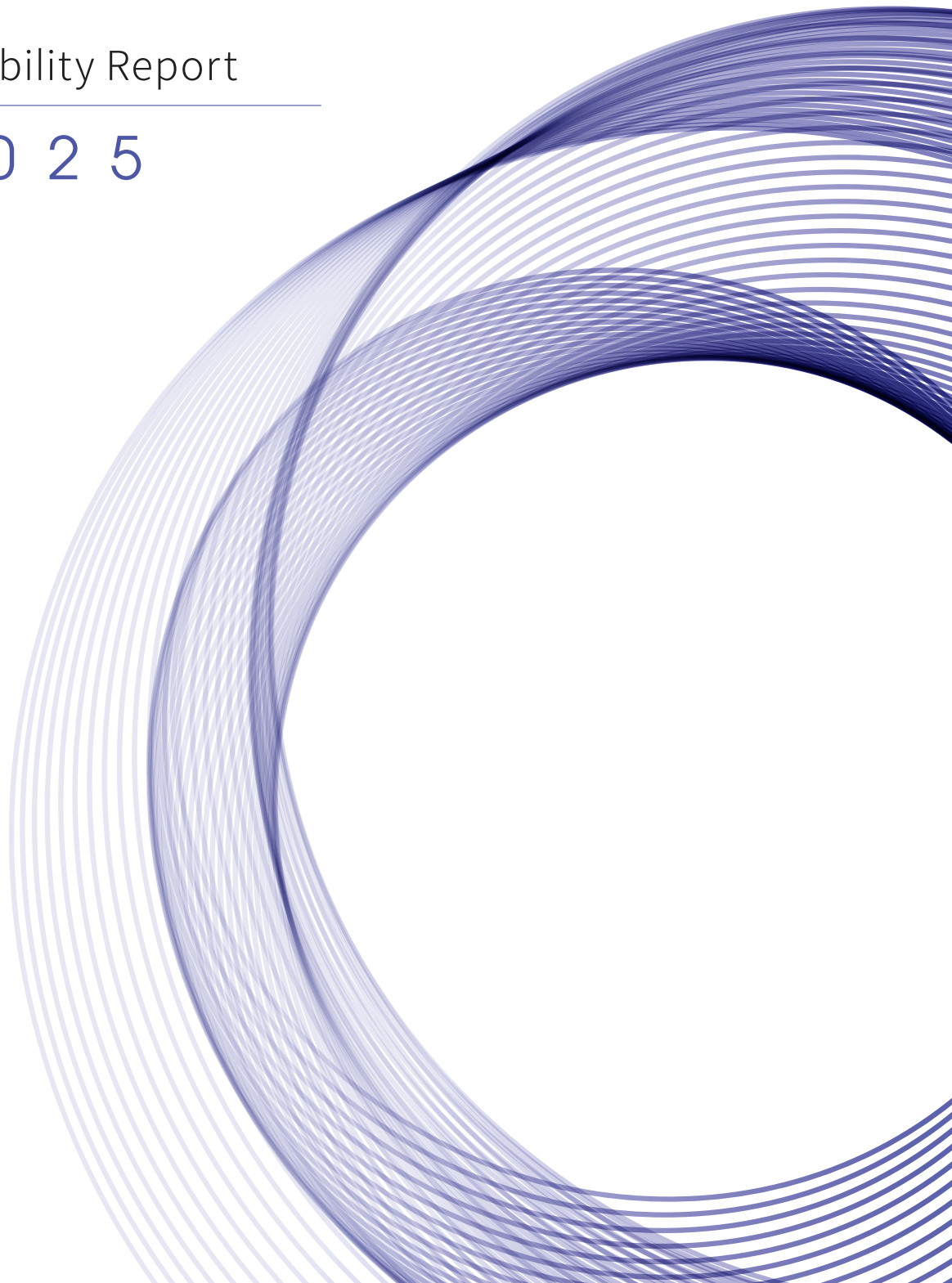


# Sustainability Report

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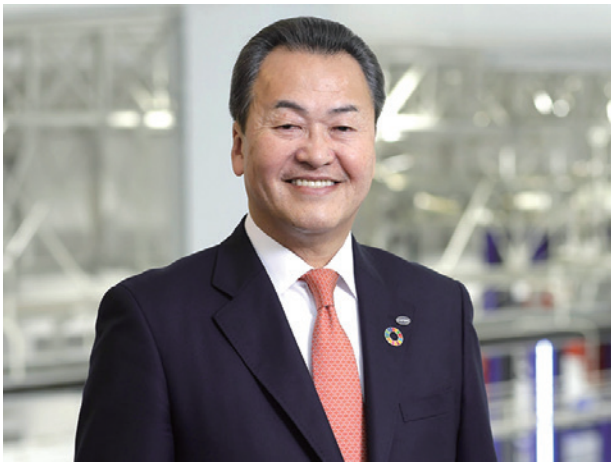


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# Message from the CEO

**We are committed to helping create a sustainable society through our business in line with our management philosophy, “Automation that Inspires.”**



Based on our management philosophy, “Automation that Inspires,” the Daifuku Group believes that our mission is to enrich society and people’s well-being through our core competence—automated material handling technology.

In May 2024, the Group announced our long-term vision, entitled Driving Innovative Impact 2030, and our four-year business plan for 2027. Our business plays a vital role in supporting social infrastructure and directly contributes to solving key societal challenges such as labor shortages and productivity improvement. We have therefore set integrated goals that encompass both economic and social value, and we aim to build a sustainable society and enhance our long-term corporate value through our business activities.

Recently, with the development of advanced technologies such as AI, the business environment is undergoing a period of major transformation. As such, there is a growing need to develop markets and technologies from a more long-term perspective. The Group has consistently provided solutions to needs for automation and unmanned operations across a wide range of industries through our material handling technologies. Going forward, we will proactively pursue the development of new domains and the creation of next-generation businesses by investing not only in the research and development of advanced technologies, but also in human capital, such as by cultivating personnel skilled in DX (digital transformation) and AI. Furthermore, we will accelerate our initiatives for environmental issues through measures such as addressing climate change and conserving biodiversity.

We at the Group, based on our management philosophy and long-term vision, aim to achieve further growth through flexible and creative ideas that defy convention and the ability to reform existing frameworks in order to remain a company that society truly needs. We will continue to remain united in our efforts to meet the challenges of the future.

June 2025

Hiroshi Geshiro  
President and CEO

# Message from the Sustainability Officer

**We will contribute to the realization of a sustainable society by creating the economic and social value we must aim for based on our long-term vision.**



## Progress of our long-term vision and new four-year business plan

In May 2024, the Daifuku Group announced our long-term vision, Driving Innovative Impact 2030, and our four-year business plan for 2027 (hereinafter referred to as the business plan). Guided by these, we are committed to contributing to the realization of a sustainable society through our business activities by setting integrated goals that take both economic and social values into account. In the business plan, we have defined the priority topics (materiality) that the Group must address in order to achieve our long-term vision, set KPIs (key performance indicators), and are managing their progress on an annual basis. In fiscal 2024, looking ahead to the future, we strengthened our product development utilizing advanced technologies and proposals for new markets and needs. At the same time, we proactively invested in facilities and human resources both within and outside of Japan to lay the foundation for sustainable growth. While progress in our ESG (environmental, social, and governance) initiatives has been generally smooth, we will not be satisfied with the status quo and will continue striving to meet the demands of society at an even higher level.

> [Vision and Four-Year Business Plan](#)

> [Materiality](#)

> [Targets and Results](#)

## Aiming for environmental management in harmony with nature

As stated in the Daifuku Environmental Vision 2050, we are committed to “realizing a world where material handling systems have zero environmental impact” by 2050, and we are striving to proactively reduce our impact on the environment. As of November 2024, all electricity used at our domestic sites has been converted to renewable energy sources, and we are actively advancing the introduction of renewable energy at our global subsidiaries. In addition, for raw material procurement activities (Scope 3), which account for the majority of our CO<sub>2</sub> emissions, we hold briefings for our major domestic suppliers on CO<sub>2</sub> emissions reduction and collect emissions data. In fiscal 2024, we began implementing sustainability performance assessments, which evaluate not only the environmental value but also the social value of newly developed products. In addition to further improving the efficiency and energy-saving capabilities of our products, we are committed to creating products and services that contribute even more to our customers and society.

In recent years, there has been a growing global sense of crisis over the loss of natural capital, including biodiversity; Daifuku, too, considers coexisting with nature to be an important theme for realizing a sustainable society. Shiga Works, which has only of the largest lot areas in Shiga Prefecture, is home to more than 1,000 native species. To protect this abundant natural environment, we are working to minimize the negative impact of our business activities on the environment through ecosystem surveys and biodiversity conservation activities. These initiatives, as well as our internal and external exchange activities, have been favorably evaluated, and in fiscal 2024, Yui no Mori of Shiga Works was certified as a conserved area by the Ministry of Environment, Government of Japan. In February 2025, we joined the TNFD (Taskforce on Nature-related Financial Disclosures) Forum and disclosed information based on the TNFD framework in May of the same year. Going forward, we intend to expand our initiatives globally while taking into consideration the relationship between the Group's business activities and natural capital identified in this analysis based on TNFD recommendations as well as nature-related risks and opportunities.

> [Biodiversity](#)



## Building an organization to realize further growth

The Group's strength lies in our ability to provide total solutions to our customers, from consulting to technology development, manufacturing, engineering, and after-sales service. To continue providing high added value in all processes, it is essential to recruit and cultivate personnel with highly specialized skills. In particular, expanding and strengthening human resources for technological development utilizing advanced technologies such as AI is a key factor in maintaining and strengthening our competitiveness. Since fiscal 2024, we have been collaborating with the CTO (Chief Technology Officer) to define a clear vision of the human resources that will support medium- to long-term growth and to formulate strategies for securing and cultivating this talent. In addition, in order to enhance the level of knowledge related to AI and DX (digital transformation) throughout the entire Group, we have begun training for employees in a wide variety of positions. Furthermore, we offer specialized programs for selected members to train data scientists and data engineers. During fiscal 2025, we plan to establish new satellite offices in urban areas to strengthen the recruitment of new technical personnel involved in development and design.

To continue creating innovation in a rapidly changing business environment, we are also working to establish systems that enable efficient sharing and distribution of know-how accumulated within the company. For key positions (chief management positions) in particular, we have clarified the human resource requirements for each position, and we are systematically identifying and cultivating prospective

successors. In 2024, we launched the Group's Human Resources Committee, led by the CEO and Global Business Heads, to assess the status of prospective successor candidates and review future training programs. At the same time, we focus on encouraging autonomous career development so that all employees, not just those in key positions, can maximize their abilities and improve the productivity of the entire organization. Starting in fiscal 2023, we introduced an internal job posting system and an internal secondment system to accelerate talent mobility across business divisions and broaden career path options. In addition to company-wide training, we are also expanding selective training programs to provide opportunities for future leaders to develop their careers in line with their own aspirations.

## To our stakeholders

One year has passed since the start of the business plan, and we are steadily progressing toward our goals. Going forward, while engaging in dialogue with all stakeholders, we will continue to strive unrelentingly in the pursuit of realizing our 2027 management goals and long-term vision, Driving Innovative Impact 2030. We would like to ask for your continued guidance and support.

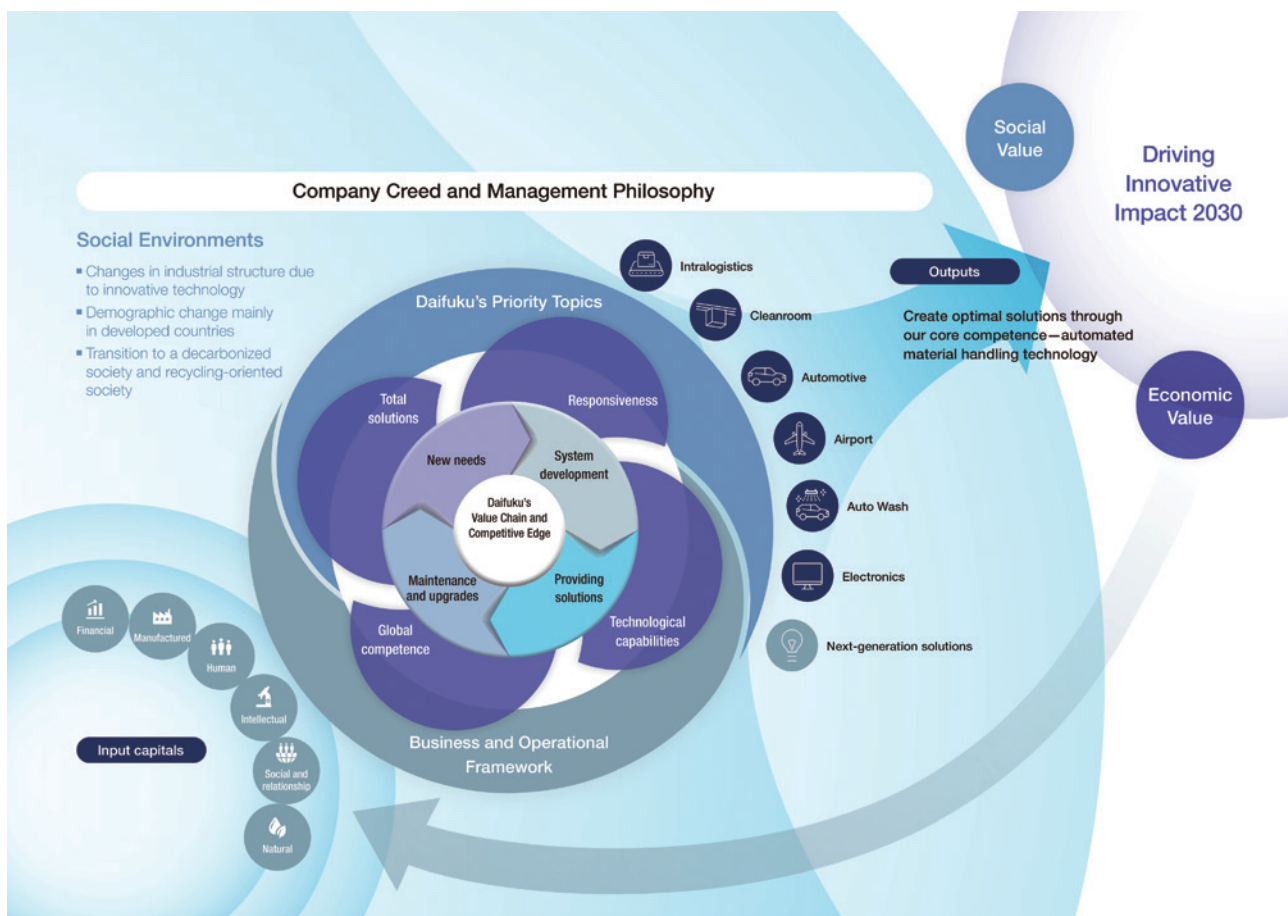
June 2025

Hideaki Takubo  
Director and Managing Officer  
CHRO (Chief Human Resource Officer)  
Corporate Functions Head

## Daifuku's Value Creation

Since its establishment in 1937, the Daifuku Group has always moved to keep ahead of the times, responding to the needs of customers across a broad range of industries and business sectors. The Group seeks to streamline logistics and, as a comprehensive manufacturer and integrator of material handling systems, has been able to achieve significant growth. Under our company creed, Hini Arata, and our management philosophy, "Automation that Inspires," we promote Value Transformation that helps enhance the competitiveness of our customers and, in tandem with contributing to the development of society, raise our corporate value.

This page presents examples of the social value (outcomes) created by the Group.



### Contributing to the Advancement and Expansion of Many Industries



The Group's automated technology, with material handling at its core, contributes extensively to factory automation in general industry, semiconductors, and automobiles, as well as to labor saving in logistics centers and more efficient airport operations, thereby underpinning supply chains around the world. Recently, logistics and production sites are facing labor shortage and

productivity improvement issues due to shrinking workforces, and expectations are increasing for material handling systems to help solve these problems. The Group assists in the development of various industries by meeting the increasingly sophisticated needs of our customers and providing the best quality and safety focused solutions.

### Key points of value creation

- Reducing the impact of labor shortages at logistics and production sites
- Reducing time, cost, and workload through labor-saving technology
- Ensuring quality and safety in unique environments
- Contributing to the stable production of products essential to modern society
- Contributing to improved productivity, reliability, and service levels in airport operations



Distribution centers with increasingly sophisticated functions underpin our lives, offering conveniences like 24-hour convenience stores, product variety in supermarkets, and e-commerce. As the volume and variety of goods being handled increases, we can help save labor by streamlining logistics systems and reduce the burdens of time, cost, and workload of our customers.



We also support unique environments, such as the frozen or refrigerated environments of the food and pharmaceutical industries, high-temperature environments required for the aging of ingredients and food fermentation processes, and blast-proof environments required in the chemical industry. Our systems not only maintain the quality of our customers' products, but also improve the working environment.



We offer highly reliable storage and transfer systems for semiconductor production processes in clean rooms that operate 24 hours a day, 365 days a year without interruption. These systems support the stable supply of semiconductors indispensable to life in our modern digital society.







We support the production sites of the automotive industry with our extensive experience in production line systems. We contribute to labor savings, productivity improvement, and quality improvement in all processes of automobile manufacturing, including pressing, welding, painting, assembly, parts storage and supply, engine testing, and more.



We provide automated baggage check-in machines, baggage handling systems, and security systems for airports. The Group's cutting-edge solutions contribute to improved efficiency, reliability, and service levels in airport operations, supporting the safety and security of air travel around the world.

## Supporting a Society with Unceasing Logistics



Material handling has come to play an infrastructural role in supporting society, and the challenge today is how to keep material handling operations running, or, should it stop, how to rapidly restore it. The material handling systems of the Group are responsible for the transport of products indispensable to people's lives; therefore, we provide preventive maintenance, regular inspections, and a 24-hour, 365-day system support center to assist in the stable operation of our customers' systems. Additionally, in order to shorten the time required to restore a system should a problem occur, we utilize remote monitoring

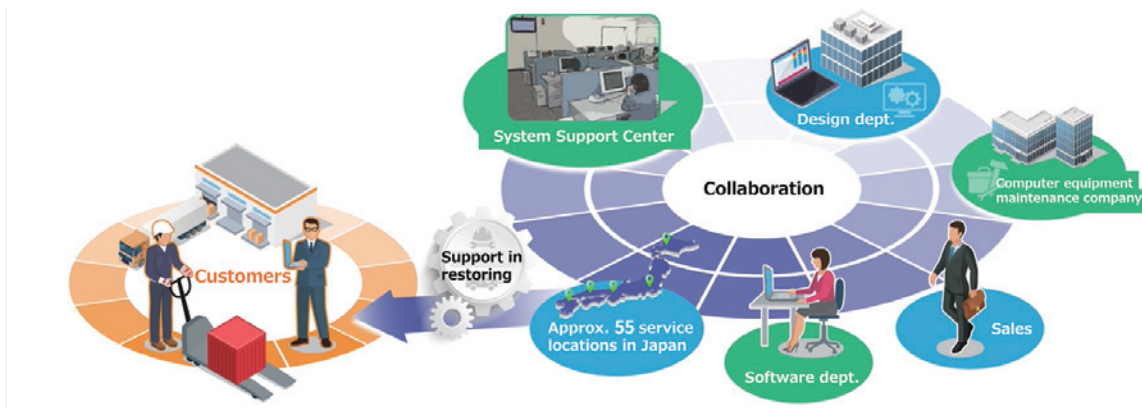
with sensors, cameras, and AI to pinpoint the cause.

Moreover, supply chain disruptions and logistics delays triggered by natural disasters pose a major risk to companies, leading to the growing importance of business continuity plans (BCPs). We provide total solutions that include countermeasures for possible natural disasters or other emergencies. In the past, during a major flooding event that shut down a customer's factory, we mobilized more than 10,000 staff members to help the factory rapidly resume production.

### Key points of value creation

■ Contributing to the stable operations of essential work

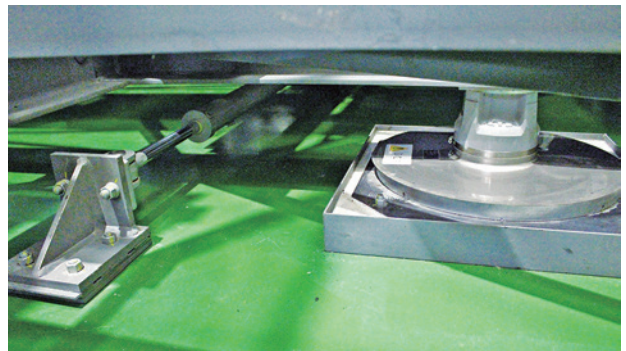
■ Rapid recovery from system problems during emergencies, etc.



At the System Support Center, technicians with expertise in material handling equipment are always on standby to support the stable operation of customer systems through coordination with approximately 55 service locations and departments across Japan.



Automated warehouse with earthquake resistant measures



Vibration isolators under racks

## Minimizing Impacts on People and the Environment



We use our position as part of our customers' supply chain to take on the responsibility of addressing social issues, such as climate change, resource recycling, and human rights issues. We will help to create a sustainable society by meeting

society's expectations with innovative technologies and optimal best-practice solutions, while minimizing the impact on people and the environment.

### Key points of value creation

Contributing to the improvement of the working environment and job satisfaction at customer facilities

Providing products and services that help address environmental issues such as climate change and resource recycling



Layer picking equipment picks cases stacked on pallets in layers and feeds them into a conveyor or stacks them on other pallets. It is mainly used for products with large and heavy boxes, such as beverages, and each unit has a processing capacity of up to 2,000 cases per hour (the work of about five people). It frees workers from monotonous and burdensome work.



Since its development in 1993, the monorail system based on High Efficiency Inductive Power Distribution Technology (HID), one of our leading core technologies, has been drawing attention as a next-generation transport system that can also make contributions to the environment and safety. The system has been adopted in the automotive and semiconductor industries, where it enjoys high acclaim.



We have applied our automated material handling technology to car washing machines as well. Automating car washing reduces workloads and significantly shortens the time required to wash a car. In addition, car washing machines generally use less water than hand washing at home and help to protect the environment by treating oil and waste from wastewater in an oil-water separator tank. In addition to working to conserve water and improve energy-saving capabilities, the Group is also striving to be environmentally friendly by utilizing liquid solutions that are biodegradable and made primarily from plant-derived materials and resin water tanks to extend the service life of the machines.





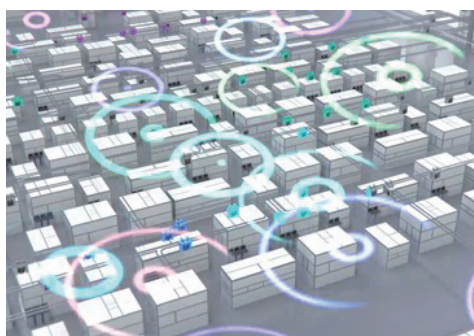
## Aiming to Create More Value

Efforts to expand existing areas and develop new business segments are indispensable for sustainable growth in a rapidly changing business environment. In addition to actively utilizing open innovation with external parties and promoting M&As, we are also working to incorporate AI,

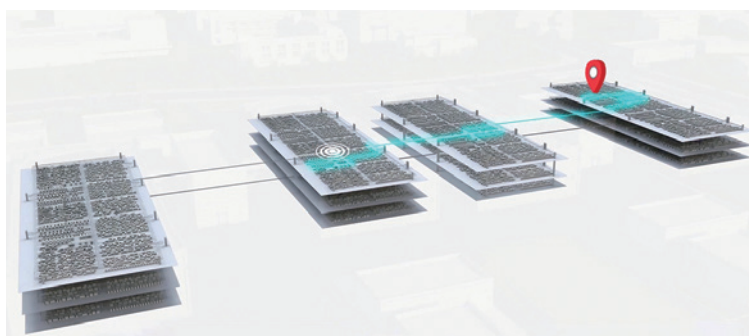
IoT, and other cutting-edge technologies into our material handling systems. Through these efforts, we aim to further enhance the value we provide to our customers and other stakeholders and realize smart logistics.

### Key points of value creation

- Providing novel automation solutions through innovation
- Leveraging cutting-edge technology to further improve system efficiency
- Developing new systems by utilizing open innovation



Within the same floor



Between buildings and levels

We employ AI to efficiently control a large number of vehicles that run on overhead transport lines in semiconductor factories. The software that has been developed has expanded the scope to which we can apply AI, improving the efficiency of transport not only within the same floor, but also between floors and buildings. By collecting vehicle

position information in real time and calculating predictive data based on machine-learned travel results, we have achieved highly accurate route control and a 10% increase in transport volume. Furthermore, we added an AI-based vehicle transit time prediction function in fiscal 2023, which we are working on introducing into our customers' systems.



Rails installed in overhead space



Product loading area

In cooperation with psb intralogistics of Germany, we have developed a system in which piecemeal products are deposited into pouches suspended from rails installed in overhead spaces and sequential sorting is performed during transport. The rails and other parts were provided by psb intralogistics, and Daifuku developed and commercialized the new product that includes motors, control equipment, and information systems. Pouches are transported on the rails, and during piece transport and buffering, they are

aligned using a radix sorting rule. This allows the products to be freely arranged by destination, size, or other criteria, and in addition, workers can load and ship products without walking between stations. Due to its high processing power of approximately 8,000 items per hour and effective use of buildings' overhead space, this product is used in the e-commerce industry, which handles a wide variety of products in small quantities.

#### Related links

- > [Solutions](#)
- > [Our Business](#)

- > [Our Competitive Edge](#)

# Contributing to the Environment and Society with Our Products

Based on our long-term vision, Driving Innovative Impact 2030, the Daifuku Group will accelerate our initiatives focused on the future and contribute to solving environmental and social issues through our products.

## Sustainability Performance Assessments of Products

In fiscal 2024, we began conducting sustainability performance assessments to evaluate the environmental and social value of our products and systems. From fiscal 2012 to fiscal 2022, we conducted environmental performance assessments of our products under the Daifuku Eco-Products Certification Program; however, going forward, we will evaluate our products from a broader perspective that includes consideration for the

environment as well as contributions to customers and society.

We will continue to conduct environmental impact assessments for all our products using an LCA (Life Cycle Assessment) method. By fully grasping the environmental impact of our products throughout their entire life cycle, we will strive to further enhance environmentally conscious product design.

## Main points of evaluation

Environmental value	<ul style="list-style-type: none"> <li>• <b>LCA (Life Cycle Assessment)</b> CO<sub>2</sub> emissions, resource consumption, toxicity, energy consumption, air pollution, water consumption</li> <li>• <b>Contributions at customers' sites</b> Scope 3 Category 11 (CO<sub>2</sub> emissions), recyclability rate</li> </ul>
Social value	<ul style="list-style-type: none"> <li>• <b>Efficiency</b> Transport capacity, sorting capacity, storage capacity, operational efficiency, loading efficiency, operation rate, space efficiency, etc.</li> <li>• <b>Safety</b> Safety performance, seismic resistance, seismic isolation performance, strength, crime prevention, etc.</li> <li>• <b>Workload reduction</b> Ease of operation, accuracy, manpower saving, labor saving, wait time reduction, etc.</li> <li>• <b>Maintainability</b> Rust resistance, friction resistance, durability, etc.</li> <li>• <b>Other</b> Cleaning ability, drying ability, water drainage, stain resistance, gloss, soundproofing, etc.</li> </ul>

## Efforts for Energy and Resource Conservation in Products

Our Group's products contribute extensively to factory automation in general industry, semiconductors, and automobiles, as well as to labor saving in logistics centers and more efficient airport operations. We consider the minimization of energy consumption

during operations and of the resources used in our products to be an important initiative, and we are working on utilizing creative ideas and applying various technologies from the design stage.

## Examples of initiatives for energy conservation

### Utilization of regenerative power

- In automatic warehouses and transport systems, utilize regenerative converters to harness the regenerative energy produced during deceleration and descent and feed it into the power supply of other machines, equipment, and devices
- Regenerate the deceleration energy of the motors in Automated Guided Vehicles (AGVs) and recharge the batteries for effective use

### Installation of energy-saving functions

- Equip AGVs, conveyors, and sorters with a function that turns off the power during standby
- Support the optimization of machine operation and the energy-saving activities of customers through the visualization of energy consumption using monitors
- Equip transport systems with a function to equalize power demand
- Reduce the amount of energy consumed during car washes by installing an ECO mode

### Use of motors and inverters

- Install power generation motors on sorting vehicles to improve the efficiency of power supply
- Use high-efficiency motors in transport systems or install them as standard
- Reduce energy consumption by using inverters in car washes

### AI-based optimization

- Optimize the routes and sequences of transport systems using AI technology (enables the same amount of transport to be carried out with fewer AGVs)

### Weight reduction

- Implement lightweight designs through strength analyses
- Consolidate the ICs (integrated circuits) on circuit boards to make electronic products lighter and more compact

### Other

- Reduce energy consumption by adopting new generation CPUs in electronic products
- Install thermostats in car washes to minimize the use of heaters in cold regions
- Utilize simulations to reduce the number of test runs on actual equipment, resulting in reduced energy consumption

## Examples of initiatives for resource conservation

### Reduction of materials

- Implement lightweight designs through strength analyses
- Reduce the number of parts by consolidating ICs (integrated circuits) and using innovative sheet metal structures
- Switch from product description CD-ROMs and paper media to web downloads

### Extended service life

- Research materials to improve the durability of traveling wheels
- Utilize resin or corrosion-resistant materials to enhance rust resistance
- Create designs that eliminate rotating bodies such as fans and hard disk drives
- Avoid using condensers or use extended-life condensers

## Virtual engineering

- Reduce the number of parts by utilizing 3D models
- Reduce the number of parts used in prototypes by utilizing virtual engineering such as capability simulations, virtual emulations, and welding analyses

## Environmentally friendly materials

- Utilize recycled and biomass resins
- Utilize environmentally friendly liquid detergent in car washes
- Utilize RoHS2-compliant parts
- Utilize cardboard as a packing material

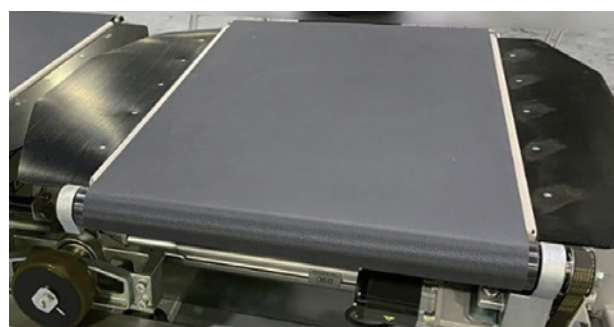
## Product Overview

### Manufacturing and distribution systems

#### Cross-Belt Sorter

The Cross-Belt Sorter is a system that sorts items at high speed by rotating the belts on each of the connected carts as they travel along the rails. It is mainly used in e-commerce logistics, where a large volume of items of various sizes and shapes must be sorted in a short period of time, and it contributes to improving work efficiency and alleviating labor shortages. Since each cart

operates independently, a malfunction in one does not require shutting down the entire system, allowing operations at logistics sites to continue with minimal disruption. By supplying power from a power generation motor mounted on the carts, we have reduced their weight, lowered energy consumption, and lowered costs.



#### Environmental value

- Compared to the non-contact power supply HID\* model, this model reduces energy consumption by 3.5% and CO<sub>2</sub> emissions by 8.1%

#### Social value

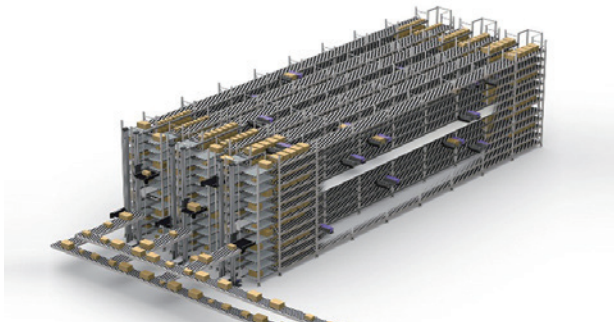
- Compared to the non-contact power supply HID\* model, this model features lower costs
- A quiet design contributes to an improved working environment

\* HID is an abbreviation for High Efficiency Inductive Power Distribution Technology



## Shuttle Rack (SRS-M Double-Deep)

The Shuttle Rack M is a high-capacity automated warehouse system that uses carts on each level of the rack to provide both temporary storage and sorting functions. As it can store and sort large quantities of goods within limited spaces, it is mainly used in e-commerce logistics, which handles a wide variety of



products in small lots. It is also used in retail, manufacturing, transportation, and agriculture, contributing to efficient sorting, storage, and picking operations. The carts are now capable of storing two items depth-wise on the shelf, allowing for more efficient and higher-density storage.



### Environmental value

- Both energy consumption and CO<sub>2</sub> emissions have been reduced by over 50% in comparison to a similar product\*

### Social value

- This model has three times the transport capacity compared to a similar product\*
- The space-saving design makes effective use of the space in logistics sites

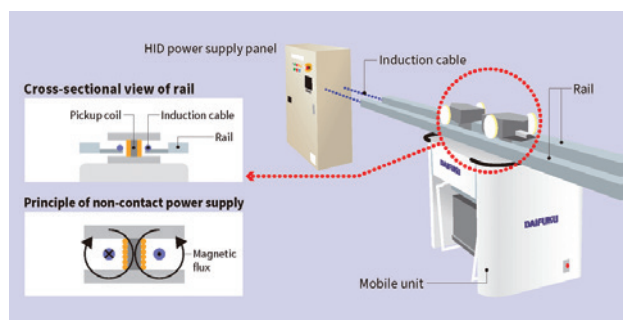
\* Mini Load AS/RS (R-F3)

## Cleanroom production line systems

### Wireless power supply system HID power supply unit HID4-BA

The wireless power supply system HID power supply unit HID4-BA is a power supply system that provides non-contact electric power. Unlike power supplied through cables, it does not generate dust from friction and is therefore used in many semiconductor manufacturing lines and liquid crystal manufacturing facilities where a high level of cleanliness is

required. Automated transport enables the production of high-quality products at a low cost and in a shorter timeframe. Additionally, the non-contact design prevents wear and tear, allowing for stable, long-term power supply and a significant reduction of maintenance costs.



A high-frequency current is passed through induction cables on the rails, generating magnetic flux around them. This flux is captured by a pickup coil, creating induced electromotive force through electromagnetic induction.



### Environmental value

- Reduces the number of parts and the amount of resources used
- Reduces power loss by changing the high-frequency transformer

### Social value

- Installation work is made easier by a 12% weight reduction
- Reduction of parts improves maintainability

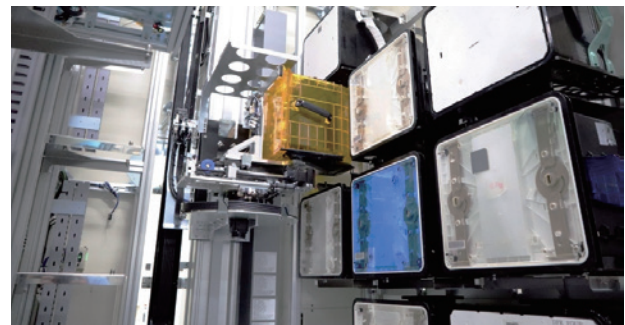


### CLS-51 RM

The CLS-51 RM, a type of Clean Stocker, is a device that is used to temporarily store carriers\* during semiconductor production. Utilizing the storage and transport technology that Daifuku has cultivated over the years, this device allows for the accurate and efficient management of carriers in limited spaces. We made a

variety of improvements to this product, including reducing the number of masts (columns) from two to one in the rack master section. Reducing the number of parts has resulted in a lighter-weight product and led to reduced energy consumption.

\* Containers for transporting and storing multiple semiconductor wafers and other items.



### Environmental value

- Energy consumption and CO<sub>2</sub> emissions per transport have been reduced by over 40% compared to similar products\*
- 35% reduction in overall weight due to significant reduction of number of parts

### Social value

- 30% improvement of transport capability compared to similar products\*
- Improved ease of assembly due to reduction of number of parts and weight
- Improved serviceability by changing the drive unit to a simpler structure

\* CLS-50II RM

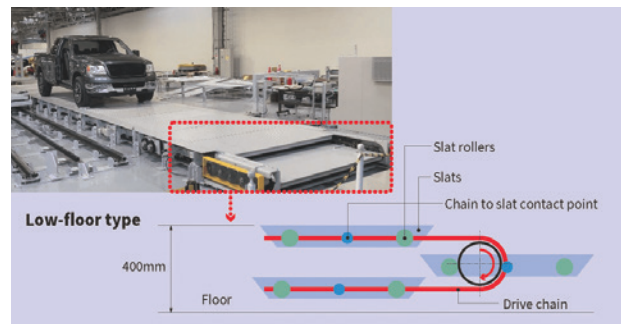
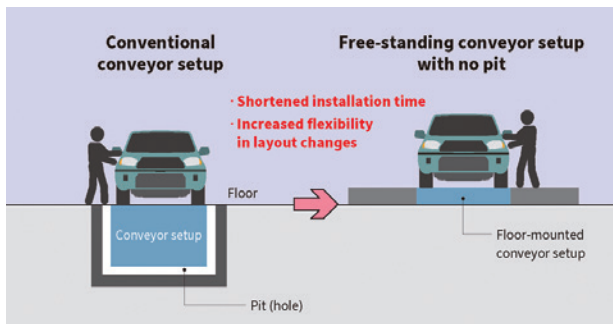
## Automobile production assembly line systems



### Heavy-duty, low-floor SLAT conveyor

The heavy-duty, low-profile SLAT conveyor is designed for use in the assembly and inspection lines of automobile factories. Unlike conventional models that require a deep pit for installation due to their large drive units, this product features a compact, divided drive unit that allows for a low-floor design. This innovation eliminates the need for pit construction, thereby reducing waste and CO<sub>2</sub> emissions during installation. Additionally, by increasing

the maximum load capacity and adjusting the combination of rail units, this conveyor system can adapt flexibly to changes in production lines. It is used as a production line to improve efficiency in factories that have significant production variability, such as those that handle both gasoline-powered cars and heavy electric vehicles (EVs).



### Environmental value

- An enhanced life span has been achieved by improving the bearings and chains of conventional products
- Reduction of product weight has resulted in an 8% energy consumption reduction

### Social value

- Efficiency of installation work has been improved by arranging standardized units
- Reducing the total number of parts by 3% has made assembly work more efficient
- There is no longer any need to enter a pit during maintenance, reducing the work burden and improving safety

## Airport technologies



### Baggage handling system



The baggage handling system efficiently transports and sorts passengers' checked baggage at high speeds. It is designed for environments requiring rapid sorting of large volumes of

baggage, such as in major airports. Unlike conventional belt conveyor systems, this system prevents damage to items by transporting each item individually on its own tray. By replacing the traditional wide belt with a combination of a narrow belts and rollers, we have successfully reduced the size of the motor. Additionally, by implementing an energy-efficient control system that activates the conveyor only when baggage trays pass through, we have significantly reduced energy consumption. The system reads the RFID chips attached to each tray, allowing for precise tracking of baggage in transit. This not only helps prevent lost baggage, but also reduces the labor and manpower needed to resolve baggage congestion.

### Environmental value

- Energy consumption is reduced by approximately 27% compared to conventional products that use belt conveyors
- The overall weight was reduced by 40% by reducing the amount of belts and conveyor frames used

### Social value

- World-class transport speed of 600m/min
- A decrease in the frequency of baggage congestion saves labor
- 13% quieter than conventional products, helping to improve the work environment

## Car wash machines



### Drive-through car wash machine Treus (CMTE7000)



The Treus is a key model of drive-through car wash machine, primarily used at self-service gas stations. By combining brushing and rinsing in a single operation, it reduces the number of back-and-forth movements required for foam car washes from 2.5 to 1.5, leading to shortened car wash times as well as savings on both water and electricity. Additionally, it features the industry's first Car Wash Smart Support function, enabling real-time communication with the service center and remote monitoring and operation of the machine in case of issues. This innovation eliminates the need to wait for service staff, allowing for quicker problem resolution and reduced downtime, ultimately improving operational efficiency.

#### Environmental value

- Improved car wash operations and ECO mode settings reduce water usage by 10% and electricity usage by 20%
- By changing the material of the coating agent and piping, the number of clogged pipes is decreased and the frequency of cleaning is reduced to one third
- The Car Wash Smart Support function decreases the number of visits to customers, resulting in reduced CO<sub>2</sub> emissions

#### Social value

- Allows for rapid recovery and improved usability through remote operation

## Electronics



### BX-T3000



The BX-T3000 is an industrial box computer featuring a power-efficient, high-performance CPU. It delivers excellent calculation and rendering capabilities while maintaining energy efficiency. This unit is commonly used in factory inspection equipment, medical devices, and digital signage terminals on buses and trains. Its compact and lightweight design allows for installation in an area roughly the size of an A5 sheet of paper. With a broad operating temperature range, it can function reliably in harsh outdoor conditions, making it suitable for a variety of environments. Additionally, its design eliminates the need for a cooling fan and features a sealed structure without exhaust ports, which prevents dust and foreign objects from entering and minimizes maintenance and inspection workloads.

### Environmental value

- Due to its smaller size, the main unit weighs 35% less than previous products
- 78% reduction of internal packaging materials compared to previous products
- The adoption of a new generation CPU has reduced power consumption by 26% compared to previous products

### Social value

- Despite its thin design, the unit combines a broad temperature range (-20° C to 60° C) with high performance, contributing to stable operation in a wide range of fields

Please refer to the following web page for details about products certified under the Daifuku Eco-Products Certification Program, which was in operation from fiscal 2012 through fiscal 2022.

[> Daifuku Eco-Products](#)

# Sustainability Management

## Daifuku Group Basic Sustainability Policy

### Basic Approach

The Daifuku Group will contribute to the realization of a sustainable society and aim to create long-term corporate value through management practices that emphasize a balance between economic and social value.

### Basic Policy

We will ensure that all Group officers and employees are aware of this policy, and we will promote sustainability.

#### 1. Identification of priority topics and initiatives to resolve them

In order to achieve our long-term vision, we will identify the priority topics that must be addressed by the entire Group, and we will formulate management strategies, measures, and action plans based on this materiality assessment. Priority topics are identified based on factors such as trends in the international community and the expectations of stakeholders, taking into consideration any risks and opportunities that may have a significant impact on the Group's operations as well as the Group's impact on society and the environment. We will review these priority topics periodically and make revisions as necessary.

#### 2. Value creation through business

We will strive to enhance the value we provide to stakeholders through the evolution of existing businesses and new domain expansion, as well as by developing new technologies, utilizing cutting-edge technologies, and creating businesses based on social issues. We will contribute to sustainable economic growth and solutions to social issues through innovative technologies and optimal solutions.

#### 3. Dialogue with stakeholders

We will strive to disclose transparent information about our business status as well as our environmental, social, and governance initiatives. In order to continue to be a corporation that society trusts, we will actively engage in dialogue with our stakeholders, including customers, shareholders, investors, business partners, local communities, and employees, and we will utilize the opinions and evaluations we receive from them in the management of the Group. Additionally, we will strive to enhance the sustainability of society as a whole by strengthening our collaboration with customers and business partners in order to solve social issues related to human rights and the environment.

#### 4. Sustainability education and awareness

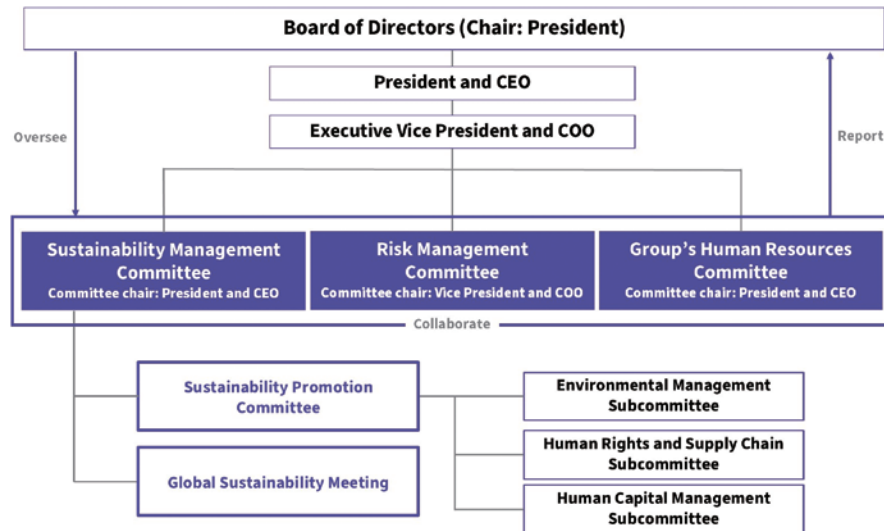
In order to implement concrete initiatives at each workplace based on the Group's policies and management strategies, we will conduct education and awareness-raising activities to ensure that all Group executives and employees deepen their understanding of sustainability and priority topics and enhance their ability to address them.

#### 5. Sustainability governance

The Board of Directors will appropriately supervise initiatives to enhance corporate value over the medium to long term, including management strategies to address risks and opportunities related to sustainability. The Sustainability Management Committee, which is chaired by the CEO, emphasizes the creation of corporate value over the medium to long term, holds crucial discussions on management strategies for the Group, and confirms the progress and results of plans. Important matters related to sustainability will be discussed at the Sustainability Management Committee, after which they will be submitted to the Board of Directors, reported upon, and resolved.

Established: April 1, 2024

## Sustainability Promotion System



FY2025 promotion system

## Supervision and execution system for sustainability-related risks and opportunities

The Board of Directors oversees initiatives to enhance corporate value over the medium to long term, including management strategies to address sustainability-related risks and opportunities. On the Board of Directors, the CEO is the representative director charged with the supervision of sustainability-related risks and opportunities. Through training, opinion exchanges with experts, and dialogue with customers, the members of the Board of Directors are enhancing their insight into sustainability issues in order to improve their skills and competencies to oversee the Group's initiatives. Additionally, we have established the Sustainability Management Committee, which reports on and submits critical matters regarding sustainability issues to the Board of Directors. This Committee engages in important discussions regarding

management strategies that emphasize the enhancement of corporate value over the medium to long term, as well as the confirmation of the progress and results of plans. Furthermore, the Sustainability Promotion Committee and the subcommittees under the jurisdiction of and in cooperation with the Sustainability Management Committee are responsible for investigating and implementing more concrete measures based in management strategies on a practical level. The Sustainability Management Committee, the Sustainability Promotion Committee, the Risk Management Committee, and the Group's Human Resources Committee will coordinate as necessary to monitor and appropriately respond to sustainability-related risks and opportunities that must be prioritized.



## Role of each organization

	Members	Role
Board of Directors	Chair: President and CEO Members: Directors (5 inside, 5 outside)	<ul style="list-style-type: none"> <li>Undergo decision making and supervision of important management matters such as the determination of management policies, management plans, and the corporate governance system.</li> </ul>
Sustainability Management Committee	Chair: President and CEO Members: Executive Vice President and COO, Corporate Functions Head, Global Business Heads, C-suite, etc.	<ul style="list-style-type: none"> <li>Hold important discussions on management strategy that emphasize the creation of corporate value over the medium to long term, confirm the progress and results of plans, and work to improve the sophistication of management.</li> </ul>
Risk Management Committee	Chair: Executive Vice President and COO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	<ul style="list-style-type: none"> <li>Conduct Group-wide risk management for critical risks that have a significant impact on business activities.</li> <li>Conduct regular risk assessments to identify and evaluate critical risks, develop countermeasures, and work to improve and enhance policies, regulations, and systems.</li> </ul>
Group's Human Resources Committee	Chair: President and CEO Members: Executive Vice President and COO, Corporate Functions Head, Global Business Heads, etc.	<ul style="list-style-type: none"> <li>Promote visualization of the experience and skills of the Group's human resources, develop prospective successor plans for key positions, and systematically train and promote prospective successors.</li> </ul>
Sustainability Promotion Committee	Chair: Executive Vice President and COO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	<ul style="list-style-type: none"> <li>As a subordinate branch of the Sustainability Management Committee, promote Group-wide environmental, social, and governance (ESG) initiatives on a working level based on management strategy.</li> </ul>
Global Sustainability Meeting	Leader: Corporate Functions Head Members: Managers of subsidiaries outside of Japan, Sustainability Management Committee members, etc.	<ul style="list-style-type: none"> <li>Discuss and share information about ESG issues with our subsidiaries outside of Japan in order to promote sustainability management throughout the entire Group.</li> </ul>

## Sustainability-related agenda items at Board of Directors and other meetings (FY2024)

### Board of Directors meetings

- Disclosure of the long-term vision, Driving Innovative Impact 2030, and the four-year business plan for 2027 (April, May)
- Revision of targets in the Daifuku Environmental Vision 2050 (April, August)
- Status of dialogue meetings held with shareholders and investors (April, October)
- Revision of disclosures based on the TCFD recommendations (May)
- Revision of the Daifuku Group Basic Policy for Corporate Governance (June)

### Sustainability Management Committee (held once)

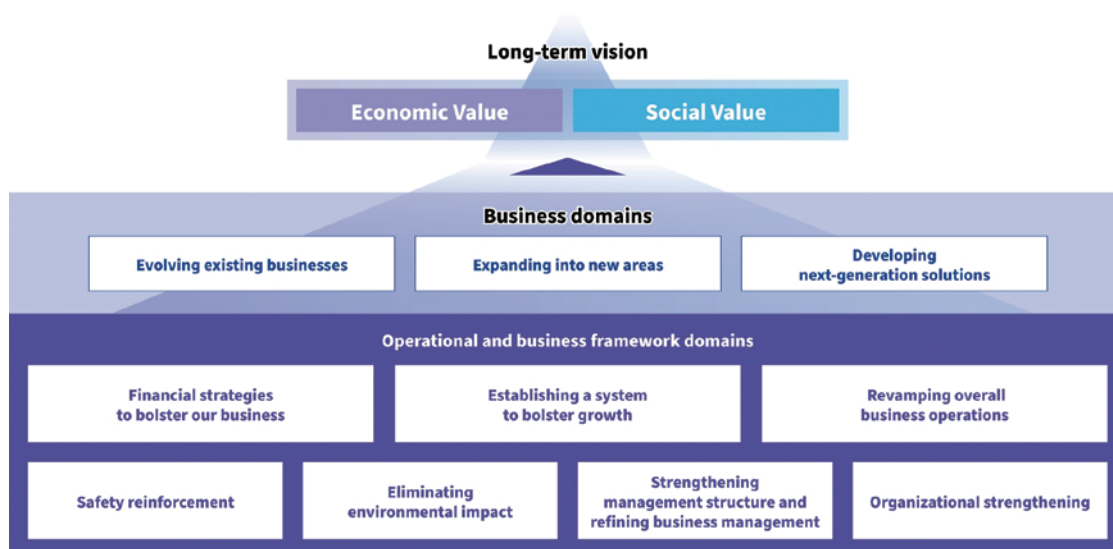
- Growth strategy for achieving the long-term vision, Driving Innovative Impact 2030
- Sharing of issues faced by subsidiaries outside of Japan (including ESG-related issues)

### Sustainability Promotion Committee (held twice)

- Sustainability Action Plan Results Report
- ESG evaluation from outside the company
- Revision of the Daifuku Environmental Vision 2050
- Report on the progress of initiatives for achievement of carbon neutrality
- Report on human rights due diligence initiatives

# Materiality

## Daifuku's Priority Topics



Framework for realizing our long-term vision

In May 2024, Daifuku reviewed our priority topics along with the formulation of the four-year business plan for 2027. In formulating this business plan, we backcasted from our vision of future society and arranged the products and services (outputs) that the Group provides to its customers as well as the value (outcomes) that is provided to society through such outputs. We then considered what we would like our company to look like in 2030 in terms of both economic and social value and established

our long-term vision, Driving Innovative Impact 2030.

In this business plan, we have defined the priority topics that must be addressed by the Group to achieve our long-term vision, and we have specified strategies, measures, and action plans based on these topics. The list of priority topics, the KPIs (key performance indicators) associated with each topic, and the identification processes are as shown below.

[> Long-Term Vision and Four-Year Business Plan](#)

## List of Priority Topics

Framework	Priority topic	Desired outcome
Evolving existing businesses, expanding into new areas, developing next-generation solutions	Development utilizing advanced technologies including AI	Utilize cutting-edge technologies such as AI, IoT, and other digital technologies in pursuit of further automation and optimization through our products and services to engage in sustainability-oriented development.
	Expansion of service business	In order to maximize the value provided to customers throughout the entire life cycle of the system, from delivery to disposal, continuously create new services valuable to customers in addition to enhancing our service options and improving service standards.
	Development of new domains and creation of new businesses	Strengthen the marketing function to search for areas of growth, customer needs, and social issues, the function to search for application fields for proprietary technologies, and the planning function to formulate strategies; realize the development of new domains and the creation of new businesses originating from social issues and new technologies.

Framework	Priority topic	Desired outcome
Establishing a system to bolster growth	Investment and platform fortification for innovation creation	Strategically invest management resources in areas of growth. Acquire and develop specialized personnel who will bring about innovation; establish and operate personnel and evaluation systems that encourage taking on challenges. In addition, create a mechanism to promote collaboration with external partners and open innovation to create higher value products, services, and technologies.
Revamping overall business operations	Social responsibility in the supply chain	Reform systems and mechanisms in order to strengthen cooperation with suppliers and substantially improve productivity. In addition to compliance with laws and regulations, also implement initiatives to address societal demands such as labor, human rights, and the environment, and build long-term relationships of trust with stakeholders as well as a sound and sustainable supply chain.
	Pursuit of product quality and product safety	Maintain and improve the quality of products and services through operational innovation. Provide products that customers can handle safely and securely without accidents or problems.
Safety reinforcement	Ensure occupational safety and health	Safety is the foundation of our business activities and supersedes all else—based on this slogan, establish a corporate culture in all workplaces that prioritizes safety and health for all workers.
Eliminating environmental impact	Addressing climate change	Achieve carbon neutrality by 2050 through the development and provision of products and services that contribute to the creation of a decarbonized society, the efficient use of energy at Group sites and suppliers, and the introduction of renewable energy.
	Promoting resource recycling	Contribute to the formation of a recycling-based society by reducing the amount of water and other resources used, extending the service life of products, minimizing the amount of waste generated at production sites, and expanding the recycling of used products and parts.
	Coexisting with nature	Based on an understanding of the impact of business activities on the global environment, minimize negative impacts on natural capital such as air, water, and soil through the sustainable use of ecosystem services and conservation of biodiversity.
Strengthening management structure and refining business management	Strengthening governance	Strengthen corporate governance and establish an effective Group governance and compliance system to ensure sound management of the Group and a foundation for mid- to long-term growth. Additionally, ensure the effectiveness of risk management by strengthening the system to properly manage and effectively monitor critical risks that may affect the achievement of management objectives throughout the Group.
	Fulfillment of stakeholder communication	Contribute to the realization of a sustainable society by understanding the demands of society and changes in the market environment through dialogue with internal and external stakeholders (customers, shareholders and investors, business partners, local communities, and employees).
Organizational strengthening	Staff recruitment, retention, and training	Attract and retain diverse talent with the expertise and skills necessary to realize our long-term vision. Establish and operate systems that enable each individual to achieve high performance and skill development.
	Respect for human rights	Recognize that respect for human rights is one of our most important responsibilities in terms of the sustainable growth of our business and organization, and identify, assess, correct, mitigate, and prevent any possible negative impacts on human rights occurring through our business activities.
	Diversity and inclusion	Cultivate a corporate culture in which the diversity of workers with a variety of different perspectives, values, and abilities is respected, and in which individual abilities can be maximized.
	Improvement of employee engagement	Increase employee engagement with the company by continuously reviewing the human resource system and work environment; achieve work-life balance for employees.

## KPIs Related to Each Priority Topic

In this business plan, we have set KPIs and four-year (FY2024–FY2027) targets for the topics listed above, and we manage their progress annually. Please refer to the PDF and webpage linked below for details.

[> Priority Topics and KPIs in the Four-Year Business Plan for 2027 \(PDF: 101KB\)](#) [PDF](#)

[> Targets and Results](#)

## Materiality Assessment

### STEP 1 Update input information

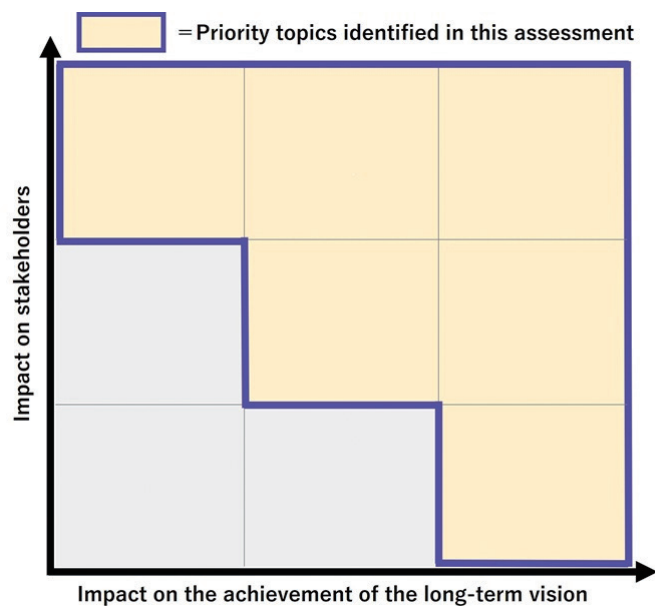
In response to recent changes in societal demands and trends, we have reviewed and organized the information necessary to identify priority topics.

### Inputs used in the materiality assessment

- Consideration of the details of previous topics (FY2021–FY2023)
- The long-term vision, Driving Innovative Impact 2030
- Results of the examination of risks and opportunities
- Trends in other companies
- Items required by ESG rating agencies
- Results of business risk studies conducted in fiscal 2023
- Sustainability-related information disclosure standards and guidelines

### STEP 2 Identify topics

Based on a variety of inputs, potential topics were selected by appointed persons from business units and the Corporate Functions divisions (four executive officers, nine members of the administrative office) and evaluated based on two criteria: impact on stakeholders and impact on the achievement of the long-term vision.



**STEP 3 Validation**

The topics identified, KPIs, and targets were validated and approved by the Board of Directors.

**STEP 4 Progress checks**

Progress toward the target for each topic is reviewed by the Sustainability Management Committee and reported to the Board of Directors. We also regularly disclose our performance results externally through the Daifuku Report and our website.

Please refer to the following web page for the priority topics addressed in the Sustainability Action Plan for fiscal 2021 through fiscal 2023. Effective fiscal 2024, the Sustainability Action Plan will be integrated into our medium-term business plans, and the status of our efforts to address priority topics will be managed within the framework of our four-year business plan for 2027.

[> Materiality \(FY2021–FY2023\)](#)

## Targets and Results

In the four-year business plan for 2027, we have reviewed our priority topics and set KPIs and four-year (fiscal 2024–2027) targets. The progress for our fiscal 2024 initiatives can be found on this page.

[> FY2024 Targets and Results \(PDF: 414KB\)](#) [PDF](#)

### Evolving existing businesses, expanding into new areas, developing next-generation solutions

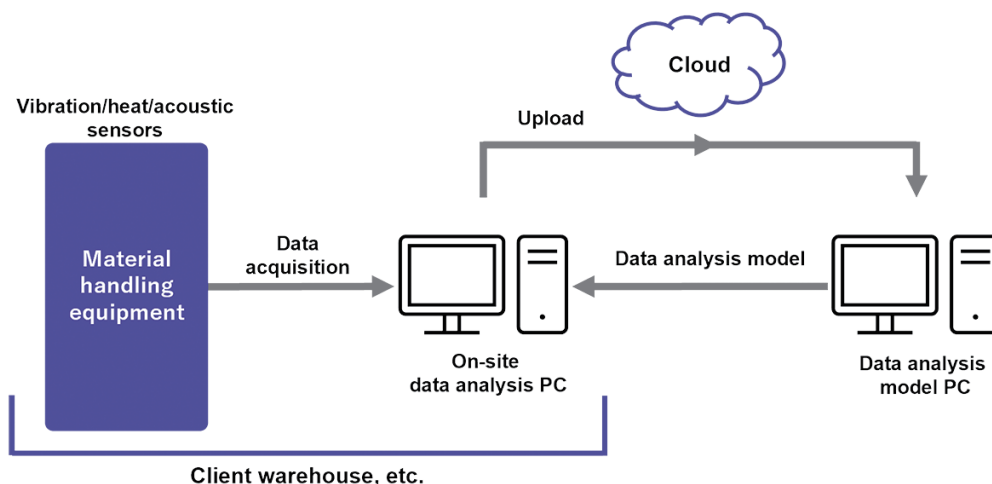
We are strengthening the development of products and solutions that incorporate advanced technologies as well as our proposals aimed at new markets and meeting customer needs. We are making steady progress toward achieving the targets set for each business unit.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Development utilizing advanced technologies including AI	Introduction of cutting-edge technology to products and services	Global	<ul style="list-style-type: none"> <li>Improve system efficiency and energy-saving performance using AI and battery technologies</li> <li>Establish predictive maintenance using AI and IoT technologies</li> </ul>	<ul style="list-style-type: none"> <li>Developed and delivered XY-picking robots</li> <li>Continued to develop a predictive maintenance system utilizing AI</li> <li>Developed an environmentally friendly storage system by making effective use of regenerative energy</li> <li>Improved transport efficiency through AI-driven operation control</li> <li>Made proposals for next-generation assembly lines for EV production plants</li> <li>Developed new devices incorporating image recognition technology</li> <li>Provided transport systems equipped with high-efficiency motors</li> <li>Started developing an automatic baggage loading machine for aircraft containers</li> <li>Started basic development of a car wash machine that utilizes image recognition technology</li> </ul>
Expansion of service business	Service sales	Global	150.0 billion yen	149.7 billion yen
Development of new domains and creation of new businesses	Penetration into new markets and new business areas; commercialization of new products	Global	<ul style="list-style-type: none"> <li>Develop systems for new areas</li> <li>Cultivate new customers and expand business areas globally</li> <li>Develop next-generation solutions</li> </ul>	<ul style="list-style-type: none"> <li>Continued development of picking robots and automated guided vehicles</li> <li>Made proposals for further automation solutions for refrigerated warehouses</li> <li>Expanded the scope of target processes for rechargeable battery and semiconductor manufacturing, and made proposals for automation solutions</li> <li>Provided automation solutions for back-end processes in semiconductor manufacturing, such as wafer stacking and direct bonding</li> <li>Developed solutions for cargo transportation and transfer utilizing various forms of mobility</li> <li>Constructed transport and automation equipment for next-generation car manufacturing</li> <li>Delivered TSA* certified Smart Security Lanes to airports in North America</li> <li>Started delivery of digital airport systems to the Japanese market</li> <li>Delivered products for airport systems to the African market</li> <li>Launched and received orders for interior cleaning equipment for garbage trucks</li> </ul>

\* Transportation Security Administration



## Predictive maintenance system using AI technology



Model of a predictive maintenance system

In our intralogistics business, the Group has established a unique predictive maintenance system that automates visual, manual, and auditory inspections. The predictive maintenance system measures vibration, heat generation, and acoustics using our proprietary sensors, analyzes the data collected by edge devices onsite using a PC, and notifies the customer of equipment

abnormalities and predicted failure points. The system also automatically uploads data to the cloud, analyzes failure data, and builds an equipment diagnostic abnormality detection model using AI. This system eliminates conveyor system breakdowns and keeps equipment running smoothly.

## Establishing a system to bolster growth

We are taking steps for the cultivation of human resources who will lead further growth of the Group and future-oriented technical development. We are also maintaining capital investments in Japan, the United States, and India, as well as investments for digitalization and expansion of our human capital.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Investment and platform fortification for innovation creation	Investments in areas of growth*	Global	<ul style="list-style-type: none"> <li>Invest approximately 160 billion yen (cumulative total from FY2024 to FY2027)</li> </ul>	<ul style="list-style-type: none"> <li>Invested in areas of growth: 26.4 billion yen</li> </ul>
	Cultivation of human resources proficient in AI and other digital skills		<ul style="list-style-type: none"> <li>Implement Group-wide training, including e-learning (rolled out incrementally to all employees)</li> <li>Cultivate data scientists and other specialized human resources (cumulative total from FY2024 to FY2027: 180 people)</li> </ul>	<ul style="list-style-type: none"> <li>Implemented an e-learning course on AI and DX, with 2,400 employees having begun (the course is being rolled out over three terms; 800 employees have completed the course so far)</li> <li>Implemented a training program for data scientists and data engineers with 62 participants (rolled out in Shiga, Tokyo, and Osaka; 13 participants in Shiga completed the program)</li> </ul>
	Promotion of industry-government-academia collaboration, M&A, alliances, etc.		<ul style="list-style-type: none"> <li>Continue consideration of M&amp;A and alliances</li> <li>Carry out development through joint research and collaboration with universities and companies</li> </ul>	<ul style="list-style-type: none"> <li>Considered and conducted research and development on next-generation technologies with multiple universities, research institutes, and companies</li> <li>Participated in the Semiconductor Assembly Test Automation and Standardization Research Association (SATAS)</li> </ul>

\* Capital investment, R&D expenses, investment in human capital, etc.

## Advancing into the back-end processes of semiconductor manufacturing

The process of manufacturing semiconductors is divided into the front-end process of forming circuits on silicon wafers and the back-end process of cutting chips individually from wafers and working them into finished products. The cleanroom business of our Group has mainly provided transportation systems for the front-end process of semiconductor manufacturing lines. In recent years, however, we are gaining momentum in the development of next-generation technologies for back-end processes such as 3D stacking, in which multiple chips are stacked to enhance performance. As the importance of the back-end processes in the semiconductor manufacturing process increases, so does the need for automated transfer. In order to provide automated solutions for back-end processes, we are working to develop products that can accommodate

the increased weight and diversified shapes of materials to be transported.

In addition, beginning in fiscal 2024, we are participating as a founding member of the Semiconductor Assembly Test Automation and Standardization Research Association (SATAS). SATAS was founded by 15 companies and organizations, which include semiconductor manufacturers, semiconductor manufacturing equipment and automated transport equipment manufacturers, and standardization organizations. At SATAS, we are creating the technologies and industry standard specifications necessary for back-end process automation as well as developing and integrating equipment and verifying its operation. We are aiming for practical application by 2028.

## Construction of new plants



In fiscal 2023, Daifuku (Suzhou) Cleanroom Automation Co., Ltd., which handles sales and manufacturing of transport systems for LCD and semiconductor plants in Suzhou, China, relocated and began operations at a newly built headquarters and plant. The site has an area of approximately 31,000m<sup>2</sup> and a total floor area of approximately 37,000m<sup>2</sup>, and this new facility is expected to increase production capacity by about 1.4 times that of the previous. The facility was built based on the concepts of progressiveness, energy conservation, CO<sub>2</sub> emissions reduction, and social contribution, and it includes a display line for customers, a large-scale photovoltaic system on the roof, and a work environment that contributes to employee productivity.



Daifuku Intralogistics India Private Limited, which develops systems for general manufacturing and distribution industries, has constructed a new plant in Telangana, India, and full-scale operations began in April of 2025. Due to the growth of the Indian market in recent years, the demand for material handling systems is increasing dramatically. With the construction of this new factory, the company will manufacture automated warehouses, conveyors, and other systems for manufacturers in the food, chemicals, machinery, and rubber product industries as well as retail, transport, and warehousing distributors, expanding the product lineup. The production space has been expanded to approximately four times that of the previous plant, and it is expected to double in size again in the future with further expansion. In addition, photovoltaic systems have been installed on the premises, and initiatives to reduce CO<sub>2</sub> emissions are underway.

## Revamping overall business operations

In order to disseminate the Group's Sustainable Procurement Guidelines and to understand and mitigate risks in the supply chain, we started implementing a self-assessment questionnaire (SAQ) for suppliers in Japan based on these guidelines. We are strengthening our management of procurement risks through audits based on the results of responses to this questionnaire and interviews with subsidiaries outside of Japan among other measures.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Social responsibility in the supply chain	Strengthening of supply chain management	Global	<ul style="list-style-type: none"> <li>Japan: identify supplier risks and implement audits</li> <li>Group companies outside of Japan: conduct visits, assess conditions, and address risks</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a questionnaire for 66 domestic suppliers based on the Sustainable Procurement Guidelines and audited them based on the results</li> <li>Visited four global Group companies (in South Korea and Taiwan) to conduct interviews on procurement</li> </ul>
Pursuit of product quality and product safety	Number of serious accidents* related to product and system safety	Global	0 occurrences	0 occurrences

\* Accidents caused by the malfunction of Daifuku's products or systems leading to death or serious illness and/or injury during operations (injury and/or illness requiring 30 or more days of treatment)

[> Supply Chain Management](#)

[> Quality Assurance](#)

## Safety reinforcement

Within and outside of Japan, the number of accidents resulting in lost time remained at the same level as the previous fiscal year. In order to prevent the recurrence of similar accidents, we will strengthen safety training within and outside of Japan, such as by sharing examples of past accidents.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Ensure occupational safety and health	Frequency rate: Japan (outside of Japan)* <sup>1</sup>	Global	0.261 (0.6)	0.460 (0.7)
	Severity rate: Japan (outside of Japan)* <sup>1</sup>		0.006 (0.020)	0.026 (0.009)
	Number of serious accidents <sup>1, 2</sup>		0 occurrences	1 occurrence

\*<sup>1</sup> Calculations include installation contractors

\*<sup>2</sup> Accidents resulting in death or permanent injury during work at Daifuku

[> Occupational Safety and Health](#)

## Eliminating environmental impact

To achieve the Daifuku Environmental Vision 2050, we are working to reduce the CO<sub>2</sub> emissions generated throughout our supply chain and introduce electricity derived from renewable energy sources, and we are globally expanding our activities related to biodiversity conservation.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Addressing climate change	Daifuku CO <sub>2</sub> emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	51%	56.4%
	Percentage of electricity derived from renewable energy sources		60%	66.6%
	Reduction rate of CO <sub>2</sub> emissions from purchased goods and services <sup>1</sup> (Scope 3 Category 1)		<ul style="list-style-type: none"> <li>Expand and disseminate CO<sub>2</sub> emissions reduction programs<sup>2</sup> throughout the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Held online briefings aimed at reducing CO<sub>2</sub> emissions for 150 major suppliers in Japan and started collecting CO<sub>2</sub> emissions data from suppliers</li> </ul>
	Reduction rate of CO <sub>2</sub> emissions from the use of sold products <sup>1</sup> (Scope 3 Category 11)		<ul style="list-style-type: none"> <li>Improve energy-saving performance of products and systems</li> </ul>	<ul style="list-style-type: none"> <li>Implemented LCAs (Life Cycle Assessments) for all new product and system development</li> <li>Considered methods to investigate the status of introduction of renewable energy sources at customer sites</li> </ul>
Promoting resource recycling	Landfill disposal rate	Global	Domestic: less than 1% Outside of Japan: less than 5%	Domestic: 0.9% Outside of Japan: 8.7%
	Reduction rate of waste emissions per unit sales <sup>3</sup> (compared to FY2023)		4%	6.8%
	Reduction rate of water consumption per unit sales <sup>4</sup> (compared to FY2018)		40%	37.6%
Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites <sup>5</sup>	Global	10%	36.4%
	Global expansion of Sustainability Action <sup>6</sup>		<ul style="list-style-type: none"> <li>Expand and raise awareness of the program</li> </ul>	<ul style="list-style-type: none"> <li>Held two types of events to raise environmental awareness at all Group sites with a total of 557 participants</li> </ul>

<sup>1</sup> For Scope 3 Category 1 and Category 11, pursue qualitative targets with the aim of a 30% reduction (compared to FY2018) by FY2030

<sup>2</sup> Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO<sub>2</sub> emissions at suppliers

<sup>3</sup> Waste generated (tons) divided by net sales (100 million yen)

<sup>4</sup> Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

<sup>5</sup> Sites with 100 or more employees

<sup>6</sup> Daifuku's unique program for sustainability awareness and training

## Strengthening management structure and refining business management

In addition to strengthening our management structure by improving the effectiveness of the Board of Directors, we are working to disseminate the management philosophy, Group policies, management strategies, etc., and to strengthen our response to critical risks with a view to refining business management on a global scale. We will also continue to engage in dialogue with all stakeholders and reflect the findings into our measures.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Strengthening governance	Improvement of the effectiveness of the Board of Directors	Daifuku Co., Ltd	<ul style="list-style-type: none"> <li>Conduct evaluations of the effectiveness of the Board of Directors and address issues</li> </ul>	<ul style="list-style-type: none"> <li>Implemented initiatives to refine the business management by the Board of Directors (held review meetings on capital cost management, promoted initiatives for the application of IFRS, etc.)</li> <li>For the development of prospective successors for the CEO and other positions, we enhanced training for officers and executives in accordance with management strategies, and we intensively discussed succession plans for the CEO and other positions at the Advisory Committee</li> </ul>
	Dissemination of management philosophy and strategies	Global	<ul style="list-style-type: none"> <li>Continue to implement awareness activities for officers and employees</li> </ul>	<ul style="list-style-type: none"> <li>Conducted e-learning on the long-term vision and four-year business plan for all employees within and outside of Japan</li> <li>Expanded video content and delivered messages from C-suite roles</li> </ul>
	Ensuring compliance		<ul style="list-style-type: none"> <li>Implement education and training on key compliance risks</li> </ul>	<ul style="list-style-type: none"> <li>Held lectures on business-to-business transactions and customer harassment during the Compliance Awareness Month</li> <li>Implemented compliance training (total of 15 sessions, including three video training sessions) tailored to the needs of various ranks</li> <li>Established an organizational structure to promote compliance</li> </ul>
	Implementation of countermeasures against major risks		<ul style="list-style-type: none"> <li>Implement risk assessments and monitoring</li> <li>Collect information on risk indicators, including emerging risks, and analyze their impact</li> <li>Review crisis management systems and strengthen emergency response capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Conducted management interviews, discussed recognized critical risks (themes: cybersecurity, human resource-related risks, etc.) at the Risk Management Committee, and determined how to address them</li> <li>Began refining each risk item and formulating potential scenarios</li> <li>Discussed BCM and BCP at the Risk Management Committee again and began consideration of restructuring the crisis management systems</li> </ul>



Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Fulfillment of stakeholder communication	Number of dialogue meetings held with shareholders and investors (non-unique)	Global	More than 900 companies	1,190 companies
	Enhancement of communication with stakeholders		<ul style="list-style-type: none"> <li>Enhance information disclosure (financial and non-financial)</li> <li>Ascertain management issues through dialogue with stakeholders</li> <li>Implement measures to increase brand awareness across a broad spectrum</li> <li>Actively participate in social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Promoted our growth story aimed at realizing our long-term vision through the Daifuku Report and other media</li> <li>Continuously created engagement opportunities by holding IR events for shareholders and institutional investors within and outside of Japan</li> <li>Ran YouTube ads to raise awareness among young people</li> <li>Promoted our business and philosophy via TV commercials and advertisements in newspapers and on trains</li> <li>Promoted our brand by participating in exhibitions such as Logis-Tech Tokyo</li> <li>Held press conferences to spread awareness through the media</li> <li>Continued to donate used clothing and books and conducted cleanup activities in the areas surrounding our business sites</li> </ul>
	Maintenance and improvement of evaluations from external rating agencies		<ul style="list-style-type: none"> <li>CDP climate change: A- or higher</li> <li>Continue as a constituent in FTSE4Good</li> <li>MSCI ESG rating: AA or higher</li> </ul>	<ul style="list-style-type: none"> <li>Received an A rating (the highest rating) for climate change from CDP</li> <li>Continued to be included in FTSE4Good</li> <li>Achieved an AA rating in the MSCI ESG Rating</li> </ul>

> Compliance

> Risk Management

> Stakeholder Engagement

> Evaluation from Outside the Company

## Organizational strengthening

We are working to expand the human capital necessary to achieve further growth and to create an environment where each employee is able to realize a sense of job satisfaction and ease of work. Moreover, we are increasing our efforts to respect human rights, including by continuing to conduct human rights due diligence and beginning to consider the introduction of grievance mechanisms to support this process.

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Staff recruitment, retention, and training	Rate of sufficiency of number of prospective successors for key positions	Global	<ul style="list-style-type: none"> <li>Develop a pool of human resources (visualize experience and skills)</li> <li>Prospective successor sufficiency rate of 100% by FY2027</li> <li>(FY2023: 68%)</li> </ul>	<ul style="list-style-type: none"> <li>Considered items and methods for collecting experience and skills (begin collecting from FY2025)</li> <li>Group's Human Resources Committee: held twice; Global Business Human Resources Committee: held 11 times</li> <li>Prospective successor sufficiency rate for key positions: 73%</li> </ul>
	Compounding of the human resources system in response to securement of specialized human resources	Daifuku Co., Ltd.	<ul style="list-style-type: none"> <li>Consider and implement new systems and measures (compensation, work systems, work locations, and recruitment measures for highly specialized personnel)</li> <li>Improve adopted systems</li> </ul>	<ul style="list-style-type: none"> <li>Formed a project to establish a new base for securing technical personnel</li> <li>Began consideration of a region-specific employee system for certain job categories</li> </ul>
Respect for human rights	Establishment of a human rights due diligence system	Global	<ul style="list-style-type: none"> <li>Implement the human rights due diligence PDCA cycle</li> <li>Implement risk assessments within and outside of Japan</li> <li>Build grievance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Continued to investigate the employment status of foreign citizen workers (technical intern trainees, specified skilled workers) in the supply chain</li> <li>Conducted impact assessments on three suppliers in Japan</li> <li>Launched the Grievance Mechanism Introduction Project under the Sustainability Promotion Committee to consider the introduction of a grievance mechanism system</li> </ul>
	Implementation of human rights training		<ul style="list-style-type: none"> <li>Establish education and training systems on human rights</li> <li>Develop educational content for Group employees</li> </ul>	<ul style="list-style-type: none"> <li>Held lectures and conducted group work on human rights and harassment in rank-based training in Japan</li> <li>Considered content for Group human rights training</li> </ul>
Diversity and inclusion	Number of female managers (ratio)	Daifuku Co., Ltd.	<ul style="list-style-type: none"> <li>60 female managers (7.6%) by FY2027</li> </ul>	40 female managers (5.4%)
	Creation of an environment where diverse personnel can work effectively		<ul style="list-style-type: none"> <li>Promote internal awareness of diversity</li> <li>Create a work environment considerate of minorities</li> </ul>	<ul style="list-style-type: none"> <li>Received the two-star Eruboshi certification (level two) from the Ministry of Health, Labour and Welfare as a company that promotes women's participation and advancement in the workplace</li> <li>The D&amp;I Subcommittee and Labor-Management Expert Committee identified a need for childcare-related improvements, and we plan to revise our systems in accordance with amendments to the Child Care and Family Care Leave Act (April 2025)</li> </ul>

Materiality	Key Performance Indicators (KPIs)	Scope	FY2024 Targets and Results	
			Targets	Results
Improvement of employee engagement	Engagement survey score	Global	<ul style="list-style-type: none"> <li>Score above the national average in each respective country</li> </ul>	In Japan <ul style="list-style-type: none"> <li>Job satisfaction 56% (Japan average 58%)</li> <li>Ease of work 51% (Japan average 58%)</li> </ul>
	Implementation of engagement survey and issue response		<ul style="list-style-type: none"> <li>Identify issues from survey results and implement countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>Visited subsidiaries outside of Japan that conducted surveys in the previous fiscal year and followed up on the measures implemented (13 companies)</li> </ul>

> Talent Development

> Human Rights

> Diversity and Inclusion

> Workplace Environment

Please refer to the document below for the priority topics and results of the Sustainability Action Plan, effective fiscal 2021 through fiscal 2023.

> FY2021–FY2023 Achievements of the Sustainability Action Plan (PDF: 539KB) [PDF](#)

# Education and Awareness-Raising Activities

The Daifuku Group is committed to fostering the awareness of each and every employee through educational activities and in-house events in order to contribute to the realization of a sustainable society.

## Raising Awareness About Sustainability

### Global Sustainability Meeting



In order to promote sustainability management throughout the entire Group, we hold the Global Sustainability Meeting to discuss and share information about ESG issues with our global subsidiaries. In fiscal 2025, a total of 134 people, including Daifuku officers and executives from our global subsidiaries, gathered to share information about each company's initiatives and deepen mutual understanding through discussion sessions.

### Rank-based training



Lectures and workshops on sustainability are held by job level for new hires, mid-career employees, and mid-level employees.

### Organizing seminars with experts



In fiscal 2022 and 2023, we held seminars with experts, focusing on themes such as SDGs courses and the integration of business and SDGs. The seminars were recorded, and the videos are available on our internal network for employees to access at any time.

### Communication through comics

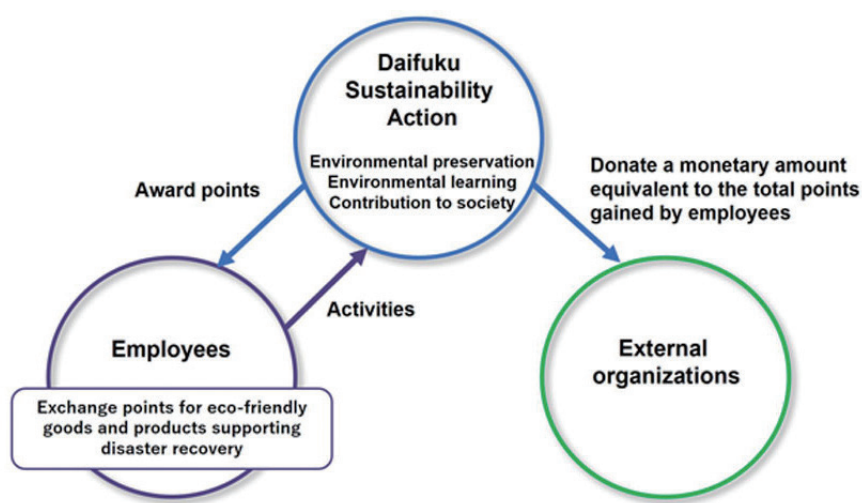


We distribute comics to inform our employees about our company policies, the importance of sustainability, and the state of society in an accessible and easy-to-understand manner. In fiscal 2023, we distributed a dice-game comic on the Daifuku Environmental Vision 2050, which was revised in May 2023. These comics, along with other archived content, are available in multiple languages and posted on the company network so that they can be accessed by Group employees at any time.

## Daifuku Sustainability Action Program

In order to make environmental contributions more accessible, we established the Daifuku Eco-Action Program in fiscal 2012, which awards points to employees for participating in environmental activities. In fiscal 2023, the program was renamed as the Daifuku Sustainability Action Program, and we have since been working to incorporate social contribution activities as well.

A variety of activities, events, and quizzes are offered through the program, and in fiscal 2024, a total of 11,138 people participated in volunteer and environmental learning activities. Through this program, employees can exchange the points they earned for environmentally friendly products and other rewards. Daifuku also donates a monetary amount proportionate to the total number of points gained by employees to external organizations.



### Daifuku Sustainability Action events (examples)

Program	Content / Description	FY2024 total number of participants (non-unique)
Eco Field Report	Learn about the environment through experiences at nature parks, zoos, museums, environmental facilities, etc.	340 people
Sustainability Quiz	Quizzes are published in the internal newsletter. Disseminate information about the environment and deepen the understanding of related topics.	6,568 people
Environment-oriented household account book	Allows data entry on usage of electricity, water, etc. for better visualization and to raise awareness of energy conservation.	103 people
Eco Trip	An initiative to encourage people to travel by train, bus, or on foot instead of using a car for everyday activities such as shopping or trips.	238 people



## Global initiatives

By administering these events throughout the entire Daifuku Group, we are working to stimulate communication and cultivate a sense of unity within the Group.

Program	Content / Description	FY2024 total number of participants (non-unique)
Eco-Photo Contest	Group employees are encouraged to submit photos they have taken of the natural environment. Selected submissions receive gold, silver, or bronze awards.	451 people
Lights Down Photo Event	Employees take photos of their homes with the lights turned off to save electricity. Using these photos, a mosaic art piece featuring Shiga Works is created and displayed at each office.	106 people

## Number of participants

	FY2022	FY2023	FY2024
Total number of participants (non-unique)	10,132 people	12,141 people	11,138 people

## Donations

Daifuku will make the following donations in fiscal 2025 as part of the Daifuku Sustainability Action Program.

Recipient	Amount	Content
Shiga Prefectural Lake Biwa Museum (ongoing, 13th year)	1,000,000 yen (previous year: 1,000,000 yen)	Environmental training, environmental activities, support for museum operations.
The Nature Conservation Society of Japan (ongoing, 6th year)	150,000 yen (previous year: 150,000 yen)	Conducting surveys and research on nature and conservation, as well as various programs designed to spread awareness of the importance of protecting nature.
Japan Environmental Education Forum (ongoing, 4th year)	1,000,000 yen (previous year: 1,000,000 yen)	Conducting tree-planting activities outside of Japan by establishing a tropical rainforest creation fund through donations in order to promote afforestation.
Japan Conference for 2030 Global Biodiversity Framework (ongoing, 3rd year)	800,000 yen (previous year: 640,000 yen)	Implementing initiatives to achieve domestic biodiversity-related strategies, etc., through collaboration and cooperation among various stakeholders in industry, academia, government, and the private sector.
Aomori Prefecture (Japan Games and National Sports Festival for People with a Disability) (ongoing, 2nd year)	350,000 yen (previous year: 500,000 yen)	One of the largest sporting events in Japan, held annually in rotation by each prefecture. The event will be held in Aomori Prefecture in 2026, and donations will be used to support operations of the National Sports Festival for People with a Disability.

# Stakeholder Engagement

The Daifuku Group operates our business in relation with not only our customers, but a wide range of people, organizations, and local communities around the world. Through dialogue with all stakeholders, our employees are committed to understanding the demands of society and changes in the market environment and will help to achieve a sustainable society.

## Dialogue with Primary Stakeholders

Stakeholders	Main societal expectations and demands	Main methods and opportunities for dialogue
Our customers	<ul style="list-style-type: none"> <li>Achieving smart logistics through innovative technologies and optimal best-practice solutions</li> <li>The pursuit of product quality and safety</li> <li>Expansion of environmentally friendly products and services</li> </ul>	<ul style="list-style-type: none"> <li>Daily sales activities</li> <li>Featuring products at our demo center Hini Arata Kan</li> <li>Exhibiting at trade shows</li> <li>Enhanced after-sales service (customer stations, system support centers, etc.)</li> <li>Disclosure of information on our website</li> <li>Responding to customer surveys and audits</li> </ul>
Our shareholders and investors	<ul style="list-style-type: none"> <li>Sustainable business growth</li> <li>Enhancement of corporate value</li> <li>Appropriate shareholder returns</li> <li>Effective and transparent corporate governance</li> <li>Timely and appropriate information disclosure</li> <li>Enhanced disclosure of financial and non-financial information</li> </ul>	<ul style="list-style-type: none"> <li>General shareholders' meeting</li> <li>Financial results briefing for institutional investors and analysts</li> <li>IR meetings with shareholders and investors</li> <li>Shareholders' tour of our demo center Hini Arata Kan</li> <li>Disclosure of information on the website</li> <li>Corresponding with ESG rating agencies and responding to questionnaires</li> <li>Issuing integrated reports</li> </ul>
Our suppliers	<ul style="list-style-type: none"> <li>Building fair and equitable relationships</li> <li>Supply chain management friendly to the environment and human rights</li> </ul>	<ul style="list-style-type: none"> <li>Daily procurement activities</li> <li>Management and Safety Policy and Production Trends Presentation</li> <li>Supplier Quality Development (S.Q.D.) Award</li> <li>Interviews with foreign-citizen employees at suppliers</li> <li>Sustainable Procurement Guidelines</li> <li>Supplier Operations Verification System</li> </ul>
Our local communities	<ul style="list-style-type: none"> <li>Environmentally friendly business practices</li> <li>Helping to revitalize local communities</li> <li>Making social contributions to the community</li> </ul>	<ul style="list-style-type: none"> <li>Daifuku Sustainability Action Program</li> <li>Biodiversity conservation activity: Yui Project</li> <li>Coexisting with local communities</li> <li>Development of next-generation human resources</li> </ul>
Our employees	<ul style="list-style-type: none"> <li>Thoroughly implement occupational safety and health</li> <li>Respect for human rights and diversity</li> <li>Creating a rewarding work environment</li> <li>Employee training</li> </ul>	<ul style="list-style-type: none"> <li>Safety and health training</li> <li>Various other training programs</li> <li>Conducting engagement surveys</li> <li>Whistleblowing system</li> <li>Issuing internal newsletters</li> <li>Labor-management dialogue</li> </ul>

## Communication with Our Customers

The Group provides products and services to customers across a wide range of industries worldwide. We strive to build strong relationships of trust by focusing on product safety and quality while sincerely addressing the increasingly sophisticated needs of our customers.

## Exhibiting at trade shows



In 2024, we exhibited at Logis-Tech Tokyo 2024, one of Asia's largest specialized exhibitions for material handling and logistics, held at Tokyo Big Sight. At our booth, we gave presentations on automated solutions using 3D imagery on large screens and displayed our latest products and other equipment. We had over 10,000 visitors over the course of four days, creating an opportunity for us to showcase the appeal of Daifuku's products to a large number of people.

## Communication with Shareholders and Investors

Promoting constructive dialogue with our shareholders and investors through our investor relations (IR) initiatives has significant implications for our sustainable growth and medium- to long-term enhancement of our corporate value. In accordance with Japan's Corporate Governance Code stipulated by the Tokyo Stock Exchange, we formulated the Daifuku Group Basic Policy for Corporate Governance and Disclosure based on the principles of Japan's Corporate Governance Code. Based on this, we are working to enhance dialogue with our shareholders.

### Tours of demo center Hini Arata Kan for shareholders



Each year, we invite our shareholders to tour our demo center located within Shiga Works, Hini Arata Kan. In fiscal 2024, 104 individual shareholders visited the demo center over the course of two days. These visitors participated in presentations by the president, question and answer sessions, and facility tours, enabling them to deepen their understanding of our company.

## Communication with Suppliers

We aim to build fair and equitable relationships with our suppliers and achieve healthy mutual growth. We are also working with our suppliers to achieve a sustainable society by partnering with them to reduce our environmental impact and respect human rights throughout the entire supply chain.

[> Supply Chain Management](#)

### Interviews with foreign-citizen employees at suppliers



The Daifuku Group recognizes that the status of domestic foreign workers in the supply chain, including contractors, is a human rights issue that must be prioritized. Since 2022, we have been working to identify, analyze, and evaluate any negative impacts on human rights through on-site interviews with foreign-citizen workers employed by our business partners. Beginning in fiscal 2023, we expanded the scope of these efforts to include not only domestic sites, but also employees at our global subsidiaries and foreign citizens employed by their business partners, and we are conducting on-site interviews at a variety of locations.

[> Human Rights](#)

## Communication with Local Communities

The Group has a number of sites and offices around the world where it conducts business operations, including both sales and production. Building good relations with communities at each site is a key goal for us and is essential to maximize our business activities. Accordingly, we strive to proactively communicate with communities through volunteer activities and collaboration with various organizations, while taking into account the cultures and legal requirements unique to each country and region.

[> Social Contribution Activities](#)

## Local procurement and local hiring

We believe that one of the activities that contributes to local economies is to procure in the vicinity of our operating areas. This can include parts, food, or other necessities. We are dedicated to the growth of communities through our procurement for Shiga Works and other regions. Also, we actively seek out talent in the vicinity of our sites and provide them employment opportunities. We will continue to contribute to the vitalization and advancement of regional economies through local procurement and employment.

## Participation in Furugi de Vaccine

Furugi de Vaccine events have been held at all domestic locations since fiscal 2022. This initiative allows people to donate their used clothing (*"furugi"* in Japanese), and through these donations, proportionate amounts of polio vaccines are delivered to children in developing countries. Additionally, the used clothing that is collected is then sold in developing countries, creating local business and opportunities for employment. In fiscal 2024, 266 employees participated in these events, donating a total of 1,625 items of used clothing.

## Communication with Employees

Our corporate framework and measures reflect the views of our employees so that we can create an environment where each and every employee feels fulfilled in their work and can maximize their abilities. We aim to enhance our corporate value by improving the workplace environment and ensuring the health and happiness of our employees.

[> Workplace Environment](#)

## Kuruma-za, dialogue sessions between the president and employees



Since fiscal 2022, we have been holding an event called Kuruma-za, which consists of dialogue sessions between the president and employees. In the past, we held Kuruma-za at only domestic locations (Shiga Works, the Osaka Headquarters, Komaki Works, and the Tokyo Head Office), but in fiscal 2024, we held the event at a location outside of Japan for the first time, at Daifuku North America, Inc. The event consisted of discussions on a variety of topics, including our management philosophy, and it acted as an opportunity for the president and employees to deepen their mutual understanding as well as to enhance unity within the Daifuku Group.

## Issuing of an in-house newsletter



The Group publishes a weekly in-house newsletter available online for all Group members. The newsletter is published in multiple languages and aims to communicate management policies and other messages from top management, as well as to cultivate a shared corporate culture and spirit of unity.



# Social Contribution Activities

## Daifuku Group Policy for Social Contribution Activities

### Basic Approach

The Daifuku Group believes that, through labor saving and automation, our business activities can help solve social issues such as labor shortages and others. In addition, we will proactively interact with local communities as a corporation, and we will not only contribute to society through our business, but we will also contribute to the sustainable development of society by sincerely engaging in social contribution activities\* that extend beyond the scope of our business. Furthermore,

based on this Policy for Social Contribution Activities, we will promote social contribution activities that utilize the resources of the Daifuku Group and have a high synergistic effect with our business activities. Engaging in such activities is a vital foundation for the development of the Daifuku Group's business and the achievement of the targets in our long-term vision, Driving Innovative Impact 2030.

### Basic Policy

We have established the following points in order to conduct social contribution activities that sincerely respond to the demands and expectations of society.

#### 1. Key focus areas for activities

We have established solving social issues, the natural environment, coexisting with local communities, and development of next-generation human resources as key focus areas, and we will carry out specific activities focused on these topics.

#### 2. Key features of activities

##### (1) Employee participation

We value coexistence with local communities and contributions to society through the voluntary participation of our employees in social contribution activities, and we fully support these activities.

##### (2) Leveraging the Group's strengths

We will actively utilize the Group's resources, including products, services, human resources, technologies, and know-how, as appropriate in these activities.

##### (3) Joint development with stakeholders

Through communication with our stakeholders, we will strive to promote and improve our social contribution activities as well as to disclose their content.

Established: June 1, 2025

\* This Policy encompasses only company-sanctioned social contribution activities. Activities such as those that may be political in nature and/or deemed divisive or offensive are not covered by this Policy.

## Key Focus Areas

### 1. Solving social issues

Solving social issues by leveraging Daifuku's business activities and technological capabilities

### 2. The natural environment

Environmental conservation activities for a sustainable society

### 3. Coexisting with local communities

Community contribution activities for building ties with local communities

### 4. Development of next-generation human resources

Developing and securing next-generation human resources necessary for Daifuku's continuous value creation

## Focus Area Establishment Background and Benefits to Business

Solving social issues	<b>Background of focus area establishment</b> The Daifuku Group believes that our business activities contribute to social issues such as labor shortages through labor saving and automation. With this in mind, we will leverage the Group's resources and focus on development that improves the work environment at material handling sites. We will concentrate our activities in this key focus area on contributing to the resolution of social issues in new areas such as food and the environment, as outlined in our long-term vision, Driving Innovative Impact 2030.
	<b>Benefits to business</b> <ul style="list-style-type: none"> <li>• Improve technological capabilities through development</li> <li>• Obtain business opportunities</li> <li>• Enhance brand power</li> </ul>
The natural environment	<b>Background of focus area establishment</b> The Daifuku Group has consistently engaged in environmental conservation activities since we acquired our factory site in Hino Town, Shiga Prefecture, in 1970. Protecting the natural environment through conservation activities leads to the realization of a sustainable society, which in turn reduces risks in our business activities, and we recognize that these factors will contribute to continued, stable business activities for our customers and the Group.
	<b>Benefits to business</b> <ul style="list-style-type: none"> <li>• Continuation of stable business activities</li> <li>• Stable procurement of resources and materials</li> </ul>
Coexisting with local communities	<b>Background of focus area establishment</b> Centered on the Group's largest production base in Hino Town, Shiga Prefecture, we will expand and engage in a variety of community contribution activities at our production, sales, and service locations both within and outside of Japan. Through these activities, we will build positive relationships while contributing to the continuity and development of local communities.
	<b>Benefits to business</b> <ul style="list-style-type: none"> <li>• Contribution to the continuity and development of local communities</li> <li>• Enhance presence in local communities</li> <li>• Build positive relationships with local communities</li> </ul>
Development of next-generation human resources	<b>Background of focus area establishment</b> The Daifuku Group is engaged in a wide range of businesses, which requires diverse human resources and technicians. We will therefore cultivate the next generation of human resources who will lead our businesses and technologies into the future.
	<b>Benefits to business</b> <ul style="list-style-type: none"> <li>• Develop and secure human resources that will be responsible for next-generation technology development and business operations</li> <li>• Acquire future business opportunities by utilizing contacts with students</li> <li>• Enhancement of long-term corporate value</li> <li>• Increase in awareness</li> </ul>

## Target Setting

The Group has set fulfillment of stakeholder communication as a priority topic in our four-year business plan for 2027 and enhancement of communication with stakeholders as one of its KPIs. One of our targets for this priority topic is to actively participate in social contribution activities on a global scale.

[> Priority Topics and KPIs in the Four-Year Business Plan for 2027 \(PDF: 101KB\)](#) [PDF](#)

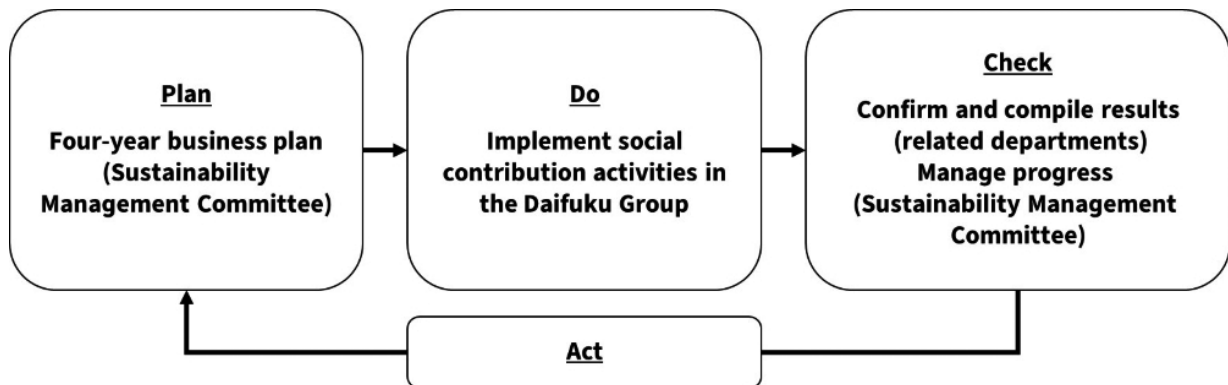
## Promotion System

The Group has set priority topics and KPIs related to social contribution activities in our four-year business plan, and their progress is managed by the Sustainability Promotion Committee, which is chaired by the President and CEO.

## Procedure for Activities

Based on the Daifuku Group Policy for Social Contribution Activities, we implement a PDCA cycle to promote effective and efficient activities.

## PDCA cycle



## Major Social Contribution Activities

### Solving social issues

#### Development and sales of automated warehouses for specialized environments



We develop and sell automated warehouses that transport and store items in high-rise racks without manual labor. These products are capable of handling items in a wide range of shapes and sizes, and they can also be installed in specialized environments, including frozen storage, high-temperature areas, explosion-proof zones, and oil-resistant settings. In addition to addressing labor shortages in logistics and production sites, the installation of our products—particularly in environments such as freezer warehouses below -20°C and hazardous materials storage—also helps reduce manual work in harsh and dangerous conditions, leading to improved productivity and better working environments.

> Example: [Compact system: Unit Load AS/RS](#)

#### Development of an internal washing system for waste collection vehicles



Daifuku developed the Shower Hopper, Japan's first automated internal washing system for waste collection vehicles. The interiors of waste collection vehicles are typically cleaned once daily after use; this work was previously performed manually, but labor shortages and work style reforms have brought about a growing need for automation. In addition, this type of manual work has both safety and hygiene issues. Daifuku is therefore utilizing the cleaning and automation technologies we have cultivated through car wash machine development, and by automating the cleaning of areas such as the inlet port and the rear loading apparatus, we are contributing to workload reduction, improved cleaning capabilities, and reduced water consumption.

> [Daifuku develops Japan's first automated internal washing system for waste collection vehicles \(Japanese only\)](#)

## Surveys and collection of floating macro-debris including plastic waste



We conduct surveys and collection of floating macro-debris, including plastic waste. Plastic waste is a major issue in the environmental conservation of Shiga Prefecture, where Daifuku's main factory is located. We will invest in solutions to local community issues, reduce the burden of labor-intensive river debris collection work, accelerate surveys and collection in accordance with Ministry of the Environment guidelines, and aim to realize effective solutions and transition to sustainable operations.

- > [Daifuku conducts plastic waste surveys and collection in Shiga Prefecture as part of its environmental conservation and community contribution activities \(Japanese only\)](#)
- > [Increasing the Effectiveness of Waterway Plastic Waste Collection to Protect the Environment](#)

## The natural environment

### Nature conservation around Lake Biwa



Each year, employees from Shiga Works take part in a community activity together with local residents, companies, and environmental conservation groups to clip reeds surrounding Lake Biwa. It is essential to trim the overgrown reeds every winter to protect the reed beds, which play an important role in preserving the ecosystem and water health of Lake Biwa. The reed clippings are then used as raw materials for paper products.

### Ecosystem conservation activities at Shiga Works



Shiga Works, the Group's main plant, covers a vast area of over 1.2 million square meters. More than 1,000 native species inhabit the premises, and among them, over 70 endangered and rare species having been identified. To protect this rich natural environment, we are working on the Yui Project, a biodiversity conservation initiative that connects people with nature, water with greenery, and people with people. As part of the Yui Project, we have established Yui no Mori, an area comprised of conservation ponds, learning centers, and more. The area is used to protect endangered and rare species identified within the Shiga Works premises and to provide opportunities for environmental learning and interaction within and outside the company. Activities through this project are not limited to environmental conservation within the premises, but also contribute to the conservation of ecosystems in surrounding areas through the formation of a natural environment network.

- > [Living with Nature: Biodiversity Preservation at Daifuku's Flagship Plant](#)

## Coexisting with local communities

### Regional Revitalization Team Project



Beginning in fiscal 2019, Shiga Works launched the Regional Revitalization Team Project to promote interaction between employees and the local community. In fiscal 2024, donation boxes made by employees were installed in each cafeteria, donations were made to a social welfare organization in Hino Town, Shiga Prefecture, and sales and tasting events by local vendors were held in conjunction with walking events during lunch breaks at Shiga Works.

### Community cleanup activities



Shakunage-gunraku, also known as Rhododendron Gorge, is a nationally designated Natural Monument located near Shiga Works. Since 2005, Daifuku has participated cleanup events organized by the Hino Tourism Association in April before peak season. In addition, we have been participating in the Omi Eco-Foster System promoted by Shiga Prefecture since 2001, cleaning up national roads around Shiga Works. In fiscal 2024, events were held 12 times with a total of 111 participants.

The Tokyo Head Office also participates in annual volunteer raking of fallen leaves at the Kyu Shiba Rikyu Gardens, which is located nearby the office building, together with other neighboring corporations as part of our annual community contribution activities.

### Provision of a temporary evacuation shelter



Daifuku has established an agreement with Hino Town, Shiga Prefecture, to accommodate local residents in the event of evacuation resulting from a disaster. This agreement was broached after local residents requested that we provide Shiga Works as an evacuation site in the event of an emergency. After conducting a simulation of receiving evacuees and confirming the contents of the agreement with other companies near Shiga Works, we decided to enter into the agreement in the interest of social contribution.

### Local procurement and local hiring

We believe that one of the activities that contributes to local economies is to procure in the vicinity of our operating areas. This can include parts, food, or other necessities. We are dedicated to the growth of communities through our procurement for Shiga Works and other regions. Also, we actively seek out talent in the vicinity of our sites and provide them employment opportunities. We will continue to contribute to the vitalization and advancement of regional economies through local procurement and employment.



## Development of next-generation human resources

### Visiting lectures to nearby elementary schools



In fiscal 2023, we gave a visiting lecture at an elementary school in Shiga Prefecture, where one of our facilities is located. This lecture was part of a project launched in 2023 by Shiga Prefecture and in cooperation with corporations and other organizations to create opportunities for diverse experiences for children. As a model project, we introduced local children to our biodiversity conservation activities, including the dragonflies that inhabit the Shiga Works premises.

### Educational field trips to Hini Arata Kan



We have been accepting educational field trips at Hini Arata Kan, our demo center within Shiga Works, since fiscal 2014. We have designed a tour program for students in 5th grade of elementary school or above that follows the content of government curriculum guidelines. In this program, the students deepen their understanding of factory production and information society through the world of material handling. In addition to viewing the demo systems, the students can also enjoy learning through a variety of activities, such as watching videos made specifically for elementary school students, comparing the speeds of the demo systems, and more. In fiscal 2024, around 450 students from six elementary schools participated in these field trips.

> [Learning About Automated Material Handling: Daifuku's Programs for Schoolchildren](#)

### Etiquette training



Since fiscal 2015, we have been holding etiquette training led by Hini Arata Kan staff members. As advance preparation for the workplace experience training implemented at public junior high schools in Shiga Prefecture (Junior High School Student Challenge Week), students receive training with demonstrations in business etiquette such as how to greet politely and answer the phone. In fiscal 2024, 1,119 students from eight junior high schools (34 classes) participated in these training sessions. This training is also offered for local university students, teaching staff, and administrative staff.

## Lectures on material handling for university students



Lectures are given to university students as an opportunity to familiarize them with Daifuku's material handling business. In the lectures, we explain what material handling is as well as its history. We are continuing to hold these lectures in an effort to spark interest and deepen understanding through case studies of installed solutions, ultimately helping to cultivate human resources for the future material handling industry. In fiscal 2024, a total of seven lectures were given at six universities.

## Participation in Table for Two



Since 2017, we have been participating in a food-based social contribution program operated by the specified non-profit organization Table for Two International. We donate 20 yen for every lunch served at the restaurant in Hini Arata Kan, which is equivalent to one school meal for children in developing countries. In fiscal 2024, we donated a total of 67,280 yen.

## Employees' Social Contribution Activities

The Daifuku Group actively supports employees' participation in social contribution activities in accordance with our Policy for Social Contribution Activities. Through social contribution activities, we are fostering a culture in which each employee is conscious of various social issues and works to voluntarily and proactively address them.

### Progress

Specific activities with employee participation	Nature conservation around Lake Biwa (the natural environment)
	Community cleanup activities (coexisting with local communities)

## Related systems

### Volunteer leave system

The Daifuku Group has established a volunteer leave system to encourage employees to participate in volunteer activities.

### Daifuku Sustainability Action Program

In fiscal 2012, we launched a program to award points to employees for participating in their environmental and volunteer activities. Under this program, employees can exchange the points they earn for environmentally friendly products and other rewards, and Daifuku donates a proportionate amount to external organizations. In fiscal 2024, we donated 3.31 million yen to external environmental organizations.

[> Daifuku Sustainability Action Program](#)

## FY2024 Activity Results Data

### Expenditures for social contribution activities

Item	Scope	Unit	FY2024
Expenditures for social contribution activities (including donations)	Daifuku Co., Ltd.	Yen	25,141,125
Of which, donations to non-profit organizations	Daifuku Co., Ltd.	Yen	3,387,192

### Investment by focus area

Key focus areas	Investment details	Scope	Unit	FY2024
The natural environment	Donations through the Daifuku Sustainability Action Program	Daifuku Co., Ltd.	Yen	1,790,000
	Biodiversity conservation activity costs	Daifuku Co., Ltd.	Yen	4,100,162
Coexisting with local communities	Donations through the Daifuku Sustainability Action Program	Daifuku Co., Ltd.	Yen	1,500,000
	Donations and activity costs related to revitalization of local communities, such as the Regional Revitalization Team Project	Daifuku Co., Ltd.	Yen	2,963,582
	Cleaning and greening activities around Daifuku sites	Daifuku Co., Ltd.	Yen	2,247,000
Development of next-generation human resources	Reception of university, vocational college, junior high school, and elementary school members at Hini Arata Kan	Daifuku Co., Ltd.	Yen	534,240
	Participation in Table for Two	Daifuku Co., Ltd.	Yen	67,280
Total			Yen	13,202,264

# Participation in Outside Initiatives

The Daifuku Group participates in and sponsors domestic and international initiatives to promote the creation of a sustainable society in line with the demands of the international community.

## United Nations Global Compact



In April 2014, Daifuku signed a commitment to join the United Nations Global Compact (UNGC), which is made up of ten principles on human rights, labour, environment, and anti-corruption.

## The Ten Principles of the UNGC

Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labour;
	Principle 5: the effective abolition of child labour; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## Participation in Global Compact Network Japan

In April 2014, Daifuku joined Global Compact Network Japan (GCNJ), which is a local network of the UNGC. The GCNJ operates focused on subcommittees based on the ten UNGC principles in four areas (human rights, labour, environment, and anti-corruption), and it partners with other participating companies and organizations and conducts activities aimed at realizing a sustainable society. In fiscal 2024, we took part

in the Environmental Management Subcommittee, Kansai Subcommittee, HRDD Subcommittee, Anti-Corruption Subcommittee, Disaster Prevention and Mitigation Subcommittee, ESG Subcommittee, Reporting Research Subcommittee, and Circular Economy Subcommittee. We are working to solve various issues using the knowledge and findings that we acquire from these subcommittees.

## Sustainable Development Goals



The United Nations adopted the Sustainable Development Goals (SDGs) in September 2015, consisting of 17 goals and 169 targets for the year 2030. The Daifuku Group will contribute to the creation of a sustainable society through its business activities by linking its three-year business plan and Sustainability Action Plan to the SDGs.

## Task Force on Climate-related Financial Disclosures



In May 2019, we expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB).

[> Climate Change \(Disclosures Based on TCFD Recommendations\)](#)

## CDP (Climate Change and Water Security)



CDP is an international project that brings together institutional investors from around the world and requires companies to disclose information about their greenhouse gas emissions and strategies for climate change and water security. We have been responding to the CDP's questionnaire since 2017.

## Science Based Targets initiative



As of November 2023, the CO<sub>2</sub> emissions reduction targets established in the Daifuku Environmental Vision 2050 have been recognized as near-term science-based targets in accordance with the Paris Agreement and have received official approval from the Science Based Targets initiative (SBTi).

## Japan Climate Initiative



The Japan Climate Initiative (JCI) is a network to strengthen the communication and exchange of information and opinions among companies, municipalities, and NGOs that are actively working to combat climate change. Daifuku has endorsed the declaration of "joining the front line of the global push for decarbonization from Japan" and has been a participant since July 2018.

[> Japan Climate Initiative](#)

## Japan Climate Leaders' Partnership



Since April 2018, Daifuku has been a supporting member of the Japan Climate Leaders' Partnership (JCLP), a group of companies working to create a sustainable, decarbonized society.

[> Japan Climate Leaders' Partnership](#)

## Semiconductor Assembly Test Automation and Standardization Research Association (SATAS)

Since fiscal 2024, we have been a founding member of the Semiconductor Assembly Test Automation and Standardization Research Association (SATAS). SATAS was established with the aim of transforming and fully automating the packaging, assembly, and test processes of semiconductor manufacturing.

[> Semiconductor Assembly Test Automation and Standardization Research Association \(SATAS\)](#)

## Membership in Institutes and Associations (as of May 31, 2025)

Name of institute or association	Position	Daifuku officer	
Japan Institute of Logistics Systems	Vice Chairman	President and CEO	Hiroshi Geshiro
The Japan Society of Industrial Machinery Manufacturers	Permanent Secretary	President and CEO	Hiroshi Geshiro
Japan Industrial Vehicles Association	Vice Chairman	President and CEO	Hiroshi Geshiro
Japan Management Association	Director	President and CEO	Hiroshi Geshiro
The Japan Institute of Material Handling	Chairman	President and CEO	Hiroshi Geshiro
Japan Material Handling Society	Vice Chairman	Director and Managing Officer	Hiroshi Nobuta
Japan Material Flow Institute	Director	Managing Officer	Norihito Toriya



# Environmental Management

## Daifuku Group Environmental Policy

### Basic Approach

The Daifuku Group will contribute to the creation of a sustainable society by engaging in sound business practices in accordance with our company creed, management philosophy, and Group Code of Conduct. Each and every employee shall be aware of the environmental impact of all aspects of our business activities,

including the development, design, production, sales, installation, and after-sales service of material handling systems and equipment, and shall strive to minimize the impact of such activities.

### Basic Policy

We will ensure that all Group officers and employees are aware of this policy and work to resolve environmental issues throughout the supply chain.

#### 1. Compliance with laws and regulations

We will comply with social rules, including laws, regulations, and agreements related to environmental conservation, in the countries and regions where we operate.

#### 2. Building and operating an environmental management system

We will set environmental targets and establish an environmental management system. The operation of the system will be reviewed periodically for continuous improvement.

#### 3. Addressing climate change

We will provide products and services that contribute to improving energy efficiency. We will also minimize greenhouse gas emissions in all aspects of our business activities, including throughout the supply chain.

#### 4. Sustainable resource use

We will strive to use resources sustainably and efficiently at every stage from product development and design to production, use, and disposal, while also working toward the reduction of waste emissions, reusing, and recycling.

#### 5. Consideration for nature and ecosystems

We will prevent air, water, and soil pollution through the reduction and correct treatment of hazardous substances while also contributing to the preservation of ecosystems and biodiversity.

#### 6. Collaborating with suppliers and business partners

We will prioritize the procurement and purchase of materials, parts, and products with lower environmental impact. Additionally, by providing guidance and support to suppliers and business partners as needed, we will strengthen our collaboration and work toward reducing our impact on the environment.

#### 7. Environmental education and awareness

We will provide educational and awareness-raising activities to raise environmental awareness among all Group executives and employees and to enable each individual to act autonomously.

#### 8. Information disclosure and communication

We will strive to regularly disclose information on the progress of our initiatives and emphasize communication with stakeholders to resolve environmental issues.

Established: August 31, 2023

## Daifuku Environmental Vision 2050

The Group's automated technology, with material handling at its core, contributes extensively to factory automation in general industries, semiconductors, and automobiles, as well as to labor saving in logistics centers and more efficient airport operations. As part of the supply chains in a variety of industries around the world, the Group recognizes that, in order to realize a sustainable society, it is essential to understand the positive and negative environmental impacts of our business activities, products, and services, as well as work toward improving the value we provide and minimizing our burden on the environment. In addition, in order to further enhance our corporate value, we must develop and implement mid- to long-term strategies while taking into consideration the opportunities and risks that global

environmental changes which have already manifested may present to the Group.

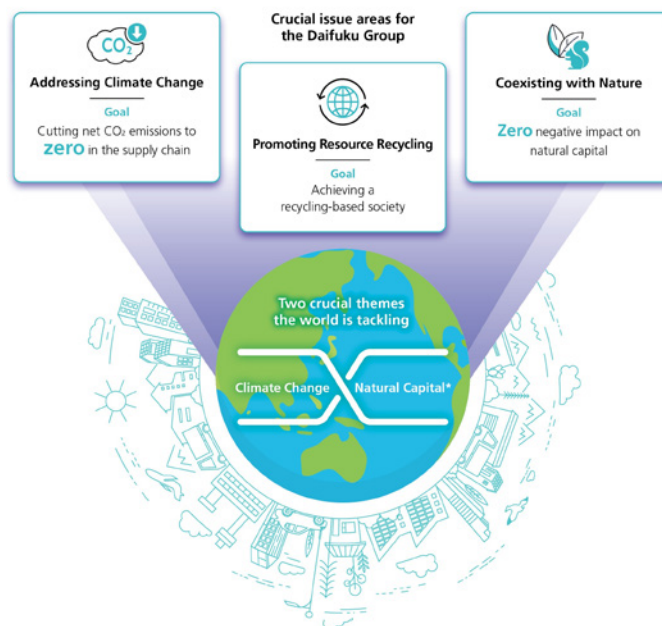
Given these circumstances, in addition to fulfilling our responsibilities as a corporation, the Daifuku Group believes that it is necessary to take more concrete actions at a higher standard to realize the future society we aim to create. As such, in May 2023, we revised the Daifuku Environmental Vision 2050 that was announced in 2021, expanding our crucial issue areas and raising our environmental targets for 2030.

The Group aims to realize this Vision by addressing environmental issues throughout the entire supply chain while engaging in dialogue with customers, suppliers, investors, and other stakeholders.

> [Daifuku Environmental Vision 2050 \(revised; announced May 2023\) \(PDF: 740KB\)](#) [PDF](#)

> [Daifuku Environmental Vision 2050 \(pre-revision; announced February 2021\) \(PDF: 335KB\)](#) [PDF](#)

### Realizing a world where material handling systems have zero environmental impact.



\* Natural capital refers to the natural stock of resources (plants, animals, air, water, soil, minerals, etc.) that combine to yield benefits to people. Businesses and society are expected to use this capital in a sustainable manner. Although these resources are being eroded by climate change, improving their sustainability will lead to the absorption of greenhouse gases and the mitigation of natural disasters.

## Three crucial issue areas

Ensuring a healthy global environment is an essential prerequisite to creating a world where all people can lead fulfilling lives. Thus, under our management philosophy “Automation that Inspires,” addressing climate change and other

environmental challenges is a crucial management issue. The Daifuku Group will fulfill its responsibilities as a corporate partner throughout the entire supply chain and will strive to realize this Vision with a view to the future society we wish to create.

## Addressing Climate Change



### Goal: Cutting net CO<sub>2</sub> emissions to zero in the supply chain

We will reduce net CO<sub>2</sub> emissions from our business operations throughout our supply chain to zero by developing and providing products and services that contribute to the creation of a decarbonized society, using energy efficiently and introducing renewable energy at our Group sites and suppliers.

## Promoting Resource Recycling



### Goal: Achieving a recycling-based society

We will endeavor to reduce the amount of water and other resources we use. We will also contribute to the formation of a recycling-based society by extending the service life of our products, minimizing the amount of waste generated at our production sites, and expanding the recycling of used products and parts.

## Coexisting with Nature



### Goal: Zero negative impact on natural capital

We will strive to sustainably use ecosystem services and conserve biodiversity based on an understanding of the impact of our business activities on the global environment. We will minimize negative impacts on natural capital such as air, water, and soil, and, together with our stakeholders, coexist in harmony with nature.

## Environmental goals for 2030

In revising this Vision, we also reviewed our targets for 2030, setting a new CO<sub>2</sub> emissions reduction target to help achieve the 1.5°C global warming limit required by the Paris Agreement,<sup>\*1</sup> and setting new targets for water resources, biodiversity conservation, and awareness-raising activities. In order to respond to constantly changing social trends and the business environment, we will periodically review our targets and adjust them as necessary. The results for fiscal 2022 have been disclosed based on the KPIs from prior to revision. From fiscal 2023 onward, targets will be managed using the following KPIs.

In May 2024, regarding one of our critical issue areas, addressing climate change, we have upwardly revised our 2030 Scope 1 and Scope 2 reduction targets (compared to FY2018) from 50.4% to 60%. In addition, we have set a new target for the percentage of electricity derived from renewable energy sources. Also, with regard to coexisting with nature, to emphasize more effective awareness-building throughout the Group through the Sustainability Action Program,<sup>\*2</sup> we have revised the target from number of participants to a qualitative goal.

<sup>\*1</sup> The targets for 2030 have received official approval from the Science Based Targets initiative (SBTi) and include a 1.5°C aligned target for Scopes 1 and 2 and a well-below 2°C aligned target for Scope 3 (Categories 1 and 11).

<sup>\*2</sup> Daifuku's unique program for sustainability awareness and training

Crucial issue areas	KPIs	Targets
Addressing Climate Change	Daifuku CO <sub>2</sub> emissions (Scopes 1 + 2)	60% reduction (compared to FY2018)
	Percentage of electricity derived from renewable energy sources	80% Daifuku Japan is expected to achieve 100% by 2027
	CO <sub>2</sub> emissions from purchased goods and services (Scope 3 Category 1)	30% reduction <sup>*1</sup> (compared to FY2018)
	CO <sub>2</sub> emissions from the use of sold products (Scope 3 Category 11)	
Promoting Resource Recycling	Landfill disposal rate	Less than 1%
	Water use intensity <sup>*2</sup>	60% reduction <sup>*3</sup> (compared to FY2018)
Coexisting with Nature	Rate of implementation of biodiversity conservation activities at major sites <sup>*4</sup>	100%
	Global expansion of Sustainability Action	Program expansion and awareness raising

\*1 Scope 3 Category 1 and Category 11 combined target

\*2 Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

\*3 Upwardly revised as initial target was met ahead of schedule (August 2024)

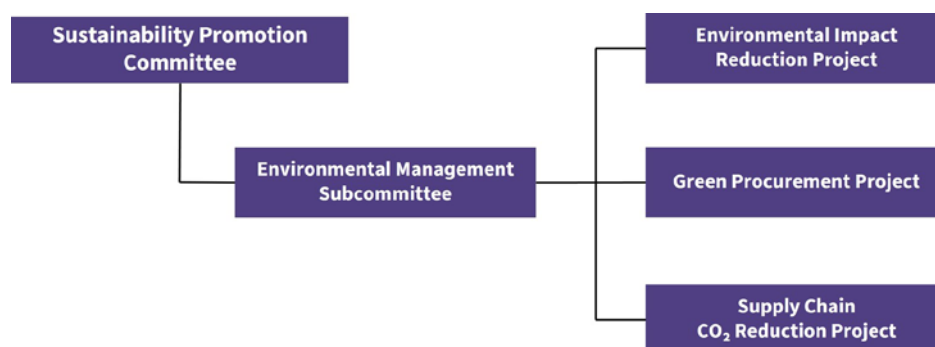
\*4 Sites with 100 or more employees

## Promotion System

The Sustainability Promotion Committee is a Group-wide body chaired by the COO which includes the global business heads of each business unit as its members, and the Environmental Management Subcommittee is established under its jurisdiction. Focusing on the crucial issue areas set in the Daifuku

Environmental Vision 2050, this subcommittee promotes activities and confirms progress toward targets. In fiscal 2025, we launched the following three projects to further discussions on each theme across our business units and Corporate Functions departments.

> [Targets and Results](#)



FY2025 promotion system

## Environmental Management Subcommittee

Members	Business units (manufacturing, procurement, and design departments), Contec Co., Ltd., Production Innovation Division, Human Resources and General Affairs Division, Legal Department, Governance Promotion Department, DX Division, Sustainability Promotion Department	
Main agenda	Environmental Impact Reduction Project	Consider the introduction of energy conservation and renewable energy within and outside of Japan; promote resource conservation activities
	Green Procurement Project	Establish internal systems and mechanisms for green procurement operations
	CO <sub>2</sub> Emissions Reduction Program	Work with suppliers to decarbonize the upstream supply chain

## Environmental management system certification

We promote ISO 14001 international standards for environmental management systems certification at all primary production sites both within and outside of Japan. All three of our Japan production locations as well as 18 of our production locations outside of Japan have been ISO certified. 78% of our production facilities have obtained certification.

Certification standards	Production sites (consolidated)	Number of certified locations	Proportion of certified locations
ISO 14001	27	21	78%

[> ISO Certified Locations](#)

## Environmental audits

In order to confirm the consistency of the environmental management system, regular audits are conducted at sites with ISO certification.

Type of audit	Frequency and content	Subject
Internal audits	Conduct internal audits by in-house auditors at least once per year	Sites with ISO 14001 certification
External audits	Undergo an audit by a certifying body once per year	

## Responding to Water Risks

The Daifuku Group uses Aqueduct, an assessment tool developed by the World Resources Institute (WRI), to regularly assess water risks in countries and regions where we hold major operations (Japan, China, Taiwan, India, Thailand, South Korea, the United States, and the United Kingdom). In the analysis conducted in 2022, it was found that two sites in India and three sites in China were at a risk level of “high” or above. These sites were set as priority locations, and field surveys were conducted at each of them. In the results, it was found that the total amount of water withdrawn at the five sites in fiscal 2024 was 20,803m<sup>3</sup>. The main use of water at all five sites was found to be employees' daily use and watering plants, and the supply and quality of water from intake sources were stable. As such, no major risks have been

identified at this time, but we are working to reduce water usage through measures such as conserving water in offices and reusing treated wastewater.

The Group's main use of water in our production activities is the degreasing process prior to product coating, but this process does not require high quality or a large amount of water. However, we recognize that water is an important resource for Daifuku, and we will continue to implement appropriate measures related to water risks based on an understanding of the water usage at our production sites.

The results of the water risk assessment (overall water risk\*) for our main sites are as follows.

Water risk level	Number of sites
Low (0-1)	6
Low-Medium (1-2)	17
Medium-High (2-3)	2
High (3-4)	3 (China)
Extremely-High (4-5)	2 (India)

\* A comprehensive water-related risk assessment, as defined by Aqueduct, based on all factors including physical water quantity, water quality, regulatory and reputational risk.

## Life Cycle Assessment (LCA)

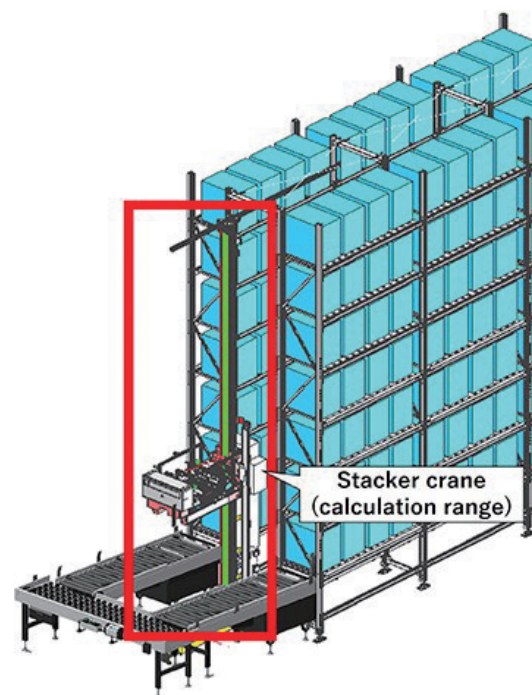
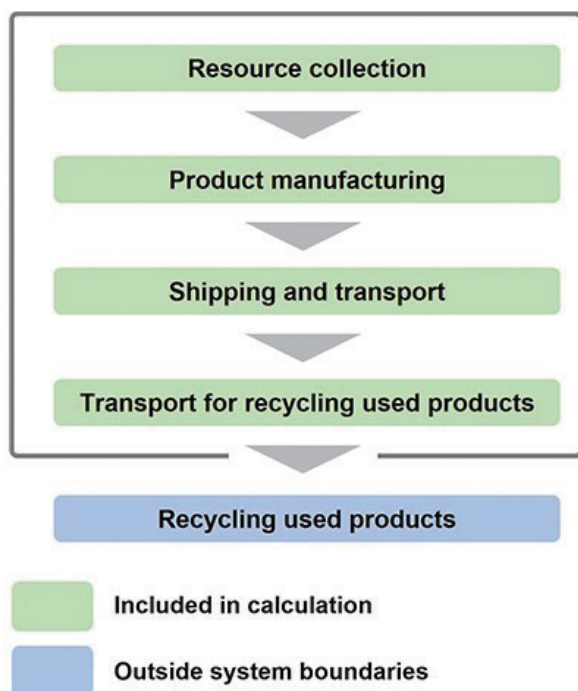
Daifuku conducts environmental impact assessments of all of the products we develop using an LCA method in order to determine the environmental footprint of our products throughout their life cycle and to continuously develop environmentally conscious products. Comparing our new products to older models helps us to enhance the environmentally friendly design of our products and services.

### **Case Study** LCA results for the Mini Load Automated Storage and Retrieval System(Mini Load AS/RS, H-P10)

The Mini Load AS/RS is a product that automatically receives, stores, and retrieves small quantities of various irregularly-shaped products and parts in containers, cardboard boxes, or trays. The H-P10 is a high-capacity model suitable for multi-tenant

distribution warehouses, and the lightweight main unit and specialized transfer machine reduce the amount of time required for storage and retrieval.

#### 1. LCA calculation range



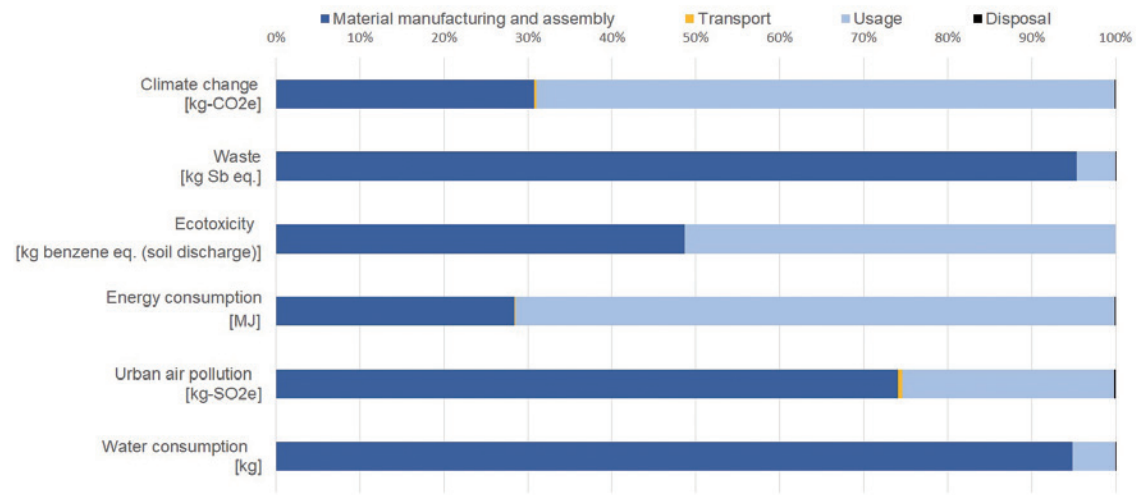
For the portion of the stacker crane that makes up the H-P10, we calculated the receiving and retrieving operations for 12 years within the range of resource collection to transport for recycling used products.



## 2. Impact assessment

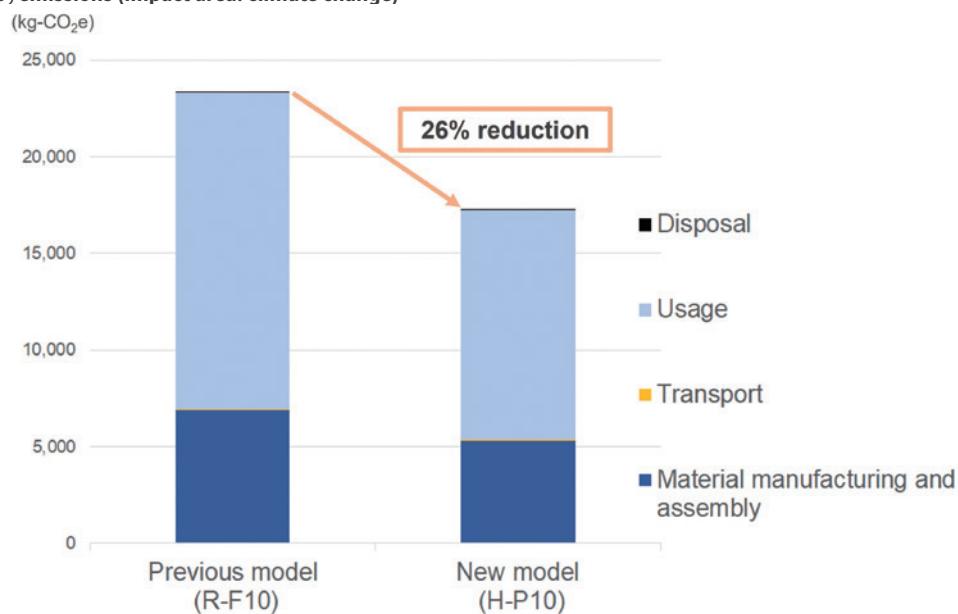
Impact assessments were conducted by life cycle stage for each of the six impact areas shown in the graph below. We also compared new and old products by impact area.

### Results of impact assessments by life cycle stage



- For waste and water consumption, the material manufacturing and assembly stage accounted for more than 90% of the impact.
- For climate change and energy consumption, the usage phase accounted for about 70% of the impact.
- In all areas studied, the impact from the transport and disposal phases was found to be low.

### Comparison of CO<sub>2</sub> emissions (impact area: climate change)



The H-P10 emits 26% less CO<sub>2</sub> than the previous model (R-F10) due to reductions in raw materials, the number of parts, and power consumption during use.

# Climate Change

## Basic Approach

The Daifuku Group supports the Paris Agreement, the Act on Promotion of Global Warming Countermeasures, the Act on Rationalizing Energy Use, and other laws and regulations related to climate change, and we are advancing our environmental management to help create a decarbonized society and realize SDGs. We are actively working to reduce our energy consumption and contribute to the environment through manufacturing, and we file regular reports with the government on our energy consumption, CO<sub>2</sub> emissions, and other data.

The Daifuku Environmental Vision 2050 establishes addressing climate change as one of our critical issue areas, and we are focused on reducing CO<sub>2</sub> emissions through our products and services, reducing CO<sub>2</sub> emissions throughout our entire supply chain, and introducing renewable energy. We will continue to endeavor to improve our business activities as well as our products and services through dialogue with our stakeholders, contribute to the development of society, and increase our corporate value.

[> Daifuku Environmental Vision 2050](#)

## Disclosures Based on TCFD Recommendations

In May 2019, Daifuku expressed its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. Information is disclosed in accordance with the core elements of the TCFD recommendations for climate-related financial disclosure: governance, strategy, risk management, and indicators and targets. In fiscal 2023, we conducted an additional financial impact assessment and scenario analyses, and we updated our disclosures in fiscal 2024.

## Governance



Governance system for climate-related risks and opportunities (FY2025)

## Supervision and execution system for climate-related risks and opportunities

The Board of Directors oversees initiatives to enhance corporate value over the medium to long term, including management strategies to address climate-related risks and opportunities. On the Board of Directors, the CEO is charged with the supervision of climate-related risks and opportunities. Through training, opinion exchanges with experts, and dialogue with customers, the members of the Board of Directors are enhancing their insight into sustainability issues, including climate-related issues, in order to improve their skills and competencies to oversee the Group's initiatives.

Additionally, we have established the Sustainability Management Committee, which reports on and submits critical matters

regarding sustainability issues, including climate-related issues, to the Board of Directors. This committee engages in important discussions regarding management strategies that emphasize the enhancement of corporate value over the medium to long term, as well as the confirmation of the progress and results of plans. Furthermore, the Sustainability Promotion Committee and the Environmental Management Subcommittee, under the jurisdiction of and in cooperation with the Sustainability Management Committee, are responsible for investigating and implementing more concrete measures based in management strategies on a practical level.

### Role of each organization

	Members	Role
Board of Directors	Chair: President and CEO Members: Directors (5 inside, 5 outside)	<ul style="list-style-type: none"> <li>Undergo decision making and supervision of important management matters such as the determination of management policies, management plans, and the corporate governance system.</li> </ul>
Sustainability Management Committee	Chair: President and CEO Members: Executive Vice President and COO, Corporate Functions Head, Global Business Heads, C-suite, etc.	<ul style="list-style-type: none"> <li>Hold important discussions on management strategy that emphasize the creation of corporate value over the medium to long term, confirm the progress and results of plans, and work to improve the sophistication of management.</li> </ul>
Risk Management Committee	Chair: Executive Vice President and COO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	<ul style="list-style-type: none"> <li>Conduct Group-wide risk management for critical risks that have a significant impact on business activities.</li> <li>Conduct regular risk assessments to identify and evaluate significant risks, develop countermeasures, and work to improve and enhance policies, regulations, and systems.</li> </ul>
Sustainability Promotion Committee	Chair: Executive Vice President and COO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	<ul style="list-style-type: none"> <li>As a subordinate branch of the Sustainability Management Committee, promote Group-wide environmental, social, and governance (ESG) initiatives on a working level based on management strategy.</li> </ul>
Environmental Management Subcommittee	Leader: director or officer appointed according to theme Members: employees appointed by each global business and Corporate Functions	<ul style="list-style-type: none"> <li>Consider and implement more specific measures to address climate-related and other environmental issues based on the Sustainability Promotion Committee's policies.</li> </ul>

## Monitoring of and incentives for climate-related targets

Plans and targets for climate-related issues were set in the Sustainability Action Plan through fiscal 2023, and their progress was managed by the former Sustainability Committee. However, from fiscal 2024 onward, progress will be managed by the Sustainability Management Committee and monitored by the Board of Directors within the framework of the four-year business plan.

Additionally, the executive remuneration system for internal

directors has been revised as of fiscal 2024, and for the payment criteria for performance-linked remuneration, the grade will be calculated by also considering climate-related evaluation indicators. Included in the criteria for grade calculation is, regarding bonuses, the progress of CO<sub>2</sub> emissions reduction targets, and regarding the Board Benefit Trust (BBT), evaluations by external ESG rating agencies (MSCI, FTSE, CDP) and the achievement of CO<sub>2</sub> emissions reduction targets.

## Climate-related agenda items at the Board of Directors and other meetings (FY2024)

### Board of Directors meetings

- The long-term vision, Driving Innovative Impact 2030, and the four-year business plan for 2027 (April, May)
- Review of the targets in the Daifuku Environmental Vision 2050 (April, August)
- Review of disclosures based on the TCFD recommendations (May)

### Sustainability Promotion Committee (held 2 times)

- Sustainability Action Plan Progress Report
- Revision of the Daifuku Environmental Vision 2050
- Plans for the incorporation of renewable energy and energy conservation
- CO<sub>2</sub> reduction throughout the supply chains, etc.

## Strategy

### 1. Identifying climate-related risks and opportunities

#### Primary factors related to climate change

Factors related to climate change that could impact our business operations encompass several key aspects, including increasingly stringent regulations aimed at fostering a decarbonized society, advancements in technology geared toward a low-carbon future, market shifts driven by responses to climate change, and the growing frequency of climate-induced disasters and events. Based on the nature of the Group's business operations, we have identified the climate-related transition risks, physical risks, and opportunities associated with each of these factors.

#### Primary factors impacting Daifuku's business operations

<div>Decarbonization scenario</div> <div>1.5~2°C</div>	<b>[A world progressing toward decarbonization]</b> <ul style="list-style-type: none"> <li>• Stricter regulations on GHG emission reductions, introduction of carbon pricing</li> <li>• Promotion of the development of low-carbon products</li> <li>• Progress in technological development and social integration of carbon recycling</li> <li>• Acceleration of the global EV shift</li> </ul>
	<b>[Shared changes]</b> <ul style="list-style-type: none"> <li>• Shift to automated factories and logistics warehouses due to Japan's declining population</li> <li>• Increase in demand for semiconductors and industrial IoT-related products in emerging countries</li> <li>• Changes in consumer behavior due to the sharing economy</li> </ul>
	<b>[A world with advancing global warming]</b> <ul style="list-style-type: none"> <li>• Increase in average temperature               <ul style="list-style-type: none"> <li>• Increased importance of cold chains</li> <li>• Reduced productivity in outdoor work due to increased heat stress</li> <li>• Increased air conditioning costs</li> </ul> </li> <li>• Frequency and severity of weather-related disasters resulting in damage to Daifuku facilities and those of our business partners</li> </ul>

### Assessment of climate-related risks and opportunities

We have assessed the level of impact, both qualitative and quantitative, on the Group's business for each identified transition risk, physical risk, and opportunity. These results have been categorized based on factors such as time period until risk manifestation or opportunity realization, likelihood of risk manifestation or opportunity realization, and financial impact, as shown below. In response to our assessment, we are implementing appropriate countermeasures for each risk and opportunity.

The definitions for time period, likelihood, and impact are as shown in the chart below.

Time period	Short term: less than 3 years; medium term: 3 to 10 years; long term: more than 10 years
Likelihood	Low: somewhat uncertain; medium: intermediate; high: somewhat certain
Impact	<b>Sales</b> Small: less than 6 billion yen; medium: 6 to 60 billion yen; large: more than 60 billion yen <b>Profit and cost</b> Small: less than 600 million yen; medium: 600 million to 6 billion yen; large: more than 6 billion yen

### Significant risks and opportunities for the Group

Category		Climate change drivers	Major risks and opportunities	Time period	Likelihood	Impact	Main responses to risks and opportunities
Transition risks (1.5°C scenario)	Policy regulations	Tighter GHG emissions regulations, introduction of carbon pricing	Increase in operating costs due to the introduction of a carbon tax on GHG emissions from factories and business sites	Long term	High	Medium	① Group-wide Scope 1 and Scope 2 reductions
			Increase in procurement costs due to the introduction of a carbon tax or GHG reduction measures for material procurement and transport	Long term	Medium	Medium	② Reduction of environmental impact in the supply chain
	Market	Progress in decarbonization technology development	Increase in parts procurement costs due to higher demand for metal materials and rare metals	Medium to long term	Low	Medium	
	Reputation	Increasing stringency in the evaluation of initiatives to address climate change issues, rising demand for information disclosure	Decline in stock price due to deterioration of the company's image and increase in financing costs due to exclusion from investment opportunities	Long term	Low	Medium to large	③ Enhancement of climate-related information disclosure
Physical risks (4°C scenario)	Acute	Increase and intensification of weather-related disasters such as floods, typhoons, and storm surges	Site damage and operation stoppages, operation stoppages due to supply chain disruptions, and procurement of substitute parts	Short to long term	High	Medium to large	④ Risk assessments and implementation of risk mitigation measures
	Chronic	Chronic rise in sea level	Relocation of sites due to rise in sea level	Long term	Low	Small	
		Heat waves and chronic temperature increases	Increased air conditioning costs and maintenance due to rising temperatures and reduced productivity due to heat stress	Short to long term	High	Medium	⑤ Maintenance and improvement of working environment
		Increasing water risk due to droughts	Decreased capacity utilization due to droughts	Short to long term	Medium	Small	⑥ Reduction of water use
Opportunities (1.5°C scenario)	Products and services	Increasing demand for power savings in electronic equipment due to tighter environmental regulations	Increase in sales of products for semiconductor lines due to higher demand for semiconductors	Medium term	High	Medium	⑦ Strategic response to semiconductor demand
		Shift to EVs (spread of EVs and FCVs)	Increase in sales of our company's products due to the expansion of automobile production lines accompanying the shift to EVs	Medium to long term	Medium	Small	⑧ Adaptation to the shift to EVs

Category		Climate change drivers	Major risks and opportunities	Time period	Likelihood	Impact	Main responses to risks and opportunities
Opportunities (1.5°C scenario)	Products and services	Progress in low-carbon technologies using IoT	Increase in sales due to higher demand for AI and IoT-related products and cost reductions through their utilization	Medium to long term	Medium	Medium	⑨ Utilization of IoT, ICT, AI, and other advanced technologies in our business
		Growing demand for waste reduction including food loss	Increase in sales of products for logistics and warehouse facilities related to cold chain	Medium to long term	High	Medium	⑩ Response to cold chain and e-commerce demand
		Increasing demand for more efficient, labor-saving, and energy-saving work to achieve low operations to achieve low carbon emissions	Increase in sales of products and services that contribute to more efficient and automated production and logistics	Medium to long term	High	Medium	⑪ Pursuit of environmental and social value in material handling systems

### Response to climate-related risks and opportunities

In response to the identified significant risks and opportunities, the Daifuku Group has established the Daifuku Environmental Vision 2050 and is pursuing the following initiatives based on our policy of realizing a world where material handling systems operate with zero environmental impact.

#### ① Group-wide Scope 1 and Scope 2 reductions

In fiscal 2023, the Group's environmental targets for 2030 were revised to a higher standard, and the Group received validation from the Science Based Targets initiative (SBTi) for our CO<sub>2</sub> emissions reduction targets. Scope 1 and Scope 2 are projected to reduce the Group's overall CO<sub>2</sub> emissions by 60% by 2030, with fiscal 2018 as the base year. We will systematically work toward this target by promoting capital investment focused on projects highly efficient in reducing CO<sub>2</sub>.

In our business operations, alongside fostering awareness of greenhouse gas (GHG) reduction within the Group through the implementation of an internal carbon pricing (ICP) system, we

are actively advocating for energy visualization at our production sites and engaging in energy conservation initiatives to establish an energy monitoring and management system on a global scale. Specifically, we are systematically transitioning to LED lighting, enhancing the efficiency of air conditioners and compressors, and reassessing production facilities and methods. Additionally, we have set a target for the integration of renewable energy sources for 2030, and we are promoting the installation of new photovoltaic systems, the introduction of green power, and the purchasing of non-fossil fuel certificates at production sites both within and outside of Japan.

#### ② Reduction of environmental impact in the supply chain

In accordance with our management philosophy and Group Code of Conduct, we have established a procurement policy for the Group. It includes the following statement on reducing environmental impact: "We will comply with laws, regulations, and agreements related to environmental conservation, and we will give priority to the procurement of products and services with a lower environmental impact. We will provide guidance and support to our business partners as needed, and we will address environmental issues such as climate change and biodiversity conservation throughout our supply chain." In addition, the Daifuku Group established the Sustainable Procurement Guidelines in fiscal 2023 as a new standard for sustainable procurement activities. These guidelines are a complete revision of the CSR Procurement Standards established

in fiscal 2017 with the aim of promoting further initiatives throughout the supply chain to resolve a wide range of social issues. In order to identify and mitigate risks in our supply chain, we plan to disseminate these guidelines to our business partners, verify their compliance, and conduct audits.

In addition, we launched the Supply Chain CO<sub>2</sub> Reduction Program in fiscal 2023 as our own initiative to reduce CO<sub>2</sub> emissions at our suppliers. This initiative requires major domestic business partners to set CO<sub>2</sub> emissions reduction targets and take initiatives to reduce emissions. As such, in 2024 we held online briefing sessions about CO<sub>2</sub> reduction for 150 major domestic business partners and began collecting CO<sub>2</sub> emissions data from suppliers.

#### ③ Enhancement of climate-related information disclosure

We publish climate-related information mainly through our website and integrated report (Daifuku Report), and we engage

in direct dialogue with investors and actively provide disclosures for rating agencies such as MSCI, FTSE, Sustainalytics, and CDP.



In addition, we hold an IR Day once a year as a forum for dialogue with institutional investors regarding our growth strategy and other topics, and we provide opportunities for briefings that include sustainability-related information. Furthermore, the

#### ④ Risk assessments and implementation of risk mitigation measures

We conduct risk assessments on a regular basis. We have identified natural disasters, including typhoons and floods, as severe risks that could have a significant impact on our business performance, and in order to improve the effectiveness of our business continuity plan (BCP), we are working to minimize the scale of damage in the event of a natural disaster. Furthermore, based on hazard maps prepared by local governments, we have

Group's CO<sub>2</sub> emissions results (in Scope 1, Scope 2, and some Scope 3 categories) are disclosed following third-party verification.

confirmed the risk level of heavy rainfall and flooding at our major sites and are implementing wastewater treatment measures at our production sites. In Asia, where storms and floods are predicted to occur frequently, we are providing drainage pumps and sandbags, and purchasing insurance to cover damage caused by natural disasters, including floods.

#### ⑤ Maintenance and improvement of working environment

Under the direction of the Central Safety and Health Committee, each department and worksite has taken risks into consideration and installed high-efficiency air conditioners and spot coolers and provided workers with air-conditioned clothing. Additionally, in anticipation of reduced productivity due to deterioration of the working environment from rising temperatures, we are

taking a variety of measures to prevent heat stroke at major production sites and customer facilities during installation and service work. To prevent temperature rises both inside and outside the buildings, we apply heat-shielding paint to roofs and walls, insulate roofs and walls with double-folded plates, and use urethane resin for flooring materials.

#### ⑥ Reduction of water use

In accordance with our 2030 target in the Daifuku Environmental Vision 2050 to reduce water consumption per sale unit by 60% compared to the fiscal 2018 level, we are striving to reduce water consumption at our production sites and offices. In fiscal 2022, we installed meters on the hydraulic equipment in the plant building with the highest water consumption at Shiga Works to visualize the amount of water used. Hydraulic equipment uses water for cooling, but it was found that a large amount of water

was consumed even when the equipment was not in operation, so a temperature sensor was installed in the piping of the hydraulic tank, and a cooling system was introduced to cool the oil only when it is at a certain temperature. This initiative reduced the annual water consumption of the facility by approximately 45% compared to the previous fiscal year. We will continue to monitor the current situation at our other production facilities as well, and we will promote initiatives toward achieving our target.

#### ⑦ Strategic response to semiconductor demand

As demand for semiconductors increases, our customers, semiconductor manufacturers, are proactively making capital investments. Many of our material handling systems installed at semiconductor manufacturers operate 24 hours a day, 365 days a year, and their electricity consumption results in large CO<sub>2</sub> emissions, so systems with high energy-saving capabilities are in high demand. We have set quantitative targets for the CO<sub>2</sub> emissions associated with the operation of our products (Scope

3 Category 11) for 2030, and we are strengthening our development capabilities to ensure both product performance and energy-saving performance as well as collaborating with manufacturers to develop products. In China, where demand for semiconductors is expected to increase, we are enhancing our production system by building a new plant to produce products for semiconductors.

#### ⑧ Adaptation to the shift to EVs

We are committed to taking the environment into consideration from the product development stage as well as improving upon our existing environmentally friendly products. Our customers are facing changes in the business environment with the shift to EVs. The weight of materials to be transported on automobile production

lines is increasing due to this shift, and the material handling systems that have already been delivered must be modified to accommodate this increase in transport weight. We are responding to our customers' needs by developing material handling systems that are lighter, save space, and facilitate system modifications.

### ⑨ Utilization of IoT, ICT, AI, and other advanced technologies in our business

Market requirements for IoT-related products are expected to change considerably as the introduction of AI and digital technologies in industrial equipment and devices accelerates. In addition, demand for industrial IoT-related products is expected to increase as the transition to a low-carbon society progresses through the use of IoT along with increased capital investment in the global manufacturing industry. In order to respond to these

factors, we are working to strengthen the development of basic technologies and applied technologies such as AI as well as to build a production framework to meet growing demand. In addition, we are promoting the overall introduction and utilization of these advanced technologies across all of our business activities.

### ⑩ Response to cold chain and e-commerce demand

Climate change is expected to increase demand for our products and services due to the growing demand for cold chain and e-commerce. At present, we are expanding our business in Asia

and North America, and we are promoting the establishment and enhancement of production systems to meet future increases in demand.

### ⑪ Pursuit of environmental and social value in material handling systems

Amid growing customer needs for more efficient operations and energy conservation at logistics and production sites, we are striving to balance the environmental and social value of our products. We conduct Life Cycle Assessments (LCAs) during product development in order to reduce CO<sub>2</sub> emissions over the entire life cycle of our products in comparison to conventional

products. In addition to this type of environmental value, we also conduct sustainability performance assessments that take into account social value resulting from the introduction of our products, such as increased operational efficiency and improved sorting and storage capacity, in order to visualize and enhance the value we provide.

## 2. Significant risk scenario analyses

We conducted scenario analyses for identified climate-related risks and opportunities, focusing on those likely to manifest in the future and have a substantial impact on our business. These scenarios were modeled based on projections from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

### Transition risks

We analyzed transition risks and opportunities by establishing the following scenarios to evaluate the effects of implementing a carbon tax (carbon pricing) on operating costs and associated energy expenses. The carbon tax was calculated using the projected future GHG (greenhouse gas) emissions (Scope 1 and Scope 2) both in the event that we progress with emissions reductions (decarbonization scenario) and in the event that we do not (business-as-usual scenario) based on the Group's 2030 sales forecast and emissions reduction targets. For each scenario, the impact on our business was assessed by multiplying the estimated future GHG emissions by the carbon price projected by the IEA. As for energy costs, we examined energy consumption both in the event that the Group pursues initiatives in line with our reduction targets (decarbonization scenario) and in the event that the scale of our business expands without pursuing reductions (business-as-usual scenario). We evaluated future energy costs by referencing the estimated energy consumption for each scenario and the energy price trends provided by the IEA and other organizations.

### Climate change scenarios projected by the Group (transition risk)

Decarbonization scenario 1 (1.5° C scenario)	IEA WEO2023 NZE: Net Zero Emissions by 2050 Scenario
Decarbonization scenario 2 (1.7° C scenario)	IEA WEO2023 APS: Announced Pledges Scenario
Business-as-usual scenario (4° C scenario)	IEA WEO2023 STEPS: Stated Policies Scenario

### Carbon tax

In the business-as-usual scenario (4°C scenario), the cost increase is expected to be approximately 600 million yen by 2030. By contrast, under the decarbonization scenario (1.5°C and 1.7°C scenarios), in which decarbonization initiatives are actively promoted, the cost is expected to increase by about 300 million yen by 2030.

### Energy cost

In the business-as-usual scenario (4°C scenario), costs are expected to increase by about 37% by 2030 compared to the fiscal 2022 level. However, under the decarbonization scenario (1.5°C and 1.7°C scenarios), in which decarbonization efforts are actively promoted, costs are expected to increase by about 12-16% by 2030 compared to the fiscal 2022 level.

In terms of both the carbon tax burden and energy costs, the burden in the business-as-usual scenario (4°C scenario) is greater than that of the decarbonization scenarios (1.5°C and 1.7°C scenarios), reaffirming that there are reasons and merits for the Daifuku Group to actively pursue decarbonization and energy conservation initiatives. While a major investment is required to move forward with these initiatives, we anticipate an additional burden of several hundred million yen if we do not pursue them. In order to mitigate the risks affecting our business, we will strengthen our decarbonization initiatives in order to achieve our 2030 reduction targets.

### Physical risks

Physical risks have become significant due to the increase in weather-related disasters caused by global warming. We therefore conducted qualitative assessments of the impact of weather-related disasters on 24 of the Group's major sites (1 in Japan and 23 in other countries). In these assessments, we investigated the hazards of floods, storm surges, droughts, and heat waves at each site under the 2°C scenario (SSP1-2.6) and 4°C scenario (SSP5-8.5) and assigned a five-point grade from A (high risk) to E (low risk) according to the degree of hazard. The following table shows the number of sites that were given a grade of A or B (high risk) in this assessment. The results of the assessment show that the number of high-risk sites for floods, storm surges, and droughts do not increase substantially under either the 2°C or 4°C scenarios, indicating that the impact of climate change will be limited. For heat waves, the number of high-risk sites was found to increase in 2050 and 2090 under the 4°C scenario. The impacts of heat waves include increased air conditioning costs and equipment maintenance as well as decreased productivity due to heat stress. Daifuku will actively take steps to mitigate these risks, such as promoting measures to prevent heat stroke among employees at installation sites and plants.

### Climate change scenarios projected by the Group (physical risks)

2°C scenario	IPCC Sixth Assessment Report (SSP1-2.6)
4°C scenario	IPCC Sixth Assessment Report (SSP5-8.5)

### Number of high-risk sites due to climate change

Disaster	Present	2°C scenario (SSP1-2.6)		4°C scenario (SSP5-8.5)	
		2050	2090	2050	2090
Floods	0	0	0	0	1
Storm surges	1	1	1	1	2
Droughts	8	8	8	8	8
Heat waves	2	2	2	7	16

## Risk Management

### The Daifuku Group's risk management system

The Daifuku Group conducts regular risk assessments of all its domestic and international subsidiaries in order to identify and evaluate critical risks that could have a significant impact on business activities. The Risk Management Committee carries out Group-wide management for critical risks, formulating countermeasures and developing and enhancing policies, regulations, and systems. Any risk information identified in risk assessments is reported to and shared with the Board of Directors and other conference units as necessary and is reflected in management strategies.

In the formulation of the four-year business plan for 2027 that

began in fiscal 2024, the results of the risk assessment conducted in fiscal 2023 were used as one part of the input information in the materiality assessment. In this plan, the results of opportunity and risk analyses, trends of other companies, and requests from ESG rating agencies were also considered as input information, and potential topics were evaluated on two focal points: impact on stakeholders and impact on the achievement of our long-term vision. After obtaining validation from the Board of Directors, we established addressing climate change as one of the priority topics in this plan.

### Management of climate-related risks and opportunities

The identification of climate-related risks and opportunities was reviewed in fiscal 2023 following the advice of external experts. We identify critical risks and opportunities by evaluating the timing and likeliness of occurrence as well as the level of impact on the Group, both qualitatively and quantitatively, for each transition risk, physical risk, and opportunity. In addition, a scenario analysis

for transition and physical risks was performed based on multiple temperature increases (see the [Strategy](#) section for details). The Sustainability Management Committee and the Sustainability Promotion Committee will coordinate with the Risk Management Committee as necessary to monitor and appropriately respond to climate-related risks and opportunities that must be prioritized.

## Metrics and Targets

KPI

The Group has identified addressing climate change as one of the crucial issue areas in the Daifuku Environmental Vision 2050 and has set the following targets. The targets for 2030 have received official approval from the Science Based Targets initiative (SBTi)\* and include a 1.5°C aligned target for Scope 1 and Scope 2 and a well-below 2°C aligned target for Scope 3 (Categories 1 and 11). From

fiscal 2023 onward, the results will be disclosed based on these KPIs. In May 2024, regarding one of our critical issue areas, addressing climate change, we have upwardly revised our 2030 Scope 1 and Scope 2 reduction targets (compared to FY2018) from 50.4% to 60%. In addition, we have set a new target for the percentage of electricity derived from renewable energy sources.

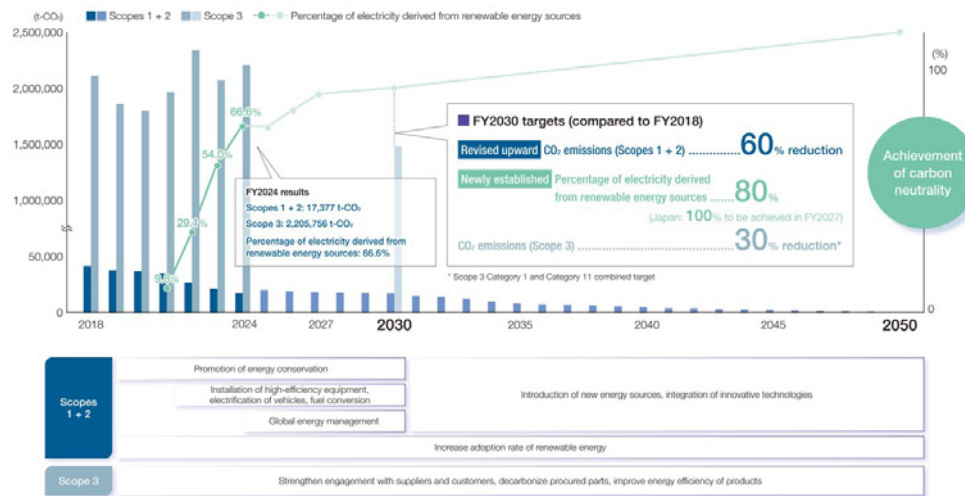
\* The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Approval is awarded to companies that are recognized as having set science-based targets in alignment with the criteria established by the Paris Agreement.

Key Performance Indicators (KPIs)	Scope	FY2024 targets	FY2024 results	FY2030 targets
Daifuku CO <sub>2</sub> emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	51%	56.4%	60%
Percentage of electricity derived from renewable energy sources		60%	66.6%	80% Daifuku Japan is expected to achieve 100% by 2027
Reduction rate of CO <sub>2</sub> emissions from purchased goods and services (Scope 3 Category 1)		Expand and disseminate CO <sub>2</sub> emissions reduction programs <sup>1</sup> throughout the supply chain	Held online briefings aimed at reducing CO <sub>2</sub> emissions for 150 major suppliers in Japan and started collecting CO <sub>2</sub> emissions data from suppliers	30% reduction <sup>2</sup> (compared to FY2018)
Reduction rate of CO <sub>2</sub> emissions from the use of sold products (Scope 3 Category 11)		Improve energy-saving performance of products and systems	<ul style="list-style-type: none"> <li>Implemented LCAs (Life Cycle Assessments) for all new product and system development</li> <li>Considered methods to investigate the status of introduction of renewable energy sources at customer sites</li> </ul>	

<sup>1</sup> 1 Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO<sub>2</sub> emissions at suppliers

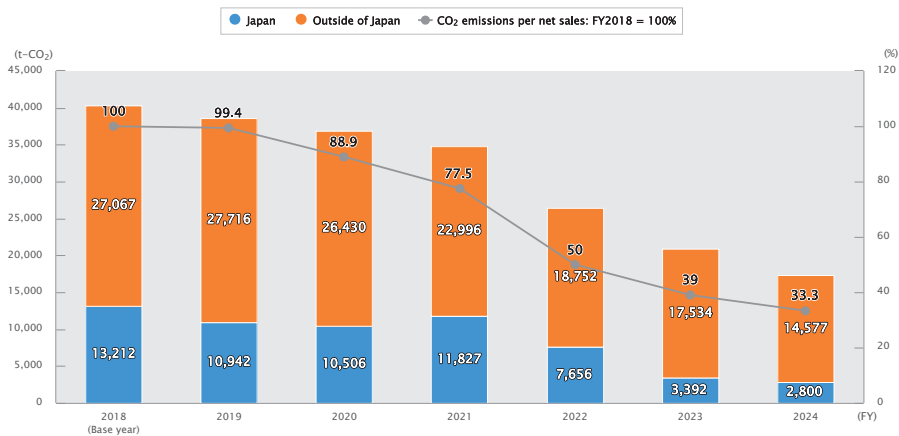
<sup>2</sup> 2 Scope 3 Category 1 and Category 11 combined target

## Roadmap toward carbon neutrality

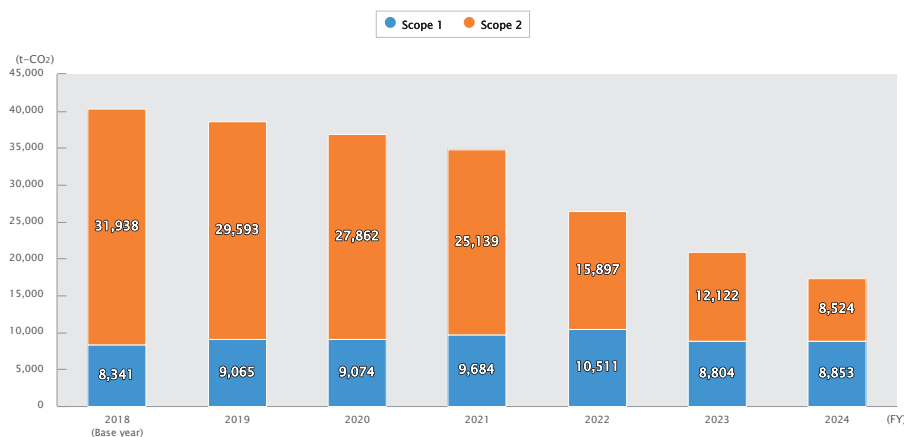


## Data on CO<sub>2</sub> emissions

### CO<sub>2</sub> emissions by region

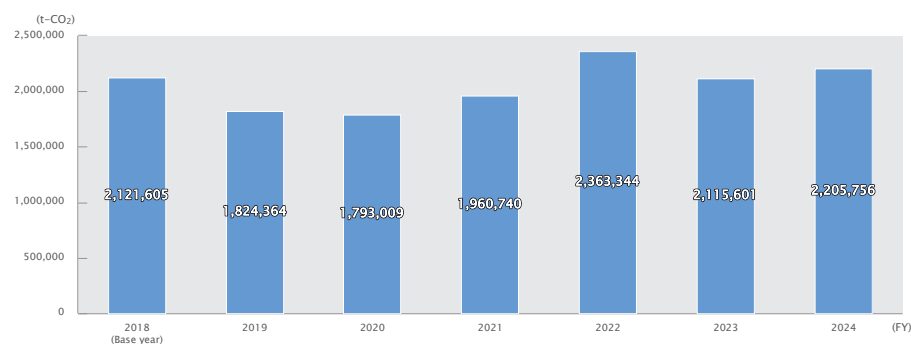


### CO<sub>2</sub> emissions (Scope 1 and Scope 2)





### CO<sub>2</sub> emissions (Scope 3)



\* We have adopted a more accurate aggregation method and revised the results for Scope 3 (August 2024).

### Breakdown of Scope 3 emissions

(t-CO<sub>2</sub>)

Category	FY2018 (base year)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
1. Purchased goods and services	1,080,234	1,147,335	1,159,954	1,329,868	1,569,767	1,330,496	1,423,006
2. Capital goods	10,653	36,502	10,013	15,923	17,316	39,131	27,587
3. Fuel - and energy-related activities	5,960	6,063	5,957	6,377	6,468	5,958	5,933
4. Upstream transportation and distribution	17,554	23,850	23,631	26,832	44,077	29,261	41,474
5. Waste generated in operations	532	517	527	565	604	618	632
6. Business travel	542	568	576	588	601	610	608
7. Employee commuting	1,484	1,546	1,585	1,614	1,638	1,658	1,667
8. Upstream leased assets	—	—	—	—	—	—	—
9. Downstream transportation and distribution	—	—	—	—	—	—	—
10. Processing of sold products	—	—	—	—	—	—	—
11. Use of sold products	1,001,816	604,900	587,708	575,839	719,207	704,991	702,486
12. End-of-life treatment of sold products	2,830	3,083	3,058	3,134	3,666	2,878	2,363
13. Downstream leased assets	—	—	—	—	—	—	—
14. Franchises	—	—	—	—	—	—	—
15. Investments	—	—	—	—	—	—	—
<b>Total</b>	<b>2,121,605</b>	<b>1,824,364</b>	<b>1,793,009</b>	<b>1,960,740</b>	<b>2,363,344</b>	<b>2,115,601</b>	<b>2,205,756</b>

\* The scope and method of calculation for Scope 3 is as follows.

Category	Scope	Method of calculation
1. Purchased goods and services	Global	Domestic data is calculated by multiplying the amount of products, materials, and services purchased by the CO <sub>2</sub> emissions factor. Data from outside of Japan is calculated in proportion to domestic data based on actual production.
2. Capital goods	Daifuku Co., Ltd.	Calculated by multiplying Daifuku's increase in properties, plants, and equipment in the current period (excluding leased assets in the Annual Securities Report) by the CO <sub>2</sub> emissions factor.
3. Fuel- and energy-related activities	Global	Calculated by multiplying the Group's energy consumption (Scope 1 and Scope 2) by the CO <sub>2</sub> emissions factor.
4. Upstream transportation and distribution	Global	Calculated based on CO <sub>2</sub> emissions from Daifuku's sales activities as well as transportation distance and weight of raw materials from primary suppliers (new ton-kilometer method). Data from outside of Japan is calculated in proportion to domestic data based on actual production.
5. Waste generated in operations	Domestic Group	Calculated by multiplying the Group's domestic waste emissions by the CO <sub>2</sub> emissions factor for each type.
6. Business travel	Domestic Group	Calculated by multiplying the number of domestic Group employees by the CO <sub>2</sub> emissions factor.
7. Employee commuting	Domestic Group	Calculated by multiplying the number of domestic Group employees in each district (city classification) by the CO <sub>2</sub> emissions factor.
8. Upstream leased assets	Not calculated due to lack of relevance to the Group's business operations.	
9. Downstream transportation and distribution	Although related to the Group's business operations, emissions from transportation are accounted for in Category 4 as the Group is a consignor.	
10. Processing of sold products	Not calculated due to lack of relevance to the Group's business operations.	
11. Use of sold products	Global	Calculated by multiplying the amount of energy used in the operation of products ordered from the domestic Group by the annual sales and product life. Data from outside of Japan is calculated in proportion to domestic data based on actual production. Emissions factors for each country to which the products are shipped are also taken into account.
12. End-of-life treatment of sold products	Global	Calculated by multiplying the weight of products sold by Daifuku by the CO <sub>2</sub> emissions factor. Data from outside of Japan is calculated in proportion to domestic data based on net sales.
13. Downstream leased assets	Not calculated due to lack of relevance to the Group's business operations.	
14. Franchises	Not calculated due to lack of relevance to the Group's business operations.	
15. Investments	Not calculated due to lack of relevance to the Group's business operations.	

## Major Initiatives

### Initiatives for the introduction of renewable energy

We are working to introduce renewable energy at our Group locations both within and outside of Japan. In Japan, as of November 2022 at Shiga Works and November 2024 at all domestic locations, all electricity used has been converted to renewable energy sources. Outside of Japan, we installed a photovoltaic system at Hallim Machinery Co., Ltd. (South Korea)

and switched to renewable energy sources for our electricity consumption at Daifuku Europe GmbH (Germany) and Daifuku Airport America Corporation (U.S.A.) in fiscal 2024. In fiscal 2025, we plan to begin operation of photovoltaic equipment in India, and we are also planning to introduce renewable energy in China, South Korea, and the United States.

### Status and schedule of renewable energy procurement

#### FY2023

- Installed a photovoltaic system at Taiwan Daifuku Co., Ltd.
- Installed a photovoltaic system at Clean Factomation, Inc.
- Installed a photovoltaic system at Daifuku (Suzhou) Cleanroom Automation Co., Ltd.
- Installed a photovoltaic system at Daifuku (Thailand) Limited
- Switched to a renewable energy electricity plan at Daifuku Airport America Corporation's headquarters

**FY2024**

- Installed a photovoltaic system at Hallim Machinery Co., Ltd.
- Switched to a renewable energy electricity plan at Daifuku Europe GmbH
- Switched to a renewable energy electricity plan at Daifuku Airport America Corporation's Louisville plant

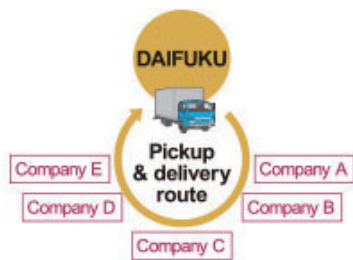
**FY2025 (planned)**

- Install a photovoltaic system at Daifuku Intralogistics India Private Limited
- Procure renewable energy certificates for all of our factories and offices in China
  - Daifuku (China) Co., Ltd.
  - Daifuku (China) Automation Co., Ltd.
  - Daifuku (Suzhou) Cleanroom Automation Co., Ltd.
  - Daifuku (China) Manufacturing Co., Ltd.
- Sign an on-site PPA contract at Daifuku Korea Co., Ltd.
- Switch to a renewable energy plan at Daifuku Automotive America Corporation

**Daifuku Mega Solar**

52,000 square meters of solar panels

In November 2013, Daifuku installed a photovoltaic system, Daifuku Mega Solar, at Shiga Works. Comprised of 17,752 panels, the system has a maximum power generation capacity of 4,438 kW and an annual output of approximately 4,860,000 kWh (equivalent to the annual power consumption of 1,000 general households).

**Sharing transportation resources**

One truck picks up and delivers to suppliers in a given region (milk run method\*)

\* One truck makes the rounds to each supplier and picks up cargo that had previously been delivered by separate trucks. This method improves load efficiency and reduces fuel consumption and CO<sub>2</sub> emissions.

We are now building a partnership with suppliers for parts and materials and set up a pickup and delivery service in order to reduce costs and properly control delivery dates. While suppliers had previously transported cargo with their own trucks, by centrally managing cargo collection and quantity information, we are now able to make rounds with a single truck in each region, and we are striving to further consolidate and streamline trips to logistics sites. We are contributing to the prevention of global warming by reducing CO<sub>2</sub> emissions throughout the entire supply chain as well as reducing each supplier's logistics costs.

**Modal shift\***

Daifuku typically uses trucks to transport products to customer sites, but we are in the process of shifting to more environmentally friendly methods such as railway and marine transportation. Our aim is to improve the quality of logistics

operations by coordinating delivery schedules and managing costs, thereby reducing CO<sub>2</sub> emissions as much as possible. In fiscal 2024, we were able to cut CO<sub>2</sub> emissions by 423 tons through the modal shift of transportation methods.

\* Choosing 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 reduced CO<sub>2</sub> emissions and less impact on the environment.

## Participation in Climate-Related Initiatives

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To fully realize the Daifuku Environmental Vision 2050, the Daifuku Group has joined multiple initiatives aiming to solve climate change issues and is involved in information sharing and policy proposals.

### Participating initiatives

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- Science Based Targets initiative
- Japan Climate Initiative
- Japan Climate Leader's Partnership (supporting member)
- TCFD Consortium
- GX League

# Pollution Prevention and Resource Recycling

## Basic Approach

The management of hazardous chemicals, waste, and wastewater must be reliably handled in accordance with laws and regulations. The Daifuku Group is working to reduce the burden on the global environment, including local communities, through initiatives to prevent environmental pollution and reduce the use of water and other resources. The Daifuku

Environmental Vision 2050 establishes the promotion of resource recycling as one of our critical issue areas, and we are working to extend the service life of our products, minimize the amount of waste generated at our production sites, and increase recycling of used products and parts.

## Green Procurement Guidelines

The Daifuku Group has formulated the Green Procurement Guidelines, which denote the evaluation standards for any chemical substances that are contained in our products. In recent years, regulations regarding the management of hazardous chemical substances have been tightened, and in order to respond to growing demand, these guidelines were revised in 2023. These guidelines apply to all products (materials, parts, units, accessories, and packaging materials) and services procured by the Daifuku Group. Our policy is to prioritize the

procurement of products that contain minimal hazardous substances of concern and products that contain minimal hazardous substances throughout the product's life cycle.

Furthermore, for our major business partners, we request that they fully understand the Guidelines, and in order to promote the appropriate management of chemical substances, we ask that they submit proof of receipt and written informed consent (submission rate: 97%).

[Green Procurement Guidelines \(Japanese only\) \(PDF: 271KB\)](#) **PDF**

## Green Procurement Project

In fiscal 2023, we launched the Green Procurement Project under the jurisdiction of the Sustainability Promotion Committee, and, in cooperation with our business partners, we began investigating the chemical substances contained in our products in order to reduce our impact on the environment throughout

the entire supply chain. In fiscal 2024, we invited external lecturers to conduct in-house training on chemical substances and the laws and regulations in various countries. We have also begun building an internal system for the centralized management of chemical substances contained in products.

## Major Initiatives

### Promoting resource recycling

**KPI**

Key Performance Indicators (KPIs)	Scope	FY2024 targets	FY2024 results	FY2030 targets
Landfill disposal rate	Global	Domestic: less than 1% Outside of Japan: less than 5%	Domestic: 0.9% Outside of Japan: 8.7%	Less than 1%
Reduction rate of waste emissions per unit sales <sup>*1</sup> (compared to FY2023)		4%	6.8%	23%
Reduction rate of water consumption per unit sales <sup>*2</sup> (compared to FY2018)		40%	37.6%	60%

<sup>\*1</sup> Waste generated (tons) divided by net sales (100 million yen)

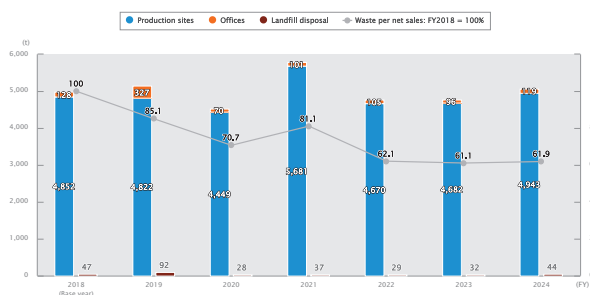
<sup>\*2</sup> Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

Daifuku promotes the reduction and recycling of waste generated from manufacturing processes, such as defective products and packaging materials. We collect data on the amount of waste at all Group production sites, and we are working to reduce the amount of waste sent to landfills by enforcing separation during waste collection as well as to improve the recycling rate. In addition to waste generated from manufacturing processes, we are also working to improve our products from the design stage. We are reviewing materials and improving ease of disassembly so that resources can be utilized effectively when the equipment delivered to customers is eventually dismantled. Furthermore, we consider delaying the timing of disposal through long-term, stable operation of systems to be an important initiative, and we are

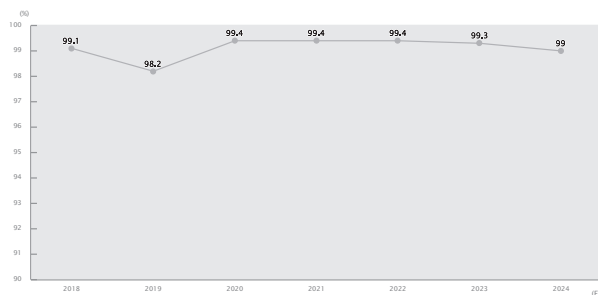
enhancing after-sales services such as maintenance and repair.

We are also striving to conserve water at our production sites and offices in order to reduce consumption. In fiscal 2022, we installed meters on hydraulic equipment in the plant building with the highest water consumption at Shiga Works to visualize water consumption. Hydraulic equipment uses water for cooling, but it was found that a large amount of water was being consumed even when the equipment was not in operation. Therefore, a temperature sensor was installed in the piping of the hydraulic tank, and a cooling system was introduced to cool the oil only at a certain temperature. This initiative is reduced the annual water consumption of the facility by approximately 45% compared to the previous fiscal year.

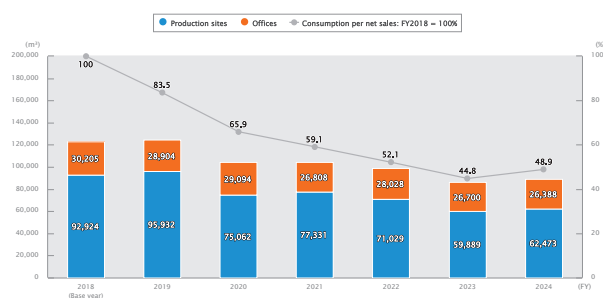
### Waste generated (Japan) \*including valuable waste



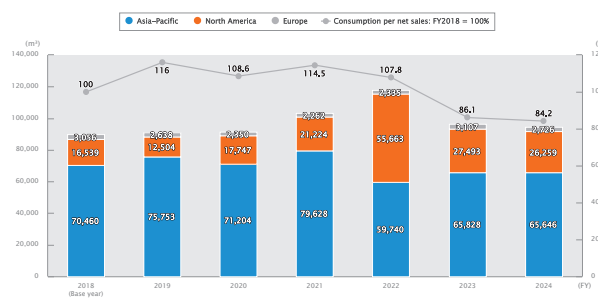
### Waste recycling rate (Japan) \*including valuable waste



### Water consumption (Japan)



### Water consumption (outside of Japan)



### Ensuring appropriate waste disposal



Site review conducted by Daifuku employees

Waste generated by business activities must be properly processed in accordance with laws and regulations. In the event that waste processing is outsourced to a licensed subcontractor, the business that generated the waste is still responsible for its disposal. At Daifuku, we choose our contractors after strict screening according to our internal waste management regulations. We also dispatch employees to each facility annually to check the status of waste processing in accordance with the ordinances of each municipality.



## Pollutant reduction

### Management of chemicals

Paints and organic solvents are the primary chemical substances used by Daifuku in our production facilities. The Group manages and controls the usage amounts of special chemical substances as designated under the PRTR (Pollutant Release and Transfer Register) Law.\*

\* A law that requires enterprises to submit a report to their national governing authority specifying the number and volume of chemical substances they are releasing into the environment. This is aimed at voluntary management of chemical substances and the prevention of environmental pollution.

#### Emissions and transfer volume of chemical substances related to PRTR Law

Shiga Works

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Emissions and transfer (kg)	18,531	16,880	20,542	24,837	28,267	20,120

#### Amount of PRTR-related chemical substances handled in FY2024

Shiga Works

Control No.	Chemicals	Transaction Volume	Emission to					Transfer to		
			Air	Public water	Soil	Land	Total emissions	Sewage	Misc.	Total transfer
37	Bisphenol A	915.30	—	—	—	—	—	—	18.31	18.31
53	Ethylbenzene	5,760.50	5,760.50	—	—	—	5,760.50	—	—	—
80	Xylene	6,638.92	6,638.92	—	—	—	6,638.92	—	—	—
83	Cumene	162.68	—	—	—	—	—	—	—	—
300	Toluene	5,113.38	5,113.38	—	—	—	5,113.38	—	—	—
302	Naphthalene	135.34	99.55	—	—	—	99.55	—	—	—
594	Ethylene glycol monobutyl ether	1,067.61	1,014.23	—	—	—	1,014.23	—	—	—
629	Cyclohexane	116.93	—	—	—	—	—	—	—	—
691	Trimethylbenzene	1,446.60	1,446.60	—	—	—	1,446.60	—	—	—
720	2-tert-Butoxyethanol	134.63	—	—	—	—	—	—	—	—
731	Heptane	242.35	—	—	—	—	—	—	—	—
737	Methyl isobutyl ketone	193.01	—	—	—	—	—	—	—	—

Note: Chemical substances of which less than 100 kg is handled are omitted as the amounts are negligible.

### Compliance with European harmful substance regulations

The entire Daifuku Group focuses on the European REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulations\* and goes to great lengths to visualize and remove any harmful chemicals in our products. The Group

continues to offer environmentally friendly products through implementation of Green Procurement Guidelines by looking at its entire supply chain.

\* Companies must register and evaluate the safety of chemical substances contained in the products they manufacture and sell in Europe.

## Air pollution prevention

Based on Shiga Prefecture's Ordinance 25, Clause 1; Concerning the Reduction of Impact on the Air Environment of Shiga Prefecture, Shiga Works requested and was awarded the designation of a place of business working to reduce its environmental impact on the air. We are striving to control and reduce smoke-related air pollutants.

### Result of air pollutant measurements in FY2024

Shiga Works (according to the Hino Environmental Pollution Control Agreement)

Material	Facility	Regulation value	Results		
			Max.	Min.	Avg.
Dust (g/m <sup>3</sup> N)	Dynamos	0.1	0.009	0.005	0.006
Sulfur oxide (SOx) (m <sup>3</sup> N/h)	Dynamos	2.31	0.1	0.07	0.087
Nitrogen oxide (NOx) (ppm)	Dynamos	950	860	790	838

	Scope	FY2022	FY2023	FY2024
SOx emissions (t)	Shiga Works*	0.074	0.115	0.147
NOx emissions (t)		5.1	4.8	6.1

\* Actual measurements at major sources of emissions within the premises

## Preventing water pollution

Shiga Works, which accounts for approximately 70% of our domestic water consumption, had been managing and treating wastewater using three wastewater treatment facilities owned by the company. However, in fiscal 2022, we began sequential transitioning to public sewage, which was completed in March 2023. This decision was made based on the comprehensive

consideration of the risk of abnormal wastewater being discharged due to failure of proper treatment, the impact on the lives and health of employees from handling medical agents, and the cost of wastewater treatment. With this change in treatment method, we are in compliance with the water quality standards set forth in the Sewerage Act.

# Biodiversity

## Daifuku Group Action Guidelines for Biodiversity

### Basic Approach

The Daifuku Group recognizes that addressing biodiversity conservation is an important theme to be addressed in order to create a sustainable society. Under the Daifuku Group Environmental Policy and the Daifuku Environmental Vision

2050, we aim to achieve zero negative impacts on natural capital by implementing specific annual plans based on a medium- to long-term perspective.

### Action Guidelines

#### 1. Understanding

- Through systematic training and awareness-raising, all Group executives and employees will gain a better understanding of the sustainable use of ecosystem services and the importance of biodiversity conservation.
- By referring to international guidelines, we will work to understand and evaluate the impact on biodiversity of all of our business activities, from the procurement of raw materials to the disposal of products.

#### 2. Acting

- We will comply with laws, regulations, and international rules related to biodiversity conservation, and we will collaborate and cooperate with a diverse range of stakeholders, including governments, NPOs and NGOs, local residents, business partners, and employees.
- We will minimize negative impacts on biodiversity by reducing CO<sub>2</sub> emissions in manufacturing, promoting resource recycling, and reducing hazardous substances.
- We will consider the ecosystems of the surrounding area in our use of land, and we will implement initiatives at each of our sites that will lead to the conservation of biodiversity.

#### 3. Disclosing

- We will make efforts to communicate with stakeholders by actively disclosing information on natural capital as well as information on our biodiversity conservation efforts.

Established: August 31, 2023

## Disclosures based on TNFD Recommendations

Daifuku joined the TNFD\* Forum in February 2025, and we have since been disclosing information in accordance with the core elements of the TNFD recommendations on nature-related financial disclosures, including governance, strategy, risk and impact management, and metrics and targets.

\* Taskforce on Nature-related Financial Disclosures

## General Requirements

### The application of materiality:

Together with TCFD disclosures, we disclose the financial impact of nature (single materiality) on our company.

### The scope of disclosures:

Please refer to the section “1. Setting the scope (scoping)” under [Strategy](#).

### Location of nature-related issues:

Please refer to the section “2. Identification of priority locations (locate)” under [Strategy](#).

### Integration with other sustainability-related disclosures:

Our disclosures are consistent with climate change (TCFD) and other sustainability-related disclosures.

### The time horizons considered:

Please refer to the section “4. Assess risks and opportunities (assess)” under [Strategy](#).

### The engagement of indigenous peoples, local communities, and affected stakeholders:

Please refer to the section “Supervision of stakeholder engagement” under [Governance](#).

## Governance

The supervision and execution system for nature-related risks and opportunities is the same governance system as that for climate-related risks and opportunities. For details, please refer to the Disclosures Based on TCFD Recommendations section on the following webpage.

[> Disclosures Based on TCFD Recommendations](#)

## Monitoring and incentives for nature-related targets

Plans and targets for nature-related issues are managed within the framework of the four-year business plan, and progress is managed by the Sustainability Management Committee and monitored by the Board of Directors.

### Nature-related agenda items at the Board of Directors and other meetings (FY2024)

#### Board of Directors

- Announcement of our long-term vision, Driving Innovative Impact 2030, and four-year business plan for 2027 (April, May)
- Revision of targets in the Daifuku Environmental Vision 2050 (April, August)

#### Sustainability Promotion Committee (held twice)

- Progress report on the Sustainability Action Plan
- Regarding disclosures based on TNFD Recommendations
- Results of the Global Sustainability Meeting with global affiliates

## Supervision of stakeholder engagement

The Daifuku Group has business locations all over the world, and it is essential to build good relationships with the local communities in order to conduct our business smoothly. To that end, we strive to engage in active communication with stakeholders by understanding the diverse cultures and laws and regulations of each country and region as well as through social contribution activities and collaboration with various organizations.

The Daifuku Group supports international standards such as the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact. In the Daifuku Group Human Rights Policy, established in 2021, we recognize stakeholders whose human rights are or may be affected, and we commit to engaging in appropriate dialogue and consultation regarding

actual or potential negative impacts on human rights. Furthermore, we have formulated the Daifuku Group Procurement Policy and Sustainable Procurement Guidelines and are disseminating them throughout our entire supply chain in order to ensure that our procurement activities do not have any negative impacts on the health and living environments of the people in the regions where we operate.

The planning and progress of initiatives related to sustainability, including respect for human rights, is managed by the Sustainability Promotion Committee and is ultimately overseen by the Board of Directors through reports from the Sustainability Management Committee.

Please refer to the webpages below for details.

[> Communication with Local Communities](#)

[> Supply Chain Management](#)

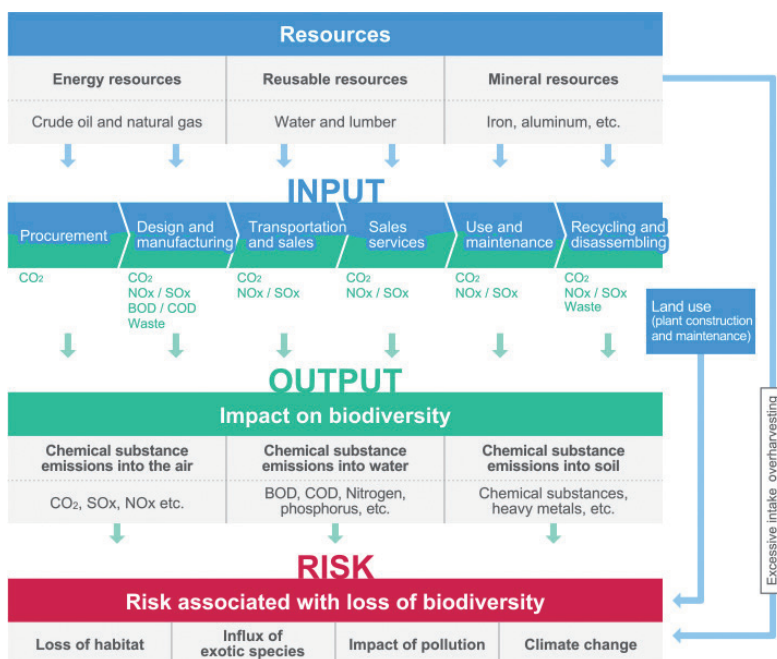
[> Human Rights](#)

## Strategy

To clarify the relationship between our business activities and ecosystems, the Daifuku Group has mapped the interactions between our product processes, land use, and other aspects with ecosystems, and we have been conducting activities that take biodiversity into consideration. In disclosing information

based on TNFD recommendations, we identified and assessed nature-related risks and opportunities based on the relationship map between Daifuku and biodiversity and in line with the LEAP approach\* presented by the TNFD.

\* LEAP approach: an integrated assessment process for the management of nature-related risks and opportunities (an acronym for locate, evaluate, assess, prepare)

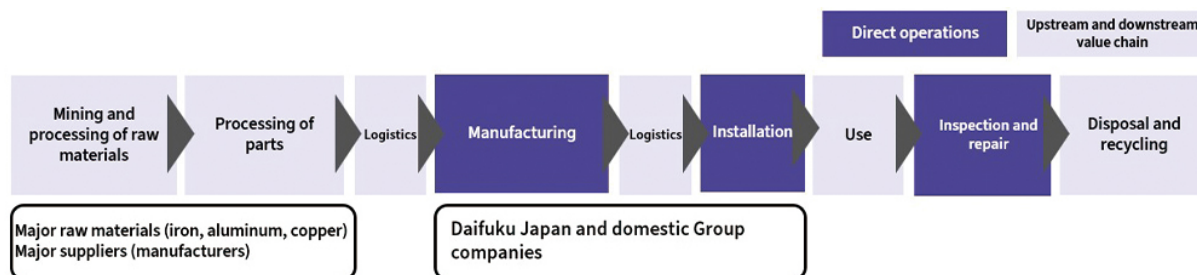


## 1. Setting the scope (scoping)

After organizing the value chain of Daifuku's business, we set the scope to encompass Daifuku Japan and our domestic Group companies. We determined the scope of our upstream value chain by selecting major suppliers and raw materials based on their importance to our business and their dependence and

impacts on nature. With regard to major raw materials, we selected iron, aluminum, and copper, accounting high-impact commodities,\* regulations on minerals, and minerals subject to responsible sourcing initiatives.

\* High-impact commodities: goods or products whose production is identified by SBTs for Nature as having a significant negative impact on nature



## 2. Identification of priority locations (locate)

### Method for identification of priority locations

We identified priority locations based on their business importance (the relationship between our business and nature) and their natural importance (areas considered to be ecologically sensitive or significant).

From the perspective of business importance, we analyzed our domestic Group companies and major suppliers identified during scoping. We then focused on production sites involved in our core business activities (manufacturing), which have relatively high dependencies and impacts on nature. In addition, the mining and processing locations of raw materials (iron, aluminum, copper) were determined by estimating the major

mining countries and mines as well as processing countries, based on global reserves and Japan's trade situation.

To understand the importance of these production bases and raw material mining and processing areas from a natural perspective, we conducted an assessment using the WWF Biodiversity Risk Filter,<sup>1</sup> the Global Forest Watch map,<sup>2</sup> and case studies. The assessment was based on the criteria proposed by TNFD: decline in ecosystem integrity, biodiversity importance, ecosystem integrity, water stress, and importance of ecosystem service provision.

<sup>1</sup> WWF Risk Filter: a tool for assessing a company's biodiversity and water risks

<sup>2</sup> Global Forest Watch map: a tool that provides maps of deforestation, land use, etc.

### Results of identifying priority locations

As a result of the assessment, Daifuku Shiga Works and Daifuku Manufacturing Technology Headquarters were identified from among the Group's domestic production sites as priority locations due to their high water risk (flooding, water quality), as shown in the following table. The locations of both sites are shown in the following figure.

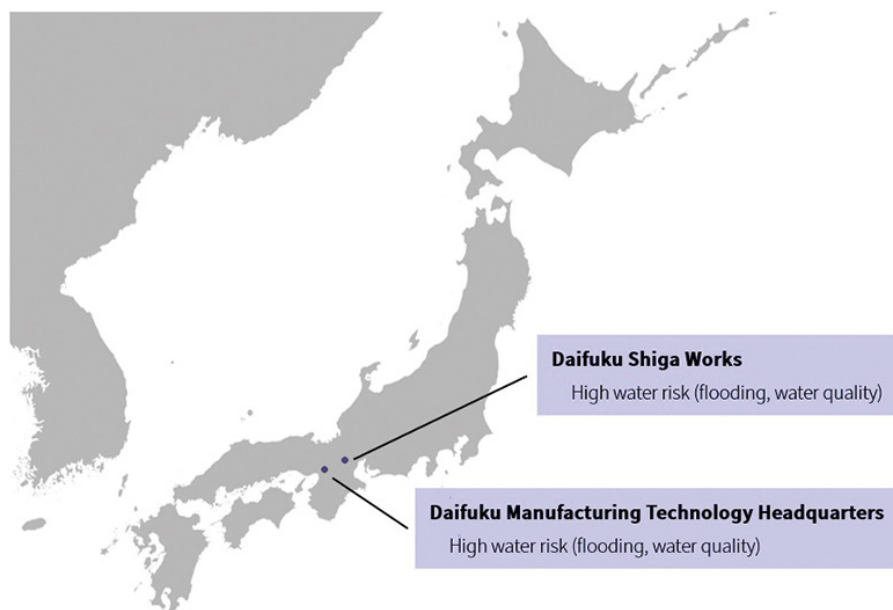
In addition, suppliers' production sites and the mining and processing sites of raw materials (iron, aluminum, and copper)

were also identified as priority locations because of their high importance in terms of one or more of the criteria listed above. Raw materials are presumed to be extracted and/or processed in Chile, Peru, Brazil, Mexico, South Africa, the Democratic Republic of Congo, Guinea, the United Arab Emirates, Nigeria, Qatar, China, South Korea, Taiwan, Thailand, India, Indonesia, Malaysia, Australia, New Zealand, the United States, Canada, Sweden, Austria, and Germany.



Site name	Decline in ecosystem integrity	Biodiversity importance	Ecosystem integrity	Water risks (scarcity/flooding/quality)	Importance of ecosystem service provision
Daifuku Shiga Works	Medium	Medium	Low	High (flooding, water quality)	Low
Daifuku Manufacturing Technology Headquarters	Medium	Medium	Low	High (flooding, water quality)	Low
Contec Komaki Works	Medium	Medium	Medium	Medium	Low

\* Evaluated on a five-point scale: very high, high, medium, low, very low



Made with Natural Earth

### 3. Evaluate dependencies and impacts (evaluate)

We used ENCORE\* to evaluate the dependence and impact on nature at each process stage in our business' value chain and organized the results into a heat map. As a result, we found that there is dependence and impact on nature in each process stage of the value chain, and that there is a particularly large dependence and impact on the mining of raw materials (iron, aluminum, copper). The details are as follows.

#### Dependencies

- Water-related functions (water supply, water purification, water flow adjustment)
- Prevention of natural disasters (flood and storm damage mitigation from plant life (e.g., windbreak forests, etc.))
- Climate regulation functions (rainfall and global temperature regulation from plant life)

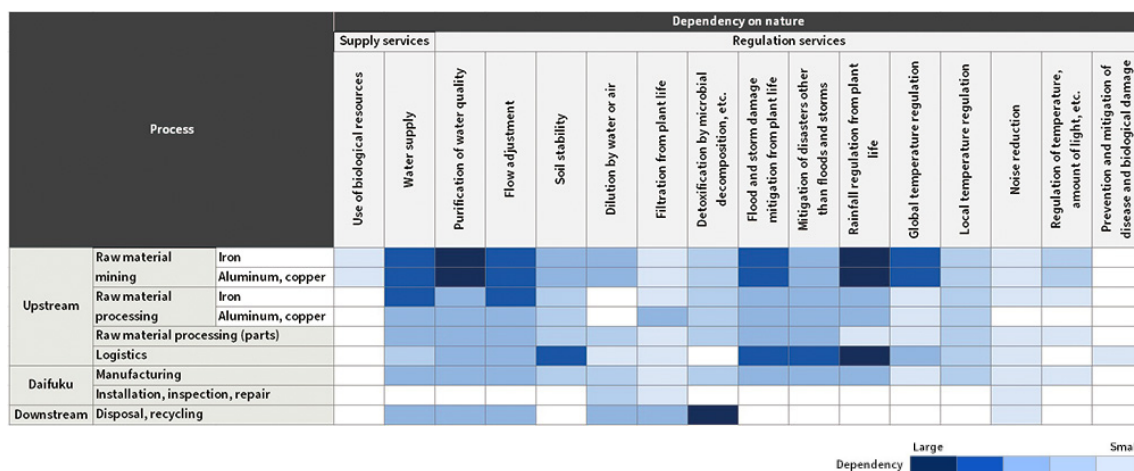
#### Impacts

- Development in freshwater and marine areas
- Abiotic resource extraction (minerals)
- Greenhouse gas emissions
- Air, soil, and water pollution
- Generation of waste (slag)
- Noise and other disturbances

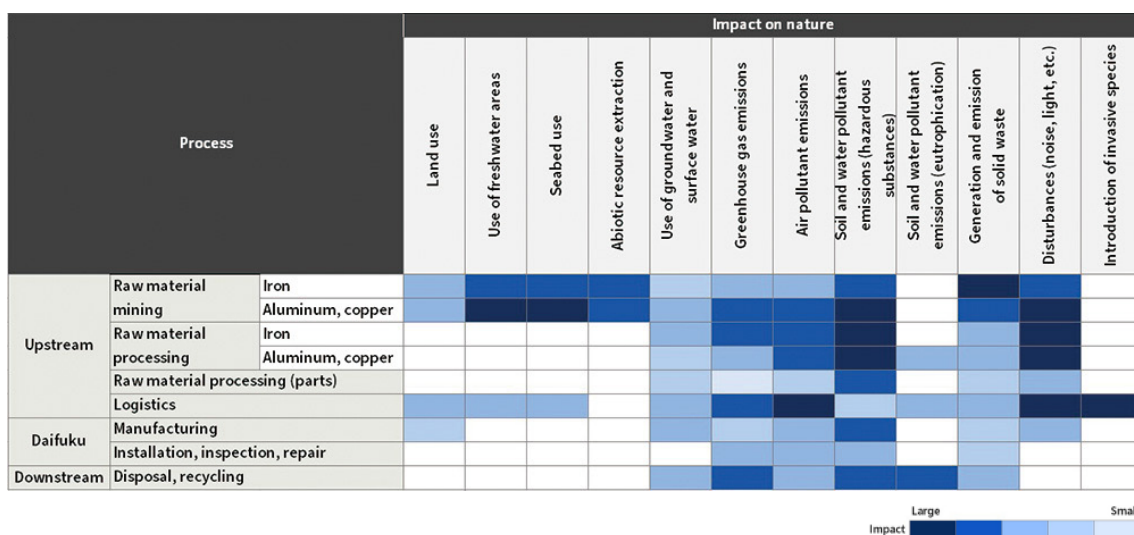
Although the manufacturing, relocation, inspection, and repair work of the Group does not rely heavily on nature, the impact of soil and water pollution caused by harmful substances generated in the manufacturing process is increasing.

\* ENCORE : a tool to understand how business activities depend on and affect nature

## Heat map of dependencies on nature



## Heat map of impacts on nature



## 4. Assess risks and opportunities (assess)

We organized the content that was evaluated as having a large degree of dependency and impact as “natural factor drivers,” and from there we identified the nature-related risks and opportunities that the Daifuku Group could anticipate facing in the future. Based on the results of identifying priority locations, we qualitatively and quantitatively assessed the potential impacts of nature-related risks and opportunities on the Group’s

business. These were then organized along three dimensions: the time period until risk manifestation or opportunity realization, the likelihood of occurrence, and the potential financial impact. We will implement appropriate responses to each risk and opportunity. The definitions of time period, likelihood, and impact are as shown below.

Time period	Short term: less than 3 years; medium term: 3 to 10 years; long term: more than 10 years
Likelihood	Low: somewhat uncertain; medium: intermediate; high: somewhat certain
Impact	<b>Sales</b> Small: less than 6 billion yen; medium: 6 to 60 billion yen; large: more than 60 billion yen <b>Profit and cost</b> Small: less than 600 million yen; medium: 600 million to 6 billion yen; large: more than 6 billion yen

### Risks and opportunities for the Daifuku Japan and our domestic Group

Category		Natural factor drivers	Major risks and opportunities	Time period	Likelihood	Impact	Main responses to risks and opportunities
Transition risks	Policy regulations	<b>Mining and processing of raw materials</b> Strengthening regulations on seabed use; mineral resource extraction; air, water and soil pollution; waste; noise; etc.	Increased procurement costs due to tighter nature-related regulations	Medium- to long-term	Small	Medium	① Reduction of environmental impact in the supply chain
	Reputation	<b>Mining and processing of raw materials</b> Negative impact on seabed use; mineral resource extraction; air, water and soil pollution; waste; noise; etc.	Deterioration of reputation due to the negative impacts from extracting and processing mineral resources	Medium- to long-term	Medium	Small	
	Policy regulations	<b>Internal production</b> Stricter regulations on air, water, and soil pollution	Increased operating costs due to tighter nature-related regulations	Medium- to long-term	Small	Small	② Strengthening environmental pollution prevention
	Policy regulations Market	<b>Internal production, product use</b> Regulations concerning the reduction of environmental impact; growing market demand for reducing environmental impact	Decrease in sales due to delay in development and design of products with less environmental impact	Medium- to long-term	Small	Small	③ Balancing environmental and social value in material handling systems ④ Compliance with regulations related to hazardous substances
Physical risks	Acute and chronic	<b>Mining and processing of raw materials</b> Increase and intensification of water shortages (drought) and flood and storm damage	Increase in raw material procurement costs due to water shortages and flood and storm damage	Medium- to long-term	Small	Medium	① Reduction of environmental impact in the supply chain
Opportunities	Resource efficiency Market	<b>Mining and processing of raw materials</b> Decline in mineral resources and transition to a recycling-based society	Improved procurement sustainability by reduction of virgin raw materials	Long-term	Medium	Small	⑤ Product design for resource conservation
	Resource efficiency	<b>Direct operations manufacturing</b> Improved resource efficiency (reduction of water consumption, waste generation, energy consumption, etc.)	Reduction of operating costs through resource efficiency	Long-term	High	Medium	⑥ Reduction of water consumption, waste generation, energy consumption, etc.
	Reputation	<b>Overall value chain</b> Stricter evaluation of nature-related initiatives and increased requests for information disclosure	Improved ESG evaluation and reputation through nature-related initiatives and information disclosure	Medium- to long-term	Small	Medium	③ Balancing environmental and social value in material handling systems ⑦ Promotion of nature conservation activities and participation in initiatives ⑧ Enhancing disclosure of nature-related information

In identifying and assessing nature-related risks and opportunities, as with climate-related risks and opportunities, we assume a world based on the 1.5–2°C scenario for transition risks and opportunities and based on the 3–4°C scenario for physical risks.

> Disclosures Based on TCFD Recommendations

## 5. Key actions in response to nature-related risks and opportunities (prepare)

The Group has established the Daifuku Environmental Vision 2050, and we are promoting the following measures to address identified risks and opportunities based on our policy of realizing a world where material handling systems have zero environmental impact.

### ① Reduction of environmental impact in the supply chain

The Sustainable Procurement Guidelines, which were established as new standards in fiscal 2023, dictate clear statements regarding the efficient use of energy and water resources as well as the reduction of pollutants and waste. To identify and mitigate risks in the supply chain, we are working to ensure that our business partners are aware of and comply with these guidelines, while also checking their compliance and conducting audits. In addition, we have formulated the Green Procurement

Guidelines that set out criteria for judging the chemical substances contained in our products, and we prioritize the procurement of products that contain fewer substances of concern. Furthermore, in 2022, the Environmental Management Subcommittee under the jurisdiction of the Sustainability Promotion Committee launched the Green Procurement Project. In this project, we are working to ensure the appropriate management of chemical substances contained in our products.

### ② Strengthening environmental pollution prevention

Daifuku manages specified chemical substances based on the Pollutant Release and Transfer Register (PRTR).<sup>\*</sup> In the production process, paint and organic solvents are mainly used in product coating processes. Data on the amount used by each department is collated, totaled, and reported.

At Shiga Works, our flagship plant, we previously managed and treated wastewater using three wastewater treatment facilities owned by Daifuku; in fiscal 2022, we began switching to public

sewage, and the transition was completed in March 2023. This decision was made after comprehensive consideration of a range of factors, including the risk of releasing abnormal wastewater if it is not properly treated, the impact on the lives and health of employees from handling chemicals, and the cost of wastewater treatment. In accordance with the change in processing methods, we comply with the water quality standards stipulated in the Sewerage Act.

<sup>\*</sup> A system designed to promote the voluntary management of chemical substances and prevent environmental pollution by requiring businesses to report to the government the amounts of potentially harmful chemicals they release into the environment (air, water, and soil) which may pose risks to human health or ecosystems.

### ③ Balancing environmental and social value in material handling systems

In fiscal 2024, we began sustainability performance assessments, which evaluate products and systems from both environmental and social perspectives. With regard to environmental value, we conduct Life Cycle Assessments (LCAs) for all product development, and we evaluate the environmental impact in terms of CO<sub>2</sub> emissions, resource consumption, toxicity, energy consumption, air pollution, and water resource consumption. In addition, we are working to minimize the energy consumption from the operation of our products as well as the resources used in our products through design and the use of various technologies.

Daifuku's products contribute to a wide range of areas including factory automation in general industry, semiconductors, and automobiles; labor-saving in distribution centers; and improving the efficiency of airport operations, thereby helping to address issues such as labor shortages, improving working environments, and enhancing productivity. By combining the material handling technology we have cultivated over the years with AI and other cutting-edge technologies, we are actively working on the development and introduction of technologies that solve new issues.

### ④ Compliance with regulations related to hazardous substances

The European Union's REACH regulation (registration, evaluation, authorization, and restriction of chemicals) stipulates that chemical substances contained in products manufactured or sold in the EU must be registered with the government and assessed for safety. The RoHS Directive (restriction of the use of certain hazardous substances in electrical and electronic equipment) also restricts or prohibits the use of specified hazardous substances in electrical and electronic equipment. The Daifuku Group closely monitors the latest trends in

regulations related to these hazardous substances, and we strive to comply with laws and regulations, including those outside of Japan, through the implementation of the Green Procurement Guidelines and while collaborating with our entire supply chain. In addition, for major domestic business partners, we ask that they submit proof of receipt and written informed consent to ensure their understanding of these guidelines and to promote the proper management of chemical substances.

### ⑤ Product design for resource conservation

The Daifuku Group uses mineral resources (iron, aluminum, copper, etc.) and fossil-derived raw materials (resin, etc.) as the main raw materials for our products. As demand for these mineral resources and fossil-derived raw materials increases worldwide, their depletion is progressing and there is a possibility that it will become difficult to procure them in the future. On the other hand, with the transition to a recycling-based society (circular economy), it is also expected that the

supply of recycled materials made from mineral resources and fossil-derived raw materials will increase and their use will progress.

In light of this, in order to improve the sustainability of the Daifuku Group's procurement, we are promoting product designs that conserve resources, such as reducing raw materials through weight reduction and utilizing recycled plastic.

### ⑥ Reduction of water consumption, waste generation, energy consumption, etc.

Daifuku is promoting the reduction and recycling of waste products such as defective products and packaging materials from the manufacturing process. All Group production sites set waste weight reduction targets, and we are monitoring their achievement. In particular, we endeavor to improve the recycling rate by thoroughly sorting and collecting waste to reduce the amount of waste sent to landfills.

We are also working to reduce water consumption in our

production activities and at offices. We introduced a water-saving system in fiscal 2022 at the factory building at Shiga Works that consumes the most water. As a result, in fiscal 2023 we were able to reduce annual water usage by about 45% compared to the previous year.

Please refer to the Disclosures Based on TCFD Recommendations section on the webpage below for more information about the our initiatives to reduce water and energy consumption.

[> Disclosures Based on TCFD Recommendations](#)

### ⑦ Promotion of nature conservation activities and participation in initiatives

We have been carrying out biodiversity conservation activities through the Yui Project\* at Shiga Works, our flagship plant, since 2014. As part of this project, we are working on initiatives such as the construction of Yui no Mori, which is home to a number of rare species, and the preservation of the wetlands that serve as the habitat of the scarlet dwarf dragonfly, which is listed in the Shiga Prefecture Red Data Book. In addition, in order to promote awareness of the importance of biodiversity preservation, we are also expanding activities to deepen our ties with the local

community, such as giving lectures at educational facilities in Shiga Prefecture and collaborating with other companies to hold panel displays on dragonflies at museums.

Additionally, in order to achieve the Daifuku Environmental Vision 2050, we are participating in initiatives that aim to solve nature-related issues while also engaging in information sharing and policy advocacy. For further details, please refer to the [Major Initiatives](#) and [Participation in nature-related initiatives](#) sections.

\* *Yui* means "to bring together," and the project is a compilation of various activities that connect water with greenery, people with nature, and people to people.

### ⑧ Enhancing disclosure of nature-related information

We are continually working to improve the content of our information disclosure related to nature, focusing on our website and Integrated Report (Daifuku Report). We also hold an IR Day once a year as a forum for dialogue with institutional investors

about the Group's growth strategy and other topics, and this serves as an opportunity to provide explanations on a variety of topics including information related to sustainability.

## Risk and Impact Management

### The Daifuku Group's risk management system

The nature-related risk management system is the same as the climate-related system. For details, please refer to the Disclosures Based on TCFD Recommendations section on the following webpage.

[> Disclosures Based on TCFD Recommendations](#)

### Management of nature-related dependencies and impacts, risks and opportunities

Nature-related dependencies and impacts as well as risks and opportunities were assessed based on the LEAP approach presented by TNFD (please refer to the [Strategy](#) section for details). The Sustainability Management Committee, the

Sustainability Promotion Committee, and the Risk Management Committee work together to develop appropriate measures and monitor high-priority nature-related dependencies, impacts, risks, and opportunities that must be addressed.

### Metrics and Targets

The Group has identified promoting resource recycling and coexisting with nature as crucial issue areas in the Daifuku Environmental Vision 2050 and has set the following targets.

Materiality	Key Performance Indicators (KPIs)	FY2030 targets	FY2024 targets
Promoting resource recycling	Landfill disposal rate	Less than 1%	Domestic: less than 1% Outside of Japan: less than 5%
	Reduction rate of waste emissions per unit sales <sup>*1</sup> (compared to FY2023)	23%	4%
	Reduction rate of water consumption per unit sales <sup>*2</sup> (compared to FY2018)	60%	40%
Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites <sup>*3</sup>	100%	10%
	Global expansion of Sustainability Action <sup>*4</sup>	Program expansion and awareness raising	Program expansion and awareness raising

<sup>\*1</sup> Waste generated (tons) divided by net sales (100 million yen)

<sup>\*2</sup> Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

<sup>\*3</sup> Sites with 100 or more employees

<sup>\*4</sup> Daifuku's unique program for sustainability awareness and training



## Core global disclosure metrics

The results of the core global disclosure metrics in the TNFD recommendations are as follows. Metric numbers are based on TNFD recommendations. As for the core global disclosure metrics that have not been disclosed at present, we aim to collect data and disclose in the future.

Metric no.	Driver of nature change	Indicator	Metric	Reporting scope	FY2024 results
—	Climate change	GHG emissions	Scopes 1 and 2 Scope 3	Refer to <a href="#">ESG Data</a>	
C1.0	Land/freshwater/ocean use change	Total spatial footprint	Total surface area controlled by the organization	Global production sites only	2,309,146m <sup>2</sup>
C1.1		Extent of land/ freshwater/ ocean use change	Extent of sustainably managed land/freshwater/ ocean ecosystems	Shiga Works Yui no Mori	26,300m <sup>2</sup>
C2.0	Pollution/pollution removal	Pollutants released to soil split by type	Substances subject to PRTR laws	Refer to <a href="#">Pollution Prevention and Resource Recycling</a>	
C2.1		Wastewater discharged	Amount of water discharged	Refer to <a href="#">ESG Data</a>	
			Substances subject to PRTR laws	Refer to <a href="#">Pollution Prevention and Resource Recycling</a>	
			Temperature of water discharged	Global	Water temperature does not fluctuate extensively during production activities
C2.2		Waste generation and disposal	Total amount of hazardous and non-hazardous waste generated (by type)	Major domestic sites only	Hazardous waste: 0t Non-hazardous waste: 0t
			Weight of hazardous and non-hazardous waste disposed of	Global production sites only	Landfill: 534.5t Simple incineration: 115.9t
			Weight of hazardous and non-hazardous waste disposed of avoiding landfills	Global production sites only	Recycled amount: 1,839.5t Recycle rate: 93.0%
C2.4		Non-GHG air pollutants	Dust, SOx, and NOx substances subject to PRTR laws	Refer to <a href="#">Pollution Prevention and Resource Recycling</a>	
C3.0	Resource use/ replenishment	Water withdrawal and consumption from areas of water scarcity	Water withdrawn from areas of water scarcity	Refer to <a href="#">Environmental Management</a>	
C3.1		Quantity of high-risk natural commodities sourced from land/ ocean/ freshwater	Amount of high-risk natural commodities (steel, aluminum)	Refer to <a href="#">ESG Data</a>	
C7.2	Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts		Fines for violations of environmental laws and regulations (including water)	Refer to <a href="#">ESG Data</a>	

## Major Initiatives

### Conservation activities at Shiga Works

In terms of site area, Shiga Works is one of the largest factories in Shiga Prefecture. A survey of ecosystems within Shiga Works confirmed more than 1,000 native species as well as over 70 species of wildlife listed in the Japanese Red List (compiled and maintained by the Ministry of the Environment) and the Shiga

Prefecture Red Data Book. In order to preserve this precious natural environment for future generations, we are pursuing various conservation initiatives through the Yui Project,\* which promotes communication both within and outside the company.

### Results of ecosystems survey (endangered species)

Listed below are the species of wildlife that inhabit or grow within the Shiga Works premises and are classified as endangered in the Japanese Red List 2020.

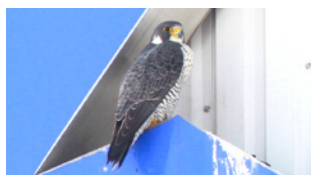
#### Japanese Red List 2020

Threatened - Vulnerable (VU): Species with a high risk of extinction in the wild.

Near Threatened (NT): Species that do not qualify as threatened at present but may be vulnerable to endangerment in the near future.

(as of April 2023)

Category	Classification	Species	Number of species
Threatened - Vulnerable (VU)	Birds	Peregrine falcon	1
	Amphibians	Yamato salamander	1
	Insects	<i>Polyrhachis lamellidens</i> (spiny ant)	1
	Plants	Golden orchid, Chinese bellflower	2
Near Threatened (NT)	Birds	Greater white-fronted goose, crested honey buzzard, Eurasian sparrowhawk, northern goshawk	4
	Reptiles	Japanese pond turtle	1
	Amphibians	Black-spotted pond frog	1
	Insects	<i>Aeschnophlebia anisoptera</i> (dragonfly), <i>asiagomphus pryeri</i> (dragonfly), <i>trigomphus interruptus</i> (dragonfly), <i>trigomphus ogumai</i> (dragonfly), <i>xenocorixa vittipennis</i> (water boatman), <i>catocala actaea</i> (moth), <i>helochares striatus</i> (water beetle), <i>laccobius inopinus</i> (water beetle), <i>bombus ignitus</i> (bumblebee)	9
	Plants	<i>Agrostis valvata</i> , yellow bladderwort	2
Total			22



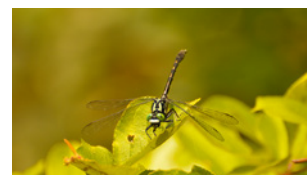
Peregrine falcon



Chinese bellflower



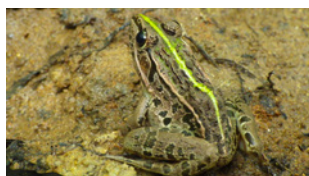
Japanese pond turtle



*Trigomphus ogumai*



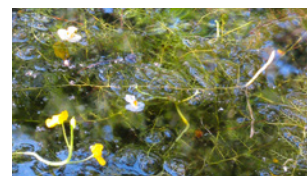
Golden orchid



Black-spotted pond frog



*Polyrhachis lamellidens*



Yellow bladderwort

## Yui no Mori

As part of the Yui Project, we constructed Yui no Mori (*yui* means “bring together” and *mori* means “forest”), which is located within Shiga Works and comprised of conservation ponds, a learning center, and more. It is used as a place for learning within and outside the company, as well as for the biodiversity conservation of plants and animals such as a Japanese red pine forest unique to the region and the rare species of Yamato salamander.

### Breeding of Yamato salamanders in conservation ponds (artificial ponds)



Conservation pond



Salamander eggs in the conservation pond



Adult Yamato salamander

We are working to preserve the endangered Yamato salamander. To ensure a stable habitat, a conservation pond was constructed in 2014, and we have been relocating the larvae and eggs that inhabit the Shiga Works premises since. We have also confirmed spawning and hatching in the conservation pond every year since fiscal 2021. In addition, there is a risk that the redevelopment of

Shiga Works could lead to a reduced habitat for wild Yamato salamanders. To combat this, we have been implementing ongoing initiatives since fiscal 2024 to maintain and improve their natural habitat, including creating a new habitat outside of the conservation pond into which larvae will be released.

### Conserved Area Certification

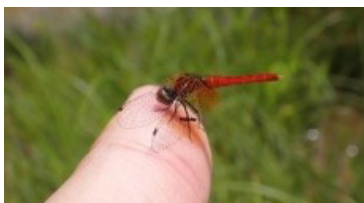


30by30 Alliance for Biodiversity Conserved Area Certification

In September 2024, Yui no Mori was certified as a conserved area by the Ministry of Environment, Government of Japan. A conserved area refers to an area where biodiversity is being conserved through private or other initiatives; the favorable evaluations of Daifuku's biodiversity initiatives as well as our internal and external exchange activities led to this certification.

> [Ministry of the Environment Conserved Area Certification \(Japanese only\)](#)

### Scarlet dwarf dragonfly habitat preservation



Scarlet dwarf dragonfly



New wetlands



Transfer of adult insects

As part of the wetlands in which scarlet dwarf dragonflies have been confirmed to inhabit will be lost during the redevelopment of Shiga Works, we are making efforts to secure new habitats while minimizing the impact. In fiscal 2023, we created new wetlands within the Shiga Works premises, and we transferred scarlet dwarf dragonfly eggs, larvae, and adults to this new area along with

hydrophytes and aquatic plants from the existing habitat. The plants that were transferred here are flourishing, and it has become an environment in which the dragonflies can settle easily. We have been conducting habitat surveys of the newly created wetlands since fiscal 2024, and we have confirmed that adult dragonflies have settled in the area.

## Creating opportunities to interact with nature



At Shiga Works, we hold nature observation events with experts so that employees have opportunities to interact with the many plants and animals that inhabit the area. We also hold events such as Christmas wreath making using natural materials procured on site.

## Conservation activities at global subsidiaries



Daifuku Intralogistics India Private Limited (ILIN) has been making efforts in biodiversity conservation for over ten years through the planting of trees. By actively planting native plants that are well-suited to the local climate and soil, ILIN is contributing to the conservation of the local ecosystem while also creating a pleasant working environment surrounded by greenery.

## Participation in nature-related initiatives

To achieve the Daifuku Environmental Vision 2050, the Daifuku Group is participating in initiatives that aim to solve nature-related issues, while also engaging in information sharing and policy advocacy.

### Initiatives we participate in

- TNFD Forum
- 30by30 Alliance
- Keidanren Initiative for Biodiversity Conservation
- Blue Ocean Initiative (BOI)
- Shiga Biodiversity Initiatives Certification System
- The Biodiversity Biwako Network
- Members of the Osaka Bay Blue Carbon Ecosystem Alliance (MOBA)
- Declaration of Support for Osaka Biodiversity

## Collaborations with local communities

### Donation of Yamato salamanders to the Shiga Prefecture Lake Biwa Museum



Daifuku is cooperating with local communities to take part in biodiversity conservation activities. In 2019, we donated some Yamato salamander eggs that were laid in the conservation pond in Shiga Works to the Shiga Prefecture Lake Biwa Museum. In 2025, in collaboration with an aquatic exhibit on Yamato salamander larvae at the Lake Biwa Museum, we provided the museum with some larvae that were hatched on the Shiga Works premises.

## Participation in the Biodiversity Biwako Network's dragonfly conservation efforts through corporate collaboration



Special exhibit (Lake Biwa Museum)

In 2016, neighboring companies\* of Shiga Works launched the Biodiversity Biwako Network, which is engaged in biodiversity conservation activities using the 100 dragonfly species confirmed in the prefecture as indicators. The project, entitled Operation Dragonfly 100: Save Shiga's Dragonflies, has three strategies: search for the 100 dragonfly species in Shiga Prefecture, protect them, and educate the public about them. We are also engaged in regular monitoring at the company site, maintenance of biotopes and extermination of invasive alien species, nature observation meetings, exhibitions and presentations of our activities, as well as understanding of the current state of nature in the surrounding area.

\* Currently, the following five companies are actively involved: Asahi Kasei Corporation; Asahi Kasei Juko Co., Ltd.; Sekisui Jushi Corporation; Daihatsu Motor Co., Ltd.; and Daifuku Co., Ltd.

## Blue Ocean Initiative (BOI)



Daifuku has been a supporting member of the Blue Ocean Initiative (BOI), a blue action platform formed by a coalition of corporations, since 2023. The BOI is expanding the scope of its activities to achieve sustainable and effective ocean conservation and prosperity through multifaceted interactions and business co-creation with all stakeholders that have ties with the ocean.

## Members of the Osaka Bay Blue Carbon Ecosystem Alliance (MOBA)

Daifuku has endorsed the Osaka Bay Blue Carbon Ecosystem Alliance (MOBA) of Osaka Prefecture since 2024. This Alliance endorses the creation of a blue carbon ecosystem in Osaka Bay in order to realize the Osaka Bay MOBA Link Initiative, which will connect Osaka Bay with a corridor of blue carbon ecosystems (seaweed beds and tidal flats that absorb and store CO<sub>2</sub>). The Alliance carries out its activities with the cooperation of its members, which consist of companies, organizations, research institutes, and government agencies.

## Declaration of Support for Osaka Biodiversity



Daifuku Group company Contec Co., Ltd. endorses Osaka Prefecture's biodiversity preservation activities. In 2023, we submitted a Declaration of Support for Osaka Biodiversity to the Osaka Prefectural Government, and its registration has been approved. This registration system enables the Osaka Prefectural Government to support the efforts of companies and organizations within the prefecture that declare their commitment to actively work toward conserving biodiversity.



# Occupational Safety and Health

## Basic Approach

Safety is the foundation of our business activities and supersedes all else—this slogan underpins our belief that establishing a corporate culture that prioritizes the safety and health of all workers, including temporary workers, contractors, and suppliers, in each workplace is indispensable for sound business

activities. The Daifuku Group has obtained the occupational safety and health management system certification (ISO 45001) at all its major sites. We are committed to continuing our safety culture and striving for total safety at our workplaces by identifying all potential risks.

## Group Code of Conduct (extract)

### 2. Safety and health

- We will place safety as a top priority in all of our business activities.
- We will develop and provide safe, high-quality products and services.
- We will strive to maintain and increase the health and well-being of our employees as well as provide comfortable and clean workplaces.

## Safety Policy

### (1) Safety slogan

Safety is the foundation of our business activities and supersedes all else.

### (2) Safety target

Through a Safety First<sup>\*1</sup> mindset, eliminate occupational accidents resulting in lost time and traffic accidents.

### (3) Safety policy

1. Develop and support safety and health activities in which all employees<sup>\*2</sup> participate.
2. Promptly adopt revisions to the Industrial Safety and Health Act and other related laws and regulations.
3. Operate the PDCA cycle of the Occupational Safety and Health Management System (ISO 45001) to manage risks and continuously improve safety.
4. Establish an education system for safety and health management and expand it throughout the company.
5. Utilize and implement new DX and IoT technologies.
6. Apply past disaster case studies to eliminate similar disasters.
7. Expand support for autonomous safety and health management activities at partner companies.<sup>\*3</sup>

<sup>\*1</sup> The Japanese term Anzen Senichi (Safety First) is a registered trademark of Furukawa Co., Ltd.

<sup>\*2</sup> "All employees" includes temporary workers, contractors, and suppliers.

<sup>\*3</sup> "Partner companies" refers to temporary staffing agencies, contractors, and suppliers.



## Supply chain management grounded in law

When embarking on product or system installation, we ensure compliance with the provision in the Construction Business Act that states, “the parties to a contract for construction work shall conclude the contract fairly based on agreements made on terms of equality and shall fulfill the contract honestly and in good faith,” and we strive to ensure that both the safety and health of workers

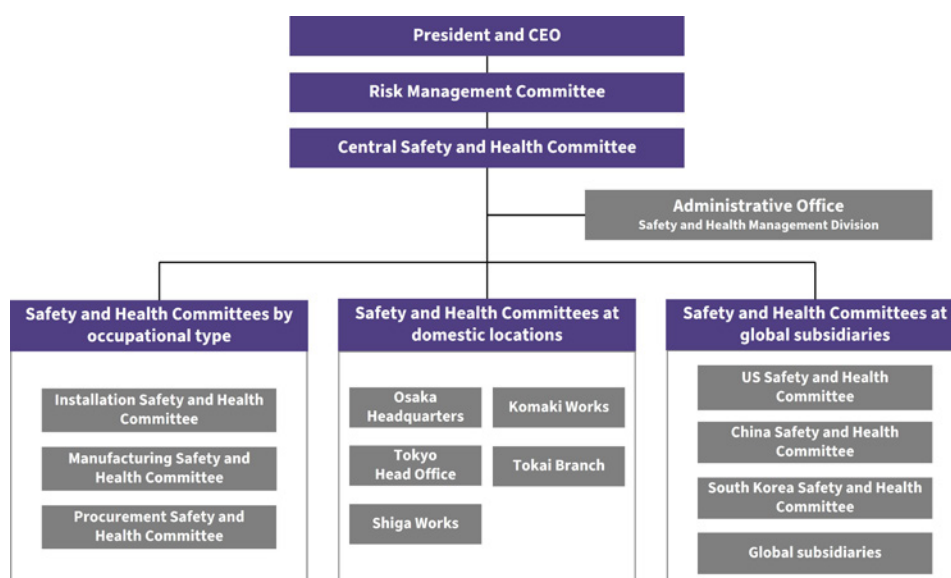
are not harmed as stipulated in the Industrial Safety and Health Act. Further, we engage in transactions with suppliers applicable under the Subcontractor Act in the spirit of the law, while also making known and requesting cooperation with the Group’s Code of Conduct and Sustainable Procurement Guidelines to build appropriate relations with our suppliers.

## Promotion System

We at the Daifuku Group place the greatest priority on the safety of all employees, contractors, and suppliers who work at our global locations. In order to eradicate occupational accidents, the Group has established the Central Safety and Health Committee under the direct control of the CEO. Subsidiaries outside of Japan also participate in the Central Safety and Health Committee and provide status reports and exchange information on a quarterly basis. Regional committees for safety and health as well as various specialized committees (installation, manufacturing, and procurement) have been set up under this Committee to ensure

safety at all Group companies and establish health management systems throughout the Group.

Additionally, having experienced serious accidents in the past, we now hold the Safety Cooperation Association and the Management and Safety Policy and Production Trends Presentation for suppliers to participate in. Through these efforts to share information, we are aiming to strengthen ties with our suppliers and achieve safety based on mutual awareness and education.



Occupational Safety and Health Management Promotion System

## Implementing audits of the safety management system

We carry out annual internal audits based on ISO 45001 standards at our main locations, and we verify the efficacy of our management system and the state of safety activities at our workplaces with inspections by the top management, including the CEO. Further, we also undergo a yearly audit by an external certifying body, as we maintain and expand the scope of our certification.

## Occupational health and safety management system certification

We promote ISO 45001 certification, the international standard for occupational health and safety management systems, at all major production sites within and outside of Japan. All three of our production sites in Japan and ten of our production sites outside of Japan have obtained this certification. The ISO certification rate for our production sites is 48%.

Certification standards	Production sites (consolidated)	Number of certified locations among total	Proportion of certified locations
ISO 45001, etc.	27	13	48%

> ISO Certified Locations

## Major Initiatives

### Safety indicators

KPI

The Group uses accident frequency rate and severity rate as safety management indicators. We share this information and provide appropriate guidance and safety awareness training to departments that need to improve their safety measures. We are working toward zero serious accidents.

In fiscal 2024, the number of accidents resulting in lost time remained at the same level as the previous fiscal year both within and outside of Japan. For each occupational accident that occurs, we analyze the cause, create and disseminate new work plans, and eliminate unsafe actions and conditions. In the occupational accident management system that was introduced

and implemented in fiscal 2023, information on occupational accidents that occur both within and outside of Japan as well as materials for safety and health training are shared in real time in order to ensure that measures are taken to prevent recurrence and to further strengthen safety training. In fiscal 2024, we moved forward with the multilingualization of this system, and we are establishing a framework that can be operated throughout the entire Group, including at subsidiaries outside of Japan.

For the following indicators, contractors in installation are included in calculations and target management.

Frequency rate: The number of casualties per one million employee-hours worked at bases and companies. This rate indicates the frequency of accidents.

Severity rate: The number of lost work days experienced per 1,000 work hours. This rate indicates the severity of accidents.

Indicator <sup>*1</sup>	Scope	FY2022	FY2023	FY2024
Frequency rate	Japan	0.45	0.551	0.460
	Outside of Japan	0.90	0.58	0.70
	All industries in Japan <sup>*2</sup>	2.06	2.14	2.10
Severity rate	Japan	0.006	0.016	0.026
	Outside of Japan	0.216	0.011	0.009
Number of serious accidents <sup>*3</sup>	Japan	0	0	1
	Outside of Japan	1	0	0

\*1 Data for the period from January to December. These indicators are calculated including installation contractors.

\*2 Provided by the Ministry of Health, Labour and Welfare

\*3 Accidental deaths or accidents resulting in permanent bodily injury occurring during work at Daifuku

## Risk assessment of workplace safety and health

The Group conducts risk assessments in accordance with our own standards based on ISO 45001. We identify and manage risks that have a significant impact on safety and health, and we consider and implement risk mitigation measures according to the level of risk. The scope of application covers regular and irregular activities in our business operations, as well as the

activities of all persons entering and leaving our premises. Risks are identified and assessed at the beginning of each fiscal year, during the construction planning stage of new projects, as well as any time circumstances change, such as when new processes are introduced or new materials are used.

## Disaster preparedness drills



Initial Firefighting Competition held at the fire station in Hino Town

We conduct disaster preparedness drills at our major sites in Japan at least once a year to simulate a large-scale disaster. Based on the initial response manual, we conduct drills for evacuation assistance, reporting, initial firefighting, first aid,

and shutting down equipment in the event of an emergency, thereby confirming procedures for a rapid response in the event of a disaster. Group sites outside of Japan also conduct similar disaster drills in accordance with the laws and regulations of their respective countries and regions.

In fiscal 2024, we hired former firefighters as specialists to inspect the fire and disaster prevention measures at Shiga Works and implement improvement initiatives. In addition, in order to raise employees' initial firefighting skills and firefighting awareness, we participate in the Shiga Prefecture Hino Town Initial Firefighting Competition every year. By reviewing our existing procedures under the guidance of these newly hired specialists, we were able to win our first award in fiscal 2024.

## Safety and health training

In addition to training at the time of employment, the Group periodically conducts the following training programs to maintain and improve the safety and health knowledge and skills of its employees.

### Safety training programs

Skill, awareness, and knowledge are necessary to work safely. External organizations are brought in to provide technical workshops, and special training is offered externally each year to build awareness and knowledge. We focus on in-house training that can be immediately put into practice in the workplace and provide special training that includes crane operation, low-voltage work, full harness work, and particulate matter control.

### Safety training facility



At the Safety Simulation Center at Shiga Works, we cultivate human resources with a high awareness of safety and the ability to take appropriate actions through yearly programs that simulate the real-life dangers of production, installation, and operations. The training is for not only our employees, but also for temporary workers and contractors.

### Simulation-based hazard training



Simulation-based hazard training aims to raise the safety awareness of each employee and make up for any lack of workplace experience by simulating dangerous situations so that employees can viscerally experience them as direct and real threats to their workplace safety. We have started using virtual reality (VR) to also visually recreate the dangerous processes leading to occupational accidents that were difficult to simulate using existing equipment. We are using auxiliary devices that enable employees to experience the simulated shock and sensations felt during an accident.

### Safety training worldwide



Safety training facility installed at Daifuku (Suzhou) Cleanroom Automation Co., Ltd.

The same as in Japan, we conduct annual training for supervisors in installation departments at Group companies. This training focuses on the importance of safety management, methods, risk assessment, and work safety standards and aims to raise the standards of safety management. Training facilities that simulate dangerous situations have also been installed at some of our global subsidiaries in China, South Korea, Indonesia, and North America.

## Spreading understanding of our daily safety and health standards



Based on the principle that understanding and practicing proper conduct every day will help prevent occupational and traffic accidents, we implement yearly e-learning programs to enhance employee familiarity with our daily safety and health standards. In fiscal 2024, these programs were held three times for all employees in Japan, and the participation rate for each session was 100%. We will continue these efforts to make sure that all employees have acquired the necessary knowledge about safety and health to prevent occupational and traffic accidents.

## Health training (courses for emergency first aid and AEDs)

In order to properly administer first aid in the event of an emergency, it is essential to learn and acquire first aid knowledge and skills regularly. At our major locations in Japan, we are working to make sure that at least 20% of the personnel in each building or area is adequately trained.

## Safety activities

### Working with contractors and suppliers

The safety initiatives of our Group are not limited to our own employees, but are also developed in cooperation with our contractors and suppliers. We apply our ISO 45001-based safety standards to all workers who enter and leave our premises, and we provide assistance in advancing contractors' safety activities.

### Safety audits



We monitor the safety and health conditions at the workplaces of our contractors and suppliers through visits and surveys. Depending on the results, we visit them again to reassess the situation and provide advice on how to resolve any issues.

### Information sharing

We regularly conduct safety and health training for manufacturing and installation personnel, including those from contractors and suppliers. As part of this training, we share information on any changes in laws and regulations related to safety and health as well as on occupational accidents that have occurred in the workplaces of our Group and other contractors and suppliers.

### Safety seminars for suppliers

Each year, we hold a Management and Safety Policy and Production Trends Presentation for the top management at our suppliers. At this presentation, we strive to foster safety awareness by informing our suppliers of the safety policies of each of our business divisions as well as presenting awards from specialized committees (installation, manufacturing, and procurement) to suppliers who have actively implemented safety and health initiatives. In fiscal 2025, we invited 291 companies to attend.

Type of award	Recipient supplier
Safety Special Award	Setea Co., Ltd.
	Kyoshin Gikou Co., Ltd.
	Tokairiken Co., Ltd.

FY2025 recipient suppliers of the Safety Special Award

## Strengthening global collaboration



Meeting in North America

In order to strengthen safety and health management throughout the Group, we publish a global safety newsletter that introduces the initiatives of each company, including

global subsidiaries, as well as share information at the Global Sustainability Meeting, which is attended by supervisors of each global company. In 2023, the Safety and Health Management Division visited our subsidiary in Michigan, U.S.A., and participated in a meeting along with managers responsible for safety at the five Group companies in the U.S.A. During the meeting, the participants shared their initiatives for and challenges regarding reducing occupational accidents at each of their companies and deepened their mutual understanding of safety and health management.

## Preventing traffic accidents



We are taking physical measures to eliminate traffic accidents in company cars. Specifically, the mandatory installation of autonomous emergency brakes (AEB), back monitors, rear corner sensors, and telematics drive recorders in our entire fleet of around 900 company cars. Moreover, when employees are approved to drive company cars, they are tested to a certain standard to determine their driving skills, thereby boosting their driving manners and safety awareness.

## Safety and health patrols and the expansion of positive examples of exemplary workplaces



A safety and health patrol by the president

In order to improve the level of safety and health in the workplace, we conduct safety and health patrols to confirm the 5Ss\* at each workplace. In addition, we have been furthering the expansion of positive examples of exemplary workplaces to other workplaces through the Safety and Health Committee. These activities will foster a culture of safety and create safe and pleasant workplaces throughout the company.

\* Sort, set in order, shine, standardize, sustain



# Quality Assurance

## Daifuku Group Quality Policy

### Basic Approach

The Daifuku Group will contribute to the creation of a sustainable society by engaging in sound business practices in accordance with our company creed, management philosophy, and Group Code of Conduct. We will strive to attain greater customer satisfaction and earn the trust of society by pursuing quality and safety in the products and services we provide.

### Basic Policy

We will ensure that all Group officers and employees are aware of this policy and work to assure the quality of our products and services.

#### 1. Compliance with laws and regulations

We will comply with all applicable laws and regulations of each country and region governing our products and services, and we will respond appropriately to mandatory standards and norms.

#### 2. Building and operating a quality management system

We will establish a quality management system by clearly defining procedures and setting targets for each process from product development and design to production, installation, and service. The effectiveness of the system will be continuously evaluated and improved.

#### 3. Collaborating with suppliers and business partners

We will make every effort to ensure that our business partners, including contractors and suppliers, understand and implement this policy. By providing guidance and support to business partners as needed, we will strengthen our collaboration and work toward improving quality.

#### 4. Quality education and awareness

We will provide educational and awareness-raising activities relating to the quality and safety of our products and services. We will also share information and expand our initiatives within the Group to further improve quality.

#### 5. Information disclosure and communication

We will accurately and appropriately disclose information regarding the quality and safety of our products and services, and we will use stakeholder feedback for their improvement.

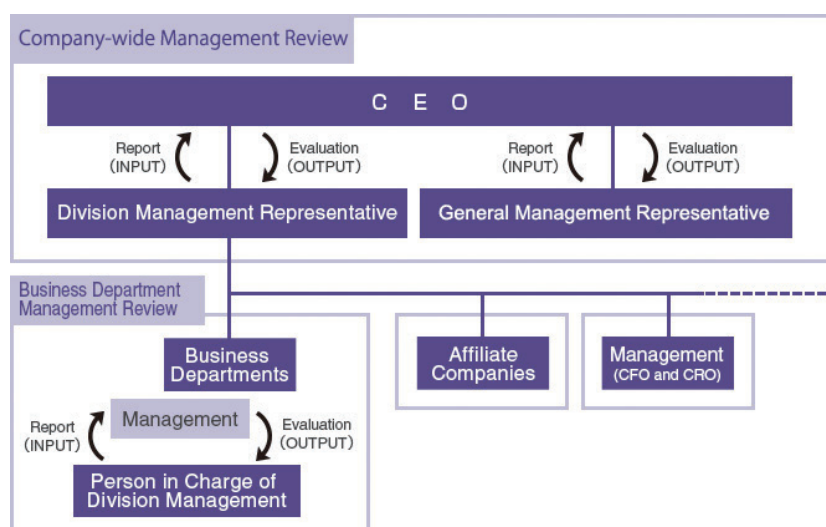
Established: August 31, 2023

## Promotion System

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 quality at every stage of planning, sales, design, manufacturing, installation, and after-sales service.

We conduct 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 company-wide management review, the CEO 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.



## Quality management system certification

We promote ISO 9001 certification, the international standard for quality management systems, at all major production sites within and outside of Japan. All three of our Japan production locations as well as 21 of our production locations outside of Japan have been ISO certified. 89% of our production facilities have obtained certification.

Certification standards	Production sites (consolidated)	Number of certified locations among total	Proportion of certified locations
ISO 9001	27	24	89%

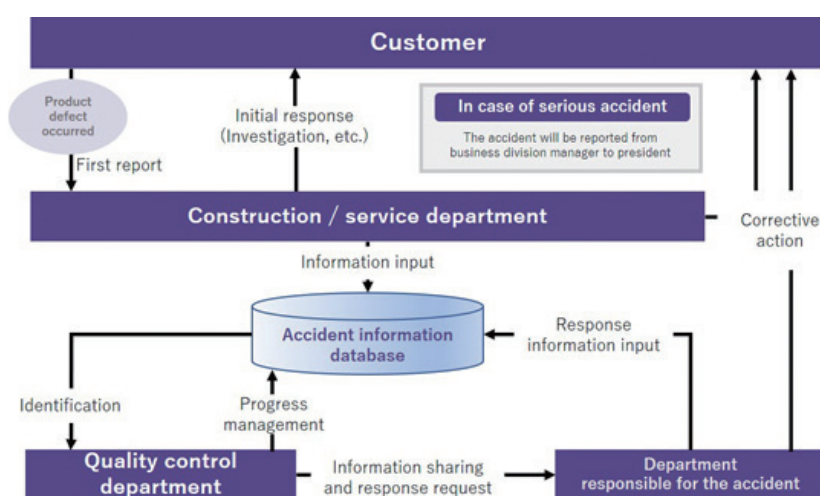
> ISO Certified Locations

## Major Initiatives

### Response to quality issues

Should a major accident occur with our product, we carry out cross-company measures that incorporate other departments according to the need for detailed accident information by other operational departments and to register the corrective measures taken in a database. Reporting procedures are set out in the ISO

Corrective Action and Preventive Measures Procedural Guide. We are thorough in preventing the recurrence of accidents and carrying out preventive measures, and we regularly implement management reviews through the CEO to verify the suitability of the quality management system.



### Number of serious accidents\* related to product and system safety

KPI

	FY2022	FY2023	FY2024
Number of serious accidents related to product and system safety	0	0	0

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

### Product safety

We conduct risk assessments on all existing and newly developed products to ensure their safe operation. Specifically, we conduct reviews during the design and development process and do advance checks for safety in accordance with the ISO Product Safety Evaluation Procedural Guide and the Development and

Standardization Design Implementation Guide, stipulated in the ISO 9001 Management System. In addition, we also promote the training of young designers and the acquisition of external safety assessor\* credentials. We also provide assistance to contractors in obtaining these credentials.

\* 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

## Hini Arata Kaizen Activities,\*<sup>1</sup> Kaizen Proposal Activities

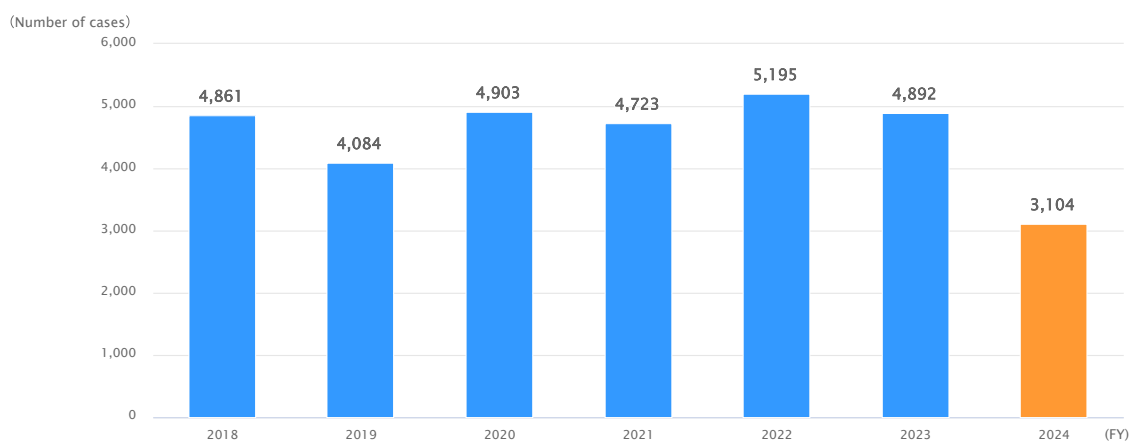
At Daifuku, we emphasize improvement (kaizen) activities such as our Hini Arata Kaizen Activities and Kaizen Proposal Activities, and we have made significant achievements by continuously conducting improvements at our work sites. Regarding Kaizen Proposal Activities, there were 3,104 proposals<sup>\*2</sup> for the improvement of operations, cost reduction, quality, safety, environment, and other matters made in fiscal 2024. The

highlight of the Hini Arata Kaizen Activities is a presentation convention held once a year, attended by top management, for teams that pass the preliminary selection round. In fiscal 2024, the convention was held as a hybrid event, both in person and online. 12 teams selected from various divisions in Japan as well as global subsidiaries presented their activities and results, and the convention was streamed live online to the entire Group.

\*1 Hini Arata Kaizen Activities is the new name for the Small Group Activities that have been held in the past, effective fiscal 2025

\*2 Due to the change in business term (the end of the financial year), the period for fiscal 2024 activities was the 9-month period from April through December

### Number of improvement proposals



# Supply Chain Management

## Daifuku Group Procurement Policy

### Basic Approach

The Daifuku Group will contribute to the creation of a sustainable society by engaging in sound business practices in accordance with our company creed, management philosophy, and Group Code of Conduct. In procurement, we shall select business partners based on appropriate criteria, comprehensively evaluating quality, technological development capabilities, economic rationality in terms of price and delivery time, as well

as the status of environmental and social initiatives. We shall also require all our business partners engaged in the production, installation, and services for our Group's products to understand and practice the Sustainable Procurement Guidelines that we have established separately, and we shall work together with our stakeholders to build a sustainable supply chain.

### Basic Policy

We will ensure that all Group officers and employees are aware of this policy and promote responsible procurement.

#### 1. Compliance with laws and regulations

We will comply with the laws, regulations, international codes of conduct, and other social rules of the countries and regions where we conduct business. We will stand firmly against antisocial forces or organizations that are a threat to the order and safety of civil society, and we will not have any relationship with them.

#### 2. Fair and equitable trade

We will open our doors to a wide range of domestic and international companies, regardless of the country in which they are located or their size, to provide opportunities for free competition. We will conduct transactions through fair and equitable procedures, and we will eliminate misconduct such as the offering or receiving of inappropriate benefits.

#### 3. Building partnerships

We will respect all business partners as equal partners and build long-term relationships of trust based on mutual understanding. We will commit to solving environmental and social issues in the supply chain by strengthening communication and collaboration to achieve mutual sustainable growth.

#### 4. Pursuing quality and safety

We will pursue quality and safety in the products and services we procure. We will require our business partners to comply with the applicable laws, regulations, and standards of each country and region with respect to quality and safety, and we will provide guidance and support as needed to help them establish systems and management structures to achieve this.

#### 5. Respecting human rights

We will respect the fundamental human rights of all people involved in the products and services we procure, and we will not be complicit in any human rights violations, including forced or compulsory labor, child labor, discrimination, abuse, and harassment. We will also give due consideration to the working environment and health and safety of our business partners. If it becomes evident that the Group's procurement activities have caused or contributed to an adverse impact on human rights, we will strive to take appropriate and effective remedial measures.

## 6. Responsible sourcing of minerals

We will not procure minerals such as tin, tantalum, tungsten, and gold that are mined in conflict-affected and high-risk areas (CAHRAs) and may involve corrupt activities, support for armed groups, human rights violations, environmental destruction, or other adverse activity. We will also request our business partners to not use conflict minerals and will work to establish a management system for this.

## 7. Reducing environmental impact

We will comply with laws, regulations, and agreements related to environmental conservation, and we will give priority to the procurement of products and services with a lower environmental impact. We will provide guidance and support to our business partners as needed, and we will address environmental issues such as climate change and biodiversity conservation throughout our supply chain.

## 8. Information security and protection of intellectual property rights

We will establish a management system and appropriately manage and protect confidential and personal information obtained through our business activities. We will also respect the intellectual property rights of third parties and business partners, and we will not violate them.

## 9. Formulation of a business continuity plan

We will work to identify and assess risks that will have a significant impact on business continuity and formulate a business continuity plan (BCP) in preparation for large-scale natural disasters and unforeseen circumstances. In order to fulfill our supply responsibilities to customers, we will implement measures in cooperation with our business partners as needed.

## 10. Information disclosure and communication

We will disclose the status of our initiatives based on this policy in a timely and appropriate manner and communicate with our stakeholders.

Established: January 31, 2024

> [English \(PDF: 135KB\)](#) [PDF](#)

> [Simplified Chinese/简体中文 \(PDF: 183KB\)](#) [PDF](#)

> [Korean/한국어 \(PDF : 198KB\)](#) [PDF](#)

> [Japanese/日本語 \(PDF: 453KB\)](#) [PDF](#)

> [Traditional Chinese/繁体中文 \(PDF: 246KB\)](#) [PDF](#)

> [Thai/ไทย \(PDF : 37KB\)](#) [PDF](#)

## Sustainable Procurement Guidelines

In fiscal 2023, the Daifuku Group formulated the Sustainable Procurement Guidelines as a new standard for sustainable procurement activities. These guidelines are a complete revision of the CSR Procurement Standards, established in 2017, to promote further initiatives throughout the entire supply chain to solve a variety of social issues. We are striving to disseminate these guidelines throughout the entire supply chain and strengthen initiatives to identify and mitigate risks in the supply chain and with our business partners.

Our specific efforts include distributing videos explaining the Group's sustainable procurement goals as well as obtaining agreement from all business partners (80% agreement rate as of July 2025). In addition, we request that our business partners complete a self-assessment questionnaire (SAQ) to confirm their compliance with our guidelines (the SAQ confirms the status of

compliance with laws and regulations, labor standards, health and safety, quality and safety, the environment, information security, business continuity plans, and appropriate information disclosure). In fiscal 2024, based on the results of the SAQ we conducted a trial visit to one domestic supplier, during which we confirmed the status of their compliance and thoroughly examined methods of correction. Furthermore, we visited four global Group companies (South Korea, Taiwan) to conduct factual investigations and discuss the schedule for SAQ implementation as well as various issues. In fiscal 2025, we will expand the scope of the SAQ, and we are planning proactive audit visits.

For more information on the Sustainable Procurement Guidelines, please refer to the PDFs below (available in six languages).

> [English \(PDF: 388KB\)](#) [PDF](#)

> [Simplified Chinese/简体中文 \(PDF: 546KB\)](#) [PDF](#)

> [Korean/한국어 \(PDF : 850KB\)](#) [PDF](#)

> [Japanese/日本語 \(PDF: 1.6MB\)](#) [PDF](#)

> [Traditional Chinese/繁体中文 \(PDF: 934KB\)](#) [PDF](#)

> [Thai/ไทย \(PDF : 463KB\)](#) [PDF](#)



## Green procurement



The Daifuku Group has formulated the Green Procurement Guidelines, which denote the evaluation standards for any chemical substances that are contained in our products. In recent years, regulations regarding the management of hazardous chemical substances have been tightened, and in

order to respond to growing demand, these guidelines were revised in 2023. These guidelines apply to all products (materials, parts, units, accessories, and packaging materials) and services procured by the Daifuku Group. Our policy is to prioritize the procurement of products that contain minimal hazardous substances of concern and products that contain minimal hazardous substances throughout the product's life cycle. We are working with our business partners to reduce environmental impact throughout our entire supply chain. Furthermore, for our major business partners, we request that they fully understand the Guidelines, and in order to promote the appropriate management of chemical substances, we ask that they submit proof of receipt and written informed consent (submission rate: 97%).

[Green Procurement Guidelines \(Japanese only\) \(PDF: 271KB\)](#) [PDF](#)

## Declaration of Partnership Building

The Group will continue its efforts to comply with the contents of the Declaration of Partnership Building in order to create new partnerships by promoting cooperation and coexistence with business partners in the supply chain and other value-creating entities.

[Declaration of Partnership Building \(Japanese only\) \(PDF: 440KB\)](#) [PDF](#)

## Action for fair and transparent transactions



In order to build fair and impartial relationships with business partners and conduct transactions in accordance with healthy business practices, we have established internal rules that prohibit officers and employees, in principle, from receiving entertainment, gifts, or other personal benefits or conveniences from business partners.

## Promotion System

The Production Innovation Division was established in fiscal 2023 to oversee and manage risks in the supply chain. From fiscal 2024, the Supply Chain Management Committee began its operations with the CPO (Chief Production Officer) acting as leader and representatives from all business units across the

company in attendance. This committee is working on a variety of initiatives to promote sustainable procurement activities and optimize the supply chain, as well as enhance credit management systems and ensure compliance in production and installation operations.

## Major Initiatives

### Procurement Worker Qualification Course System

The Procurement Worker Qualification Course System, which primarily targets employees involved in procurement-related work, is an e-learning course held several times each year to allow employees to gain a compliance mindset and knowledge of the relevant laws and regulations necessary for ordering

work, such as production and procurement, with the aim of engaging in ordering work with integrity and high ethical and moral standards in line with our management philosophy and the Group's Code of Conduct. Employees obtain qualification by passing a confirmation test after taking the course.

### Engagement with suppliers

#### Management and Safety Policy and Production Trends Presentation



Daifuku hosts the Management and Safety Policy and Production Trends Presentation to which we invite our major business partners, from manufacturers and trading companies to processing, installation, service, design, and software development. This event is held to report on production trends and safety and health initiatives in each of the Group's business divisions as well as to request cooperation in addressing environmental and social issues throughout the Group's supply chain. 291 business partners were invited in fiscal 2025.

#### Supplier Quality Development (S.Q.D.) Award

In fiscal 2003, we established the Supplier Evaluation System, and each year we present the S.Q.D. Award to commend outstanding materials (production outsourcing and goods purchasing), design, and installation contractors. In fiscal 2025, six out of 235 eligible companies selected from across all of our business partners received this award at the Management and Safety Policy and Production Trends Presentation. The candidates were evaluated based on quality and environmental criteria, and we support our suppliers' development by sharing the best practices of the award-winning companies.

Award category	Recipient suppliers
Quality Excellence Award	Tokai Denki Co., Ltd.
Quality Commitment Award	Handen Co., Ltd.
	Nisshin Sango Co., Ltd.
	Sanwa Es Co., Ltd.
	Toa Musendenki Co., Ltd.
Environmental Excellence Award	Daiichi Co., Ltd.

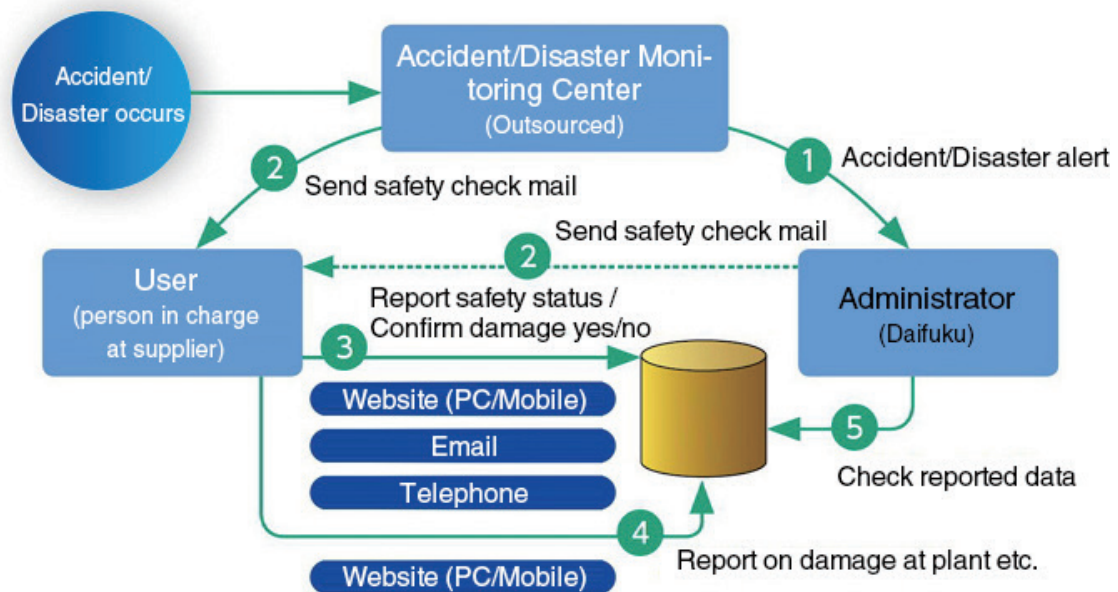
FY2025 S.Q.D. Award Recipients

## Informing suppliers of our policies

To ensure that our stakeholders around the world, including our suppliers, are fully aware of our policies regarding sustainable procurement, we have published the Group Code of Conduct, the Daifuku Group Human Rights Policy, the Basic Procurement Policy, the Sustainable Procurement Guidelines, and the Green

Procurement Guidelines on our website. After the Daifuku Group Human Rights Policy was formulated in 2021, the CEO has been working to promote understanding and implementation of the policy by inviting major suppliers to our Management and Safety Policy and Production Trends Presentation.

## Supplier Operations Verification System



To ensure stable procurement of parts and other supplies in the event of a disaster, we have introduced a Supplier Operation Verification System that enables rapid collection of information on damage to suppliers. In an emergency, this system confirms the status of damage to suppliers and safety of personnel by

e-mail, which allows for timely restoration and return to normal business operations for the entire supply chain. Periodic training is conducted with suppliers to bolster operational proficiency, and in the event of an emergency, the system is used to confirm the viability of operations and the delivery date of parts.

# Human Rights

## Daifuku Group Human Rights Policy

### Basic Stance on Human Rights

Since our founding, the Daifuku Group has faced the changing needs and challenges of society in the spirit of our company creed: Hini Arata. Our management philosophy, “Automation that Inspires,” expresses our resolve to use material handling-based technology to help foster a society in which people can live richer lives. Furthermore, we declare our commitment to respecting human rights in our management philosophy and Group Code of Conduct and strive to create an environment where each and every employee can maximize their potential. We recognize that respect for human rights is one of our most important responsibilities in terms of the sustainable growth of our business and organization, and we will fulfill this responsibility by minimizing any possible negative impact on

human rights occurring through our business activities. This policy sets out the Group’s approach to human rights in the course of its business activities and applies to all officers and employees of the Group. We expect our business partners, including those in our supply chain, to understand this policy and put it into practice, and we will work together with them to promote respect for human rights. To achieve this, we have established an internal system in which the president and CEO of Daifuku Co., Ltd. bears responsibility for human rights, and we will carry out ongoing efforts.

Please refer to the following PDFs for details about the Daifuku Group Human Rights Policy (available in six languages).

> English (PDF: 120KB) [PDF](#)

> Simplified Chinese/简体中文 (PDF: 162KB) [PDF](#)

> Korean/한국어 (PDF: 142KB) [PDF](#)

> Japanese/日本語 (PDF: 136KB) [PDF](#)

> Traditional Chinese/繁体中文 (PDF: 161KB) [PDF](#)

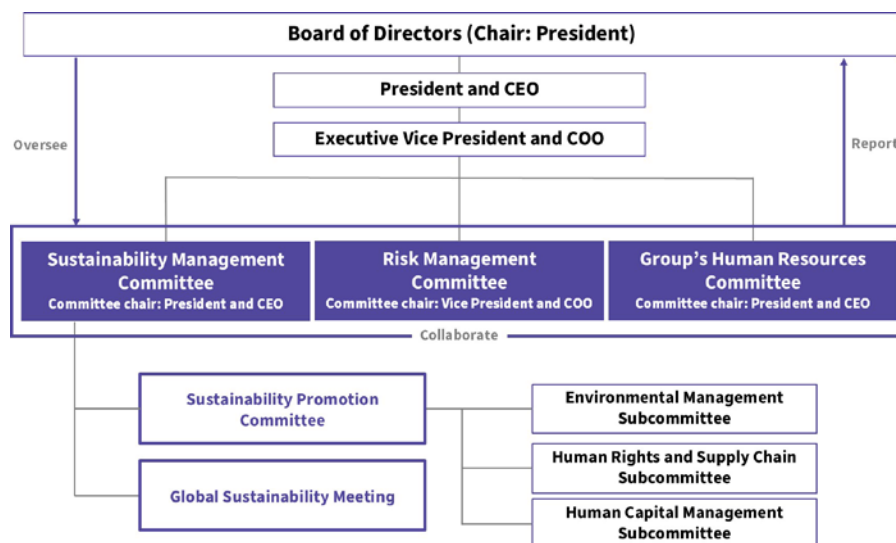
> Thai/ไทย (PDF: 155KB) [PDF](#)

Additionally, in order to encourage our major business partners to take steps toward promoting initiatives along with our Group, we ask that they submit written informed consent of our Human Rights Policy (submission rate: 94%).

### Promotion System

The Sustainability Promotion Committee is an advisory body to the Board of Directors and is chaired by the Executive Vice President and COO with the heads of each business unit as members. Under its jurisdiction, the Human Rights and Supply Chain Subcommittee has been set up and comprises appointees from across multiple departments, including Procurement, Human Resources and General Affairs, Legal Affairs, and Sustainability Promotion, and it reports on crucial matters to

the Board of Directors. In fiscal 2024, the Grievance Mechanism Introduction Project was launched under the jurisdiction of the Human Rights and Supply Chain Subcommittee. Through this project, we are promoting initiatives to optimize our complaint and consultation services. Additionally, the Sustainability Promotion Department, which serves as the administrative office, is in charge of day-to-day efforts to respect human rights and works in cooperation with related departments.



FY2025 promotion system

## Major Initiatives

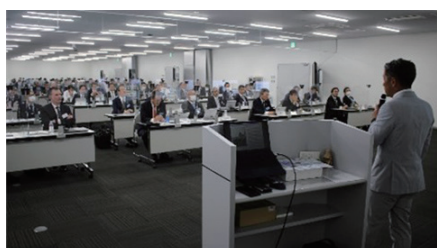
### Initiatives toward human rights due diligence

Daifuku has been working on building and operating a system to identify, analyze, and evaluate negative impacts on human rights related to our overall business activities, including our supply chain, and to correct, mitigate, and prevent such impacts, as well as risk assessment for the ongoing implementation of human rights due diligence. As part of these efforts, we conducted a human rights risk assessment (potential risk assessment) to evaluate the negative impact on human rights and identify human rights issues. From these results, we identified domestic foreign workers in the supply chain, including contractors, and workers at raw material suppliers as high-priority human rights issues to be addressed by the Group.

The risk assessment was conducted with the advice of external

experts (the NPO Caux Round Table (CRT) Japan) to evaluate potential risks as human rights due diligence in line with the UN Guiding Principles (UNGPs) on Business and Human Rights. Specifically, we identified priority issues by uncovering the relevant value chains and impacted rights holders based on internal questionnaires, surveyed high-risk countries within the Group's business activities using the results of the human rights risk assessment conducted by CRT Japan, and conducted internal workshops and interviews with subsidiaries in high-risk areas. Additionally, we are conducting interviews within our supply chain, and we will take appropriate and effective remedial measures if and when negative human rights impacts or facilitating factors come to light.

### Global expansion



Beginning in fiscal 2023, we have been gradually expanding human rights due diligence to our global affiliates. In addition to inviting an external expert to give a lecture on understanding business and human rights to managers of our global affiliates and Daifuku Japan executives, we also identified potential risks by distributing a risk assessment questionnaire that allowed us to ascertain the status of initiatives for respecting human rights at each of our global affiliates.

To enhance the effectiveness of these activities, we participate

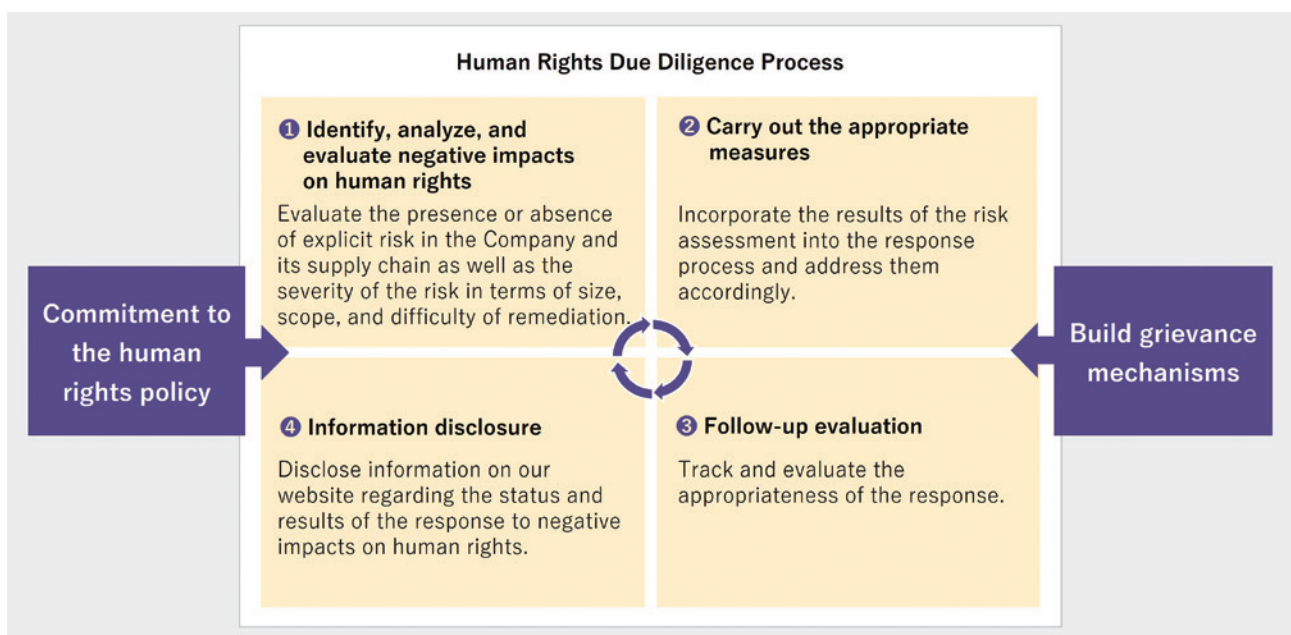
in various initiatives, such as the Human Rights Due Diligence (HRDD) Subcommittee organized by the Global Compact Network Japan (GCNJ) and the Stakeholder Engagement Programme

organized by the NPO Caux Round Table (CRT) Japan, to deepen our understanding of industry-specific human rights issues and apply this understanding to our efforts to respect human rights.

> 2024 Human Rights Due Diligence Workshop (Stakeholder Engagement Programme) [PDF](#)

## Human rights due diligence process

In accordance with the United Nations Guiding Principles on Business and Human Rights, we are conducting human rights due diligence by following the process outlined in the chart below.



### 1 Results of identifying, analyzing, and evaluating negative impacts on human rights

The Group considers domestic foreign workers in the supply chain, including contractors, a high-priority human rights issue. In order to identify any negative impacts on their human rights, we are conducting on-site interviews with employees of our business partners and global subsidiaries (Thailand, Taiwan) as well as foreign workers at those business partners. Additionally, in order to ascertain the employment status of foreign workers (especially technical intern trainees) in the supply chain, we conducted a survey of employment conditions and confirmed that a total of

approximately 1,200 technical intern trainees (of nationalities including Vietnam, the Philippines, Myanmar, Indonesia, Thailand, Cambodia, China, and India) are currently enrolled at 96 business partners. Based on the information we obtained from the results of this survey, we conducted potential risk analyses before deciding on which locations to visit. These analyses take into consideration the number of employees, the amount of business with Daifuku, an SAQ evaluation in regards to the Daifuku Sustainable Procurement Guidelines, and other factors.

#### Summary of the human rights impact assessment

In cooperation with CRT Japan to ensure objectivity and neutrality, we conducted on-site interviews with foreign workers and their managers employed at our business partners. These interviews were based on the [Dhaka Principles for Migration with Dignity](#)

and focused on topics such as appropriate working hours, fair wages, employment contracts, workplace health and safety, freedom of association and the right to collective bargaining, and communication.



### Results of impact assessments held in Japan

Date of assessment	Company name	Interviewees (nationality)	Residency status
February 2023	Hokko Co., Ltd.	4 foreign workers (Vietnam, China)	Specified skilled workers, technical intern trainees
	Tamura Co., Ltd.	4 foreign workers (Vietnam)	Specified skilled workers, technical intern trainees
November 2023	Toho Technology Inc.	5 foreign workers (Indonesia)	Technical intern trainees
December 2023	Megumi Kogyo Co., Ltd. (Megumi Group)	4 foreign workers (Thailand)	Technical intern trainees
July 2024	Masui Co., Ltd.	5 foreign workers (Vietnam)	Technical intern trainees
	Human Heart Co., Ltd.	3 foreign workers Vietnam	Technical intern trainees
	Nagomi Inc.	2 foreign workers (Vietnam)	Technical intern trainees



Photos provided by third party organizations

### Results of impact assessments held outside of Japan

Date of assessment	Company name	Interviewees (nationality)
February 2024	Thailand subsidiary: Daifuku (Thailand) Limited	20 employees of Daifuku subsidiary (Thailand, Myanmar)
	Business partner: Manus Prosystem Logistic Co., Ltd.	4 employees of business partner (Myanmar)
March 2024	Taiwan subsidiary: Taiwan Daifuku Co., Ltd.	19 employees of Daifuku subsidiary (Taiwan)
	Business partner: Chih Kang Material Company Ltd.	20 employees of business partner (Vietnam, Philippines)



### Assessment results

- Neither long working hours nor forced overtime were observed at the Daifuku subsidiaries or their business partners. At the subsidiaries, when shifts in addition to regular working hours are required in order to accommodate customers, it is advisable to ensure that employees are not overworked, the treatment for overtime and night work is appropriate, and that appropriate countermeasures against overwork are taken.
- It was confirmed that the companies provide safety training for employees upon entry into the company and require employees to undergo periodic safety training. No work under hazardous conditions was observed.
- It was confirmed that there are organizations that allow workers to express their opinions to the company through representatives. It is advisable that the purpose of these organizations and specific methods of their utilization be thoroughly communicated throughout each company.

### Future actions

Based on the interview assessment results, we will implement measures for improvement beginning with the items of the highest priority in order to prevent and reduce negative impacts on human rights.

### Human rights due diligence schedule

#### FY2025

1. Within and outside of Japan: continue overt risk assessments
2. Outside of Japan: address human rights issues
3. Within Japan: expand the scope of employment status surveys (supply chain visualization) to identify potential human rights risks

### Respecting human rights in the supply chain

We have established the Sustainable Procurement Guidelines, which incorporate not only safety, quality, cost, and delivery time, but also compliance, human rights, and other factors, and we cooperate with our suppliers to promote sustainability initiatives throughout the entire supply chain. We will continue

to identify and assess adverse human rights impacts related to our overall business activities, including our supply chain, and promote human rights due diligence to correct, mitigate, and prevent such impacts, with a commitment to continuously implement and improve these efforts.

[> Supply Chain Management](#)

### Personnel Consultation Office

We have established a confidentiality-guaranteed Personnel Consultation Office to handle consultation regarding personnel systems, evaluations and benefits, workplace environment, working hours, harassment, health management, etc. Our consultants receive regular training from externally trained

instructors to ensure that they can appropriately respond to a wide range of consultations, and they work to improve their listening skills through group work and role-playing based on specific cases.

## Human rights education and awareness

In October 2021, the Daifuku Group Human Rights Policy was formulated at the same time as the revision of our management philosophy, and a briefing session was held for Group companies both within and outside Japan. During the meeting, the CEO spoke about the Human Rights Policy, and we publicized our Group's commitment to respecting the human rights of all of our stakeholders who may be impacted by the Group's business operations.

Lectures and workshops on human rights are given during training programs for new hires, mid-career hires, mid-level

employees, and senior staff. Moreover, we hold seminars with experts and publish the video recordings on our internal network to facilitate employees' understanding. To date, in addition to conducting harassment prevention seminars based on the results of stress checks, we have also conducted an e-learning program in six languages (Japanese, English, Simplified and Traditional Chinese, Korean, and Thai) for all employees of the Daifuku Group both within and outside Japan to raise employees' awareness of human rights.

## Preventing child labor and forced labor

We will not permit child labor or forced labor of any kind. To prevent child labor and forced labor, we will comply with the laws and regulations of each country and region at each of our business locations, and we will conduct regular monitoring through human rights due diligence. When hiring personnel, we verify their age through application documents (including residence cards for foreign workers), and we disclose working

conditions and confirm their willingness to work in a language they can understand before they join the company. Furthermore, we have established a whistleblowing system that allows employees to report any violation of laws and regulations, including human rights violations, or any potential violation of internal regulations.

## Compliance with the Modern Slavery Act

Daifuku Logan Ltd., a UK affiliate, has issued an Anti-Slavery Statement in response to the British law Modern Slavery Act 2015.

[> Anti-Slavery Statement 2025 \(PDF: 177 KB\)](#) [PDF](#)

# Talent Development

## Basic Approach

Human resources are a source of value creation for the Group. The driving forces behind our human capital management are the extensive experience and expertise we have cultivated in an open and active corporate culture over many years, our sincere commitment to meeting customers' needs, and our ongoing pursuit of cutting-edge technologies. We will work to create an environment that allows each and every employee to reach their fullest potential and to feel job satisfaction, all the while ensuring

that our expertise will be passed down to future generations without interruption. In addition, in order to achieve the targets set out in our long-term vision, Driving Innovative Impact 2030, we will enhance and strengthen our human capital through various measures centered on the following three priority topics: staff recruitment, retention and training; diversity and inclusion; and improvement of employee engagement.

## Group Code of Conduct (extract)

### 5-2. Realize the potential of each employee

- We will respect the diversity of individuals and create an environment in which each employee can demonstrate his or her full potential.
- We will strive to fairly provide opportunities for employee development as needed and as appropriate.
- We will strive to expand ourselves and each other's abilities and demonstrate our full potential.

## Promotion System

The Human Resources and General Affairs Division plans and promotes cross-company personnel-related policies. In particular, they are working to cultivate the talent that will support the expansion of global business and strengthen management. Every year, we conduct rank-based training for all levels of employees, from new hires to management, to

enable them to systematically learn the necessary knowledge and skills. The creation of yearly plans is led by the Human Resources Strategy Department. A variety of training modules are conducted by inviting lecturers from both within and outside the company according to the content.

## Major Initiatives

To effectively facilitate the development of human resources, we are deploying systematic and focused measures. In addition to rank-based training, we conduct selective training to develop executive candidates and global human resources. Beginning in fiscal 2021, we began an e-learning prerequisite program for acquiring business skills and knowledge as a requirement

for recommending candidates for management positions. In addition to methodically developing candidates for management positions, the program is intended to encourage autonomous learning. Additionally, we reformed our learning management system in fiscal 2022 to work toward enhancing online training throughout the entire Group, including global subsidiaries.

## Group human resource management

In fiscal 2023, we began specifying key positions that will support the Group in the future. Then, while clearly defining the personnel requirements for these positions, we are systematically promoting successors who possess the appropriate competencies. It is imperative to systematically train successors for executive positions, but we will also specify key positions for department heads and other managers at the Group level and, focused on the future, systematically train

successors for these positions.

In fiscal 2024, we established the Group's Human Resources Committee. In this committee, the human resources committees from across the Group and each business unit hold discussions with the CEO and top management of each business unit to identify and cultivate human resources for key positions and work to secure prospective successors throughout the Group.

### Rate of sufficiency of number of prospective successors for key positions

KPI

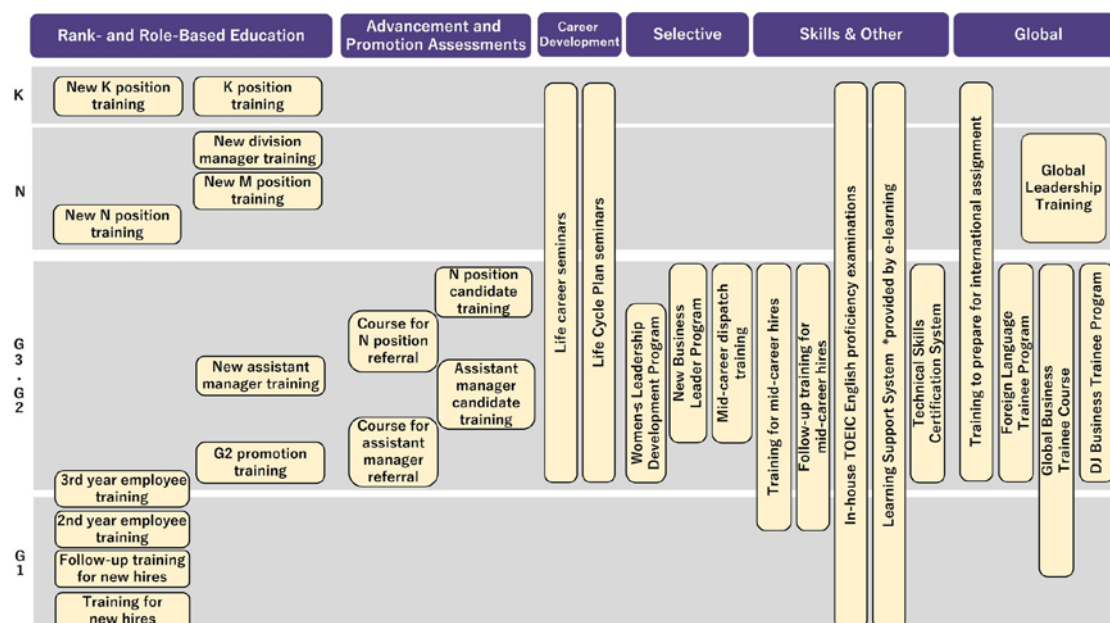
	FY2023	FY2024
Rate of sufficiency of number of prospective successors for key positions	68%	73%

### Career development support system

In order to support the long-term career development of our employees, we launched an internal job posting system in fiscal 2023 in addition to the career planning we have been implementing previously (self-reporting system). In this internal

job posting system, we publicly announce within the company the human resource needs for specific purposes, and employees can apply for these positions independently.

### Overview of training and main training programs



\* N and K: management-level positions

## New Business Leader Program

This training program is designed to cultivate globally minded executive candidates at an early stage. The curriculum is similar to that of a business school and is designed to foster a systematic understanding of business administration. In addition, through

group work with members of other business units, participants develop a wide range of insight and strengthen their ability to strategically implement their ideas.

## Women's Leadership Development Program

This program is designed for the early-stage development of women who will become active as leaders. The training lasts approximately six months and is designed to help potential

female leaders acquire leadership skills and clarify their career visions. We also provide training for the supervisors of participants on career development for female employees.

## Global Business Trainee Course

We develop participants who enroll in this course as candidates to become global human resources. The course is open to department nominees who have the potential for long-term business trips or assignments outside of Japan and who are capable of handling business outside of Japan, as well as self-

nominees who wish to be stationed outside of Japan in their future career development. After enrolling in this course, participants will attend training in language and global business, and those who complete the course will receive assistance to improve their language proficiency.

## Global Leadership Training



As part of our efforts to strengthen the development of global human resources, which has become a challenge in line with the globalization of our business, we conduct global leadership training for local subsidiary executives and executive candidates who are expected to take on the future management positions in the Group. The purpose of the program is to understand the Group's management philosophy and policies, to understand the roles and responsibilities of leaders, and to create Group synergy through personnel exchange, mutual learning, and mutual understanding.

## Trainee Program

We have a Language Trainee Program that allows employees to study language at universities and other institutions in other countries after completing training in Japan. We also have a Daifuku Japan Trainee Program in which employees from our

global subsidiaries work in Japan for a period of a few months to a few years and receive a variety of training, mainly on-the-job training.



## Goal management system and evaluation

Three times a year, at the beginning, middle, and end of the term, each employee engages in dialogue with their supervisor regarding the goals set at the beginning of the term, and the supervisor evaluates the employee based on that dialogue. In the interim dialogue, the progress of goals is checked and future

career development is discussed. Additionally, the personnel handling system was revised in fiscal 2023 to clarify the expected actions and roles for each qualification grade, and an evaluation system consisting of action evaluation, role evaluation, and performance evaluation was put into operation.



## Handing down techniques and skills

To maintain and improve the skills and techniques required for production, we have established a technical skills certification system for welding and assembly techniques, and we administer testing twice annually. As of December 31, 2024, there were 222 qualified staff members.

### Number of qualified staff members (as of December 31, 2024)

	Level 1 (basic)	Level 2 (intermediate)	Level 3 (advanced)
Welding Proficiency Test	27 people	8 people	14 people
Assembly Proficiency Test	139 people	9 person	25 people

## Support for qualifications

The Group regulations stipulate the qualifications to be acquired, and incentives are provided to those who acquire such qualifications. In addition, the Learning Support System using e-learning was launched in fiscal 2021 as a system to support

the autonomous learning of employees. Under this system, the company subsidizes the cost of attending various programs on language and business.

# Diversity and Inclusion

## Basic Approach

As we develop our business in various regions around the world, it is essential for us to respect, recognize, and make the most of diversity in terms of race, creed, gender, sexual orientation, religion, nationality, political opinion, disabilities, and other

factors so that we can create new value and achieve sustainable growth. Enhancing the capabilities of each individual and demonstrating our strength as an organization will help us gain further trust from society, our customers, and other stakeholders.

## Group Code of Conduct (extract)

### 5-2. Realize the potential of each employee

- We will respect the diversity of individuals and create an environment in which each employee can demonstrate his or her full potential.
- We will strive to fairly provide opportunities for employee development as needed and as appropriate.
- We will strive to expand ourselves and each other's abilities and demonstrate our full potential.

## Promotion System

The Human Resources and General Affairs Division is playing a central role in developing diversity-related systems and frameworks so that every one of our employees, with their diverse abilities and values, can maximize their potential. In addition, to facilitate employment of people with disabilities at Shiga Works, one of our production sites, we have established a

department dedicated to expanding job opportunities for people with disabilities. In fiscal 2024, the Human Capital Management Subcommittee, which is established as a subcommittee of the Sustainability Promotion Committee, launched a new D&I project to promote an environment in which a diverse workforce can thrive.

## Major Initiatives

### Recruitment of diverse human resources

We are actively recruiting and promoting women, foreign citizens, and career hires. We hold a variety of follow-up events for female interns from the standpoint of women's activities, such as roundtable discussions with female employees, and we are actively recruiting international students as well as foreign

citizens directly from technical universities outside of Japan. Additionally, as a measure for workplace retention of career hires, we conduct individual interviews with and provide training for employees hired mid-career.

### Promotion of women's advancement

We recognize that the current challenges to women's advancement include: (1) the training of female managers is inadequate, and (2) the number of female employees hired is not sufficient. Our basic approach is to increase the ratio of

female hires and continue to focus on the cultivation of female managers. We are working to expand job opportunities and improve the employment environment so that women can play more active roles.

## Achieving the target number of female managers

In order to promote the appointment of female managers, we have established special slots for promoting women to managerial positions. We have also established special slots for promoting women to assistant managerial positions, as assistant manager experience is a requirement for appointment to management positions. In addition, we have established the Women's Leadership Development Program, which is designed to cultivate female candidates for managerial positions. The

program helps participants acquire leadership skills and clarify their career visions, and we also provide training for the supervisors of participants on career development support for female employees. These initiatives are intended to increase the base of female management candidates by making employees aware of career paths to management positions and providing them with opportunities to improve their skills.

### Number of female managers

KPI

	FY2022	FY2023	FY2024
Number of female managers*	26 people (3.5%)	32 people (4.3%)	40 people (5.4%)

\* Figures are as of the end of each fiscal year

\* Calculated based on the number of female managers who are in positions equivalent to section manager or higher

## Male employees taking childcare leave



For male employees taking childcare leave, a video explaining the system and a handbook on maternity and childcare leave (fathers' version) have been created and made available on our internal network. In addition, the Workstyle Reform Committee also promotes the taking of childcare leave for men from the members of each business unit.

### Paternity leave acquisition rate

KPI

	FY2022	FY2023	FY2024
Paternity leave acquisition rate*	44%	65%	65%

\* Figures are based on the amended Child Care and Family Care Leave Act

## Developing an environment to promote work-life balance

We carry out surveys and analyze employee needs and reasons for leaving the company, and we consider and implement specific measures to address these needs with the aim of creating an environment in which employees can easily balance their personal and professional lives even through life stage transitions and major life events. In fiscal 2021, we introduced a remote work

system to support flexible and diverse work styles. In addition, we hold seminars for supervisors of employees returning to work after childcare leave or working shorter hours at their workplaces. Based on revisions to the Child Care and Family Care Leave Act in April and October of 2025, we will expand the following systems during fiscal 2025 above and beyond the legal requirements.

- Childcare leave
- Shortened working hours
- Babysitting service
- Unused paid leave system
- Caregiving leave

## Employment of people with disabilities

We are working to expand job opportunities for people with disabilities at our main locations: Osaka Headquarters, Tokyo Head Office, Komaki Works, and Shiga Works. Our employment rate of people with disabilities in 2024 was 2.3%, which falls short of the legally mandated rate of 2.5%. We are actively promoting initiatives to ensure the achievement of the legally mandated employment rate. In fiscal 2024, we reviewed our personnel

handling system to ensure long-term, stable employment. As measures to expand employment of people with disabilities, we hired health care workers (in-house massage therapists) with visual impairments and published information on our internal portal about characteristics of and special considerations for disabilities.

## Activities of employees with disabilities



Roller assembly guidance

The Business Service Group, which belongs to Shiga Works, regularly recruits people with disabilities in cooperation with the Public Employment Security Office, employment advisors, and school personnel, etc. We have established our own training programs to develop human resources so that each individual can demonstrate his or her capabilities and continue to work in a rewarding way. By assessing aptitude through practical training over a period of about five years after entering the company, and by improving job skills in stages, we generate human resources who can play an active role in manufacturing and other fields in each of our business units.

Furthermore, we have been developing a rewarding work environment for employees with disabilities at the Work Happiness Farm in Kasugai City, Aichi Prefecture, since 2019.

## Promotion of activities of senior workers

In fiscal 2021, with the aim of supporting highly motivated senior employees and passing on techniques and skills to the next generation, we shifted from a re-employment system to a system that allows regular employment until the age of 65. In accordance with this, the remuneration standard after age 60 has also been revised, and regular benefit plans can continue to be applied until age 65. In fiscal 2023, we held a seminar for

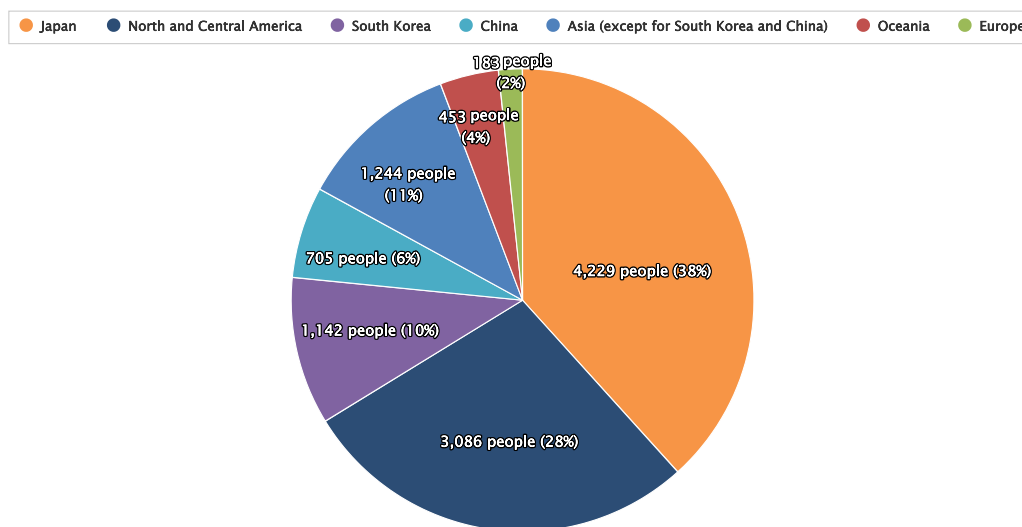
employees who would reach the age of 60 during fiscal 2024. Additionally, beginning in fiscal 2024, we have defined senior employees over the age of 60 as senior expert professionals who utilize their experience and expertise, and we have introduced an evaluation system based on roles and contributions as well as reviewed remuneration standards.

## Diversity training

We hold training sessions on diversity, and videos of these sessions are distributed on the Sustainability Site of our internal network to encourage employee awareness and understanding. In fiscal 2024, we held training with a foreign-citizen instructor on cross-cultural understanding for new hires, as well as e-learning on the employment of people with disabilities for newly appointed managers.

## Related Data

### Total number of employees by region (as of December 31, 2024)



\* Values have been rounded and therefore do not sum up to 100%

### Employee data (Daifuku Co., Ltd.)

		FY2022	FY2023	FY2024
Regular employees	Male	2,955	3,067	3,180
	Female	420	442	511
	Total	3,375	3,509	3,691
Non-regular employees	Male	240	180	153
	Female	133	127	93
	Total	373	307	246
Average age	Male	40.9	41.1	41.3
	Female	42.3	42.4	43.3
	Total	41.0	41.3	41.6
Average years of service	Male	15.1	15.4	14.9
	Female	14.5	14.5	13.7
	Total	15.0	15.3	14.7

# Workplace Environment

## Basic Approach

In order to ensure a fair and open corporate culture and contribute to the growth of our customers and society, it is important to create an environment in which every employee—the primary actors in our activities—is able to work actively with a sense of job satisfaction and ease of work. As the mobility

of human resources increases, providing attractive workstyles and systems for employees will help to secure talented human resources. We aim to enhance corporate value by providing a comfortable work environment and ensuring the health and well-being of our employees.

## Daifuku Group Health and Productivity Management Declaration

In view of the importance of the physical and mental health of employees, we adopted the Declaration of Group Health Management in April 2018. We are implementing various health promotion policies and organize events based on health issues toward creating a more stimulating and healthy workplace environment.

- Daifuku continuously promotes activities to maintain and increase the physical and mental health of its employees. Considering the health of all associates is fundamental to the sustainable growth of our business.
- Daifuku strives to provide comfortable and hygienic workplace environments with the aim of raising the quality of the work and the lives of each employee.
- Daifuku, led by the Mental and Physical Health Promotion Committee, a company-wide organization encompassing corporate and industry medical practitioners and public health nurse and labor unions, promotes raising health awareness and the work-life balance of its employees by implementing health promotion measures.

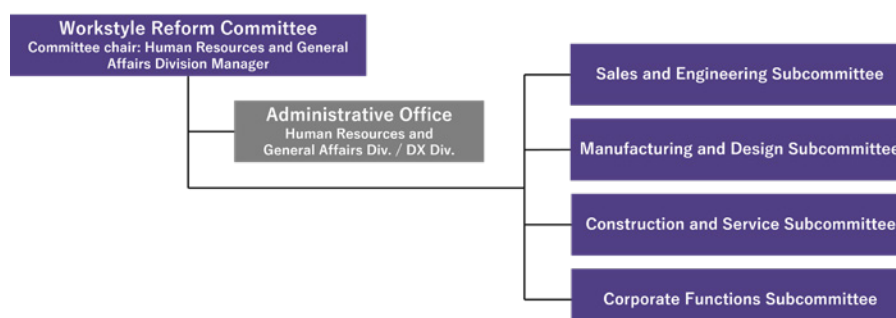
## Promotion System

In order to create a comfortable and rewarding work environment, the following two cross-company committees have been established.

### Workstyle Reform Committee

We established the Workstyle Reform Committee in fiscal 2017. Labor and management cooperate in activities to reduce overtime work and encourage employees to take paid leave with the aim of improving productivity and achieving work-life balance. In addition to three cross-business unit subcommittees

for sales and engineering, manufacturing and design, and installation and service job categories, the Corporate Functions subcommittee has been established directly under the Committee to improve issues and share information according to the characteristics of each job category.

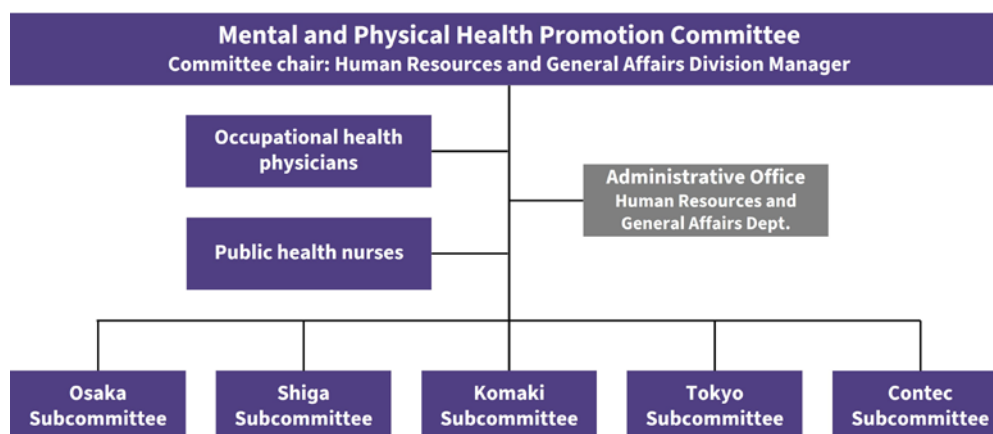




## Mental and Physical Health Promotion Committee

In fiscal 2006, we established the Mental and Physical Health Promotion Committee, a Group-wide, cross-departmental organization that includes the company, occupational health physicians, public health nurses, the health insurance union, and the labor union, and we formulated a medium-term action plan

to continue our efforts to advance our health and productivity management. We mainly plan events and promote various measures to encourage improvement in the physical and mental health of our employees.



## Major Initiatives

### Workplace environments that motivate employees

#### Employee engagement

KPI

We define employee engagement as being satisfied with one's job, feeling an ease of work, and achieving a career in which employees and the company can grow together, and we aim to improve each of these elements. We have set improvement of employee engagement as a new priority topic within our long-term vision, Driving Innovative Impact 2030, and the four-year business plan for 2027. Our KPIs for this priority topic are to attain a positive response rate of more than 60% for domestic Group companies (fiscal 2026) and score above the national average in each respective country for Group companies outside of Japan (fiscal

2026). We will further expand the scope of companies surveyed during the period of the four-year business plan to develop our efforts more globally. The purpose of the engagement survey is to visualize the current state of the organization, identify issues, and implement remedial measures. It is essential to understand differences between countries and regions and to uncover issues that must be addressed in order to attain future continuous growth. We will continue to make efforts in collaboration with our business units to improve employee engagement across the Group.

	FY2023	FY2024
Employee Engagement Survey*	Group companies outside of Japan Job satisfaction: 70%, ease of work: 76% (percentage of positive responses)	Daifuku (non-consolidated) Job satisfaction: 56%, ease of work: 51% (percentage of positive responses)

\* Measured using an external consulting firm's engagement survey. We compared the average scores for job satisfaction and ease of work as well as the results from the previous survey for corporations both within and outside of Japan and performed an analysis based on 12 indicators.

## Workstyle reform

Our approach to workstyle reform is to strive to improve engagement through the following action policies: (1) implement initiatives based on a review of engagement survey results, (2) promote work-life balance, and (3) realize flexible work styles based on the characteristics of each job type. In

the eight years since the Workstyle Reform Committee was established, the average monthly overtime hours have decreased by approximately 30%, and the paid leave usage rate has also increased by about 30%.

### FY2024 major initiatives

- Utilize mobile work and remote work systems
- Improve operational efficiency through electronification and integration of information using digital technology
- Encourage employees to take paid leave by visualizing paid leave plans and results
- Implement measures to improve employee engagement (promote communication between supervisors and subordinates through morning meetings, etc.)
- Implement training for managers on improving workplace issues, and more

## Remote work system

In fiscal 2021, we officially introduced a remote work system at the company. This system can be used to improve work efficiency, productivity, and work-life balance.

## Enhancement of systems for diverse workstyles

To improve the quality of work and life of all employees and enable the sustainable development of the Group, we are promoting initiatives toward work-life balance. In accordance with revisions to the Labor Standards Act and the Act on

Childcare Leave/Caregiver Leave, as well as the enactment of the Act on the Promotion of Women's Participation and Advancement in the Workplace, we are revising our personnel system to accommodate diverse workstyles and promote their use.

> [For an overview of benefits, please refer to this page \(Japanese only\)](#)

## Main systems

	System	Content
Employee refreshment	Flex-time system	We introduced a flex-time system to increase time consciousness through self-management, improve efficiency and productivity, and promote work-life balance.
	Leaving work on time	We designate every Wednesday as Health Day and encourage employees to leave work on time. We promote this through internal communications and regularly checking offices.
	Planned paid leave system	We encourage employees to take three days of paid leave (five or more continuous days including the weekend) between June and September every year. We monitor paid leave at the company with the union and aim for 100% acquisition rate.
	Long leave system	We have introduced a long leave system so that each employee can take a maximum of 60 accumulated days of leave for volunteer activities, treatment of non-occupational injuries, childcare, family care, and nursing care.
	Refreshment leave	We grant 20 continuous days of leave, including Saturdays and Sundays, to employees that turn 50 years old so that they can temporarily leave their work, design their future life plan, and return refreshed to their work.
Childcare support	Childbirth leave	Up to 6 weeks before childbirth (14 weeks for multiple pregnancies) and 8 weeks after childbirth.
	Parental leave	Up to 2 days when the employee's spouse gives birth
	Childcare leave at birth (postnatal paternity leave)	Up to 28 days in two separate periods within 8 weeks of the employee's spouse's childbirth.
	Childcare leave	Up to the end of the month in which the child turns 1 year old. (It is possible to extend the term up to 1 year and 6 months of age if daycare service is unavailable. The term can be extended up to 2 years of age if daycare service is still unavailable at the 1 year 6 months point.)
	Early return to work support system	For employees who make an early return to work (within 11 months of the child's birth) after childbirth or childcare leave, provision of financial assistance for childcare services used for children under 1 year of age.
	Shortened workday system	May be used when an employee is raising a child who has not yet graduated elementary school (or a flex-time system with no set core time can be applied).
	Nursing and childcare leave	Can be used for caring for children when ill, children's medical appointments, and participation in school events. Up to 5 days per year for one child and 10 days per year for two or more children who have not yet graduated elementary school (can be used in full-day or hourly increments).
	Job return entry system	For employees who have retired for reasons of childcare, the company offers opportunities for re-employment under certain specific conditions.
Support for family care	Other	We offer a system to support the cost of babysitting services, childcare facility enrollment support service, and welfare outsourcing services.
	Caregiver leave	A maximum of 1 year is available to provide care for a family member.
	Shortened workday system	For employees who are caring for a family member, a shortened workday program can be applied for up to three years (otherwise, a flex-time system with no set core time can be used).
	Family care leave	5 days per family member requiring care. 10 days if the employee has 2 or more family members requiring care (earnings in full day or on an hourly basis are possible).
	Job return entry system	For employees who have retired for reasons related to family health care, the company offers opportunities for re-employment under certain specific conditions.
	Remote work system (based on caregiver leave regulations)	Employees may work at home for up to one year for each family member requiring nursing care.

## Support for balancing work with childcare and nursing care



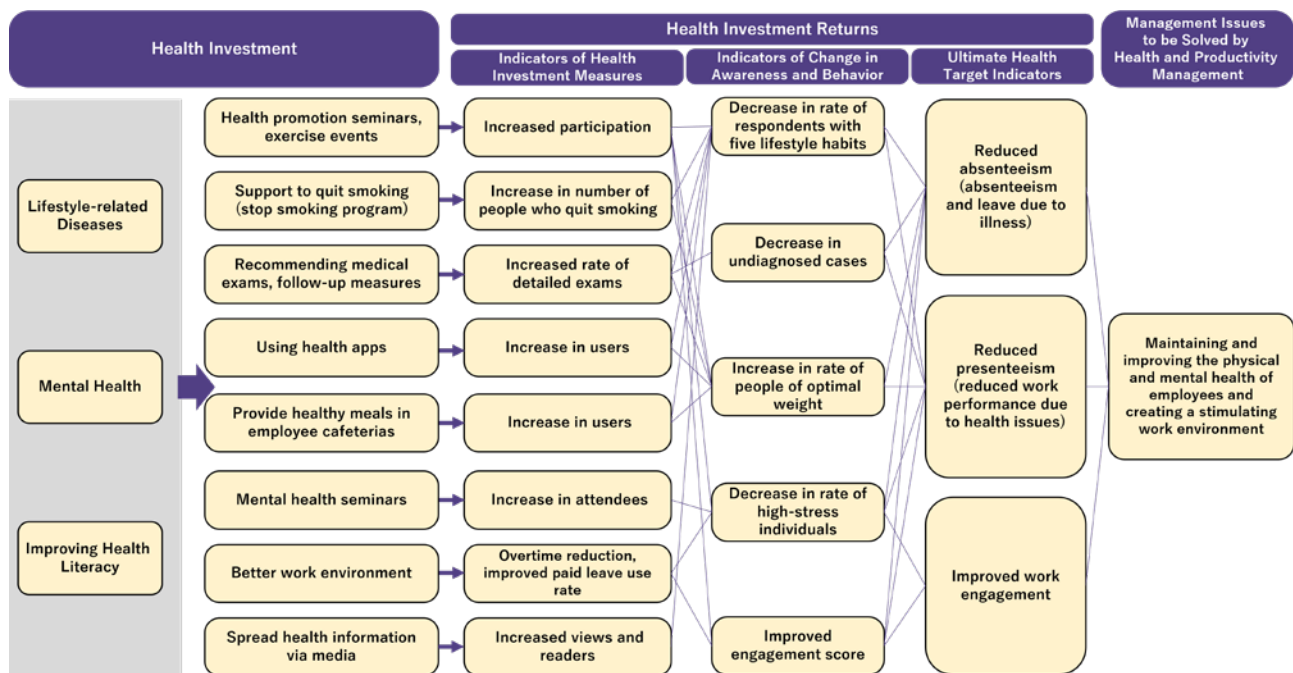
Handbook for Balancing Work and Nursing Care

To support employees who are raising children or caring for family members while working as well as those who may do so in the future, we publish easy-to-understand content on our internal network about company systems that support a healthy work-life balance and how to use them. We have prepared a Maternity Leave Handbook, a Handbook for Balancing Work and Nursing Care, and a Guidebook of Support Systems for Nursing Care, all of which can be accessed at any time. In fiscal 2024, we conducted an e-learning course for employees who turned 50 years old on the basics of balancing work and caregiving.

## Practicing health management

We are working on a variety of measures having identified health issues and visualized the means and specific initiatives to solve them. In terms of lifestyle improvement and disease prevention, we set KPIs and aim to achieve our targets.

## Strategy map of health management



Major initiatives	Details
Prevention of lifestyle-related diseases and cancer	<ul style="list-style-type: none"> <li>Regular health checkups and follow-ups on the results</li> <li>Additional colon and stomach cancer screening for employees aged 35 and older</li> <li>Prostate cancer screening for male employees over age 50</li> <li>Health insurance union subsidized physical examinations, women's cancer screening (breast cancer and cervical cancer)</li> <li>Recommendations for medical examinations and lifestyle guidance by occupational health physicians and public health nurses are provided for diagnosed persons</li> </ul>
Prevention, early detection, and return-to-work support for mental health problems	<ul style="list-style-type: none"> <li>Stress checks conducted once a year; interviews with occupational health physicians conducted for those who wish them</li> <li>Self-care seminars and workplace improvement seminars for managers</li> <li>Mid-career hires and transferees interviewed by public health nurses</li> <li>Support for employees on leave from work until their return, and follow-ups after their return</li> </ul>
Early detection and prevention of serious dental cavities and periodontal disease	<ul style="list-style-type: none"> <li>Dental checkups, including tooth brushing instruction, during regular health checkups</li> <li>Educational activities on dental and oral health</li> </ul>
Support to quit smoking	<ul style="list-style-type: none"> <li>Raise awareness of the effects of passive smoking and the health hazards of smoking through in-house newsletters, e-learning, etc.</li> <li>Assistance with the cost of a stop smoking program using anti-smoking medications (FY2024 results: 21 participants)</li> <li>Organize events to mark World No-Tobacco Day</li> </ul>
Measures against infectious diseases	<ul style="list-style-type: none"> <li>Flu vaccination at each office subsidized by the health insurance union</li> <li>Rubella antibody testing at regular health checkups</li> </ul>

## KPIs for lifestyle improvement and disease prevention

	FY2021	FY2022	FY2023	FY2024	FY2025 (targets)
Rate of people staying at optimal weight*	64.8%	64.3%	64.8%	63.4%	68% or higher
Rate of habitual exercise	22.6%	25.3%	25.4%	25.9%	30% or higher
Adequate rest through sleep	68.4%	69.7%	68.7%	68.3%	70% or higher
Rate of regular health check-ups	100%	100%	100%	100%	100%
Rate of full medical exam (secondary exam)	71.2%	69.3%	66.7%	68.9%	100%
Completion rate for health care instructions	44.7%	47.2%	56.9%	55.5%	50% or higher
Rate of persons with lifestyle diseases	62.7%	59.2%	61.3%	60.6%	55% or less
Alcohol consumption habits	55.5%	54.9%	54.5%	68.3%	52% or less
Rate of smokers	25.2%	24.8%	24.4%	23.8%	22% or less

\* BMI between 18.5 and 24.9

## Coordination with occupational health physicians and public health nurses

Occupational health physicians and public health nurses meet with employees at the company with findings from the results of regular health checkups to provide health counseling and guidance. For employees at offices throughout Japan and stationed outside of Japan, public health nurses conduct individual interviews online to provide consultation on lifestyle

and health issues. Moreover, for the purpose of early detection of employees with mental health problems, all transferees, assignees, new employees, and mid-career hires are interviewed by public health nurses, giving them an opportunity to talk about any worries or anxieties they may be experiencing at their new workplaces.

## Raising awareness for better health

### Lunch walks



Walking events that use trails within the facility premises are held at Shiga Works twice a month during lunch breaks. A total of 4,972 people (non-unique) participated in fiscal 2024. Various walking events are also held at other locations.

### Seminars and events



Every year, we hold company-wide development seminars related to lifestyle improvement and disease prevention. In addition, each of our locations organizes and holds a variety of events with the intention of establishing exercise habits among employees.

## Release of the Mental and Physical Health Promotion Committee website



We have released a website for our Mental and Physical Health Promotion Committee on our internal network. This website aims to disseminate health-related information as well as company initiatives to Group employees in Japan.

## Addressing health issues specific to women

We have begun a health support initiative for female employees as a way to further enhance the quality of health management and improve the long-term utilization and engagement of human resources. With regard to systems, the coverage of purposes for which unused paid leave may be used has been expanded to include fertility treatment, medical visits during pregnancy,

nursing care and childcare for children of elementary school age or younger, and treatment for menopausal symptoms. Additionally, the term “menstrual leave” was changed to “care leave” in order to improve presenteeism by lowering the psychological hurdle for taking this leave.



## Improvements in working environment



As part of our measures to prevent heatstroke and improve working conditions, we have introduced air-conditioned clothing for and distribute sports drinks to our manual operation workers, and we are applying light-shielding and heat-resistant film at our facilities.

## Massage rooms



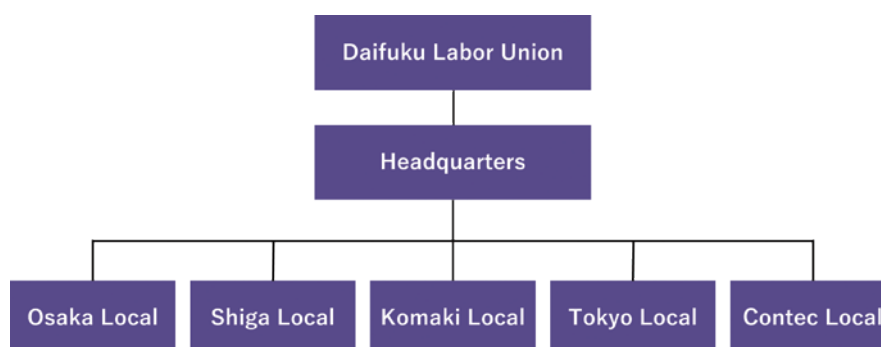
We have set up massage rooms for employees with the aim of promoting health by focusing on recovering from fatigue and alleviating stress. We also have in-house physiotherapists available for employees to use in an effort to expand the employment of people with disabilities.

## Freedom of association and collective bargaining

The Daifuku Group recognizes and supports the freedom of association and the exercise of collective bargaining rights by our employees. The Daifuku Labor Union (formed in February 1948) covers all domestic employees apart from managers and those who are stipulated in the labor-management agreement. As of December 31, 2024, there were 2,970 union members, and

the unionization rate of employees is 77.8%.\* Since the union was formed, labor-management relations have been very amicable, with management and labor union representatives holding regular consultations as well as cooperating together in efforts to develop Daifuku's business.

\* Calculations include Contec Co., Ltd.



Daifuku Labor Union organization chart

## Major labor-management talks (FY2024)

	Times held	Main issues
Regular labor-management talks	12	<ul style="list-style-type: none"> <li>Confirmation of the Group's business status</li> <li>Sharing of information on discussions at board and executive committee meetings</li> </ul>
Extraordinary labor-management talks	3	<ul style="list-style-type: none"> <li>Negotiations over wages and bonus amounts</li> </ul>
Labor-management special committees	11	<ul style="list-style-type: none"> <li>Discussion of various systems, including the personnel system</li> </ul>

# Corporate Governance

## Basic stance

Under the company creed, as an unchanging corporate stance, and the spirit of its management philosophy, which is based on changes in the social and business environment, the Daifuku Group will contribute to the development of society and the economy as a whole, continuously enhancing the effectiveness of corporate governance to achieve sustainable growth and

increase corporate value over the medium to long term.

In accordance with this basic stance, we have established the Daifuku Group Basic Policy for Corporate Governance. In addition, the status of efforts for the Corporate Governance Code has been summarized. For details, please see the documents below:

[> Daifuku Group Basic Policy for Corporate Governance \(750 KB\)](#) [PDF](#)

[> Disclosure Based on the Principles of Japan's Corporate Governance Code \(836 KB\)](#) [PDF](#)

The table below shows the main points required by the Corporate Governance Code and the Company's response status.

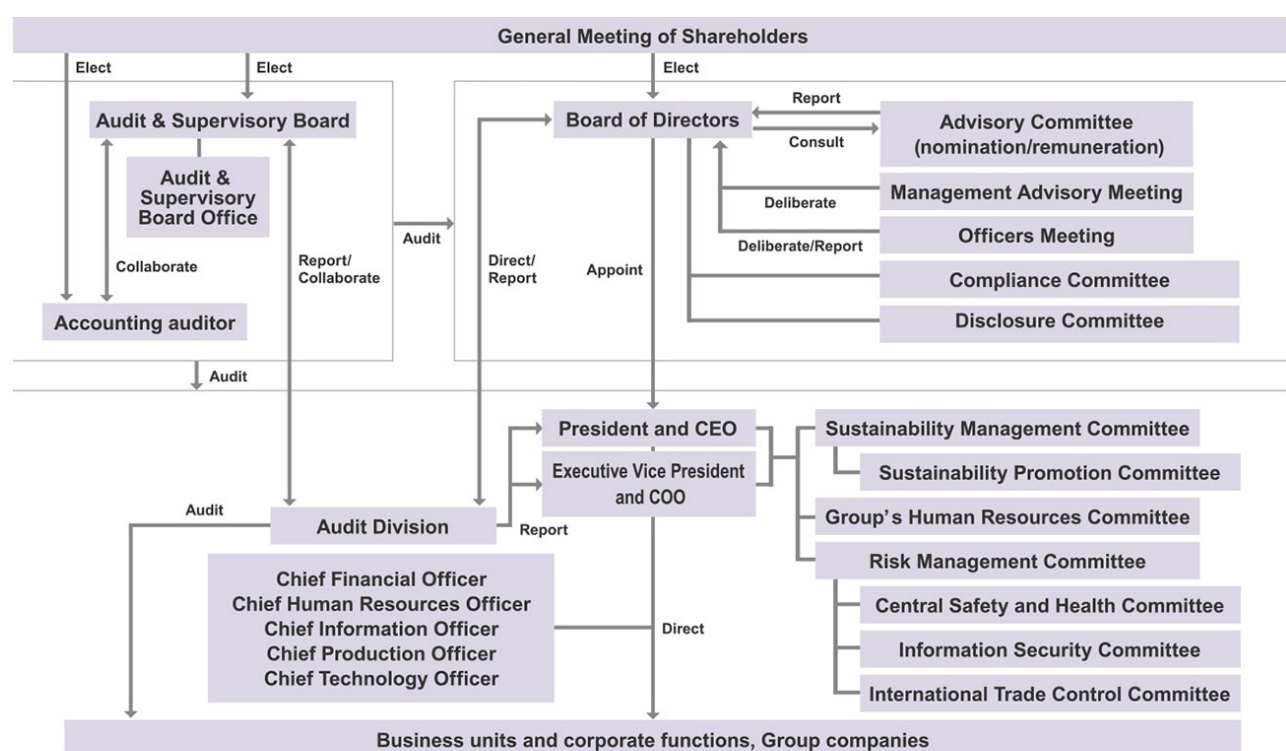
Main points required by the Corporate Governance Code		Time	The Company’s response
Enhancing board independence			
Ensure that at least one-third of directors are independent outside directors		2025	55% (6 out of 11)
Establish a nomination committee and remuneration committee (independent outside directors appointed as the majority of the committee)			Established a voluntary Advisory Committee (nomination/ remuneration). The Committee comprising six (6) outside directors and one (1) representative director (For independence, please refer to the pages 26- 27.)
Disclose a skill matrix of board members conforming to the Company’s business strategy			Disclosed the skill matrix
Appoint independent outside directors having managerial experiences at other companies			Appointed three (3) persons
Ensuring diversity in the core human resources of the company			
Women	Number of female managers promoted	Year ended December 31, 2024	40 persons
Foreign nationals	Foreign nationality ratio of regular hires		9.5%
	Number of foreign managers		6 persons
Mid-career professionals	Career recruitment ratio		44.8%
	Career recruitment ratio for assistant managers		41.3%
	Career recruitment ratio for managers		31.4%
Dealing with sustainability issues			
Enhance the quality and quantity of climate-related disclosure based on international frameworks		2019	Endorsed Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
		2020	Disclosed information on the impact of climate-related risks and opportunities on business activities, earnings, etc.
		2023	CO <sub>2</sub> emissions reduction targets certified by the Science Based Targets initiative
		2024	Review of disclosures based on TCFD recommendations

Main points required by the Corporate Governance Code	Time	The Company's response
Develop a basic policy for the company's sustainability initiatives	2021	Announced Daifuku Environmental Vision 2050 (crucial issue areas and goals by 2030)
		Established Daifuku Group Human Rights Policy
	2023	Revised Daifuku Environmental Vision 2050
	2024	Established Sustainable Procurement Guidelines
		Established Daifuku Group Sustainability Basic Policy
		Upwardly revised 2030 target for in-house CO <sub>2</sub> emissions reduction targets (Scope 1 and 2) 50.4% reduction from FY2018 -> 60% reduction from FY2018
		Switched all electricity used at business sites in Japan to renewable energy sources

#### Main issues other than the above

		Number of issues (consolidated)	Amount recorded on consolidated balance sheets	Ratio to consolidated net assets
Reduce cross-shareholdings				
	As of March 31, 2024	39 issues	16.3 billion yen	4.5%
	As of December 31, 2024	30 issues	12.1 billion yen	3.1%
Promote the use of electronic voting platforms and disclose in English	We use the electronic voting platform. We disclose most disclosure documents in English, including timely disclosures, financial announcements, financial presentations, convening notices, annual securities reports, corporate governance reports, and Daifuku Report as integrated reporting.			

## Corporate governance system



### Diversity in the Board of Directors (ratio)

March 2025	Outside directors	Female directors	Foreign national directors
	55% (6 out of 11)	18% (2 out of 11)	9% (1 out of 11)

## Reasons for adoption of the current corporate governance system

Daifuku Co., Ltd. is a company with an Audit & Supervisory Board. Under this basic structure, the Group has flexibly introduced and expanded systems to enhance management transparency and the management monitoring and supervision functions. We believe that the current corporate governance system is appropriate in terms of the workforce and business operations including scale of the Group and that we meet the expectations of shareholders, who entrust management to us.

## Enhancement of the corporate governance system

### Our approach

2011	Introduces a corporate officer system.
2012	An outside director elected.
2014	Two outside directors elected.
2015	Conducts evaluation of Board of Directors' effectiveness for the first time.
2016	<ul style="list-style-type: none"> <li>Establishes Daifuku Corporate Governance Guidelines.</li> <li>Establishes the Advisory Committee for nomination and remuneration.</li> <li>Reviews the appropriateness of cross-shareholdings and clarifies exercising voting rights standards.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Revises the Rules to accelerate decision-making by the management and subsidiaries and clarify authority and responsibility.</li> <li>Implements evaluation of the Board of Directors' effectiveness through an external organization.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Three outside directors elected.</li> <li>Establishes the Pension Assets Management Committee.</li> <li>Abolishes takeover defense measures.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Reorganizes conventional corporate code of conduct to formulate the Group Code of Conduct.</li> <li>Four outside directors elected.</li> <li>A female outside director elected.</li> <li>Establishes an audit officer position and the Audit Division.</li> </ul>
2020	Establishes the Audit & Supervisory Board Office.
2021	<ul style="list-style-type: none"> <li>Revises the Group's management philosophy.</li> <li>Reorganizes conventional Daifuku Corporate Governance Guidelines to formulate the basic policy.</li> </ul>
2022	Delists Contec Co., Ltd. due to making it a wholly owned subsidiary.
2023	<ul style="list-style-type: none"> <li>Establishes new C-suite roles for our chief officers.</li> <li>Five outside directors elected.</li> <li>A foreign national outside director elected.</li> </ul>
2024	A female Audit & Supervisory Board member (outside) elected.
2025	<ul style="list-style-type: none"> <li>Six outside directors elected.</li> <li>Two female outside directors elected.</li> </ul>

## Board of Directors

The Company's Board of Directors makes decisions on matters related to important business execution, such as formulation of basic management policies and management strategies for sustainable growth of the Group and medium- to long-term enhancement of corporate value, in accordance with the agenda items to be discussed at meetings of the Board of Directors and matters to be reported to the Board of Directors as stipulated in the internal rules, and also performs management oversight

functions. The Board of Directors' management oversight functions have been strengthened by having several independent outside directors who have abundant experience and extensive knowledge and have no vested interest in the Company. Inside directors and outside directors engage in free and vigorous discussions, and the Board of Directors appropriately fulfills its role of making important decisions and overseeing business execution.

### Main agenda items for Board of Directors meetings during the fiscal year ended December 31, 2024

- Acquisition of treasury stock
- Personnel changes concerning directors
- Progress of the four-year business plan
- Measures for growth strategies
- Status of activities of the Advisory Committee, etc.
- Reduction of cross-shareholdings
- Promotion of sustainability management

### Number of meetings held in the fiscal year ended December 31, 2024

13 times (9 regular meetings and 4 extraordinary meetings)

### Composition of the Board of Directors and attendance rate for the fiscal year ended December 31, 2024

Title	Name	Attendance rate (times attended / times meetings held)
Representative Director President and CEO	Hiroshi Geshiro (Chair)	
Director	Seiji Sato	100% (13/13)
	Hiroshi Nobuta	
	Hideaki Takubo	
	Toshiaki Hayashi	100% (5/5)
	Tomoaki Terai	100% (8/8)
Outside Director	Yoshiaki Ozawa	100% (13/13)
	Mineo Sakai	
	Kaku Kato	
	Keiko Kaneko	
	Gideon Franklin	
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	
Audit & Supervisory Board Member (outside)	Ryosuke Aihara	100% (5/5)
	Tsukasa Miyajima	92% (12/13)
	Nobuo Wada	100% (13/13)
	Eiko Hakoda	100% (8/8)

#### Notes:

1. Mr. Toshiaki Hayashi and Mr. Ryosuke Aihara resigned from the office of director and the office of Audit & Supervisory Board member at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2024.
2. Mr. Tomoaki Terai and Ms. Eiko Hakoda assumed the office of director and the office of Audit & Supervisory Board member, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2024.

## Independence standards for outside directors and outside members of the Audit & Supervisory Board

At Daifuku, outside directors and outside members of the Audit & Supervisory Board are considered independent if they do not fall under any of Articles 1 to 5 below.

### Article 1

A person who falls or fell under any of the following in the last three years:

- (1) A person who executes business of a company, etc., that is a key customer of Daifuku or whose key business partner is Daifuku<sup>\*1</sup>
- (2) A lawyer who belongs to a law firm that has concluded an advisory contract with Daifuku or its subsidiary and who was actually in charge of legal business for Daifuku, a certified public accountant (or a certified tax accountant) who was an accounting auditor or accounting adviser of Daifuku or its subsidiary, or an employee, partner, or staff member who belongs to an auditing firm (or tax accountant corporation) that is an accounting auditor or accounting adviser of Daifuku or its subsidiary and who was actually in charge of the auditing service for Daifuku
- (3) A lawyer, certified public accountant, or certified tax accountant, if not applicable to the above item 2, who provides specialized services, etc., to Daifuku by receiving a large amount<sup>\*2</sup> of money or assets other than remuneration for an officer, directly from the company
- (4) An officer or employee of a company, etc., that is a major shareholder<sup>\*3</sup> of Daifuku

### Article 2

An officer or employee of Daifuku's subsidiary or a person who held such a position during the 10 years before being appointed as such status

### Article 3

An executive board member or any other person who executes business of an organization that receives donations or grants exceeding a certain amount<sup>\*4</sup> from Daifuku (such as a public interest incorporated foundation, a public interest incorporated association, or a non-profit corporation)

### Article 4

The spouse or a relative within the second degree of relationship of a person who falls under any of Articles 1 to 3 above, or a relative living together with such a person

### Article 5

A person who does not fall under any of Articles 1 to 4 above, but who is deemed likely to have a virtual conflict of interest with Daifuku due to their relationship with the company

<sup>\*1</sup> A customer from whom Daifuku received payment of at least 2% of the amount of Daifuku's annual consolidated net sales in the most recent fiscal year, or a business partner who received payment from Daifuku of at least 2% of the amount of its annual consolidated net sales in the most recent fiscal year

<sup>\*2</sup> The annual average for the last three years of 10 million yen or more

<sup>\*3</sup> A shareholder with 10% or more of the voting rights

<sup>\*4</sup> The annual average for the last three years of 10 million yen or more, or 30% of the average total annual expenditure of the organization, whichever is larger

## Skill matrix

The Company appoints directors by considering the optimal composition of the Board of Directors in terms of expertise, experience, diversity, etc., taking into account changes in

the business environment and the management policies and business plans of the Group. Skill matrix showing the expertise and experience of each director is as follows.

### Skill matrix for the fiscal year ending December 31, 2025

Name	Independence	Expertise / Experience						
		Corporate management	Technology	Finance, accounting	Legal affairs, risk management	Sales, marketing	Global	ESG
Hiroshi Geshiro		✓			✓		✓	
Tomoaki Teraï		✓	✓				✓	
Seiji Sato		✓				✓	✓	
Hideaki Takubo		✓			✓			✓
Tetsuya Hibi		✓		✓			✓	
Yoshiaki Ozawa	✓			✓			✓	✓
Kaku Kato	✓				✓		✓	✓
Keiko Kaneko	✓				✓		✓	✓
Gideon Franklin	✓	✓		✓			✓	
Haruyuki Yoshida	✓	✓		✓			✓	
Yuki Kanzaki	✓	✓	✓					✓

Note : In Expertise/Experience, up to three skills of individuals are marked with "✓". The above list does not represent all of the knowledge, experience, and abilities of individuals.

## Executive remuneration

The executive remuneration consists of basic remuneration (fixed remuneration), a bonus (short-term performance-linked remuneration that is fluctuated based on performance), and medium- to long-term performance-linked equity remuneration, Board Benefit Trust (BBT). To determine annual remuneration

for directors, the total amount of remuneration for individual director is resolved at a Board of Directors meeting following verification by the Advisory Committee whether it is reasonable based on levels at other comparable companies and through deliberations and reporting by the Advisory Committee.



## Outline of executive remuneration

Type of remuneration			Payment criteria					Payment method	
Basic remuneration (fixed)			Determined according to positions and roles					Monthly Monetary remuneration	
Performance-linked remuneration (variable)*	Short-term assessment	Bonus	Method of calculation of bonus resources [Total bonus resources =Consolidated net income x (1.5 ± 0.06) %]					Annually Monetary remuneration	
			Financial indicator 1.5% of consolidated net income		Non-financial indicators (1) Zero serious accidents: ± 0.03% (Positive evaluation only if the target is achieved for five consecutive years.) (2) CO <sub>2</sub> emissions reduction rate (progress rate toward 2030 target and initiatives in a single year) ± 0.03%				
					Description				By type
			Basic component	Quantitative evaluation	Consolidated net income	Calculated according to positions and roles			50%
			Performance-linked evaluation component	Quantitative evaluation	Growth potential (rate of increase of consolidated net sales)	Growth potential: Rate of increase of consolidated net sales compared to the previous fiscal year			30%
					Profitability (margin)		Profitability : Margin (business evaluation coefficient) Rate of improvement of margin compared to the previous fiscal year		
			Qualitative evaluation	Roles and contributions	Calculated based on roles and contributions concerning medium- to long-term targets and strategic challenges		20%		
	Medium- to long-term assessment	Non-monetary remuneration, “Board Benefit Trust (BBT)”	Points to be granted are determined by calculating the points according to positions and roles and the scores based on the target achievement rates (margin target achievement rate + income amount target achievement rate).					Annually Stock compensation	
			Description				By type		
			Target achievement rate for each fiscal year	Financial indicator	Consolidated net income	Rate of achievement of the initial plan [(Margin target achievement rate + income amount target achievement rate) / 2]		100%	
			Points to be granted are determined by calculating the points according to positions and roles and the scores based on the target achievement rates (number of items) for management target items of the business plan announced before the end of the previous fiscal year.					Upon completion of the business plan Stock compensation	
			Description				By type		
			Three- or four-year business plans achievement rate	Financial indicators	Consolidated net sales	800.0 billion yen			25%
					Consolidated operating margin	11.5%			25%
	ROE (each fiscal year)	13.0%			25%				
	Non-financial indicators	ESG indicators		(1) MSCI ESG Rating: AA or higher (2) Continued inclusion in FTSE4Good Index (3) A – or higher score for climate change from CDP (4) CO <sub>2</sub> emissions reduction rate: 54.0% (Achievement rate against the target for the final year of the four-year business plan for 2027)		25%			

\* Outside directors and outside members of Audit & Supervisory Board members are not eligible for payment of performance-linked remuneration (variable).

### Basic remuneration

Basic remuneration is determined based on fixed remuneration for executive remuneration by position. The remuneration level is determined based on a comprehensive consideration of qualifications, position, and company performance, while also taking into account levels at other comparable companies, and is paid monthly.

### Performance-linked remuneration—Bonus

Bonuses are short-term performance-linked remuneration for directors and take the form of monetary remuneration to be paid at a fixed time each fiscal year, in accordance with the evaluation of performance for each fiscal year. Bonuses are calculated by setting the amount of total resources linked to consolidated net income and ESG indicators (safety and the environment) for each fiscal year, and by

determining the amount to be allocated to each individual based on two factors: the basic component determined by qualification and job title, and the component of individual performance evaluated based on quantitative indicators (growth rate of net sales and margin) and qualitative indicators (such as roles and initiatives for sustainable growth). The allocation ratio is 50% basic component and 50% performance-linked evaluation component.

Consolidated net income, growth rate of net sales, margin, and improvement rate of margin are used as indicators for calculating bonuses to ensure consistency with the achievement of the Group's management targets and to raise awareness of improving short-term performance. In addition, ESG-related indicators (achievement of occupational safety and CO<sub>2</sub> emissions reduction targets) are used to clarify that efforts related to sustainability issues are reflected in remuneration as Company performance.

### Performance-linked remuneration—non-monetary remuneration, BBT

The BBT, a performance-linked non-monetary remuneration scheme, grants points equivalent to stocks based on performance and ESG initiatives during each fiscal year and the three- or four-year business plan period. Directors are paid Company shares and money according to accumulated points at the time of retirement. The scheme aims to further clarify the linkage of directors' remuneration and the Company's business performance as well as its stock value, which enables directors to share the benefit of increase in stock value and the risk of decrease in stock value with shareholders. By doing so, it is expected to raise awareness in directors to contribute to boosting corporate value in the medium and long terms.

### Malus clause

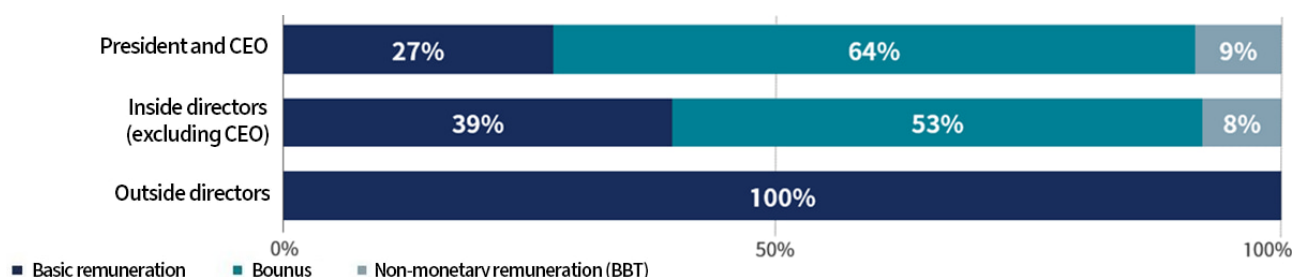
For the purpose of ensuring sound management, in accordance with relevant internal rules and regulations, the Company stipulates that in the event of certain circumstances concerning

directors, such director may not acquire the right to receive benefits of BBT before the vesting of the right, upon resolution of the Board of Directors.

### Composition of remuneration

In light of the significant responsibility of the president and CEO for business performance, the composition of remuneration is weighted more heavily towards performance-linked remuneration

than for other directors. The composition remuneration for the fiscal year ended December 31, 2024 is as follows.



## Remuneration paid by type of officer for the fiscal year ended December 31, 2024

Type of officer	Total remuneration (million yen)	Total remuneration, etc., by type (million yen)			Number of target officers
		Basic remuneration	Performance-linked remuneration		
			Bonus	Non-monetary remuneration	
Directors (excluding outside directors)	498	173	284	40	6
Audit & Supervisory Board members (excluding outside members of the Audit & Supervisory Board)	27	27	—	—	1
Outside directors	56	56	—	—	5
Audit & Supervisory Board members (outside)	27	27	—	—	4

For details of the outline and calculation method of the remuneration system for directors for the fiscal year ended December 31, 2024, see “Remuneration for officers” in our securities reports.

[> Securities Report](#)

[> Securities Report \(Japanese version\)](#)

\* The English version of the 109th Business Term Securities Report is scheduled to be disclosed in June, 2025.

## Evaluation of the Board of Directors' effectiveness

The Company regularly examines the composition and operational status of the Board of Directors and evaluates its effectiveness. The Company works to continuously strengthen functions and improve effectiveness by addressing issues identified from the evaluation results.

In the effectiveness evaluation conducted in the fiscal year ended

December 31, 2024 as well, the Company ensures objectivity and independence of the effectiveness evaluation by obtaining support from an external evaluation body at key points in the process, such as conducting questionnaires and analyzing survey results. A summary of the methods and results of the Board of Directors' effectiveness evaluation is provided below.

Method	<ul style="list-style-type: none"> <li>Anonymous questionnaire for all directors and all Audit &amp; Supervisory Board members</li> </ul>	
Evaluation items	<ul style="list-style-type: none"> <li>How the Board of Directors should be</li> <li>Operation of the Board of Directors</li> <li>The Board of Directors' monitoring function</li> <li>Support system for directors and Audit &amp; Supervisory Board members</li> <li>Dialogues with shareholders and investors</li> <li>Operation of the Advisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>Composition of the Board of Directors</li> <li>Discussions at the Board of Directors</li> <li>Performance of outside directors</li> <li>Training</li> <li>Subjects' own actions</li> </ul>

### [Analysis of effectiveness improvement measures and evaluation results for the issues of the fiscal year ended March 31, 2024]

As a result of reviewing the results of the questionnaire reports, it was confirmed that the Board of Directors is functioning effectively in general.

(1) Regarding “reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital,” the majority of respondents evaluated that they were adequately overseen. On the other hand, with regard to periodic review of the Group's overall business portfolio, some respondents indicated a need for continued consideration, such as increasing the time spent discussing medium- to long-term corporate strategy and M&A.

(2) With regard to “training of successor candidates,” we worked to enhance training for officers, taking into account the skills of the Board of Directors based on management strategy. In addition, the results of the questionnaire improved as a result of a resolution by the Board of Directors based on the discussion and report of the CEO and other management’s succession plan by the Advisory Committee. We will continue to deepen our discussions on the ideal form of the Board of Directors and the systematic development of successors candidates to the next generation of management, based on our management strategy.

### [Recognition of issues and future initiatives]

- (1) With regard to “reviewing the Group’s overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital,” there was an improvement in the survey results, but we also recognized this as an issue for the fiscal year ended December 2024. The Board of Directors will seek more sophisticated management system, in light of the issues that need to be discussed with greater awareness of cost of capital and return on capital.
- (2) Regarding the “support structure for the Board of Directors,” with the change in the members of the Board of Directors, there were opinions requesting further support for providing opportunities for interaction between outside directors only, improving the content of materials, and operations. We will continue to deepen our discussions on strengthening support systems and other measures to revitalize discussions at board meetings.

## Advisory Committee

The Group has established a voluntary Advisory Committee to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination, dismissal, and the remuneration of directors and corporate officers. The committee is chaired by an outside director and the majority of members are outside directors.

Main agenda items for the committee meetings during the fiscal year ended December 31, 2024

- Nomination
  - Personnel matters for the General Meeting of Shareholders
  - Successor training plan
  - Personnel matters for the management
  - Corporate governance system, and other
- Remuneration
  - Implementation of ESG indicators for executive remuneration system
  - Evaluation of performance bonuses for officers and BBT
  - Verification of levels of executive remuneration, and other

### Number of meetings held in the fiscal year ended December 31, 2024

7 times (5 times for nomination, 2 times for remuneration)

### Composition of the Advisory Committee and attendance rate at the committee meetings for the fiscal year ended December 31, 2024

Title	Name	Attendance rate (times attended / times meetings held)
Outside Director	Yoshiaki Ozawa (Chair)	100% (7/7)
	Mineo Sakai	
	Kaku Kato	
	Keiko Kaneko	
	Gideon Franklin	
President and CEO	Hiroshi Geshiro	

## Audit & Supervisory Board

With an awareness of their fiduciary responsibilities to shareholders and with a view to continuous corporate growth and medium- and long-term improvement in corporate value, Audit & Supervisory Board members and the Audit & Supervisory Board carry out auditing activities for fulfilling

their duties, including auditing of directors' execution of duties, auditing of the internal control system, and assessment of the appropriateness of auditing conducted by the accounting auditor, in accordance with the internal regulations and the internal standards.

Main agenda items for Audit & Supervisory Board meetings during the fiscal year ended December 31, 2024

- Resolution (13 items)
  - Audit plans
  - Reappointment of accounting auditors
  - Consent to audit compensation for accounting auditors
  - Audit reports by the Audit & Supervisory Board
  - Consent to proposals for election of Audit & Supervisory Board members
  - Types of non-assurance services subject to pre-approval to be contracted to accounting auditors, and other
- Reporting (18 items)
  - Reports on the activities of the full-time Audit & Supervisory Board member and the Audit & Supervisory Board Office
  - Reports on the implementation of audits
  - Reports on the results of on-site audits of business units
  - Audit plans of the Audit Division, and other
- Deliberation and discussion (4 items)
  - Drafting audit reports of Audit & Supervisory Board members and the Audit & Supervisory Board
  - Partial revision of the remuneration system for Audit & Supervisory Board members, and other

### Number of meetings held in the fiscal year ended December 31, 2024

6 times

### Composition of the Audit & Supervisory Board and attendance rate at Audit & Supervisory Board meetings for the fiscal year ended December 31, 2024

Title	Name	Attendance rate (times attended / times meetings held)
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	100% (6/6)
Audit & Supervisory Board Member (outside)	Ryosuke Aihara	100% (2/2)
	Tsukasa Miyajima	100% (6/6)
	Nobuo Wada	
	Eiko Hakoda	100% (4/4)

Notes :

1. Mr. Ryosuke Aihara resigned from the office of Audit & Supervisory Board member at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2024.
2. Ms. Eiko Hakoda assumed the office of Audit & Supervisory Board member, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2024.

## Audit & Supervisory Board Office

To enhance the effectiveness of audits conducted by Audit & Supervisory Board members and the Audit & Supervisory Board, the Company has established the Audit & Supervisory Board

Office to assist with the duties of Audit & Supervisory Board members and appointed an audit officer of the same rank as a corporate officer as the general manager of the Office.

## Other bodies and systems

### Audit Division

The Audit Division reports to the Board of Directors and the Audit & Supervisory Board. Standing in a position that is independent from the business execution lines, the Audit Division conducts audits of the status of the development and operation of internal control systems in the Group.

### Management Advisory Meeting

Management Advisory Meeting is held to confer on important management matters. With all directors and Audit & Supervisory Board members in attendance, this meeting also seeks the opinions of related corporate officers, audit officers, executives, and external specialists on an as-needed basis. The Management Advisory Meeting is convened by the President and CEO as appropriate.

### Corporate officer system

The Company has introduced a corporate officer system to accelerate decision-making on business execution through a reduction in the number of directors as well as further revitalizing the Board of Directors by promoting more rigorous deliberations. The Company is engaging in functional and efficient business operations by broadly promoting employees with knowledge of business operations to serve as corporate officers and execute business based on the authority bestowed upon them by the Board.

### Officers meeting

The Company holds officers meetings to review and formulate the matters to be discussed by the Board of Directors as stipulated in the Rules of the Board of Directors and reports the matters stipulated in the Rules of the Officers Meeting. The officers meeting consists of all directors and all corporate officers. It is held with the attendance of Audit & Supervisory Board members and an audit officer. The meeting is held every month in conjunction with scheduled Board of Directors meetings.

## Cross-shareholding strategy

### Basic policy

Our basic policy is to limit shareholdings, including shares held as cross-shareholdings, to the minimum necessary and to reduce them, and the Board of Directors confirms the status of individual holdings every year. In principle, we will no longer hold new shares for strategic purposes. Circumstances including trade relations will also be taken into consideration when the economic rationale of cross-shareholdings, such as market capitalization, book value, transaction amounts, dividends, ROE, and risk of shareholdings, is examined. Shares which the Board of Directors regards as having no significance will be sold on a timely basis.

With respect to the shares held as of December 31, 2024, the Board of Directors discussed “examination of whether to continue to hold shares as cross-shareholdings” and approved the holding of the shares at its meeting held on January 29, 2025.

In the fiscal year ended December 31, 2024, the Company reduced the holding of 16 issues of shares, including nine issues of shares sold entirely. We will decide to sell some issues of shares flexibly, keeping a close watch on the prices of the shares.

### Exercise of voting rights attached to cross-shareholdings

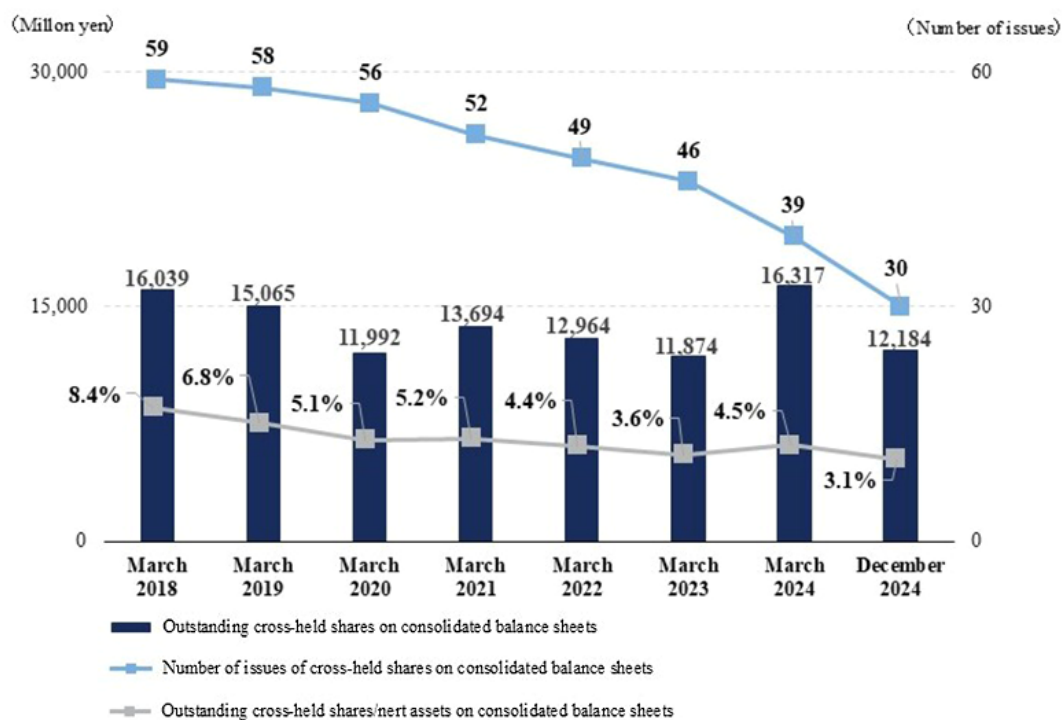
CEO and CFO will make decisions individually with an emphasis on improving the corporate value of the cross-shareholding partners over the medium to long term. When making a judgement, special attention will be paid to whether the cross-shareholding partner

has been tarnished by scandals or has committed an antisocial act. If the cross-shareholding partner were to be involved in such circumstances, the partner's management improvement measures and audit reports shall be scrutinized.

## Relationship between cross-shareholders

When a cross-shareholder indicates its intention to sell the Company's shares, Daifuku shall not hinder the sale of the cross-held shares.

## Cross-shareholdings on consolidated balance sheets



## Disclosures

### Basic policy for corporate governance and disclosure based on the Principles of Japan's Corporate Governance Code

> Daifuku Group Basic Policy for Corporate Governance (101 KB) [PDF](#)

> Disclosure Based on the Principles of Japan's Corporate Governance Code (836 KB) [PDF](#)

## Reports

> Corporate Governance Report (696 KB) [PDF](#)

> Shareholders Meeting

> Daifuku Report

> Securities Report

## Related links

> ESG Data

> Stakeholder Engagement



# Compliance

## Basic Approach

The Daifuku Group has established the Group Code of Conduct, which outlines the actions to be taken by all officers and employees of the Group in order to realize the company creed and management philosophy. In order to enhance the effectiveness of the Group Code of Conduct, the Daifuku Group has established various internal regulations under this management philosophy system, as well as clarified the definition of compliance to share values within the Group. The

Group defines compliance as acting in good faith and complying with not only the internal and external rules, applicable laws, and regulations, but also observing social norms and ethics in all aspects of the Group's business. The Group aims to continue to meet the expectations and trust of society by ensuring that each and every officer and employee acts responsibly and with integrity.

## Group Code of Conduct (extract)

### Basic Stance

- We will act in accordance with applicable laws, rules, regulations, social norms, and ethics.
- We will place safety as a major premise in all aspects of our business activities.
- We will remain committed to the creed of "Hini Arata" as we take on new challenges and make changes for the better.

[> Group Code of Conduct](#)

## Promotion System

The Compliance Committee, chaired by the CEO, aims to strengthen compliance throughout the Group. This committee acts as an advisory body to the Board of Directors with the Legal Department serving as its administrative office. The Compliance Committee is comprised of all directors and officers, and it serves as a central headquarters for the investigation of and response to any serious compliance violations. Specifically, the committee discusses measures and systems to resolve and eliminate compliance-related problems within the Group and incorporates the results of its deliberations into the organizations under the jurisdiction of each committee member.

The Legal and Compliance Division plays a central role in the day-to-day compliance promotion activities of various departments, including the establishment and operation of compliance-related rules and regulations, as well as training in coordination with

the Human Resources and General Affairs Division, divisions in charge of education in each business unit, and administrative divisions. The Audit Division evaluates the effectiveness of these efforts to prevent illicit activities, including corruption, and confirms the existence of illicit activities through internal audits. Important matters are reported to the Board of Directors as appropriate.

Furthermore, in order to further promote our compliance initiatives across the entire Group, we established the Compliance Promotion Subcommittee in fiscal 2025, with Global Business Heads, division managers, and general managers as members. This subcommittee will serve as the task force for the Compliance Committee, implementing PDCA cycles for serious misconduct and compliance violations.

## Major Initiatives

### Compliance promotion activities

#### 1. Compliance Guidebook



We established our Code of Business Conduct in 2004 and revised it to the Group Code of Conduct in 2019. The Group Code of Conduct has been distributed to Group executives and employees as a booklet. However, in light of the rapid increase in the number of Group companies outside of Japan and the significant changes in the corporate environment, we believe it important to disseminate our approach to compliance

throughout the Group in an easier-to-understand format, and thus created the Compliance Guidebook in 2021. This Guidebook includes the definition of compliance for the Group, an explanation of each item of the Group Code of Conduct, and the relationship between each item and the SDGs, and it is available in multiple languages for the entire Group. Q&A pages are also provided for more important information to ensure a deeper understanding of the contents. This Guidebook is intended for use by all officers and employees in their day-to-day activities while maintaining a common set of values regarding compliance throughout the Group.

The Group Code of Conduct is reviewed and approved by the Board of Directors after careful examination of its contents in line with contemporary developments, and this Guidebook is also revised in detail to reflect the latest societal circumstances.

#### 2. Compliance education and training

To ensure that all officers and employees of the Group are fully aware of the company's approach to compliance, the CEO sends out compliance-related messages to Group executives and employees via the company's internal network, and the company also conducts internal training programs for each job level. In addition, since we are conducting an increasing amount of business with many different countries and regions, we offer various training programs on topics such as anti-corruption laws and regulations including anti-bribery regulations, security export control laws, and competition laws in various countries to establish and spread awareness of compliance.

Each year, we conduct compliance training for all levels of

employees, from new hires to management, through level-based training and various types of training opportunities led by each business unit. This compliance training utilizes the Compliance Guidebook as well as education materials used during the Compliance Enhancement Month (more information below).

Additionally, we previously conducted Global Compliance Training for Group executives and employees as part of our compliance education to disseminate comprehension of the Group Code of Conduct. The content of this training (bribery, entertainment and gifts (anti-corruption), and competition law) has been made available for executives and employees to access.

##### Examples of training topics offered

Group Code of Conduct, anti-corruption laws and regulations (anti-bribery regulations), trade procedure controls including security, competition laws including subcontracting laws, information security, occupational safety and health, harassment, construction industry laws, whistleblowing systems, etc.

### 3. Compliance Enhancement Month

We have set October as our yearly Compliance Enhancement Month, during which we carry out initiatives to raise awareness of compliance among employees. The theme for fiscal 2024 was business-to-business transactions and customer harassment, and we invited an external instructor to hold online seminars for Group executives and procurement staff. In order to prevent customer harassment by the Procurement Department toward

business partners in business-to-business transactions, we ensured a deeper understanding of the requirements and legal responsibilities related to customer harassment. In addition, we published archived videos of these seminars to our internal portal to raise awareness of compliance throughout the entire company.

### 4. Anti-corruption

As a signatory company of the United Nations Global Compact, Daifuku promotes anti-corruption initiatives throughout the entire Group based on principle ten: “businesses should work against corruption in all its forms, including extortion and bribery.” Corruption not only impedes economic growth, distorts competition, and impacts vulnerable people, but it is also directly linked with the deterioration of corporate value. The Daifuku Group believes that the promotion of anti-corruption is extremely important for the sound development of society as a whole and the sustainable development of corporations.

For this reason, we have declared our respect for human rights in our management philosophy, the Daifuku Human Rights Policy, and the Group Code of Conduct, which stipulates that we shall act properly and in accordance with applicable laws, regulations, social norms, and ethics. In addition to these basic, high-level criteria, we have also established internal regulations that include the prohibition of bribery. Specifically, we have established Group regulations on both giving and accepting entertainment and gifts in order to set forth conduct guidelines<sup>\*1</sup>

to ensure transparent business dealings by officers and employees of the Group.

With regard to giving entertainment and gifts, we have analyzed the results of a risk assessment based on the nature of the business, trends in the authorities in each country, and other factors, and we have determined that some countries pose a high risk to the Group. We have established detailed regulations that correspond to the laws and regulations of each relevant country and defined prohibited acts in relation to entertainment and gifts, travel expenses, contracts with agents and consultants, facilitation payments,<sup>\*2</sup> etc., while also clarifying the specific procedures that should be followed. Facilitation payments are prohibited in principle but may be allowed in exceptional cases due to specific, individual circumstances. In addition, when conducting business through an intermediary such as an agent or consultant, we require the intermediary to comply with the same anti-bribery laws and regulations as the Daifuku Group.



With regard to accepting entertainment and gifts, in order to make the intent of our system easier to understand and disseminate it more widely, we have created a set of guidelines in a Q&A format that each employee can use in their daily work. Additionally, based on the rules above, we also ask all business partners for their understanding and cooperation in declining entertainment and gifts.

[> Supply Chain Management](#)

Furthermore, we are working to further raise awareness throughout the entire Group by including bribery, entertainment, and gifts as part of the educational content covered in our global compliance training.

The Internal Audit Department conducts regular and ongoing evaluations and audits each year of all Group operations based

on the annual plan, including ensuring proper compliance with laws and regulations, the Group Code of Conduct, internal rules on anti-corruption, and anti-corruption measures, and instructs the Group to take corrective measures when problems are discovered.

<sup>\*1</sup> Daifuku Group rules on entertainment and gifts

<sup>\*2</sup> Paying a small amount of money to civil servants to expedite routine tasks and actions for which they do not have discretion, such as the issuance of visas and customs clearance procedures

### Entertainment and gifts of which both giving and accepting are prohibited

- Anything illegal
- Cash and cash equivalents
- Anything offered in exchange for a transaction
- Any other entertainment, gifts, etc. that violate Daifuku's Group Code of Conduct or internal regulations

### Entertainment and gifts of which giving and accepting are prohibited in principle

- Entertainment or gifts for civil servants
- Acceptance of travel or sightseeing expenses, living expenses, transfer of real estate or stocks, low-cost loans, or employment facilitations for officers and employees of the Group or their families
- Entertainment or gifts from business partners for our company

### Entertainment and gifts that are permitted

- Giving entertainment or gifts that do not go beyond the bounds of the law and reasonable social norms and are carried out in accordance with internal regulations
- Accepting entertainment or gifts to our company as permitted in the Guidelines for Acceptance of Entertainment and Gifts

## 5. Preventing anti-competitive behavior

In the Group Code of Conduct, the Group clearly states our commitment to compliance with competition laws and other rules and to promoting fair trade. In addition, the Group has established the Competition Law Compliance Regulations as rules applicable to the entire Group, and the CEO sends out messages through our internal network explicitly stating the

company's stance of not accepting any act of profiteering through non-compliance. Furthermore, compliance with competition laws is also included as one of the topics in our global compliance training, and we regularly provide training on the Subcontract Act in Japan.

## 6. Response to anti-social forces

The Group Code of Conduct stipulates the Group's policy of taking a firm stance against forces and organizations that pose a threat to the order and safety of civil society and of never having any relationship with these forces and organizations. All officers and employees of the Group are fully aware of this policy.

## Whistleblowing system

We have established an internal whistleblowing system for the early detection of and appropriate action regarding any illicit activities or misconduct that may lead to violations of the law or our internal regulations. In addition to the internal reporting hotline, we have set up an external reporting hotline (outsourced to a neutral contractor) that provides multi-lingual support. This reporting hotline allows anonymous reporting and is available not only to executives and employees of Daifuku and its Group companies, but also to former employees within one year of their leaving the company and business partners with ongoing dealings. To make effective use of this system, operating rules are stipulated in the Whistleblowing System Rules and its operating standards, and these encompass its function as a whistleblowing system under the Whistleblower Protection Act.

The rules primarily set forth that the Internal Reporting Secretariat is responsible for the administration of the system, verifies the facts of report, determines the course of action to take, and handles investigations among other duties. Investigations differ depending on the severity of the reported case, the degree of urgency, and whether or not upper management is involved. Should a compliance problem be identified through the investigation, corrective action and measures to prevent a recurrence are taken. Critical problems

are reported to the Compliance Committee and the Audit & Supervisory Board. In addition, we impose an obligation to confidentiality on those involved in whistleblowing operations and protect whistleblowers so that they will not receive any disadvantageous treatment for filing a report.

To enhance the effectiveness of this system, top management communicates messages through the internal network, displays posters to publicize the system, and conducts regular compliance training for employees. In particular, we are working to improve the credibility of this system by publicizing the fact that whistleblowers will not only receive legal protection under the Whistleblower Protection Act, but also that whistleblowers may use this system without fear of retaliation for reporting. In fiscal 2024, the reporting hotlines were used in 12 cases; the reports were related to labor (4 cases), workplace environment (2 cases), and misconduct (6 cases).

In addition to the whistleblowing system, we have also established a Personnel Consultation Office to receive and respond to questions and consultations from employees regarding personnel systems, evaluations and benefits, workplace environment, working hours, harassment, health management, and more.

[> Personnel Consultation Office](#)

## Political and administrative relationships

Regarding political activities, we do not provide donations, favors, or other forms of assistance to any specific political party or politician. For political contributions, donations, or other

support to any organizations, etc., we comply with the relevant laws and regulations and follow the proper procedures and methods. In fiscal 2024, we made no political contributions.

# Risk Management

## Daifuku Group Risk Management Policy

### Basic Approach

The Group is surrounded by a variety of risks, including natural disasters, law violations, climate change, political unrest, wars and disputes, and cyberattacks. Even in these circumstances, we aspire to be a corporation that continues to achieve sustainable growth and enhance corporate value by tackling each challenge with flexible ideas and the persistence we have cultivated over the Group's history.

In addition, automated material handling systems are becoming an important social infrastructure that contributes to solving

labor shortages and increasing productivity. We recognize that the Group has a social responsibility to provide a stable and continuous supply of such products and services, and we must avoid situations in which the impact of risk causes interruption of the Group's business activities.

Therefore, based on this policy, we will identify and assess risks, work to prevent them from materializing, and respond promptly and appropriately to minimize damage in the event of a crisis.

### 1. Objectives

We will engage in risk management with the following objectives:

- Secure and maintain the trust of customers and other stakeholders
- Implement the Group's management philosophy and achieve the Group's management objectives
- Ensure sustainable growth of the Group and improve our corporate value

### 2. Risk management activity principles

We will promote risk management based on the following activity principles in order to achieve our basic objectives:

- The Group's management will be actively involved in the assessment of, response to, and monitoring of risks that may affect the achievement of the Group's management objectives
- The Risk Management Committee will manage Group-wide risks centrally and cross-departmentally, and we will implement a risk management process based on the PDCA cycle
- We will establish regulations and manuals related to risk management, and we will continue our efforts to foster risk management awareness among officers and employees
- We will operate risk management not only as a defensive measure, but also as an offensive measure to strengthen the management base and ensure sound risk-taking, leading to the Group's sustainable growth
- In considering risk-taking, we will abide by our Group Code of Conduct, and we will not take any risk that would impede compliance with the Code

### 3. Guidelines for action in the event of a crisis

In the event of a crisis, we will act as follows:

- We will act ensuring life, health, and safety as our highest priorities
- We will strive to continue and quickly restore the supply of material handling systems, which are part of society's infrastructure
- We will take measures to minimize damage, preserve our assets, and continue our business

Established: April 1, 2024

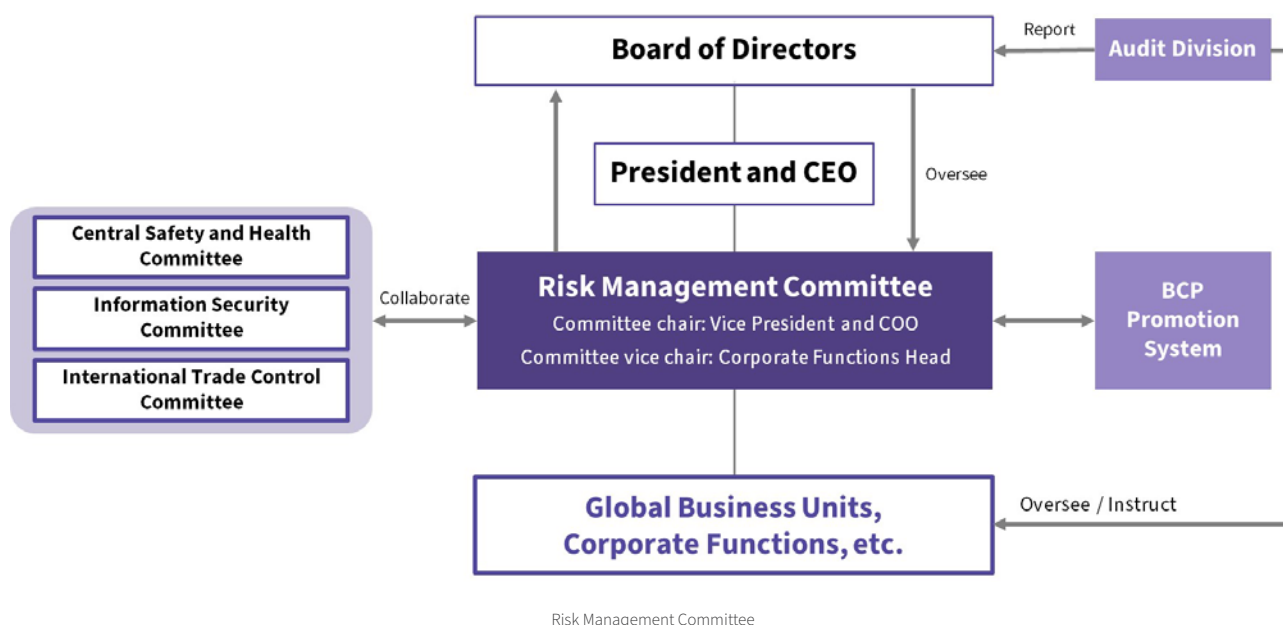
## Promotion System

Based on our activity policies for risk management, the Group has established the Risk Management Committee, which is chaired by the Executive Vice President and COO and includes the Corporate Functions Head, Global Business Heads, division managers, and Group chief officers as members. The committee meets several times throughout the year and reports to the Board of Directors on the status of the committee's initiatives and other matters as necessary. In fiscal 2024, committee meetings were held three times.

This committee promotes activities during normal times to control risks before they materialize; however, we also have a

BCP promotion system in place to respond to crises after risk have emerged in the event of an emergency. In addition, the Audit Division has been established under the direct control of the Board of Directors, and the Board of Directors receives regular reports from the Audit Division. One of its functions is to verify and evaluate the effectiveness of risk management and the maintenance and operation of internal control systems, and to facilitate their improvement. In the development and operation of the internal control system, the Group refers to a standard framework (COSO).

## FY2024 promotion system



## The main roles of each committee

In order to strengthen the risk management system, the Central Safety and Health Committee, the Information Security Committee, and the International Trade Control Committee work in cooperation with the Risk Management Committee, effective starting fiscal 2023. The main roles of each committee are as follows.



### Risk Management Committee

- Planning and development of risk management systems and related regulations
- Selection of critical risks based on risk assessment results, and decision making, direction, and progress management of response policies
- Determining and directing the action policy for training and awareness activities related to risk management
- Determining policies for and direction of education, training, and drills related to crisis response

### Central Safety and Health Committee

- Promotion and dissemination of efforts to ensure compliance with relevant laws and regulations, elimination of occupational accidents, and elimination of traffic accidents

### Information Security Committee

- Planning and scheduling of information security management and implementation of in-house training
- Establishing and revising information security rules and assessing compliance with them
- Studying countermeasures for cyber-attacks and information security risks

### International Trade Control Committee

- Compliance management system and internal awareness-raising activities to ensure thorough compliance with laws and regulations (including those related to security) regarding all international transactions

## Major Initiatives

### Risk assessment

The Group conducts regular Group-wide risk assessments, and the Risk Management Committee identifies and evaluates key risks that may have a significant impact on our business

activities. We formulate policies to address the key risks that are identified, and we systematically promote initiatives while confirming their progress.

### Overview of significant risks

The following is a list of risks that we recognize as having the potential to significantly affect our business performance as of May 2025. However, this is not an exhaustive list of all risks to the

Group, and there are unforeseen risks other than those listed. While we are taking measures to mitigate each of these risks, it is difficult to completely predict or address all of them.

### List of assessments of key risks

Risk theme	Risk item	Impact	Likelihood	Likely timing of risk materialization
① Changes in the business environment	Changes in the market environment	Large	High	Within one year
	Economic crises and business fluctuation	Large	Medium	Within one year
	Loss of important customers	Large	Relatively high	No specific timing
	Political upheaval, revolution, war, civil war, conflict, riots, terrorism	Large	Low	Within one year
② Procurement/supply chain	Delays, shortages, or inability to procure raw materials, parts, purchased goods, etc.	Relatively large	High	Within one year
③ Growth strategy	New domain creation and technology development	Large	High	Within five years
④ Human resources-related	Lack of human resources development initiatives	Relatively large	High	Within three years
	Shortage of employees (workers)	Relatively large	High	Within three years
	Education of successors (management positions)	Large	Medium	Within five years
	Securing human resources; employee turnover	Relatively large	High	Within one year
⑤ Group governance	Inadequate management of subsidiaries	Large	Relatively high	No specific timing
	Scandals involving Group companies	Large	Medium	No specific timing
⑥ Natural disasters	Large-scale natural disasters (e.g., large-scale earthquakes, tsunamis, storms, floods, etc.)	Large	Low	No specific timing
⑦ Information security	Leakage of confidential information due to human factors	Large	Medium	No specific timing
	Cyberattacks	Large	Medium	No specific timing

### ① Changes in the business environment

Description	<p>The impact of changes in the business environment represented by the following.</p> <ul style="list-style-type: none"> <li>• Trends in the global economy and business climate, policy shifts in various countries, and conflicts and political upheavals around the world</li> <li>• Customer capital investment trends, changes in the market environment, and trends among competitors</li> <li>• Changes in mid- to long-term economic and social trends due to an increasing need for automation and labor-saving measures caused by the declining birthrate, aging population, and labor shortages, and economic development in the countries of the Global South</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Monitor changes in economic conditions, the market environment, and customer needs as well as investment trends and reflect them flexibly in our management and business plans</li> </ul>

### ② Procurement/supply chain

Description	<ul style="list-style-type: none"> <li>• Increase in prices of energy, parts, and raw materials; increase in logistics costs</li> <li>• Delays in the production of our products, installation operations, and provision of services due to stagnation or failure in the procurement of parts and materials</li> <li>• Deterioration of the Group's social credibility and failure to build and maintain medium- to long-term relationships in the supply chain as a result of a lack of initiatives regarding sustainable procurement and compliance with the Subcontract Act</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Manage costs and deadlines; review the contract terms and conditions for various kinds of transactions</li> <li>• Introduce a system that visualizes the procurement status of parts and materials</li> <li>• Formulate and review the Sustainable Procurement Guidelines and the Daifuku Group Procurement Policy</li> <li>• Through the Supply Chain Management Committee, enhance the credit management system and ensure compliance with the Subcontract Act in operations related to production and installation</li> </ul> <p style="text-align: right;"><a href="#">&gt; Supply Chain Management</a></p>

### ③ Growth strategy

Description	<ul style="list-style-type: none"> <li>• Inability to create new domains and new businesses in timely response to changes in industrial structures and social conditions</li> <li>• Delays in the development of technologies that address the optimization of logistics and manufacturing processes through the advancement of AI and IoT technologies</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Create a new business promotion department; consider new businesses</li> <li>• Establish a development department for advanced technologies and promote development</li> <li>• Call for ideas for new technologies and businesses through in-house open appeals</li> </ul>

### ④ Human resources-related

Description	<ul style="list-style-type: none"> <li>• Stagnation of business operations due to lack of initiatives to cultivate successors (officers, management positions)</li> <li>• Failure to secure sufficient human resources for the next generation; increase employee turnover</li> <li>• Decline of competitiveness due to shortages of human resources with specialized knowledge and skills</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Update the succession plans for key positions; expand the successor training program</li> <li>• Carry out organization improvement activities utilizing the engagement survey (research on job satisfaction and ease of work)</li> <li>• Diversify the recruitment methods for new graduates and mid-career hires</li> <li>• Actively recruit women and foreign national employees; implement measures to retain mid-career hires</li> </ul> <p style="text-align: right;"><a href="#">&gt; Talent Development</a> <a href="#">&gt; Workplace Environment</a></p>

### ⑤ Group governance

Description	<ul style="list-style-type: none"> <li>• Mismanagement of subsidiaries due to expansion of the Group</li> <li>• Decline in social credibility and adverse effects on business performance due to fraud and scandals or organizational management failure</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Continue to understand and support the maintenance of management structures at subsidiaries</li> <li>• Strengthen contract risk management in large-scale projects at subsidiaries</li> <li>• Build lines of communication with subsidiaries online or through on-site visits</li> </ul> <p style="text-align: right;"><a href="#">&gt; Compliance</a></p>

## ⑥ Natural disasters

Description	<ul style="list-style-type: none"> <li>• Interruption of corporate activities due to large-scale natural disasters such as earthquakes, typhoons, and tsunamis</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Establish a headquarters preparation room for use in the event of a large-scale natural disaster</li> <li>• Equip each site with emergency stockpile reserves</li> <li>• Formulate response plans to be implemented in chronological order (timeline) in the event of a natural disaster and conduct drills and training such as safety confirmation</li> </ul>

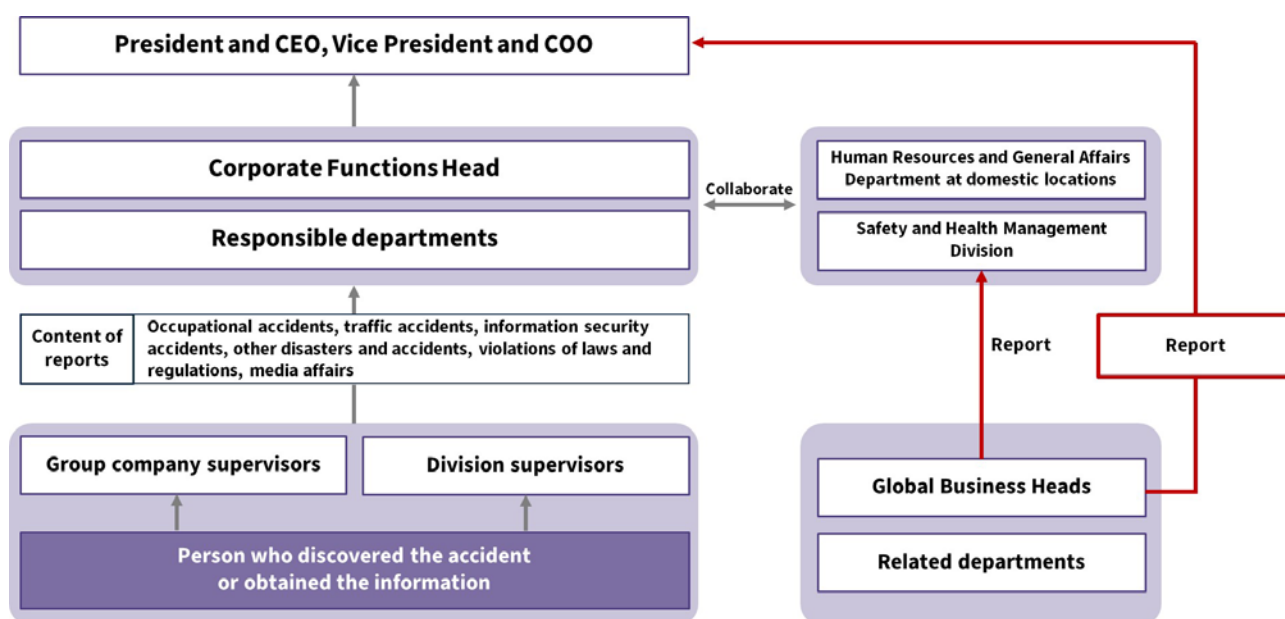
## ⑦ Information security

Description	<ul style="list-style-type: none"> <li>• Leakage or unauthorized use of important information assets, suspension of business activities, and deterioration of the Group's reputation due to cyberattacks or internal fraud</li> </ul>
Countermeasures	<ul style="list-style-type: none"> <li>• Expand information security audits globally to strengthen information security management</li> <li>• In-house cultivation of information security auditors</li> <li>• Establish a CSIRT system in advance preparation for cyberattacks</li> </ul>

## Business continuity plan

We have formulated a business continuity plan (BCP) to minimize damage to business assets and to enable business continuity and a rapid recovery in the event of a crisis such as a large-scale disaster, with human life as the top priority. With the aim of enhancing the effectiveness of our BCP, we are conducting regular risk assessments at our business locations, introducing a safety confirmation system, implementing periodic exercises based on the initial response manual, and upgrading our disaster prevention supplies. Daifuku will, if necessary, establish

on-site disaster headquarters in the event of an earthquake with an intensity of 5 or higher (per the Japan Meteorological Agency Seismic Intensity Scale), a disaster requiring prolonged recovery efforts, or other events that have or are expected to have a significant impact on business operations. In addition, in order to enable prompt management decisions in the event of a disaster or accident, we have created a disaster and accident reporting route, which will be reviewed annually.



Disaster and accident reporting route

## Daifuku Group Information Security Policy

### Basic Approach

The Daifuku Group regards the information entrusted to us by our customers and business partners as well as trade secrets, personal information, and systems that the Group possesses regarding this information (hereinafter referred to as information assets) as important management assets in our business. We will

strive to earn the trust of all members of society, including our customers, and enhance our corporate value by systematically and continuously making efforts in information security as denoted below.

### Basic Policy

#### 1. Compliance with laws and regulations

We will implement measures in each country and region to comply with the requirements of laws, national guidelines, contractual obligations, and other social standards related to information security.

#### 2. Establishment of an appropriate platform for information management

In order to ensure the security of information assets, we will clarify our system responsible for information security and implement appropriate measures as follows in accordance with the importance and risks of the information assets.

- Establish an information security governance system

We will establish a centralized management system led by the Information Security Committee, and a person responsible for the handling of information will be appointed within each division and company.

- Establish regulations for information security

We will establish regulations and guidelines for information security, and we will strive to continuously improve our initiatives to ensure information security.

- Implement safety management measures

Appropriate management measures, including personnel and physical management as well as system, server, and network management, will be implemented throughout the life cycle of information in accordance with its level of importance.

- Education and training

We will continuously provide education and training on information security to all Group officers and employees in an effort to raise awareness and ensure compliance with rules and regulations. Any violations of these rules and regulations will be dealt with strictly, including disciplinary action against the offending party.

- Information security audits

We will conduct internal audits throughout the entire Group on the status of information security measures, regularly confirm the status of compliance with information security rules and operation of information security management systems, and continuously make improvements. Additionally, we will monitor for new threats and changes in risks to prevent new vulnerabilities from emerging.

#### 3. Establishment of an information security incident response system

We will establish a management system that enables the prompt resumption and continuation of business activities should an information security incident result in an interruption of operations. In the event that an incident occurs, we will make efforts to identify the cause and prevent recurrences.

Established: September 1, 2024

## Strengthening information security

The Group is promoting specific initiatives in each of the following areas against technical threats such as unauthorized access and cyberattacks, human threats such as internal misconduct and disregard for rules, and physical threats such as disasters and theft.

IT countermeasures	<ul style="list-style-type: none"> <li>IT security measures with multi-layered protection (entrance, exit, and internal)</li> <li>Confirmation of activities through logs</li> </ul>
Organizational countermeasures	<ul style="list-style-type: none"> <li>Implementation of company-wide information security management activities based on global rules and guidelines</li> <li>Development of information security management activities in the supply chain</li> </ul>
Human countermeasures	<ul style="list-style-type: none"> <li>Cultivation of a corporate culture of information security by providing various types of education and training to all employees</li> <li>Prevention of negligence and fraud through human risk countermeasures such as written pledges and a variety of checks</li> </ul>
Physical countermeasures	<ul style="list-style-type: none"> <li>Implementation of zone classification and thorough risk management by zone management officers</li> <li>Promotion of the prevention of unauthorized entry and theft by implementing physical measures corresponding to zone classifications</li> </ul>

## Personal information initiatives

We have established the Group Basic Policy for the Protection of Personal Information in order to define basic rules for the handling of personal information. This policy is implemented globally to ensure proper processing of personal information throughout the Group. Additionally, in order to specify the obligations we must comply with in handling personal information, we established the Personal Information Protection Regulations in 2015 as well as a system of regulations and

related guidelines in 2023, and we are working to ensure the proper handling of personal information. In particular, we take additional precautions to manage sensitive personal information that requires special care in processing.

For more information regarding the Group's handling of personal information obtained from customers and other parties, please refer to our [Privacy Notice](#).

## Information security education

Regarding employee training, we conduct regular global training using video content available in more than 30 languages and e-mail drills that simulate targeted attacks.

	Target	Description
Awareness-raising month	Officers and all employees (global)	A designated annual Information Security Awareness-Raising Month during which messages from the president and other top officers are distributed and lectures by experts are held.
Rank-based training	Newly graduated employees, newly promoted employees, mid-career hires, etc.	Conduct training on essential information security knowledge at the time of hiring, promotion, etc.
E-learning courses	Officers and all employees (global)	Conducted multiple times per year. Fosters awareness of information security throughout the entire global company.
E-mail drills	Officers and all employees (global)	Conducted multiple times per year, including follow-up training.

# ESG Data

This page summarizes the main ESG (environmental, social, and governance) data for the Daifuku Group's business activities.

Note regarding the data coverage period: due to the change in business term, the accounting period for fiscal 2024 was the 9-month period from April through December. However, in order to ensure comparative validity, we have set the data coverage period as the 12-month period from January through December.

## E: Environmental

Type	Item	Scope	Unit	FY2022	FY2023	FY2024
CO <sub>2</sub>	CO <sub>2</sub> emissions (Scopes 1 + 2)	Global	t-CO <sub>2</sub>	26,408	20,926	17,377
	CO <sub>2</sub> emissions	Japan	t-CO <sub>2</sub>	7,656	3,392	2,800
	CO <sub>2</sub> emissions	Outside of Japan	t-CO <sub>2</sub>	18,752	17,534	14,577
	CO <sub>2</sub> emissions per net sales	Global	t-CO <sub>2</sub> /¥100 million	4.4	3.4	2.9
	Scope 1	Global	t-CO <sub>2</sub>	10,511	8,804	8,853
	Scope 1	Japan	t-CO <sub>2</sub>	1,928	1,609	1,609
	Scope 1	Outside of Japan	t-CO <sub>2</sub>	8,583	7,195	7,244
	Scope 2	Global	t-CO <sub>2</sub>	15,897	12,122	8,524
	Scope 2	Japan	t-CO <sub>2</sub>	5,728	1,783	1,191
	Scope 2	Outside of Japan	t-CO <sub>2</sub>	10,169	10,339	7,333
	Scope 3 <sup>1</sup>	Global	t-CO <sub>2</sub>	2,363,344	2,115,601	2,205,756
Energy	Energy consumption (production)	Global	GJ	691,821	661,357	698,542
	Energy consumption (non-production)	Global	GJ	82,226	108,136	102,736
	Electricity	Global	GWh	58	59	62
	Electricity derived from renewable energy sources	Global	GWh	16.9	32.1	41.3
	Percentage of electricity derived from renewable energy sources	Global	%	29.1	54.0	66.6
	Liquefied petroleum gas	Global	t	606	490	422
	City gas	Global	Thousand m <sup>3</sup>	3,333	3,147	3,418
	Type-A heavy oil	Global	kl	80	84	112
	Kerosene	Global	kl	17	14	15
	Gasoline	Global	kl	370	321	173
	Light oil	Global	kl	67	61	58
Raw materials	Steel	Daifuku Co., Ltd.	t	22,017	17,854	18,191
	Aluminum material	Daifuku Co., Ltd.	t	2,472	1,591	1,550
Water resources	Water consumption <sup>*2</sup>	Global	m <sup>3</sup>	216,795	183,017	183,492
	Groundwater (well water) <sup>*2</sup>	Global	m <sup>3</sup>	60,528	50,622	51,778
	Water supply, industrial water	Global	m <sup>3</sup>	156,267	132,395	131,714
	Surface water (rivers, lakes, seas)	Global	m <sup>3</sup>	0	0	0
	Water consumption <sup>*2</sup>	Japan	m <sup>3</sup>	99,057	86,589	88,861
	Groundwater (well water) <sup>*2</sup>	Japan	m <sup>3</sup>	51,366	39,992	42,378
	Water supply, industrial water	Japan	m <sup>3</sup>	47,691	46,597	46,483
	Surface water (rivers, lakes, seas)	Japan	m <sup>3</sup>	0	0	0
	Water consumption <sup>*2</sup>	Outside of Japan	m <sup>3</sup>	117,738	96,428	94,631
	Groundwater (well water) <sup>*2</sup>	Outside of Japan	m <sup>3</sup>	9,162	10,630	9,400
	Water supply, industrial water	Outside of Japan	m <sup>3</sup>	108,576	85,798	85,231
	Surface water (rivers, lakes, seas)	Outside of Japan	m <sup>3</sup>	0	0	0



Type	Item	Scope	Unit	FY2022	FY2023	FY2024
Water resources	Water discharge	Global	m <sup>3</sup>	211,187	171,256	167,217
	Sewers	Global	m <sup>3</sup>	144,738	164,158	160,306
	Rivers	Global	m <sup>3</sup>	66,449	7,098	6,911
	Water discharge	Japan	m <sup>3</sup>	96,611	78,360	75,075
	Sewers	Japan	m <sup>3</sup>	36,162	78,360	75,075
	Rivers	Global	m <sup>3</sup>	60,449	0	0
	Water discharge	Outside of Japan	m <sup>3</sup>	114,576	92,896	92,142
	Sewers	Outside of Japan	m <sup>3</sup>	108,576	85,798	85,231
	Rivers	Outside of Japan	m <sup>3</sup>	6,000	7,098	6,911
	Water use intensity	Global	Thousand m <sup>3</sup> / ¥100 million	0.0360	0.0299	0.0289
Waste	Waste generated (including valuable wastes)	Japan	t	4,775	4,778	5,062
	Waste generated (including valuable wastes) <sup>*3</sup>	Outside of Japan	t	2,749	5,903	5,673
	Landfill disposal	Japan	t	29	32	44
	Landfill disposal <sup>*3</sup>	Outside of Japan	t	105	191	490
	Recycling rate of waste (including valuable wastes) <sup>*3</sup>	Global	%	95.3	95.6	93.0
	Landfill disposal rate	Japan	%	0.6	0.7	0.9
	Landfill disposal rate <sup>*3</sup>	Outside of Japan	%	3.8	3.2	8.7
Other	Soil and groundwater pollution status reported within plant grounds	Japan	Cases	0	0	0
	Number of environment-related (including water-related) legal violations	Japan	Cases	0	0	0
	Amount paid in fines for environmental-related (including water-related) legal violations	Japan	Million yen	0	0	0

\*1 We have adopted a more accurate aggregation method and revised the results for FY2022 and FY2023 (August 2024). The aggregation scope is listed on the [Climate Change](#) page.

\*2 Due to an error in the aggregation method, the results for FY2022 have been revised (August 2024).

\*3 Figures for FY2022 do not include data for North American locations.

## S: Social

Type	Item	Scope	Unit	FY2022	FY2023	FY2024
Quality	Number of serious accidents related to product or system safety	Global	Cases	0	0	0
Employment	Number of employees	Global	People	13,020	13,071	11,042
	Number of employees	Daifuku Co., Ltd.	People	3,375	3,509	3,691
	Average age	Daifuku Co., Ltd.	Age	41.0	41.3	41.6
	Average years of service	Daifuku Co., Ltd.	Years	15.0	15.3	14.7
	Average annual salary	Daifuku Co., Ltd.	Yen	7,712,196	7,757,563	8,228,038
	Ratio of women's wages to men's wages (all workers)	Daifuku Co., Ltd.	%	68.8	69.1	73.1
	Ratio of women's wages to men's wages (regular employment)	Daifuku Co., Ltd.	%	76.5	76.3	77.6
	Ratio of women's wages to men's wages (non-regular employment)	Daifuku Co., Ltd.	%	49.9	53.1	56.9
	New graduate recruits <sup>*1</sup>	Daifuku Co., Ltd.	People	103	104	84
	Mid-career recruits	Daifuku Co., Ltd.	People	144	129	126

Contents	Message from the CEO	Message from the Sustainability Officer	Daifuku's Value Creation	Contributing to the Environment and Society with Our Products	Daifuku's Sustainability	Environment	Social	Governance	ESG Data	Evaluation from Outside the Company	Editorial Policy
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Contents > ESG Data

Type	Item	Scope	Unit	FY2022	FY2023	FY2024
Employment	Ratio of female recruits <sup>*1</sup>	Daifuku Co., Ltd.	%	8.1	13.3	12.9
	Number of female employees	Daifuku Co., Ltd.	People	420	442	511
	Number of female managers <sup>*2</sup> *as of the end of each fiscal year	Daifuku Co., Ltd.	People	26	32	40
	Ratio of women in management positions <sup>*2</sup> *as of the end of each fiscal year	Daifuku Co., Ltd.	People	3.5	4.3	5.4
	Employment rate of people with disabilities *as of June 1 of each fiscal year	Daifuku Co., Ltd.	%	2.48	2.42	2.34
Training	Employee training costs	Japan	Million yen	158.7	190.7	190.3
	Training time per person	Japan	Hours	55.6	59.4	50.9
	Number of days of training per person *Calculated by converting the training hours into 7 hours and 45 minutes, which is the standard working hours per day	Japan	Days	7.2	7.7	6.6
	Number of employees participating in compliance training *Rank-based training	Japan	People	243	264	268
	Number of occupational safety and health trainees	Japan	People	2,161	1,885	1,451
Labor	Paid leave acquisition rate *Data in parentheses ( ) is that of the 9-month period (April–December 2024)	Daifuku Co., Ltd.	%	78.9	78.5	84.0 (65.0)
	Maternity leave utilization	Daifuku Co., Ltd.	People	7	16	17
	Childcare leave utilization rate (female)	Daifuku Co., Ltd.	%	100	100	100
	Childcare leave utilization rate (male) <sup>*3</sup>	Daifuku Co., Ltd.	%	44	65	65
	Childcare short-time workday system utilization (female)	Daifuku Co., Ltd.	People	33	30	35
	Childcare short-time workday system utilization (male)	Daifuku Co., Ltd.	People	0	0	0
	Return to work rates after 6 months of maternity/childcare leave	Daifuku Co., Ltd.	%	100	96	100
	Nursing care leave utilization	Daifuku Co., Ltd.	People	1	0	0
	Turnover rate <sup>*4</sup>	Daifuku Co., Ltd.	%	2.70	3.56	2.43
Safety <sup>*5</sup>	Frequency rate	Japan	—	0.45	0.55	0.46
	Frequency rate	Outside of Japan	—	0.90	0.58	0.70
	Severity rate	Japan	—	0.006	0.016	0.026
	Severity rate	Outside of Japan	—	0.216	0.011	0.009
	Number of serious accidents <sup>*6</sup>	Japan	People	0	0	1
	Number of serious accidents <sup>*6</sup>	Outside of Japan	People	1	0	0
Communities	Number of visitors to the Hini Arata Kan demo center	—	People	14,980	17,859	16,990
	Amount spent for promoting social contribution activities (including donations)	Daifuku Co., Ltd.	Million yen	39.56	43.08	25.14
	Donation amount to non-profit organizations	Daifuku Co., Ltd.	Million yen	3.25	15.43	3.39
Other	Number of patents registered	Global	Cases	4,040	4,378	4,498

\*1 Figures for FY2022 have been revised to reflect the change in data aggregation timing (August 2024).

\*2 Previously, figures were disclosed as of April 1 of the following fiscal year; the results for fiscal 2022 and fiscal 2023 have therefore been revised to represent the figures as of the end of each fiscal year (May 2025).

\*3 Figures are based on the amendment to the Child Care and Family Care Leave Act.

\*4 Excludes retirees and employees who leave the company upon the conclusion of their contract period.

\*5 Data from January through December. These indicators are calculated including installation contractors.

\*6 Accidents resulting in death or permanent injury during work at Daifuku.

## G: Governance

Type	Item	Unit	FY2022	FY2023	FY2024
Composition of the Board of Directors* *as of June of each fiscal year	Number of directors	People	9	10	10
	Number of outside directors	People	4	5	5
	Number of female directors	People	1	1	1
	Number of foreign national directors	People	0	1	1
Composition of the Audit & Supervisory Board* *as of June of each fiscal year	Number of Audit & Supervisory Board members	People	4	4	4
	Number of outside Audit & Supervisory Board members	People	3	3	3
Number of meetings	Number of Board of Directors meetings (regular, irregular)	Times	17	16	13
	Number of Audit & Supervisory Board meetings	Times	9	8	6
	Advisory Committee for Nomination and Remuneration	Times	7	9	7
Remuneration	Directors (outside directors)	Million yen	576 (60)	560 (71)	554 (56)
	Audit & Supervisory Board members (outside members)	Million yen	76 (30)	79 (34)	54 (27)
Other	Whistleblowing cases	Cases	17	14	12
	Investor Relations (IR) coverage	Companies	1,437	1,232	1,190

\* The most recent composition can be found on the [Management](#) page (May 2025).

# Evaluation from Outside the Company

Daifuku has received the following external evaluations regarding our sustainability initiatives.

## MSCI Constituent

We have been selected as a constituent of the following indices created by MSCI.

### MSCI Japan ESG Select Leaders Index

#### 2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Daifuku has been selected as a constituent of the MSCI Japan ESG Select Leaders Index. This index is constructed by selecting companies that have high Environmental, Social, and Governance (ESG) ratings from among the constituents of the Parent Index (MSCI Japan Investable Market Index). Daifuku has been assigned a rating of 'AA' in the MSCI ESG Rating.

> For more information on the MSCI Japan ESG Select Leaders Index, please refer to this website.

\* The Inclusion of Daifuku Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index name herein, do not constitute a sponsorship, endorsement, or promotion of Daifuku Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

## FTSE Russell Constituent

We have been selected as a constituent in the following indices created by FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company).

### FTSE4Good Index Series



FTSE4Good

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social, and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

> For more information on the FTSE4Good, please refer to this website.

\* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Daifuku Co., Ltd. has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

### FTSE Blossom Japan Index



FTSE Blossom  
Japan Index

The FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social, and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

> For more information on the FTSE Blossom Japan Index Series, please refer to this website.

\* FTSE Russell confirms that Daifuku Co., Ltd. has been independently assessed according to the index criteria and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index.

## FTSE Blossom Japan Sector Relative Index



The FTSE Blossom Japan Sector Relative Index is designed as a sector neutral benchmark that reflects the performance of companies demonstrating strong Environmental, Social, and Governance (ESG) practices in Japan. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

\* FTSE Russell confirms that Daifuku Co., Ltd. has been independently assessed according to the index criteria and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index.

## CDP Rating

### CDP Climate Change and Water Security 2024



The Daifuku Group discloses its initiatives through responses to the CDP's questionnaire on climate change and water security for companies with the highest market capitalization. Daifuku has received a rating of A (Leadership Level) for climate change and a rating of A- (Leadership Level) for water security.

> [For more information on the CDP, please refer to this website.](#)

### CDP Supplier Engagement Rating 2024



The Daifuku Group has been selected to hold a place on the SEA Leaderboard, the highest rating on CDP's Supplier Engagement Rating (SEA), which evaluates supplier engagement in regards to climate change.

> [For the list of selected companies, please click here.](#)

\* CDP: Carbon Disclosure Project, an international not-for-profit organization working on environmental issues such as climate change, water, and forest resources.

## Sustainalytics ESG Risk Rating



As of June 2025, Daifuku Co., Ltd. has received an ESG Risk Rating of 23.4 from Morningstar Sustainalytics and was assessed to be at medium risk of experiencing material financial impacts from ESG factors.

> [For more information on the Sustainalytics ESG Risk Ratings, please refer to this website.](#)

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## Eruboshi Certification



The Eruboshi Certification is a system in which the Ministry of Health, Labour, and Welfare recognizes corporations that demonstrate excellence in their initiatives to promote women's participation and advancement in the workplace. Due to the favorable evaluations we received regarding our initiatives in working hours and other working conditions, ratio of managers, and diverse career paths, we received the two-star Eruboshi mark (level two) in October 2024.

## Verification of Greenhouse Gas (GHG) Emissions

To improve the reliability of our greenhouse gas emissions calculation data (including energy consumption), the data was verified by a third-party organization.

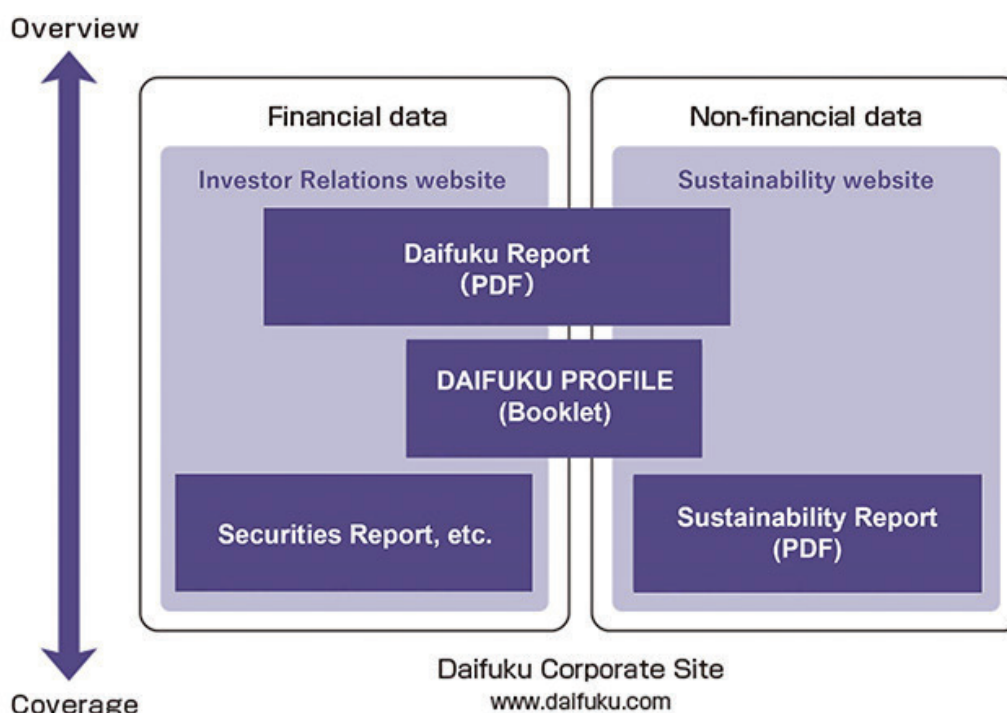
[Verification Opinion/SGS Japan \(PDF: 1.2MB\)](#) [PDF](#)

# Editorial Policy

## Basic Approach for Information Disclosure

This sustainability website lists Daifuku's ESG (environmental, social, and governance) and SDGs initiatives for fiscal 2024. Additionally, as a tool for disclosing financial and non-financial information, we disseminate information as shown below.

We will continue to promote our sustainability initiatives while engaging in communication with our stakeholders.



## Reporting Scope

Although the Daifuku Group is covered in the scope of this report, some items address the contents of individual Group companies, including Daifuku Co., Ltd.

## Reporting Period

FY2024 (April 2024 – December 2024)

\* Due to the change in business term (the end of the financial year), fiscal 2024 is the 9-month period from April through December.

\* Numerical data is disclosed based on information available as of December 31, 2024.

\* Some items also list information from outside the period listed above.

## Referenced Guidelines

- GRI Standards
- ISO 26000
- Ministry of the Environment, Environmental Reporting Guidelines (2018 Version)
- Task Force on Climate Related Financial Disclosures (TCFD) Final Report
- Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations
- International Integrated Reporting Framework
- SASB Standards
- IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)



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