

**DAIFUKU CO.,LTD.**  
[www.daifuku.com](http://www.daifuku.com)



# Daifuku is creating and providing new value to contribute to societies, industries and the environment worldwide

## Masaki Hojo × Hiroko Kiba

President and CEO

Newscaster; visiting professor

### Accommodating to changing needs and constantly creating value demanded by the times

**Kiba:** Since its founding in 1937, how has Daifuku come to be a leading company in the material handling industry today?

**Hojo:** Our Company started with the manufacturing of forge rolling machinery for ironworks before moving into cargo handling machinery for loading and unloading freight in ports and warehouses. The movable conveying machinery and conveyors for unloading imported grain we developed in the 1940s and 50s were groundbreaking for their time, improving not only working efficiency but also dramatically raising safety.

Our operations expanded in the latter half of the 1950s, when Japan was entering into a period of high economic growth, into chain conveyor systems and automatic guided vehicles (AGV) for automobile factories. In the 1960s we developed many products that were firsts for Japan, such as the rack-supported building automated storage and retrieval system (AS/RS) and online computer-controlled unit load AS/RS system.

Following that, we began providing automated systems in



1959 Chain conveyor system installed in Japan's first passenger automobile factory



1982 Installation of FA system at the world's most advanced motor factory



2008 World's first super-fast mini load AS/RS with stacker cranes that move past one another

the factory automation (FA) and distribution automation (DA) fields for a multitude of industries worldwide, including conveyor and storage systems for automobile factories and clean rooms, where semiconductors and flat-panel displays are manufactured, as well as picking and sorting systems in distribution centers in the e-commerce sector.

**Kiba:** I see that Daifuku has always stood at the forefront throughout its history and directly addressed social changes, leading to it developing many firsts for Japan and for the world.

**Hojo:** Looking back over the path Daifuku has followed, you can see our efforts to realize the needs of our customers and society over these 77 years. The driving force behind this has been our desire to bring happiness to our business customers, the people who work there, and, through them, to consumers.

### Burning with a sense of mission to support infrastructure essential to the development of the industry and economy

**Kiba:** That desire is encapsulated in your management philosophy to "provide the best solutions to benefit the global markets and the development of society." It expresses the stance of your company in placing emphasis on communication and bringing people together.

**Hojo:** Our work is not finished with the delivery of our products. We perform maintenance, repairs and retrofitting of equipment to make sure distribution and production never stops; the delivery is actually the start of a long relationship with our customers, like two people in a three-legged race. It's our responsibility to ensure our products operate over a long time, which is why we value trust and connections between people.



**Profile**  
After graduating from the Faculty of Education of Chiba University, she worked as a newscaster in 1987 as a newstation's first female sports newscaster. Afterwards, she has made TV appearances, worked as a lecturer and writer, and acted as a member of deliberative committees for the government and government agencies. In 2013 she was appointed as a visiting professor at Chiba University.

**Kiba:** I have heard that you have a 24-hour, 365 days a year System Support Center (see p.7) and resident service staff stationed in your customers' sites to ensure nonstop logistics.

**Hojo:** In the automotive industry, it is said that each minute a production line stops moving, one car is lost. Semiconductor manufacturers also run their factories on a 24-hour basis. We have around sixty service centers nationwide so that we can be ready to act whenever trouble occurs, with the mindset that we are part of a team with our customers.

**Kiba:** I see. Material handling is the technology used to efficiently transport various items during manufacturing and distribution and is a part of vital infrastructure for the development of industry and the economy.

### Promoting initiatives to further hone development capabilities while reducing environmental impact

**Kiba:** Could you explain your management policy for this fiscal year for developing your business activities?

**Hojo:** In fiscal 2013 we had increased earnings and profits and exceeded our goals; however, no matter how great the business performance, a company with low safety awareness and morale is bound to fail. That is why we are going back to our roots and focusing our efforts on the keywords of S.Q.C.D.E.: safety, quality, cost, development, and ecology.

**Kiba:** I have heard that "D" normally stands for "delivery," so would it be correct to say that that you chose "development" to reflect your commitment to manufacturing?

**Hojo:** Yes, that is right. Predicting needs in advance is the vital key to lifting our value in the global marketplace. We know that development is the source of competitiveness, and by developing products and services that solve the problems our customers and society face, we can strengthen the DAIFUKU brand.

In Japan, we introduced an automatic prescription checking system called *audit* in 2012 (see p.15). The system stemmed from the idea of whether we could help prevent mistakes in dispensing medication by using our image processing and weight inspection know-how. It was a product-out device, which is unusual for Daifuku, but it matched the needs of pharmacies and currently has been introduced to 350 stores. We will take up a more proactive stance to provide solutions to industries facing challenges.

We have also announced our environmentally friendly Daifuku Eco-Products (see p.26) and are undertaking a company-wide effort to develop and spread environmental technologies, while also proceeding with measures to reduce environmental impact at our main production site, Shiga Works (see p.21).



### The keywords for lifting the Group's comprehensive strength are "globalization and localization"

**Kiba:** Daifuku's globalization is accelerating, with approximately 60% of your sales being outside of Japan. What points do you focus on as the president as Daifuku expands its global business?

**Hojo:** To make the DAIFUKU brand more globally known, it is absolutely essential we provide functions, prices and quality that match each region. Instead of adopting a pyramid-style operation with Japan at the top, I believe we have to have each affiliate take the initiative to make judgments and act; for this purpose we are localizing our human resources, including top management, and our manufacturing structure. As of 2014, three of our subsidiaries in North America are run by non-Japanese executives.

At the same time, we have made a brand book in nine different languages and issued panels with the company creed to offices worldwide to ensure a shared philosophy. I also believe that dialog is the most important factor. Accordingly, we make use of various opportunities to stimulate dialog, such as by holding global affiliate meetings

to bring our regional management together each year.

**Kiba:** Nine languages is quite amazing. I think reading such materials in your native language would make it easier for the philosophy to really make an impression. The excellence of Daifuku's communication skills is apparent from how it is developing its businesses regionally, yet with a high sense of unity based on a shared philosophy.

**Hojo:** Yes, that is right. With "globalization and localization" as key themes, we will encourage various forms of interaction in order to further heighten our comprehensive strengths.

### Valuing the connections between people and contributing to society through our business operations

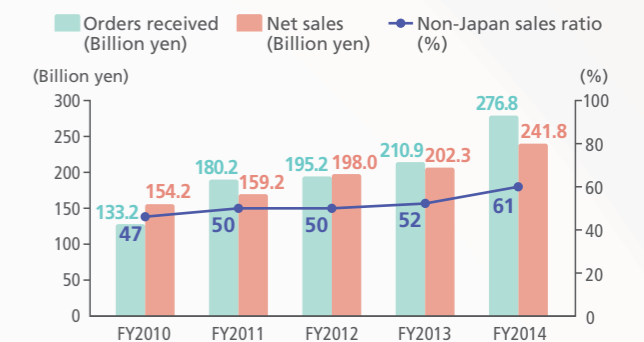
**Kiba:** I now have a very clear understanding of the path Daifuku has taken and what its businesses are. Could you explain to me how Daifuku views its corporate social responsibility (CSR)?

**Hojo:** There are various ways that companies contribute to society. But when we talk about the responsibility our company has to society, I believe it rests in our constant

## Corporate Data

- ▶ **Corporate name:** Daifuku Co., Ltd.
- ▶ **Headquarters:** 3-2-11 Mitejima, Nishiyodogawa-ku, Osaka 555-0012 JAPAN
- ▶ **Established:** May 20, 1937
- ▶ **Paid-in capital:** 8,024 million yen (as of March 31, 2014)
- ▶ **Representative:** Masaki Hojo, President and CEO
- ▶ **Employees:** 7,349 (total for Daifuku Group / as of March 31, 2014)
- ▶ **Net sales:** 241,811 million yen (fiscal year ended March 31, 2014)

### Worldwide sales



### Mainstay products

- **Storage systems**
- **Conveying systems**
- **Sorting systems**
- **Picking systems**
- **Cleanroom systems**
- **Automobile production line systems**
- **Airport baggage handling systems**
- **Car wash machines**
- **Bowling alley equipment, electronics**

creation and provision of value so that each consumer, as well as society overall, can feel grateful for Daifuku's business operations and CSR activities.

The two core points for Daifuku to fulfill its CSR are to contribute through its business operations to society and to value the connections between people. Valuing the connections between employees, then our customers, business partners, shareholders and investors, people in the local community and all other stakeholders, and providing products and services with value that can inspire people is, I believe, the quintessence of Daifuku's CSR. Inspired people can then change the world.

**Kiba:** This year's CSR Report has "EDGE" as its theme, under which various activities are introduced.

**Hojo:** "EDGE" comes from our brand message, Always an Edge Ahead. In this report Daifuku's activities are expressed in terms of Engagement, prioritizing the connections between people; Development, contributing to society by developing products; Global, expanding our businesses worldwide; and Environment, being environmentally conscious

### A corporation trusted by customers and where employees can work with a dream

**Kiba:** Lastly, can you tell us your vision for the future of Daifuku and give a message to Daifuku's stakeholders.

**Hojo:** I envision Daifuku as a company customers worldwide can place their unreserved trust in and as a place where our employees can challenge and realize their dreams. I also envision Daifuku as a company that has a symbiotic relationship with all its stakeholders and is, in the true meaning of the word, the leading global company. Believing



that dreams can provide motive for progress, we shall strive forward with our dreams to create new value.

**Kiba:** Through this discussion today, I realize how deeply involved Daifuku is in our daily lives. However, I think there are many people who are unaware of your business operations and CSR activities, so I hope you can fully communicate these in a way to reach more consumers. By doing so, we too will be able to state our opinions more easily, from which may come ideas for new products and services that will further better our daily lives in a positive upward cycle. Thank you very much for your time.

**Hojo:** While our products and technologies can be viewed at the Hini Arata Kan, our full-scale exhibition center for material handling and logistics technologies (see p.11), we will actively engage in communicating such information to ensure our CSR stance and activities are also known so we can gain frank opinions from our stakeholders. Thank you.

#### ■ Company Creed



Hini Arata

Today we are doing better than we were yesterday. Tomorrow we will be growing ahead of where we are today.

#### ■ Brand Proposition

### Value Innovator

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.

#### ■ Management Philosophy

1. Provide the best solutions to benefit the global markets and the development of society.
2. Focus on healthy, growth-driven global management under a diverse and positive corporate culture.

#### ■ Brand Message

### Always an Edge Ahead

The brand message conveys our desire to create and provide best solutions to give customers a competitive edge. It also symbolizes our flexible and outstanding workforce, possessing both expertise and a commitment to taking on new challenges and making changes for the better.

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## Editorial Policy

Daifuku releases its CSR Report in order for its stakeholders to understand its approach to CSR (Corporate Social Responsibility). In publishing it as a tool for good communication with stakeholders, our aim is to create a report that has originality and gives the reader interest and a sense of concern. We would like to hear your opinions and thoughts in order to further raise the quality of our future CSR activities.

## Report Period

April 2013 - March 2014

\* Some articles may have information outside the said period.

## Contact

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## Special Feature:

# EDGE

**E**ngagement  
Bringing Ideas Together

**D**evelopment  
Innovating Through Our Technology

**G**lobal  
A Global Field of Action

**E**nvironment  
Initiatives for the Environment

Our brand message is "Always an Edge Ahead." In this CSR Report, we used the initials of EDGE to introduce the various activities of Daifuku.

# E Engagement

Bringing Ideas Together

Daifuku believes in building a mutual relationship with its stakeholders in all its corporate activities and endeavors to be a company that emphasizes the connections with both people and people's ideas.

► To support enriched lifestyles  
**Providing strong support for stable operations and rapid recovery as our responsibility as a vendor supplying social infrastructure**

## System Support Center



### Expert engineers on call 24 hours, 365 days a year

Daifuku's products and technologies play vital roles in the production and distribution in a wide range of fields essential to daily life. If there are any malfunctions, it will affect not only our customers but the daily lives of people.

Daifuku set up its System Support Center (SSC) to give rapid response for such situations that may occur. Working with about sixty service centers located throughout Japan, the SSC strives to ensure stable operation and rapid recovery. In particular, the SSC uses its unique support system for expert engineers to aid customers 24 hours a day all year round. Remote monitoring enables early detection of failures in systems, appropriate responses to inquiries from customers, and precise instructions to the service centers.

### Established as an industry pioneer. Providing ever more detailed and precise services

The SSC was established in the Komaki Works as a pioneering call center in the logistics systems industry in 1993. In 2003 the SSC relocated to the Shiga Works and installed a Computer Telephony Integration system, which displayed the company name, address, details of the installed equipment, maintenance history and other information on the computer screen when a customer called. However, because recently installed systems use advanced IT systems, in September 2013 the support system was upgraded to enable information sharing with engineers of computer manufacturers and software vendors, strengthening cooperation to provide speedy solutions. Servicing information can also be shared with sales, engineering and the nearest service centers to help better provide more detailed and precise services.

Additionally, to further aim at long-term stable operation of installed systems, the SSC is developing a new system that collects and analyzes information on failures to predict and prevent potential failures to provide maintenance solutions to customers.



Comment from **Kenji Misaki**  
 General Manager, Comprehensive Service Center, FA&DA Operations

#### Refining our skills to increase customer satisfaction

After installation of the system, the quality of our service engineers working directly with our customers translates to the quality of Daifuku itself. For this reason, as part of our service engineer trainings, we constantly refine our skills by holding 110 trainings to

cover 46 courses each year. Keeping "nonstop logistics" as our continual mission, we aim to improve customer satisfaction with highly reliable services and rapid recovery.

► For business continuity in the face of disaster

**Engaging in research and development on various safety measures to prevent load collapse in case of an earthquake**

**Rack Tremor Testing Team**



**Initiation of the testing team engaged in preventing load collapse**

As Japan is highly prone to earthquakes, the earthquake-proofing of storage systems has long been a key issue. Loads collapsing inside an AS/RS from earthquakes can lead to damaged loads or stalled logistics, heavily affecting industry and people's daily lives. Preventing this not only minimizes losses to customers, it also helps in the provision of aid supplies to disaster-affected areas for a rapid recovery.

Daifuku set up its Rack Tremor Testing Team in April 2008 and purchased a shake table to simulate earthquakes, the first in the logistic systems industry. This enables us to conduct performance evaluation tests, which were previously commissioned to external organizations, in-house, greatly improving development speed.



Collapsing cargo from shaking (above). Confirming the effects of various methods for prevent collapsing using film and installing rubber stoppers

**Developing of tremor-absorbing racks and rubber stoppers through testing**

The team borrows cargo from customers and performs tests to verify the way loads collapse, then proposes optimum safety solutions, including appropriate loading methods that match equipment and cargo and methods of wrapping film for load collapse prevention.

At the same time we have been engaged in product development, completing a tremor-absorbing rack in December 2013 by adding dampers to the rack columns and ceiling beam joints to minimize shaking and decrease collapsing loads. We have also developed rubber stoppers to decrease impact affecting the cargo to minimize shifting of loads at the top. Daifuku will continue to engage in load shifting prevention to contribute to logistics systems that can withstand earthquakes.



**Comment from** Yutaka Hasegawa  
Manager, Planning and Development Section, Structural Design Department, FA&DA Operations

**Further expanding our lineup of systems for anti-seismic measures**

We repeated evaluation tests to see what impacts earthquakes would have on our customers' storage equipment to propose improvement solutions. The accumulated know-how led to the development of Daifuku original products, and the breadth of our

solutions is expanding. We will continue to broaden our lineup and aim to be a partner that provides optimal systems for anti-seismic measures to our customers.

► For work and onsite safety

**Aiming for zero accidents by experiencing near misses**

**Anzen-Taikan Dojo**



Experiencing a fall



Experiencing fire

**Open to partner companies as well as local companies and citizens**

The Anzen-Taikan Dojo, Daifuku's hands-on safety training facility at its Osaka headquarters, is a facility where people can simulate dangerous tasks involved in installations. In addition to our installation and services employees and new hires, partner companies and other outside organizations participate in the trainings. The courses are based on six scenarios of falls, electric shocks, being caught in operating equipment, equipment toppling over, fire and the experience of work conditions in cleanrooms, and have been taken by 1,732 people since its establishment in June 2010. A second Anzen-Taikan Dojo was set up in the Shiga Works in April 2014 for manufacturing personnel.



**Comment from** Toshimitsu Yasue CEO, Numazawa Industry Co., Ltd. (Mie Prefecture)

**Our ability to address risks increased through visualizing dangerous situations**

Thanks to the simulations experienced in the facility, we can visualize dangerous situations concretely. Our risk sensitivity towards accidents that can occur in our operations has increased. We hope to use this

experience in our in-company training and hope to realize safer work sites together with Daifuku.

► Contributing to the local community

**Preserving the beauty and environment of local sights as a member of the community**

**Volunteer activities**



**Participating in cleaning activities in Shakunage-kei**

Shakunage-kei (Rhododendron Gorge), designated as a national natural monument, is located near the Shiga Works. Since 2005, Daifuku has participated in yearly cleaning activities organized by the Hino Town Tourist Association, helping to maintain local tourist resources.



**Comment from** Kazuhiro Fujisawa Chief Secretary, Hino Town Tourist Association (Shiga Prefecture)

**Able to fully appreciate nature safely and pleasantly**

We appreciate the participation of so many Daifuku staff members yet again this year. Falling leaves on the walkways of the gorge over the year cause the scenery to deteriorate and impede walks. The

cleaning is done each year in April before the flowers bloom. The participation of Daifuku is a great help due to the length of the walkways.

▶ To ensure an open environment

**Welcoming our stakeholders with hospitality**

**Hini Arata Kan**



**Number of visitors surpass 350,000**

Hini Arata Kan, Daifuku's full-scale exhibition center for material handling and logistics technologies, opened twenty years ago in June 1994 with the idea of increasing understanding of our businesses by seeing our products. One of the largest of its kind in the world, Hini Arata Kan enables visitors to experience the latest system solutions, including material handling systems and equipment, along

with 400 items in 150 categories of other logistics vendors. The center welcomed its 350,000th visitor in September 2013.

Dedicated staff members welcome guests with hospitality, guiding them through the center while explaining logistics in an easy-to-understand way.

**Expanding further in addition to Mega Solar tours**

Visitors include a diverse range, such as customers considering adopting material handling products, logistics-related industry organizations and groups from overseas. We also offer tours for shareholders, family

members of our employees and local citizens. In addition, from April 2014, we started hosting tours of the Daifuku Shiga Mega Solar as part of environmental education for local elementary and junior high school students.



Comment from **Kaoru Morimoto** President, Hini Arata Kan Corporation

**Undertaking new challenges in our twentieth anniversary**

We have received praise from many people, stating how they experienced how products can be used and deepened their understanding of the material handling equipment features with the easily understood explanations by the staff. As our

twentieth anniversary, 2014 will be a year of appreciation and growth for us, as we continue to practice "Hini Arata" in new exhibits and aim to create a facility that everyone can enjoy while looking towards the next twenty years. \*see P.5 Company Creed

**Topics**

**Together with our customers**  
**Receives the AUTO-ID System Special Award**



Seishin Reitoko Co., Ltd. received a special award at the 15th AUTO-ID System Awards for Japan's first freezing system using RFID for fish, for which Daifuku delivered an automated cold storage warehouse. Seishin Reitoko had rebuilt its processing plant which had been damaged by the tsunami following the Great East Japan Earthquake.

**Together with our employees**  
**Invigorating employee communications using in-company SNS**



Daifuku implemented an in-company SNS with the aim of fostering active communications among employees by improvement in information sharing or the formation of networks beyond organizations. Community sites relating to Daifuku's environmental activities and brand have also been set up for interaction among employees.

**For shareholders and investors**  
**Hini Arata Kan tours for shareholders held**



On October 11, 2013, Daifuku held its sixth Hini Arata Kan tour for shareholders. The shareholders received a tour of the material handling systems and equipment in the building and viewed the Daifuku Shiga Mega Solar from a raised observation stage.

**For shareholders and investors**  
**Exhibit at the Tokyo Stock Exchange IR Festa 2014**



Daifuku exhibited at the Tokyo Stock Exchange IR (Investors Relations) Festa 2014 held at the Tokyo International Forum on February 21-22, 2014. We reported the steady progress of our four-year business plan and conducted active communication with individual investors.

**Together with our business partners**  
**Management and Production Trends Presentation held**



On May 29, 2014, Daifuku held the 2014 Management and Production Trends Presentation, inviting 152 business partners, including manufacturers, trading companies and those involved in processing, installation and servicing. We presented the current situation of our management and production as well as future trends.

**Together with our business partners**  
**Seven excellent suppliers given S.Q.D. Awards**



[Individual awards]  
Urawa Engineering Services Corporation  
Tokairiken Co., Ltd., Numazawa Industry Co., Ltd.  
[Category recommendations]  
Ukai Co., Ltd., Nagoya Jushi Industry Co., Ltd.,  
Kyodo Seiko Co., Ltd., Shimato Kogyo Co., Ltd.

Daifuku set up a Supplier Quality Development (S.Q.D.) Award system and annually awards excellent suppliers with its S.Q.D. Award. This year, category recommendation awards were added in addition to individual awards, with seven out of 294 companies awarded.

To support an enriched society and convenient lifestyles, Daifuku strives to be its customers' best partner and emphasizes the development of new systems and products.

Realizing effective and accurate collection work to meet the increasing demand for individual delivery services

**eye-navi® pick-to-light system**

Japanese Material Handling Society  
24th Japan MH Prize



eye-navi main unit display

**Developed for Co-op and individual delivery services. High productivity applied in a wide range of industries**

The Japanese Consumers Cooperative Union (JCCU), a pioneer in mail orders, was founded as a joint purchasing organization in the late 1960s. With the diversification of progressive lifestyles and the rising concern with food safety, its delivery services shifted from joint purchasing to individual deliveries to the front doors of each family. As its distribution centers expect demand to rise even further, the need emerged for a highly productive picking system that is able to collect and ship products without mistakes

in a shorter amount of time. The pick-to-light *eye-navi*, incorporating the latest technologies and devices, was developed to match these needs.



Masashige Iwata  
Assistant Manager, Development Group  
Design Department, FA&DA Operations

**Rapid improvement in collection productivity**

With conventional pick-to-light systems, workers formed a line in front of the product shelves and input the products into collection boxes passing by on the conveyor according to the sequence stated on the display. The product shelves had displays that showed the position and quantity of the products to be picked, and the conveyors carrying the collection boxes had fixed displays that showed the appropriate collection box and quantity to be entered. Picking errors emerged due to the collection boxes and displays being out of sync. In addition, as the work is performed on one conveyor, if one worker takes too long picking products, the whole line has to be stopped, and other workers had to wait. For one customer, this waiting time reached up to 60% of the collection work.

individual zones instead of the overall conveyor and uses the front pick system. These innovations and improvements drastically improved the collection per man-hour productivity\* over the previous system by 1.5 times.



Front pick system

Previously workers were in between the product shelves and collection box, forcing them to constantly turn around (left); by placing the collection box in front of the product shelves (right), the burden placed on the workers is lightened.

**Supporting better distribution efficiency with various solutions**

The *eye-navi* is a picking system suited for collection of a small number of products at high frequencies. The Jungle Cart was developed for collecting a diverse number of products with low shipment frequency. The system was first introduced at the Narita Set Center of Miyagi Co-op (Miyagi Prefecture), which began operations in 2011, and has been highly rated.

shopping. As the insufficiency of labor from the declining birth rate and aging society becomes a major problem, Daifuku aims to provide the best for each customer and support increased distribution efficiency with a rich lineup of solutions.



Jungle Cart

Picking systems must constantly evolve with an increasing amount of diverse purchasing styles including individual deliveries, mail orders and online supermarket

\*Collection per man-hour productivity: collection number per hour of working time



Comment from Jun Onodera  
Director, Narita Set Center, Miyagi Co-op

**Leading to increased level of service for Co-op members**

By introducing the *eye-navi* and Jungle Carts, the collection productivity has improved, and we can now flexibly meet major increases in the types of items handled. Expanding the product lineup extends the range of choice for Co-op members, leading to an

improved service level. We have succeeded in increasing the efficiency of Co-op's individual delivery set operations to speedily provide safe and reliable food.



## Providing safety and reassurance to pharmacists and patients by preventing prescription errors

### audit® the automatic prescription checking system



#### Preventing errors with Daifuku's technology

Dispensing pharmacies, which give out medicine based upon prescriptions, must never make errors. But in fact errors still occur, leading to serious cases where even lives can be endangered. Daifuku developed the *audit* to prevent human error from occurring by double checking picked medicines using technology.

Prescriptions must be checked for any discrepancies between the prescription and the picked medicine. Making sure there are no mistakes in the dispensing is ideal, but since the dispensing is done by hand, checking becomes an indispensable process. However, the pharmacists also perform the checking; hence ensuring accuracy and lessening the burden of this task is a major issue for

pharmacies. The *audit* determines whether prescriptions have been dispensed accurately by pattern matching with medicine images and checking weight. This technology was realized with the know-how gained from material handling systems.



Hisashi Taniguchi  
Manager, Medical Solutions Group  
FA&DA Operations

#### Reducing the stress of pharmacists. Further improving services to patients

Released into the market in 2012, the *audit* is now being used in 350 pharmacies throughout Japan as of the end of March 2014. By adopting the *audit*, the stress felt by pharmacists of whether the correct medication has been dispensed has decreased, allowing them to also improve the quality of their primary treatment services, such as ensuring that the patients take the medicine correctly. In addition, the *audit* has the function to save auditing records, helping to prevent problems such as patients

claiming to not having received their medication when the prescription was correctly dispensed. We will further improve its ease of use to bolster safety and peace of mind in the medical field.



Comment from **Shinya Kodama** President, Shirokuma Pharmacy (Osaka Prefecture)

#### Anxiety over forgetting to give out medication has been eliminated even when there is just one pharmacist

In actual fact a lot of dispensing is done by just one person, creating anxiety over the high risk of dispensing the wrong medicine. The *audit* can precisely check prescriptions, where humans may miss something, and

retain a record of the medicine prescribed for later confirmation, dispelling the anxiety of whether a patient has received the right medication. It plays an assuring and indispensable role.

## Topics

#### To retain the freshness of fish Automated frozen warehouses



This AS/RS flash freezes fish that are packed into cardboard boxes by size and stores them automatically into freezers at up to -35°C to preserve their freshness. This is the first use in the world of an automated warehouse to flash freeze fish to realize unmanned processing.

#### Clean, safe, and maintenance-free Wireless power supply solutions



We have developed a wireless power supply system using HID non-contact power supply technology. The technology is widely used for charging batteries of forklifts and automatic guided vehicles (AGVs) or supplying power cable-free to moving transport equipment.

#### Flexibly changing conveying height FALS (Flexible Assembly Leveling System)



FALS lifts and lowers automobile bodies to the optimum height for workers in automobile production assembly lines. This removed the need for them to reach or bend down, thus greatly lowering physical strain. It is also effectively raises the accuracy of assembly for engines and other large parts.

#### High speed with improved cleaning and drying Gate-type car wash machine, Euros



The Euros achieved improved cleaning and drying performance by enhancing rear area drying and using a top brush that incorporates a high-performance sensor. The cleaning time of 85 seconds per car is the fastest in the industry, while the rail length is also the industry's shortest at 7.8 meters.

#### Receives world's first international safety certification Area Management System



Locations of workers, forklifts and vehicles are determined by using UWB tags. Based on the gathered information, the Area Management System controls the speeds of the vehicles.

Daifuku developed the Area Management System as part of a project with the Ministry of Economy, Trade and Industry (METI) and the New Energy and Industrial Technology Development Organization (NEDO). The system received the world's first ISO13482 accreditation for personal care robots through the Japan Quality Assurance Organization in February 2014. This system was developed to increase the safety of high-speed vehicles (right photo), which moves at 200 meters per second, three times faster than traditional vehicles. Ultra Wide Bands (UWB) keeps track of the location of workers and forklifts in distribution centers and then controls the speed of vehicles.



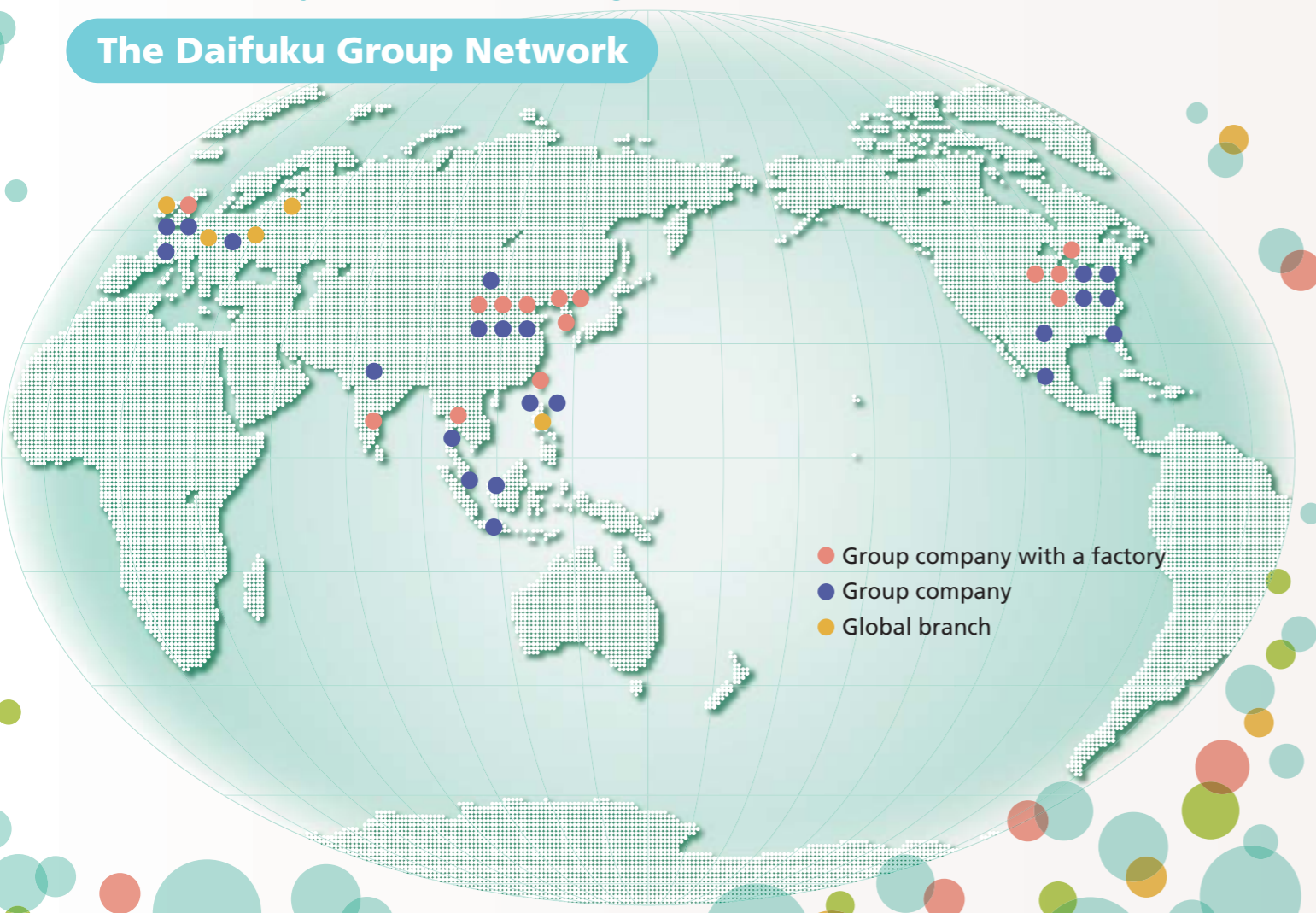
# G Global

A Global Field of Action

Taking advantage of our abundant technology and knowledge honed through expanding our business globally, we provide new value to people worldwide through consistently offering our customers the best solutions.

## Expanding our business as a global brand with sites in twenty countries and regions worldwide

### The Daifuku Group Network



### Capitalizing on the cooperation within the Daifuku Group to drive business in North America

Daifuku Webb Holding Company (DWHC) was established in 2011 with the aim of improving coordination efforts among Daifuku's U.S. businesses and increasing the exchange of ideas, products and management resources to achieve greater success and better service to our customers. DWHC oversees the business operations of Daifuku America Corporation, Jervis B. Webb Company, Logan Teleflex, Inc. and Elite Line Services, LLC. In addition,

Wynright Corporation joined the Group in October 2013 to further solidify our position as an innovative material handling manufacturer.

We aim to build a management platform that distances us ahead of competitors by expanding and restructuring the Group's North American framework. We will continue to drive Daifuku's business in North America, where there is still much growth potential.



**Brian G. Stewart**  
President and CEO  
Daifuku Webb Holding Company

# USA

Customer **SKECHERS USA Inc.**

## Introducing a state-of-the-art material handling system that is expandable for future increases in product volume



**Bob Liebe**  
Divisional President, Solutions  
Wynright Corporation

"I was involved from the kick-off of the project, and helped select the site and design the material handling system and building. The project was postponed for two years after we got the order, and we had difficulties in securing enough personnel. However, we were able to assemble a firm team to maintain a six month installation schedule. The customer praised our efforts, and we are also satisfied with our work. We will focus our future efforts on strengthening support capabilities and training human resources so we can continue to be a trusted partner to our customers. I hope to contribute to the expansion of our business by further strengthening Group collaboration."

Skechers, which designs, manufactures and sells shoes, began operations of a large-scale distribution center to handle all deliveries across the U.S. The material handling system it has adopted is expandable to handle future increases in the product volume. Wynright Corporation, a member of the Daifuku Group, was involved as the integrator in engineering and installation.



# USA

Customer **Macy's, Inc.**

## Greater efficiency and labor savings through automatic guided carts (AGC)



**Bruce Buscher**  
Vice President, Sales  
Smart Handling Group  
Jervis B. Webb Company

"Since this was Macy's first time using the SmartCart AGC in its warehouses, there was a number of challenges, from educating the customer about the equipment to delivering the system without interrupting the warehouse's shipping schedule. There were many difficulties, but the project was successfully completed. The SmartCart is superb in its functionality, safety and reliability. The advantages of the SmartCart are well matched to customers who are always looking towards efficiency. SmartCart sales have performed very well these last few years, and, as we predict even more growth in the future, we are working to further expand sales."

Macy's, America's largest department store, introduced five SmartCarts to its distribution center for furniture in 2009. The SmartCart efficiently conveys various load dimensions and sizes, leading to a large reduction in personnel. Jervis B. Webb Company, a Daifuku affiliate with a long track record in AGVs in North America, constructed the system.



# INDIA

**Customer** Mahindra & Mahindra Ltd.  
(M&M)

## Using AS/RS for temporary storage and sequencing of painted vehicles



**Asim Behera**  
Sales Manager, India

"In India, where deliveries often fall behind schedule, the customers very much appreciated us being on time and for the flawless execution. The automated storage and retrieval system (AS/RS) was highly regarded and the customers are very satisfied with its success. Our technology is new to the Indian market so I find it to be very exciting. I am involved in sales strategy and design, each of which has its challenges and rewards. With my refined engineering and material handling knowledge and experience, I am striving to raise the profile of Daifuku in the Indian market."

M&M, an automobile manufacturer representative of India, introduced a painted vehicle body buffer system using an AS/RS in its Nashik plant in 2013. The system adjusts the shift discrepancies between the paint line and the assembly line and massively reduced the time from warehouse retrieval to entry into the assembly line from a maximum thirty minutes down to just two minutes.



# SINGAPORE

**Customer** PT Indomaguro Tunas Unggul  
(Indomaguro)

## Constructing Indonesia's first automated cold storage warehouse, reducing personnel numbers and ensuring product temperature management



**David Tio**  
Manager, Sales and Design Engineering  
Daifuku Mechatronics (Singapore) Pte. Ltd.

"We were very honored to be involved in Indonesia's first automated cold storage warehouse project. Amongst an intense price competition, our unique automated system, proven track record, quality and experience were all highly regarded. Project members from Singapore, Indonesia and Japan participated from consulting to design, implementation and after-sales support, with everyone working together to lead to success. With these global projects, I believe our "edge," or competitive advantage, comes from not just our technological aspects but also the best human to human experience, interaction and support we provide to our customers."

Indomaguro, one of the largest seafood processors in Indonesia, introduced the country's first automated cold storage warehouse in its Jakarta factory in 2011. It stores seafood as well as fried potatoes and other products for major fast food outlets. The system contains six stacker cranes with a storage capacity of 14,144 pallets. Centralized control is handled by an inventory management computer.



## Topics

### High commendation from Changshu, China Receiving the Outstanding Company for Work Safety Award



On February 21, 2014, Daifuku (China) Automation Co., Ltd. received the 2013 Outstanding Company for Work Safety Award from the Changshu Administration of Work Safety. The company's safety activities were highly regarded, including weekly risk prediction activities and patrols by the safety committee.

### Towards the development of industrial technology Introducing the manufacturing factory for semiconductors and flat-panel displays systems



Taiwan Daifuku Co., Ltd. was selected for the Advanced Factory Tour sponsored by a subordinate office of Taiwan's Ministry of Economic Affairs, and on May 30, 2014, members of 22 companies visited the Tainan factory. Tours are held for the industrial technology development of Taiwan and by recommendation of the secretariat chief.

### Contributing to the education of children Jervis B. Webb Company holds FIRST LEGO League Scrimmage



The Jervis B. Webb Company, a member of the Daifuku Group, held a FIRST LEGO League Scrimmage on November 9, 2013, at its demonstration facility in Michigan, U.S.A. The mission of FIRST is to train young people to be future science and technology leaders by developing their science, technological, engineering and mathematical abilities.

### Developing a robot with 3D technology Wynright receives Game Changer Award



In October 2013, Group affiliate Wynright Corporation received the Game Changer Award from the Robotics Business Review for its Robotic Truck Unloader. The self-guided robot contributes to labor savings, unloading stacked cargo regardless of the size by using 3D technology.

### Appearing at trade fairs worldwide Showcasing Daifuku's technological and development capabilities



Delhi, India  
India Warehousing Show 2013



Bangkok, Thailand  
The 10th Thailand International  
Logistics Fair 2013



Shanghai, China  
CeMAT ASIA 2013



Atlanta, United States  
MODEX 2014

Each year Daifuku exhibits at various industry trade fairs across the globe to showcase its technological and development capabilities as well as its global readiness.

# E Environment

Initiatives for the Environment

Daifuku strives to lower its environmental impacts in every aspect of its business activities and aims to exist in harmony with the natural environment and biodiversity. In addition, through our products, including the Eco-Products, we are contributing to the realization of a low-carbon society.

## A tour for experts and students active in the environmental field

### Eco-Tour of Shiga Works

Daifuku Shiga Mega Solar, in operation since November 2013

- Site Area: 52,000m<sup>2</sup>
- Power output: 4,438 kW
- Number of panels: 17,752
- Annual output: 4.3 million kWh



**Takuya Takahashi**  
Associate Professor  
School of Environmental Science  
University of Shiga Prefecture  
Research themes include the political economy of corporate environmental management, forestry management and policies. Also makes valuable efforts to spread new policy methods such as forestry verification.

**Taichi Yoshihara**   **Yui Ishimori**  
Environmental Management Office  
School of Environmental Science, University of Shiga Prefecture  
Members of a unique student organization in Japan that aims at local contributions and self-development by promoting activities to reduce environmental impact, such as energy and resource savings, inside and outside the university.

**Fumie Murase**  
Research themed on ecosystem functions and management, primarily focused on birds. Has worked as a part-time lecturer at Shiga University and the University of Shiga Prefecture.

**Kayoko Kameda (Ph. D.)**  
Lake Biwa Museum  
Shiga Prefecture  
Research themed on ecosystem functions and management, primarily focused on birds. Has worked as a part-time lecturer at Shiga University and the University of Shiga Prefecture.

## Manufacturing products with the desire to contribute to people, society and the environment

During the tour, we guided the guests through various facilities and explained our initiatives to reduce waste, preserve the environment, and utilize natural energy.

Waste is sorted in each building before being collected in the waste station. Items that can be recycled, such as copper or waste plastic, are sold to recycling contractors; the rest is disposed of properly. We explained how photo panels show accurate sorting and how waste amounts for each department are determined, with costs for disposal borne by each department, raising waste reduction awareness. Also, in addition to the use of reusable cartons to reduce packaging materials, we introduced our initiatives to reduce environmental impacts of transportation by stacking products for shipping to improve loading efficiency and recycling cooking oil into biodiesel fuel.

We then showed our three effluent treatment facilities and oil barriers to prevent contamination. The effluent treatment has standards ten times more severe than the water quality standards for Shiga Prefecture, set from our determination to never release environmental pollutants.

We constructed a mega solar power generation facility and use solar-powered lampposts to promote the use of natural energy.



Bulletin board showing photos on how to separate waste



Effluent treatment facility



Stacking of products for shipping

## A verdant industrial park located in a vast 1.2 million square meter grounds

As part of its plans to build an industrial park, Daifuku acquired a vast area of land covering 1.2 million square meters in 1970. While undertaking the building of our factories, we also developed green areas, including an artificial lake and walkways. Currently Shiga Works is the world's largest material handling systems and devices production site, with eleven factories.

In November 2013 a new mega solar power plant was constructed. The clean power produced will be supplied to residences through a local electric company.



Green areas cover over 30% of the grounds.



Various habitats, including meadows and ponds, extend over the grounds

### Health promotion events held in the abundant nature

After viewing the facilities, the next stop was Yasuragi\* Road, which runs along the Yasuragi Pond. The pathway winds through the greenery, at one point leading down to the water's edge. The group relaxedly enjoyed the pleasant walk along the pathway.

The Yasuragi Road runs for 720 meters, and employees can often be seen exercising or taking walks after lunch. Walking events to improve health are also held. Such events were held in May and September 2013, with 237 employees participating by not just walking but also using bamboo stilts and jump ropes.

The Shiga Works has another artificial lake, called the Shakunage (Rhododendron) Pond. On the day of the tour, the rhododendrons had large pink flower blossoms as if they were welcoming the guests. Currently the pond is surrounded by a

\* Yasuragi: A Japanese word meaning comfort and relaxation



pine forest which people don't often enter, but we have plans to build a walkway to allow people to easily come into contact with nature, while leaving the natural environment untouched. The university students suggested getting local elementary school children to help with clearing underbrush.

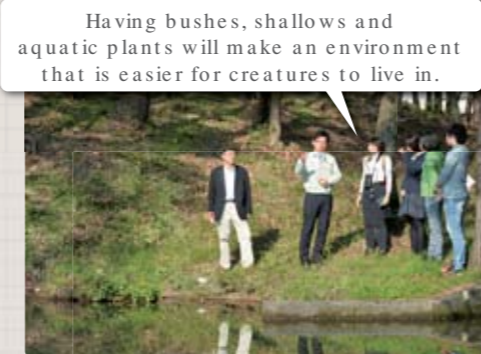


Rhododendrons are the symbol of the local Hino Town



The rare *Terpnosia vacua* cicada are present in large numbers here.

Through the red pines surrounding the pond



Having bushes, shallows and aquatic plants will make an environment that is easier for creatures to live in.

An important habitat for animals and plants

### Aiming for harmony of manufacturing and biodiversity

The biodiversity inhabiting our grounds is another appealing point about our Works. Feeling that correctly grasping the situation was essential to the preservation of biodiversity, in 2013 we requested a specialized agency to survey the grounds. The results of the ecological survey conducted over a year showed that a large number of native species inhabit our grounds. These include many species threatened with extinction, such as the peregrine falcon, Japanese clouded salamander, golden orchid, and the *Trigomphus ogumai* (a type of dragonfly), with 49 species alone in the Red List of endangered wild species.

In the future, we intend to check whether attempts to preserve biodiversity are successful through regular observation and other activities, and consider cooperating

with organizations with specialized knowledge. We aim to exist in harmony with diverse wildlife and an abundant natural environment.



**Peregrine falcon** A bird of prey located at the apex of the ecosystem.  
**Japanese clouded salamander** A small salamander about 10cm long that lays its eggs in marshes or water channels from February to March  
**Golden orchids** A perennial of the orchid variety that blossoms with yellow flowers from April to June  
**Trigomphus ogumai** A species of dragonfly that lives in old ponds or swamps between plains and hills

### Concluding the tour

A discussion meeting was held with the chief officer of the Shiga Works.

#### Strengthening cooperation with the local community and communications

I felt strongly your stance towards preserving the environment. I hope to see even greater efforts to strengthen cooperation with the local community and enhance your communication. In addition, I am looking forward to seeing products imbued with this ecological thinking being produced in great numbers by the Shiga Works.



#### Zoning is effective to promote harmonious coexistence

I was surprised by how small the amount of waste was despite the huge grounds. I think that in the future it might be a good idea to gradually adopt zoning matched to the wildlife inhabiting the environment, such as having a park close to the buildings, a forest filled with nature, and areas largely left to grow naturally.



#### Comments and suggestions from the students

- ▶ I was impressed to see the level of dedication in the waste sorting charts with photos that were on display and how if something not on the chart was found, a photo would be taken and, after consulting with a supervisor, the information would be put into the prepared database. (T. Yoshihara)
- ▶ I hope to see greater progress with information communication through the connections with your green procurement network, and an increased level of communication to influence other companies as well. (Y. Ishimori)
- ▶ Being surrounded by nature, sometimes we don't recognize its brilliance. I think knowingly creating opportunities for employees and local citizens to come into contact with nature and to reaffirm the beauty of nature might lead to an improved awareness regarding environmental preservation. (F. Murase)



#### Aiming at being a company open to the local community

With the completion of the mega solar power plant, tours for local elementary school and junior high school students began from April 2014. In addition, we are planning nature tours and other activities. Our aim is to be a company that is open to the local community by enhancing our communication level and further promoting interaction, and will incorporate your various suggestions into our business activities. Furthermore, with the Shiga Works at the center, we will

promote eco-friendly activities throughout the Group to encourage trustworthy manufacturing toward the realization of a sustainable society.

**Takashi Hiramoto**  
Director and Managing Officer  
Chief Officer of Shiga Works



In fiscal 2013, the year ending March 31, 2014, we achieved our goals in nearly every item for the first year of the medium-term environmental action plan (2013-2016) set for the first half of the time remaining in the *Environmental Vision 2020*.

## Fiscal 2013 environmental action plans and results

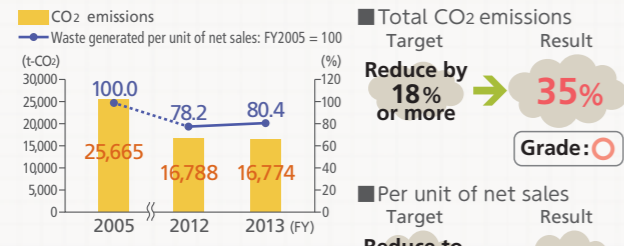
Evaluation standards ○: Achieved △: Not achieved due to external factors ✕: Not achieved

### ◆ Promoting environment-conscious business operations

#### Global warming countermeasures

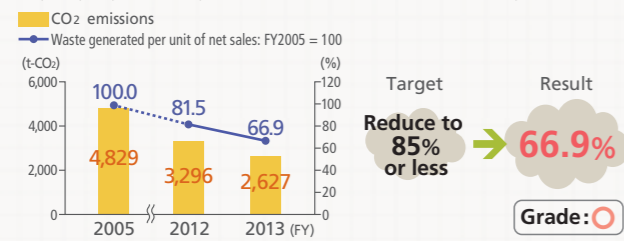
[Carbon dioxide (CO<sub>2</sub>) emissions from business activities]

Scope: Japan (factories and offices) / control index: units of CO<sub>2</sub> emissions compared to FY2005



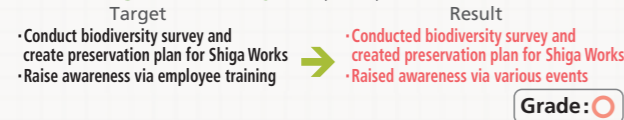
#### [CO<sub>2</sub> emissions from transportation]

Scope: Japan (product transport) / control index: units of CO<sub>2</sub> emissions compared to FY2005



#### Preserving biodiversity

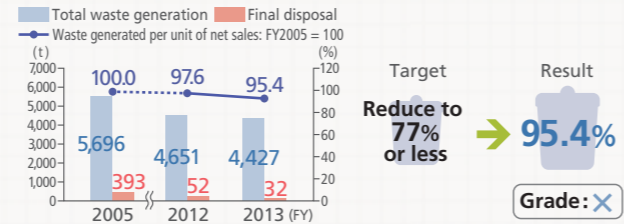
Scope: Japan (factories and offices)



#### Resource saving

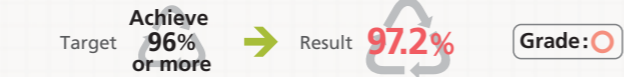
[Waste generation]

Scope: Japan (factories and offices) / control index: units of waste generated compared to FY2005



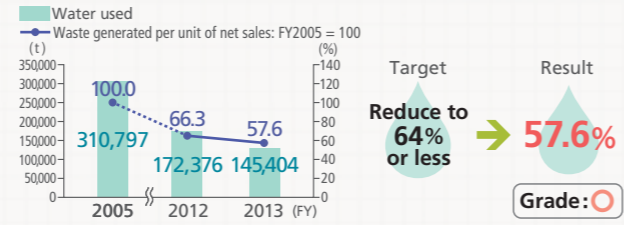
#### [Waste recycling rate]

Scope: Japan (factories and offices) / control index: recycling rate of waste



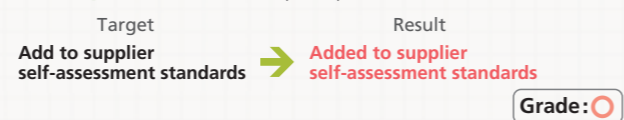
#### [Water used]

Scope: Japan (factories and offices) / control index: units of water used compared to FY2005



#### Green procurement

Scope: Japan (factories and offices)

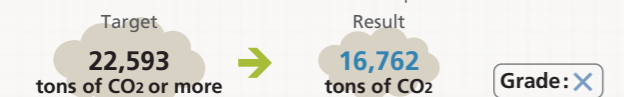


### ◆ Expand environmentally friendly products and services

Certification of Daifuku Eco-Products Scope: Global

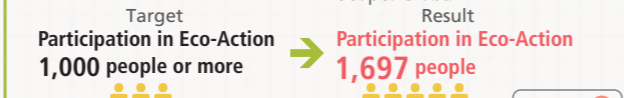


Contribution to CO<sub>2</sub> reduction Scope: Global



### ◆ Enhancing the foundation for environmental management

Environmental education Scope: Global



Environmental management structure Scope: Global



Daifuku Eco-Action achieved the target employee participation by 1.5 times, setting a foundation toward becoming widespread.

“Waste generation,” which was not achieved, includes many short-term large projects which lowered production efficiency. “Contribution to reduction of CO<sub>2</sub>,” aimed at reducing CO<sub>2</sub> from customer facilities, failed to reach the

set figure due to lower sales of the target products. On the other hand, in our manufacturing facilities there were departments where production reform activities contributed both to profit and reducing environmental impact. In terms of development as well, a new, strict inspection led to eight products being certified as Daifuku Eco-Products, forming elements that can achieve the target for the next year.

\*Detailed data is given on the website: [www.daifuku.com/csr/environment/index.html](http://www.daifuku.com/csr/environment/index.html)

## Topics

### Exhibiting environmentally friendly products and services

#### Biwako Business Messe 2013



The Daifuku Group exhibited at the Biwako Business Messe 2013, held on October 24-26, 2013. In addition to showcasing environmentally friendly products and services, such as solar power systems, the booth also introduced the mega solar facility at the Shiga Works and efforts to preserve biodiversity.

### Ecological efforts highly rated

#### Winning the Eco-Office Award



On March 11, 2014, the Shiga Works received the Eco-Office Award from the Union of Kansai Governments. Daifuku was commended for its Eco-Action program, involving employee participation, and other original efforts such as composting of organic garbage and turning waste food oil into biodiesel fuel.

### Employees feel environmental contributions on a personal level

#### Daifuku Eco-Action



The Daifuku Eco-Action program gives points for environmental activities by employees. Using Eco-Action activities (left: fishing non-native fish species; right: cutting reeds) in each region, in fiscal 2013, 1,697 employees participated in volunteer activities or environmental learning. In addition, an amount equivalent to the total points gained by the employees is contributed to local environmental preservation, and donations were made to the Shiga Prefectural Lake Biwa Museum.

Furthermore, as a new initiative, carbon offsetting was introduced with the aim for contributing to CO<sub>2</sub> emission reduction. By offsetting the CO<sub>2</sub> emitted from opening the Hini Arata Kan and operating its shuttle buses, the exhibition center and shuttle buses operate CO<sub>2</sub>-free.

### Certification of eight new products

#### Daifuku Eco-Products



Shuttle Rack



Clean Space Carrier

In fiscal 2013, eight products were newly certified under the Daifuku Eco-Products Certification Program, Daifuku's in-house environmental performance evaluation and certification system. This brings the total of certified products to 15.

#### [Newly certified products]

- Mini load AS/RS - Shuttle Rack
- Transport system - Motor Roller Conveyor
- Clean room transport and storage system - MMHS
- Cleanroom overhead monorail system - Clean Space Carrier
- Power assisting system - ECO POWER ASSIST
- Gate-type car wash machine - Euros
- Drive-through car wash machines - Twinfect Force
- Twinthru Arteno

To ensure sound management practices and transparency, the Daifuku Group strives to enhance its corporate governance framework, promote CSR activities and strengthen its risk management.

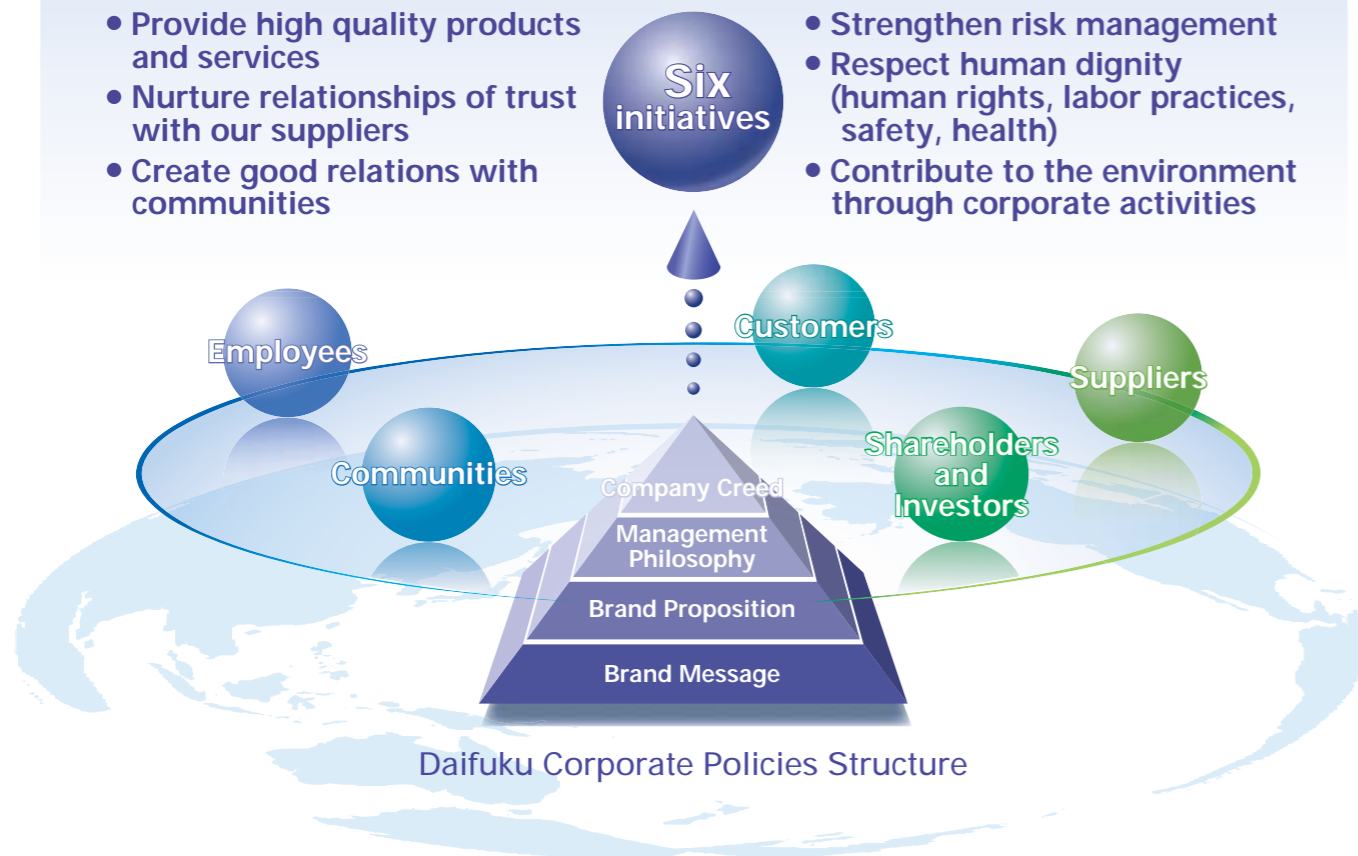
## Daifuku's CSR

The Daifuku Group believes that the basic principles of CSR are to build a symbiotic relationship with its stakeholders and to practice the Group's Corporate Policies Structure through its corporate activities.

### "A company that supports society and the future"

To achieve this desire, we are engaging in the themes outlined below.

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



Daifuku Corporate Policies Structure

In addition to undertaking CSR activities throughout the Group, we have formulated our mid- to long-term policy, Daifuku's CSR, and concrete measures for in our CSR Action Plan; having clearly laid out a vision, we are

further promoting CSR activities and aim to comply with social demand for disclosure of non-financial information in accordance with the Global Reporting Initiative (GRI) G4 international guidelines.

#### Daifuku's CSR

- A comprehensive and long-term policy that concisely captures our views on CSR
- Specifies the six initiatives and declares the implementation of our Corporate Policies Structure in corporate activities as we coexistence with our stakeholders

#### CSR Action Plan

- Medium-term plan that sets targets in line with the six initiatives and defines concrete initiatives
- Discloses details and results of initiatives for each fiscal year in the CSR report and website

## CSR Action Plan

Initiative	FY2014-2016 targets	Description of initiatives
① Provide high quality products and services	Improve product quality and services	<ul style="list-style-type: none"> <li>• Maintain and improve product quality to satisfy the customer needs</li> <li>• Reduce product defects</li> <li>• Improve customer satisfaction by ensuring a full support structure</li> </ul>
② Strengthen risk management	Strengthen the risk management structure	<ul style="list-style-type: none"> <li>• Promote and strengthen of information security measures</li> <li>• Continue expansion of the Business Continuity Management (BCM) system</li> </ul>
	Enhance corporate governance	<ul style="list-style-type: none"> <li>• Enhance transparency and monitoring of management</li> </ul>
③ Nurture relationships of trust with our suppliers	Promote CSR procurement in the supply chain	<ul style="list-style-type: none"> <li>• Form partnerships with suppliers and share information on CSR</li> <li>• Construct mechanisms for thorough policies concerning fair procurement</li> </ul>
④ Respect for human dignity (human rights, labor practices, safety, health)	Protect human rights	<ul style="list-style-type: none"> <li>• Determine current considerations for human rights throughout the Group</li> <li>• Ensure knowledge throughout the Group of internal policies on human rights</li> </ul>
	Develop workplace environments that are easy to work in	<ul style="list-style-type: none"> <li>• Conduct surveys of employee awareness</li> <li>• Promote work-life balance</li> </ul>
	Promote diversity	<ul style="list-style-type: none"> <li>• Expand employment of persons with disabilities</li> <li>• Employment of the elderly</li> <li>• Facilitate an environment for women to thrive in</li> <li>• Promote global human resources</li> </ul>
	Ensure health management and safety of our employees and employees of our partner companies	<ul style="list-style-type: none"> <li>• Expand health and safety training</li> <li>• Minimize (eliminate) industrial accidents and other major accidents</li> <li>• Construct a global safety and hygiene management structure</li> <li>• Promote mental and physical health</li> </ul>
⑤ Create good relations with communities	Encourage communication and activities that contribute to society	<ul style="list-style-type: none"> <li>• Formulate a policy for social contributions of the Group</li> <li>• Conduct regular dialog with nearby communities</li> </ul>
	Personnel training	<ul style="list-style-type: none"> <li>• Train global business leaders</li> <li>• Construct and maintain a training system to help develop the skills of employees</li> </ul>
⑥ Contribute to the environmental through corporate activities	Promote environmentally friendly business operations	<ul style="list-style-type: none"> <li>• Minimize environmental impact through energy and resource savings</li> <li>• Conduct activities to preserve biodiversity</li> <li>• Promote green procurement in the supply chain</li> </ul>
	Increase the number of eco-friendly products and services	<ul style="list-style-type: none"> <li>• Expand the number of certified Daifuku Eco-Products</li> <li>• Contribute to reducing CO<sub>2</sub> in products and services</li> </ul>
	Enhance the foundations for environmental management	<ul style="list-style-type: none"> <li>• Engender the environmental mindsets of employees through trainings</li> <li>• Construct a global environmental management structure</li> </ul>

## Joining the 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, labor, the environment, anti-corruption.

The commitment is a declaration of our support of UNGC initiatives and is part of our CSR efforts, having been brought about by a demand for global information disclosure of ESG (environment, social, governance) activities.

The UNGC is an initiative for corporations to voluntarily participate in creating a global framework to achieve

sustainable growth as responsible members of society. Over 12,000 companies and organizations worldwide have committed to participate.

For more information, visit: <http://www.unglobalcompact.org>



Daifuku's president (left) and Toshio Arima, Representative Director of the Global Compact Japan Network

## Corporate Governance

### Basic approach to corporate governance

Daifuku is fulfilling its CSR based on its Management Philosophy of providing the best solutions to benefit the global markets and the development of society; and focusing on healthy, growth-driven global management under a diverse and positive corporate culture. Corporate governance is the platform supporting the realization of this mission, and we ceaselessly strive to develop and improve our governance structure. Daifuku's Board of Directors includes two outside directors and its Board of Corporate Auditors, comprised of five corporate auditors, includes three outside corporate auditors, to ensure a solid corporate governance framework.

### Corporate governance structure

Regular meetings of the Board of Directors are held every month, and extraordinary meetings of the Board of Directors are held as necessary. With the introduction of the corporate officer system, regular meetings of officers was established, with directors, corporate officers and full-time corporate auditors in attendance and taking part in deliberations. In addition, a Management Advisory Meeting has been established, composed of all the representative directors, to discuss key themes in management and give recommendations to the Board of Directors. With the attendance of corporate auditors and gaining the opinions of related directors or external specialists as required, it is convened by the president as necessary. In addition, Board of Corporate Auditor meetings are held by the corporate auditors to audit inventory assets and other auditing activities.

[Fiscal 2013 Results]

The regular meetings of the Board of Directors and officers meetings were held twelve times, extraordinary meetings of the Board of Directors six times, Management Advisory Meetings six times, and meetings of the Board of Corporate Auditors six times

### Compliance structure

A Compliance Committee, comprised of all directors, was established, with the president acting as chairman, to supervise legal compliance, fairness and ethics in corporate activities. In addition, we provide hotlines to our Legal Department to field questions or concerns concerning compliance and an outside consultative office directly linking to our outside counsel. We have also

introduced mechanisms for our employees located outside of Japan to contact.

In May 2013 we distributed a brand book, *our brand*, which expresses our convictions towards the DAIFUKU brand, our Company Creed, Management Philosophy, and Corporate Code of Conduct, to all our employees. It has been prepared in Japanese, English, Chinese (traditional and simplified), Korean, Thai, German, French and Spanish, with the aim to heighten brand and CSR awareness throughout our entire Group.



### Risk management structure

To address risks judged to have a large impact on the Group's businesses, we have appointed a Chief Risk Officer (CRO) to oversee the Business Continuity Plan (BCP) Promotion Division and Corporate Social Responsibility Division, which formulate and promote countermeasures. Activities conducted include various countermeasures for earthquakes, wind or flood damage, thunder, fire, and new strains of influenza.

In fiscal 2013, we expanded stocked supplies for disasters to include all major sites in Japan. We have also conducted surveys at affiliates in Thailand and China to assess risks and share information. We will further enhance our Business Continuity Management (BCM) throughout the entire Group.

### Promoting environmental management

To fulfill our environmental responsibilities to the next generation as a member of the global society, Daifuku has formulated its *Environmental Vision 2020* stating the Group's vision and is striving to achieve these targets. We will contribute to our customers, society and the preservation of the global environment by giving consideration to the environment in all our business activities and providing material handling systems with low environmental impact. We have also established an Environmental Enhancement Management Committee to put this vision into practice through promoting policies.

We will further invigorate environmental activities throughout the Group towards the construction of a global environmental management.

## Third-party opinion

### Objective View of the CSR Report



Keisuke Takegahara  
General Manager,  
Environmental Initiative and  
Corporate Social Responsibility-  
Support Department,  
Development Bank of Japan Inc.

The CSR Report 2014 clearly follows the new direction set forth in last year's edition, on the occasion of the formulation of the four-year business plan. The message from the President has been changed into a dialog format, incorporating an external perspective while presenting Daifuku's CSR. The diverse undertakings found in the special features was given precise detail, such as the combination with "EDGE," a part of your brand message Always an Edge Ahead, showing ingenuity and accurately conveying Daifuku's vital CSR efforts to the reader.

What strikes me is the innovation in the composition. The philosophy is stated in the opening dialog, the extensive special features show the philosophy in action, and the CSR management framework that supports the series of activities is located at the conclusion. This three part structure strengthens the consistency of the report's contents and, coupled with the innovations in the layout, make the overall report very easy to read. Human resources and the environment, two main elements supporting Daifuku's CSR, are combined in the special features and incorporated

into the EDGE structural element, giving a framework to the report and strengthening its originality.

The full contents of the special features introduce a diverse set of CSR activities for each theme, leaving a great impression. The contribution to customers' business continuity through the System Support Center and technologies, such as the tremor-absorbing racks, and the provision of social benefits focused on a declining birth rate and aging population with pick-to-light systems show Daifuku's strengths in a new light, while the report on global business activities also informs readers of how such activities are in practice worldwide. On top of this, the uniqueness of Daifuku stands out visually through the impressive Hini Arata Kan and the Shiga Works. Both are good examples that embody the core of Daifuku's CSR in contributing to society through company operations and valuing the connections between people.

In addition, the setting of new mid- and long-term targets, based on the Corporate Policies Structure presented in Daifuku's CSR, and the accompanying Action Plan, is a vital foundation in taking the next step in an ongoing process.

I look forward to seeing how you maintain your relationship of coexistence with stakeholders, such as disclosing the process whereby the six initiatives are decided or setting key performance indicators. Also, I would like to see a focus on Daifuku's strengths in environmental contributions through its products. I look forward to seeing even further progress of your CSR Report as an excellent dialog tool for diverse stakeholders.

### ► Response to the third-party opinion



Suichi Honda  
Director and Senior  
Executive Managing Officer,  
General Manager of  
Corporate Affairs Operations

Mr. Takegahara, thank you for giving us your valuable opinion.

Daifuku has striven to contribute to the development of industry through its material handling systems by providing a wide range of solutions based on its accumulation of technologies and know-how. In June 2014, we formulated Daifuku's CSR and its concrete measures in the CSR Action Plan to embody our mid- to long-term policies, and will further promote our CSR activities.

CSR Report 2014 incorporates many perspectives from people outside the company through dialogs and the tour of the Shiga

Works, helping to increase its objectivity and making it easier to understand. I am very glad Mr. Takegahara noticed the efforts made in the report's composition. The individual themes also received praise in the diverse contents of our CSR activities.

Going forward we will put the newly formulated policies and measures into practice and communicate the status and results. Regarding environmental contributions, we will enhance the communication of information through our corporate websites and other mediums, further deepening communication with our stakeholders.