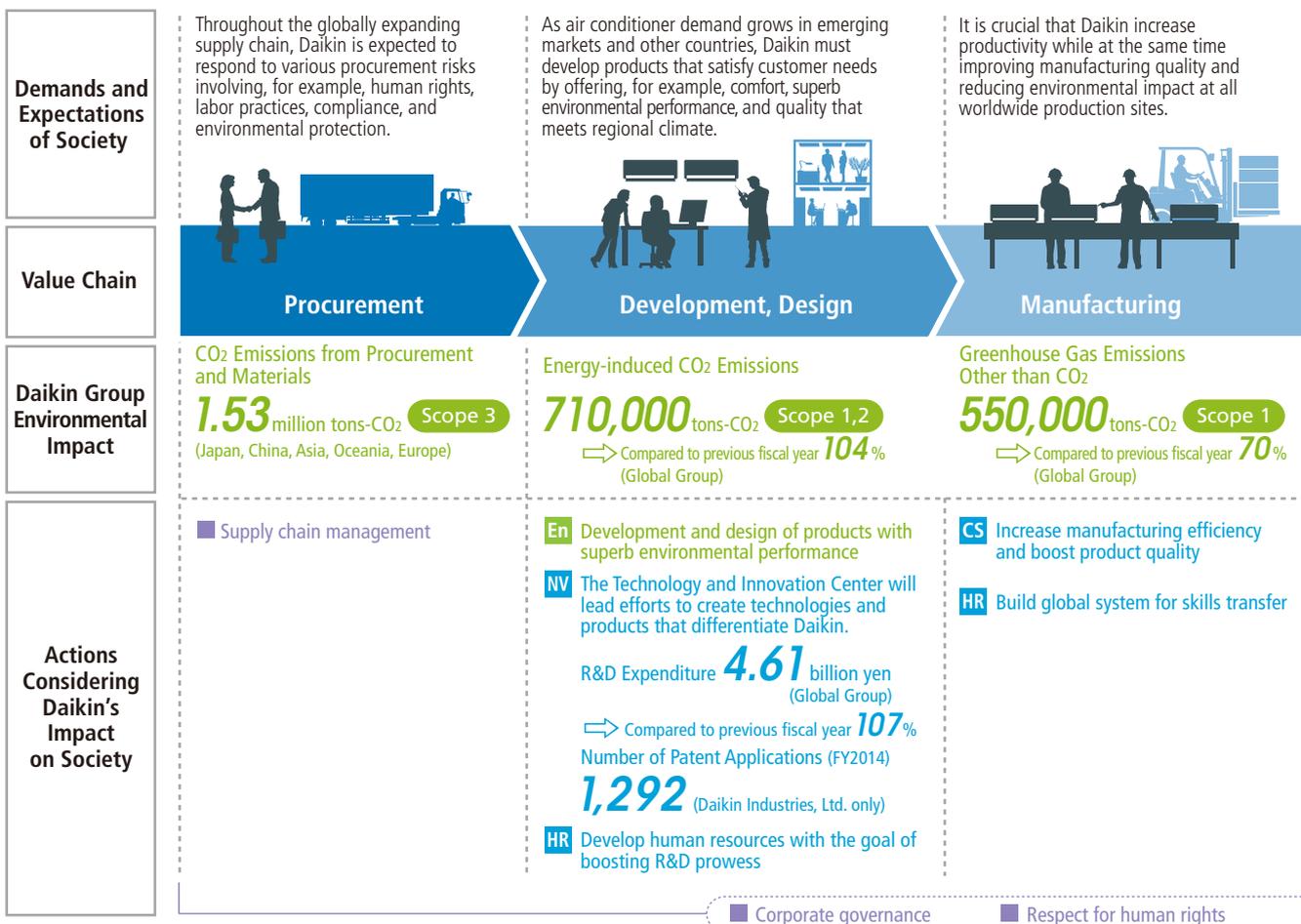


Acting with Consideration for Our Impact on Society

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.



Identifying Materiality Across the Entire Value Chain

When we formulated Fusion 20 in fiscal 2015, we took a look at what was important to Daikin and as a result came up with four key CSR themes—the environment, new value creation, customer satisfaction, and human resources—aimed at sustainable growth for both Daikin and society.

Our management focus on these four themes was incorporated into Fusion 20. We will consider the impact on society of our business strategies and globalization in relation to each of these four themes, and establish CSR targets and plans accordingly.

Materiality Selection Process

Materiality evaluation involves selecting which CSR initiatives should take top priority. Evaluation was conducted with consideration in two areas: concerns and impacts of stakeholders (on the right page), 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. In future, we will gather an even wider range of opinions from outside the company and reflect these in our medium-term CSR targets and plans.

Values from **Scope 1, 2, 3** third-party verification

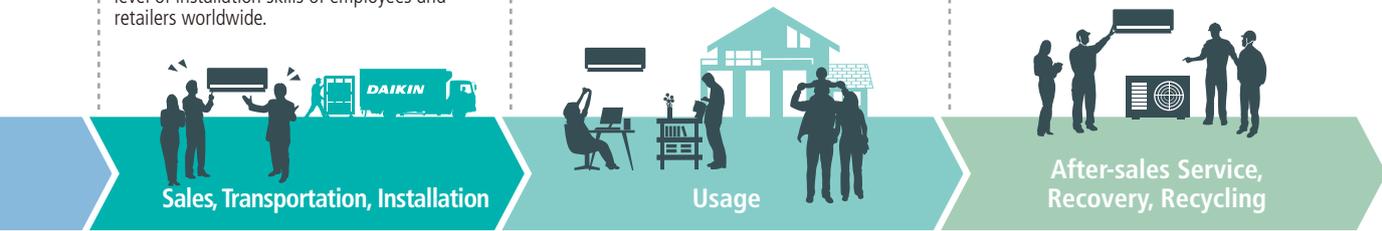
Scope 1: Direct greenhouse gas emissions
 Scope 2: Energy-induced indirect greenhouse gas emissions
 Scope 3: Other indirect greenhouse gas emissions

En Environment **NV** New value creation **CS** Customer satisfaction
HR Human resources **Fundamental CSR**

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.

A look at the lifecycle of air conditioners reveals that CO₂ emissions during their usage have the largest impact on climate change.

To achieve a recycling-based society, it is crucial that we are thorough in recycling air conditioners and recovering/recycling refrigerants.



CO₂ Emissions from Transportation

22,000 tons-CO₂ (Japan) **Scope 3**
 ⇨ Compared to previous fiscal year **85%**

CO₂ Emissions from Daikin Air Conditioners on the Market

101.5 million tons-CO₂ **Scope 3**
 (Japan, China, Asia, Oceania, Europe)

En Contribute to mitigation of global warming by preventing refrigerant leakage
 Train Installation Technicians in Order to Prevent Fluorocarbon Leakage
19,360 (Japan, Asia)

CS Support retailers and dealers through, for example, information provision

En Contribute to mitigation of global warming through state-of-the-art technologies
 Contribution to CO₂ Emission Reductions Worldwide*
34.8 million tons-CO₂
Third-Party Review

* Total of CO₂ reductions as a result of using inverter products and conversion to HFC-32 refrigerant.

En Thoroughly recycle in order to achieve a recycling-based society
 Air conditioner recycling volume
9,419 tons (Japan)
 ⇨ Compared to previous fiscal year **98%**
 Fluorocarbon recovered during repair and final disposal
930,000 tons-CO₂ (Japan)
 ⇨ Compared to previous fiscal year **96%**

CS Improve ability to respond to customers
 After-sales service customer satisfaction rate
4.05 (weighted average of five-stage assessment) (Japan)

Stakeholder engagement **Communities**

Stakeholder concerns, impacts	<ul style="list-style-type: none"> En Biodiversity protection 	<ul style="list-style-type: none"> Respect for human rights Stakeholder engagement Communities En Management of chemical substances 	<ul style="list-style-type: none"> En Response to climate change <i>Most important</i> En Effective use of resources and energy NV New value creation CS Product quality and safety CS Customer satisfaction
	<ul style="list-style-type: none"> Anti-corruption Free competition and fair business dealings 	<ul style="list-style-type: none"> HR Occupational safety and health HR Labor-management relations Supply-chain management Information security 	<ul style="list-style-type: none"> HR Human resource development HR Workplace diversity Corporate governance
	Important	<ul style="list-style-type: none"> En Waste and water 	
Importance to Daikin			