

Third-Party Verification Statement

To ensure reliability of the content of this report, the Daikin Group had a third-party verification conducted for data on greenhouse gas emissions, water use, and wastewater.

Data Covered by Verification

Environmental Impact Data on Business Operations in FY2016

- ▶ Scope 1 and Scope 2 greenhouse gas (GHG) emissions from business operations of four production bases in Japan of Daikin Industries, Ltd., eight production subsidiaries in Japan, and 47 production subsidiaries overseas.
- ▶ Category 1 (purchased goods and services), 4 (upstream transportation and distribution), 6 (business travel), and 11 (use of sold products) emissions of Scope 3 GHG emissions calculated in line with the GHG Protocol's 'Corporate Value Chain (Scope3) Accounting and Reporting Standard.'

Scope of Review

Contribution to CO₂ Emission Reduction through the Use of Products

- ▶ Contribution to CO₂ emission reduction through the use of inverter air conditioners sold in emerging countries in fiscal 2016.
- ▶ Contribution to CO₂ emission reductions through the use of air conditioners sold in industrialized countries in fiscal 2016.
- ▶ Contribution to greenhouse gas emission reductions through fiscal 2016 worldwide sales of air conditioners that use HFC-32 low-global-warming potential refrigerant.

**Daikin Group Sustainability Report 2017
Independent Verification Report**

To: Daikin Industries, Ltd.

BUREAU VERITAS
June 19, 2017

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Daikin Industries, Ltd. (Daikin) to conduct an independent verification and review of its environmental data selected by Daikin for inclusion in the Daikin Group Sustainability Report 2017 (the Report), issued under the responsibility of Daikin. The aim of the verification is to consider the reliability and accuracy of environmental data within the Report and to provide a verification opinion based on objective evidence. The aim of the review is to make an independent statement concerning the reliability and accuracy of the environmental data.

1. Verification and Review Outline

1) Environmental impact data generated through business operations in FY2016

Bureau Veritas conducted a verification of the following data:

Data Reviewed	Site Visited	Review Methodology
Scope 1 and Scope 2 GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 47 production subsidiaries overseas.	<ul style="list-style-type: none"> Daikin Head Office Daikin Reaem Electronics Co.Ltd. Daikin Piping Co.Ltd. JFAN DAIKIN QINGYAN COMPRESSOR CO., LTD. Daikin Gyoyou/Suzhou Co., Ltd. DAIKIN AIR CONDITIONING (SUZHOU) CO., LTD. Daikin Malaysia Sdn. Bhd. Daikin Refrigeration Malaysia Sdn. Bhd. Daikin Anzandeshing India Pvt. Ltd. Rotex Heating Systems GmbH Daikin Head Office Daikin Stage Plant JFAN DAIKIN QINGYAN COMPRESSOR CO., LTD. Daikin Malaysia Sdn. Bhd. Daikin Anzandeshing India Pvt. Ltd. Rotex Heating Systems GmbH Daikin Head Office 	<ul style="list-style-type: none"> Review of documentary evidence produced by Daikin Head Office and the sites visited Interviews with relevant personnel of Daikin Head Office and the sites visited Site inspection assessing data monitoring procedure Comparison between the reported data and the supporting documentary evidence
Water used and Waste water through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 47 production subsidiaries overseas.	<ul style="list-style-type: none"> Daikin Head Office Daikin Stage Plant JFAN DAIKIN QINGYAN COMPRESSOR CO., LTD. Daikin Malaysia Sdn. Bhd. Daikin Anzandeshing India Pvt. Ltd. Rotex Heating Systems GmbH Daikin Head Office 	<ul style="list-style-type: none"> Review of documentary evidence produced by Daikin Head Office and the departments of four relevant products and services Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence
Categories 1, 4, 6 and 11 of Scope 3 GHG emissions accounted in line with the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'	<ul style="list-style-type: none"> Daikin Head Office 	<ul style="list-style-type: none"> Interviews with relevant personnel of Daikin responsible for the identification and calculation of GHG emissions Review of Daikin's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and Audit of a sample of source data to check accuracy of quantified GHG emissions.

The verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE 3000) in providing a limited assurance for the scope of work stated herein.

2) Amount of contribution to GHG emission reduction by sold products

Bureau Veritas conducted a review of the following data:

Data Reviewed	Site Visited	Review Methodology
The amount of contribution to CO ₂ emission reduction through the use of inverter air conditioners sold for emerging countries in FY2016	Daikin Head Office	<ul style="list-style-type: none"> Review of documentary evidence produced by Daikin Head Office and the departments of four relevant products and services Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence
The amount of contribution to CO ₂ emission reduction through the change to low global-warming potential refrigerant (R32) changed with air conditioners sold in FY2016	Daikin Head Office	<ul style="list-style-type: none"> Review of documentary evidence produced by Daikin Head Office and the departments of four relevant products and services Interviews with relevant personnel of Daikin Head Office and the departments of the relevant products and services Comparison between the data used in the calculation of emissions reductions and the supporting documentary evidence

2. Findings

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed information within the scope of our verification and review is inaccurate and does not provide a fair representation of the performance for the defined period.
- It is our opinion that Daikin has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our verification and review.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintains high standards in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for Daikin are for sustainability reporting verification only and we believe our verification assignment did not raise any conflicts of interest.

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Daikin Industries, Ltd.

BUREAU VERITAS
June 19, 2017

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Daikin Industries, Ltd. (Daikin) to conduct verification of the greenhouse gas (GHG) emissions reported in the Daikin Group CSR Report 2017 for the period of April 1, 2016 through March 31, 2017.

1. Scope of Verification

Daikin requested Bureau Veritas to verify, to a limited level of assurance, the accuracy of the following GHG information:

- Scope 1 and Scope 2 GHG emissions:
 - CO₂ from energy use, HFCs, PFCs, GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 47 overseas production subsidiaries
 - CO₂ from non-energy use, CH₄, N₂O, SF₆; GHG emissions through business operations of four production bases of Daikin
- Categories 1, 4, 6 and 11 of Scope 3 GHG emissions accounted and reported in line with the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' within the boundaries defined by Daikin for each category.

2. Methodology

Bureau Veritas conducted the verification in accordance with the requirements of the international standard ISO 14064-3:2009; Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of Daikin responsible for the identification and calculation of GHG emissions;
- Review of Daikin's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of the GHG emissions, as per the scope of work;
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Daikin.

Verified greenhouse gas emissions		
Scope 1	Scope 2	Scope 3
1,006,884 t-CO ₂ e	810,204 t-CO ₂ e (location-based) 963,109 t-CO ₂ e (market-based)	195,999,703 t-CO ₂ e

The breakdown of Scope 3 emissions are as follows:

Category 1: 2,252,871 t-CO₂e | Category 4: 22,954 t-CO₂e | Category 6: 13,239 t-CO₂e
Category 11: 193,710,839 t-CO₂e

[Statement of independence, impartiality and competence]

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 150 years history in providing independent assurance services. No member of the verification team has a business relationship with Daikin, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.

The Daikin website gives the calculation method for environmental performance data.