Human Resources

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fostering Human Resources</td>
<td>266</td>
</tr>
<tr>
<td>Workplace Diversity</td>
<td>275</td>
</tr>
<tr>
<td>Occupational Safety and Health</td>
<td>284</td>
</tr>
<tr>
<td>Work-Life Balance</td>
<td>295</td>
</tr>
<tr>
<td>Employee Evaluation and Treatment</td>
<td>301</td>
</tr>
<tr>
<td>Labor Management Relations</td>
<td>303</td>
</tr>
</tbody>
</table>
Policy

Respecting Individual Personalities and Values, and Maximizing the Potential of Each Employee

Targets of CSR Action Plan 2020

For Daikin to realize sustainable growth, human resources are the most critical component of these endeavors. Through initiatives focused on human resource development, ensuring diversity and occupational safety and health, we aim to create an organization able to grow alongside society that enables all employees to work actively with purpose and maximize their skills.

Fiscal 2018 Achievements

In terms of human resource development, we measure the degree to which employees have grown in terms of manufacturing leadership abilities. In terms of diversity, we track the appointment of local nationals as presidents at overseas bases. In terms of occupational safety and health, we analyze the safety of operations at manufacturing bases.

Ratio of excellent or advanced skilled engineers in manufacturing

1 in 2.9 employees (Daikin Industries, Ltd. Only)

Percentage of overseas bases where local nationals are presidents

46% (Overseas bases)

Frequency rate (shows frequency of occurrence of labor accidents)

1.38
Based on the belief that people grow through work experience, the Daikin Group develops employee capabilities through on-the-job training (OJT) and other efforts.

We strive for greater organizational strength by having a diverse range of employees—all genders, ages, nationalities, races, and levels of occupational experience—working to mutually understand one another’s distinct values.

With the goal of achieving a “zero accident” workplace, we place top priority on ensuring a safe, healthy working environment where employees can work in peace of mind.

We have a range of work systems that allow employees to work flexibly and have flexible schedules.

The Daikin Group offers "fairness of opportunity and reward": a workplace where employees are rewarded for putting their motivation to work and taking every opportunity for success.

Because we believe that cooperative labor management relations are the foundation of company management, we place the utmost emphasis on equality of labor and management as well as mutual trust between both sides.

Related information

Key Activities of Fiscal 2018: Human Resources—Developing Human Resources to Promote the Spread of Air Conditioners in the Rapidly Growing Market of Vietnam (Page 473)
Basic Policy

Daikin believes that practicing the principle of Our Group Philosophy and "People-Centered Management" is essential to the growth of the group. Our philosophy states that the cumulative growth of all group members, regardless of nationality or company, serves as the foundation for the group's development. Based on the belief that people grow through work experience, the Daikin Group develops employee capabilities through training opportunities that include on-the-job training (OJT)*1 in which each person is given the job most suitable to using unique talent and fostering individual growth. To provide our workforce with as many improvement opportunities as possible, we supplement OJT with off-the-job training (Off JT)*2, such as the Daikin Leadership Development Program for executives who will work on the front line of our business, and overseas base practical training for fostering young, globally minded employees. We also provide opportunities for independent learning through language training and correspondence courses.

Since fiscal 2015, we have been operating the Global Daikin Leadership Development Program to foster local nationals who work in group management or who are managers at Daikin's overseas bases. Aimed at all managers including managerial candidates, this training program teaches participants things like Daikin's corporate culture and the group's unique management philosophy.

*1 Employees learn and acquire the general knowledge, technical knowledge, skills, and commitment required of their positions while performing their jobs.

*2 Employees study outside of their current workplaces in order to acquire the knowledge and skills needed for their jobs.
Education Measures

Raising up Personnel through Work Experience to Take the World Stage

With the Group’s business spreading worldwide, it is crucial that we train people to be leaders with the management skills to guide employees with a diverse range of values in a common direction.

To this end, in May 2008, we established the Daikin Ales Aoya Global Training Center in Tottori Prefecture, Japan. With the goal of fostering the leaders of our worldwide bases, this center hosted skill trainers workshops for Daikin Group employees, group training for new employees, the Daikin Leadership Development Program, which fosters the next generation of Daikin executives, and overseas base practical training for fostering young, globally minded employees. In fiscal 2018, more than 17,915 employees made use of the training center.

Besides Daikin employees, the training center has many repeat visits by Daikin customer employees, and over the past three years it has continued to operate at a high operational capacity of 80-90%. Despite these efforts, Daikin believed that its current training facilities were still not sufficient to meet group-wide needs to boost human resource capabilities, so in June 2014 a seminar house was added to Daikin’s recreational facilities in Tateshina, Nagano Prefecture. This facility is made use of in every possible way. In its idyllic setting amidst the abundant nature of Tateshina and far from the hectic big city, it hosts participants who are able to concentrate for extended periods on discussions, brushing up their abilities to make strategy proposals, conduct problem-solving, brainstorm thoughts and ideas, and generate concrete plans. It is also used for lobbying activities and exchanges with other companies, and as a place to invite top sales people or important customers.

In fiscal 2018, in response to the growing needs of educating the human resources who are leading Daikin’s further global business expansion as stated in the Fusion 20 Strategic Management Plan, we added training facilities with functions for training technicians, engineers, and service engineers.

We will continue to boost human resources and facilitate mutual communications between the headquarters and branch offices, such as by boosting global recruitment, increasing the number of inter-regional and international deployments, and creating competitive assessment and reward systems.
New Employee Training

The goal of new employee training is to foster business people capable of frankly expressing their own opinions and communicating with people with differing opinions. Trainees learn what it takes to be a company employee, and about the past, present, and future direction of the Daikin Group. There are also five days of English-language training as part of efforts to help new employees become global citizens and understand other cultures.

Every year, new employees spend five nights and six days at the Daikin Ales Aoya global training center in Tottori Prefecture, Japan. In 2018, we held the 46th session of this training camp over a three-week period for more than 555 employees consisting of periodically hired persons and all career-track hires. Also taking part were more than 200 persons including Daikin executives and experienced employees, who acted as training leaders and secretariat staff.

The goal of the session is to have employees learn through hands-on, participatory training in which they hold discussions and practice concepts focusing on Daikin’s People-Centered Management and how to become an ideal employee.
Overseas Base Practical Training
To ensure we have internationally minded employees who can lead our global business in future, we send young employees (ages from mid-20s to late 30s) to work at overseas bases for between one year and two years.
Unlike other Daikin employees working overseas, these people take on practical work projects as they cooperate with local dealers, suppliers, business partners, and universities, striving to think outside the box, take on new challenges, and improve their abilities to communicate within foreign cultures.
In fiscal 2018, 35 employees took part in this training. Since the program started in fiscal 1999, a total of 284 employees have participated.

Global Training Program for Overseas Personnel
Since fiscal 2015, we have held the Global Training Program in Japan to train young employees from Daikin overseas bases. Training at Daikin Industries, Ltd., participants deepen their understanding in areas such as Daikin technologies, quality, and production technologies, so that they can lead Daikin’s worldwide efforts at their respective overseas bases.
In fiscal 2018, six overseas employees started their training in our development, production technology, quality control, and finance and accounting divisions. A cumulative total of 27 trainees have taken this training since fiscal 2015.

Study Trips in Japan
Daikin sends young employees in Japan to universities in order to improve their technological skills, acquire MBAs, widen their perspective, and build human resource networks.
As of fiscal 2018, there were six Daikin employees studying at university: one at the International University of Japan, and five at Toyota Technological Institute of Japan.
Daikin Leadership Development Program, Global Daikin Leadership Development Program

Daikin fosters the next generation of leaders through the Daikin Leadership Development Program, which trains Daikin Industries, Ltd.'s executives, and the Global Daikin Leadership Development Program, which is for local nationals who are managers at Daikin's overseas bases. Centered on Our Group Philosophy and our "People-Centered Management," the program turns out executives who can lead and manage their company for the common good of the entire Daikin Group.

In fiscal 2013, we opened the Daikin Leadership Development Program up to other employees besides managers to step up the training of next-generation leaders. In fiscal 2015 we opened the Global Daikin Leadership Development Program, and in 2017 we increased the number of annual sessions from one to two in order to accelerate the training of Daikin's global group leaders. In fiscal 2018, the cumulative number of participants reached 229 in the Daikin Leadership Development Program and 170 in the Global Daikin Leadership Development Program.
Fostering Monotsukuri Human Resources

Focus on Excellent Skilled Engineers Conveying Techniques to Overseas Bases and the Training of Advanced Skilled Engineers

Daikin fosters human resources capable of passing on the skills that are the foundation of our monotsukuri. Daikin has set a goal of having 1 in 4 employees working in production worldwide be an excellent skilled engineer or an advanced skilled engineer, both of whom possess advanced skills and knowledge and leadership abilities. At Daikin in Japan in fiscal 2018, this rate was 1 in 2.9. As our business expands globally, we are stepping up our worldwide training.

Daikin Industries, Ltd. introduced a system to pass on advanced skills to young workers. This system ensures that we give the next generation of technical leaders the advanced skills that form the foundation of manufacturing.

In the air conditioning divisions, workers with advanced skills are designated as “Takumi” after demonstrating their mastery in the areas of brazing, lathing, sheet metal working, arc welding, die making, and tooling.

The chemicals divisions have a system to designate Experts, who pass their advanced skills on to others. These Takumi and Experts teach their skills at Daikin bases worldwide, thus fostering future engineers and technical leaders.

In April 2010, we established a new trainer system to foster future Takumi and Experts and thus make up for a shortage of their numbers.

In fiscal 2017 in the chemicals divisions, we added chemical operation trainers. These Takumi, Experts, and Trainers go on to become instructors who teach selected employees in periodic skills training held at production bases around the world.

As of the end of fiscal 2018, there were 32 Takumi and 104 Trainers (30 in Japan, 74 at overseas bases) in the air conditioning divisions. The chemicals divisions had eight Experts and seven Trainers (five in Japan, two at overseas bases).
By 2020, Daikin plans to increase the number of Trainers to 161. This will raise the skills level at overseas bases and allow Daikin to respond to base expansion resulting from the construction of new plants and the acquisition of other companies.

**TOPICS**

**Skills Competitions and Skills Training Boost Level of Production Workers**

Once every two years, the Global Skills Competition for Daikin's worldwide production bases is held with the aim of boosting the skills of employees in manufacturing. In addition to practical skills such as assembly and disassembly, participants take written tests that confirm their knowledge about dealing appropriately with workplace accidents.

In years when there are no skills competition held, we hold skills training sessions for future leaders. At these sessions, Takumi, Experts, and Trainers are the instructors, teaching employees selected from production bases around the world the Daikin way of training people and making products. At the fiscal 2017 training sessions, there were 15 employees from production bases in Japan and seven from overseas.

Skills workshops are also held at overseas group companies and among companies in certain world regions. Participants at each Daikin base share information such as how well skills are being passed down, problems, and goals, as part of the overall effort in the Daikin Group to foster human resources possessing a high level of skills.

Opening ceremony (player oath)
Fostering Human Resources in the AI Field

Daikin Information and Communications Technology College

Daikin Information and Communications Technology College was established to foster human resources in the fields of artificial intelligence (AI) and Internet of Things (IoT)* to meet the rapidly changing structures of industry and society. The college invites professors from universities such as Osaka University and leading-edge research institutes to give a wide range of courses in everything from basics such as math to programming, mechanical practice, and applied AI.

We are accelerating the pace at which we foster managers and existing and new employees and have set a goal of completing training in AI and IoT for 700 employees by the end of fiscal 2020 and 1,000 by the end of fiscal 2021.

* We aim to train innovators in AI and IoT who are capable of putting their specialized knowledge into action as well as inspiring others around them to do the same.

Activity details

<table>
<thead>
<tr>
<th>Course</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing employee course</td>
<td>There are 54 students in the two courses below, who are studying while they continue their regular work duties.</td>
</tr>
</tbody>
</table>
|                   | - AI Technology Development  
|                   |  Aimed at fostering human resources capable of creating new data utilization businesses, the first term of classes (December 2017 to August 2018) had 43 students and the second term started in autumn 2018. |
|                   | - System development  
|                   |  With the first term of classes underway as of autumn 2018, this course aims to foster engineers who can develop and advance systems while making use of new technologies such as cloud and edge computing. |
| New employee course | A two-year program began in May 2018 with 100 employees newly hired by Daikin in fiscal 2018. In fiscal 2019, we plan to have students do practical training using data from their workplaces as part of the course. |
| Manager course    | In fiscal 2018, we held training for managers in which they acquired basic knowledge and in which managers in charge of IT personnel learned how to enlighten and raise awareness among their workers. The six sessions had 160 participants. |
Fostering Young Engineers and Technicians

Experienced Workers Pass On Techniques and Skills

Since 1994, Daikin Industries, Ltd. has worked to boost the level of its manufacturing by having a Kaizen Team of experienced workers lead training for young employees in the production division. During the four-to-six-month training, each young employee is led by two or three experienced workers. Participants get practical work in the main aims of the particular session, taking classroom lectures in subjects like electrical circuitry, as well as applied learning in sheet metal working, arc welding, and circuitry.

The system began with training for mid-level employees but now focuses on passing on skills and techniques to young employees. Apart from the passing on of techniques and skills, this training is aimed at giving the young employees a rare opportunity to interact with veterans and thus raise their awareness about the value of carrying on Daikin’s tradition of skill. This training has been particularly helpful in raising productivity in the Air Conditioner Manufacturing Division as participants have learned to take the initiative in using what they have learned immediately on the job.

In fiscal 2018, new trainers were certified and training was held in skills (malfunctions, abnormalities) and fundamental tasks. As of fiscal 2018, a cumulative total of 166 employees at the Sakai Plant and 121 employees at the Shiga Plant had taken this training.
Basic Policy

The Daikin Group believes it is our people who make us competitive. A company can only grow stronger by having a diverse range of employees working within an organization that is conducive to mutual understanding of one another's distinct values and that allows everyone to shoot for a lofty goal. Our Group Conduct Guidelines state that while respecting diverse values and approaches to work, we shall mutually accept our respective differences, act in harmony, gather the abilities we possess, and strive to be a Group in which each member expresses his or her ambitions and then takes bold actions with great passion and perseverance to realize those ambitions.

Group Conduct Guidelines

10. Respect for Human Rights and Diversity

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization.

Based on this philosophy, we strive for diverse management in which we make the most of the talents of all people, regardless of their nationalities, ages, genders, sexual orientation, gender identity, or level of able-bodiedness. This goes for both periodically hired employees and career hires.

The Daikin Group's employee make-up is becoming increasingly diverse, with a greater number of non-Japanese and women in our ranks. Since introducing our rehiring system in 1991, we have been making greater use of Daikin's experienced retirees.
## Employee Composition (Data for Daikin Industries, Ltd.)*

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Number of employees</td>
<td>6,839</td>
<td>1,151</td>
<td>6,844</td>
<td>1,189</td>
<td>6,896</td>
</tr>
<tr>
<td>Average range of services (years)</td>
<td>16.6</td>
<td>10.3</td>
<td>16.7</td>
<td>10.5</td>
<td>16.9</td>
</tr>
<tr>
<td>Average age</td>
<td>41.5</td>
<td>34.5</td>
<td>41.3</td>
<td>33.8</td>
<td>41.0</td>
</tr>
<tr>
<td>Number of managers</td>
<td>957</td>
<td>29</td>
<td>984</td>
<td>36</td>
<td>1,013</td>
</tr>
<tr>
<td>Number of board members</td>
<td>46</td>
<td>1</td>
<td>48</td>
<td>1</td>
<td>49</td>
</tr>
<tr>
<td>Number of foreign nationals</td>
<td>47</td>
<td>29</td>
<td>52</td>
<td>21</td>
<td>48</td>
</tr>
</tbody>
</table>

* Includes employees on loan
Note: Figures as of end of fiscal year

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## Promoting Understanding of LGBT

Daikin aims to create workplaces conducive to working for all employees, regardless of things like nationality and gender. Daikin Industries, Ltd. held training for approximately 500 officers, managers, and leaders on LGBT* matters and workplace considerations, giving participants knowledge they could immediately use on the job and better understand LGBT. We also clarified definitions of human resource rules on marriage and gender to recognize things like common-law marriage (including same sex partners) and gender identity (what gender a person identifies himself or herself as).

* LGBT: An acronym for lesbian (L), gay (G), bisexual (B), and transgender (T).
Maximizing the Talents of Women

Accelerating Efforts to Maximize the Talents of Women in Japan

Since 2011, Daikin Industries, Ltd. has accelerated efforts to maximize the talents of women as one of its key social measures. We have set goals for the end of fiscal 2020 of having at least one female officer and 100 female managers. As of the end of fiscal 2018, there were 59 female managers. We are also holding awareness training for managers and employees, and expanding measures to support a balance between work and childcare. Again in fiscal 2018, we strove to foster new female managers through leader training for women who are candidates to be managers and leaders.

For efforts such as these to support female employees looking to forge a career, in March 2019, we were granted “Nadeshiko Brand” designation by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) as a company that is exceptional in promoting women’s success in the workplace. This was the sixth time, and the fifth consecutive year.

Seminars and Networking Events

As part of efforts to diversify its human resources, Daikin Industries, Ltd. provides opportunities for employees to interact with a range of people from outside the company.

For example, on June 14, 2018, we held the fourth Female Engineers Networking Forum together with five other companies in Japan’s Kansai region. This event included a tour of the Central Research Laboratory of Daiwa House Industry Co., Ltd. This forum is held to give employees an opportunity to learn and notice new things through visiting other companies and holding discussions with their engineers, thus widening their perspective and sparking improvements and innovations at their own companies. This year’s forum had a total of 52 technical- and engineering-related female employees (including 14 from Daikin Industries, Ltd.) from Ezaki Glico Co., Ltd., Kawasaki Heavy Industries, Ltd., Kansai Electric Power Co., Inc., Kobe Steel, Ltd., and Daiwa House Industry Co., Ltd.

On November 7, 2018, we invited Yuuki So, President of the World Shorinji Kenpo Organization, to give a lecture on topics such a leadership and philosophies about work and life. On October 19, 2018, we held a networking event for both young male and female employees jointly with Panasonic Corporation, Nippon Telegraph and Telephone West Corporation, and Nippon Life Insurance Company. This diversity-promoting event was aimed at giving participants a chance to experience new values and philosophies and motivate them to take more active roles.
Hiring Women

Increasing Percentage of Female Employees

As of the end of March 2019, women accounted for 28% (1,368) of all employees of Daikin Industries, Ltd.

Starting in fiscal 2013, we began our policy of hiring more women for technical and skills positions. As a result, women periodically hired accounted for more than 30% of all new employees hired for the fifth consecutive year.

In fiscal 2015, we began collaborating with universities to hold lectures, round-table discussions, and internships that would help prepare women for careers, and we stepped up efforts to hire more women. Our goal is to take on 100 women a year through our periodic hiring and have women account for 17% of all employees, which exceeds the 15.5% average (fiscal 2013) for the manufacturing industry.

In fiscal 2018, in addition to other efforts conducted so far, we held seminars for female university students at which participants took workplace tours and had social gatherings with women in science and engineering jobs at Daikin.

There were 131 women newly hired in April 2019, 30.5% of all those hired.

Number of Re-employed Workers and Rate of Re-employment* (Daikin Industries, Ltd. only)

* Employees joining company on April 1
Promoting More Foreign Nationals

Promoting Local Employees to Managerial Positions at Overseas Bases, and to Officer Positions at Daikin Industries, Ltd.

As Daikin’s business globalizes, we are trying to globalize our management as well by promoting more employees at overseas bases to managerial positions at their bases. We have the Global Daikin Leadership Development Program for locally hired managers at worldwide bases in order to give them the capabilities to run Daikin subsidiaries in their own countries.

As of the end of fiscal 2018, local nationals accounted for about 46% of the presidents and about 43% of the directors at overseas Daikin bases.

In addition, outstanding personnel hired at overseas bases are being chosen and trained for positions as officers at Daikin Industries, Ltd. (Group head office). (2 officers as of end of fiscal 2018.)

Aggressively Hiring Non-Japanese Nationals

As Daikin’s business becomes increasingly globalized, Daikin Industries, Ltd. is aggressively hiring university graduates from countries such as India and China.

As of March 2019, there were 84 foreign nationals working at Daikin Industries, Ltd., an indication of Daikin efforts to include a diverse range of nationalities in its ranks.

Daikin Industries, Ltd. is hiring more and more foreign nationals as its business becomes increasingly globalized, and one way we are accelerating this diversity is by focusing on giving foreign nationals a more active role at Daikin. The number of these employees is on the rise at the head office, and to facilitate interaction between them and their Japanese counterparts, we are conducting efforts such as publishing a handbook on how to work harmoniously with foreign employees, and giving Japanese lessons for foreign nationals.
Employment of People with Disabilities

Hiring More People with Disabilities across the Entire Group

Based on the belief that the cumulative growth of all individuals leads to the Daikin Group’s development, we have faith in people’s unlimited abilities, whether they are able bodied or disabled, and we strive to maximize their talents in becoming a corporate group in which employees can continue to work with enthusiasm and pride.

In 1993, based on the Act on Employment Promotion etc. of Persons with Disabilities, Daikin Industries, Ltd. established Daikin Sunrise Settsu Co., Ltd. (DSS), a cooperative venture with the Osaka Prefecture and Settsu City governments. The company began with 16 employees with disabilities.

In June 2018, a new DSS business premises was completed.

DSS strives to provide these people with an environment conducive to working so that they have the opportunity to make the most of their talents.

The goal is to increase the number of DSS employees with disabilities to 210 by 2023 (155 in 2019).

We also strive to hire persons with disabilities not just at DSS but at Daikin Industries, Ltd. and Daikin Group companies.

In April 2019, Daikin Industries, Ltd. hired three new employees with disabilities.

As of the end of fiscal 2019, 2.42% of workers in the Daikin Group are disabled, a percentage above the legal requirement.
Daikin Overseas Bases Hire Disabled Workers

Daikin Air-conditioning (Shanghai) Co., Ltd. has been doing all it can to hire people with disabilities and it currently has 55 disabled employees. In April 2014, the company was recognized by the government as an occupational training base for people with disabilities.

In November 2016, Shanghai Open University and Shanghai Educational TV Station jointly hosted an international conference at which employees of Daikin Air-conditioning (Shanghai) performed a dance to "Flame of Youth." The performance was well received.

These are just a few examples of how disabled employees at Daikin are taking the initiative to make their mark in society. Daikin Industries (Thailand) Ltd. has 25 disabled employees, and Daikin Compressor Industries Ltd. has 17 disabled employees.
Re-employment of Retired Employees

Re-employing More than 100 Veteran Workers Each Year

In 2001, Daikin Industries, Ltd. became one of the first companies in Japan to introduce a re-employment system. Retirees wishing to continue working at Daikin following retirement can use their skill and knowledge in a flexible employment system that allows them to work reduced hours and on call.

Since introducing this system, over 100 have been re-employed each year. In fiscal 2018, there were 467 retirees working under this system at Daikin. Twenty of these re-employed veterans have been assigned to overseas posts, where they are imparting their superior skills and know-how to our bases in other countries.

We are working to raise motivation among these re-employed veterans by giving bonuses to those demonstrating outstanding contribution to company performance.

All group companies in Japan have also had this re-employment system since fiscal 2006, when Japan put into effect the Revised Law Concerning Stabilization of Employment of Older Persons. Those applying for this system may work until they are 65, with their working hours and pay scale decided on by labor and management.

The contribution of these experienced workers is becoming more important with Japan’s declining birthrate and aging population. We plan to place these workers in positions that are best for them by considering their requests and expertise and by having them consult with their superiors.

### Number of Re-employed Workers and Rate of Re-employment
(Daikin Industries, Ltd. only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of retirees</th>
<th>Number of re-employed workers</th>
<th>Percentage re-employed after retiring (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>111</td>
<td>91.9</td>
<td>300</td>
</tr>
<tr>
<td>2015</td>
<td>102</td>
<td>83.1</td>
<td>200</td>
</tr>
<tr>
<td>2016</td>
<td>108</td>
<td>91.0</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>102</td>
<td>86.2</td>
<td>91.0</td>
</tr>
<tr>
<td>2018</td>
<td>106</td>
<td>86.8</td>
<td>91.0</td>
</tr>
</tbody>
</table>
History of Daikin’s Re-employment System

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>Retirement age extended from 55 to 60.</td>
</tr>
<tr>
<td>1991</td>
<td>Introduction of re-employment system for employees up to 63.</td>
</tr>
<tr>
<td>2001</td>
<td>Age raised from 63 to 65.</td>
</tr>
<tr>
<td>2004</td>
<td>Senior Skill Specialist contract employee system introduced.</td>
</tr>
<tr>
<td>2005</td>
<td>Experience worker revitalization project started.</td>
</tr>
<tr>
<td>2006</td>
<td>System introduced at Daikin Group companies in Japan.</td>
</tr>
</tbody>
</table>

Diversity Education for Employees

In fiscal 2018, Daikin Industries, Ltd. carried out a range of educational activities to cultivate a workplace culture and change people's thinking with the aim of further tapping into the talents of a diversity of employees.

Management training was held for managers to get participants to think and take action toward making maximum use of the capabilities and unique characteristics of all employees and building an organization that spurs innovation and gets results for Daikin. A total of 152 managers took this training.

For young employees in their second year with Daikin, we held self-growth step-up training, the aim of which is encourage employees to think for themselves about their long-term career, and acquire the know-how and skills to accelerate their growth. This training was a chance for the total of 265 participants to hear lectures and hold discussions with colleagues and take a good look at themselves and their goals.

We also held training for Japanese employees slated to work at overseas bases. The goal of this training is to help the appointees adapt as smoothly as possible to their new country by boosting their knowledge of things like its current affairs, people’s thinking and values, and the main considerations when doing business there, as well as by deepening their understanding of Our Group Philosophy, which is the unifying force for all group employees. In fiscal 2018, 114 employees took this training.
Basic Policy

The Daikin Group Conduct Guidelines state that we are constantly aware of and taking action on the safe operation of our factories. To achieve this, we constantly strive to create a "zero accident" workplace where Daikin employees and subcontract employees work safely, both for their own sake and to instill a feeling of safety in the minds of residents around our factories.

Group Conduct Guidelines

9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of "Safety First" to ensure the safety of the workplace and further gain the trust of people in the regions we serve.
Daikin aims to maintain "zero accident" workplaces at all global production facilities. An Officer in Charge of Safety is appointed to drive these efforts and comprehensively promote the safe operation of production facilities throughout the Group.

In Japan, Occupational Safety and Health Committees are established at each manufacturing facility to devise annual safety policies, formulate occupational safety and health plans and implement the PDCA cycle.

Overseas, employees responsible for safety are appointed at each production base and tasked with promoting safety and accident prevention measures. Annual safety meetings are held in each region in an attempt to improve the level of safety measures.

To improve the level of safety throughout the entire Group, joint safety and security meetings led by the Officer in Charge of Safety are held twice a year to share know-how. Also, divisions responsible for safety monitor the status of accidents within the Group on a monthly basis and provide guidance on prevention measures as necessary.
Targets and Achievements

Aiming for “Zero Accident” Workplaces at All Production Facilities

Aiming for “zero accident” workplaces, Daikin utilizes a rate showing the frequency of occupational accidents as an indicator of operational safety. The frequency rate of occupational accidents for the entire Daikin Group in fiscal 2018 was 1.38.

<table>
<thead>
<tr>
<th>Frequency Rate*1 (Including group companies in Japan and overseas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daikin Group (including overseas)</td>
</tr>
<tr>
<td>16.0</td>
</tr>
<tr>
<td>14.0</td>
</tr>
<tr>
<td>1.94</td>
</tr>
<tr>
<td>1.66</td>
</tr>
<tr>
<td>1.33</td>
</tr>
</tbody>
</table>

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

Frequency rate = Number of calamities by industrial injuries / Total actual working hours × 1,000,000

*2 No data was released for the U.S. in fiscal 2018. (As of end of May 2019)

Severity Rate* (Including Group companies in Japan and overseas)

This shows the severity of the calamity, expressed in man-days lost per 1,000 hours worked.

Severity rate = Total number of working days lost / Total actual working hours × 1,000
Occupational Safety and Health Management System

44 Bases Certified for OHSAS 18001 and Other Standards

Daikin has production bases around the world and we ensure safe plant operation and worker safety through the creation of occupational safety and health management systems (OHSAS) at each base, as well as certification for international standards such as OHSAS 18001.

Under this system, we use risk assessment to reduce and manage the risk of health and safety problems, and we ensure that we are continuously in compliance with laws and regulations. Education and safety patrols are conducted with the aim of achieving "zero accident" workplaces.

As of the end of fiscal 2018, 37 air conditioning manufacturing bases and seven chemical manufacturing bases had acquired certification related to OHSAS 18001 and other occupational safety and health management systems.

| Number of Bases with Occupational Safety and Health Management System Certifications |
|---------------------------------|-----------------|-----------------|
|                                 | 2018            |                 |
|                                 | Air Conditioning | Chemicals | Total |
| Japan                           | 2               | 1               | 3     |
| China                           | 15              | 3               | 18    |
| Asia/Oceania                    | 8               | 0               | 8     |
| Europe                          | 12              | 2               | 14    |
| The Americas                    | 0               | 1               | 1     |
| Total                           | 37              | 7               | 44    |
Employee Education and Training

Hands-On Training Raises Safety Awareness at Daikin Worldwide

An important focus in recent years has been hands-on training that simulates situations where certain actions or situations could invite danger. Using specially made devices and machines, employees take part in hands-on training in which they experience what it is like to be caught in or trapped by machinery in the equipment manufacturing industry, where such accidents are common; and where they see firsthand the danger of fire and pressure caused by chemical reactions common in the chemicals manufacturing industry. Combined with theoretical learning in the classroom, the hands-on training makes for an effective program.

At the Yodogawa Plant, emergency shut-down simulation training was held in which participants could experience what it would be like if the plant had to halt operations in a crisis. Making use of behavioral data on past malfunctions or abnormalities, and the knowledge of experts, a virtual emergency shut-down was implemented so that participants could take part in drills to figure out what measures would need to be taken. We also aim for zero workplace accidents at overseas bases through efforts such as safety education and safety patrols. For example, at O.Y.L. Manufacturing Company Sdn. Bhd. in fiscal 2014, 1,329 employees took part in training in which models and other methods were used to experience possible crises arising on the job.

Related information

➢ “Business Partners Contribute to Plant Safety” (Working Closely with Suppliers) (Page 366)
Employee Health Management

Supporting Employee Health through Checkups and Counseling

Daikin Industries, Ltd. strives to maintain employees’ health by providing all employees with semi-annual health checkups, as well as semi-annual special checkups for those engaged in specialized work, as required by health and safety laws. In fiscal 2018, 99% of employees underwent checkups. Employees who are found to have problems are put under the direct guidance of the company health clinic and are given thorough guidance in necessary measures to take. At such secondary checkups, employees are given personalized health guidance and advice on improving their habits that matches their individual lifestyles. Employees who require detailed examinations and treatment are sent monthly follow-up emails as part of our efforts to decrease the number of people not getting the care they need.

Employees working excessive hours are checked by an industrial physician, and if the employee needs special attention, he or she and his or her superior will receive guidance from the physician. At interviews with industrial physicians, employees are given not just health advice but also consultation regarding family life and other personal matters.

Daikin plants have numerous ways in which they help employees maintain their health. For example, health seminars are conducted at the Yodogawa Plant for all employees. To improve employees' awareness of their mental and physical health, they learn about things like lifestyle habits and stress management methods that will improve how they think and act about their health. Themes of the seminars include anger management (to deal with stress), healthy eating, and interpreting checkup results.

In order to provide opportunities to exercise, in January 2019 we held the Unicarl Competition joined by 512 participants. An annual health festival is also held to promote employee health and encourage communication with employee families, and in May 2018 a total of 1,471 people attended. Strength tests are held every year for employees, and in response to the number of employees showing a lack of muscle flexibility, we held three sessions at which participants did stretching exercises and yoga, which also help improve balance and thus prevent falls.

The Sakai Plant holds annual sporting events on its grounds with the goal of promoting employee health and getting employees communicating. More than 900 employees and their families took part in a 2017 carnival on the theme of mental and physical well-being.

At the Shiga Plant, health initiatives have led to fewer employees requiring mental and physical health guidance. The site has added health efforts to its action plan for occupational safety and health and has stepped up overall efforts, including the introduction of a health commendation system. This system incorporates a walking initiative sponsored by the health insurance union.
Percentage of Employees Taking Periodic Health Checkups (Daikin Industries, Ltd. only)

<table>
<thead>
<tr>
<th>(%)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>98</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

Percentage of Employees Requiring Health Guidance and Attention (Daikin Industries, Ltd. only)

<table>
<thead>
<tr>
<th>(%)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>53</td>
<td>72</td>
<td>69</td>
<td>53</td>
<td>56</td>
</tr>
</tbody>
</table>
Mental Health

Awareness of Individuals and Organizations Dealing with Mental Health Issues and Provision of Specialist Care

Daikin Industries, Ltd. strives to maintain the physical and mental health of employees. Based on guidelines from the Ministry of Health, Labour and Welfare, four types of mental healthcare measures, such as self-care and care by dedicated outside staff, are planned and implemented at all bases depending on the needs of each base.

For example, industrial physicians provide mental health checkups to employees who are transferred and to newly hired employees after three months, as well as to employees whose questionnaires have showed they are facing problems. There are also mental health lectures. In fiscal 2016, we began conducting stress checkups at all Daikin bases in Japan. Persons judged to have a high risk of stress met with industrial physicians so that their problems could be discovered early and solved through numerous approaches such as self-care and work environment improvement.

At the Sakai Plant, an industrial counselor provided counseling to 173 employees as part of self-care education for employees in their 20s and 30s. Self-care education conducted by a mental healthcare professional was provided six times to a total of 175 employees in their late 30s and early 40s. Further, line care education was provided 10 times in the form of groupwork based on case studies in which participants learned how to recognize and deal with stress.

At the Yodogawa Plant, mental care handbooks are published as part of self-care activities. These are updated each year with information such as methods for relieving stress and self-checking one’s health.

At the Shiga Plant, self-care training was held for employees in their third and fifth years at Daikin, and leadership training was held as part of line care efforts. There were also lectures on how individuals can take care of their health.

At Daikin bases in countries like the U.S., Thailand, and Australia, there are mental health counselors and help lines to ensure that employees enjoy a pleasant workplace.
Shortening Working Hours

Eliminating Long Working Hours by Obligating Employees to Leave at Closing Time and Boosting Work Efficiency

Daikin Industries, Ltd. strives to eliminate long working hours through measures such as obligating employees to leave the office at closing time once a week and prohibiting employees from coming to work on their days off (unless absolutely necessary and approved by the department head).

In this way, we are making a concerted effort to improve both work rule compliance and work efficiency. Yearly plans are made for each employee’s duties and working hours, and to ensure that work and personnel management are in line with the plans, checklists are filled out to manage daily work.

Furthermore, by implementing a planned 5-day paid work leave system and establishing 3 days of general paid leave, we aim to promote respect for work-life balance and a more vibrant work environment.

The Yodogawa Plant, in addition to the aforementioned efforts, strives to increase productivity as part of Daikin's group-wide initiative to improve the quality of work. Examples include eliminating wasted time and material in production processes and reducing the number of meetings and documents. In fiscal 2018, the Yodogawa Plant also provided education on work management for managers.

### Percentage of Employees Taking All Paid Leave (Daikin Industries, Ltd. only)

![Percentage of Employees Taking All Paid Leave](chart)

- **Percentage of Daikin Industries employees**
- **Percentage of Japanese workers in the manufacturing industry (according to Ministry of Health, Labour and Welfare)**

---

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>94.8</td>
<td>94.8</td>
<td>96.7</td>
<td>93.5</td>
<td>94.8</td>
</tr>
<tr>
<td>%</td>
<td>58.7</td>
<td>54.7</td>
<td>55.4</td>
<td>59.9</td>
<td>58.4</td>
</tr>
</tbody>
</table>
### Measures to reduce working hours

1. **Daily management of operations**
   - Self-checks and mutual-checks using checklists.

2. **Raising awareness and changing company culture**
   - Managers lead the way by not working on days off or late at night. Change from calculating working hours by month to calculating by week in order to more quickly adjust work plans and work load. Workplaces voluntarily establish their own rules regarding working for especially long hours.

3. **The 5 Rules**
   - Ensure that employees leave work at closing time once a week. Nobody works on days off. Do not allow employees to work excess hours. Do not make employees do unpaid overtime. Late night work is prohibited. Each department sets its own maximum permitted work time.

4. **Clarify management of operations**
   - Implement a work attendance system.

5. **Set goals to improve productivity and work efficiency in each division**
Basic Policy

Daikin Industries, Ltd. stresses a work-life balance for employees. We have a range of systems and measures that allow us to make use of a diverse range of human resources. The company has established an action plan that is already underway for helping employees both men and women, with children continue both work and home duties with peace of mind. We have been certified as a company complying with the Law for Measures to Support the Development of the Next Generation. We have put efforts into strengthening systems for both childcare leave and childcare support and encouraging male employees to take more childcare leave.

Helping Employees Match Work Schedule with Lifestyle

Employing Flexible Work Systems such as Flex Time and Discretionary Work System

To allow this diverse range of employees to work under flexible conditions and working hours, we use the flex time system. We also have a discretionary work system that can be taken advantage of by not just the R&D department but also by employees in other company departments conducting duties such as planning, proposals, and surveys related to company operations.

Thanks to these efforts to give employees flexible working conditions and working hours, Daikin had an employee turnover of just 4.0% (including mandatory retirement age employees) in fiscal 2018: this is far below the average of 14.9% for all industries in Japan (according to a 2017 survey by Japan’s Ministry of Health, Labour and Welfare).

Number of Employees Leaving, Employee Turnover (Daikin Industries, Ltd. only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
<th>Employee turnover (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>247</td>
<td>254</td>
<td>3.7</td>
</tr>
<tr>
<td>2015</td>
<td>245</td>
<td>59</td>
<td>3.9</td>
</tr>
<tr>
<td>2016</td>
<td>246</td>
<td>50</td>
<td>3.6</td>
</tr>
<tr>
<td>2017</td>
<td>78</td>
<td>68</td>
<td>3.8</td>
</tr>
<tr>
<td>2018</td>
<td>265</td>
<td>4.0</td>
<td>3.7</td>
</tr>
</tbody>
</table>
Support for Childcare While Working

Creating a Workplace Where Employees Can Balance Their Jobs and Childcare

Daikin Industries, Ltd. strives to create an environment where employees can continue their jobs even after having children. Since 2012, we have been holding seminars on returning to work from childcare leave for employees and their bosses. These seminars provide a place where participants can share thoughts and know-how that will help them work in a way that contributes to the workplace while also maintaining a work-life balance, and where they can think about how to build a long-term career. For double-income households, couples need each other’s cooperation if they are to properly balance work and childcare. Therefore, since August 2018, the husbands or wives of the person returning to work have also been taking part in these seminars on returning to work from childcare leave.

In fiscal 2013, we began offering the full support of outside specialists to employees searching for nursery schools for their children. Besides providing information on nursery schools and how to go about finding a suitable one, this service offers advice and counseling for everyone from pregnant mothers to those ready to put their children in a nursery school. This service is used by employees taking childcare leave.

In municipalities all over Japan, more and more parents are having trouble finding daycare facilities for their children. Moreover, a lack of knowledge and information on finding daycare means increasing numbers of families cannot get their children into facilities at the desired time. In June 2017, we began giving daycare and childcare leave support seminars to provide information on finding daycare and how to make the most of life while on childcare leave. The seminars are for employees planning to take childcare leave (for at least two months, including maternity leave).

In April 2014, we implemented our fourth action plan based on the Law for Measures to Support the Development of the Next Generation. Under this action plan, we introduced more flexible work options for employees making an early return from childcare leave, improved the childcare support cafeteria plan* and gave employees more choices under this plan, and for employees making an early return to the workplace increased the amount of subsidies from the company, to a maximum of 600,000 yen, to pay for childcare services.

In January 2016, Daikin introduced a work-at-home system to give employees the chance to work at home yet still continue to take on the challenges of their jobs. This system provides three choices: full-time employees can work up to once a week at home; employees returning to the workplace less than six months after starting childcare leave can work up to four times a week at home; and employees can have more freedom in choosing when and where they work. This system was established to help workers making an early return to work from childcare leave. It is used in the case when employees must make an early return to the company due to pressing work. It has taken firm root among employees and is being used more and more each year. As of March 2019, there were 51 employees taking advantage of this work-at-home system.

We will continue to help employees achieve an ideal balance of work and childcare while also using their talents to the fullest.
Notes:
Number of Employees Taking Childcare Leave (Daikin Industries, Ltd. only)

* Childcare support cafeteria plan: A system under which Daikin provides subsidies for childcare service fees incurred by employees with children whose spouse is also working. Fees may be daycare fees incurred when the employee is working overtime or on a business trip, or hospital bills when the child is sick.

274 Male Employees Take Childcare Leave

Daikin Industries, Ltd. encourages male employees to take extended leave for childcare and aims to create a work environment in which male employees feel comfortable taking childcare leave. We are revising company systems to stay ahead of revisions to relevant Japanese laws; for example, we lifted restrictions on childcare leave for men with at-home spouses, and male employees are allowed to take childcare leave twice as compared to only once previously.

In December 2016, we launched a policy to recommend that all male employees with a recently born child take at least five days of childcare leave.

Measures:
1. Sending of documents for a system in support of childcare leave and the balancing of work and childcare.
2. Dialogue between male employees and their bosses and clarification of planned dates of childcare leave.
3. HR division confirms leave dates and whether employees are taking childcare leave.

As a result of these efforts, there were 140 male employees who took childcare leave in fiscal 2018. We will continue to encourage men to take part in childcare as well as create an environment where both men and women balance their jobs and family duties.

Daikin Industries, Ltd. achieved the targets of its first action plan based on the Law for Measures to Support the Development of the Next Generation. For this, the company was certified by the Osaka Labour Bureau (Ministry of Health, Labour, and Welfare).

Symbol Showing Certification as a Company Supporting Employees Childcare Efforts
Fourth Action Plan based on the Law for Measures to Support the Development of the Next Generation

1. Plan duration: Five years, from April 1, 2014 to March 31, 2019
2. Content

**Target 1**: Implement measures to help employees make a smooth return to the workplace following childcare leave and to help them play an active role at work.

   **Measures**
   - From April 2014: Announce revisions to the childcare cafeteria plan system and encourage employees to use this system.
   - Until end of March 2016: Introduce measures to maintain and improve skills during childcare leave.
   - Until end of March 2017: Thoroughly establish the nursery school assistance service and implement improvements that will lead to its effective enforcement.

**Target 2**: Look into introduction of the system for allowing employees to work a few days a week at home, a new way of working aimed at employees who want a work-life balance.

   **Measures**
   - From April 2014: Conduct trial.
   - From July 2014: Verify results of trial, fix problems, and look into making it into a new work system.

**Target 3**: Create a workplace culture and atmosphere in which employees can achieve a work-life balance while at the same time taking on new challenges, growing, and building a career.

   **Measures**
   - From April 2014: Have ongoing management training for bosses (of employees seeking a work-life balance).
   - From July 2014: Have ongoing seminars on returning to the workplace for employees returning to work from childcare leave and their bosses, and continuously improve the content of these seminars.
   - Until March 2016: Hold exchange events with other companies and seminars at which participants think about balancing work and childcare and building a career.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Introduction of childcare leave system and shortened working hours for parents.</td>
</tr>
<tr>
<td>2005</td>
<td>First action plan based on the Law for Measures to Support the Development of the Next Generation.</td>
</tr>
<tr>
<td>2007</td>
<td>Achievement of goals of first action plan. &lt;br&gt;Creation of second action plan. &lt;br&gt;Introduction of childcare cafeteria plan.</td>
</tr>
<tr>
<td>2010</td>
<td>Reassessment of childcare leave and family care leave in accordance with the revised Child Care and Family Care Leave Act.</td>
</tr>
<tr>
<td>2012</td>
<td>Achievement of goals of second action plan. &lt;br&gt;Creation of third action plan (implementation period: April 2012 to March 2014). &lt;br&gt;Revision of childcare cafeteria plan.</td>
</tr>
<tr>
<td>2013</td>
<td>Introduction of nursery school assistance service.</td>
</tr>
<tr>
<td>2014</td>
<td>Creation of fourth action plan (April 2014 –March 2019). &lt;br&gt;Revisions to childcare cafeteria plan. &lt;br&gt;Introduced flexible working conditions and subsidies for childcare service fees to help workers making early return to work from childcare leave. &lt;br&gt;Trial system for allowing employees to work up to once a week at home.</td>
</tr>
<tr>
<td>2016</td>
<td>Introduction of work-at-home system.</td>
</tr>
</tbody>
</table>
Support for Family Care and other Employee Benefit Systems

Family Care Leave and Shortened Working Hours

Under our family care leave system, employees can take leave up to a maximum of 365 days, which can be taken continuously or broken up into numerous leave blocks. Under this system, we have also increased from once to three times the number of leave blocks that can be taken for each time that member's condition becomes such as to require care.

With our system for adjustment of working hours for family care (under which employees can opt to work a staggered or flexible work schedule, or a shorter six-hours-per-day schedule), for each family member who requires care, employees can break their use of this system into two or more times over a period of three years starting from initial use of this system. (This is in addition to days taken under the family care leave system.) And under our short family care leave, employees can now take leave in units of half a day.

Number Taking Family Care Leave (Daikin Industries, Ltd. only)

Other Employee Benefit Systems (some are abridged)

<table>
<thead>
<tr>
<th>Pension</th>
<th>Defined contribution pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid leave</td>
<td>Seniors' leaves system</td>
</tr>
<tr>
<td></td>
<td>The employee gets three days of paid leave between the month the employee turns 55 and retirement age.</td>
</tr>
<tr>
<td></td>
<td>Participation in Japan</td>
</tr>
<tr>
<td></td>
<td>Overseas Cooperation</td>
</tr>
<tr>
<td></td>
<td>Volunteers</td>
</tr>
<tr>
<td></td>
<td>Employees may be allowed to take time off work for this.</td>
</tr>
</tbody>
</table>
Basic Policy

Daikin offers "fairness of opportunity and reward": a workplace where employees are rewarded for putting their motivation to work and taking every opportunity for success.

Employee Evaluation and Treatment

Pursuing Fairness of Opportunity and Reward

In fiscal 2001, Daikin Industries, Ltd. eliminated standardized wage scales based on age and seniority, along with uniform pay raises. Instead, we switched to a compensation system that rewards performance, not age or seniority.

Our performance evaluation focuses on how well employees improve their abilities. This evaluation also looks at job results in three categories called achievements, challenging spirit, and growth. To ensure even greater fairness of evaluation, managers evaluate their staff only after consulting with other managers. Employees are also evaluated based on their level of contribution to company successes and to the organization as a whole. In 2002, this compensation system was extended to include Daikin Group companies in Japan.

In fiscal 2011, we began formulating unified worldwide guidelines that cover our philosophy of performance-based pay and detail how job results should be reflected in pay. This will give the entire Group a fair, credible compensation system.
Job Placement and Transfer

Creating Opportunities to Understand Employee Circumstances

Whenever possible, Daikin Industries, Ltd. asks new employees where they want to work and if possible assigns them to the departments and sections of their choice. If new employees cannot be placed in the department or section of their desire due to personal aptitude and company needs, we do all we can to gain their understanding.

Every year, employees fill out their own record of work, which includes a column for free comments about health, family, and job positions desired. When we consider transferring an employee, we look at these comments and talk to them in efforts to ensure, whenever possible, that their job desires and spirit of challenge is reflected in the posts they are assigned to. For employees who wish to work overseas, we have established a practical training system to support employees in foreign positions.

We will continue to build rewarding workplaces for our employees by matching their dreams and goals with those of Daikin.
Human Resources

LABOR MANAGEMENT RELATIONS

Basic Policy

Daikin Industries, Ltd. believes that cooperative labor management relations are the foundation of company management. We therefore place the utmost emphasis on equality of labor and management, as well as mutual trust between both sides. Our stance has, and always will be, to face the truth in solving all problems, and to speak frankly and draw clear lines between what is and what is not possible.

Except for managers and some contract employees, 86% of those at Daikin Industries, Ltd. are union members. The company holds frank discussions with the labor union. As soon as business plans are clarified, management holds a meeting where it explains these plans to the labor union. In fiscal 2018, there were 16 such meetings held at the head office. Participants discussed topics including how to improve workplace structure and motivation, make work more rewarding, and tackle management issues.

Employee working conditions and status are matters discussed between labor and management, with results of these discussions promptly reported to employees of the various divisions.

Respecting the Rights of Workers

Specification in Work Regulations and Agreements and Publicizing of Respect for Workers Rights

At Daikin Industries, Ltd., we believe that the company should respect its employees as individuals and strive to improve their welfare, and that employees should fulfill their duties as workers. The principle of respect for the rights of the worker is specified in work regulations and labor agreements.

To ensure understanding of workers' rights, we give a thorough explanation of the work regulations and labor agreement to new employees when they join the company, and the labor union also conducts similar education of employees.
Dialogue with Employees

Hearings for Employees to Improve Working Conditions

Daikin Industries, Ltd. has about 10 hearings a year with at least 3% of its employees (approximately 240 employees). Salary negotiations are held between labor and management with consideration for factors including company performance, operational issues, world trends, and the work of the labor union. Interviewing each employee based on these factors results in that person receiving a salary that both sides agree is fair under the circumstances.

Besides salary, employees are also given hearings when there are matters to report from the company, such as new fiscal year policies, budget and performance reports, and a message from the president at bonus time. Other ways that we hold dialogue with employees include meetings between managers and their workers during announcement of annual targets and employee evaluations. Listening to frank employee opinions ensures that we can continuously improve labor-management relations.