



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.