

Customer Satisfaction

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CSR for Value Provision Customer Satisfaction



Why is it Important ?

Responding to Growing Demand in Emerging Countries

Daikin is accelerating expansion of its overseas business, especially in emerging countries where air conditioner demand is growing. It is essential for sustainable growth that we provide products and services that satisfy the needs of local customers.

Air Conditioner Demand Growth Rate (Since 2000)

Emerging countries

(Asia excluding Japan, Middle East, Latin America, Africa)

Developed countries

(Japan, Europe, North America, Oceania)

3.4-fold
increase in
demand versus
2000

2000 2005 2010 2015 (FY)

Note: Data created based on "World Air Conditioner Demand by Region," published by the Japan Refrigeration and Air Conditioning Industry Association.

DAIKIN'S POLICY

Providing Peace of Mind and Reliability through a Focus on Customer Orientation, Experience, Performance, and Advanced Technologies

The Daikin Group does business in over 145 countries. We ensure a high standard of quality to earn customer trust, while at the same time meeting the needs of each region's weather and culture and abiding by local laws and regulations. We strive to boost customer satisfaction through products and services that match local needs.



> **Product Quality and Safety**

We believe that it is a manufacturer's mission to provide society with safe, high-quality products and services.



> **Customer Satisfaction**

We listen to customers' opinions and requests so that we can anticipate their needs and bring them greater satisfaction.



> **Protecting Customer Information**

We manage and use personal information about customers in an appropriate manner.



■ Product Quality and Safety Policy

We Operate under the Belief that Customers Are Buying Quality

With this in mind, we strive to stay ahead of customer needs by providing high-quality products and services based on our corporate policies of "Absolute Credibility," "Enterprising Management," and "Harmonious Personal Relations."

Our quality control is based on the idea that the added value we give to products is quality, and that this quality is what customers are buying. And each Daikin employee constantly puts quality ahead of everything else.

In the air conditioning divisions, our quality policy is "Provide high-quality products through relentless improvement activities." In the service division, under a quality policy of "Achieve the highest level of service quality (in speed, accuracy, and politeness)," we strive to always provide customers with service quality of true value.

Our Chemicals Division's quality policy is to provide quality that sells and that satisfies customers' demands. We aim to achieve work methods that put the customer first.

In April 2014, the Daikin Group formulated the Global Quality Guarantee Rules. As Daikin's development, production, and marketing activities overlap across the globe, these rules state the quality philosophy to be commonly shared across the Daikin Group, as well as who has the responsibilities and authority for the smooth monitoring and, if necessary, remedy or quality issues.

■ Product Quality Management Structure

Thorough Management in Development, Procurement, and Production

All major manufacturing bases in the Daikin Group are ISO 9001-compliant and have quality assurance systems conforming to this international standard. Company divisions maintain high levels of product quality and ensure proper management of each department, such as development, parts procurement, and production. We are also improving quality at our contract manufacturers.

Each division undergoes an internal audit so that we can assess our quality situation and if necessary further improve it.

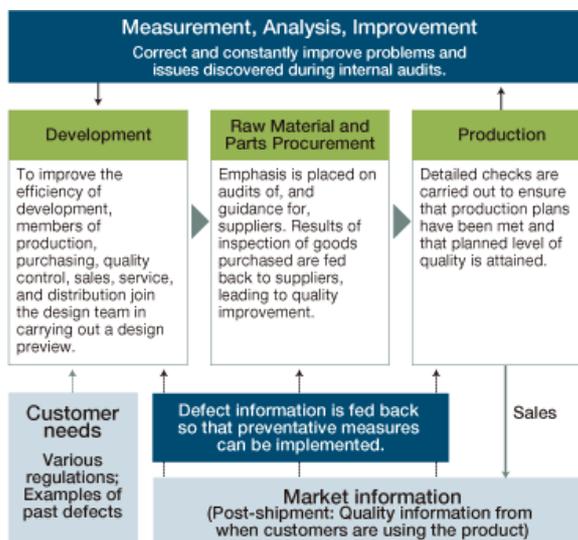
Based on our annual Daikin Group policy, each division formulates its key quality measures and targets, which are used to create a detailed quality program (fiscal year action plan). This has resulted in greater product quality and a gradual decrease in the cost of dealing with complaints in the air conditioning divisions.

In fiscal 2015 in the air conditioning divisions, we strove to meet our targets for reducing costs related to quality defects by ensuring that we purchase only quality parts and by reinforcing quality rectification measures. This resulted in the cost of dealing with complaints decreasing by 15% compared to fiscal 2011. In the Chemicals Division, we stepped up quality control in order to prevent poor appearance of finished fluoro-resin products.

Quality Control System



Quality Control Process



TOPICS

Award of Excellence at 34th Conference of Frontline Forepersons in Nagoya

Tomoyuki Sugiura of Daikin's Shiga Plant received a best example prize at the 34th gathering of frontline directors in Nagoya. The event is sponsored by the Japan Management Association (JMA).

The inaugural gathering was held in 1982 as an opportunity for the sharing of information and presentations of on-the-job case studies by front line directors, the highest-ranking personnel at manufacturing worksites. Participants vote on case studies they consider to be model examples, with the top selections receiving best example prizes.

Mr. Sugiura received the prize for his modification of the cross-flow fan balance, which blows air from the indoor air conditioner unit. It was a tenacious, bottom-up effort that included working with his own and other Daikin divisions and developing new measuring instruments to improve the precision of parts so that 94% of products passed quality inspections the first time.



Mr. Sugiura receiving the best example prize

Cooperation with Suppliers

> [Raising Product Quality and Ensuring Safety Together with Suppliers \(Supply Chain Management\)](#)
(Page 263)

■ Employee Education

We Hold Daily Meetings to Raise Quality Awareness

Every division in the Daikin Group has numerous quality education activities so that employees can continue to raise their quality awareness.

In the air conditioning divisions, the 19th of every month is designated as quality day, when each division holds small-group discussions on product quality.

Each division also holds 10-minute daily quality meetings at which they share past examples of quality issues and discuss ways to solve current issues. We strive to raise sensitivity to quality during the development stage by once a week sharing the “quality calendar” among the product groups. This calendar includes past problems with products on the market and measures to prevent the reoccurrence of such problems. Other ways we strengthen quality communication include small-group activities every Wednesday and monthly noon-time meetings at which we discuss ways to boost product quality and improve work processes.

In the Chemicals Division, new employee orientation for the sales, research, and production divisions includes guidance on the philosophy of quality assurance.

■ Improving Quality During Development

Only Those Products That Pass Our Strict Design Review for Product Safety Are Manufactured

The air conditioning divisions have reformed their development process with a stricter, more segmented design review (DR)*. First, the personnel in charge of the relevant divisions inspect the proposed products for conformity to Daikin standards using the four criteria of an individual design review (DR): product quality, monotsukuri (the art of manufacturing), cost-effectiveness, and compliance. Products that pass the individual DR are then subject to a gate DR: six stages of design reviews and to-market reviews by top management. Only those that pass all standards make it to market.

We raised our product safety standards to ensure that products are safe to use by our customers, and we conduct design reviews in order to solve problems with previous products. In fiscal 2011, we established development process management guidelines in the advanced product development stage, which allowed us to make the design review even stricter.

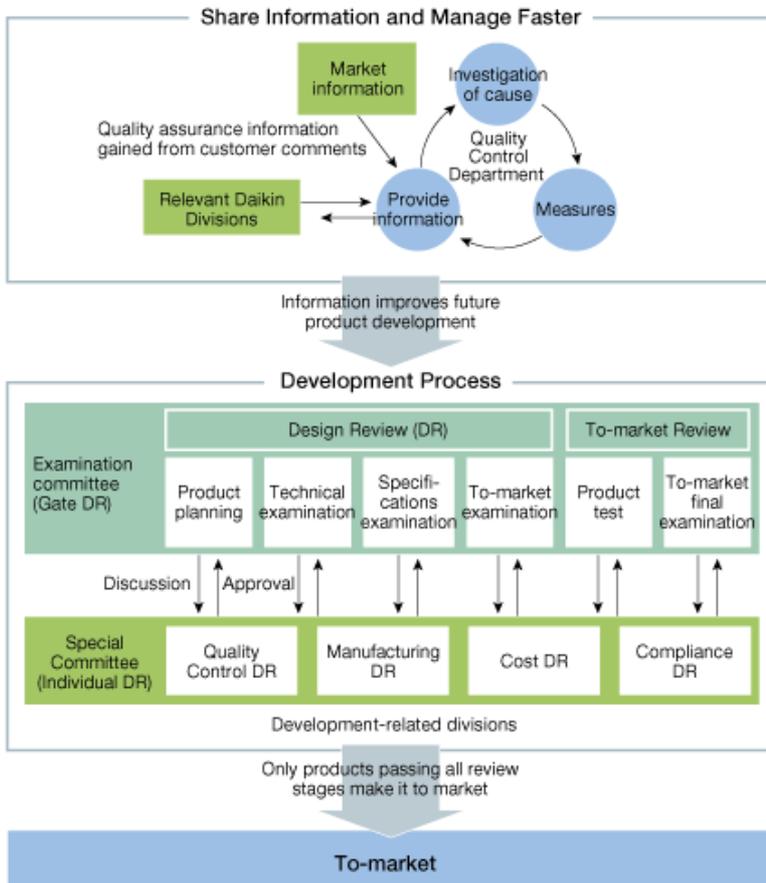
In the Chemicals Division, we have been conducting reviews based on a four-level management system consisting of development theme verification, technology establishment, business-viability establishment, and mass-productivity. As key review standards, in addition to the four criteria of product quality, monotsukuri (the art of manufacturing), cost-effectiveness, and compliance, we focus on safety and environmental consciousness. In fiscal 2015, because we cannot get evaluations from customers and the industry with regards to criteria in the stage of business-viability establishment, we increased the number of inspections we do to strengthen design review functionality.

As our business increasingly globalizes, we will conduct the same high level of design reviews at our overseas product development bases.

We will continue to make even safer and higher quality products by discovering and solving problems early in the development stage, and by developing products with a firm understanding of how customers will actually use them.

* Design review: In a process involving the entire Daikin organization, products under development are assessed for quality of design and all other processes leading up to product realization. Only those that pass each stage can move forward.

■ Development Process Raises Quality (Air Conditioning Divisions)



■ Handling Product Accidents

Establishing Protocol for Promptly Handling Product Accidents

Daikin products are designed based on quality standards and design standards that ensure that, even if users err in operating the machinery or use it beyond recommended limits, there is no danger for the users; and even if there is a product accident, the danger to the user is minimized.

In case of a product accident, we have systems in place that allow us to quickly relay the necessary information and handle the problem, and minimize the impact on the product users and the general public.

We also place top priority on detecting product problems before they lead to a major accident. When the cause of a minor accident is discovered, we determine whether this could also cause a major accident and we reflect this into the development of future products.

In fiscal 2015, there were no cases of product recall.

Free Inspection and Repair of Room Air Conditioners and Residential Air Purifiers

It was discovered that there is a possibility of smoke and flames being generated by the air-blowing fan motor on residential air conditioner indoor units manufactured by Daikin Industries, Ltd. between September 2006 and August 2010, and on residential air purifiers manufactured by Daikin between September 2006 and April 2011. To ensure customers can enjoy safe use of these products, we are offering free inspection and repair of the damaged parts of these products.

Free Inspection and Repair

Customers owning the models in question should phone this number.

0120-330-696 (24 hours a day, every day; toll free in Japan only)

■ Product Safety Voluntary Action Guidelines

The Daikin Group (hereinafter, "the Group") believes that its most important management task is to provide products that satisfy customers from the standpoint of our customer when designing and making products that have a high level of safety and quality. To this end, we have formulated the following basic policies on product safety in efforts to provide ever-greater levels of safety and quality in products.

1. Legal Compliance

The Group shall observe the Consumer Product Safety Act and other product-related laws and safety standards.

2. Ensuring Product Safety

The Group shall establish a quality management system and execute measures to maintain product safety in all processes extending from product design to production, sales, and after sales service. And the Group shall display appropriate, easy-to-understand instructions and warnings on products and in instruction manuals to ensure the safe use of our products by our customers.

3. Collecting and Providing Product Accident Information

The Group shall actively collect information from our customers concerning accidents involving Daikin products and quickly report this information to our executive management while providing customers with suitable information.

4. Immediate and Appropriate Response to Product Accidents

In the unlikely event of a safety problem occurring in the use of our product, our first and primary concern shall be for the safety of our customers, and we shall take immediate actions to minimize and prevent the occurrence of a serious accident. Actions to be taken immediately shall include repairing or replacing the product in question, publicizing the problem through the appropriate media, and submitting a statutory report on the problem to the relevant authorities. All relevant people outside the company, including sales company personnel, will be informed of the situation.

5. Product Safety Promotion

The Group shall establish a quality assurance system that it uses to ensure product safety and quality. We shall ascertain information related to the safety and quality in the marketplace and provide accurate feedback to personnel within our company in order to reflect it into future product design and manufacture.

6. Education, Training, and Monitoring

The Group shall constantly make every effort to promote the safety and quality of our product through widespread education and training within the company in laws and regulations on product safety. We also shall regularly monitor work to ensure product safety is being achieved.

(Formulated in June 2007)

■ Disclosing Product Information

Air Conditioning Divisions: Clear and Concise Product Use Instructions

The Consumer Product Safety Act obligates companies to design products for safety and provide consumers with information and warnings so that household product accidents can be avoided.

Based on the failsafe* philosophy, Daikin's system of checks ensures that customer safety is the top priority in design and that design review (DR) leads to safe products.

Our website also provides consumers with information including the model number and production year of products already on the market. In April 2009, the Ministerial Ordinance of technical standards for the Electrical Appliance and Material Safety Law went into effect. We abide by this ordinance by placing labels on our residential air conditioners and ventilation fans (which are covered by this law) that state the duration of product use.

In Japan, about one-third of the product accidents are the result of improper product operation. We therefore strive to provide customers with accurate, easy-to-understand operating instructions so that they can use our products safely. The air conditioning divisions conduct product labeling in compliance with industry guidelines, such as the Guidelines for Labeling Household Products for Safe Use (5th edition, revised October 2015), published by the Association for Electric Home Appliances, and the Revisions Labeling Procedures (March 2010), published by the Japan Refrigeration and Air Conditioning Industry Association.

When we make product user manuals, we make sure they are readable, easy to understand, and easily searchable. This ensures that customers can use products with peace of mind. We work with our design, quality control, service, and sales departments to improve areas of customer confusion in order to make manuals with which customers can get the answers they need quickly.

For the installation product user manual of commercial air conditioners developed in fiscal 2014, we changed the page size from A1 to A4 to make the text larger and easier to read, helping ensure the product would be properly installed and thus provide safe use.

* Failsafe: Checks and measures are in place to ensure safety in case of a breakdown of mechanisms or systems.

Chemicals Division: Holding Workshops on Fluorochemical products

While the fluorochemical products produced by the Chemicals Division are highly advanced and highly functional materials, molding/processing them can sometimes require specialized methods. Not only do representatives of the Technical Service Department visit our customers to explain about our products, but we also conduct customer-oriented training seminars, titled "the Fluorine Classroom," to explain about the special properties of fluorine materials and the guide them on the molding/processing methods using the facilities and equipment available to the company. In fiscal 2015, we promoted better understanding among customers with four workshops on the topics of plastics, rubber, and paint.

Our website includes the safety data sheets (SDSs) and technical documents, as well as information on how to spot imitation products and precautions regarding the return of high-pressure gas cylinders.

In June 2014, we overhauled our Japanese website to give site users more thorough information on products.

■ Universal Design in Product Development

Developing Products that Anyone Can Use Easily

The Daikin Group incorporates universal design (UD) into product development to enable even the elderly and physically disabled to operate products with ease.

Universal design is central to the concept of monotsukuri (the art of manufacturing), because it involves designing a product so that everyone, no matter what their age or physique, can use it with ease. We are continuing steady efforts in universal design training so that the concept becomes second nature to all engineers.

■ Example of Universal Design

Guidelines for Universal Design of Smartphone Software

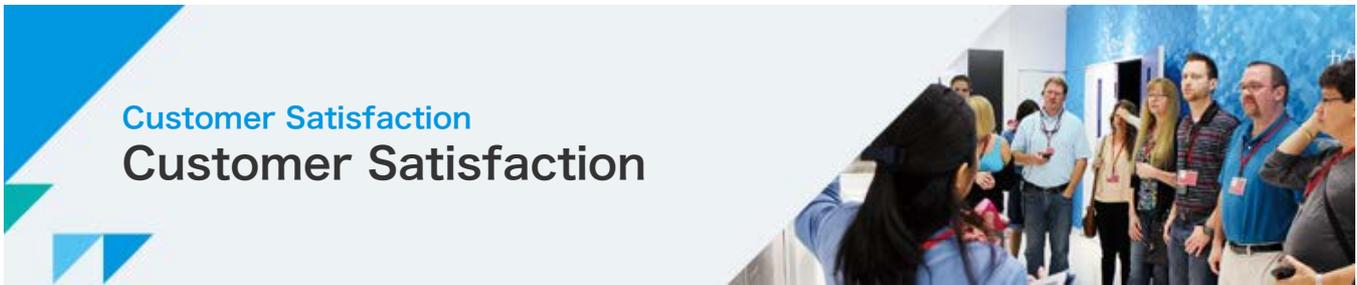
In December 2012, Daikin Industries, Ltd. began providing an application, Daikin Smart APP, that allows users to control air conditioning using a smartphone. The application allows control not just from within the room; users can also easily check air conditioner operation, turn it on or off, and switch modes from an outside location.

We also created universal design guidelines to ensure applications were easy for anyone to use. Through a usability test, we sought the optimal button size and layout for preventing operation errors. This allows anyone to use the product intuitively and stress-free.

In April 2014, we made available for download the Daikin Home Controller APP, which allows control of air conditioners, the Eco-Cute, floor heating, and other home appliances from a smartphone or tablet.



Applications allow operation of multiple products from a smartphone



Customer Satisfaction

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■ Customer Satisfaction Policy

Boosting Customer Satisfaction by Anticipating Future Needs

Our group philosophy states that our mission, and the essence of our existence, is to identify and realize our customers' future needs and dreams, even those that they themselves may not yet be aware of. By providing high quality products, materials, and service, as well as earnestly proposing new products, we want to not only improve convenience and comfort for customers, but also increase the level of customer satisfaction.

Based on these principles, each division of Daikin Group formulates its policies according to the particular needs and circumstances of customers in order to improve customer satisfaction.

The air conditioning divisions' customers are end users and dealers. The division's basic policies for ensuring customer satisfaction are "stay ahead of customers' needs and present new products suggested by the sales division" for end user satisfaction, and "stay ahead of the times and one step ahead of our competitors by offering a tailored solution" for the satisfaction of dealers.

The After Sales Service Division of the air conditioning divisions, which bears responsibility for product maintenance, has the basic policy of "the ultimate in quality service through speed, accuracy, and good manners" and is working to increase the skills of its service engineers and raise the level of their response to customers.

The Chemicals Division has identified "improvement of quality," "stable supply," "appropriate cost," and "response to needs (development of new products)" as the main points to increase customer satisfaction, and aims to gain greater trust and satisfaction from customers by continually assessing information regarding the level of customer satisfaction and making improvements accordingly.

■ Customer Response and Support System

Air Conditioning Divisions: Building a Worldwide Customer Service System

The Daikin Contact Center is open 24 hours a day, every day of the year to take repair requests and offer technical advice on air conditioners to customers around Japan.

Overseas as well, we are building up our after-sales service system so that customers can get the service they need according to the situation in their particular country or region based on Daikin's service motto of "speed, accuracy, and good manners." By establishing Call Centers and providing technical information on the Internet, we are striving to boost customer satisfaction.



Taking customer phone calls at contact centers (left: China; right: France)

■ Understanding and Reflecting Customer Needs

Customer Inquiries Used in Improving Products and Developing New Ones

Requests, complaints, and other information obtained by the Contact Centers is recorded in a database. Information regarding the opinions and requests that sales representatives obtain from customers is shared among the Quality Division and relevant departments, who investigate causes and establish countermeasures to improve products and services.

In the technical questions that account for about 40% of the information gathered by the Contact Centers, we find ideas that help us improve quality; for example, the information enables us to make early detection of issues we face in the market. The information obtained from customer inquiries, including common key words and their frequency, are stored in a database that is shared with the relevant Daikin divisions and used to solve potential quality problems.

In order to continue creating products that anticipate future customer needs, we will use customer opinions as a guide to new product concepts.

■ Number of Inquiries to the Contact Center (Japan)



■ Number of Inquiries to the Contact Center (China)



Stepping Up Worldwide Marketing Research

With the Daikin Group rapidly accelerating business expansion around the world, it is important that we raise customer satisfaction by accurately and promptly grasping customer needs in each world region and reflecting these in our products. To this end, we are switching from an air conditioner development system centered in Japan to a decentralized one in which regional bases conduct product development and research, and we are stepping up our worldwide market research. Since opening R&D centers in China and Europe, we have been gradually stepping up development functions at bases in Asia, Oceania, and North America.

In China, we have been developing products to meet customer needs; for example, air conditioners that filter PM2.5, a major problem in China, indoor units especially for kitchens that filter strong oily smoke, and indoor units for bathrooms with improved dehumidifying and drying functions.



Residential multi air conditioning systems for bathroom in China

Survey Results Go Toward Improving Products and Services

Daikin Group divisions conduct customer surveys to enhance customer satisfaction. By constantly surveying and analyzing the voice of customers, we can further boost the quality of our service.

■ Air Conditioning Divisions: Questionnaire on Products

In order to determine customer needs and levels of satisfaction, the Air Conditioning Sales Division gathers opinions on products on the Daikin website. We also gather information by questioning customers visiting volume retail outlets, and by having Daikin air purifier users be product monitors.

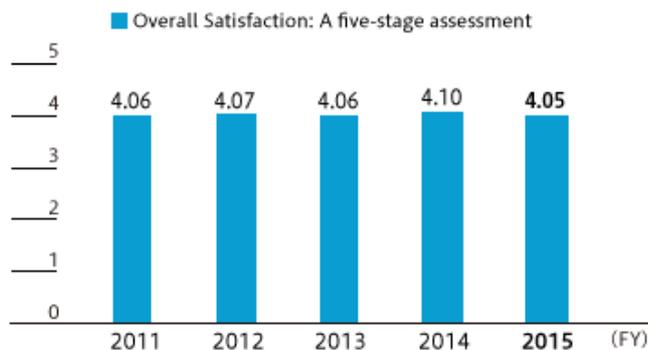
In fiscal 2015, we received 109 replies to the questionnaire on our website.

Opinions gathered go toward improving our products. In fiscal 2014, some customers commented that the dehumidifying effect was insufficient at near the set temperature. In response, we developed the Premium Cooling function, which realizes effective air conditioning even during high outside temperatures through efficient, comfortable temperature and humidity control even when the air conditioner is installed in high temperature environments or where heat is easily trapped.

■ Air Conditioning Divisions: Questionnaire on After-Sales Service

The After Sales Service Division strives to determine and improve the level of customer satisfaction with after-sales service by every year sending surveys to a random sampling of customers after a Daikin product is fixed. As a result of such efforts, every year Daikin receives a high rating for the overall satisfaction* figure: in fiscal 2015, it was 4.05 out of 5. We believe this is a result of efforts to complete repairs in a single visit, and of educational and training efforts to improve repair techniques and get better at dealing with customers, all under our slogan of "Customer first."

Overall Satisfaction



■ Chemicals Division: Customer Questionnaire

In the Chemicals Division, we distribute questionnaires once a year that help us boost customer satisfaction. The fiscal 2015 questionnaire results showed high ratings from customers on quality, product delivery, and technical service. However, they also expressed a desire for Daikin to speed up response. We continue to strive to communicate more actively with customers.

■ Employee Education

3-Year-Long Training and Service Awards Among Daikin Bases

The Daikin Group strives to improve the quality of service by teaching employees the necessary knowledge and techniques.

At Daikin in Japan, besides basic training in air conditioner service quality, a variety of training courses and license-certification course are offered to each management level and job description.

In the three-year-long "Service University" training program, just like in university, participants can choose the courses right for their job. They also have regular tests to ensure they are retaining what they have learned.

At service bases across Japan, teams are created that compete against each other in the annual Service Awards tournament. There, teams are quantitatively judged and awarded for their level of service in five stages including the criteria of our after sales service policy: speed, accuracy, and good manners. This makes for a fun way to raise our ability to offer customer satisfaction.

Employees at overseas Daikin bases in each country earn certification by taking the courses they need at dedicated educational institutes. There are also periodic seminars for sharing information on technologies and new products.

In China and other Asian countries, skills events are held where participants engage in friendly competition in areas like repair techniques, telephone response, and quality of parts packaging.

Skills Competitions All Over Japan

Service engineers' individual technical expertise is crucial to providing quality service.

We hold workshops and giving technical assessment tests to all service engineers. Our rule is that service engineers must be certified with a minimum level of skill before they can do repair work alone. To further improve their abilities, we hold high-level training for chief engineers. So far, a cumulative total of 1,200 people have passed the certification test for chief engineers.

We are striving to provide training and education that raises skill levels and produces service engineers who carry out precise, appropriate work on the job, thus providing customers with what they demand in terms of techniques and skills.

In fiscal 2015, we held the first-ever nationwide service skills competition in Japan for participants who had won competitions at their respective bases. Twenty people faced off in skills events.

Overseas, training centers in each region host technical training courses and evaluation tests for Daikin engineers and distributors. Daikin in China has an engineer certification system, and Daikin strives to improve engineers' abilities in not only repairing but also in installation and overhauling.

The Chemicals Division: Sharing Broad Knowledge About Product Features and Their Target Fields, Etc.

The sales representatives of the Chemicals Division need to listen to researchers and product developers, who are Daikin customers, about the product functions they seek and offer them the ideal products for their needs. In order to optimize product functions in accordance with the circumstances of these customers, it is essential to have diverse knowledge of such things as processing methods, amount of additives, and temperatures.

For this purpose, once a month the Chemicals Division holds meetings covering business, research, and manufacturing to share not only business information, but also knowledge regarding products. By giving concrete examples of product applications and use, as well as relaying customer needs, these meetings aid in the development of new products and applications, and they give customers a deeper understanding of product features. Customers thus leave with new ideas for product application. The Division also makes opportunities for the sharing of superior business skills within the Division, and makes use of the "Fluorine Classroom" customer education program as an opportunity for personnel to educate themselves and deepen their knowledge.

The Chemicals Division will continue to train personnel so that they acquire a deep knowledge on the use of fluorine in various business situations.

■ Providing Customers with Information

Chemicals Division: Providing Information Through Various Forums

In the Chemicals Division, many of the inquiries are requests to survey the chemicals in products and to provide technical data. Sales representatives of Daikin Industries, Ltd. act as contacts and respond to inquiries in cooperation with the divisions of technical service, research and development, quality assurance, environment, and safety.

To further strengthen trust between our company and customer businesses, we hold yearly exchange meetings between top-level personnel, such as the "Difreon Gas Meeting" and the "Gratitude-to-Customers Meeting."

In fiscal 2015, 51 members of 32 companies took part in the Difreon Gas Meeting. At the "Gratitude-to-Customers Meeting," 103 members of 90 companies took part, representing not just sales companies but manufacturers and suppliers as well. Participants heard an explanation of business policy and deepened relations between themselves and with Daikin.

Air Conditioning Divisions Hold Daikin HVAC Exhibition

The air conditioning divisions make use of products shown at the biannual HVAC & R, the air conditioning industry's largest trade fair, to hold the Daikin HVAC Exhibition in eight locations around Japan. The aim is to provide more detailed knowledge to customers who are considering buying Daikin air conditioning products.

■ Support for Distributors and Dealers

Training Courses Teach Air-Conditioning-Related Techniques

Daikin Industries, Ltd. has five training centers around Japan where we hold a variety of courses so that distributors can learn design, installation, and service techniques. With the goal of offering customers service that is practical and easy to understand, and offering this service in a pleasant manner, the centers use the latest simulation machinery, videos, and other instructional tools to provide training that simulates actual working conditions and situations.

There are also systematic step-up training to improve trainees' levels, solution training that helps dealers meet their diversifying needs, solution seminars aimed at improving customer satisfaction, and certification/preparatory classes. There are a total of 51 courses.

To help distributors gain a deeper understanding of the importance of environmental protection, we are offering them five courses in environmental solutions. Trainees in all courses receive eco-booklets, which contain general knowledge on global warming and ozone layer destruction, handling fluorocarbons, and steps to mitigating global warming. These issues are expanded on in the courses.

Demand is growing in cold climate regions. In response, we opened a Daikin Training Center in Sendai, Miyagi Prefecture in 2014 and in Sapporo, Hokkaido Prefecture in 2015. At these centers, technicians of dealers can improve their abilities through hands-on training in areas like air conditioner installation and servicing.

Daikin's overseas Group companies also hold technical training for their dealers to raise customer satisfaction and ensure their employees can work in safety.



Skills training for distributors



eco-booklet



■ Protecting Customer Information

Personal Information Managers and Thorough Employee Education

To properly protect the range of customer information entrusted to us, the Daikin Group has a Personal Information Protection Policy, as well as various in-house rules for information protection. Personal information managers in each division follow these in-house rules in leading employees in the strict protection of personal information. Since 2005, we have striven to strengthen information management through annual conferences of personal information managers, who make every effort to reduce risk related to confidential information and personal information.

Particularly in divisions that handle repair information data on customers on a daily basis, we do everything possible to keep this information secure. To continually monitor and improve on our information security system, employees conduct their own self assessments, the legal department conducts legal audits, and the Internal Auditing Department conducts audits.

> [Information Security \(Corporate Governance\)](#) (Page 250)