

## Responsibility to Customers

### Quality Improvement and Safety Measures in Fluorochemical Products

#### Global Quality Management

As in our air-conditioning divisions, the Chemicals Division, which produces and sells fluorochemical materials, conducts all quality control in accordance with ISO 9001 standards. To provide highly reliable products that meet customer wishes, we do five things: Focus on the customer, continuously improve quality, establish and strive to achieve quality targets, improve employee competence, and abide by laws and corporate ethics.

Our annual slogan was "Expand worldwide with products that beat the competition." Based on this, we strove to eliminate contamination in products and customer complaints. Many of Daikin's fluorochemical products are used as raw materials and material that determine the quality of products made by worldwide automotive, semiconductor, and electrical machinery manufacturers, so we must have a system that ensures we can provide products of trusted quality anywhere in the world. In FY2007, we stepped up the sharing and effective use of information on quality management among production bases in the US, Europe and China, including Daikin America, our largest overseas production base.

#### Ensuring Safety When Customers Handle Fluorochemicals

The Chemicals Division produces fluorochemical materials, and particular care must be taken in handling hydrofluoric acid and processing and molding fluoropolymer. That is why we feel it is our responsibility to provide customers with the necessary information that will allow them to have a proper, safe environment for the processing of these fluorochemicals.

Products from our Chemicals Division come with documentation covering all necessary safety items, including an MSDS\*<sup>1</sup>, delivery spec sheet, and product labeling. In FY2006, we revised our in-house standards for notation for product safety information. This is because the Industrial Safety and Health Law revised the labeling methods to comply with the GHS (Globally Harmonized System of Classification and Labeling of Chemicals)\*<sup>2</sup>, which is scheduled to go into effect worldwide in 2008. We thus changed the labeling of products covered by this. Because simply touching hydrofluoric acid is dangerous, we do more than just label it. Once or twice a year we hold workshops on how to handle hydrofluoric acid.

\*1 MSDS (Material safety data sheet): Included with shipments of chemical substances or products, these documents contain information for customers on safe use and handling.

\*2 GHS: The Globally Harmonized System (GHS) for the classification and labeling of hazardous chemicals is a system for classifying and labeling hazardous chemicals for instant recognition, and for providing safety data sheets. It was adopted by the United Nations in 2003 and is scheduled to go into effect worldwide in 2008 (went into effect in 2006 in the Asia-Pacific).

### Protecting Customer Information

#### Drive Home Rules through Employee Education

The Daikin Group receives personal information on customers in various situations, such as through repair requests and product inquiries. Because we consider the protection of this information an important part of our social responsibility, in 2005 we established our Protection of Personal Information Rules, under which we have information managers in various divisions and group companies lead efforts to properly manage and protect personal information. We have also begun encryption of information on computers and other storage media taken outside the company, as well as password protection of in-house computers.

In FY2006, we gave employees special tools to ensure that they erase all data on computers that will be discarded. We also have employees encrypt all email attachments to ensure no data leaks. In March 2007, however, we lost an external hard disk containing customer information, so we honestly cannot yet say that we are preventing all data leaks. We will therefore continue to educate employees in order to drive home the importance of our data security rules.

#### External Hard Disk Containing Customer Information Lost

In March 2007, a Daikin Industries employee lost an external hard disk containing personal information on 895 customers who had requested air-conditioner repairs. According to Daikin's in-house rules, employees need the permission of a superior before taking such data outside the company, and it must be on an encrypted PC or USB flash memory stick. In this case, however, the data was not encrypted. We fully realize that this was a grave error in managing data. We personally apologized to all the customers whose information was contained on the hard disk, and we set up a special call center to handle complaints.

To prevent this from happening again, we hold refresher courses on in-house security rules, and have created measures for thorough erasure of old personal data on customers.