

# Provide Safe, Healthy Air While Aiming for Zero CO<sub>2</sub> Emissions

The Daikin Group strove to increase sales in North America, Asia, and other key regions under the Fusion 20 strategic management plan in fiscal 2017. Besides marking the fifth year in a row that we broke our financial performance record, we invested in increased production capacity and larger sales and service networks as we strove to strengthen our foundation toward sustainable development.

## Reducing Environmental Impact through Energy-Efficient Air Conditioners

Air conditioners, Daikin's main product, have revolutionized labor and lifestyles in hot regions. They have contributed to higher-quality lifestyles and economic growth and today are a key part of the infrastructure supporting society. However, the proliferation of air conditioners has led to higher electricity consumption and may be a factor in negative impacts on the environment such as climate change.

We believe that a company cannot grow its business unless it contributes to solving environmental problems. Based on our strategic management plan, therefore, we have stepped up efforts to reduce environmental impact caused by our products and business activities. To alleviate the impact we have on climate change, we are working to spread the use of environmentally conscious products that use energy-efficient inverter technology and R-32, a refrigerant with low global warming potential. In fiscal 2017, environmentally conscious products as a percentage of group sales of residential air conditioners was 83%, which resulted in a contribution to CO<sub>2</sub> emission reductions of 54 million tons-CO<sub>2</sub>.

## Long-Term Environmental Vision for 2050

As economic activities intensify and transcend international borders, the world is undergoing major changes, as exemplified by accords such as the Paris Agreement and the Sustainable Development Goals (SDGs) of the United Nations.

Investment decision-making is also changing as investors today are judging companies by different criteria. More and more are assessing companies based on their efforts toward common worldwide targets that emphasize risk and opportunity from a long-term view; an example is Climate Action 100+, an initiative aimed at getting companies to improve transparency regarding their impact on climate change.

Against this background and in the spirit of the Paris Agreement, Daikin has announced a long-term environmental vision for 2050 through which it aims to achieve zero CO<sub>2</sub> emissions by 2050. Besides making products and production activities more energy efficient and developing and spreading the use of refrigerants with lower global warming potential, we are reducing CO<sub>2</sub> emissions through IoT-and AI-driven solutions; for example, we are boosting energy efficiency by improving the interaction between air conditioning and buildings. Furthermore, we are aiming for zero CO<sub>2</sub> emissions by recovering and recycling refrigerants at use in the market. By working with various partners to reduce greenhouse gases, we are on a mission to provide safe and healthy air for society.

## Fusion 20 Strategic Management Plan

Co-Create New Value in the Air and Environment Fields with Wisdom and Passion



## Human Resource Development Spurs Innovation

The innovation needed to solve social issues like climate change can only come from people. We believe that the cumulative growth of all group members serves as the foundation for the group's development, and we strive to create an environment in which employees can achieve growth by realizing their full potential.

We believe that by utilizing recent lightning-fast developments in IoT and AI, air conditioning can create new value in both industry and people's lives. In fiscal 2017, we opened the Daikin Information and Communications Technology College in our Technology and Innovation Center under a comprehensive collaboration agreement with Osaka University. The agreement will foster human resources capable of developing AI-driven technologies and businesses, and lead to innovation by combining Osaka University's state-of-the-art information sciences with Daikin's air conditioning technologies and wealth of data.

Daikin continues to take part in the United Nations Global Compact, an initiative to promote the implementation of 10 universally accepted principles in the four areas of human rights, labor, the environment, and anti-corruption. We do everything possible to ensure that our activities are sound, transparent, and ethical throughout the entire value chain.

As a corporate group that co-creates new value in the air and environmental fields, we will provide society with solutions through our business, and meet the expectations of customers, shareholders, procurement business partners, community members, and all of our other stakeholders.

*Masanori Togawa*

**Masanori Togawa**  
President and CEO  
Daikin Industries, Ltd.



### Sustainable Development Goals (SDGs)



In 2015, the United Nations adopted the SDGs in an effort to solve worldwide problems related to issues such as poverty, inequality, and climate change. The SDGs call on governments, companies, and citizens' groups to play a role in achieving the goals by the target year of 2030.