



April 8, 2024

## **Regarding Future Business Direction**

### **~Aiming to Become a “Mobility Company Centered on Mini Vehicles” and Striving to Restore Trust by Thoroughly Preventing Recurrence~**

Daihatsu Motor Co., Ltd. (hereinafter “Daihatsu”) announced today its future business direction.

To revitalize the company, we have once again set our management focus on mini vehicles, Daihatsu’s roots. We are aiming to become a “mobility company centered on mini vehicles” by refining Daihatsu’s strength of creating affordable and high-quality vehicles that stay close to the lifestyles of customers. Daihatsu will also help make ever-better cars and realize a mobility society.

A prerequisite for these efforts is the establishment of a system that will prevent procedural irregularities from ever occurring again and restore the trust of our customers and other stakeholders. We will promote measures to prevent recurrence with frank honesty based on the Three Pledges submitted to the Ministry of Land, Infrastructure, Transport and Tourism on February 9, 2024.

#### 1. Future Direction

◇ We will return to our roots of delivering vehicles that stay close to the lifestyles of customers and enrich their lives. With regard to mini vehicles, we will continue to offer the freedom of mobility to customers in every corner of the country by refining Daihatsu’s strength of creating affordable and high-quality vehicles.

We will expand the appeal and potential of “mini” vehicles, which can be considered national cars, and take on the challenge of mini vehicle BEVs as well.

◇ In emerging markets, we will continue to provide compact cars that are necessary for our customers’ daily lives at affordable prices. We will also deepen our cooperation with Toyota Motor Corporation (hereinafter “Toyota”) in the areas of electrification and intelligence technology. In doing so, we will contribute to both the realization of carbon neutrality in emerging markets through a multi-pathway approach, as well as the development of the automotive industry and economy. We will advance connected services and DX to realize mobility and services that support the last mile of efficient logistics for people and goods in coordination with infrastructure.

◇ Daihatsu’s resources and knowledge in realizing these efforts are limited. Thus, from the perspective of thoroughly preventing recurrence, Toyota will take responsibility for compact cars from development to certification. Then Daihatsu will be commissioned to handle the actual development. This change will be made sequentially, starting with models to be switched over going forward.

In line with this change, the Emerging-market Compact Car Company (ECC), which has served as a bridge between Toyota and Daihatsu until now, will be dissolved. The reporting line for functions from development to certification will be changed to the Toyota Compact Car Company from May. In addition, the structure will be changed to one in which Toyota will be responsible for resource management and optimization related to business and product planning.

## 2. Efforts to Prevent Recurrence

We will promote measures to prevent recurrence with frank honesty based on the Three Pledges submitted to the Ministry of Land, Infrastructure, Transport and Tourism on February 9, 2024, in order to restore trust. We will promote honest communication between management and the Genba through the following efforts and ensure the appropriate operation of the system and framework. In doing so, we will ensure that the mistakes made in the procedural irregularities issue do not fade away.

### (1) Management Reform

- Eliminate functional and vertical divisions, and reorganize into an organization with “horizontal collaboration” that is communication-oriented
- Eliminate the Executive Manager and Deputy Executive Manager positions to streamline the organization from five levels to three (President => Executive Vice President => Chief Officer); select young project leaders with clearly defined roles and missions

### (2) MONODUKURI and KOTODUKURI Reform

- Review the development schedule according to the size of the project, and develop a structure where, if delays still occur, the Andon (signal) cable is pulled when the Genba notifies of an irregularity
- Establish a system that allows for the proper way of working, where everyone stops, helps each other with resources between functions, and reviews schedules if delays occur

### (3) Culture Reform

- Stimulate inter-departmental rotation and assign management human resources with an emphasis on people skills
- Establish a business operation system that allows staff to spend time and man-hours on necessary work by eliminating meaningless formal written reports from staff to managers and actively utilizing digital tools to execute tasks more efficiently
- Promote organizational and human resource development efforts under the slogans of “peace of mind at work,” “assignment for role and responsibility,” and “Genba oriented,” based on the optimal mix of a top-down one-voice approach to eliminate unnecessary work and a bottom-up approach to capture problems and ideas from the Genba

#### (4) Clarification of Management Responsibility

- As stated in our press release dated December 20, 2023, we take it very seriously that, as a background to these procedural irregularities, the responsibility for the fact that a corporate culture in which regulations and rules were not observed was formed lies with management.
- Recognizing that we have established measures to prevent recurrence and started working toward thoroughly implementing them, we would like to announce that the former management team will return their bonuses for FY2023 in order to clarify management responsibility. (Executive positions are as of February 2024)

Chairman Matsubayashi, President Okudaira, and Executive Vice President Hoshika	Full return
Director Takeda and Edamoto	50% return
Five Operating Officers	50%~10% return