

Corporate Governance

Daihatsu is actively conducting its business activities to realize its mission of “Staying close to our customers and enriching their lives.” We have also established a system that enables transparent, fair, timely, and appropriate decision-making regarding the promotion of our business.

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“Three Pledges” - Koudoukan

This is a place for learning and reaffirming commitments, where each individual reflects on the meaning of complying with laws and rules as a personal responsibility, ensuring the certification misconduct issue is never forgotten and translating those lessons into everyday actions.

Purpose of Establishing the Koudoukan

The “Three Pledges” Koudoukan is a place where employees can correctly understand what happened in the certification misconduct issue, why it occurred, and the inconvenience and impact it caused for stakeholders in Japan and overseas. It exists to pass on the importance of legal compliance to future generations so that the same mistakes are never repeated, while also encouraging each individual to reflect on the way they approach their work in fulfilling Daihatsu’s mission of “Staying close to our customers and enriching their lives.” What employees see, feel, and reflect on here is meant to guide their actions moving forward.

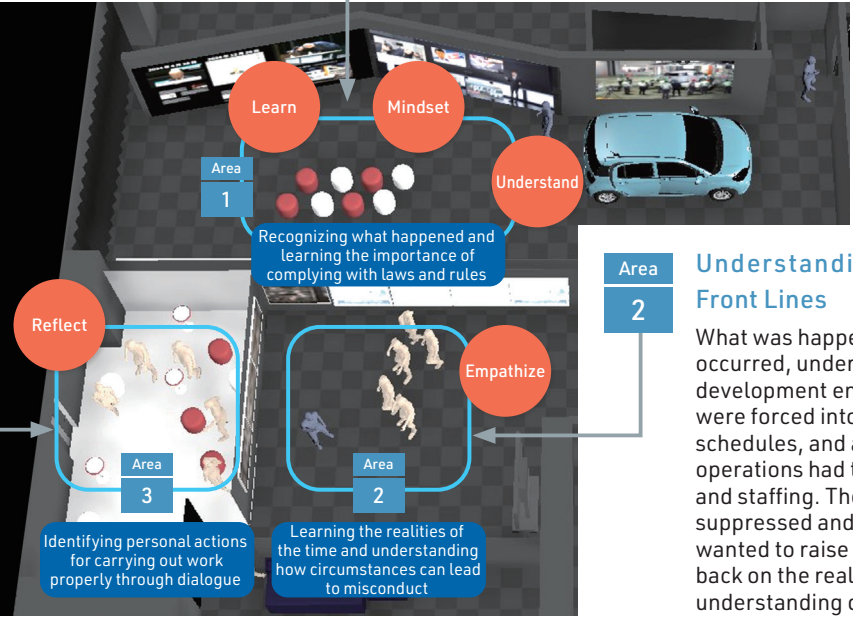
- 3 Employees continue upholding laws and rules
- We will foster systems and a corporate culture that enable every individual to continue upholding the commitment: “We comply with laws and rules and carry out our work properly.”
- 2 Employees develop a strong awareness of compliance with laws and rules
- Each individual sincerely accepts the reality of the misconduct committed during certification applications and the inconvenience caused to customers and other stakeholders, considers compliance with laws and rules as a personal responsibility, and translates that awareness into actions that deliver safety and peace of mind to customers.
- 1 All employees understand the facts surrounding the certification misconduct issue
- Employees learn about publicly disclosed facts, including the Third-Party Committee’s investigation report, corrective orders issued by the Ministry of Land, Infrastructure, Transport and Tourism, related media coverage, and Daihatsu’s response, in order to gain a correct understanding of the issue as a whole.

Overview of the Koudoukan

Area Mindset / Learn / Understand

1

Vehicle regulations and the type certification system are among the most important laws and rules that automobile manufacturers must follow. Certification testing also requires compliance with a wide range of conditions, and technical divisions spend days carrying out careful preparation and meticulous work in advance. In this area, employees learn these fundamentals while also hearing actual feedback from customers, suppliers, and sales companies, helping them understand how widely the issue affected people.



Area Understanding the Hardships Faced on the Front Lines

What was happening at the worksites where misconduct occurred, under the management conditions and harsh development environment of the time? Multiple projects were forced into excessively short development schedules, and amid intense pressure to reduce costs operations had to be carried out with limited resources and staffing. There was also a culture in which people felt suppressed and unable to speak up, even when they wanted to raise concerns. In this area, employees look back on the realities of the time and gain an understanding of the background and facts that led to the misconduct.

Area Reflect

3

This area encourages dialogue based on what employees have seen, felt, and understood here, deepening each individual’s awareness so they can continue carrying out their work properly while complying with laws and rules. It is a place where each individual pauses to confront the problems that occurred and their causes, and reflects on what they personally can do to ensure the same mistakes are never repeated.

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Fundamental Approach

Daihatsu is actively conducting its business activities to realize its mission of “Staying close to our customers and enriching their lives.” We have also established a system that enables transparent, fair, timely, and appropriate decision-making regarding the promotion of our business.

Corporate Governance System

Internal Controls

Based on the “Daihatsu Basic Policies on Establishing Internal Controls,” we have established a system to ensure the appropriateness of business operations as a business group and are operating this system appropriately. Within this system, we have established the GRC Committee, which is chaired by a director appointed by the president. The GRC Committee aims to establish an internal control system for the business group, ensure strict compliance with laws and regulations, risk management, and the reliability of financial reporting, and improve corporate value.

 PDF: Daihatsu Basic Policies on Establishing Internal Controls

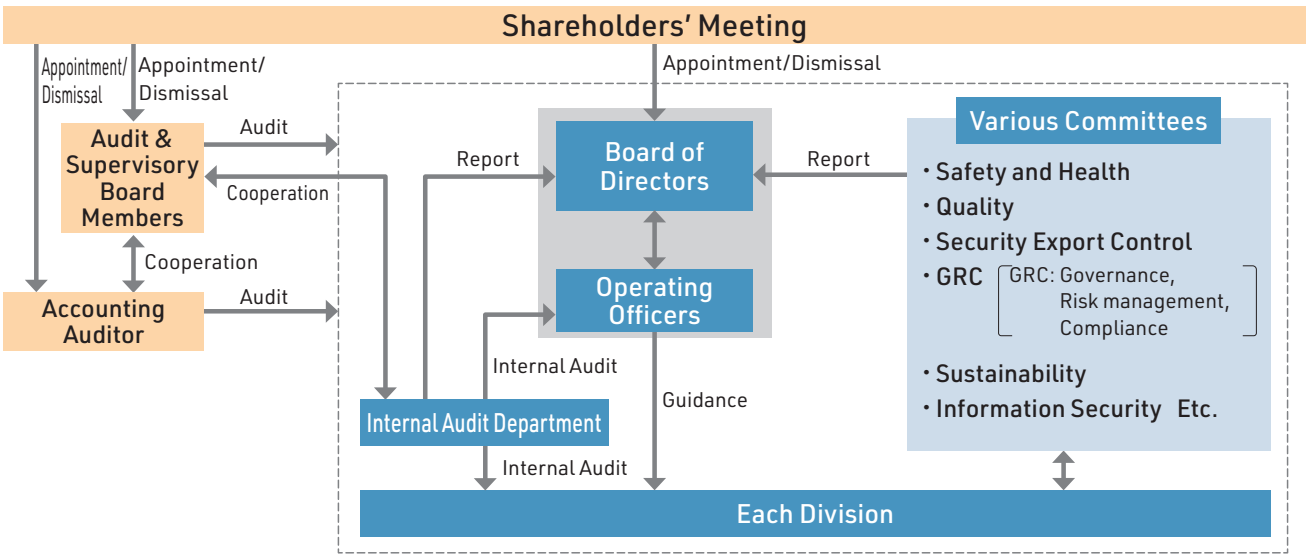
Board of Directors

Daihatsu's Board of Directors is chaired by the president and consists of seven members in total, including the executive vice president, non-resident directors, full-time Audit & Supervisory Board members, and non-resident Audit & Supervisory Board members. The Board of Directors meets once a month in principle to make decisions on corporate management and to reflect advice received from a third-party perspective, including non-resident directors and non-resident Audit & Supervisory Board members, in management.

Conflicts of Interest

When Daihatsu conducts a transaction with an operating officer, it complies with the procedures stipulated in the Companies Act and also approves and reports the transaction at Board of Directors meetings in accordance with the Board of Directors and other rules. Transactions with the parent company are determined through negotiations with due consideration of market prices and other factors, in the same ways as general transaction terms. In addition, highly important transactions shall be approved at Board of Directors meetings in accordance with the Board of Directors and other rules.

Corporate Governance System



Fundamental Approach

Daihatsu is engaged in company-wide risk management activities covering risks across the organization based on their importance to corporate management (likelihood of occurrence, degree of impact, and status of countermeasures) and implementing appropriate countermeasures. We are working to embed a continuously operating PDCA cycle and achieve ongoing improvement.

Risk Management Process

Regular Risk Management Process

Daihatsu identifies risks in each division, analyzes them across the company, and prioritizes them. We then identify risks that should be managed as a priority and consider and promote measures against them. In addition, the GRC Committee periodically follows up on and monitors the progress of the identified risks.



Emergency Risk Management System

In the event of a major management crisis or emergency situation such as a disaster, Daihatsu establishes an emergency response task force to take appropriate measures to deal with the situation.



Business Continuity Management

Fundamental Approach

Daihatsu has formulated business continuity plans (BCPs) to minimize the impact of risks in corporate management and ensure early recovery and business continuity. In doing so, we are working to avoid and reduce risks.

In particular, as part of our initial response in the event of a disaster, we have established a company-wide Disaster Management Committee that involves all divisions within the company. We also register information on the safety of employees from the website, telephone, mobile app, and other sources into the system. In doing so, we have created a safety confirmation system that allows the company and workplace supervisors to quickly confirm the safety of employees. We have also created a disaster prevention manual that outlines the standards for employee behavior in the event of a major disaster, as well as initial response and recovery procedures. By clarifying the process from the occurrence of a disaster to recovery and working to instill these procedures through training, we are working to build a corporate structure that is resilient to disasters.

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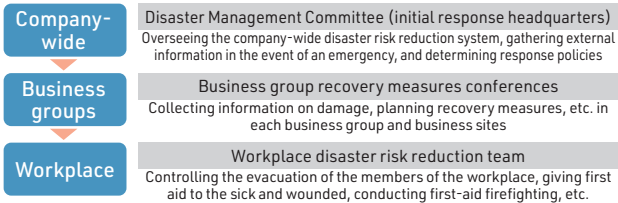
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Business Continuity Management

Disaster Management System

To properly manage crises during emergencies such as disasters, Daihatsu established an initial response system with roles specified on three levels: the company-wide level, the business group level, and the workplace level. In addition, we are working to improve the accuracy and effectiveness of initial responses by conducting company-wide initial response training and safety confirmation training using the safety confirmation system in collaboration with Group companies.

Promotion Structure



Initiatives

Disaster Mitigation for Buildings and Equipment

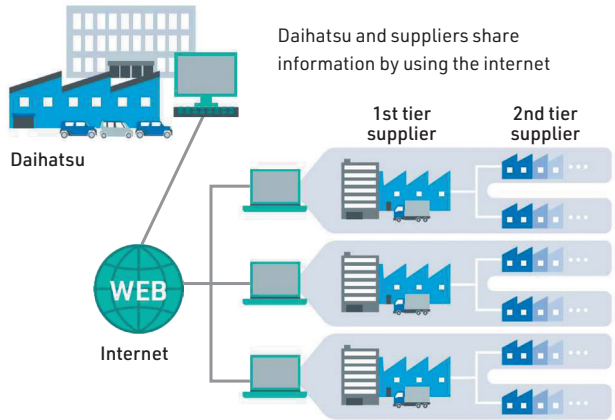
Daihatsu works to mitigate the impact of disasters on buildings and equipment in order to reduce any human injury and property damage in the event of a disaster and resume production immediately after shifting to the business restoration phase. With respect to production equipment, we identify hazards, such as collapse, fire, and power loss in the event of a disaster, as well as risks that may affect manufacturing quality, and incorporate reasonable countermeasures into equipment specifications and operational methods. We also conduct seismic assessments of older buildings as needed and are steadily carrying out reinforcement work.

Building a Disaster-Resilient Supply Chain

To implement recovery support at an early stage and accelerate support in the event of a disaster, Daihatsu is working with its suppliers to develop a supply chain that is highly resilient against disasters. By establishing the SCRK* system during normal times, we are making supply chain information visible and preparing for a disaster. Specifically, we created a database based on information provided by suppliers and use this database to identify damage in a disaster and confirm whether support is needed.

* SCRK: Supply Chain Resiliency Keeper

Image of SCRK system operation



Information Management

Information Security

Daihatsu views information security as a critical foundation for business continuity and is strengthening compliance with rules and implementing measures to protect assets such as confidential information, products, and facilities from external attacks and risks. Through new employee training and the information security enhancement month initiative, we work to prevent information leaks and protect against attacks and other risks.

Protection of Personal Information

We have established a privacy policy and its management method in order to protect important personal information received from stakeholders. The privacy policy is regularly updated in response to amendments to the Act on the Protection of Personal Information. As part of our personal information protection activities, we conduct audits, select appropriate third parties, and sign memoranda of understanding on personal information protection.

Respect for Privacy

In order to proceed and respond to privacy protection that is close to our customers, Daihatsu has built a company-wide governance system and shares issues in the Information Security Committee. We are working to ensure safety and security while protecting privacy in a way unique to Daihatsu by utilizing diverse information.

 WEB: Privacy Policy

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Fundamental Approach

Daihatsu promotes compliance activities with the aim of becoming a corporate group that is trusted by customers and society as a whole. The GRC Committee deliberates, formulates, and implements compliance activity plans on an annual basis. We also request Daihatsu Group companies to use a self check sheet to check their legal compliance status and report to Daihatsu. Basically it is up to each company to take the initiative in compliance, but we are working to raise awareness of compliance of the Group as a whole by supporting Group companies to make improvements based on their circumstances and needs.

Promotion Structure

The GRC Committee is responsible for promoting company-wide activities. In order to study specialized issues in each legal field, the committee has formed committees such as the Security Trade Control Committee and Corporate Safety and Health Committee (the Corporate Safety and Health Labor-Management Council), and each meeting is held regularly by each functional department. The Affiliated Companies Compliance Meeting is one of the means by which Daihatsu Group companies share information on legal trends and other companies’ actual cases of compliance violation as well as exchange opinions with internal control managers at Daihatsu Group companies for mutual improvement.

Initiatives

Daihatsu designates priority areas in which each Daihatsu Group company must comply with relevant laws and regulations. Each functional department responsible for an area takes the lead in engaging in activities to prevent compliance problems across Group companies.

Prevention of Bribery

Daihatsu has established the Anti-Corruption Guidelines and deployed them throughout the company and to Daihatsu Group companies in Japan and overseas. The Guidelines have also been posted on the company intranet to ensure employee awareness.

The Guidelines prohibit bribery of both public and non-public officials as well as provide for cooperation in investigations by relevant authorities. The Guidelines also conform to the Toyota Global Anti-Bribery and Anti-Corruption Policy.

GRI > 2-17, 2-23, 2-24, 2-27, 205-2, 205-3, 3-3

Prevention of Corruption

As efforts to prevent corruption, Daihatsu has specified in its work rules that employees must not abuse their occupational authorities and clarified the penalties for violators to ensure that all employees thoroughly adhere to anti-corruption measures. Business partners are requested to engage in anti-corruption activities under the Supplier Sustainability Guidelines.

Compliance Education

Daihatsu is working to provide comprehensive training for all operating officers and employees.
We also incorporate a variety of methods, such as training when joining the company and after getting promoted, and e-learning for the whole company. As part of our awareness-spreading activities, we have implemented a Daily Compliance Quiz that is displayed when PCs are started up each day. Furthermore, we have added training using materials shared with Toyota.

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Whistle-Blowing System

Fundamental Approach

Daihatsu has established a whistle-blowing system that is available to everyone engaged in its operations. By maintaining and enhancing compliance awareness, we discover risks of misconduct early on and prevent them from manifesting, with the aim of mitigating the risks faced by the company and contributing to creating a better company and better workplaces.

In particular, as described in “Initiatives,” the certification misconduct issue prompted a fundamental review of the whistle-blowing system, resulting in a significant increase in the number of reports received. (140 cases in 2022 ⇒ 324 cases in 2025).

We will continue the whistle-blowing system in the future to foster a corporate culture that values a higher sense of ethics and thorough compliance.

Initiatives

Raising Awareness of the System

Regularly communicating reporting trends, the nature of reported cases, and examples of improvements made through reporting. Strengthening awareness of the system by distributing wallet-sized cards listing reporting contact points.

Fair Investigation System

Revising the investigation framework to one led by the Audit Division in order to improve the objectivity of investigations and confidence in the system. Securing the necessary resources to ensure appropriate responses.

Ensuring Confidentiality and Protection Against Unfair Treatment

Restructuring our regulations to be consistent with the Whistleblower Protection Act. Company-wide regulations clearly stipulate the protection of whistle-blower anonymity, thorough information management, avoidance of conflicts of interest, and prevention of disadvantageous treatment.

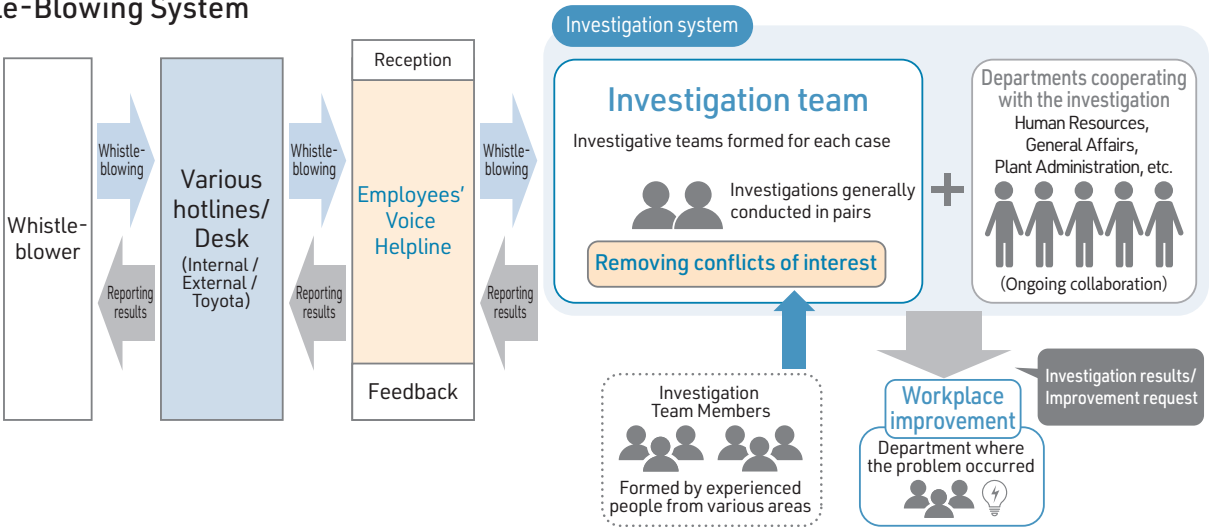
Response to Anonymous Reports

Feedback is also provided for anonymous reports when contact with the reporter is possible.

Utilization of External Whistle-Blowing System

In addition to adding external reporting channels, including law firms, we have also enabled the use of Toyota Group reporting channels to create an environment where employees can raise concerns more easily.

Whistle-Blowing System



Whistle-Blowing Consultation Desk

Subjects		Hotlines/Desk			
		Daihatsu		Toyota	
Daihatsu		Employees' Voice	Internal Channel	All-Toyota Speak Up Line	Consolidated Toyota Group Helpline
			External Channel		
Subsidiaries	Overseas subsidiaries			Toyota Global Speak Up	
	Manufacturing companies in Japan	Daihatsu Group Helpline		All-Toyota Speak Up Line	
	Sales companies in Japan				
Non-subsidiaries	Sales companies in Japan	Daihatsu Sales Company Helpline			
Business partners in Japan		Daihatsu Supplier Helpline			

Tax Affairs

Fundamental Approach

Regarding the payment of taxes, Daihatsu follows its “Daihatsu Sustainability Basic Policy” in complying with the laws and regulations of each country where we conduct business as well as standards announced by international organizations. We see tax payment as an obligation, and also as the foundation of our social contribution, and we strive to pay appropriate taxes by keeping stable profits through cost reduction by SSC (simple, slim, and compact).

Tax Policies

- **Compliance with Laws and Regulations**
Daihatsu complies with the laws and regulations of the countries where we conduct business and international standards, such as the OECD Transfer Pricing Guidelines and the Action Plan on Base Erosion and Profit Shifting. We do not avoid taxes by using tax havens and so on and will pay appropriate taxes through the normal activity of business.
- **Governance**
Daihatsu responds appropriately to tax problems in cooperation with affiliated companies as necessary. We also educate employees through training and e-learning about tax. We ensure transparency relating to taxes by reinforcing tax governance and making fair and timely disclosures of our financial status.
- **Relationships with Tax Authorities**
Daihatsu makes efforts to make and maintain good relationships with tax authorities by being open, constructive, and cooperative. In the case of differences of opinions with the tax authorities on a particular tax-related issue arising from the complexity of interpretation of the tax system, we cooperate with the authorities in order to reach a timely resolution. We recognize that such differences of opinion and dispute resolution are necessary to deepen mutual understanding with the tax authorities in the future.
- **Inter-Company Transactions at Appropriate Prices (Transfer Prices)**
Regarding transactions with other Group companies, Daihatsu sets appropriate prices (arm's length prices) and does not arbitrarily set inappropriate prices.

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Editorial Policy / Update History

Editorial Policy

The *Daihatsu Sustainability Report* is a publication that explains to stakeholders our approach to ESG and the initiatives of Daihatsu Motor Co., Ltd. and Daihatsu Group companies, which are members of the Toyota Group. “Sustainability Initiatives” on Daihatsu’s official website contains fundamentally the same information as that contained in this report.

Period Covered

This report focuses on the results of initiatives implemented in the previous fiscal year. When information is corrected, added, or otherwise revised, this report will be updated as necessary.

Scope

Daihatsu Motor Co., Ltd. and Daihatsu Group companies

Publication Times

September 2026 (Once a year in principle)

Referenced Guidelines

GRI (Global Reporting Initiatives) Standards 2021

• GRI Standards item numbers are indicated in the corresponding page titles

 **WEB:** GRI Standard 2021

Disclaimer

This report includes not only past and current facts pertaining to Daihatsu Motor Co., Ltd. and other companies within the scope of coverage of the report, but also plans and projections at the time of its publication as well as forecasts based on management policies and strategies.

These forecasts are assumptions or determinations based on information available at the time they are stated, and the actual results of future business activities and events may differ from the forecasts due to changes in various conditions. In cases where information is corrected or restated and in cases where material changes occur, the details thereof will be indicated in this report. The stakeholders’ understanding about this point would be appreciated.

Update History

September 2026 *Daihatsu Sustainability Report 2026* issued

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If you have any comments or suggestions, please send an email to the following address of the above publishing department

<https://www.daihatsu.com/csr/report/>

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