

Provide high quality products and services

Principal Initiatives

Since its founding in 1937, Daifuku has been involved with material handling. We have developed material handling systems and equipment for storage, transport, sorting, and picking, tailored to a variety of fields and industries to provide the best solutions.

Our business environment is expected to keep growing in line with globally expanding logistics-related investments from the e-commerce sector; increasing demand for automation and longer facilities; and use of capital investment to resolve labor shortages and increase productivity. We believe it is vital to consistently improve the quality of products and systems we provide to society to ensure safety by thorough compliance with related laws, regulations and guidelines, and to have appropriate countermeasures in place to provide a sincere response to any unexpected issues arising. We therefore uphold the following as our management philosophy, "Provide the best solutions to benefit the global markets and the development of society."

Initiative materiality and relationship to SDGs

Materiality

- Maintain and improve product and service quality to satisfy customer needs around the world
- Strengthen technology development platform

CSR Action Plan KPIs and targets for 2020

- Obtain and maintain ISO 9001 certification for all production sites
- Defects in products and services: 55% or less compared to baseline year of 2014
- Number of people acquiring Safety Assessor qualifications: 800
- Number of inventors: 240

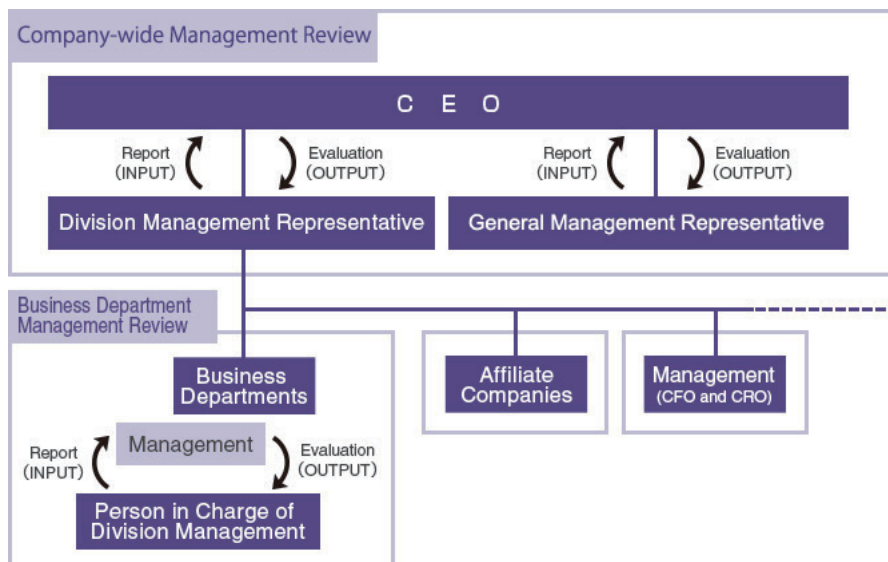


SDGs pursued by Daifuku

Promotion Framework

In accordance with the ISO 9001 Quality Management System regulated by ISO (International Organization for Standardization), the pursuit of customer satisfaction is our fundamental policy and we guarantee the quality at every stage of planning, sales, design, manufacturing, installation and after-sales service.

Daifuku conducts quality management system initiatives based on top management reviews of the quality assurance system, which is linked with feedback from business operation management reviews that evaluate the achievements of each business operation and implement nonconformity corrective measures. In addition, as a companywide management review, the president evaluates and makes judgments on the necessity for changes in the quality management system by reviewing the progress made in achieving our product quality goals with the aim to strive for continuous improvements.



Initiatives for High Quality Products and Services

> **KPI** (Key Performance Indicators) is an evaluation index to judge achievement of the CSR action plan. [PDF](#) (212 KB)

Quality management system certification

KPI

We are promoting ISO9001 certification for quality management systems at our major production sites in Japan and overseas. ISO-certified manufacturing is carried out in all three production sites in Japan and in 18 overseas production sites. The ratio of certified sites to the total number of production sites is 84%.

Certification standards	Production locations (consolidated)	Number of certified locations among total	Proportion of certified locations
ISO9001	25	21	84%

> ISO Certified Locations

Defects in products and services (compared to baseline year of 2014)

KPI

In fiscal 2020, Daifuku was able to achieve a 52% reduction in defects in products and services compared to our baseline year of 2014. This was slightly below our goal of 55%, so we will continue to make further efforts to realize our goal in this area.

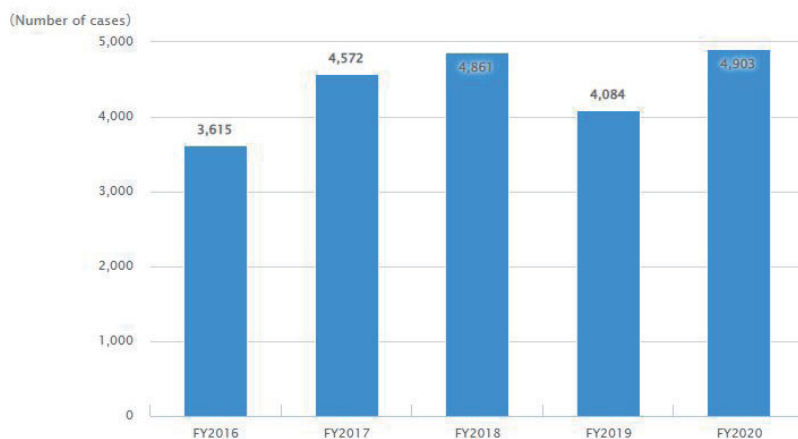
Teamwork and improvement proposal activities

Daifuku places emphasis on teamwork in small groups and improvement proposal activities. We have recorded significant achievements by diligently conducting improvements at our work sites. There were 4,903 proposals for improvement of operations, cost reduction, quality, safety, environment, and other matters made during fiscal 2020.

Group-wide presentation contest

Every year Daifuku holds a group presentation contest with teams that have passed a preliminary round. The event is attended by members of top management. The fiscal 2020 group event was cancelled in order to prevent the spread of COVID-19. As an alternative measure, information sharing was made possible by making the presentation materials and videos available on the portal site.

Number of improvement proposals



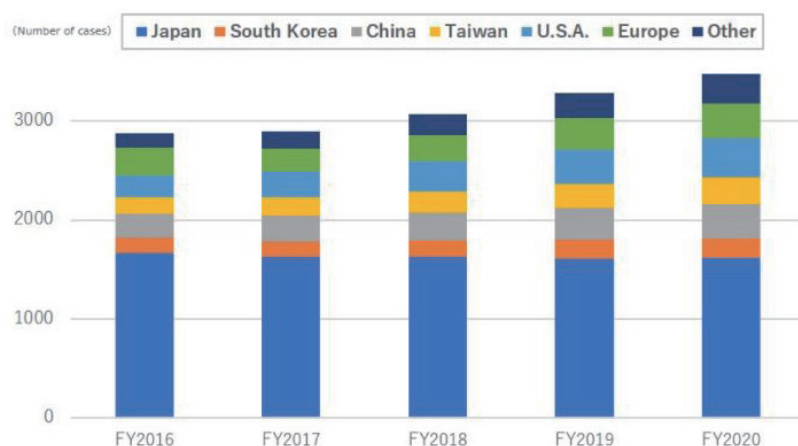
The Prize for Creativity

This award is presented to people working in the field of science and technology who have made outstanding achievements in creativity and originality that have contributed to improvements in technology, such as better workability, enhanced product quality, and cost improvements. A total of 43 employees from the Daifuku Group have been presented with this award, which the Group has received for 16 consecutive years from 2005.

Number of patents registered

Daifuku proactively applies for patents and acquisition rights primarily for newly developed products. The progress of globalization has resulted in an increased number of patent applications made outside Japan in recent years.

Transition of patents by country (region)



Number of inventors

KPI

The target for fiscal 2020 was 240 inventors, and the number actually achieved was 148. The number of inventors increased significantly compared to the previous year (118) due to the implementation of hearings with business divisions, consultation meetings, and workshops. However, we were still unable to reach our goal in the final year of the project due to insufficient efforts to spread awareness of the significance of invention among the business divisions. In fiscal 2021, we will launch a new in-house training project and continue to expand the number of in-house workshops to increase the number of inventors.

Product Safety (Qualified Internal Safety Assessors)

KPI

To thoroughly ensure the safety of Daifuku's products, the engineering and design divisions conduct risk assessments on existing models and newly developed products in accordance with internal regulations. Furthermore, Daifuku is systematically striving to cultivate young designers through product safety-related education conducted by both in-house and outside experts. In fiscal 2020, there are 845 employees who have qualified as Safety Assessors; this an increase of 54 people from fiscal 2019. So as to facilitate risk assessment from the standpoint of labor safety, we are also encouraging persons in charge at manufacturing sites to acquire this qualification.

* Safety Assessor (SA): A person with the basic knowledge and capability required to confirm the adequacy of safety, as well as the ability to judge overall safety adequacy.

Safety Sub-assessor (SSA): A person with the basic knowledge and capability required to confirm the adequacy of safety.

Safety Basic Assessor (SBA): A qualification for machinery users. Able to perform a safety patrol and spot safety issues, as well as prevent hazardous modifications to equipment.

	FY2018	FY2019	FY2020	
			Target	Results
SA	24	28	800	28
SSA	106	117		109
SBA	504	646		708
Total	634	791		845

Handing down techniques and skills

For the 2020 skills certification system, only the first semester welding test will be held due to the pandemic, and the number of certified employees will increase by only 7 from the number of certified employees in 2020, to 548 as of March 2021. In fiscal 2021, we are ensuring that COVID-19 infection prevention measures are taken and testing is staggered, and we are operating a technical skills certification system to maintain and improve the techniques and skills necessary for production.

Number of qualified staff members (As of March 31, 2021)

	Basic Level	Intermediate Level	Advanced Level
Welding	249	52	8
Assembly	209	8	22