

To ensure reliability of the content of this report, Daikin contracts with a third-party to verify its data on greenhouse gas emissions, water use, wastewater, waste emissions, and chemical substances emissions.

**Data Covered by Verification**

**Environmental Impact Data on Business Operations in FY2020**


- ▶ Scope 1 and Scope 2 greenhouse gas (GHG) emissions, water use, wastewater, waste emissions, and chemical substances emissions from business operations of four production bases of Daikin Industries, Ltd., eight production subsidiaries in Japan, and 44 production subsidiaries overseas.
- ▶ Category 1 (purchased goods and services), 11 (use of sold products), and 12 (final product disposal) emissions of Scope 3 GHG emissions calculated in line with the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard."

**Scope of Review**

**Contribution to Greenhouse Gas Emission Reduction through the Use of Products**

- ▶ Contribution to CO<sub>2</sub> emission reduction through the use of inverter air conditioners sold in emerging countries in fiscal 2020.
- ▶ Contribution to CO<sub>2</sub> emission reductions through the use of air conditioners sold in Japan, Europe, North America and China in fiscal 2020.
- ▶ Contribution to greenhouse gas emission reductions through fiscal 2020 worldwide sales of air conditioners that use R-32 low global warming potential refrigerant.

**INDEPENDENT ASSURANCE STATEMENT**  
 To: Daikin Industries, Ltd.



Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Daikin Industries, Ltd. (Daikin) to provide limited assurance and to conduct an external review over sustainability information selected by Daikin. This Assurance Statement applies to the related information included within the scope of work described below.

**Selected information**  
 The scope of our assurance work was limited to assurance over the following information included within Daikin Group Sustainability Report 2021 (the "Report") or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2020 through March 31, 2021 (the "Selected Information").

- The following data through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 44 production subsidiaries overseas
  - CO<sub>2</sub> emissions from energy use
  - HFCs and PFCs emissions
  - Water intake and Wastewater
  - Recycled materials and Waste
  - VOC emissions
- Release amount of PRTR (\*) chemical substances through business operations of four production bases of Daikin and eight production subsidiaries within Japan  
 (\*) Pollutant Release and Transfer Register system
- The following data through business operations of four production bases of Daikin
  - CO<sub>2</sub> emissions from non-energy use
  - CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub> and NF<sub>3</sub> emissions
- Categories 1, 11 and 12 of Scope 3 GHG emissions accounted in line with the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard"

The scope of our review work was limited to review about the following information included within Daikin Group Sustainability Report 2021 (the "Report") or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2020 through March 31, 2021 (the "Selected Information").


- The amount of contribution to CO<sub>2</sub> emission reduction through the use of inverter air conditioners sold for emerging countries in FY2020
- The amount of contribution to CO<sub>2</sub> emission reduction through the use of air conditioners sold for advanced countries and China in FY2020
- The amount of contribution to GHG emission reduction through the change to low global warming potential refrigerant (R32, R1234ze) charged into air conditioners sold in FY2020

**Reporting criteria**  
 The Selected Information included within the Report needs to be read and understood together with the reporting criteria stated in the Report.  
 The Selected Information reported internally to Daikin Group only for the purpose of internal management needs to be read and understood together with the internal reporting criteria defined by Daikin.

**Limitations and Exclusions**  
 Excluded from the scope of our work is any verification of information relating to:  
 - Activities outside the defined verification period;  
 - Any other information within the Report, which is not listed as the "Selected Information".  
 This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

**Responsibilities**  
 This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Daikin.  
 Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:  
 - obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria by conducting our assurance work;  
 - assess the reliability and accuracy of the Selected Information by conducting our review work;  
 - form an independent conclusion based on the procedures performed and evidence obtained; and  
 - report our conclusions to the Directors of Daikin.

**Assessment Standard**  
 We performed our assurance work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board and ISO 14064-3 (2009): Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions. We performed our review work by using Bureau Veritas' standard procedures for external review of sustainability information.



**Summary of work performed**  
 As part of our independent verification, our work included:  
 1. Conducting interviews with relevant personnel of Daikin;  
 2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;  
 3. Reviewing documentary evidence provided by Daikin;  
 4. Reviewing Daikin systems for quantitative data aggregation and analysis;  
 5. Verification of sample of data back to source by carrying out four physical site visits and five remote audits, selected on a risk based bases at the following locations:  
 [Physical site visits]  
 - Daikin Yodogawa Plant  
 - McQuay Air Conditioning & Refrigeration (Suzhou) Co., Ltd.  
 - McQuay Air Conditioning & Refrigeration (Wuhan) Co., Ltd.  
 - Shenzhen McQuay Air Conditioning Co., Ltd.  
 [Remote audits]  
 - Daikin Refrigeration Malaysia Sdn.Bhd.  
 - Daikin Inama Ve Soguma Sistemleri San. Tic. AS  
 - Goodman Manufacturing Company, L.P., DITP  
 - Daikin Applied Americas, Staunton Facility  
 - Daikin Head Office

6. Reproducing a selection of aggregation calculations of the Selected Information.  
 7. Comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.  
 Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We accepted the following measures for preventing the spread of COVID-19 based on Daikin's request:  
 - Carrying out remote audit through video conferencing as a substitute for physical site visit at Daikin Head Office initially planned.

**Verified greenhouse gas emissions**  
 We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO 14064-3(2006). Verified data in greenhouse gas assertion made by Daikin are as follows.


	Greenhouse gas emissions (t-CO <sub>2</sub> e)	Boundary
Scope 1	602,203	*CO <sub>2</sub> from energy use, HFCs and PFCs;
Scope 2	527,190	GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 44 overseas production subsidiaries
Scope 2 (market-based)	484,214	*CO <sub>2</sub> from non-energy use, CH <sub>4</sub> , N <sub>2</sub> O, SF <sub>6</sub> and NF <sub>3</sub> ;
Scope 2 (market-based)	484,214	GHG emissions through business operations of four production bases of Daikin
Scope 3 (Category 1, 11 and 12)	262,942,540	Categories 1, 11 and 12 of Scope 3 GHG emissions accounted and reported in line with the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" within the boundaries defined by Daikin for each category

The breakdown of Scope 3 emissions are as follows.  
 Category 1: 2,890,212 t-CO<sub>2</sub>e | Category 11: 235,338,292 t-CO<sub>2</sub>e | Category 12: 44,714,036 t-CO<sub>2</sub>e

**Conclusion**  
 On the basis of our methodology and the activities described above:  
 - Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.  
 - It is our opinion that Daikin has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

**Statement of Independence, Integrity and Competence**  
 Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.  
 Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.  
 Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior and high ethical standards in their day-to-day business activities.

Bureau Veritas Japan Co., Ltd.  
 Yokohama, Japan  
 June 28, 2021



The Daikin website provides the calculation method for environmental performance data.