

May 13, 2014

Start of “Forests for the Air” project

Social Contribution Celebrating the 90th Anniversary of Its Founding

As a social contribution commemorating the 90th anniversary of its founding, Daikin Industries, Ltd. is initiating “Forests for the Air” project in cooperation with Conservation International (hereinafter referred to as “CI”), an international nongovernmental organization, and the Shiretoko Nature Foundation (hereinafter referred to as the “Shiretoko Foundation”) to expand existing reforestation and forest conservation activities. Daikin has been involved in reforestation and forest conservation activities with CI in Indonesia since 2008 and with the Shiretoko Foundation on the Shiretoko Peninsula since 2011. On the occasion of its 90th anniversary, Daikin hopes to leverage the past success of its collaboration with these organizations and further expand activities worldwide.

This project is intended to provide conservation activities in seven locations*¹ linked to the future of air-nurturing forests, beginning with the world’s largest class of primeval forests. Taking note of the “Biodiversity Hotspots” *² and other critical forests of global importance for human well-being which CI considers to be important, Daikin selected six locations where CI has programs underway focusing on mitigating climate change and preserving natural resources, and another location where the Shiretoko Foundation is active. All are located in regions where Daikin has deep business ties. Daikin provides support that is unique to the circumstances of each region by working in close cooperation with NGOs producing beneficial results in countries around the world and in Japan and possessing the needed expertise.

Daikin has consistently aimed for both company growth and contribution to the environment and has actively worked to reduce CO₂ emissions. Within the increasingly expanding number of natural disasters and risks to food security caused by climate change and predictions for considerable impact to the human race, Daikin has been promoting in its business activities the mainstream use of inverter technology*³ and the new refrigerant HFC32 *⁴ to reduce emissions of CO₂, which is a leading cause of climate change.

However, in many developing countries, the large part of CO₂ emissions that had been stored in forests is being discharged into the atmosphere with the loss of forests. In this project, Daikin is working to curtail the loss of forests and reduce CO₂ emissions by protecting and nurturing the remaining primeval forests. This conservation of approximately 11 million hectares in seven locations worldwide contributes to the reduction of more than 7 million tons of CO₂ emissions*⁵.

In order to continually protect forests, support is essential from a comprehensive perspective that includes improving environmental awareness of the local residents living in the forests and establishing a local infrastructure. This project is not simply a matter of planting trees. Measures are also being implemented for sustainable agricultural support as a source of revenue that replaces activities leading to the destruction of the forests; environmental education for the local communities; management of illegal lumbering and poaching; and consensus building and training for all of these. Support is aimed at unifying the local residents and protecting the forests. In moving forward toward its 100th anniversary, Daikin hopes to preserve “forests that mitigate the impact of global warming” and “forests that nourish clean air” by a sustainable approach that is in step with the local residents and contributes to the global environment from both sides of business growth and contribution to society.

※1 Six locations in support of CI and one location in support of the Shiretoko Foundation for a total of seven locations

※2 “Biodiversity Hotspots” are the region with extremely rich biodiversity yet facing high risks for extinction of plant and animal life. Thirty five regions around the world have been identified as “Biodiversity Hotspots.” Many of the Hotspots are in developing countries.

※3 This technology constantly changes air conditioning capacity according to load in providing both comfort and energy savings.

※4 This is a refrigerant that has low environmental impact that excels in energy efficiency with one-third of the global warming potential (GWP) of conventional refrigerant (R410A).

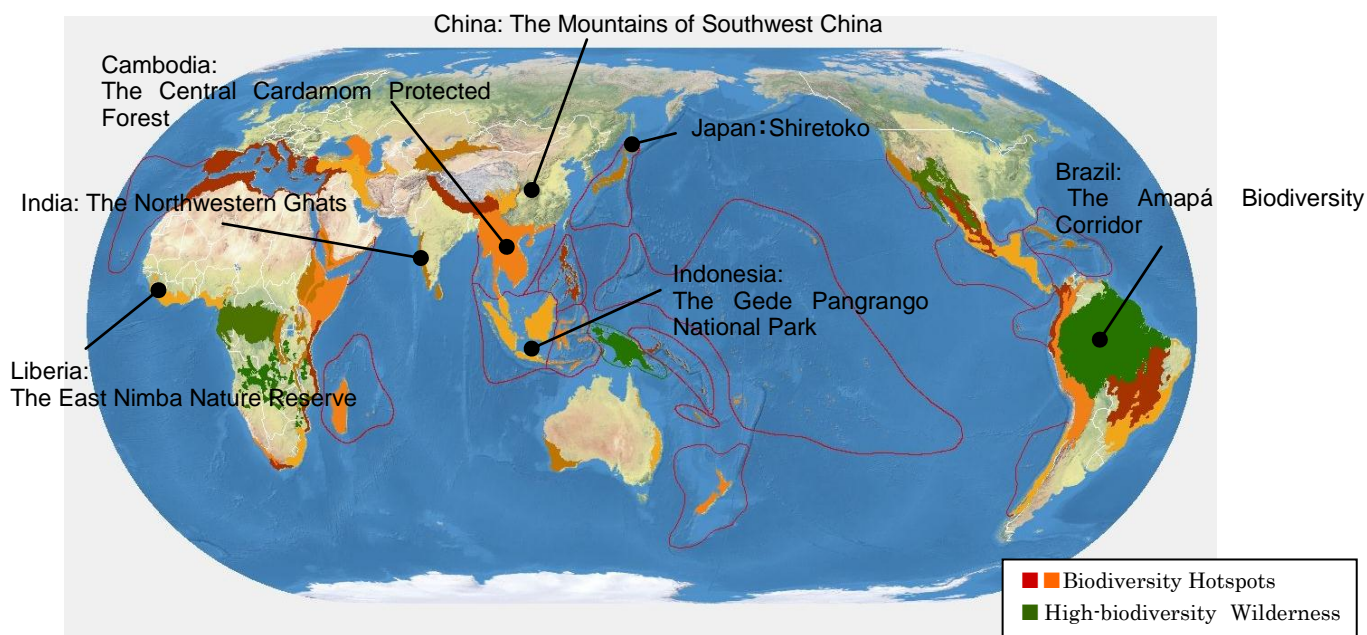
※5 This is the estimated reduction amount of emissions for a 10-year period extending to 2024 for the overall regions that this project is committed to helping protect.

«Project Summary»

【Name】 “Forests for the Air” project
【Period】 Ten-year period from June 2014 to May 2024
【Regions】 Brazil (The Amapá Biodiversity Corridor) , Liberia (The East Nimba Nature Reserve) ,China (The Mountains of Southwest China) , India (The Northwestern Ghats) , Cambodia (The Central Cardamom Protected Forest) , Indonesia (The Gede Pangrango National Park) , and Japan (Shiretoko)
【Amount of Support】 Approximately 500 million yen

«Reference Material»

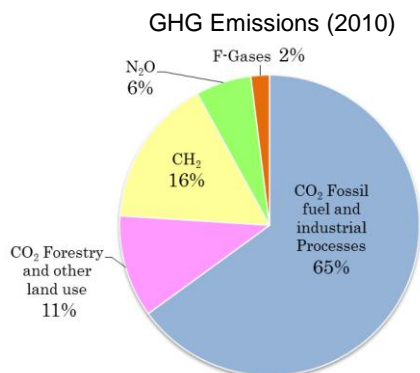
■ Concerning the Seven Locations of Support



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■ Recent Trends Surrounding Climate Change

- In the Working Group III Report of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) concerning climate change, loss of forests was attributed to approximately 11% of the emissions breakdown by gas (on a CO₂ conversion basis) that account for the total amount of anthropogenic greenhouse gases in the world.



(Source: IPCC Working Group III Report of the Fifth Assessment Report)

- In United Nations Framework Convention on Climate Change, negotiations are proceeding forward to incorporate mechanisms as “reducing emissions from deforestation and forest degradation in developing countries (REDD+)” into the framework from 2015, which promotes to protect the forests of developing countries.

■ Daikin's Forest Restoration Support Activities

- Indonesia Forest Restoration Project (Collaboration with CI: from 2008)

In the border surrounding the Gunung Gede Pangrango National Park, the devastated land is being rejuvenated and there is a project that forms a "green wall" to protect the reservoir areas and the habitat of the precious fauna and flora. Currently, approximately 120,000 native species of trees have been planted on 300 hectares of land, and comprehensive measures are being implemented that include planting and growing trees and agricultural products along with environmental education programs.

○ Conservation International (CI) is an international NGO, founded in 1987, with a staff of approximately 800 employees working over 30 countries and 1,000 partners worldwide. CI empowers societies to responsibly and sustainably care for nature focused primarily on developing countries.

◇ Japanese URL : <http://www.conservation.or.jp/> ◇ global URL : <http://www.conservation.org>

- Support for the project to protect the natural environment of Shiretoko (Collaboration with Shiretoko Foundation: from 2011)

Daikin supports the preservation of the natural environment of the Shiretoko Peninsula, which has been designated as a world natural heritage site. Work is being performed to restore the lakeside forests that are being devastated and to improve the river environments. Restoration of the lakeside forests and river environments help support protection of the rich ecosystem that interweaves between the rivers, ocean, and mountains.

○ Public Interest Incorporated Foundation Shiretoko Nature Foundation is a public interest incorporated foundation established in 1988. For over 20 years, it has performed such activities as environmental education and public awareness, wildlife study and management, and forest restoration. With total operating costs reaching 250 million yen annually, the foundation often works in close cooperation on commissioned projects with such government organizations as the Ministry of the Environment, the towns of Shari and Rausu, the Forestry Agency, and Hokkaido Government.

◇ URL : <http://www.shiretoko.or.jp>