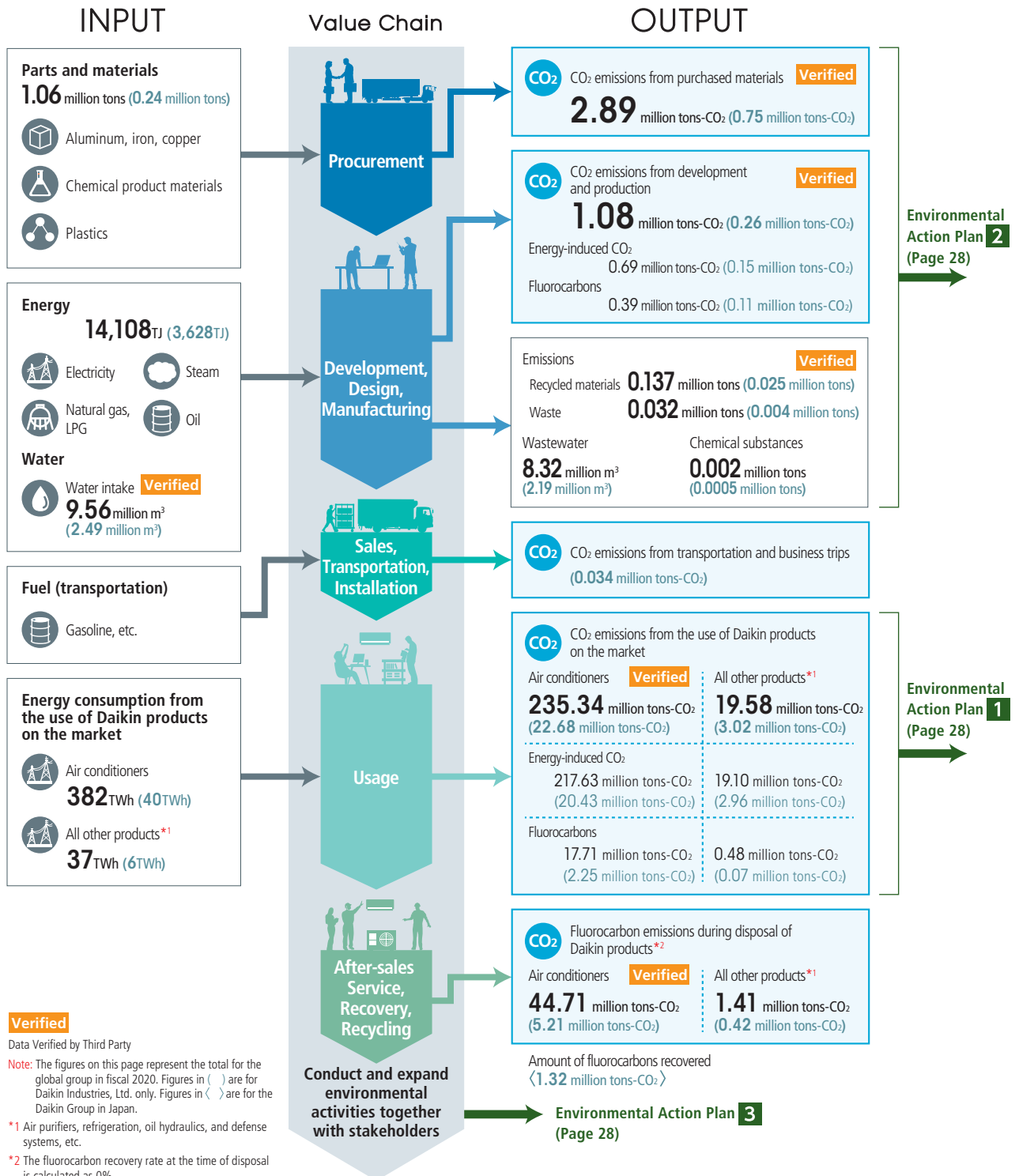


Environment

Overview of Environmental Impact

The Daikin Group measures the impact that its business activities have on the environment throughout the value chain: in materials procurement, development, production, transportation, installation, product use, recovery, and recycling. Air conditioners are products that consume large amounts of electricity, and within their product lifecycle, the energy consumed during product use makes a particularly large contribution to climate change.



Verified

Data Verified by Third Party

Note: The figures on this page represent the total for the global group in fiscal 2020. Figures in () are for Daikin Industries, Ltd. only. Figures in < > are for the Daikin Group in Japan.

*1 Air purifiers, refrigeration, oil hydraulics, and defense systems, etc.

*2 The fluorocarbon recovery rate at the time of disposal is calculated as 0%.

Environmental Action Plan 2020

We implemented Environmental Action Plan 2020 based on the Fusion 20 Strategic Management Plan.

We will reduce environmental impacts across the entire value chain aimed at striking a balance between sustainable business growth and environmental conservation.

Under our Environmental Action Plan 2020, which targets fiscal 2020, we took actions based on three pillars: **1** provide environmentally conscious products and services, **2** minimize environmental impact through manufacturing and other activities, and **3** expand the Green Heart circle worldwide.

Because air conditioners, our flagship product category, emit a large amount of greenhouse gas when used, we focused on disseminating worldwide the use of energy-efficient air conditioners and air conditioners that use low-global-warming-potential refrigerants. We set a target of reducing worldwide greenhouse gas emissions in fiscal 2020, the final fiscal year of the plan, by 60 million tons-CO₂. Calculations show that we achieved the reduction of 70 million tons-CO₂.

In efforts to reduce environmental impact in production activities, we set a target of reducing greenhouse gas emissions in fiscal 2020 to 1.58 million tons-CO₂ (70% reduction over fiscal 2005). In fiscal 2020, we succeeded in lowering these emissions to 1.08 million tons-CO₂.

★★★★ : Succeeded ★★★ : Will soon succeed ★ : Doing all we can

Action targets		Fiscal 2020 target	Fiscal 2020 results	Self-assessment
1 Provide Environmentally Conscious Products and Services Worldwide				
Contribute to reducing greenhouse gas emissions by spreading the use of the following products: ● Energy-efficient air conditioners such as inverter products ● Air conditioners using refrigerants with lower global warming potential ● Heat pump space and water heaters ● Environmental solutions business		Contribution to greenhouse gas emission reductions* ¹ 60 million tons-CO ₂	70 million tons-CO ₂	★★★★
		Increase in selling ratio of environmentally conscious products* ²	Sales volume of environmentally conscious products as percentage of residential air conditioners 98%	★★★★
2 Minimize Environmental Impact in Production Activities				
Greenhouse Gas	Emission Reductions	70% reduction over fiscal 2005 (reduction to 1.58 million tons-CO ₂)	79% reduction (reduction to 1.08 million tons-CO ₂)	★★★★
	Reduction of Energy- Induced CO ₂ Emissions	Unit reduction in energy-induced CO ₂ emissions of 5% against standard value* ³	14% reduction	★★★★
Emissions		Unit reduction in emissions of 5% against standard value* ³	12% reduction	★★★★
Water		Unit reduction in water intake of 5% against standard value* ³	14% reduction	★★★★
Chemicals		Unit reduction in chemical emissions of 5% against standard value* ³	23% reduction	★★★★
Green Procurement		Increase in green procurement rate* ⁴	80%	★★★★
3 Expand the Green Heart Circle of Love for the Earth				
Carry out and expand environmental activities in collaboration with stakeholders	Encourage employees to take part in environmental activities inside and outside work	Certify all production bases as Green Heart Factories* ⁵	39 bases certified (7 in Japan, 32 overseas)	★★
	Promote environmental and social contribution activities	Carry out forest protection activities with NGOs and other groups Educate the younger generation about the environment	Reduce emissions by 7 million tons-CO ₂ Provide learning materials to 740 students	★★

*¹ Difference between emissions from all Daikin environmentally conscious products and emissions from non-inverter products, air conditioners using conventional refrigerants, and combustion space and water heaters.

*² Products that satisfy either or both of the following conditions: consume at least 30% less electricity than conventional products, or use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.

*³ Average for fiscal 2013-2015.

*⁴ The procurement value of suppliers that met the evaluation criteria as a percentage of the company's total procurement value.

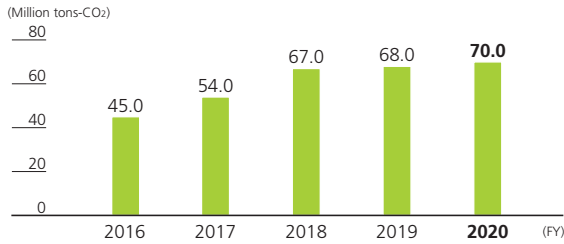
*⁵ A Daikin standard for assessing and certifying how well each production base is doing in achieving environmental criteria related to energy efficiency, waste reduction, and biodiversity protection.

WEB Method of Calculating Greenhouse Gas Emissions Data <https://www.daikin.com/csr/report/verification/calculation.html>

Environment

Contribution to Greenhouse Gas Emission Reductions from Daikin Air Conditioners on the Market*

OJG



- * Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and combustion space and water heaters.
- Reviewed by a third-party.

Environmentally Conscious Products* as Percentage of Sales Volume (Residential Air Conditioners)

OJG

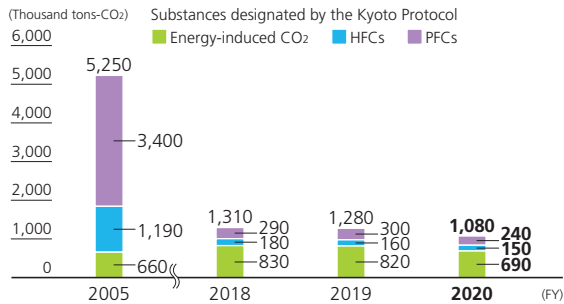
	2017	2018	2019	2020
Environmentally Conscious Products	83	93	97	98
Super Green Products	47	51	60	69
Green Products	36	42	36	29
Other products	17	7	3	2

* Environmentally conscious products: Name for Super Green Products and Green Products. Products that satisfy all of the conditions below are Super Green Products. Products that satisfy at least one of the conditions are Green Products.

- Consume at least 30% less electricity than conventional products
Example: Air conditioners equipped with inverters.
- Use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.
Example: Air conditioners using R-32, a refrigerant with low global warming potential

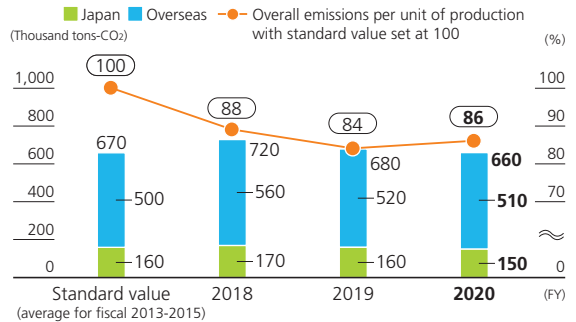
Greenhouse Gas Emissions (Development and Production)

Verified OJG



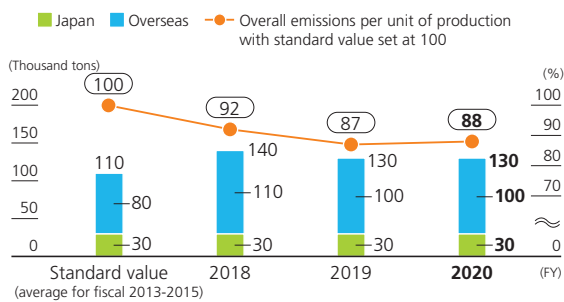
Total Energy-Induced CO₂ Emissions, CO₂ Emissions per Unit of Production

OJG



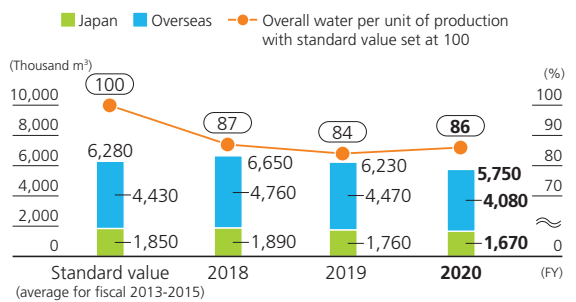
Emissions/ per Unit of Production

OJG



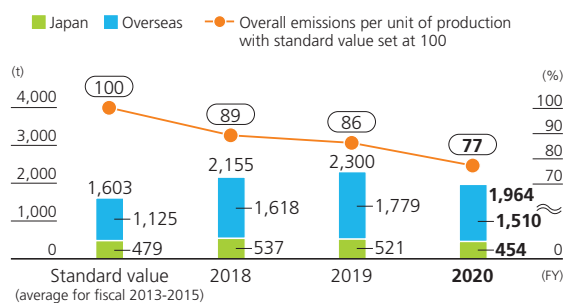
Water Intake/ per Unit of Production

OJG



Chemical Emissions / per Unit of Production (total of PRTR substances and VOCs)

OJG



Green Procurement Rate* by Region (%)

OJG

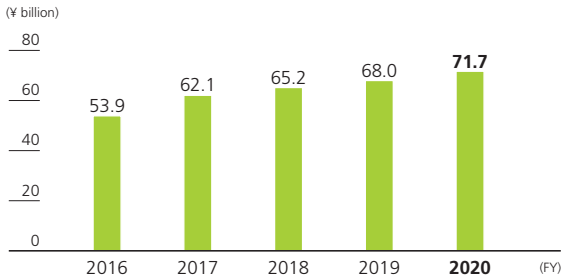
	2018	2019	2020
Japan	90	93	95
China	90	93	94
Thailand	97	97	95
Other countries in Asia and Oceania	80	74	79
Europe	95	97	98
North America	32	32	35
South America	100	100	100
All regions	80	80	80

* Green procurement rate = $\frac{\text{Value of goods procured from suppliers who meet our assessment criteria}}{\text{Value of all goods procured}}$

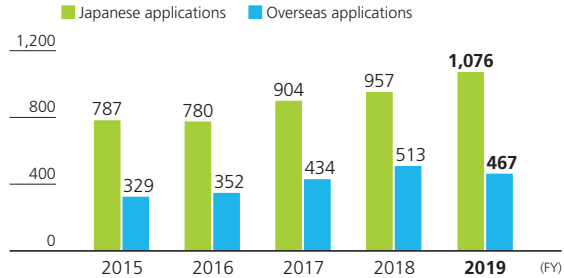
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

New Value Creation

Research and Development Expenses (OJG)

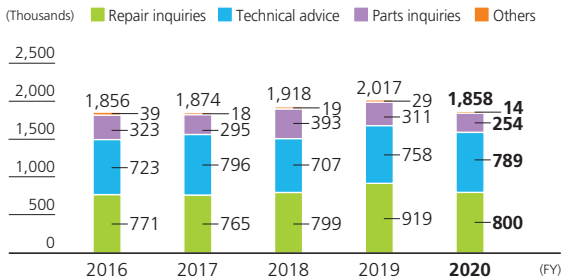


Number of Patent Applications (D)



Customer Satisfaction

Number of Inquiries to the Contact Center (JG)



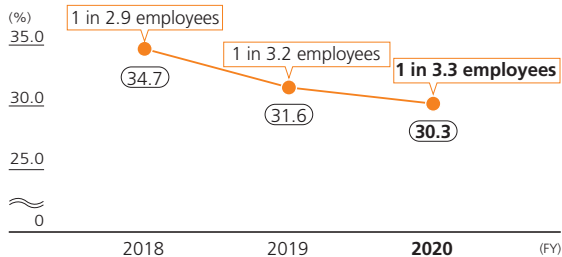
Improvement in Customer Satisfaction*

	(Base year)	2018	2019	2020
Japan	(2015)	1.13	1.14	1.14
China	(2018)	1.00	1.04	1.04
India	(2016)	1.09	1.13	1.15
Indonesia	(2017)	1.03	1.03	1.10
Singapore	(2015)	1.00	1.00	1.01
Vietnam	(2015)	1.09	1.11	1.17
Australia	(2015)	1.00	1.00	1.00

* Satisfaction of after-sales services, regarding the base year as 1.00.

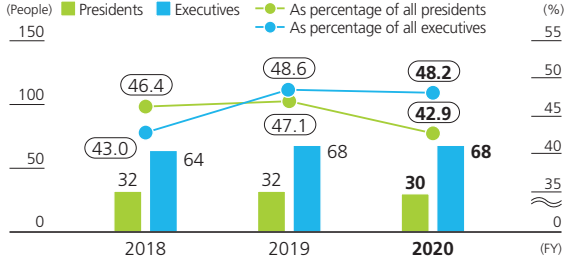
Human Resources

The Ratio of Excellent or Advanced Skilled Engineers* in Manufacturing (D)

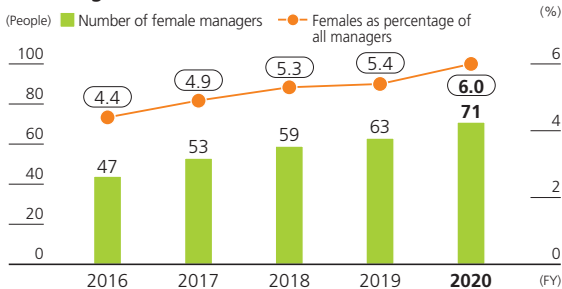


* High-skilled engineers with knowledge and leadership.

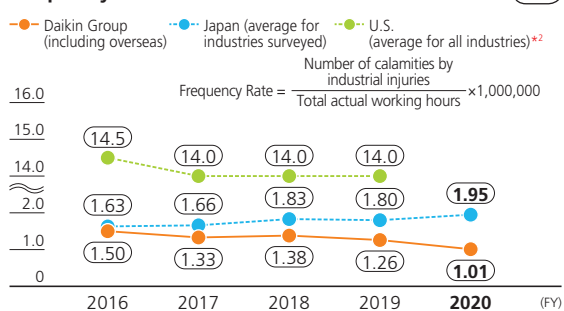
Number and Percentage of Overseas Bases Where Local Nationals Are President or Executives (OG)



Number and Percentage of Women in Management Positions (D)



Frequency Rate*1 (OJG)



*1 This shows the frequency of work-related calamities, expressed in number of calamities for every 1,000,000 working hours.

*2 No data was released for the U.S. in fiscal 2020 (As of end of September 2021). Calculated based on information from U.S. Bureau of Labor Statistics (November 2020).

Companies covered by data: **(D)** Daikin Industries, Ltd. **(JG)** Including Group in Japan **(OG)** Overseas Group companies only **(OJG)** Including Group companies in Japan and overseas

Supply Chain Management

CSR Procurement Implementation Rate* (%) **(OJG)**

	2019	2020
Japan	97	99
Overseas	99	99
Entire Group	99	99

* Ratio of procurement value from suppliers who satisfied Daikin's standards to total procurement value.

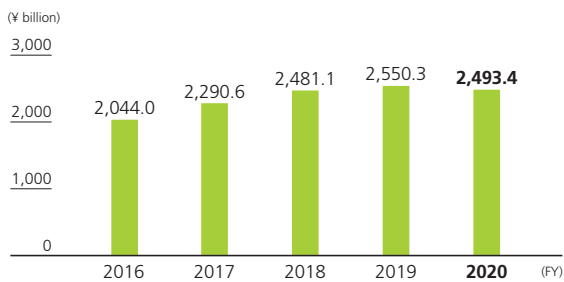
Communities

Expenditure for Social Contribution Activities (million yen) **(OJG)**

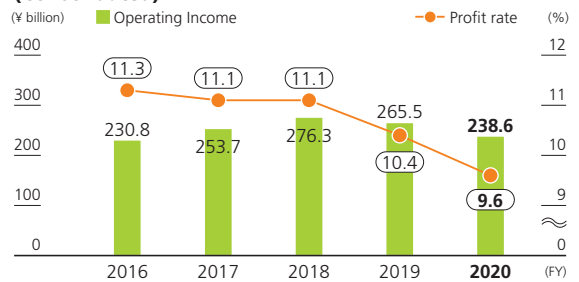
	2018	2019	2020
	1,415	1,477	1,292

Corporate Data

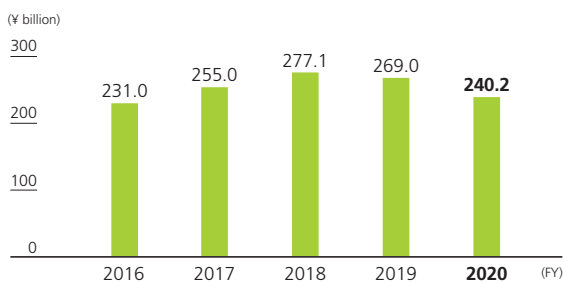
Net Sales (Consolidated)



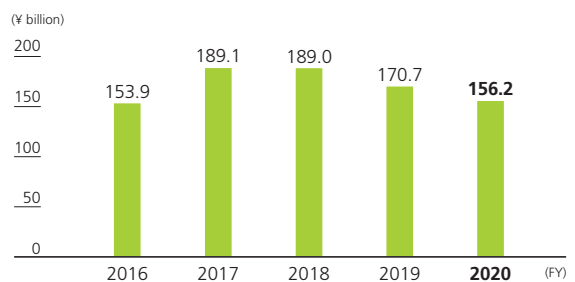
Operating Income/Operating Income Margin (Consolidated)



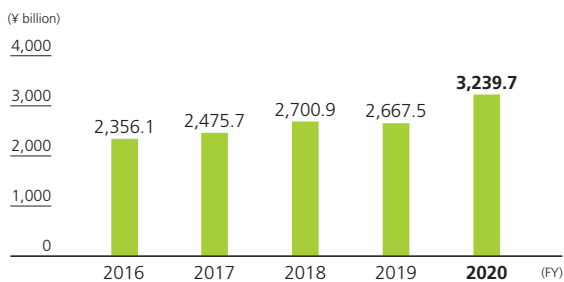
Ordinary Profit (Consolidated)



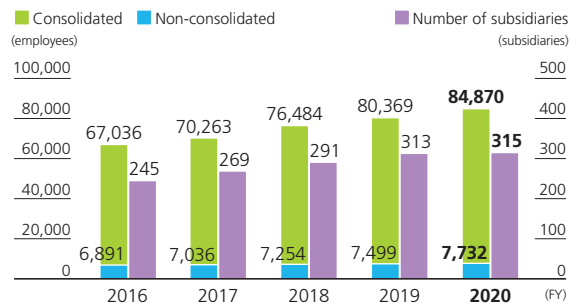
Profit Attributable to Owners of Parent (Consolidated)



Total Assets (Consolidated)



Number of Employees/Subsidiaries



Note: According to the adoption of the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from FY2018, the figures in FY2017 have been retrospectively adjusted.