Stakeholder Engagement

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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.

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.
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

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Main dialogue methods and opportunities</th>
<th>Main dialogue representatives at Daikin</th>
</tr>
</thead>
</table>
| **Customer** (Page 238)                          | • Daily sales activities  
• Contact Center  
• Showrooms  
• Dialogue during repair visits  
• “Thank You” sales events and product explanations at distributors | Sales divisions  
Service Division                                                                 |
| **Shareholders and investors** (Page 373)         | • Shareholders’ Meeting  
• Briefings for investors  
• Annual Report, business reports  
• Information for investors on Website | General Affairs Department  
Corporate Communication Division                                                                 |
| **Procurement business partners** (Page 353)      | • Daily procurement activities  
• Supplier briefings  
• Supplier Quality Conferences  
• Quality improvement announcement meetings  
• Quality audits | Procurement Division                                                                                      |
| **Employees** (Page 263)                         | • Interviews based on employee self-assessments  
• Labor-management council meetings, labor union council meetings  
• Group Management Meeting  
• Global managers’ meetings | Human Resources Division  
Corporate Planning Department                                                                 |
| **Communities** (Page 380)                        | • Informing local community of emergency disaster drills  
• Factory tours  
• Involvement with local groups and events  
• Providing environmental education | Companies workplaces  
CSR Division                                                                                          |
| **NPOs, NGOs** (Page 376)                         | • Dialogue with NPOs and NGOs | CSR Division                                                                                             |
| **National and local governments, industry, academia** (Page 376) | • Dialogue with government representatives in each country  
• Dialogue with UN representatives  
• Participation in industry activities  
• Research in joint industry–academia initiatives  
• Air Conditioner Forums | Companies workplaces  
PR divisions  
CSR Division  
Research Department |

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*Note: Pages referenced (Page 238, Page 263, Page 353, Page 373, Page 376, Page 380)*
Stakeholder Engagement

DIALOGUE WITH SHAREHOLDERS AND INVESTORS

Basic Policy

Based on Our Group Philosophy's policy of "With Our Relationship with Society in Mind, Take Action and Earn Society's Trust," Daikin Industries, Ltd. believes in its responsibility to shareholders and investors to abide by laws, conduct corporate activities with the utmost in ethics, and earnestly disclose information to ensure transparency of management.

For company-related information such as decisions and occurrences, in line with the rules of the Tokyo Stock Exchange, we disclose timely information on the stock exchange’s TDnet online system, and promptly on the Daikin website. Even for information that we are not legally obligated to promptly disclose, we do everything possible to release information that we believe will help the investment decisions of shareholders and investors.

Related information

- Disclosure Policy (https://www.daikin.com/investor/management/disclosure/)
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 hold talks with institutional investors in Japan and other countries. We speak with investors over 400 times a year through face-to-face meetings, business briefings, and factory tours.

In order to ensure fair disclosure of information to everyone, regardless of whether they are institutional or private investors in Japan or other countries, we strive to disclose IR information in English and make public information on our website on details of things like financial performance briefings.

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. We also promptly post the information on the Daikin website and on this website of the Tokyo Stock Exchange at least a week before we send it.

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 87.41% in fiscal 2018. The number of votes cast over the Internet also increased to 1,754,167 in fiscal 2018 (1,290 shareholders).

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Voting rights exercised</td>
<td>83.2</td>
<td>85.7</td>
<td>86.8</td>
<td>89.5</td>
<td>87.41</td>
</tr>
<tr>
<td>Votes cast over the Internet</td>
<td>1,443,620</td>
<td>1,495,992</td>
<td>1,596,419</td>
<td>1,744,888</td>
<td>1,754,167</td>
</tr>
<tr>
<td>Shareholders voting online</td>
<td>923</td>
<td>902</td>
<td>921</td>
<td>1,020</td>
<td>1,290</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakdown of Shareholders (March 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shareholders 25,643</td>
</tr>
<tr>
<td>Financial institutions 49.7%</td>
</tr>
<tr>
<td>Financial products sellers 2.2%</td>
</tr>
<tr>
<td>Other corporations 9.8%</td>
</tr>
<tr>
<td>Foreign corporations 33.5%</td>
</tr>
<tr>
<td>Individual investors, others 4.7%</td>
</tr>
</tbody>
</table>
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 2018, we held Air Conditioner Forums six times in the five global regions.

The fiscal 2018 Konwakai for North America was the tenth such event, and to mark this anniversary we held the event at the Daikin Ales Aoya Global Training Center in Tottori Prefecture, Japan, and invited the U.S. Consul General in Osaka to be a guest speaker. The event featured introductions of Daikin's energy efficient technologies and environmental strategies, and lively discussions on the possibilities for IoT and AI technologies.

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), the Daikin Group took part in the 9th Asian Conference on Refrigeration and Air-conditioning (ACRA 2018) in June 2018 in Sapporo.

North America Konwakai
<table>
<thead>
<tr>
<th>Region</th>
<th>Main discussion topics</th>
<th>Invited guests (university professors, experts, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia, Oceania</td>
<td>Green buildings, demand-response, indoor air quality, outlook for air conditioning business, Daikin's policy on refrigerant environmental issues</td>
<td>11 22</td>
</tr>
<tr>
<td>Latin America</td>
<td>Progress in energy efficiency and environmental technologies toward building a sustainable society, advanced technologies for boosting building air conditioning efficiency, efforts to switch to low GWP refrigerants in response to the Kigali Amendment to the Montreal Protocol</td>
<td>5 31</td>
</tr>
<tr>
<td>Japan</td>
<td>Beyond energy-efficient buildings to healthy buildings, energy management to meet demands for building energy, introduction to Daikin's environmental efforts</td>
<td>1 Total 22</td>
</tr>
<tr>
<td>North America</td>
<td>Contributing to the environment by utilizing Daikin's environmental technologies, Daikin's efforts in the age of IoT and AI</td>
<td>5 19</td>
</tr>
<tr>
<td>Europe</td>
<td>Indoor air quality and ventilation, F-gas Regulation and refrigerant issues</td>
<td>15 20</td>
</tr>
</tbody>
</table>
Active Information Exchange with International Organizations and NPOs and NGOs

We take every possible opportunity to exchange opinions with a range of international organizations and NPOs and NGOs on topics such as the environment and energy.

In fiscal 2018, we invited Mr. John Dulac, one of the authors of *The Future of Cooling*, a report on increasing demand for air conditioning and the electricity problems this poses, published by the International Energy Agency (IEA), to give a lecture and take part in a panel discussion at the Technology and Innovation Center (TIC). The discussions covered future possibilities of air conditioning and what Daikin can do.

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

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 2018, we took part in subcommittees of the Global Compact Network Japan, the Eco-First Promotion Conference, and other gatherings.

Related information

- Participation in the Global Compact (Page 80)
- Endorsement as an Eco First Company (Page 213)
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.

At the 40th Meeting of the Open-ended Working Group of the Parties to the Montreal Protocol in July 2018, we gave a guest lecture on proper management of refrigerants. On a request from the World Bank, we gave lectures on HFC standards and restrictions around the world at World Bank-sponsored international conferences in November 2018 in Washington D.C. and in February 2019 in Thailand. In December 2018, Daikin personnel presented five research papers at the 13th International Symposium on New Refrigerants and Environmental Technology 2018, sponsored by the Japan Refrigeration and Air Conditioning Industry Association (JRAIA).

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 both fiscal 2016 and 2017, Daikin 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 2018, as a Collaboration Program with the Private Sector for Disseminating Japanese Technology under the Japan International Cooperation Agency (JICA), we embarked on a project to spread the use of environmentally conscious, high-efficient air conditioners using the R-32 refrigerant in Mexico. In June 2018, the project got underway with verification testing in five Mexican cities, with JICA inviting Mexican government officials to observe the project. In January 2019, another project for the dissemination of environmentally conscious, high-efficiency air conditioners began in Brazil.