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Introduction

Value with Air

Value with Air

Overview

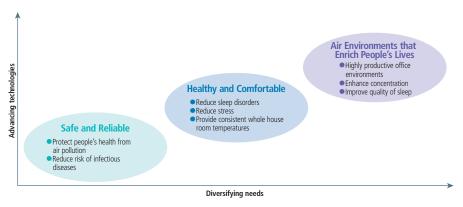
As a company that provides solutions with air, Daikin continues to pursue and create new values with air. In Daikin's long-term policy outlined in Environmental Vision 2050, we have indicated our determination to resolve social issues with products and solutions that utilize the strength of air, and are executing measures toward this end within the Fusion 2025 strategic management plan.

Contents

Daikin capitalizes on its technologies for controlling temperature, humidity, air purification, and air flow refined as a dedicated manufacturer of air conditioners to deliver safe, reliable, healthy and comfortable air environments to people around the world.

We are now pursuing greater value with air in all new arenas. We are also tackling the challenge of creating air environments that enrich people's lives and have a positive impact on physical and mental health or help to increase productivity.

Image: The power of air



Safe and Reliable Air

Ventilation and Air Purification

Since the outbreak of the COVID-19 pandemic in 2020, people have been looking for effective ventilation and air purification. In response, Daikin has been using its proprietary technologies to pursue even higher quality ventilation and air purification solutions.

Confirmed Streamer Technology Inactivates the COVID-19 Virus

In February 2022, Daikin, together with the Research Institute for Microbial Diseases, Osaka University, demonstrated* the ability of Daikin's streamer technology to inactivate variants of the novel coronavirus (SARS-CoV-2). Our streamer technology is an air purifying technology that decomposes harmful substances by oxidation with streamer discharge. The results showed that more than 99.9% of variants were inactivated with exposure for a certain period of time, in comparison to natural decay.

* The results reflect the test condition in which a streamer generator was used, and do not indicate effect of the actual machine or actual usage environment.

Launch of Four UV Streamer Air Purifiers

Since December 2021, Daikin sequentially released four commercial air purifiers equipped with its streamer technology and UVC LED, which eradiates deep ultraviolet, offering a high antiviral and antibacterial effect. These form part of our lineup suited to care facilities, hospitals, and restaurants.



UV Streamer Air Purifier Series

Streamer technology (available in Japanese only)

https://www.daikin.co.jp/air/technology/our-technology/streamer

□ Four new UV Streamer air purifiers launched (available in Japanese only) https://www.daikin.co.jp/press/2021/20211130

Feature

Formulated Reference Guidelines on Infectious Disease Control for Schools through **Industry-Academia Collaboration**

Contents

Introduction

Through industry-academic collaboration, in October 2021, Daikin formulated a reference quideline for school administrators that summarizes specific measures on how to prepare the indoor environment to reduce the risks of respiratory infections, such as COVID-19, based on technical experiments.

In school settings, not only is it difficult to ventilate air without ensuring the distance between bodies and compromising comfort, but regular disinfection work also requires time and effort. By providing practical and specific measures using the reference guidelines that can be implemented at an early stage and expand their implementation, we can expect to create a safer, secure, and more comfortable learning environment.

Saravia

Dehumidifying Outdoor Air Processing Ventilation System Optimized for ZEH

The Saravia energy efficient ventilation system offers excellent dehumidifying performance in living spaces that are subject to relatively high humidity, such as zero energy houses (ZEH) that are highly air tight and use dense insulation. Savaria combines a total heat exchanger and heat pump heat exchanger into the same unit to adjust the temperature and humidity of outside air before supplying it inside, which helps control changes in room temperature caused by dehumidification and ventilation. Because it dehumidifies air before supplying it indoors without relying on a room air conditioner, Saravia can also reduce energy consumption. As a result, Saravia can reduce electricity consumption used to ventilate and air condition an entire house by around 20% compared to using a conventional total heat exchanger.

Saravia received the MITI Minister's Award in the Product and Business Model Category at the FY2022 Energy Conservation Grand Prize.

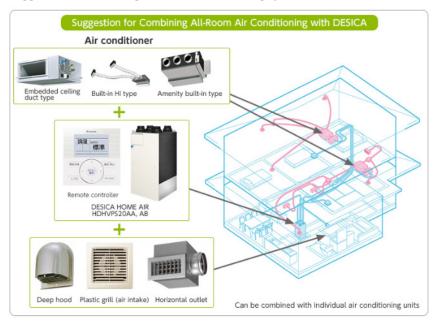


DESICA Series Highly Rated for both Commercial and Detached Home Use

Requiring no water drainage or supply pipes, commercial grade DESICA instead uses outside air to control humidity, either humidifying or dehumidifying. When combined with high sensible heat type multi-split type air conditioners, DESICA helps buildings attain ZEB status.

DESICA HOME AIR for detached homes, which controls humidity and ventilation throughout the entire house, provides high-quality air and energy efficiency. With an extensive lineup of air conditioners to choose from, DESICA maintains the best balance of temperature and humidity control in countless combinations.

Suggestion for Combining Central Air Conditioning System with DESICA



DESICA HOME AIR (available in Japanese only)

https://www.ac.daikin.co.jp/kanki_home/desica_home

Negative Pressure Unit Preventing the Spread of Infectious Diseases

A negative pressure unit creates a state called "negative pressure" where the air pressure is lower than the surrounding air pressure by controlling the airflow in a certain direction. Isolating infected persons in a space with negative pressure can prevent the spread of air mixed with viruses. In May 2020, Daikin launched two negative pressure units based on its proprietary HEPA filter technology to meet urgent needs on the frontline of medicine. Later, in response to the voices of healthcare professionals, we also released a collapsible negative pressure booth that can be assembled in a short period of time when needed



Collapsible negative pressure booth with aluminum frame

Controlling Air Pollution

Daikin has expanded its technology domain through a number of M&A deals in the filter business since 2007. We are now harnessing our powerful air filter technology in dust collection and air purification to improve indoor air environments. Additionally, we are helping to control air pollution with large dust collector systems that remove hazardous substances from airborne emissions of plants and power plants.



Application image of our large dust collector system

New Business Models

Introduction

Contents

Daikin strives to create and utilize new business models in order to resolve just about any issue related to air conditioning. We have commercialized air conditioning services without having to purchase or own for consumers to enjoy their desirable air environment.

Subscription-based Air Conditioning Business in Tanzania

Daikin has begun rolling out high efficiency air conditioners for small offices and stores as well as homes in Tanzania. In 2020, Daikin established a joint venture company called Baridi Baridi Inc. together with WASSHA Inc., an electricity service provider that uses IoT technology in regions of Africa without electricity. Baridi Baridi began selling subscription-based air conditioning using a mobile app in October 2021. As of March 31, 2023, the company had installed around 900 air conditioners.



Installing an outdoor unit on a house

New Value Creation: Delivering Healthy and Comfortable Air Environments and Spaces to Africa with Collaborative Innovation

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/feature2019/value-pdf

☐ Baridi Baridi Inc.

https://baridibaridi.com/en.html

AaaS, a One-Step Service for Air Conditioner Adoption and Operation Management

Daikin has developed a new PaaS* service called Air as a Service (AaaS) together with Mitsui & Co., Ltd. and began its operations in 2018. AaaS is a monthly subscriptionbased air conditioning service that eliminates the need to purchase air conditioners. Under this service, Daikin provides everything from air conditioner selection and installation to optimal operation, energy management and maintenance as a one-stop service. During the term of the contract, Daikin guarantees the stable operation of its air conditioners using preventive maintenance based on detection of breakdowns. There are no repair costs should a breakdown occur, and all statutory inspections are conducted by Daikin. AaaS can continuously lower a customer's overhead and workforce in terms of upfront installation cost of air conditioners, electricity consumption, and operations management. As of March 31, 2023, we had concluded over 40 contracts for this AaaS.

* PaaS: An acronym for Product as a Service. A type of service provided over the Internet.

Value Provided by AaaS

Delivering maximum comfort and peace of mind by minimizing electricity, labor, and other costs



New Value Creation: Providing Comfortable Air Environments
Using the Best Format Possible, from Goods to Services

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/feature2020/value-pdf

 \square Air as a Service (available in Japanese only)

https://airasaservice.com/

Introduction

Embracing the Challenge to Achieve Air Environments that **Enrich People's Lives**

Contents

Daikin pursues the possibilities of air. Our ideal air is something that promotes healthy minds and bodies, facilitates study and work, and creates smiles among families and friends. We will embrace the challenge to create new value with air that enriches people's quality of life with an eye toward the future.

Creating an Environment Conducive to Napping for Greater Vitality

To help stop low productivity caused by lack of sleep, Daikin is working to create an air environment that allows people to nap more effectively during the day. In collaboration with a laboratory at the University of Electro-Communications, we are conducting research on optimal heat control for daytime napping. After two years of verification, since 2022, we have been conducting demonstration experiments in an office setting with a view to practical application.

An increasing number of offices are encouraging napping for greater worker vitality. Daikin will continue helping workers to improve performance by expanding its lineup of products that improve the quality of sleep.

PNew Value Creation: Creating an Environment Conducive to Napping for Greater Vitality https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/feature2021/air-pdf

Oxygen Concentration Control Contributing to People's Health and Vitality

We are working to create various air environments utilizing our technologies that control oxygen concentration. Our goal is to provide the best possible air environment to suit people's mental and physical health and vitality. For example, this involves providing low oxygen spaces for people who are active and require short bursts of energy or high oxygen spaces to increase learning efficiency.

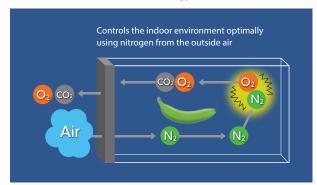
027 Feature Value with Air Making Exercise a Good Habit Using the Power of Air

Freezer and Refrigeration Technology Supporting the Distribution of **Fresh Food Products**

Daikin provides support to the world's food logistics with its refrigeration and freezing technology with a control range between minus 30°C and plus 30°C.

In addition to the detailed temperature control capability, we added a proprietary technology called Active CA to freezers and refrigerators for marine containers in 2015. The technology optimizes the amount of oxygen and carbon dioxide inside the container to suppress the air exchange of fresh produce and delay ripening. This contributes to reducing food loss during long periods of transportation.

Mechanism of Active CA Technology



I□ DAIKIN Active CA

https://www.ref.daikin.com/daikin-active-ca

Customer Satisfaction

Basic Policy

The Daikin Group Philosophy states that our mission is to identify and realize customers' future needs and dreams, even those that they themselves may not yet be aware of. By providing high quality products, materials, and service, as well as proactively proposing new solutions, we want to not only improve convenience and comfort for customers, but also increase the level of customer satisfaction

Expanding Our System for Customer Satisfaction

In order to meet diverse customer needs and create new value that contributes to society, it is important that Daikin first build up its technological superiority by leading further advanced technologies: inverters, heat pumps, and fluorochemicals. It is also important to combine stateof-the-art technologies from around the world—such as information-communication, sensors, materials, processing, and air quality improvement technology—with Daikin technologies to come out with products and services that provide new value to customers.

Given this belief, Daikin established the Technology and Innovation Center (TIC) as a hub for creating new value in November 2015. Starting with the TIC and R&D centers in China, Europe and North America, we have established development bases in 34 locations and six regions around the world. We strive to understand the culture and values of each region and accurately and promptly assess the needs of each region and apply that knowledge to product development.

Daikin has over 110 manufacturing bases around the world and business operations in over 170 countries. We manufacture and provide stable supplies of products according to local needs in the most suitable locations closest to customers.

Moreover, we also develop human resources who will play a leading role in creating innovation. In December 2017, the Daikin Information and Communications Technology College (DICT) was opened within TIC in order to continuously develop human resources capable of technical and business development using Al.

Global Manufacturing/Development Bases

Manufacturing bases

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R&D Bases

(March 2023)

Introduction

029 Feature Human Resources Accelerating Our Business Transformation through the Development of Human Resources in DX

See below for the Technology and Innovation Center (TIC) 097 Social Co-creation Approach and System

Increasing Satisfaction with Services

Building a Worldwide Customer Service System

At Daikin, we aim to increase customer satisfaction by continually enhancing the skills of our engineers and level of dedication.

For customers in Japan, the Daikin Contact Center is open 24 hours a day, every day of the year for general inquiries. We have also established a service structure overseas, including Contact Centers and our website and app so that customers can access the service they need according to the situation in their particular country or region based on Daikin's slogan of "speed, accuracy, and good manners."



Customer Service Center (China)

Understanding Service Satisfaction

At Daikin, we conduct a customer survey annually to assess the degree of service satisfaction. For example, we conduct questionnaires on our after-sales services in Japan. In fiscal 2022, we received the highest scores to date in the comprehensive satisfaction index (CSI). In addition, the number of service bases that exceeded the target CSI value of 4.40 in both commercial and household categories increased by seven compared to the previous year.

See below for customer satisfaction and overall satisfaction 154 Data ESG Data Social Customer Satisfaction

Feature

Training of Service Engineers

In addition to basic training on air conditioning service quality for service engineers, we conduct a variety of training and lectures for each management level and job description and provide education necessary for acquiring certification.

For example, we run Service University, which offers a four-year training program. Moreover, we conduct an evaluation examination for service engineers and have established a rule of not allowing engineers who have not met a certain level of technical capabilities to perform repair work unsupervised. We also strive to enhance the technical skills of service engineers in performing precise and reliable work onsite.

We have a system in place for recognizing high level skills among service engineers. In fiscal 2021, a new system was launched to quantitatively evaluate and certify service engineers based on an established KPI. So far, we have certified over 250 professional engineers using the new system. In addition, we also started to certify specialists in aiming to cultivate engineers who specialize in specific models.

Moreover, we launched the Daikin Service Technician Certification system overseas and implemented the certification examination in the Americas. Asia and Oceania in fiscal 2022. In the future, we will strive to visualize and enhance skill levels by expanding this system into other regions. Also, we have built out a foundation for dispatching service experts from Japan to each overseas location to foster key leaders and promote continuous development and coaching of human resources within each country.

Case Study: Daikin Service Olympics and Service Awards

Since organizing the first Service Olympics in 2016, Daikin has held contests in each region around the world where service engineers compete with regard to their skills. The second Service Olympics is scheduled to be held in fiscal 2024. Also, at service bases across Japan, teams are created that compete against each other in the annual Service Awards tournament. There, teams are quantitatively judged and awarded for their level of service in areas such as speed, accuracy, and good manners.

Educational Programs to Improve Installation Quality

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In order to enhance the quality of installation work and service techniques of Daikin engineers as well as dealers, Daikin has set up seven training centers around Japan to conduct training related to installation and service skills. In fiscal 2021, we newly established Training Plaza Saitama, and began teaching the fundamentals and installation best practices while encouraging more participants to attend from areas with growing demand for cooling and heating air conditioning, including the Saitama and Kanagawa areas.

As for our training system, we have developed a total of 74 courses, including step-up training, certification acquisition and qualification examination preparatory courses. We are now looking to gradually expand the system. In fiscal 2022, we placed an emphasis on the development of training curriculum to promote human resources who will lead the expansion of sales of ECOCUTE in aiming to realize carbon neutrality.



Skills training for distributors

Training Lab as a Development Base for Incorporating **DX into Training**

In fiscal 2022, we established the Training Lab in Daikin's Rinkai Factory as a hub for developing new training methods that feature DX. The Lab is dedicated to developing training programs that can be implemented regardless of time or location by using DX technology. Some examples include online lectures on installation work and training facilities that enable verification of remote operation of equipment.

Understanding and Reflecting Customer Needs

Stepping Up Worldwide Marketing Research

Daikin conducts surveys on the latest trends in each of its development bases worldwide. We also focus on understanding regional characteristics including climate. For example, we have set up field equipment to collect data on cold climates at the Asahikawa Lab. In addition, we are also working with local venture companies and start-ups through the Open Innovation Lab in Silicon Valley and Shenzhen to explore new businesses and technologies. We also collaborate with a number of universities in Japan.

Moreover, we are putting efforts into collection of data and assessing and understanding the needs of each and every customer through communication. This includes in-person discussions in showrooms and online feedback. as well as continuous implementation of questionnaires to receive feedback on our products.



Feature of Fiscal 2018: Customer Satisfaction—Global Product Development Structure to Quickly Address Various Regional

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/ feature2018/cs-pdf

Daikin Solutions Plaza Interactive Showroom

To anticipate future customer desires, we believe it is essential that product designers and engineers deepen direct communications with customers. At our Solutions Plaza facilities located in Tokyo, Osaka, Shanghai, New York, and Istanbul, we consult with customers while they are browsing actual products and energy management systems.

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Virtual Fuha Online Showroom

Since 2020, Daikin operates the virtual showroom fuha on its website offering informative videos on the concerns customers may have or products of interest, as well as direct chat with dedicated staff through Online AC Consultation. In addition, our initiative for customers to experience fuha up-close, such as Online LIVE Tour that allows customers to see products online, have become well established.

Going forward, we will continue to make more new proposals for Daikin's customers.



Daikin Solutions Plaza Fuha Osaka

fuha, Daikin's hands-on showrooms (available in Japanese only) https://www.ac.daikin.co.jp/fuha

Survey Results Go Toward Improving Products and Services

Each division collects customers' opinions on Daikin products through an online questionnaire. Questionnaires are also conducted on CLUB DAIKIN, the Daikin membership site for customers with our products, which boasts 750,000 members.

Gathering Customer Feedback for Use in **Products Development**

Product case study: risora

In response to requests for stylish air conditioners from customers who "want to remodel their home to become more fashionable but don't know what to about the air conditioner," in fiscal 2017, risora was developed to offer designs that pursue harmony with interior design. With a body of only 185 mm in thickness, this model is equipped with a long list of features. In fiscal 2018, we added the option of customizable coatings of the front panel from a selection of 600 colors. In March 2023, we launched a new model featuring a replaceable front panel that can be changed by the customer directly.



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risora, which balances design and functionality

Universal Design in **Product Development**

Developing Products That Anyone Can Use Easily

Daikin incorporates universal design into product development to enable the operation of products with ease by as many people as possible. Daikin Industries, Ltd. constantly strives to ensure that universal design takes into account the needs of users by developing products with the realization that universal design and monozukuri are one and the same

Chemicals Divisions Initiatives

The chemicals divisions have identified "improvement of quality," "stable supply," "communication," "response to needs (development of new products)," and "environmental consciousness" as the main points to increase customer satisfaction, and aim to gain greater trust and satisfaction from customers by continually assessing information regarding the level of customer satisfaction and making improvements accordingly.

Product Study Sessions and Various Exchange Gatherings

While fluorochemical products are highly advanced and highly functional materials, molding/processing them can sometimes require specialized methods. We not only visit our customers to provide information on our products, but we also regularly conduct production information sessions, technical seminars, and product seminars, titled "the Fluorine Classroom," to explain about processing methods using our in-house equipment. Moreover, we have opened a showroom in Shenzhen China at the DAIKIN Dream Gallery to showcase not only products but also demonstrate their functions.

Sharing Broad Knowledge about Product Features and Their Target Fields, Etc.

The sales representatives of the chemicals divisions need to listen to researchers and product developers, who are Daikin customers, about the product functions they seek and offer them the ideal products for their needs. In order to optimize product functions in accordance with the circumstances of these customers, it is essential to have diverse knowledge of such things as processing methods, amount of additives, and temperatures.

For this purpose, once a month the chemicals divisions hold meetings that integrate business, research, and manufacturing, and training sessions. The goal is to share not only business information, but also knowledge regarding products, related laws and patent information. By giving concrete examples of product applications and use, as well as relaying customer needs, these meetings aid in the development of new products and applications. They also give sales staff a deeper understanding of product features so that they can provide customers with new solutions.

Fluorochemicals website (available in Japanese only) https://www.daikinchemicals.com/jp.html

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Product Quality and Safety

Basic Policy

Providing Safe, High-Quality Products and Services

With this in mind, Daikin strives to stay ahead of customer needs by providing high-quality products and services based on its corporate policies of "Absolute Credibility," "Enterprising Management," and "Harmonious Personal Relations."

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Introduction

With a quality management system in place, we ensure that our products are of the highest levels of safety and quality in all processes: from design and manufacture to sales and after-sales service

Product Quality Management Structure

Thorough Management in Development, Procurement, and Production

All major manufacturing bases in Daikin have obtained ISO 9001 certification and have quality management systems conforming to this international standard. Company divisions maintain high levels of product quality and ensure proper management of each department, such as development, procurement, and production. We are also improving quality at our contract manufacturers.

In all aspects of the quality management system, each division continuously carries out internal audits, assesses the operational system, and conducts the PDCA cycle's do, check, and act steps. Furthermore, every year each division sets key quality measures and targets based on the Group's new year policy and then plans and executes a fiscal year plan based on these measures and targets. Our efforts to improve design specifications and mitigate malfunctions have led to cost savings.

Initiatives by Each Division

Feature

Quality Program

The air
conditioning
divisions

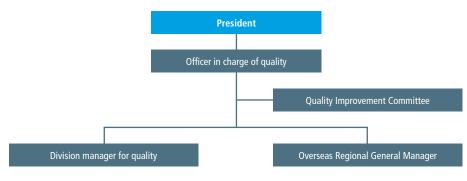
With the goal of establishing a Daikin quality that meets customer expectations, the air conditioning divisions strive to take the following initiatives:

- Improve simulation technology and revise design criteria through advanced operating data collection on the market
- Accelerate the speed of market information analysis by utilizing AI
- Implement measures to eliminate lot defects caused by equipment
- Conduct measures to prevent outflow of defects due to human error
- Enhance the quality of purchased products through co-creation with suppliers

The chemicals divisions

In the chemicals divisions, we are working to further improve quality and ensure stable supply to meet customer satisfaction. In order to eliminate waste due to quality defects, we are strengthening the verification of settings and management of conditions for making quality products in the manufacturing process. These efforts will drive an awareness toward improving overall quality and ensure dependable quality that helps retain customers even when demand is low.

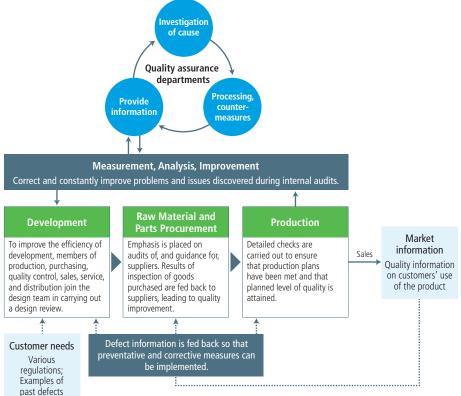
- 1. Improve product appeal: Accurately assess customer needs, study the difference in quality compared to competitors' products, and implement quality improvement.
- 2. Achieve zero defects: Eliminate and provide training on defects resulting from operation and equipment (enhance management procedures on equipment, including work environment by stepping up workers' ability to identify risks), and implement defect elimination with early intervention based on trend management.
- 3. Strengthen quality process: Ongoing implementation of initiatives aimed at both increasing productivity and enhancing quality globally.



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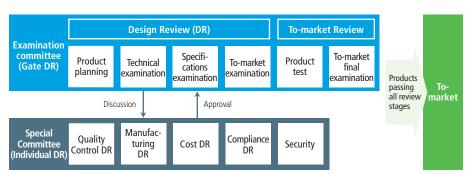
Improving Quality

Only Those Products That Pass Our Strict Design Review for Product Safety Are Manufactured

The air conditioning divisions have reformed their development process with a stricter, more segmented design review* under which the personnel in charge of the development divisions inspect the proposed products for conformity to Daikin standards using the five criteria of an individual design review (DR): product quality, monozukuri (the art of manufacturing), costeffectiveness, compliance, and security. The item of security was newly added in fiscal 2020 in response to the heightened information security risks for our company's products.

* Design review: A system of coordinated activities covering design quality of products under development and the various processes involved in bringing these products to fruition. The products in question are objectively assessed and improvement suggestions are made, and only those products that pass each stage can move onto the next.

Development Process Raises Quality (Air Conditioning Divisions)



In the chemicals divisions, we have been conducting reviews based on a four-level management system consisting of development theme verification, technology establishment, business-viability establishment, and mass-productivity. We inspect designs from multiple aspects, including technical verification, quality, monozukuri, cost, legal regulations, safety, and environmental compliance. We meet with the production teams relevant to manufacturing, quality assurance and materials as to whether a product meets the passing criteria for each gate to proactively address issues in aiming for development without backtracking.

Tracking Customer Information and Product Information

We have two systems for gathering information—on customers and products—from markets around the world. The information is used to solve problems at each base and thus create better products.

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Introduction

System for Sharing Information to Solve Problems



Establishing Protocol for Promptly Handling Product Accidents

Daikin products are designed based on quality standards and design standards that ensure that, even if users misuse machinery or use it beyond recommended limits, there is no danger for the users; and even if there is a product accident, the danger to the user is minimized.

In case of a product accident, we have systems in place that allow us to guickly relay the necessary information and handle the problem, and minimize the impact on the product users and the general public.

We strive to prevent major product accidents from occurring. When the cause of a minor product accident is discovered, we examine it to determine whether this could also lead to an accident. The information we gather is reflected into the development of future products.

In fiscal 2022, there were no cases of product recall.

Important Announcements (available in Japanese only)

https://www.daikin.co.jp/taisetsu?ID=daikintop

Working Closely with Suppliers

Feature

See below for our initiatives for raising product quality and ensuring safety together with suppliers

113 Social Supply Chain Management Working Closely with Suppliers

Policy on Product Safety

See below for our initiatives for our policy on product safety

178 Data Policies, Regulations and Guidelines Product Safety Voluntary Action Guidelines

Global Product Safety Standards

We have formulated our Global Product Safety Standards to ensure products are designed for the utmost safety by having standards common to all Daikin worldwide bases. The goal is to make sure that products can be operated safely and that damage is limited to the absolute minimum in case of a product accident—whether the customer is using the product correctly or incorrectly, and whether the customer can operate the product safety during an atypical usage situation.

These safety standards set common rules for the global Daikin Group regarding things like fire, electrical shock, and explosion, and stipulate two layers of safety in the design: design that will prevent accidents from occurring, and design that will minimize damage should an accident occur.

Efforts to Ensure Safety

Clear and Concise Product Use Instructions

The Consumer Product Safety Act obligates companies to design products for safety and provide consumers with information and warnings so that household product accidents can be avoided.

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Introduction

Based on the failsafe philosophy, Daikin's system of checks ensures that customer safety is the top priority in design and that design review (DR) leads to safe products.

Our website also provides consumers with information including the model number and production year of products already on the market. We abide by the Ministerial Ordinance of Technical Standards for the Electrical Appliance and Material Safety Law by placing labels on our residential air conditioners and ventilation fans (which are covered by this law) that state the duration of product use.

Optimizing information tool

Daikin strives to provide customers with accurate, easy-to-understand operating instructions so that they can use our products safely.

We conduct labeling of the product itself, user manuals, installation manuals, and packaging materials in compliance with industry guidelines, such as the Guidelines for Labeling Household Products for Safe Use (5th edition), published by the Association for Electric Home Appliances, and the Revisions Labeling Procedures, published by the Japan Refrigeration and Air Conditioning Industry Association.

When we make product user manuals, we make sure they are readable, easy to understand, and easily searchable. This ensures that customers can use products with peace of mind. We work with our design, quality control, service, and sales departments to improve areas of customer confusion in order to make manuals with which customers can get the answers they need quickly. For example, we have created a video page on the support site and published the WEB Video Manual for users to fix issues on their own when they cannot determine whether the system's operation status is normal or abnormal based on the user's manual alone.

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Human Resources

Fostering Human Resources

Basic Policy

Daikin conducts fundamental human resources development based on on-the-job training,* following its belief that people grow through work experience and the cumulative growth of all group members serves as the foundation for the group's development, as one of the principles of Our Group Philosophy. In addition, Daikin implements many training programs with consideration for the company's strategy and business direction as well as the change of times, including internal lectures that foster technical development personnel in the field of Al, and oversea base practical training for fostering young, globally-minded employees.

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Introduction

Moreover, in order to foster as many global business leaders as possible who will support the growth and development of the Group, Daikin will strengthen measures to develop managerial executives and next-generation leaders in each region and base to further refine the training of executives and leaders.

* Employees learn and acquire the general knowledge, technical knowledge, skills, and commitment required of their positions while performing their jobs.

Education Measures

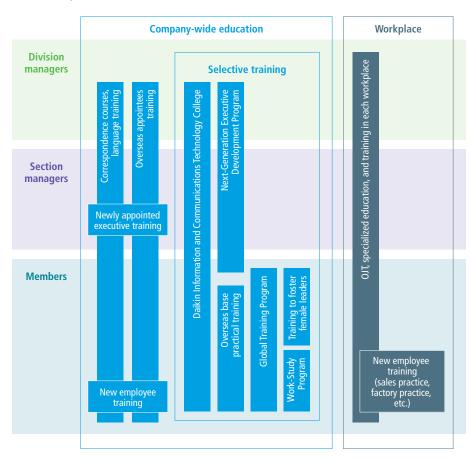
Raising up Personnel to Implement Our Group Philosophy

With the Group's growing global business expansion and demand for response to change, Daikin is cultivating human resources who will understand and practice Daikin Group's philosophy, while possessing the management skills to guide employees with a diverse range of values in a common direction and ability to look to the future in posing their own questions.

Accordingly, Daikin is enhancing training opportunities at Daikin Ales Aoya Global Training Center and Eau de Ciel Tateshina Seminar House, which include managerial training and skills and technical training.

In addition, we continue to boost human resources, such as by boosting global recruitment, increasing the number of inter-regional and international deployments, and creating competitive assessment and reward systems, and facilitate mutual communications between divisions and bases

Education System



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Training name	Purpose	FY2022 results
New Employee Training	To learn "Basics for Members of the Society," "Daikin's Business," and "Practical Skills and Mindset for Work." To gain understanding of what is an ideal employee and people-centered management, and to consider what is required of an employee to advance themselves as their role changes from a student to a member of the society, and connect to their resolution and goal for the next chapter. Period: One and a half months following the welcome ceremony (This includes five nights and six days at the Daikin Ales Aoya Global Training Center in Tottori) [Purpose of the Technology and Innovation Center (TIC) Training] • To understand Daikin's approach to human resources. • To instill a sense of value and spiritual fuel that foster a robust professional and personal life.	To effectively implement measures to prevent the spread of COVID-19 and deliver input lectures including organizational instruction, we conducted the training through a combination of at-home and online seminars utilizing IT tools. In addition, we conducted training on the new topics of global mindset, resiliency, and digital transformation in order to promote active participation in global business. (Target: 289 new graduates) While we had previously hosted six-day, five-night overnight training camps at the Daikin Ales Aoya Global Training Center in Tottori prior to the COVID-19 pandemic (2021 and prior), this was suspended and replaced with the three-day day camp at the Technology and Innovation Center. The training targeted 328 employees (289 new graduates and 39 mid-career hires), with 136 existing employees representing each department across the company also participating. The program emphasized promoting understanding of what an ideal employee looks like as well as people-centered management through discussions.
Overseas Base Practical Training	To foster internationally minded employees who can lead our global business in future, we send young employees to work at overseas bases. Unlike other Daikin employees working overseas, these people take on practical work projects as they cooperate with local dealers, suppliers, business partners, and universities, striving to think outside the box, take on new challenges, and improve their abilities to communicate within foreign cultures. Period: Between one and two years at overseas bases	Fiscal 2022 result: 32 employees Total number of employees dispatched since fiscal 1999: 411 employees
Global Training Program for Overseas Personnel	We have held the Global Training Program in Japan to train young employees from Daikin overseas bases. Through training, participants deepen their understanding in areas such as Daikin technologies, quality, and production technologies, so that they can lead Daikin's worldwide efforts at their respective overseas bases.	A cumulative total of 34 trainees have taken this training between fiscal 2015 and 2022.
Work-Study Programs in Japan	Daikin sends young employees to universities in Japan in order to improve their technological skills, acquire MBAs, widen their perspective, and build human resource networks.	Five Daikin employees were sent to study at Toyota Technological Institute, and one employee was sent to the MBA program at International University of Japan.

Training Next-Generation Executives and Leaders

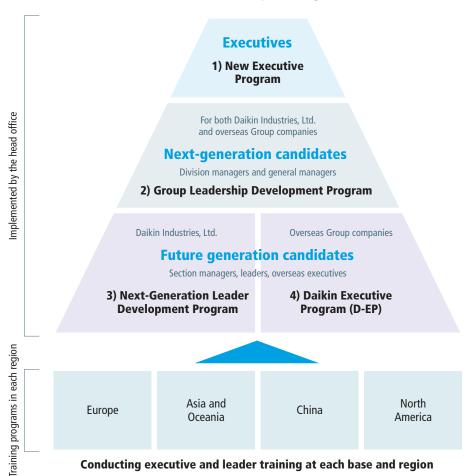
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Training by the Entire Group

The entire Group is training executives and business leaders who will shoulder the responsibility of future growth and development. Target trainees are divided into three classes: director class, division manager/general manager class, and section manager/leader class, and provided with a specialized training program.

Introduction

Overview of the Next-Generation Executive Development Program



Next-generation Leaders Candidate Development Program

Program name	Targets
1) New Executives Program	New executives
2) Group Leadership Development Program	Division managers and general managers (From Daikin Industries, Ltd. and overseas Group companies)
3) Next-generation Leaders Training	Section managers and leaders (From Daikin Industries, Ltd.)
4) Daikin Executive Program (D-EP)	Executives and managers at overseas bases (From overseas Group companies)

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In order to expand our business from the human resources perspective, we are also conducting executive and leadership training in each region and base. In fiscal 2022, we conducted the following initiatives in each location.

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Training Conducted in Fiscal 2022

Approach to development	Details
Cross-functional Training in Asia/Oceania	• The 6th Young Shining Star Academy (YSSA) This selective training fostering excellence among young employees which was suspended due to COVID-19, was resumed for the first time in three years. The first session (January 2022) and middle session (May) were held online. However, we were able to deliver the second session in-person in Bangkok. With the Senior Executive Officer in charge of the Global Operations Division, and General Manager of Human Resources also in attendance, the second session featured lectures and corporate philosophy and people-centered management. Participants of the Regional Engineer Development (R-ED) Program also attended the lecture given by the executive officer both in person and online. On the last day, each participant's direct supervisor also attended their individual presentations online. Overall, the training has combined the advantages of in person and online meetings.
	• The 2nd and 3rd Regional Engineer Development (R-ED) Program The final session of the second R-ED Program was conducted online (January). Unfortunately, the entire second program was held online this year. The third program kicked off in June, with the 1st (July) and 2nd sessions (August, September) held online. The 4th session (November) was conducted in-person at Daikin Industries, Ltd. The General Manager of Human Resources took the stage for the lecture on philosophy and people-centered management. We invited the MVP team from the second program to attend the 4th session and they joined us throughout the entire 3-day program. As experienced members, the MVP team provided advice on study themes. The final session was held in February 2023.
Early Development for Air Conditioning Divisions' Management Candidates in the Asia and Oceania Region	• Held the Advanced Leadership Program and Emerging Leaders Program In preparation for the relaunch of the R-DEP (selective training for management personnel) program after the COVID-19 pandemic, we are conducting human resource development in countries that showed interest in participating in R-DEP. The program was customized in each country based on the local President's prioritization. In 2022, the training was conducted over nine days in Thailand involving Daikin Industries (Thailand) Ltd., Daikin Compressor Industries Ltd., Siam Daikin Sales Co., Ltd., and Daikin Airconditioning (Thailand) Ltd., and over 11 days in Vietnam involving Daikin Airconditioning (Vietnam) Joint Stock Company. The program started in Indonesia in November at PT Daikin Airconditioning Indonesia.
Management Training Support	 Daikin Industries Czech Republic s.r.o. Management Dojo (November) Management Dojo was held for all managers up to the Deputy Manager level at Daikin Industries Czech Republic s.r.o. (6th round, 25 participants). It was the first time in three years that the program was held at an external facility as a group training over two days. The theme of the dojo was to enhance emotional resilience in leadership. Daikin Industries (Thailand) Ltd. Management Dojo (January, February) This is a continuation of the Management Dojo that was launched in fiscal 2021. This year, a total of 26 participants took part including assistant managers and managers. Daikin Airconditioning (Singapore) Pte. Ltd. Skills for Executive Program (March) This is a skills enhancement training targeting young employees under the level of assistant manager. This year, 24 participants took part in the program featuring the themes of persuasive business communication, presentation skill, and team building. Siam Daikin Sales Co., Ltd. Problem Solving Workshop (July, August) A total of 14 deputy managers participated in this workshop held to promote learning of problem-solving methods, address social issues with top management as a whole, and strive to deliver results.
Executive and Leadership Development Program in the United States	In the United States, we held the Unlimited Potential Program to foster executives and leaders among managers from multiple companies located in the country. The program involved three one-week sessions for 20 participants to consider leadership in the context of people-centered management, which was held over three rounds. Starting with round four, the training will be conducted concurrently for two different groups (total of 40 participants) every other week to foster more management personnel in accordance with the rate of business expansion.

Fostering Monozukuri Human Resources

Focus on Excellent Skilled Engineers Conveying Techniques to Overseas Bases and the Training of Advanced Skilled Engineers

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Daikin fosters human resources capable of passing on the skills that are the foundation of our monozukuri. Brazing, general lathing, sheet metal working, metal painting, arc welding, die making, finishing, milling, machine maintenance, and chemical plant operational strategic skills are the foundation of monozukuri. Even if production becomes automated, these skills must be passed down as competencies that can be carried out manually. This is because passing down these skills will foster a sense of passion and pride in skilled engineers' own work, and encourage them to take initiative in quality improvement, which leads to continuous quality improvement.

Daikin has established a company-wide Skill Succession Committee that takes the lead in fostering excellent skilled engineers or an advanced skilled engineer, both of whom possess advanced skills and knowledge and leadership abilities. Daikin has set a goal of having 1 in 4 employees working in production worldwide be an excellent skilled engineer or an advanced skilled engineer. In fiscal 2022, this rate was 1 in 3.2 at Daikin in Japan, and 1 in 11.0 at overseas bases. As our business expands globally, we are stepping up our worldwide training.

Furthermore, among the excellent skilled engineers or advanced skilled engineers, ones who particularly demonstrate skills or leadership capabilities are designated as "Takumi" or "Expert" depending on their skill level, while potential candidates are designated as "Trainer" to foster future Takumi and Experts both in Japan and overseas. As of the end of fiscal 2022, there were 46 Takumi and Experts.

System for Training Excellent Skilled Engineers



Skills Competitions and Skills Training Boost **Level of Production Workers**

Once every two years, the Global Skills Competition for Daikin's worldwide manufacturing bases is held with the aim of boosting the skill level of employees based on fundamental processes and practical theories in manufacturing and promoting universal quality. Participants in the competition battle to be the best in the world through written tests and simulators aimed at promptly responding to worksite accidents, and predictive modulation tasks involving actual machines. In fiscal 2022, the competition had 76 participants from 17 bases in 10 countries. In years when there are no skills competition held, we hold skills training sessions for future leaders, with Takumi, Experts, and Trainers as the instructors.



Skills Competitions

Experienced Workers Pass On Techniques and Skills

Since 1994, Daikin Industries, Ltd. has worked to boost the level of its manufacturing by having a Kaizen Team of experienced workers lead a 4 to 6-month training course for young employees in the manufacturing divisions.

Fostering Human Resources in the AI Field

Daikin Information and Communications Technology College

Daikin Information and Communications Technology College was established as an institute to foster human resources in the digital fields* to meet the rapidly changing structures of industry and society. The college invites professors from universities such as Osaka University and leading-edge research institutes to give a wide range of courses in everything from basics such as math to programming, machine learning, and applied AI. We are accelerating the pace at which we foster managers and existing and new employees and have reached the goal of completing digital training for 1,000 employees by the end of fiscal 2021, and have set the goal of doing the same for 1,500 employees by the end of fiscal 2023.

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By the end of fiscal 2022, approximately 400 new employees who have completed the two-year training were assigned to their respective divisions, and began undertaking jobs on the themes of creating new businesses and streamlining business processes using digital technology at the core.

Activity details

Name	Objective	Details
Fostering Digital Human Resources Among Newly Hired Employees	Fosters specialist human resources in digital solutions unique to Daikin who understand technology in air conditioning and chemicals, etc.	[First year] Al knowledge (using Al technologies from Osaka University), real data analysis using Al, IoT knowledge, business division knowledge and business model, etc. [Second year] Project-based learning (PBL using frontline data)
Al Technology Development	Fosters human resources who can externally outsource development using AI technologies and AI development	 Al knowledge (using Al technologies from Osaka University), Project-based learning (PBL using frontline data)
System Development	Fosters human resources who can externally outsource systems development and development of systems needed for introducing AI to existing systems	System development training (implementation, test method, system quality, test automation, operation method, etc.)
Al Utilization for Managers	Fostering managers and leaders that play the role in data utilization strategy	Al literacy and Al business knowledge training Training on PBL-themed proposal writing

© 029 Feature Human Resources Accelerating Our Business Transformation through the Development of Human Resources in DX

Human Resources: Daikin's Unique Approach to Developing Al and IoT Human Resources for Driving Innovation https://www.daikin.com/-/media/Project/Daikin/daikin.com/csr/new/pdf/feature2019/hr-pdf

Fostering Service Engineers

We Have Established an Essential Knowledge And Skills Training System for Improving Service Quality

At Daikin, we are conducting training of service engineers who are responsible for the maintenance of products. We conduct basic training on air conditioner service quality for service engineers, as well as various training and qualification acquisition training for each level and position type.

See below for more information on improvement of service satisfaction

072 Social Customer Satisfaction Customer
Satisfaction

Fostering Students in Science and Technology

Supporting Development and Employment of Science and Technology Students in Emerging Countries

Daikin is focused on development and employment assistance for science and technology students particularly in emerging countries in order to foster engineers critical to the spread of air conditioning around the world.

See below for more information on our education support overseas

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^{*} We aim to train innovators in digital technology and Al who are capable of putting their specialized knowledge into action as well as inspiring others around them to do the same.

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Human Resources

Workplace Diversity

Basic Policy

Daikin believes it is our people who make us competitive. A company can only grow stronger by having a diverse range of employees working within an organization that is conducive to mutual understanding of one another's distinct values and that allows everyone to shoot for a lofty goal.

The Daikin Group Human Rights Policy cites diversity and inclusion (respect for diversity and prohibition of discrimination and harassment) as one initiative for employees. Our Group Conduct Guidelines state that while respecting diverse values and approaches to work. we shall mutually accept our respective differences, act in harmony, gather the abilities we possess, and strive to be a Group in which each member expresses his or her ambitions and then takes bold actions with great passion and perseverance to realize those ambitions.

Based on this philosophy, we strive for diverse management in which we maximize the talents of all people, regardless of their nationalities, ages, genders, sexual orientation, gender identity, or disability. This goes for both periodically hired employees and career hires.

As we expand our business globally, the diversity of the Daikin's workforce has increased with every passing year. Our diversity management combines such diverse personnel and harnesses their individuality and strengths into the combined capabilities of the Group. We believe that the biggest strength of the Daikin Group lies in its more than 90,000 employees and business operations in 170 countries around the world.

Taikin Group Human Rights Policy

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/ social/humanrights policy-pdf

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

See below for number of employees (Daikin Industries, Ltd. only), employee make-up by region, number of employees by gender and employment rate of women

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Maximizing the Talents of Women

Daikin Industries, Ltd. considers diversity management as one of the pillars that supports management and is undertaking projects that are directly under top management since 2011 with a focus on promoting women's participation and advancement at work.

In our action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we established the following targets and expanded on efforts including reinvention of the thinking of managers and female employees, early cultivation of female leaders, support for early return from childcare leave, and encouragement of male employees to participate in childcare.

Action Plan to Promote Women's Advancement

- 1. Period: Fiscal 2021 to fiscal 2025 (Five years between April 1, 2021 to March 31, 2026)
- 2. Quantitative targets
- At least one female director from internal appointment by the end of fiscal 2025
- Minimum of 120 female managers by the end of fiscal 2025
- At least 90% consumption rate of childcare leave among both genders, and ensure male employees continue to take an average 10 days or more

We launched the Female Leader Development Program around 10 years ago to accelerate the development of women in leadership positions. In fiscal 2022, we further expanded this initiative, holding followup sessions for employees who previously completed the program and career design training sessions for young female employees. At the same time, we initiated dialogue opportunities and networking sessions for female employees at each of our business sites. To further speed up this development, division general managers and officers in charge compile plans for developing female candidates for executive and managerial positions and to provide coaching to these candidates.

As a diversity promotion project in collaboration with Osaka University, we have been conducting the "Innovative Women's Active Participation Program" for female employees in the skilled and technical areas since 2019 with the aim of cultivating more technical managers and leaders.

As a result of these efforts, the number of female managers was 95 (7.6%) as of April 2023, which marks an increase by about five times compared to 2011, when the efforts to promote women's participation were officially launched.

Furthermore, the ratio of female managers in main overseas business sites outside of Japan is over 20%.

Recruitment and Appointment of **Diverse Human Resources**

Promoting Local Employees to Managerial Positions at Overseas Bases, and to Officer Positions at Daikin Industries, Ltd.

As Daikin promotes globalized business management, we are promoting more employees at overseas bases to managerial positions.

As part of our efforts to develop executive managers, in addition to the Daikin Executive Program for management at our local bases around the world, we established the Group Leadership Development Program to develop management candidates within the Group both in Japan and overseas.

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At the same time, outstanding personnel hired at overseas bases are being chosen and trained for positions as officers at Daikin Industries, Ltd. (Group head office).

As of March 31, 2023, the ratio of local nationals serving as president or director of an overseas subsidiary stood at 44% and 45%, respectively, showing that we are making progress with the localization of our management resources.

Increasing Percentage of Female Employees

As of the end of March 2023, women accounted for 18% (1,601) of all employees of Daikin Industries, Ltd.

Starting in fiscal 2013, we began our proactive policy of hiring more women for all positions in technical, skilled, and clerical fields, and focused on hiring new graduates with the determination and drive for long-term careers. As a result, the percentage of women hired accounted for around 30% of all new graduates hired.

In fiscal 2015, we began collaborating with universities to hold lectures, round-table discussions, and factory tours, which helped female high school and university students who aspire to become engineers to think about their careers.

Additionally, we actively hire talent using midcareer recruitment and hiring, including for women in managerial positions.

See below for the number of hires and ratio of women (Daikin Industries, Ltd. only)

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Hiring Non-Japanese Nationals

As Daikin's business becomes increasingly globalized, Daikin Industries, Ltd. is aggressively hiring university graduates from a large number of countries. As of the end of March 2023, there were 94 foreign nationals working at Daikin Industries, Ltd.

In October 2018, we published a Japan Living Guide containing information to facilitate the start of their life and work in Japan for new hires and intern trainees of foreign nationality. In November 2018, we published a handbook for workplaces with foreign national employees to facilitate communication and provide hints about how to develop their careers. Also, we provide seminars, workshops, and Japanese lessons for foreign national employees.

In fiscal 2022, we held a seminar jointly with other companies for Japanese supervisors with foreign national team members. Participants learned about approaches to management for harnessing the strengths of foreign national employees with diverse backgrounds and getting the most out of their team members.

We will continuously implement various efforts, including following up individually with each foreign national employee.

Employment of People with Disabilities

In 1993, based on the Act on Employment Promotion etc. of Persons with Disabilities, Daikin Industries, Ltd. established Daikin Sunrise Settsu Co., Ltd. (DSS), a cooperative venture with the Osaka Prefecture and Settsu City governments. DSS strives to provide these people with an environment conducive to working so that they have the opportunity to make the most of their talents. For the Daikin Group in Japan, we have established a target to achieve an employment rate of persons with disabilities of 2.5%, which exceeds the legally stipulated ratio of 2.3%. As of the end of fiscal 2022, 2.69% of workers at the Daikin Group are disabled, a percentage above the legal requirement.

We also strive to hire persons with disabilities at Daikin Industries, Ltd. and Daikin Group companies. Group company Daikin Air-conditioning (Shanghai) Co., Ltd. is proactively hiring persons with disabilities. In December 2013, the company was recognized by the government as a national training base for persons with disabilities.



Daikin Sunrise Settsu Co., Ltd.

See below for the number of people with disabilities employed and employment rate (Group companies in Japan) 156 Data ESG Data Social Human Resources

Re-employment of Retired Employees

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Daikin Industries, Ltd. has been a pioneer in promoting the employment of seniors as it sees efforts to promote the active role of experienced workers as an important theme with the ongoing declining birthrate and aging population. We introduced the system for rehiring employees 60 years of age and older in 1991 which keeps those who desire to work until age 63. In 2001, the age limit of this program was further raised to 65 years old.

We once again amended the rehiring system in April 2021, which enables employees to continue working until age 70 if desired. While the revised Law Concerning Stabilization of Employment of Older Persons obliges companies to make an effort to employ workers up to age 70, we have taken a lead in the future obligation to ensure employment opportunities up to age 70. Furthermore, we have revised the conventional compensation scheme to reflect better allocation of wages and bonuses, as well as established four levels of evaluation rank resulting in our new evaluation system that can reward employees in detail according to their results.

We also focus on promoting the participation of experienced workers. In fiscal 2022, we conducted dialogue between re-employed workers and their superiors, discussions between managers of each department with the Human Resources department, seminars for managers and training and workshops for re-employed workers.

In addition, we also hire contract employees who are age 70 or above and possess highly specialized know-how, skills, expertise, network connection, and experience, and who carry on duties that are difficult to replace by others.

We recognize that as our business expands globally, we must take on challenges under many themes as a unity between young, mid-career, and highly experienced employees. Each year, we re-employ over 100 highly experienced workers and leverage their advanced skills and know-how through their active participation at our business sites in Japan and overseas.

We strive to continuously cultivate a company culture that enables employees to thrive regardless of their age and harness the skills of highly experienced employees more than ever before in order to improve the organization's performance.

See below for the number of re-employed workers and rate of reemployment (Daikin Industries, Ltd. only)

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Recognizing the LGBTQ+ Community

Daikin aims to create workplaces conducive to working for all employees, regardless of nationality and gender.

In 2018, Daikin Industries, Ltd. has clearly established definitions of human resource rules on marriage and gender to recognize things like common-law marriage (including same sex partners) and gender identity (what gender a person identifies himself or herself as). We are also promoting understanding of the LGBTQ+* community by holding training and releasing information via newsletters.

* LGBTQ+: An acronym describing the community of sexual minorities standing for lesbian (L), gay (G), bisexual (B), transgender (T), and queer or questioning. The plus indicates all others.

Efforts in the Hiring Process

Daikin's Group Conduct Guidelines states we shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. We are taking the same measures in our hiring process to respect each individual's diversity and prevent discrimination.

For example, Daikin Industries, Ltd. no longer requires job applicants to indicate gender and nationality nor include a portrait on the entry sheet and resume. In addition, we are conducting thorough education among employees involved in hiring to prevent discrimination.

Human Resources

Work-Life Balance

Basic Policy

Daikin Industries. Ltd. stresses a work life balance for employees. We have a range of systems and measures that allow us to make use of a diverse range of human resources. The company has established an action plan that is already underway for helping employees both men and women with children continue both work and home duties with peace of mind. We have been certified as a company complying with the Act on Advancement of Measures to Support Raising Next-Generation Children. We have put efforts into strengthening systems for both childcare leave and childcare support and encouraging male employees to take more childcare leave.

Helping Employees Match Work Schedule with Lifestyle

Employing Flexible Work Systems such as Flex Time and Discretionary Work System

Daikin Industries Ltd. has introduced a flex time system that allows employees greater flexibility in terms of work. We also have a discretionary work system that can be taken advantage of by not just the R&D department but also by employees in other company departments conducting duties such as planning, proposals, and surveys related to company operations.

Support for Childcare While Working

Introduction

Creating a Workplace Where Employees Can Balance Their Jobs and Childcare

Daikin Industries, Ltd. strives to create an environment where employees can continue their jobs even after having children. In 2014, we achieved the targets of our first action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. For this, the company was certified by the Osaka Labour Bureau (Ministry of Health, Labour, and Welfare).

Going forward, we will continue to help employees achieve an ideal balance of work and childcare while also using their skills to the fullest.



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Symbol Showing Certification as a Company Supporting Employees Childcare Efforts

Utilization of Childcare Leave

Daikin Industries Ltd. is expanding its support for employees to ensure that they can achieve work-life balance in terms of childcare and continue working even after giving birth and caring for a child or children. An increasing number of employees are utilizing these systems and measures with the help of their partners to achieve work-life balance. In fiscal 2022, the utilization number of childcare leave was 214 for women and 78 for men.

We support employees if they desire to return to work from childcare leave early, offering enhanced working formats and childcare support services so that these individuals can make a smooth transition back to work. As a result, the ratio of employees returning to work from childcare leave in less than one year has increased from 30% in 2011 to over 40% as of March 2023

We host the Seminar for Employees Returning from Childcare Leave for employees returning to work (both men and women), their partners who also works at Daikin but did not take childcare leave, and the supervisors of both. The seminar provides an opportunity for employees returning to work and their partners to think about their own situation of work-life balance and future career choices, while for supervisors, it offers an opportunity to rethink their management approach to employees returning to work from childcare leave.

See below for the number of employees taking childcare leave (Daikin Industries, Ltd. only)

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Workplace Environment Development at Daikin Industries, Ltd.

Creating a work environment that su	pports the bala	nce between life and career for both male and female employees	
Seminar for Employees Returning from Childcare Leave	Purpose	We have been conducting the seminar since 2012 to strengthen the measures that supports the continuation of an employee's career and not let childbirth or childcare end a 1. To share thoughts and know-how on how to build a career while supporting childcare at home, and to learn the positive impacts of childcare on one's career. 2. To dispel unconscious bias such as gender roles. 3. For supervisors to consider their management approach to bring out the potential of diverse human resources, and to cultivate a company culture that supports career advancement while providing childcare regardless of gender.	
	Details	The seminar includes a lecture and discussions on unconscious bias, employees sharing their experience of childcare leave, and efforts to reaffirm one's sense of value. This allows employees to think about their career from a long-term perspective and for supervisors to think about their management of employees with children. In fiscal 2022, we held the seminar online for around 200 participants.	
	Targets	Total of four For employees returning from childcare leave and their supervisors For partners of a returnee from childcare leave and their supervisors	
Creating an environment that encourages male employees to take childcare leave	Details	We publish and distribute the Handbook on Balancing Work and Childcare among male employees with a recently born child and their supervisors, which includes information for new fathers. To promote systematic utilization of childcare leave, we make announcements on the system and encourage conversations between supervisors and employees. The Human Resources Division also conducts regular check in with eligible employees on their plan to take the leave. We also host seminars jointly with other companies that encourage men to achieve work-life balance in terms of childcare.	
Supporting early return from childcare leave	Details	The following program was introduced for employees returning from long-term childcare leave whose child is less than 6 months of age. 1. Flexible workstyle to enable an easy transition that balances work with life • Shorter workday of 4 hours a day • Shorter flexible workday of 6 hours a day • Work-from-home for up to 4 times a week 2. Strengthen services to support parents of infants in balancing life and career • Expand the subsidy amount and list of support within the Childcare Support Cafeteria Program	
Other forms of support (lactation rooms)	Details	We have set up private lactation rooms inside the health care centers of each business site. At our head office building, we have a dedicated lactation room in the common area that is accessible to all lactating mothers.	
Supporting employees looking for da	ycare facilities		
Daycare facilities concierge service		This service provides comprehensive support from experts on search for daycare facilities, which includes information on how to conduct searches and details on daycare facilities, as well as getting advice from experts.	
Daycare and Childcare Leave Support Seminars		In addition to the daycare facilities concierge program, we began hosting seminars to share information on how to look for daycare facilities, know-how and examples of other employees. The aim of the seminar is to provide reference and address concerns on searches for daycare facilities to facilitate a smooth entrance for the children.	
Matching employees with company-owned daycares		In order to support employees in finding daycare for their children, we began matching services for employees with company-owned daycares. We list daycares that are owned by the company with openings on the website, and support employees with a smooth application to put their children into daycare facilities.	

Support for Family Care and other Employee Benefit Systems

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Introduction

Family Care Leave and Shortened Working Hours

Daikin Industries Ltd. has developed a number of family care programs to help employees achieve work-life balance when caring for a family member.

Under our family care leave system, eligible employees can take leave up to a maximum of 365 days, which can be taken continuously or broken up into numerous leave blocks, up to three times whenever that member's conditions become such as to require care.

In fiscal 2020, we updated our in-house programs following revisions to Japan's Child Care and Family Care Leave Act, enabling family care leave to be taken in hourly units.

With our system for adjustment of working hours for family care (under which employees can opt to work a staggered or flexible work schedule, or a shorter six-hours-perday schedule), for each family member who requires care, employees can break their use of this system into two or more times over a period of three years starting from initial use of this system. Under our short family care leave, employees can take leave in hourly units.

Other Employee Benefit Systems (some are abridged)

Pension	Defined contribution pension		
	Seniors' leaves system	The employee gets three days of paid leave between the month the employee turns 55 and retirement age.	
Paid leave	Participation in Japan Overseas Cooperation Volunteers	Employees may be allowed to take time off work for this.	
Others	Dormitories for single employees and company housing, recreation sites, home loan programs, property accumulation savings plans, and employee stock ownership plan, etc.		

See below for the number of employees taking family care leave (Daikin Industries, Ltd. only)

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Human Resources

Occupational Safety and Health

Basic Policy

Daikin is working to create safe workplaces having formulated the Daikin Group Human Rights Policy based on international rules and guidelines including the UN Guiding Principles on Business and Human rights and the ILO Declaration on Fundamental Principles and Rights at Work. The Daikin Group Conduct Guidelines, which clarify the desired actions to be taken by each and every one of the Group's officers and employees, state that we are constantly aware of and taking action on the safe operation of our workplaces. In compliance with international rules and the laws of each country on occupational health and safety, we strive to create a "zero accident" workplace where Daikin employees and subcontractor employees work safely, both for their own sake and to instill a feeling of safety in the minds of residents around our factories.

Taikin Group Human Rights Policy

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/social/humanrights_policy-pdf

Group Conduct Guidelines

9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of "Safety First" to ensure the safety of the workplace and further gain the trust of people in the regions we serve.

Occupational Safety and Health Management Structure

Officer in Charge of Safety Leads Safety and Accident-Prevention Efforts

Daikin aims to maintain "zero accident" workplaces at all manufacturing bases. An officer in charge of safety is appointed to drive these efforts and comprehensively promote the safe operation of production facilities throughout the Group.

Global safety and security meetings led by the officer in charge of safety are held twice a year. These meetings report on the occurrence of accidents in Japan and overseas, details of safety and security meetings held in each region, status of support provided to overseas bases with a high frequency of accidents, and the status of countermeasures against common issues globally. Discussions are also held on ways of further improving the level of safety.

Major safety issues or concerns are reported promptly to the officer in charge of safety when discovered, who then orders the department responsible for safety of the applicable base to rectify the situation and implement countermeasures. In turn, solutions are rolled out to the entire Group.

In Japan, Occupational Safety and Health Committees are established at each plant jointly involving labor and management to devise annual safety policies, formulate occupational safety and health plans and implement the PDCA cycle. The committees, which meet monthly, are comprised of the health and safety officer (head of each plant), safety manager, health manager, industrial physician, and representatives from the company and labor union, in accordance with laws and regulations.

Overseas, employees responsible for safety are appointed at each manufacturing base. Annual safety meetings are held in each region in an attempt to improve the level of safety measures.

Occupational Safety and Health Management Structure



To prevent the occurrence of occupational injuries, Daikin carries out safety countermeasures after each base conducts risk assessments and identifies facilities that pose a high risk of injury. When an injury occurs at a base either inside or outside of Japan, matters concerning the monthly occurrence, causes, and countermeasures are reported to the officer in charge of safety via the department responsible for safety at Daikin Industries, Ltd., pursuant to the Group's injury reporting guidelines. In turn, this information is reported to and shared with the global safety and security meeting two times per year.

For example, regarding accidents involving forklifts and onsite vehicles, which had seen a rising number of accidents globally over the past several years, details of these accidents and countermeasures were shared by each base at the global safety and security meeting, and now we are striving to prevent future accidents by installing safety equipment on forklifts at each base and increasing workers' safety awareness through training.

In addition, we are making efforts to prevent occupational injuries by providing protective equipment, translating procedures into local languages, conducting regular equipment maintenance and by making helmets mandatory at overseas bases and taking other measures irrespective of legal requirements in each country.

See below for our countermeasures against serious risks 132 Governance Risk Management

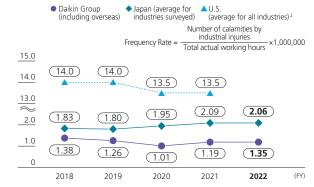
Targets and Results

Introduction

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Aiming for "zero accident" workplaces, Daikin utilizes a rate showing the frequency of occupational accidents resulting in lost work time as an indicator of operational safety. The frequency rate of occupational accidents for the entire Daikin Group in fiscal 2022 was 1.35.

Frequency Rate of Lost-Time Occupational Accidents¹ (Including Group companies in Japan and overseas)



- ¹ This shows the frequency of occupational accidents resulting in lost work time, expressed in number of casualties for every 1,000,000 working hours. Frequency rate = Number of fatalities/injuries caused by occupational accidents resulting in lost work time / Total actual working hours × 1.000.000
- ² Calculated based on information from U.S. Bureau of Labor Statistics (November

No data was released for the U.S. in fiscal 2022. (As of the end of June 2023)

Severity Rate* (Including Group companies in Japan and overseas)



* This shows the severity of the calamity, expressed in man-days lost per 1,000 hours worked

Severity rate = Total number of working days lost / Total actual working hours × 1,000

Occupational Safety and Health Management System

Daikin has manufacturing bases around the world and we ensure safe plant operation and worker safety through the creation of occupational safety and health management systems at each base.

Under this system, we use risk assessment to reduce and manage the risk of health and safety problems, we formulate, execute and monitor the progress of action plans, and we ensure that we are continuously in compliance with laws and regulations. In addition, every year, we conduct internal and external audits, along with education and safety patrols with the aim of achieving "zero accident" workplaces.

As of the end of fiscal 2022, 57 bases (approximately 50% of all manufacturing bases) had acquired certification related to ISO 45001 and other occupational safety and health management systems.

See below for the number of our bases that have obtained certification for their occupational health and safety management system

156 Data ESG Data Social Human Resources

Employee Education and Training

Daikin conducts a variety of education and training on occupational safety and health. This applies to everyone who works at Daikin, including employees (part-time employees and dispatched employees included), business partners, partner companies, and contractors.

Daikin Industries Ltd. places an important focus on hands-on training that simulates situations where certain actions or situations could invite danger. Using specially made devices and machines, employees take part in hands-on mock training in which they experience what it is like to be caught in or trapped by machinery in the equipment manufacturing industry, where such accidents are common; and where they see firsthand the danger of fire and pressure caused by chemical reactions common in

the chemicals manufacturing industry. We continue to hold training based on effective programs that combine with theoretical learning in the classroom. In fiscal 2022, more than 300 employees participated in hands-on training.

Introduction

At our overseas bases, we are improving technical proficiency levels through participation in training held in Japan and aim for zero occupational accidents by providing safety training and conducting safety patrols, among other initiatives. For example, at Daikin Fluorochemicals (China) Co., Ltd., 270 employees participated in safety training at the training and education center inside the company's plant. This center was certified as a "petrochemical industry safety education base" by the China Chemical Industry Federation, an important organization within China's petrochemical industry.

Additionally, every July (during which Japan's nationwide safety week takes place), the President and CEO disseminates a message to the entire Group on our priority initiatives for that particular fiscal year in order to foster greater awareness of safety. Every year, management, the safety officer and departments responsible for safety visit our bases in Japan and overseas to provide coaching in terms of safety assurance, while departments responsible for safety consolidate accident data monthly to share with persons in charge of safety at each business base in an effort to raise awareness of safety.



Hands-on training

Contents

See below for our efforts to ensure safety of our business partners on assembly lines

113 Social Supply Chain Management Working Closely with Suppliers

See below for our countermeasures and disaster prevention training in preparation for natural disasters

125 Social Communities Harmony with Communities

Employee Health Management and Mental Health Care

Supporting Employee Health through Checkups and Counseling

Daikin Industries, Ltd. strives to maintain employees' health by providing all employees with semi-annual health checkups, as well as semi-annual special checkups for those engaged in specialized work, as required by health and safety laws. In fiscal 2022, 99% of employees underwent checkups, with issues found in 76% of these checkups.

Employees who are found to have problems are put under the direct guidance of the company health clinic and are given thorough guidance in necessary measures to take. At such secondary checkups, employees are given personalized health guidance and advice on improving their habits that matches their individual lifestyles. Employees who require detailed examinations and treatment are sent monthly follow-up emails as part of our efforts to decrease the number of people not getting the care they need.

Employees working excessive hours are checked by an industrial physician, and if the employee needs special attention, he or she and his or her superior will receive guidance from the physician. At interviews with industrial physicians, employees are given not just health advice but also consultation regarding family life and other personal matters.

See below for the uptake rate and rate of issues found during health checkups (Daikin Industries, Ltd. only)

101156 Data ESG Data Social Human Resources

Feature

Infection Control for Employees

Daikin makes efforts in infection control that prioritizes the health and safety of employees and management of infection risks.

Daikin conducted regular disinfection and ensured thorough ventilation in offices in ensuring the health and safety of its employees and their families in response to the spread of COVID-19. At the same time, it strictly required employees to undergo temperature checks prior to entering the workplace, wear masks, avoid closed spaces, and practice hand-washing and hand sanitization with alcohol. In addition, Daikin utilized working from home, time-shifted commute and time-shifted work, and takes the utmost care when visiting clients for purposes of air conditioner repairs.

To date, we offered COVID-19 vaccinations at our five business bases across Japan in June 2021, March 2022, and November 2022. These vaccinations were provided to employees, their families, former employees, and business partners.

At overseas bases, Daikin took measures in line with the infection status and policies of each country and region with the preservation of health and safety of its employees as the top priority.

Awareness of Individuals and Organizations Dealing with Mental Health Issues and Provision of Specialist Care

Daikin Industries, Ltd. strives to maintain the physical and mental health of employees. Based on guidelines from the Ministry of Health, Labour and Welfare, four types of mental healthcare measures, such as self-care and care by dedicated outside staff, are planned and implemented at all bases depending on the needs of each base.

For example, industrial physicians provide mental health checkups to employees who are transferred and to newly hired employees after three months, as well as to employees whose questionnaires have showed they are facing problems. There are also mental health lectures. We conduct stress checkups at all Daikin bases in Japan. Persons judged to have a high risk of stress meet with industrial physicians so that their problems could be

discovered early and solved through numerous approaches such as self-care and work environment improvement.

Eliminating Long Working Hours

Introduction

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Eliminating Long Working Hours by Obligating Employees to Leave at Closing Time and Boosting Work Efficiency

Daikin strives to comply with labor related laws and regulations in the countries and regions where it operates and to eliminate prolonged working hours of employees, under the Group Conduct Guidelines that state, "Respect for Human Rights and Diversity and Observance of Labor Laws."

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

For example, Daikin Industries, Ltd. strives to eliminate long working hours through measures such as obligating employees to leave the office at a designated closing time once a week and prohibiting employees from coming to work on their days off (unless absolutely necessary and approved by the department head).

In this way, we are making a concerted effort to

improve both work rule compliance and work efficiency. Yearly plans are made for each employee's duties and working hours, and to ensure that work and personnel management are in line with the plans, checklists are filled out to manage daily work.

Furthermore, by implementing a planned 5-day paid work leave system and establishing 3 days of general paid leave, we aim to promote respect for work-life balance and a more vibrant work environment.

See below for the ratio of paid leave taken (Daikin Industries, Ltd. only) and average overtime hours per employees (Daikin Industries, Ltd. only)

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Stakeholder Engagement

Dialogue with Communities for Safer Plants

We have established venues for regular dialogue with local community members for safety plants in order to provide added peace of mind to the people living around our plants.

See below for our interactions with local communities 125 Social Communities Harmony with Communities

Human Resources

Employee Evaluation and Treatment

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Basic Policy

Daikin offers "fairness of opportunity and reward": a workplace where employees are rewarded for putting their motivation to work and taking every opportunity for success.

Employee Evaluation and Treatment

Fair Evaluation and Compensation Structure

In fiscal 2001, Daikin Industries, Ltd. eliminated standardized wage scales based on age and seniority, along with uniform pay raises. Instead, we switched to a compensation system that rewards performance, not age or seniority.

Our performance evaluation focuses on how well employees improve their abilities. This evaluation also looks at job results in three categories called achievements, challenging spirit, and growth. To ensure even greater fairness of evaluation, managers evaluate their staff only after consulting with other managers. Employees are also evaluated based on their level of contribution to company successes and to the organization as a whole. In 2002, this compensation system was extended to include Daikin Group companies in Japan.

In addition, we have begun formulating a global, Group-wide human resources policy that includes evaluation and compensation in aiming to implement personnel measures that promote the desire to work and a sense of job satisfaction for all employees throughout the entire Group.

Job Placement and Transfer Mindful of **Employee Circumstances**

Introduction

Whenever possible, Daikin Industries, Ltd. asks new employees where they want to work and if possible assigns them to the departments and sections of their choice. If new employees cannot be placed in the department or section of their desire due to personal aptitude and company needs, we do all we can to gain their understanding.

Every year, employees fill out their own record of work, which includes a column for free comments about health, family, and job positions desired. When we consider transferring an employee, we look at these comments and talk to them in efforts to ensure, whenever possible. that their job desires and spirit of challenge is reflected in the posts they are assigned to. For employees who wish to work overseas, we have established a practical training system to support employees in foreign positions.

We will continue to build rewarding workplaces for our employees by matching their dreams and goals with those of Daikin.

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Human Resources

Labor Management Relations

Contents

Basic Policy

Daikin Industries, Ltd. believes that cooperative labor management relations are the foundation of company management. We therefore place the utmost emphasis on equality of labor and management, as well as mutual trust between both sides. Our stance has, and always will be, to face the truth in solving all problems, and to speak frankly and draw clear lines between what is and what is not possible.

Except for managers and some contract employees, 86% of those at Daikin Industries, Ltd. are union members. The company holds frank discussions with the labor union. As soon as business plans are clarified, management holds a meeting where it explains these plans to the labor union. In fiscal 2022, there were 20 such meetings held at the head office. Participants discussed topics including how to improve workplace structure and motivation, make work more rewarding, and tackle management issues.

Employee working conditions and status are matters discussed between labor and management, with results of these discussions promptly reported.

Respecting the Rights of Workers

Introduction

Specification in Work Regulations and Agreements and Publicizing of Respect for **Workers Rights**

At Daikin Industries, Ltd., we believe that the company should respect its employees as individuals and strive to improve their welfare, and that employees should fulfill their duties as workers. The principle of respect for the rights of the worker is specified in work regulations and labor agreements. We give a thorough explanation of the work regulations and labor agreement to new employees when they join the company, and the labor union also conducts similar education of employees to ensure employees have access to this information.

Creation of the All Daikin Federation of **Labor Unions**

The Daikin Industries' labor union established a federation structure in February 2014 to further expand activities across the entire Daikin Group, including enhancing labormanagement relations at each company and using the mutual aid system to capitalize on scale merits. This move also aimed to create solidarity within the Group in terms of labor unions, strengthen the employment base of workers, and maintain and improve working conditions.

In February 2016, the official name was changed from council to federation. Today, the federation comprises 24 independent labor unions.

Dialogue with Employees

Hearings for Employees to Improve **Working Conditions**

Daikin Industries, Ltd. has about 10 hearings a year with at least 4% of its employees (approximately 300 employees). Salary negotiations with the labor union are held between labor and management with consideration for factors including company performance, operational issues, world trends, and the work of the labor union. On top of that, each employee is interviewed. This results in employees receiving a salary that both sides agree is fair under the circumstances.

Besides salary, employees are also given hearings when there are matters to report from the company, such as new fiscal year Group policies, budget and performance reports, and a message from the president at bonus time. Other ways that we hold regular opportunities for dialogue with employees include meetings between managers and their workers during announcement of annual targets and employee evaluations. Listening to frank employee opinions ensures that we can continuously improve labormanagement relations.

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Environment

Co-creation

Approach and System

Basic Policy

Daikin has identified co-creation as one of its priority themes for sustainability. At Daikin, we define co-creation as the inclusive effort to deepen interaction between personnel of two organizations internally and externally who can explore questions together in creating new value for the future. With the aim of Sharing Dreams and Ambitions Inside and Outside Daikin to Realize a Healthy, Comfortable Lifestyle through Air, as a manufacturer, Daikin is not only focused on the traditional manufacturing, but also creating experiences that provide new value to customers and society.

Daikin contributes to consumer lifestyles through its core technologies of inverter, heat pumps and fluorochemicals.

We believe that the advancement of our proprietary technologies and integration of these technologies with the world's diverse cutting-edge technologies will contribute to the creation of new value for society.

Accordingly, Daikin aims to create innovations beyond our own organizations through synergistic effects realized with other companies, universities, research institutes, and international organizations from different industries and fields.

Technology and Innovation Center as the Core Base of Co-creation

In order to create new value against the backdrop of the fast-paced evolution of technology, it is essential that we engage in collaborative innovation that transcends existing frameworks and integrates a wide range of knowledge. Daikin established the Technology and Innovation Center (TIC) in November 2015 as a hub to promote internal and external collaboration. We have established 34 development bases in six regions worldwide to identify the needs of each region promptly and accurately for product development.

There are around 800 engineers from a wide range of fields working at TIC. We aim to attract people, information, and technology from around the world and promote innovation by bringing together the strengths of Daikin engineers and enhancing collaboration and alliances with companies, universities, and research institutes that possess unique technologies in different industries and fields. TIC is filled with places that encourage active discussions among engineers. Some of the examples include the Future Lab and Open Lab that promote collaboration. They are utilized by universities and partner companies under comprehensive collaborative agreements with Daikin to promote their strengths and technology to Daikin Group engineers and for Daikin to propose issues it would like to address. Moreover, the facility also offers fellows rooms for university professors and opinion leaders from Japan and around the world.

In fiscal 2017, we opened the Daikin Open Innovation Lab Silicon Valley as a branch of TIC. It has absorbed cutting-edge technology, including Al and IoT in North America where there is rapid technological progress. In fiscal 2019, we established the Technology and Innovation Center CVC Office as an organization to promote collaboration with start-ups. In this manner, we are accelerating innovation that combines state-of-art technology inside and outside the company, innovative ideas, and knowledge.



Technology and Innovation Center (TIC)

Technology and Innovation Center (TIC) https://www.daikin.com/about/corporate/tic

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Collaborative Innovation Led by Industry-Government-Academia Partnerships

Introduction

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As part of its collaborative innovation led by industry-government-academia partnerships, Daikin aspires to contribute to solutions to global social issues by focusing on collaboration with universities in Japan and abroad.

Collaboration with the University of Tokyo

In fiscal 2018, we signed a "University Corporate Relations Agreement" with the University of Tokyo for a 10-year partnership with investment of approximately 10 billion yen. This agreement comprises three co-creation projects: tie-ups with business ventures with the aim of early market application; co-creation future vision leading to SDGs and Society 5.0;* and creation of futuristic technologies centered on advancing core technologies and creating new value.

In addition, the main feature of this agreement is the full-fledged exchange of human resources between the two parties. The University of Tokyo instructors and students, entrepreneurs, and Daikin employees can go freely between the organizations of the agreement parties with the aim of sharing knowledge, conducting joint research, and building career paths. Daikin also collaborates with the University of Tokyo to develop globally minded human resources through global internships at its many bases.

* People and objects connect to share knowledge and information via Al. Japan aims to realize a future in which IoT and AI advance the economy and solve societies problems.



Signed "University Corporate Relations Agreement" (December 2018)

Examples of Co-creation with the University of Tokyo (as of March 31, 2023)

Category		Details
Three shared crea	ation projects	
• Tie-ups with ve	enture businesses with the aim of early	social implementation
	We initiated an investment in and pa	artnership with Fairy Devices Inc., a start-up from the University of Tokyo.
• Co-creation Fu	ture Vision Leading to the SDGs and S	ociety 5.0
	Making air more valuable	We identified research themes for both organizations to address in the future based on roundtable discussions, and prepared a booklet called Valuing Air as a Common Good.
Creating Future	e Technology Based on Core Technolog	gy Development and New Value Creation
	Collaborative Research Unit on Circular Economy Modeling toward Cleaner Air	We strive to establish the necessary technology, systems, and infrastructure to realize a circular economy by conducting verification experiments which aim to promote policy proposals in achieving a sustainable economic model in 2026.
	Contract for Seminars and Joint Research	We signed new contracts including 17 social collaboration seminars, one donation seminar, and 18 other joint research projects. (Fiscal 2022)
Personnel Exchar	nges	
	Global Internships	We held global internships at Daikin's business bases. In fiscal 2022, 20 individuals took part at 8 business bases in two countries. (A total of 68 individuals took part in internships at 22 business bases in 10 countries over the four-year period from 2019.)
	Joint training camp with Sakata Laboratory (Department of Technology Management for Innovation)	We held the annual training camp and established themes of co-creation between industry and academia through discussions. As one outcome, we are currently developing a market and technology trend prediction system using technology informatics.
_	Participation in Seminars	Our employees also participated in seminars given by the academic frontier of the East Asian Academy for New Liberal Arts to broaden their horizons, which provided opportunities for exchanges with diverse people and knowledge.

Held University Corporate Relations Forum on Valuing Air as a Common Good

In November 2022, Daikin-UTokyo Lab hosted a co-creation forum entitled Future Society and Technologies Resulting from Making Air More Valuable. The forum introduced the activities of both organizations over the past three and half years since the start of the partnership and shared the multifaceted value being provided to society by both through this industry-academia shared creation. In addition, a booklet entitled Valuing Air as a Common Good was released at the forum. Discussions were also held on how to contribute to society, the environment, and the economy in the next stage of the 10-year plan. Going forward, Daikin will continue examining future actions as a company that contributes to society through its business.



Valuing Air as a Common Good

Collaboration with Osaka University

Introduction

Contents

In fiscal 2016, Daikin established the Daikin Collaboration Research Institute at Osaka University. This institute is developing new materials, new processes, and processing technologies related to the air conditioner business.

In fiscal 2020, we solicited new ideas for research themes on air and spaces from students attending all schools of Osaka University ultimately establishing the shared vision of Leading the Future of People and Space. In turn, we formulated the three main pillars of "Infrasharing," "Mass customization of environment," and "Digital Twin City" in pursuing this vision. We promoted research on these specific themes and are now moving on to the commercialization phase for certain positive research outcomes.

Examples of Co-creation with Osaka University (as of March 31, 2023)

Category		Details
Joint-Research	n on Air Conditioning and Cher	mical Core Technology
	Air Conditioning Business	We developed elemental technology for upgrading and differentiating manufacturing through a partnership with the Joining and Welding Research Institute, which possesses world-leading technologies.
	Chemicals Business	We created innovative platform technology for substitution with new fluorine materials and non- fluorine materials and extensively utilized the cutting-edge analysis equipment and technologies of Osaka University.
Verification Ph	nase Research	
	Energy Management	We transformed Osaka University's new Minoh Campus into a net zero energy building (ZEB). This made the university one of the first to make two buildings ZEB and going forward it plans to do the same with over 15 other buildings.
Miscellaneous	s Programs	
	Student Researcher Program	We held this training program for outstanding students at the School of Information Science and Technology at Osaka University (PhD students). Also, we conducted an internship program, which incorporates learning about challenges that may arise when using information technologies, and aims to cultivate human resources with practical skills through real life learning using actual data.
	Leading Researcher Program	The program receives corporate funding from the phase of fundamental research with an anticipation for advanced research results from outstanding, young researchers. The program explored the theme of the estimation system for body composition (body fat ratio) that can be useful in the sports gym business of the Defense Systems Division.
	Al Human Resources Cultivation Program (Daikin Information and Communications Technology College [DICT])	We achieved the initial target of 1,000 information science engineer attendees within the Group in fiscal 2021 through classroom work at DICT. Instructors from Osaka University are providing in-depth instructional guidance on particularly challenging issues to reach the goal of 1,500 attendees by fiscal 2023.
	Diversity Research Environment Achievement Initiative Project	We continued to implement the innovation female participation promotion program, reception with female graduate students, and career advancement support program during childcare leaves. We are conducting an online festival to encourage more high school girls to consider studying the sciences.

Collaboration with Kyoto University

Daikin began comprehensive collaboration with Kyoto University in June 2013 with the aim of value creation by integrating the humanities and sciences. We are now engaging in interdisciplinary collaboration and exchanges, including creating new themes related to air and space and cutting-edge technology that will transform our mainstay businesses of air conditioning and chemicals.

In April 2021, we launched an initiative for healthcare-industry collaboration and humanities-science integration under the new keyword of "well-being (a society for better living)" covering the five areas of air and healthcare, cutting-edge technology, smart cities, emerging countries, and venture business. In terms of healthcare-industry collaboration and humanities-science integration, we launched research on the themes of people's health and the future of the rapidly growing Asia and Africa regions, respectively. In cutting-edge technology, we are promoting initiatives from various perspectives through comprehensive collaboration in the fields of materials, energy, cold chain, Asia and African area studies, and utilization of ventures.

Topics

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Building a New Ecosystem for Industry-Academia Collaboration

Daikin Industries, Ltd. and Kyoto University launched a new initiative in 2022 to build an ecosystem for industry-academia collaboration. As part of this, we established the Daikin GAP Fund Program that supports the social implementation and commercialization of novel approaches to social issues solicited from researchers. In April 2022, we adopted five issues each submitted by researchers of Kyoto University in the first round and second rounds held in April and August 2022, respectively.

For each issue adopted, Daikin will provide a research grant of up to three million yen per project. In addition, Daikin Industries, Ltd. and Kyoto University will work together to provide other support required for social implementation.

Collaboration with Doshisha University

In March 2020, Doshisha University and Daikin concluded a comprehensive collaboration agreement with the goal of conducting practical R&D on the theme of environmental issues. To reduce greenhouse gas emissions through its businesses, Daikin will harness the proprietary technology and knowledge of Doshisha University and develop talent in collaborative innovation through joint research.

Decomposition and Reuse of CO2

We are conducting research on the technology to reuse CO₂ in chemicals and materials after decomposition via electrolysis utilizing Doshisha University's molten salt electrolysis technology and Daikin's fluorine technology. In fiscal 2022, some research themes progressed to the commercialization review stage.

Further Efficiency of Air Conditioning

We are conducting research on the themes of motor structure and inverter control as well as elucidating the corrosive mechanism of heat exchangers. In fiscal 2022, we commenced joint research for the development of more efficient heat exchangers and refrigerant controls.

Topics

Mini Workshop for Educational Programs

We launched a course called Co-creation for Next Environment between Doshisha and Daikin at Doshisha University in 2021. The course puts young employees of Daikin and students of Doshisha University together through mutual learning with a friendly rivalry, which is expected to yield strong educational results.

In July 2022, as part of the course, we held a mini work shop for young employees to teach about the course's significance and the importance of multi-disciplinary education through an instructor-led presentation and Group discussion.

Collaboration with Tsinghua University

In 2003, the Tsinghua University-Daikin R&D Center was established at Tsinghua University in Beijing, one of China's top universities. Since then, Daikin and the university have worked together to jointly conduct technology development. We are working with top-level researchers to find solutions to environmental issues in such domains as air quality, energy conservation, and energy. Additionally, Tsinghua University, Daikin Industries, Ltd. and Daikin Fluorochemicals (China) Co., Ltd. are conducting joint research to commercialize fluorine materials for use in EV batteries and low emissions vehicles

In fiscal 2022, our research was adopted for funding by the Ministry of Science and Technology of the People's Republic of China as a joint Japan-China project, which will extend this joint research until 2024. In addition, Daikin became a founding corporate member of the International Joint Mission on Climate Change and Carbon Neutrality established at the urging of Tsinghua University.

Collaboration with Tottori University

Daikin began a comprehensive collaboration with Tottori University in May 2021 with the aim of promoting programs such as arid land research and healthcare research through collaboration between healthcare and industry. The program involves research projects such as the air conditioning solution research at Tottori University's Arid Dome, the only arid land research facility in Japan, and on stress reduction. In addition, through interaction between researchers and students, we are fostering arid land expert human resources capable of creating an air conditioning solutions business.

Collaboration with RIKEN

Introduction

Contents

In 2016, Daikin Industries, Ltd. teamed up with RIKEN, Japan's only comprehensive research institution dedicated to the natural sciences, to launch the RIKEN-DAIKIN Wellness Life Collaboration Program. Under the theme of comfortable and healthy spaces, the program is working on research to extend healthy life expectancy and to create anti-fatique social-environment.

As one co-creation theme, Daikin has participated in the COVID-19 Droplets Research Collaboration/ Cooperation Program using the Fugaku supercomputer since 2020. This program received a special COVID-19 research award in fiscal 2021 at the Gordon Bell Prize Awards, considered the Nobel Prize of supercomputing. In fiscal 2022, the digital transformation and social implementation of this program received the Minister of Education, Culture, Sports, Science and Technology Award at the 5th Japan Open Innovation Prize organized by the Cabinet Office.



Droplet dispersion simulation based on research conducted using the Fugaku supercomputer

Collaboration with the National Institute of Advanced Industrial Science and Technology

Since 2015, we have been working with the National Institute of Advanced Industrial Science and Technology (AIST) in all technological fields in aiming to resolve the technical challenges we embrace at Daikin. Fully harnessing AIST's areas of expertise in social implementation and standardization, we are promoting development of magnetic cooling systems as a next-generation air conditioning technology and research into the health benefits of adding functional substances to air.

Collaboration with Nara Institute of Science and Technology

In 2012, Daikin Industries, Ltd. and the Nara Institute of Science and Technology (NAIST) established the Future Joint Research Laboratories, through which both are collaborating from the stage of research theme identification.

In fiscal 2022, research focused on themes in the Fusion 25 Strategic Management Plan, especially tackling the challenge to achieve carbon neutrality. We are now utilizing NAIST's capabilities to explore technology seeds that combine the three sciences of bio, information and materials

Co-creation

Collaborative Innovation Led by Industry-Industry Partnerships

Contents

With the framework of competition undergoing a rapid transformation due to digital transformation and decarbonization, innovation with an eye toward the future of the world in five and 10 years into the future is necessary. Daikin is tackling this challenge around the world using collaborative innovation led by industry-industry partnerships.

Examples of Collaboration through Industry-Industry Partnerships (as of March 31, 2023)

Partner	Theme	Start
Daicel Corporation	Creation of safe and reliable air conditioning and ventilation products	2016
Hitachi, Ltd.	Establishment of next-generation production model using IoT	2017
Partner companies under the collaborative platform called CRESNECT	Creation of new value and services across air and space	2018
FUJIFILM Corporation	Air conditioner noise reduction	2019
Fairy Devices Inc.	Resolution of issues in air conditioning services	2019

Partnership with Hitachi Ltd.

In fiscal 2022, we commenced the development and demonstration of a data utilization platform that can efficiently recognize and identify issues in manufacturing. By linking processing on the production line with all the data on workmanship, we are verifying whether frontline workers can quickly identify and stop variations in quality.

Partnership with **FUJIFILM Corporation**

In November 2022, we launched Urusara X which offers a standard soundproofing duct for the outdoor unit based on the jointly developed technology for "silent humidifying and ventilation kit."

Topics

Project Evolution from point 0 marunouchi

In 2019, Daikin opened point 0 marunouchi in Tokyo's Marunouchi area as a membershipbased co-working space as part of the CRESNECT Project, a platform for co-creative innovation using spatial data. At the same time, we established point0 Co., Ltd. as the company in charge of project operations.

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Introduction

Proposal of Spaces that Make Beer Tastier

Together with Asahi Breweries, a participating company in point 0 marunouchi, we proposed spaces that make beer tastier focusing on the relationship between the temperature environment when drinking alcohol and changes in the taste of beer. In fiscal 2022, we submitted a joint patent application.

Start of Demonstration Experiment on Air Conditioning that Uses Scents to Encourage Better Sleep when Napping

In January 2023, we introduced an aroma diffuser in the napping room at point 0. The diffuser releases a scent that promotes sleep when it detects that the user has laid down in the bed; thereby, creating an environment conducive to efficient napping during the day. We are now evaluating the potential for commercialization by gathering and analyzing feedback from office workers based on their real life experiences.

Launch of WELL-Being Business using Wind Unit

Wind Unit is a fan for office use developed by combining Okamura Corporation's shelving unit with Daikin's large fan unit. It increases ventilation efficiency by mimicking the comfort of natural wind in an office space. Using Wind Unit, Daikin and Okamura Corporation began promoting the WELL-being business in fiscal 2022. This entails support services for obtaining WELL certification and proposals for creating office spaces compliant with WELL standards. We have already rolled out these services at multiple facilities.



Wind Unit that mimics natural wind

point 0 marunouchi (available in Japanese only)

https://www.point0.co.jp/coworking/

point 0 satellite (available in Japanese only)

https://www.point0.co.jp/satellite/

Topics

Received the Minister of Internal Affairs and Communication Award at the 5th Japan Open Innovation Awards for Air Conditioning DX Initiatives

Daikin and Fairy Devices Inc., a startup company with roots at the University of Tokyo, are working on an initiative to promote digital transformation (DX) on the frontline of service operations through the creation of connected workers, Fairy Devices will provide its voice recognition, edge AI, and data analysis technologies, while Daikin will contribute its frontline expertise globally, as the two work together to resolve issues faced by service operations. In fiscal 2019, the two companies developed a remote work support solution where experienced service engineers can support and train workers in remote locations. We aim to use this solution to quickly foster talented service engineers while at the same time improving the technical skills and decision-making abilities of workers around the world. In fiscal 2021, we began to establish and expand our global intellectual properties portfolio, representing a crucial element of frontline DX.

This initiative received the Minister of Internal Affairs and Communication Award at the 5th Japan Open Innovation Awards organized by the Cabinet Office. It was recognized for not only offering a high degree of utility to address many frontline issues faced by organizations but also because it is now in the implementation stage.

Overview of Remote Work Support Solutions



Respect for Human Rights

Respect for Human Rights

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Basic Policy and Management Structure

Established Daikin Group Human Rights Policy to Promote Initiatives That Respect Human Rights

In recent years, a number of human rights issues have emerged in business, including child labor or forced labor at suppliers and the leakage of personal information of customers and employees. For this reason, there is growing interest among the international community in how business activities affect human rights. Business activities that respect human rights represent one vital element of a company's social responsibilities.

Daikin is undertaking initiatives that promote respect for human rights across its entire value chain. We have established Daikin Group Human Rights Policy based on an understanding of all international norms on human rights along with the laws and regulations of each country and region. The Group Conduct Guidelines clearly stipulate the actions that must be taken by officers and employees in terms of respect for human rights. Also, the Executive Officer in Charge of Human Resources and General Affairs is responsible for human rights while the relevant corporate divisions act as secretariat.

Furthermore, Daikin endorses and participates in the United Nations Global Compact, which supports companies in abiding by universal principals on human rights and labor.

🔁 Daikin Group Human Rights Policy

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/social/humanrights_policy-pdf

See below for our participation in the UN Global Compact

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in Initiatives

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

See below for the Group Conduct Guidelines

168 Data Policies, Regulations and Guidelines CSR
Philosophy

Human Rights Due Diligence

Human Rights Risk Assessment

Daikin identifies human rights issues in its business, assesses risk throughout the value chain, and lists risks that should be prioritized. In our operational risk management system, we identify human rights risks and create countermeasures.

We increased questions on respect for human rights within the self-assessments that we conduct every year to check compliance with the Conduct Guidelines. We will more carefully monitor issues, such as human rights violations, and assess human rights risks based on the severity and potential risks within risk assessments that root out the risks facing the company and each division. Risks, the issues identified in self-assessments and risk assessments, along with countermeasures are reported to and shared with the legal compliance meeting of each region and the Corporate Ethics and Risk Management Committee in an effort to mitigate risk. Moreover, these details are reported to the Internal Control Committee chaired by the President and CEO and also reported to the Board of Directors.

In fiscal 2022, we enhanced new items on human rights risks in self-assessments and risk assessments and performed checks.

Human Rights Risks in the Daikin Group Value Chain and Relation to Major Stakeholders

Types of human rights risks	Details of risks	Related stakeholders
	• Eroding safety or health due to work accidents or poor working environment	Suppliers Employees
Occupational safety and health	• Noise, vibration, fires, etc. at bases	Suppliers Community members Employees
	Child labor, forced labor	Suppliers Employees
	Harm to customers' lives and health because of faulty products or services	Customers
Products and services	Wrongful use or abuse—unforeseen by the company—of products or technologies	Customers
Discrimination	• Lack of concern for people because of their gender, or because they are members of indigenous groups, ethnic monitories, LGBTQ+, immigrant laborers, etc. (inappropriate language, advertising expressions, etc.)	Customers Suppliers Community members Employees
Communities	Air and water pollution, misuse of natural resources	Suppliers Community members Employees
	Destruction of indigenous cultures and environment	Community members
	Procurement of conflict minerals associated with inhumane acts	Suppliers
Societies and government	• Leakage of personal information	Customers Suppliers Employees
government	Violations of human rights related laws or regulations	Customers Suppliers Community members Employees

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Respecting Human Rights in the **Supply Chain**

In terms of the supply chain, Daikin's Supply Chain CSR Promotion Guidelines contain provisions on respect for human rights, including barring of discrimination due to race or gender and elimination of child and forced labor. Our suppliers inside and outside of Japan are urged to carefully abide by these guidelines.

Beginning in fiscal 2018, we conducted CSR guestionnaires, which include items regarding respect for human rights, on suppliers in Japan. From fiscal 2019, we conducted these same questionnaires on suppliers outside of Japan as well. In this manner, we are working to increase the level of CSR awareness at our suppliers.

In addition, we take part in subcommittees on supply chains and human rights education of the Global Compact Network Japan, the local body of the UN Global Compact. These subcommittees are made up of UN Global Compact member companies and organizations.

Response to Human Rights Related **Laws and Regulations**

Response to Personal Data Regulations

Daikin has its own Group guidelines for the protection of personal information that it strictly enforces. These guidelines are the basis for promotion systems and rule systems of each Daikin Group company. In addition, we have formulated rules regarding the handling of personal data in the EU. These rules cover the requirements under the General Data Protection Regulation (GDPR), a regulation on the personal data of EU citizens. The Daikin rules cover protection measures for when personal data is taken out of the EU, the recording and control of how personal data is handled, and measures to ensure safe management of personal information. We have also set up a hotline for inquiries from residents of the EU. Every employee in the Daikin Group is familiarized with these rules.

In fiscal 2022, we made changes to company rules and conducted training for relevant staff in-house on working-level implementation following revisions to Japan's Act on the Protection of Personal Information that took effect in April 2022. In addition, we are now responding to tightening regulations in other countries around the world while working closely with our overseas bases.

Response to the U.K. and Australia's Modern Slavery Acts

Our Group companies in the U.K. and Australia have released the following statements based on the Modern Slavery Acts enforced by the U.K. and Australia.

Statement

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Daikin Airconditioning U.K., Ltd.

Introduction

https://www.daikin.co.uk/en_gb/about.html

https://www.jehall.com/modern-slavery

https://www.aafintl.com/en-gb/industry/about-us/

□ Daikin Applied (UK) Ltd.

https://www.daikinapplied.uk/documents-download/

Daikin Australia Pty., Ltd.*

https://modernslaveryregister.gov.au/statements/

Human Rights Education

Raising Human Rights Awareness through Periodic Education Sessions and Assessments

Daikin strives to raise awareness of human rights among officers and employees through periodic education sessions and assessments.

Through annual self-assessments to confirm how well the Group Conduct Guidelines are being followed, employees assess themselves and thus contribute to their improved understanding of the guidelines. Human rights education for each level of employees helps them improve their human rights awareness.

At Daikin Industries, Ltd. training is held every year for all officers, new employees including those at affiliates, and newly appointed managers. In 2022, we disseminated a message on the Daikin Group Human Rights Policy from the officer in charge and conducted e-learning on our response to Japan's revised Act on the Protection of Personal Information.



Human rights training

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Complaint Grievance Mechanism

At Daikin Industries, Ltd., employees can contact the internal or external Help-Line for Corporate Ethics to get advice and give opinions on all matters of corporate ethics including human rights, workplace bullying, and sexual harassment.

134 Governance Compliance

^{*} Australian Border Force website

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Responsible Procurement

Basic Policy

Daikin is working with suppliers worldwide in ensuring responsible procurement in order to fulfill its social responsibility across the entire supply chain. We consider our suppliers of raw materials and parts as important partners, with whom we are promoting relationships of trust through open, equal, and fair trade. At the same time, Daikin promotes CSR procurement with consideration for the environment, quality, occupational safety, and human rights within its supply chain including our suppliers in order to earn society's trust as a global company.

Purchasing Philosophy and **Purchasing Policy**

Purchasing Philosophy:

"Respect Independence" and "Cooperation and Competition"

Purchasing Policy:

- Fair relations based on an open door policy Provide open, equal, and fair opportunities for all companies, regardless of their locality, size, and sales results.
- Mutual growth through mutual trust Create open conditions for business dealings and respect free competition.
- Look for good partners In procuring from overseas, look for companies to share common profit and offer useful products to society.
- Observe laws, and maintain confidentiality Observe laws on business dealings and respect the spirit of these laws.

Supply Chain CSR Promotion Guidelines

https://www.daikin.com/csr/social/supplychain_gl

□ Green Procurement Guidelines

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https://www.daikin.com/csr/social/green_gl

Guide to Our Global Sourcing Activities https://www.daikin.com/purchase

Giving All Suppliers an **Equal Opportunity**

Daikin has an open door policy on choosing suppliers in which we welcome bids from any company, regardless of nationality, size, or transaction results.

In our air conditioning divisions, information on product specifications, quality and target cost, and delivery times is posted on our website in order to achieve equality of opportunity. All companies satisfying our criteria become eligible to do business with us.

In our chemicals divisions as well, we do business with any supplier meeting our criteria for specifications, quality, price, and delivery time.

Management Structure

Daikin has identified supply chain management as one of its priority sustainability themes.

Each officer shares information and deliberates on the progress and challenges related to supply chain management at the CSR Committee, which is chaired by the officer in charge of CSR. In turn, decisions made by the Committee are reported to the Board of Directors.

The Green Procurement Subcommittee, which comprises persons in charge of procurement at each business division, implements initiatives on human rights and management of hazardous chemical substances within the supply chain.

Management structure



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CSR Procurement

Evaluation of Supplier

Before starting business dealings with Daikin, we ensure potential partners understand our Purchasing Policy, and we assess them on consistent standards. After business dealings begin, we conduct regular re-assessments based on ISO 9001, investigate compliance with our Supply Chain CSR Promotion Guidelines, and then review the business relationship accordingly.

In the air conditioning divisions, to ascertain the ability of suppliers to address ESG related risks, we investigate their compliance with the Supply Chain CSR Promotion Guidelines, which represent standards used globally by the Group, and determine whether the business relationship with suppliers can be continued. Before we start transactions with new suppliers, we use the Supplier Assessment Standard Sheet, which takes region-specific risks into account, to judge companies based on five criteria of business management, safety management, price management, production management, and environmental management. Suppliers are re-assessed every year at our business sites globally based on our Assessment System for Continuation of Business. We use the same standards globally to evaluate environmental aspects.

Companies that do not meet our assessment standards or companies that pose a high risk are required to make improvement plans that we assist them in implementing.

In the chemicals divisions, we assess new and existing suppliers based on ISO 9001 from the perspective of five criteria: management control, safety control, quality control, environmental control, and production control. We also strive to ascertain the status of suppliers' CSR initiatives. After starting business relationships, we strive to fairly assess suppliers from multiple perspectives, having numerous Daikin representatives negotiate with them and making regular visits to their companies.

Rolling Out Supply Chain CSR **Promotion Guidelines**

Introduction

Daikin established "build a robust and resilient supply chain that minimizes risks" as the company's sustainability indicator and target for 2025, as an initiative for the sustainable development of business together with suppliers that runs alongside "look for good partners" pursuant to our Purchasing Policy. This target proclaims that we will conduct socially responsible procurement as we tackle issues like the environment, human rights, and labor throughout the supply chain.

In April 2017, Daikin formulated its Supply Chain CSR Promotion Guidelines. These guidelines aim to further CSR at suppliers and other partners through stable and ongoing growth. In addition to standard requirements such as proper management and abidance with laws and regulations, the guidelines urge suppliers to strive to be better in every aspect of CSR, such as improving performance in the environment, quality, occupational safety, and human rights, and abstaining from dealing with companies in war-torn regions, targeting a compliance rate of 100% with the above among both domestic and overseas suppliers. We request primary suppliers to extend the same guidelines to secondary and subsequent suppliers, in striving to penetrate the guidelines across the entire supply chain. In fiscal 2022, we revised the

guidelines in response to the growing importance of human rights issues. We presented the updated guidelines both internally and at suppliers.

Furthermore, we promote our suppliers to educate and train their workers periodically, disclose information regarding their activities and progress properly on their website or other tools, and have continuous dialogue with their stakeholders.

At Daikin, we have conducted CSR questionnaires among suppliers equivalent to 80% of total procurement value in Japan and overseas for monitoring compliance with these guidelines and provide the results of questionnaires to suppliers as feedback. In addition, we evaluate suppliers by classifying their CSR initiatives according to our own standards and then recommend improvements or provide guidance to suppliers, in order to improve the quality of their CSR initiatives.

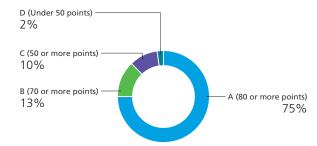
Supply Chain CSR Promotion Guidelines https://www.daikin.com/csr/social/supplychain_gl

Targets and Results

		Progress			FY2025
Quantitative indicator	Targets	FY2020	FY2021	FY2022	Target
Percentage of requests made to suppliers to implement initiatives based on the Guidelines	Percentage of requests made to suppliers to implement initiatives based on the Guidelines Request all suppliers to carry out CSR initiatives based on the Supply Chain CSR Promotion Guidelines	100	100	100	100
Percentage of suppliers reaching Class A ranking in CSR Procurement	Percentage of suppliers reaching Class A ranking in CSR Procurement Improving percentage of suppliers reaching Class A ranking in CSR Procurement	65	72	75	100

In fiscal 2022, following the establishment of the Daikin Group's Human Rights Policy, we revised and reinforced items on human rights in the Supply Chain CSR Promotion Guidelines and CSR Questionnaire, which we conducted accordingly. The percentage of suppliers with class A, the highest level of CSR initiatives, was 75% in fiscal 2022. We will make efforts going forward to increase the percentage of class A suppliers to 100%.

Results of CSR Ouestionnaires for Fiscal 2022



- A: for suppliers with excellent CSR initiatives
- B: for suppliers currently implementing CSR initiatives
- C: for suppliers with certain challenges in terms of CSR initiative themes
- D: for suppliers who do not implement CSR initiatives and face many challenges

Response to Conflict Minerals

Introduction

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Under our Basic Policy on Conflict Minerals¹ established in July 2013 and "11. Respect for human rights and diversity, and compliance with labor-related laws" of the Supply Chain CSR Promotion Guidelines, the Daikin Group strives to identify materials from the Democratic Republic of the Congo and its surrounding countries and recommends suppliers to procure minerals from smelters with conflict-free certification.

From fiscal 2016, we have been conducting surveys of suppliers with regard to their use of conflict minerals as part of our CSR procurement. In our air conditioning divisions, we began operating an online registration system for results of conflict mineral surveys based on the latest system or tool designed by RMI.² This strengthens our system for surveying the procurement sources of conflict minerals.

- 1. The four minerals of tin, tantalum, tungsten and gold, which are mined in the Democratic Republic of the Congo and surrounding countries and used by rebel groups to purchase weapons.
- 2. RMI: Responsible Minerals Initiative

Basic Policy Regarding Conflict Minerals

To ensure that Daikin does not inadvertently provide assistance to inhuman acts of armed groups in the Democratic Republic of the Congo and surrounding countries, we are taking active measures to uphold appropriate mineral procurement by raising transparency of the supply chain in cooperation with our global business partners.

Promoting Green Procurement

Daikin Group Requests that Worldwide Suppliers Abide by Green **Procurement Guidelines**

Daikin established its Green Procurement Guidelines in fiscal 2000 and requires suppliers from which it procures materials in Japan and overseas to abide by these guidelines to place a priority on the procurement of materials and parts used in manufacturing that reduce environmental burdens.

In implementing these guidelines, we evaluate suppliers on environmental protection activities using a green procurement inspection list. This inspection list also contains information on the presence or absence of environmental management systems, chemical substances management, and other data.

I ☐ Green Procurement Guidelines

https://www.daikin.com/csr/social/green_gl

Increasing the Green Procurement Rate

Introduction

Our goal is to require compliance with the Green Procurement Guidelines by our suppliers inside and outside of Japan. Supplier procurement rate scores of 82 points or more on the green procurement inspection list are set as the green procurement rate,* which we promote globally with the aim of 100% compliance. The supplier procurement rate corresponds to suppliers inside and outside of Japan accounting for 80% of total procurement value. In fiscal 2022, the Group green procurement rate was 79%.

We attempt to increase the green procurement rate in each region through briefings and other events aimed at facilitating an understanding of the importance of green procurement among suppliers.

Additionally, we launched green procurement in South America in 2016. In regions where green procurement has been established, such as Europe and China, we ask suppliers below a certain standard to make improvements and provide guidance to assist them. Supporting improvements in supplier environmental activities enables us to continue doing business with them.

* Green procurement rate= Value of goods procured from suppliers who meet our assessment criteria / Value of all goods procured

Green Procurement Rate

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	FY2018	FY2019	FY2020	FY2021	FY2022
Japan	90	93	95	95	91
Outside Japan	79	77	77	78	76
Entire Group	80	80	80	80	79

Targets and Results

					(%)
		Progress			FY 2025
Quantitative indicator	Target	FY2020	FY2021	FY2022	Target
Percentage of suppliers requested to carry out initiatives based on the guidelines	Percentage of suppliers requested to carry out initiatives based on the guidelines Request all suppliers to carry out initiatives based on the Green Procurement Guidelines	100	100	100	100
Green procurement rate	Increase green procurement rate	80	80	79	100

Compliance with Restrictions on Toxic Chemicals

Daikin maintains a list based on the RoHS Directive¹ and the REACH Regulation² regarding chemicals contained in products. These are stated in our Green Procurement Guidelines, which we require our suppliers to abide by. We regularly revise our green procurement guidelines in response to the increasingly stringent regulations on chemical substances. We have introduced chemSHERPA, a chemical substance management system recommended by the Ministry of Economy, Trade and Industry in fiscal 2018 so that we can accurately and promptly manage information on chemical substances.

- 1. The RoHS Directive (Restriction of Hazardous Substances Directive) 2011/65/EU is a regulation in the EU prohibiting the use of certain hazardous substances in electrical and electronic equipment.
- 2. The REACH Regulation 1907/2006/EC on chemical substances went into effect in Europe in June 2007. REACH obligates companies manufacturing or importing at least 1 ton of chemical substances a year in the EU to register with EU authorities. REACH covers almost all chemicals on the market in the EU.
- 064 Environment Environmental Impacts in **Business Activities Managing and Reducing Emissions** and Chemical Substances
- Green Procurement Guidelines

https://www.daikin.com/csr/social/green_gl

Risk Management in the Supply Chain

Mitigating Risks Associated with **Green Procurement**

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At Daikin, we strive to reduce growing procurement risks as our business expands around the world and the operations of our suppliers become more globalized.

We regularly evaluate suppliers to identify risk and have created an in-house system for making guick decisions on suppliers affected by risk, and we update our databases as needed in order to improve our ability to deal with problems when they arise.

We encourage the use of multiple suppliers across different regions and the commonization and/or standardization of parts in order to ensure raw materials and parts are supplied in a stable and timely manner at reasonable prices even if one supplier faces a deterioration in financial situation or in case of a natural disaster or accident.

Suppliers that carry parts and materials matching Daikin's core technologies are designated as "Critical Supplier" considering the three categories of "substitution difficulty," "size of transactional value," and "importance of items supplied." Moreover, from among these, suppliers that further meet the following criteria at a certain level are designated as "Global Supplier," with whom we promote business on a global scale.

Definition of Global Supplier

- 1. Supplier with a business location targeting one of Daikin's global locations
- 2. Capability to manage the sales price demanded by Daikin
- 3. Capability to conclude a contract or agreement demanded by Daikin

In fiscal 2022, 23 companies around the world have been designated as Global Suppliers to Daikin. Through our Global Supplier Conference, we work to adjust order volume, streamline costs, and ensure stable procurement in dealings with these 23 supplier companies. In addition, following the COVID-19 pandemic, we are promoting greater procurement locally.

Transactions by region (procurement value basis)



* As of March 2023

Transaction by industry (procurement value basis)



* As of March 2023

Ensuring Compliance with the Subcontract Act

There are several thousand Daikin suppliers and subcontractors covered by the Subcontract Act. Our Subcontract Act Compliance Guidelines ensure that all Daikin divisions are in full compliance with the Act. We provide training to employees of relevant divisions and have them participate in third-party seminars.

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Introduction

Comprehensive compliance inspections ensure that appropriate payment methods are being followed. We also constantly check the financial situation of subcontractor suppliers and production outsource suppliers and, if necessary, implement assistance measures such as relaxation of payment methods.

Participation in Initiatives

Since October 2008, Daikin Industries, Ltd. has been an official member of the UN Global Compact, an initiative of the United Nations. It is also a member of the local body Global Compact Network Japan. We take part in the subcommittee on supply chains, a subcommittee comprising representatives of member companies and organizations. Subcommittee members meet to discuss and exchange information on CSR efforts in the supply chain, and to collaborate and cooperate in order to advance these efforts and thus strengthen supply chain management.

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Supply Chain Management

Working Closely with Suppliers

Supporting Suppliers

Support for Quality Improvement and **CSR** Initiatives

Daikin supports its suppliers in quality improvement and CSR activities by hosting information sessions and training on ways to improve quality and CSR procurement. Daikin also provides on-site production quality guidance for suppliers.



Quality improvement case study announcement meeting

Support Provided to Suppliers

Introduction

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Supplier meetings	We provide information on the policies and conditions of Daikin Industries, Ltd. as well as CSR information, including the environment and human rights for suppliers of the air conditioning divisions. In fiscal 2022, we conducted information sessions on revisions to the Daikin Group's Human Rights Policy and Supply Chain CSR Promotion Guideline. (The meeting is held every year, with four sessions conducted in fiscal 2022 involving 121 companies.)
Quality improvement case study announcement meetings, quality improvement proposal meetings	We conduct announcement meetings involving suppliers of the air conditioning divisions to share good improvement practices as well as quality improvement proposal meetings for suppliers with quality issues to seek improvement. (Held annually, in fiscal 2022, three announcement meetings were held with 79 companies in attendance and 204 quality improvement proposal meetings with 28 companies in attendance.)
Quality forum	Introduction of Daikin Industries, Ltd.'s quality policy, defect rate and quality cost of purchased goods, quality abnormalities among companies, and activities aimed at improving quality, targeting suppliers of the chemicals divisions. (Once a year)
Commendation system	Suppliers that make significant contributions to the areas of development, production, quality, price, delivery, environment and global business are presented with a CEO Award, COO Award or Special Commendation once a year in order to recognize the daily contributions of suppliers.
Supplier visits	Managers and certified excellent engineers "Takumi" of Daikin Industries, Ltd. visit suppliers of the air conditioning divisions to provide instructions.
Technical exchange meetings	In the chemicals divisions, Daikin representatives conducted both in-person visits to suppliers and online meetings during the COVID-19 pandemic to exchange information to propose new technology and innovative techniques.
Technical meetings	In the chemicals divisions, information sessions on Daikin technology are held to provide a platform for making technical proposals between Daikin and its suppliers.

Quality Audits

Auditing institution conducts regular external audit based on ISO 9001, and internal audits are conducted jointly in the Air Conditioning Manufacturing Division and at suppliers of the air conditioning divisions. Moreover, our representatives conduct visits to suppliers for checks on management items concerning the procurement and quality of newly adopted parts and the production process to streamline production on a regular basis (65 suppliers visited in fiscal 2022). In addition, we also regularly conduct audits on suppliers' quality processes based on Daikin's quality guidelines.

Suppliers of the chemicals divisions who provided defective products underwent audits based on ISO 9001 by visiting Daikin representatives (12 suppliers audited in fiscal 2022).

Aiming for Zero Defects through ZD Activities at Bases Worldwide

Since fiscal 2007, the air conditioning divisions have been working with suppliers taking part in the Supplier Quality Conference in an initiative called ZD (zero defect) activities. The goal is to achieve zero defects through 3S (visual checks for "sort, sweep and standardize"), preventative measures (look for potential defects in production processes), and prevention of reoccurring problems (through regular maintenance).

Ensuring Safety Inside Plants

Introduction

Contents

Daikin Industries, Ltd. asks for business partners and staff of outsourcing partners to cooperate in making plants safer.

Assisting Business Partners and Staff of Outsourcing Partners to Ensure Safety

Plant safety liaison meetings	Awareness of safety is raised and information sharing carried out in order to safeguard staff of outsourcing partners. (Meetings are held bi-monthly.) In addition, safety patrols are held.
Driving safety seminars	Drivers of supplier delivery vehicles that frequent our factories are taught about traffic rules on- and off-site. (Once a year, in fiscal 2022, seminars were held online to prevent the spread of COVID-19. Approximately 500 drivers participated.)
Training for partner companies	Training is held on safety and work quality management, information on hazardous chemicals provided using Safety Data Sheets (SDS), and pocket-sized safety booklets are handed out to workers of partner companies performing periodic maintenance of chemical facilities.

Building a Relationship of Growth

Daikin takes every possible opportunity to communicate with suppliers and promote mutual understanding and trust.

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Introduction

In the air conditioning divisions, managers including the general manager and the senior manager of the Global Procurement Division regularly visit suppliers, where they lead briefings, goodwill gatherings, and awards ceremonies as part of communication enhancement efforts.

In April 2014, we re-started our air conditioner cooperative. The aim of this cooperative is to provide the impetus for innovation leading to new and better manufacturing; for example, counter the weakening of Japan's manufacturing amidst intensifying globalization by helping make Japanese suppliers more internationally competitive and by boosting our ability to quickly respond to sudden changes such as exchange rates and market conditions. In fiscal 2021, the annual meeting was held online due to the COVID-19 pandemic. Also, we streamed videos and held study sessions to raise the bar of CSR procurement.

In fiscal 2021, we again focused on activities of subcommittees in the air conditioner cooperative, which are divided into the three categories of safety, delivery improvement, and rental assets, hosting an annual review of activities. These activities benefit both suppliers and Daikin, including through business collaboration.

In the chemicals divisions, besides the ongoing Quality Forum meetings, purchasing managers keep in close contact with suppliers to gather and exchange information in areas such as technology, quality, and prices. Any problems that come up are solved through extraordinary or emergency support requests to relevant divisions. Particular emphasis was given to follow-up on outsourced production start-up, and we worked with suppliers while the chemicals divisions worked alongside the Quality Assurance Department and engineering divisions to examine the products onsite.

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Stakeholder Engagement

Stakeholder Engagement

Basic Policy

So that we can continue to contribute to society, Daikin uses every means possible to gather the opinions of stakeholders, report these to company officers, and reflect them in our management, all with a focus on stakeholder engagement.*

Daikin's main stakeholders are the customers to whom we provide products and services, those directly affected by our business including shareholders, investors, employees, and business partners, as well as members of local communities, who are affected by our business activities. Moreover, the national and local governments of the countries where we do business, and those countries' industry groups, are connected to our efforts to improve environmental performance and disseminate environmental technologies. But no single group of stakeholders has priority over another; they are all important to Daikin.

The process of being actively involved with one or more stakeholders through dialogue or other means, with the aim of achieving a mutually acceptable outcome, in the course of a corporation's integration of its social responsibility into day to day practice. (From the Keidanren's Charter of Corporate Behavior)

Stakeholder Engagement Efforts

		M : E1
Stakeholders	Main dialogue methods and opportunities	Main dialogue representatives at Daikin
Customers Or2 Customer Satisfaction	 Daily sales activities Dialogue during repair visits Contact Centers Showrooms "Thank You" sales events and product explanations at distributors Website and social media 	Sales divisions Service divisions General affairs divisions
Shareholders and investors 117 Dialogue with Shareholders and Investors	 Shareholders' meetings, briefings for investors, and response to individual requests for information Integrated Report, business reports and information for investors on our website 	General affairs divisions Corporate communication divisions
Procurement business partners 107 Supply Chain Management	 Daily procurement activities Supplier briefings Supplier Quality Conferences 	Procurement divisions
Employees 079 Human Resources	 Daily dialogue Interviews based on employee self-assessments Labor-management council meetings, labor union council meetings Group Management Meeting Managers' meetings 	All divisions Human Resources Division Corporate Planning Department
National and international organizations 118 Dialogue with Government and Industry Groups	 Dialogue with government representatives in each country Dialogue with UN representatives 	Public relations divisions
Universities and academia Universities and academia Universities and academia Universities and academia Partnerships	Air Conditioner Forums (Konwakai) Joint research and joint development	Public relations divisions Research divisions
Other businesses, industries 102 Collaborative Innovation Led by Industry-Industry Partnerships	Joint research, joint development Participation in industry activities	Research divisions CSR divisions
NPOs, NGOs 118 Dialogue with Government and Industry Groups	Dialogue with NPOs and NGOs	CSR divisions
Communities 122 Communities	Informing local community of emergency disaster drills Factory tours Involvement with local groups and events Providing environmental education	Group companies Daikin bases CSR divisions

^{*} Stakeholder engagement

Stakeholder Engagement

Dialogue with Shareholders and Investors

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Basic Policy

Based on Our Group Philosophy's policy of "With Our Relationship with Society in Mind, Take Action and Earn Society's Trust," Daikin Industries, Ltd. believes in its responsibility to shareholders and investors to abide by laws, conduct corporate activities with the utmost in ethics, and earnestly disclose information to ensure transparency of management.

For company-related information such as decisions and occurrences, in line with the rules of the Tokyo Stock Exchange, we disclose timely information on the stock exchange's TDnet online system, and promptly on the Daikin website. Even for information that we are not legally obligated to promptly disclose, we do everything possible to release information that we believe will help the investment decisions of shareholders and investors.

Disclosure Policy

https://www.daikin.com/investor/management/disclosure

Disclosing Information in a Fair and Timely Manner

Introduction

Maximizing Information Disclosure through **Briefings and Our Website**

Daikin Industries, Ltd. conducts a range of IR activities aimed at improving understanding in areas like our company's current state and management philosophy for shareholders and investors

For analysts and institutional investors, we hold financial performance briefings every financial quarter. In addition, we speak with investors over 400 times a year through business briefings, plant tours, sustainability briefings, and face-to-face meetings. For individual investors, we also hold company briefings several times a year.

Furthermore, in order to ensure fair disclosure of information to everyone, regardless of whether they are institutional or private investors in Japan or other countries, we strive to disclose IR information in English and actively disseminate information on our corporate website.

More than 140 analysts and investors took part in the sustainability briefings held virtually in fiscal 2022. This briefing highlighted the "Challenge to Achieve Carbon Neutrality," which was one of the growth strategy themes identified in the Fusion 25 Strategic Management Plan. We explained about European heat pump heating, a rapidly growing market driven by decarbonization, conveyed our initiatives to balance medium- to long-term business growth with solutions to social issues, and held discussions.

In addition, we also actively engaged in individual dialogue sessions with institutional investors on themes pertinent to sustainability and ESG. In fiscal 2022, we held dialogue on the progress of Environmental Vision 2050, which aims to achieve net-zero greenhouse gas emissions by 2050 based on the TCFD Framework.

Respect for Exercising Voting Rights

Helping More Shareholders Exercise Voting Rights

To ensure that shareholders have more time to consider new proposals before voting at the Ordinary General Meeting of Shareholders, we send announcements of the meeting at least a week earlier than is legally required. We also promptly post the information on the Daikin website and on the website of the Tokyo Stock Exchange at least a week before we send it.

Stakeholder Engagement

Dialogue with Government and Industry Groups

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Dialogue with Experts and CSR-Related Groups

Worldwide Air Conditioner Forums, "Konwakai," Discuss the Future of Air Conditioning

Since 1995, Daikin has been holding Air Conditioner Forums (Konwakai) in Japan to exchange opinions with experts on the future of air conditioning. Since fiscal 2007, these Konwakai have spread worldwide to Europe, China, the U.S., Asia/Oceania, and Latin America. At each Konwakai, we exchange ideas and opinions on environment and energy with local experts, and the information we gather is reflected in the development of technologies and products, and in how we pursue business.

In fiscal 2022, we were able to hold these forums in-person for the first time in about three years and established a seventh Konwakai in the Middle East and Africa region. To date, a total of 130 people from 33 countries have participated in these forums, where we have discussed the primary themes of how air conditioning can contribute to carbon neutrality, sustainability initiatives, and initiatives to spread Indoor Environmental Quality (IEQ).

Moreover, we held our first-ever joint Konwakai in Japan involving the Japan, North America, and Latin America regions. During this forum, we discussed issues facing each region and how to forge a shared future together.



Introduction

Joint forum held in Japan

Opinion Exchange and Information Sharing with Industry Groups

As part of its stakeholder engagement, Daikin participates in industry groups and actively engages in opinion exchange and information sharing.

Daikin is a member of the Japan Refrigeration and Air Conditioning Industry Association (JRAIA). JRAIA has established committees, with expert members from its affiliated companies to conduct regular meetings for discussions and information sharing pertaining to the future of the refrigeration and air conditioning industry. As part of the activity, Daikin provides cooperation on the research and administrative measures on climate related issues, and conducts inspections and certifications on the environmental performance of refrigeration and air conditioning equipment and their test devices.

Daikin participates in a number of JRAIA's expert committees, contributing to its activities. In particular, Daikin chairs the Environmental Planning Committee, one such expert committee covering environmental activities. The committee is involved in discussions such as improving energy efficiency of refrigeration and air conditioning equipment that also contributes to reduced impact on climate change, and the use, selection of, and policy on

appropriate refrigerants. In addition, Daikin is also involved in the operation of the International Symposium on New Refrigerants and Environmental Technology hosted by JRAIA once every two years.

Active Information Exchange with International Organizations and NPOs and NGOs

We take every possible opportunity to exchange opinions with a range of international organizations and NPOs and NGOs on topics such as the environment and energy.

We are looking to increase the frequency of such information exchanges as we study the direction that Daikin's environmental actions should take.

See below for our participation in initiatives

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Daikin Cooperates in Formation of Environmental Policy

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As it does business in countries around the world, Daikin ties up and cooperates with national and local governments and industry groups to come up with proposals and to call on all parties concerned for the betterment of society. We plan to continue proactively disclosing useful information with countries around the world.

Introduction

Recent international initiatives (3-year period)

		Global	We declared our cooperation with the initiative on fluorocarbon life cycle management as a private sector company that was promoted by Minister of the Environment Koizumi at COP25.
		UAE	We provided assistance with adopting international standards necessary for appropriate evaluation of inverters.
	July	Brazil	We provided assistance in developing rules to appropriately evaluate the environmental performance of products, leading to revised energy efficiency standards.
	September	Tanzania	Our program to expand high efficiency air conditioners using a subscription-based service was accepted into JICA's SDGs Business Support Program.
Fiscal 2020	February	Latin America	Presentation on our initiative on increasing the efficiency of air conditioners and adopting lower GWP refrigerants at the Super-efficient Equipment and Appliance Deployment Workshop targeting Latin America co-hosted by the International Energy Agency (IEA) and the government of the U.K. as the host country of COP26.
	March	Global	At the 6th Annual Global Conference on Energy Efficiency hosted by the IEA, our Executive Officer in charge of Global Environment presented our energy conservation initiatives for air conditioners.
	March	Global	Daikin participated in the training on Initiatives for Fluorocarbon Life Cycle Management and high-efficiency non-fluorocarbon equipment in Japan hosted by the Ministry of the Environment for seven Asian countries where we showcased our contribution to mitigating global warming through promotion of Daikin's low GWP refrigerants and inverters, as well as its cooperation on the refrigerant recovery and recycling scheme.
	April	Global	Daikin Airconditioning India Pvt. Ltd., and Daikin Industries, Ltd. applied together with Nikken Sekkei Ltd. to the Global Cooling Prize held in India, and received the Grand Prize for its air conditioning system that has greatly reduced overall environmental impacts than standard models.
	June	Middle East and Africa	Presented information on the necessary policies to spread inverter models, and greenhouse gas emissions reduction via R-32, and exchanged ideas with government affiliates from countries in the Middle East and Africa based on demonstration experiments conducted in the past two years in Saudi Arabia and UAE.
Fiscal 2021	August	Global	Shared Daikin's policy and future directions through dialogue with the UN COP26 High Level Champion Secretariat, and conducted discussions on the importance for the cooling sector to take action to combat climate change as well as its current challenges.
	November	U.S.	Exhibition of actual heat pump at the Cold Climate Heat Pump Challenge hosted by the United States Department of Energy, which was attended by Vice President Harris.
	January	Global	Continued to participate in the training on Initiative on Fluorocarbon Life Cycle Management and high-efficiency non-fluorocarbon equipment in Japan hosted by the Ministry of the Environment since March 2021, and demonstrated the proper air conditioner installation method.
	_	Vietnam	Worked with the Government of Vietnam as part of the Ministry of the Environment's JCM program to create a refrigerant recovery scheme (continued from 2021).
	October	Global	Review of The Future of Heat Pumps special report by the IEA.
	October	Global	Participation in IEA-sponsored roundtable on the future of heating.
Fiscal	November	U.S.	Discussion held on the occasion of the visit to Japan by the Houston Mayor Sylvester Turner led investment and trade mission.
2022	December	U.S.	Participated in the White House Electrification Summit, where discussions were held on decarbonization by 2050 together with the Secretary of Energy and Chair of the Council on Environmental Quality, among others.
	March	Global	Discussion with IEA Deputy Executive Director Mary Warlick on her visit to Japan.
	March	U.S.	Discussion held on occasion of the visit to Japan by a delegation led by the Lieutenant Governor of California.

Environment: Creating Standards for a Decarbonized Society Alongside Stakeholders

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/feature2020/env-pdf

🖶 Feature of Fiscal 2018: Environment—Promoting the Spread of Energy Efficient Technology through Dialogue and Collaboration with Governments and International Agencies

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/feature2018/env-pdf

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Stakeholder Engagement

Participation in Initiatives

Participation in Initiatives

Daikin actively participates in a number of initiatives. These venues allow us to address the requests and expectations of society in an appropriate way while communicating and collaborating with various stakeholders including governments, municipalities, international organizations, experts, industry, academia, and other companies.

Initiatives and Groups We Participate In

UN Global Compact	We have participated in the UN Global Compact for sustainable growth since 2008. The Global Compact requires participating companies from around the world to support and implement the 10 principles covering the four areas of human rights, labor, environment and anti-corruption. United Nations Global Compact Company Information https://unglobalcompact.org/what-is-gc/participants/2733	WE SUPPORT
World Business Council for Sustainable Development	Daikin joined the World Business Council for Sustainable Development (WBCSD) in 2023. The CEOs of more than 200 companies from 35 countries around the world participate in this platform, which cooperates with governments, NGOs, and international organizations on sustainability issues such as climate change, nature, and diversity. Participants share their initiatives and experiences with addressing issues related to sustainable development. World Business Council for Sustainable Development (WBCSD) https://www.wbcsd.org/	⊚ wbcsd
Task Force on Climate-related Financial Disclosures (TCFD)	In May 2019, we stated our endorsement of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) in order to promote the disclosure of business risks and opportunities attributed to climate change. © 18 Management Information Disclosure Based on the TCFD Framework Task Force on Climate-related Financial Disclosures https://www.fsb-tcfd.org/	TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
Japan Climate Initiative (JCI)	A network for increasing information dissemination and discussions among companies, local governments, and NGOs actively engaged in climate change countermeasures, which we have participated in since September 2020. Japan Climate Initiative https://japanclimate.org/english/	JAPAN CLIMATE INITIATIVE

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Eco-First Program run by Japan's Ministry of the Environment	The Eco-First Program was established by the Ministry of the Environment in 2008 to promote industry-leading companies to take action toward environmental conservation. Companies pledge to the Minister of the Environment to implement their own environmental conservation initiatives. Daikin Industries, Ltd. was certified as an Eco-First Company by the Minister of the Environment in November 2008. LECO-First Promotion Council (eco1st.jp) (available in Japanese only) https://www.eco1st.jp/	ECO 1 FIRST
GX Business Working Group run by the Ministry of Economy, Trade and Industry	The GX League was established by the Ministry of Economy, Trade and Industry as a venue for bringing together companies actively promoting a green transformation (GX) to discuss transformation of the socioeconomic system and creating new markets together with players tackling challenges associated with GX in the fields of government, academia and finance. In 2022, Daikin helped establish the GX Business Working Group with six leader companies and 73 member companies to "make rules for market creation" which is one of the initiatives called for in the GX League. GX League (available in Japanese only) https://gx-league.go.jp Daikin joins the newly established "GX Business Working Group" as a leader to Build a Framework and Promote Evaluation and Disclosure on Climate-related Opportunities by GX League	GX League
Keidanren's Challenge Zero	Challenge Zero is an initiative run by Keidanren (Japan Business Federation) in collaboration with the Japanese government to disseminate and promote innovations domestically and internationally by companies and groups for realizing a decarbonized society. We have participated in Challenge Zero since September 2020. Challenge Zero https://www.challenge-zero.jp/en/	Challenge Zero
Japan Clean Ocean Material Alliance (CLOMA)	Japan Clean Ocean Material Alliance (CLOMA) is a platform for strengthening collaboration and accelerating innovation among a wide range of affiliated members that transcends industry types in order to address the issue of ocean plastic waste. Daikin has been a member of CLOMA since 2019. L Japan Clean Ocean Material Alliance https://cloma.net/english/	C L O M A

Communities

Daikin's Philosophy of Social Contribution

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Basic Policy

Focus of Activities: Protecting the Environment, Supporting Education, Living in Harmony with Communities

Daikin does business globally and strives to be a locally rooted company wherever it operates, with its employees taking the initiative in conducting activities that are valuable to local society. Our Group Conduct Guidelines are the basis for action that Daikin employees must take, and they clearly state our aim of being a good corporate citizen that is trusted by society.

Under our Group Conduct Guidelines, based on our three pillars of protecting the environment, supporting education, and living in harmony with communities, we use our management resources to contribute to society in every way possible.

1. Protecting the Environment

As a worldwide provider of pleasant air environments, we contribute to solving environmental problems on a global scale. A particular focus is on activities that ensure we pass on to future generations the forests that nurture our Earth's precious air.

2. Supporting Education

By contributing state-of-the-art technologies to society, we support education for future generations and help build a society where both technological advancement and sustainability are possible.

3. Living in Harmony with Communities

In conducting our business around the world, we help communities to progress proactively by providing them with the support they need in the areas of local culture, arts, sports, and disaster relief.

Daikin values its partnership with communities. We strive to contribute to society by donating money and goods, volunteering in various activities, and holding community events.

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Protecting the Environment

Basic Policy

Daikin works with a range of groups, including governments, local citizens, and NGOs, to protect and rejuvenate precious natural environments around the world as well as the natural environments around Daikin's worldwide bases.

See below for our initiatives around business bases/stations 060 Environment Protecting Biodiversity

Examples of Initiatives

"Forests for the Air" Project Underway in Seven Locations Worldwide

Daikin works together with international NGO Conservation International (CI) and the Shiretoko Nature Foundation in carrying out the "Forests for the Air" project in seven regions around the world. In Shiretoko (Japan), Indonesia, Brazil, Cambodia, India, China, and Liberia, Daikin employees, local governments, NGOs, and customers cooperate in efforts to help locals earn a livelihood while also protecting forests. The goal by 2024 is to protect forests covering some 11 million hectares and contribute to reducing seven million tons of CO₂ emissions. Through forest protection, the project aims to solve social problems like poverty and contribute to achieving the Sustainable Development Goals (SDGs).

"Forests for the Air" Project https://www.daikin.com/csr/forests

Daikin Supports Environmental Protection on the Shiretoko Peninsula

In July 2011, Daikin, the Shiretoko Nature Foundation, and the towns of Shari and Rausu signed an agreement to protect the wilderness of the Shiretoko Peninsula, a UNESCO World Natural Heritage Site. As part of Daikin's "Forests for the Air" project, Daikin will provide donations and send volunteers for a period lasting until the end of 2024 in support of the Shiretoko 100 Square-Meter Movement.

Through these activities, we are preserving the forests of Shiretoko and also developing human resources with a strong awareness of the environment.





Daikin volunteers (October 2021)

Daikin volunteers (February 2023)

Working on Reforestation in Indonesia

Since 2008, Daikin has been working with international NGO Conservation International (CI) on a reforestation project in Gunung Gede Pangrango National Park on Java Island in Indonesia to rejuvenate the forest and its ecosystems. This is part of Daikin's "Forests for the Air" project.

This national park is covered with valuable tropical forests that are home to many unique species designated as endangered. But in the last several decades, there has been rapid deforestation as social problems such as poverty have forced people to clear land for agriculture and cut down trees to support their lifestyles.

Toward solving this problem, Daikin is contributing to reforestation but also providing support to secure alternate livelihoods for residents to reduce their dependence on cutting down trees. So far under this project, about

150,000 trees (local species) were planted on about 300 hectares with the help of 644 local farmers and 20 national park rangers. We have been supporting farming (agroforestry), and providing environmental education to help residents build a foundation for their lifestyles. In addition, we have also helped bring the natural gift of water and hydropower to households in these areas. This improved the convenience and sanitation, as well as opened up the residents' awareness toward the importance of the forest, with the result that they are more eager to protect their natural resources.

In fiscal 2018, we received a letter of appreciation for our environmental and social contribution activities from the government of Indonesia. The letter recognizes our contributions to the revitalization of forest that serves as a water source for Indonesia's capital of Jakarta as well as our contributions to solving social issues faced by local communities, such as poverty and education.

Through forest conservation activities like this. Daikin will contribute to the achievement of SDGs by helping solve social problems such as poverty.



Helping create a livelihood for local farmers: Preparing cucumbers grown in the planted forest to be sold in the market ©Conservation International, Photo by Anton Ario

Communities

Supporting Education

Basic Policy

Daikin supports education for youth through financial support and sharing of technology in each region where it operates. By conducting grass-roots activities, we seek to cooperate with and gain the trust of local communities.

Efforts in Japan

"Circle of Life" Free Environmental Education Program for Elementary School Children

Daikin Industries, Ltd. has developed an environmental education program for elementary school students called "Circle of Life," and has been providing schools across Japan with free teaching materials since 2010. The program focuses on Daikin's reforestation efforts and instructs children about the relationship between global environmental issues and the ecosystem and our daily lives through fun and engaging activities. In fiscal 2022, 530 students from seven schools took part in the program, while Daikin employees were dispatched to give lessons at four schools.



A Daikin employee leads an environmental lesson at a school

"Circle of Life" Environmental Education program (available in Japanese only)

https://www.daikin.co.jp/csr/edu

Daikin Leads Science Classes at **Elementary Schools**

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In support of the Sakai Municipal Board of Education's initiative to implement special classes on science, Daikin employees take on the role of teachers in science experiments in schools. The children conduct actual experiments in which, for example, they see how an air conditioner conveys heat and cools the air, and how an air purifier uses electricity to collect dust. The event was held at 11 elementary schools with 750 students participating in fiscal 2022.



Training Technical School Students in **Emerging Countries**

We offer scholarships and take in interns as part of efforts to provide technical school students in emerging countries with better employment opportunities. We also have tours of our worldwide factories to raise interest in technology among local students. Further, Daikin donates air conditioners to technical schools used for instruction in technical training and supports the development of engineers essential for the spread of air conditioning.



Daikin Air Conditioning (Vietnam) Joint Stock Company Held training for vocational school instructors



Daikin Isitma Ve Sogutma Sistemleri Sanayi Ticaret A.S. Organized showroom visit for students



Xi'an Daikin Qing'an Compressor Co., Ltd. Hosted university student interns



PT. Daikin Airconditioning Indonesia Provided equipment to technical school

Communities

Harmony with Communities

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Basic Policy

We want to be a good corporate citizen by being keen to the problems of the communities we operate in and conducting activities that lead to solutions.

Employees at regional Daikin bases have planned ways to interact with local communities. Employees will continue to be front and center by considering and meeting the needs of the community, this will make Daikin a known and trusted member of local society.

Interactions with Local Communities

Responding Sincerely to Opinions from **Local Communities**

Each of our plants in Japan has an office or representative assigned to promote communication with local communities. Assigned personnel hold regular meetings with local community representatives and take other measures to proactively promote company-community interactions and receive any community complaints. And with the aim of being a plant open to the community, each Daikin company site welcomes community associations, schools, and citizens for factory tours.

A Safe Plant Open to the Community

With safety being the top priority, each plant in Japan does all it can to ensure safety so that nearby residents can live in peace of mind. When there is noise or vibration from operations of a plant, we set up a number that residents can call so that we can guickly deal with any complaints. Besides group meetings with community associations, Daikin plant employees take part in local disaster prevention drills as each of the plant's efforts to work with the community in making Daikin facilities safe.

Disaster Preparedness Measures and Disaster Prevention Drills

Introduction

Each plant has measures in place should there ever be a natural disaster. Besides providing our factories as evacuation sites in the event of a disaster, we have stored supplies of food, water, and emergency equipment. Daikin holds disaster prevention drills every year, which are analyzed afterwards to study ways to improve disaster prevention measures. Daikin bases in Japan have introduced an employee safety confirmation system for determining the whereabouts and safety of employees when disaster strikes.

Conducting Neighborhood Cleanup and **Beautification Activities**

Each plant and office strives to communicate with local residents in aiming to gain the understanding of and contribute to the community. Our employees take part in local cleanup activities while each manufacturing base actively hosts community members on plant tours.



Yodogawa Plant employees cleaning up a waterway



Letter of appreciation for waterway cleanup

Deepening Community Relations around the World at Summer Bon Dance Festivals

The Daikin-sponsored traditional Bon dance festival is a major event attracting large crowds of locals every summer. The Bon dance festival that first began in 1971 at our Yodogawa Plant was eventually expanded into a program that encompasses the entire area. The event has evolved into one of Japan's largest corporate-sponsored Bon dance events and has been reported in media around the world as a successful example of interactions between companies and the community. While the Bon dance festival had also been held each year in major global manufacturing bases such in China and the U.S. The event has been put on hold since fiscal 2020 due to the COVID-19 pandemic.



The Bon dance festival at Daikin America, Inc.

Contributing to Local Communities

Daikin recognizes the importance of having employees play the lead role in building strong relationships with local community members through support provided to local charities and volunteer activities.



Daikin Comfort Technologies North America, Inc. Donation of stationery to a local elementary school



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Daikin Europe Finland Office Sponsorship of a children's snow day



Daikin Compressor Industries Ltd. Donation of comfort articles to a welfare facility



PT. Daikin Airconditioning Indonesia Donation of food and daily essentials to communities in need



Daikin Airconditioning South Africa (Pty.) Ltd. Provision of meals to children during Easter

Contributing to Promotion of Art and Culture

The Daikin Foundation for Contemporary Arts

In 1996, Daikin Industries, Ltd. established the Daikin Foundation for Contemporary Arts to mark the company's 70th anniversary. It supports the activities of the National Museum of Art, Osaka, including exhibitions, academic research, lectures, and publications, in hopes of further revitalizing arts and culture in Osaka, the birthplace of Daikin Industries, Ltd.



Feature

☐ The National Museum of Art, Osaka (NMAO) http://www.nmao.go.jp/en/index.html

The National Museum of Art, Osaka

Daikin Supports the Kansai Philharmonic Orchestra

Daikin Industries, Ltd. supports the Osaka-based Kansai Philharmonic Orchestra.



Kansai Philharmonic Orchestra

Efforts Overseas

Daikin Industries Czech Republic s.r.o. supports Pilsen Philharmonic Orchestra. Daikin (China) Investment Co., Ltd. has held an annual concert since 2007 with the aim of promoting arts and culture.

Contributing to Promotion of Sports

Daikin Orchid Ladies Golf Tournament

For over 30 years since 1988, Daikin Industries, Ltd. has been sponsoring the Daikin Orchid Ladies Golf Tournament, the opening event of the Japan Ladies' Pro Golf Tour (hereinafter, "Daikin Orchid"). The slogan "Ever Onward with Okinawa," indicates our desire to join with Okinawa in continuously addressing the challenges of the future and work closely with local communities.



Champion of the 36th Tournament, Jiyai Shin

☐ Daikin Orchid (available in Japanese only)

http://www.daikin.co.ip/orchid/index.html

Providing Local Amateur Golfers Opportunities to Play

"An amateur tournament" is held as part of Daikin Orchid as a qualifying tournament for participation in the main tournament. The amateur tournament qualifies amateur lady golfers from Okinawa or reside in Okinawa, with a total of 5,000 players participating so far. From this competition, 20 players such as Ai Miyazato, and Mamiko Higa, as well as Shinobu Moromizato and Hina Arakaki (both pro golfers affiliated with Daikin Industries, Ltd.) have become professional golfers.

Bridging Okinawa and the Mainland

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The pro and amateur tournaments and the pre-tournament festival enable representatives of Okinawan and mainland businesses to interact in an informal setting and gain a better understanding of each other's perspectives. This has led to the emergence of the Okinawa Konwakai. The association organizes a variety of vibrant activities that include forums and presentations aimed at further promoting and developing Okinawa. In January 2023, we held a roundtable meeting at Okinawa Institute of Science and Technology Graduate University (OIST) in Onna Village, Okinawa Prefecture featuring keynote speeches by experts.

Supporting Culture and Sports by Orchid Bounty

Orchid Bounty is held every year to invite donations from participants and organizers in order to promote arts, culture, sports and education in the event host area of Okinawa. The donations are presented to individuals and organizations in the community.

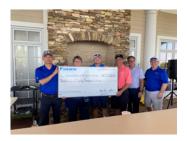
In 2023, Orchid Bounty donated ¥6.4 million to a total of 11 organizations and individuals, bringing the contributions since 1995 to ¥178.9 million and total recipients of 266.



The Orchid Bounty donation ceremony

Initiatives Overseas

Daikin also supports sports overseas.



Daikin America, Inc.

Donation of money raised at a charity golf tournament to the UnitedWay



Daikin Airconditioning France S.A.S. Sponsorship of an ice hockey team



Daikin Device Czech Republic s.r.o. Sponsorship o a local basketball team