

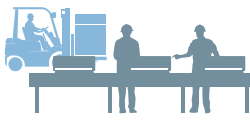







# Establishing Key CSR Themes towards

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.

## Assessing the Impact of Our Business on Society throughout the Entire Value Chain

Value chain	Business impact, what Daikin to do	Efforts of significant materiality
<b>Procurement</b> 	Throughout the globally expanding supply chain, Daikin is expected to respond to various procurement risks involving, for example, quality control, labor practices, and environmental protection.	<ul style="list-style-type: none"> <li>● Supply-chain management</li> <li>● Anti-corruption</li> <li>● Free competition and fair business dealings</li> </ul>
<b>Development, Design</b> 	As air conditioner demand grows in emerging markets and other countries, Daikin must develop products that offer comfort and superb environmental performance and meet regional needs.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Effective use of resources and energy</li> <li>● Management of chemical substances</li> <li>● Waste and water-use reduction</li> </ul>
<b>Manufacturing</b> 	It is crucial that Daikin increase productivity while at the same time improving manufacturing quality and reducing environmental impact at all worldwide production sites.	<ul style="list-style-type: none"> <li>● New value creation</li> <li>● Product quality and safety</li> <li>● Customer satisfaction</li> <li>● Information security</li> </ul>
<b>Sales, Transportation, Installation</b> 	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.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Product quality and safety</li> <li>● Customer satisfaction</li> <li>● Anti-corruption</li> <li>● Free competition and fair business dealings</li> <li>● Information security</li> </ul>
<b>Usage</b> 	Global warming impact from air conditioner use presents a huge challenge. At the same time, air conditioners provide benefits such as preventing heatstroke and making people more productive.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Customer satisfaction</li> <li>● Information security</li> </ul>
<b>After-sales Service, Recovery, Recycling</b> 	To achieve a recycling-based society, it is crucial that we are thorough in recycling air conditioners and recovering/recycling refrigerants.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Waste and water-use reduction</li> <li>● Customer satisfaction</li> <li>● Information security</li> </ul>
<b>Business Activity Foundation</b> 	In order to continue contributing to society, we must develop the human resources who conduct our business, comply with laws and regulations, and have in place a system of corporate governance.	<ul style="list-style-type: none"> <li>● Human resource development</li> <li>● Workplace diversity</li> <li>● Occupational safety and health</li> <li>● Labor-management relations</li> <li>● Respect for human rights</li> <li>● Corporate governance</li> </ul>
<b>Relationship with Society</b> 	In order to spread Daikin technologies and thus contribute to solving society's problems, it is essential that we work closely with numerous partners, including governments, United Nations bodies, international organizations, NGOs, key individuals, and local communities.	<ul style="list-style-type: none"> <li>● Response to climate change</li> <li>● Biodiversity protection</li> <li>● Communities</li> <li>● Stakeholder engagement</li> </ul>

# Sustainable Development

## Revising Materiality in Line with the Fusion 20 Strategic Management Plan

In line with our Fusion 20 strategic management plan, we revised the materiality of our CSR initiatives in fiscal 2015. 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.

### Materiality analysis



## 9 Key CSR Themes Reflected in Fusion 20 Strategic Management Plan

We identified nine materiality issues: four themes of CSR for value provision, which are aimed at achieving sustainable development for Daikin and society; and five themes of fundamental CSR. These are part of the Fusion 20 strategic management plan as key focal points in our management.

### Daikin Group CSR

CSR for Value Provision		Fundamental CSR	
<p>We provide healthy and comfortable air environments for people around the world while at the same time reducing environmental impact.</p>	<ul style="list-style-type: none"> <li>Environment</li> <li>New Value Creation</li> <li>Customer Satisfaction</li> <li>Human Resources</li> </ul>	<p>We respond to society's requests through corporate action based on transparency and sincerity.</p>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Respect for Human Rights</li> <li>Supply Chain Management</li> <li>Stakeholder Engagement</li> <li>Communities</li> </ul>