

# Low Impact Production

## Green Procurement

### A Global Effort

Since fiscal year 2000, the Daikin Group has been requiring suppliers in Japan to comply with the Green Procurement Guidelines.

To ensure maximum effectiveness of green procurement, we grade our suppliers on their environmental protection efforts using criteria on a green procurement survey. Suppliers who fail to achieve these assessment criteria are visited and given guidance towards improvement. We also hold meetings to provide them with useful environmental information such as environmental related laws and regulations and Daikin's own environmental activities, and we release a variety of information on our website.

Our bases in Southeast Asia, China, and Europe conduct green procurement that makes it a top priority to purchase parts containing no hazardous substances.

In fiscal year 2008, we held meetings aimed at accelerating green procurement at chemical production bases in Europe and North America and at the procurement department of the OYL Malaysia.



Green procurement meeting

### Green Procurement Rate by Region (%)

|        | Japan | Thailand | China | Europe |
|--------|-------|----------|-------|--------|
| FY2008 | 97    | 85       | 79    | 69     |

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

### Overview of Green Procurement Guidelines 4th Edition

#### • Conditions for Suppliers under Environmental Management

- Suppliers should have an ISO 14001-certified environmental management system
- Suppliers must implement their own green procurement system
- Suppliers must have their own chemical substances management system

#### • Related to Products

- Materials and parts delivered to Daikin should have no substances forbidden by Daikin
- Production processes should use no substances forbidden by Daikin
- Upon request, provide Daikin with information on the amount of chemicals contained, which part it is used in, why it is being used, and its toxicity
- Voluntarily reduce the amount of chemicals for which Daikin requests reduction
- Reduce and optimize product packaging



The Chemical Substances Management Standards Booklet, a compilation of the Green Procurement Guidelines (4th Edition) and suppliers' chemical substances management systems

## Managing and Reducing Chemical Substances

### Completed Pre-Registration for REACH Chemical Substance Regulation

The REACH regulation on chemical substances went into effect in Europe in June 2007. REACH obligates companies manufacturing or importing at least 1 ton of chemical substances a year in the EU to register with EU authorities. REACH covers almost all chemicals on the market in the EU.

June 2008 was the start of pre-registration for REACH and the Daikin Group completed this pre-registration for all chemical substances contained in products. This allows us to continue manufacturing and importing chemical substances as we had previously done.

### PRTR Substances Reduced by 78% against Fiscal Year 2005

The Daikin Group set a target of reducing PRTR substances by 50% in fiscal year 2010 compared to fiscal year 2005, and in fiscal year 2007 we achieved this, three years ahead of schedule.

In fiscal year 2008, we set a new target of a 70% reduction against fiscal year 2005, which we surpassed with a 78% reduction thanks to all-out efforts to reduce substances such as HCFC and dichloromethane.

## Reducing Waste

### Six Overseas Production Subsidiaries Achieve Zero Waste

By fiscal year 2005, all Daikin Group manufacturing bases in Japan had achieved zero waste (at least a 99.5% recycling ratio).

Overseas companies have been working to reduce waste and as of the present, six overseas production subsidiaries, including Daikin Thailand and Daikin Europe, have achieved zero waste (at least a 99% recycling ratio).

### Amount Recycled and Amount Disposed of (Fiscal Year 2008)

