

Daifuku CSR Report 2017



Hini Arata

Today we are doing better

than we were yesterday.

Tomorrow we will be growing

ahead of where we are today.

DAIFUKU CO., LTD.

www.daifuku.com

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A Company That Supports Society and the Future



View from our new Tokyo Head Office

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● Editorial policy

In commemoration of Daifuku's 80th anniversary, this CSR Report 2017 looks back at the Daifuku Group's history.

Since its founding 80 years ago, Daifuku has been involved in a variety of activities to contribute to society, to care for the global environment, and to create rewarding workplaces through its business.

This report reveals the words of past company leaders and describes some of the accomplishments of our predecessors.

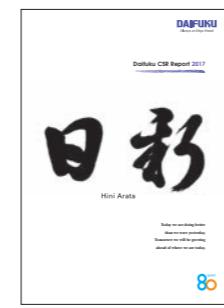
● Front cover

The phrase Hini Arata, which is Daifuku's company creed, comes from the Daxue, or Great Learning, one of the four books of classic Chinese Confucianism. It means to always move forward, filled with a frontier spirit and with a quiet determination to leap forward and grow.

● CSR information disclosure tools and approaches

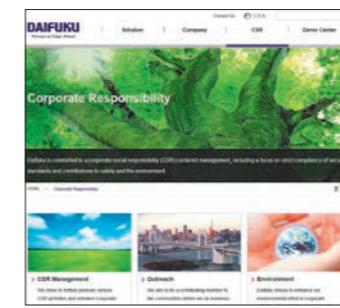
At Daifuku, we use different tools for different types of readers and objectives to ensure the information we disclose about our CSR and other corporate activities is conveyed to our various stakeholders in a way that is easily understood.

Print version



A CSR-focused communication book

Web version



The website provides a comprehensive report of non-financial information, and details of various initiatives and other data.
www.daifuku.com/sustainability/

● Corporate Data

Corporate name: Daifuku Co., Ltd.

Principal locations: Headquarters: 3-2-11 Mitejima, Nishiyodogawa-ku, Osaka, Japan
Tokyo Head Office: 1-2-3 Kaigan, Minato-ku, Tokyo, Japan
Shiga Works: 1225 Nakazajji, Hino-cho, Gamo-gun, Shiga, Japan
Komaki Works: 4-103 Komakihara, Komaki-shi, Aichi, Japan

Established: May 20, 1937

Paid-in capital: 15,016.1 million yen

Representative: Masaki Hojo, President and CEO

Employees: 8,689 (consolidated)

Consolidated net sales: 320,825 million yen

Group companies: 56 (9 in Japan and 47 outside Japan)
Note: Above figures as of March 31, 2017

From a behind-the-scenes industry player to a lead role. On the occasion of Daifuku's 80th anniversary, each and every employee brings a renewed determination as we continue toward our goal of sound, sustainable growth.

Masaki Hojo
President and CEO
Daifuku Co., Ltd.



As the expectations from society grow, so do our responsibilities



In May 2017, Daifuku marked its 80th anniversary. Over that long history, Daifuku has become a world-class leader in the material handling systems industry, with more than 8,600 employees across the Group. In fiscal 2016, ended March 31, 2017, the final year of the four-year medium-term business plan, Value Innovation 2017, Daifuku achieved record-high operating income, ordinary income, and net income, and at 7.2%, the operating margin surpassed the initial target of 7.0%. I anticipate that as the environment in which we do business expands, society's expectations to us increase, as does our responsibility to society.

Also, with the growth of e-commerce, our customers in the distribution industry face the pressing issue of how to respond to the needs of consumers who expect to get what they want when they want it. The same issue applies to Daifuku. Being responsible for our customers' distribution systems, I believe that providing solutions that respond to those consumer needs—and thus the needs of society—will be extremely important for us going forward.

Our tradition of responding to the expectations and trust of our customers, an ethic imbued in Daifuku's DNA, continues unceasing.

Looking back at our history since our founding, Japan's first transport system for automated factories that we began work on in the latter half of the 1950s represented a major turning point for the Company. That challenge confirmed for us that material handling was the business domain we should pursue, and established our direction as a company that would contribute to society through that business. On that point, we must not forget the presence of Kenjiro Masuda, who was responsible for leading the Company at the time.

Certainly, the term "CSR" did not exist then. Still, every employee shared a common mission to respond to the expectations and trust of our customers, no matter what. When I was still a junior employee, I felt that sense of mission for myself, when I spoke directly to our president at the time and as I gained experience working on the front lines. This corporate culture, built up by Kenjiro Masuda, can be considered Daifuku's DNA. In a phrase, our DNA might be described as an attitude of "seeing things through"—a single-minded determination to respond to the customer's expectations and trust, and to face even the most difficult challenge head-on. I enjoy going on-site, and go out to talk to our employees whenever I have the opportunity. In doing so, I get the sense that today, this DNA continues to be handed down within Daifuku.

profile

Kenjiro Masuda

Served as president of Daifuku Machinery Works Co., Ltd. from 1947 to 1949 and from 1953 to 1967. He restored Daifuku by transforming it from a manufacturer of forge rolling machinery and cranes in its early years, to handling and conveyor machinery, building the Company's material handling business. Based on collaboration with companies outside Japan, Daifuku established mass production systems using chain conveyors, leaving a lasting mark on the automobile industry and the history of industry in Japan.

The Company went on to bring together its competitors to form the Kinki Material Handling Machinery Association, playing a role in promoting awareness activities involving rationalization and automation of handling and conveying.



Continuing to aim for sustainable growth by advancing our CSR efforts

To fulfill our responsibility to society as a company, it is important that we build a framework that contributes to society.

Our CSR Action Plan was formulated to provide specific initiatives for promoting our CSR activities. In fiscal 2017, in line with Value Innovation 2020, our new four-year medium-term business plan, we revised this Action Plan, restructuring and integrating our approaches and establishing new targets based on our original six initiatives: I. Provide high quality products and services; II. Strengthen risk management; III. Nurture relationships of trust with our suppliers; IV. Respect human dignity (human rights, labor practices, safety, health); V. Create good relationships with communities, and; VI. Contribute to the environment through corporate activities. Among these, we place great priority in respecting human dignity, with the Company proactive in its efforts to create an environment for developing global talent across the group, inviting affiliate employees to Japan for educating and training, and giving our young employees in Japan the opportunity to gain experience overseas. I believe engagement with our stakeholders is important to further advancing our CSR initiatives. We will work to ensure compliance, and place even greater emphasis on communication as we work to build a relationship of trust with our stakeholders.

I feel the time has come for us to change our perception. The logistics systems that serve as the social infrastructure in supporting peoples' daily lives are moving from being a behind-the-scenes industry player to a lead role. On the occasion of Daifuku's 80th anniversary, each and every employee shall embrace this feeling, as we continue toward our goal of sound, sustainable growth.

The 80-Year History of Daifuku

1937~2017

Since its founding, Daifuku has been working with its customers in responding to society's needs. Understand the past, reflect on the present, and create the future. Facing the next generation, aiming to be a company that supports society and the future.

● Business and product milestones ● CSR milestones ● Global milestones

The pre-war years and post-war recovery era

1937 ● Founded as Sakaguchi Kikai Seisakusho Ltd.



1939 ● Mitejima Factory completed and begins operation in Osaka



1944 ● Changes company name to Kanematsu Kiko Co., Ltd.

Towards an era of rapid economic growth

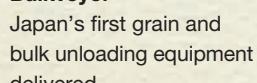
1947 ● Changes company name to Daifuku Machinery Works Co., Ltd.

● Daifuku Machinery Works labor union formed

1948 ● The Kinki Material Handling Machinery Association established

1952 ● Forms a technical partnership with Buhler Brothers of Switzerland. Manufacture of Bulkveyor begins

1953 ● Bulkveyor



1955 ● The first issue of Daifuku Monthly, the Company's internal and external PR magazine, published



Era of systemization

1957 ● Enters into a partnership with U.S.-based Jervis B. Webb Company. Delivers first chain conveyor system



1959 ● Chain conveyor system

Delivered to Japan's first passenger automobile factory 1



1962 ● Company begins enhancing its employee benefits programs. Food stand set up in Osaka factory to supply meals to employees working overtime and on weekends. Start of health consultations and birthday celebrations

● The first issue of Daifuku News, the Company's external PR magazine, published

● The first issue of an internal newsletter, replacing Daifuku Monthly, published

1963 ● Komaki Plant completed and begins operation



● Develops the first Japan-made bowling machine
Delivered to the world's largest bowling alley



1964 ● Hini Arata, established as the company creed

1965 ● Daifuku Club launched

1966 ● Rackbuil System

Japan's first high-rise automated storage and retrieval system (AS/RS) delivered 2



● Saturday afternoons designated Education Days for all employees
The foundation of a five-day work week

1967 ● New Osaka Headquarters building completed
Built in time for the Company's 30th anniversary



● Fukuwakai, an information exchange meeting with partner companies, launched

Challenging automatic guide operation

1969 ● Listed on the First Section of Tokyo, Osaka and Nagoya Stock Exchanges

● Once-monthly five-day work week introduced

● Fukujukai, an information exchange meeting with agents, launched

● Daifuku Health Insurance Union established

1970 ● Plans for construction of an industrial park
Acquires land in Hino-cho, Shiga Prefecture and begins development for an industrial site



● Showcases our prontow and Palletainer at the Japan World Expo in Osaka 3

● Every Wednesday designated Health Day
Promotes leaving work on time

● Employees' shareholding association established

1971 ● Twice-monthly five-day work week introduced



1972 ● Unit load AS/RS

Small and midsize unit load AS/RS developed 4

● Rules on Compensation for Accidents While Commuting introduced in advance of the 1973 revision of the law



1973 ● Bucketbuil System

Bucket-type AS/RS developed 5

● Fourth-monthly five-day work week introduced



1974 ● Mandatory retirement at age 60 introduced

1968 Black-and-white televisions, refrigerators and washing machines popularized as the "Three Sacred Treasures"

1969 America's Apollo 11 lands on the moon

1970 Japan World Exposition (Osaka Expo) held
A bowling boom in Japan

1973 First oil crisis

1980 Iran-Iraq War

1986 Automobile household penetration rate exceeds 70% in Japan

The "bubble" economy; Equal Employment Opportunity Law enacted

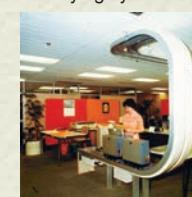
● Green Strategy introduced at Shiga Works and elsewhere. Employees take the initiative in planting trees and weeding



1976 ● Sorting Master Japan's first steel belt-type automated sorter developed 6



1978 ● TELELIFT System Japan's first automated book conveying system delivered



Advanced FA^{*1}

1980 ● Daifuku's trolley conveyor plays an active role in major repair of the Great Buddha Hall at Todai-ji Temple, a National Treasure of Japan 7



● Fukuyukai launched as an organization to offer social gatherings for retirees from the Company

1981 ● Waxmore 303



Japan's first microcomputer-equipped car wash machine developed

1982 ● FA systems



Delivered to the world's most advanced motor factory

1983 ● Establishes the first global subsidiary, Daifuku U.S.A. Inc., in Chicago

1984 ● Company name changed to Daifuku Co., Ltd.

● Cleanway, Clean Stocker

Developed for the semiconductor industry

● Palletainer becomes first distribution system selected for a Good Design award from METI* 8

*METI: Ministry of Economy, Trade, and Industry (Japan)



*FA: Factory Automation

1937

Key World Events

1937 Sino-Japanese War

1939 World War II

1945 World War II ends

1956 Outbreak of Minamata disease and other pollution-borne illnesses in Japan

1958 Tokyo Tower completed

1960 Color television broadcasts begin

1962 Cuban Missile Crisis

1964 Tokyo Olympics held

1968 Black-and-white televisions, refrigerators and washing machines popularized as the "Three Sacred Treasures"

1969 America's Apollo 11 lands on the moon

1970 Japan World Exposition (Osaka Expo) held
A bowling boom in Japan

1973 First oil crisis

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The "bubble" economy; Equal Employment Opportunity Law enacted

1989 The Berlin wall falls, marking the end of the Cold War

1991 The Gulf War; the fall of the Soviet Union

1995 The Great Hanshin Awaji Earthquake

1996 ISO 14001 standard published

1985 Wins Green Cross Award at the National Industrial Health and Safety Conference

1986 **Digital Pick System**
Delivered to distribution centers for supermarkets, co-ops, and others



Establishes Daifuku Mechatronics (Singapore) Pte. Ltd. as an affiliate in Singapore

Expanding business to DA^{} fields, and beyond to SCM^{**}**

1991 Establishes Daifuku (Thailand) Ltd.

1993 **Ramrun-HID**
World's first electrified monorail system with non-contact power supply developed



1994 Hini Arata Kan logistics demo center opens



1999 With major earthquake, adoption of quake-absorbing AS/RS advances

2002 Publishes the Environmental Report 9

Establishes Daifuku (Shanghai) Ltd. as the first subsidiary in China



2003 Introduces new human resources system emphasizing output-oriented evaluation

Establishes Daifuku Automation (Tianjin) Co., Ltd. in China

2004 **E-DIP**
An eco-friendly automobile paint line system developed 10



Corporate Code of Conduct formulated

Establishes Daifuku Automation (Guangzhou) Co., Ltd. in China

2005 Visitors to Hini Arata Kan exceed 200,000

Establishes Jiangsu Daifuku Rixin Automation Co., Ltd., the first production subsidiary in China

^{**}DA=Distribution Automation, ^{**}SCM=Supply Chain Management

2006 Shiga Works, Daifuku's main production site, completed, becoming world's largest logistics production site
Develops the superfast mini load AS/RS, Synchronized System



Establishes Taiwan Daifuku Co., Ltd.

Innovating material handling technologies to create added-value

2007 Group company Contec Co., Ltd. listed on the Second Section of Tokyo Stock Exchange

U.S.-based Jervis B. Webb joins the Daifuku family

2008 Develops DUOSYS superfast mini load AS/RS 11

Integrates two Taiwan subsidiaries



Integrates three South Korean subsidiaries

2010 **Environmental Enhancement Management Committee** launched

Inaugurates hands-on safety training facility at Osaka headquarters

Revamps six Chinese affiliates and launches Daifuku (China) Co., Ltd.

2011 **eye-navi**

High-throughput pick-to-light system developed to support the growth of the Co-op individual delivery business



Baggage Tray System

Realizes the world's fastest conveyor speed of 600 m/min



Formulates Daifuku Environmental Vision 2020

Establishes U.S. holding company

Logan Teleflex and its group companies join the Group

2005 Internet penetration rate exceeds 70% in Japan
Postal service privatization; Aichi World Expo held; Kyoto Protocol goes into effect

2006 Restriction of Hazardous Substances (RoHS) directive comes into force

2007 EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation comes into force

Evolving from a material handling manufacturer to a value innovator

2012 **audit**

An automatic prescription checking system that prevents dispensing errors to build trust between patients and pharmacists



Delivers a nitrogen purge system

Daifuku Eco-Products certification program established



Austria-based Knapp AG becomes an equity-method affiliate

Hallim Machinery Co., Ltd. of South Korea joins the Group

U.S.-based Elite Line Services, LLC joins the Group

Establishes Daifuku (Suzhou) Cleanroom Automation Co., Ltd. in China

2013 **RFID Tray Return System** developed

Daifuku Shiga Mega Solar has a generating capacity of 4,438 kW, producing 4.3 million kWh annually



U.S.-based Wynright Corporation joins the Group

2014 **Area Management System** developed

Develops the superfast mini load AS/RS, Smart Stocker Quattro



SPDR (pronounced spider)

Temporary storage and sortation system for parts developed



Joins the United Nations Global Compact



Shiga Works recognized with a Green Factory Award from the Kinki METI Bureau

Formulates Daifuku's CSR policies and action plans

Hands-on safety training facility opened in the Shiga Works

New Zealand's BCS Group Limited joins the Group

2015 Ranked first in global sales in the material handling industry

Receives an honorable mention at the 2015 Environment Personnel Training Awards 12



2016 Tokyo Head Office relocated

D-PAD
World's first wireless battery charging system for electric forklifts developed and put into practical use



Achieving sound, sustained growth

2017 Recognized as a Health and Productivity Excellent Company 2017 (White 500) by METI 13



Achieves the top rank in the DBJ^{*} Business Continuity Management Ratings

*DBJ: The Development Bank of Japan

Guinness World RecordsTM title set on date of 80th anniversary
A chain of origami sculptures in the shape of the peregrine falcon set a new world record

*Guinness World RecordsTM is a registered trademark of Guinness World Records Limited.



1997 Ministry of the Environment announces Environmental Reporting Guidelines
Great Britain returns Hong Kong to China

1999 The euro is introduced as a currency
United Nations Global Compact is proposed

2001 Multiple terrorist attacks against the United States

2003 Iraq War

Act on the Protection of Personal Information becomes law in Japan

2004 The Niigata Chuetsu Earthquake

2005 Internet penetration rate exceeds 70% in Japan
Postal service privatization; Aichi World Expo held; Kyoto Protocol goes into effect

2006 Restriction of Hazardous Substances (RoHS) directive comes into force

2007 EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation comes into force

2008 Major U.S. securities firm Lehman Brothers fails
Global financial crisis

2009 Start of lay judge system in Japan

2010 COP 10 Biodiversity Treaty
10th Convention on Biological Diversity (Nagoya)

2011 The Great East Japan Earthquake
Television broadcasts switch to terrestrial digital broadcasting in Japan

2012 TOKYO SKYTREE® completed

2015 Sustainable Development Goals (SDGs) adopted

2016 Act on Promotion of Women's Participation and Advancement in the Workplace
Kumamoto Earthquake

2017 Act on Promotion of Women's Participation and Advancement in the Workplace
Kumamoto Earthquake

Becoming an all-around material handling machinery provider

Kenjiro Masuda

President of Daifuku Machinery Works Co., Ltd.
(1947-1949, 1953-1967)

In 1947, in the post-World War II turbulence, Kenjiro Masuda was seeking a direction for the company, and decided to bet the company's future on modernizing material handling, which had largely relied on human power.

He wrote a marketing policy titled, "Becoming an All-Around Material Handling Machinery Provider." That year became "Year One of Material Handling" at Daifuku.

From human power to machines

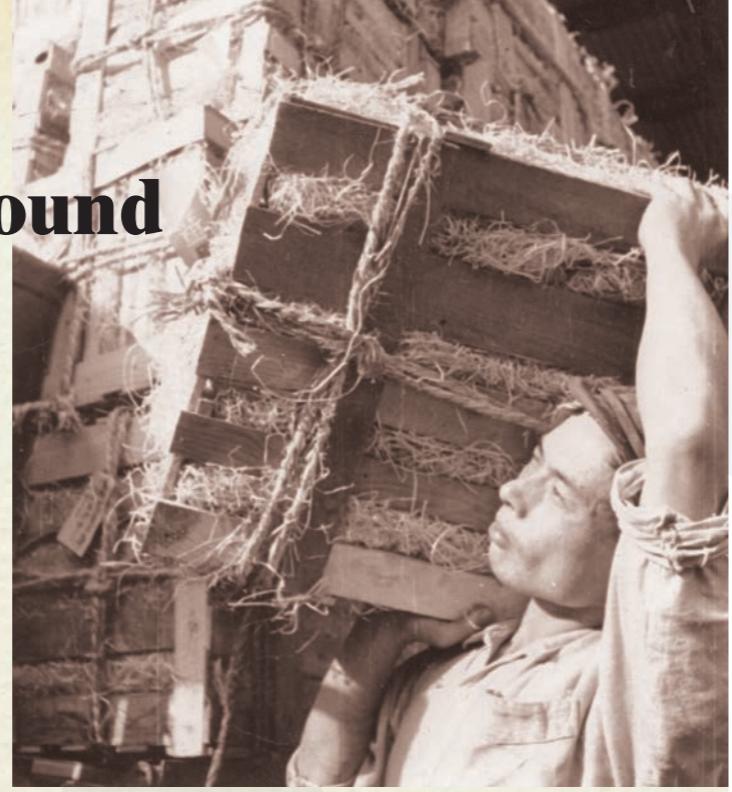
Modernization of material handling

Until around the 1940s, most materials were handled by stevedores who carried cargoes on their shoulders. Daifuku introduced material handling machinery designed to reduce physical burdens and enhance productivity.

Machinery such as the Stacker, a lift that could stack bags in high places, the Piler, a portable conveyor system for stacking cargoes high or low, and the Bulkveyor, a conveyor developed through technical partnership with Buhler Brothers of Switzerland, all delivered outstanding performance in the traditionally labor-intensive handling of grain and cement, making Daifuku popular among a wide range of industries.



Cargo terminal overflowing with loads (photo credit: Museum of Logistics)



Stevedores carrying cargo (photo credit: Museum of Logistics)

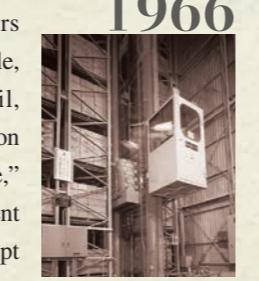


The first Bulkveyor installed

The "living" warehouse brings a revolution in distribution

Into the 1960s, economic recovery also brought the development of technology for transport, handling, and storage. Meanwhile, processing of cargo at the point of shipment failed to keep up with such advances, and mountains of cargo piled up awaiting shipment became a common sight.

Around that time, Daifuku, which had begun exploring new fields after its success with conveyors, developed the Rackbuil, a pioneering automated warehousing technology. In 1966, Daifuku delivered the first Rackbuil System to Matsushita Electric Industrial (now Panasonic Corporation), and orders poured in from the automobile, textile, and other industries. The Rackbuil, which became a part of their production lines as a "moving, living warehouse," was called a revolutionary development that changed the conventional concept of the warehouse, and in no time grew to become a core product for Daifuku.



The Rackbuil installed in a Matsushita Electric Industrial facility

1966

Seventy years have passed since then-president Masuda decided to embark on becoming a material handling machinery manufacturer. Today, Daifuku enjoys the industry's top sales as a material handling systems supplier, and has contributed to the modernization of material handling by anticipating the future and responding to the diversifying needs of its customers.

Even today, this "all-around" spirit lives on in its current business model, which provides solutions for a diverse range of industries and fields that go beyond material handling.

Providing quality products and services in response to advancing material handling needs

Since 2000, Daifuku has provided its customers with integrated services that encompass everything from proposals for logistics strategies to maintenance of distribution centers and other facilities.

In the logistics field, the shift to high-mix, low-volume handling accelerated, leading to the rapid widespread rise of supermarkets, convenience stores and home delivery services, and manufacturers, wholesalers and those in other industries were faced with an increasing need for material handling systems in response to the shift to high-frequency, small-lot shipping. Introduction of automated warehouses, picking systems and conveyors developed



Distribution center
This cutting-edge distribution center pursues the automation of wholesale operations where possible. Automated equipment can resolve labor shortages and reduce distribution costs.

2016



2011

High-throughput pick-to-light system
This high performance pick-to-light system allows individual delivery services to achieve efficient and accurate picking.

by Daifuku has made work more efficient and has met the expectations of its customers.

Responding to a reduced labor force with cutting-edge automated systems

Distribution centers are expected to address a number of issues, primarily shortened lead times, improved shipping accuracy and quality, and reduced costs. These need to be resolved not as individual issues, but by linking them together to improve performance levels across the board. A logistics system that can resolve these multiple issues simultaneously can offer same day ordering and delivery, and eliminate shortages or excess stock, creating a system that can offer a wide range of goods and deliver customers what they need when they need it.

In addition, with Japan's falling birthrate and rapidly aging society, every industry in Japan today faces severe labor shortages. Labor costs have risen over the past several years, and industries are competing for workforce. By automating the distribution centers, Daifuku contributes to enhancing customer productivity.

In time, a need will arise, even where none exists today

Kenjiro Masuda

In 1955, the motorization of Japan quickly accelerated.

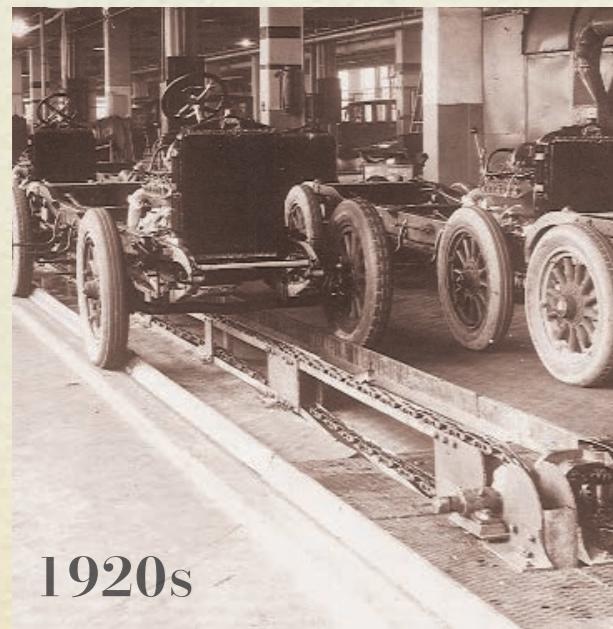
"Conveyors will no longer be simply for carrying objects from one place to another. They will be systematized and gain increasingly advanced functions.

Even if they do not sell well now, the day when they are needed is sure to come." Convinced of this, Masuda looked to U.S.-based Jervis B. Webb Company (Webb, now part of the Daifuku Group) for advanced system technology, gaining an opportunity to leap forward.

The Webb conveyor that supported mass production of the Ford Model T, the "peoples' car"

Automobiles were previously out of reach for any but the wealthy. However, the advent of the Ford Model T, introduced through a new production system of full-scale assembly lines using conveyors, made them attainable for the general public.

The chain conveyor delivered by Webb to Ford would go on to support a mass production system that enabled Ford to produce a record 15 million Model T cars.



1920s

Mass production of the Ford Model T



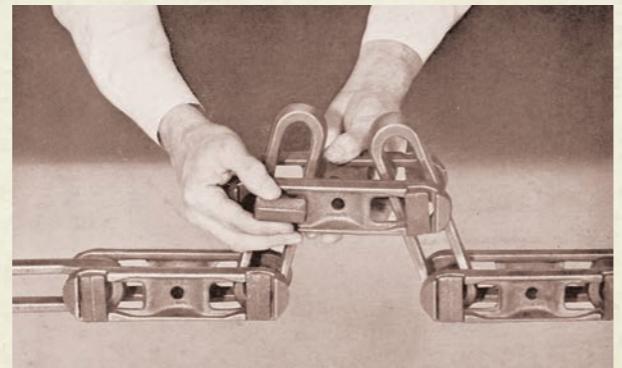
1959

Delivered to Japan's first passenger automobile factory
Taking advantage of delivering a chain conveyor to Toyota Motor's Motomachi Factory, Daifuku enhanced its reputation by responding to a variety of requirements.

Achieving dramatic growth by staking the future of the company on motorization

In the latter half of the 1950s, the Japanese economy shifted to a period of unprecedented growth, bringing with it rapid motorization. In 1957, Daifuku, which had formed a technical partnership with Webb, was approached by Toyota Auto Body about delivering a chain conveyor to its new factory. This was the moment when all the hard work, the many different obstacles overcome in the belief that the age of the conveyor would eventually arrive, came to fruition. Subsequently, Daifuku received a series of orders for large-scale projects, including for Toyota Motor's (now Toyota Motor Corporation) first passenger car factory, and for Toyo Kogyo's (now Mazda Motor Corporation) new factory.

With this rapid growth, Daifuku would move on to do business exclusively as a material handling system manufacturer.



Forged rivetless chain

Today, Daifuku technology is used in a wide number of products that support society's infrastructure, not only automobiles, but hospitals, airports and other facilities.

As Masuda foresaw, as systems grew more advanced, material handling technology would widen its role in a variety of industries and applications, and today, is a vital part of society.

Becoming a power behind the scenes of the social infrastructure supporting industry and everyday lives

Daifuku's material handling technology plays a role not only in factories and production sites, but is found throughout society's infrastructure, including storage of medical equipment and medicine in hospitals, and in baggage handling systems at airports, among others.

Methods for moving goods are as varied as the goods themselves, and requirements differ from one customer to the next. As needs have changed with the times, Daifuku has strived to identify those needs, refine its technology and respond to its customers' expectations. Daifuku continues to pursue advanced material handling technology to support society.

2001



Cleanroom transport systems for semiconductor production
In response to the growing size of semiconductor wafers and the need for miniaturization, Daifuku supports production lines with transport systems incorporating the latest technology.



Solutions for airports worldwide
Daifuku's airport technologies play a role in ensuring safe, secure, comfortable air travel, with belt conveyors, tilt-tray systems, and automated baggage check-in systems.

2012



Automobile assembly line systems
Conveyor systems allow for flexible configuration so that chassis transport height can be adjusted to the height of the worker, providing optimal ergonomics.

2011



Solutions for hospitals
Automated warehouse systems and vertical carousels, combined with automatic guided vehicles, can automate the storage, supply and collection of surgical instruments and help hospitals save space.

2017

Plans for construction of an industrial park

Toshio Hirosawa

President of Daifuku Machinery Works Co., Ltd.
(1967-1977)

Daifuku's longtime dream was to have a highly productive, employee-focused factory in an environment rich in nature.

In 1970, the Company acquired 1.2 million square meters of land in Shiga Prefecture, Japan, and began construction of an industrial park that would become the Hino Plant (now the Shiga Works).



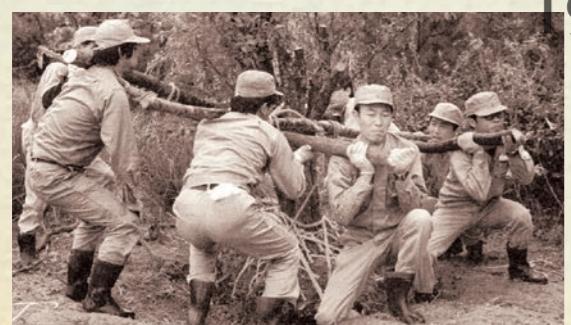
1970

Construction progresses at the Hino Plant, a welcoming place surrounded by lush greenery

A factory appreciated by its community, that raises the spirits of its employees

Daifuku acquired extensive land for a factory on the eastern shore of Lake Biwa. The objective was to achieve its vision for an industrial park, a production site that would co-exist with the natural environment, emphasize its ties with the local community, and foster a productive nature amongst its employees.

At the groundbreaking ceremony, Toshio Hirosawa, then-president, said that he hoped the factory would be appreciated by the community, and raise the spirits of employees. This large-scale, long-term vision gradually but steadily took shape.



1974

Green Strategy
To improve team spirit within the Company, employees themselves did everything from weeding, clearing, and preparing the industrial site to transplanting trees.



Signing ceremony for purchase of the industrial site
Then-president Hirosawa at the signing ceremony held on January 31, 1970 in the meeting hall of the Hino Town assembly.

1974

The vision then-president Hirosawa laid out at the time of construction continues to be followed today, and the Shiga Works grew to become the world's largest material handling site, with a total of 11 factories. Going forward, Daifuku will continue to work toward achieving a sustainable society, devoting itself to trusted manufacturing and a rich natural environment.



1994



World's largest logistics demo center, Hini Arata Kan, opens
On display are 400 items, 150 categories of material handling systems and equipment that represent Daifuku's technology and expertise.

2014



2006



2013
Daifuku Shiga Mega Solar
17,752 solar panels are installed on grounds measuring about 52,000 square meters. With a generating capacity of 4,400 kW, it produces 4.3 million kWh annually.

High-rise research facility
The 45-meter-high R&D tower is a local landmark, in which various tests of durability and innovative technology are conducted on the 40-meter-tall stacker crane.

Flowers for their colors, people for their hearts

Then-president Sato quoted these words from an old poem. "Flowers are meant to be enjoyed for their colors; people should be judged by their hearts. If managers know their subordinates' hearts, they will learn to value them, and themselves as well. We must not forget that before we are businesspeople, we are human." This desire to nurture people is carried on today.



Then-president Sato speaking with junior employees

Revolutionary programs ahead of their times

In the 1960s and 1970s, Daifuku introduced a number of revolutionary programs, including full employee status and monthly salaries for all personnel (1965), a five-day work week (1969), and mandatory retirement at 60 years of age (1974). In 1984, Daifuku launched "Hatsuratsu Trim," a health and wellbeing campaign to encourage good health through habitual exercise and sports, and established its Lifecycle Plan (LCP) consulting office for employees seeking advice on everyday problems from when they are hired to the time they retire.

The Company built deeper ties between its employees by enhancing their benefits program with athletic events, softball games, summer festivals and other events held around Japan. Then-president Sato was active in creating opportunities to speak with junior employees, and his open approach to employee relations won him their respect and confidence.

Thanks to the efforts of its people, Daifuku was able to overcome the post war turbulence and other challenges,



Daifuku's playing field
Located adjacent to the Komaki Plant (now the Komaki Works)
The President's Cup softball tournament was held to commemorate the opening of the field.

1972

1969

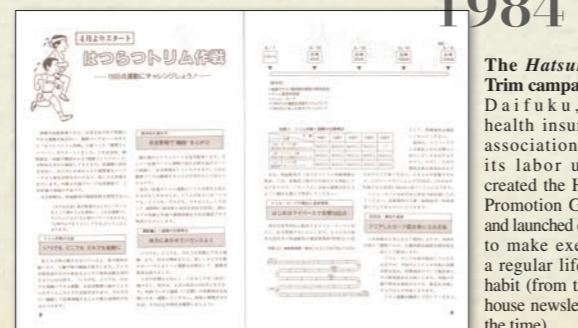
1974



Full five-day work week
The second Saturday of each month was designated a day off. In 1971, two Saturdays a month, and in 1973 four Saturdays a month were designated days off (from the in-house newsletter at the time).



Mandatory retirement at age 60 introduced
Launch of mandatory retirement at age 60, with the goal of leveraging the experience and expertise of senior personnel (from the in-house newsletter at the time).



1984
The Hatsuratsu Trim campaign
Daifuku, its health insurance association, and its labor union created the Health Promotion Group, and launched efforts to make exercise a regular lifestyle habit (from the in-house newsletter at the time).

Osamu Sato

President of Daifuku Machinery Works Co., Ltd.
(1977-1989)

Today, a company founded in 1937 with just 150 employees is now a global enterprise with more than 8,000 employees. This is also the history of challenge at a company that, in the 80 years since its founding, and through repeated trial and error, took on advanced initiatives and systemic reforms, both for the development of its business and for the growth of its employees. President Sato's spirit of comprehensive welfare lives on today.

A diverse and positive culture opens a path to the future

In 2003, Daifuku introduced a new human resources system emphasizing not only results, but process. This helped further solidify the diverse and positive culture that is such an important foundation in enhancing employees' motivation, sense of reward and willingness to take on challenges, in enriching communication between supervisors and their subordinates, and in developing human resources at Daifuku.

With changes in the structure of industry and in the workplace environment, mental health has also become a social issue. As the number of employees feeling mentally unwell began to rise, in 2006 Daifuku established an organization-wide Mental and Physical Health Promotion Committee, led by management. Its efforts focused on creating a lively, positive workplace environment through a variety of health promotion measures and events based on various health-related issues.

The Company also works to create comfortable, healthy workplaces while ensuring safety, with the goal of enhancing the working and private lives of each employee. These efforts to achieve work-life balance through labor, safety, and health are highly lauded outside the company as well.



Multi-purpose ground
A new welfare facility was established at the Shiga Works with the goal of promoting employee health and greater communication between employees.

2006

Mental and Physical Health Promotion Committee
Events and seminars open to all were held as part of efforts to create a safe, reassuring workplace and promote good health.

Measure ①

Mental

Line care, which offered guidance to managers and supervisors on looking after their staff, and self-care handbooks were created. Mental health sessions were conducted using these handbooks.



Measure ②

Physical

Employees exercising at their desks. This creates opportunities for making exercise a habit and for creating awareness of good health.



Measure ③

Diet

Food education with lunch. Participants enjoy health-conscious lunches while learning from talks by nutritionists.



2010



Anzen-Taikan Dojo hands-on safety training facilities
These facilities provide simulated experiences of the dangerous work involved in equipment installation and other jobs. It comprises various themes, including falls, electric shocks, and fire among others.

2016



Recognized as a Health and Productivity Excellent Company 2017 (White 500) by METI
The Ministry of Economy, Trade and Industry's Health and Productivity Management Organization 2017 (White 500) award recognizes companies whose health management practices are particularly outstanding, based on initiatives aligned with regional health issues and health promotion efforts put forward by the Nippon Kenko Kaigi (Japan Health Council).

A Company That Supports Society and the Future

CSR Action Plan Revised

As Daifuku marks its 80th anniversary in 2017, it has established Value Innovation 2020, a new four-year medium-term business plan, along with a revised CSR Action Plan.

The six initiatives set out in Daifuku's CSR formulated in 2014 will continue to serve as pillars of the plan; while some specific initiatives reflect societal trends, KPIs*, targets and scope have been set for every item.

Daifuku will further extend its CSR activities by putting the Action Plan into practice, with the goal of achieving a sustainable society in 2020, the ultimate deadline for these targets, and beyond into the future.

*Key Performance Indicators: A quantitative performance evaluation index that measures target achievement.

Details of the CSR Action Plan are available on our website at:
www.daifuku.com/sustainability/management/plan/

2020 Targets: Global

2020 Targets: Japan

Initiatives I through VI include main KPIs and numerical targets.

CSR Action Plan



Achieving Value Innovation 2020



*1 The maker of the invention who is also listed as inventor on the patent application form

*2 CO₂ volume after subtracting all CO₂ emissions of Daifuku products and services in society from CO₂ emissions in fiscal 2005, used as a base standard for environmental performance at the time