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Minister of Land, Infrastructure, Transport and Tourism

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Daihatsu Motor Co., Ltd

Report on Fundamental Measures to Prevent Recurrence

Part 1. Introduction

Daihatsu Motor Co., Ltd. (hereinafter referred to as “the Company”) reported to your ministry on December 20, 2023, the results of an investigation conducted internally based on procedural irregularities related to approval applications announced on April 28 and May 19 of the same year.

We deeply apologize to our stakeholders for causing great inconvenience and concern and betraying their trust.

Following this, the Company underwent an on-site investigation by your ministry and received a corrective order on January 16, 2024, under Article 75, Paragraph 7 of the Road Transport Vehicle Act (Rectification Order dated the same day titled “Rectification Order for Violations Related to Applications for Vehicle Type Designations,” hereinafter referred to as “the Rectification Order”).

This report outlines the fundamental measures to prevent recurrence (Part 2) and the organization to plan and audit the prevention of recurrence (Part 3), which were discussed and examined internally, taking into account the Rectification Order and the issues identified in the Investigation Report by the third-party committee dated December 20, 2023 (hereinafter referred to as the “Committee Report”), particularly in “Chapter 8: Recommendations for Measures to Prevent Recurrence,” with the support and cooperation of Toyota Motor Corporation (hereinafter referred to as “Toyota”).

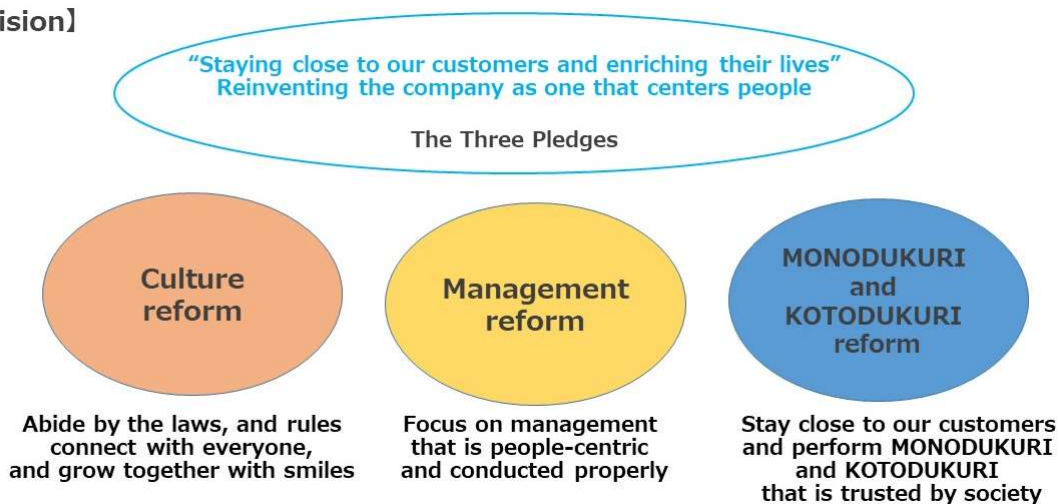
The Company is committed to implementing the formulated measures to prevent recurrence reliably and in a steady manner, and to regaining the trust of our stakeholders. The entire company will continue to work as one toward revival while taking into account the guidance and directions from your ministry.

Part 2. Fundamental measures to prevent recurrence

1. Summary of fundamental measures to prevent recurrence

The Company, under the vision of “staying close to our customers and enriching their lives,” commits to law-abiding and thorough compliance with all rules while focusing on management that is people-centric and conducted properly. We aim to reinvent ourselves as a company trusted by society and close to our customers through MONODUKURI and KOTODUKURI that comply with regulations. To prevent recurrence, we have established “Three Pledges” throughout the company, focusing on reforms in management, corporate culture, and MONODUKURI and KOTODUKURI.

[Vision]



The “management reform” and “culture reform” contained in our Three Pledges correspond to the “① Reconstruction of the company-wide business operation system” as a measure that Daihatsu should take according to the Rectification Order. Similarly, the “MONODUKURI and KOTODUKURI reforms” within the Three Pledges are intended to address “② The improvement of operation management methods throughout vehicle development” and “③ The establishment of an implementation system for regulation and certification-related tasks that prevents procedural irregularities,” as mandated by the Rectification Order.

We sincerely accept the Rectification Order and are committed to fundamentally preventing recurrence under the Three Pledges.

2. Measures to be taken by Daihatsu Motor

Below are the specific measures to prevent recurrence of procedural irregularities that we have identified with regard to the “measures to be taken by Daihatsu Motor” under the Rectification Order (paragraphs following the section “Thorough understanding of legal certification work among executives, and clarification of responsibilities related to these operations” under the sections “① Reconstruction of the company-wide business operation system,” “② Improving operation management methods throughout vehicle development” and “③ Establishing an implementation system for regulation- and certification-related tasks that prevents procedural irregularities”), considering in parallel the matters raised by the third-party committee (especially the recommended measures to prevent recurrence stated in the Committee Report).

We believe that only by steadily implementing the specific measures to prevent recurrence described below under the Three Pledges can we achieve true fundamental prevention of recurrence and revitalize the Company.

(1) ① Reconstruction of the company-wide business operation system

a A thorough understanding of legal certification work among executives, and clarification of responsibilities related to these operations

(i) Points raised by the third-party committee

First, the third-party committee has recommended “executive representations of their remorse and determination to make a fresh start for the employees” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 1):

- “To promote various measures to prevent the recurrence in the future, the executives should first deeply reflect on the fact that the root cause of the occurrence of This Case lies in the management problem as described above, convey this reflection to all employees, and then express their determination to make a fresh start, taking This Case as a good lesson.”

Second, the third-party committee has recommended “attempts to enhance the risk sensitivity of executives” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 7).

- “From the viewpoint of prevention of recurrence of This Case, it is important to take up the external voices that inform the Company about the actual on-site situation focusing more on the problems of the development division, rather than incorporating opinions exchanged within high-level committees, such as the Board of Directors”

- “To constantly make executives sensible to risks, strengthening of communication with the parent company, Toyota Motor, might be a possible approach in addition to those that holding executive training regularly inviting external instructors and increasing the opportunity of discussion with the audit firm.”

Third, the third-party committee has recommended “continuous messaging from executives to demonstrate their commitment to improvement” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 8).

- “It is important to send a message to convey the seriousness of these executives across the organization from now on. It is also necessary to deliver such message to the on-site employees through Managers. Such efforts need to be continued tenaciously without making them transient.”
- “When communicating messages in future, the executives should pay due consideration on the possibility of emergence of misinterpretation as well as make messages to communicate careful and clear.”

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company has identified the following seven specific measures to prevent recurrence:

① Continuously publicizing top management’s messages of reflection and determination

Reflecting on the irregularities committed, which inevitably suggest corporate negligence in vehicle certification, and having fostered a corporate culture leading to irregularities, Daihatsu executives remain determined to make the entire company, comply with the laws and regulations and carry out correct operations through on-site visits and video messages.

This pledge will be featured on the front sheet of project proposals and appear as a startup pop-up on company computers.

② Enriching understanding of legal certification work and other areas via management education

We will organize internal educational programs for the Directors, Officers and managing personnel in the following two fields:

- Article 75 of the Road Transport Vehicle Act, the vehicle type approval system under the Article, Daihatsu's relevant internal processes and company-wide regulations, and internal technical standards
- Significance of type approval systems in foreign countries and procedural flow up to type designation

In addition, we will hold regular training sessions for our executives, led by external experts in legal and technical matters such as lawyers, covering compliance, risk management, the Act against Unjustifiable Premiums and Misleading Representations, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, insider trading regulations, and the duties and responsibilities of operating officers. This approach will allow us to avoid insular management by actively integrating external insights and perspectives.

Furthermore, we will recruit people from outside the Company and the Toyota Group as directors and auditors to incorporate "third-party" perspectives, thereby enhancing our risk sensitivity and our ability to prevent and swiftly identify procedural irregularities.

- ③ Creating mechanisms for executives to grasp actual on-site situation and for officers and employees to take personal responsibility for compliance with laws and regulations

We will give priority to visiting the sites in person as the first means for Daihatsu executives to gain a general understanding of sites. They should listen to on-site personnel to grasp the actual situation of the sites on topics such as compliance with laws and rules and the culture of the workplace. They should share opinions gathered on site throughout the entire company so that personnel assimilate the culture of compliance with laws and rules.

In addition, to keep the memory of the recent procedural irregularities from fading, we will declare December 20 "Fresh Start Day." Every year on that day, all personnel will stop operations and reaffirm our commitment to complying with laws and rules. To keep the memory, we will take the time to listen to customers' opinions and reflect on what we have done in our professional activities. We also will publicize information about the progress of the efforts to prevent recurrence of irregularities. In addition, we will set up a learning center where the cases of procedural irregularities which caused damage to customers and stakeholders are displayed so that every Operating Officer and every employee fully acknowledges the facts. Thus, we will be able to take personal responsibility for adhering to the laws and rules and ensuring our customers' safety and security.

Moreover, to prevent employees from committing procedural irregularities contrary to laws and rules, we will revise our work regulations to clearly stipulate disciplinary measures for procedural irregularities, promoting a stronger culture of compliance through comprehensive internal communication.

④ Formulating appropriate business plans based on management resources

We will secure and clarify not only the resources required for development, but also the resources needed for strengthening infrastructure, employee training, and overall organizational operation. Upon accomplishing this, we will make choices and concentrate efforts in line with our vision and formulate appropriate business and product plans.

⑤ Continued honest communication between the top executives of Toyota and the Company and promotion of mutual understanding through personal exchanges

In conventional business and product plans, both Toyota and the Company were not honest enough to fully share the status and strategies of the two parties. We will share strategies among top executives, discuss them regularly and continuously after clarifying management resources, and determine the appropriate business and product scales and human resources to decide on business and product plans that do not impose undue stress on sites and workplaces.

In addition, besides developing human resources through rotations within the Company, we will promote personal exchanges between Toyota and Daihatsu, taking into consideration human resource development of management, mid-level, and young employees, which has not been conducted sufficiently, to understand the situations of both parties, expand networking, and build a relationship where both parties can exchange opinions beyond companies. These personal exchanges will enhance the level of study with each other.

⑥ Reinforcing internal audit systems

Until now, much of the work hours were taken up by compliance and other administrative tasks that should be carried out on the executive side by the Audit Department, so the internal audit work primarily to be carried out by the Audit Department was not sufficiently executed. In the future, we will create an organization that enables the Audit Department to focus entirely on internal audits in a broad, third-party manner. To this end, the following three measures will be taken.

Firstly, we will carry out a comprehensive audit of each function in the company, including development and certification processes, which we have not been able to do so far.

Secondly, the knowledge and personnel resources required to ensure that audits are carried out will be re-examined, and the necessary personnel will be secured.

Thirdly, we will establish the GRC Promotion Division (tentative name), transfer the administrative tasks related to risk management and compliance, which primarily should be carried out by the

executive side, and focus entirely on internal audits, which primarily should be addressed by the company.

<Audit Department: Subjects of Internal Audits>

- 1) Management and governance
- 2) SDGs (human rights, environment, etc.)
- 3) Labor, purchasing, accounting, and information management
- 4) Quality product inspection (development to approval to production)
- 5) Sales and services

<New Establishment of Specialized Organizations and Committee>

We will newly establish the GRC Promotion Division (tentative name) as a function to understand and control risk and compliance throughout the company. The GRC Promotion Division (tentative name) will absorb, analyze, and evaluate risk and compliance from each group and submit it to the GRC Committee (tentative name) mentioned below.

At the same time, we will establish the GRC Committee (tentative name), chaired by the Chief Risk Management Officer (Director), as a body that recognizes risk and compliance information and makes management decisions as a company.

< Overview of the GRC Committee (tentative name) >

Purpose: To make decisions on risk management and compliance as a company and to promote specific activities on the executive side, as well as continuous improvement.

Frequency of meetings: Quarterly

Composition of membership: Chief Risk Management Officer (Director), Directors and Audit & Supervisory Board Members (external), Chief Officers

Launch date: April 2024 (planned)

⑦ Clarification of responsibilities and authorities of development and legal certification work

We established the Quality Management Group with the Quality Assurance Division by separating the Regulation & Certification Department from the Mobility Development Group. The group will have the Director in charge of legal certification work to take management responsibility.

We will clearly separate the roles of development, evaluation, and certification by splitting the Vehicle Performance Development Division into the Vehicle Performance Development Division, which will be mainly responsible for development and the Vehicle Performance Evaluation Division, which will be mainly responsible for evaluation and transferring the certification work of safety

functions to the Regulation & Certification Department. With this system, we will monitor whether each function is controlled properly and take actions as necessary.

b Eradicating the organizational culture that suppresses the voicing of opinions to superiors

c Restoring the functionality of vertical reporting lines and establishing mechanisms to eliminate departmental sectionalism

Points b and c, which pertain to the guidance and directions from your Ministry, are inseparable from the issues identified by the third-party committee and the specific measures to prevent recurrence based on these issues. As most of the guidance and directions have effects on the issues and specific measures, we will describe them collectively.

(i) Points raised by the third-party committee

First, the third-party committee has recommended “promoting workplace communication and strengthening human resource development” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 5).

- “Measures to promote communication between on-site employees and the Managers should be implemented, such as creating opportunities for the Managers to listen to the concerns of on-site employees directly, and one-on-one interviews for consultation on career plans.”
- “The management should diligently review whether the organizational streamlining implemented in the past is in excess or not and consider an organizational reform as per necessity. ”
- “It is necessary to strengthen human resource measures, such as education and training and human resource development not only from the perspective of securing resources to handle the processes at hand, but also from a medium-to-long-term perspective. In particular, the rotation of personnel across departments within the Mobility Development Group, as well as the rotation of personnel between the Mobility Development Group and the Quality Management Group (which are closely related in the course of business) should definitely be implemented and enhanced even if there is strong opposition from each department. ”
- “From the perspective of developing employees with Daihatsu's company-wide perspective, the Committee believes that Daihatsu should broaden the career plan options for each employee and positively consider the rotation of personnel across departments.”

Second, the third-party committee has recommended “attempts to improve the reliability of the internal reporting system” below as a measure to prevent recurrence (Committee Report, Chapter 8,

Part 6).

- “From the perspective of enhancing the satisfaction of users of the system, it is necessary for the company to conduct objective investigations to sufficiently respond to the received reports and to make such responses “visible” to users. ”
- “Accordingly, the way of operation of the “Internal voices” system should be reviewed from the conventional one whereby the Audit Department leaves the organization concerned to investigate it, with more than half of the cases subject to investigation. ”
- “Investigation by the Audit Department of all cases is unrealistic and requires due consideration on the possibility of leading to Audit Department bloat; however, efforts such as strengthening coordination with the second-line administrative divisions should be taken to enhance the objectivity of investigations.”
- “Anonymous reporting is conventionally processed, omitting notification of investigation results to reporters even if their contact information is available, which is based on the assumption that anonymous reporting has low credibility. Considering the possible existence of employees who intentionally choose to report anonymously because of anxiety over a search for the reporter, anonymous reporting processing should be reformed to provide feedback and thus “visualize” action taken by the company.”

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company aims to create a workplace culture where everyone can share and admit their mistakes without deviating from important axes such as compliance and workplaces rules and standards. To this end, we will work to ensure that management keeps abreast of the workplace situation and takes the initiative in creating an environment where members can do their jobs correctly, and members continue to learn and understand the basic knowledge and laws required to execute their work and speak out and indicate when standards are not met. We understand that changing the culture is no mean feat, but our top management, management, and members will continue to think independently and promote various measures persistently and continuously to move closer to our desired culture step by step. In particular, the Company has identified the following six specific measures to prevent recurrence:

① Mechanism for connecting people and Divisions

To foster an organizational culture where dialogue is continuous at all levels and the functions are interconnected, thinking, and acting on their own, we plan to develop an overall plan for inner

communication initiatives and set up a forum for discussion at each workplace in response to continuous messaging from top management. In addition, by setting a company-wide theme every month and discussing it in each workplace, we will work to convey management ideas and thoughts and revive communication skills in each workplace and between departments.

In addition, until now, there has been no systematic rotation and people with a narrow range of experience have been directly assigned as heads of the organization. As a result, an attitude of cooperating while considering preceding and following processes did not develop, which created organizational boundaries and a culture where people only think about their own work and their own department.

This time, by restructuring career plans and strongly promoting transfers outside the company and rotations among departments so that members can experience areas outside their own expertise, we will work on breaking down organizational boundaries and the hierarchical culture and creating a more open workplace environment through practical experience of listening to members' opinions and gaining their cooperation.

In addition, we plan to promote the creation of informal dialogue opportunities by revitalizing and reviewing DRC (Daihatsu Recreation Club) activities related to various events, as well as the activities of association of the same job classification, which are organizations that aim to forge good interpersonal relationships across workplaces.

② Achieving human resources and workplaces that contribute to Daihatsu's revival

To put it simply, the Company has had a prevalent culture of not paying enough attention to people and putting the highest priority on how efficiently work is carried out, and we are reflecting on that.

We plan to reaffirm the definitions of the mindset, determination, and roles required of managers and employees to realize a "people-centric company," and thoroughly implement each role through messaging and dialogue from managers, as well as incorporate these into various training programs.

Additionally, we plan to revise personnel evaluation elements to align with these definitions.

Ideal image of personnel

- At the top management level, personnel should be able to keep abreast of global trends and the workplace situation and continue to communicate the direction of the company and their thoughts as managers.
- At the management level, personnel should be able to take a strong lead in creating an environment where each individual employee can work correctly by keeping abreast of the

workplace situation through dialogues with employees, while presenting policies that steer the company in the right direction.

- At the member level, personnel should have a solid understanding of the knowledge and legal background required for their work and be able to courageously share and admit their mistakes without causing a deviation from the axis of executing their work correctly.

We will continue to uphold the above and persistently and continuously implement mechanisms to realize this image of personnel.

As a basis for the above personnel, we will continuously provide all executives and employees with training to foster compliance awareness.

③ Learning and practicing considerate interactions

One of the factors that contributed to the creation of a hierarchical culture where people could not speak up was the lack of rotation which, on top of making it difficult for subordinates to express their opinions to their more experienced superiors, also led to the superiors themselves not being able to understand the importance of taking their subordinates seriously and treating them with consideration, as well as how to do so.

Firstly, with Toyota's cooperation, we will provide OC (*Omoiyari* [Considerate] Communication) training, including training at the workplace and follow-up with the trainees, giving participants the opportunity to re-learn how to think about others and communicate from their perspective. In addition, we will provide training for supervisors to gain a solid understanding of each member's everyday activities and learn how to provide appropriate guidance, as well as evaluator training.

Through these efforts, all managers will re-learn and acquire the knowledge and skills to engage with each individual. In order to confirm the status of implementation, we will provide feedback to each manager through the 360-degree diagnostics described below and give them opportunities to reflect on whether their words and actions are appropriate.

④ Allocating the people/time for implementing action items

Until now, the top priority has been solely on the execution of work, and the key point of developing personnel while treating members sincerely and securing the extra capacity to do so has been forgotten. Moreover, since there was no personnel plan in the first place, we will formulate a company-wide personnel plan linked to the business plan and required for the execution of work and carve out the necessary time by factoring time for communication and education into the personnel plan. In addition, we will review the appropriate scope of work management that allows management to deal with each individual employee while keeping an eye on each workplace

situation.

⑤ Regular monitoring and strengthening of the status of efforts in each of the above areas

Through engagement surveys (workplace) and 360-degree diagnostics (individuals), we will monitor the efforts towards cultural reform, consider countermeasures, and encourage individual behavioral changes. Personnel who show no signs of change will be strictly dealt with via reassignments, among other measures, to promote cultural reform.

In addition, the Human Resources Division also plans to strengthen personnel management at both the head office and in Divisions in order to understand the workplace situation in cooperation with each Division and promote activities to convey measures that contribute to culture reform in the workplace.

Moreover, we will enhance labor-management consultations to complement the vertical reporting lines. We will also work to listen to the voices of the workplace through the labor union channel, carefully address workplace issues, and resolve them through labor-management cooperation.

Management and Managers themselves will take an interest in and approach each individual, and while putting the growth of members first, they will implement measures ① to ⑤ above, promote psychological safety and considerate mutual communication, and create an organization where all levels and all workplaces are connected.

⑥ Improving the internal reporting system to increase credibility from reporters

We plan to reorganize the internal reporting system by revising the current practice of delegating investigations to the Divisions where incidents occur, instead having members from other Divisions conduct investigations and responses to ensure objectivity. We also plan to strengthen coordination with other divisions such as human resources, accounting, procurement, and IT and technology divisions to ensure expertise.

In addition, we have begun operations to feed back investigation and response results to anonymous reports as much as possible so that we can visualize company responses. We also plan to regularly publish internal reporting performance on the internal intranet environment, D-CATCH.

Furthermore, to promote awareness of the internal reporting system and deploy more user-friendly reporting methods, we have added a reporting button to D-CATCH and have conducted internal awareness campaigns for the existing Toyota Group reporting hotline, the Toyota Consolidated Helpline.

Moreover, to increase reporting options, we plan to set up an external law firm as a new reporting contact for our internal reporting system and have started using the All Toyota Speak Up Hotline,

which was newly introduced by the Toyota Group last year.

(2) ② Improving operation management methods throughout vehicle development

a Fundamental review of the development schedule, taking into account resources such as human resources and test vehicles

(i) Points raised by the third-party committee

The third-party committee has recommended “review of development and certification process for the rigid ‘technological development’” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 2):

- “Daihatsu should first face the adverse effects of the "short-term development" and review the development and certification process so that it can achieve more flexible schedules, or schedules that can be changed in the event of a problem even if it is a little tight.”
- “It is worthwhile to consider banning the use of confirmation prototype vehicles in the certification tests and the utilization of test data of confirmation prototype vehicles in the certification tests of the notified test method. ”
- “Securing sufficient numbers of confirmation prototype vehicles and certification prototype vehicles is also important in terms of preventing recurrence. ”
- “It is essential that the development division first accurately estimate the man-hours required for development, and then establish a system commensurate with such man-hours. It is desirable to deal with the problem not only among the development division but also as a company-wide management problem.”

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company has identified the following specific measure to prevent recurrence:

① Securing the time required through revision of short-term schedules

We have fundamentally revised the process, separating the schedules for confirmation prototype and certification prototype vehicles, which were previously built concurrently. Moreover, we have explicitly forbidden the use of confirmation prototype vehicles in certification testing within our technical standards. Beyond this, we will establish a new standard schedule for the overall

development timeline, extending it to approximately 1.4 times the length of traditional schedules, ensuring ample time for each step of the process. This schedule serves as a baseline and will be adjusted as needed based on the scale of development. Specifically, the results of discussions in the Overall Schedule Meeting for each vehicle type are submitted to the Project Planning Meeting after development proposals and decided by the chair (Chief Officer of the Production Control & Purchasing Group). When any need arises to revise this schedule during the implementation of each Project, the Function Leader will pull the “andon” and the General Manager of the Division will raise the issue. After holding discussions including the possibility of revising the certification schedule or postponing the launch and reaching an agreement with the relevant Chief Officers (those of the Quality Management Group, the Sales & Customer Service Group, and the Mobility Development Group) at a project planning meeting, the chair (Chief Officer of the Production Control & Purchasing Group) will issue directions to submit the matter to a higher-level meeting based on the scale of development.

The specific revisions for each stage are as follows:

i) Schedule revisions through confirmation prototype

We have secured time for ensuring the quality of design data and for verifying the quality of drawings.

ii) Schedule revisions after confirmation prototype

As previously stated, we have decided to differentiate between confirmation and certification prototypes. Specifically, we will advance to the certification application process including manufacture of NS vehicles only when the completion of development work is confirmed at a development completion review meeting (as detailed in b-(ii)-②). This is intended to prevent development phase issues from affecting certification prototype vehicles.

b Ensuring rigorous operation management to avoid undue strain on certification work

(i) Points raised by the third-party committee

The third-party committee has recommended “review of development and certification process for the rigid ‘technological development’” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 2 [the same as a(i) above]):

- “Daihatsu should first face the adverse effects of the "short-term development" and review the development and certification process so that it can achieve more flexible schedules, or schedules that can be changed in the event of a problem even if it is a little tight.”
- “It is worthwhile to consider banning the use of confirmation prototype vehicles in the certification tests and the utilization of test data of confirmation prototype vehicles in the certification tests of the notified test method. ”

- “Securing sufficient numbers of confirmation prototype vehicles and certification prototype vehicles is also important in terms of preventing recurrence.”
- “It is essential that the development division first accurately estimate the man-hours required for development, and then establish a system commensurate with such man-hours. It is desirable to deal with the problem not only among the development division but also as a company-wide management problem.”

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company has identified the following three specific measures to prevent recurrence:

① Separation of development and certification schedules

To avoid overloading the certification process in an effort to adhere to the launch schedule when there are delays in development, we have decided to clearly separate the confirmation prototype and certification prototype schedules. This ensures that any issues encountered during the development phase do not spill over into the certification prototype vehicle timeline.

Moreover, after completing development, we will present a plan for a certification application to the Ministry and the National Traffic Safety and Environment Laboratory of the National Agency for Automobile and Land Transport Technology. If the Chief Officer of the Mobility Development Group deems development to be incomplete, it will be submitted to the Project Planning Meeting, and after reaching agreement with the relevant Chief Officers (those of the Quality Management Group and the Sales & Customer Service Group), the chair (Chief Officer of the Production Control & Purchasing Group) will issue directions to reassess the timetable for subsequent phases including certification application.

② Defining the role, responsibility, and authority of milestone meetings

To tighten the decision-making process for advancing to the next phase in both the development and certification pathways, we will hold milestone meetings.

First, we will clarify the role of the development completion review meeting held upon finishing development. As the decision-maker, the Chief Officer of the Mobility Development Group, in collaboration with the Chief Officers of the Quality Management Group and Production Control & Purchasing Group, will decide whether to move forward with certification work under the assumption of the incorporation of the drawings evaluated for regulatory compliance at the

development completion into prototype vehicles to be subsequently manufactured.

Additionally, we will hold a certification test transition meeting for each test. The General Manager of the Regulation & Certification Department will make a decision regarding the transition to certification testing, based on the congruence between the certification prototype vehicle and mass-produced vehicles.

After completing all application preparations, the Chief Officer of the Quality Control Group will newly execute a review before applying for type designation, to determine whether the application for the type designation is acceptable. If any situation requiring discontinuation of the development process arises, we will reassess the timetable for subsequent phases.

③ Creating a mechanism for properly sharing the status of operations

To ensure that problems identified during the development phase do not affect certification prototype vehicles, we will establish a mechanism for properly sharing development status within our organization.

We will provide a rule in the Technical Standards that, with regard to significant issues that emerge during the development phase, approval of the relevant General Manager(s) must be obtained in the dealing process. In this dealing process, which is an existing system for sharing current problems and the status of measures to address them, the persons with approval authority have not been specified in the Technical Standards. They will be expressly provided, and additionally for significant issues, the completion of the measures will be confirmed at the development completion review meeting. Moreover, for collision evaluations in the development phase, which are tests conducted by destroying actual vehicles, we will hold collision transition review meetings to confirm the conformity of the confirmation prototype vehicles to their drawings and to agree on performance prediction with related parties.

If any problem arises that may affect the schedule, not only upon development completion and certification application but in any phase, the Function Leader will pull the “andon” and the General Manager of the Division will raise the issue. The decision-maker at each milestone will submit it to the Project Planning Meeting, and after reaching an agreement with the relevant Chief Officers, the chair will give directions to reassess the timetable for subsequent phases.

c Preparing and creating internal regulations related to development and certification tasks, and clarifying responsibilities

(i) Points raised by the third-party committee

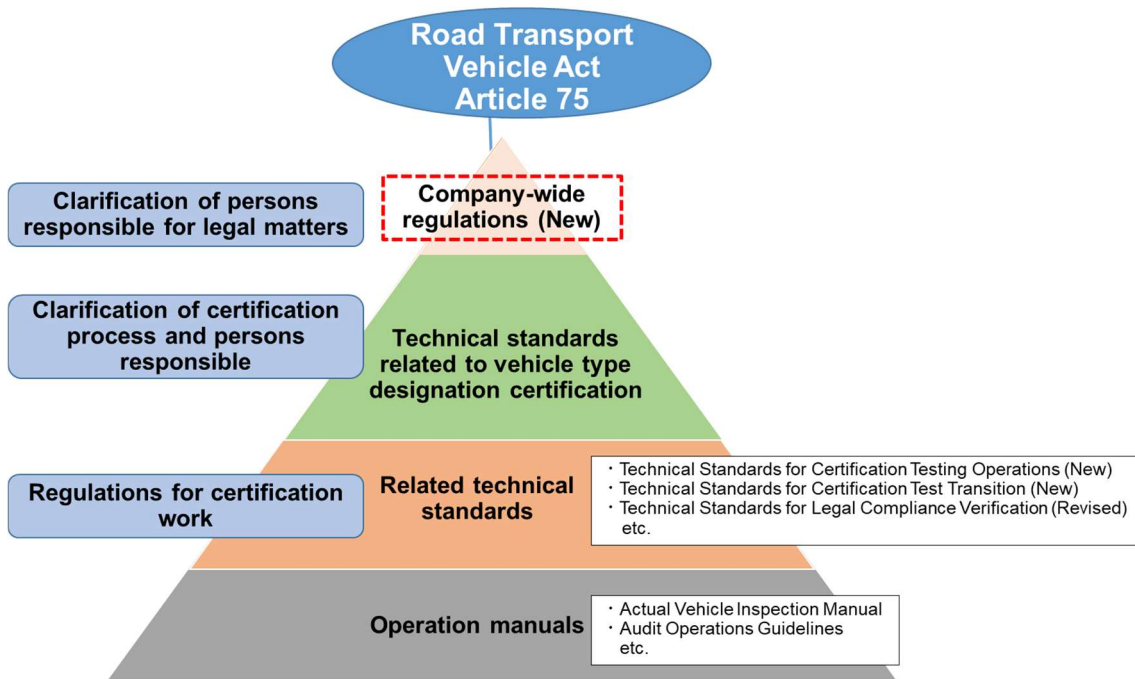
The third-party committee has pointed out that the individualization of tasks and the lack of a checking system in development and certification-related tasks were causes of procedural irregularities. One of the direct causes and background situations leading to said procedural irregularities was identified as the “black-boxed workplace environment (lack of a checking system),” specifically that “these irregularities could not be prevented because of the lack in the Safety Performance Department of a system to check the accuracy by comparing test reports to be submitted for the collision safety test certification application and in-house test reports,” as well as the fact that “a reason that procedural irregularities occurred is that the area of collision safety tests lacked transparency in which the work was personalized and was hard to see from the outside due to the highly specialized nature of the field. Without such an environment, the person in charge of certification tests would likely not have engaged in irregularities in the first place,” and “procedural irregularities to make up for inconsistencies between the in-house test report and the test report by the persons in charge of preparing the test report have been frequently identified with the Regulation & Certification Department, in charge of certification procedures concerning items other than safety performance. These irregularities are also considered to be occurred due to a lack of the supervisors’ check system and individualization of duties, among other factors.” (Committee Report, Chapter 7, Part 2.3)

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company has identified the following eight specific measures to prevent recurrence. These measures are designed to eliminate the dependency of tasks on individuals by developing and creating internal rules for certification-related work and clarifying responsibilities.

① Revising and clarifying responsibilities within internal regulations for certification-related work

In the process of revising and establishing essential regulations for certification, we have defined our stance and responsibilities as per Article 75 of the Road Transport Vehicle Act, which were not defined before, in the “Company-wide Regulations on Handling of Designated Vehicles Under the Road Transport Vehicle Act.” Moreover, to clarify the responsibilities in each process for certification, we updated the “Technical Standards Related to the Certification Process for Vehicle Types.” Furthermore, we will organize related regulations to clarify detailed work processes and responsibilities. For instance, we have newly created the “Technical Standards for Certification Testing Operations,” to define the responsibilities for each process in the testing operation.



In addition, we will proceed to establish or revise regulations for other certification-related tasks.

② Revising certification processes to prevent task discrepancies

To avoid inconsistencies across all certification applications, we have revised the “Technical Standards Related to the Certification Process for Vehicle Types” to create a work process that bases application tasks on the certification plan. Similarly, we have newly established the “Technical Standards Related to the Certification Testing Operation Regulations” to specify the tasks and processes involved in certification testing.

③ Establishing guidelines for accurate testing and documentation

We are engaged in standardizing the documents used during certification tasks to ensure that tests are conducted correctly in the certification test work processes described in ②. Specifically, we will further promote standardization of request slips, procedure manuals, and in-house TRs adapted to the certification tasks.

Also, it is necessary to ensure that the tests are conducted by testers who understand the purpose of the test and the procedures for each task and have skills to ensure accurate testing. For this purpose, we will make the skills required for each test and the skills possessed by each tester clearly apparent and create a skills map through on-the-job training proficiency checks and tests. In this way we will

ensure that a team will be formed such that members with the necessary skills are assigned to tests, and the system will be changed to one where individuals who do not possess a certain level of skill cannot handle certification tests.

④ Establishing rules for securing appropriate test vehicles

To prevent shortages, we will present a guideline to secure the required number of units of test vehicles taking into account a possibility of retesting due to erroneous or incomplete testing, in addition to the applicable regulations and vehicle specifications.

In addition, to prevent unauthorized modifications and manage test vehicles under the right conditions for testing, measures such as locking body covers, management of interchangeable parts, and seals will be implemented. Also, to deter unauthorized modifications in all certification areas, cameras will be installed for continuous recording, and the recorded data will be checked. Regulations for these management methods will be established based on the actual operational results.

⑤ Establishing a system for accurate test implementation

To prevent inadequacies such as expired facilities or measuring instruments requiring presenting upon testing and to ensure the provision of facilities and measuring instruments that accurately measure test results, we will cease individually managing certified measuring instruments and start managing them in a centralized ledger that records their inspection reports, inspection dates, and expiration dates. We additionally establish regulations in relation to these data.

⑥ Establishing initiatives and rules for accurately recording test results

We will establish internal regulations regarding storage methods for data created during the certification process, revise regulations concerning the data to be stored in technical documents, and ensure accurate recording of test results in accordance with the rules provided in them. The approver will give approval after confirming that the test results are properly stored. Further, we will check their storage conditions at audits to establish the operation.

⑦ Initiatives to prevent intentional alterations to documents

To prevent intentional alterations and other procedural irregularities in recording test results or transcribing them from one document to another, we will carry out self-inspections by each Division and pre-submission inspections by Regulation & Certification Department in certification process

audits. By progressively automating processes that involve human intervention, we will promote the prevention of intentional alterations to documents.

⑧ Clarification of response to revision of regulations

We will appoint a person in charge of regulatory compliance, and establish a system to ensure, in cases of future amendments to regulations related to development and certification, clear interpretation of and compliance with these amended regulations based on the understanding of the detailed schedule for regulatory revisions or the like. The person in charge of regulatory compliance will direct the relevant design department and the performance design department to review the development man-hours and testing man-hours affected by regulatory revisions, and in addition the department in charge of the facilities to identify the impact on the test facilities.

(3) ③ Establishing an implementation system for regulation- and certification-related tasks that prevents procedural irregularities

a Ensuring sufficient personnel and other resources for regulation- and certification-related tasks

(i) Points raised by the third-party committee

The third-party committee has pointed out that the reduction in personnel in the Regulation & Certification Department and the Safety Performance Department was a cause of procedural irregularities. One of the direct causes and background situations leading to said procedural irregularities was identified as “insufficient understanding of regulations,” specifically that “the procedure for consultations with inspection organizations on items that are not explicitly documented in laws and regulations has become individualized depending on experiences of persons in charge due to a lack of the established standard. A shortage of personnel with abundant experience in laws and regulations related to certification resulting from human resources cutting might be a factor that led to the insufficient understanding of laws and regulations. For example, the Regulation & Certification Department have been reducing its personnel since around 2011, aiming to elevate Daihatsu’s competitiveness by cost cutting. The number of persons engaging in the collision test evaluation using actual vehicles in the Safety Performance Department has also decreased since around 2011.” (Committee Report, Chapter 7, Part 2.4)

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company has identified the following six specific measures to prevent recurrence:

① Shifting resources to the Regulation & Certification Department

The Regulation & Certification Department (Test Group) has increased the number of personnel sixfold compared to January 2023. Looking ahead, we plan to increase the number of personnel to seven times the January 2023 level by around June 2024. Moreover, the additional personnel involved in testing, all of whom have experience in design, performance development, and evaluation, will work together with the existing Regulation & Certification Department members, thus improving the overall capability of personnel. Furthermore, in response to the recent procedural irregularities, we will introduce a list of capabilities necessary for properly conducting certification tests, allowing us to manage the capabilities of personnel and optimize their allocation.

We will also determine the appropriate level of personnel through several upcoming projects.

② Resource shift to the Safety Performance Evaluation and Development Department

We have increased the number of personnel in the departments related to safety performance. Specifically, the number of personnel involved in safety performance evaluation has been increased by 1.5 times compared to January 2023 levels. For those involved in safety performance development, due to a previous lack of experts well-versed in safety performance, which prevented adequate guidance for personnel, we have doubled the number of such experts compared to January 2023 levels. We will also determine the appropriate level of personnel through several upcoming projects.

③ Establishing guidelines for calculating the necessary resources

In addition to ① and ② above, to ensure proper resources for regulation and certification-related tasks, we will establish guidelines that define the conditions for making estimates about calculating the necessary personnel, etc. Previously, we determined the personnel required based solely on the direct labor hours for projects, without considering indirect labor hours such as training time for personnel or communication time between supervisors and subordinates. Going forward, we will determine the personnel required by including these indirect labor hours in accordance with the aforementioned guidelines. Specifically, the Chief Officers of the Mobility Development Group and the Quality Management Group will compile the labor hours necessary for each field according to the

guidelines, submit them according to the Company's regulations, and use them as a basis for resolutions at meetings of the Board of Directors for product planning that takes into account resource replenishment and shifts.

④ Assigning managers who understand on-site operations

In the Regulation & Certification Department and the Safety Performance Department, we will allocate managers who prioritize the importance of regulation certification, are knowledgeable about certification fields and experiments, and can solve issues that arise on site. Moreover, we will ensure that each manager in the development and certification departments reviews their scope of work management properly and secures time for organizational operations, including solving issues on site, to establish a system capable of appropriate management that is attentive to site conditions.

⑤ Passing on specialized technical skills related to performance development work

The tasks handled by the Safety Performance and Development Department require high levels of specialized technical skills. To ensure that such skills are passed on to future generations without interruption, experts will provide training. Initially, to prevent the individualization of knowledge, experts will document their knowledge, then instruct and train new employees, transferees, and young members within the organization in specialized knowledge, with the aim of promoting development tasks in a smooth manner. Furthermore, experts will be listed (publicly within the Company) to increase their sense of responsibility and dedication to education, and time will be allocated for them to engage in training new employees, thus ensuring thorough guidance and training.

⑥ Securing testing equipment

As stated in (2)-c-(ii)-⑤ and ⑧, we will establish a system to maintain and manage the existing facilities and secure newly required facilities.

b Implementing educational systems for regulations and certification, compliance, and engineer ethics

(i) Points raised by the third-party committee

The third-party committee has recommended “strengthening educational training on compliance and automobile safety regulations” below as a measure to prevent recurrence (Committee Report,

Chapter 8, Part 4):

- “Compliance training to educate employees that their misconduct leads to serious results, in addition to a matter of course that describing incorrect information in documents to be submitted to authorities is prohibited, should be provided.”
- “Continuing this kind of compliance training is essential, and by featuring This Case as an actual example in training, Daihatsu should endeavor to avoid the fading away of This Case as an organizational experience. Exhibiting failure examples of This Case and utilizing them in training is another idea deserving consideration.”
- “Considering the current status that persons in charge of certification tests are engaging in the practical duties without sufficient understanding of laws and regulations concerning the highly specialized system of certification, reinforced education and training for enhancing the understanding of each law or regulation seems to be necessary in addition to that on the overview of the legal certification system in general.”
- “The development of employees with expertise who are capable of functioning as instructors is also important to continuously offer education and training on details of laws and regulations. While the number of experienced employees with expertise has decreased in the Safety Performance Department, human resource development seems to be necessary to establish an employee-oriented system that enables the provision of appropriate instructions from co-workers in the ordinary operation process. It is also worthwhile to consider asking for support for human resource development from external professional organizations and Toyota Motor.”
- When developing human resources, it is worth considering receiving support from external professional organizations and Toyota.

(ii) Specific measures to prevent recurrence

In light of (i) above, the Company has identified the following four specific measures to prevent recurrence:

① Continuous learning on certification

Starting with the basics of what a certification system is, we will provide education on legal certification as follows. In addition to the measures within the Company listed below, the Company will also enhance in-house training with support from Toyota, including participation in lectures conducted by Toyota and using training materials provided by Toyota.

- A basic course on what a certification system is (target: all operating officers and employees, to prevent the recent procedural irregularities from fading from memory; frequency: annual)
(The first session was held in June 2023 for the Mobility Development Group, and the training video was distributed to the entire company.)
- Thirteen specialized training sessions in lecture format for the certification tests where the procedural irregularities occurred (target: employees involved in development- and certification-related tasks; frequency: each time training content is updated or every three years)
- Education that includes implementation of a system where employees cannot start work unless they answer a question on certification after turning on their computer at the start of the workday, as part of a quiz that instills the importance of the law on a broad basis (Daily Quiz) (target: all employees, for widespread learning about the law; frequency: daily)
- Training to develop Regulation Interpretation Professionals who are well-versed in regulations and can act as consultants. These professionals, after passing an internal exam, will engage in training junior employees, contributing to their own and others' growth (target: designers who obtain regulation information from JAMA (Japan Automobile Manufacturers Association) subcommittees and are responsible for its internal dissemination, and those in charge of guiding the creation of approval applications and approving them).

In addition to the above, the Company will ensure the continuation of effective education on legal certification by establishing a learning center as well as “Fresh Start Day” (every December 20).

② Verification meetings and proficiency training for proper certification tests

For employees involved in certification tasks to perform their work properly, we will start conducting procedural checks for legal certification tests and proficiency training based on actual tests on an ongoing basis, starting at the Shiga Technical Center.

③ Compliance and engineer ethics training

Starting with basic principles such as not altering test results, not including false information in submitted documents, and the fact that incorporating false information will prevent us from making vehicles, we will provide compliance training using actual cases of procedural irregularities (target: all employees of the Mobility Development Group and Quality Management Group; frequency: annual).

In addition, we will conduct training on engineer ethics (the ethical behavior that professionals in technical fields should practice) via external organizations, including the aforementioned basic principles. Subsequently, we will create internal materials for education on engineer ethics and

continue to conduct training on an ongoing basis.

④ Establishing a training follow-up system

During the above training, we will utilize e-learning to ensure a 100% participation rate in the training and conduct proficiency tests to ensure that the details of the training take root within the organization. Additionally, we will periodically update the texts to suit the Company's actual situation and provide retraining as appropriate.

c Establishing a checking system within the approval application process and introducing in-depth audits on regulations and certification

(i) Points raised by the third-party committee

First, the third-party committee has recommended "separation of performance development, evaluation and certification" as one of the "effective restraints on development and certification processes" below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 3.1):

- "(The organizational reform, effective June 1, 2023, which transferred the Regulation & Certification Department from the Mobility Development Group to the newly established Quality Management Group) is considered to be an effective organizational revision from the viewpoint of enhancing the objectivity of the legal certification function. However, since the legal certification work also constitutes a part of the development process, there is a concern that cooperation with the development division on site can be stagnant, leading to a weakening of the legal guidance and advisory function. Therefore, such system should be operated as to ensure smooth cooperation with the development division on site while ensuring objectivity. For example, the Regulation & Certification Department should be staffed with the personnel who are familiar with the on-site work and can have smooth communication."
- "(The organizational reform effective June 1, 2023, which changed the structure into two divisions, the Vehicle Performance Development Division and the Vehicle Performance Evaluation Division, to separate the development and evaluation functions) is expected to be effective as a measure to prevent recurrence if it is substantial. However, there is a concern that this may be organizational change in form only, and that no changes will occur on-site as they continue to cooperate to pass the certification tests. Therefore, separation of reporting lines and working places should be conducted appropriately, and continuous monitoring should be

implemented while paying close attention to the operation so as to properly exercise the check-and-balance function.”

Second, the third-party committee has recommended “introducing auditing procedures to check the accuracy of certification application documents” as one of the “effective restraints on development and certification processes” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 3.2):

- “Examination of all applications with such a system in the legal certification work process might be difficult but, from the viewpoint of post-examination of operational appropriateness, it should be considered to introduce, as a tentative measure against This Case, an auditing procedure of which procedural depth is similar to that of the in-house investigation that led to the identification of the procedural irregularities included in the Second Announcement. The Committee is not proposing certain approach, but points out the necessity to secure independence from the on-site of the development division to make the audit procedure practically effective as well as recommends establishing a personnel system comprising persons equipped with understanding on practical matters concerning certification application documents and certification tests, which require highly specialized expertise. Daihatsu needs to develop human resources for such an audit procedure over a medium-to-long-term period.”
- “When an audit procedure with in-depth focus on the legal certification work is introduced, reviews of its policies and procedures based on appropriate evaluations of the misconduct risk should be flexibly performed from the viewpoint of recurrence prevention. For example, unannounced inspections may be employed to avoid makeshift modifications at the on-site that are possible with regular inspections. There is a concern that the number of misconduct behaviors in the data falsification type, which was low with This Case because the lack of check system narrowed down the necessity to falsify the original data, might increase from now on. Accordingly, introduction of a procedure to examine the test data accuracy might be considered depending on the evaluation results of the misconduct risk.”
- “The coordination among divisions performing monitoring is important to prevent misconduct or detect it at an early timing. For that purpose, monitoring must be performed in the presumed scenario that misconduct will occur even when operations are under other divisions’ control.”

(ii) Specific measures to prevent recurrence

In light of (i) above , the Company has identified the following three specific measures to prevent recurrence:

① Coordination and monitoring after separation of performance development, evaluation and certification

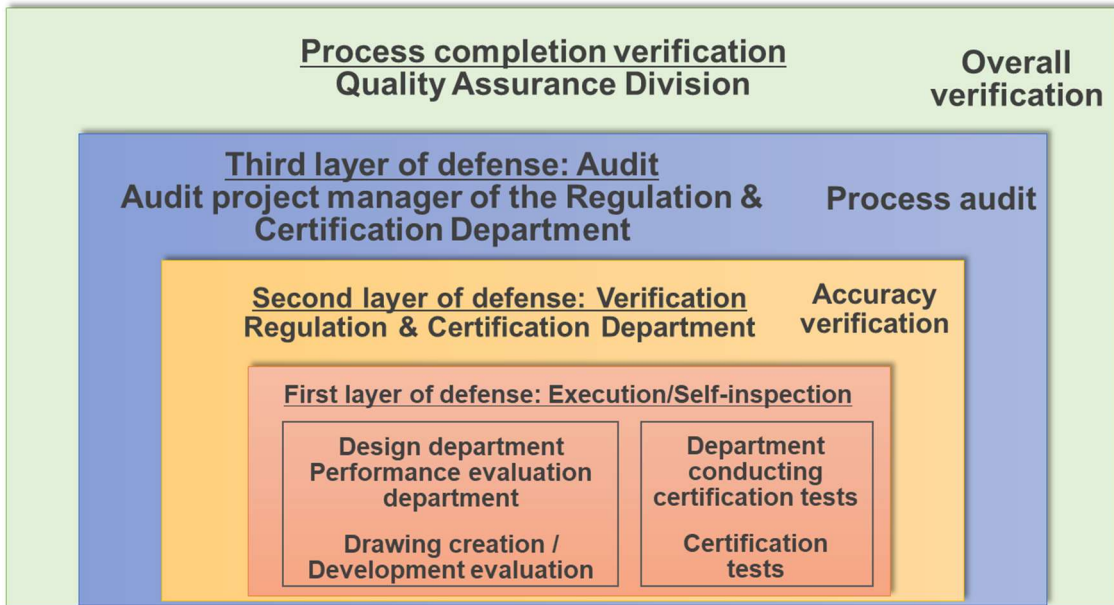
The Company underwent an organizational change in which the Regulation & Certification Department was transferred from the Mobility Development Group to the newly established Quality Management Group as of June 1, 2023. As part of this organizational revision, the previous Vehicle Performance Development Division was changed to a two-part system consisting of the “Vehicle Performance Development Division” and the “Vehicle Performance Evaluation Division.”

In addition to the above organizational changes, to ensure smooth cooperation between the Regulation & Certification Department and the development division on site (the Vehicle Performance Evaluation Division) while ensuring objectivity, the Regulation & Certification Department was staffed with personnel who are familiar with the on-site work and can have smooth communication. Additionally, as part of the monitoring of the Vehicle Performance Evaluation Division within the Regulation & Certification Department, an observer will be present during all certification tests (including measurement tests for data submitted by manufacturers).

② Establishing an audit system for the certification process

Regarding the audit system for the certification process shown in the diagram below, a multi-layered audit system will be constructed by having the Quality Assurance Division perform process completion verification following an audit by the Regulation & Certification Department. In addition, to clarify the audit function and who possesses the authority required to implement it, new standards related to the implementation of certification work audits will be established.

<Audit system for the certification process>

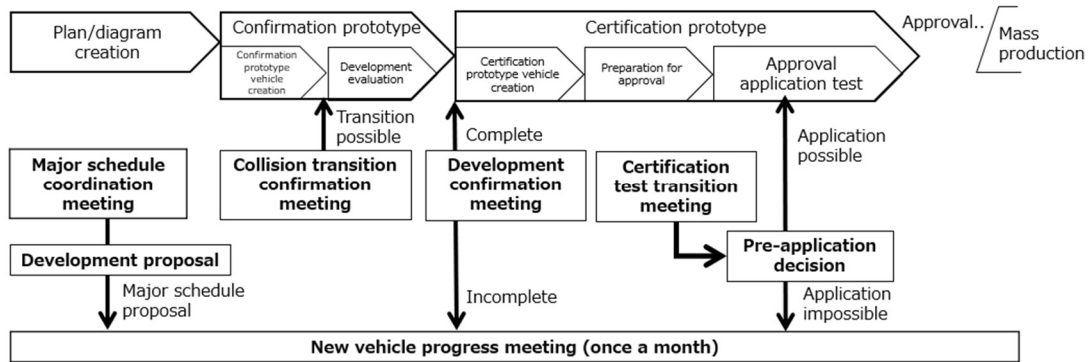


Audits will be conducted for all projects. For example, in the case of internal test certificates, as the first layer of defense, the supervisor of the department conducting the certification test first checks the test data, approves it, and then hands it over to the Regulation & Certification Department. Next, as the second layer of defense, the Regulation & Certification Department will check the data that was handed over, including the accuracy of the data content, and creates an internal test report to prevent falsification. Furthermore, as the third layer of defense, the audit project manager will conduct a process audit to ensure that approvals have been made by the persons responsible within each layer, thereby acting as a deterrent. In addition to these, the Quality Assurance Division will conduct a verification of process completion. Afterward, the Company submits the internal test report to the National Traffic Safety and Environment Laboratory within the National Agency for Automobile and Land Transport Technology.

③ Developing human resources capable of conducting audits

In addition to ① and ② above, measures for the development of human resources are being considered from a medium- to long-term perspective to further reinforce the audit system. Specifically, by attending actual certification tests during the audit process, knowledge of certification operations will be enhanced, and auditing skills will be cultivated.

<Reference> Diagram of Meetings Within the Development and Certification Process



<Reference> Necessary rules for establishment and revision of regulation and certification-related tasks

Regulation	Established/Revised	Summary
Company-wide Regulations for Handling of Designated Vehicles Under the Road Transport Vehicle Act	Established	Clarification of persons responsible in relation to legal matters
Company-wide Regulations for Quality Assurance	Revised	Addition of certification steps to the quality assurance activity steps
Technical Standards Related to the Certification Process for Vehicle Type Designation	Revised	<ul style="list-style-type: none"> Clarification of each department's responsibilities Addition of certification test transition and third-level audit functions
Technical Standards Related to Certification Testing Operations	Established	<ul style="list-style-type: none"> Clarification of operations related to certification testing Clarification of process for test results confirmation (second level)
Technical Standards Related to Certification Test Transition	Established	Clarification of implementation items and transition criteria for certification test transition
Technical Standards Related to Determination of Key Specification Values	Established	Procedures for determining the specification values for weight, fuel efficiency, power, and torque
Technical Standards Related to Determination of Dimensional Specifications	Established	Procedures for determining the specification values for dimensions
Technical Standards Related to Legal Compliance Verification	Revised	Addition of implementation items for second-level verification by the Regulation & Certification Department
Technical Standards Related to the Implementation of Certification Operations Audit	Established	Regulation of third-level audit operations
Technical Standards for Actual Vehicle Inspection for Certified Vehicles	Revised	Review of each department's role in actual vehicle inspection
Quality Standards for Verification of Certification Process Completion	Established	Regulation of audit guidelines by the Quality Assurance Department

Part 3. Establishment of an organization to plan and audit measures to prevent recurrence

1. Establishment of a special organization to follow up on the execution and continuation of individual measures to prevent recurrence based on the Three Pledges and the Rectification Order (Three Pledges Reform Promotion Division (Tentative Name))

The third-party committee has recommended “establishment of a special organization to plan and monitor measures to prevent the recurrence of This Case” below as a measure to prevent recurrence (Committee Report, Chapter 8, Part 9):

- “The measures to prevent recurrence to be actually introduced in Daihatsu might also become a mere skeleton unless they are under appropriate monitoring. Furthermore, the measures to prevent recurrence that have been introduced should not be treated as the absolute ones; they should be flexibly reviewed on the basis of ISO’s concept of the PDCA cycle in response to identifications of problems during the monitoring process. For example, organizations affected by the Organizational Changes that Daihatsu executed on June 1, 2023 should be monitored continuously to check whether they are functioning after the Changes, and if not, further reform should be considered.”
- “Conducting such attempts by establishing a special body, such as committees with the support of external experts, is also worth consideration.”

The Company will specifically execute and continue individual measures to prevent recurrence based on the Three Pledges and the Rectification Order.

Many of the specific measures to prevent recurrence require long-term efforts. Even if the measures are determined at the time of this report’s creation, depending on future circumstances, it is assumed that their content may need to be changed and optimized in a flexible manner. Therefore, the Company plans to establish the Three Pledges Reform Promotion Division (tentative name) to plan and audit such efforts.

By including external members such as lawyers, we will create an organization that performs audits not only from the Company’s perspective, but also from a third-party perspective to ensure that measures to prevent recurrence are properly planned and executed.

A summary of the Three Pledges Reform Promotion Division (tentative name) is as follows:

- Purpose: Strong support for planning and executing measures to prevent recurrence and auditing their progress
- Structure: Directly under the President
- Chief Officer: Chief Officer, Quality Management Group

- Composition of membership: Young representatives connected to each department and external members, such as lawyers
- Launch date: March 2024

2. Board of Directors' commitment to preventing recurrence

The Board of Directors will judge the content planned and executed by the Three Pledges Reform Promotion Division (tentative name) and each Group from a management perspective and provide instructions as necessary.



The Company believes that it can only recover the trust it lost from its stakeholders by never forgetting the Three Pledges and by taking sure and steady steps to implement each of the measures to prevent recurrence. The entire company will work together as one and apply all its strength towards revitalization.

END

Attachment: Recurrence Prevention List (As of February 2024)

Recurrence Prevention List (As of February 2024)

① Reconstruction of the company-wide business operation system

a A thorough understanding of legal certification work among executives and clarification of responsibilities related to these operations

Items	Details of Implementation and Progress	Status	No.
① Continuous messaging from executives on reflection and determination	· Visit sites to convey determination concerning compliance with laws and regulations and ensuring proper work	Currently underway	1
	· Distribute a video on the above	Currently underway	2
	· Establish a rule requiring that the statement "We will adhere to laws and regulations and carry out my duties in an ethical manner" be stated on the front sheets of project proposals and other documents	Currently underway	3
	· Have a pop-up message on PCs that conveys the message from top management that "I will comply with laws, regulations, and rules and perform proper work"	Currently underway	4
② Enrich the understanding of executives with regard to legal certification work through training	Conduct internal training for all executives on the following two points: · Article 75 of the Road Transport Vehicle Act, the Vehicle Type Approval system under that article, related internal processes and company-wide regulations, and internal technical standards · The significance of model code certification systems and the process leading up to model code approval in various countries	Preparing for implementation	5
	· Regular management education by external experts such as lawyers (compliance/risk management/Act against Unjustifiable Premiums and Misleading Representations/Antimonopoly Act/insider trading regulations/duties and responsibilities of Operating Officers)	Preparing for implementation	6
	· Hire outside persons as directors and Audit & Supervisory Board members	Preparing for implementation	7
③ Create mechanisms for executives to grasp the actual situation on-site and for Operating Officers and employees to take personal responsibility for compliance with laws, regulations, and rules	· Directly visit sites periodically and engage in two-way communication on set topics	Currently underway	8
	· Establish December 20 as "Fresh Start Day" to prevent the fading of awareness of procedural irregularities related to certification	Preparing for implementation	9
	· Establish a learning center to ensure our customers' safety and security	Preparing for implementation	10
	· Revise our employment policies to clearly outline disciplinary measures for procedural irregularities, and thoroughly communicate this internally	Preparing for implementation	11
④ Formulating appropriate business plans based on management resources	· Secure and clarify not only the resources required for development, but also the resources needed for strengthening infrastructure, employee training, and overall organizational operation	Preparing for implementation	12
	· Based on the above, formulate appropriate business and product plans	Preparing for implementation	13
⑤ Promoting mutual understanding through continuous and open communication between the top executives of Toyota and Daihatsu and through personnel exchanges	· Establish regular and continuous dialogue between the top executives of Toyota and Daihatsu	Preparing for implementation	14
	· Formulate business and product plans after sharing strategies and visualizing management resources	Preparing for implementation	15
	· Formulate plans for personnel exchanges among divisions with the same functions at Toyota and Daihatsu	Preparing for implementation	16
	· Based on the above, implement personnel exchanges with Toyota on a practical level	Preparing for implementation	17
⑥ Reinforcing internal audit systems	· Set comprehensive audit items for each company function that includes development and certification processes <Management, governance, SDGs, labor, purchasing, accounting, information management, quality product inspection (development to approval to production), sales, service>	Preparing for implementation	18
	· Verification and acquisition of the knowledge and personnel resources necessary for ensuring that audits are reliably conducted	To be implemented soon	19
	· Establishment of the GRC Promotion Division (tentative name) and transfer of administrative tasks relating to compliance that should fundamentally be performed on the execution side	To be implemented soon	20
	· Promotion of company-wide risk management and compliance activities by the GRC Promotion Division (tentative name) (determination of persons responsible for risk in each group/problem visualization/evaluation and analysis/referral to committees/countermeasure execution/monitoring/review & improvement)	Preparing for implementation	21
⑦ Clarification of who holds responsibility and authority in development work and legal certification work	· Separation of the Regulation & Certification Department from the Mobility Development Group and establishment of the Quality Assurance Division together with the Quality Management Group	Implemented	22
	· Placement of a director in charge of or responsible for overseeing regulation and certification work and bearing management-side responsibility	Preparing for implementation	23
	· Separation of the Vehicle Performance Development Division into the Vehicle Performance Development Division, which would be primarily responsible for development, and the Vehicle Performance Evaluation Division, which would be primarily responsible for evaluation, and transferring safety performance certification work to the Regulation & Certification Department to clarify roles in development, evaluation, and certification	Implemented	24
	· Monitor whether checks on each function are working and take measures as necessary	To be implemented soon	25
⑧ A body for planning and auditing measures to prevent recurrence	· Establish a special organization (the Three Pledges Reform Promotion Department (tentative name) to follow up on the implementation and continuation of individual measures to prevent recurrence based on the Three Pledges and remediation orders	To be implemented soon	26
⑨ Board of Directors' commitment to preventing recurrence	· The Board of Directors will evaluate and, if necessary, provide instruction regarding the details planned and implemented by the Three Pledges Reform Promotion Department (tentative name) and divisions from a management perspective	To be implemented soon	27

b Eradicating the organizational culture that suppresses the voicing of opinions to superiors

c Restoring the functionality of vertical reporting lines and establishing mechanisms to eliminate departmental sectionalism

Items	Details of Implementation and Progress	Status	No.
① Mechanism for connecting people and Divisions	· Overall plan for communication initiatives	Preparing for implementation	28
	· Communication and dialogue from top management/executives	Currently underway	29
	· Setting a monthly company-wide theme for discussion in each workplace	To be implemented soon	30
	· Reconstructing career plans	To be implemented soon	31
	· Creating opportunities for informal dialogue (DRC activities, office club activities)	Preparing for implementation	32
	· Investigate and implement rotations with a view to the future	Preparing for implementation	33
② Achieving human resources and workplaces that contribute to Daihatsu's revival	· Defining the mindset, determination, and roles required of managers and employees	To be implemented soon	34
	· Revising personnel evaluation elements based on the definitions	To be implemented soon	35
	· Implementing compliance training for all managers and employees	Preparing for implementation	36
③ Learning and practicing considerate interactions	· Implementing "Omoiyari [Considerate] Communication training" for all managers	Preparing for implementation	37
	· Implementing "evaluator training" for all managers	Preparing for implementation	38
④ Allocating the people/time for implementing action items	· Implement visualization of all company personnel	Preparing for implementation	39
	· Formulate company-wide personnel plans linked to business plans	Preparing for implementation	40
	· Review the proper scope of operation management to enable management to address each individual	Preparing for implementation	41
⑤ Regularly observing and reinforcing the implementation status of the above items	· Regularly conducting engagement surveys (workplace)	Implemented	42
	· Regularly conducting 360-degree diagnostics (individuals)	Preparing for implementation	43
	· Strengthening HR at headquarters and division personnel	Preparing for implementation	44
	· Enhancing labor-management consultations (supplementing vertical reporting lines)	Currently underway	45
⑥ Improving the internal reporting system to improve the trust of reporters	· Eliminate investigation operations conducted by divisions in which irregularities occurred and implement investigations and responses by investigation personnel from other divisions	Preparing for implementation	46
	· Reinforce collaboration with other divisions such as personnel, accounting, procurement, IT, and te	Preparing for implementation	47
	· Clarifying the policy for communicating response results to anonymous reporters	Implemented	48
	· Regularly disclosing the operation status of the internal reporting system to employees	Preparing for implementation	49
	· Utilizing external help lines such as law firms	Preparing for implementation	50
	· Utilizing the internal reporting system within the Toyota Group	Implemented	51
	· Introducing and promoting the system to employees in an easy-to-understand manner	Implemented	52

② Improving operation management methods throughout vehicle development

a Fundamental review of the development schedule, taking into account resources such as human resources and test vehicles

Items	Details of Implementation and Progress	Status	No.
① Securing the time required through revision of short-term schedules	<ul style="list-style-type: none"> Separate schedules to build confirmation prototype and certification prototype vehicles to prevent development phase issues from affecting certification prototype vehicles. 	To be implemented soon	53
	<ul style="list-style-type: none"> Explicitly forbid the use of confirmation prototype vehicles in certification testing within technical standards. 	Implemented	54
	<ul style="list-style-type: none"> Establish a standard schedule for the overall development timeline, extending it to approximately 1.4 times the length of traditional schedules. 	To be implemented soon	55

b Ensuring rigorous operation management to avoid undue strain on certification work

Items	Details of Implementation and Progress	Status	No.
① Separation of development and certification schedules	<ul style="list-style-type: none"> [Repost] Separate schedules to build confirmation prototype and certification prototype vehicles to prevent development phase issues from affecting certification prototype vehicles. 	To be implemented soon	(53)
	<ul style="list-style-type: none"> If development is delayed, review post-processing schedules including certification applications 	To be implemented soon	56
② Defining the role, responsibility, and authority of milestone meetings	<ul style="list-style-type: none"> Clarify the roles and decision-making criteria of the Development Completion Review Meeting and establish a rule that the decision-maker is the Chief Officer of the Mobility Development Group 	To be implemented soon	57
	<ul style="list-style-type: none"> Implement Certification Test Transition Meetings for all tests 	To be implemented soon	58
	<ul style="list-style-type: none"> Establish a rule that the Chief Officer of the Quality Control Division determines whether the application for the model code designation is acceptable after completing all application preparations 	To be implemented soon	59
③ Creating a mechanism for properly sharing the status	<ul style="list-style-type: none"> Revise technical standards and have General Managers approve the proposal of significant issues that emerge during the development phase and confirmation of the effects of countermeasures 	To be implemented soon	60
	<ul style="list-style-type: none"> When an issue that affects the schedule arises, each function manager pulls an Andon and the chairperson gives instructions for a review of the schedule at the new vehicle progress meeting 	To be implemented soon	61
	<ul style="list-style-type: none"> For collision evaluations in the development stage, holding Collision Transition Review Meetings to reach agreement on performance forecasts with the relevant parties 	To be implemented soon	62

c Revising and preparing internal regulations related to certification work and clarifying responsibilities

Items	Details of Implementation and Progress	Status	No.
① Revising and clarifying responsibilities within internal regulations for certification-related work	<ul style="list-style-type: none"> Introduce new company-wide regulations related to handling of designated vehicles based on the Road Transport Vehicle Act to define our stance and identify responsible persons as per the Act 	Implemented	63
	<ul style="list-style-type: none"> Revise the technical standards for the vehicle type approval certification process and clarify the persons responsible in each certification process 	Implemented	64
	<ul style="list-style-type: none"> Establish new Technical Standards for Certification Testing Operations and clarify the persons responsible in each certification testing operation process 	Implemented	65
② Revising certification processes to prevent task discrepancies	<ul style="list-style-type: none"> [Repost] Revise the technical standards for the vehicle type approval certification process and clarify the persons responsible in each certification process. 	Implemented	(64)
	<ul style="list-style-type: none"> [Repost] Establish new Technical Standards for Certification Testing Operations and clarify the persons responsible in each certification testing operation process 	Implemented	(65)
③ Establishing guidelines for accurate testing and documentation	<ul style="list-style-type: none"> Standardize test request slips, procedure manuals, and in-house TR. 	Currently underway	66
	<ul style="list-style-type: none"> Implement OJT proficiency checks and tests of the skills necessary for each test and the skills of each staff member and create and visualize skill maps 	Currently underway	67
④ Establishing rules for securing appropriate test vehicles	<ul style="list-style-type: none"> Develop guidelines that can secure the required number of test vehicles according to applicable regulations and specifications and the possibility of re-testing 	Preparing for implementation	68
	<ul style="list-style-type: none"> Manage locking body covers & interchangeable parts. 	Currently underway	69
	<ul style="list-style-type: none"> Affix a seal to prevent improper modifications 	Currently underway	70
	<ul style="list-style-type: none"> Install cameras and continuously record to deter irregular, unauthorized modifications. 	Currently underway	71
⑤ Establishing systems for accurate measurement implementation	<ul style="list-style-type: none"> Manage certified measuring instruments in a centralized ledger (display inspection certificates, inspection dates, and expiration dates). 	Currently underway	72
⑥ Establishing initiatives and rules for accurately recording test results	<ul style="list-style-type: none"> Establish internal regulations on methods of storing data created in certification processes 	Implemented	73
	<ul style="list-style-type: none"> Revise regulations on data subject to retention in order to accurately record test results 	To be implemented soon	74
⑦ Measures for preventing improper revision of documents	<ul style="list-style-type: none"> Conduct pre-submission inspections of certification application documents without fail. 	Currently underway	75
	<ul style="list-style-type: none"> Progressively automate processes that involve human intervention 	Currently underway	76
⑧ Clarification of the response to legal revisions	<ul style="list-style-type: none"> Newly appoint a person in charge of regulatory compliance and establish a system to ensure clear interpretation of laws and regulations and ensure legal compliance 	Preparing for implementation	77
	<ul style="list-style-type: none"> Instructions for personnel responsible for regulations to review development and testing man-hours in conjunction with amendment of laws and regulations and instructions to confirm the facts on test equipment 	Preparing for implementation	78

③ Establishing an implementation system for regulation- and certification-related tasks that prevents procedural irregularities

a Ensuring sufficient personnel and other resources for regulation- and certification-related tasks

Items	Details of Implementation and Progress	Status	No.
① Shifting resources to the Regulation & Certification Department	· The number of personnel in the Regulation & Certification Department (Test Group) has been increased sixfold compared to January 2023, and there are plans to increase it sevenfold compared to January 2023 by June 2024	Currently underway	79
	· Introduce skills lists to optimize the assignment of personnel and skills management in the Regulation & Certification Department	Preparing for implementation	80
② Shifting resources to safety performance evaluation and development departments	· Safety performance evaluation personnel have been increased by 1.5 times compared to January 2023	Implemented	81
	· Safety performance development personnel have been increased by 2 times compared to January 2023	Implemented	82
③ Establishing guidelines for calculating the necessary resources	· Establish guidelines on matters such as calculation of the personnel required to secure appropriate resources	Preparing for implementation	83
④ Assigning managers who understand on-site operations	· Review the work of subordinates to the extent that managers can perform management and secure time for organizational management	Preparing for implementation	84
	· Assign managers who can gain an understanding of practical operations and solve individual on-site problems	Preparing for implementation	85
⑤ Taking over specialized technology relating to performance development work	· Have knowledgeable persons create knowledge manuals to prevent work from becoming individualized	Preparing for implementation	86
	· Register in lists (available internally) that clearly indicate knowledgeable persons in performance development departments	Preparing for implementation	87
	· Have registered knowledgeable persons conduct guidance and training of employees with little experience in performance development work departments	Preparing for implementation	88
⑥ Securing testing equipment	· [Repost] Manage certified measuring instruments in a centralized ledger (display inspection certificates, inspection dates, and expiration dates).	Currently underway	(72)
	· [Repost] Instructions for personnel responsible for regulations to review development and testing man-hours in conjunction with amendment of laws and regulations and instructions to confirm the facts on test equipment	Preparing for implementation	(78)

b Implementing educational systems for regulations and certification, compliance, and engineer ethics

Items	Details of Implementation and Progress	Status	No.
① Continuous learning on certification	· Hold a basic course for all officers and employees to teach what a certification system is in order to instill compliance awareness	Currently underway	89
	· Conduct specialized education and training for employees involved in development approval operations starting with the approval applications in which the recent procedural irregularities occurred	Preparing for implementation	90
	· Conduct a one-question quiz for all employees every day when they start up their company PCs	Preparing for implementation	91
	· Develop legal interpretation professionals who can be consulted through training to develop familiarity with individual laws and regulations	Preparing for implementation	92
	· [Repos] Establish a learning center to facilitate the shift to action that ensures our customers' safety and security	Preparing for implementation	(10)
② Verification meetings and proficiency training for proper certification tests	· Hold procedure confirmation meetings for legal certification tests	Currently underway	93
	· Conduct familiarization training based on actual tests	Currently underway	94
③ Compliance training and engineer ethics training	· Conduct education on the false statements and their serious impact and compliance training based on the irregularity cases for all employees in Mobility Development Group and Quality Management Group.	Preparing for implementation	95
	· Training on engineer ethics by external organizations for related personnel. Creating internal materials based on the training and conducting training using them, going forward.	Preparing for implementation	96
④ Establishing a training follow-up system	· Achieve 100% attendance rates for basic courses and specialized training and conduct skill confirmation tests	Preparing for implementation	97

c Establishing a system of checks within the approval application process and introducing in-depth audits on regulations and certification

Items	Details of Implementation and Progress	Status	No.
① Coordination and monitoring after separation of performance development, evaluation, and certification	· [Repost] Separated the Regulation & Certification Department from the Mobility Development Group and established the Quality Assurance Division together with the Quality Management Group.	Implemented	(22)
	· [Repost] Separation of the Vehicle Performance Development Division into the Vehicle Performance Development Division, which would be primarily responsible for development, and the Vehicle Performance Evaluation Division, which would be primarily responsible for evaluation, and transferring safety performance certification work to the Regulation & Certification Department to clarify roles in development, evaluation, and certification	Implemented	(24)
	· The Regulation & Certification Department was staffed with personnel who are familiar with the on-s	Implemented	98
	· An observer from the Regulation & Certification Department will be present during all certification tests for monitoring.	Implemented	99
② Establishing an audit system for the certification process	· Establish technical standards relating to implementation of three- layer audits and other certification work audits including data and process confirmation by the Regulation & Certification Department	To be implemented soon	100
	· Establish standards for implementation of completion verification by the Quality Assurance Division	To be implemented soon	101
③ Developing human resources capable of conducting audits	· Fostering assigned personnel to auditing human resources via attendance at certification tests	To be implemented soon	102