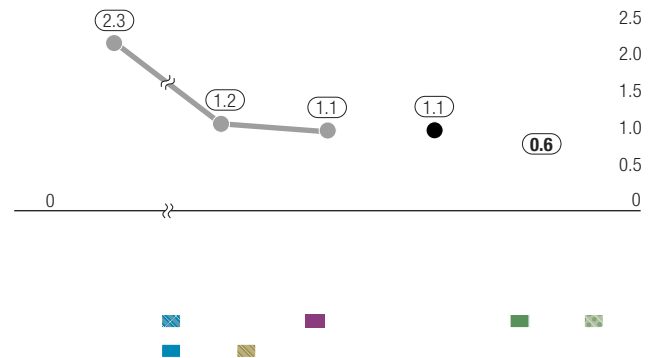


### Ratio of fluorocarbon emissions



1,177

942

591

### Success in meeting Japan's 6% reduction target

The Daikin Group in Japan emitted 1.72 million t-CO<sub>2</sub> of gases designated by the Kyoto Protocol (CO<sub>2</sub>, HFC, and PFC) in FY2006, a reduction of 83% compared to the 10.33 million t-CO<sub>2</sub> emitted in the base year of the Kyoto Protocol (1990 for CO<sub>2</sub>, 1995 for HFC and PFC).

384

395

104

63



# Transportation

## Introducing Fluorocarbon Recovery and Destruction Facilities Overseas

The Daikin Group has recovery equipment on all of its worldwide production lines for the recovery of refrigerants (fluorocarbons). Special facilities are required for destruction of the fluorocarbons that are recovered. In Japan, the Yodogawa Plant and Kashima Plant have facilities where fluorocarbons are destroyed. Overseas, however, plants have no such in-house facilities and fluorocarbon destruction had been outsourced.

In FY2006, Daikin in Thailand built facilities for the proper destruction of recovered fluorocarbons. This means that we can now properly carry out in-house destruction of all fluorocarbons recovered at Daikin bases in Thailand. We are also looking into building in-house systems for fluorocarbon destruction in China and other countries where such facilities are scarce.



Fluorocarbon destruction facilities in Thailand

## Reducing Energy-Induced CO<sub>2</sub> During Manufacture

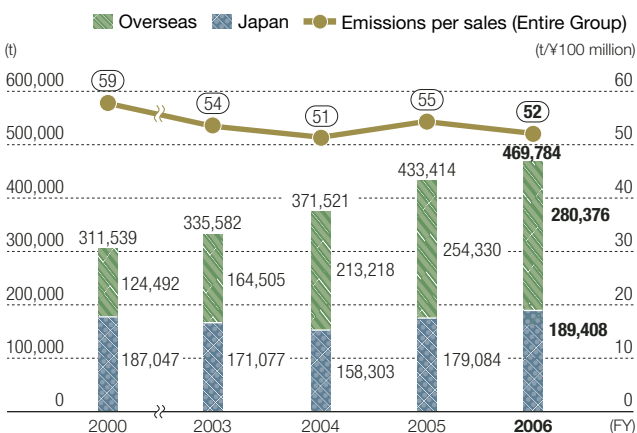
### Daikin Achieves 2010 Targets for CO<sub>2</sub> Emissions Per Sales

The Daikin Group does all it can to reduce CO<sub>2</sub> emissions. We set a goal of reducing FY2010 CO<sub>2</sub> emissions (per sales) by 15% compared to FY2000 in Japan and by 10% compared to FY2005 overseas. To this end, we are reducing energy consumption and switching to energy sources that emit less CO<sub>2</sub>.

In FY2006, we managed to reduce CO<sub>2</sub> emissions per sales compared to FY2000 by 17% in Japan and by 14% compared to FY2005 overseas, thus meeting FY2010 targets ahead of schedule.

But while we have been reducing emissions per sales,

### Total CO<sub>2</sub> emissions, CO<sub>2</sub> emissions per sales



total CO<sub>2</sub> emissions have been increasing as a result of the growing scale of our business. Total CO<sub>2</sub> emissions in FY2006 were up by 51% compared to FY2000. CO<sub>2</sub> emissions are expected to increase, especially with business expansion overseas. A major task for Daikin will be to keep this increase to a minimum. In order to cope with this, we will continue to introduce the latest energy-efficient technologies into our overseas plants in order to keep energy use to a minimum.

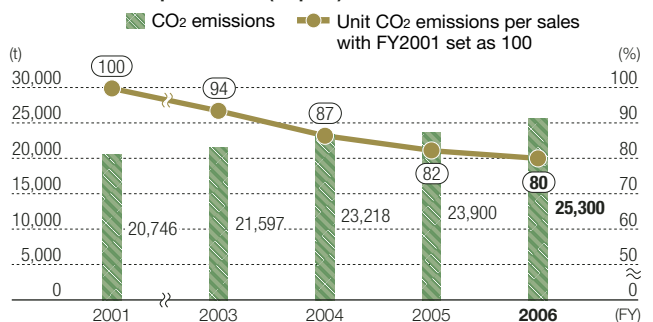
## Reducing CO<sub>2</sub> Emissions During Transportation

### 2% Reduction Per Sales Against FY2005

To reach our goal of reducing CO<sub>2</sub> emissions from transportation at least 10% by 2010 compared to FY2005 (per sales), Daikin Industries has been switching to different forms of transportation and improving transportation efficiency.

As a result of efforts like switching from trucks to railway and ferry for long-distance transport and reducing the amount of packaging materials so as to transport more items per load, in FY2006 we reduced CO<sub>2</sub> emissions from transportation by 2% compared to FY2005.

### Reduction of CO<sub>2</sub> emissions from transportation, CO<sub>2</sub> emission per sales (Japan)



### Terminology

#### Kyoto Protocol

An international agreement under which developed countries are obligated to reduce overall greenhouse gases by at least 5% compared to 1990 between 2008 and 2012. Major developed countries are obligated to reduce greenhouse gas emissions: Japan by 6% and the EU by 8%. Greenhouse gases designated by the Kyoto Protocol are CO<sub>2</sub>, methane, N<sub>2</sub>O, HFC, PFC, and SF<sub>6</sub>. Because of the difficulty for Japan of achieving this target, the country plans to revise its plans for greenhouse gas emissions during 2007.

#### CO<sub>2</sub> emissions per sales

The amount of CO<sub>2</sub> emitted per net sales. The lower this figure, the less CO<sub>2</sub> a company emits per unit of production, and thus the more efficiently that company can make products.

#### Switching to different forms of transportation

Using forms of transportation with relatively low environmental impact. For example, switching from trucks to railway or shipping-modes of transport which can handle far larger amounts of cargo-reduces energy consumption and CO<sub>2</sub> and NO<sub>x</sub> emissions.