This section provides details on each element of the value creation model found on pages 16-17.

**A Social Environments**

- **Increase in movement of people and goods on a global scale**
  - Expansion of e-commerce
  - Growth of worldwide air passengers
  - Economic growth in developing countries

- **Changes in industrial structure due to innovative technology**
  - Expansion of digital economy with the use of IoT*, ICT*, AI*, and big data
  - Introduction of robotics technology

- **Intensifying global environmental issues**
  - Climate change
  - Global warming

**B Input**

- **Financial Capital**
  - Strong financial foundation for sustainable corporate activities
  - Consolidated net assets: 222.8 billion yen

- **Manufactured Capital**
  - Production bases to provide quality products in effective and stable manner
  - Major production sites: 20
  - Capital investment: 7.9 billion yen

- **Human Capital**
  - Global and diverse human resources that revitalize an organization
  - Employees: 9,857 (of which, 6,459 outside Japan)

- **Intellectual Capital**
  - Long-established wealth of experience, expertise, leading-edge technology and knowhow
  - Patents held: 3,068
  - R&D expenses: 8.6 billion yen

- **Social and Relationship Capital**
  - Systems to develop bonds of trust with stakeholders
  - Global locations: 26 countries and regions
  - Visitors to Hini Arata Kan demo center: 27,977

- **Natural Capital**
  - Conserving natural resources to maintain a sustainable society
  - Certified Daifuku Eco-Products: 54

**C Daifuku Business Activities**

- **Value Innovation**
  - We aim to evolve into a top-class Value Innovator that provides the best solutions for customers by capitalizing on our experience and technologies we have accumulated as a comprehensive manufacturer and integrator of material handling systems.

- **Value Chain**
  - Daifuku creates values for its customers as well as itself with a global framework, encompassing consulting, system design, production, installation, and after-sales services to ensure long-term stable operations, and retrofits.

- **Our Business**
  - Daifuku conducts business by industry with the aim of providing the best solutions to customers.

- **Medium-Term Business Plan**
  - Based on an awareness that we hold a growing social responsibility, Daifuku sets the medium-term business plan, Value Innovation 2020, which started in fiscal 2017 and will end in fiscal 2020, to achieve sound and sustainable growth.

- **Daifuku’s CSR**
  - Daifuku believes the basic principles of CSR are to build a symbiotic relationship with its stakeholders and to practice the corporate policies structure through its corporate activities.

- **Corporate Governance**
  - Daifuku strives to enhance its corporate governance with the aim of ensuring its sustainable growth and creating its medium-term to long-term corporate value. As an indicator for this commitment, Daifuku has established the Daifuku Corporate Governance Guidelines as the guidepost for its activities, under which it shall continue to improve the effectiveness of its corporate governance in keeping with the spirit of the Company Creed and Management Philosophy.

**D Outcome**

- **Economic Value**
  - **Financial**
    - Net sales: 459.4 billion yen
    - Operating margin: 11.9%
    - ROE: 19.5%
  - **Non-Financial**
    - Waste recycling rates (Japan): 95.9%
    - CO₂ reduction contribution from products and services: 63,326 tons of CO₂ per year

- **Social Value**
  - **Realizing a sustainable society**
    - Provide high quality products and services
    - Strengthen risk management
    - Nurture relationships of trust with our suppliers
    - Respect human dignity (human rights, labor practices, safety, health)
    - Create good relations with regional communities
    - Contribute to the environment through corporate activities