

# Stakeholder Engagement

---

Stakeholder Engagement .....	270
Dialogue with Shareholders and Investors .....	272

Dialogue with Government and Industry Groups .....	274
---	-----

## Fundamental CSR Stakeholder Engagement



### Why is it Important ?

The business activities of a company have direct and indirect effects on stakeholders, society, and the environment. For a company to achieve sustainable growth, it must not simply act unilaterally but rather must pursue dialogue to grasp stakeholders' concerns and expectations, and settle on management that creates a virtuous circle between all parties. This process is called stakeholder engagement and it is central to a company fulfilling its corporate social responsibility.

### DAIKIN'S POLICY

The Daikin Group's main stakeholders are the customers to whom we provide the Group's products and services, those directly affected by our business including shareholders, investors, employees, and business partners, as well as members of local communities, who are affected by our business activities. Moreover, the national and local governments of the countries where we do business, and those countries' industry groups, are connected to our efforts to improve environmental performance and disseminate environmental technologies. We thus pursue dialogue wherever possible with stakeholders and reflect their opinions in our management.

#### > Stakeholder Engagement

The Daikin Group uses every means possible to gather the opinions of stakeholders and reflect them in our management, all with a focus on engaging our stakeholders.

#### > Dialogue with Shareholders and Investors

The Daikin Group takes increasing responsibility to release information on its business situation promptly and properly. We are particularly diligent about being transparent with our shareholders and investors.

#### > Dialogue with Governments and Industry Groups

To alleviate and solve society's problems, the Daikin Group actively pursues dialogue with concerned parties, offering proposals and calling for action.

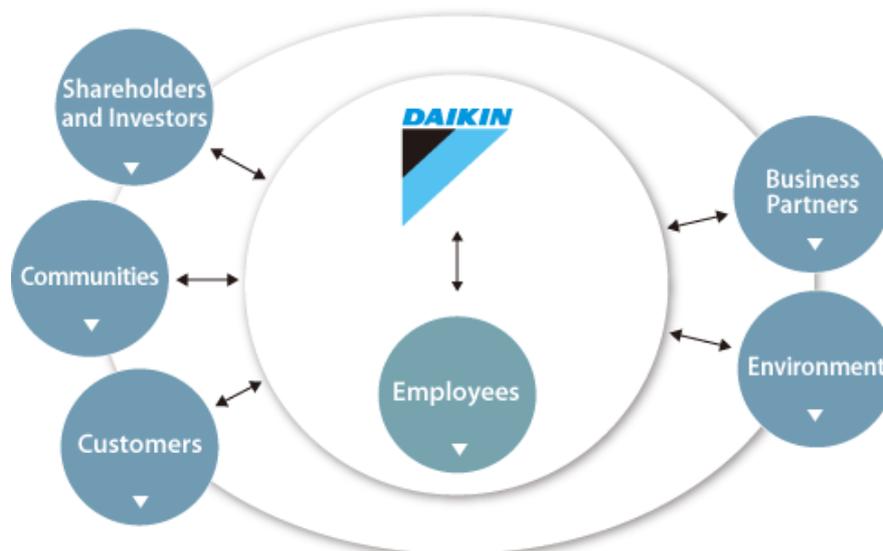
# Stakeholder Engagement Stakeholder Engagement



## ■ Stakeholder Engagement

So that we can continue to contribute to society, the Daikin Group uses every means possible to gather the opinions of stakeholders, report these to company officers, and reflect them in our management, all with a focus on engaging our stakeholders.

The Daikin Group's main stakeholders are the customers to whom we provide the Group's products and services, those directly affected by our business including shareholders, investors, employees, and business partners, as well as members of local communities, who are affected by our business activities. Moreover, the national and local governments of the countries where we do business, and those countries' industry groups, are connected to our efforts to improve environmental performance and disseminate environmental technologies. But no single group of stakeholders has priority over another; they are all important to the Daikin Group.



■ Stakeholder Engagement Efforts

Stakeholders	Main dialogue methods and opportunities	Main dialogue representatives at Daikin
<p>› <a href="#">Customer</a> (Page 176)</p>	<ul style="list-style-type: none"> <li>• Daily sales activities</li> <li>• Contact Center</li> <li>• Showrooms</li> <li>• Dialogue during repair visits</li> <li>• “Thank You” sales events and product explanations at distributors</li> </ul>	<p>Sales divisions Service Division</p>
<p>› <a href="#">Shareholders and investors</a> (Page 272)</p>	<ul style="list-style-type: none"> <li>• Ordinary General Meeting of Shareholders</li> <li>• Briefings for investors</li> <li>• Annual Report, business reports</li> <li>• Information for investors on Website</li> </ul>	<p>General Affairs Department Corporate Communication Division</p>
<p>› <a href="#">Procurement business partners</a> (Page 257)</p>	<ul style="list-style-type: none"> <li>• Daily procurement activities</li> <li>• Supplier briefings</li> <li>• Supplier Quality Conferences</li> <li>• Quality improvement announcement meetings</li> <li>• Quality audits</li> </ul>	<p>Procurement Division</p>
<p>› <a href="#">Employees</a> (Page 193)</p>	<ul style="list-style-type: none"> <li>• Interviews based on employee self-assessments</li> <li>• Labor-management council meetings, labor union council meetings</li> <li>• Group Management Meeting</li> <li>• Global managers’ meetings</li> </ul>	<p>Human Resources Division Corporate Planning Department</p>
<p>› <a href="#">Communities</a> (Page 277)</p>	<ul style="list-style-type: none"> <li>• Informing local community of emergency disaster drills</li> <li>• Factory tours for local citizens</li> <li>• Involvement with local groups and events</li> </ul>	<p>Companies, workplaces</p>
<p>› <a href="#">NPOs, NGOs</a> (Page 274)</p>	<ul style="list-style-type: none"> <li>• Dialogue with NPOs and NGOs</li> </ul>	<p>CSR Division</p>
<p>› <a href="#">National and local governments, industry, academia</a> (Page 274)</p>	<ul style="list-style-type: none"> <li>• Dialogue with government representatives in each country</li> <li>• Dialogue with UN representatives</li> <li>• Participation in industry activities</li> <li>• Research in joint industry–academia initiatives</li> </ul>	<p>Companies, workplaces, PR divisions, CSR Division, Research Department</p>
<p>› <a href="#">Environment</a> (Page 274)</p>	<ul style="list-style-type: none"> <li>• Air conditioner forums</li> <li>• Environmental forums, environmental exhibitions</li> <li>• Various environmental PR and environmental education activities</li> </ul>	<p>CSR Division</p>

## Stakeholder Engagement

# Dialogue with Shareholders and Investors



### ■ Philosophy

Daikin Industries, Ltd. places the utmost importance on its responsibility of providing stakeholders with timely, proper information disclosure. In particular, we believe it is our duty to raise management transparency by disclosing information to shareholders and investors in every possible way. To this end, we have a Disclosure Policy that stipulates standards and methods for information disclosure.

In accordance with our Disclosure Policy and the Tokyo Stock Exchange's standards for timely information disclosure, we use our website, news organizations, and the TD-NET online system provided by the Tokyo Stock Exchange to disclose information on recalls, the occurrence of loss on valuation of securities, and decisions such as the establishment of sales companies. In addition, for product, technical, and other information that we decide must be made public, we do so after consultation between the relevant company divisions.

### ■ Disclosing Information in a Fair and Timely Manner

#### Maximizing Information Disclosure through Briefings and Our Website

Daikin Industries, Ltd. conducts a range of IR activities aimed at improving understanding in areas like our company's current state and management philosophy for shareholders and investors.

For analysts and institutional investors, we hold interim and end-of-year financial performance briefings, and conference calls every first and third financial quarter. In addition, we visit and hold talks with institutional investors in Japan and other countries. We speak with investors on nearly 350 occasions through business briefings, factory tours, and face-to-face meetings.



End-of-year financial performance briefing for analysts and institutional investors

We try to provide a wealth of information on the IR site of our home page and disclose information—including documents required by law such as securities reports and documents related to our business performance—in a prompt, fair, and timely manner. Our top executives also strive to relay firsthand company philosophy and direction in as many ways as possible.

The opinions from shareholders and investors are reflected in our management.

Since fiscal 2010, the Tokyo Branch has had an IR manager in charge of media relations, and this has allowed us to better meet the information needs of institutional investors.

We will continue to stress dialogue with all investors and do everything we can to disclose information through a range of media.

## ■ Respect for Exercising Voting Rights

### Helping More Shareholders Exercise Voting Rights

To ensure that shareholders have more time to consider new proposals before voting at the Ordinary General Meeting of Shareholders, we send announcements of the meeting at least a week earlier than is legally required, and we post the information on the Daikin website and on the website of the Tokyo Stock Exchange. To remedy the discrepancy in information available in Japan and other countries, we translate announcements of shareholder meetings into English and send these to overseas institutional investors, we have an English version of our website, and we post the results of shareholder voting on our website.

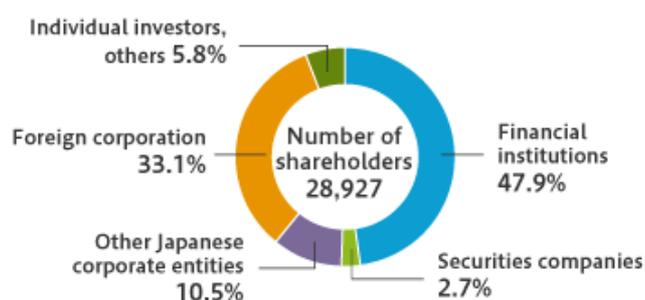
We strive to get as many shareholders as possible to exercise their voting rights by allowing voting over the Internet: those who cannot attend meetings in person can still exercise their voting rights by personal computer or mobile phone. We have also adopted a platform for exercising voting rights, which makes it even easier for institutional investors to vote.

As a result of these efforts, the percentage of voting rights exercised reached 85.68% in fiscal 2015. The number of votes cast over the Internet also increased to 1,495,922 in fiscal 2015 (902 shareholders).

### ■ Voting Rights Exercised

	Voting rights exercised	Votes cast over the Internet	Shareholders voting online
Fiscal 2011	78.18	1,056,103	1,115
Fiscal 2012	81.55	1,244,629	900
Fiscal 2013	82.07	1,337,000	868
Fiscal 2014	83.24	1,443,620	923
Fiscal 2015	85.68	1,495,992	902

### ■ Breakdown of Shareholders (March 31, 2016)



## Stakeholder Engagement Dialogue with Government and Industry Groups



### ■ Daikin Cooperates in Formation of Environmental Policy

#### **Daikin Calls on All Concerned Parties to Participate in Selection of Next-Generation Refrigerants**

As it does business in countries around the world, the Daikin Group ties up and cooperates with national and local governments and industry groups to come up with proposals and to call on all parties concerned for the betterment of society.

Particularly in the area of selecting and enacting the use of next-generation refrigerants, we are participating in international conferences, seminars, academic conferences, and exhibitions and working closely with representatives of industry groups, UN organs, and environmental ministries of governments, discussing regulations, standards, and refrigerant trends and efforts to phase out certain refrigerants, and providing as much information as possible to help countries choose the new refrigerants that are best for them.

We plan to continue sharing information on refrigerant technology with the relevant people around the world.

#### **Daikin Joins Projects by Japanese Government and International Organizations**

Daikin participated in emerging countries support program sponsored by various bodies such as Japan's Ministry of Economy, Trade and Industry (METI) and the Japan International Cooperation Agency (JICA) under which we hosted trainees from emerging countries and provided manufacturers and sales companies in these countries with technical support.

METI had Daikin carry out a survey, under the Global Warming Mitigation Technology Promotion Project, aimed at finding ways to spread the use of air conditioners using HFC-32 in combination with inverter technology in India. The survey showed that adoption of HFC-32 and inverter technology could result in CO<sub>2</sub> reductions of up to 17.45 million tons-CO<sub>2</sub> in 2020.

Daikin is also taking part in a project to switch to HFC-32 in Thailand, where METI is offering bilateral financial aid as part of support for developing countries under the Montreal Protocol, and in a United Nations-led project to switch refrigerants in the Gulf nations.

➤ [See Key Activities of Fiscal 2015: Environment — Creating a New Market that Contributes to the Mitigation of Global Warming](#) (Page 47)

## ■ Environmental Forums and Exhibits

### Exchanging Opinions with Experts on Key Issues at Air Conditioner Forum

Since 1995, the Daikin Group has held forums in Japan where Daikin and noted names in air conditioning and design exchange opinions on the future of air conditioning. With Daikin's rapid business expansion worldwide, since fiscal 2007 we have extended these forums to Europe, China, North America, Asia, and Oceania, exchanging opinions on topics such as the environment and energy with the most well known experts in these regions and gaining valuable insights that we have been applying to our technological and product developments and to our business.

In fiscal 2015, a forum in Mexico focused on energy-efficient technologies and next-generation refrigerants, and forums in Europe got participants excited about the possibilities for Daikin's Technology and Innovation Center.

Daikin took part in the 24th IIR International Congress of Refrigeration (ICR2015) in August 2015, the first time the ICR was held in Japan, where the company provided information in areas such a refrigerants and energy efficiency. Daikin was also a sponsor and took part in the planning, preparation, and running of the event, sitting on the ICR executive committee as a member of the Japan Society of Refrigerating and Air Conditioning Engineers (JSRAE).

Besides our participation so far in international conferences of groups such as the Japan Refrigeration and Air Conditioning Industry Association (JRAIA) and the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), we will take part in the International Sorption Heat Pump Conference (ISHPC 2017) in 2017 in Tokyo and the 9th Asian Conference on Refrigeration and Air-conditioning (ACRA 2018) in 2018 in Sapporo.



Air conditioner forum in North America



Daikin displays air conditioners using next-generation refrigerants at trade shows around the world

## ■ Fiscal 2015 Air Conditioner Forums

Region	Date	Main discussion topics	Invited guests
North America	May 2015	<ul style="list-style-type: none"> <li>• Latest trends in U.S. air conditioning industry, role of smart air conditioning</li> </ul>	19 participants (university professors, specialists, etc.)
Europe	January 2016	<ul style="list-style-type: none"> <li>• Technology and Innovation Center: facilities, concepts, initiatives</li> </ul>	19 participants from 10 countries including university professors, specialists
Asia, Oceania	March 2016	<ul style="list-style-type: none"> <li>• Sustainable initiatives in green building, IAQ (indoor air quality) improvement initiatives</li> </ul>	22 participants from 10 countries including university professors, specialists
Japan	June, December 2015	<ul style="list-style-type: none"> <li>• Technology and Innovation Center's nZEB initiatives, lecture from invited instructor on smart society and using big data, introduction to Manchester Project</li> </ul>	21 participants including university professors, specialists

## Active Information Exchange with NPOs and NGOs

We exchange opinions whenever possible with NPOs and NGOs involved in the environment and other issues, and the information we obtain goes into managing Daikin better. In September 2015, we met with the Institute for Governance & Sustainable Development (IGSD) to exchange opinions on our offer of worldwide free access to 93 patents for equipment using the next-generation refrigerant HFC-32. The IGSD is an American NGO that works to support the development of sustainable technologies that contribute to solving problems such as climate change. IGSD President Durwood Zaelke said that Daikin's forward-looking initiatives contribute to alleviating the effects on climate change and constitute a model case for other companies hoping to be environmentally advanced corporations.

## Participating in CSR-Related Groups and Collaborating with Other Companies

The Daikin Group takes part whenever possible in the activities of various CSR-related groups under the auspices of, for example, the United Nations and the Japanese government. Besides discussions and information exchange with these groups on CSR philosophy and actions, we also collaborate with other private companies in order to step up our CSR activities and improve the content of our efforts.

In fiscal 2015, we took part in the Global Compact Network Japan's subcommittees on stakeholder engagement, SRI (socially responsible investing)/ESG (environmental, social, governance), supply chain, reporting, and a Kansai regional subcommittee, as well as in a CSR and compliance research conference, the Eco-First Promotion Conference, and the World Green Building Council.

- > [See Participation in the Global Compact](#) (Page 43)
- > [See Endorsement as an Eco First Company](#) (Page 165)
- > [Participation in the World Green Building Council](#) (Page 171)