



Daikin's CSR

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Air Conditioning and Chemical Technologies Work Hand-in-Hand

Daikin has made global warming prevention one of its top priority issues and actively pursues environmental impact reduction in all business activities.

The Daikin Group offers products utilizing technologies in both air conditioning and fluorochemicals to provide living spaces with comfort. We also contribute to sustainable development of society through proprietary advanced technologies and advanced R&D in our oil hydraulics business, which encompasses energy-efficient technologies cultivated in our air conditioning business, and our defense systems business, which provides a wide range of products from aerospace parts to home medical equipment.

Daikin Group Business

86.6% Air Conditioning Business



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

Residential Air Conditioners



Hot Water and Space Heaters



Buildings



9.9% Chemicals Business



World's Leading Lineup of Fluorochemicals

Storage Batteries and Solar Cells



Automotive



Refrigeration and Air Conditioning Systems



3.5% Oil Hydraulics, Defense Systems Business



Proprietary Technologies at Work in a Range of Industries

Machine Tools



Construction Equipment



In-Home Medical Equipment



Ever since we developed Japan's first air conditioner in 1951, the Daikin Group has used the air conditioning and chemical expertise it has built up to bring comfort to people around the world, whether they are at home or at work. In the fields of oil hydraulics and defense systems, our proprietary cutting-edge technologies and R&D capabilities have advanced industry and improved people's lives.

Of all our businesses, those with the greatest impact on environmentally are the air conditioner business and our fluorochemical business, which makes the fluorocarbon refrigerants for air conditioners. Air conditioners use large amounts of energy, and fluorocarbons are greenhouse gases that cause global warming. The structure of our business necessitates that we make it our mission to help prevent global warming. We thus do all that we can to reduce environmental impact in all areas of business.

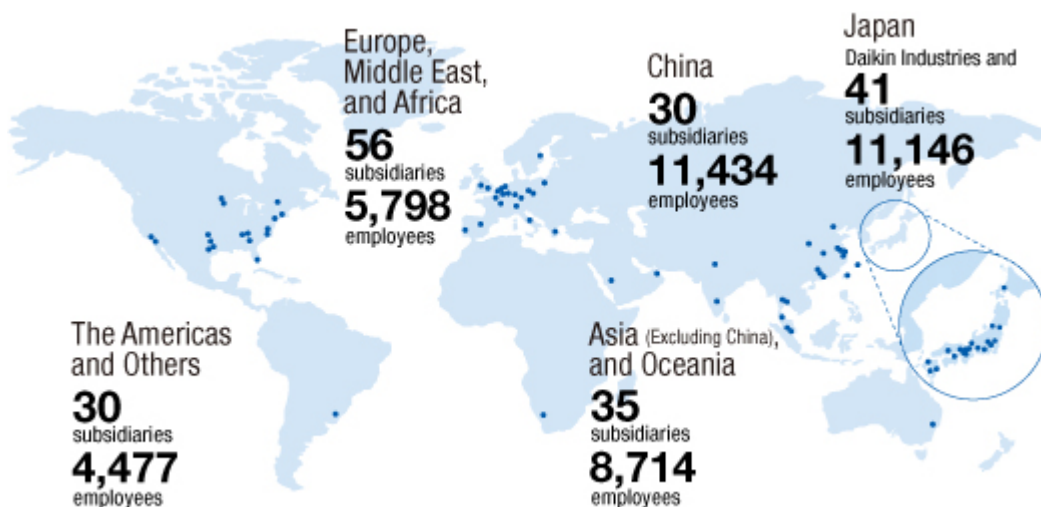
Our aim is to be an environmentally advanced company by developing and marketing environmentally conscious products and services and by reducing emissions of fluorocarbons and CO₂ in the production, distribution, and marketing stages.

Worldwide Business

Daikin Group strives to be a company that can meet the expectations of various stakeholders while respecting the diverse cultures and values of people in each country and region.

The Daikin Group does business around the world in countries and regions like China, Southeast Asia, Oceania, Europe, and North America. We have 41,569 employees at worldwide production and sales bases, with two-thirds of employees working outside Japan. By respecting the cultures and values of each country and region, we strive for a workplace that motivates employees and brings out the unique personality of each employee.

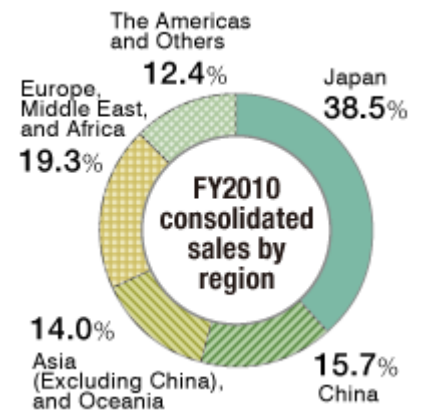
■ Daikin Group



The Daikin Group does business in Japan, China and the rest of Asia, Oceania, Europe, and the United States with the goal of maximizing corporate value to become a truly global and excellent company. In fiscal 2006, we further expanded our geographical area and markets through the acquisition of O.Y.L. Industries (headquarters: Malaysia), which has solid air conditioning business networks in North America and Asia. As we continue to grow worldwide, we are striving even further to contribute to society in respecting the diverse cultures and values of the countries and regions where we operate and by hiring locally to ensure our products and services meet local needs.

People are the force behind improving corporate value. To become a company trusted throughout the world, all Group employees must understand and implement our Group Philosophy, and our company must create a work environment in which employees can maximize their unique traits and work with enthusiasm and pride.

We will continue to reward stakeholders-customers, shareholders, employees, and local citizens-through our corporate growth. In the process, we will think globally while being a good citizen of the Earth and acting in the best interests of each community in our goal of becoming a truly first-rate company.





On March 11, 2011, an unprecedented earthquake struck Eastern Japan, and I offer our sincerest condolences to all those afflicted by this disaster. The Daikin Group will continue to support the stricken areas with donations of money and relief supplies.

Although the Kashima Plant of Daikin Industries, Ltd. was affected by the disaster, damage to production equipment was minimal, and we were able to quickly resume manufacturing. Along with the concentrated aid provided to suppliers, measures were adopted to secure parts for the supply chain, including changing to substitution parts, and the impact to production was minimized.

The earthquake presented us with an array of challenges: one of which involves energy consumption and the pressing need for society to reduce peak electricity use. To Daikin, whose products have a significant impact on electricity use, this crisis represents not only a temporary necessity for Japan but is also a crucial issue that must be addressed worldwide as a demand of the times. Beginning with our control technology that operates air conditioners to minimize energy consumption, we intend to fully utilize our energy-saving and power conservation technologies to help the world meet its growing energy needs in the medium and long term.

Environmental Protection as a Major Pillar of Our Growth Strategy

Daikin's CSR is founded on two pillars: providing environmentally conscious products and services, and fostering the human resources that make this possible.

Critical to our environmental efforts is the FUSION 10 strategic management plan ended fiscal 2010. Under this plan, we set forth a basic policy of maintaining a balance between active contributions to solving global environmental problems and business expansion by striving to reduce environmental impact during manufacturing and contribute to environmental protection through our business. For example, we have striven to promote the use of products using energy-efficient inverter technology and heat-pump space heating, which has less global warming impact than combustion-type space heating. We believe this has enabled our customers to achieve greater energy efficiency and reduce CO₂ emissions. We have also succeeded in reducing greenhouse gas emissions from production processes by 73% against fiscal 2005, bettering our target of a 50% reduction.

In fiscal 2011, we began FUSION 15, which focuses on a strategy of growth by accelerating our environmental business. Moreover, we aim to further reduce greenhouse gas emissions from production processes to one-third of fiscal 2005 levels by 2015. By concentrating on protecting and revitalizing our precious natural environment, we aim to achieve sustainable business growth and development while contributing to environmental protection.

Strengthen Human Resources throughout the Global Group by Implementing People-Centered Management

People are the force that executes strategic activities. Daikin believes that the "cumulative growth of all Group members serves as the foundation for the group's development." Consequently, "People-Centered Management" is implemented with the aim of creating a work environment in which each employee can use his or her talents to the fullest.

Under FUSION 15, we are making the strengthening of human resources a core strategy company-wide. With more than 60% of the sales of the Daikin Group coming from overseas, fostering personnel who can contribute at our global bases is an urgent task.

Currently at our major overseas subsidiaries, one in every four members of management is locally hired. As well, three of these also serve as board members of Daikin Industries. In order to train more local personnel in Daikin's management philosophy to run more local Daikin subsidiaries, we will continue to increase global hiring and pursue measures such as building a global human resources system and promoting better communication between the Daikin Head Office and worldwide subsidiaries.

Meet Stakeholder Expectations through CSR that Earns the Trust of Society

Times are changing at lightning speed. As major transformations take place within the framework of the world economy, society, and politics, we must quickly adapt to the structural changes of the times so that we can meet the expectations of our stakeholders and thus achieve sustainable development. We firmly believe that by looking 10 years into the future and flexibly adapting to predicted changes, the Daikin Group can further grow and develop. We will strive to listen even more closely to stakeholder opinions so that we can continue to be a trusted company that meets society's expectations. We look forward to your continued support in our endeavors.

July 2011



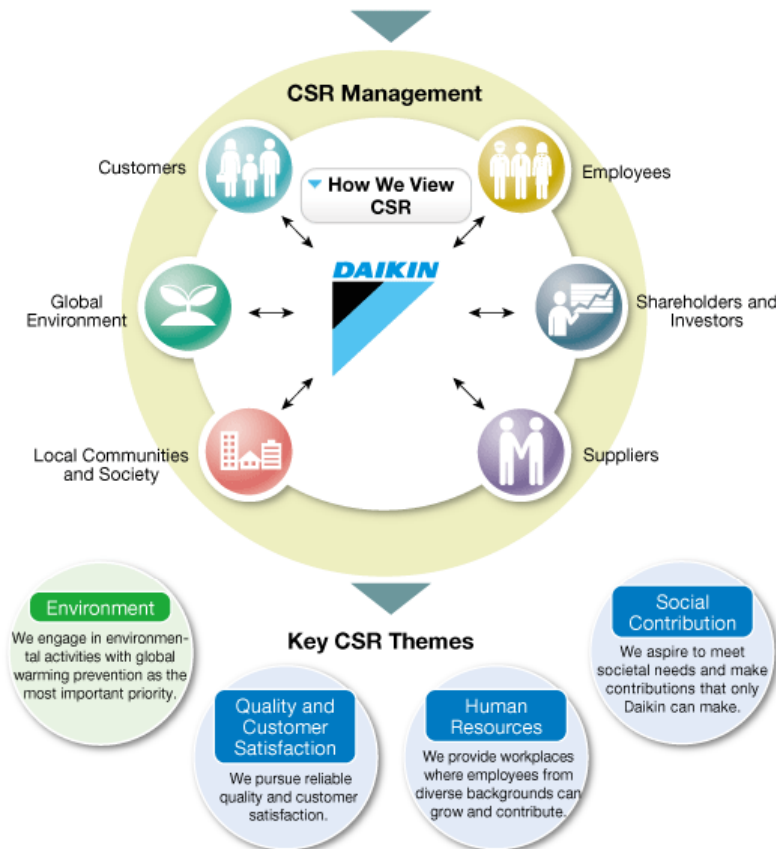
Noriyuki Inoue
Chairman and CEO
Daikin Industries, Ltd.

Corporate Policies

1. Absolute Credibility
2. Enterprising Management
3. Harmonious Personal Relations

Our Group Philosophy

1. Create New Value by Anticipating the Future Needs of Customers
2. Contribute to Society with World-Leading Technologies
3. Realize Future Dreams by Maximizing Corporate Value
4. Think and Act Globally
5. Be a Flexible and Dynamic Group
6. Be a Company that Leads in Applying Environmentally Friendly Practices
7. With Our Relationship with Society in Mind, Take Action and Earn Society's Trust
8. The Pride and Enthusiasm of Each Employee Are the Driving Forces of Our Group
9. Be Recognized Worldwide by Optimally Managing the Organization and its Human Resources, under Our Fast & Flat Management System
10. An Atmosphere of Freedom, Boldness, and "Best Practice,Our Way"



How We View CSR in the Daikin Group

1. By ensuring implementation of our Group Philosophy, the DAIKIN Group will execute our social responsibilities globally in relations with all our stakeholders, and thereby raise our corporate value and contribute to the sustainable development of society.
2. Based upon thorough observance of legal compliance and corporate ethics, the DAIKIN Group will carry out our CSR initiatives with priority on contributing to society through our business activities such as:
 - Creating and offering new value by anticipating the future needs of customers;
 - Taking initiatives to sustain and improve the environment in all aspects of our business operations, and promoting the development of new products and the innovation of technologies that will lead to a more environmentally healthy world;
 - Building friendly yet competitive relations with all our business partners such as suppliers; and
 - Cultivating workplaces that foster pride and enthusiasm in each employee.

Furthermore, as a good corporate citizen the DAIKIN Group will make beneficial contributions to each community in which we are based by being highly receptive to its needs.

3. Instead of simply giving consideration to CSR, the DAIKIN Group will proactively incorporate CSR initiatives in all our business activities, fuse and integrate such initiatives with these activities in order to ensure truly ongoing CSR initiatives and lead to the improvement of our business performance.
4. The DAIKIN Group will pursue CSR in our unique way by riding on our strengths, such as our atmosphere of freedom and boldness, thorough customer-oriented management, warm hospitality and other valued traditions and culture, as well as world-leading technologies.
5. The DAIKIN Group will fulfill our CSR by promoting interactive communications widely with society, achieving accountability, and maintaining high transparency.

Environmental Philosophy

Be a Company that Leads in Applying Environmentally Friendly Practices

As we continue developing our business operations in various fields, it is our mission to proactively develop initiatives to respond to environmental issues. Incorporating environmental initiatives throughout our management must be a priority for us.

In all aspects of our business operations, including product development, manufacturing and sales, we need to formulate initiatives that sustain and improve the environment. Meanwhile, we need to promote the development of new products and the innovation of technologies that will lead to a more environmentally healthy world.

Under the precept "environmental response is an important management resource," we must integrate environmental initiatives into our corporate management since they can lead to business expansion, improved business performance, and further enhancement of our credibility with outside parties. We intend to continue being a leading company in the practice of "environmental management," thus contributing to a healthier global environment as a good citizen of the earth.

Action Guidelines

1. Ensure that all members of the Group deepen our understanding of environmental issues and take responsibility for the impact our actions have on society in general.
2. Establish, promote, and continuously improve an Environmental Management System to actively and effectively implement Environmental Management as a Group.
3. Develop and implement environmental initiatives in all aspects of our business operations, including product development, production, sales, distribution, services, and recycling.
In particular, be a leader in society by developing products, technologies, and business opportunities that contribute to sustaining and improving our environment.
4. Implement environmental initiatives that are globally consistent as well as promote initiatives that respond to the particular circumstances of each country and region.
Furthermore, actively promote cooperation and alliances with related companies, external organizations, and institutions.
5. Disclose environmentally related information in a truthful and fair manner. Listen to the views of people both inside and outside the company to continuously improve our environmental preservation efforts.

Group Compliance Guidelines

These compliance guidelines set forth the basic premises to observe as a basic framework for compliance for all Group companies as well as each and every one of their executives and employees in the worldwide expansion of the Daikin Group.

Each company of the global Group shall draft specific criteria based on these guidelines as a code of conduct that corresponds to differences in laws and customs of each country and region and thoroughly maintains compliance.

1. **Providing Safe, High Quality Products and Services**

We shall make every effort to ensure the safety and quality of our products and services from the standpoint of our customers. Should a problem occur regarding safety, we shall immediately take appropriate action.

2. **Free Competition and Fair Trading**

We shall perform fair corporate activities in compliance with all applicable laws and regulations relating to fair competition and fair trade of each country and region.

3. **Observing Trade Control Laws**

We shall not participate in any transactions that may undermine the maintenance of global peace and security and world order in compliance with all applicable export and import related laws and regulations of each country and region as well as Daikin Group Policy.

4. **Respect and Protection of Intellectual Property Rights**

Recognizing that intellectual property rights are important company assets, we shall strive to protect and maintain our intellectual property rights and effectively utilize them. Furthermore, we shall respect and make every effort not to infringe upon the intellectual property rights of other companies.

5. **Proper Management and Utilization of Information**

We shall properly manage and effectively utilize the confidential information of our company, the confidential information obtained from other companies, and the personal information of our customers and employees and shall not obtain any information through improper means. We shall thoroughly execute IT security management for our computer systems and the data-resources saved on them.

6. **Prohibition of Insider Trading**

To maintain the trust of the securities market, we shall not use non-public information about the Daikin Group or other companies to buy or sell stocks or other securities (insider trading).

7. Timely and Appropriate Disclosure of Corporate Information

Aiming to be an "open company" with high transparency and earn the respect of society, we shall actively convey corporate information in a timely fashion not only to shareholders and investors but also to a wide spectrum of society, and engage in two-way communication.

8. Preservation of the Global Environment

We shall observe all applicable environment laws and regulations of each country and region and practice initiatives that sustain and improve the environment in all aspects of our business operations, including product development, manufacturing, sales, distribution, and services. Also, each and every one of us shall strive to promote environmentally conscious actions.

9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of "Safety First" to ensure the safety of the workplace and further gain the trust of people in the regions we serve.

10. Respect for Human Rights and Diversity in the Workplace and Observance of Labor Laws

We shall respect the human rights of each and every employee and diversity in values and approach to work while striving to create a workplace that is safe and comfortable to work. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances sanction the labor performed under compulsion or against a person's will (forced labor), or labor of children who do not meet the minimum age requirements for labor as regulated by laws and regulations of each country and region (child labor).

11. Protection of Company Assets

We shall properly manage the tangible and intangible assets of our company to protect and utilize effectively these assets.

12. Proper Handling of Accounting Procedures

We shall comply with all accounting standards and tax laws of each country and region as well as internal company rules in properly performing accounting procedures and shall make every effort to improve internal controls.

13. Practicing Moderation in Entertainment and Gift Exchanges

We shall exercise moderation and perform within the acceptable range of social norms and obey the laws and regulations of each country and region in regards to entertainment and exchange of presents performed relating to our business. In particular, we shall neither entertain nor provide gifts of monetary value to public officials at home and abroad in violation of applicable laws and regulations in each country and region.

14. Maintaining a Firm Attitude against Anti-social Activities

We shall take a firm attitude against anti-social force or organization that threatens the safety and order of the citizens of society

15. Observing Various Business Law and Regulation

We shall accurately comprehend and observe all business laws and regulations of each country and region applicable to our business activities.

Participation in the Global Compact

Building a System for Unified Group Action

In October 2008, Daikin Industries' participation in the United Nations Global Compact was acknowledged.

The United Nations Global Compact, proposed by former United Nations Secretary-General Kofi Annan in 1999 at the World Economic Forum, presents a unique strategic platform for companies to advance their commitments to sustainability and corporate citizenship. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.



In August 2008, we established our Group Compliance Guidelines. And in September 2008, we revised our Handbook for Corporate Ethics, adding items such as the abolition of forced labor and child labor. In this way, we are incorporating the spirit of the Global Compact into our Group management strategy and putting it into action in our business activities as we strive to contribute to a sustainable society and raise the Daikin Group's corporate value.

Ten Principles of UN Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

The Daikin Group believes that CSR is the meticulous practice of Our Group Philosophy on a daily basis. We also create systems for our worldwide bases that promote corporate ethics and legal compliance as the foundation of our CSR.

CSR Promotion Activities

Building a System for Integrated Group CSR

The Daikin Group has systems for the comprehensive, cross-organizational promotion of CSR activities throughout the entire group.

[▶ Read more](#)

(See page 20)

[▶ CSR Management Structure](#)

[▶ CSR Promotion Plan](#)

Corporate Governance

Outside Viewpoint Ensures Sound Transparent Management

Daikin Industries' corporate governance system aims for fast decision-making and execution by having the two together in an integrated management framework. We also have mechanisms that ensure the soundness and transparency of our management.

[▶ Read more](#)

(See page 22)

[▶ Corporate Governance](#)

[▶ Corporate Governance](#)

The board of directors oversees the CSR Committee, the Corporate Ethics and Risk Management Committee, and the Disclosure Committee, all of which work to ensure that corporate governance is based firmly in corporate social responsibility.

Compliance and Risk Management

Daikin Joins UN Global Compact; Establishes Group Compliance Guidelines

The Daikin Group has systems for carrying out integrated action in compliance and risk management.

[▶ Read more](#)

(See page 23)

In October 2008, we joined the United Nations Global Compact. Prior to that, in September 2008, we established our Group Compliance Guidelines, which include Global Compact philosophies including the abolishment of forced labor and child labor. These guidelines were added to our Handbook for Corporate Ethics, an action guide for Daikin employees.

[▶ Management Structure](#)

[▶ Corporate Ethics and Risk Management](#)

[▶ Handbook for Corporate Ethics](#)

[▶ Checking Legal Compliance through Audits](#)

[▶ Education](#)

[▶ In-House Information](#)

[▶ Help-Line](#)

[▶ Risk and Measures](#)

[▶ Preparing for Earthquakes](#)

[▶ See Participation in the Global Compact \(Page 16\)](#)

Free Competition and Fair Business Dealings

The Daikin group strives for fair business practices through measures for complying with the Anti-Monopoly Act, Misleading Representations Act, and the Subcontract Act.

[▶ Read more](#)

(See page 28)

Prohibiting Bribes

We do our utmost to ensure that business entertainment and gift-giving related to business are conducted within the laws and customs of each country and region.

[▶ Read more](#)

(See page 28)

Information Security

We ensure the proper management and use of information by thoroughly educating employees and by properly managing confidential information that we obtain from other companies.

Company divisions and departments have information managers, and we ensure information is being properly managed through legal compliance audits and other measures.

[▶ Read more](#)

(See page 29)

[▶ Proper Management and Use of Information](#)

[▶ Personal Information](#)

Respect for Intellectual Property Rights

We recognize intellectual property as one of a company's most valuable assets. We carry out proper and fair exercise of rights in response to violation of intellectual property as well as respect other companies' intellectual property. Training is held for each management level of employees and thorough checks are carried out during development of new products and technologies to ensure there is no infringement on the intellectual property of other companies.

[▶ Read more](#)

(See page 30)

[▶ Managing Intellectual Property Rights](#)

[▶ Encouraging Employees to Create Intellectual Property](#)

Suppliers Must Be in Legal Compliance

Management That Achieves Legal Compliance throughout the Supply Chain

The Daikin Group urges its suppliers to abide by labor-related laws.

Before taking on new suppliers, in the Air Conditioning Manufacturing Division, we inquire into things like their management policies and labor situation. The Chemicals Division carries out unscheduled audits and monitors suppliers for improper labor practices such as excessive work hours.

[▶ Read more](#)

(See page 206)

Basic Policy of Respect for Human Rights and Diversity, and Compliance with Labor Laws

Daikin Industries makes employees aware of human rights issues as part of its goal of becoming a company free of discrimination where each individual is respected.

The Handbook for Corporate Ethics states our policy of respecting human rights and diversity in the workplace and abiding by labor laws, and we constantly remind employees to be aware of this.

[▶ Read more](#)

(See page 31)

- ▶ [Policy and Management Structure](#)
- ▶ [Human Rights Education](#)
- ▶ [Preventing Sexual Harassment](#)

CSR Management Structure

Building a System for Integrated Group CSR

Firmly grounded in corporate ethics and legal compliance, the Daikin Group's CSR efforts are aimed at contributing to society through its business activities.

The CSR Committee chaired by officers in charge of CSR sets Daikin's CSR direction and monitors the progress of CSR activities. Under this committee, officers in charge of CSR and their staff in the CSR & Global Environment Center lead comprehensive, cross-organizational CSR activities throughout the entire group.

CSR Promotion Plan

Deepening Focus on Key Issues in Response to Society's Expectations

In the 10 years since we formulated Our Group Philosophy, Daikin has rapidly expanded as a global corporate group, and with this expansion have come greater demands from society and greater corporate social responsibility (CSR).

We have striven to fulfill our CSR by responding to the expectations of our various stakeholders while implementing our Group management philosophy. In 2011, the Daikin Group set targets for the coming five years that will determine our future. These targets reflect our resolve to step up our past activities and continue being a company that earns the trust of society.

2002

Daikin Formulates Our Group Philosophy as Its Basic Philosophy of Business

Daikin formulated Our Group Philosophy with the aim of becoming a corporate group trusted by worldwide customers and where employees in all countries could work with pride. By sharing Our Group Philosophy as the fundamental business philosophy of the entire Group, it has become the cornerstone of all employees' thoughts and actions.

The management policies and plans of Daikin Industries and all other Group companies were created in line with Our Group Philosophy, and we believe that the embodiment of this philosophy has brought us closer to becoming a truly global and excellent company.

▮ [Our Group Philosophy](#) (Page 12)

FUSION 05 management plan

2002

- Formulation of Our Group Philosophy

2003

- Establishment of Corporate Ethics Committee and Corporate Ethics Office

2004

2005

The Daikin Group Defines Its Philosophy on Responsibility towards Stakeholders

We believe that the Daikin Group's CSR is to conduct business that puts Our Group Philosophy into practice and fulfills our responsibility to society by meeting the expectations of shareholders.

▣ [How We View CSR in the Daikin Group](#) (Page 13)

2008

Daikin Establishes Key Themes with Consideration for Business Plans and Impact on Stakeholders

In light of the unique characteristics and business plans of Daikin, a global manufacturer of air conditioners and fluorochemicals, we conduct CSR based on key themes in four areas: the environment, quality & customer satisfaction, human resources, and social contribution.

▣ [Key CSR Themes](#) (Page 12)

2011 and onward

Step up CSR Activities by Listening to Customers

We actively seek stakeholder involvement so that we can meet society's demands and continue sustainable growth. A particularly important part of our social role in developing countries is meeting local needs by building infrastructure and transferring technology.

2005

- Establishment of CSR Committee and CSR Office
- Announcement of CSR Philosophy inside and outside the company

2006

2007

2008

- Formulation of key CSR themes
- Participation in the United Nations Global Compact
- Become first company in air conditioner industry to be endorsed as Eco First Company

2009

2010

2011 onward

- Begin to get stakeholders more involved
- Set targets in line with key themes

FUSION 10 strategic management plan

FUSION 15 strategic management plan

Management Structure

Conducting Integrated Group-Wide Promotion of Compliance and Risk Management

In fiscal year 2003, the Daikin Group established the Corporate Ethics Committee as an organ for leading group-wide corporate ethics activities. In fiscal year 2007, the name was changed to the Corporate Ethics and Risk Management Committee for the purpose of carrying out integrated action in compliance and risk management. This committee holds two meetings a year.

In the area of legal compliance, compliance and risk management leaders (CRLs) in each division gather the latest legal information and check to see if laws are reflected in company rules and manuals. There are also monthly daily triple checks to ensure everyone is following laws and company rules and manuals. The results of these checks are reported at monthly CRL meetings for the sake of sharing information. There are also self assessments carried out once a year to ensure that employees are following the Compliance Action Guidelines stipulated in the Handbook for Corporate Ethics.

In the area of risk management, we have a group-wide cross-organizational risk management. Every year, self assessments are accompanied by risk assessment in all divisions. From the results, the key risks in each division are identified and measures are then created to reduce these risks.

Based on the results of self assessments and risk assessment, the Corporate Ethics and Risk Management Committee draws up an annual company-wide "to do" list, along with a time frame and managers responsible for carrying out the tasks on the list. These tasks are carried out using the PDCA management cycle.

▶ For more information, see [Risk and Measures](#).(Page 26)

Building Compliance and Risk Management Systems for Overseas Group Companies

Since fiscal 2003, nine major overseas group companies* have had CRLs (compliance and risk management leaders) to lead compliance activities based on the Daikin Industries' model and adapted to their own particular situation. With compliance committees, Corporate Ethics Handbooks, and regular self assessment and risk management conducted, these companies strive for the same level of compliance as Daikin Industries. Since fiscal 2009, these overseas companies have, like Daikin Industries, decided on key issues to work on each year based on the results of self assessments and risk assessments.

In fiscal 2010, major overseas group companies requested their affiliates within the region to conduct self assessments and risk assessments with the aim of stepping up compliance and risk management activities across the entire group.

Sharing Information with Major Overseas Group Companies

Representatives of Daikin Industries regularly visit these companies and meet with the CRLs to see how they are progressing and share valuable information on overall group compliance and risk management.

In fiscal 2010, Daikin Industries representatives joined the meetings of legal managers at Daikin group companies in China and Thailand, and discussed with legal managers in Daikin companies in the U.S. and Europe future plans for legal matters.



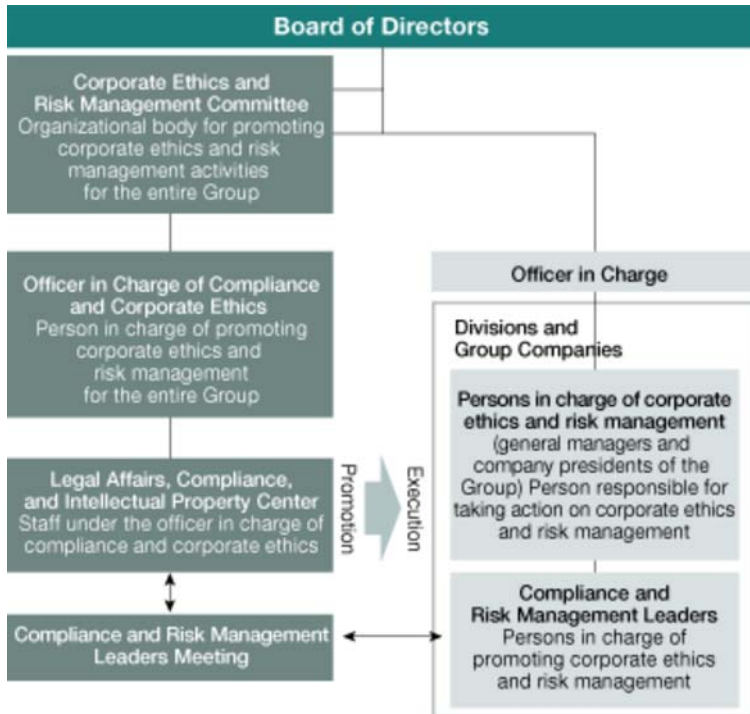
Meeting of legal managers at Daikin in Thailand

In fiscal 2011, Daikin will speed up its compliance measures for major overseas group companies in each region, as well as improve the sharing of information among companies.

* Major overseas companies:

Daikin Europe N.V., Daikin America Inc., Daikin Air Conditioning (Americas) Inc, Daikin Air conditioning (Singapore) Pte., Daikin Industries (Thailand) Ltd., Daikin Australia Pty., Ltd., Daikin Air-conditioning (Shanghai) Co., Ltd., Daikin (China) Investment Co., Ltd., Daikin Fluorochemicals (China) Co., Ltd.

■ Corporate Ethics and Risk Management



Handbook for Corporate Ethics

Daikin Industries' Handbook for Corporate Ethics Revised; Group Divisions and Overseas Group Companies Follow

In fiscal 2008, Daikin Industries revised the Handbook for Corporate Ethics, a valuable guide to employee behavior. At that time, hearings were held with overseas group companies and the Group Compliance Guidelines were formulated to clarify common compliance matters for the entire group worldwide. Employees in Japan have been given compliance cards and are urged to carry these with them at all times to ensure that they always follow rules and ethics.

The revisions provided an opportunity for renewed education and training. The multi-faceted training uses every opportunity to teach the basics of the handbook items and carry out practical study and discussion of case studies in a question-and-answer format.

With revisions to the Handbook for Corporate Ethics, we also revised the departmental handbook that each company division could keep up with relevant laws. Each division uses these handbooks to conduct training whenever possible at each base at for each job level.

At major overseas companies as well, the revised handbooks from Japan were the basis of ethics handbooks that were revised by each company in fiscal 2008.



▶ See [Group Compliance Guidelines](#) (Page 14)

Checking Legal Compliance through Audits

Legal Audits Ensure Laws are Being Followed

Based on self assessment results, legal compliance audits are conducted to make sure that all Daikin Industries business divisions and group companies in Japan are abiding by laws and regulations.

In fiscal 2010, audits were conducted in six divisions of Daikin Industries and group companies in Japan. All relevant documents were inspected and compliance and risk management leaders (CRLs) led hearings with managers. Audit results were reported to general managers so that everyone could share an awareness of what must be done to improve compliance.

■ Number of compliance violations, countermeasures

FY2010	Details
0	No laws or regulations were broken.

Education

Case Studies on Intranet Help Spread Knowledge on Compliance

The revisions to the Handbook for Corporate Ethics in fiscal 2008 provided an opportunity to also revise our education program to make it more focused on the practical matters of compliance. The Compliance Action Guidelines, created based on the Group Compliance Guidelines, were the topic of monthly training for compliance and risk management leaders (CRLs) in all divisions starting in September 2008. There was also training that used case studies to teach the most relevant laws in the areas of marketing, manufacturing, and purchasing. As well, new employees and newly appointed managers received compliance training.



Collection of case studies on compliance issues for specially assigned employees

In fiscal 2010, we strove to boost compliance knowledge and awareness with illustrated training material on the intranet on the subject of compliance case studies. Centered around specially assigned employees, the training material used easy-to-understand language and illustrations in stories based on eight topics including information management and the Anti-Monopoly Act. So far the site has had over 40,000 hits.

We also held a seminar for officers on insider trading rules, as well as courses for sales managers on the Premiums and Representations Act and labeling restrictions, and for production division purchasers on the Subcontract Act.

We are creating a second set of case studies so that we can continue to raise awareness of compliance.

Continuous Compliance Education for Overseas Group Companies

Daikin Industries requires overseas group companies to strictly follow their respective corporate ethics handbooks and to educate their employees on these handbooks.

Each major overseas company has its own compliance system and conducts compliance education according to its particular needs.

In fiscal 2010, Shanghai Daikin Air Conditioning Co., Ltd. translated Daikin Industries' collection of case studies into Chinese for in-house compliance education.

In-House Information

Compliance Information Archive Used to Relay Importance of Compliance to Employees

To raise employees' awareness of compliance, general managers and managers take every opportunity to give talks on the importance of compliance that draw on their wealth of experience.

In November 2009, Daikin Industries created a publication called the Compliance Information Archives, a compilation of information that is given to managers. They then use this to continually keep their employees informed and aware of the importance of compliance.

In fiscal 2010, the archives were revised to include the past year of new compliance information.

We are looking into giving this information to a wider range of people.

Help-Line

Help-Line for Corporate Ethics Offers Counseling and Gathers Opinions

We have a Help-Line for Corporate Ethics in the Legal Affairs, Compliance, and Intellectual Property Center, where employees from Daikin Group companies worldwide including retired employees can give opinions or receive consultation on all corporate ethics matters.

Although corporate ethics issues are normally taken care of in the part of the organization where they occur, sometimes this is not easy. In that case, the corporate ethics manager, representing the Help-Line for Corporate Ethics, consults directly with the employee to hear his or her opinions. The help-line is designed to be worry-free and accessible: users can contact it by phone, fax, or mail and their names are kept confidential.

All queries and opinions to the help-line are investigated, and discussions are held with the related company division, with measures promptly carried out so that problems do not reoccur. Drastic measures will be carried out in the case of a potential company-wide problem.

To ensure that the help-line is well publicized, the help-line's contact information is provided on the compliance card that all employees carry with them at all times.

Daikin Australia Pty., Ltd., Daikin Europe N.V., and Daikin Industries (Thailand) Ltd. each has its own help-line for corporate ethics.

Risk and Measures

Identifying the Most Important Risks, then Formulating and Implementing Measures

With the Daikin Group expanding rapidly around the globe, we introduced company-wide, cross-organizational risk management in 2006 in order to quickly get an overall picture of risks from a global point of view and reduce the risks.

In fiscal 2010, we identified risks related to product liability and quality, information leaks, and transfer pricing taxation as the most important risk areas, and the Corporate Ethics and Risk Management Committee created measures to deal with these.

And for the divisions and group companies in Japan that carried out risk assessment, hearings were held to determine what progress is being made in implementing legal audits. And during visits to overseas group companies, Daikin Industries confirmed progress in risk assessment implementation and measures being taken in response to important risks.

■ Most Important Risks and Measures

Product Liability and Quality Risk

In fiscal 2010, the Air Conditioning Manufacturing Division vowed to "ensure the level of quality needed to build trust among customers," one of the three pillars crucial to reaffirming Daikin's reputation for technology. To this end, officers in charge of quality do a weekly follow-up covering everything from confirmation of where the defect occurred to prevention of reoccurrence. The aim is to ensure that defects do not happen again. And as a way to develop higher levels of quality, we switched to independent operation of design review with the development team at the core.

Furthermore, to ensure timely and appropriate measures to deal with defects, information related to product safety is accumulated and reported monthly.

Information Leaks Risk

In October 2010, information managers and IT security managers held a joint meeting at which they once again drove home the importance of managing corporate secrets and protecting personal information.

We plan to take the hardware technology already in use for information management in the Air Conditioning Manufacturing Division and apply it for measures in other business divisions.

Transfer Pricing Taxation Risk

With development bases expanding throughout the world, we must deal with the transfer pricing taxation risk that occurs during licensing of intellectual property generated at each base within the group. For example, we formulated the Global Group Intellectual Property Management Guidelines, which we ensure are familiar with the entire group.

Preparing for Earthquakes

Preparing for Earthquakes through Safety Confirmation System and Building Reinforcement

In the event of an earthquake, ensuring the safety of employees and their families is first and foremost. To this end, in fiscal 2008 we built a safety confirmation system in which we have the cell phone numbers of all Daikin Industries' employees and their family members on file. In fiscal 2009, we expanded this system to include all Daikin Group company employees. We are also working towards protecting employees by gradually reinforcing company buildings against earthquakes.

We are currently in the process of formulating a business continuity plan (BCP) under which we identify priority areas of business so that we can continue operations or recover within a short time after an earthquake.

Following the March 2011 Great East Japan Earthquake, we are reviewing and upgrading our disaster response measures.

▶ For more information, see [Response to the Great East Japan Earthquake](#). (Page 36)

Free Competition and Fair Business Dealings

Thorough Compliance with the Anti-Monopoly Act, Misleading Representations Act, and Subcontract Act

The Daikin group strives for fair business practices through measures for complying with the Anti-Monopoly Act, Misleading Representations Act, and the Subcontract Act.

Besides education in each division, the Legal Affairs, Compliance, and Intellectual Property Center holds training when necessary. Employees also ensure they are in compliance through self assessments.

In fiscal 2010, we put a collection of case studies on compliance issues for specially assigned employees on the intranet. These case studies gave employees a better understanding of the Anti-Monopoly Act and the Subcontract Act.

▶ For more information, see [Education](#). (Page 25)

Reasonable Business Entertainment and Gift-Giving

Thorough Measures to Prevent Bribes

The Group Compliance Guidelines state that we shall conduct business entertainment and gift-giving within the laws and customs of each country and region. We are especially strict in enforcing this in relation to gifts and entertainment for government officials.

The Compliance Action Guidelines also refer to sound and transparent relations with government offices, compliance with the Political Funds Control Law and the Public Offices Election Act, and reasonable entertainment and gift-giving with suppliers, and we strive to thoroughly educate all employees on these points. Self assessments allow employees to stay in compliance with the above policies, and company-wide training is conducted thoroughly and regularly.

Proper Management and Use of Information

Proper Management and Use of All Confidential Information Including That of Other Companies

We manage and use confidential information appropriately, be it our own or that of other companies, according to the stipulations of the Rules for Managing Confidential Information, which we formulated in 2006. Our Compliance Action Guidelines also state our policy of proper acquisition and use of confidential information so that we can appropriately manage information. We apply this policy throughout the entire worldwide Daikin Group.

For the management of information, the executive officer in charge of legal affairs at Daikin Industries assumes responsibility for managing corporate secrets. As well, divisions and departments have management systems that cover areas like assigning information managers to each division and department. The Legal Affairs, Compliance, and Intellectual Property Center has a Corporate Secrets Management Office. In addition to self assessments for ensuring employees are protecting confidential information, legal audits are also conducted regularly.

Boosting Management of Technical Information

In fiscal 2010, information managers and IT security managers held a joint meeting at which they once again drove home the importance of managing corporate secrets and protecting personal information.

A system was also built to handle the input of technical information and to grasp details on how we use data. We have thus boosted control of database access and data use. As well, greater restrictions have been placed on the entering of/leaving from security zones in the workplace.

Personal Information

▶ See [Protecting Customer Information \(Responsibility to Customers\)](#) (Page 178)

Managing Intellectual Property Rights

Acquire Intellectual Property Rights While Respecting That of Other Companies As Well

We recognize that intellectual property is a valuable company asset. Our Compliance Action Guidelines clearly state that we shall carry out proper and fair exercise of rights in response to violation of intellectual property as well as respect other company's intellectual property. The Legal Affairs, Compliance, and Intellectual Property Center manages intellectual property by assigning an intellectual property manager in each division. Along with active participation in seminars both inside and outside the company, training is held for specific groups such as new employees and engineers in order to deepen employee understanding of intellectual property.

In new product and new technology development, part of the design review process involves verifying that these products and technologies do not infringe on existing patents. We will continue to conduct precise surveys so that we can not only acquire worldwide patents for successful R&D but also ensure that we avoid inadvertently infringing on the intellectual property of other companies.

As part of efforts to strengthen systems overseas, our development bases have managers in charge of acquiring and protecting intellectual property rights.

Encouraging Employees to Create Intellectual Property

▶ See [Spurring the Creation of Intellectual Property \(Responsibility to Employees\)](#) (Page 201)

Policy and Management Structure

Respecting Human Rights in Action Guidelines Based on the U.N. Global Compact

Daikin Industries makes employees aware of human rights issues as part of its goal of becoming a company free of discrimination where each individual is respected. To this end, regular self assessments by employees and annual legal compliance audits ensure that no human rights violations occur. There is also human rights education when necessary for officers and other management levels.

In October 2008, Daikin Industries took part in the United Nations Global Compact for aligning operations to universally accepted principles on human rights, labor standards, the environment, and anti-corruption. Prior to that, we had formulated the Group Compliance Guidelines, which clarify group-wide compliance with our policy of no forced labor or child labor, respect for individual human rights and for diverse values and ways of looking at work, and the creation of an employee-friendly workplace. The Group Compliance Guidelines were revised to create the Compliance Action Guidelines, which detail the laws and regulations that the Daikin Group in Japan must follow.

Based on the Global Compliance Guidelines, the Handbook for Corporate Ethics for each major overseas group company was revised to ensure thorough respect for human rights in the workplace.

Daikin Industries will continue to urge all employees to be aware of human rights issues as we strive to abide by the letter and spirit of labor-related laws in Japan and around the world.

Human Rights Education

Holding Training for All Job Descriptions including Officers, Managers, and New Employees

Part of Daikin Industries' human rights awareness efforts is the annual Antidiscrimination Committee meetings, under which is held human rights training for job descriptions including officers, managers, and new employees.

Other efforts to raise human rights awareness among employees include articles in the company newsletter and human rights slogan contests at the factories.

We are also a member of the Corporate Report Association of Human Rights Issues and the Osaka Corporate Human Rights Promotion Council, through which we take part in extensive human rights awareness activities that will make our own employees more conscious of human rights.

Preventing Sexual Harassment

Educating Managers on Sexual Harassment

The Compliance Action Guidelines promote respect for human rights and diversity and compliance with labor laws in the workplace. It is our policy to respect human rights by building a fair workplace that is free of sexual harassment and power harassment.

We also carry out company-wide sexual harassment education: there are regular explanatory sessions as part of section and division managers meetings at all Daikin bases.

Overall CSR (Include SRI)

Daikin Group

- Socially Responsible Investment Indexes
Chosen for inclusion in the Dow Jones Sustainability Indexes (for nine consecutive years up to FY2010)
- Chosen for inclusion in the Morningstar Socially Responsible Investment Index
- Sustainable Management
Received a Silver Class rating for corporate sustainability from Sustainable Asset Management (SAM), a Swiss asset management company



Environmental Protection

Daikin Industries

- Earned LEED® Gold certification from the U.S. Green Building Council for the Daikin-McQuay Applied Development Center
- Daikin Ales Aoya
Selected for inclusion in the list of 100 top companies contributing to biodiversity, sponsored by the Organization for Landscape and Urban Green Architecture



Daikin Australia

- Received the 2010 ARBS HVAC Project Excellence Award for the new head office

Daikin (China) Investment Co., Ltd.

- Green Brand Award at the 2010 China Brand & Communication Forum
- Chosen one of World's Top 100 Lowest Carbon Producing Companies



Social Contribution

Recognition of Customer Satisfaction

Daikin Industries

- DESICA System
Japan Society of Mechanical Engineers Award (Technology award)
2009 Japan Society of Refrigerating and Air Conditioning Engineers Technology Award

- Daikin-McQuay Applied Development Center
RAC Cooling Industry Award for asymmetric screw compressor
Air-cooled screw chiller chosen one of best 100 new products by a building equipment industry publication



- User manual for residential room air conditioner
Honored in the 2010 Technical Publication and Online Communication Competition by the East Tennessee Chapter of the Society for Technical Communication



Daikin AC (Americas), Inc.

- AHR Expo Innovation Award for Daikin Altherma, Quaternity, and Daikin Inverter Duct Line



Daikin Australia

- Most Satisfied Award in the 2010 Canster Blue air conditioner survey

Daikin (China) Investment Co., Ltd.

- China Electronics Association 2010 Award for Retail Electronics Brand with Outstanding Satisfaction among Chinese Consumers



- Flash Streamer humidifying air purifier
Multi-functional VRV system
F Series residential air conditioners
Awards in the categories of design, trend, and low-carbon at a consumer electronics trade show in China



- 2010 Award in China honoring companies for outstanding customer relations



Recognition of Occupational Safety and Health

Daikin Airconditioning (Singapore) Pte

- Ranked BizSafe Level 5^{*1}



^{*1} Ranked according to the implementation level of occupational safety and health

Recognition of Personnel Systems

Daikin Sunrise Settsu Co., Ltd.

- 2010 Minister of Health, Labour and Welfare Award in Awards for Outstanding Workplaces for the Disabled



American Air Filter International (AAF)

- Investors in People (IIP) Silver standard from the Chartered Institute of Personnel and Development (CIPD)



Daikin Europe N.V.

- Chosen for the Top Employers 2011 awards^{*2} for the sixth year in a row



^{*2} In recognition of companies with outstanding human resource systems

OYL

- Named an Outstanding Employer by Malaysia's Department of Social Welfare for providing the disabled with employment opportunities
-

Outside Expert Comments on Daikin Group CSR (June 2011)



Mitsuo Ogawa

President, Craig Consulting Ltd.
Visiting professor, Nagoya
University of Commerce and
Business

Profile

Established Craig Consulting in 2004 after working at various think tanks and foreign consulting companies. Specializes in stimulating companies' organizational structure and human resources through CSR. His books have covered topics including how ISO 26000 will change company management and how to boost the CSR value of companies (published by Nikkei Publishing Inc.).

Japan's number one priority is to recover from the aftermath of the Great East Japan Earthquake. Daikin Industries can play an important role in this respect. Besides providing monetary donations and supplies for victims of the disaster, as an air conditioner manufacturer Daikin can make a key contribution to energy savings in the face of the current electricity shortage. More than anything, Daikin can fulfill its social responsibility through its business by stirring awareness and action among households and corporations about saving energy through air conditioning.

Daikin Industries has already begun effective action in this regard. First, since before the earthquake, the company has been pioneering energy-efficient and energy-saving technologies such as inverters and heat pumps and has shown them to be effective in reducing energy use. Daikin has helped proliferate the use of inverter air conditioners in China, for example. By fully taking advantage of these energy-efficient and energy-saving technologies, Japan will be able to accelerate energy saving in the summer of 2011.

Second, Daikin has begun a service in which air conditioners are connected to a network, and when customers use more than a set amount of energy Daikin Industries controls the room temperature to make up for this excess use. By making use of its technological strength, Daikin Industries is aiming to develop solutions such as net zero energy buildings (use of primary energy amounts to zero) as part of its ongoing, long-term efforts.

Third, Daikin offers residential air conditioner users advice on energy saving on its website. For example, customers can view easy-to-understand illustrations and proven data to learn how to save a certain percentage in electricity by following a few home heating and cooling tips.

There are a number of ways I think Daikin could improve its overall CSR.

Daikin Industries is a global corporation with about two-thirds of its approximately 40,000 employees working outside Japan. The company's management philosophy stresses 'people-centered management'. This policy should be fully implemented worldwide, and I think that success in this regard will depend upon how well Daikin achieves diversity of human resources. Since more than half of Daikin employees are not Japanese, it only makes sense that there should be more of these people in management positions. And Daikin must create a corporate climate that incorporates the opinions and values of a diverse range of people. To this end, the company needs a way to find and foster not only Japanese but any employees with advanced knowledge of international management. And these employees must live and breathe Daikin Industries' management philosophy. I want to see Daikin strive to be a leader in diversity management in Japan.

A company as advanced as Daikin Industries must conduct a high level of CSR—and it must take this CSR beyond its own walls and include its entire supply chain. Suppliers today must do more than just provide good quality at a good price; they must also focus on compliance, respect human rights, and conduct fair labor practices. Daikin Industries will be required to educate its suppliers on these. They are particularly important as supply chain efforts become increasingly important in certification for ISO 26000, the international standard for social responsibility. I believe that Daikin Industries' efforts in areas like these will make it a company even more capable of pursuing globalization.

Response to the Great East Japan Earthquake

We would like to express our deepest sympathy to all those who are suffering from the earthquake occurred on March 11, 2011 and pray for the swift recovery of the disaster area.

The following information is from the printed version of the CSR Report (Japanese version), published July 20, 2011.

Establishment of Task Force

The day after the Great East Japan Earthquake, the Daikin Group set up the Emergency Response Headquarters headed by the Noriyuki Inoue, Chairman and CEO. The Emergency Response Headquarters strove to confirm the whereabouts of employees and their families, and employees of partner companies and suppliers, and provide them with assistance.

No persons in the Daikin Group were hurt in the disaster. Although the Kashima Plant (Kamisu City, Ibaraki Prefecture) suffered some equipment damage, production started up as of April 1. The Yuki Plant of Nippon Muki Co, Ltd. (Yuki City, Ibaraki Prefecture) experienced a temporary power outage and had to stop operations, but was able to resume on March 25.

State of Supply Chain, Effect on Business

Due to the earthquake, there was a shortage of parts and in April we had to temporarily stop taking orders from customers. To minimize the effect on business activities, we made maintenance of the supply chain our top priority and conducted efforts including helping suppliers in their recovery, searching for substitute parts and developing new ones in-house, ensuring sufficient inventory, and diversifying our means of procurement. As of July 2011, full recovery was in sight.

We will strengthen emergency response abilities to prepare ourselves for future emergencies and ensure stable procurement by maintaining multiple suppliers and allocating production as we work to quickly build up a procurement network both in Japan and overseas.

Improved Business Continuity Plans and Safety Measures

The recent earthquake gave us a chance to revamp our disaster measures. We are boosting our company-wide safety measures by reviewing the earthquake resistance of company buildings, ensuring security for chemical plants, and making sure that all systems are safe.

We are also creating a business continuity plan (BCP) that will prevent damage to manufacturing facilities and strengthen the supply chain.

Using what we learned from the recent earthquake, we are improving our system for determining the whereabouts of employees and their families, and putting satellite phones in our major business sites as part of an emergency communication network. We are also revising our crisis management in areas such as ensuring we have sufficient stockpiles to use as aid in case of emergency.

For Customers Using Our Products

The Daikin website has advice on how our residential, commercial, and industrial users can safely use their products. Information includes what to do during a power outage and when comes power back on, and what to do with air conditioning equipment when taking refuge indoors due to the accident at Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant.

We sent about 100 service engineers to the Sendai Service Station. The engineers conducted free-of-charge primary inspections of air conditioners in the stricken area, and Daikin paid for half of the necessary repair costs for products. We also conducted free-of-charge primary inspections of oil hydraulic equipment.

Response to Energy Problems Triggered by the Earthquake

The energy supply shortage resulting from the earthquake has prompted all of Japanese society to look at its energy consumption: and not just how it can cut back on the amount of electricity used, but also how it can cut peak energy use during the daytime when energy demand is at its highest. This goes for the rest of the world as well. Daikin has an important role to play in this respect as a manufacturer of air conditioners, products that consume a large percentage of the electricity society uses.

The Daikin Group has worked to meet this year's need to save energy by proposing ways to cut air conditioner energy use and contribute to the reduction of peak energy use. In the medium-term, we will develop and release products that help the world reduce the amount of energy use. In the long-term, we will contribute to realization of energy management that incorporates demand efficiency of entire towns, and effective use of renewable energy.

Support for Recovery of Disaster-Stricken Areas

To aid and support disaster victims, on March 16, five days after the earthquake, we decided to donate a total of 300 million yen (100 million yen in monetary donations and relief supplies: 600 commercial air purifiers, and 500 far infrared heaters).

Future recovery support efforts by Daikin will include helping companies affected get back on track and rebuilding infrastructure such as hospitals and schools.

Meeting the Increasing Need for Energy Savings

With an electricity shortage expected during the summer in Japan, the government urged companies and households to cut energy use by 15% across the board. This would require energy savings for air conditioners, which use a significant portion of the power consumed by households and companies.

The Daikin Group works to offer energy-saving solutions for commercial air conditioners and provide households with information on how to save energy at home.



Daikin has a website giving hints on [how users can get by on less energy during the summer \(in Japanese only\)](#).

Ways to Save Energy with Commercial Air Conditioners

As a short-term measure, Daikin is suggesting ways that corporate customers can save energy without having to upgrade or buy new air conditioners. (For details, see [Power-Saving Control Center Commercial Air Conditioner.](#)) (Page 88)

Our medium-term efforts will include releasing air conditioners that incorporate energy-saving features and that offer total energy-saving solutions.

■ Examples of How to Save Energy

Energy-Saving Tuning System	The remote energy-saving control system allows energy efficiency with minimal manpower through monitoring of the local weather conditions (based on data from the Japan Meteorological Agency) and analysis of the installation and operational status of air conditioners.	Maximum 20% energy savings
VRV Energy-Saving Tuning	Our VRV Energy-Saving Tuning service helps customers who have purchased Daikin building air conditioners we have been selling since before 2006 save energy.	Maximum 20% energy savings
Ene-cut	Sprinkling water on the air conditioner outdoor unit stabilizes operation and makes cooling more efficient.	Maximum 12% energy savings
Demand Control	By setting an operation time period for each air conditioner, electricity usage is controlled on each unit. The remote controller is used to easily set each unit to operate on demand.	Maximum 30% energy savings

Ways to Save Electricity at Home

In April 2011, Daikin conducted a survey of 600 men and women across Japan asking if they were conscious of saving energy in the summer of 2011. The response was 'yes' for 99% of respondents in the Tohoku and Kanto areas and at least 90% in the rest of the country.

In response to a survey question asking what appliance could significantly save energy, 'air conditioner' received the most responses (90%). However, many of these people also said they were trying to save energy without knowing exactly how to do so.

Daikin therefore decided to conduct experiments in how to save energy and the results were placed on the website.



For the results of these experiments, see the section of Daikin website titled [The Daikin Air Survey Team \(in Japanese only\)](#).

■ How to Save Energy at Home and Results of Energy-Saving Experiments

How to save energy	Before energy saving	After energy saving	Effect
Increase air conditioner temperature by 2°C*1.	0.84 kWh (when operated for 6 hours)	0.65 kWh (when operated for 6 hours)	22.6% energy savings
Block direct sunlight with an outdoor awning. Clean the filter. Place the outdoor unit in a breezy location*2.	1.120 kWh (when operated for 6 hours)	0.876 kWh (when operated for 6 hours)	21.8% energy savings

*1 Date of experiment: May 24; temperature difference between inside and outside: 4°C/2°C

Assumption: Outdoor temperature of 30°C; set temperature of 26°C/28°C

Actual: Outdoor temperature of 22°C; set temperature of 18°C/20°C

*2 Date of experiment: May 20; temperature difference between inside and outside: 7°C

Assumption: Outdoor temperature of 35°C; set temperature of 28°C

Actual: Outdoor temperature of 25°C; set temperature of 18°C