

CSR Action Plan 2020

	Key CSR Themes	About the CSR Initiatives	Fiscal 2020 Target
CSR for Value Provision	Environment Introduce state-of-the-art technologies to the market in order to address environmental and energy issue	Provide Environmentally Conscious Products and Services Worldwide <ul style="list-style-type: none"> Promote use of energy-efficient air conditioners, including inverter products Promote use of air conditioners using refrigerants with lower global warming potential Promote use of heat-pump heaters and hot water heaters Expand our environmental solutions business 	<ul style="list-style-type: none"> Through the worldwide adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions 60 million tons-CO ₂
		Minimize Environmental Impact in Production Activities <ul style="list-style-type: none"> Reduce greenhouse gases Manage and reduce chemicals Make effective use of water and other resources Promote green procurement 	<ul style="list-style-type: none"> Greenhouse gas emissions during development and production for entire Daikin Group 70 % reduction over fiscal 2005 (reduced to 1.58 million tons-CO ₂)
		Expand the Green Heart Circle of Love for the Earth <ul style="list-style-type: none"> Encourage employees to take part in environmental activities inside and outside work Promote environmental and social contribution activities 	<ul style="list-style-type: none"> Achieve Green Heart Factory certification for all production bases Preserve 11 million hectares of forest at 7 worldwide locations Implement and expand environmental activities in collaboration with stakeholders
	New Value Creation Share dreams and ambitions inside and outside Daikin to realize a healthy, comfortable lifestyle through air	Create New Value to Meet the Expectations of Customers and Society <ul style="list-style-type: none"> Value Creation for the Earth Value Creation for Cities Value Creation for People 	<ul style="list-style-type: none"> Use IoT and AI for open innovation that creates new value
	Customer Satisfaction Provide peace of mind and reliability through a focus on customer orientation, experience, performance, and advanced technologies	Provide Customers with the Ultimate Satisfaction <ul style="list-style-type: none"> Ensure safety and quality Pursue customer satisfaction 	<ul style="list-style-type: none"> Establish a high standard of quality Establish a service network covering the globe Grasp worldwide customer needs and pursue high customer satisfaction
	Human Resources Respect individual personalities and values, and maximize the potential of each employee so that they can benefit Daikin and society as a whole	Create a Work Environment Where Employees Can Use Their Talents to the Fullest through People-Centered Management <ul style="list-style-type: none"> Develop human resources Promote workplace diversity Promote occupational safety and health 	<ul style="list-style-type: none"> The ratio of excellent or advanced skilled engineers in manufacturing: 1 in 4 employees Increase percentage of overseas bases where local nationals are presidents Frequency rate (shows frequency of occurrence of labor accidents): 0
Fundamental CSR	Corporate Governance	Accelerate decision-making and operational execution in response to management tasks and the changing management environment, and raise the level of management transparency and soundness to raise corporate value	<ul style="list-style-type: none"> Degree of independence from the company, diversity, and transparency of the Board of Directors (Daikin Industries, Ltd. only) Thoroughness of compliance
	Respect for Human Rights	Show respect for basic human rights in accordance with all international norms based on the laws and regulations of each country and region	<ul style="list-style-type: none"> Thoroughness of respect for human rights
	Supply Chain Management	Fulfill corporate social responsibility through environmental impact reduction, quality assurance, and occupational safety and health throughout the entire supply chain	<ul style="list-style-type: none"> Conduct CSR procurement
	Stakeholder Engagement	Engage in dialogue with all members of society and reflect outside opinions in our business, and continuously examine our actions to ensure that we meet society's demands and expectations	<ul style="list-style-type: none"> Engage in dialogue with stakeholders and reflect this dialogue into management
	Communities	Respect the culture and history of different countries and regions, and create strong bonds with communities as a good corporate citizen	<ul style="list-style-type: none"> Contribution to environmental conservation, education support, and cooperation with the local community

Daikin has formulated CSR Action Plan 2020, which sets targets for fiscal 2020 regarding four themes of CSR for value provision and five themes of fundamental CSR that we worked toward across the entire Daikin Group. As a result, we were able to achieve the targets for nearly every theme.

Quantitative Index	Fiscal 2020 Achievements	Explanation of Index
● Through the adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions	● 70 million tons-CO₂	We measured how much this contributed to reducing greenhouse gas emissions through the adoption of Daikin's environmentally conscious products.
● Environmentally conscious products as a percentage of sales volume (residential air conditioners)	● 98%	We measured how much we increased sales volume of air conditioners using inverter technology and refrigerants with lower global warming potential.
● Reduction ratio of greenhouse gas emissions from development and production (over fiscal 2005)	● 79% reduction (reduced to 1.08 million tons-CO ₂)	We measured how much we reduced greenhouse gas emissions generated from product manufacturing and other processes.
● Number of factories certified as Green Heart Factories	● 39 bases (7 in Japan / 32 overseas)	We measured the increase in the number of production bases that achieved Daikin's in-house standards for environmental action.
● Contribution to CO ₂ emission reductions through forest preservation	● 7 million tons-CO₂	We measured contribution to CO ₂ emission reductions through forest preservation activities at 7 worldwide locations where we are working together with international NGOs and other groups.
● R&D expenditure	● 71.7 billion yen	We measured how much we invested in value creation and how many new technologies we came up with.
● Number of patent applications	● Japanese applications: 1,076 ● Overseas applications: 467 (FY2019) (Daikin Industries, Ltd. only)	
● Progress rate of after-sales services, setting the base year as 1.00	● Japan: 1.14 ● Singapore: 1.01 ● China: 1.04 ● Vietnam: 1.17 ● India: 1.15 ● Australia: 1.00 ● Indonesia: 1.10	We measured how much we improved after-sales service customer satisfaction compared to the base year.
● The ratio of excellent or advanced skilled engineers in manufacturing	● 1 in 3.3 employees (Daikin Industries, Ltd. only)	We measured the number of employees we trained, out of those involved in manufacturing, who possess advanced skills and knowledge and who can lead production activities.
● Percentage of overseas bases where local nationals are president	● 43% (overseas bases)	We measured progress in appointing local nationals as presidents of overseas bases.
● Frequency rate	● 1.01	We measured how well we succeeded in the safe operation of production bases.
● Number of directors who are outside the company, women, and foreign nationals	● 4 external directors, 1 female director, 1 foreign national director (Daikin Industries, Ltd. only)	We measured the diversity of the make-up of directors.
● Self-assessment implementation rate	● 99%	We measured how well we did in compliance through the implementation rate of self assessments.
● Self-assessment implementation rate	● 99%	We measured how thorough we were in respect for human rights through the implementation rate of self assessments.
● CSR procurement rate	● 99%	We measured the ratio of suppliers who satisfied Daikin's in-house standards to total procurement value.
● Number of air conditioner forums held, number of outside participants	● Held eight times online around the world with a total of 90 people , including university professors and specialists, from 22 countries taking part	The number of dialogue sessions/persons with experts from around the world related to air conditioning, a particularly strong foundation of Daikin's operations in terms of engagement.
● Expenditure for social contribution activities	● 1.3 billion yen	We calculated the monetary amount, through donations, goods, and other ways, that we provided to communities.