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Value with Air

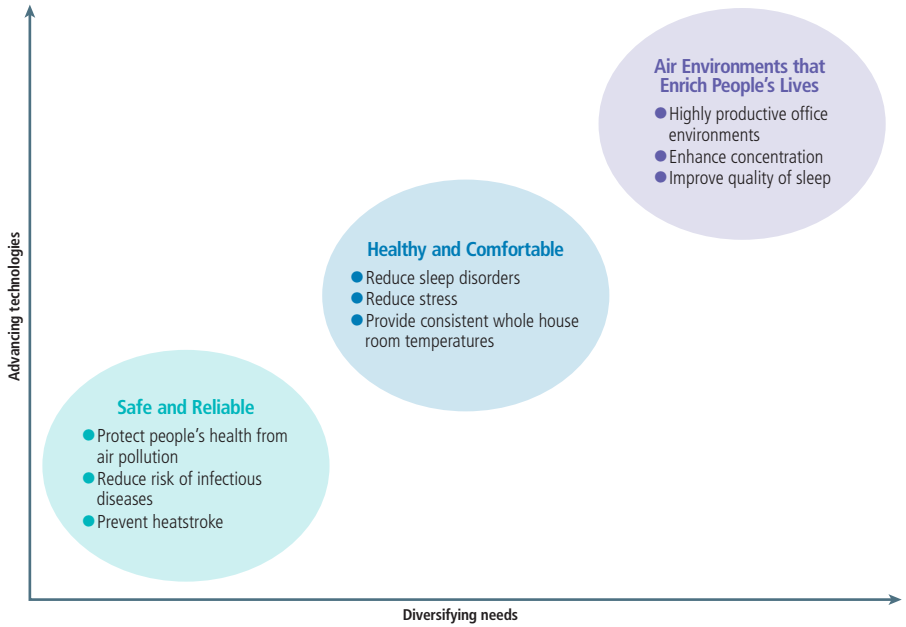
Value with Air

Basic Policy

Air is a form of natural capital shared worldwide. As a company that places air at the heart of its business, Daikin has set in its Environmental Vision 2050 a goal of contributing to the resolution of social challenges with products and solutions that harness the power of air.

Daikin capitalizes on its technologies for controlling temperature, humidity, air purification, and air flow refined as a dedicated manufacturer of air conditioners to deliver safe, reliable, healthy and comfortable air environments to people around the world. Furthermore, we will also take on the challenge of exploring and creating new value in air that goes beyond these boundaries and enriches people's lives.

Image: The Power of Air



Safe and Reliable Air

Air Purification

Daikin has been using its proprietary technologies to pursue even higher quality air purification solutions.

One of Daikin's proprietary technologies is streamer discharge, a type of plasma discharge. Streamer technology generates high-speed electrons with high oxidative decomposition over a wide area in three dimensions. It has an oxidative decomposition capacity that is more than 1,000 times greater than general plasma discharge called glow discharge. Streamer technology also has a sustained effect against odors, fungi, and indoor pollutants such as formaldehyde. Daikin has demonstrated in collaboration with a number of universities and public research institutes that streamer technology works on harmful substances such as COVID-19 virus, attenuated influenza viruses, noroviruses, along with toxins and bacteria that cause food poisoning.

Streamer technology (available in Japanese only)
https://www.daikin.co.jp/air/technology/our-technology/streamer

Launch of Four UV Streamer Air Purifiers

Since 2021, Daikin has released four commercial air purifiers equipped with its streamer technology and UVC LED, which eradiates deep ultraviolet, offering a high antiviral and antibacterial effect. These form part of our lineup suited to care facilities, hospitals, and restaurants.

UV Streamer Air Purifier Series

Formulated Reference Guidelines on Infectious Disease Control for Schools Through Industry–Academia Collaboration

Through industry–academic collaboration, in October 2021, Daikin formulated a reference guideline for school administrators that summarizes specific measures on how to prepare the indoor environment to reduce the risks of respiratory infections, such as COVID-19, based on technical experiments.

In school settings, not only is it difficult to ventilate air without ensuring the distance between bodies and compromising comfort, but regular disinfection work also requires time and effort. By providing practical and specific measures using the reference guidelines that can be implemented at an early stage and expand their implementation, we can expect to create a safer, secure, and more comfortable learning environment.

Improving Indoor Air Environments Using Air Filter Technology

Daikin has been contributing to solutions to the indoor air environment issues facing customers, while expanding its technology domain through a number of M&A deals in the filter business since 2007.

For example, a food factory in Mexico faced the problem of dust from the chili peppers used in the production process. As a countermeasure, the company introduced a dust collector manufactured by American Air Filter, a Group company, which greatly improved the air quality within the factory. In addition, a machine parts factory in Thailand, which faced the issue of removing oil mist in the air generated by machine tools, introduced a removal device manufactured by American Air Filter.

Dust collector installed at a food factory in Mexico

Going forward, we will harness our powerful air filter technology in air purification and dust collection to improve indoor air environments. This includes supplying compact dust collectors to the manufacturing floor, in addition to general buildings and clean rooms, where there is growing need due to stricter workplace environment protection regulations.

Healthy and Comfortable Air

New Business Models

The spread of air conditioning represents one way to adapt to climate change, and at the same time, it will be increasingly necessary in the future to maintain health and improve productivity. However, there are some areas, especially in Africa and Southeast Asia, where space cooling is still not widespread.

Daikin aims to provide healthy and comfortable air around the world. As part of this effort, we are also focusing on the creation and utilization of new business models. We offer a service that provides access to desirable air environments without having to purchase or own an air conditioner.

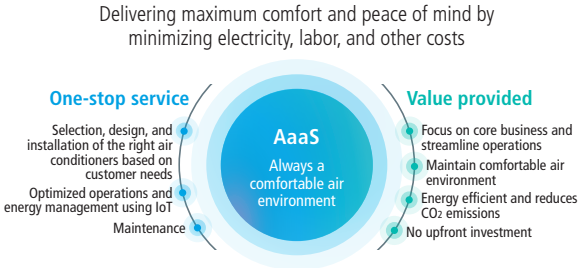
AaaS, a One-Step Service for Air Conditioner Adoption and Operation Management

Daikin has been providing a new PaaS* service called Air as a Service (AaaS) together with Mitsui & Co., Ltd. since 2016. AaaS is a monthly subscription-based air conditioning service that eliminates the need to purchase air conditioners. Under this service, Daikin provides everything from air conditioner selection and installation to operation and maintenance as a one-stop service, resulting in optimized energy management. AaaS can continuously lower a customer's overhead and workforce in terms of upfront installation cost of air conditioners, electricity consumption, and operations management. In 2023, we added a light plan to our service options, which excludes remote monitoring predictive maintenance services from our conventional one-stop service.

As of March 31, 2025, we have concluded a running total of over 90 contracts for this AaaS, representing an increase of 50 in the previous three years.

* PaaS: An acronym for Product as a Service. A type of service provided over the Internet.

Value Provided by AaaS



Feature of Fiscal 2020: New Value Creation—Providing Comfortable Air Environments Using the Best Format Possible, from Goods to Services

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2020/value-pdf.pdf

Air as a Service (available in Japanese only)

https://airasaservice.com/

Subscription-Based Air Conditioning Business in Tanzania

Daikin has begun rolling out subscription-based high efficiency air conditioners for small offices and stores as well as homes in Tanzania. By reducing the cost of installation and the burden of electricity bills, we intend to promote the spread of air conditioners in Africa. The project is operated by Baridi Baridi Inc., a joint venture with WASSHA Co., Ltd., an electricity service provider that uses IoT technology in regions of Africa without electricity. Since the launch of sales in October 2021, the company has expanded its business, and as of March 31, 2025, approximately 3,500 units have been sold and installed.

Installing an outdoor unit on a house

Operating an air conditioner on a specialized app

Feature of Fiscal 2019: New Value Creation—Delivering Healthy and Comfortable Air Environments and Spaces to Africa with Collaborative Innovation

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2019/value-pdf.pdf

Baridi Baridi Inc.

https://baridibaridi.com/en.html

Ventilation and Humidity Control System for Houses

In recent years, houses with a high degree of air tightness and heat insulation have become popular because they are not affected by the outside temperature and have a high heating and cooling effect. However, these houses tend to have stagnant air flow, and it is necessary to take measures against house dust and condensation. Daikin's ventilation and humidity control systems for houses provide a healthy and comfortable air environment by taking in and circulating fresh air 24 hours a day, 365 days a year.

Saravia Dehumidifying Outdoor Air Processing Ventilation System Optimized for ZEH

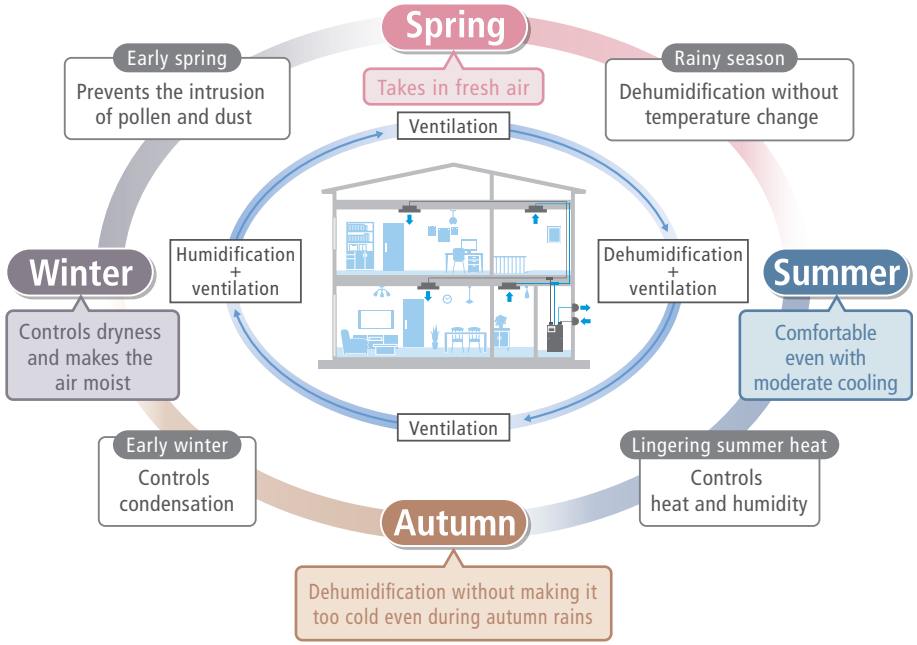
The Saravia energy efficient ventilation system offers excellent dehumidifying performance in living spaces that are subject to relatively high humidity, such as zero energy houses (ZEH) that are highly air tight and use dense insulation. Savaria combines a total heat exchanger and heat pump heat exchanger into the same unit to adjust the temperature and humidity of outside air before supplying it inside, which helps control changes in room temperature caused by dehumidification and ventilation. Because it dehumidifies air before supplying it indoors without relying on a room air conditioner, Saravia can also reduce energy consumption. As a result, Saravia can reduce electricity consumption used to ventilate and air condition an entire house by around 20% compared to using a conventional total heat exchanger. Saravia received the MITI Minister's Award in the Product and Business Model Category at the FY2022 Energy Conservation Grand Prize.

DESICA Series Highly Rated for both Commercial and Detached Home Use

Requiring no water drainage or supply pipes, commercial grade DESICA instead uses outside air to control humidity, either humidifying or dehumidifying. When combined with high sensible heat type multi-split type air conditioners, DESICA helps buildings attain zero energy building (ZEB) status.

DESICA HOME AIR for detached homes, which controls humidity and ventilation throughout the entire house, provides high-quality air and energy efficiency. With an extensive lineup of air conditioners to choose from, DESICA maintains the best balance of temperature and humidity control in countless combinations.

Sample Image of the DESICA Series



DESICA HOME AIR (available in Japanese only)

https://www.ac.daikin.co.jp/kanki_home/desica_home

Air Environments that Enrich People's Lives

Daikin pursues the limitless possibilities of air. Our ideal air is something that promotes healthy minds and bodies, and facilitates study and work. We will embrace the challenge to create new value with air that enriches people's quality of life with an eye toward the future.

Oxygen Concentration Control Contributing to People's Health and Vitality

We are working to create various air environments utilizing our technologies that control oxygen concentration. Our goal is to provide the best possible air environment to suit people's mental and physical health and vitality. For example, this involves providing low oxygen spaces for people who are active and require short bursts of energy or high oxygen spaces to increase learning efficiency.

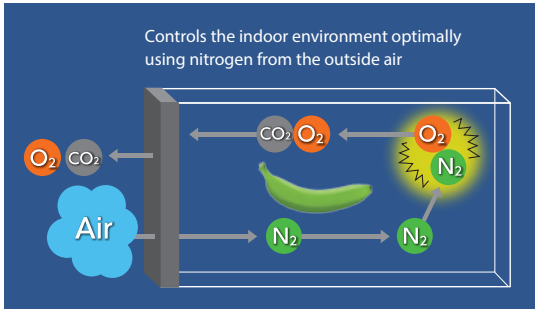
Feature of Fiscal 2022: Value with Air—Making Exercise a Good Habit Using the Power of Air
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2022/air-pdf.pdf

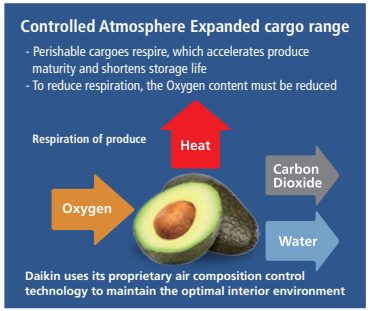
Freezer and Refrigeration Technology Supporting the Distribution of Fresh Food Products

Our technology for fine control of a wide range of temperatures and air composition supports the worlds food logistics.

Our marine container reefers maintain its internal temperatures precisely in 0.1°C increments at sea around the world, where the outside air temperature ranges from minus 30°C to plus 50°C, and the air composition inside the container is also controlled by our Active CA technology, which optimizes the amount of oxygen and carbon dioxide inside the container to suppress the respiration of fresh produce and delay ripening. Maintaining a high degree of freshness even during long-term transport contributes to the reduction of food loss and the realization of more vibrant diets around the world.

Mechanism of DAIKIN Active CA Technology





DAIKIN Active CA
https://www.ref.daikin.com/daikin-active-ca

Customer Satisfaction

Basic Policy

The Daikin Group Philosophy states that our mission is to create new value by anticipating the future needs of customers. By providing high quality products, materials, and services, as well as proactively proposing new solutions, we will not only improve convenience and comfort for customers, but also increase the level of customer satisfaction.

Expanding Our System for Customer Satisfaction

In order to meet diverse customer needs and create new value that contributes to society, it is important that Daikin first builds up its technological superiority by leading further advanced technologies: inverters, heat pumps, and fluorochemicals. It is also important to combine state-of-the-art information communication technologies from around the world, sensors, advanced materials, processing, and air quality improvement technology with Daikin technologies to come out with products and services that provide new value to customers.

Given this belief, Daikin established the Technology and Innovation Center (TIC) as a hub for creating new value in November 2015. Starting with the TIC and R&D centers in China, Europe and North America, we have established development bases in 36 locations and six regions around the world. We strive to understand the culture and values of each region and accurately and promptly assess the needs of each region and apply that knowledge to product development.

Daikin has over 130 manufacturing bases, 59 development bases, and business operations in over 170 countries around the world including air conditioning and chemicals. We manufacture and provide stable supplies of products according to local needs in the most suitable locations closest to customers.

Moreover, we also develop human resources who will play a leading role in creating innovation. In December 2017, the Daikin Information and Communications Technology College (DICT) was opened within TIC in order to continuously develop human resources capable of technical and business development using AI.

See below for the Technology and Innovation Center (TIC)
106_Social_Co-Creation_Approach and System

See below for the Daikin Information and Communications Technology College (DICT)
087_Social_Human Resources_Fostering Human Resources

Increasing Satisfaction with Services

Building a Worldwide Customer Service System

For customers in Japan, the Daikin Contact Center is open 24 hours a day, every day of the year for general inquiries. We have also established a service structure overseas, including Contact Centers and our website and app so that customers can access the service they need according to the situation in their particular country or region based on Daikin's slogan of "speed, accuracy, and good manners."

Customer Service Center (China)

Understanding Service Satisfaction

At Daikin, we conduct a customer survey annually to assess the degree of service satisfaction. For example, we conduct questionnaires on our after-sales services in Japan. The Customer Satisfaction Index (CSI) for fiscal 2024 was 4.64, achieving our CSI target of 4.40 or higher for the sixth consecutive year at all service stations.

See below for the improvement in customer satisfaction and overall satisfaction
165_Data_ESG Data_Society_Customer Satisfaction

Enhancing Training System for Service Engineers

Training of Service Engineers

At Daikin, we aim to increase customer satisfaction by continually enhancing the skills of our engineers and level of dedication.

In addition to basic training on air conditioning service quality for service engineers, we conduct a variety of training and lectures for each management level and job description and provide education necessary for acquiring certification.

For example, we run Service University, which offers a four-year training program. Moreover, we conduct an evaluation examination for service engineers and have established a rule of not allowing engineers who have not met a certain level of technical capabilities to perform repair work unsupervised. We also strive to enhance the technical skills of service engineers in performing precise and reliable work onsite.

We have a system in place for recognizing high level skills among service engineers. Using this system, we conduct quantitative evaluation and certification of professional engineers following a set of key performance indicators (KPI). Moreover, we also have a specialist certification system in place to promote cultivation of engineers with expertise in specific models. To date, over 600 engineers have been certified under the system.

We have also created a system to certify Daikin service skills overseas. In fiscal 2024, the certification exam was held in all regions worldwide. Going forward, we will work to improve technical levels by further expanding learning materials and increasing opportunities to take training courses. We will also continue our efforts, which began in fiscal 2023, to recruit training personnel and key people from each country to undergo training in Japan, and then establish a foundation for them to develop human resources in their own countries.

Case Study: Daikin Service Olympics and Service Awards

Since organizing the first Service Olympics in 2016, Daikin has held contests in each region around the world where service engineers compete with regard to their skills.

The second Service Olympics were held in 2024. The 45 service engineers made it past regional qualifying rounds around the world divided into the DX (Direct Expansion) and AP (Applied) divisions competed for overall points through various competitions.

Also, at service bases across Japan, teams are created that compete against each other in the annual Service Awards tournament. There, teams are quantitatively judged and awarded for their level of service in areas such as speed, accuracy, and good manners.

Educational Programs to Improve Installation Quality

Daikin offers training courses for its engineers and dealers to enhance their installation and service skills at seven locations in Japan.

In fiscal 2024, we expanded our training courses for sales positions and hands-on learning materials. We also developed two new courses and one revamped course to help employees acquire new skills and knowledge. We now have an extensive lineup of 87 training courses in total, including 66 single-subject and 21 qualification training courses.

In addition, we hold special training programs that combine online and in-person training for new mid-career recruits from sales companies, helping them improve their skills and grow quickly.

Skills training for dealers

Training at the "Training Lab" as a DX Development Base

In collaboration with the sales and development divisions, we newly installed duct-type products for high-performance housing in the "Training Lab" and created education support tools, such as training videos on installation methods and points of caution, for practical application on the installation of duct to foster engineers.

We also provide training that allows employees to remotely operate the equipment installed in the Training Lab to understand its functions and effects, which can then be used in sales proposals.

Understanding and Reflecting Customer Needs

Stepping Up Worldwide Marketing Research

Daikin conducts surveys on the latest trends in each of its development bases worldwide. We also focus on understanding regional characteristics including climate. For example, we have set up field equipment to collect data on cold climates at the Daikin Asahikawa Lab. In addition, we are also working with local venture companies and start-ups through the Open Innovation Lab in Silicon Valley and Shenzhen to explore new businesses and technologies. We also collaborate with a number of universities in Japan.

In January 2025, we completed construction on our new Daikin's EMEA Development Center (EDC) in Ghent, Belgium aimed at strengthening research and development of heat pump heating. Moreover, as the market grows in India, we are also expanding our R&D center in India. We will accelerate the development of products that match the needs of India and other emerging countries. In Japan, we are working on enhancing the technical research function of the Tokyo branch of TIC.

Daikin's EMEA Development Center

Feature of Fiscal 2018: Customer Satisfaction—Global Product Development Structure to Quickly Address Various Regional Needs

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2018/cs-pdf.pdf

Moreover, we are putting efforts into collection of data and assessing and understanding the needs of each and every customer through communication. This includes in-person discussions in showrooms and online feedback, as well as continuous implementation of questionnaires to receive feedback on our products.

Daikin Solutions Plaza Interactive Showroom

To anticipate future customer desires, we believe it is essential that product designers and engineers deepen direct communications with customers. At our Solutions Plaza facilities located around the world, we consult with customers while they are browsing actual products and energy management systems.

Daikin Solutions Plaza Fuha Osaka

fuha, Daikin's hands-on showrooms (available in Japanese only)

https://www.ac.daikin.co.jp/fuha

Survey Results Go Toward Improving Products and Services

Each division collects customers' opinions on Daikin products through an online questionnaire. Questionnaires are also conducted on CLUB DAIKIN, the Daikin membership site for customers with our products.

In fiscal 2024, we conducted a number of surveys for future product planning purposes including an energy conservation awareness survey, daily life concerns, and product users.

Gathering Customer Feedback for Use in Products Development

Product case study: risora

In response to requests for stylish air conditioners from customers who "want to remodel their home to become more fashionable but don't know what to do about the air conditioner," in fiscal 2017, risora was developed to offer designs that pursue harmony with interior design. With a body of only 185 mm in thickness and a long list of features, risora also offers a paid optional service called risora Custom Style that allows the consumer to customize the indoor unit panel with their preferred color. We aim to create a culture where it is fun to choose an air conditioner that creates one's ideal space.

risora, which balances design and functionality

risora Custom Style (available in Japanese only)

https://www.ac.daikin.co.jp/risora/customstyle

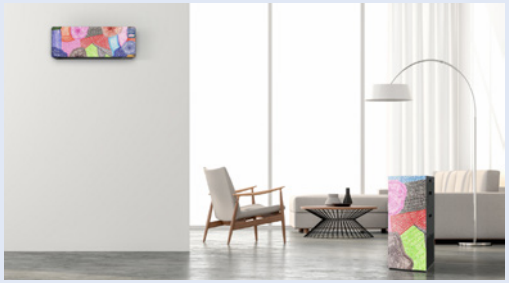
Topics

Started an Initiative for Direct Proposals and Sales Through Customer Dialogue

Daikin has created a new brand called The Art Line, which designs inspiring spaces using imaginative ideas. As the first step, we launched products that feature the visuals and textures of traditional crafts, artworks, and natural materials on the front panel of risora, a slim-fitting residential air conditioner, and a humidifying streamer air purifier (70 type).

These products are now available at the Daikin Solutions Plaza Fuha Tokyo and Daikin Solutions Plaza Fuha Osaka. Consumers can touch the decorative panel and check the color and texture.

Going forward, we will continue to propose energy-saving, high-value-added products, as well as engage in direct proposals and sales while exploring new needs and interacting with customers at our points of contact.



The Art Line

The Art Line—A New Brand for Designing Inspiring spaces with Imaginative Thinking (available in Japanese only)
https://www.daikin.co.jp/press/2025/20250117

Product case study: Sugodan Heater Series for Cold Regions

Cold regions face unique challenges such as extreme temperature fluctuations, low minimum temperatures, heavy snowfall, and seasonal winds, which can be difficult to replicate in a normal laboratory setting.

At Daikin Asahikawa Laboratory, we are developing and conducting demonstration experiments of air conditioning systems that can be adapted to various buildings, utilizing the extremely cold environment.

In fiscal 2024, we added a new high-heating housing air conditioner for cold regions featuring a ceiling-mounted cassette single-flow design to our Sugodan series lineup.

Sugodan series (available in Japanese only)
https://www.ac.daikin.co.jp/sugodan

Universal Design in Product Development

Developing Products That Anyone Can Use Easily

Daikin has adopted the concept of universal design, which aims to create products that are easy to use for many different people, irrespective of age, gender, physical ability, or cultural background. By listening to users and taking into consideration their various perspectives, we aim to create products that are easy for anyone, whether they have expert knowledge of air conditioning or not.

Topics

Received Good Design Award for Beautiful User Interface and Excellent Operability

The Simple Touch Controller (for Southeast Asian markets) for air conditioners received a 2024 Good Design Award.
Air conditioning accounts for 50% of electricity consumption of offices in Southeast Asia and electricity bills are rising. Although energy-saving solutions have evolved, the controllers are complex, making them difficult to use for air conditioning administrators who are not experts, and there was an issue that the controllers were not used at all. With this in mind, we aimed to create an air conditioning controller that can be easily operated even by non-experts.

In this development project, we made it possible to complete these functions on a single device and made the basic air conditioning operations easier by referring to the touch operation of smartphones, which are familiar to users. This enables individual temperature adjustments and prevents users from forgetting to turn off the air conditioner, which is expected to increase energy conservation effects.

- Simple user interface for easy basic operation
- Energy saving design considerations for temperature adjustment and preventing users from forgetting to turn it off
- Focuses on essential functions and integration of previously separate functions

Daikin Receives "Good Design Award 2024" with Two Products for Southeast Asia: "Simple Touch Remote Controller" and "Outdoor Unit for Room Air Conditioners"
https://www.daikin.com/press/2024/20241016

Simple Touch Controller
(for Southeast Asian markets)

Chemicals Divisions Initiatives

The chemicals divisions have identified "improvement of quality," "stable supply," "communication," "response to needs (development of new products)," "information provision to customers," and "environmental consciousness" as the main points to increase customer satisfaction, and aim to gain greater trust and satisfaction from customers by continually assessing information regarding the level of customer satisfaction and making improvements accordingly.

Product Study Sessions and Various Exchange Gatherings

While fluorochemical products are highly advanced and highly functional materials, molding/processing them can sometimes require specialized methods. We not only visit our customers to provide information on our products, but we also regularly conduct production information sessions, technical seminars, and product seminars, titled "the Fluorine Classroom," to explain about processing methods using our in-house equipment. Three sessions were held in fiscal 2024. Moreover, we send out regular newsletters to customers to share information on new products and exhibition events (fiscal 2024: sent out 13 in Japan and eight overseas).

At networking sessions for top executives such as the "Chemicals Customer Appreciation Meeting" and "Dai Fluorine Gas Meeting," we deepen our connections by introducing our efforts in developing new applications, the functions of fluorochemicals that can lead to the development of new applications, and future development plans globally.

Moreover, we have opened a showroom in Shenzhen China at the DAIKIN Dream Gallery to showcase not only products but also demonstrate their functions. In 2022, we opened an innovation center in Dortmund, Germany.

Sharing Broad Knowledge About Product Features and Their Target Fields, Etc.

The sales representatives of the chemicals divisions need to listen to researchers and product developers, who are Daikin customers, about the product functions they seek and offer them the ideal products for their needs. In order to optimize product functions in accordance with the circumstances of these customers, it is essential to have diverse knowledge of such things as processing methods, amount of additives, and temperatures.

For this purpose, the chemicals divisions hold monthly meetings that integrate business, research, and manufacturing, and training sessions. The goal is to share not only business information, but also knowledge regarding products, related laws and patent information. By giving concrete examples of product applications and use, as well as relaying customer needs, these meetings aid in the development of new products and applications. They also give sales staff a deeper understanding of product features so that they can provide customers with new solutions.

Chemicals Business
https://www.daikinchemicals.com/

Customer Satisfaction

Product Quality and Safety

Basic Policy

Providing Safe, High-Quality Products and Services

With this in mind, Daikin strives to stay ahead of customer needs by providing high-quality products and services based on its corporate policies of "Absolute Credibility," "Enterprising Management," and "Harmonious Personal Relations."

With a quality management system in place, we ensure that our products are of the highest levels of safety and quality in all processes from design and manufacture to sales and after-sales service.

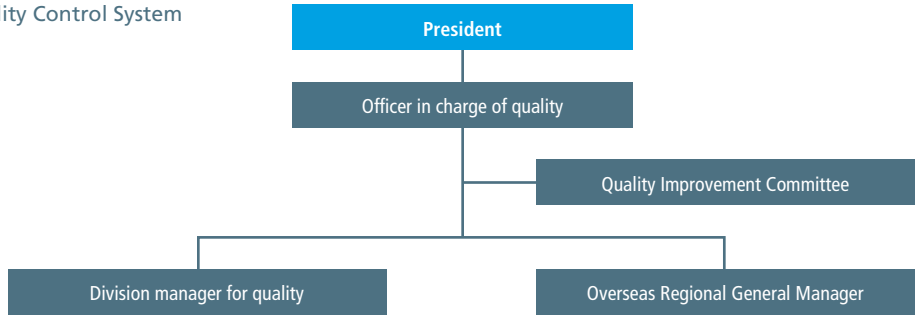
Product Quality Management Structure

Thorough Management in Development, Procurement, and Production

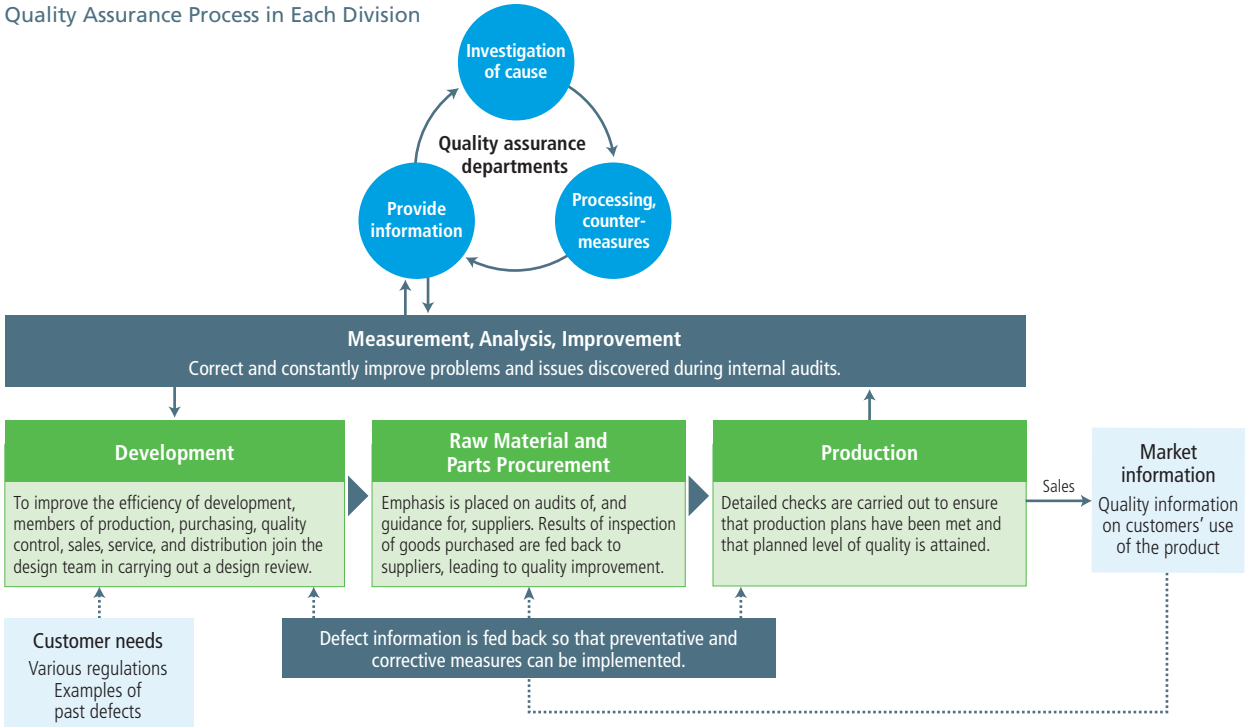
All major manufacturing bases in Daikin have obtained ISO 9001 certification and have quality management systems conforming to this international standard. Company divisions maintain high levels of product quality and ensure proper management of each department, such as development, procurement, and production. We are also working alongside contract manufacturers to improve quality.

In all aspects of the quality management system, each division continuously carries out internal audits, assesses the operational system, and continues to make improvement. Furthermore, every year each division sets key quality measures and targets based on the Group's new year policy and then plans and executes a fiscal year plan based on these measures and targets.

Quality Control System



Quality Assurance Process in Each Division



Initiatives by Each Division

Division Name	Quality Program
The air conditioning divisions	With the goal of establishing a Daikin quality that meets customer expectations, the air conditioning divisions strive to take the following initiatives: • Establish operational methods for quality assurance of system products • Conduct preventive activities aimed at eradicating equipment-related defects and human error • Thoroughly manage changes and impact deployment • Create a system for autonomous deployment of preventive measures centered on key suppliers; and • Strengthen quality capabilities at global business sites.
The chemicals divisions	In the chemicals divisions, we are working to further improve quality and ensure stable supply to meet customer satisfaction. In order to eliminate waste due to quality defects, we are strengthening the verification of settings and management of conditions for making quality products in the manufacturing process. These efforts will drive an awareness toward improving overall quality and ensure dependable quality that helps retain customers even when demand is low. 1. Improve product appeal: Accurately assess customer needs, study the difference in quality compared to competitors' products, and implement quality improvement. 2. Achieve zero defects: Working to eliminate defects by strengthening operation management, equipment management and training, automating trend management and issuing alerts, and discovering and dealing with early signs of trouble. 3. Strengthen quality process: Ongoing implementation of initiatives linking global collaboration, including exchanges of improvements, aimed at both increasing productivity and enhancing quality.

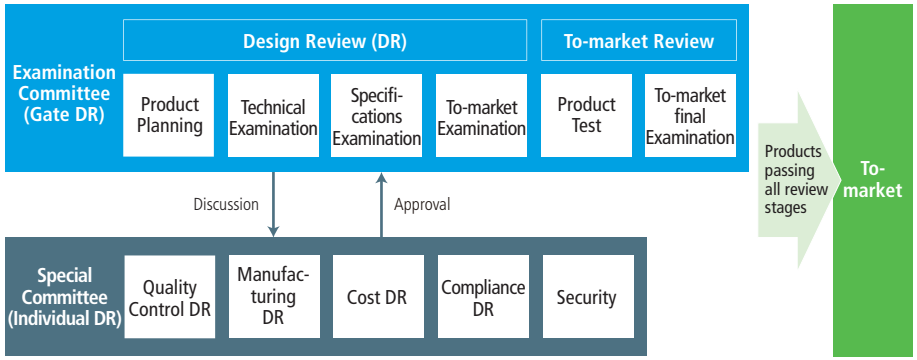
Improving Quality

Only Those Products That Pass Our Strict Design Review for Product Safety Are Manufactured

The air conditioning divisions have reformed their development process with a stricter, more segmented design review* under which the personnel in charge of the development divisions inspect the proposed products for conformity to Daikin standards using the five criteria of an individual design review (DR): product quality, monozukuri (the art of manufacturing), cost effectiveness, compliance, and security. The item of security was added in fiscal 2020 in response to the heightened information security risks for our company's products.

* Design review: A system of coordinated activities covering design quality of products under development and the various processes involved in bringing these products to fruition. The products in question are objectively assessed and improvement suggestions are made, and only those products that pass each stage can move onto the next.

Development Process Raises Quality (Air Conditioning Divisions)

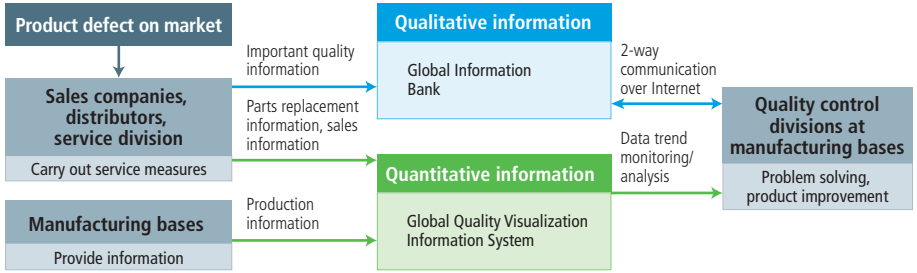


In the chemicals divisions, we have been conducting reviews based on a four-level management system consisting of development theme verification, technology establishment, business-viability establishment, and mass-productivity. We inspect designs from multiple aspects, including technical verification, quality, monozukuri, cost, legal regulations, safety, and environmental compliance. We meet with the production divisions relevant to manufacturing, quality assurance and materials as to whether a product meets the passing criteria for each gate to proactively address issues in aiming for development without backtracking.

Tracking Customer Information and Product Information

We have two systems for gathering information—on customers and products—from markets around the world. The information is used to solve problems at each base and thus create better products.

System for Sharing Information to Solve Problems



Establishing Protocol for Promptly Handling Product Accidents

Daikin products are designed based on quality standards and design standards that ensure that, even if users misuse machinery or use it beyond recommended limits, there is no danger for the users; and even if there is a product accident, the danger to the user is minimized. In case of a product accident, we have systems in place that allow us to quickly relay the necessary information and handle the problem, and minimize the impact on the product users and the general public.

We strive to prevent major product accidents from occurring. When the cause of a minor product accident is discovered, we examine it to determine whether this could also lead to an accident. The information we gather is reflected into the development of future products.

In fiscal 2024, there were two cases of product recall.

Important Announcements (available in Japanese only)
https://www.daikin.co.jp/taisetsu?ID=daikintop

Working Closely with Suppliers

See below for our initiatives for raising product quality and ensuring safety together with suppliers

124 Social Supply Chain Management Working Closely with Suppliers

Product Safety Voluntary Action Guidelines

Daikin believes that its important management task is to provide products that satisfy customers from the standpoint of our customer when designing and making products that have an important level of safety and quality. To this end, we have formulated the following basic policies on product safety in efforts to provide ever-greater levels of safety and quality in products.

Product Safety Voluntary Action Guidelines

1. Legal Compliance

The Group shall observe the Consumer Product Safety Act and other product-related laws and safety standards.

2. Ensuring Product Safety

The Group shall establish a quality management system and execute measures to maintain product safety in all processes extending from product design to production, sales, and after sales service. And the Group shall display appropriate, easy-to-understand instructions and warnings on products and in instruction manuals to ensure the safe use of our products by our customers.

3. Collecting and Providing Product Accident Information

The Group shall actively collect information from our customers concerning accidents involving Daikin products and quickly report this information to our executive management while providing customers with suitable information.

4. Immediate and Appropriate Response to Product Accidents

In the unlikely event of a safety problem occurring in the use our product, our first and primary concern shall be for the safety of our customers, and we shall take immediate actions to minimize and prevent the occurrence of a serious accident. Actions to be taken immediately shall include repairing or replacing the product in question, publicizing the problem through the appropriate media, and submitting a statutory report on the problem to the relevant authorities. All relevant people outside the company, including sales company personnel, will be informed of the situation.

5. Product Safety Promotion

The Group shall establish a quality assurance system that it uses to ensure product safety and quality. We shall ascertain information related to the safety and quality in the marketplace and provide accurate feedback to personnel within our company in order to reflect it into future product design and manufacture.

6. Education, Training, and Monitoring

The Group shall constantly make every effort to promote the safety and quality of our product through widespread education and training within the company in laws and regulations on product safety. We also shall regularly monitor work to ensure product safety is being achieved.

(Formulated in June 2007)

Global Product Safety Standards

We have formulated our Global Product Safety Standards to ensure products are designed for the utmost safety by having standards common to all Daikin bases worldwide. The goal is to make sure that products can be operated safely and that damage is limited to the absolute minimum in case of a product accident—whether the customer is using the product correctly or incorrectly, and whether the customer can operate the product safety during an atypical usage situation.

These safety standards set common rules for the Daikin Group globally regarding things like fire, electrical shock, and explosion, and promote safety in the design: design that will prevent accidents from occurring, and design that will minimize damage should an accident occur.

Efforts to Ensure Safety

Clear and Concise Product Use Instructions

The Consumer Product Safety Act obligates companies to design products for safety and provide consumers with information and warnings so that household product accidents can be avoided.

Based on the failsafe philosophy, Daikin's system of checks ensures that customer safety is the top priority in design and that design review (DR) leads to safe products.

Our website also provides consumers with information including the model number and production year of products already on the market. We abide by the Ministerial Ordinance of Technical Standards for the Electrical Appliance and Material Safety Law by placing labels on our electrical appliances (which are covered by this law) that state the duration of product use.

Optimizing Information Tool

Daikin strives to provide customers with accurate, easy-to-understand operating instructions so that they can use our products safely.

We conduct labeling of the product itself, user manuals, installation manuals, and packaging materials in compliance with industry guidelines, such as the Guidelines for Labeling Household Products for Safe Use, published by the Association for Electric Home Appliances, and the revised Labeling Procedures for Ensuring the Safety of Residential Air Conditioners, published by the Japan Refrigeration and Air Conditioning Industry Association.

When we make product user manuals, we make sure they are readable, easy to understand, and easily searchable. This ensures that customers can use products with peace of mind. We work with our design, quality control, service, and sales departments to improve areas of customer confusion in order to make manuals with which customers can get the answers they need quickly. Furthermore, we have created a video page on the support site and published the WEB Video Manual for users to fix issues on their own when they cannot determine whether the system's operation status is normal or abnormal based on the user's manual alone.

Human Resources

Daikin's Approach to its People

Basic Policy

Daikin Group Philosophy states, "Practice 'People-Centered Management (PCM)' and Provide Challenging Opportunities." People-centered management is a philosophy that has been used since the company's founding, based on the beliefs that "Each individual possesses infinite potential" and "The cumulative growth of all employees is the foundation for the company's development." Through this, we aim to bring out the motivation and satisfaction of our employees and to elevate the strength of each individual to the driving force of the organization. Recognizing the inherent goodness of people, Daikin is fully committed to empowering its employees who are the source of its competitiveness and enabling them to take bold actions and seek growth through extensive training opportunities. We are also working to promote communication between departments and bases as well as build a personnel system that will help us accelerate the empowerment of our human resources, including strengthening our global recruitment capabilities, allocating human resources beyond national and regional boundaries, and building a competitive evaluation and pay system.

Daikin Group Philosophy
https://www.daikin.com/corporate/overview/philosophy

PCM Behaviors

In May 2024, to mark the 100th anniversary of its founding, Daikin revised its Daikin Group Philosophy and formulated PCM Behaviors, a set of employee action guidelines based on People-Centered Management.

PCM Behaviors presents the behaviors and attitudes expected of each employee. As our business scale expands and the number of employees increases, the purpose of PCM Behaviors is to further strengthen the understanding and practice of the values that are one of the Group's unifying forces and sense of unity, and to utilize the unique "intangible assets" that we have cultivated over the years, such as the proud traditions, good culture, beliefs, philosophy, and conduct principles, throughout the entire Group globally in this era of rapid change.

025 Feature 1 Strengthening the Capabilities of Our People for a Brighter Future

PCM Behaviors

Take Bold Action and Seek Growth
Innovation & Growth

People who strive to grow, challenge established norms, and lead innovation

1. Boldly take on challenging situations with full conviction of your potential
2. Refine and enhance your strengths and expertise until you excel in your field of expertise
3. Learn humbly

Build Genuine Trustworthy Relationships and Teamwork
Trust & Teamwork

People who share the Daikin Group's dreams and value dialogue and teamwork

4. Participate with a sense of ownership by sharing information and opinions through deep and extensive discussions ("*Flat and Fast management*")
5. Fulfill your roles and responsibilities, and work together towards achieving goals
6. Respect each person, unleash your infinite potential, and embrace healthy competition

Strive for Results
Winning & Achievement

People who aspire to achieve great results with passion, strong will, perseverance, and action

7. Envision your goal and take creative action without being bound by past successes
8. Leverage Daikin's strengths, and pursue uniqueness and differentiation
9. Set ambitious goals and achieve them with passion and perseverance by continuously taking action

PCM Behaviors
https://www.daikin.com/corporate/overview/pcmbehaviors

Human Resources

Fostering Human Resources

Basic Policy

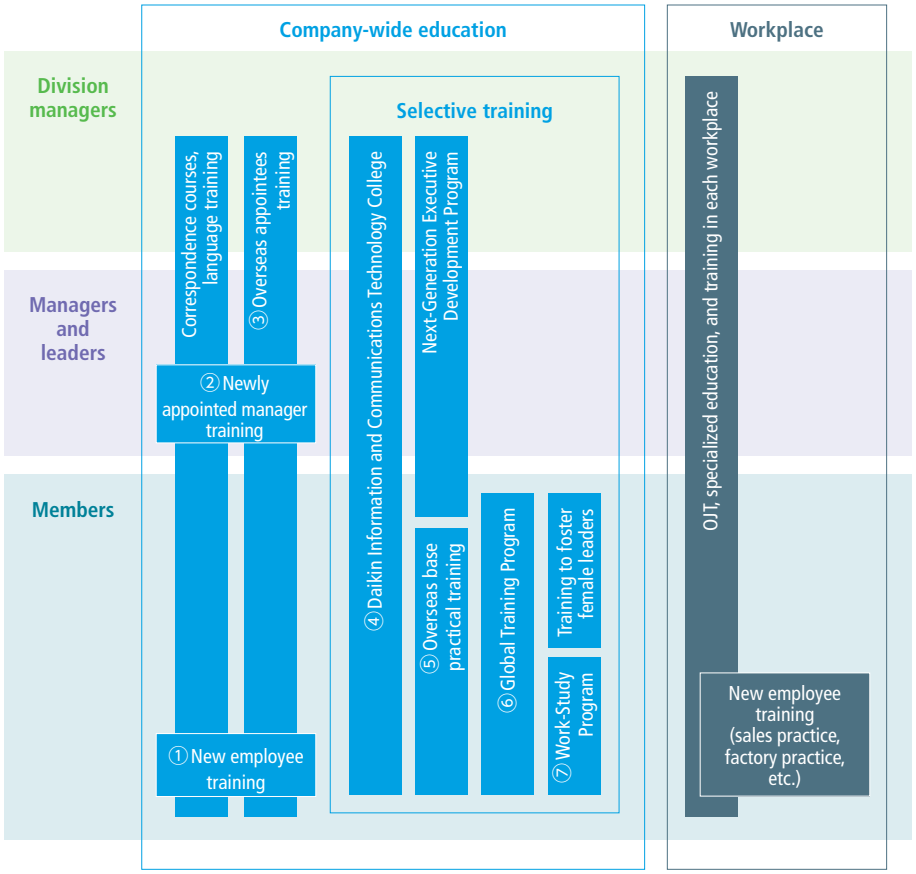
With the Group's growing global business expansion and demand for response to change, Daikin is cultivating human resources who will understand and practice Daikin Group's philosophy, while possessing the management skills to guide employees with a diverse range of values in a common direction and ability to look to the future in posing their own questions.

Education Measures

Raising up Personnel to Implement Our Group Philosophy

In order to foster as many global business leaders as possible who will support the growth and development of the Group, Daikin will strengthen measures to develop managerial executives and next-generation leaders in each region and base. In Japan, Daikin implements many human resource development measures centered on on-the-job training. These include internal lectures that foster technical development personnel in the field of AI, and overseas base practical training for fostering young, globally-minded employees.

Education System



For details about our training programs, see the next page.

Main Training Programs

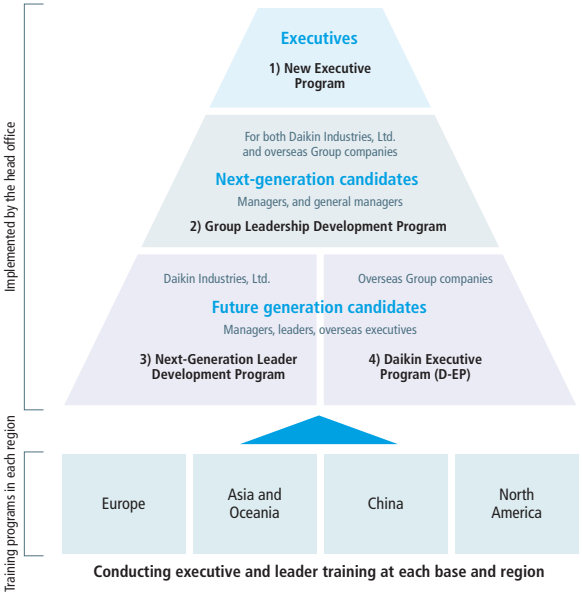
Training name	Target participants (period)	Purpose/Details	FY2024 results
New Employee Training	New graduate hires (One and a half months following the welcome ceremony) Mid-career hires also participate in New Employee Training	• To comprehensively learn about fundamentals and etiquette of working adults, Daikin's business operations, and practical work skills and mindset, including understanding of the organization and acquisition of business skills. • To deepen understanding of what is an ideal employee and people-centered management, and connect the "determination" and "goals" for personal growth in corporate life as their role changes from student to working professional. • During an approximately one and a half month training program for new employees, a 5-night, 6-day intensive training retreat for new recruits is held at Daikin Ales Aoya Global Training Center in Tottori Prefecture. This gathering includes new graduates, mid-career hires, senior employees from various departments, and management executives, all coming together to understand Daikin's valued perspective on "people" and to learn as many important aspects as possible regarding what they should value in their work and private lives.	412 A total of 555 employees attended the New Employee Training camp including 143 mid-career hires
Newly appointed manager training	Newly appointed manager Includes mid-career hires for manager positions (Total of three days)	• To acquire knowledge of internal systems as a manager, including the Daikin Group Philosophy, human resources system, accounting, and compliance. • Management and leadership training.	First half: 85 employees (held in July 2024) Second half: 51 employees (held in January 2025)
Overseas appointees training	Overseas appointees (Two days and other voluntary training is available for language skill and management, etc.)	• To deepen understanding of the Daikin Group Philosophy, and people-centered management, as a mission for the penetration of the corporate philosophy at overseas workplaces. • To clarify roles and expectations at the assigned location and learn the knowledge and insights required for local management such as human resources, labor, finance, and compliance.	85
Daikin Information and Communications Technology College	Managers and current employees (Up to one year) New employees (Two years)	• Fostering of digital talent to respond to periods of major change in industrial and social structures. • Broad training from basic knowledge such as mathematics to programming, machine learning and AI applications.	218
Overseas base practical training	Young employees in Japan (One to two years)	• To cultivate talent from a young age who will be responsible for the future development of the Group globally through challenges in environments different from Japan. • Participants take on practical work projects as they cooperate with local dealers, suppliers, business partners, and universities, striving to think outside the box, take on new challenges, and improve their abilities to communicate within foreign cultures.	34
Global Training Program	Young employees overseas (Six months to one year)	• To develop local young talent responsible for global bases. Through training, participants deepen their understanding of the mother site's technology, quality, and production techniques, learn how to proceed with their work, and contribute to the development of each base in the future.	5 employees (training completed) 6 employees (undergoing training)
Work-Study Programs in Japan	Young employees with two or more years of practical work experience (Two years or four years)	• Daikin sends young employees to universities in Japan in order to improve their technological skills, acquire MBAs, widen their perspective, and build human resource networks.	Toyota Technological Institute: 7 MBA program at International University of Japan: 1

Training Next-Generation Executives and Leaders

Training by the Entire Group

The entire Group is training executives and business leaders who will shoulder the responsibility of future growth and development. Target trainees are divided into three groups: executives, next-generation candidates (division managers/general managers), and future generation candidates (managers/leaders/overseas executives), and provided with a specialized training program.

Overview of the Next-Generation Executive Development Program



Feature of Fiscal 2023: Human Resources—Accelerating the Development of Globally-Minded Employees

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2023/hr-pdf.pdf

Next-Generation Leaders Candidate Development Program

Program name	Targets (period)	Target / Details	Results
1) New Executives Program	New executives	Broaden horizons, expand perspectives, and transform awareness and behavior as an officer.	38
2) Group Leadership Development Program	Division managers and general managers [From Daikin Industries, Ltd. and overseas Group companies]	Foster management executive talent supporting the Group's growth and development.	
3) Next-generation Leaders Training	Managers and leaders [From Daikin Industries, Ltd.] (August to March)	Discovery and early development of personnel who can take on executive roles. To learn about Daikin's unique management and refine one's own leadership skills.	
4) Daikin Executive Program (D-EP)	Executives and managers at overseas bases [From overseas Group companies] (July to January)	Especially in D-EP (for foreign nationals), we place a strong emphasis on deepening understanding of Daikin's strengths, history, and unique thinking and management.	

Executive and Leadership Development Strategies in Key Regions and Bases

Program, targets and main purpose	Results
Europe PanEMEA Management Development Journey Targets: General managers from Daikin Europe N.V. and executive personnel from European Group companies. Main purpose: To develop executive candidates who will lead the future EMEA region beyond business boundaries.	25
Asia and Oceania Region Regional Daikin Executive Program (R-DEP) 12-day in-person training in Japan and Thailand, along with online coaching (from May to December). Targets: General managers of Group companies in the Asia-Oceania region. Main purpose: To cultivate leaders who will drive business across countries in the Asia-Oceania region. To understand and practice management philosophy, values, culture, and Daikin-style management. To strengthen human networks within the Asia-Oceania region.	20
North America Unlimited Potential Program Discussions among participants and talks from executives and prominent figures both inside and outside the company (four days of training held three times a year). Targets: Executives in the Americas Main purpose: To deepen the understanding of Daikin's approach to people and facilitate continuous growth for oneself, colleagues, and subordinates. To build a network across the Americas and foster a sense of unity as the Americas Group.	42

Fostering Monozukuri Human Resources

Focus on Excellent Skilled Engineers Conveying Techniques to Overseas Bases and the Training of Advanced Skilled Engineers

Daikin fosters human resources capable of passing on the skills that are the foundation of our monozukuri. Brazing, general lathing, sheet metal working, metal painting, arc welding, die making, finishing, milling, machine maintenance, and chemical plant operational strategic skills are the foundation of monozukuri. Even if production becomes automated, these skills must be passed down as competencies that can be carried out manually. This is because passing down these skills will foster a sense of passion and pride in skilled engineers' own work, and encourage them to take initiative in quality improvement, which leads to continuous quality improvement.

Daikin has established a company-wide Skill Succession Committee that takes the lead in fostering excellent skilled engineers or an advanced skilled engineer, both of whom possess advanced skills and knowledge and leadership abilities. Daikin has set a goal of having 1 in 4 employees working in production worldwide be an excellent skilled engineer or an advanced skilled engineer. In fiscal 2024, this rate was 1 in 2.6 at Daikin in Japan, and 1 in 7.4 at overseas bases. As our business expands globally, we are stepping up our worldwide training.

Furthermore, among the excellent skilled engineers or advanced skilled engineers, ones who particularly demonstrate skills or leadership capabilities are designated as "Takumi" or "Expert" depending on their skill level, while potential candidates are designated as "Trainer" to foster future Takumi and Experts both in Japan and overseas. By the end of fiscal 2024, there were 54 Takumi and Experts.

System for Training Excellent Skilled Engineers

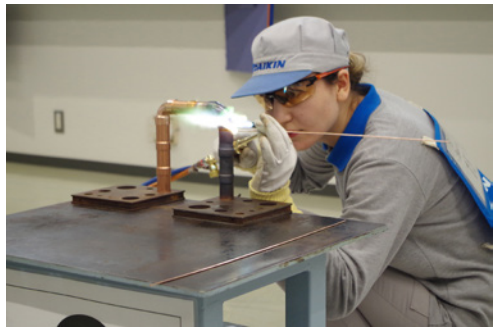
Skills Competitions Boost Level of Production Workers

Once every two years, the Global Skills Competition for Daikin's worldwide manufacturing bases is held with the aim of boosting the skill level of employees based on fundamental processes and practical theories in manufacturing and promoting universal quality.

Participants in the competition battle to be the best in the world through written tests and simulators aimed at promptly responding to worksite accidents, and predictive modulation tasks involving actual machines.

In years when there are no skills competition held, we hold skills training sessions for future leaders, with Takumi, Experts, and Trainers as the instructors.

In fiscal 2024, 134 employees, representing 13 countries and 27 bases, including employees of partner companies, participated in the tenth competition of Global Skills Competitions.



Skills Competitions

Experienced Workers Pass On Techniques and Skills

Since 1994, Daikin Industries, Ltd. has worked to boost the level of its manufacturing by having a Kaizen Team of experienced workers lead a 4 to 6-month training course for young employees in the manufacturing divisions, which are promoting refinement and automation of manufacturing and technical strengths.

Fostering Human Resources in the AI Field

Daikin Information and Communications Technology College

In 2017, Daikin Information and Communications Technology College was established as an institute to foster human resources in the digital fields* to meet the rapidly changing structures of industry and society. The college invites professors from universities such as the University of Osaka and leading-edge research institutes to give a wide range of courses in everything from basics such as math to programming, machine learning, and applied AI. We are accelerating the pace at which we foster managers and existing and new employees and have reached the goal of completing digital training for 1,000 employees by the end of fiscal 2021 and 1,800 by the end of fiscal 2024. We are working to develop 2,000 employees by the end of fiscal 2025.

By the end of fiscal 2024, approximately 490 new employees who have completed the two-year training were assigned to their respective divisions, and began undertaking jobs on the themes of creating new businesses and streamlining business processes using digital technology at the core.

* We aim to train innovators in digital technology and AI who are capable of putting their specialized knowledge into action as well as inspiring others around them to do the same.

Activity Details

Name	Objective	Details	FY2024 results
Fostering Digital Human Resources Among Newly Hired Employees	Fosters specialist human resources in digital solutions unique to Daikin who understand technology in air conditioning and chemicals, etc.	[First year] AI knowledge (using AI technologies from Osaka University), real data analysis using AI, IoT knowledge, business division knowledge and business model, etc. [Second year] Project-based learning (PBL using frontline data)	New hires in 2023: 50 New hires in 2024: 80
AI Technology Development		• AI knowledge • Project-based learning	53
System Development	Fosters human resources who can externally outsource systems development and development of systems needed for introducing AI to existing systems	• System development training (implementation, test method, system quality, test automation, operation method, etc.)	14
AI Utilization for Managers	Fostering managers and leaders that play the role in data utilization strategy	• AI literacy and AI business knowledge training • Training on PBL-themed proposal writing	21

Feature of Fiscal 2022: Human Resources—Accelerating Our Business Transformation through the Development of Human Resources in DX
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2022/hr-pdf.pdf

Fostering Service Engineers

Established an Essential Knowledge and Skills Training System for Improving Service Quality

At Daikin, we are conducting training of service engineers who are responsible for the maintenance of products. We conduct basic training on air conditioner service quality, as well as various training and qualification acquisition training for each level and position type.

See below for more information on our efforts to develop service engineers
078 Social Customer Satisfaction Enhancing Training System for Service Engineers

Fostering Students in Science and Technology

Supporting Development and Employment of Science and Technology Students in Emerging Countries

Daikin is focused on development and employment assistance for science and technology students particularly in emerging countries in order to foster engineers critical to the spread of air conditioning around the world.

See below for more information on our education support overseas
133 Social Communities Corporate Citizenship Activities Supporting Education

Daikin's Unique Approach to Human Resource Development

Daikin encourages employees to go beyond their departments and participate in cross-functional projects and company-wide events. For example, at the Bon dance festivals held every August at our plants in Japan, attended by many local residents, employees participate as executive committee members and event staff. In particular, the executive committee is mainly made up of young employees from various departments, who plan the event and coordinate with related parties both inside and outside the company.

Every year, the Daikin Orchid Ladies Golf Tournament, which serves as the opening round of the Japanese women's professional golf tour, is held in Okinawa Prefecture in March. More than 100 employees from our bases are involved in planning and running the event as a company-wide project.

FY2024 Results

Event or project name	Executive committee and staff
Bon dance festivals	3,350 (total for Sakai Plant, Yodogawa Plant, Shiga Plant, and Soka Station)
Daikin Orchid Ladies Golf Tournament	108

In these projects, we always think from the customer's perspective, asking ourselves what we can do to make sure that local residents and visitors have a good time, with each employee coming up with and executing their own original plans. After all opinions are exhausted until a consensus is reached, the leader makes a decision by consensus in a "flat and speedy" manner. This provides an opportunity for each employee to grow significantly by putting into practice the philosophy and work methods that are important in Daikin's people-centered management.

Furthermore, the teamwork and personal networks that transcend organizational boundaries, as well as the ability to think outside the box, execute, and solve problems in order to realize a plan, are all cultivated through these projects. These skills are then put to good use in the daily work of each workplace and function as our own unique form of human resource development.

Human Resources

Workplace Diversity

Basic Policy

Daikin believes it is our people who make us competitive. A company can only grow stronger by having a diverse range of employees working within an organization that is conducive to mutual understanding of one another's values and that allows everyone to shoot for a lofty goal.

The Daikin Group Human Rights Policy cites diversity and inclusion (respect for diversity and prohibition of discrimination and harassment) as one initiative for employees. Our Group Conduct Guidelines state that while respecting diverse values and approaches to work, we shall mutually accept our respective differences, act in harmony, gather the abilities we possess, and strive to be a Group in which each member expresses his or her ambitions and then takes bold actions with great passion and perseverance to realize those ambitions.

Based on this philosophy, we strive for diverse management in which we maximize the talents of all people, regardless of their nationalities, ages, genders, sexual orientation, gender identity, or disability. This goes for both periodically hired employees and career hires.

As we expand our business globally, the diversity of the Daikin's workforce has increased with every passing year. Our diversity management combines such diverse personnel and harnesses their individuality and strengths into the combined capabilities of the Group. We believe that the biggest strength of the Daikin Group lies in its more than 100,000 employees and business operations in over 170 countries and regions around the world.

Daikin Group Human Rights Policy
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/social/humanrights_policy-pdf.pdf

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

See below for number of employees (Daikin Industries, Ltd. only), employee make-up by region, number of employees by gender and employment rate of women
168_Data_ESG Data_Society_Human Resources

Recruitment and Appointment of Diverse Human Resources

Promoting Local Employees to Regional Management Executive Positions at Overseas Bases, and to Officer Positions at Daikin Industries, Ltd.

We are promoting more employees at overseas bases to managerial positions.

As part of our efforts to develop executive managers, in addition to the Daikin Executive Program (D-EP) for management at our local bases around the world, we established the Group Leadership Development Program to develop management candidates within the Group both in Japan and overseas.

At the same time, outstanding personnel hired at overseas bases are being chosen and trained for positions as officers at Daikin Industries, Ltd. (Group head office).

As of March 31, 2025, the ratio of local nationals serving as president or director of an overseas subsidiary stood at 42% and 46%, respectively.

See below for the Number and Percentage of Overseas Bases Where Local Nationals are Presidents and Executives
169_Data_ESG Data_Society_Human Resources

Building a Global HR Database

Building a Global HR Database to Develop and Assign Talent that Draws out the Infinite Potential of Every Individual

In October 2023, we established and started using a database of our global human resources called DAIKIN People as a platform for maximizing the power of our people, a source and strength of Daikin's competitiveness. In addition to containing basic information about each employee, such as department, position, and career history at Daikin, the database allows employees to fill in other data points such as strengths and expertise, thoughts and hopes for work and career, and supervisors to fill in information on directions related to employee development. Supervisors can also add records of conversations with employees. In this manner, information is accumulated and updated constantly. We will use this database as a tool to further harness the abilities of each individual, which will lead to timely training and assignment of human resources.

In addition, to understand employees' sense of job satisfaction and growth, we posed questions from four perspectives: "I am proud to work at this company," "I feel motivated in my work," "I feel like I am growing through my work," and "My work allows me to make use of my strengths."

In fiscal 2024, over 70%* of employees gave positive responses to each question, and in particular, over 80% of employees gave a positive response to the question, "I am proud to work at this company."

Response to Questions
90% of the target employees responded

Questions	Percentage of positive responses
I am proud to work at this company	84.4%
I feel motivated in my work	79.7%
I feel like I am growing through my work	75.8%
My work allows me to make use of my strengths	70.6%

* Of the responses "I strongly agree," "I somewhat agree," "I can't say," "I don't really agree," and "I completely disagree," "I strongly agree" and "I somewhat agree" were counted as the "percentage of positive responses."

The responses are analyzed according to each department. In turn, the Human Resources Division and each department work together to implement measures to foster a desire to take on challenges and pursue growth in each employee, improve job satisfaction, and resolve organizational issues.

Going forward, we will roll this out to our affiliated companies globally, with the aim of understanding the talent of the entire Group and helping each individual thrive professionally.

Workplaces that Empower Every Worker

Offering a Work Environment Where All Can Thrive Professionally

Daikin Industries, Ltd. raised its mandatory retirement age from 60 to 65 effective April 1, 2024. In conjunction with this, we are also steadily reviewing our personnel and compensation systems in order to create a work environment in which each and every employee, regardless of age, can take on challenges and grow, contribute their abilities, and continue to play an active role.

In addition to eliminating the mandatory retirement age for managerial positions, which was previously set at 56 years old, we will continue to use the qualification grade, evaluation, and wage systems applied to those under the age of 59 until the retirement age of 65 under the new system. We have revised the wage level to a consistent system until the age of 65, and changed it to a system in which wages will not decline uniformly depending on age.

In 2001, we eliminated uniform wage items such as age pay and seniority pay. Through further changes in fiscal 2024, we aim to minimize uniform age factors and accelerate the challenges and growth opportunities of each individual employee.

Going forward, we will continue to explore and implement system reviews for all employees, including new measures to accelerate the challenges and growth opportunities of each employee and restructuring of support systems (benefits programs) that support each employee.

Maximizing the Talents of Women

In 2011, Daikin Industries, Ltd. launched a project directly under top management with a focus on promoting women's participation and advancement at work. In our action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we established the following targets and expanded on efforts including reinvention of the thinking of managers and female employees, early cultivation of female leaders, support for early return from childcare leave, and encouragement of male employees to participate in childcare.

Action Plan to Promote Women's Advancement

1. Period: Fiscal 2021 to fiscal 2025
(Five years between April 1, 2021 to March 31, 2026)

2. Quantitative targets
- At least one female director from internal appointment by the end of fiscal 2025
- Minimum of 120 female managers by the end of fiscal 2025
- At least 90% consumption rate of childcare leave among both genders, and ensure male employees continue to take an average of 10 days or more

Increasing the Percentage of Female Employees

As of the end of March 2025, women accounted for 18.7% (1,712) of all employees of Daikin Industries, Ltd.

We began our proactive policy of hiring more women for all positions in technical, skilled, and clerical fields, and focused on hiring new graduates with the determination and drive for long-term careers. As a result, the percentage of women hired accounted for around 30% of all new graduates hired. Additionally, we actively hire talent using midcareer recruitment and hiring, including for women in managerial positions.

Main Initiatives in Fiscal 2024

Female Leader Development Program	• As part of our measures to systematically develop female candidates for managerial positions, the Female Leader Development Program targets female candidates for managerial positions. The program has been held annually since 2011. In addition to a total of four group training sessions, we conducted training for the supervisors of the participants. • The program raises awareness among participants about their own strengths and issues and reveals how they can become leaders. At the same time, the program seeks to change the mindset and actions of participants to increase their influence in the organization as managers and leaders.
Innovative Women's Active Participation Program	• As part of our collaboration with the University of Osaka to promote diversity and inclusion, we implemented a program for female employees in skilled and technical areas. During the three-day program, participants attended lectures at the University of Osaka. • The program changes mindsets so that the participants become influential as a leader in the Daikin Group's skilled and technical areas in the future, and provides a venue to encourage learning through interactions with female engineers from other companies and female graduate students at the University of Osaka.
Discussions among Department Heads	• In order to accelerate efforts within each department to promote women's empowerment, the Human Resources Department held discussions with the heads of each department. • These discussions further reaffirm the need to promote women's participation and advancement in the workplace, to strengthen the development of women in each department, and to accelerate the promotion of women's active participation.
Talk session with the President	• Held to coincide with International Women's Day in March to consider diversity as a whole. • The program promotes understanding of diversity initiatives and provides an opportunity for each participant to think about their own challenges and growth. • After a message from the President about diversity, a talk session was held that included engagement with the participants.

As a result of these initiatives, as of April 2025, the number of female managers has risen to 121 (8.9%), which is about six times the number in 2011, when efforts to promote women's participation were officially launched. We achieved the target of female managers (120 by the end of fiscal 2025) set out in our action plan currently being implementing under the Act on Promotion of Women's Participation and Advancement in the Workplace, 18 months ahead of schedule.

Selected as Nadeshiko Brand for the 9th Time

In recognition of its efforts to promote women's participation in the workforce, Daikin was selected as a "Nadeshiko Brand" for fiscal 2024, a program jointly run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to evaluate listed companies that excel in promoting women's participation in the workforce. This marks the ninth time that we have been selected.

Nadeshiko Brand

See below for the Number of New Employees Hired; Women as Percentage of All New Employees Hired, Number and Percentage of Women in Management Positions, and Gender Pay Gap (Daikin Industries, Ltd. only)
168 Data ESG Data Society Human Resources

Employment of Persons with Disabilities

In 1993, based on the Act on Employment Promotion etc. of Persons with Disabilities, Daikin Industries, Ltd. established Daikin Sunrise Settsu Co., Ltd., a cooperative venture with the Osaka Prefecture and Settsu City governments. DSS strives to provide persons with disabilities with an environment conducive to working so that they have the opportunity to make the most of their talents. Also, we are stepping up efforts for the employment of persons with disabilities across the Group, including at Daikin Industries, Ltd. and other affiliates in Japan.

Targeting a level above the statutory requirement of 2.5%, the Daikin Group in Japan maintained an employment rate of persons with disabilities of 2.9% in fiscal 2024. Group company Daikin Air-conditioning (Shanghai) Co., Ltd. Is proactively hiring persons with disabilities. In December 2013, the company was recognized by the government as a national training base for persons with disabilities.

In response to changes in the situation surrounding the employment of persons with disabilities in Japan, we established a system in which the Executive Officers Committee and companywide committee (Corporate Ethics and Risk Management Committee) continuously follows up on our initiatives for persons with disabilities. In order to continuously expand the employment of persons with disabilities throughout the Group, we hold meetings to promote the employment of persons with disabilities at our affiliated companies in Japan. We formulate and implement employment targets for each company and the action plan to achieve them.

In accordance with revisions to the Act for Eliminating Discrimination against Persons with Disabilities requiring reasonable accommodation in fiscal 2023, we conducted e-learning on reasonable accommodation for the entire company, not limited to just to departments where employees with disabilities are enrolled (for approximately 94% of the 9,917 employees).

We have also expanded this training to our domestic affiliates.

Going forward, we will continue working to create an environment in which each and every employee, regardless of disability, can maximize their abilities in each workplace.

Daikin Sunrise Settsu Co., Ltd.

See below for the number of persons with disabilities employed and employment rate (Group companies in Japan)
169 Data ESG Data Society Human Resources

Hiring Non-Japanese Nationals

As Daikin's business becomes increasingly globalized, Daikin Industries, Ltd. is aggressively hiring university graduates from a large number of countries. As of the end of March 2025, there were 90 foreign nationals working at Daikin Industries, Ltd.

In October 2018, we published a Japan Living Guide containing information to facilitate the start of their life and work in Japan for offices where new hires and intern trainees of foreign nationality work. In November 2018, we published a handbook for workplaces with foreign national employees to facilitate communication and provide hints about how to develop their careers. Also, we provide seminars, workshops, and Japanese lessons.

Additionally, when employees of a foreign nationality work at our overseas Group companies, we take appropriate measures according to the situation, such as making manuals and notices available in multiple languages.

Understanding of the LGBTQ+ Community

Daikin aims to create workplaces conducive to working for all employees, regardless of nationality and gender.

In 2018, Daikin Industries, Ltd. has clearly established definitions of human resource rules on marriage and gender to recognize things like common-law marriage (including same sex partners) and gender identity (what gender a person identifies himself or herself as). We are also promoting understanding of the LGBTQ+* community by releasing information via newsletters. In addition, we hold voluntary events to raise awareness and distribute handbooks in collaboration with other companies, providing opportunities for non-LGBTQ+ people to deepen their understanding of what it means to be LGBTQ+.

* LGBTQ+: An acronym describing the community of sexual minorities standing for lesbian (L), gay (G), bisexual (B), transgender (T), and queer or questioning. The plus indicates all others.

Efforts in the Hiring Process

Daikin's Group Conduct Guidelines states we shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. We are taking the same measures in our hiring process to respect each individual's diversity and prevent discrimination.

For example, Daikin Industries, Ltd. no longer requires job applicants to indicate gender and nationality nor include a portrait on the entry sheet and resume. In addition, we are conducting thorough education among employees involved in hiring to prevent discrimination.

Human Resources

Work-Life Balance

Basic Policy

Daikin Industries, Ltd. stresses a work-life balance for employees. We have a range of systems and measures that allow us to make use of a diverse range of human resources. The company has established an action plan that is already underway for helping employees both men and women with children to continue both work and home duties with peace of mind. We have been certified as a company complying with the Act on Advancement of Measures to Support Raising Next-Generation Children. We have put efforts into strengthening systems for both childcare leave and childcare support and encouraging male employees to take more childcare leave.

Helping Employees Match Work Schedule with Lifestyle

Employing Flexible Work Systems such as Flex Time and Discretionary Work System

Daikin Industries, Ltd. has introduced a flex time system that allows employees greater flexibility in terms of work. We also have a discretionary work system that can be taken advantage of by the R&D department and employees in other company departments conducting duties such as planning, proposals, and surveys related to company operations.

Support for Childcare While Working

Creating a Workplace Where Employees Can Balance Their Jobs and Childcare

Daikin Industries, Ltd. strives to create an environment where employees can continue their jobs even after having children. We achieved the targets of our first action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. For this, the company was certified as "Kurumin" by the Osaka Labour Bureau (Ministry of Health, Labour, and Welfare) on four occasions in 2007, 2012, 2014, and 2020. Furthermore, in recognition of our measures and efforts to support employees to strike a balance between work and childcare, regardless of gender, we received Platinum Kurumin certification in 2025.

Symbol Showing Certification as a Company Supporting Employees' Childcare Efforts

Utilization of Childcare Leave

Daikin Industries, Ltd. is expanding its support for employees to ensure that they can achieve work-life balance in terms of childcare and continue working even after giving birth and caring for a child or children. An increasing number of employees are utilizing these systems and measures with the help of their partners to achieve work-life balance. In fiscal 2024, the utilization number of childcare leave was 74 for women and 235 for men.

We support employees if they desire to return to work from childcare leave early, offering enhanced working formats and childcare support services so that these individuals can make a smooth transition back to work.

We host the Seminar for Employees Returning from Childcare Leave for employees returning to work, irrespective of gender, their partners who also work at Daikin but did not take childcare leave, and the supervisors of both. The seminar provides an opportunity for employees returning to work and their partners to think about their own situation of work-life balance and future career choices, while for supervisors, it offers an opportunity to rethink their management approach to employees returning to work from childcare leave.

See below for the number of employees taking childcare leave (Daikin Industries, Ltd. only)
170_Data_ESG Data_Society_Human Resources

Workplace Environment Development at Daikin Industries, Ltd.

Creating a work environment that supports the balance between life and career irrespective of gender		
Seminar for Employees Returning from Childcare Leave	Purpose	We conduct the seminar to strengthen the measures that support the continuation of an employee's career and not let childbirth or childcare end a career. 1. To understand the mindset needed to balance work and childcare while shaping their future career, including know-how for balancing both, and the positive impacts that childcare can have on work. 2. To dispel unconscious bias such as gender roles. 3. For supervisors to consider their management approach to bring out the potential of diverse human resources, including employees balancing work and childcare.
	Details	Lectures and discussions on careers, know-how sharing on balancing work and childcare by participants, and panel discussions were held by senior employees (men and women) who have experienced childcare leave and supervisors whose subordinates include employees who have children. It provided an opportunity for those involved to think about their careers from a long-term perspective, and for supervisors, an opportunity to think about their management approaches for drawing out the diversity of team members, including employees who are raising a child or children. In fiscal 2024, we held the seminar online for around 130 participants.
	Targets	Total of four: For employees returning from childcare leave and their supervisors. For partners of a returnee from childcare leave and their supervisors (External partners can also participate if they want to).
Creating an environment that encourages male employees to take childcare leave		We publish and distribute the Handbook on Balancing Work and Childcare among male employees with a recently born child and their supervisors, which includes information for new fathers. We raise awareness of the system to promote systematic utilization of childcare leave, facilitate dialogue between supervisors and subordinates, and link these actions up with confirmation of each individual's intentions and necessary considerations. The Human Resources Division also conducts regular check in with eligible employees on their plans to take the leave. We also host seminars jointly with other companies that encourage men to achieve work-life balance in terms of childcare.
Supporting early return from childcare leave		The following program was introduced for employees returning from long-term childcare leave whose child is less than 6 months of age. 1. Flexible workstyle to enable an easy transition that balances work with life • Shorter workday of 4 hours a day • Shorter flexible workday of 6 hours a day • Work-from-home for up to 4 times a week 2. Strengthen services to support parents of infants in balancing life and career • Expand the subsidy amount and list of support within the Cafeteria Plan to Support Challenges and Growth
Other forms of support (lactation rooms)		We have set up private lactation rooms inside the health care centers of each business site. At our head office building, we have a dedicated lactation room in the common area that is accessible to all lactating mothers.
Supporting employees looking for daycare facilities		
Daycare facilities concierge service		This service provides comprehensive support from experts on search for daycare facilities, which includes information on how to conduct searches and details on daycare facilities, as well as getting advice from experts.
Daycare and Childcare Leave Support Seminars		In addition to the daycare facilities concierge program, we began hosting seminars to share information on how to look for daycare facilities, know-how and examples of other employees. The aim of the seminar is to provide reference and address concerns on searches for daycare facilities to facilitate a smooth entrance for the children.
Matching employees with company-owned daycares		In order to support employees in finding daycare for their children, we began matching services for employees with company-owned daycares. We list daycares that are owned by the company with openings on the website, and support employees with a smooth application to put their children into daycare facilities.

Support for Family Care and other Employee Benefit Systems

Daikin Industries, Ltd. has established a variety of employee welfare programs. For example, these include a defined contribution plan, paid leave, dormitories for singles and company housing, recreational facilities, a home loan program, property accumulation savings program, and stock ownership plan.

Family Care Leave and Shortened Working Hours

Daikin Industries Ltd. has developed a number of family care programs to help employees achieve work-life balance when caring for a family member.

Under our family care leave system, eligible employees can take leave up to a maximum of 365 days, which can be taken continuously or broken up into numerous leave blocks, up to three times whenever that member's conditions become such as to require care.

With our system for adjustment of working hours for family care (under which employees can opt to work a staggered or flexible work schedule, or a shorter six-hours-per-day schedule), for each family member who requires care, employees can break their use of this system into two or more times over a period of three years starting from initial use of this system. Under our short family care leave, employees can take leave in hourly units.

In addition, employees eligible under this system can also elect to work from home.

See below for the number of employees taking family care leave (Daikin Industries, Ltd. only)
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Introduction of D-Vita Cafeteria Plan to Support Challenges and Growth

With the aim of creating an environment that maximizes the potential of its people, Daikin introduced the D-Vita Cafeteria Plan to Support Challenges and Growth as part of its employee benefits in April 2025. Vita is Latin for life, living, and vitality. The aim of the plan is to support employees' challenges and growth from the perspectives of their personal growth, mental and physical health, and improving their quality of life, and to help each employee increase their productivity and produce results over the course of their long careers at the company.

In addition to the basic points awarded to those eligible, employees who balance work with childcare or family care are awarded "childcare support points" and "family care support points," ensuring they can receive support when they use the system to balance work and life.

The cafeteria plan offers childcare-related assistance in the form of subsidies for babysitters, family support center fees, sick childcare, after-school childcare, and other services. Family-care-related assistance includes assistance for the use of external services, as well as assistance for purchasing care supplies, elderly care monitoring services, and other services required for providing care while working. Additionally, we have set up a total of 15 programs, including support for health promotion and disease prevention, support for learning and self-improvement, subsidies for infertility treatment, and subsidies for the use of housekeeping services to reduce the burden of daily housework.

Human Resources

Occupational Safety and Health

Basic Policy

Daikin is working to create safe workplaces having formulated the Daikin Group Human Rights Policy based on international rules and guidelines including the UN Guiding Principles on Business and Human rights and the ILO Declaration on Fundamental Principles and Rights at Work. The Daikin Group Conduct Guidelines, which clarify the desired actions to be taken by each and every one of the Group's officers and employees, state that we are constantly aware of and taking action on the safe operation of our workplaces. In compliance with international rules and the laws of each country on occupational health and safety, we strive to create a "zero accident" workplace where Daikin employees and subcontractor employees work safely, both for their own sake and to instill a feeling of safety in the minds of residents around our factories.

Daikin Group Human Rights Policy
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/social/humanrights_policy-pdf.pdf

Group Conduct Guidelines

9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of "Safety First" to ensure the safety of the workplace and further gain the trust of people in the regions we serve.

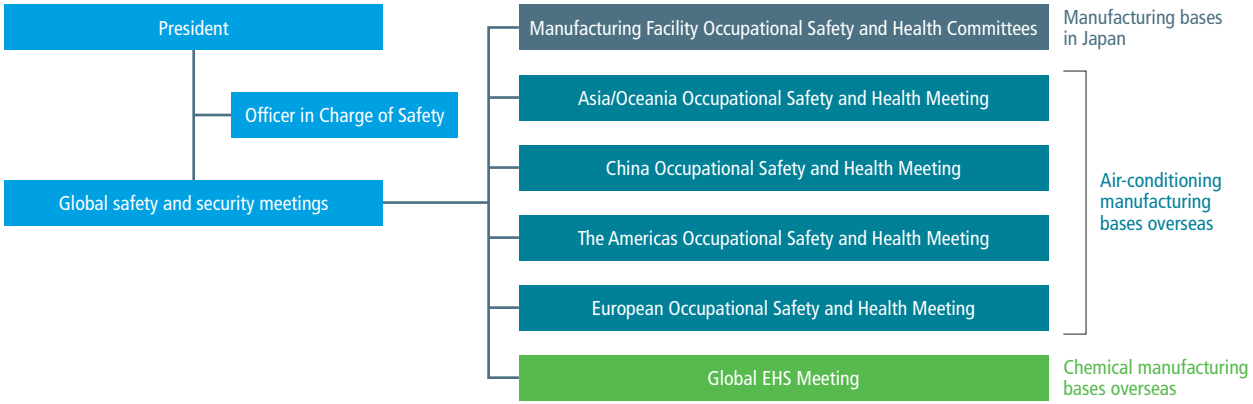
Management Structure

Officer in Charge of Safety Leads Safety and Accident-Prevention Efforts

Daikin has appointed an officer in charge of safety to promote safety and disaster prevention measures. Global safety and security meetings, chaired by the officer in charge of safety, are held twice a year. At these meetings, reports are provided on the occurrence of accidents in Japan and overseas, the contents of Occupational Safety and Health Meetings in each region, the status of support for overseas bases where accidents occur frequently, and the status of measures to address common global issues. Meetings also deliberate on measures to further improve safety levels.

In Japan, Occupational Safety and Health Committees are established at each plant to devise annual safety policies, formulate occupational safety and health plans and implement the PDCA cycle. Overseas, employees responsible for safety are appointed at each manufacturing base. Annual Occupational Safety and Health Meetings are held in each region in an attempt to improve the level of safety measures.

Occupational Safety and Health Management Structure



Risk Assessment

To prevent the occurrence of occupational injuries, Daikin carries out safety countermeasures after each base conducts risk assessments and identifies facilities that pose a high risk of injury. When an injury occurs at a base either inside or outside of Japan, matters concerning the monthly occurrence, causes, and countermeasures are reported to the officer in charge of safety via the department responsible for safety at Daikin Industries, Ltd., pursuant to the Group's injury reporting guidelines. In turn, this information is reported to and shared with the global safety and security meeting two times per year.

For example, with regard to accidents related to "getting caught in or trapped by machinery," "cuts," and "transport work," which have accounted for a large number of accidents globally in recent years, we share the details of the accidents and countermeasures at each base at global safety and security meetings. We also implement an improvement cycle where we carry out risk reduction activities for these accidents after categorizing them into "people," "people and equipment," and "equipment."

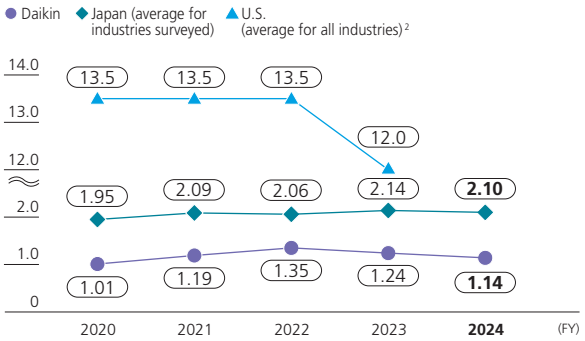
Additionally, we are working to prevent the occurrence of occupational accidents by providing protective equipment, translating procedure manuals into local languages, conducting periodic inspections of equipment, and adopting easy-to-understand labeling using photographs, including at overseas bases.

See below for our countermeasures against serious risks
141 Governance Risk Management Preparing for Other Major Risks

Targets and Results

Aiming for "zero accident" workplaces, Daikin utilizes a rate showing the frequency of occupational accidents resulting in lost work time as an indicator of operational safety. The frequency rate of occupational accidents for the entire Daikin Group, including overseas, in fiscal 2024 was 1.14.

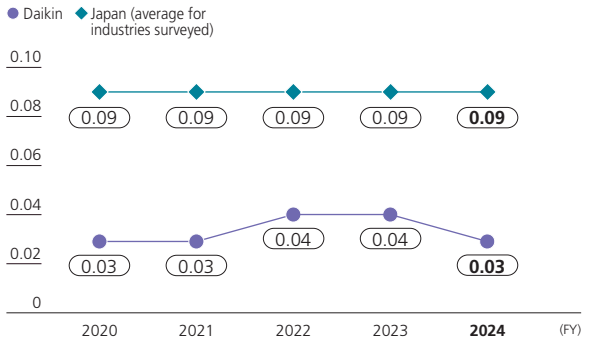
Frequency Rate of Lost-Time Occupational Accidents[1]



[1] This shows the frequency of occupational accidents resulting in lost work time, expressed in number of casualties for every 1,000,000 working hours.
Frequency rate = Number of fatalities/injuries caused by occupational accidents resulting in lost work time / Total actual working hours × 1,000,000

[2] Calculated based on information from U.S. Bureau of Labor Statistics (November 2024)
No data was released for the U.S. in fiscal 2024. (As of the end of July 2025)

Severity Rate*



* This shows the severity of the calamity, expressed in man-days lost per 1,000 hours worked
Severity rate = Total number of working days lost / Total actual working hours × 1,000

Occupational Safety and Health Management System

Daikin has manufacturing bases around the world and we ensure safe plant operation and worker safety through the creation of occupational safety and health management systems at each base. Under this system, we use risk assessment to reduce and manage the risk of health and safety problems, we formulate, execute and monitor the progress of action plans, and we ensure that we are continuously in compliance with laws and regulations.

In addition, every year, we conduct internal and external audits, along with education and safety patrols with the aim of achieving "zero accident" workplaces.

As of the end of fiscal 2024, 60 bases (approximately 50% of all manufacturing bases) had acquired certification related to ISO 45001 and other occupational safety and health management systems.

See below for the Number of Sites that Obtained Occupational Safety and Health Management System Certification
170 Data ESG Data Society Human Resources

Employee Education and Training

Daikin conducts a variety of education and training on occupational safety and health. This applies to everyone who works at Daikin, including employees (part-time employees and dispatched employees included), business partners, partner companies, and contractors.

Daikin Industries Ltd. places an important focus on hands-on training that simulates situations where certain actions or situations could invite danger. Using specially made devices and machines, employees take part in hands-on mock training in which they experience what it is like to be caught in or trapped by machinery in the equipment manufacturing industry, where such accidents are common; and where they see firsthand the danger of fire and pressure caused by chemical reactions common in the chemicals manufacturing industry. We continue to hold training based on effective programs that combine with theoretical learning in the classroom.

At our overseas bases, we are improving technical proficiency levels through participation in training held in Japan and aim for zero occupational accidents by providing safety training and conducting safety patrols, among other initiatives. For example, at Daikin Fluorochemicals (China) Co., Ltd., every year several hundred employees including those from affiliates participate in safety training at the training and education center inside the company's plant. This center was certified as a "petrochemical industry safety education base" by the China Chemical Industry Federation, an important organization within China's petrochemical industry. In this manner, we provide training not only to our own employees but also to our customers, affiliated companies and organizations.

Additionally, every July, coinciding with Japan's nationwide safety week, the President and CEO disseminates a message to the entire Group on our priority initiatives for that particular fiscal year in order to foster greater awareness of safety. Every year, management, the safety officer and departments responsible for safety visit our bases in Japan and overseas to provide coaching in terms of safety assurance, while departments responsible for safety consolidate accident data monthly to share with persons in charge of safety at each business base in an effort to raise awareness of safety.

Hands-on training

See below for our efforts to ensure safety of our business partners on assembly lines
125 Social Supply Chain Management Working Closely with Suppliers Ensuring Safety Inside Plants

See below for our countermeasures and disaster prevention training in preparation for natural disasters
133 Social Communities Corporate Citizenship Activities Harmony with Communities

Employee Health Management and Mental Health Care

Supporting Employee Health through Checkups and Counseling

Daikin Industries, Ltd. strives to maintain employees' health by providing all employees with semi-annual health checkups, as well as semi-annual special checkups for those engaged in specialized work, as required by health and safety laws.

Employees who are found to have problems are put under the direct guidance of the company health clinic and are given thorough guidance in necessary measures to take. At such secondary checkups, employees are given personalized health guidance and advice on improving their habits that matches their individual lifestyles.

Employees who require detailed examinations and treatment are sent monthly follow-up emails as part of our efforts to decrease the number of people not getting the care they need.

If an employee is found to be working excessive hours, he or she is checked by an industrial physician, and if the employee needs special attention, he or she and his or her superior will receive guidance from the physician. At interviews with industrial physicians, employees are given not just health advice but also consultation regarding family life and other personal matters.

Awareness of Individuals and Organizations Dealing with Mental Health Issues and Provision of Specialist Care

Daikin Industries, Ltd. strives to maintain the physical and mental health of employees.

Based on guidelines from the Ministry of Health, Labour and Welfare, four types of mental healthcare measures, such as self-care and care by dedicated outside staff, are planned and implemented at all bases depending on the needs of each base.

We conduct stress checkups at all Daikin bases in Japan. Persons judged to have a high risk of stress meet with industrial physicians so that their problems could be discovered early and solved through numerous approaches such as self-care and work environment improvement.

Eliminating Long Working Hours

Eliminating Long Working Hours by Obligating Employees to Leave at Closing

Time and Boosting Work Efficiency Daikin strives to comply with labor related laws and regulations in the countries and regions where it operates and to eliminate prolonged working hours of employees, under the Group Conduct Guidelines that state, "Respect for Human Rights and Diversity and Observance of Labor Laws."

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

For example, Daikin Industries, Ltd. strives to eliminate long working hours through measures such as obligating employees to leave the office at a designated closing time once a week and prohibiting employees from coming to work on their days off (unless absolutely necessary and approved by the department head).

In this way, we are making a concerted effort to improve both work rule compliance and work efficiency. Yearly plans are made for each employee's duties and working hours, and to ensure that work management is in line with the plans, checklists are filled out to manage daily work.

Furthermore, by implementing a planned 5-day paid work leave system and establishing general paid leave, we aim to promote respect for work-life balance and a more vibrant work environment.

See below for the Percentage of Employees Taking All Paid Leave and Average Hours of Overtime per Employee (Daikin Industries, Ltd. only)
171 Data ESG Data Society Human Resources

Stakeholder Engagement

Dialogue with Communities for Safer Plants

We have established venues for regular dialogue with local community members for safer plants in order to provide added peace of mind to the people living around our plants.

See below for our interactions with local communities
133 Social Communities Corporate Citizenship Activities Harmony with Communities

Human Resources

Employee Evaluation and Treatment

Basic Policy

Daikin offers "fairness of opportunity and reward": a workplace where employees are rewarded for putting their motivation to work and taking every opportunity for success.

Employee Evaluation and Treatment

Fair Evaluation and Compensation Structure

In fiscal 2001, Daikin Industries, Ltd. eliminated standardized wage scales based on age and seniority, along with uniform pay raises. Instead, we switched to a compensation system that rewards performance, not age or seniority.

Our performance evaluation focuses on how well employees improve their abilities. This evaluation also looks at job results in three categories called achievements, challenging spirit, and growth. To ensure even greater fairness of evaluation, managers evaluate their staff only after consulting with other managers. Employees are also evaluated based on their level of contribution to company successes and to the organization as a whole. In fiscal 2002, this compensation system was extended to include Daikin Group companies in Japan.

In addition, we have begun formulating a global, Group-wide human resources policy that includes evaluation and compensation in aiming to implement personnel measures that promote the desire to work and a sense of job satisfaction for all employees throughout the entire Group.

Job Placement and Transfer Mindful of Employee Circumstances

Whenever possible, Daikin Industries, Ltd. asks new employees where they want to work and if possible assigns them to the departments and sections of their choice. If new employees cannot be placed in the department or section of their desire due to personal aptitude and company needs, we do all we can to gain their understanding.

When we consider transferring an employee, the supervisor and employee meet to discuss strengths and specializations, job and career thoughts and aspirations, policy on human resource development, and records of employee meetings with their supervisors, which have been entered into DAIKIN People, our global human resources database, by both the supervisor and employee. Whenever possible, we consider employees' individual circumstances for relocations and ensure their spirit of challenge is reflected in the posts they are assigned to. For employees who wish to work overseas, we have established a practical training system to support employees in foreign positions.

We continue to build rewarding workplaces for our employees by matching their dreams and goals with those of Daikin.

Human Resources

Labor Management Relations

Basic Policy

Daikin Industries, Ltd. believes that cooperative labor management relations are the foundation of company management. We therefore place the utmost emphasis on equality of labor and management, as well as mutual trust between both sides. Our stance has, and always will be, to face the truth in solving all problems, and to speak frankly and draw clear lines between what is and what is not possible.

Except for managers and some contract employees, around 80% of those at Daikin Industries, Ltd. are union members. The company holds frank discussions with the labor union. As soon as business plans are clarified, management holds a meeting where it explains these plans to the labor union. In fiscal 2024, we continued to hold these meetings with the labor union's headquarters on a regular basis. Participants discussed topics including challenges in workplace culture, motivation, how to make work more rewarding, and management issues, among others.

Employee working conditions and status are matters discussed between labor and management, with results of these discussions promptly reported.

Respecting the Rights of Workers

Specification in Work Regulations and Agreements and Publicizing of Respect for Workers Rights

At Daikin Industries, Ltd., we believe that the company should respect its employees as individuals and strive to improve their welfare, and that employees should fulfill their duties as workers. The principle of respect for the rights of the worker is specified in work regulations and labor agreements. We give a thorough explanation of the work regulations and labor agreement to new employees when they join the company, and the labor union also conducts similar education of employees to ensure employees have access to this information.

Creation of the All Daikin Federation of Labor Unions

The Daikin Industries' labor union established a federation structure in February 2014 to further expand activities across the entire Daikin Group, including enhancing labor-management relations at each company and using the mutual aid system to capitalize on scale merits. This move also aimed to create solidarity within the Group in terms of labor unions, strengthen the employment base of workers, and maintain and improve working conditions.

Today, the federation comprises 24 independent labor unions.

Dialogue with Employees

Hearings for Employees to Improve Working Conditions

Daikin Industries, Ltd. has about 10 hearings a year with at least 4% of its employees (approximately 300 employees). Salary negotiations with the labor union are held between labor and management with consideration for factors including company performance, operational issues, world trends, and the work of the labor union. On top of that, each employee is interviewed. This results in employees receiving a salary that both sides agree is fair under the circumstances.

Besides salary, employees are also given hearings when there are matters to report from the company, such as new fiscal year Group policies, budget and performance reports, and a message from the president at bonus time. Other ways that we hold regular opportunities for dialogue with employees include meetings between managers and their workers during announcement of annual targets and employee evaluations. Listening to frank employee opinions ensures that we can continuously improve labor-management relations.

Co-Creation

Approach and System

Basic Policy

Daikin has identified co-creation as one of its priority themes for sustainability. At Daikin, we define co-creation as the inclusive effort to deepen interaction between personnel of two organizations internally and externally who can explore questions together in creating new value for the future. With the aim of Sharing Dreams and Ambitions Inside and Outside Daikin to Realize a Healthy, Comfortable Lifestyle through Air, as a manufacturer, Daikin is not only focused on the traditional manufacturing, but also creating experiences that provide new value to customers and society.

Daikin contributes to consumer lifestyles through its core technologies of inverter, heat pumps and fluorochemicals. We believe that the advancement of our proprietary technologies and integration of these technologies with the world's diverse cutting-edge technologies will contribute to the creation of new value for society.

Accordingly, Daikin aims to create innovations beyond our own organizations through synergistic effects realized with other companies, universities, research institutes, and international organizations from different industries and fields.

Technology and Innovation Center as the Core Base of Co-Creation

In order to create new value against the backdrop of the fast-paced evolution of technology, it is essential that we engage in collaborative innovation that transcends existing frameworks and integrates a wide range of knowledge. Daikin established the Technology and Innovation Center (TIC) in November 2015 as a hub to promote internal and external collaboration. We have established 36 development bases in six regions worldwide to identify the needs of each region promptly and accurately for product development.

There are around 900 engineers from a wide range of fields working at TIC. We aim to attract people, information, and technology from around the world and promote innovation by bringing together the strengths of Daikin engineers and enhancing collaboration and alliances with companies, universities, and research institutes that possess unique technologies in different industries and fields. TIC is filled with places that encourage active discussions among engineers. Some of the examples include the Future Lab and Open Lab that promote collaboration. They are utilized by universities and partner companies under comprehensive collaborative agreements with Daikin to promote their strengths and technology to Daikin Group engineers and for Daikin to propose issues it would like to address. Moreover, the facility also offers fellows rooms that can be freely accessed by visiting university professors and opinion leaders from Japan and around the world.

In fiscal 2017, we opened the Daikin Open Innovation Lab Silicon Valley as a branch of TIC. Silicon Valley is the epicenter of rapid technological advances, enabling us to incorporate cutting-edge technologies such as AI and IoT into our solutions business, while also working to acquire and commercialize technologies in the field of decarbonization. In fiscal 2019, we established the Technology and Innovation Center CVC Office as an organization to promote collaboration with start-ups. Since its establishment, the CVC Office has invested in more than 30 startup companies and venture capital firms in Japan and abroad (as of January 31, 2025). Through these investments, it has built relationships with partners in a variety of fields. In this manner, we are accelerating innovation that combines state-of-the-art technology inside and outside the company, innovative ideas, and knowledge.

Technology and Innovation Center (TIC)
https://www.daikin.com/about/corporate/tic

056 Environment Response to Climate Change Initiatives for a Decarbonized Society

Technology and Innovation Center (TIC)

Main Startups Daikin Has Invested In (As of March 2025)

provigate
WASSHA
Aidemy
Fairy Devices
NATURE ARCHITECTS
JDSC UPGRADE JAPAN
ハイアルチ EASY&FAST
bitkey
FLOSFIA
SENSIO AIR
TeraWatt TECHNOLOGY
SiRC
atomis
ZUTACORE
HACARUS
NATURE
Monochrome
Advanced Composite
SHIZEN CONNECT
POPPY

Co-Creation Area (Daikin Industries, Ltd. Tokyo Office)
Available for use by startup companies and other co-creation partners as a place for co-creation activities

Co-Creation

Collaborative Innovation Led by Industry–Government–Academia Partnerships

As part of its collaborative innovation led by industry–government–academia partnerships, Daikin aspires to contribute to solutions to global social challenges by focusing on collaboration with universities and research institutes in Japan and abroad.

Collaboration with the University of Tokyo

In 2018, we signed a "University Corporate Relations Agreement" with the University of Tokyo for a 10-year partnership with investment of approximately 10 billion yen. Under this agreement, we are working on the three co-creation programs and personnel exchanges.

In addition, the main feature of this agreement is the full-fledged exchange of human resources between the two parties. The University of Tokyo instructors and students, entrepreneurs, and Daikin employees can go freely between the organizations of the agreement parties with the aim of sharing knowledge, conducting joint research, and building career paths. Daikin also collaborates with the University of Tokyo to develop globally minded human resources through global internships at its many bases.

In fiscal 2024, halfway through the agreement's term, a steering council representing the top management of both organizations met to discuss the social implementation of the results of co-creation, including a compression-adsorption hybrid heat pump cycle and home energy system. The Second DAIKIN–UTokyo LAB. University Corporate Relations Forum was held in July 2024, featuring messages from the Executive Director of the International Energy Agency (IEA) and the Secretary-General of the Organisation for Economic Cooperation and Development (OECD). Executives from both organizations also gave speeches and a panel discussion was held on the value of air and expanding efforts into the Global South.

Examples of Co-Creation with the University of Tokyo (As of March 31, 2025)

Category		Details
Three co-creation programs		
• Creating a vision for the future that will contribute to business and will be needed in the future as well		
	Vision for the value of air	Formulated the Vision for the value of air 2024 and presented it at the Second DAIKIN–UTokyo LAB. University Corporate Relations Forum
• Creating future technology based on core technology development and new value creation		
	Contract for lectures and joint research	Held 16 social science linked lectures and conducted joint research including one sponsored lecture
	IFI-CEM Collaborative Research Unit[1]	Conducted demonstration testing on technologies, systems and infrastructure required for a circular economy
	Proposal of compression-adsorption heat pump cycle	Continuing verification of transition from alternative refrigerants to natural refrigerants
	Proposal of home energy system (PACaaS[2])	Continuing demonstration of PACaaS toward carbon neutrality and began verification of economic value when implemented in society
• Tie-ups with venture businesses with the aim of early social implementation		
	Collaboration with Fairy Devices Inc.[3]	Following Japan and Asia, promoting DX for on-site operations to spread heat pump heating in Europe
Personnel exchanges		
	Global Internships	30 people traveled to Daikin's business bases in North America, Europe, India, and Thailand
	LOOK UTokyo	Held lectures by faculty members of the University of Tokyo aimed at exploring new co-creation themes 42 times since the start of co-creation, with a total of 1,912 employees participating
	Participation in Seminars	Participated in seminars given by the academic frontier of the East Asian Academy for New Liberal Arts to broaden their horizons, which provided opportunities for exchanges with diverse people and knowledge

[1] The official name of the unit is "Circular Economy Business Model Collaborative Research Unit for Sustaining Ideal Air."
[2] An acronym for Power & Air Conditioning as a Service.
[3] A start-up company originating from the University of Tokyo.

Collaboration with the University of Osaka

In fiscal 2016, Daikin established the Daikin Collaboration Research Institute at the University of Osaka. This institute is developing new materials, new processes, and processing technologies related to the air conditioner business.

In fiscal 2020, we solicited new ideas for research themes on air and spaces from students attending all schools of the University of Osaka ultimately establishing the shared vision of Leading the Future of People and Space. In turn, we formulated the three main pillars of "Infrasharing," "Mass customization of environment," and "Digital Twin City" in pursuing this vision. We promoted research on these specific themes and are now moving on to the verification phase for certain positive research outcomes.

Examples of Activities in Fiscal 2024

- **Participation in event at Shibuya Smart City**
  Toward the realization of a cooler Shibuya, we participated in SOCIAL INNOVATION WEEK held in Shibuya City based on the theme of resolving social challenges related to climate change, such as energy conservation in buildings and towns and measures against heat.
- **Set up cool spots at Haneda Innovation City**
  These spots providing airport management companies, developers, and passengers with places to cool off as a way to prevent heatstroke in the summer
- **Interactive tour for high school students**
  We held an interactive tour introducing heat pump technology and fluorochemical technology at the University of Osaka's SEEDS program for high school students called Industry on Campus.
- **Held Workshop on Thermoelectric Conversion Technology**
  We held a workshop on thermoelectric conversion technology in collaboration with the Co-Creation Bureau of the University of Osaka, inviting prominent professors from the fields of engineering, science, and engineering to discuss current technical challenges and future prospects.

Examples of Co-Creation with the University of Osaka (As of March 31, 2025)

Category	Details
Joint-Research on Air Conditioning and Chemical Core Technology	
Air Conditioning Business	We developed elemental technology for upgrading and differentiating manufacturing through a partnership with the Joining and Welding Research Institute, which possesses world-leading technologies.
Chemicals Business	We created innovative platform technology for substitution with new fluorine materials and nonfluorine materials and extensively utilized the cutting-edge analysis equipment and technologies of the University of Osaka. In fiscal 2024, we built a foundation to promote the development of materials limited to fluorine and to research into alternative technologies in order to come up with innovative material solutions.
Verification Phase Research	
Energy Management	We transformed the University of Osaka's new Minoh Campus into a net zero energy building (ZEB). This made the university one of the first to make two buildings ZEB. In fiscal 2023, Osaka Prefecture, the University of Osaka, and Daikin Industries, Ltd. signed a partnership agreement to promote ZEB in Osaka Prefecture. In addition, we received the Osaka Governor's Award, the highest award at the 2022 Osaka Climate Change Action Awards, and the 2023 ISCN Excellence Award (Partnerships for Progress category) from ISCN.* ZEB has been put into practical use at the following locations: the University of Osaka, Shibaura Institute of Technology, and one location of NTT Facilities Inc. There has been an increase in inquiries from universities and major developers aiming to build smart campuses.
Miscellaneous Programs	
Student Researcher Program	We held this training program for students at the School of Information Science and Technology at the University of Osaka (PhD students). Also, we conducted an internship program, which incorporates learning about challenges that may arise when using information technologies, and aims to cultivate human resources with practical skills through real life learning using actual data. We are promoting a hands-on internship called "New Business Creation Workshop" in which young and mid-career members of the business division and TIC act as group work facilitators.
Leading Researcher Program	The program receives corporate funding from the phase of fundamental research with an anticipation for advanced research results from outstanding, young researchers. The program explored the theme of the estimation system for body composition (body fat ratio) that can be useful in the sports gym business of the Defense Systems Division.
AI Human Resources Cultivation Program (Daikin Information and Communications Technology College [DICT])	We achieved the initial target of 1,000 information science engineer attendees within the Group in fiscal 2021 through classroom work at DICT. Instructors from the University of Osaka are providing in-depth instructional guidance on particularly challenging issues, as we reached the goal of 1,800 attendees by fiscal 2024 and now are working to increase this number to 2,000 by the end of fiscal 2025.
Diversity Research Environment Achievement Initiative Project	We continued to implement the innovation female participation promotion program, reception with female graduate students, and career advancement support program during childcare leaves. We are conducting an online festival to encourage more high school girls to consider studying the sciences.

* An acronym for International Sustainable Campus Network. A global network of universities on sustainable campuses.

Collaboration with Kyoto University

Daikin began comprehensive collaboration with Kyoto University in 2013 with the aim of value creation by integrating the humanities and sciences. We are now engaging in interdisciplinary collaboration and exchanges, including creating new themes related to air and space and cutting-edge technology that will transform our mainstay businesses of air conditioning and chemicals.

Since 2021, we have been promoting joint research in the form of humanities-science integration under the new keyword of "well-being (a society for better living)" proposed by Kyoto University covering the five areas of air and healthcare, cutting-edge technology, smart cities, emerging countries, and venture business. In terms of healthcare-industry collaboration and in emerging countries, we are researching themes that contribute to people's health and the future of the rapidly growing Asia and Africa regions, respectively. In cutting-edge technology, we are promoting collaboration and linkages in the fields of materials, energy, cold chain, and utilization of ventures.

Since 2022, we have been working on the formation of a new industry-academia collaboration ecosystem to promote the social implementation of research seeds.

Researcher Grants

As part of an industry-academia collaboration ecosystem, we launched the Daikin GAP Fund Program in 2022. We are inviting researchers from Kyoto University to submit approaches to social challenges in an effort to support social implementation and entrepreneurship. In fiscal 2022, 10 projects were selected and received grants, and in fiscal 2023, eight projects were selected by introducing a new grant method according to the size of the project.

Collaboration with Doshisha University

In March 2020, Doshisha University and Daikin concluded a comprehensive collaboration agreement with the goal of conducting practical R&D on the theme of environmental issues. To reduce greenhouse gas emissions through its businesses, Daikin will harness the proprietary technology and knowledge of Doshisha University and develop talent in collaborative innovation through joint research.

Decomposition and Reuse of CO_2

We are conducting research on the technology to reuse CO_2 in chemicals and materials after decomposition via electrolysis utilizing Doshisha University's molten salt electrolysis technology and Daikin's fluorine technology. In 2023, we verified that CO_2 can be reused as acetylene. In fiscal 2024, we continued to work on industry-industry co-creation to improve the efficiency of electrolysis control technology with the aim of improving acetylene productivity. We also implemented initiatives to expand the range of compounds produced beyond acetylene.

Demonstration of the reuse of CO_2 as acetylene by molten salt electrolysis (available in Japanese only)
https://www.daikin.co.jp/press/2023/20231115

Further Efficiency of Air Conditioning

We are conducting research on the themes of motor structure, inverter control, the corrosive mechanism of heat exchangers, compressor characteristic evaluation and product vibration analysis.

Mini Workshop for Educational Programs

We launched a course called Co-Creation for Next Environment between Doshisha and Daikin at Doshisha University in fiscal 2021. Through joint learning between our young employees and students, we aim to achieve a high educational effect. In fiscal 2024, we implemented 13 educational programs in which our young employees and students learned alongside one another.

Topics

Conducted On-Site Group Work in Belgium

In fiscal 2024, we conducted on-site group work in Belgium. Ten students and four young engineers from Daikin participated, touring local Group companies and undergoing on-site training on the energy policies of the European Parliament and the European Commission.

On-Site Group Work in Belgium
https://grm.doshisha.ac.jp/en/activities.php?c=activities_of_grm_1&pk=1727834309&jaen=en

Collaboration with Nara Institute of Science and Technology

In 2012, Daikin Industries, Ltd. and the Nara Institute of Science and Technology (NAIST) established the Future Joint Research Laboratories, through which both are collaborating from the stage of research theme identification. In fiscal 2024, the Laboratories explored seeds that could utilize the university's strengths in the information field and then matched them with needs in the chemical industry.

Collaboration with Tottori University

Daikin began a comprehensive collaboration with Tottori University in May 2021 with the aim of promoting programs such as arid land scientific research and healthcare research through collaboration between healthcare, industry, and agriculture. The program involves research projects such as the air conditioning solution research at Tottori University's Arid Dome, the only arid land research facility in Japan, and on stress reduction. In addition, through interaction between researchers and students, we are fostering arid land expert human resources capable of creating an air conditioning solutions business.

Collaboration with Tsinghua University

In 2003, the Tsinghu–Daikin R&D Center was established at Tsinghua University in Beijing, one of China's top universities. Since then, Daikin and the university have worked together to jointly conduct technology development. We are conducting joint research in the fields of air quality, energy conservation, and energy, as well as fluorine materials for automobiles and semiconductors. In fiscal 2023, we established a joint venture with the Research Institute of Tsinghua University in Shenzhen called Daikin Tsingyan Advanced Technologies (Huizhou) Co., Ltd. We mass-produce O-rings used in harsh environments such as semiconductor manufacturing, automobiles, oil mills, and chemical plants.

Collaboration with RIKEN

In 2016, Daikin Industries, Ltd. teamed up with RIKEN, Japan's only comprehensive research institution dedicated to the natural sciences, to launch the RIKEN-DAIKIN Wellness Life Collaboration Program.

In fiscal 2024, at 2024 Herrick Conferences held at the Ray W. Herrick Laboratories at Purdue University in the United States, we presented our technical results for R-32 refrigerant leak detection using lasers entitled *Rapid On-site Refrigerant Leak Detection Using Reflective Infrared Laser Technology*, together with RIKEN and Tokyo Gas Engineering Solutions Corporation.

Contributions to Infectious Disease Control

In the spring of 2020, under the theme of "comfortable and healthy spaces," we were the only air conditioning manufacturer to participate in the "RIKEN Project on Prediction and Countermeasure for Virus Droplet Infection under the Indoor Environment" using the framework of the Comprehensive Partnership Agreement. We used the Fugaku supercomputer to analyze the airflow of commercial air purifiers, and contributed to research on infection control measures and their effectiveness. In addition, through the Cabinet Office website, we are posting videos that convey safety messages regarding airflow.

Development of World's First Laser-Based Detector for R-32 Refrigerant Leaks

In fiscal 2023, we worked with RIKEN and Tokyo Gas Engineering Solutions Corporation to develop the world's first laser-based R-32 refrigerant leak detector and issued a press release in November. The detector was on display at the International Symposium on New Refrigerants and Environmental Technology 2023 sponsored by the Japan Refrigeration and Air Conditioning Industry Association, and also appeared in COOLING POST, an influential overseas media outlet in the air conditioning industry.

World's First Laser Technology for Remote Detection of R-32 Refrigerant Leaks

https://www.daikin.com/press/2023/20231115

COOLING POST World News (November 15, 2023)

https://www.coolingpost.com/world-news/daikin-develops-remote-detector-for-r32-leaks/

Collaboration with the National Institute of Advanced Industrial Science and Technology

Since 2015, we have been working with the National Institute of Advanced Industrial Science and Technology (AIST) in all technological fields in aiming to resolve the technical challenges we embrace at Daikin. Fully harnessing AIST's areas of expertise in social implementation and standardization, we are promoting development of magnetic cooling systems as a next-generation air conditioning technology and research into the health benefits of adding functional substances to air.

In fiscal 2023, Daikin Industries, Ltd. and AIST coauthored a paper that examined the selection of useful substances to be sprayed into the air and mechanism of their effects on human health in order to create healthy air.

Co-Creation

Collaborative Innovation Led by Industry–Industry Partnerships

With the framework of competition undergoing a rapid transformation due to digital transformation and decarbonization, innovation with an eye toward the future of the world in five and 10 years into the future is necessary. Daikin is tackling this challenge around the world using collaborative innovation led by industry–industry partnerships.

Examples of Collaboration through Industry–Industry Partnerships (As of March 31, 2025)

Partner	Theme	Start
Daicel Corporation	Creation of safe and reliable air conditioning and ventilation products	2016
Hitachi, Ltd.	Establishment of next-generation production model using IoT	2017
Partner companies under the collaborative platform called CRESNECT	Creation of new value and services across air and space	2018
FUJIFILM Corporation	Air conditioner noise reduction	2019
Fairy Devices Inc.	Promotion of DX centered on the frontline of air conditioner service operation	2019
AiCT Consortium	Co-creation for the realization of next-generation energy management through collaboration between EVs and air conditioning	2023
Shizen Connect	Effective utilization of surplus renewable electricity	2024

Partnership with Hitachi, Ltd.

In fiscal 2022, we commenced the development and demonstration of a data utilization platform that can efficiently recognize and identify issues in manufacturing. By linking processing on the production line with all the data on workmanship, we are verifying whether frontline workers can quickly identify and stop variations in quality.

In fiscal 2023, we began construction and verification of an equipment fault diagnosis support system that utilizes generative AI. We are currently examining whether this system can contribute to maintaining and improving equipment maintenance capabilities, which poses an issue during the globalization of a production base network.

Partnership with FUJIFILM Corporation

In November 2022, we launched Urusara X which offers a standard soundproofing duct for the outdoor unit based on the jointly developed technology for “silent humidifying and ventilation kit.”

Commercialization of New Noise Reduction Technology for Air Conditioners by FUJIFILM and Daikin (available in Japanese only)

https://www.daikin.co.jp/press/2022/20220118

Collaboration Using the Co-Creation Platform CRESNECT

In 2019, Daikin opened a membership-type co-working space called point 0 marunouchi, in Marunouchi, Tokyo, as part of the CRESNECT spatial data co-creation platform. At the same time, we established point0 Inc. as the project management company. At point 0 marunouchi, the companies participating in the project are conducting various demonstration testing.

point 0 marunouchi (available in Japanese only)
https://www.point0.co.jp/coworking/

point 0 satellite (available in Japanese only)
https://www.point0.co.jp/satellite/

Establishment of Carbon Offset Room

In fiscal 2023, the conference room at point 0 marunouchi was renovated into a carbon offset room. In collaboration with Tanseisha Co., Ltd., which is involved in the creation of spaces at commercial and cultural facilities, we have developed a space that visualizes the reduction of CO_2 emissions. We will carry out carbon offsets of CO_2 emitted in the renovated meeting room.

Carbon Offset Room
Image courtesy of: Tanseisha Co., Ltd. / Photographed by: PIPS

Carbon offsetting for office renovation conducted by point 0 and Tanseisha, Co., Ltd. aimed at carbon neutrality (available in Japanese only)
https://www.point0.co.jp/news/20230607-2/

Launch of Consulting Service to Support Acquisition of WELL Certification

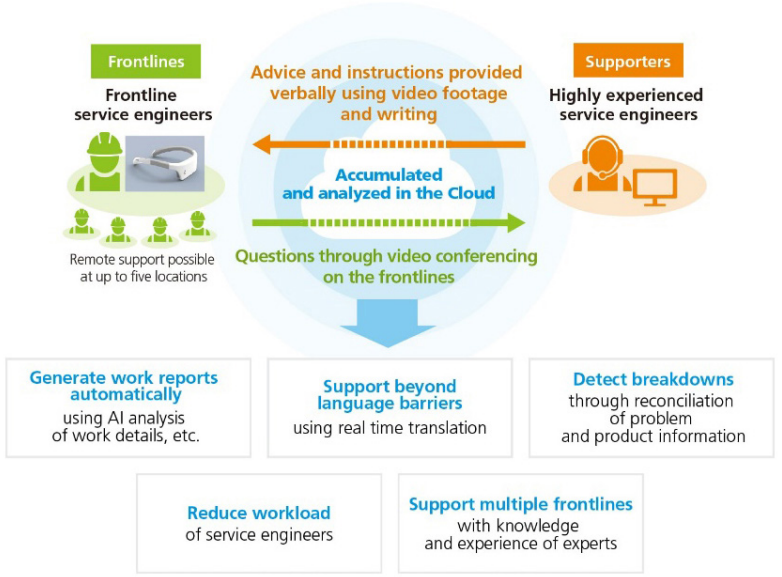
In fiscal 2023, we started a consulting service that provides total support from feasibility diagnosis to acquisition for customers who are considering obtaining WELL certification. This new service is based on our experience of being the first co-working space in Japan to obtain WELL certification.

Collaboration with Daikin and Fairy Devices Inc.

Daikin and Fairy Devices Inc., a startup company with roots at the University of Tokyo, are working on an initiative to promote digital transformation (DX) on the frontline of service operations through the creation of connected workers, Fairy Devices will provide its voice recognition, edge AI, and data analysis technologies, while Daikin will contribute its frontline expertise globally, as the two work together to resolve issues faced by service operations.
In fiscal 2019, the two companies developed a remote work support solution where experienced service engineers can support and train workers in remote locations. We aim to use this solution to quickly foster talented service engineers while at the same time improving the technical skills and decision-making abilities of workers around the world. In fiscal 2021, we began to establish and expand our global intellectual properties portfolio, representing a crucial element of frontline DX.

In fiscal 2022, this initiative received the Minister of Internal Affairs and Communication Award at the 5th Japan Open Innovation Awards organized by the Cabinet Office. It was recognized for not only offering a high degree of utility to address many frontline issues faced by organizations but also because it is now in the implementation stage.

Overview of Remote Work Support Solutions



027 Feature 2 Promoting Digital Transformation of On-Site Air Conditioning Services Together with Startup Companies

Collaboration with AiCT Consortium

In December 2023, Daikin Industries, Ltd., Nissan Motor Co., Ltd., TIS Inc., and Matsumoto Precision Inc., under the AiCT Consortium, began a commercialization review for the construction of a new energy management system that combines a charge and discharge control system for EVs and a demand system for commercial air conditioning control using renewable energy.

All four companies are participating in the AiCT Consortium, which is working to realize a citizen-centered smart city in Aizuwakamatsu City, which promotes local production for local consumption of renewable energy. In the process of strengthening cooperation toward the realization of a recycling-oriented society through the efficient use of energy, we have decided to implement this project. We will bring together the knowledge of the four companies to work on decarbonization and economic revitalization, with the aim of sparking innovation from the region.

In fiscal 2024, we confirmed that the combination of air conditioners and EVs will reduce peak power consumption and improve comfort. Going forward, we will expand our activities to use energy efficiently both within and outside the region. We also plan to conduct practical verification of power supply and demand adjustments to promote local production and consumption of energy within the region.

Under AiCT Consortium, Nissan Motor, Daikin, TIS, and Matsumoto Precision begin verification of practical application of energy management in which EVs and commercial air conditioning are coordinated (available in Japanese only)

https://www.daikin.co.jp/press/2023/20231219

EV and charger/discharger installed at Matsumoto Precision Inc.

Collaboration with Shizen Connect Inc.

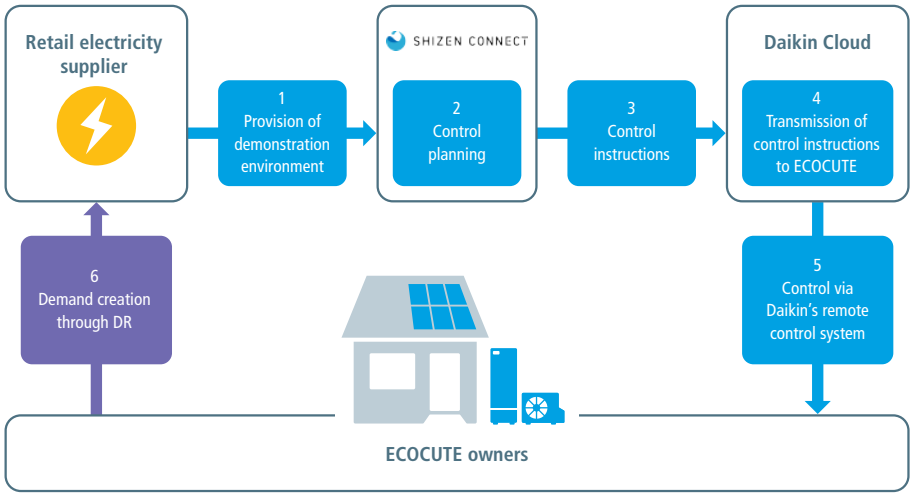
Daikin Industries, Ltd. and Shizen Connect Inc. began a demonstration test in October 2024 on demand response (DR), which creates electricity demand to make effective use of renewable energy. The test involves shifting the heating time of residential ECOCUTE to times when renewable energy generation is high. The test is being conducted with the cooperation of Tohoku Electric Power Co., Inc., Hokuriku Electric Power Company, Hokkaido Electric Power Co., Inc., and Shikoku Electric Power Group and will evaluate the effects of renewable energy output control.

The test aims to link the Shizen Connect energy management system developed and operated by Shizen Connect with Daikin's ECOCUTE remote control system to verify the technical feasibility, economic benefits, and CO_2 reduction effects, and to contribute to the realization of a decarbonized society.

Shizen Connect, Daikin, and three major electric power companies conduct joint demonstration project to effectively utilize surplus renewable electricity (available only in Japanese)

https://www.daikin.co.jp/press/2024/20240731

Demonstration Scheme



Respect for Human Rights

Policy and Management Structure

Formulation of Human Rights Policy

In recent years, a number of human rights issues have emerged in business, including child labor or forced labor at suppliers and the leakage of personal information of customers and employees. For this reason, there is growing interest among the international community in how business activities affect human rights. Business activities that respect human rights represent one vital element of a company's social responsibilities.

In 2022, Daikin formulated the Daikin Group Human Rights Policy based on the principles and guideline set out in the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. In addition to our commitment to respect for human rights and compliance with international norms related to human rights and the laws and regulations applicable in each country and region where we operate, this policy also includes human rights due diligence, remedy mechanism, employee training, and dialogue with stakeholders as a system and mechanism to realize our commitment. Furthermore, respect human rights is included in the Group Conduct Guidelines which specifies the actions each individual officer and employee of the Group should take, and we strive to ensure that respect is adhered to. We have established a section on respecting human rights in Daikin's Supply Chain CSR Guidelines for our business partners, and ask them to ensure thorough compliance.

Furthermore, Daikin endorses and participates in the United Nations Global Compact, which supports companies in abiding by universal principles on human rights and labor.

Management Structure

At Daikin, the officer in charge of human resources is the person responsible for initiatives related to respect for human rights. The secretariat (composed of human resources departments, corporate planning departments, legal departments, and CSR departments) and business departments (procurement departments, etc.) located within the Daikin Industries headquarters. We are working together to promote initiatives to respect human rights throughout the value chain and work together to advance measures ensuring that human rights are respected across the value chain. The human resources department is responsible for considering and deciding on the direction of the Group's human rights initiatives, including formulating human rights policies. The Corporate Ethics and Risk Management Committee, whose secretariat is the legal department, advances operational risk management and thorough compliance, positions human rights risks as a material form of operational risk, and reviews the previous fiscal year's activities within the company and in the supply chain. Based on the results, we decide on the activities for the year and follow up on progress. The CSR Committee, whose secretariat is the CSR department, promotes the Group's CSR and sustainability efforts in an integrated and cross-functional manner. The CSR Committee takes a bird's-eye view of all sustainability initiatives, including respect for human rights in the value chain, and aims to discuss matters from different medium- to long-term perspectives and identify issues. The results are reported to the Internal Control Committee, chaired by the President and COO. In turn, the results of meetings of the Internal control Committee are reported to the Board of Directors.

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

Daikin Group Human Rights Policy
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/social/humanrights_policy-pdf.pdf

Group Conduct Guidelines
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/governance/conduct-pdf.pdf

Supply Chain CSR Promotion Guidelines
https://www.daikin.com/csr/social/supplychain_gl

See below for our participation in the UN Global Compact
130_Social_Stakeholder Engagement_Participation in Initiatives

141_Governance_Risk Management_Operational Risks

143_Governance_Compliance_Consistency in Compliance

Respect for Human Rights

Human Rights Due Diligence

Identification and Assessment of Human Rights Risks as Well as Risk Mitigation and Countermeasures

Human Rights Risk Assessment

Daikin identifies and assesses human rights risks within its entire value chain within its operational risk management structure. We increased questions on respect for human rights within the self-assessments that we conduct every year to check compliance with the Conduct Guidelines. We will more carefully monitor issues, such as human rights violations, and assess human rights risks based on the severity and potential risks within risk assessments that root out the risks facing the company and each division. Risks, the issues identified in self-assessments and risk assessments, along with countermeasures are reported to and shared with the legal compliance meeting of each region and the Corporate Ethics and Risk Management Committee in an effort to mitigate risk. Moreover, these details are reported to the Internal Control Committee chaired by the President and COO and also reported to the Board of Directors.

In fiscal 2024, we found that human rights violations against foreign workers occurred at the business partner of an overseas Group company. Daikin recognizes the importance of providing appropriate, effective, and prompt remedies for this issue. We are working toward a resolution in collaboration with an NGO and others. Additionally, we are sharing the causes and measures related to this issue within the Group in an effort to prevent recurrence in the future.

News Release: Business & Human Rights Resource Centre

141 Governance Risk Management Operational Risks

119 Social Supply Chain Management Responsible Procurement

Human Rights Risks in the Daikin Group Value Chain and Relation to Major Stakeholders

	Details of risks	Related stakeholders
Occupational safety and health	• Eroding safety or health due to work accidents or poor working environment	Suppliers Employees
	• Noise, vibration, fires, etc. at bases	Suppliers Community members Employees
	• Child labor, forced labor	Suppliers Employees
Products and services	• Harm to customers' lives and health because of faulty products or services	Customers
	• Wrongful use or abuse—unforeseen by the company—of products or technologies	Customers
Discrimination	• Lack of concern for people because of their gender, or because they are members of indigenous groups, ethnic monitories, LGBTQ+, immigrant laborers, etc. (inappropriate language, advertising expressions, etc.)	Customers Suppliers Community members Employees
Communities	• Air and water pollution, misuse of natural resources	Suppliers Community members Employees
	• Destruction of indigenous cultures and environment	Community members
Societies and government	• Procurement of conflict minerals associated with inhumane acts	Suppliers
	• Leakage of personal information	Customers Suppliers Employees
	• Violations of human rights related laws or regulations	Customers Suppliers Community members Employees

Respecting Human Rights in the Supply Chain

In terms of the supply chain, Daikin's Supply Chain CSR Promotion Guidelines contain provisions on respect for human rights, including barring of discrimination due to race or gender and elimination of child and forced labor. Our suppliers inside and outside of Japan are urged to carefully abide by these guidelines.

Beginning in fiscal 2018, we conduct CSR questionnaires, which include items regarding respect for human rights, on suppliers in Japan. From fiscal 2019, we conduct these same questionnaires on suppliers outside of Japan along with regular questionnaires on the human rights initiatives of business partners as well. In this manner, we are working to raise awareness of human rights at our suppliers. Also, at regular supplier briefings, we share feedback on CSR survey results, as well as issues identified through the survey and responses.

In addition, we take part in subcommittees on supply chains and human rights due diligence of the Global Compact Network Japan, the local body of the UN Global Compact. These subcommittees are made up of UN Global Compact member companies and organizations.

See below for our initiatives in fiscal 2024
119 Social Supply Chain Management Responsible Procurement

Supply Chain CSR Promotion Guidelines
https://www.daikin.com/csr/social/supplychain_gl

See below for our participation in the UN Global Compact
130 Social Stakeholder Engagement Participation in Initiatives

Response to Human Rights Related Laws and Regulations

Response to Personal Data Regulations

Daikin has its own Group guidelines for the protection of personal information that it strictly enforces. These guidelines are the basis for promotion systems and rule systems of each Daikin Group company. In addition, we have formulated rules regarding the handling of personal data in the EU. These rules cover the requirements under the General Data Protection Regulation (GDPR), a regulation on the personal data of EU citizens. The Daikin rules cover protection measures for when personal data is taken out of the EU, the recording and control of how personal data is handled, and measures to ensure safe management of personal information. We have also set up a hotline for inquiries from residents of the EU. Every employee in the Daikin Group is familiarized with these rules.

To further ensure the protection of personal information, we introduced the system as a personal information protection tool at all Group companies in Japan from May 2024. We will also be rolling out the system to overseas subsidiaries in Europe, Southeast Asia, and other regions.

Response to the U.K. and Australia's Modern Slavery Acts

Our Group companies in the U.K. and Australia have released the following statements based on the Modern Slavery Acts enforced by the U.K. and Australia.

Statement

Daikin Airconditioning UK Ltd.
https://www.daikin.co.uk/en_gb/about.html

J&E Hall International
https://www.jehall.com/modern-slavery

Daikin Applied (UK) Ltd.
https://www.daikinapplied.uk/documents-download

Daikin Australia Pty., Ltd.
https://modernslaveryregister.gov.au/statements/19035/

Human Rights Education

At Daikin, we regularly conduct human rights training for each level of employee to raise awareness toward human rights among officers and employees. Additionally, using annual self-assessments by employees, we confirm how well the Group Conduct Guidelines, including respect for human rights, are being implemented, thus contributing to improved understanding of the guidelines.

At Daikin Industries, Ltd. training is held every year for all officers, new employees including those at affiliates, and newly appointed managers. For example, during officer training, we invite experts to conduct human rights training for directors, executive officers, and full-time directors every year. In addition to learning about human rights issues surrounding Daikin and regulatory trends related to human rights in Japan and overseas, participants also check assessments of our efforts. We also conduct harassment training as part of training for new managers and raise awareness regarding how to handle information received from subordinates.

In fiscal 2024, we held study sessions on harassment prevention for our domestic sales companies. For example, regarding customer harassment, an area where companies need to further strengthen their measures, we provided training to sales company employees about the context, corporate responsibilities, and response strategies.

Human rights training

093 Social Human Resources Workplace Diversity

124 Social Supply Chain Management Working Closely with Suppliers

Remedy Mechanism

Daikin has established a contact point for receiving reports related to human rights from various stakeholders, including employees and business partners. We accept reports concerning human rights from our stakeholders through the grievance form of the Japan Center Engagement and Remedy on Business and Human Rights (JaCER),* of which Daikin is a member.

Furthermore, reports made to this contact point are kept confidential and whistleblowers are not treated unfairly for having made a report.

* JaCER aims to provide a non-judicial platform for grievance redress and to act in a professional capacity to support and promote redress of grievances by member companies based on the United Nations Guiding Principles on Business and Human Rights.

JaCER Grievance Form

https://jacer-bhr.org/en/application/form.html

142 Governance Compliance

Supply Chain Management

Responsible Procurement

Basic Policy

Daikin is working with suppliers worldwide in ensuring responsible procurement in order to fulfill its social responsibility across the entire supply chain. We consider our suppliers of raw materials and parts as important partners, with whom we are promoting relationships of trust through open, equal, and fair trade. At the same time, Daikin promotes CSR procurement with consideration for the environment, quality, occupational safety, and human rights within its supply chain including our suppliers in order to live up to society's trust as a global company.

Supply Chain CSR Promotion Guidelines
https://www.daikin.com/csr/social/supplychain_gl

Green Procurement Guidelines
https://www.daikin.com/csr/social/green_gl

Guide to Our Global Sourcing Activities
https://www.daikin.com/purchase

Purchasing Philosophy and Purchasing Policy

Purchasing Philosophy:

"Respect Independence" and "Cooperation and Competition"

Purchasing Policy:

- Fair relations based on an open door policy
  Provide open, equal, and fair opportunities for all companies, regardless of their locality, size, and sales results.
- Mutual growth through mutual trust
  Create open conditions for business dealings and respect free competition.
- Look for good partners
  In procuring from overseas, look for companies to share common profit and offer useful products to society.
- Observe laws, and maintain confidentiality
  Observe laws on business dealings and respect the spirit of these laws.

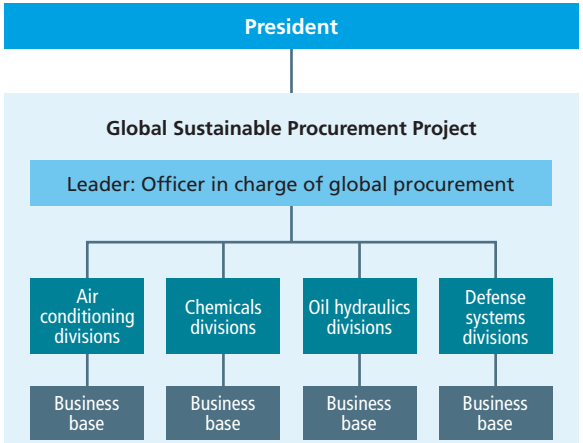
Management Structure

Daikin has identified supply chain management as one of its priority sustainability themes.

Each officer shares information and deliberates on the progress and challenges related to supply chain management at the CSR Committee, which is chaired by the officer in charge of CSR. In turn, decisions made by the Committee are reported to the Board of Directors.

In fiscal 2024, we established a project reporting directly to the president and led by the officer in charge of global procurement and launched efforts for human rights and reducing environmental impacts in the supply chain, with an eye to compliance with laws and regulations on sustainability globally.

Management Structure



Giving All Suppliers an Equal Opportunity

Daikin has an open door policy on choosing suppliers in which we welcome bids from any company, regardless of nationality, size, or transaction results.

Daikin accepts estimates and proposals from multiple companies in order to achieve equality of opportunity. All companies satisfying our criteria become eligible to do business with us.

CSR Procurement

Evaluation of Supplier

Before starting business dealings with Daikin, we ensure potential partners understand our Purchasing Policy, and we assess them on consistent standards. After business dealings begin, we conduct regular re-assessments based on ISO 9001, investigate compliance with our Supply Chain CSR Promotion Guidelines, and then review the business relationship accordingly.

Daikin evaluates suppliers from many perspectives including their management practices, quality, and environmental initiatives. After beginning a business relationship, we have our business sites globally reassess the relationship annually. To ascertain the ability of suppliers to address ESG related risks, we investigate their compliance with the Supply Chain CSR Promotion Guidelines, which represent standards used globally by the Group, and determine whether the business relationship with suppliers can be continued.

Supply Chain CSR Promotion Guidelines
https://www.daikin.com/csr/social/supplychain_gl

Rolling Out Supply Chain CSR Promotion Guidelines

Daikin established "build a resilient supply chain" as the company's sustainability indicator and target for 2025, as an initiative for the sustainable development of business together with suppliers that runs alongside "look for good partners" pursuant to our Purchasing Policy. This target proclaims that we will conduct socially responsible procurement as we tackle issues like the environment, human rights, and labor throughout the supply chain.

In April 2017, Daikin formulated its Supply Chain CSR Promotion Guidelines. These guidelines aim to further CSR, including at suppliers and other partners through stable and ongoing growth. In addition to standard requirements such as proper management and abidance with laws and regulations, the guidelines urge suppliers to strive to be better in every aspect of CSR, such as improving performance in the environment, quality, occupational safety, and human rights, and abstaining from dealing with companies in war-torn regions, targeting a compliance rate of 100% with the above among both domestic and overseas suppliers. We request primary suppliers to extend the same guidelines to secondary and subsequent suppliers, in striving to penetrate the guidelines across the entire supply chain.

At Daikin, we have conducted CSR questionnaires among suppliers equivalent to 80% of total procurement value in Japan and overseas for monitoring compliance with these guidelines and provide the results of questionnaires to suppliers as feedback. In addition, we evaluate suppliers by classifying their CSR initiatives according to our own standards and then recommend improvements or provide guidance to suppliers, in order to improve the quality of their initiatives. Furthermore, we promote our suppliers to educate and train their workers periodically, disclose information regarding their activities and progress properly on their website or other tools, and have continuous dialogue with their stakeholders.

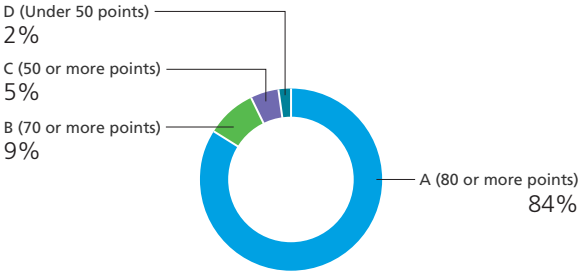
CSR Procurement Targets and Results

(%)

Quantitative indicator	Targets	Progress			FY2025 target
		FY2022	FY2023	FY2024	
Percentage of requests made to suppliers to implement initiatives based on the Guidelines	Request all suppliers to carry out CSR initiatives based on the Supply Chain CSR Promotion Guidelines	100	100	100	100
Percentage of suppliers reaching Class A ranking in CSR procurement	Improving percentage of suppliers reaching Class A ranking in CSR procurement	75	81	84	100

In fiscal 2024, we revised and strengthened the Supply Chain CSR Promotion Guidelines and improved CSR survey questionnaire items related to human rights, occupational safety and health, and conducted the survey. The percentage of suppliers with class A, the highest level of CSR initiatives, was 84%. We have requested that class D suppliers and those with low scores on human rights-related items formulate improvement plans. We will continue to hold dialogue with these supplier to increase the percentage of class A suppliers to 100%.

Results of CSR Questionnaires



A: for suppliers with excellent CSR initiatives
B: for suppliers currently implementing CSR initiatives
C: for suppliers with certain challenges in terms of CSR initiative themes
D: for suppliers who do not implement CSR initiatives and face many challenges

Response to Conflict Minerals

Under our Basic Policy on Conflict Minerals* established in July 2013 and "11. Respect for human rights and diversity, and compliance with labor-related laws" of the Supply Chain CSR Promotion Guidelines, the Daikin Group strives to identify materials from the Democratic Republic of the Congo and its surrounding countries and recommends suppliers to procure minerals from smelters with conflict-free certification.

From fiscal 2016, we have been conducting surveys of suppliers with regard to their use of conflict minerals as part of our CSR procurement. In our air conditioning divisions, we began operating an online registration system for results of conflict mineral surveys based on the latest system or tool designed by the Responsible Minerals Initiative. This strengthens our system for surveying the procurement sources of conflict minerals.

* The four minerals of tin, tantalum, tungsten and gold, which are mined in the Democratic Republic of the Congo and surrounding countries and used by rebel groups to purchase weapons.

Basic Policy Regarding Conflict Minerals

To ensure that Daikin does not inadvertently provide assistance to inhumane acts of armed groups in the Democratic Republic of the Congo and surrounding countries, we are taking active measures to uphold appropriate mineral procurement by raising transparency of the supply chain in cooperation with our global business partners.

Supply Chain CSR Promotion Guidelines
https://www.daikin.com/csr/social/supplychain_gl

Promoting Green Procurement

Daikin Group Requests that Worldwide Suppliers Abide by Green Procurement Guidelines

Daikin established its Green Procurement Guidelines in fiscal 2000 and requires suppliers from which it procures materials in Japan and overseas to abide by these guidelines to place a priority on the procurement of materials and parts used in manufacturing that reduce environmental burdens.

In implementing these guidelines, we evaluate suppliers on environmental protection activities using a green procurement inspection list. This list contains information on the presence or absence of environmental management systems, chemical substances management, and other data.

Green Procurement Guidelines
https://www.daikin.com/csr/social/green_gl

Increasing the Green Procurement Rate

Our goal is to require compliance with the Green Procurement Guidelines by all of our suppliers inside and outside of Japan. Supplier procurement rate scores of 82 points or more on the green procurement inspection list are set as the green procurement rate,* which we promote globally with the aim of 100% compliance. The supplier procurement rate corresponds to suppliers inside and outside of Japan accounting for 80% of total procurement value. Additionally, we ask suppliers below a certain standard to make improvements and provide guidance to assist them. Supporting improvements in supplier environmental activities enables us to continue doing business with them.

In fiscal 2024, the Group green procurement rate was 82%.

Looking ahead, we will continue working to increase the green procurement rate in each region through briefings and other events aimed at facilitating an understanding of the importance of green procurement among suppliers.

* Green procurement rate = Value of goods procured from suppliers who meet our assessment criteria / Value of all goods procured

Compliance with Restrictions on Toxic Chemicals

Daikin maintains a list based on the RoHS Directive[1] and the REACH Regulation[2] regarding chemicals contained in products. These are stated in our Green Procurement Guidelines, which we require our suppliers to abide by. We regularly revise our green procurement guidelines in response to the increasingly stringent regulations on chemical substances.

Also, we introduced chemSHERPA, a chemical substance management system recommended by the Ministry of Economy, Trade and Industry in fiscal 2018 so that we can accurately and promptly manage information on chemical substances.

[1] The RoHS Directive (Restriction of Hazardous Substances Directive) 2011/65/EU is a regulation in the EU prohibiting the use of certain hazardous substances in electrical and electronic equipment.

[2] The REACH Regulation 1907/2006/EC on chemical substances went into effect in Europe in June 2007. REACH obligates companies manufacturing or importing at least 1 ton of chemical substances a year in the EU to register with EU authorities. REACH covers almost all chemicals on the market in the EU.

067 Environment In Harmony with Nature Management and Reduction of Chemical Substances

Green Procurement Rate

(%)

	FY2020	FY2021	FY2022	FY2023	FY2024
Japan	95	95	91	93	96
Outside Japan	77	78	76	75	80
Entire Group	80	80	79	79	82

Green Procurement Targets and Results

(%)

Quantitative indicator	Target	Progress			FY2025 target
		FY2022	FY2023	FY2024	
Percentage of suppliers requested to carry out initiatives based on the guidelines	Request all suppliers to carry out initiatives based on the Green Procurement Guidelines	100	100	100	100
Green procurement rate	Increase green procurement rate	79	79	82	100

Risk Management in the Supply Chain

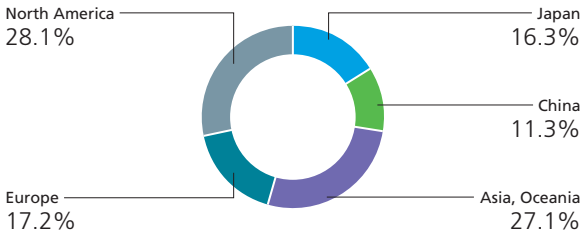
Mitigating Risks Associated with Green Procurement

At Daikin, we have appointed persons in charge of procurement in each region and strive to reduce growing procurement risks as our business expands around the world and the operations of our suppliers become more globalized.

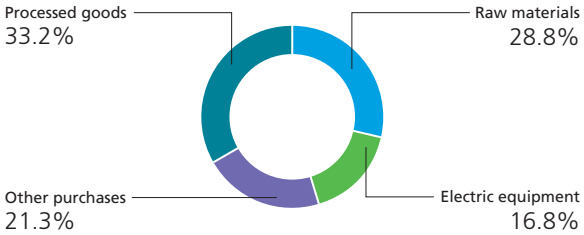
We regularly evaluate suppliers to identify risk and have created an in-house system for making timely decisions on suppliers affected by risk, and we update our databases as needed in order to improve our ability to deal with problems when they arise. We appoint persons in charge of procurement in each region and encourage the use of multiple suppliers across different regions and the commonization and/or standardization of parts in order to procure raw materials and parts in a stable and timely manner at reasonable prices even if one supplier faces a deterioration in financial situation or in case of a natural disaster or accident. Suppliers that carry parts and materials matching Daikin's core technologies are designated as "Critical Supplier" considering the three categories of "substitution difficulty," "size of transactional value," and "importance of items supplied."

Furthermore, we formulated the Supply Chain CSR Promotion Guidelines and promote CSR procurement by having our suppliers complete a CSR questionnaire on items such as human rights, the environment, and compliance, identify issues in their CSR initiatives, and request that they make improvements.

Transactions by region (procurement value basis)



Transaction by industry (procurement value basis)



Ensuring Compliance with the Subcontract Act

There are several thousand Daikin suppliers and subcontractors covered by the Subcontract Act. Our Subcontract Act Compliance Guidelines ensure that all Daikin divisions are in full compliance with the Act. We provide training to employees of relevant divisions and have them participate in third-party seminars.

Comprehensive compliance inspections ensure that appropriate payment methods are being followed. We also constantly check the financial situation of subcontractor suppliers and production outsource suppliers and, if necessary, implement assistance measures such as relaxation of payment methods.

Training for Procurement Department Staff

Daikin regularly provides training on CSR and green procurement to procurement department staff. For example, in the domestic air conditioning divisions, we provide explanations of the Supply Chain CSR Promotion Guidelines to over 100 procurement department staff every year, share information on domestic and international regulatory trends for chemical substances, and reflect this in the activities of procurement department staff.

Participation in Initiatives

Since October 2008, Daikin Industries, Ltd. has been an official member of the UN Global Compact, an initiative of the United Nations. It is also a member of the local body Global Compact Network Japan. We take part in the subcommittee on supply chains, a subcommittee comprising representatives of member companies and organizations. Subcommittee members meet to discuss and exchange information on CSR efforts in the supply chain, and to collaborate and cooperate in order to advance these efforts and thus strengthen supply chain management.

130 Social Stakeholder Engagement Participation in Initiatives

Supply Chain Management

Working Closely with Suppliers

Building a Relationship of Growth

Daikin takes every possible opportunity to communicate with suppliers and promote mutual understanding and trust.

In the air conditioning divisions, managers including the general manager and the senior manager of the Global Procurement Division regularly visit suppliers, where they lead briefings, goodwill gatherings, and awards ceremonies as part of communication enhancement efforts. With the aim to provide the impetus for innovation leading to new and better manufacturing; for example, counter the weakening of Japan's manufacturing amidst intensifying globalization by helping make Japanese suppliers more internationally competitive and by boosting our ability to quickly respond to sudden changes such as exchange rates and market conditions, we restarted our air conditioner cooperative in April 2014. Starting in fiscal 2023, we established a CSR workshop within our air conditioning cooperative, and reported on activities covering the three topics of "ethical practices," "logistics improvement," and "safety transformation." This workshop benefits both suppliers and Daikin, including through business collaboration.

In the chemicals divisions, besides the ongoing Quality Forum meetings, purchasing managers keep in close contact with suppliers to gather and exchange information in areas such as technology, quality, and prices. Any problems that come up are solved through extraordinary or emergency support requests to relevant divisions. Particular emphasis is given to follow-up on outsourced production start-up, and we work with suppliers while the chemicals divisions work alongside the Quality Assurance Department and engineering divisions to examine the products onsite.

Quality forum

Supporting Suppliers

Support for Quality Improvement and CSR Initiatives

Daikin supports its suppliers in quality improvement and CSR activities by hosting information sessions and training on ways to improve quality and CSR procurement. Daikin also provides on-site production quality guidance for suppliers.

Support Provided to Suppliers

Supplier meetings	We provide information on the policies and conditions of Daikin Industries, Ltd. as well as CSR information, including the environment and human rights for suppliers of the air conditioning divisions. (Held annually) In fiscal 2024, we provided information on our compliance, information security, and carbon neutrality activity plans. These meetings were held four times, with 126 companies participating.
Quality improvement case study announcement meetings, quality improvement proposal meetings	We conduct announcement meetings involving suppliers of the air conditioning divisions to share good improvement practices as well as quality improvement proposal meetings for suppliers with quality issues to seek improvement. (Held annually) In fiscal 2024, five announcement meetings were held with total of 183 companies in attendance and 186 quality improvement proposal meetings with total of 26 companies in attendance.
Quality forum	For business partners of the chemical divisions, we explain our quality policy, share quality anomalies in procured products, and hold a lecture on quality improvement. (Held annually) In fiscal 2024, we explained our quality policy, presented quality initiative awards (to 3 companies), and held a quality seminar on approaches to zero foreign substances.
Commendation system	Suppliers that make significant contributions to the areas of development, production, quality, price, delivery, environment and global business are presented with a CEO Award, COO Award or Special Commendation once a year in order to recognize the daily contributions of suppliers.
Technical instruction for suppliers	Managers and certified excellent engineers "Takumi" of Daikin Industries, Ltd. visit suppliers of the air conditioning divisions to provide instructions.
Technical exchange meetings	For suppliers of the chemicals divisions, Daikin representatives conducted both in-person visits to suppliers and online meetings to exchange information to propose new technology and innovative techniques.
Technical meetings	For suppliers of the chemicals divisions, information sessions on Daikin technology are held to provide a platform for making technical proposals between Daikin and its suppliers.

Quality Audits

The auditing institution conducts regular external audits based on ISO 9001, and internal audits are conducted jointly in the Air Conditioning Manufacturing Division and at suppliers of the air conditioning divisions. Moreover, our representatives conduct visits to suppliers for checks on management items concerning the procurement and quality of newly adopted parts and the production process to streamline production on a regular basis (75 suppliers visited in fiscal 2024). In addition, we also regularly conduct audits on suppliers' quality processes based on Daikin's quality guidelines.

Suppliers of the chemicals divisions who provided defective products underwent audits based on ISO 9001 by visiting Daikin representatives (24 suppliers audited in fiscal 2024).

Aiming for Zero Defects through ZD Activities at Bases Worldwide

Since fiscal 2007, the air conditioning divisions have been working with suppliers taking part in the Supplier Quality Conference in an initiative called ZD (zero defect) activities. The goal is to achieve zero defects through 3S (visual checks for "sort, sweep and standardize"), preventative measures (look for potential defects in production processes), and prevention of reoccurring problems (through regular maintenance).

Ensuring Safety Inside Plants

Daikin Industries, Ltd. asks for business partners and staff of outsourcing partners to cooperate in making plants safer.

Assisting Business Partners and Staff of Outsourcing Partners to Ensure Safety

Plant safety liaison meetings	Awareness of safety is raised and information sharing carried out in order to safeguard staff of outsourcing partners. (Meetings are held bi-monthly.) In addition, safety patrols are held.
Driving safety seminars	Drivers of supplier delivery vehicles that frequent our factories are taught about traffic rules on- and off-site. (Once a year, in fiscal 2024, 300 people from 250 companies participated in the seminars held online and in person.)
Training for partner companies	Training is held on safety and work quality management, information on hazardous chemicals provided using Safety Data Sheets (SDS), and pocket-sized safety booklets are handed out to workers of partner companies performing periodic maintenance of chemical facilities.

Stakeholder Engagement

Stakeholder Engagement

Basic Policy

So that we can continue to contribute to society, Daikin uses every means possible to gather the opinions of stakeholders, report these to company officers, and reflect them in our management, all with a focus on stakeholder engagement.*

Daikin's main stakeholders are the customers to whom we provide products and services, those directly affected by our business including shareholders, investors, employees, and business partners, as well as members of local communities, who are affected by our business activities. Moreover, the national and local governments of the countries where we do business, and those countries' industry groups, are connected to our efforts to improve environmental performance and disseminate environmental technologies. But no single group of stakeholders has priority over another; they are all important to Daikin.

* The process of being actively involved with one or more stakeholders through dialogue or other means, with the aim of achieving a mutually acceptable outcome, in the course of a corporation's integration of its social responsibility into day to day practice. (From the Keidanren's Charter of Corporate Behavior)

Stakeholder Engagement Efforts

Stakeholders	Main dialogue methods and opportunities	Main dialogue representatives at Daikin
Customers 077 Social Customer Satisfaction	• Daily sales activities · Dialogue during repair visits • Contact Centers · Showrooms • "Thank You" sales events and product explanations at distributors • Website and social media	Sales divisions Service divisions General affairs divisions
Shareholders and investors 127 Social Stakeholder Engagement Dialogue with Shareholders and Investors	• Shareholders' meetings, briefings for investors, and response to individual requests for information • Integrated Report, business reports and information for investors, Sustainability Report • Website	General affairs divisions Corporate communication divisions
Procurement business partners 119 Social Supply Chain Management	• Daily procurement activities and quality audits • Supplier briefings and Supplier Quality Conferences	Procurement divisions
Employees 086 Social Human Resources	• Interviews based on daily dialogue and employee self assessments • Labor-management council meetings, labor union council meetings • Group Management Meeting and Managers' meetings	All divisions Human Resources Division Corporate Planning Department
National and international organizations 128 Social Stakeholder Engagement Dialogue with Governments, International Organizations and NGOs	• Dialogue with government representatives in each country • Dialogue with UN representatives	Public relations divisions
Universities and academia 108 Social Co-Creation Collaborative Innovation Led by Industry–Government–Academia Partnerships	• Air Conditioner Forums (Konwakai) • Joint research and joint development	Public relations divisions Research divisions
Other businesses, industries 112 Social Co-Creation Collaborative Innovation Led by Industry–Industry Partnerships	• Joint research, joint development • Participation in industry activities	Research divisions CSR divisions
NPOs, NGOs 128 Social Stakeholder Engagement Dialogue with Governments, International Organizations and NGOs	• Dialogue with NPOs and NGOs	CSR divisions
Communities 132 Social Communities	• Informing local communities of emergency disaster drills • Factory tours and involvement with local groups and events • Providing environmental education	Group companies Daikin bases CSR divisions

Dialogue with Shareholders and Investors

Considerations for Information Disclosure

Based on Our Group Philosophy's policy of "With Our Relationship with Society in Mind, Take Action and Continue to Earn Society's Trust," Daikin believes in its responsibility to shareholders and investors to abide by laws, conduct corporate activities with the utmost in ethics, and earnestly disclose information to ensure transparency of management.

For company-related information such as decisions and occurrences, in line with the rules of the Tokyo Stock Exchange, we disclose timely information on the stock exchange's TDnet online system, and promptly on the Daikin website. Even for information that we are not legally obligated to promptly disclose, we do everything possible to release information that we believe will help the investment decisions of shareholders and investors.

Disclosure Policy
https://www.daikin.com/investor/management/disclosure

Disclosing Information in a Fair and Timely Manner

Daikin conducts a range of IR activities aimed at improving understanding in areas like our company's current state and management philosophy for shareholders and investors.

For analysts and institutional investors, we hold financial performance briefings every financial quarter. In addition, we speak with investors over 500 times a year through business briefings, plant tours, sustainability briefings, and face-to-face meetings. Moreover, we also hold company briefings for individual investors.

Furthermore, in order to ensure fair disclosure of information to everyone, regardless of whether they are institutional or private investors in Japan or other countries, we strive to disclose IR information in English and actively disseminate information on our corporate website.

In fiscal 2024, a hybrid sustainability meeting was held both in person and online with over 110 analysts and institutional investors participating. The main topic was the global strategy for compressors, one of the main inverter devices key to energy conservation, and specific efforts were explained to promote the spread of highly energy-efficient inverter air conditioners. We conveyed how Daikin's proprietary technological capabilities are accelerating efforts to realize a decarbonized society along with our work to achieve both business growth and the resolution of environmental and social challenges. A discussion was also held with participants.

Additionally, Daikin is actively conducting individual dialogue sessions with institutional investors on its sustainability and ESG themes. In fiscal 2024, we conducted dialogue on Daikin's initiatives for reducing its overall environmental impact globally and progress report mainly on the Environmental Vision 2050 and detailed initiatives to meet the challenge to achieve carbon neutrality, which is a part of Daikin's growth strategy themes identified in its Fusion 25 Strategic Management Plan.

Respect for Exercising Voting Rights

To ensure that shareholders have more time to consider new proposals before voting at the Ordinary General Meeting of Shareholders, Daikin Industries, Ltd. promptly posts the announcement of the meeting at least a week earlier than is legally required on the Daikin website and on the website of the Tokyo Stock Exchange.

Also, Daikin has created Daikin Review, a booklet with easy to understand information on the company's performance and topics for disclosure and dissemination at the same time as the convocation notice, helping individual shareholders to better understand Daikin's company management and inform their decisions when exercising voting rights.

Dialogue with Employees

Sustainability Communication

Daikin engages in various ways of communication to help employees gain a deeper appreciation of its sustainability goals and to encourage working together as a group.

For example, annual sustainability e-learning is conducted for all domestic employees. The attendance rate in fiscal 2024 was 99.8%.

Moreover, Daikin shares videos from the senior executive officer in charge of CSR with domestic and overseas employees, covering the importance of contributing to a sustainable society through its business and discussing the ideal image the Group is striving to become. Furthermore, sustainability briefings are conducted for every station and department. In fiscal 2024, approximately 2,200 employees attended the briefings. The meetings provide information on the changes in society and extrapolate the relationship between society and the Group's overall business activities using the data published in the sustainability report to allow employees to think about how their individual work relates to society.

Going forward, we will continue to listen to the voices of our employees and promote dialogue so that each employee understands the connection between their work and society and is able to perform their daily work with a sense of purpose.

Sustainability briefing at the Tokyo Office

Dialogue with Governments, International Organizations and NGOs

Forums, *Konwakai*, Discuss the Future of Air Conditioning with Experts and Industry Groups

Since 1995, Daikin has hosted Forums (Konwakai) in Japan as a place to exchange opinions with experts in air conditioning, construction and energy on the future of air conditioning. Since 2007, these Konwakai have spread worldwide to Europe, the U.S., China, Asia/Oceania, Latin America, and the Middle East / Africa. At each Konwakai, we exchange ideas and opinions with local experts to apply to achieving carbon neutrality via air conditioners and product development, harnessing environmental technology.

See below for our participation in initiatives
130 Social Stakeholder Engagement Participation in Initiatives

Forums held in Fiscal 2024

Month held	Name	Location	External participants (persons)	Countries represented
March 2024	North America Forum	U.S.	21	3
May 2024	North America Forum	Japan	9	3
June 2024	Latin America Forum	Mexico	29	11
August 2024	Asia and Oceania Forum	Thailand	20	9
January 2025	Japan Forum	Japan	21	1
January 2025	Europe, the Middle East, and Africa Forum	Belgium	30	22

Opinion Exchange and Information Sharing with Industry Groups

As part of its stakeholder engagement, Daikin participates in industry groups and actively engages in opinion exchange and information sharing. Daikin is a member of the Japan Refrigeration and Air Conditioning Industry Association (JRAIA). JRAIA has established committees, with expert members from its affiliated companies to conduct regular meetings for discussions and information sharing pertaining to the future of the refrigeration and air conditioning industry. As part of the activity, Daikin provides cooperation on the research and administrative measures on climate related issues, and conducts inspections and certifications on the environmental performance of refrigeration and air conditioning equipment and their test devices.

Daikin was appointed as the company chair in June 2024. Through this position, we are taking a leadership role in solving various industry issues, such as improving the energy efficiency of refrigeration and air conditioning, which also contributes to reducing the impact of climate change, and using and selecting appropriate refrigerants. In addition, Daikin is also involved in the operation of the International Symposium on New Refrigerants and Environmental Technology hosted by JRAIA once every two years.

Active Information Exchange with International Organizations and NPOs and NGOs

Daikin participated in the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29), held in Baku, Azerbaijan in November 2024. During the convention, Daikin took part in a seminar on building decarbonization at the Japan Pavilion. Daikin's senior executive officer in charge of the environment took part in a panel discussion with members of the International Energy Agency (IEA) and the European Commission, where he promoted heat pump technology, which is essential for decarbonization, and its environmental performance.

Daikin Cooperates in Formation of Environmental Policy

As it does business in countries around the world, Daikin ties up and cooperates with national and local governments and industry groups to come up with proposals and to call on all parties concerned for the betterment of society. We plan to continue proactively disclosing useful information with countries around the world.

Recent International Initiatives (3-year period)

Fiscal 2022	October	Global	Review of The Future of Heat Pumps special report by the IEA.
	October	Global	Participation in IEA-sponsored roundtable on the future of heating.
	November	U.S.	Discussion held on the occasion of the visit to Japan by the Houston Mayor Sylvester Turner led investment and trade mission.
	December	U.S.	Participated in the White House Electrification Summit, where discussions were held on decarbonization by 2050 together with the Secretary of Energy and Chair of the Council on Environmental Quality, among others.
	March	Global	Discussion with IEA Deputy Executive Director Mary Warlick on her visit to Japan.
	March	Global	Discussion held on occasion of the visit to Japan by a delegation led by the Lieutenant Governor of California.
Fiscal 2023	April	U.S.	Participated in the Executive Roundtable discussion at the White House on heat pump manufacturing and deployment following invitation by Secretary Granholm of the U.S. Department of Energy.
	May	Switzerland	Participated in the WBCSD Liaison Delegate Meeting and discussed sustainability issues including climate change and redressing inequality.
	May	U.S.	The Daikin Sustainability & Innovation Center is opened within the Washington, D.C. Office which was relocated to nearby the White House.
	June	France	Participated as a panelist in the 8th Global Conference on Energy Efficiency sponsored by the IEA. A discussion was held on what roles energy conservation regulations and international standards can play.
	October	U.S.	Secretary of the Alabama Department of Commerce visited the Tokyo Office. Discussion on the initiatives taken toward sustainability and decarbonization at Daikin America and discussions were held.
	November	UAE	Participated in the WBCSD Council Meeting 2023. Conducted discussion on world sustainability issues with over 400 participants representing governments, international organizations, CEOs, and CSOs in attendance.
	November	UAE	A booth was set up at the COP28 Japan Pavilion to promote inverter and energy-saving technologies that contribute to decarbonization. Participated in a side event hosted by the Government of Japan.
	March	France	Participated in the Buildings and Climate Global Forum, co-organized by France and the United Nations Environment Programme (UNEP), which involves national governments and the private business sector.
	March	Vietnam	Ministry of Environment officials from Vietnam visited Daikin's refrigerant related facilities. Conducted opinion exchange on the creation of refrigerant recovering system.
	March	Indonesia	Shared an overview of our refrigerant recovery demonstration project in Vietnam and proposed the need for a comprehensive approach at the World Bank-sponsored 16th Annual East Asia and Pacific (EAP) and Montreal Protocol (MP) Joint Regional Workshop on MP Implementation.
Fiscal 2024	April	Switzerland	Participated in the WBCSD Liaison Delegate Meeting to discuss sustainability issues such as climate change and reduction of inequality.
	May	Republic of Kenya	Participated in the 9th Annual Global Conference on Energy Efficiency hosted by the IEA. With energy efficiency gaining importance as a means to decarbonize, we held discussions with energy officials from various countries, international organizations, and companies.
	August	Thailand	Shared an overview of our refrigerant recovery demonstration project in Vietnam and proposed the need for a comprehensive approach at the Group Seminar for Asian Countries on Fluorocarbons Life Cycle Management 2024 organized by the Ministry of the Environment, Japan, the Asian Development Bank, and the Climate and Clean Air Coalition (Secretariat: Overseas Environmental Cooperation Center, Japan [OECC]).
	September	France	Attended the IEA Energy Business Council (EBC) meeting and discussed energy issues with attendees from the IEA and over 100 participants from private companies.
	September	U.S.	Participated in the WBCSD Council Delegate Meeting 2024 to discuss sustainability issues such as climate change and reduction of inequality.
	September	U.S.	Participated in various events at Climate Week NYC 2024, one of the world's largest climate change events, where we discussed and exchanged information on climate change issues with leaders of companies, international organizations, and governments.
	November	Republic of Azerbaijan	Participated as a panelist in two side events at COP29, where we discussed issues toward decarbonization in the building sector and accelerating the spread of heat pumps.
	November	Philippines	Introduced our case studies at the Joint Thematic Workshop of Southeast Asia and Pacific Island Countries National Ozone Officers on National Inventory of Banks of ODS/HFC and Strategy for Management of Unwanted Controlled Substances, organized by UNEP. Discussions were held to reflect collection and reclamation in each country's policies.
	January	Malaysia	Malaysian government officials visited Japan to develop an ecosystem for electronic and electrical equipment waste management and refrigerant recovery and reclamation. They toured Daikin's refrigerant recycling facility as a leading example.
	February	Kingdom of Bahrain	Participated in a workshop on the selection of next-generation refrigerants and air conditioning technologies in high temperature ambient (HAT) regions, co-hosted by the GCC countries and UNEP, where we shared our technical knowledge in the region.

Feature of Fiscal 2020: Environment—Creating Standards for a Decarbonized Society Alongside Stakeholders
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2020/env-pdf.pdf

Feature of Fiscal 2018: Environment Promoting the Spread of Energy Efficient Technology through Dialogue and Collaboration with Governments and International Agencies
https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/pdf/feature2018/env-pdf.pdf

Stakeholder Engagement

Participation in Initiatives

Participation in Initiatives

Daikin actively participates in a number of initiatives. These venues allow us to address the requests and expectations of society in an appropriate way while communicating and collaborating with various stakeholders including governments, municipalities, international organizations, experts, industry, academia, and other companies.

Initiatives and Groups We Participate In

UN Global Compact	We have participated in the UN Global Compact for sustainable growth since 2008. The Global Compact requires participating companies from around the world to support and implement the 10 principles covering the four areas of human rights, labor, environment and anti-corruption. **United Nations Global Compact Company Information** https://unglobalcompact.org/what-is-gc/participants/2733
World Business Council for Sustainable Development (WBCSD)	Daikin joined the World Business Council for Sustainable Development (WBCSD) in 2023. The CEOs of more than 200 companies from 35 countries around the world participate in this platform, which cooperates with governments, NGOs, and international organizations on sustainability issues such as climate change, nature, and diversity. Participants share their initiatives and experiences with addressing issues related to sustainable development. **World Business Council for Sustainable Development (WBCSD)** https://www.wbcsd.org/
Task Force on Climate-related Financial Disclosures (TCFD)	In May 2019, we stated our endorsement of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) in order to promote the disclosure of business risks and opportunities attributed to climate change. 017_Management_Information Disclosure Based on the TCFD Framework **Task Force on Climate-related Financial Disclosures** https://www.fsb-tcfd.org/
Science Based Targets initiative (SBTi)	The Science Based Targets initiative provides support and certification on science-based setting of carbon emissions reduction targets. In February 2024, Daikin received certification on its greenhouse gas emissions reduction target for fiscal 2030 to keep the global average temperature rise due to climate change at below 1.5°C compared to pre-industrial levels. Furthermore, we obtained certification for our net zero target in July 2025. **Science Based Targets: Ambitious corporate climate action** https://sciencebasedtargets.org/ 156_Data_ESG Data_Environment

Japan Clean Ocean Material Alliance (CLOMA)	Japan Clean Ocean Material Alliance (CLOMA) is a platform for strengthening collaboration and accelerating innovation among a wide range of affiliated members that transcends industry types in order to address the issue of ocean plastic waste. Daikin has been a member of CLOMA since 2019. Japan Clean Ocean Material Alliance https://cloma.net/english/
GX Business Working Group run by the Ministry of Economy, Trade and Industry	The GX League is a platform for companies to collaborate with the government and academia aimed at realizing sustainable growth through green transformation (GX) in order to achieve carbon neutrality and social reform in 2050. In 2022, Daikin helped establish the GX Business Working Group with six leader companies and 73 member companies to "make rules for market creation." GX League https://gx-league.go.jp/en/
Circular Partners	Circular Partners is a partnership launched by the Ministry of Economy, Trade and Industry to promote collaboration among industry, government and academia to achieve circular economy based on the ministry's strategy for a growth-oriented, resource-autonomous economy formulated in March 2023. Daikin has been a part of the partnership since its inception in December 2023. Circular Partners (available in Japanese only) https://www.cps.go.jp/
Eco-First Program run by Japan's Ministry of the Environment	The Eco-First Program is a program in which the Minister of the Environment certifies companies for their commitment to taking advanced environmental conservation initiatives. Daikin Industries, Ltd. was certified as an Eco-First Company in November 2008. Eco-First Promotion Council (available in Japanese only) https://www.eco1st.jp/
Japan Climate Initiative (JCI)	A network for increasing information dissemination and discussions among companies, local governments, and NGOs actively engaged in climate change countermeasures, which we have participated in since September 2020. Japan Climate Initiative https://japanclimate.org/english/
Keidanren's Challenge Zero	Daikin has been a participant in Challenge Zero since September 2020, which is an initiative run by Keidanran (Japan Business Federation) in collaboration with the Japanese government. The initiative disseminates and promotes innovations domestically and internationally by companies and groups for realizing a decarbonized society. Challenge Zero https://www.challenge-zero.jp/en/

Communities

Corporate Citizenship Activities

Basic Policy

Focus of Activities: Protecting the Environment, Supporting Education, Living in Harmony with Communities

Daikin does business globally and strives to be a locally rooted company wherever it operates, with its employees taking the initiative in conducting activities that are valuable to local society. Our Group Conduct Guidelines are the basis for action that Daikin employees must take, and they clearly state our aim of being a good corporate citizen that is trusted by society.

Under our Group Conduct Guidelines, based on our three pillars of protecting the environment, supporting education, and living in harmony with communities, we use our management resources to contribute to society in every way possible.

1. Protecting the Environment
   As a worldwide provider of pleasant air environments, we contribute to solving environmental problems on a global scale. We are working with a number of partners including governments, local residents, NGOs, and employees of the Group to protect and rejuvenate areas around our business sites as well as important natural environments around the world.

2. Supporting Education
   By contributing state-of-the-art technologies to society, we support education for future generations and help build a society where both technological advancement and sustainability are possible. We aim to be a trusted company by providing various forms of financial assistance and technological provision at our bases around the world.

3. Living in Harmony with Communities
   In conducting our business around the world, we stand committed to identifying the needs and challenges facing the communities where we operate as well as finding solutions to them. We help communities to progress proactively by providing them with the support they need in the areas of local culture, arts, sports, and disaster relief.

Daikin values its partnership with communities. We strive to contribute to society by donating money and goods, volunteering in various activities, and holding community events.

Protecting the Environment

Conducting Neighborhood Cleanup and Beautification Activities

Employees at our business sites take part in environmental activities including neighborhood cleanups.

Daikin Malaysia Sdn. Bhd.

Daikin Industries Czech Republic s.r.o.

Contributing to Biodiversity Conservation in Communities

We engage in activities to help preserve biodiversity in the areas in and around our business sites.

See below for our initiatives around business bases/stations
070 Environment In Harmony with Nature Protecting Biodiversity Efforts at Bases

"Forests for the Air" Project

We have been conducting activities since 2014 to conserve important forests around the world as part of our environmental and social programs.

"Forests for the Air" Project
https://www.daikin.com/csr/forests

See below for the "Forests for the Air" Project and our initiatives around business bases/stations
070 Environment In Harmony with Nature Protecting Biodiversity Efforts at Bases

Supporting Education

Efforts in Japan

"Circle of Life" Free Environmental Education Program for Elementary School Children

Daikin Industries, Ltd. has developed an environmental education program for elementary school students called "Circle of Life," and has been providing schools across Japan with free teaching materials since 2010. The program focuses on Daikin's reforestation efforts and instructs children about the relationship between global environmental issues and the ecosystem and our daily lives through fun and engaging activities. In fiscal 2024, around 350 students from four schools took part in the program, while Daikin employees were dispatched to give lessons at two schools.

A Daikin employee leads an environmental lesson at a school

"Circle of Life" Environmental Education program (available in Japanese only)
https://www.daikin.co.jp/csr/edu

Daikin Leads Science Classes at Elementary Schools

In support of the Sakai Municipal Board of Education's initiative to implement special classes on science, Daikin employees take on the role of teachers in science experiments in schools. The children conduct actual experiments in which, for example, they see how an air conditioner conveys heat and cools the air, and how an air purifier uses electricity to clean the air. The event was held at 12 elementary schools with around 920 students participating in fiscal 2024.

Efforts Overseas

Focusing Particularly on the Development of Engineers in Emerging Countries

We offer scholarships and take in interns as part of efforts to provide technical school students in emerging countries with better employment opportunities. We also have tours of our worldwide factories to raise interest in technology among local students. Further, Daikin donates air conditioners to technical schools used for instruction in technical training and supports the development of engineers essential for the spread of air conditioning.

Daikin Airconditioning (Cambodia) Co., Ltd.
Technical instruction for students

In India, for example, we participated in the Manufacturing Skill Transfer Promotion Program by Japan's Ministry of Economy, Trade and Industry and India's Ministry of Skill Development and Entrepreneurship, and opened the Japan-India Institute for Manufacturing (JIM) in 2017. We train service engineers who install and repair our air conditioners and also work with vocational training schools to offer technical guidance on installation and repair and provide training equipment free of charge. In recent years, there has been growing demand for service engineers in Africa. Daikin Airconditioning India Pvt. Ltd. has accepted many trainees at its training center and established training facilities in Nigeria, Kenya, and Tanzania to support their development.

Japan-India Institute for Manufacturing (India)

Harmony with Communities

Interactions with Local Communities

Responding Sincerely to Opinions from Local Communities

Each of our plants in Japan has a representative assigned to promote communication with local communities. Assigned personnel hold regular meetings with local community representatives and take other measures to proactively promote company-community interactions and receive any community complaints.

A Safe Plant Open to the Community

With safety being the top priority, each plant in Japan does all it can to ensure safety so that nearby residents can live in peace of mind. When there is noise or vibration from operations of a plant, we set up a number that residents can call so that we can quickly deal with any complaints.

Besides group meetings with community associations, Daikin plant employees take part in local disaster prevention drills as each of the plant's efforts to work with the community in making Daikin facilities safe. And with the aim of being a plant open to the community, each Daikin company site welcomes community associations, schools, and citizens for factory tours.

Disaster Preparedness Measures and Disaster Prevention Drills

Each plant has measures in place should there ever be a natural disaster. Besides providing our factories as evacuation sites in the event of a disaster, we have stored supplies of food, water, and emergency equipment. Daikin holds disaster prevention drills every year, which are analyzed afterwards to study ways to improve disaster prevention measures. Daikin bases in Japan have introduced an employee safety confirmation system for determining the whereabouts and safety of employees when disaster strikes.

Deepening Community Relations around the World at Summer Bon Dance Festivals

The Daikin-sponsored traditional Bon dance festival is a major event attracting large crowds of locals every summer. The Bon dance festival that first began in 1971 at our Yodogawa Plant was eventually expanded into a program that encompasses the entire area. The event has evolved into one of Japan's largest corporate-sponsored Bon dance events and has been reported in media around the world as a successful example of interactions between companies and the community. The Bon dance festival has also been held at our major manufacturing bases around the world, including in China, the U.S., and Europe.

In fiscal 2024, the event was held at the Yodogawa Plant, Shiga Plant, Sakai Plant, Soka Station, and Daikin America, Inc. The Yodogawa Plant event, which was planned and run by young employees, was a huge success, attracting approximately 27,000 visitors.

Yodogawa Plant

Daikin America, Inc.

Global Locations

https://www.daikin.com/locations/business/ac/north_america

Other Initiatives Overseas

Daikin recognizes the importance of having employees play the lead role in building strong relationships with local community members through support provided to local charities and volunteer activities.

Daikin Air-conditioning (Shanghai) Co., Ltd.
Visited care facilities

Daikin Airconditioning (Cambodia) Co., Ltd.
Donated to elementary schools

Siam Daikin Sales Co., Ltd.
Donated bicycles to local children

Daikin Comfort Technologies North America, Inc.
Held event for local elementary schools

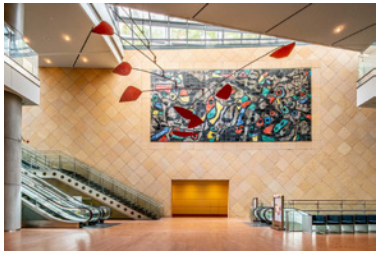
PT Daikin Airconditioning Indonesia
Supported flood recovery effort

Daikin AR Condicionado Amazonas Ltda.
Supported flood recovery effort

Contributing to Promotion of Art and Culture

The Daikin Foundation for Contemporary Arts

In 1996, Daikin Industries, Ltd. established the Daikin Foundation for Contemporary Arts to mark the company's 70th anniversary. It supports the activities of the National Museum of Art, Osaka, including exhibitions, academic research, lectures, and publications, in hopes of further revitalizing arts and culture in Osaka, the birthplace of Daikin Industries, Ltd.



The National Museum of Art, Osaka

The National Museum of Art, Osaka (NMAO)

https://www.nmao.go.jp/en/

Daikin Supports the Kansai Philharmonic Orchestra

Daikin Industries, Ltd. has supported the Osaka-based Kansai Philharmonic Orchestra since 2006.

Kansai Philharmonic Orchestra

Contributing to Promotion of Sports

Daikin Orchid Ladies Golf Tournament

For over 30 years since 1988, Daikin Industries, Ltd. has been sponsoring the Daikin Orchid Ladies Golf Tournament, the opening event of the Japan Ladies' Pro Golf Tour (hereinafter, "Daikin Orchid"). The slogan "Ever Onward with Okinawa," indicates our desire to join with Okinawa in continuously addressing the challenges of the future and work closely with local communities.

Champion of the 38th Tournament, Chisato Iwai

Daikin Orchid (available in Japanese only)
https://www.daikin.co.jp/orchid

"An amateur tournament" is held as part of Daikin Orchid as a qualifying tournament for participation in the main tournament. The amateur tournament qualifies amateur lady golfers from Okinawa or reside in Okinawa, with a total of 5,000 players participating so far. From this competition, 20 players have become professional golfers.

The pro and amateur tournaments and the pretournament festival provide venues for representatives of Okinawan and mainland businesses to deepen interactions in an informal setting. This has led to the emergence of the Okinawa Konwakai. The association, which seeks to bridge Okinawa and the mainland, organizes a variety of vibrant activities that include forums and presentations aimed at further promoting and developing Okinawa.

In addition, Orchid Bounty was established in 1995 with funds from participants in the pro-am tournament and donations from both organizers. Funds are presented to individuals and organizations that are active in the promotion of arts, culture, sports, and education in Okinawa Prefecture.

In 2025, Orchid Bounty donated ¥6.9 million to a total of 13 organizations and individuals. This brings the contributions since 1995 to ¥192 million and total recipients of 290.

The Orchid Bounty donation ceremony

Other Initiatives Overseas

Daikin also supports sports overseas.

Daikin Industries (Thailand) Ltd.
Signed official partnership with Chonburi Football Club

Daikin Comfort Technologies North America, Inc.
Signed official partnership with Houston Astros

Daikin America, Inc.
Held charity golf tournament

Daikin Malaysia Sdn. Bhd.
Supported international badminton tournament