

Feature

- 025 Feature 1
Strengthening the Capabilities of Our People for a Brighter Future
- 027 Feature 2
Promoting Digital Transformation of On-Site Air Conditioning Services Together with Startup Companies
- 029 Feature 3
Working Toward Carbon Neutrality in Manufacturing





Feature 1

Strengthening the Capabilities of Our People for a Brighter Future

Why is it important?

Because People Are the Source of Daikin's Competitiveness

Daikin used the milestone of its 100th anniversary in 2024 to review Our Group Philosophy. Since it was revised back in 2002, Daikin has grown into a multinational corporation with approximately 100,000 employees worldwide. This review involved revising wording and structure as well as content so that our increasingly diverse workforce can better comprehend the new Group Philosophy, which now begins with our Purpose, "Together, We Brighten the Future."

The new philosophy clearly states that People-Centered Management, or PCM, forms the foundation of our corporate culture. This stems from our belief that people are the source of our competitiveness and the cumulative growth of all employees is the foundation for the company's development. Previously conveyed as tacit knowledge, this has now been incorporated into Group Philosophy as a strength that Daikin intends to pass on.

[007 Management Daikin's Sustainability Fundamental Approach to Sustainability](#)

[086 Social Human Resources Daikin's Approach to its People](#)

[Daikin Group Philosophy](https://www.daikin.com/corporate/overview/philosophy)

New Daikin Group Philosophy

Purpose

Our purpose is to provide comfort and security for all. At Daikin, we believe in the infinite potential of people. With our passion and innovative technologies, we create a sustainable and bright future.

Together, We Brighten the Future

Main Text

1. Resolve Social Issues and Enhance Corporate Value
2. Create New Value by Anticipating Future Needs
3. Realize a Better Society through Innovative Technologies
4. Take Action to Maintain Society's Trust
5. Think Globally and Be Flexible and Vibrant
6. Practice "People-Centered Management (PCM)" and Provide Challenging Opportunities

Daikin's Approach

Formulated PCM Behaviors as Action Guidelines for All Employees

At the same time as updating our Group Philosophy, we also drew up a new set of action guidelines called PCM Behaviors, based on our concept of People-Centered Management. The purpose of these guidelines is to share the long-standing values and corporate culture at the heart of our competitiveness with the Group globally as the behaviors and attitudes we expect, which will lead to further growth and development.

Daikin is now focusing on instilling and putting into practice Group Philosophy and PCM Behaviors across the entire Group. In fiscal 2024, we implemented measures to raise awareness and understanding among all employees to put PCM Behaviors into practice in the workplace. To enable each business base and division to take the initiative in implementing Group Philosophy, we have created support tools such as discussion guidelines, documents, and videos that can be used according to the needs and target employees of each location. Additionally, the team that formulated the Group Philosophy and PCM Behaviors functions as a liaison office to offer support when needed. This includes providing advice about specific measures.

PCM Behaviors

<https://www.daikin.com/corporate/overview/pcmbehavior>

Example of Tools for Groupwide Sharing

Daikin Group Philosophy booklet (available in 20 languages including Japanese, English and Chinese)

PCM Behaviors Card (available in Japanese, English, and Chinese)

PCM Behaviors video (available in Japanese and English)

Daikin's Performance

Taking Actions to Instill Daikin Group Philosophy and PCM Behaviors at Business Bases

We began raising awareness of Daikin Group Philosophy and PCM Behaviors at the ceremony held in May 2024 commemorating our 100th anniversary, an event attended by approximately 2,000 employees from Japan and overseas.

The day after the ceremony, we held the four-day Group Management Meeting, which was attended by 275 executives from Japan and overseas. As part of the meeting, we discussed Daikin Group Philosophy and PCM Behaviors and deepened each participant's understanding. The goal was to help executives share their takeaways in their own words with employees at each business base. Executives reaffirmed Daikin's strengths and merits, and discussed the strengths that should be honed and action plans for each business site, wrapping up their discussions with a declaration of action in front of all participants.



Group Management Meeting

Since then, the executives at each business site have taken the lead in implementing Daikin Group Philosophy and PCM Behaviors.

For example, at the Technology and Innovation Center (TIC), the focal point of Daikin's technological development, executives led a briefing for employees. Afterwards, about 910 TIC employees gathered again and were split into small teams across departments. They discussed how to incorporate PCM Behaviors into their

own works, to put their ideas into practice. Participants were highly motivated, sharing such feedback as "I was inspired by seeing others take the initiative" and "I want to promote innovation and create themes across the Daikin Group."



Group discussion at TIC

In the Chemicals Division, key personnel including executives took part in a two-day, one-night training camp, where they deepened their understanding of Daikin Group Philosophy and PCM Behaviors. They also held extensive discussions on what they and their own organizations should do to prepare for the next medium- to long-term management plan. One executive commented, "We learned about each other's awareness of issues and perspectives, which created a greater sense of unity in the division."

Daikin Group Philosophy and PCM Behaviors is translated and offered in 20 languages, including English and Chinese. Outside Japan, each business base has held briefings and then implemented its own unique measures. For example, Daikin Applied Americas incorporated Daikin Group Philosophy and PCM Behaviors into its own mission, vision, and values to ensure it forms a part of employees' day-to-day work. Daikin Malaysia created a comic and crossword puzzle based on Daikin Group Philosophy and PCM Behaviors. Such initiatives demonstrate that Group companies are assisting their own employees to understand, take ownership, and put Daikin Group Philosophy and PCM Behaviors into practice.



Officer session at Daikin Applied Americas



PCM workshop at Daikin Malaysia

Next Challenge

Strengthening Initiatives and Enhancing Disclosures

In fiscal 2025 and beyond, we aim for all Daikin Group employees to understand, empathize with, and practice Daikin Group Philosophy and PCM Behaviors. At the same time, we will continue and strengthen our existing human resource development measures.

It is also important to effectively disclose information about these efforts. Discussions regarding the disclosure of human capital information are underway at various institutions both in Japan and overseas, and society will likely expect such disclosures even further in the future. Meeting these expectations is one of the important responsibilities of a company. At Daikin, we will continue to collect and analyze information about our own people in line with global trends and expand our disclosures.

I Expect Daikin to Strengthen Its Competitiveness by Sharing and Practicing Its Culture



Charles A. O'Reilly III

Frank E. Buck Professor of Management
Knight Management Center, Stanford University

Charles A. O'Reilly is a prominent American professor of management, specializing in organizational behavior. He is widely known as the proponent of "organizational ambidexterity." Professor O'Reilly has been advising Daikin for some time.

It is commendable that corporate culture and philosophy have been so clearly articulated and documented. The PCM Behaviors express the corporate culture in an action-based manner. This marks an important first step that will allow each individual within the global Group to put these into practice.

Culture can be a source of a company's competitive advantage. Companies that consistently succeed place great importance on their culture. It is vital that everyone understands, accepts, and practices the philosophy and PCM Behaviors, and it is especially crucial for leaders to exemplify these practices.

I expect to regularly monitor the level of understanding and acceptance among members of the global Group and continue initiatives aligned with the HR system.



Promoting Digital Transformation of On-Site Air Conditioning Services Together with Startup Companies

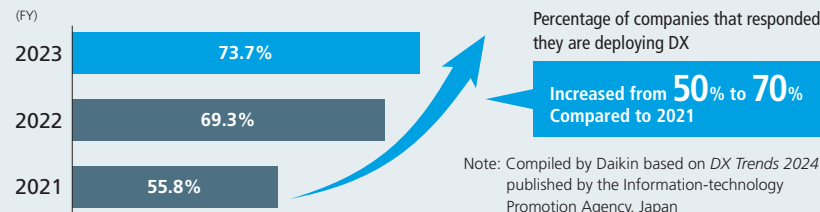
Why is it important?

Because it Can Help Us to Continuously Address Growing Demand for Air Conditioning Worldwide

As digitalization advances rapidly, more and more companies are looking to digital transformation (DX) to ensure their own sustainable growth and contribute to society through their businesses. With concerns over labor shortages due to a decline in the working population and rapid economic development, companies are expected to make effective use of digital technology in their operations.

The environment surrounding air conditioning manufacturers is also changing dramatically. In order to maintain competitiveness in global markets, meet demand for products, and achieve sustainable growth, companies require DX that can get the most out of human resources.

DX Initiatives in Japan



Daikin's Approach

Accelerating DX in Frontline Services Supporting the Spread and Stable Operation of Air Conditioning

With the onset of extreme heat and economic development, air conditioning has become an essential component of social infrastructure. As the air conditioning market expands rapidly, especially in emerging countries, Daikin needs to further expand its service structure to continue to meet demand. The spread and stable operation of air conditioning requires equipment installation, regular maintenance, and repairs, but training the service engineers who carry out these tasks takes time. Installation conditions and models vary from site to site, and extensive experience is required in addition to technical skills to handle a variety of sites, making frontline service work difficult to mechanize.

Daikin is therefore promoting DX of its frontline services to increase operational capacity while maintaining service quality. We collaborated with Fairy Devices Inc., a Daikin co-creation partner and startup company with advanced AI technology. The end result is a remote work support solution that combines Fairy Devices' necklace-type smart wearable device called THINKLET® and technology stack* with Daikin's business support web application. This solution has been gradually rolled out since 2019.

* A platform that integrates various technologies and enables them to function individually and in an integrated manner, such as APIs (rules that allow the functions of a program to be used by other programs) and AI engines.



Daikin's Performance

Accelerating the Spread of Air Conditioners with Our Many Human Resources Supporting One Another

The remote work support solution allows experienced engineers to support and educate on-site engineers from a remote location. On-site engineers wear THINKLET® and communicate with experienced engineers via voice and video. While viewing the actual job site together, they can diagnose the condition of the equipment and carry out work according to the appropriate procedures.

Air conditioner models and installation conditions vary depending on the climate, architectural style, and purpose of use. They also vary depending on the location and condition of the equipment, the surrounding environment, and how it is used. Even if the situation differs from what was previously explained by the customer, or if we rush to the job site without obtaining detailed information in advance, the on-site engineer can receive guidance from experienced and skilled personnel through THINKLET®, allowing them to work smoothly and handle unfamiliar situations.

Another major benefit is that service engineers can simultaneously communicate not only with each other, but also with staff from other departments such as development and quality control. Even if it is discovered on-site that the service department alone cannot handle the equipment because, for example, it may have optional functions or special specifications, the necessary support can be received on-site, which has improved work efficiency. This includes increasing the accuracy and speed of on-site work and reducing time lost by having to take the work back to the office and then come back. Six years have passed since the remote work support solution began operation. As of March 31, 2025, Daikin is using THINKLET® in more than 30 countries as a tool by service partner locations in Japan, Europe, Asia, Latin America, and other areas.

To build on this track record, further development projects have been steadily underway since fiscal 2022. They involve DX, which aims to create a “skilled AI” that can handle any site and incorporate the skills and know-how of skilled workers, which is a strength of Japanese manufacturing, into AI. Through the operation of THINKLET®, Daikin now has a library of 15,000 videos and audio recordings of on-site work around the world as of 2024. This vast library represents a vast archive of information that skilled engineers have passed on to on-site engineers through individual remote support, including their respective experience, tacit knowledge, and on-site know-how. It is already being used by our engineers as a useful teaching material for preparation and review. The plan is to have AI learn from these video and audio recordings and add them to the remote work support solution, aiming to check whether on-site engineers’ work procedures are correct and issue an alert when they make a mistake.

Equipping the remote work support solution with skilled AI will help to improve the technical skills and judgment of each individual on-site and for early training of new engineers. Utilization of skilled AI is expected to alleviate the constraints on human resources for remote support and empower a wider range of on-site support. Skilled AI will also continue to learn from interactions during work support around the world and quickly share that knowledge with service engineers globally.

Daikin will continue to collaborate with Fairy Devices to advance DX solutions at its service sites, quickly train service engineers, and continue to meet the rapidly expanding demand for air conditioning.

Exploring Approaches to Frontline Work Involving both Engineer and AI

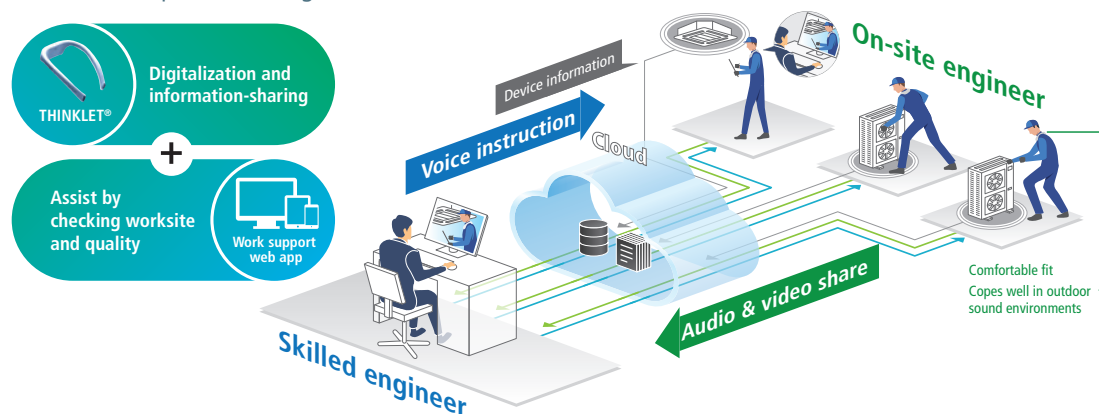


Masato Fujino
CEO and CTO
Fairy Devices Inc.

Now that AI can learn from human experience at an astonishing speed and mimic human intellectual activity, we are at a major turning point today. I feel a strong sense of confidence and gratitude for the solid technology and track record we have built up together with Daikin in preparation for the future.

We want to be the first in the world to create a workplace where engineers and AI work together to maximize human potential. Toward this end, we will explore new approaches for people in an age where AI is a given, and disseminate the essence of this.

DX of Service Operations using THINKLET®



Next Challenge

Continuing Co-Creation for Creating New Value

Daikin is promoting a number of co-creation endeavors with its core base being the Technology and Innovation Center (TIC), which will celebrate its 10th anniversary in 2025. As the business environment changes dramatically, Daikin aims to utilize DX in production and services, acquire differentiated technologies through co-creation with companies, universities, research institutes, and international organizations in different industries and fields, and create new value related to carbon neutrality and value with air.



Feature 3


Working Toward Carbon Neutrality in Manufacturing

Why is it important?

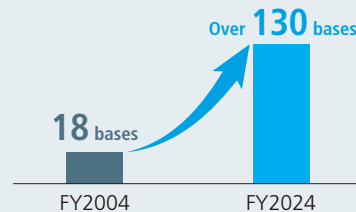
Because of the Need to Balance Business Growth and Carbon Neutrality

The world is entering the implementation phase of decarbonization to pursue efforts to limit the global average temperature to 1.5°C above pre-industrial levels as targeted in the Paris Agreement. Daikin is also taking on the challenge of becoming carbon neutral by 2050 under its Fusion 25 strategic management plan. Toward this end, it is essential that we reduce greenhouse gas emissions from our own activities as well as when our products are used and reach the end of their life cycle.

As demand for air conditioners increases worldwide, Daikin's business scale and network of production sites have expanded rapidly. Unless we take action, however, Daikin's greenhouse gas emissions will only increase moving forward. For this reason, achieving both decarbonization and product supply that meets demand is an important mission for Daikin.

 [016 Management Daikin's Sustainability Strategic Management Plan Fusion 25](#)

Daikin's Growing Network of Production Bases



Daikin's Approach

Accelerating Initiatives with Global Management and Proprietary Certification System

Based on the Fusion 25 strategic management plan, we have set a target for manufacturing (development and production) of achieving net-zero greenhouse gas emissions by 2030 at all production bases excluding chemical plants. We aim to reduce emissions as much as possible, and for the residual emissions, we will utilize carbon credits, striving for a higher level of carbon neutrality. With this approach, we are fully committed to leveraging our energy-saving technologies to reduce electricity usage, expand renewable energy generation, reduce the use of LNG and LPG through the development of new methods and technologies, and introduce green power.

Daikin oversees over 130 bases with different business formats and scales through its unique, globally unified environmental management system. This system is utilized to share policies from the top down while frontline problem-solving is discussed face-to-face, allowing effective measures to be implemented throughout the Group.

In May 2025, we held a Global Environmental Meeting, bringing together 123 people from 46 Group companies, including presidents, environmental officers, and environmental department heads from around the world. In addition to sharing key energy-saving measures, in-depth discussions were held on solutions to technical issues. At regional environmental meetings held every year, we also exchange information and share technical consultations within the region. Relevant departments are working to develop new technologies and methods to address common global issues, while secretariats in each region spearhead measures to address regional issues by implementing tailored measures. In this manner, the entire Daikin Group is accelerating these actions together.

Furthermore, we operate our own certification system that recognizes and awards carbon neutrality achievement levels. This puts into place an environment where each base is highly motivated to work toward improvements in energy conservation rates and the introduction rates of energy creation solutions.



Group work for achieving long-term targets during the Global Environmental Meeting



Sharing of initiatives and good improvements from each base (China Regional Environmental Meeting)

Daikin's Performance

Achieved Targets at Three Plants and Now Sharing Good Practices of Each at Other Business Locations Globally

The outcomes of our activities are beginning to materialize, and as of June 2025, Sakai Plant's Rinkai Factory, Daikin Air-conditioning (Shanghai) Co., Ltd. (DIS), and Daikin Rexxam Electronics Ltd. (Shiga, Japan) have achieved carbon neutrality.

Case Study 1: Sakai Plant's Rinkai Factory —Utilization of Proprietary Technology and Development of New Technologies

Rinkai Factory, which manufactures commercial air conditioners, has, with the key words "visualize, reduce, and create," continued to reduce energy waste by visualizing power consumption in real time using one of the products it manufactures, D-BIPS, a building integrating monitoring panel. In order to achieve carbon neutrality, Rinkai Factory has created a new roadmap and implemented additional measures.

The factory's manufacturing process involves a number of high-temperature equipment powered by fossil fuel, and improving the energy efficiency of this equipment was a major challenge. Daikin therefore focused on heat management, which accounts for 38% of the CO₂ emissions in the production process. In 2022, based on an improvement proposal from the factory, Daikin developed a new circulating heating heat pump with high heating capacity called JIZAI HEAT and replaced the factory's gas-combustion boiler. Furthermore, by moving the equipment to shorten the distance to the process that requires heat, heat loss in the factory's piping was reduced. As a result, its annual CO₂ emissions were lowered by approximately 86%. JIZAI HEAT was later commercialized and is now sold as a series of products, contributing to energy conservation at other companies.

In addition to streamlining its production equipment, the factory has created a comfortable working environment and generated energy savings in air conditioning. By controlling the factory's air supply and reducing the inflow of outside air, the factory has lowered or increased room temperatures by more than 6°C in summer and winter. Despite being over 30 years old, the factory has lowered air conditioning energy consumption by approximately 26% annually by improving the operation of air conditioners without additional large capital investments.



Checking for heat loss in real time

Case Study 2: Daikin Air-conditioning (Shanghai) Co., Ltd. —Introduction of New Technologies and Equipment Tailored to the Production Floor

Daikin Air-conditioning (Shanghai) Co., Ltd. (DIS), a manufacturer of commercial air conditioners, has been working to achieve carbon neutrality mainly by reducing its large use of low-pressure compressed air, which has high CO₂ emissions. DIS has made improvements to its entire compressed air system. These include changing from air-driven tools to electric ones, adopting low-energy-consumption vacuum suction cup technology, and reducing pressure loss by improving the air conveyance system. As a result, DIS has significantly reduced waste and decreased CO₂ emissions, while also successfully cutting costs.

Rather than simply installing existing equipment without modification, DIS extensively examined the entire production floor and developed the technology and equipment to suit it either in-house or jointly. Furthermore, DIS changed the heating method of the drying furnace from natural gas to infrared heating and is also working to further improve efficiency by introducing technologies that use ultrasonic and hydrogen in the brazing process.

Next Challenge

Further Technological Development and Global Rollout

Daikin will continue to increase sharing of best practices and steadily implement carbon neutral measures at each of its global bases while working across different departments and plants. We will also continue to develop new installation methods and improve technologies to resolve energy conservation issues, accelerating our company-wide efforts.

The Rinkai Factory is positioned as a global mother factory for carbon neutrality and its knowledge and technology are being rolled out at other manufacturing facilities. We will achieve our targets for 2030 and pave the way to realizing Environmental Vision 2050, while aiming to reduce environmental impacts and achieve sustainable business growth at the same time.

We will also propose the energy saving solutions and improvement measures of our own bases utilizing Daikin's technologies, products and know-how to our customers, thereby contributing to the realization of the carbon neutrality of society as a whole.

Accelerating Carbon Neutrality Measures in China

Yang Xiaojian

General Manager,
Production Engineering Department
Daikin Air-conditioning (Shanghai) Co., Ltd.



Developing carbon-neutral technologies incurs significant costs. Therefore, we aimed for a double effect of energy saving and reduced running costs by implementing automation and labor-saving measures at the time of equipment updates. We will further advance these initiatives, build a low-carbon model that can be shared at other plants, and pave the way toward the achievement of carbon neutrality in China.