

Stakeholder Engagement

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Policy

Engage in dialogue with all members of society and reflect outside opinions in our business, and continuously examine our actions to ensure that we meet society's demands and expectations

› Stakeholder Engagement

The Daikin Group uses every means possible to gather the opinions of stakeholders and reflect them in our management, all with a focus on engaging our stakeholders.

› Dialogue with Shareholders and Investors

The Daikin Group takes increasing responsibility to release information on its business situation promptly and properly. We are particularly diligent about being transparent with our shareholders and investors.

› Dialogue with Governments and Industry Groups

To alleviate and solve society's problems, the Daikin Group actively pursues dialogue with concerned parties, offering proposals and calling for action.

STAKEHOLDER ENGAGEMENT

Basic Policy

So that we can continue to contribute to society, the Daikin Group 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*.

The Daikin Group's main stakeholders are the customers to whom we provide the Group's 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 the Daikin Group.

* Stakeholder engagement

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
<p>› Customer (Page 207)</p>	<ul style="list-style-type: none"> • Daily sales activities • Contact Center • Showrooms • Dialogue during repair visits • “Thank You” sales events and product explanations at distributors 	<p>Sales divisions Service Division</p>
<p>› Shareholders and investors (Page 316)</p>	<ul style="list-style-type: none"> • Ordinary General Meeting of Shareholders • Briefings for investors • Annual Report, business reports • Information for investors on Website 	<p>General Affairs Department Corporate Communication Division</p>
<p>› Procurement business partners (Page 299)</p>	<ul style="list-style-type: none"> • Daily procurement activities • Supplier briefings • Supplier Quality Conferences • Quality improvement announcement meetings • Quality audits 	<p>Procurement Division</p>
<p>› Employees (Page 228)</p>	<ul style="list-style-type: none"> • Interviews based on employee self-assessments • Labor-management council meetings, labor union council meetings • Group Management Meeting • Global managers’ meetings 	<p>Human Resources Division Corporate Planning Department</p>
<p>› Communities (Page 324)</p>	<ul style="list-style-type: none"> • Informing local community of emergency disaster drills • Factory tours for local citizens • Involvement with local groups and events • Providing environmental education 	<p>Companies workplaces CSR Division</p>
<p>› NPOs, NGOs (Page 319)</p>	<ul style="list-style-type: none"> • Dialogue with NPOs and NGOs 	<p>CSR Division</p>
<p>› National and local governments, industry, academia (Page 319)</p>	<ul style="list-style-type: none"> • Dialogue with government representatives in each country • Dialogue with UN representatives • Participation in industry activities • Research in joint industry–academia initiatives • Air Conditioner Forums 	<p>Companies workplaces PR divisions CSR Division Research Department</p>

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

Basic Policy

Daikin Industries, Ltd. places the utmost importance on its responsibility of providing stakeholders with timely, proper information disclosure. In particular, we believe it is our duty to raise management transparency by disclosing information to shareholders and investors in every possible way. To this end, we have a Disclosure Policy that stipulates standards and methods for information disclosure. In accordance with our Disclosure Policy and the Tokyo Stock Exchange's standards for timely information disclosure, we use our website, news organizations, and the TD-NET online system provided by the Tokyo Stock Exchange to disclose information on recalls, the occurrence of loss on valuation of securities, and decisions such as the establishment of sales companies. In addition, for product, technical, and other information that we decide must be made public, we do so after consultation between the relevant company divisions.

Related information

[▶ Disclosure Policy](#) 

(<http://www.daikin.com/investor/management/disclosure/index.html>)

Disclosing Information in a Fair and Timely Manner

Maximizing Information Disclosure through Briefings and Our Website

Daikin Industries, Ltd. 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 interim and end-of-year financial performance briefings, and conference calls every first and third financial quarter. In addition, we visit and hold talks with institutional investors in Japan and other countries. We speak with investors on nearly 350 occasions through business briefings, factory tours, and face-to-face meetings.

We try to provide a wealth of information on the IR site of our home page and disclose information—including documents required by law such as securities reports and documents related to our business performance—in a prompt, fair, and timely manner. Our top executives also strive to relay firsthand company philosophy and direction in as many ways as possible.

The opinions from shareholders and investors are reflected in our management. Since fiscal 2010, the Tokyo Branch has had an IR manager in charge of media relations, and this has allowed us to better meet the information needs of institutional investors.

We will continue to stress dialogue with all investors and do everything we can to disclose information through a range of media.



End-of-year financial performance briefing for analysts and institutional investors

Respect for Exercising Voting Rights

Helping More Shareholders Exercise Voting Rights

To ensure that shareholders have more time to consider new proposals before voting at the Ordinary General Meeting of Shareholders, we send announcements of the meeting at least a week earlier than is legally required, and we post the information on the Daikin website and on the website of the Tokyo Stock Exchange. To remedy the discrepancy in information available in Japan and other countries, we translate announcements of shareholder meetings into English and send these to overseas institutional investors, we have an English version of our website, and we post the results of shareholder voting on our website.

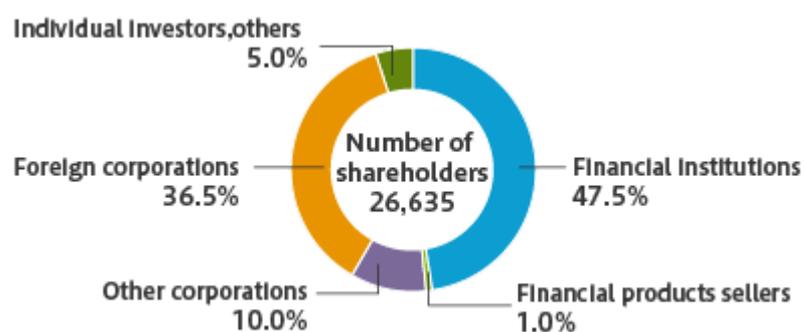
We strive to get as many shareholders as possible to exercise their voting rights by allowing voting over the Internet: those who cannot attend meetings in person can still exercise their voting rights by personal computer or mobile phone. We have also adopted a platform for exercising voting rights, which makes it even easier for institutional investors to vote.

As a result of these efforts, the percentage of voting rights exercised reached 89.5% in fiscal 2017. The number of votes cast over the Internet also increased to 1,744,888 in fiscal 2017 (1,020 shareholders).

Voting Rights Exercised

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Voting rights exercised	82.1	83.2	85.7	86.8	89.5
Votes cast over the Internet	1,337,000	1,443,620	1,495,992	1,596,419	1,744,888
Shareholders voting online	868	923	902	921	1,020

Breakdown of Shareholders (March 31, 2018)



DIALOGUE WITH GOVERNMENT AND INDUSTRY GROUPS

Dialogue with Experts and CSR-Related Groups

Worldwide Air Conditioner Forums, "Konwakai," Discuss the Future of Air Conditioning

Since 1995, the Daikin Group has been holding Air Conditioner Forums in Japan to exchange opinions with experts on the future of air conditioning.

With the rapid globalization of our business, since fiscal 2007 these forums have spread worldwide: to Europe, China, the U.S., Asia and Oceania, and Latin America. At each Konwakai, we exchange ideas and opinions on environment and energy with local experts, and the information we gather is reflected in the development of technologies and products, and in how we pursue business.

In fiscal 2017, we held Air Conditioner Forums six times in the five global regions.

In April 2017, we also held our first Air Conditioner Forums in Latin America, where the theme was progress in energy-efficient and environmental technologies with the goal of creating a sustainable society. At the Air Conditioner Forums, we introduced Daikin's technologies and efforts aimed at achieving this goal, and we exchanged opinions and ideas with participants who included officials of various governments and university professors.

Besides our participation so far in international conferences of groups such as the Japan Refrigeration and Air Conditioning Industry Association (JRAIA) and the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), we took part in the International Sorption Heat Pump Conference (ISHPC 2017) in August 2017 in Tokyo, and we will take part in the 9th Asian Conference on Refrigeration and Air-conditioning (ACRA 2018) in June 2018 in Sapporo.



Air Conditioner Forum in Latin America

Fiscal 2017 Air Conditioner Forums

Region	Main discussion topics	Invited guests
Asia, Oceania	<ul style="list-style-type: none"> Green buildings, demand-response, indoor air quality, outlook for air conditioning business, Daikin's policy on refrigerant environmental issues 	Total of 22 from 11 countries; university professors, specialists, etc.
Latin America	<ul style="list-style-type: none"> Progress in energy efficiency and environmental technologies toward building a sustainable society 	Total of 25 from 7 countries; university professors, specialists, etc.
Japan	<ul style="list-style-type: none"> Themes were ICT and future of air conditioning and construction, demand-side-centered society (DSS technicians who will support Industry 4.0 society of automation and data exchange) Introduction to Daikin's response to BIM, and Daikin's product strategy and CSR efforts 	Cumulative total of 23 for the year; university professors, specialists, etc.
North America	<ul style="list-style-type: none"> Introduction to Daikin's efforts in environmental technologies and energy efficiency, situation in North American air conditioning market 	Total of 28 from 11 countries; university professors, specialists, etc.
Europe	<ul style="list-style-type: none"> Energy performance evaluation of buildings and its effect on selection of air conditioners, and role and significance of standardization that will expand innovation in indoor air quality 	Total of 20 from 16 countries; university professors, specialists, etc.

Active Information Exchange with NPOs and NGOs

We take every possible opportunity to exchange opinions with a range of environmental NPOs and NGOs.

In fiscal 2017, we took part in technical information exchange events with American NGOs working on issues such as climate change and energy efficiency, including the Natural Resources Defense Council (NRDC), the Alliance to Save Energy (ASE), and the American Council for an Energy-Efficient Economy (ACCC). The goal of such talks is to deepen and further debate on these issues in the U.S., where environmental measures have been slow in getting implemented under the Trump administration.

We are looking to increase the frequency of such information exchanges as we study the direction that Daikin's environmental actions should take.



Dialogue session with an American NGO

Participating in CSR-Related Groups and Collaborating with Other Companies

The Daikin Group takes part whenever possible in the activities of various CSR-related groups under the auspices of, for example, the United Nations and the Japanese government. Besides discussions and information exchange with these groups on CSR philosophy and actions, we also collaborate with other private companies in order to step up our CSR activities and improve the content of our efforts.

In fiscal 2017, we took part in subcommittees of the Global Compact Network Japan, a CSR research conference, and the Eco-First Promotion Conference.

Related information

- ▶ [Participation in the Global Compact](#) (Page 55)
- ▶ [Endorsement as an Eco First Company](#) (Page 186)

Daikin Cooperates in Formation of Environmental Policy

Daikin Calls on All Concerned Parties to Participate in Selection of Next-Generation Refrigerants

As it does business in countries around the world, the Daikin Group 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.

Particularly in the area of selecting and enacting the use of next-generation refrigerants, we are participating in international conferences, seminars, academic conferences, and exhibitions and working closely with representatives of industry groups, UN organs, and environmental ministries of governments, discussing regulations, standards, and refrigerant trends and efforts to phase out certain refrigerants, and providing as much information as possible to help countries choose the new refrigerants that are best for them.

We plan to continue sharing information on refrigerant technology with the relevant people around the world.

Daikin Joins Projects by Japanese Government and International Organizations

In fiscal 2017, Daikin again joined other companies in carrying out a basic survey that will be used to create a scheme in Sri Lanka for disseminating air conditioners using low-GWP refrigerants, as well as recovering, recycling, and destroying refrigerants. The survey is part of support for emerging countries under Japan's Ministry of Economy, Trade and Industry (METI).

In fiscal 2016, under the survey covering 40 factories in 13 industrial parks in Sri Lanka, information was gathered on air conditioner electricity consumption and refrigerants, and calculations were made on potential CO₂ emission reductions. In addition, hearings were held on progress in the recovery, recycling, and destruction of refrigerants that will accompany the switch to energy-efficient air conditioners.

Based on information gathered, participants studied the possibilities for creating a new scheme.

In fiscal 2017, low-GWP air conditioners were installed in classrooms at a vocational training school in Sri Lanka so that verification testing could be carried out under actual conditions.

Students at the vocational school not only learned how to install the air conditioners but also learned how to take efficient measurements so that they could carry these out on their own.

In addition, after a series of discussions with the Sri Lankan government regarding the new scheme, the parties managed to come up with a proposal that would contribute to the creation of a scheme.

At an announcement event held in unison with the government of Sri Lanka, attended by more than 70 members of government, academic associations, and industry, we strove to raise awareness of the importance of disseminating energy-efficient products and recovering, recycling, and destroying refrigerants.

Also at the meeting, the principal of the vocational training school, which conducted verification tests with actual air conditioners, spoke about what the school's students learned through the Daikin training about things like improved installation service and the collection and recycling of refrigerants. This talk by a local participant about the importance of this initiative, given based on firsthand experience, prompted many in attendance to voice their approval of this joint effort.

The Sri Lankan government has shown a strong desire to continue with this effort, and plans are to carry out verification of the proposed scheme in the next fiscal year and beyond.

In fiscal 2016, a Daikin project proposal to disseminate environmentally conscious, high-efficiency air conditioners in Mexico was chosen by the Japan International Cooperation Agency (JICA) as a project to disseminate private enterprise technologies. This was followed by the adoption of a project in Brazil in fiscal 2017.

As in Mexico, in Brazil Daikin conducted measurement testing of high-efficiency air conditioners using the R-32 refrigerant, and subsequently quantified the effects of using these products. Daikin also shared with the Brazilian government knowledge on making energy-efficiency-related policies. We will strive to build markets for energy-efficient products in Mexico and Brazil and subsequently aim to expand in the entire South American Market.