Environmental Vision 2050

Adopted in 2015, the Paris Agreement contains a target for the latter half of this century of reducing greenhouse gas emissions to net zero and limiting global warming by less than 2°C compared to pre-industrial levels. In the spirit of the Paris Agreement, Daikin has formulated Environmental Vision 2050, with a target of reducing greenhouse gas emissions to net zero by 2050. Besides reflecting this vision in the final three years of the Fusion 20 Strategic Management Plan, we have begun to make a medium- to long-term strategy with targets for 2030.

Formulation of Environmental Vision 2050

Looking long term, we have predicted how society will change by 2050 and have made a list of the risks and opportunities for Daikin's business. Based on this, we have set a direction we must take in using our resources to solve environmental problems.

Environmental Problems and Business Risks and Opportunities	**Climate change** • Requests from society to reduce some of the vast amount of greenhouse gas emissions caused by using products • Stricter restrictions on existing refrigerants and gas-combustion heating	**Increase in energy demand** • Stricter energy restrictions and higher expectations for energy-efficient products • The electricity supply-demand balance will be disturbed, which will hinder the stable supply of electricity	**Atmospheric pollution** • Greater range of needs regarding air quality
Daikin's Resources	Technology / Information / People / Global network / Relationship with society		
How Daikin Should Proceed	Creation of products and services with high environmental performance	Creation of environmental solutions	Creation of air value
Fusion 20 Themes	• Promotion of energy efficiency through inverter and other technologies • Adoption of R-32 and other refrigerants with lower global warming potential, development of next-generation refrigerants, adoption of heat-pump heaters • Materials development, reduction of environmental impact throughout entire life cycle from material procurement to disposal and recycling	• Use of energy management to achieve optimal operation through a system that integrates air conditioners and their peripheral equipment, buildings, and renewable energy • Recovery and recycling of refrigerants in use on the market	• Engineering of air environments that protect people's health from air pollutants such as PM2.5 and VOCs • Pursuit of value added in air through, for example, office environments conducive to high productivity and home environments that improve the quality of sleep

Environmental Vision 2050

We will reduce the greenhouse gas emissions generated throughout the entire life cycle of our products.

Furthermore, we will create solutions that link society and customers as we work with stakeholders to reduce greenhouse gas emissions to net zero.

Using IoT and AI, and open solutions, we will meet the world's needs for air solutions by providing safe and healthy air environments while at the same time contributing to solving global environmental problems.

Making a Medium- to Long-Term Strategy toward Achieving Environmental Vision 2050

As a result of analyzing our future air conditioner business so that Daikin products can bring the world new added value for air, and so that our products and solutions can help achieve net zero greenhouse gas emissions, we will formulate targets for 2030, integrate them into the Fusion Strategic Management Plan, and implement measures as action plans.

Through products | **Through solutions** | **Through the power of air**

Philosophy toward net zero greenhouse gas emissions

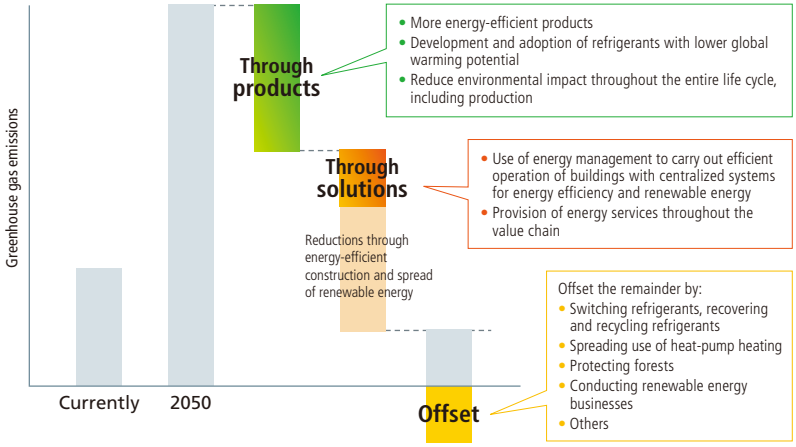
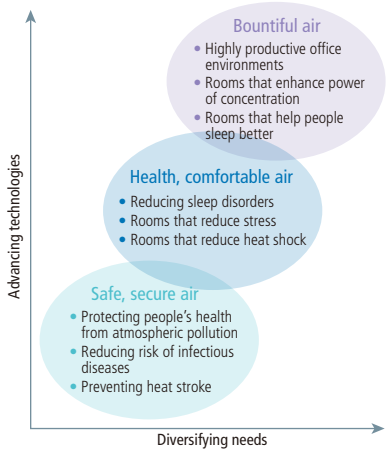


Image: The power of air



Growth Strategy Based on Risks and Opportunities

The forecast for rapidly increasing demand for air conditioning—Daikin's main business—presents us with a huge opportunity. But along with this come risks for the continuation of our air conditioning business: increased air conditioning means greater energy needs, increasing electricity provision costs, and higher greenhouse gas emissions.

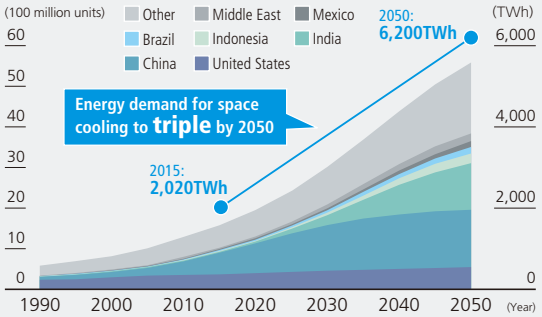
We aim to respond to these risks by turning them into opportunities. We will do this by reducing our environmental impact by, for example, developing and spreading the use of high-efficiency air conditioners, creating solutions for buildings that utilize energy effectively throughout the entire facility, and developing and spreading the use of refrigerants with lower global warming potential. In this way, we aim to protect the environment while growing our business.

IEA *The Future of Cooling* Forecast

In May 2018, the International Energy Agency (IEA) released *The Future of Cooling*. The report looks at air conditioning and how the rise in its use is driving global energy demand.

According to *The Future of Cooling*, estimates are for air conditioning demand to rise rapidly and for energy demand for space cooling to triple by 2050.

Worldwide air conditioner stock (number of units) and electricity demand



Note: Graph figures compiled by Daikin based on IEA *The Future of Cooling*