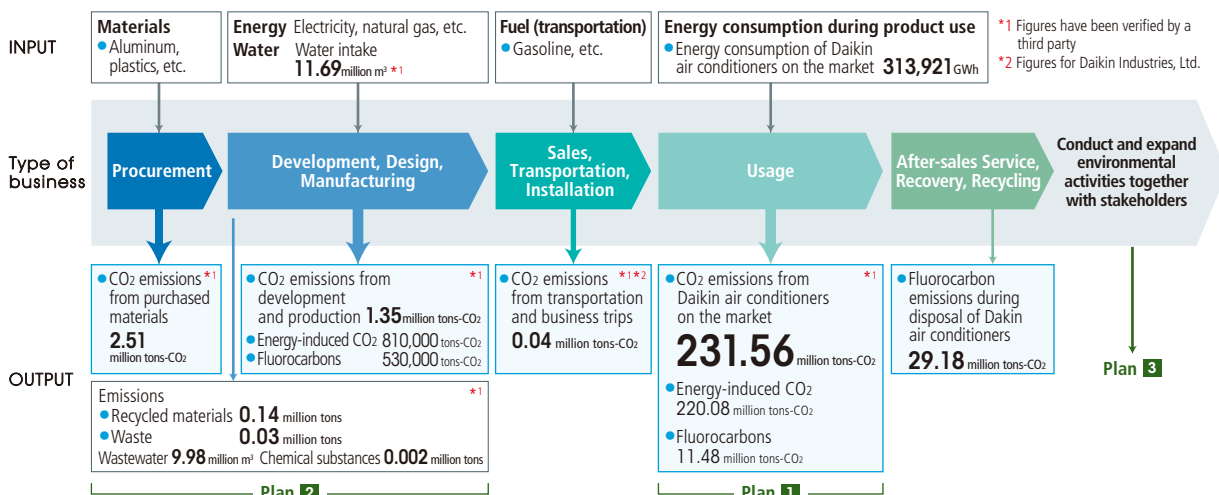


## Environment

### Overview of Environmental Impact of Business Activities



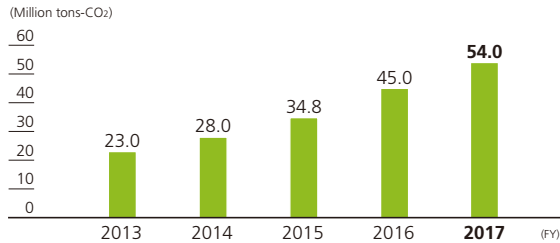
### Environmental Action Plan 2020

Action targets		Fiscal 2020 target values	Fiscal 2017 target values	Fiscal 2017 results	Self-assessment	
<b>1 Provide Environmentally Conscious Products and Services Worldwide</b>						
Contribute to reducing greenhouse gas emissions by spreading the use of following products		Contribution to Greenhouse Gas Emission Reductions*1 60 million tons-CO <sub>2</sub>	Contribution to Emission Reductions 50 million tons-CO <sub>2</sub>	Contribution to Emission Reductions 54 million tons-CO <sub>2</sub>	☆☆☆	
<ul style="list-style-type: none"> <li>● Energy-efficient air conditioners and services including inverter products</li> <li>● Air conditioners using refrigerants with lower global warming potential</li> <li>● Heat-pump-type heating systems and hot water heaters</li> <li>● Energy-efficient solutions business</li> </ul>		Increase in Ratio of Environmentally Conscious Products*2	Sales of Environmentally Conscious Products as Percentage of Residential Air Conditioners 83%		☆☆☆	
<b>2 Minimize Environmental Impact in Production Activities</b>						
Greenhouse Gas	Emission Reductions	70% reduction over fiscal 2005 (reduction to 1.58 million tons-CO <sub>2</sub> )	69% reduction		74% reduction (reduction to 1.35 million tons-CO <sub>2</sub> )	☆☆☆
	Reduction of Energy-Induced CO <sub>2</sub> Emissions	Unit reduction in energy-induced CO <sub>2</sub> emissions of 5% against Standard value*3	Japan	2% reduction	5% reduction	☆☆☆
Emissions		Unit Reduction in Emissions of 5% against Standard value*3	Overseas	2% reduction	9% reduction	☆☆☆
			Japan	2% reduction	12% reduction	☆☆☆
Water		Unit Reduction in Water Intake of 5% against Standard value*3	Overseas	2% reduction	5% reduction	☆☆☆
			Japan	2% reduction	6% reduction	☆☆☆
Chemicals		Unit Reduction in Chemical Emissions of 5% against Standard value*3	Overseas	2% reduction	9% reduction	☆☆☆
			Japan	2% reduction	11% reduction	☆☆☆
Green procurement		Increase in Green Procurement Rate		76%	☆☆	
<b>3 Expand the Green Heart Circle of Love for the Earth</b>						
Carry out and expand environmental activities in collaboration with stakeholders	Encourage employees to take part in environmental activities inside and outside work	Certify all production bases as Green Heart Factories*4	24 bases certified (6 in Japan, 18 overseas)		☆☆	
	Promote environmental and social contribution activities	Carry out forest protection activities with NGOs Educate the younger generation about the environment	Reduce emissions by 7 million tons-CO <sub>2</sub> Provide free learning materials to 1,700 students		☆☆☆	

\*1 Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and gas-combustion space heaters and hot water heaters.  
 \*2 Products that satisfy either or both of the following conditions: consume at least 30% less electricity than conventional products, or use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.  
 \*3 Average for fiscal 2013-2015.  
 \*4 A Daikin standard for assessing and certifying how well each production base is doing in achieving environmental criteria related to energy efficiency, waste reduction, and biodiversity protection.  
 Self-assessment: Shows level of achievement of targets in three designations: ☆☆☆ : Succeeded ☆☆☆ : Will soon succeed ☆☆☆ : Doing all we can

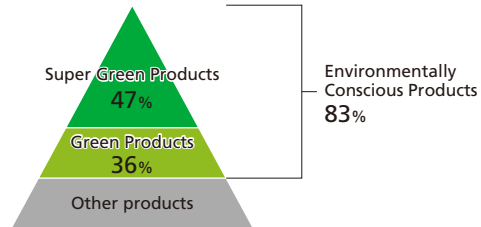
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

### Contribution to Greenhouse Gas Emission Reductions from Daikin Air Conditioners on the Market\* (OJG)



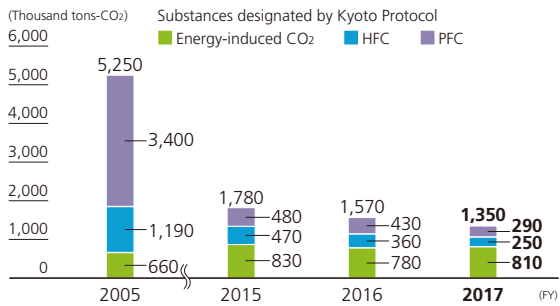
- \* Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and gas-combustion space heaters and hot water heaters
- Values up to fiscal 2014 are for emerging countries only
- Reviewed by the third-party

### Environmentally Conscious Products\* as Percentage of Net Sales (residential air conditioners) (OJG)

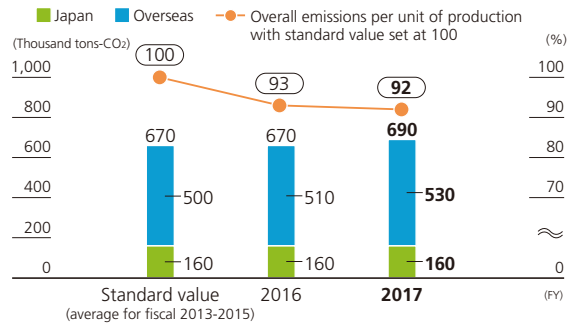


- \* Environmentally Conscious products: Name for Super Green Products and Green Products. Products that satisfy all of the conditions below are Super Green Products. Products that satisfy at least one of the conditions are Green Products.
- Consume at least 30% less electricity than conventional products  
Example: Air conditioners equipped with inverters
- Use refrigerants with at least two-thirds less global warming potential than conventional refrigerants  
Example: Air conditioners using R-32, a refrigerant with lower global warming potential

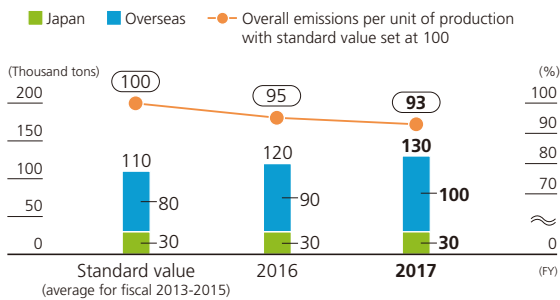
### Greenhouse Gas Emissions (Production) (Verified) (OJG)



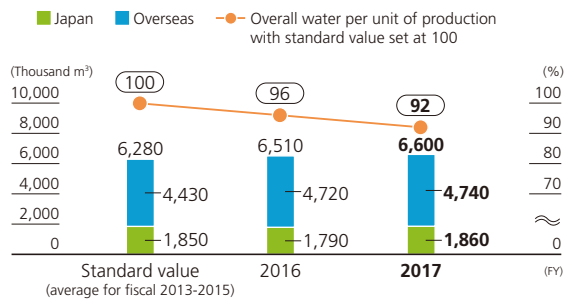
### Total Energy-Induced CO<sub>2</sub> Emissions, CO<sub>2</sub> Emissions per Unit of Production (OJG)



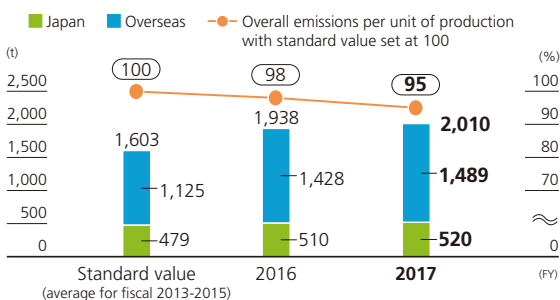
### Emissions/ per Unit of Production (OJG)



### Water Intake/ per Unit of Production (OJG)



### Chemical Emissions / per Unit of Production (total of PRTR substances and VOCs) (OJG)



### Green Procurement Rate\* by Region (%) (OJG)

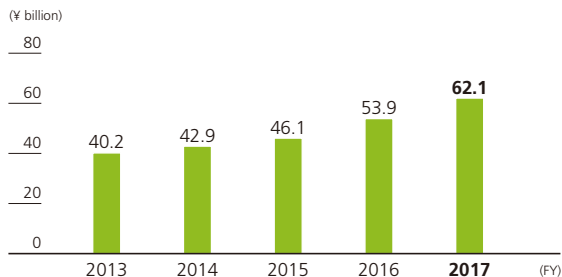
Region	2015	2016	2017
Japan	96	91	92
China	95	96	92
Thailand	95	95	97
Other countries in Asia and Oceania	65	58	84
Europe	93	93	95
North America	38	30	30
South America	-	97	94
All regions	65	74	76

\* Green procurement rate =  $\frac{\text{Value of goods procured from suppliers who meet our assessment criteria}}{\text{Value of all goods procured}}$

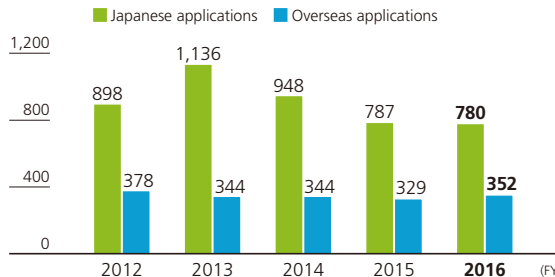
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

## New Value Creation

### Research and Development Expenses (OJG)

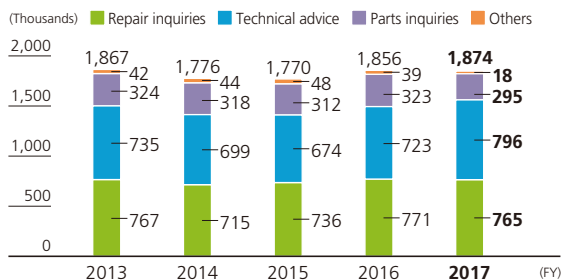


### Number of Patent Applications (D)



## Customer Satisfaction

### Number of Inquiries to the Contact Center (JG)



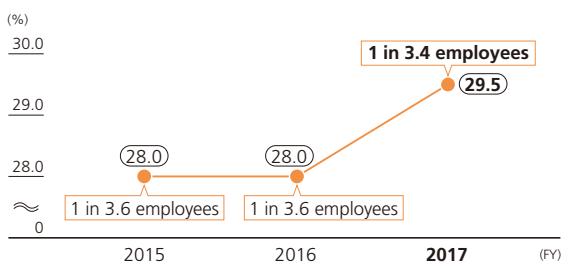
### Improvement in Customer Satisfaction\*

	2016	2017
Japan	1.07	1.11
China	1.00	1.01
Singapore	1.03	1.03
Italy	1.01	1.00

\*Progress rate of after-sales services, regarding the base year 2015 as 1.00

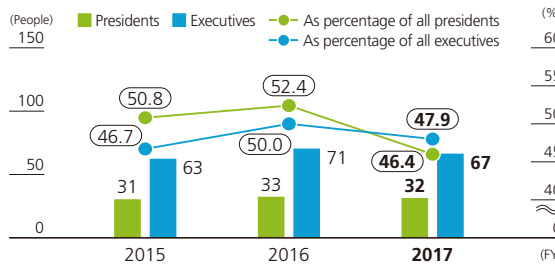
## Human Resources

### The Ratio of Excellent or Advanced Skilled Engineers\* in Manufacturing (D)

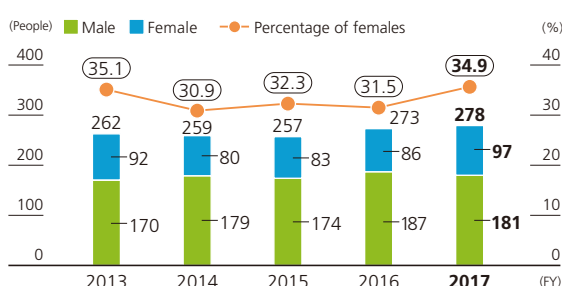


\*High-skilled engineers with knowledge and leadership

### Number and Percentage of Overseas Bases Where Local Nationals are President or Executives (OG)

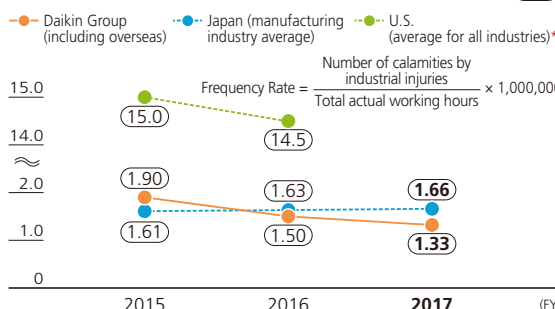


### Number of New Employees Hired; Women as Percentage of All New Employees Hired\* (D)



\*Number of people joining the company on April 1

### Frequency Rate\*1 (OJG)



\*1 This shows the frequency of work-related calamities, expressed in number of calamities for every 1,000,000 working hours.

\*2 No data was released for the U.S. in fiscal 2017. (As of end of June 2018)  
Calculated based on information from U.S. Bureau of Labor Statistics (November 2017)