Aspire for Greater Growth by Solving Social Issues in the Air and Environment Fields

Despite growing uncertainty facing the global economy, including U.S.-China trade friction, the Daikin Group posted its sixth straight year of record high business results in fiscal 2018 through aggressive investments and various measures carried out under the Fusion 20 Strategic Management Plan.

We will continue making strategic investments aimed at business growth while building a robust corporate structure that can grow continuously and give back to society.

Achieving Growth by Contributing to Solving Social Issues

Air conditioners, Daikin’s flagship products, have revolutionized labor and lifestyles in hot regions, contributing to economic growth and higher-quality lifestyles. Today, they have become a key part of the infrastructure supporting society.

I believe Daikin will play an important role in achieving the Sustainable Development Goals (SDGs), a set of common international targets for 2030. Driven by economic growth in emerging markets, demand for air conditioning is expected to more than three times by the year 2050. Increasing the penetration rate of air conditioners will contribute to people’s health by preventing heatstroke and improving the indoor air environment, whereby boosting economic growth by increasing labor productivity. At the same time, electricity use will naturally increase as air conditioners spread, which will have a growing impact on global warming. As a result, we will focus not only on mitigating global warming impacts of air conditioners, but also spread environmentally conscious products using energy-efficient inverter technology and R-32, a refrigerant with low global warming potential. This will position us to transform these issues into an opportunity for business development and provide energy-saving solutions using networks and control technologies.

In 2018, we released Environmental Vision 2050 which aims to achieve net zero emissions of greenhouse gases while providing a safe and healthy environment, with an eye on 2050. In addition to products and solutions, we will utilize renewable energy and improve the interaction between air conditioning and buildings, to achieve greater growth while helping address social issues such as climate change.

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.

Endorsement of the TCFD Recommendations

With environment, social and governance (ESG) investment growing, investors are now paying closer attention to how companies address climate change. In May 2019, Daikin Industries, Ltd. endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which aims to mitigate
risks of instability in financial markets attributed to climate change. We will continue to consider climate change to be an important issue impacting business continuity. We will analyze risks and opportunities to our businesses and reflect findings in management strategy and risk management. We will also actively disclose information. Furthermore, we will address the risks we identify and transform them into business opportunities in an effort to further enhance corporate value.

Business Creation Using Open Innovation

In order to achieve further growth and provide greater value to society, it is vital that we move away from full in-house development and embrace cooperation so that we can speed up development of technologies and products using open innovation. Daikin has focused efforts on collaboration with universities and research institutes, along with companies from other industries, both inside and outside of Japan. In December 2018, we concluded a “University Corporate Relations Agreement” with the University of Tokyo. Under this agreement, both organizations will contribute their strengths toward not only joint research, but also personnel exchanges and collaboration with venture companies tied to the university.

To beat out global competition and help build a sustainable society, we will produce innovation around the theme of adding value to air, which will be of growing importance for the future, while aiming to contribute to complex social issues and create new business ventures.

Acting as a Good Member of Society

Since 2008, Daikin has supported the UN Global Compact comprised of 10 principles covering the four fields of human rights, labor, environment, and anti-corruption. We continue to take steps to ensure soundness and ethics across our value chain.

As a corporate group that will “Co-create New Value in the Air and Environment Fields with Wisdom and Passion,” we will continue to live up to the expectations of various stakeholders from customers and shareholders to suppliers and local communities, while solving social issues through our businesses.

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