Respect for Human Rights
Policy

Based on the laws and regulations of each country and region, we respect basic human rights in accordance with international norms.

In countries and regions where we conduct business activities, we respect the human rights of all our stakeholders.

Related information

- Participation in the Global Compact (Page 80)
- “Group Conduct Guidelines” (CSR Philosophy) (Page 34)
Respect for Human Rights

RESPECT FOR HUMAN RIGHTS

Basic Policy

Advocating Human Rights in Our Group Conduct Guidelines in Order to Promote Respect for Individuals

Human rights are enshrined in our Group Conduct Guidelines, which detail how Daikin Group officers and employees should act. Based on the laws of countries and regions around the world, we respect basic human rights by understanding and abiding by various international norms related to human rights, such as the International Bill of Human Rights and the Guiding Principles for Business and Human Rights.

In addition, the Daikin Group takes part in the United Nations Global Compact for aligning operations to universally accepted principles on issues such as human rights and labor standards.

Group Conduct Guidelines

10. Respect for Human Rights and Diversity and Observance of Labor Laws

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. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).
Specific Guidelines

1. Respecting human rights
   We shall respect the human rights of each and every employee without regard to nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. We shall cooperate with each other to ensure a pleasant working environment and good human relations in the workplace, and make every effort to create a fair and positive workplace. There shall be no harassment including sexual or power harassment as well as harassment relating to pregnancy, childbirth, or childcare leave. Furthermore, we shall respect the human rights of people outside the company including our business partners and various stakeholders.

2. Respecting diversity
   We shall draw together the strength we possess by respecting diversity in values and acting in harmony through mutually acceptance of our respective differences. We shall enhance the individuality and abilities of each and every person to become the strength of the team and aim to be a group that generates one innovation after another at all workplaces.

3. Observance of laws and regulations relating to labor practices
   We shall thoroughly comply with all labor laws and regulations (Labor Standards Law, the Industrial Safety and Health Law, the Labor Union Law, the Worker Dispatch Law, etc.,) and promote a relationship where "the company and the individuals who work there are drawn together by mutual preference" to create a foundation where each and every employee can work with enthusiasm.

4. Ensuring workplace health and safety
   We shall first ensure the health and safety of our workplaces so that all employees can work safely by creating a good work environment that prevents disasters through the daily inspection of workplaces for causes of disasters and the implementation of disaster prevention measures.

5. Instilling pride in all Daikin employees
   Before taking any action, we shall remain aware of our social responsibility as Daikin employees. We shall not commit any anti-social or illegal acts, and shall not allow any other persons to commit such acts. In addition, we shall observe our working regulations and internal company policies and shall not commit any dishonest or unfaithful acts. Moreover, we shall maintain internal order and public morals and shall work diligently and with sincerity.

Related information

- Participation in the Global Compact (Page 80)
Managing Human Rights Matters and Assessing Impact

Identifying and Reducing Human Rights Risks

Daikin identifies human rights issues in its business, assesses risk throughout the value chain, and lists risks that should be prioritized. In our operational risk management system, we identify human rights risks and reduce the chance of these occurring by creating countermeasures.

Our CSR Action Plan 2020 stipulates respect for human rights. The quantitative index of respect for human rights is the execution rate of self assessments. Since respect for human rights is one of the criteria of the self assessments, they confirm how well Daikin is respecting the rights of individuals.

The results of self assessments, as well as issues that come up and proposals for their solution, are reported to the Corporate Ethics and Risk Management Committee, thus ensuring this information is shared throughout the Daikin Group to mitigate the risks.
# Human Rights Risks in the Daikin Group Value Chain and Relation to Major Stakeholders

<table>
<thead>
<tr>
<th>Types of human rights risks</th>
<th>Details of risks</th>
<th>Related stakeholders</th>
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<tr>
<td>Occupational safety and health</td>
<td>• Eroding safety or health due to work accidents or poor working environment</td>
<td>Employees Suppliers</td>
</tr>
<tr>
<td></td>
<td>• Noise, vibration, fires, etc. at bases</td>
<td>Employees Suppliers Community members</td>
</tr>
<tr>
<td></td>
<td>• Child labor, forced labor</td>
<td>Employees Suppliers Community members</td>
</tr>
<tr>
<td>Products and services</td>
<td>• Harm to customers' life and health because of faulty products or services</td>
<td>Customers</td>
</tr>
<tr>
<td></td>
<td>• Wrongful use or abuse—unforeseen by the company—of products or technologies</td>
<td>Customers</td>
</tr>
<tr>
<td>Discrimination</td>
<td>• Lack of concern for people because of their gender, or because they are members of indigenous groups, ethnic minorities, LGBT, immigrant laborers, etc. (inappropriate language, advertising expressions, etc.)</td>
<td>Customers Employees Suppliers Community members</td>
</tr>
<tr>
<td>Communities</td>
<td>• Air and water pollution, misuse of natural resources</td>
<td>Employees Suppliers Community members</td>
</tr>
<tr>
<td></td>
<td>• Procurement of conflict minerals associated with inhumane acts</td>
<td>Community members</td>
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<tr>
<td>Societies and government</td>
<td>• Procurement of conflict minerals mined under inhumane conditions</td>
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<td>• Leakage of personal information</td>
<td>Customers Suppliers Employees</td>
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<tr>
<td></td>
<td>• Violation of human rights-related laws</td>
<td>Customers Suppliers Community members Employees</td>
</tr>
</tbody>
</table>

**Related information**

- **Philosophy on Suppliers** (Page 355)
Dealing with Human Rights Risks

Respecting Human Rights in the Supply Chain

Formulated in April 2017, Daikin's Supply Chain CSR Promotion Guidelines stipulate mechanisms and rules for protecting human rights; for example, a system for monitoring human rights and the prohibition of child labor and forced labor. Our suppliers are urged to abide by these guidelines.

In fiscal 2018 in the air conditioning divisions, we conducted CSR questionnaires, which include items regarding respect for human rights, at 135 major suppliers in Japan. Starting in fiscal 2019, we are working to raise the level of human rights respect and other CSR matters at suppliers in Japan and then carry out similar efforts at Daikin globally.

In our chemicals divisions, every year in April as part of ongoing assessments, we have suppliers fill out questionnaires to diagnose their own compliance and that of their external providers. These questionnaires contain items on human rights and thus tell us what suppliers are doing in this respect.

In addition, we take part in the subcommittee on supply chains of the Global Compact Network Japan, the local body of the UN Global Compact. The subcommittee is made up of UN Global Compact member companies and organizations. In fiscal 2108, we strove to step up our human rights-related efforts by looking at what other companies are doing with regards to human rights issues and by learning from experts on the subject.

Response to Personal Data Regulations for EU Citizens

Daikin has its own Group guidelines for the protection of personal information that it strictly enforces. These guidelines are the basis for promotion systems and rule systems of each Daikin Group company. In addition, we have formulated rules regarding the handling of personal data in the EU. These rules cover the requirements under the General Data Protection Regulation (GDPR), a regulation on the personal data of EU citizens. The Daikin rules cover protection measures for when personal data is taken out of the EU, the recording and control of how personal data is handled, and measures to ensure safe management of personal information. Every employee in the Daikin Group is familiarized with these rules.

In fiscal 2018, we set up a help-line for inquiries from EU citizens.
Related information

- "CSR Procurement" (Philosophy on Suppliers) (Page 357)
Human Rights Education

Raising Human Rights Awareness through Periodic Education Sessions and Assessments

Daikin strives to raise awareness of human rights among officers and employees through periodic education sessions and assessments.

Through annual self assessments to confirm how well the Group Conduct Guidelines are being followed, employees assess themselves and thus contribute to their improved understanding of the guidelines. Human rights education for each level of employees helps them improve their human rights awareness.

For example, at Daikin Industries, Ltd. training is held every year for all officers, new employees including those at affiliates, and newly appointed managers. To prevent harassment through improved employee awareness, efforts include training for career-path employees and educational posters around the company. In fiscal 2017, training was held for compliance and risk management leaders (CRLs) to deepen their understanding of diversity management.

In fiscal 2018, officers, managers, and leaders took training in LGBT matters to gain a deeper understanding of sexual orientation. All employees took e-learning to gain a deeper understanding of LGBT issues, through everything from a grasp of the basics to recent legal precedents on the matter.

* LGBT: An acronym for lesbian (L), gay (G), bisexual (B), and transgender (T).

Whistle-blower System

At Daikin Industries, Ltd., employees can contact the internal Help-Line for Corporate Ethics to get advice and give opinions on all matters of corporate ethics including human rights, sexual harassment, and power harassment.

Related information

* "Help-line" (Compliance) (Page 326)