

Establishing Key CSR Themes toward

The Daikin Group's business activities impact society in various stages of the value chain, and the scope of this impact is expanding with globalization. We therefore identify the importance (materiality) of our actions with consideration of these impacts and incorporate this into our strategic management plan.

Assessing the Impact of Our Business on Society throughout the Entire Value Chain

Value chain	Business impact, what Daikin to do	Efforts of significant materiality
Procurement 	Throughout the globally expanding supply chain, Daikin is expected to respond to various procurement risks involving, for example, quality control, labor practices, and environmental protection.	<ul style="list-style-type: none"> ● Supply chain management ● Anti-corruption ● Free competition and fair business dealings
Development, Design 	As air conditioner demand grows in emerging markets and other countries, Daikin must develop products that offer comfort and superb environmental performance and meet regional needs.	<ul style="list-style-type: none"> ● Response to climate change ● Effective use of resources and energy ● Management of chemical substances ● Waste and water-use reduction ● New value creation ● Product quality and safety ● Customer satisfaction ● Information security
Manufacturing 	It is crucial that Daikin increase productivity while at the same time improving manufacturing quality and reducing environmental impact at all worldwide production sites.	<ul style="list-style-type: none"> ● Response to climate change ● Product quality and safety ● Customer satisfaction ● Anti-corruption ● Free competition and fair business dealings ● Information security
Sales, Transportation, Installation 	Faulty air conditioner installation not only causes quality problems but also leads to environmental problems such as refrigerant leakage. It is crucial that Daikin raises the level of installation skills of employees and retailers worldwide.	<ul style="list-style-type: none"> ● Response to climate change ● Product quality and safety ● Customer satisfaction ● Anti-corruption ● Free competition and fair business dealings ● Information security
Usage 	Global warming impact from air conditioner use presents a huge challenge. At the same time, air conditioners provide benefits such as preventing heatstroke and making people more productive.	<ul style="list-style-type: none"> ● Response to climate change ● Customer satisfaction ● Information security
After-sales Service, Recovery, Recycling 	To achieve a recycling-based society, it is crucial that we are thorough in recycling air conditioners and recovering/recycling refrigerants.	<ul style="list-style-type: none"> ● Response to climate change ● Waste and water-use reduction ● Customer satisfaction ● Information security
Business Activity Foundation 	In order to continue contributing to society, we must develop the human resources who conduct our business, comply with laws and regulations, and have in place a system of corporate governance.	<ul style="list-style-type: none"> ● Human resource development ● Workplace diversity ● Occupational safety and health ● Labor-management relations ● Respect for human rights ● Corporate governance
Relationship with Society 	In order to spread Daikin technologies and thus contribute to solving society's problems, it is essential that we work closely with numerous partners, including governments, United Nations bodies, international organizations, NGOs, key individuals, and local communities.	<ul style="list-style-type: none"> ● Response to climate change ● Biodiversity protection ● Communities ● Stakeholder engagement

Sustainable Development

Revising Materiality in Line with the Fusion 20 Strategic Management Plan

In line with our Fusion 20 strategic management plan, we revised the materiality of our CSR initiatives in fiscal 2015. We also added key items when we formulated our plan for the latter half of fiscal 2018. Evaluation was conducted with consideration in two areas: concerns and impacts of stakeholders, which include stakeholder engagement, international guidelines, and criteria of socially responsible investment survey institutes; and importance to Daikin, which includes Our Group Philosophy and medium-term management plans.

Materiality analysis



9 Key CSR Themes Reflected in Fusion 20 Strategic Management Plan

We identified nine materiality issues: four themes of CSR for value provision, which are aimed at achieving sustainable development for Daikin and society; and five themes of fundamental CSR. We have incorporated these as key focal management points in the Fusion 20 strategic management plan, and the entire Daikin Group is working toward solving these issues.

Daikin Group CSR

CSR for Value Provision		Fundamental CSR	
<p>We provide healthy and comfortable air environments for people around the world while at the same time reducing environmental impact.</p>	<ul style="list-style-type: none"> Environment New Value Creation Customer Satisfaction Human Resources 	<p>We respond to society's requests through corporate action based on transparency and sincerity.</p>	<ul style="list-style-type: none"> Corporate Governance Respect for Human Rights Supply Chain Management Stakeholder Engagement Communities