawa-ku
Osaka 555-0012 Japan
Lot area: 14,514 m²
Floor area: 19,236 m²
Business: Provides sales, engineering and design of material handling systems and equipment, and corporate affairs



Tokyo Head Office

2-14-5 Shiba, Minato-ku
Tokyo 105-0014 Japan
Lot area: 783 m²
Floor area: 3,572 m²
Business: Provides sales, engineering and design of material handling systems and equipment, and corporate affairs



Shiga Works

1225 Nakazaji, Hino-cho, Gamo-gun
Shiga 529-1692 Japan
Lot area: 1,160,000 m²
Floor area: 221,400 m²
Business: Conducts engineering, design, installation and services for material handling systems and equipment; handles corporate affairs; maintains warehouses



Komaki Works

4-103 Komakihara, Komaki-shi
Aichi 485-8653 Japan
Lot area: 56,183 m²
Floor area: 20,986 m²
Business: Conducts sales, engineering, installation and services for material handling systems and equipment; handles corporate affairs



Chubu Tokai Area (Tokai Office)

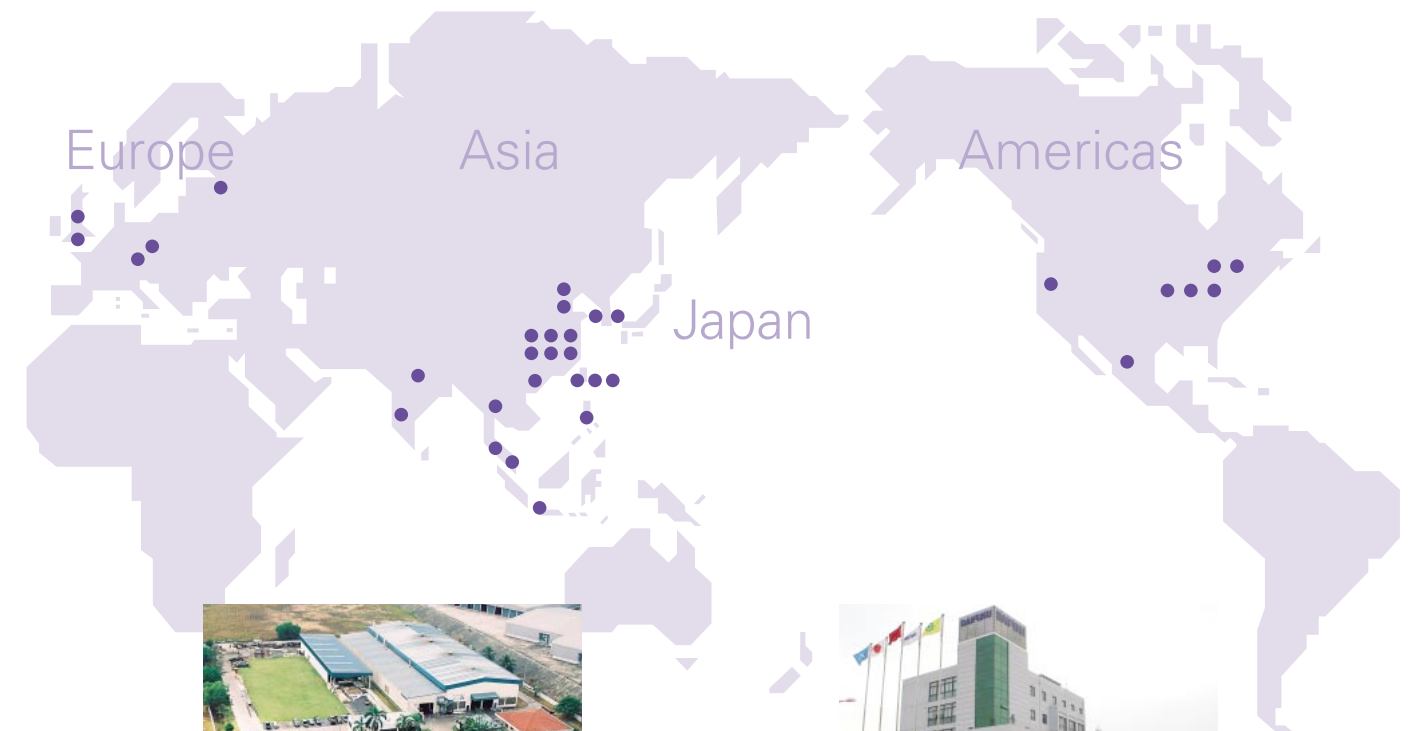
2-48 Fukada-cho, Toyota-shi
Aichi 471-0841 Japan
Lot area: 2,784 m²
Floor area: 2,775 m²
Business: Conducts sales, engineering, installation and services for conveyor systems

Affiliates in Japan

- Contec Co., Ltd.
- Contec EMS Co., Ltd.
- Daifuku Plusmore Co., Ltd.
- Daifuku Logistic Technology Co., Ltd.
- Hiniaratakan Corporation
- Daifuku Design and Engineer Co., Ltd.
- Daifuku Institute of Technology and Training Co., Ltd.
- Daifuku Business Service Corporation
- Daifuku Software Development Co., Ltd.
- Daifuku Business Create Co., Ltd.
- Daifuku Manufacturing Expert Co., Ltd.
- Daifuku Field Engineer Co., Ltd.
- Osaka Machinery Works Co., Ltd.
- Renace Laboratory, Inc.

Global Affiliates

- Daifuku America Corporation (U.S.A.)
- American Conveyor and Equipment, Inc. (U.S.A.)
- Jervis B. Webb Company (U.S.A.)
- Daifuku Canada Inc. (Canada)
- Jervis B. Webb Company of Canada, Ltd. (Canada)
- Daifuku Europe Ltd. (U.K.)
- Jervis B. Webb Company, Ltd. (U.K.)
- Jervis B. Webb GmbH (Germany)
- Daifuku India Private Limited (India)
- Webb India Private Limited (India)
- Daifuku (Thailand) Ltd. (Thailand)
- Daifuku Mechatronics (Singapore) Pte. Ltd. (Singapore)
- Daifuku (Malaysia) Sdn. Bhd. (Malaysia)
- P.T. Daifuku Indonesia (Indonesia)
- Daifuku (Shanghai) Ltd. (China)
- Daifuku Automation (Tianjin) Co., Ltd. (China)
- Daifuku Automation (Guangzhou) Co., Ltd. (China)
- Jiangsu Daifuku Rixin Automation Co., Ltd. (China)
- Daifuku Carwash-Machine (Shanghai) Ltd. (China)
- Jervis Webb-China Company, Ltd. (China)
- Taiwan Daifuku Co., Ltd. (Taiwan)
- Daifuku Korea Co., Ltd. (South Korea)
- Clean Factomation, Inc. (South Korea)
- Contec Microelectronics U.S.A. Inc. (U.S.A.)
- Beijing Contec Microelectronics Corporation (China)
- Shanghai Contec Microelectronics Corporation (China)
- Taiwan Contec Co., Ltd. (Taiwan)
- Contec Solution Co., Ltd. (Taiwan)
- Overseas offices (Mexico, Czech, St. Petersburg, Philippines, Shanghai)



Daifuku (Thailand) Ltd. Chonburi Plant



Jiangsu Daifuku Rixin Automation Co., Ltd.



Daifuku Korea Co., Ltd.



Taiwan Daifuku Co., Ltd.



Daifuku America Corporation Ohio Plant

Automotive Factory Automation (AFA)

The AFA business develops, manufactures and sells a comprehensive lineup of automobile production line systems and equipment. The business has been building on continued successes since delivering its first chain conveyor systems in 1957, and today it provides powerful support to the factories of automakers around the world.



Chainless conveyor system—Flexible Drive System



Environment-friendly paint system—E-DIP



Electrified monorail system—Ramrun

Factory Automation & Distribution Automation (FA&DA)

The FA&DA business manufactures a complete range of systems and products. Commanding the top share of the Automated Storage/Retrieval Systems (AS/RS) market in Japan, this business offers all kinds of storage systems, transport systems, such as conveyor systems and automatic guided vehicles as well as sorting and picking systems, material handling equipment, and the computer systems that control them.



High-speed rail—guided vehicle—Sorting Transfer Vehicle



High-speed sorter—Jet Surfing Sorter



Rack-supported building AS/RS—Rackbul System

e-Factory Automation (eFA)

The eFA business centers on cleanroom transport and storage systems, which are essential for the production of semiconductors and flat-panel displays (FPDs). Daifuku supplies these systems to leading electronic components companies at home and overseas, and the Company's global market share is now approximately 50%.



Transport system for semiconductor manufacturing fabs—Cleanway



Storage system for semiconductor manufacturing fabs—Clean Stocker



Storage system for FPD manufacturing fabs—Clean Stocker

Electronics

Daifuku's subsidiary Contec Co., Ltd. is building the electronics business by means of a global framework. Contec develops, manufactures and sells an array of products, including computer extension boards, industrial-use computers and computer networks.



Industrial computers



Wireless LAN system

Lifestyle Products (LSP)

The LSP business develops and manufactures car wash machines, including tunnel-type models that employ roller conveyors to provide multiple functions as well as low-noise and water-saving models. The business is also engaged in the sale and servicing of bowling alley equipment and goods. The LSP business has been employing Daifuku's material handling technology in a number of areas, including surgical tool supply/collect systems for hospitals, automated book shelves for libraries, wheelchair lifts for care-provider vehicles and automated multilevel bicycle parking towers.



Environmentally friendly car wash machine—Waxmor Abient



Bowling alley equipment and goods

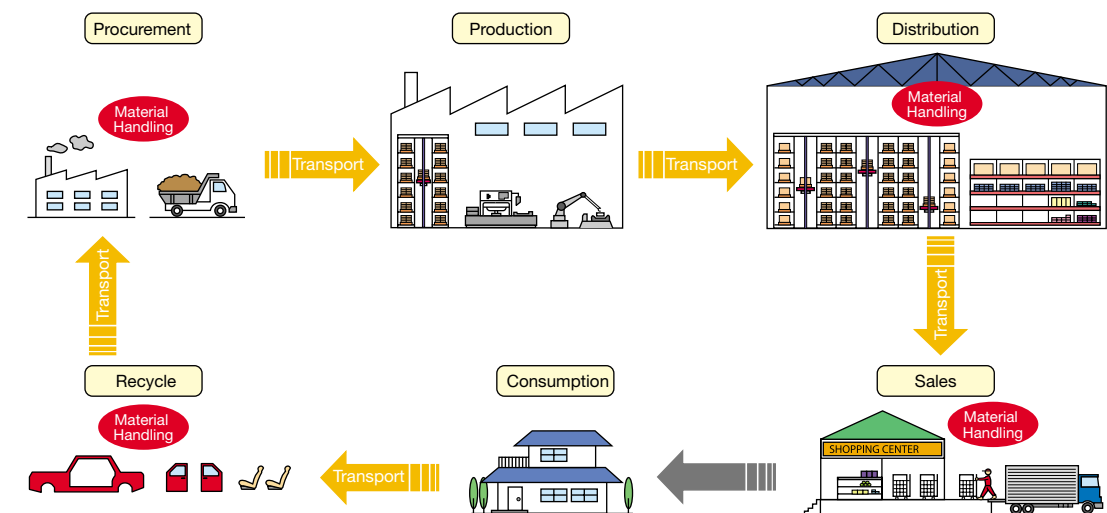


Vertical rotary rack for surgical instruments storage—Vertical Carousel

Material Handling Technology Provides Assistance Everywhere in Society

Whether in the production flow of all kinds of goods or in distribution processes, material handling technology makes operations more efficient and simple, helping to cut costs and shorten delivery times. In essence, material handling realizes the three concepts of transport, sorting and storage.

Daifuku provides an array of material handling systems and equipment to a broad range of industries in manufacturing, transportation, warehousing and distribution, covering all kinds of products, including automobiles, electric and electronic goods, medical supplies, foodstuffs, clothing and daily necessities. Daifuku delivers material handling systems optimized for each particular enterprise, thereby supporting livelihoods and businesses in various settings of society.



FANCL Corporation — Kanto Distribution Center

A state-of-the-art distribution center consolidates the operations of eight locations. Utilizing RFID technology dramatically increased distribution efficiency.

FANCL Corporation established a new distribution center. With a new material handling systems in place, the company has realized improved throughput and shipping accuracy. Orders are consolidated into one of 14,000 containers guided by RFID tags.

Over 2,500 items, including cosmetics and supplements, were consolidated in one location. It can handle up to 30,000 mail orders at a time and manages 2,200 deliveries to domestic retail shops and international locations.

The rate of same-day delivery was

increased from 78% to 91% by extending the order deadline from 4:00 p.m. to 6:00 p.m. Also, the rate of shipping errors dropped to less than 0.005% from 0.04%.

In addition, the transfer time between warehouses and the number of transportation trucks required were significantly decreased, reducing the annual volume of CO₂ produced by 1.3 million tons. The new paperless order systems will save the equivalent of 7.4 million logistics documents per year.



A conveyor line of cases sorted for designated stores

Tone Coca-Cola Bottling Co., Ltd. — Ibaraki Automated Warehouse

This newly built warehouse is Japan's largest and has AS/RS directly linked with production. Consolidating outside storage has vastly improved Group-wide SCM.

TONE Coca-Cola Bottling Co., Ltd. (TCCB) is a Coca-Cola Group company operating in three Japanese prefectures: Chiba, Ibaraki, and Tochigi. TCCB built a new automated warehouse on the premises of the Ibaraki Factory owned by Coca-Cola East Japan Products Co., Ltd., directly integrating the plant's manufacturing lines with the largest automated warehouse in Japan. Distribution processes from manufacturing to shipping have been completely automated to reduce logistics costs and promote efficiency.

The Ibaraki Factory manufactures

products for the Coca-Cola, Georgia, Sokenbicha, Aquarius, Fanta, and Hajime brands. The company ships approximately 30 million cases per year throughout the country. Compared with the previous operation, which relied on outside commercial warehousing, storage and shipping services, the new facility integrates these functions on-premises while greatly reducing labor needs. The entire Group estimates a cost reduction of several hundred million yen.



The automated warehouse with nine stacker cranes and 33,408 pallets

Yeongdeungpo-gu, Seoul — Bike Parking Facilities

Reducing pollution by promoting a switchover from cars to bicycles, Cycle House 21-South Korea's first multilevel bicycle parking system

South Korea, which has a high rate of car usage, is aiming to reduce pollution from exhaust fumes by facilitating the use of bicycles all around the country as part of a clean new deal.

Generating high expectations, the country is promoting a switchover to bicycles by building specialized parking facilities, adding 1,297 kilometers of cycling-only roads and setting up outlets that lend out bicycles at no charge.

Situated in the parking area in front of the Yeongdeungpo-gu government

office buildings in Seoul, Cycle House 21 is an automated multilevel bicycle parking system equipped with a rotary mechanism extending 10 meters underground. The facility can store a total of 120 bicycles, with individual gates on three floors providing access to the 40 bicycle parking spaces per floor. With the local mayor and members of parliament in attendance, the ceremony to mark the completion of Cycle House 21—the first such facility in South Korea—generated a considerable amount of media coverage.



Automated bicycle parking system that contributes to a more attractive environment free of illegally parked bicycles

Daifuku Develops the DUOSYS Super-Fast Mini Load AS/RS

The tuning control technology of the DUOSYS ensures that two stacker cranes functioning in the same aisle of the AS/RS move past each other without interference to perform storage and retrieval operations. This functionality is unprecedented and has a patent pending. The DUOSYS is laid out in two tiers so that a total of four stacker cranes can operate simultaneously on the same rack to produce a maximum storage and retrieval throughput of up to 2,200 cases per hour. Because of their lightweight design, the DUOSYS stacker cranes consume less power than older models performing similar tasks. Also, the system directly controls the movement and speed of each crane in the most efficient manner, requesting that the closest available machine perform a storage or retrieval task at the most optimized speed. Moreover the system transfers power generated through braking to power other cranes.

The DUOSYS is not just an automated storage system, it also effectively sorts and groups items in a smaller floor space and with fewer personnel than is needed with traditional sorters and other horizontal sorting systems.



The super-fast DUOSYS

Daifuku Develops a Lightweight and Energy-Saving AS/RS Crane

Daifuku developed the H-series storage/retrieval (S/R) machine, a new type of stacker crane designed for high-story, high-capacity unit load automated storage and retrieval systems (AS/RSs).

The crane is 25% lighter than conventional models, thanks to its truss framework with a mast composed of square pipes. The weight reduction allowed the maximum lift span to be extended from 30 meters to 40 meters. Furthermore, by reducing the capacity of the motor, this S/R machine's electrical consumption was cut 10% compared with conventional models.



An S/R machine running at Daifuku's high-rise research building at the Shiga Works

Energy-Saving Drop Lift for Automobile Factories

Daifuku has upgraded its Drop Lift for automobile production lines, reducing the number of parts used by more than 20% through structural modifications and the application of the finite element method (FEM) of analysis. With these changes, the motor capacity was stepped down one level and regenerative power derived from braking employed to increase efficiency, resulting in energy savings of approximately 28%.



Lift for automobile production line—Drop Lift

Reduced Weight and Wiring of a Transport System for Semiconductor Fabs

Daifuku has improved its Cleanway transport system for semiconductor fabs, fitting the guide rails with communication devices for controlling vehicles and intersection control devices to direct diverging vehicles and those linking up. As the scale of systems delivered to sites increases, the length of guide rails at a single factory can total several kilometers. Therefore, Daifuku has applied wire-saving technology to the sensors and wiring used in the power lines for devices fitted to guide rails and in zone controllers. As a result, the amount of rail wiring has been decreased 30%, and the onsite wiring installation time during delivery has also been reduced 30%.



Transport system for semiconductor manufacturing fabs—Cleanway

Water-Savings—A Standard Feature of Our New Lineup of Car Wash Machines

In autumn 2007, Daifuku took the market lead with the release of environmentally friendly car wash machines that use half as much water as previous models and have had chemical-based shampoos and waxes replaced with people-friendly plant-derived oil-based products. In June 2009, the Company applied this water-saving method as a standard feature for six of its new gate-type car wash machine models. As it steadily makes inroads in the service station industry, Daifuku is contributing to making environmentally friendly stations that are appreciated by the local communities they serve.



Gate-type car wash machine—Primade

Highlights

Daifuku Obtains OHSAS 18001 Certification

In March 2009, Daifuku obtained OHSAS 18001 certification for occupational health and safety management at four sites in Japan: Osaka Headquarters, Tokyo Head Office, Shiga Works and Komaki Works.

This certification system has drawn attention as a way of improving the level of occupational health and safety and thereby creating a safe, worker-friendly environment. The OHSAS certification will complement the Company's ISO 9001 compliant quality management system and ISO 14001 compliant environmental management system, both of which are already being administered. In other words, we are steadily advancing the establishment of a comprehensive system to manage our S.Q.C.D.E. (safety, quality, cost, delivery and ecology). Such a system will empower us to strengthen the circle of trust, which includes our business partners. Daifuku plans to promote activities aimed at enabling its global affiliates in China, South Korea, Taiwan, Thailand and other nations to obtain the OHSAS certification.



OHSAS certificate issued by SGS Japan Inc.

Reconstruction at the Komaki Works Site One Office Building and Two Distribution Centers Completed

In December 2008, Daifuku completed the construction work on a former factory site within the Komaki Works. This construction resulted in a new office building for Daifuku and distribution centers for two other companies.

The new office building is a three-story structure with a total floor area of approximately 7,200 square meters. The office building offers improved security and convenience. These features have been realized through the introduction of an employee ID card embedded with an IC chip, which enables more secure access control and cashless payment at company cafeterias.

Taking advantage of the Komaki Works' convenient location only 2 km away from the Komaki Interchange of the Tomei and Meishin expressways, the Company has set up outside companies' distribution centers within the site. Currently, House Logistics Service Corporation and NICHIDEN Corporation are tenanted the facilities.



The Komaki Works houses five buildings within an approximately 56,000 square meter site

Divisions of Car Wash, Bowling Equipment and Material Handling Rental Merge

Daifuku integrated three affiliates, car wash sales subsidiary Daifuku Unix Corporation, bowling equipment sales subsidiary Daifuku QubicaAMF Co., Ltd. and Kyushu Daifuku Corporation, with the material handling equipment operations of Daifuku Business Service Corporation. The newly formed Daifuku Plusmore Co., Ltd., made a fresh start on April 1, 2009 to handle lifestyle products. This merger is expected to enhance the management efficiency of operations previously conducted by the three companies separately and to help reduce indirect costs, reinforcing the management foundation of Daifuku Plusmore. Building on the merger, Daifuku aims to strengthen its sales and marketing capabilities in relevant fields.

Overview of Daifuku Plusmore Co., Ltd.

Representative: Seiki Kakinuma (managing director of Daifuku Co., Ltd.)
Paid-in capital: 235 million yen (a wholly owned subsidiary of Daifuku Co., Ltd.)
Headquarters: 2-14-5 Minato-ku, Shiba, Tokyo 105-0014 Japan
Companies: Daifuku Unix Company
Daifuku QubicaAMF Company
Daifuku Rental Company
Net sales (estimate for FY2009): 8,500 million yen
Employees: 220



Tunnel-type car wash machine, one of Daifuku Plusmore's products

Three Subsidiaries Merge to Become Daifuku Korea

Daifuku merged three subsidiaries operating in South Korea, namely ATS Co., Ltd. ("ATS"), MIMATS Co., Ltd. ("MSC") and Daifuku Carwash-Machine Korea Inc. ("DCK"), into a new company called Daifuku Korea Co., Ltd. on March 31, 2009. ATS and MSC manufacture and sell automotive production line systems and provide after-sales services, while DCK sells and services car wash machines.

Daifuku Korea is wholly owned by Daifuku. The businesses of the three existing subsidiaries will be reorganized into ATS Operations, MSC Operations and DCK Operations. The new subsidiary will have a sales target of approximately 30 billion won for fiscal 2009, which ends December 31, 2009, and will target sales of 50 billion won and operating income of 5 billion won in fiscal 2011.

Overview of Daifuku Korea Co., Ltd.

Chairman: Tetsushi Imasato
Paid-in capital: 7.6 billion won, with Daifuku Co., Ltd. the sole shareholder
Headquarters: Southeast Industrial Park, Incheon (approximately 20 km southwest of Seoul)
Employees: 134

Daifuku Participates in the Three Major International Material Handling Trade Fairs

Daifuku exhibited its products at CeMAT in Hannover, Germany in May 2008, LOGIS-TECH TOKYO 2008 in Japan in September 2008 and ProMat in Chicago, the United States in January 2009. These events are considered the world's three preeminent material handling trade shows.

At LOGIS-TECH TOKYO 2008, where Daifuku had one of the largest booths, the Company presented DUOSYS, a high-throughput mini load automated storage and retrieval system (AS/RS), and various solutions based on radio-frequency identification (RFID) technology. At CeMAT, the Company displayed a super-fast mini load AS/RS, while at ProMat 2009 the Company demonstrated a unit load AS/RS, and SmartLoader, an automatic guided vehicle (AGV), in cooperation with its U.S.-based affiliate Jervis B. Webb Company. At each event, many visitors paid significant attention to Daifuku products, and the Company succeeded in gaining further recognition as a world-leading material handling system manufacturer and integrator.



Daifuku's presentation at CeMAT. The super-fast mini load AS/RS is captured in the picture to the right at the back.

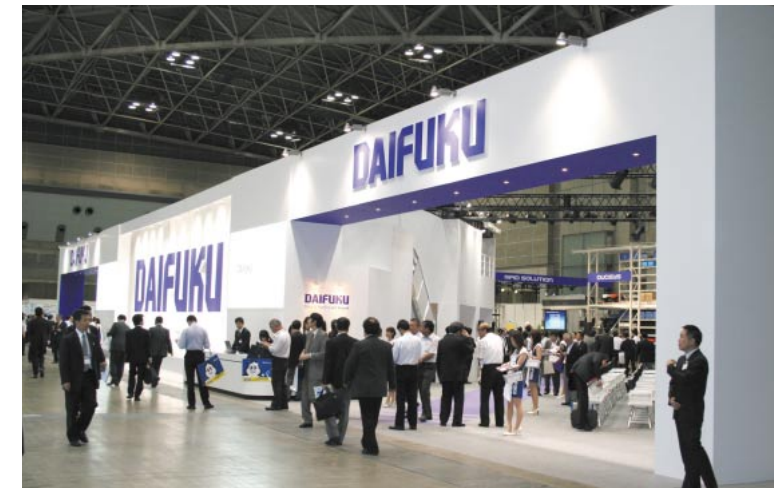
World Congress for In-Company Skills Competition Held Daifuku Global Affiliate Staff Member Wins the Grand Prize

A world congress for an in-Company skills competition was held within the Shiga Works in November 2008. A total of 119 contestants, winners of regional qualifying events, competed against each other in techniques in three fields: welding, assembly and measurement.

Held every year since 1999, the skills competition has as its aim human resources training for *monozukuri* (craftsmanship). This ninth such event was the third in succession to be attended by participants from outside Japan. These participants included staff of Jervis B. Webb and Daifuku India, making for a total of 42 contestants from 12 bases in six countries. This was naturally the largest event ever in our history. Particularly noteworthy, a staff member of Daifuku Thailand won the grand prize in the measurement category. This is evidence that the technical capabilities of our global affiliates are improving steadily.



Skills test for gear assembly, control unit wiring and sensor adjustment



Daifuku's booth at LOGIS-TECK TOKYO 2008 occupying 150 partitions (50 m x 27 m)



At ProMat, Jervis B. Webb's SmartLoader handled loads in sync with the operation of Daifuku's unit load AS/RS.

Prize for Creativity Received from MEXT

The three employees who made up the three groups that received prizes at Daifuku's small group initiative presentation received the fiscal 2008 Prize for Creativity from the Minister of Education, Culture, Sports, Science and Technology (MEXT). These awards were given to workers who contribute inventions or improvements in each field of science and technology by showing superior originality and ingenuity, including "improving operating efficiency," "enhancing product quality" and "reducing costs." This achievement also marked the fifth time in five consecutive years that the Daifuku Group has won awards, bringing the total number of prize recipients to 16 people.

Prize Details

■ Upgrading of AS/RS Basic Platform

In cooperation with the installation and architecture development departments, the number of components used as well as on-site assembly processes have been reduced. This has led to an annual cost reduction of 6.8 million yen.

■ Improvement of Transfer Equipment as Manufacturing Jig

Centering alignment, which previously required two people, now can be carried out by one person. This improved process contributes to higher product quality and safety. Assembly processes have been reduced by 14%.

■ Invention of Jig for Automated Replacement of Stacker Crane Lift Chain

Previously, stacker crane lift chains were replaced by several people working in sync with each other. By developing a jig for automated replacement, the risk posed by working in high-places has been reduced.

Making Significant Contributions to Society Through Business

CSR Officer in Charge
Masayoshi Inoue
 Managing Director and CFO
 COO of Business, Financial & Global Management
 General Manager of CSR Division



The first pillar of Daifuku's management philosophy is to "contribute to the development of industry by supplying optimal material handling systems to a global market." The second pillar encourages "healthy, growth-driven management which values profitability" to earn the trust of shareholders, business partners and employees. Our aim is a strong corporate structure that successfully guides that Company in a competitive global market.

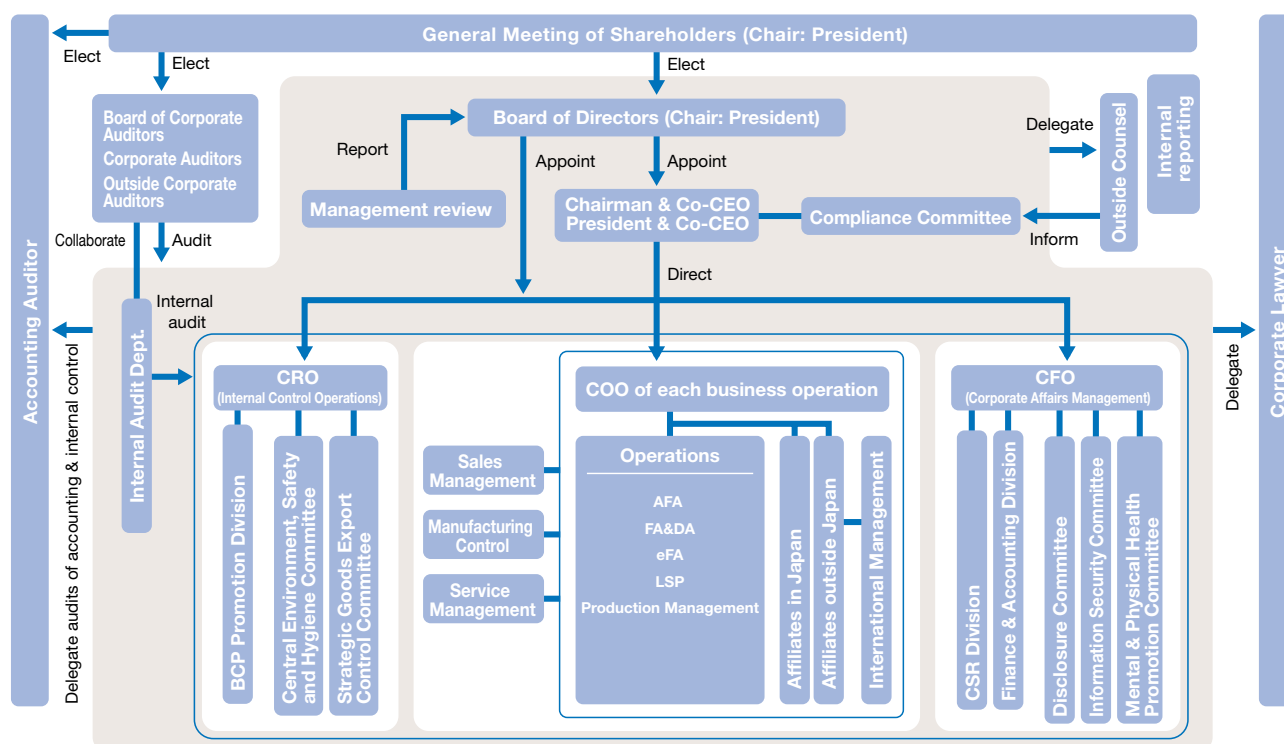
Daifuku also emphasizes compliance in a rapidly changing corporate environment. Ethics, fairness and transparency the hallmarks of our management approach. The Compliance

Committee chaired by our President also ensures that fairness and ethics guide our corporate activities. In one initiative, the Committee enacted a set of corporate standards to guide executives and employees in fulfilling their corporate and public roles as members of a leading company.

In addition, Daifuku understands that maintaining a robust internal control system increases the effectiveness of corporate governance to improve corporate reliability as well as operational efficiency and effectiveness. Consequently, Daifuku is committed to compliance with laws and regulations, managing risk, conserving assets and providing reliable financial reporting. To enhance its corporate governance system, Daifuku created an Internal Control Operations function and placed the BCP (Business Continuity Plan) Promotion Division under it in April 2007. The Internal Control Operations function is also responsible for overseeing two established organizations—the Central Environment, Safety & Hygiene Committee and the Strategic Goods Export Control Committee. The Executive Vice President is responsible for Internal Control and risk management in his role as Chief Risk Officer (CRO). CRO duties include identifying and evaluating risks affecting the Daifuku Group and developing and managing an appropriate risk response structure. The Internal Control Promotion Department under the supervision of the Chief Financial Officer (CFO) has been integrated into the Internal Audit Department. The Department is responsible for educating the Daifuku internal control inspectors, who audit the Company using the Plan-Do-Check-Act system.

Taking advantage of these clearly separated functions, the Company is endeavoring to proactively conduct CSR activities throughout its business operations and reinforce reliability in its financial reporting, thereby winning the trust of all stakeholders and contributing to economic and social development on a global scale.

Corporate Governance Structure



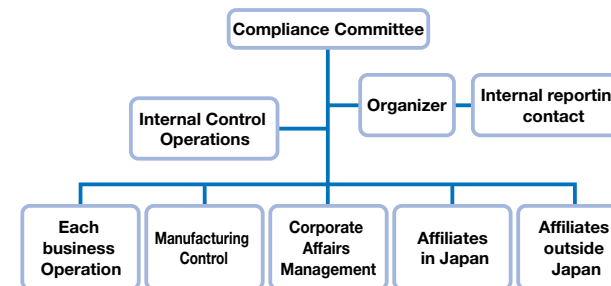
Relationship with Society

Compliance Committee

Compliance, including not only the observance of laws and internal regulations but also of adhering to socially accepted thinking, common sense and ethics, is a very important challenge. The Company established a Compliance Committee in December 2003 to encourage all staff to obtain a deeper understanding of these issues.

In addition, Daifuku's internal reporting system provides a direct channel for contacting a lawyer. In May 2008, the Company introduced a system allowing global affiliate staff to directly consult the Legal Department.

Compliance Committee Structure



Strategic Goods Export Control Committee

The Daifuku Group's compliance program to tighten adherence to export-related regulations was revised, renamed Export Control Regulations and enforced on April 1, 2008.

Designed to prevent the proliferation of weapons of mass destruction, the implementation of these export control regulations comes in response to strengthened laws and governmental leadership against a backdrop of terrorism, civil war and an increasing number of cases of illegal exports.

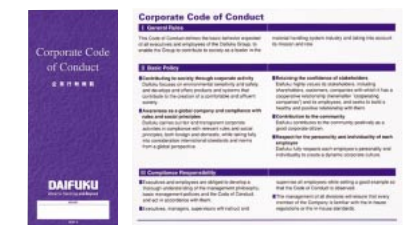
Basic Stance against Anti-Social Forces

Daifuku maintains a resolute stance against any force or group that threatens the order or safety of society by breaking established laws or regulations. The Company has outlined its stance in the Corporate Code of Conduct and has taken steps to ensure that this code is fully understood and practiced by all associates.

Daifuku's response will be based on recommendations from the police, corporate defensive measures councils and other relevant organizations. The Company has built a framework under which its CSR Division and Compliance Committee work closely with the above institutions and its corporate lawyer to take prompt action should any incident occur.

Strictly Observing the Corporate Code of Conduct

Daifuku's Management Policy stipulates an ethical, fair and transparent approach to management; management that complies with the laws and social norms of each country; the delivery of environmentally friendly and safe products and systems; and the establishment of a global production system. In addition, Daifuku has formulated a Corporate Code of Conduct so that employees do not contravene social norms and to ensure that they perform their duties fairly and impartially. Booklets containing the Corporate Code of Conduct have been distributed to employees in Japan and Daifuku requires all employees to carry it with them at all times. In addition, the booklets have been created in English, Chinese (both simplified and traditional characters), Korean and Thai. Plans to improve compliance awareness at all Group levels are under way.



Japanese-language (left) and English-language versions of Daifuku's Corporate Code of Conduct

Corporate Code of Conduct Basic Policy

Contributing to society through corporate activity

Daifuku focuses on environmental sensitivity and safety while developing and offering products and systems that contribute to the creation of a comfortable and affluent society.

As a global company, awareness of and compliance with rules and social principles

Daifuku carries out fair and transparent corporate activities in compliance with relevant rules and social principles, both foreign and domestic, while taking fully into consideration international standards and norms from a global perspective.

Retaining stakeholder confidence

Daifuku highly values its stakeholders, such as the stockholders, customers, suppliers, and its employees, and seeks to build a healthy and good relationship with these parties.

Contribution to communities

Daifuku, as a good corporate citizen, makes a positive contribution to local communities.

Respect for the personality and individuality of each employee

Daifuku fully respects each employee's personality and individuality as essential components of a dynamic corporate culture.

Compliance with Environmental Laws and Regulations

[Observance status]

Fiscal 2008 saw no issues with respect to our conformity with relevant laws and regulations. We will continue to monitor the status of each of our units.

[Revision of laws and regulations, and other]

We monitor revisions to laws regarding environmental information and communicate these revisions to other units every September. Laws and regulations are responded to on a Companywide basis.

Information Security Efforts

Information Security Policy

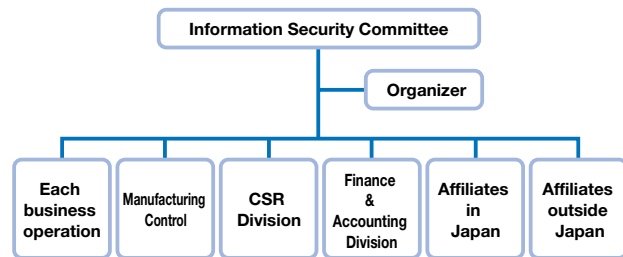
Based on revisions to laws related to information security, including the Personal Information Protection Law, Daifuku formulated and put into effect within the Company its own Information Security Policy in March 2005. Since then this policy has been carried out to properly manage and protect information assets, such as personal information and trade secrets handled by the Company.

In addition, the environment surrounding corporations continues to change rapidly, including the requirement of establishing an internal control system in line with the implementation of the Corporation Law and the Financial Instruments and Exchange Law in Japan. Accordingly, business risks are increasing and diversifying. Today, not merely an IT-related problem, information security is recognized as extending to corporate governance and compliance issues, and thus additional information security measures are being put into effect.

Information Security Management System

The Information Security Committee, as an implementing body of information security management, fulfills the role of reviewing and formulating Companywide rules and of reviewing, implementing and evaluating information security measures. In addition, four working groups—Rules & Operation; Global Response; Training and Public Information; and Operational Support—have been set up to implement information security initiatives in each of Daifuku's business operations, reporting on their activities at Companywide meetings held six times a year. Initiatives concerning business continuation and the maintenance of the internal control environment are conducted in collaboration with the Internal Audit Department and BCP Promotion Department. Furthermore, through information security audits, which are conducted as part of operational audits, Daifuku is working to disseminate and instill the importance of information security throughout the Company.

Information Security Committee Structure



Specific Measures Taken in Establishing Information Security

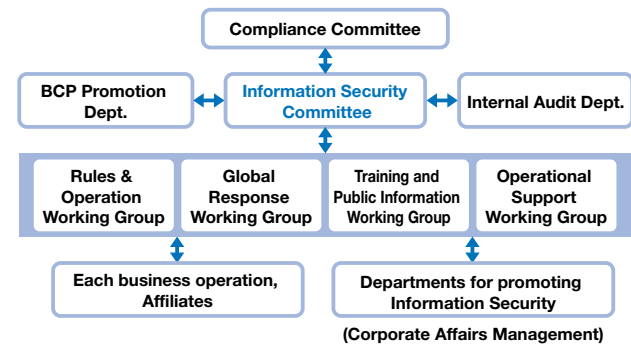
Daifuku undertakes wide-ranging information security initiatives under the slogans "Creating a zero-leak information climate" and "Creating zero-leak information mechanisms."

(1) Implementation of measures to prevent information leaks
Classifying information assets on a scale of four by degree of importance, Daifuku makes regular location data lists and accurately monitors the location of important information as well as information management status. System measures are also in place, including the close monitoring of computers being taken away from or brought back to Daifuku premises, rigorous encryption and limitations on the unauthorized use of computer connections.

(2) Information Security Training
From new recruits to executives, internal information security training is carried out in accordance with an annual plan. Particularly, from last year, Daifuku has introduced a system to display information on security-related questions on the monitors of individual Company PCs when they are booted up. Incorporated into daily operations, this system, along with other training programs, is helping enhance employees' awareness of information security. Furthermore, all those handling the information assets must attend uniform training, utilizing e-learning programs to train temporary staff.

(3) Global Response
Guidelines for preventing information leaks have been translated into several languages and implemented on a Companywide basis, including at global affiliates since December 2007. In addition, affiliates in China established Information Security Committees for their own activities. Daifuku will focus on bringing information security at each affiliate up to the level of operations in Japan.

Activity Framework



Comments from Environmental Activity Representatives

Promoting Environmental Activities through Companywide Subcommittees

Section manager
Hiroshi Nakano
Global Administrative Department, Osaka Headquarters

The Global Administrative Department is tackling the improvement of efficiency in Daifuku's overseas operations. Initiatives in this regard include environmental activities, such as the reduction of power and paper consumption. The Company works to identify environmental issues, and issue-specific subcommittees are established to search

for Companywide solutions for each issue. For example, in response to an increase in the number of Japanese staff members who go on overseas business trips, we have compiled and published a database of applicable information with the aim of shortening the time required for their preparations. Also, we have created a guideline for the use of English division names and job titles. Not only has this initiative helped shorten the time for searching such information at individual departments, it has contributed to a reduction in the use of paper due to a decrease in reprinting misprinted business cards.



Relationship with Employees

Human Resources Policy

In April 2003, Daifuku introduced a new human resources policy aimed at ensuring fair, performance-based compensation for all its employees. By basing personnel evaluation and compensation on the responsibilities of individual employees, Daifuku is working to create a workplace where all employees feel satisfaction and a sense of achievement through work and, consequently, are eager for new challenges. The Company thus encourages its employees to enhance their individual capabilities, which, in turn, reinforces its organizational functions and improves operational productivity. We believe that such a system contributes to the stronger performance of the Daifuku Group.

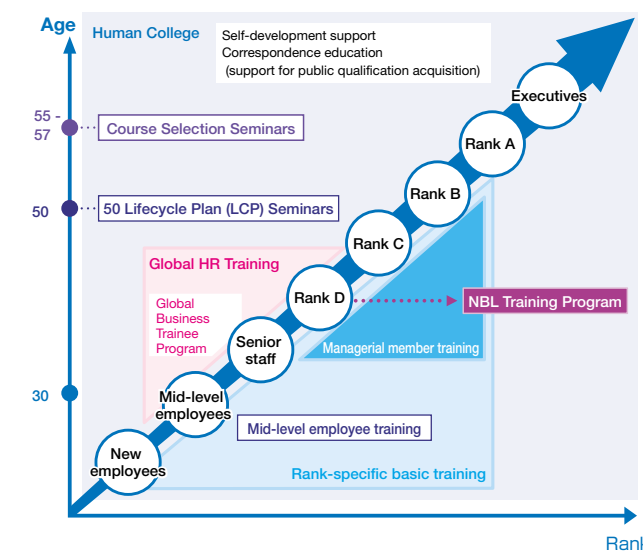
Under this system, managers sit down with their subordinates one on one to set individual annual goals, review and assess the employee's performance and set goals for the following year. In principle, evaluations are made based on individual employees' achievements relative to their set goals, with consideration also given to work processes and the difficulties their work entails.

In addition, as part of a company-revitalizing measure, Daifuku has opened a "Personnel Counseling Office" that serves as an easily accessible contact point for employees who have queries and problems. The office receives inquiries about the new HR policy, assessment and treatment issues, the workplace environment and health control while helping employees resolve their problems.

HR Training System

With the aim of facilitating efficient and effective HR training, Daifuku has formulated the Daifuku Group Basic HR Training Policy and implemented systematic and selective measures based on this policy. These measures include the provision of training programs tailored to each group of new employees, mid-level employees and managerial members. In particular, New Business Leader (NBL) Training Programs are offered to employees selected to receive the special training required to become division leaders. Furthermore, to secure overseas expatriate candidates with international business skills, the Company has established a Global Business Trainee Program, under which employees selected by each division receive one year of special training.

Daifuku HR Training System



Job Creation

The number of Daifuku Group employees, including those in Japan and around the world, has grown 30% over the last three years to approximately 5,700. The growth is primarily attributable to an increase in the number of Group companies, including global affiliates. In addition, Daifuku established three wholly owned subsidiaries in April 2005 for the rehiring of retired executives and employees. These subsidiaries are Daifuku Business Create Co., Ltd., which conducts marketing and engineering operations, Daifuku Manufacturing Expert Co., Ltd., which undertakes manufacturing operations, and Daifuku Field Engineer Co., Ltd., which provides construction and other services. Through these subsidiaries, the Company is leveraging the wealth of know-how and expertise experienced veteran staff can offer while ensuring this wealth is passed on to younger employees within the Group.

Daifuku is providing working opportunities to all types of employees after mandatory retirement at the age of 60 through Daifuku Business Service Corporation, the subsidiary in charge of Daifuku's administrative operations, and Daifuku Design and Engineering Co., Ltd., the subsidiary in charge of product design. Through these initiatives, we are flexibly tackling the employment issue related to the aging of Japan's baby boomers—a common issue all Japanese corporations are facing—by expanding options for applicable employees.

Mental & Physical Health Promotion Committee

The Mental & Physical Health Promotion Committee contributes to the creation of comfortable working environments by promoting and reviewing care-related initiatives in four areas of mental and physical health, specifically those taken by employees themselves, by managers and supervisors, by healthcare workers and by independent institutions and experts. As part of its efforts, the committee publishes a *Self-Care Handbook*, which is distributed to all employees to promote their mental and physical health.

Moreover, Daifuku has established health consultation offices at its Osaka Headquarters, Tokyo Head Office, Shiga Works and Komaki Works. Workplace physicians and nurses support employees in maintaining their health by providing healthcare guidance based on the results of physical checkups in addition to acting as counselors with whom employees can consult regarding mental and physical health.



Self-Care Handbook

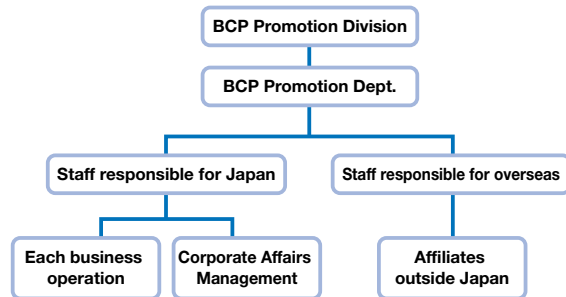
BCP (Business Continuity Plan) – Business Continuity Efforts

Companywide BCP Promotion

To fulfill the responsibility of stably providing products and services to its customers, Daifuku is proactively implementing its business continuity plan (BCP). This plan involves various initiatives, including the minimization of risks that may have significant impact on the Company's management and operation.

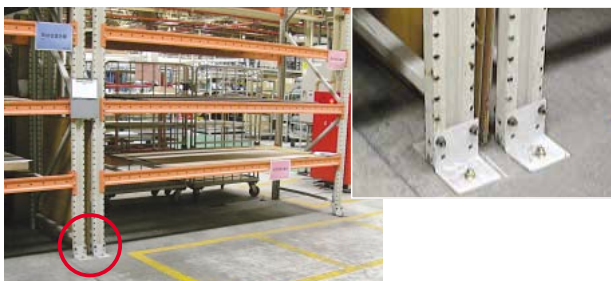
In April 2007, the Company established a structure aimed at promoting Companywide BCP and better preparing itself for various risks. Based on the structure, the Chief Risk Officer (CRO) is appointed as the head of the BCP Promotion Division, under which the BCP Promotion Department serves as the secretariat to coordinate activities among operations, departments and global affiliates.

BCP Promotion Structure



Measures Against Earthquakes

Daifuku is implementing various measures against possible earthquakes. Specifically, the Company has invited specialists to estimate the damage done to principal buildings and facilities when an earthquake of intensity 6 lower occurs. Based on the resulting estimates, we have reinforced buildings and facilities that have earthquake-resistance problems. Also, the specialists singled out certain machine tools and racks within factories and lockers and vending machines within offices that could fall should such an earthquake occur. Accordingly, we have anchored these objects using anchor bolts as a preemptive safety measure.



Fall-prevention using anchor bolts



Reinforcement braces (Factory C at the Shiga Works)

Countermeasures Against New Strains of Influenza

Daifuku has invited experts to hold in-Company seminars on flu pandemic outbreaks for internal managerial staff and representatives of our partner companies. These seminars have been held a total of six times at five locations: the Company's Shiga Works, Osaka Headquarters, Komaki Works, Tokyo Head Office and Kyushu Daifuku. In addition, we prepared and distributed a portable booklet *New Influenza BCP Handbook* that sets forth specific measures and codes of conduct for each outbreak level. Covering such subjects as infection prevention and countermeasures should infection occur, this handbook is expected to help minimize the damage of any new influenza pandemic on the Company's operations.

Furthermore, each business site of Daifuku has provided three-day reserves of face masks, antiseptics and food-stuffs.



New Influenza BCP Handbook

Message from CRO

Aiming to further increase the awareness of all associates of the BCP, occupational health and safety, and environment issues, Haruyoshi Amakusa, executive vice president and CRO, regularly delivers a video message pertaining to internal control to all Daifuku staff around the globe via the Company's intranet. We will continue this effort.



The Company's intranet

Column CSR Practices

Daifuku CRO Gives Lecture on BCP

On May 26, 2009, Chief Risk Officer Haruyoshi Amakusa gave a lecture on the theme of "Daifuku's Business Continuity Plan (BCP)" at a general meeting of the Japan Institute of Material Handling. By coincidence, May 16 saw the first outbreak of secondary new influenza infections in Japan—in Kobe—and, since then, the disease has spread slowly in various regions of Japan. Reflecting these conditions, CRO Amakusa's lecture, which covered the Company's measures against the pandemic, drew significant attention from the participants. Also in the lecture, he introduced Daifuku's BCP promotion structure, which was established in April 2007, actual measures against natural disasters and the new influenza epidemic, supply chain investigation and information collection as well as credit risk management.



Occupational Health and Safety Efforts

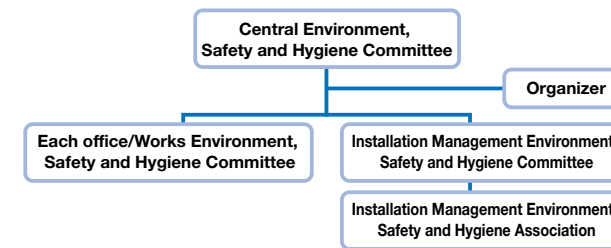
Central Environment, Safety and Hygiene Committee

Safety management is a paramount issue for Daifuku, and to promote this the Company has established a Central Environment, Safety and Hygiene Committee.

Daifuku adheres to the basic policy of "Promoting occupational safety and hygiene activities by emphasizing the importance of safety and health control." Accordingly, the Company has established an Environment, Safety and Hygiene Committee and an Installation Management Environment, Safety and Hygiene Committee in each region where it operates. These organizations collectively form a Companywide structure for effective administration. Moreover, with our partner companies these organizations are working in tandem, promoting activities aimed at improving the environmental, safety and hygiene aspects of the Company's operations.

In addition, Daifuku is constantly working to "realize a zero-accident workplace" and "halve traffic accidents." To this end, the Company continuously strives to improve its occupational health and safety management system, thereby promoting related activities on a Companywide scale.

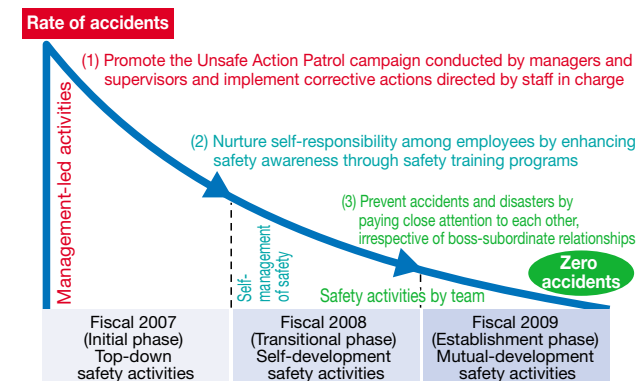
Companywide Environment, Safety and Hygiene Committee Structure



Top-Down to Mutual-Development Health and Safety Activities

Daifuku's health and safety activities were led by management in fiscal 2007, ended March 31, 2008, and the Company promoted self-management of safety in fiscal 2008. In the current fiscal year, ending March 31, 2010, we are taking an innovative approach to promote the mutual development of health and safety activities. This mutual development involves our partner companies that share information with Daifuku. Through information sharing, we will together eliminate hazard sources and unsafe actions and thereby aim to create a safe, worker-friendly environment. Through these initiatives, we are working to become a zero-accident company.

Elimination of Hazard Sources and Unsafe Actions

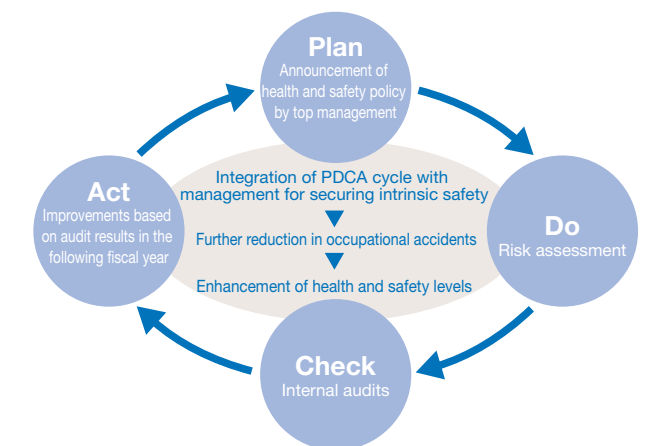


OHSAS 18001 Certification

With the aim of passing on a corporate culture that focuses on safety, identifying undiscovered risks, securing intrinsic safety and thereby obtaining an Occupational Health and Safety Assessment Series (OHSAS) 18001 certification, Daifuku has promoted the administration of its voluntary occupational health and safety management system and relevant activities. These efforts have borne fruit, allowing us to obtain the OHSAS 18001 certification granted by SGS Japan Inc. We will continue to undertake related activities to keep enhancing the trust that we earn from our stakeholders.

In addition, to further improve health and safety conditions in our operations, we will conduct risk assessment as one of our priority issues while planning to spread such an initiative to Group companies.

Plan-Do-Check-Act (PDCA) Cycle



Education and Training Programs

To reinforce its internal disaster prevention structure and facilitate effective initial responses to actual disasters, Daifuku conducts fire drills. Also, the Company has installed automated external defibrillators (AEDs) at individual offices. Providing basic lifesaving seminars, the Company is working to train its employees so that they will be able to save people's lives when necessary. Particularly noteworthy, the regional fire department has granted a certification to Daifuku's Shiga Works as a "Business Entity That Can Offer First Aid." Embracing such status, the Shiga Works, along with other Daifuku business bases, is contributing to higher safety and better hygienic conditions in local communities.



AED seminar



Certificate of "Business Entity That Can Offer First Aid" (Gatehouse at the main gate of the Shiga Works)

Communication Activities

Shareholders Invited to Tour Daifuku Facilities

In March 2009, Daifuku invited for the first time its shareholders to visit the Hini Arata Kan, a full-scale demonstration center for Daifuku products, designed to deepen understanding of the Company. Around 100 shareholders from Kanto, Kyushu and other regions came to take a rare look at our material handling systems.

After the exhibition, the guests boarded buses for a tour of the Shiga Works that included commentary on the special features of our factories and environmental measures. Many participants gave us positive feedback, saying that it was a very meaningful visit and an excellent opportunity to see and learn more about the actual workings of material handling systems.



Visitors at an AS/RS, the core of logistics systems

Introducing Our Business and Environmental Activities at Exhibitions

In May 2008, Daifuku participated in an industrial festival held at the Park Arena near its Komaki Works, and also in the Messe Nagoya, an event held in September at the Port Messe Nagoya international exhibition space. At these events, the Company used videos and exhibit panels to showcase its business and environmental efforts to visitors. Our participation in these events successfully fostered communication with local residents and raised awareness of material handling systems.



Daifuku's booth at Messe Nagoya 2008, which had 45,000 visitors

Charity Bowling Event

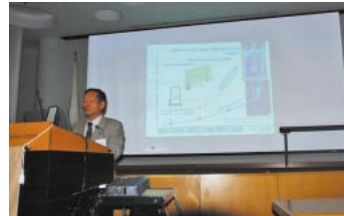
Daifuku lent its support to the Shimbashi-Koichi Festival held in July 2008 at the SL plaza in front of Shimbashi station in Tokyo. The Company set up one of its products, Highway 66 miniature bowling lanes, which were enjoyed by many children and adults alike. All proceeds from the ¥100 fee for two throws were donated to the Special Olympics Nippon non-profit organization.



Highway 66 miniature bowling alley

Demonstrating the Value of Material Handling Systems at International Symposiums

In June 2008, Daifuku participated in the International Symposium on Flexible Automation at the Georgia Institute of Technology in the United States. The president of Daifuku Institute of Technology and Training Co., Ltd. (one of Daifuku's affiliates) talked about Material Handling and Beyond as the keynote speaker of the event, emphasizing the role and value of material handling systems in society.



Keynote speech by the president of Daifuku Institute of Technology and Training

Giving Advice to New Graduates at Seminars

In June 2008, a Daifuku staff member participated in a seminar for new graduates in Hino town near Shiga Works, where he provided advice to the graduates on their roles and responsibilities as new members of society.



Presenting a lecture to 50 new graduates

Events Held for Employees and Their Families

Daifuku provides its employees and their family members with the opportunity to tour its full-scale showroom, Hini Arata Kan, every year. The latest tour, the 13th such event, was held on two occasions in July and August 2008. A total of 66 families, or 250 people, participated in the event.

In Osaka, Tokyo, Shiga and Komaki, Daifuku holds a variety of events for the well-being of its employees and managers. In fiscal 2008, the Company offered members of its employee union opportunities to enjoy night cruises and bus tours to theme parks with their families in addition to a Christmas festival.



Tokyo area event: Boso fishing tour



Shiga area event: Christmas festival in Ohmi

Contributing to the Community

Wheelchair Lift-Equipped Vehicle Donated to Care Facilities

In August 2008, Daifuku donated a care-provider vehicle equipped with a wheelchair lift made by the Company to a nursing home in Hino Town. Company employees were asked what the Company should do to commemorate its 70th anniversary in 2007, and this was one of their ideas for giving something back to society.



Commemorative key presentation ceremony

Daifuku Hope Elementary School Opening Ceremony in Inner Mongolia, China

In October 2008, an opening ceremony was held for the Daifuku Hope Elementary School in Zhuozi, Inner Mongolia that was built in part with donations from Daifuku. The construction was undertaken to commemorate the 70th and 5th anniversaries of the establishment of Daifuku Co., Ltd. and its affiliate Daifuku (Shanghai) Ltd., respectively. Daifuku Shanghai conducts marketing and servicing related to logistics systems in China. Daifuku has constructed the school buildings jointly with the county government, contributing half the construction costs (approximately 4 million yen).



About 150 people were present at the ceremony

Second Bowling for Health Booklet Published

The Daifuku BM Association, which is made up of members from bowling centers where the Company has installed its bowling alley equipment, published its second *KAREI* booklet explaining the health benefits of bowling from a scientific perspective.

Authored and edited by Professor Tanaka at the University of Tsukuba, the latest booklet talks about ways of staying fit with a formula where physical strength age and metabolic factors should be considered. It promotes bowling and other light exercise as ways to prevent common diseases that afflict adults.



The booklet entitled *KAREI* (A4-size, full-color, 28 pages)

Participation in Local Beautification and Cleanup Activities

Since December 2001, personnel at the Shiga Works participate in once-a-month post-lunch and after-work cleanup activities called "Ohmi Eco-Foster" along a national route and other areas surrounding the Works. In addition, we participated in the Hino Town, Shiga Prefecture, "Shakunage-kei (Rhododendron Gorge)" (which is noted as a tour spot) maintenance and cleanup activities. The *Shiga-Hochi Shimbun*, a local newspaper, ran a front-page article about the cleanup activities, which took place this year on a rainy day.

Employees from the Tokyo Head Office, Komaki Works and Fujisawa Office also participated in cleanup activities and transportation safety initiatives as a part of our efforts to contribute to local communities.



Maintenance and cleanup work under way at Shakunage-kei (Rhododendron Gorge)



Cleanup activities in the areas surrounding the Komaki Works and Tokadai Dorm



Initiatives by the Fujisawa Office to promote pedestrian safety

Appreciation Plaque for Actively Participating in Blood Drive

Daifuku promotes blood donation by employees at its main work-sites every year. During fiscal 2008, the Shiga Works and the Komaki Works held Group blood drives with donors totaling 110 and 81 employees, respectively. Meanwhile, 45 Tokyo Head Office and 27 Osaka headquarters employees donated their blood.

Interaction with Local Citizens

The Shiga Works hosts gateball* competitions twice per year. First held in 1992, the tournament has been an excellent way for Daifuku employees to mingle with local citizens and enjoy the outdoors together for the past 17 years. In fiscal 2008, about 60 people took part in the tournament.

*A game invented in Japan, similar to croquet

Quality Management System

Cross-Divisional Quality Control System

As Daifuku's business strength is underpinned by its divisions, cross-divisional relations hold the key for the Company's success. Therefore, the Company promotes cooperation among the individual operations handling marketing, engineering, design, purchasing, manufacturing, installation and service provision, and quality control through Quality Task Forces established at all divisions.

The Quality Task Forces formulate Companywide, cross-divisional rules regarding quality while working to address other quality-related issues.

Quality Management Education and Training

In order to fortify and promote its manufacturing concept and basic production method D-MAND*, Daifuku has established the D-MAND Promotion Center within the Shiga Works, where it holds seminars, training, practice sessions and competitions for personnel in manufacturing divisions. It has also created in-house skill evaluation systems and periodically administers skill evaluation tests that help to continuously improve the technologies and skills necessary to produce Daifuku products. Overseas, Daifuku has been promoting unified quality assurance for its products by having manufacturing experts periodically visit local plants and conduct skill assessments and training.

*D-MAND: Daifuku Manufacturing and Design System



Assembly skills qualification test



Training at a plant in Thailand

Product Risk Assessment

At its Engineering Division and Design Division, Daifuku conducts risk assessments of newly developed products and existing equipment based on internal rules in order to ensure the highest level of product safety.

At the D-MAND Promotion Center, internal and external experts educate Daifuku employees about product safety, strategically fostering a next generation of young engineers.

Improvement Proposals, Small Group Initiatives

Daifuku encourages the creation of improvement proposals and small group initiatives to help improve the workplace and come up with creative ideas. The improvement proposals have become more numerous with each passing year, reaching almost 5,000 in fiscal 2008.

Small group initiatives are announced once a year at the Small Group Initiative Presentation Event, with teams from various divisions presenting the results of their daily activities. Major improvements announced at the event are spread to other divisions, and lead to the next round of improvements. At the contests, the Company's management provides advice to each small group, leading to the improvement of overall operations. These seemingly trivial, but actually productive efforts have resulted in some Daifuku employees receiving the Prize for Creativity from the Minister of Education, Culture, Sports, Science and Technology, demonstrating the high external recognition these activities receive.



Small Group Initiative Presentations

24-Hour Support and Services

In line with the adoption of supply chain management over the past few years, companies in all sectors of the economy have sought to reduce their inventories to the minimum level necessary. With this trend, it has become crucial that logistics systems operate stably and are able to quickly deliver products at the necessary time and in the necessary quantities.

Daifuku opened its System Support Center (SSC) in 1993 as a 24-hour call center to support the stable operation of its customers' facilities. In 2003, the SSC was moved to the comprehensive service center at the Shiga Works, where 20 engineers stand by to answer calls from customers. The SSC has a call center system that shares and visualizes information with 50 service offices throughout Japan, and coordinates with relevant divisions. With warning systems and services that monitor equipment conditions at customer sites, Daifuku is focused on ensuring the stable operation of its products and systems.



System Support Center

Supplier Partnership

Procurement Basic Policy

In order to provide products that satisfy customers, Daifuku has formulated a Procurement Basic Policy that fulfills its social responsibilities with suppliers.

Procurement Basic Policy

1. Win-win partnerships

Daifuku is proud of its win-win partnerships.

2. S.Q.C.D.E. (Safety, Quality, Cost, Delivery, and Ecology)

Daifuku selects suppliers with the aim of improving S.Q.C.D.E. The Company collaborates with its suppliers to preserve the global environment by issuing green procurement guidelines that take a global perspective.

3. Compliance

Daifuku's compliance initiatives emphasize information security and compliance with subcontracting- and procurement-related laws and regulations.

4. Information Technology (IT)

Daifuku has been promoting information technology as a way to enhance precision and efficiency in business transactions.

5. Procurement in optimal locations worldwide

Customers and markets are expanding on a global basis. Suppliers and customers in Japan and around the world want to optimize their operations.

Procurement Qualification Tests

Procurement is an important business function that directly impacts the financial statements of a company. Alongside its compliance efforts, Daifuku has introduced an Employee Procurement Qualification System that trains employees involved in procurement to follow certain practices.

The Company currently has 76 personnel who have passed Level 1 (basic knowledge) of the qualification system and 42 personnel who have passed Level 2 (intermediate). It plans to start a Level 3 certification for expert qualifications.

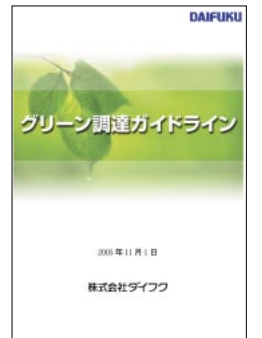


Qualification certificate

Green Procurement Addressed in the Supply Chain

The globalization of the world economy and the close scrutiny to which environmental issues are subjected demands controls and bans on the use of hazardous substances, particularly those that have an effect the human body or the environment.

Daifuku encourages green procurement among its suppliers based on the Green Procurement Guidelines that the Company issued in November 2005. Daifuku focuses on such issues as the switch to trivalent chromium in place of hexavalent chromium and lead-free materials. Procurement Guidelines that the Company issued in November 2005. Daifuku focuses on such issues as the switch to trivalent chromium in place of hexavalent chromium and lead-free materials. It also educates employees on harmful substances and complies with RoHS Directives and REACH Regulations.



Excellent Supplier Companies Presented with Supplier Quality Development (S.Q.D.) Awards

We ask for the cooperation of our business partners in helping us maintain our green procurement activities. In fiscal 2003, we formulated a supplier evaluation system, and, in order to recognize suppliers with excellent performance records, we created the S.Q.D. Award. In fiscal 2009, the sixth year, Daifuku granted the award to 7 of 270 goods-related (including processing and controlled production) and construction contract-related companies.



S.Q.D. Award

Comments from Environmental Activity Representatives

Proposing ideas that help the environment in all systems

Engineering group manager
Masayuki Miyashita
AFA Sales Division, Tokyo Head Office

In AFA Operations, automakers who are environmental leaders are the Company's main customers. My section proposes products and systems that meet customer needs, and these activities lead to orders. Recently,

customers have been very interested in energy conservation technologies. Even if a single product helps conserve energy, it can be the case that the overall system is wasteful of energy. In addition to engineering, we offer optimized proposals while explaining our products and systems in detail to ensure customer understanding. Business conditions change every day. We are doing our best to increase the number of environmentally friendly products that are supplied to customers.



Our Thinking about Environmental Activities

Aiming to Improve S.Q.C.D.E. Systems

Environmental Officer in Charge

Takahiro Taniguchi

Managing Director
COO of Production & Services
Chief Officer of Shiga Works



As a global company, Daifuku supplies material handling systems to customers in all industrial sectors around the world. The Company maintains production bases in various regions in an optimal global production structure in order to rapidly meet customer needs. In the global market of today, our highest priority is customer satisfaction with the Daifuku brand, and we sustain the highest level of S.Q.C.D.E. (safety, quality, cost, delivery and ecology) with regard to all products shipped from our production sites around the world. With the Shiga Works as a core factory, we strive to unify methods and activities at each of our production bases, a goal that is difficult to achieve and that must be approached not as an ideal to

aim toward but as a foremost objective to be attained and maintained.

Currently Daifuku has ISO 9001 and ISO 14001 certified management systems at all major bases across the globe, as a principal means for enhancing efficiency in production and making ongoing improvements in operations. In March 2009, the Company acquired OHSAS 18001 certification for its major offices in Osaka, Tokyo, Shiga and Komaki, putting in place a tripartite management system for enhancing safety, quality and the environment. Daifuku is well-positioned to fulfill its social responsibilities through these management systems.

Daifuku believes that the core tenets of management are safety, quality and the environment, and has established environmental objectives, including the prevention of global warming (reduction of CO₂ emissions), reduction of waste, promotion of green procurement and provision of environmentally friendly products. While constantly working to improve operations across the Group, we carry on the corporate culture that makes Daifuku a good citizen in this regard.

Corporate activities and manufacturing are enhanced by the experiences and skills of people. At the D-MAND* Promotion Center, we provide employees from worldwide with technical skills training, and hold an annual World Skills Competition that pits our best manufacturing technicians and engineers against each other. By holding these events, we aim to improve the technical strengths and skills of our employees and become a unified, single global company.

We will also accelerate efforts to improve S.Q.C.D.E. as part of our ultimate aim of becoming the number one material handling company in the world.

*D-MAND: Daifuku Manufacturing and Design System

Environmental Management System

Daifuku aims to improve group environmental performance by integrating its environmental management systems in Japan. The Company maintains environmental management systems headed by regional environmental managers that are evaluated twice a year by the president and management in terms of progress

toward meeting fiscal-year targets.

We have also put in place task forces in charge of addressing issues that affect all aspects of operations, such as waste management, energy usage, harmful substance management and water quality management.



ISO certification sign on display at the Shiga Works

Environmental Management Promotion Structure



Environmental Activity Report

Environmental Management Systems

ISO Certification Acquisition

In 1999, the Shiga and Komaki Works both acquired ISO 14001 certification, in 2004 the Osaka Headquarters, Tokyo Head Office and Tokai Office, and in 2008 the Fujisawa Office, Yokohama Office, Konosu Office and our subsidiary Osaka Machinery Works Co., Ltd. obtained certification. Through these achievements, Daifuku has established a Companywide, ISO-based environmental conservation network.

Also, at affiliates outside Japan serving as Daifuku production bases, the Company is promoting the acquisition of ISO certification to enable the provision of high-quality, environmentally friendly material handling systems and equipment. To date, a total of eight affiliates operating in the United States, South Korea, China, Taiwan and Thailand have acquired ISO 14001 certification.

Environmental Auditing System

The Daifuku Group periodically undergoes external audits wherein a certified agency ensures that the Company's environmental management system is being appropriately implemented and maintained. At the same time, the Company conducts internal environmental and ISO 9001 (quality management system) audits of the individual operating units of each division.

As of March 2009, Daifuku had a total of 536 registered internal environmental auditors in place. The Company provides these internal auditors with regular training programs presented by external and internal lecturers as well as opportunities to exchange information with each other. Through stringent audits achieved by these initiatives, we are working to continuously improve our environmental management system. Internal audit results are analyzed and then reported on in biannual management reviews, and necessary improvement measures are implemented.

Environmental Audit Results

External audit	2006	2007	2008
Significant issues identified	0	0	0
Minor issues identified	1	4	0
Issues on watch	12	25	20

Internal audit	2006	2007	2008
Minor issues identified	74	31	21
Issues on watch	35	68	49



Corporate information exchange meeting of internal auditors



Management review in progress

Environmental Education and Training

With the aim of enhancing its employees' understanding of the environmental management system and promoting proactive environmental activities at individual workplaces, Daifuku provides environmental education and training for its all employees.

In addition to these efforts, Daifuku is striving to enhance its customers' and suppliers' awareness of environmental conservation through the periodic display of posters on environmental subjects and the utilization of its intranet.



Eco News, published for employees' environmental education

Emergency Preparedness

All divisions have identified potential emergency situations that may affect Group companies' local operating environments, including earthquakes, fires, floods and spills of hazardous substances. For each of these identified emergencies, the Company strategically conducts drills following specified procedures.

In fiscal 2008, Daifuku held emergency training sessions for the manufacturing divisions of all its businesses, improved collaboration between divisions and strengthened the preparedness structure by encouraging the exchange of opinions.



Emergency drill for oil spills at the Shiga Works

Environmental Objectives and Targets

The following tables show environmental information related to the Group's five principal operating bases: the Osaka Headquarters, the Tokyo Head Office, the Shiga Works, the Komaki Works, and the Tokai Office.

Fiscal 2008 Environmental Objectives and Targets

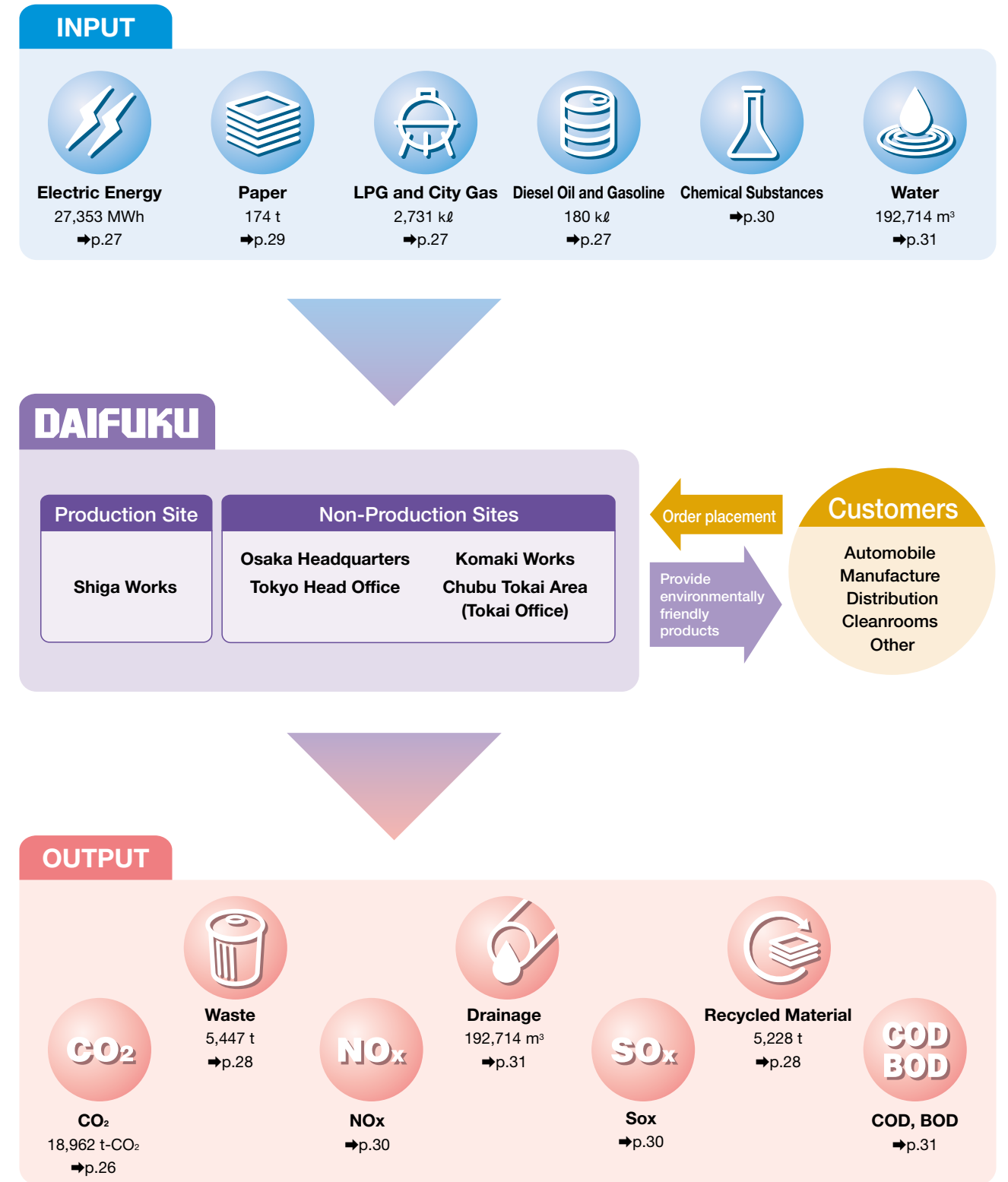
	Objectives & Targets (FY2007 to FY2009)	Objectives & Targets (FY2008)	Result in FY2008	Details
Environmental conservation	- Emphasize emissions control - Observe environmental laws and regulations	- Selective control of emission sources, stringent monitoring of processing facilities - Enhancement of legal observance monitoring and measuring systems	Achieved	→pp30, 31, 13
Prevention of global warming	[Shiga Works] Reduce fiscal 2009 CO ₂ emissions 10% from the fiscal 2006 level [Other sites in Japan] Reduce fiscal 2009 CO ₂ emissions 6% from the fiscal 2006 level	[Shiga Works] Reduce CO ₂ emissions 6% from fiscal 2006 level [Other sites in Japan] Reduce CO ₂ emissions 4% from fiscal 2006 level	Achieved	→pp26, 27
Waste reduction	- Reduce fiscal 2009 total waste 20% from the fiscal 2006 level	- Reduce total waste 14% from the fiscal 2006 level	Not achieved	→pp28, 29
	- Recycle 98% of total waste by fiscal 2009	- Recycle 97% of total waste	Not achieved	
	- Reduce scrap volume (at production bases only)	- Reduce scrap volume (at production bases only)	Achieved	
	- Reduce fiscal 2009 paper consumption 10% from the fiscal 2006 level	- Reduce paper consumption 6% from fiscal 2006 level	Achieved	→p29
Promote green procurement	- Prohibit the use of hazardous substances - Assist and guide suppliers and subcontractors	- Promote the procurement of materials and parts which contain no hazardous substances (begin process certification) - Promote guidelines for green procurement - Continue to assist and guide suppliers and subcontractors	Almost achieved	→pp21, 30
Provide environmentally conscious products	- Conduct product assessment - Expand number of products labeled as eco-products	- Assess from the product development stage - Improve products' energy- and resource-saving properties, recyclability and manufacturing conditions	Not achieved	→p9
Expand and strengthen environmental management	Improve employees' environmental awareness	- Accelerate rank-specific employee education on an environmental management system through training programs - Continue to reinforce environmental projects	Achieved	→p23
	Promote environmental contribution and external communication	- Continue to publish social & environmental reports - Enhance communication with local communities	Achieved	→p19
	Expand environmental certification acquisition (in terms of both the number and scope)	Support the acquisition and administration of ISO certification at global affiliates and Japanese offices	Achieved	→p23

Fiscal 2009 Environmental Objectives and Targets

	Objectives & Targets (FY2007 to FY2009)	Objectives & Targets (FY2009)
Environmental conservation	- Emphasize emissions control - Observe environmental laws and regulations	- Selective control of emission sources, stringent monitoring of processing facilities - Enhancement of legal observance monitoring and measuring systems
Prevention of global warming	[Shiga Works] Reduce fiscal 2009 CO ₂ emissions 10% from the fiscal 2006 level [Other sites in Japan] Reduce fiscal 2009 CO ₂ emissions 6% from the fiscal 2006 level	[Shiga Works] Reduce CO ₂ emissions 6% from fiscal 2006 level [Other sites in Japan] Reduce CO ₂ emissions 6% from fiscal 2006 level
Waste reduction	- Reduce fiscal 2009 total waste 20% from the fiscal 2006 level	- Reduce total waste 20% from the fiscal 2006 level
	- Recycle 98% of total waste by fiscal 2009	- Recycle 98% of total waste
	- Reduce scrap volume (at production bases only)	- Reduce scrap volume (at production bases only)
	- Reduce fiscal 2009 paper consumption 10% from the fiscal 2006 level	- Reduce paper consumption 10% from fiscal 2006 level
Promote green procurement	- Prohibit the use of hazardous substances - Assist and guide suppliers and subcontractors	- Promote the procurement of materials and parts that contain no hazardous substances - Promote guidelines for green procurement - Continue to assist and guide suppliers and subcontractors
Provide environmentally conscious products	- Conduct product assessment - Expand number of products labeled as eco-products	- Assess from the product development stage - Improve products' energy- and resource-saving properties, recyclability and manufacturing conditions
Expand and strengthen environmental management	Improve employees' environmental awareness	- Accelerate rank-specific employee education on an environmental management system through training programs - Continue to reinforce environmental projects
	Promote environmental contribution and external communication	- Continue to publish social & environmental reports - Enhance communication with local communities
	Expand environmental certification acquisition (in terms of both the number and scope)	Support the acquisition and administration of ISO certifications at global affiliates and Japanese offices

Business Operation Material Balance

Daifuku engages in a wide range of business operations at home and abroad as a manufacturer of a comprehensive range of material handling systems and equipment. We use objective numerical measures to identify various environmental impacts generated by such company activities and plants at all levels of life cycle in order to minimize any impacts through monitoring and analyzing current conditions.



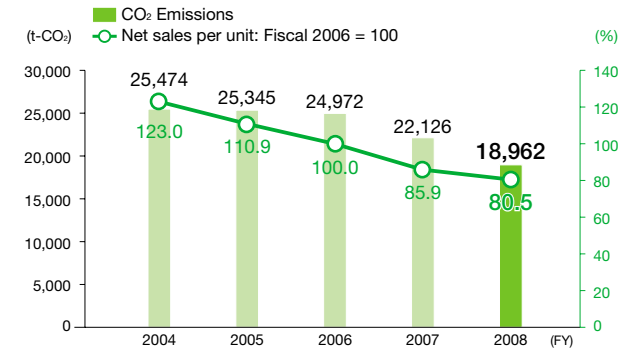
● CO₂ (Carbon Dioxide)
● NO_x (Nitrogen Oxide)
● SO_x (Sulfur Oxide)
● COD (Chemical Oxygen Demand)
● BOD (Biochemical Oxygen Demand)

Energy and Resource Conservation

Carbon Dioxide (CO₂) Emissions and Reduction Measures

The Daifuku Group uses finite fossil fuel resources and generates greenhouse gases such as CO₂ in the course of its operational activities, which include product development, manufacture and sales. Acutely aware of the real burden this places on the environment at each stage, we make conscious daily efforts toward achieving our own reduction targets and those set for Japan in the Kyoto Protocol. In fiscal 2008, the Company was able to reduce emissions 19.5% compared with fiscal 2006 in terms of net sales per unit.

CO₂ Emissions



	FY2007	FY2008
Companywide	22,126	18,962
Osaka Headquarters	693	749
Tokyo Head Office	214	230
Shiga Works	20,132	16,967
Komaki Works	875	813
Tokai Office	212	203

Environmental Impact of Transportation Operations

Daifuku has tackled the reduction in CO₂ emissions by grouping its logistics operations at the Shiga Works; centralizing the management of shipment information; improving transportation methods; and enhancing efficiency by, for example, reducing the space needed to store freight by reviewing and redesigning products to make them smaller. Daifuku has reduced CO₂ emissions as a unit of sales by 24.4%, using fiscal 2006 as the base year.

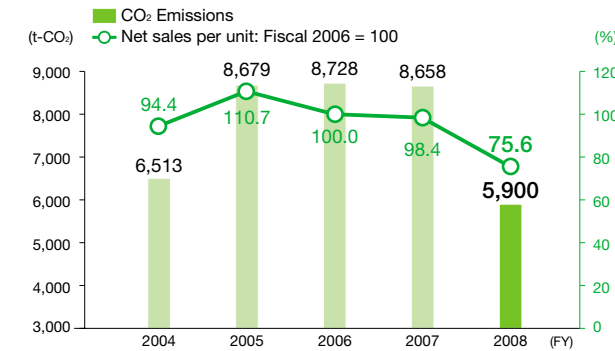
Truck Numbers, Mileage, and CO₂ Emissions

	FY2007	FY2008
CO ₂ emissions (t-CO ₂)	8,658	5,900
Mileage (km)	8,199,151	5,587,509
Truck numbers (in 10 tons)	22,945	15,705

Glossary

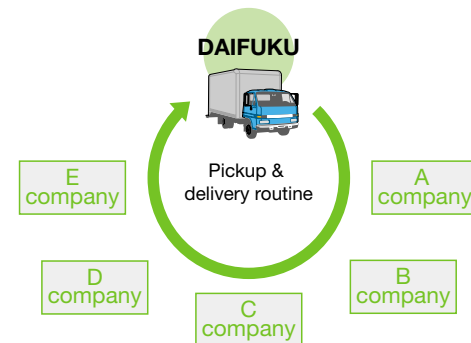
***Milk run method:** One truck makes the rounds of the suppliers to pick up cargo that had previously been delivered by separate trucks from each supplier. The resultant improvement of load efficiency contributes to the reduction of fuel consumption and CO₂ emissions.

CO₂ emissions from transportation



Sharing Transportation Resources

In partnership with suppliers, Daifuku collects and delivers parts and materials in a way that reduces costs and allows for precise delivery management. Rather than each supplier sending a truck to deliver cargo, the Company aims to consolidate and streamline logistics by having one truck make the rounds of the various suppliers, coordinating this activity via the centralized management of shipping information and control of the volume of goods handled. This system naturally reduces logistics costs and lowers CO₂ emissions throughout the supply chain, helping to prevent global warming.



One truck makes the rounds to each supplier in a region for pickups and deliveries. (Milk run method*)

Modal Shift**

Our customers have been working to reduce the emission of CO₂ during shipping by favoring the use of marine and railway transportation. In fiscal 2008, cargo transportation via railroad had doubled from the previous fiscal year. Daifuku is also using modes of transportation with less impact on the environment, while balancing delivery schedules, cargo volume and costs.

****Modal shift:** A shift to modes of transportation with lower environmental impact, such as railroads and ships, to transport cargo. By switching from trucks to ships and trains, it is possible to transport cargo with fewer CO₂ emissions and less impact on the environment as well as to improve transportation efficiency by transporting larger volumes at one time and avoiding traffic jams.

Energy Conservation Efforts

Balancing Electricity Consumption Reduction with Visitor-Friendly Lighting

At the Hini Arata Kan material handling exhibit site at the Shiga Works, we use bright, long-lasting ceramic lighting that uses less electricity than traditional lighting for the exhibits. We use reflective lamp shades to increase brightness and create a pleasant space for visitors while helping to reduce resource usage and CO₂ emissions.



Mercury lamps were replaced with more efficient lamps on the showroom floor



Emergency signs and lighting were replaced with LEDs

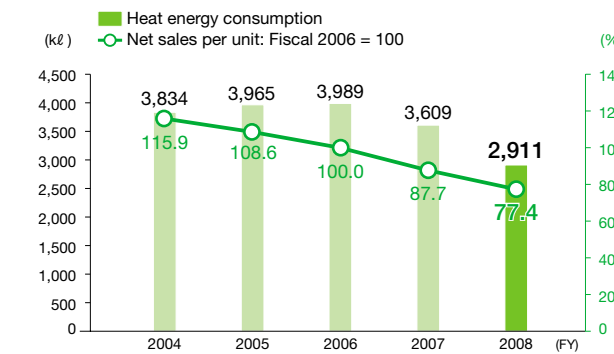
Using Solar Power to Conserve the Environment

The lights along the employee-friendly walkway, Yasuragi Road (see page 32), at the Shiga Works are powered by solar energy. The road is lit at night by solar energy accumulated and stored during the daytime. We continue to find new ways to use clean energy as a way to show our appreciation of the natural environment that surrounds the Shiga Works.



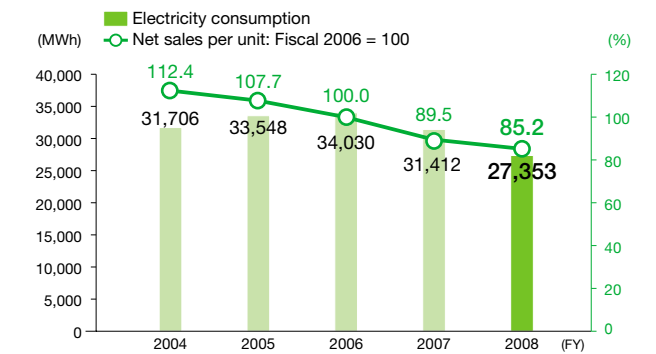
Lighting along the Yasuragi Road

Heat Energy Consumption



	FY2007	FY2008
Companywide	3,609	2,911
Osaka Headquarters	12	13
Tokyo Head Office	0	0
Shiga Works	3,357	2,732
Komaki Works	198	130
Tokai Office	42	36

Electricity Consumption



	FY2007	FY2008
Companywide	31,412	27,353
Osaka Headquarters	1,630	1,619
Tokyo Head Office	533	541
Shiga Works	27,901	23,797
Komaki Works	1,108	1,167
Tokai Office	240	229

Comments from Environmental Activity Representatives

Returning to the Basics and Visualizing Energy Usage

Assistant manager
Manabu Hayashi / Hisae Sukekawa
General Affairs Department, Tokai Office

At the Tokai office, business divisions worked to conserve energy and make company vehicles more environmentally friendly, and as a result it achieved its three-year goal of reducing CO₂ emissions to

20% below fiscal 2006 levels ahead of schedule. However, only so much can be accomplished through such efforts, so we have returned to the basics and launched an initiative to ascertain energy usage at each office. First, we refined the list of activities and determined current energy usage. Now, all of our employees are more motivated to achieve higher levels of energy conservation and comply with the revised energy conservation law.



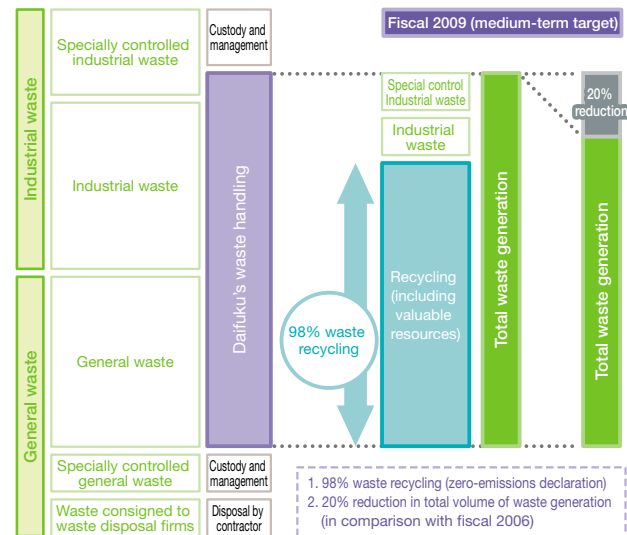
Waste Reduction

Waste Reduction Target Toward Zero-Emissions

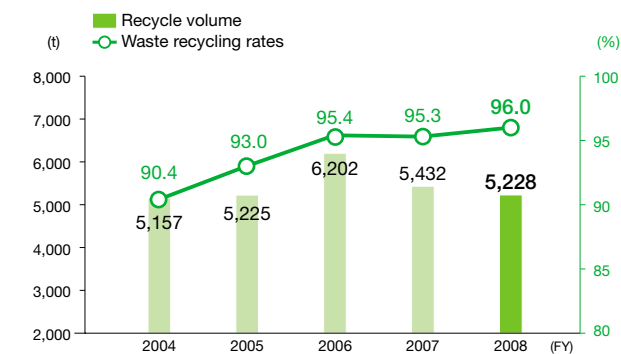
In order to create a society in harmony with the environment, it is important to avoid waste when possible, minimize waste when it is unavoidable and recycle all waste that is generated. Daifuku has set a medium-term target of reducing waste emission to 20% below fiscal 2006 levels by fiscal 2009, and promotes zero emission initiatives with the aim of recycling 98% of the waste that is produced.

In fiscal 2008, Daifuku reduced total waste volume as a unit of sales by 11.2%, short of its goal of a 14% reduction from fiscal 2006 levels, so there is still room for improvement. The Company was also unable to achieve its target for recycling 97% of its waste in fiscal 2008, but it did recycle 96%.

Definition of Waste and Reduction Targets



Waste Recycling Rates



Waste collection vehicle at the Shiga Works

Daifuku's Responsibility for Ensuring Waste Disposers' Appropriate Operations

Daifuku generates industrial waste at each stage of manufacturing, and takes responsibility for making sure this waste is properly disposed of. Main offices and divisions that emit waste periodically visit the companies they hire to collect and dispose of the waste to make sure that these tasks are carried out in a proper manner.



Industrial waste patrol

Total Waste Generation



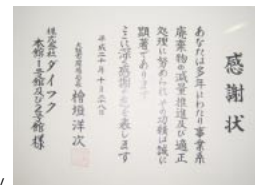
	FY2007	FY2008
Companywide	5,698	5,447
Osaka Headquarters	148	249
Tokyo Head Office	51	50
Shiga Works	5,299	4,995
Komaki Works	184	135
Tokai Office	16	18

Column CSR Practices

Buildings Designed to Reduce Waste

In October 2008, Daifuku's Osaka Headquarters received an award for its excellent building, which has been designed to reduce waste, from the head of the environmental bureau of Osaka City.

This annual award is given only to exemplary business offices that, based on unannounced inspections of commercial waste management on the premises, receive passing grades and are scored to have practices that rate better than the national average in terms of volume of waste generated and proper handling of disposal. Buildings that win the award for five years straight are recognized by the head of the environmental bureau with a special letter of appreciation. This time, 68 companies received this prestigious award, including Daifuku.

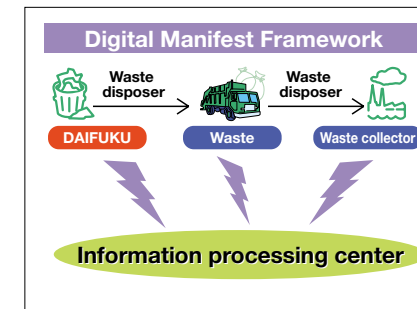


Letter of appreciation from Osaka City

Digital Manifests

At the Shiga Works, which produces about 90% of the Group's industrial waste, Daifuku uses digital manifests to centralize information management and enhance the transparency of waste-related data. By digitizing data on the disposal of industrial waste, the system allows waste emitters, waste collectors and waste disposers to exchange information over networks via the information processing center. Under the New Information Technology Reform Strategy created by the national government, the goal is to promote the usage of digital manifests to 50% by fiscal 2010.

At the Shiga Works, digital manifests are used approximately 60% of the time, and plans call for expanding their usage to other Group facilities.



Digital manifest

Reducing Paper Consumption and Recycling

Daifuku believes that wasteful paper use imposes a significant negative impact on the environment, causing forest destruction and, consequently, an increase in atmospheric CO₂ levels. Based on this belief, the Company is promoting paper recycling by setting targets for reducing paper consumption.

For example, the Shiga Works recycles used copy paper as high-grade wastepaper and old newspapers, pamphlets and paper folders as mid-grade wastepaper. Through these activities, all the wastepaper that Daifuku generates is recycled into new paper products.

The Company had worked to achieve the fiscal 2008 target of reducing paper consumption to 6% below the fiscal 2006 level. In the end, our paper consumption actually decreased 10%. With the aim of reducing paper consumption, we will further promote the digitization of various forms and ledgers and "paperless meetings" in which no paper handouts are distributed.

Wastepaper is shredded at all of our business offices and transformed into toilet paper by recyclers that collect the wastepaper.



High-grade wastepaper shredder

Paper Consumption

	FY2004	FY2005	FY2006	FY2007	FY2008
Companywide	155	174	193	207	174
Osaka Headquarters	15	17	18	25	20
Tokyo Head Office	13	12	14	16	14
Shiga Works	84	97	143	149	125
Komaki Works	37	41	11	10	9
Tokai Office	6	7	7	7	7

Innovations in Packaging Materials —Turning Waste into Valuable Materials

Previously, Automotive Factory Automation Operations used wooden pallets to ship products on a daily basis. Not only are wooden pallets expensive as they are easily damaged and cannot be reused, they become industrial waste on disposal. Reinforced corrugated fiberboard packaging materials are an attractive alternative, particularly because customers can dispose of them as regular waste, and because they can be recycled as a valuable material. Reinforced corrugated fiberboard is also lighter, safer and takes up less space during storage.

By using such packaging materials, we were able to increase load efficiency and reduce the number of delivery trucks, which, in turn, reduces exhaust gas and CO₂ emissions for a lighter impact on the environment. When shipping goods overseas, reinforced corrugated fiberboard was used in some regions as a replacement for wooden pallets that needed fumigation. We are working to transfer these advantages to other business divisions.



Shipments in reinforced corrugated fiberboard packaging materials

Comments from Environmental Activity Representatives

New Komaki Office Building Has Environmentally Friendly Features

Senior coordinator
Mikihiko Nagasaka
General Affairs Department, Komaki Works



The office of the Komaki Works moved to a new building in August 2008. The old office building, built in 1970, had asbestos and lighting fixtures that contained PCBs. As the building was disassembled, each asbestos panel was carefully removed and properly disposed of and the lighting fixtures were removed one by one and handled appropriately.

The lighting at the new office building uses inverters to adjust light levels and thereby reduce CO₂ emissions to help prevent global warming.

Pollutant Emission Reduction and Control

Chemical Substance Management

Daifuku uses a variety of chemical substances. The Company thoroughly manages the handling and usage of special chemical substances designated under the Pollutant Release and Transfer Register (PRTR) Law*.

Daifuku has placed Material Safety Data Sheets (MSDS)** that explain the proper handling of chemical substances in strategic locations at work sites and maintains an up to date database of the chemical substances it uses that can be accessed from anywhere in the country.

The Company reduced the amount of chemical substances it uses by 37% in fiscal 2008. Daifuku is also promoting the use of alternative chemical substances with lower environmental impact and is improving manufacturing processes as it offers products that satisfy customers.

Compliance with Harmful Substance Regulations in Europe

Amid a transition that entails the implementation of environmental measures at offices and introduction of products that are more environmentally friendly, the Daifuku Group has collaborated to identify and remove harmful chemicals in its products.

Daifuku has been a member of the Joint Article Management Promotion Consortium as well as the Japan Green Procurement Survey Standardization Initiative. Also, it has collected information and promoted initiatives internally for complying with RoHS Directives that prohibit six kinds of harmful substances and with REACH regulations*** implemented in Europe in June 2007. Daifuku will continue to create products that are easy on the environment.

PRTR Law and Related Chemical Substance Quantity Control

Control No.	Chemicals	Transaction volume	Emission to					Transfer to		
			Air	Public water	Soil	Land	Emission total	Product	Misc.	Transfer total
1	Water soluble zinc compounds	307	0	0	0	0	0	243	64	307
29	Bisphenol A	3,065	0	0	0	0	0	1,992	1,073	3,065
30	Bisphenol A epoxy resin (liquefied)	3,027	0	0	0	0	0	1,967	1,059	3,027
40	Ethyl benzene	5,069	5,069	0	0	0	5,069	0	0	0
63	Xylene	21,360	21,360	0	0	0	21,360	0	0	0
224	1,3,5 - trimethyl benzene	305	305	0	0	0	305	0	0	0
227	Toluene	15,182	15,182	0	0	0	15,182	0	0	0
230	Lead and its compounds	343	0	0	0	0	0	340	3	343
309	Poly (Oxyethylene) = Nonyl-phenyl ether	1,170	0	0	0	0	0	0	1,170	1,170
310	Formaldehyde	183	165	0	0	0	165	0	18	183

Note: Chemicals used in quantities smaller than 100 kg per year are omitted because they are negligible.

Prevention of Air Pollution

Based on Ordinance No. 25, Clause 1, of the Ordinance Concerning the Reduction of Impact on the Air Environment of Shiga Prefecture, Shiga Works is designated as a "place of business subject to a plan to reduce its environmental impact on the air." Because the plant has a built-in cogeneration system, efforts are made to control and reduce smoke-type air pollutants. With regard to the maintenance and inspection of facilities, all facilities specified in applicable laws and ordinances are periodically inspected, while other non-specified equipment is voluntarily inspected as appropriate.

Shiga Works (according to Hino Town environmental pollution control agreement)

Material	Facilities	Standard value	Measured value
NOx (ppm)	Dynamos	950	750
	Hot water boiler	120	109
	Water cooler/heater	180	84
SOx (m ³ N/h)	Dynamos	2.3	0.550
	Hot water boiler	0.57	0.141
	Water cooler/heater	2.5	0.078
Dust (g/m ³ N)	Dynamos	0.1	0.018
	Hot water boiler	0.2	0.003
	Water cooler/heater	0.3	0.007

Water Quality Management

There is a basic understanding that water contamination is a serious problem that can affect soil, agricultural products, living environments and various other areas. Accordingly, meticulous efforts are made to control and reduce drainage from works and, of course, relevant laws and regulations are rigorously observed.

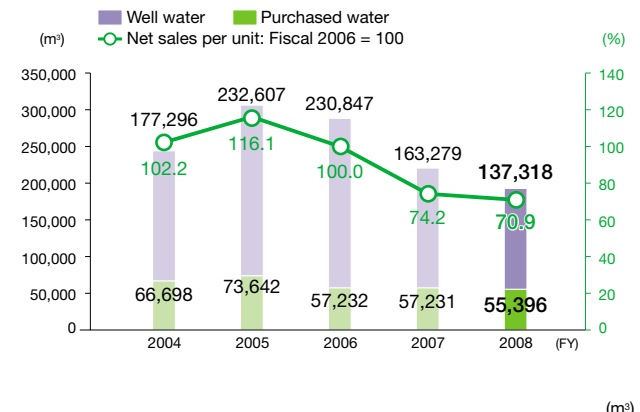
Drainage from production activities at the Shiga Works is processed by on-premises comprehensive wastewater treatment facilities before being discharged into the Sakura River, which is designated as a Class-A river. Water from rainwater drains is channeled into a pond that stores water for firefighting. The equipment at the Works is thoroughly maintained and inspected, while the discharge from the drainage treatment facilities is measured. The presence and size of living organisms in water discharged from the treatment facilities/the local environment are measured once a month. Meanwhile, the level of hazardous substances is measured twice a year.

In addition, Daifuku has introduced high-performance dryers at the wastewater treatment facilities to reduce the moisture contained in sludge and thereby decrease the total volume of sludge that it generates.

Also, once a month at the Komaki Works, an external organization inspects and measures drainage quality in accordance with water quality standards set forth under the Sewerage Law of Japan.

As of fiscal 2008, Daifuku's water usage per unit of sales had been reduced to 29.1% below fiscal 2006 levels.

Water Consumption



	FY2007	FY2008
Companywide	220,510	192,714
Osaka Headquarters	9,925	12,376
Tokyo Head Office	5,929	5,381
Shiga Works	187,679	160,180
Komaki Works	14,944	12,548
Tokai Office	2,033	2,229

Result of Final Effluent Quality Measurements

Shiga Works (in accordance with the Clean Water Law, Shiga Prefecture ordinance, and Hino Town environmental pollution control agreement)

Measurement item	Regulation value	Actual figures		
		Max	Min	Avg
Amount of drainage (m ³ per day)	— ℓ	706	464	658
PH	6.0~8.5	7.5	7.1	7.3
SS (mg/ℓ)	20 or less	5.2	0.9	1.6
COD (mg/ℓ)	20 or less	5.4	2.9	4.0
BOD (mg/ℓ)	20 or less	3.0	2.0	2.0
Total phosphorus (mg/ℓ)	1 or less	0.3	0.2	0.3
Total nitrogen (mg/ℓ)	10 or less	3.6	0.9	1.8

Note: The average value is the weighted average.



Drainage treatment facilities at the Shiga Works



A water survey being conducted at the Shiga Works



Oil barrier at a fire prevention pond at the Shiga Works

Comments from Environmental Activity Representatives

Development of Car Wash Machines That Saves Water, Helps the Environment and Runs Silently

Ryoji Tokunaga
Development & Design, LSP Operations, Shiga Works

In Lifestyle Products (LSP) Operations, Daifuku develops environmentally friendly car wash machines.

Conventional car wash machines used around 105 liters of water to shampoo a car. The Sfida car wash machine released in 2007 showed an improvement, using only 38 liters of water—less than half the amount of water

required by previous models—taking advantage of an optimized water nozzle and inverter controls on water pumps. In addition, the Company has changed the washing solution to a plant-derived (palm oil) shampoo and wax, making for more environmentally friendly car wash machines. Moreover, our newly developed Crystal Dry System features lower noise at 8.7dB (a reduction of 12%) without sacrificing drying power. This system addresses the problem of noise complaints from neighbors, enabling owners to operate facilities for longer hours. The system has been a big hit with many of our customers.



Glossary

***PRTR Law:** A law that promotes improvements in the management and handling of designated chemical substances and their release into the environment

****Material Safety Data Sheet (MSDS):** Information about the characteristics and handling of a chemical substance

*****REACH Regulations:** REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals. Companies must register and evaluate the safety of chemical substances contained in the products they manufacture and sell in Europe. REACH applies not only to exporting companies, but also companies that do transactions with European entities, requiring the inspection of products to determine their chemical content.

Environmental Accounting

Concept of Environmental Accounting

Daifuku conducts accounting according to Environmental Accounting Guidelines in the Machinery Industry,* established by the Ministry of the Environment, in order to quantitatively monitor the cost and results of environmental conservation within overall corporate activities. The total cost of environmental conservation activities in the fiscal year under review amounted to approximately 642.2 million yen, as shown in the table below.

The cost of operating wastewater treatment facilities and other large-scale environmental facilities and the cost of developing environmentally friendly products that use less energy and natural resources together accounted for about 75% of this amount,

followed by industrial waste disposal costs and ISO operation costs.

The cost of "virtual" economic effects amounted to approximately 147.9 million yen. The effects of product development are excluded from the reports and results because we currently have no clear-cut formula for calculation.

Daifuku intends to use environmental accounting as a tool for "environmental management" by setting guidelines by which to assess performance, thereby promoting environmental accounting efficiency.

Fiscal 2008 Environmental Accounting

Area: Osaka Headquarters, Tokyo Head Office, Shiga Works, Komaki Works, Tokai Office
Period: April 1, 2008 to March 31, 2009

Costs of Environmental Conservation Activities

Unit: 1,000 yen

Classification	Activities / Major Factors	Amount
Reduction of environmental impact in production activities	- Drainage contamination protection activities such as drainage treatment facilities, Energy control using a cogeneration system	263,740
Implementation of industrial waste measures	- Waste treatment costs, recycling costs for wastes	80,026
Use of materials & equipment for environmental conservation	- Promotion of green procurement, fabrication and collection of transportation jigs	3,786
Development of products with less environmental impact	- Development costs related to energy- and weight-saving and the reduction of the quantity of parts used	217,060
Collection and reuse of proprietary products	- Recovery of parts from waste products, reuse of parts	60
Reduction of environmental impact from transportation	- Improving transportation efficiency by using jigs, using railroad transport, and shifting to battery-powered forklift	975
Emergency preparedness	- Training for emergencies	220
Environmental conservation activities at management/administration offices	- Lighting and air conditioning upgrades, green procurement	20,558
Environmental consideration for global operations	- Improvement of packaging methods for overseas shipping products	1,212
Implementation of environmental management	- ISO promotion group operation costs, internal and external audits, environmental education	53,299
Collaboration with communities	- Participation in the Ohmi Eco-Foster activities and regional environmental improvement projects	1,237
Total		642,172

Economic Effects

Unit: 1,000 yen

Effect from	Activities	Amount
Sale of valuable resources	- Gain on sale of ferrous and non-ferrous scrap materials as well as high-grade wastepaper	139,158
Energy saving	- Use of cogeneration systems (air conditioning in terms of energy) and energy-efficient lighting	5,234
Resource saving	- Reduction of waste materials	3,526
Total		147,918

Column CSR Practices

Laying Out an Employee-Friendly Walkway at the Shiga Works

Daifuku completed an employee-friendly walkway, the Yasuragi* Road within the Shiga Works as a part of a plan to increase the greenery surrounding a regulating pond. With the idea of creating a relaxing atmosphere, we lined the 720 meter road with a variety of greenery, such as cherry trees, flowering plants and maple trees, to best capture the beauties of each season.

At the redeveloped Komaki Works, we installed an 840 meter walking path lined with flowering trees that blossom at different times of the year. We hope this path contributes to the well-being of our employees. We hope this path contributes to the well-being of our employees.

*Yasuragi is a Japanese word meaning comfort and relaxation.



Yasuragi Road, a place for walking and enjoying the sunshine

Unrivaled, Full-Scale Exhibition Center for Material Handling & Logistics Systems

日新大館

Hini Arata Kan

At the exhibition center, Daifuku material handling systems and equipment are on display along with products encompassing 400 different items in 150 categories. Visitors can view the actual equipment and performance of the state-of-the-art systems in demonstrations of automobile and semiconductor production lines, as well as storage, transport, sorting and picking systems. At the Hini Arata Kan, our experienced staff will guide you through an array of material handling innovations operating under one roof.

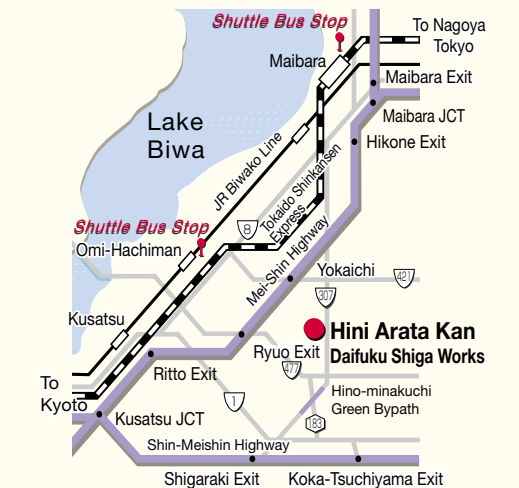
Since its opening in 1994, the Hini Arata Kan has welcomed more than 280,000 visitors, with an average of 20,000 people visiting the center annually.



Automobile Production Line Systems

Facility Facts

Building area:	6,049 m ²
Building height:	25.1 m
Floor space:	19,482 m ²
Parking space:	5 buses, 50 cars
Hours open:	9:00 am-5:00 pm (Reservation needed)
Tour time:	About two hours
Closed:	Sunday, Monday, National holidays
Entry fee:	¥1,050 Boxed lunch: ¥1,890
Website:	www.daifuku.co.jp/hiniaratakan/en
Phone:	(Toll Free) 0120-074-854
Operated by:	Hiniaratakan Corporation Shiga Works, Daifuku Co., Ltd. 1225 Nakazaiji, Hino-cho, Gamo-gun Shiga 529-1692 Japan



Unit load AS/RS



Digital Pick System



Semiconductor/FPD production line systems

Comments from Environmental Activity Representatives

Introducing the Daifuku Group's Environmental Efforts to Visitors

Haruka Nabeshima
Hini Arata Kan

The Hini Arata Kan welcomes visitors from around the world. We talk about the environmentally friendly aspects of Daifuku products and their performance in energy

conservation in order to explain Daifuku's initiatives to help the environment.

At the Hini Arata Kan, we broadly distribute Daifuku's social and environmental reports, hand out brochures that encourage drivers to not idle their engines when stopped, and conduct other environmental activities. We will continue to provide services that satisfy our customers while always keeping the environment in mind.



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