



Sustainability Report

# 2018

Fiscal Year Ended March 31, 2018



*The Air You Live in*



# The Air You Live in

Air is something that surrounds us 24 hours a day.  
In fact, our existence, as well as the Earth's, depends on it.  
At Daikin, the future of the world's air is our greatest concern.  
We use the knowledge, innovation and technologies,  
dedicated to air, cultivated over many years,  
to improve the quality of air we breathe  
and the quality of lives we live.  
This is our mission.

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# Bringing the World Healthy, Comfortable

Daikin is a global manufacturer with overseas sales accounting for more than 70% of the group total and overseas employees accounting for 80% of the group workforce. In our businesses of air conditioning and fluorochemicals, we respond to the needs that arise from the diverse cultures and values of the world's countries and regions by providing products that make people and space healthier and more comfortable.

## Our Business: Providing Healthy, Comfortable Lifestyles through Air Conditioning and Fluorochemical Technologies



- Air Conditioning / Refrigeration Equipment ..... **89.6%**
- Chemicals ..... **8.0%**
- Oil Hydraulics, Defense Systems, and Electronics ..... **2.4%**

### Air Conditioning / Refrigeration Equipment

Achieving Both Comfort and Environmental Performance to Meet All Global Air Conditioning Needs



Residential Air Conditioners



Commercial Air Conditioners



Air Filters



Air Purifiers



Hot Water and Space Heaters



Air Conditioning Systems



Refrigeration Equipment

### Chemicals

Utilizing the Characteristics of Fluorochemicals and Contributing to a Wide Range of Fields



Semiconductor Field



Automotive Field



Information and Telecommunication Field

### Oil Hydraulics, Defense Systems, and Electronics

Proprietary Technologies at Work in a Range of Industries, IT Solutions



Machine Tools



In-Home Medical Equipment



IT Solutions

## Company Profile

**Name:** Daikin Industries, Ltd.

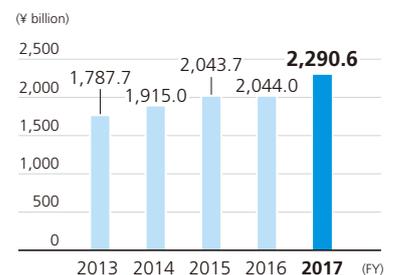
**Address:** Umeda Center Bldg., 2-4-12, Nakazaki-Nishi, Kita-ku, Osaka, Japan

**Incorporated:** February 11, 1934

**Founded:** October 25, 1924

**Capital:** 85 billion yen

## Net Sales (Consolidated)



# Lifestyles

**Business Sphere:** Daikin is Active in Over 150 Countries



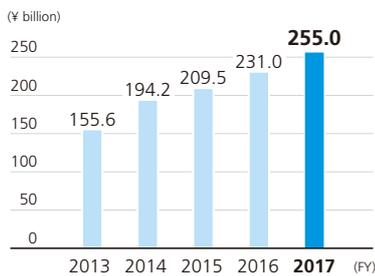
- Japan ..... **23.7%**
- China ..... **16.7%**
- Asia and Oceania ..... **15.2%**
- Europe, Middle East, and Africa ..... **17.5%**
- North America, Latin America ..... **26.9%**

**70,263**  
Employees

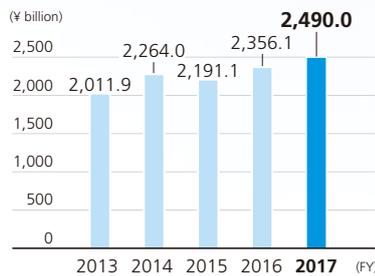
**269**  
Subsidiaries



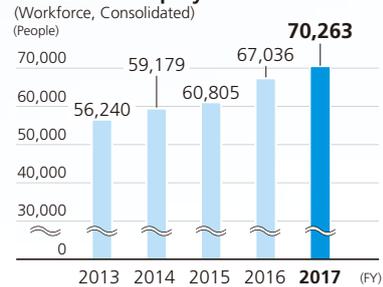
**Ordinary Income** (Consolidated)



**Total Assets** (Consolidated)



**Number of Employees**



# Provide Safe, Healthy Air While Aiming for Zero CO<sub>2</sub> Emissions

The Daikin Group strove to increase sales in North America, Asia, and other key regions under the Fusion 20 strategic management plan in fiscal 2017. Besides marking the fifth year in a row that we broke our financial performance record, we invested in increased production capacity and larger sales and service networks as we strove to strengthen our foundation toward sustainable development.

## Reducing Environmental Impact through Energy-Efficient Air Conditioners

Air conditioners, Daikin's main product, have revolutionized labor and lifestyles in hot regions. They have contributed to higher-quality lifestyles and economic growth and today are a key part of the infrastructure supporting society. However, the proliferation of air conditioners has led to higher electricity consumption and may be a factor in negative impacts on the environment such as climate change.

We believe that a company cannot grow its business unless it contributes to solving environmental problems. Based on our strategic management plan, therefore, we have stepped up efforts to reduce environmental impact caused by our products and business activities. To alleviate the impact we have on climate change, we are working to spread the use of environmentally conscious products that use energy-efficient inverter technology and R-32, a refrigerant with low global warming potential. In fiscal 2017, environmentally conscious products as a percentage of group sales of residential air conditioners was 83%, which resulted in a contribution to CO<sub>2</sub> emission reductions of 54 million tons-CO<sub>2</sub>.

## Long-Term Environmental Vision for 2050

As economic activities intensify and transcend international borders, the world is undergoing major changes, as exemplified by accords such as the Paris Agreement and the Sustainable Development Goals (SDGs) of the United Nations.

Investment decision-making is also changing as investors today are judging companies by different criteria. More and more are assessing companies based on their efforts toward common worldwide targets that emphasize risk and opportunity from a long-term view; an example is Climate Action 100+, an initiative aimed at getting companies to improve transparency regarding their impact on climate change.

Against this background and in the spirit of the Paris Agreement, Daikin has announced a long-term environmental vision for 2050 through which it aims to achieve zero CO<sub>2</sub> emissions by 2050. Besides making products and production activities more energy efficient and developing and spreading the use of refrigerants with lower global warming potential, we are reducing CO<sub>2</sub> emissions through IoT-and AI-driven solutions; for example, we are boosting energy efficiency by improving the interaction between air conditioning and buildings. Furthermore, we are aiming for zero CO<sub>2</sub> emissions by recovering and recycling refrigerants at use in the market. By working with various partners to reduce greenhouse gases, we are on a mission to provide safe and healthy air for society.

## Fusion 20 Strategic Management Plan

Co-Create New Value in the Air and Environment Fields with Wisdom and Passion



## Human Resource Development Spurs Innovation

The innovation needed to solve social issues like climate change can only come from people. We believe that the cumulative growth of all group members serves as the foundation for the group's development, and we strive to create an environment in which employees can achieve growth by realizing their full potential.

We believe that by utilizing recent lightning-fast developments in IoT and AI, air conditioning can create new value in both industry and people's lives. In fiscal 2017, we opened the Daikin Information and Communications Technology College in our Technology and Innovation Center under a comprehensive collaboration agreement with Osaka University. The agreement will foster human resources capable of developing AI-driven technologies and businesses, and lead to innovation by combining Osaka University's state-of-the-art information sciences with Daikin's air conditioning technologies and wealth of data.

Daikin continues to take part in the United Nations Global Compact, an initiative to promote the implementation of 10 universally accepted principles in the four areas of human rights, labor, the environment, and anti-corruption. We do everything possible to ensure that our activities are sound, transparent, and ethical throughout the entire value chain.

As a corporate group that co-creates new value in the air and environmental fields, we will provide society with solutions through our business, and meet the expectations of customers, shareholders, procurement business partners, community members, and all of our other stakeholders.

*Masanori Togawa*

**Masanori Togawa**  
President and CEO  
Daikin Industries, Ltd.



### Sustainable Development Goals (SDGs)



In 2015, the United Nations adopted the SDGs in an effort to solve worldwide problems related to issues such as poverty, inequality, and climate change. The SDGs call on governments, companies, and citizens' groups to play a role in achieving the goals by the target year of 2030.

# Creating New Value and Contributing to Sustainable Development for Society

Problems such as climate change and changing demographics are presenting our advancing global society with many challenges. Daikin aims to contribute to sustainable growth for the world by solving social problems and providing society with new value.

## Daikin's Three Business Pillars

### Air conditioning

We handle all types of air environments, including air conditioning equipment and refrigeration equipment, with the aim of providing both environmental performance and comfort.

### Chemicals

Utilizing our expertise in fluorochemicals, we contribute to a wide range of fields including semiconductors, automotive, and information and telecommunications.

### Filters

We contribute to preventing atmospheric pollution and improving hygiene management in industries such as pharmaceuticals and food through, for example, dust collection filters and high-performance filters.

## Our Group Philosophy

The basic management philosophy for the thoughts and actions of all employees

A strategic management plan formulated every five years that stipulates the direction of the group's progress

An environmental vision for taking action to achieve zero CO<sub>2</sub> emissions over the long term (formulated in 2018)  
[Details on page 9](#)

### Environmental Vision 2050

## Fusion 20 Strategic Management Plan

## International Framework for Taking on Society's Challenges on a Global Scale

### Society's Challenges (Global risks)

#### Top risks

- Extreme weather events and temperatures
- Natural disasters
- Failures of climate change mitigation and adaptation
- Cyber attacks
- Water crises

Source: World Economic Forum Global Risks Perception Survey 2017-2018

### International Framework

#### Paris Agreement to the UN Framework Convention on Climate Change

Limit global warming by less than 2°C compared to pre-industrial levels by the latter half of this century

#### Sustainable Development Goals (SDGs)

Common goals to find solutions by 2030 for pressing world problems such as poverty, inequality, and climate change

#### Kigali Amendment to the Montreal Protocol

Phase down HFCs in order to gradually reduce CO<sub>2</sub>-equivalent emissions

#### UN Global Compact (UNGC)

A framework for companies to take action on implementing universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.

## Daikin's Aims for Value Creation

Provide new value that makes people and space healthier and more comfortable while at the same time reducing environmental impact.

### Value Creation for the Earth

Reduce environmental impact through all business activities and contribute to alleviating climate change

- Further raise the environmental performance of products
- Make effective use of resources
- Protect forests and help sustain their inherent functions



### Value Creation for Cities

Contributing to solving energy-related issues arising from urbanization and contribute to the creation of sustainable cities

- Effectively use energy throughout entire buildings and entire cities
- Build systems for recycling-based societies
- Create new types of energy



### Value Creation for People

Pursue new possibilities for air and contribute to healthy, comfortable lifestyles

- Protect people from heatstroke and infectious diseases
- Protect people's health from atmospheric pollution
- Improve indoor environments to support people's comfortable and affluent lifestyles
- Raise productivity to contribute to economic advancement



## Human Resource Development Supports Value Creation

Foster human resources who spur innovation and who spread newly created value around the world.

### Contribute to the growth of employees and local citizens

- Training of highly skilled personnel
- Job creation
- Contribution to local economic development
- Creation of new products and services that help raise people's lifestyles

2020

2030

2040

2050

2050

## Sustainable Development Goals (SDGs) Daikin is Contributing to

6 of the 17 Sustainable Development Goals Daikin is Contributing to through Its Business



### 3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages  
Prevention of heatstroke and infectious diseases, measures against air pollution, increase in productivity, etc.



### 7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all  
Increase in energy efficiency, use and spread of renewable energy, etc.



### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote sustainable industrialization and foster innovation  
ZEB (net-zero energy buildings) initiatives, promotion of energy management and demand response, etc.



11 SUSTAINABLE CITIES AND COMMUNITIES



### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns  
Initiatives for energy efficiency during production, recycling, resource efficiency, etc.



### 13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts  
Spread of inverter products, refrigerants with lower global warming potential, and heat pump products

# Environmental Vision 2050

Daikin formulated Environmental Vision 2050, the aim of which is to contribute to solving increasingly serious global environmental problems over the long term. With the aim of reducing to zero the CO<sub>2</sub> emissions caused by our business activities and our products and services, we set targets and implement measures every five years under our Fusion strategic management plans.



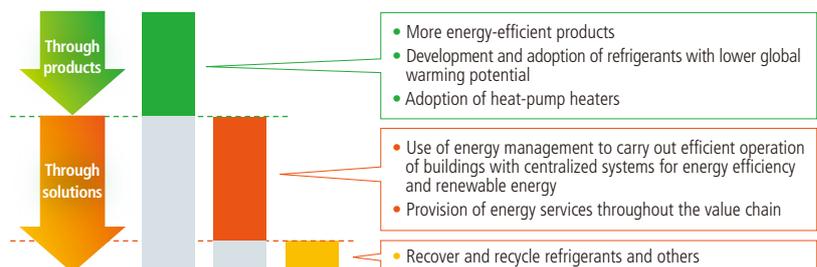
We will reduce the CO<sub>2</sub> emissions generated throughout the entire life cycle of our products.

Furthermore, we will create solutions that link society and customers as we work with stakeholders to reduce CO<sub>2</sub> emissions to zero.

Using IoT and AI, and open solutions, we will meet the world's needs for air solutions by providing safe and healthy air environments while at the same time contributing to solving global environmental problems.

## Daikin's Philosophy on Zero CO<sub>2</sub> Emissions

We aim to reduce CO<sub>2</sub> emissions to zero by recovering and recycling refrigerants while at the same time creating products and solutions that minimize CO<sub>2</sub>.

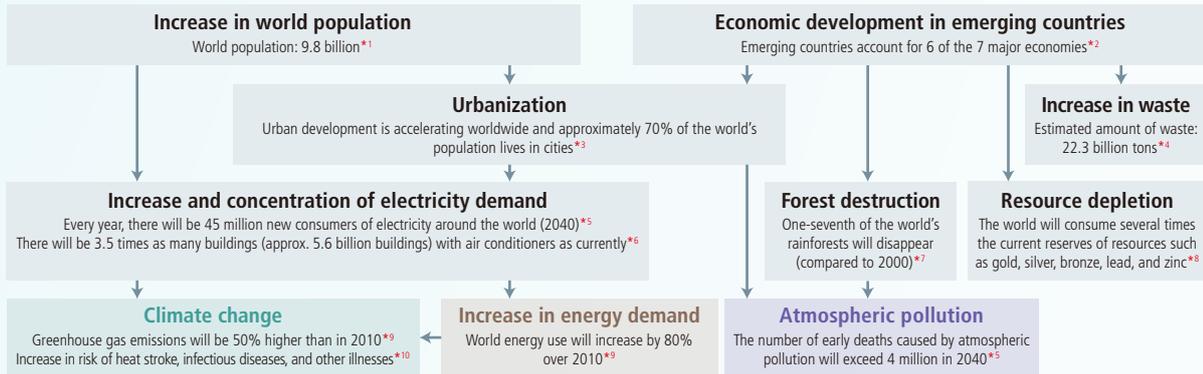


## Formulating Environmental Vision 2050

We forecast what the world would be like in 2050 and came up with how Daikin should proceed toward this based on risks and opportunities.

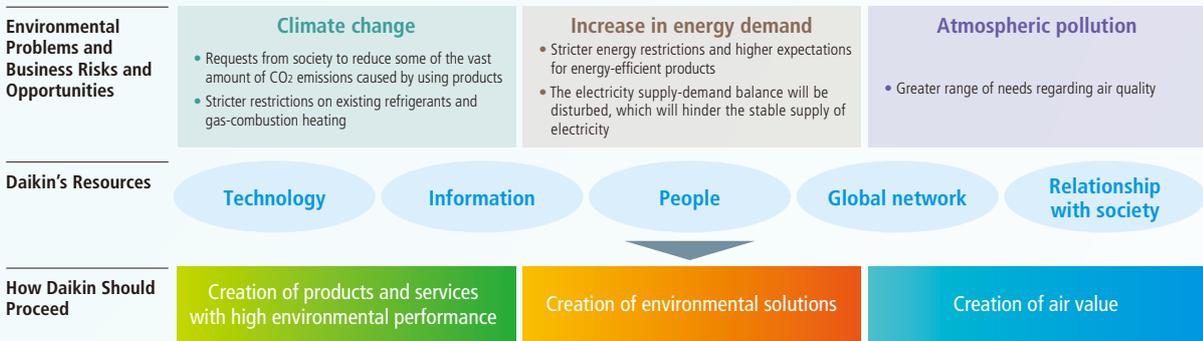
### Forecast of Society in Which Daikin Will Operate in 2050

Based on the relationship between Daikin's business and the global environment, we came up with a long-term environmental to-do list that takes into account what the world will be like for Daikin's business in 2050 judging by current social scenarios.



### How Daikin Should Proceed Based on Risks and Opportunities

Daikin came up with business risks and opportunities in relation to the environmental problems specified above. We determined how we should proceed in order to solve these problems based on the company's resources.



Source: \*1 World Population Prospects: The 2017 Revision, by the United Nations / \*2 The World in 2050, by PwC / \*3 World Urbanization Prospects: The 2018 Revision, by the United Nations / \*4 Estimates and Forecasts for the World's Waste Generation, by the RISWME / \*5 World Energy Outlook 2017, by the International Energy Agency (IEA) / \*6 The Future of Cooling, by the International Energy Agency (IEA) / \*7 The Future of Forests: Emissions from Tropical Deforestation with and without a Carbon Price, 2016-2050, by the Center for Global Development (CGD) / \*8 The Problem of Worldwide Resource Restrictions by 2050, by the National Institute for Materials Science (NIMS) / \*9 OECD Environmental Outlook to 2050, by the Organization for Economic Cooperation and Development (OECD) / \*10 Quantitative risk assessment of the effects of climate change on selected causes of death, 2030s and 2050s, by the World Health Organization (WHO)

## First Step Toward 2050 (Fusion 20 Themes)

### Through products

#### Creation of products and services with high environmental performance

- Promotion of energy efficiency through inverter and other technologies
- Adoption of R-32 and other refrigerants with lower global warming potential, development of next-generation refrigerants, adoption of heat-pump heaters
- Materials development, reduction of environmental impact throughout entire life cycle from material procurement to disposal and recycling

### Through solutions

#### Creation of environmental solutions

- Use of energy management to achieve optimal operation through a system that integrates air conditioners and their peripheral equipment, buildings, and renewable energy
- Recovery and recycling of refrigerants in use on the market

### Through the power of air

#### Creation of air value

- Engineering of air environments that protect people's health from air pollutants such as PM2.5 and VOCs
- Pursuit of value added in air through, for example, office environments conducive to high productivity and home environments that improve the quality of sleep

# Establishing Key CSR Themes toward

The Daikin Group's business activities impact society in various stages of the value chain, and the scope of this impact is expanding with globalization. We therefore identify the importance (materiality) of our actions with consideration of these impacts and incorporate this into our strategic management plan.

## Assessing the Impact of Our Business on Society throughout the Entire Value Chain

Value chain	Business impact, what Daikin to do	Efforts of significant materiality
<b>Procurement</b> 	Throughout the globally expanding supply chain, Daikin is expected to respond to various procurement risks involving, for example, quality control, labor practices, and environmental protection.	<ul style="list-style-type: none"> <li>● Supply chain management</li> <li>● Anti-corruption</li> <li>● Free competition and fair business dealings</li> </ul>
<b>Development, Design</b> 	As air conditioner demand grows in emerging markets and other countries, Daikin must develop products that offer comfort and superb environmental performance and meet regional needs.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Effective use of resources and energy</li> <li>● Management of chemical substances</li> <li>● Waste and water-use reduction</li> <li>● New value creation</li> <li>● Product quality and safety</li> <li>● Customer satisfaction</li> <li>● Information security</li> </ul>
<b>Manufacturing</b> 	It is crucial that Daikin increase productivity while at the same time improving manufacturing quality and reducing environmental impact at all worldwide production sites.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Product quality and safety</li> <li>● Customer satisfaction</li> <li>● Anti-corruption</li> <li>● Free competition and fair business dealings</li> <li>● Information security</li> </ul>
<b>Sales, Transportation, Installation</b> 	Faulty air conditioner installation not only causes quality problems but also leads to environmental problems such as refrigerant leakage. It is crucial that Daikin raises the level of installation skills of employees and retailers worldwide.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Product quality and safety</li> <li>● Customer satisfaction</li> <li>● Anti-corruption</li> <li>● Free competition and fair business dealings</li> <li>● Information security</li> </ul>
<b>Usage</b> 	Global warming impact from air conditioner use presents a huge challenge. At the same time, air conditioners provide benefits such as preventing heatstroke and making people more productive.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Customer satisfaction</li> <li>● Information security</li> </ul>
<b>After-sales Service, Recovery, Recycling</b> 	To achieve a recycling-based society, it is crucial that we are thorough in recycling air conditioners and recovering/recycling refrigerants.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Waste and water-use reduction</li> <li>● Customer satisfaction</li> <li>● Information security</li> </ul>
<b>Business Activity Foundation</b> 	In order to continue contributing to society, we must develop the human resources who conduct our business, comply with laws and regulations, and have in place a system of corporate governance.	<ul style="list-style-type: none"> <li>● Human resource development</li> <li>● Workplace diversity</li> <li>● Occupational safety and health</li> <li>● Labor-management relations</li> <li>● Respect for human rights</li> <li>● Corporate governance</li> </ul>
<b>Relationship with Society</b> 	In order to spread Daikin technologies and thus contribute to solving society's problems, it is essential that we work closely with numerous partners, including governments, United Nations bodies, international organizations, NGOs, key individuals, and local communities.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Biodiversity protection</li> <li>● Communities</li> <li>● Stakeholder engagement</li> </ul>

# Sustainable Development

## Revising Materiality in Line with the Fusion 20 Strategic Management Plan

In line with our Fusion 20 strategic management plan, we revised the materiality of our CSR initiatives in fiscal 2015. We also added key items when we formulated our plan for the latter half of fiscal 2018. Evaluation was conducted with consideration in two areas: concerns and impacts of stakeholders, which include stakeholder engagement, international guidelines, and criteria of socially responsible investment survey institutes; and importance to Daikin, which includes Our Group Philosophy and medium-term management plans.

### Materiality analysis



## 9 Key CSR Themes Reflected in Fusion 20 Strategic Management Plan

We identified nine materiality issues: four themes of CSR for value provision, which are aimed at achieving sustainable development for Daikin and society; and five themes of fundamental CSR. We have incorporated these as key focal management points in the Fusion 20 strategic management plan, and the entire Daikin Group is working toward solving these issues.

### Daikin Group CSR

CSR for Value Provision		Fundamental CSR	
<p>We provide healthy and comfortable air environments for people around the world while at the same time reducing environmental impact.</p>	<ul style="list-style-type: none"> <li>● Environment</li> <li>● New Value Creation</li> <li>● Customer Satisfaction</li> <li>● Human Resources</li> </ul>	<p>We respond to society's requests through corporate action based on transparency and sincerity.</p>	<ul style="list-style-type: none"> <li>● Corporate Governance</li> <li>● Respect for Human Rights</li> <li>● Supply Chain Management</li> <li>● Stakeholder Engagement</li> <li>● Communities</li> </ul>

Targets and Achievements

	Key CSR Themes	About the CSR Initiatives	2020 Target
CSR for Value Provision	<b>Environment</b> Introduce state-of-the-art technologies to the market in order to address environmental and energy issue	<b>Provide Environmentally Conscious Products and Services Worldwide</b> <ul style="list-style-type: none"> <li>Promote use of energy-efficient air conditioners, including inverter products</li> <li>Promote use of air conditioners using refrigerants with lower global warming potential</li> <li>Promote use of heat-pump-type heating systems and hot water heaters</li> <li>Expand our environmental solutions business</li> </ul>	<ul style="list-style-type: none"> <li>Through the worldwide adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions</li> </ul> <b>60</b> million tons-CO <sub>2</sub>
		<b>Minimize Environmental Impact in Production Activities</b> <ul style="list-style-type: none"> <li>Reduce greenhouse gases</li> <li>Make effective use of water and other resources</li> <li>Reduce chemicals</li> <li>Promote green procurement</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions during production for entire Daikin Group</li> </ul> <b>70%</b> reduction over fiscal 2005
		<b>Expand the Green Heart Circle of Love for the Earth</b> <ul style="list-style-type: none"> <li>Encourage employees to take part in environmental activities inside and outside work</li> <li>Promote environmental and social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Achieve Green Heart Factory certification for all production bases</li> <li>Preserve 11 million hectares of forest at 7 worldwide locations</li> <li>Implement and expand environmental activities in collaboration with stakeholders</li> </ul>
	<b>New Value Creation</b> Share dreams and ambitions inside and outside Daikin to realize a healthy, comfortable lifestyle through air	<b>Create New Value to Meet the Expectations of Customers and Society</b> <ul style="list-style-type: none"> <li>Value Creation for the Earth</li> <li>Value Creation for Cities</li> <li>Value Creation for People</li> </ul>	<ul style="list-style-type: none"> <li>Use IoT and AI for open innovation that creates new value</li> </ul>
	<b>Customer Satisfaction</b> Provide peace of mind and reliability through a focus on customer orientation, experience, performance, and advanced technologies	<b>Provide Customers with the Ultimate Satisfaction</b> <ul style="list-style-type: none"> <li>Provide safety and quality</li> <li>Provide customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Establish a service network covering the globe</li> <li>Grasp worldwide customer needs and pursue high customer satisfaction</li> <li>Establish a high standard of quality</li> </ul>
	<b>Human Resources</b> Respect individual personalities and values, and maximize the potential of each employee	<b>Create a Work Environment Where Employees Can Use Their Talents to the Fullest through People-Centered Management</b> <ul style="list-style-type: none"> <li>Develop human resources</li> <li>Promote workplace diversity</li> <li>Promote occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of excellent or advanced skilled engineers in manufacturing: <b>1</b> in <b>4</b> employees</li> <li>Women as percentage of all managers: <b>10%</b> (Daikin Industries, Ltd. only)</li> <li>Increase percentage of overseas bases where local nationals are presidents</li> <li>Frequency rate (shows frequency of occurrence of labor accidents): <b>0</b></li> </ul>
Fundamental CSR	<b>Corporate Governance</b>	Accelerate decision-making and operational execution in response to management tasks and the changing management environment, and raise the level of management transparency and soundness to raise corporate value	<ul style="list-style-type: none"> <li>Degree of independence from the company, diversity, and transparency of the Board of Directors (Daikin Industries, Ltd. only)</li> <li>Thoroughness of compliance</li> </ul>
	<b>Respect for Human Rights</b>	Show respect for basic human rights in accordance with all international norms based on the laws and regulations of each country and region	<ul style="list-style-type: none"> <li>Thoroughness of respect for human rights</li> </ul>
	<b>Supply Chain Management</b>	Fulfill corporate social responsibility through environmental impact reduction, quality assurance, and occupational safety and health throughout the entire supply chain	<ul style="list-style-type: none"> <li>Conduct CSR procurement</li> </ul>
	<b>Stakeholder Engagement</b>	Engage in dialogue with all members of society and reflect outside opinions in our business, and continuously examine our actions to ensure that we meet society's demands and expectations	<ul style="list-style-type: none"> <li>Engage in dialogue with stakeholders and reflect this dialogue into management</li> </ul>
	<b>Communities</b>	Respect the culture and history of different countries and regions, and create strong bonds with communities as a good corporate citizen	<ul style="list-style-type: none"> <li>Contribution to environmental conservation, education support, and cooperation with the local community</li> </ul>

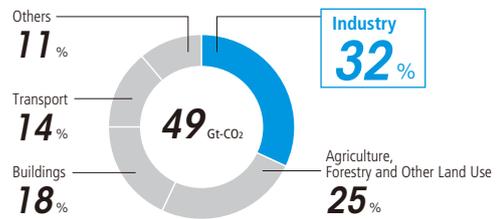
	Quantitative Index	Fiscal 2017 Achievements	Explanation of Index
	<ul style="list-style-type: none"> <li>Through the adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li><b>54 million tons-CO<sub>2</sub></b></li> </ul>	We measured how much we contributed to reducing greenhouse gas emissions through the adoption of Daikin's environmentally conscious products.
	<ul style="list-style-type: none"> <li>Environmentally conscious products as percentage of group sales (residential air conditioners)</li> </ul>	<ul style="list-style-type: none"> <li><b>83%</b></li> </ul>	We measured how much we increased sales of air conditioners using inverter technology and refrigerants with lower global warming potential.
	<ul style="list-style-type: none"> <li>Reduction ratio of greenhouse gas emissions from production (over fiscal 2005)</li> </ul>	<ul style="list-style-type: none"> <li><b>74% reduction</b></li> </ul>	We measured how much we reduced greenhouse gas emissions generated in the product manufacturing process.
	<ul style="list-style-type: none"> <li>Number of factories certified as Green Heart Factories</li> </ul>	<ul style="list-style-type: none"> <li><b>24 bases</b> ( <b>Gold Rank: 2</b> <b>Silver Rank: 10</b> <b>Bronze Rank: 12</b> )</li> </ul>	We measured the increase in the number of production bases that achieved Daikin's in-house standards for environmental action.
	<ul style="list-style-type: none"> <li>Contribution to CO<sub>2</sub> emission reductions through forest preservation</li> </ul>	<ul style="list-style-type: none"> <li><b>7 million tons-CO<sub>2</sub></b></li> </ul>	We measured contribution to CO <sub>2</sub> emission reductions through forest preservation activities at 7 worldwide locations where we are working together with an international NGO.
	<ul style="list-style-type: none"> <li>R&amp;D expenditure</li> </ul>	<ul style="list-style-type: none"> <li><b>62.1 billion yen</b></li> </ul>	We measured how much we invested in value creation and how many new technologies we came up with.
	<ul style="list-style-type: none"> <li>Number of patent applications</li> </ul>	<ul style="list-style-type: none"> <li><b>Japanese applications: 780</b></li> <li><b>Overseas applications: 352</b></li> <li>(FY2016) (Daikin Industries, Ltd. only)</li> </ul>	
	<ul style="list-style-type: none"> <li>Progress rate of after-sales services, regarding the base year as 1.00</li> </ul>	<ul style="list-style-type: none"> <li><b>Japan: 1.11</b></li> <li><b>China: 1.01</b></li> <li><b>Singapore: 1.03</b></li> <li><b>Italy: 1.00</b></li> </ul>	We measured how much we improved after-sales service customer satisfaction.
	<ul style="list-style-type: none"> <li>The ratio of excellent or advanced skilled engineers in manufacturing</li> </ul>	<ul style="list-style-type: none"> <li><b>1 in 3.4 employees</b> (Daikin Industries, Ltd. only)</li> </ul>	We measured the number of employees we trained, out of those involved in manufacturing, who possess advanced skills and knowledge and who can lead production activities.
	<ul style="list-style-type: none"> <li>Women as percentage of all managers</li> </ul>	<ul style="list-style-type: none"> <li><b>4.9%</b> (Daikin Industries, Ltd. only)</li> </ul>	We measured progress in training women to be managers in Japan.
	<ul style="list-style-type: none"> <li>Percentage of overseas bases where local nationals are president</li> </ul>	<ul style="list-style-type: none"> <li><b>46%</b> (overseas bases)</li> </ul>	We measured progress in appointing local nationals as presidents of overseas bases.
	<ul style="list-style-type: none"> <li>Frequency rate</li> </ul>	<ul style="list-style-type: none"> <li><b>1.33</b></li> </ul>	We measured how well we succeeded in the safe operation of production bases.
	<ul style="list-style-type: none"> <li>Number of directors who are outside the company, women, and foreign nationals</li> </ul>	<ul style="list-style-type: none"> <li><b>3</b> outside directors, <b>1</b> female director, <b>1</b> foreign national director (Daikin Industries, Ltd. only)</li> </ul>	We measured the diversity of the make-up of directors.
	<ul style="list-style-type: none"> <li>Self-assessment implementation rate</li> </ul>	<ul style="list-style-type: none"> <li>Implementation rate: <b>99%</b></li> </ul>	We measured how well we were in compliance through the implementation rate of self assessments.
	<ul style="list-style-type: none"> <li>Self-assessment implementation rate</li> </ul>	<ul style="list-style-type: none"> <li>Implementation rate: <b>99%</b></li> </ul>	We measured how thorough we were in respect for human rights through the implementation rate of self assessments.
	<ul style="list-style-type: none"> <li>CSR procurement rate</li> </ul>	<ul style="list-style-type: none"> <li>Create a CSR procurement survey (survey conducted starting in fiscal 2018)</li> </ul>	We measured our suppliers' progress in CSR activities.
	<ul style="list-style-type: none"> <li>Number of air conditioner forums held, number of countries that outside participants represent, and total participants</li> </ul>	<ul style="list-style-type: none"> <li><b>6 forums</b> held in 5 worldwide regions; <b>118 participants from 46 countries</b>; university professors, specialists, etc.</li> </ul>	Among the engagement activities, the number of times dialogue was held with key figures from around the world on air conditioning, a core Daikin business.
	<ul style="list-style-type: none"> <li>Expenditure for social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li><b>1.6 billion yen</b></li> </ul>	We calculated the monetary amount, through donations, goods, and other ways, that we provided to communities.

## Why is it important?

### Society Is Increasingly Demanding That Companies Reduce Their Environmental Impact in Manufacturing and All Other Business Activities

Factories and other industrial facilities account for more than 30% of the world's greenhouse gas emissions. With the Paris Agreement aiming to hold the increase in global average temperature to less than 2°C above pre-industrial levels and society as a whole keen to reduce greenhouse gas emissions, manufacturers must not only make their products energy efficient; they must also reduce their environmental impact in manufacturing and all other aspects of their business.

### Worldwide Greenhouse Gas Emissions, by Economic Sectors (2010)



Note: Compiled by Daikin based on the Working Group III Contribution to the 5th Assessment Report of the IPCC

## Feature

# Environmentally Conscious Products Come from Green Heart Factories

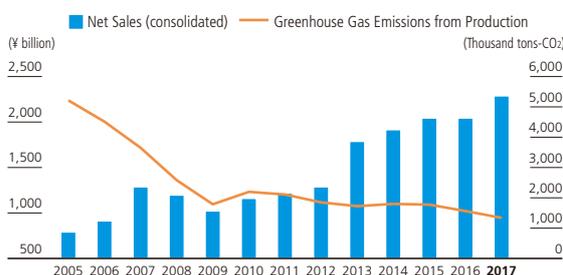
## DAIKIN'S APPROACH

### Striving to Reduce Environmental Impact in Manufacturing as Our Business Expands Worldwide

Under the Fusion 20 strategic management plan, Daikin aims to both expand business and contribute to the environment. As our business expands, the number of manufacturing bases increases each year and so does our environmental impact. Besides just developing and promoting the adoption of environmentally conscious products, we strive to decrease the environmental impact of our manufacturing activities.

Based on the belief that environmentally conscious products can only come from environmentally conscious factories, the entire Daikin Group works to make this happen through efforts such as setting in-house environmental standards and holding environmental conferences.

### Daikin Group Net Sales and Greenhouse Gas Emissions from Production



## DAIKIN'S PERFORMANCE

### Evaluating and Certifying Production Bases' Environmental Efforts under a Globally Unified Standard

In fiscal 2005, Daikin began implementing a system for certifying environmentally conscious plants using an in-house standard. We established our Green Heart Factory (GHF) standard, a unified Group standard for evaluating social contribution and other socially efforts, in addition to environmentally efforts such as reduction of energy, fluorocarbons, and water use, reduction of waste generated and chemicals used, and the use of renewable energy. Factories with high scores under this standard are certified as Green Heart Factories.

Under the GHF standard, production bases conduct more transparent efforts and compete with each other to achieve high scores. The GHF standard also encourages all employees at a base to work together to achieve

### GHF Standard Certification System (revised in fiscal 2017)

Evaluation Criteria	Evaluation Standards	Certification Rank
Energy efficiency	Presence/absence of GHF promotion system	Platinum 195 points and higher
Waste (Waste + recycled materials)	Effectiveness of management system	Gold 190-194 points
Water	Achievement rate of targets	Silver 170-189 points
Chemicals	Innovativeness of activities	Bronze 150-169 points
Relationship with society	Others	Note: Four-level evaluation with top score of 200 points
Others		



certification and raises their environmental awareness.

In fiscal 2017, we revised the GHF standard to raise the quality of environmental activities and established four certification ranks. Under the new standard, 24 of 68 bases achieved GHF certification. Our goal is to have all production bases GHF certified by fiscal 2020.

### **Bases Boost Their Energy-Efficiency Measures through Concrete Improvement and Information Sharing**

Daikin holds global environmental meetings in five regions (Japan, Europe, the U.S., China, and Asia/Oceania). Besides periodically confirming the state and progress of each base's environmental efforts at these regional meetings, since 2013 we have been holding a biannual Global Environmental Meeting attended by environmental managers from Daikin bases in each of the five worldwide regions.

In April 2017, Daikin Industries Czech Republic s.r.o hosted the 3rd Global Environmental Meeting with attendance by 79 representatives of 27 bases. In addition to sharing improvement case studies at various bases, participants practiced analysis methods in hands-on data measurement workshops aimed at making energy usage more transparent and reducing the use of unnecessary energy. They also discussed standards for making investment decisions in the creation of measures. Furthermore, in order to continue reducing energy use at production facilities, participants confirmed things like future tasks, the development of new production methods, and environmental action promotion systems.

Through these efforts, we are stepping up group-wide energy-saving measures and have set targets of reducing greenhouse gas emissions against fiscal 2005 by 70% by fiscal 2020 and by 75% by fiscal 2025. In fiscal 2017, we succeeded in achieving a 74% reduction.

### *Stakeholder's Comment*

#### **Environmental Meetings Allow Us to Learn from Other Bases and Step Up Activities**

By taking part in the Global Environmental Meeting, I understood that other bases are dealing with the same issues that we are. At the same time, I learned new points of view, such as the importance of raising employee awareness and getting them involved in environmental activities. While I am honored that our base received a Silver certification rank, we will step up future environmental action in order to be certified for an even higher rank next time.



**Mr. Mojmir Krejcha**  
Daikin Industries  
Czech Republic  
s.r.o

### **NEXT CHALLENGE**

#### **Achieve Sustainable Growth While Reducing the Environmental Impact of Production Activities**

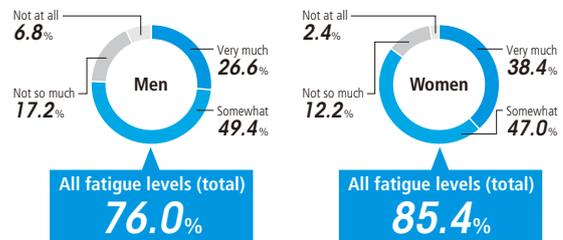
We can foresee that as Daikin's business continues to expand, production volumes around the world will increase. To counter this, we will continue to reduce greenhouse gas emissions from production activities by strengthening collaboration among our global production bases so that they can reduce Daikin's overall environmental impact while achieving sustainable growth.

## Why is it important?

### Fatigue Has Become a Social Problem That Adversely Affects Human Health and Reduces Productivity

Health is affected by numerous mental and physical factors, including the quality of sleep, fatigue, and stress. Among these, fatigue is one that especially requires a solution because it not only adversely affects health but also leads to losses for society in the form of lowered productivity. However, it is difficult to objectively evaluate fatigue, and it is unclear as to what the relationships are between things like the causes of fatigue and illness.

#### Which Best Describes Your State of Fatigue?



Note: Compiled by Daikin based on 2017 survey on state of fatigue of business people working in Tokyo, by Yomeishu Seizo Co., Ltd.

## Feature

# Reducing Fatigue and Realizing Pleasant Air Environments through Open Innovation

## DAIKIN'S APPROACH

### Joint Research toward the Creation of the Air and Spaces Demanded by Society

In 2015, Daikin established the Technology and Innovation Center (TIC). Employing approximately 700 engineers, the TIC collaborates with other companies, research institutes, and universities to conduct joint research aimed at creating new value that contributes to solving issues faced by society in areas such as the environment, energy, and health.

As part of open innovation spawning breakthroughs by pooling the technologies and know-how of Daikin and partners, in October 2016 we opened the RIKEN-DAIKIN Wellness Life Collaboration Program together with Riken, Japan, and began joint research under the theme of comfortable, healthy spaces.

The parties will combine Daikin's air control technologies and Riken's know-how in fatigue, health, and life sciences, and under the theme of creating spaces that help people reduce fatigue, will conduct validation of how factors such as temperature and humidity relate to fatigue. The aim is to create new value for society through, for example, the development of scientifically proven products.

## DAIKIN'S PERFORMANCE

### Approximately 120 People Take Part in Experiments to Validate Relationship between Room Environment and Fatigue

Despite the fact that the majority of people spend at least 90% of their time indoors, there is still much that is not known about how room conditions such as temperature and humidity affect people. That's why for the very first research topic, we chose to clarify and benchmark the effects that air environments in offices and other rooms have on people.

To realize this research topic, we established test facilities at Riken's Integrated Innovation Building (IIB) in Kobe in November 2017. We gathered the test subjects from the public, and in December we began tests to clarify the relationship between room environment and level of fatigue.



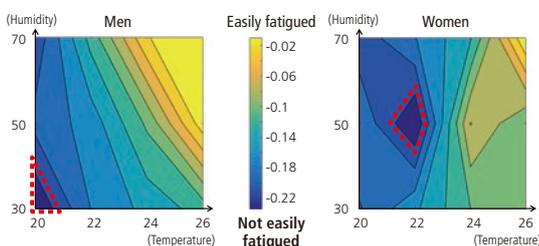


The test facilities have four rooms, each of which can be given its own environment by controlling precisely for temperature (in 0.1°C increments) and humidity (in 1% increments). The 120 test subjects were put in various temperature and humidity environments and given computer work requiring concentration. Data for the subjects was gathered; for example, they were measured for the state of autonomous nerves that can be estimated from the change in heart rate, and for the change in work efficiency and subjective level of fatigue.

Tests so far have indicated that, regarding mental, physiological, and activity aspects, the conditions most conducive to warding off fatigue in an office environment in the winter are a temperature of 20°C and a humidity of 30% for men, and a temperature of 22°C and a humidity of 50% for women. This is the first time ever that tests have clarified the difference in how air environments affect men and women differently. These test results were presented in May 2018 at the Japan Society of Fatigue Science. (See diagram below.)

Plans for future research include changes caused to the body when a person goes back and forth between two spaces with different temperatures, a cause of heat shock, and revealing how this eventually affects a person's health; and how to create ideal air environments for a person's individual characteristics and condition through a combination of factors other than temperature and humidity, such as airflow, lighting, and odors.

**Relation between Temperature/Humidity and Level of Physiological Fatigue (Men/Women)**



### Stakeholder's Comment

#### Bringing People of Future Generations Scientifically Proven Healthy and Comfortable Air

The human race has always used its ingenuity to come up with air and environments that are comfortable and healthy. One way we are doing this is through our program with Daikin. Toward realizing healthy, comfortable environments that meet people's individual requirements, we are collaborating with Daikin by maximizing our R&D capabilities in controlling all types of daily environments and our comprehensive strength in fatigue research.



**Dr. Yasuyoshi Watanabe**  
Director,  
RIKEN BDR-DAIKIN  
Collaboration Center

### NEXT CHALLENGE

#### Reveal the Relationship between Environment and Health, and Strive for Air That Raises the Overall Quality of Life

Under the RIKEN-DAIKIN Wellness Life Collaboration Program, we aim to establish a fatigue index for warm environments before the end of fiscal 2018. By using this index, we want to propose and validate air environments aimed at preventing and recovering from fatigue, which will eventually lead to the development of products scientifically proven to realize low-fatigue environments.

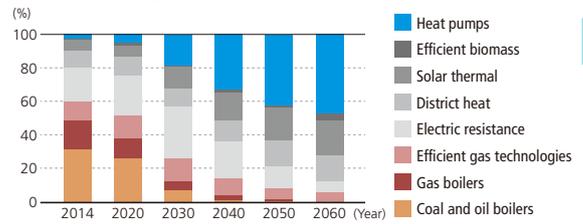
In addition, in July 2017, Daikin and Osaka University signed a 10-year comprehensive agreement for further joint research into creating air environments that improve sleep quality, an area Daikin has spent years researching. We will continue to use open innovation toward the realization of creating air and spaces that improve peoples overall quality of life.

## Why is it important?

### The Paris Agreement Has Spurred Global Warming Countermeasures, and Society Has High Hopes for Decarbonized in Space and Water Heaters

A large percentage of Europe's CO<sub>2</sub> emissions come from heating, but it is in the midst of switching from combustion heating using gas and kerosene to heat-pump heating, which has a lower environmental impact than combustion heating thanks to the use of heat in the air. However, heat-pump heating is still a relatively unfamiliar concept in Europe. Daikin believes that it is important to create a mechanism that both customers and dealers can rely on.

Change in Heat Source for Space and Water Heaters to Achieve Paris Agreement Goals



Note: Compiled by Daikin based on Energy Technology Perspectives 2017, published by the International Energy Agency (IEA) According to B2DS scenario (holding the future temperature increase to less than 2°C)

### Feature

# Create a Mechanism That Brings Peace of Mind by Promoting Adoption of Low-Environmental-Impact Heat-Pump Heating

## DAIKIN'S APPROACH

### Developing a Platform Linking Three Parties: Europe's Customers, Dealers, and Daikin

Europe is aggressively reducing greenhouse gas emissions through government policies aimed at transitioning to a highly energy-efficient, decarbonized society. Over 80% of total household energy consumption in Europe, a relatively cold region, is for space and water heaters, and there is an ongoing shift of these products from conventional combustion-heat source equipment to heat-pump heating, which emits less CO<sub>2</sub>. That being said, heat-pump heaters still account for only a small percentage of the European heating market. Having used combustion-type heating for so many years, Europeans are still unfamiliar with heat-pump heating and have a low awareness of its heating capacity, durability, and after-sales service

system. These factors make people hesitant to change how they heat their homes.

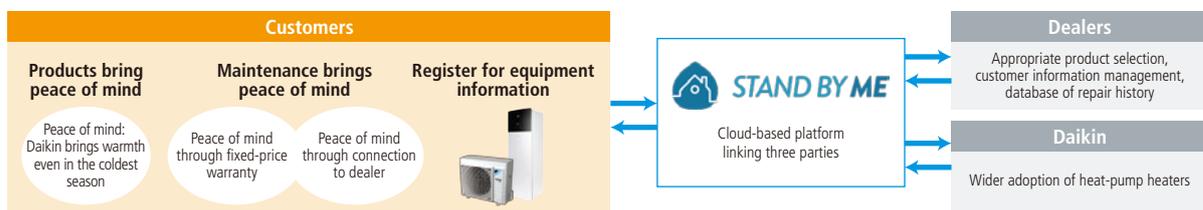
To help raise awareness, in 2017 we developed a cloud-based platform that links the three parties of customers, dealers, and Daikin, with the goal of putting customers at ease about using heat-pump heating. We call this service Stand By Me (SBM) to symbolize that Daikin is always by your side to assist with heating needs.

## DAIKIN'S PERFORMANCE

### Eliminate Customers' Concerns and Help Dealers' Work Efficiently

To eliminate the biggest concern about heat-pump heaters—whether they can warm a house at extremely cold times—we developed an online tool for dealers called Heat Solution Navigator, which allows them to select a heating product for customers that provides

#### Stand By Me: Linking Customers, Dealers, and Daikin





sufficient warmth for a particular region and even for the coldest times of the year. In addition to aiding product selection, Heat Solution Navigator eases the burden on dealers by, for example, simplifying calculation of energy consumption depending on where the product is installed.

In Europe, great importance is placed on heating equipment after-sales service. With this in mind, Daikin links customers and dealers by having equipment registered under the SBM service. Customers are provided with an eight year extended warranty and a maintenance contract on the SBM portal site, and they can even settle accounts online. The service will soon include listings online of the available times of maintenance staff and prices they charge, and a system for customers to request when they want staff to make maintenance visits. Our goal is to have maintenance staff visit customers within eight hours of the request, another way we are providing peace of mind through this service.

Furthermore, dealers who customers have a maintenance contract with can conduct this maintenance based on the customer information stored in the SBM database, thus streamlining work processes. Dealers get the ability to read repair history and order the appropriate service parts for customers, while customers get the peace of mind that comes from knowing their servicing needs will be met.

### Dealers Satisfied with How SBM Enhances Relationships with Customers

As of May 2018, there were approximately 30,000 units of heating equipment registered under the SBM service in Europe.

A survey of dealers in Spain showed high ratings for SBM in terms of reducing workload, supporting sales, and enabling long-term customer relationships, with more than 67% of respondents saying that they were either "extremely satisfied" and 50% saying "satisfied" with these aspects.

### Stakeholder's Comment

#### Wide-Ranging Information Provision Enables Efficient Work Processes

Under SBM, Daikin provides us with comprehensive information on all heating equipment installed at customer locations, such as warranty period and the maintenance and repair situations. This has dramatically streamlined our work processes.

In addition, Daikin has gone out of its way to make the interface intuitive and easy to operate.



**Mr. Luis José García**  
Reparaciones Técnicas del Hogar S L (Daikin Dealer)

### NEXT CHALLENGE

#### Contribute to Overall Reduction of CO<sub>2</sub> Emissions in Society while Bringing Customers and Dealers Greater Satisfaction

In October 2018, Daikin will offer improved after-sales service support for dealers with the addition of a remote monitoring function to SBM. This will make it possible to confirm equipment's operational state over the Internet, without having to visit the actual site, with the information gathered useful for diagnosing problems and predicting breakdowns. In addition, through a platform linking customers, Daikin, and its formidable dealer network, all three parties can benefit as products registered under SBM expand beyond heating equipment to include air conditioners as well.

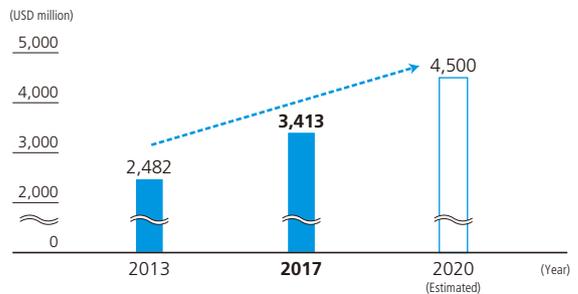
We will continue to promote the adoption of heat-pump heaters so that we can bring greater satisfaction to customers and dealers while helping realize a decarbonized society.

### Why is it important?

#### For a Company to Grow Sustainably, Its Employees Must Grow

The U.S. is the world's largest air conditioning market and the birthplace of air conditioning. Recently, there has been increasing demands for energy-efficient and environmentally conscious air conditioners. In response, Daikin is pursuing innovation that will allow us to progress with society. To this end it is crucial that we hire high-quality human resources in all fields and foster them over the long term.

Sales of Goodman Global Group, Inc.



Feature

## Human Resource Development in the U.S.— Growing with Local Communities

### DAIKIN'S APPROACH

#### Daikin Group's Largest Plant Opens, Embarks on New Initiatives in Human Resource Development

In 2012, Daikin acquired Goodman Global Group, Inc., the company with the largest share of the North American residential air conditioner market. This marked our full-fledged entry into the U.S., the world's largest air conditioning market. Since then, we have continued to increase sales.

In May 2017, we opened Daikin Texas Technology Park (DTTP), the largest production facility in the Daikin Group, in Waller, Texas, just outside Houston. Daikin invested approximately 450 million dollars in the 2-million-square-meter site, which comprises four existing Goodman factories and a distribution base. DTTP manufactures a range of products including commercial and residential air conditioners and heating

equipment for the U.S. market. Besides consolidating various departments for smoother in-house coordination, DTTP has a new R&D center that boosts our ability to develop products locally.

DTTP will continue to value Goodman's corporate culture while at the same time implementing people-centered management, which is based on Our Group Philosophy that "the cumulative growth of all Group members serves as the foundation for the Group's development." We will strive to create an environment in which each and every employee can enjoy rewarding work and use their strengths to the fullest.

### DAIKIN'S PERFORMANCE

#### People-Centered Management Takes Hold in the U.S.

Upon opening of DTTP, the production division established a training center, called a "Dojo," where



Birds-eye view of DTTP



Training in the Dojo



employees systematically learn technologies and skills. At the training center, all employees, including dispatch workers, are shown what skills they should acquire to advance their careers. This gives everyone an equal opportunity to prove themselves anywhere in the world in the future. As a result of efforts like this, employees have been able to plan concrete, long-term careers, set goals, and enjoy rewarding work. DTTP has also raised the skill level of its employees, as shown by the results of the fiscal 2017 Global Skills Competition\*, where the company turned out some of the top finishers. Human resources growth has also led to product quality improvements in the form of a decrease in the defect rate.

In order to come up with innovations by balancing business growth with environmental efforts in the U.S. market, human resource development is crucial in not just the production division but in all company divisions, including product development, marketing, sales, and after sales service. In addition to on-the-job training (OJT), we have introduced a training management system for company-wide training called Compass that gives employees opportunities to study both online and in the classroom with others. In fiscal 2017, our educational programs offered approximately 3,000 courses in areas such as leadership and IT.

As we have proceeded with these efforts, people-centered management is starting to take firm root at DTTP, as shown by comments from managers, such as “our entire organization is encouraging new challenges and we are building a corporate culture that values this” and “I now understand the importance of raising motivation.”

As of the end of March 2018, DTTP had hired approximately 5,000 employees and it is striving to create an environment conducive to improving the quality of work and to promote inter-departmental coordination. DTTP is looking to increase the number of employees to 7,000 as it expands business in the U.S.

\* A global competition among production base employees that aims to ultimately boost skill levels of workers in manufacturing processes.

### Stakeholder's Comment

#### We Expect Daikin to Contribute to Regional Development as a Good Corporate Citizen

Daikin has brought a breeze of fresh air to our community. I am grateful for not only the positive economic effect that the company has had through job creation, but also for how it has aggressively boosted the capabilities our local human resources and given residents hopes and dreams. I look forward to continuing to strengthen our partnership with Daikin—a company indispensable to regional growth.



**Mr. Danny Marburger**  
Mayor, Waller, Texas

### NEXT CHALLENGE

#### Human Resource Development in the U.S. Will Lead to Higher Quality of Human Resources Worldwide

A company's sustainable growth is tied closely to its hiring practices and human resource development. Daikin will continue to create jobs and develop human resources in the U.S. contributing to the country and communities.

We also believe that aggressively developing human resources in the U.S. will lead to a higher level of human resources and skills throughout the entire Daikin Group. By having well trained human resources create and provide the world with new products and services, we can contribute to higher quality lifestyles and achieve sustainable growth together with society.

# “Forests for the Air” Project

Approximately 10% of the world’s greenhouse gas emissions are a result of forest destruction. In addition to conducting its business, Daikin contributes to the reduction of greenhouse gas emissions by carrying out forest protection.

## Project Contributes to Society through Forest Protection

Regions around the world are seeing their forests disappear mainly due to people clear land for agriculture and conduct logging to make firewood or charcoal. Behind these actions lies the problem of poverty.

In response, Daikin is supporting local residents through global partnerships in seven regions around the world.

The goal for the project’s 10-year period is to conserve forests covering some 11 million hectares and in the process contribute to reducing 7 million tons of CO<sub>2</sub> emissions.

### Sustainable Development Goals



In September 2015, the United Nations adopted “Transforming our world: the 2030 Agenda for Sustainable Development” and established the Sustainable Development Goals (SDGs) in an effort to solve worldwide problems related to issues such as poverty and energy. The SDGs comprise 17 goals for solving worldwide problems, with 2030 as the target year for achievement of these goals.



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### 12 Sustainable Development Goals **Brazil**

#### Amapá Biodiversity Corridor

The project focuses on training villagers to effectively use forest resources so that they can continue utilizing the blessings of nature while also enjoying economic development.

Under this project, 43 households have seen their income increase by 20% as a result of making products out of forest raw materials.



© Conservation International/photo by Borwen Sayon

### 4 Quality Education **Liberia**

#### East Nimba Nature Reserve

The project’s aim is to promote coexistence with wildlife and provide education on sanitary methods, while at the same time eliminating actions such as poaching and shifting cultivation.

30,000 people in 18 villages have received environmental education.

**China**

**Mountains of Southwest China**

Local farmers are working to prevent overgrazing by livestock and shift away from the use of chemical fertilizers. The project also uses scientific data to aid in improving agriculture and planting fruit trees.

Under the project, 22,000 fruit trees have been planted.



**Japan**

**Shiretoko, Hokkaido**

Daikin employees are involved in ongoing volunteer activities in the Shiretoko Peninsula with the aim of protecting ecosystems and ensuring that future generations can enjoy the region's abundant nature.

A cumulative total of 170 Daikin employees have gone to Shiretoko to take part in activities to rejuvenate forests.



**Cambodia**

**Central Cardamom Protected Forest**

To give locals a source of income through utilization of the region's beautiful environment, the project makes eco-tourism plans and trains villagers to run and manage eco-tourism businesses.

A total of 170 people have taken eco-tourism training and participated in events.

**India**

**North Western Ghats**

Villagers are provided with efficiently burning cooking stoves, which means they don't have to cut down as many trees for fuel wood. And less smoke from these stoves reduces adverse effects on health.

150 improved cooking stoves have been introduced, and their use has resulted in approximately 3,800 fewer trees that need to be cut down for fuel wood.



**Indonesia**

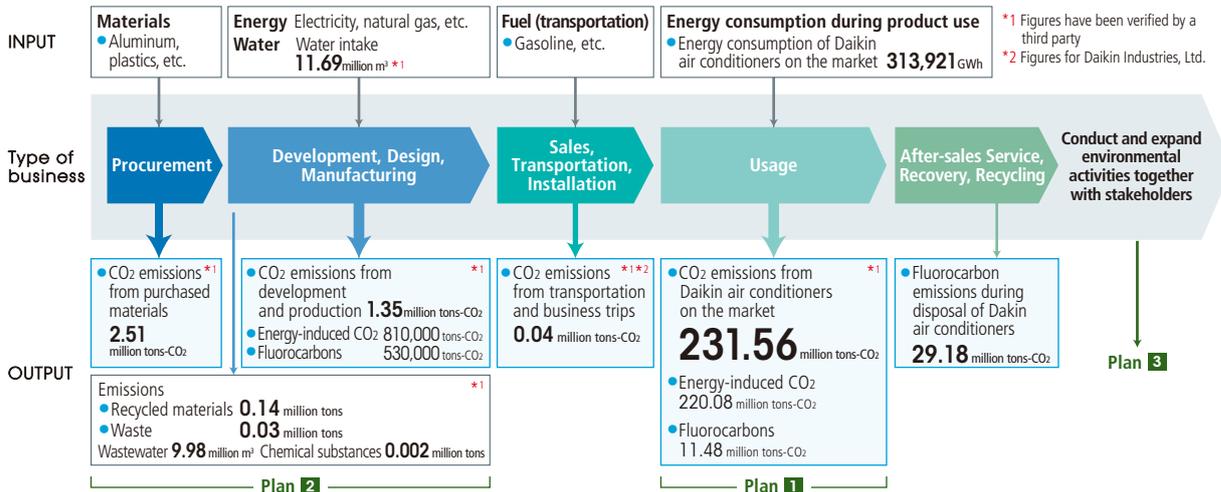
**Java Island**

The project provides homes in the region with running water from the plentiful forest and electricity generated by hydroelectricity. With their lives now more convenient and sanitary, villagers have come to better understand the value of the forest and they now earnestly take part in ongoing tree-planting and forest protection activities.

Clean water has been provided to 500 households under this project.

## Environment

### Overview of Environmental Impact of Business Activities



### Environmental Action Plan 2020

Action targets		Fiscal 2020 target values	Fiscal 2017 target values	Fiscal 2017 results	Self-assessment
<b>1 Provide Environmentally Conscious Products and Services Worldwide</b>					
Contribute to reducing greenhouse gas emissions by spreading the use of following products		Contribution to Greenhouse Gas Emission Reductions*1 60 million tons-CO2	Contribution to Emission Reductions 50 million tons-CO2	Contribution to Emission Reductions 54 million tons-CO2	☆☆☆
<ul style="list-style-type: none"> <li>● Energy-efficient air conditioners and services including inverter products</li> <li>● Air conditioners using refrigerants with lower global warming potential</li> <li>● Heat-pump-type heating systems and hot water heaters</li> <li>● Energy-efficient solutions business</li> </ul>		Increase in Ratio of Environmentally Conscious Products*2	Sales of Environmentally Conscious Products as Percentage of Residential Air Conditioners 83%		☆☆☆
<b>2 Minimize Environmental Impact in Production Activities</b>					
Greenhouse Gas	Emission Reductions	70% reduction over fiscal 2005 (reduction to 1.58 million tons-CO2)	69% reduction	74% reduction (reduction to 1.35 million tons-CO2)	☆☆☆
	Reduction of Energy-Induced CO2 Emissions	Unit reduction in energy-induced CO2 emissions of 5% against Standard value*3	Japan 2% reduction Overseas 2% reduction	5% reduction 9% reduction	☆☆☆ ☆☆☆
Emissions	Unit Reduction in Emissions of 5% against Standard value*3		Japan 2% reduction	12% reduction	☆☆☆
			Overseas 2% reduction	5% reduction	☆☆☆
Water	Unit Reduction in Water Intake of 5% against Standard value*3		Japan 2% reduction	6% reduction	☆☆☆
			Overseas 2% reduction	9% reduction	☆☆☆
Chemicals	Unit Reduction in Chemical Emissions of 5% against Standard value*3		Japan 2% reduction	11% reduction	☆☆☆
			Overseas 2% reduction	2% increase	☆☆☆
Green procurement	Increase in Green Procurement Rate			76%	☆☆
<b>3 Expand the Green Heart Circle of Love for the Earth</b>					
Carry out and expand environmental activities in collaboration with stakeholders	Encourage employees to take part in environmental activities inside and outside work	Certify all production bases as Green Heart Factories*4		24 bases certified (6 in Japan, 18 overseas)	☆☆
	Promote environmental and social contribution activities	Carry out forest protection activities with NGOs Educate the younger generation about the environment		Reduce emissions by 7 million tons-CO2 Provide free learning materials to 1,700 students	☆☆☆

\*1 Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and gas-combustion space heaters and hot water heaters.  
\*2 Products that satisfy either or both of the following conditions: consume at least 30% less electricity than conventional products, or use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.  
\*3 Average for fiscal 2013-2015.  
\*4 A Daikin standard for assessing and certifying how well each production base is doing in achieving environmental criteria related to energy efficiency, waste reduction, and biodiversity protection.  
Self-assessment: Shows level of achievement of targets in three designations: ☆☆☆ : Succeeded ☆☆☆ : Will soon succeed ☆☆☆ : Doing all we can

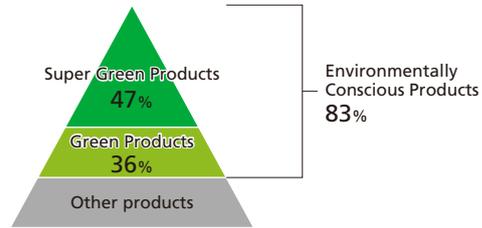
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

### Contribution to Greenhouse Gas Emission Reductions from Daikin Air Conditioners on the Market\*



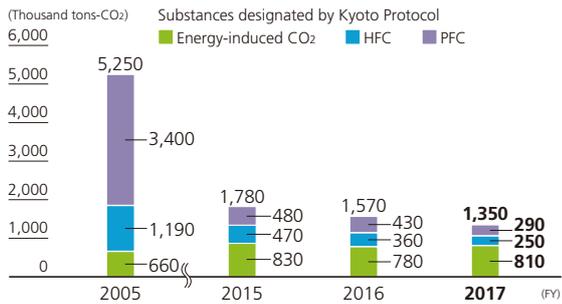
- \* Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and gas-combustion space heaters and hot water heaters
- Values up to fiscal 2014 are for emerging countries only
- Reviewed by the third-party

### Environmentally Conscious Products\* as Percentage of Net Sales (residential air conditioners)

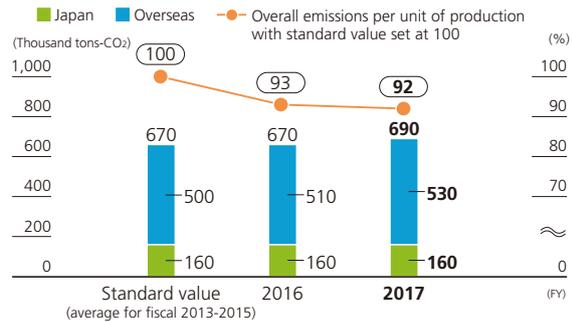


- \* Environmentally Conscious products: Name for Super Green Products and Green Products. Products that satisfy all of the conditions below are Super Green Products. Products that satisfy at least one of the conditions are Green Products.
- Consume at least 30% less electricity than conventional products  
Example: Air conditioners equipped with inverters
- Use refrigerants with at least two-thirds less global warming potential than conventional refrigerants  
Example: Air conditioners using R-32, a refrigerant with lower global warming potential

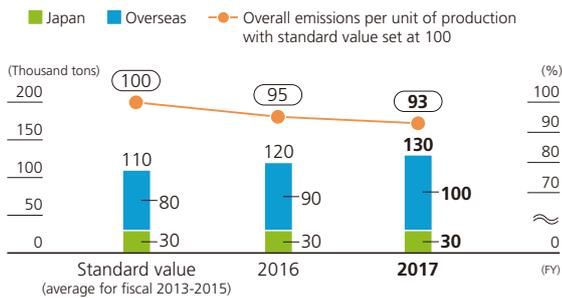
### Greenhouse Gas Emissions (Production)



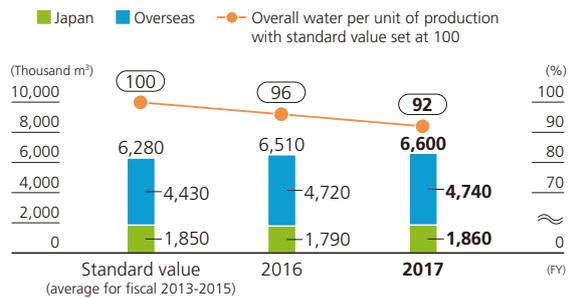
### Total Energy-Induced CO<sub>2</sub> Emissions, CO<sub>2</sub> Emissions per Unit of Production



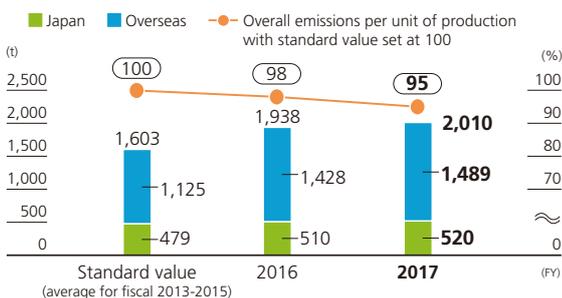
### Emissions/ per Unit of Production



### Water Intake/ per Unit of Production



### Chemical Emissions / per Unit of Production (total of PRTR substances and VOCs)



### Green Procurement Rate\* by Region (%)

Region	2015	2016	2017
Japan	96	91	92
China	95	96	92
Thailand	95	95	97
Other countries in Asia and Oceania	65	58	84
Europe	93	93	95
North America	38	30	30
South America	-	97	94
All regions	65	74	76

\* Green procurement rate =  $\frac{\text{Value of goods procured from suppliers who meet our assessment criteria}}{\text{Value of all goods procured}}$

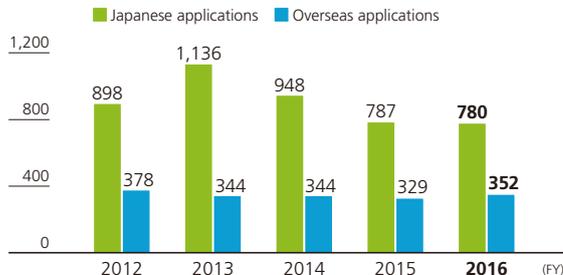
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

## New Value Creation

### Research and Development Expenses (OJG)

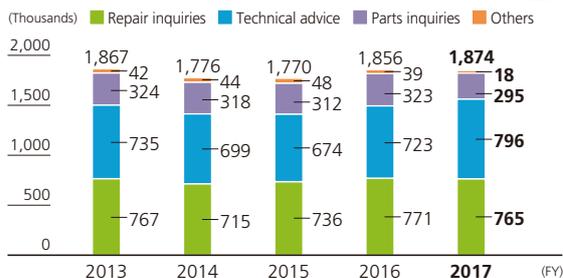


### Number of Patent Applications (D)



## Customer Satisfaction

### Number of Inquiries to the Contact Center (JG)



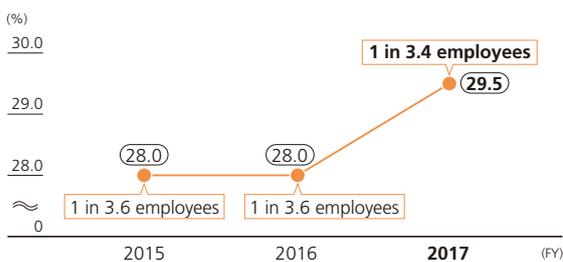
### Improvement in Customer Satisfaction\*

	2016	2017
Japan	1.07	1.11
China	1.00	1.01
Singapore	1.03	1.03
Italy	1.01	1.00

\*Progress rate of after-sales services, regarding the base year 2015 as 1.00

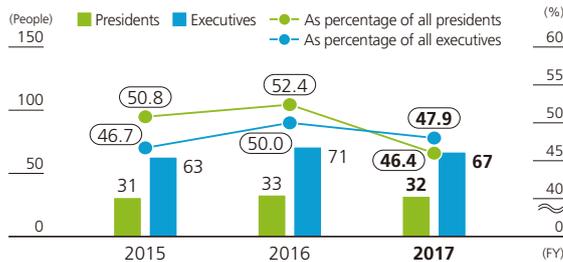
## Human Resources

### The Ratio of Excellent or Advanced Skilled Engineers\* in Manufacturing (D)

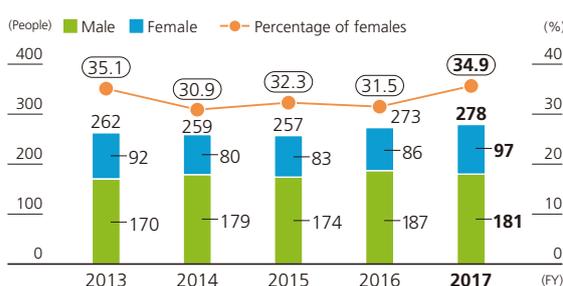


\*High-skilled engineers with knowledge and leadership

### Number and Percentage of Overseas Bases Where Local Nationals are President or Executives (OG)

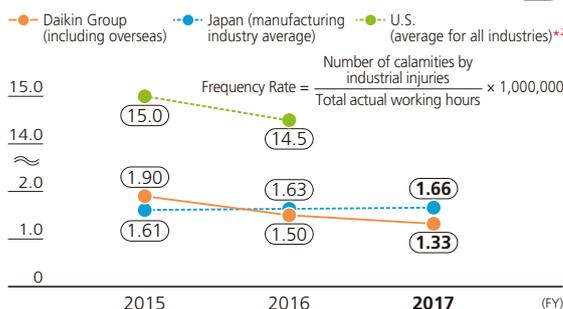


### Number of New Employees Hired; Women as Percentage of All New Employees Hired\* (D)



\*Number of people joining the company on April 1

### Frequency Rate\*1 (OJG)



\*1 This shows the frequency of work-related calamities, expressed in number of calamities for every 1,000,000 working hours.

\*2 No data was released for the U.S. in fiscal 2017. (As of end of June 2018)  
Calculated based on information from U.S. Bureau of Labor Statistics (November 2017)

## Overall CSR (Including SRI)

### Daikin Industries, Ltd.

- Chosen for inclusion in the Morningstar Socially Responsible Investment Index



- Chosen for inclusion in the MSCI Japan ESG Select Leaders Index



- Chosen for inclusion in the MSCI Japan Empowering Women Index (WIN)
- Daikin's Sustainability Report 2017 won the Review Board Special Award of Excellence in the Environmental Communication Awards.
- Won the Best IR Award as selected by the Japan Investor Relations Association

### Daikin Middle East and Africa FZE

- Was awarded the Dubai Chamber CSR Label by the Dubai Chamber of Commerce and Industry



### Daikin (China) Investment Co., Ltd.

- Won the Sustainable Best Practices Award from the Shanghai Daily

## Environmental Honors

### Daikin Industries, Ltd.

- Received a rating of "A-" in climate performance by the Carbon Disclosure Project (CDP), an international NGO
- FY 2017 Energy Conservation Grand Prize
  - Received the Director-General Prize of Agency for Natural Resources and Energy, for achieving a ZEB-type office using state-of-the-art air conditioning technologies and optimal management
  - Received the Chairman Prize of Energy Conservation Center, Japan (ECCJ) for the VRV Q Series for replacement use
  - Received the Chairman Prize of Energy Conservation Center, Japan (ECCJ) for the HEXAGON Force air-cooled heat-pump modular chiller



### Daikin Airconditioning India Pvt. Ltd.

- Received the Most Energy Efficient Air Conditioners Award from the Government of India

### Goodman Global Group, Inc.

- Earned LEED Gold certification for office buildings in DTTP under the LEED green building certification system



## Honors for Customer Satisfaction

### Daikin Industries, Ltd.

- Daikin's risora residential air conditioner won a iF Design Award and a Good Design Award.
- The cocotas multi-cassette-type air conditioner for small spaces was selected a Good Design Best 100 in the Good Design Awards.



- Won an Award of Excellence in the Service and Hospitality Awards sponsored by the Japan Institute of Information Technology (JIIT)
- For the third consecutive year, received the Directors Award in the Corporate Telephone Answering Contest sponsored by the Japan Telecom Users Association (JTUA). First company in the manufacturing industry to be selected a Gold Ranked Company



## Human Resource Honors

### Daikin Industries, Ltd.

- Granted Nadeshiko Brand designation for the fifth time, and the fourth consecutive year, by the Ministry of Economy, Trade and Industry
- Awarded the highest level of certification (L-boshi certification) from Japan's Ministry of Health, Labor and Welfare for being a company that shows excellence in promoting the talents of women in the workplace
- Awarded the highest rating, 5 stars, in the NIKKEI Smart Work survey conducted by Nikkei Inc., which assesses companies based on the adoption of diverse, flexible work practices



### Daikin (China) Investment Co., Ltd.

- Won the China Model Human Resources Hiring Company Prize in awards sponsored by 51job, China's leading human resource solutions provider

### Daikin Compressor Industries, Ltd.

- Received a Prime Minister's Industry Award (Safety Management category) from Thailand's Ministry of Industry



### Daikin Malaysia Sdn. Bhd.

- Won a Gold Class 1 Award from the Malaysian Society for Occupational Safety and Health (MSOSH)

### Daikin Applied (UK)

- Awarded Gold level in the Better Health at Work Awards

# Third-Party Verification Statement

To ensure reliability of the content of this report, Daikin had a third-party verification conducted for data on greenhouse gas emissions, water use, waste water, waste emissions, and chemical substances emissions.

## Data Covered by Verification

### Environmental Impact Data on Business Operations in FY2017

- ▶ Scope 1 and Scope 2 greenhouse gas (GHG) emissions, water use, waste water, waste emissions, and chemical substances emissions from business operations of four production bases in Japan of Daikin Industries, Ltd., eight production subsidiaries in Japan, and 47 production subsidiaries overseas.
- ▶ Category 1 (purchased goods and services), 4 (upstream transportation and distribution), 6 (business travel), and 11 (use of sold products) emissions of Scope 3 GHG emissions calculated in line with the GHG Protocol's 'Corporate Value Chain (Scope3) Accounting and Reporting Standard.'

## Scope of Review

### Contribution to CO<sub>2</sub> Emission Reduction through the Use of Products

- ▶ Contribution to CO<sub>2</sub> emission reduction through the use of inverter air conditioners sold in emerging countries in fiscal 2017.
- ▶ Contribution to CO<sub>2</sub> emission reductions through the use of air conditioners sold in industrialized countries in fiscal 2017.
- ▶ Contribution to greenhouse gas emission reductions through fiscal 2017 worldwide sales of air conditioners that use R-32 low global warming potential refrigerant.

**Daikin Group Sustainability Report 2018**  
Independent Verification Report

To: Daikin Industries, Ltd.

  
 Bureau Veritas Japan Co., Ltd.  
 System Certification Services

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Daikin Industries, Ltd. (Daikin) to conduct an independent verification and review of the environmental data selected by Daikin for inclusion in the Daikin Group Sustainability Report 2018 (the Report), issued under the responsibility of Daikin. The aim of the verification is to consider the reliability and accuracy of environmental data within the Report and to provide a verification opinion based on objective evidence. The aim of the review is to make an independent statement concerning the reliability and accuracy of the environmental data.

**1. Verification and Review Outline**

1) Environmental impact data generated through business operations in FY2017

Bureau Veritas conducted a verification of the following data.

Data verified	Sites Visited	Verification or Review Methodology
The following data through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 47 production subsidiaries overseas: - CO <sub>2</sub> emissions from energy use - HF/Gs and PFCs emissions - Water intake and wastewater - Recycled materials and Waste - VOC emissions	- Daikin Head Office - Daikin (Shanghai) Co., Ltd. - DAIKIN SUNRISE SETTSU, LTD. - Daikin Ship Plant - Jiangsu Dairing Chemicals Co., Ltd. - Daikin Fluoro Coatings (Shanghai) Co., Ltd. - Daikin Fluorochemicals(China) Co., Ltd. - DAIKIN AUSTRALIA PTY. LTD. - Daikin Malaysia Sdn. Bhd. - Daikin Steel Malaysia Sdn Bhd. - American Air Filter Manufacturing Sdn Bhd - AAF-Limited(United Kingdom) - Daikin Iskra Ve Sogutma Sistemleri San. Tic. A.S.	- Review of documentary evidence produced by Daikin Head Office and the sites visited - Interviews with relevant personnel of Daikin Head Office and the sites visited - Site inspection assessing data monitoring procedures - Comparison between the reported data and the supporting documentary evidence
Release amount of PFRs (*) chemical substances through business operations of four production bases of Daikin and eight production subsidiaries within Japan (*) Pollutant Release and Transfer Register system	- Daikin Head Office	- Review of documentary evidence produced by Daikin Head Office and the departments of the relevant products and services - Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services - Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence
The following data through business operations of four production bases of Daikin - CO <sub>2</sub> emissions from non-energy use - CH <sub>4</sub> , N <sub>2</sub> O and SF <sub>6</sub> emissions	- Daikin Head Office	- Review of documentary evidence produced by Daikin Head Office and the departments of the relevant products and services - Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services - Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence
Categories 1, 4, 6 and 11 of Scope 3 GHG emissions accounted in line with the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'	- Daikin Head Office	- Review of documentary evidence produced by Daikin Head Office and the departments of the relevant products and services - Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services - Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence

The verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

2) Amount of contribution to GHG emission reduction by sold products

Bureau Veritas conducted a review of the following data.

Date Reviewed	Sites Visited	Review Methodology
The amount of contribution to CO <sub>2</sub> emission reduction through the use of inverter air conditioners sold for emerging countries in FY2017	- Daikin Head Office	- Review of documentary evidence produced by Daikin Head Office and the departments of the relevant products and services - Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services - Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence
The amount of contribution to CO <sub>2</sub> emission reduction through the use of air conditioners sold for advanced countries in FY2017 (Base year FY2009)	- Daikin Head Office	- Review of documentary evidence produced by Daikin Head Office and the departments of the relevant products and services - Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services - Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence
The amount of contribution to GHG emission reduction through the change to low global warming potential refrigerant (R32) charged into air conditioners sold in FY2017	- Daikin Head Office	- Review of documentary evidence produced by Daikin Head Office and the departments of the relevant products and services - Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services - Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence

The review was conducted using Bureau Veritas' standard procedures for external review of sustainability reporting.

**2. Findings**

On the bases of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed information within the scope of our verification and review is inaccurate and does not provide a fair representation of the performance for the defined period.
- It is our opinion that Daikin has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our verification and review.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high standards in their day to day business activities. We are particularly vigilant in the provision of conflicts of interest. Bureau Veritas activities for Daikin are for sustainability reporting verification only and we believe our verification assignment did not raise any conflicts of interest.

**GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT**

To: Daikin Industries, Ltd.

  
 Bureau Veritas Japan Co., Ltd.  
 System Certification Services

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Daikin Industries, Ltd. (Daikin) to conduct verification of the greenhouse gas (GHG) emissions reported in the Daikin Group CSR Report 2018 for the period of April 1, 2017 through March 31, 2018.

**1. Scope of Verification**

Daikin requested Bureau Veritas to verify, to a limited level of assurance, the accuracy of the following GHG information:

1) Scope 1 and Scope 2 GHG emissions:  
- CO<sub>2</sub> from energy use, HF/Gs, PFCs; GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 47 overseas production subsidiaries  
- CO<sub>2</sub> from non-energy use, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>; GHG emissions through business operations of four production bases of Daikin

2) Categories 1, 4, 6 and 11 of Scope 3 GHG emissions accounted and reported in line with the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' within the boundaries defined by Daikin for each category.

**2. Methodology**

Bureau Veritas conducted the verification in accordance with the requirements of the international standard 'ISO 14064-3:2006: Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions'.

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of Daikin responsible for the identification and calculation of GHG emissions;
- Review of Daikin's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

**3. Conclusion**

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of the GHG emissions, as per the scope of work;
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Daikin.

Verified greenhouse gas emissions		
Scope 1 755,094 t-CO <sub>2</sub> e	Scope 2 658,144 t-CO <sub>2</sub> e (location-based) 652,883 t-CO <sub>2</sub> e (market-based)	Scope 3 234,149,008 t-CO <sub>2</sub> e

The breakdown of Scope 3 emissions are as follows:  
Category 1: 2,582,078 t-CO<sub>2</sub>e | Category 4: 24,766 t-CO<sub>2</sub>e | Category 6: 14,810 t-CO<sub>2</sub>e  
Category 11: 231,557,326 t-CO<sub>2</sub>e

**[Statement of Independence, Impartiality and Competence]**

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services. No member of the verification team has a business relationship with Daikin, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.

The Daikin website gives the calculation method for environmental performance data.

## About This Report

### ■ Editorial Policy of the Report

This report covers our basic philosophy for realizing sustainable growth of Daikin, fiscal 2017 achievements, and future plans. When we formulated Fusion 20 in fiscal 2015, we came up with four themes of CSR for value provision—Environment, New value creation, Customer satisfaction, and Human resources—and five themes of fundamental CSR—Corporate governance, Respect for human rights, Supply chain management, Stakeholder engagement, and Communities—aimed at sustainable growth for both Daikin and society.

The report consists of a printed version and a website version. The printed version covers Daikin's strategies for a sustainable society, the four themes of CSR for value creation, and key information related to the fundamental CSR on which the four themes are founded. Information shows results for the Daikin Group as a whole unless otherwise specified.

The website version goes into more detail than the printed version, and also gives other information such as case studies from the past.

#### Sustainability Website



<http://www.daikin.com/csr/>

#### Investor Relations Website



<http://www.daikin.com/investor/>

▲  
Please refer to the following website for the latest financial information, annual reports, and other IR information.

#### Reference Guidelines:

This report was created with reference to the GRI Sustainability Reporting Standards 2016 released by the Global Reporting Initiative (GRI). Guideline comparison tables are on our website. Our CSR activities are conducted in line with ISO 26000.

Since 2008, the Daikin Group has been taking part in the United Nations Global Compact, an initiative for companies committed to operating based on 10 universally accepted principles in areas including human rights, labor, the environment, and anti-corruption. Daikin also issues this CSR Report as an annual Communication on Progress (COP) to the United Nations, a public disclosure on progress made in implementing the 10 principles of the Global Compact.

#### Third-Party Verification:

To ensure reliability of the content of this report, the Daikin Group had a third-party verification conducted for data on greenhouse gas emissions, water use, waste water, waste emissions, and chemical substances emissions. (See page 29.)

#### Daikin Organizations Covered:

This report covers Daikin Industries, Ltd. and its consolidated subsidiaries. Environmental performance data, however, covers four Daikin Industries, Ltd., production bases; eight production subsidiaries in Japan, and 47 production subsidiaries overseas.

#### Term Covered:

This report covers fiscal 2017  
(April 1, 2017, to March 31, 2018).

#### Publication Date:

September 2018 (English edition)  
The next publication (Japanese) is planned for July 2019.  
The next English edition is scheduled for publication in September 2019.

#### Contact Information:

CSR & Global Environment Center,  
Daikin Industries, Ltd.  
PHONE: +81-6-6374-9304 FAX: +81-6-6374-9321  
Email: [csr@daikin.co.jp](mailto:csr@daikin.co.jp)

#### Note

In reporting on fiscal 2017 CSR activities, data was carefully reviewed and was revised in cases where discrepancies occurred between actual fiscal 2017 results and information reported for fiscal 2016. Also, because figures are rounded off, totals may not equal the sum of individual figures.

#### Forecasts, Expectations, and Plans

This report includes forecasts, expectations, and plans, in addition to past and present facts, about Daikin Industries, Ltd., and its subsidiaries (collectively called the Daikin Group). Please be aware that these are assumptions and judgments made based on the information available at the time this report was written and thus incorporate a degree of uncertainty. Consequently, there is a possibility that events occurring in the future may turn out differently from the forecasts, expectations, and plans stated in this report.

# **DAIKIN INDUSTRIES, LTD.**

Inquiries

## **CSR & Global Environment Center**

Umeda-Center Bldg., 2-4-12, Nakazaki-Nishi, Kita-ku, Osaka, 530-8323 Japan  
PHONE: +81-6-6374-9304 FAX: +81-6-6374-9321

You can also view this report on our website.

**URL** <http://www.daikin.com/csr/>

We welcome your thoughts and opinions on this report.

**URL** <https://www.daikin.com/contact/report/csr/>

Published September 2018

**In all of us,  
a green heart**



### **The Daikin Group Environmental Symbol**

The symbol of the Earth in the shape of a green heart represents a determination on the part of each and every employee of Daikin to think green (think of the Earth and take care of the environment).

**WE SUPPORT**



### **UN Global Compact**

Daikin strives to contribute to the sustainable development of society by reflecting in its business activities the 10 principles of the UN Global Compact, which the company has participated in since 2008.



### **Eco First**

For its range of environmentally advanced efforts, Daikin has been certified as an Eco-First Company by Minister of the Environment of Japan.



Certificated in Japan

