



Sustainability Report

2021

Fiscal Year Ended March 31, 2021



*For the Air We Live in*

# *For the Air We Live in*

Air is something that surrounds us 24 hours a day.  
In fact, our existence, as well as the Earth's, depends on it.  
At Daikin, the future of the world's air is our greatest concern.  
We use the knowledge, innovation and technologies,  
dedicated to air, cultivated over many years,  
to improve the quality of air we breathe  
and the quality of lives we live.  
This is our mission.



## **Company Profile**

**Name:** Daikin Industries, Ltd.

**Address:** Umeda Center Bldg., 2-4-12,  
Nakazaki-Nishi, Kita-ku, Osaka,  
Japan

**Incorporated:** February 11, 1934

**Founded:** October 25, 1924

**Capital:** 85 billion yen



## CONTENTS

Our Message / Contents .....	1	“Forests for the Air” Project .....	25
Daikin’s Business Lines and Network .....	3	Data .....	27
<b>Management Strategy and Sustainability</b>		Honors for Daikin .....	32
Message from the President .....	5	Third-Party Verification Statement .....	33
Overview of Sustainability .....	7	About This Report .....	34
Long-Term Outlook Policy (Environmental Vision 2050) .....	9		
Key Themes of CSR and Management Strategy .....	11		
CSR Action Plan 2020 .....	13		
Information Disclosure based on the TCFD Framework .....	15		
<b>CSR for Value Provision</b>			
Environment .....	17		
New Value Creation .....	19		
Customer Satisfaction .....	21		
Human Resources .....	23		



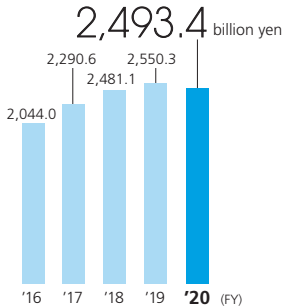
# Bringing the World Healthy, Comfortable Lifestyles

Daikin is a global manufacturer with close to 80% of net sales originating from outside of Japan and more than 80% of the Group's employees working overseas. In our businesses of air conditioning and fluorochemicals, we respond to the needs that arise from the diverse cultures and values of the world's countries and regions by providing products that make people and space healthier and more comfortable.

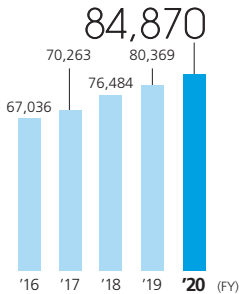
**Our Business:** Providing Healthy, Comfortable Lifestyles through Air Conditioning and Fluorochemical Technologies

<p><b>Air Conditioning</b></p> <p>Achieving Both Comfort and Environmental Performance to Meet All Global Air Conditioning Needs</p>	 <p>Residential Air Conditioners</p>	 <p>Commercial Air Conditioners</p>	 <p>Air Filters</p>
 <p>Air Purifiers</p>	 <p>Space and Water Heaters</p>	 <p>Air Conditioning Systems</p>	 <p>Refrigeration Equipment</p>
<p><b>Chemicals</b></p> <p>Utilizing the Characteristics of Fluorochemicals and Contributing to a Wide Range of Fields</p>	 <p>Semiconductor Field</p>	 <p>Automotive Field</p>	 <p>Information and Telecommunication Field</p>
<p><b>Oil Hydraulics, Defense Systems, and Electronics</b></p> <p>Proprietary Technologies at Work in a Range of Industries, IT Solutions</p>	 <p>Machine Tools</p>	 <p>In-Home Medical Equipment</p>	 <p>IT Solutions</p>

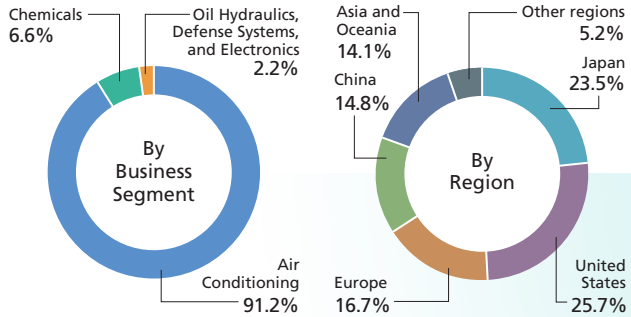
**Net Sales** (Consolidated)



**Number of Employees** (Workforce, Consolidated)



**Ratio of Sales** (Consolidated/Fiscal 2020)



**Business Sphere:** Daikin Is Active in Over 160 Countries

**Europe**

**9,947**  
Employees  
**75**  
Subsidiaries



**Japan**

**13,318**  
Employees  
**31**  
Daikin Industries and subsidiaries



**United States**

**19,812**  
Employees  
**61**  
Subsidiaries



**China**

**19,360**  
Employees  
**33**  
Subsidiaries



**Asia and Oceania**

**17,367**  
Employees  
**54**  
Subsidiaries



**Other regions**  
(Latin America, Middle East, Africa, etc.)

**5,066**  
Employees  
**62**  
Subsidiaries

Employees  
**84,870**  
Subsidiaries  
**315**

# Working toward Sustainable Growth in Line with Societal Changes and Daikin's Vision for the Future



## Taking into Account Rapid Changes in Society

Fiscal 2020 was a year like few others. Society experienced some of the largest and quickest changes that we have ever seen. The COVID-19 pandemic completely transformed the way we live and work, heightening everyone's awareness toward safety and security. The pandemic has also had major impacts on corporate activities. At the same time, the movement toward decarbonization picked up steam as well. Governments including Japan's are releasing decarbonization policy that strongly urges the business world to set and achieve greenhouse gas emissions reduction targets.

## Contributing to a Sustainable Society as a Company That Provides Solutions with Air

As the only manufacturer in the world to produce both air conditioners and refrigerants, Daikin has provided markets around the world with products and services harnessing its environmental technologies.

Our core business of air conditioning has become a form of infrastructure underpinning society, transforming the indoor environment in hot climate regions. In this manner, Daikin contributes to people's health through the prevention of heatstroke and improved air quality and supports economic development by improving work efficiency.

However, the widespread use of air conditioners increases electricity usage and impacts global warming. Following economic development in emerging countries,

demand for air conditioning is forecast to triple from current levels by 2050. Our social mission is to mitigate future global warming effects to every extent possible while providing comfortable air environments to the world.

## Fusion 25 Strategic Management Plan Seeks Carbon Neutrality

Under the Fusion 25 Strategic Management Plan, which targets fiscal 2025, Daikin aims to continually grow and develop its businesses while benefiting society and the environment with an eye toward the Sustainable Development Goals (SDGs), recognizing that rapid changes in society including decarbonizations represent a business opportunity. In this manner, the plan was backcast from Daikin's vision for the future. The growth strategy laid out in Fusion 25 focuses on the three themes of "Challenge to achieve carbon neutrality," "Promotion of solutions business connected with customers," and "Creating value with air," under the vision of "realize both contributions to sustainable society and Group growth."

Following the first theme of "Challenge to achieve carbon neutrality," Daikin established an interim target aimed at the goal of reducing greenhouse gas emissions to net zero by 2050. This target aims to lower greenhouse gas emissions throughout the entire lifecycle of our products by 50% or more in 2030 compared to BAU,\* with fiscal 2019 as the base year. In addition to reducing energy usage during manufacturing, expanding the adoption of environmentally conscious products, and expanding heat pump space and water heating businesses, we will work to build and commercialize refrigerant recovery,





reclamation, and destruction systems, while developing new environment-related businesses that create energy and new technologies for the decomposition, recovery, and reuse of CO<sub>2</sub>. Through “Promotion of solutions business connected with customers,” we will provide experiences that meet the new needs of people, and under “Creating value with air,” we will encourage the creation of new air environments that enrich people’s lives by delivering health and comfort, along with safety and reliability.

Additionally, we will focus on strengthening and reforming our management foundation. This includes building a resilient supply chain and promoting digitalization.

\* Business as Usual  
In this context, BAU refers to emissions in case of normal business growth without the implementation of countermeasures.

## Workforce Diversity as a Source of Growth

In order to achieve Fusion 25, we will refine people-centered management, as our people represent the foundation for Daikin’s growth. I recognize that it will be important to elevate this approach across the entire Group.

With a workforce of over 80,000 people in more than 160 countries around the world, the Daikin Group’s greatest strength is our unique form of diversity management, which creates innovation and enhances the Group’s collective strengths and competitiveness. This is achieved by embracing people with diverse values and from different cultures, ethnicities, generations and lifestyles, and harnessing the uniqueness and strengths of every individual to power the organization.

With our people as the driving force behind our competitiveness, we will implement measures that more dynamically utilize our talent around the world across borders and we will boldly deploy a new, flexible and uniquely-Daikin personnel system and measures for fostering a better work environment suited to a new normal. These measures will increase employee motivation and help generate results.

## Continually Fulfilling the Expectations of Stakeholders

Since 2008, the Daikin Group has participated in the United Nations Global Compact that sets out 10 principles spanning the four areas of human rights, labor, environment, and anti-corruption.

Daikin also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019. We are now focusing on the disclosure of environmental, social, and governance (ESG) data, including climate change, in addition to financial information.

As a company that grows its businesses while benefiting society, Daikin will continue to fulfill the expectations of its stakeholders, including customers, shareholders, investors, suppliers, employees, and local communities.

A handwritten signature in black ink that reads "Masanori Togawa".

**Masanori Togawa**  
President and CEO Daikin Industries, Ltd.

# Creating New Value and Contributing to Sustainable Development for Society

Daikin pursues management aimed at new value creation from short-, medium-, and long-term perspectives to contribute to solutions to social issues and sustainable growth through its businesses. In terms of short- and medium-term perspectives, we use our CSR Action Plan to evaluate the impacts our businesses have on society. As for long-term perspectives, we have established Environmental Vision 2050 after identifying and forecasting risks and opportunities. Fusion Strategic Management Plans are used to establish specific targets as well as plan and execute measures for every five-year period.

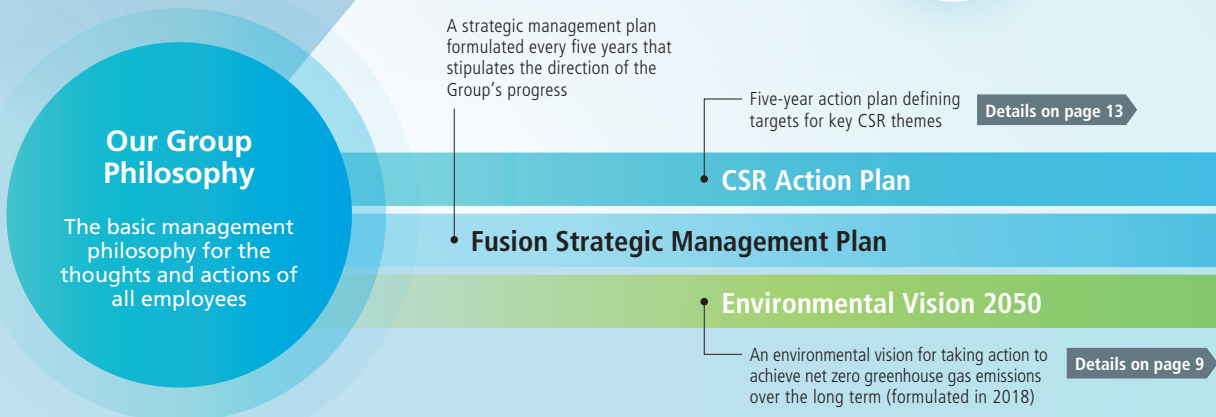
## International Frameworks toward Solving Society's Problems

### Social Problems Daikin Can Help Solve

- Intensifying climate change
- Increase and concentration of demands for electricity and other energy forms
- Intensifying atmospheric pollution
- Pandemics
- Resource depletion

### International Frameworks

- Sustainable Development Goals (SDGs)
- Paris Agreement to the UN Framework Convention on Climate Change
- Kigali Amendment to the Montreal Protocol





## Daikin's Aims for Value Creation

Provide new value that makes people and space healthier and more comfortable while at the same time reducing environmental impact.

### Value Creation for the Earth

Reduce environmental impact through all business activities and contribute to alleviating climate change

- Further raise the environmental performance of products
- Make effective use of resources
- Protect forests and help sustain their inherent functions



- Increased energy efficiency from the adoption of inverter air conditioners, etc.
- Development and adoption of lower GWP refrigerants
- Adoption of heat pump space and water heating
- Utilization and adoption of renewable energy



- Initiatives for net zero emission buildings (ZEB)
- Promotion of energy management and demand response



- Initiatives for energy efficiency, recycling-oriented, and lower resource production
- Refrigerant conversion in the market along with recovery, reclamation, and destruction

### Value Creation for Cities

Contribute to solving energy-related issues arising from urbanization and contribute to the creation of sustainable cities

- Effectively use energy throughout entire buildings and entire cities
- Build systems for recycling-based societies
- Create new types of energy



### Value Creation for People

Pursue new possibilities for air and contribute to healthy, comfortable lifestyles

- Provide safe and reliable air environments
- Improve indoor environments to support people's healthy and comfortable lifestyles
- Raise productivity to contribute to economic advancement



- Protect people from heatstroke and infectious diseases
- Countermeasures for atmospheric pollution



- Creation of value in air and spaces for people's physical and mental wellbeing

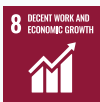


- Contribution to increased productivity by liberation from heat and cold

## Foundation Underpinning Value Creation

### Human Resources

Contribute to the growth of employees and local citizens



- Training of highly skilled personnel
- Job creation
- Contribution to local economic development

### Co-creation (partnerships)

Contribute to solving social issues through industry-government-academia partnerships



- Formation of market value (international rules and standards)
- Creation of new solutions that contribute to improved quality of life

2020 2025 2030 2035 2040 2045 2050

# Environmental Vision 2050

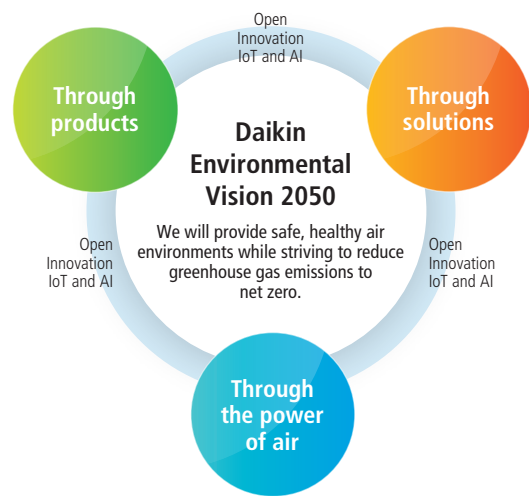
Adopted in 2015, the Paris Agreement contains a target for the latter half of this century of reducing greenhouse gas emissions to net zero and limiting global warming by less than 2°C compared to pre-industrial levels. In the spirit of the Paris Agreement, Daikin has formulated Environmental Vision 2050, with a target of reducing greenhouse gas emissions to net zero by 2050. We have established a reduction target for 2030 and incorporated this into our efforts under the Fusion 25 Strategic Management Plan.

## Environmental Vision 2050

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

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

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



## Growth Strategy Based on Risks and Opportunities

Future predictions about the sharp increase in demand for space cooling represent an important opportunity for us because air conditioning is our core business. At the same time, the increase in electricity consumption and greenhouse gas emissions attributed to air conditioning represents a major risk to the continuity of the air conditioning business in a society that demands de-carbonization because climate change is a worldwide issue.

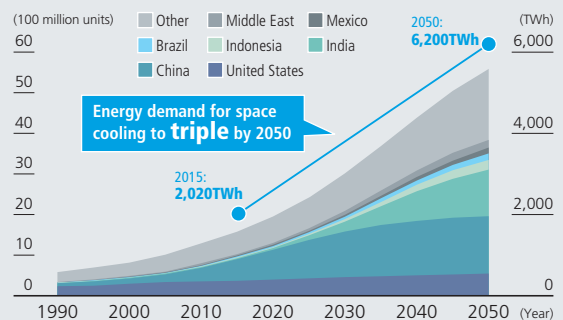
Therefore, in addition to mitigating environmental and climate change impacts by curtailing electricity consumption and preventing refrigerant leakage, Daikin will develop and spread higher energy-efficient air conditioners and refrigerants with a lower global warming potential. We will also create new environmental solutions, such as the efficient utilization of energy tied to buildings. This will enable us to balance contributions to social issues including climate change with the further growth of our businesses.

### Forecast from the IEA's *The Future of Cooling*

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

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

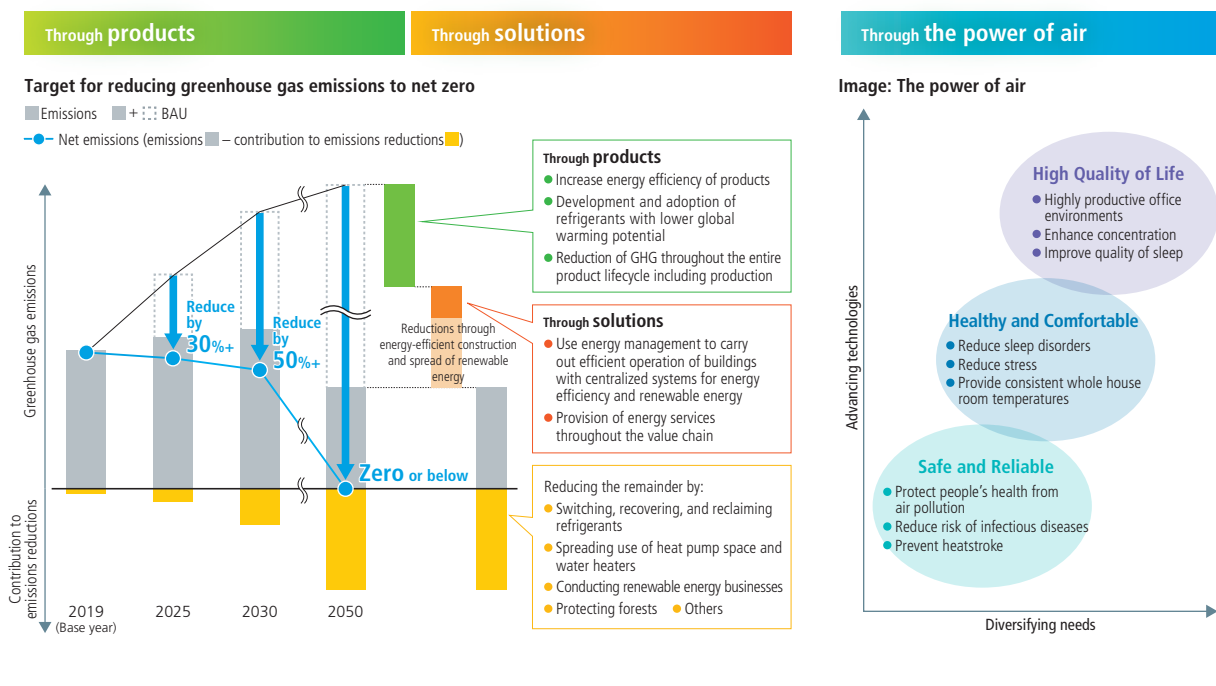
Worldwide air conditioner stock (number of units) and electricity demand



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

## Medium- to Long-Term Strategy toward Achieving Environmental Vision 2050

Daikin has established a greenhouse gas emissions reduction target after analyzing the future of its business operations in order to reduce these emissions to net zero while bringing the added value nature of air to people around the world. With the base year set at 2019, we aim to reduce greenhouse gas emissions by 30% or more in 2025 and by 50% or more in 2030 compared with emissions without measures (business as usual (BAU)). Measures to achieve these goals will be implemented under Fusion Strategic Management Plans.



## Initiatives in the Medium-Term Management Plan for Achieving Environmental Vision 2050

The three themes of the growth strategy for achieving Environmental Vision 2050 have been incorporated into the nine key strategy themes of the Fusion 25 Strategic Management Plan. We will now implement this plan aiming to balance contributions to resolving social issues through business growth.

**FUSION25** Offer new value for the environment and air to realize both contributions to a sustainable society and Group growth

### 3 Themes of Growth Strategy

<b>1. Challenge to achieve carbon neutrality</b>	Daikin will aim to achieve carbon neutrality by 2050. We will contribute to solving environmental issues, while at the same time expanding our business, by converting combustion heating to heat-pumps, switching to lower GWP* refrigerants and working to recover, reclaim, and destroy refrigerants.
<b>2. Promotion of solutions business connected with customers</b>	Daikin will expand the solutions business directly connected to customers with a focus on customer needs by application and market, and contribute to solutions to such issues as energy conservation and reducing food loss.
<b>3. Creating value with air</b>	Daikin will utilize its proprietary air-related technologies and products to significantly grow the indoor air quality and ventilation businesses and address the growing need for safe and reliable air.

\* GWP stands for global warming potential. This metric examines each greenhouse gas's ability to trap heat in the atmosphere compared to carbon dioxide.



# Identifying Key Themes of CSR and Management Strategy

Daikin has reflected the changes in external environment and the key themes of CSR identified by the CSR Committee with an eye toward 2030 in the key strategy themes of the Fusion 25 Strategic Management Plan (materiality of management) ending in 2025.

## 1 Understanding Stakeholder Concerns and Impacts

### Society's challenges (Global risks)

- Extreme weather events
- Natural disasters
- Climate action failure
- Biodiversity loss
- Infectious diseases
- Natural resource crises

Source: World Economic Forum Global Risks Perception Survey 2020

### International frameworks

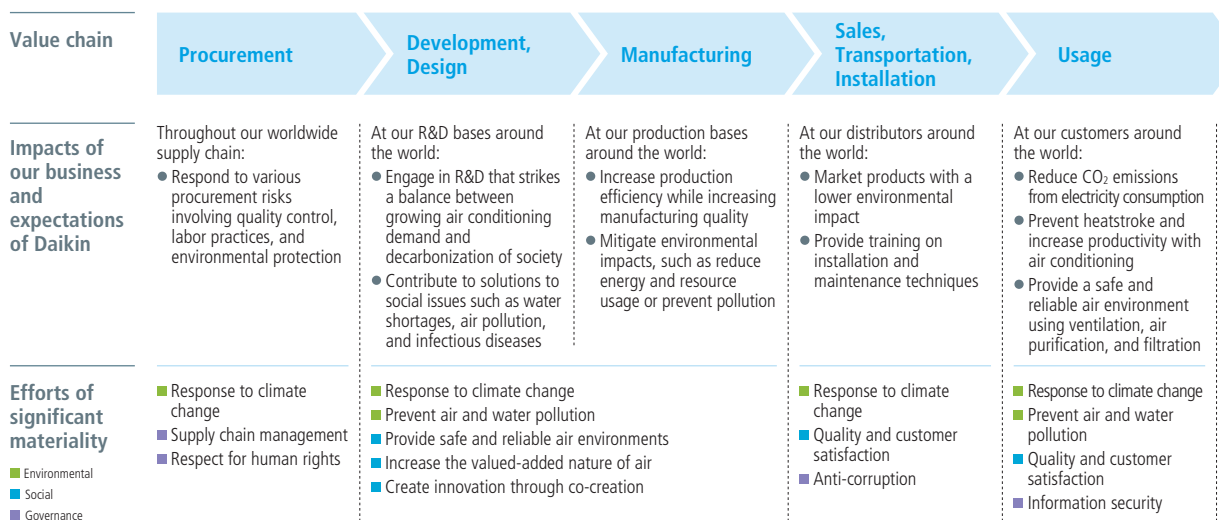
- Sustainable Development Goals (SDGs)
- Paris Agreement to the UN Framework Convention on Climate Change
- Kigali Amendment\* to the Montreal Protocol
- UN Global Compact (UNGC)

\* International agreement to phase down the global warming impact (CO<sub>2</sub> equivalent) of HFCs.

### Assessments of Daikin, stakeholder dialogue

- ESG assessment  
Dialogue with stakeholders
- Briefings for shareholders and investors
  - Air Conditioner Forums
  - Dialogue with international organizations, NPOs, NGOs, etc.

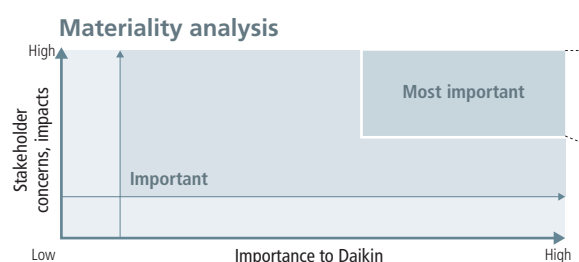
## 2 Assessing the Impact of Our Business on Society throughout the Entire Value Chain



## 3 Identifying Key Themes of CSR for Daikin and Society

Prior to formulating the Fusion 25 Strategic Management Plan, we reviewed our key themes of CSR.

We incorporated highly important initiatives for evaluating the impacts our business has on society across the entire value chain. On top of this, we evaluated the materiality for Daikin in terms of stakeholder's concerns and impacts by soliciting the views of investors, experts, and external directors and then conducting interviews with employees and senior management. This culminated in the CSR Committee finalizing the key themes of CSR.



# Reflecting them in

## Important Elements Affecting Daikin

- Worldwide electricity demand for space cooling will triple by 2050
- Acceleration in the decarbonization movement
- Growing physical risks such as extreme weather events and risk of resource depletion
- Growing need for safe and reliable air environments

### After-sales Service, Recovery, Recycling

At maintenance providers around the world:

- Provide high quality after-sales services
- Recycle air conditioners
- Establish a circular ecosystem of refrigerants through recovery and reclamation

- Response to climate change
- Response to resource recycling
- Quality and customer satisfaction

### Business Activity Foundation

For sustainable growth:

- Develop human resources to lead our business activities
- Promote compliance
- Strengthen governance and risk management

- Human resource development
- Corporate governance
- Risk management
- Respect for human rights

### Relationship with Society

For growing together with society:

- Collaborate with various stakeholders, including governments, international organizations, industry and academia, NPOs and NGOs, experts, and local communities

- Response to climate change
- Create innovation through co-creation
- Stakeholder engagement
- Communities

### Most important

- Response to climate change
- Provide safe and reliable air environments
- Increase the valued-added nature of air
- Create innovation through co-creation
- Quality and customer satisfaction
- Human resource development
- Diversity management

## Reflection in Fusion 25 Strategic Management Plan

Under the Fusion 25 Strategic Management Plan, Daikin established nine key strategy themes including “Challenge to achieve carbon neutrality” based on the key themes of CSR, our strengths, and changes in the external environment around Daikin. By implementing this plan, we will aim to contribute to society and grow the Group.

### Fusion 25 Strategic Management Plan

Offer new value for the environment and air to realize both contributions to a sustainable society and Group growth

#### 9 key strategy themes

#### 3 growth strategy themes

- Challenge to achieve carbon neutrality
- Promotion of Solutions business connected with customers
- Creating value with air

#### 1 theme for focus regions

- Air Conditioning business in North America

#### 5 themes to enhance the management foundation

- Strengthening technology development capabilities
- Establishing a robust supply chain
- Promoting digital transformation for innovation
- Creating market value/enhancing advocacy activities
- Improving HR capabilities through advanced diversity management

# CSR Action Plan 2020

	Key CSR Themes	About the CSR Initiatives	Fiscal 2020 Target
CSR for Value Provision	<b>Environment</b> Introduce state-of-the-art technologies to the market in order to address environmental and energy issue	<b>Provide Environmentally Conscious Products and Services Worldwide</b> <ul style="list-style-type: none"> <li>Promote use of energy-efficient air conditioners, including inverter products</li> <li>Promote use of air conditioners using refrigerants with lower global warming potential</li> <li>Promote use of heat-pump heaters and hot water heaters</li> <li>Expand our environmental solutions business</li> </ul>	<ul style="list-style-type: none"> <li>Through the worldwide adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions</li> </ul> <b>60</b> million tons-CO <sub>2</sub>
		<b>Minimize Environmental Impact in Production Activities</b> <ul style="list-style-type: none"> <li>Reduce greenhouse gases</li> <li>Manage and reduce chemicals</li> <li>Make effective use of water and other resources</li> <li>Promote green procurement</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions during development and production for entire Daikin Group</li> </ul> <b>70</b> % reduction over fiscal 2005 (reduced to 1.58 million tons-CO <sub>2</sub> )
		<b>Expand the Green Heart Circle of Love for the Earth</b> <ul style="list-style-type: none"> <li>Encourage employees to take part in environmental activities inside and outside work</li> <li>Promote environmental and social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Achieve Green Heart Factory certification for all production bases</li> <li>Preserve 11 million hectares of forest at 7 worldwide locations</li> <li>Implement and expand environmental activities in collaboration with stakeholders</li> </ul>
	<b>New Value Creation</b> Share dreams and ambitions inside and outside Daikin to realize a healthy, comfortable lifestyle through air	<b>Create New Value to Meet the Expectations of Customers and Society</b> <ul style="list-style-type: none"> <li>Value Creation for the Earth</li> <li>Value Creation for Cities</li> <li>Value Creation for People</li> </ul>	<ul style="list-style-type: none"> <li>Use IoT and AI for open innovation that creates new value</li> </ul>
	<b>Customer Satisfaction</b> Provide peace of mind and reliability through a focus on customer orientation, experience, performance, and advanced technologies	<b>Provide Customers with the Ultimate Satisfaction</b> <ul style="list-style-type: none"> <li>Ensure safety and quality</li> <li>Pursue customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Establish a high standard of quality</li> <li>Establish a service network covering the globe</li> <li>Grasp worldwide customer needs and pursue high customer satisfaction</li> </ul>
	<b>Human Resources</b> Respect individual personalities and values, and maximize the potential of each employee so that they can benefit Daikin and society as a whole	<b>Create a Work Environment Where Employees Can Use Their Talents to the Fullest through People-Centered Management</b> <ul style="list-style-type: none"> <li>Develop human resources</li> <li>Promote workplace diversity</li> <li>Promote occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>The ratio of excellent or advanced skilled engineers in manufacturing:</li> </ul> <b>1</b> in <b>4</b> employees <ul style="list-style-type: none"> <li>Increase percentage of overseas bases where local nationals are presidents</li> <li>Frequency rate (shows frequency of occurrence of labor accidents): <b>0</b></li> </ul>
Fundamental CSR	<b>Corporate Governance</b>	Accelerate decision-making and operational execution in response to management tasks and the changing management environment, and raise the level of management transparency and soundness to raise corporate value	<ul style="list-style-type: none"> <li>Degree of independence from the company, diversity, and transparency of the Board of Directors (Daikin Industries, Ltd. only)</li> <li>Thoroughness of compliance</li> </ul>
	<b>Respect for Human Rights</b>	Show respect for basic human rights in accordance with all international norms based on the laws and regulations of each country and region	<ul style="list-style-type: none"> <li>Thoroughness of respect for human rights</li> </ul>
	<b>Supply Chain Management</b>	Fulfill corporate social responsibility through environmental impact reduction, quality assurance, and occupational safety and health throughout the entire supply chain	<ul style="list-style-type: none"> <li>Conduct CSR procurement</li> </ul>
	<b>Stakeholder Engagement</b>	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	<ul style="list-style-type: none"> <li>Engage in dialogue with stakeholders and reflect this dialogue into management</li> </ul>
	<b>Communities</b>	Respect the culture and history of different countries and regions, and create strong bonds with communities as a good corporate citizen	<ul style="list-style-type: none"> <li>Contribution to environmental conservation, education support, and cooperation with the local community</li> </ul>



Daikin has formulated CSR Action Plan 2020, which sets targets for fiscal 2020 regarding four themes of CSR for value provision and five themes of fundamental CSR that we worked toward across the entire Daikin Group. As a result, we were able to achieve the targets for nearly every theme.

Quantitative Index	Fiscal 2020 Achievements	Explanation of Index
● Through the adoption of environmentally conscious products, contribute to reducing greenhouse gas emissions	● <b>70 million tons-CO<sub>2</sub></b>	We measured how much this contributed to reducing greenhouse gas emissions through the adoption of Daikin's environmentally conscious products.
● Environmentally conscious products as a percentage of sales volume (residential air conditioners)	● <b>98%</b>	We measured how much we increased sales volume of air conditioners using inverter technology and refrigerants with lower global warming potential.
● Reduction ratio of greenhouse gas emissions from development and production (over fiscal 2005)	● <b>79% reduction</b> (reduced to 1.08 million tons-CO <sub>2</sub> )	We measured how much we reduced greenhouse gas emissions generated from product manufacturing and other processes.
● Number of factories certified as Green Heart Factories	● <b>39 bases</b> ( 7 in Japan / 32 overseas )	We measured the increase in the number of production bases that achieved Daikin's in-house standards for environmental action.
● Contribution to CO <sub>2</sub> emission reductions through forest preservation	● <b>7 million tons-CO<sub>2</sub></b>	We measured contribution to CO <sub>2</sub> emission reductions through forest preservation activities at 7 worldwide locations where we are working together with international NGOs and other groups.
● R&D expenditure	● <b>71.7 billion yen</b>	We measured how much we invested in value creation and how many new technologies we came up with.
● Number of patent applications	● Japanese applications: <b>1,076</b> ● Overseas applications: <b>467</b> (FY2019) (Daikin Industries, Ltd. only)	
● Progress rate of after-sales services, setting the base year as 1.00	● Japan: <b>1.14</b> ● Singapore: <b>1.01</b> ● China: <b>1.04</b> ● Vietnam: <b>1.17</b> ● India: <b>1.15</b> ● Australia: <b>1.00</b> ● Indonesia: <b>1.10</b>	We measured how much we improved after-sales service customer satisfaction compared to the base year.
● The ratio of excellent or advanced skilled engineers in manufacturing	● <b>1 in 3.3 employees</b> (Daikin Industries, Ltd. only)	We measured the number of employees we trained, out of those involved in manufacturing, who possess advanced skills and knowledge and who can lead production activities.
● Percentage of overseas bases where local nationals are president	● <b>43%</b> (overseas bases)	We measured progress in appointing local nationals as presidents of overseas bases.
● Frequency rate	● <b>1.01</b>	We measured how well we succeeded in the safe operation of production bases.
● Number of directors who are outside the company, women, and foreign nationals	● <b>4 external directors, 1 female director, 1 foreign national director</b> (Daikin Industries, Ltd. only)	We measured the diversity of the make-up of directors.
● Self-assessment implementation rate	● <b>99%</b>	We measured how well we did in compliance through the implementation rate of self assessments.
● Self-assessment implementation rate	● <b>99%</b>	We measured how thorough we were in respect for human rights through the implementation rate of self assessments.
● CSR procurement rate	● <b>99%</b>	We measured the ratio of suppliers who satisfied Daikin's in-house standards to total procurement value.
● Number of air conditioner forums held, number of outside participants	● Held <b>eight times</b> online around the world with a total of <b>90 people</b> , including university professors and specialists, from 22 countries taking part	The number of dialogue sessions/persons with experts from around the world related to air conditioning, a particularly strong foundation of Daikin's operations in terms of engagement.
● Expenditure for social contribution activities	● <b>1.3 billion yen</b>	We calculated the monetary amount, through donations, goods, and other ways, that we provided to communities.

For Daikin, climate change represents one important issue affecting its business continuity. Daikin endorses the recommendation of the Task Force on Climate-Related Financial Disclosures (TCFD)\* intended to mitigate the risk of instability in financial markets attributed to climate change. We are now working to analyze and reflect the risks and opportunities of climate change as related to our business operations into our management strategies and risk management. We will disclose the progress of such appropriately as we aim for further growth while contributing to a decarbonized society.

\* TCFD was established in 2015 by the Financial Stability Board. It recommends that companies disclose information about the financial impacts of climate change after evaluating related business risks and opportunities.

**Daikin’s Response to TCFD’s Recommended Disclosures**

<p><b>Governance</b> The organization’s governance around climate-related risks and opportunities</p>	<ul style="list-style-type: none"> <li>● Establish climate-related issues as important CSR issues of Daikin and manage them at the executive management level through the CSR Committee, chaired by the officer in charge of CSR</li> <li>● The CSR Committee discusses Daikin’s initiatives, targets, risks and opportunities concerning climate change, follows up on results, and reports to the Board of Directors</li> </ul>
<p><b>Strategy</b> The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning</p>	<ul style="list-style-type: none"> <li>● Analyze the climate scenarios based on <i>The Future of Cooling</i> by the International Energy Agency (IEA)</li> <li>● Demand for air conditioning is expected to more than triple current levels by 2050. While there is the risk of stricter energy regulations for air conditioning and tighter regulations on refrigerants with a high global warming potential, this will also be an opportunity for Daikin to expand its strengths of highly environmentally conscious products and services</li> <li>● Environmental Vision 2050 calls for net zero greenhouse gas emissions by 2050; and we have incorporated greenhouse gas reduction targets and main measures into the Fusion 25 Strategic Management Plan</li> </ul>
<p><b>Risk Management</b> Process for identifying, assessing and managing climate-related risks</p>	<ul style="list-style-type: none"> <li>● Gather information on climate risks from business bases around the world based on scenario analysis, evaluate priorities, and specify climate risks that should be reflected in strategy</li> <li>● Recognize climate risks as risks that significantly impact Daikin’s business strategy, and integrate them into the company-wide risk management process</li> <li>● Check the status of company-wide risk management by the Internal Control Committee chaired by the President and CEO, and report to the Board of Directors</li> </ul>
<p><b>Metrics and Targets</b> The metrics and targets used to assess and manage relevant climate-related risks and opportunities</p>	<ul style="list-style-type: none"> <li>● Under Environmental Vision 2050, aim to reduce greenhouse gas emissions to net zero by 2050</li> <li>● Under the Fusion 25 Strategic Management Plan, set targets to reduce greenhouse gas emissions from our own business operations (30% or more by 2025 and 50% or more by 2030 compared to BAU with 2019 as the base year)</li> </ul>

**Climate Related Risks and Opportunities and Potential Impacts**

Category		Impact on Daikin’s business	Probability of occurrence	Potential financial impacts
Risks	Transition	<p><b>Stricter regulations on refrigerants</b></p> <p>If regulations on refrigerants become too strict, there is a possibility that existing air conditioners no longer compliant with these regulations will become obsolete.</p>	High	Large
		<p><b>Tight supply and demand for electricity</b></p> <p>There is a possibility that the spread of air conditioners in emerging countries will increase electricity usage and make it difficult to increase sales of air conditioners due to electricity shortages.</p>	High	Large
	Physical	<p><b>Damage to production bases</b></p> <p>There is a possibility that flooding caused by typhoons could cause our plants to shut down or stop the supply of parts due to the shutdown of suppliers.</p>	Medium	Medium
Opportunities	Transition	<p><b>Stricter regulations on refrigerants</b></p> <p>Companies without technologies compliant with regulations on refrigerants will be weeded out, resulting in increased sales of air conditioners using refrigerants with lower global warming potential, which is our strength.</p>	High	Large
		<p><b>Stricter regulations on energy efficiency</b></p> <p>Companies without technologies compliant with stricter regulations on energy efficiency will be weeded out, resulting in increased sales of air conditioners with high energy efficiency, which is our strength.</p>	High	Large
		<p><b>Stricter regulations on the use of fossil fuels</b></p> <p>Regulations on the use of fossil fuels continue to become stricter, and since combustion heaters will be subject to them, there will be an increase in sales on growing demand for heat pump heaters, which is our strength.</p>	High	Large

# CSR for Value Provision

## Environment (See pages 17–18)

Introduce state-of-the-art technologies to the market in order to address environmental and energy issue

## New Value Creation (See pages 19–20)

Share dreams and ambitions inside and outside Daikin to realize a healthy, comfortable lifestyle through air

## Customer Satisfaction (See pages 21–22)

Provide peace of mind and reliability through a focus on customer orientation, experience, performance, and advanced technologies

## Human Resources (See pages 23–24)

Respect individual personalities and values, and maximize the potential of each employee so that they can benefit Daikin and society as a whole





**Feature**

# Creating Standards for a Decarbonized Society Alongside Stakeholders

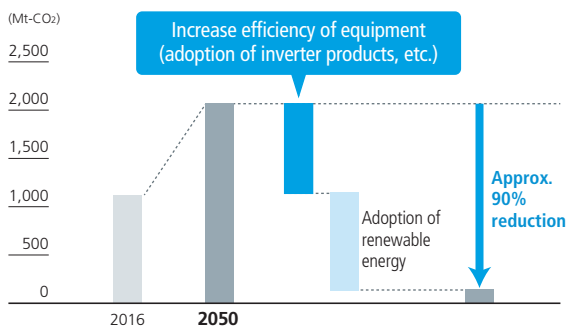
**Why** is it important?

## Appropriate Energy Efficiency Standards will Help to Reduce Electricity Consumption

In its May 2018 report *The Future of Cooling*, the International Energy Agency (IEA) pointed out that reducing CO<sub>2</sub> emissions derived from electricity use as demand for air conditioning rises will require not only the adoption of renewable energy, but also the adoption of energy efficient air conditioners.

Therefore, both development of energy efficient products and appropriate energy efficiency standards are essential for consumers to select energy efficient products more easily.

**Forecast of CO<sub>2</sub> Emissions from Space Cooling in 2050**



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

## DAIKIN'S APPROACH

### Contributing to Establishing Energy Efficiency Standards in Emerging Countries with Growing Air Conditioning Demand

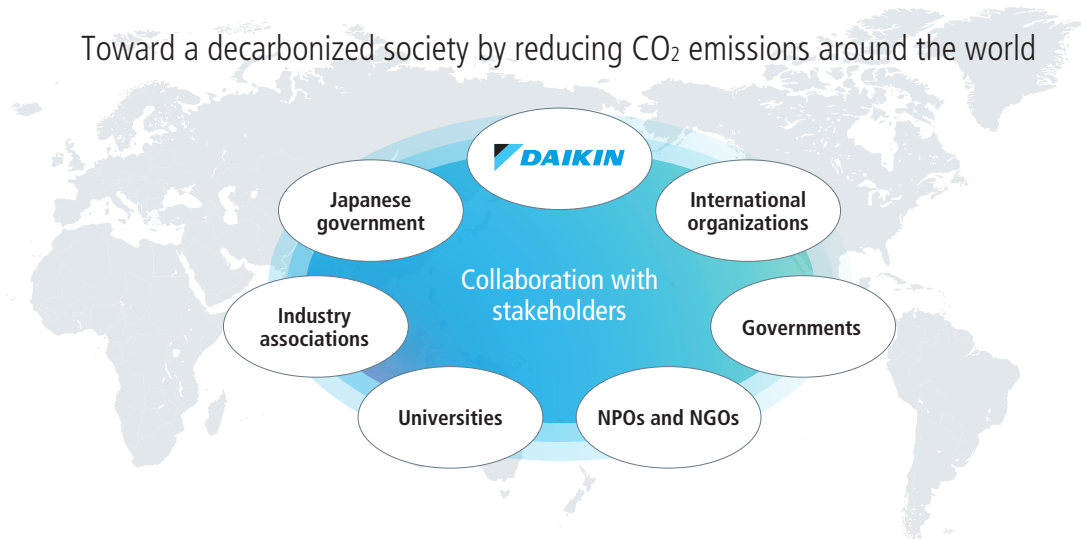
From before the IEA's recommendation, Daikin has proposed highly energy efficient inverter air conditioners in emerging countries such as India and ASEAN where demand for electricity is predicted to rise.

We are also working to develop standards for promoting energy efficiency together with various stakeholders. This is because some emerging countries still need to improve energy efficiency standards. Many air conditioners that consume large amounts of electricity during operation are sold in such countries, becoming a factor for energy issues.

As one example, in India, Daikin provided technical assistance for the calculation method of seasonal energy efficiency ratio to government institutions, which led to the introduction of an energy labeling system. As a result, consumers became aware of the energy efficiency performance of inverter air conditioners with optimal operation based on ambient temperature, which has helped to reduce electricity demand.

## Collaboration with Stakeholders to Promote Energy Efficiency

Toward a decarbonized society by reducing CO<sub>2</sub> emissions around the world



### DAIKIN'S PERFORMANCE

#### Supported Brazil's New Energy Efficiency Standards and Solution to Energy Issues

In July 2020, energy efficiency standards for air conditioners were revised in Brazil. This was the result of a taskforce collaboration among JICA, local universities, Daikin and other organizations.

Despite concerns over electricity shortages caused by economic growth, air conditioners that are inexpensive and consume large amounts of electricity are popular in Brazil. This is because it was practically impossible for consumers to tell the difference between the superiority or inferiority of energy efficiency performance under the conventional standard. Some 90% of the products on the market were categorized as the highest ranking under the country's energy efficiency standards, which had not been revised in many years.

In January 2018, Daikin, together with local universities and NGOs, commenced a demonstration test in order to identify the differences in performance. The results showed that inverter air conditioners can lower energy consumption by around 60%.

In March 2018, the Japan International Cooperation Agency (JICA) adopted this project as a Public-Private Partnership Program, opening the door to collaboration with the government of Japan. Daikin approached the government of Brazil about the need to revise its standards together with the Embassy of Japan in Brazil and the Ministry of Economy, Trade and Industry, and other actors, presenting the results of the demonstration test. This project included visits to Japan and technical instruction. Repeated workshops for discussions on issues and countermeasures were also organized. These activities, which lasted around two years, resulted in the introduction of new energy labels by the government of Brazil.

#### International Collaboration Encourages Energy Conservation

**Kamyla Borges**  
Energy Efficiency Initiative Coordinator  
Institute for Climate and Society (ICS)



The JICA project in Brazil was key for the recent improvements promoted in energy efficiency policies. The project organized a technical visit to Japan, as well as demonstration testing to identify the significant energy efficiency of inverter and low GWP refrigerants air conditioners. These made the difference for public policies improvement in Brazil.

### NEXT CHALLENGE

#### Achieving a Decarbonized Society through Partnerships

Air conditioners are vital to the lives of many people around the world, but they also impact climate change because they consume a large amount of electricity. This is why Daikin is addressing the development and adoption of energy efficient products around the world. It is important that we aim to reach our goal in our Environmental Vision of reducing greenhouse gas emissions to net zero by 2050.

Looking ahead, Daikin will continue to provide information and technical assistance around the world utilizing its expertise. We will work with various stakeholders to build sustainable systems not only for our own company but for markets and the environment to contribute to the realization of a decarbonized society.





**Feature**

# Providing Comfortable Air Environments Using the Best Format Possible, from Goods to Services

Why is it important?

## Society Requires Air Environments Rather Than Air Conditioners

It was once said, "People don't want to buy a quarter-inch drill. They want a quarter-inch hole!" Similarly, people, who buy an air conditioner, want a comfortable air environment for as long as possible. To satisfy this want, instead of simply selling air conditioners, Daikin needs to identify and provide methods by which consumers can use the functions of its products in the best way possible. That is, we need to change our approach from goods to experiences to deliver services with the most optimal approach to using air conditioning for customers, users and the environment.

### True Needs in Commercial Air Conditioning



### DAIKIN'S APPROACH

## Guaranteeing Comfortable Air Conditioner Operations with a One-Stop Service

Daikin has developed a new PaaS\* service called Air as a Service (AaaS) together with Mitsui & Co., Ltd. AaaS provides Daikin's business resources of air conditioner development and operation along with maintenance services as a package. AaaS is a monthly subscription-based air conditioning service that eliminates the need to purchase air conditioners. Under this service, Daikin provides everything from air conditioner selection and installation to optimal operation, energy management and maintenance as a one-stop service. During the term of the contract, Daikin guarantees the stable operation of its air conditioners using preventive maintenance based on detection of breakdowns. There are no repair costs should a breakdown occur, and all statutory inspections are conducted by Daikin.

AaaS can lower a customer's overhead and workforce in terms of upfront installation of air conditioners, electricity consumption, and operations management. Air conditioners never sell out and we provide support up to operation, enabling us to provide comfortable air environments closely in tune with customer needs.

\* PaaS: An acronym for Product as a Service.



## Value provided by AaaS

Delivering maximum comfort and peace of mind by minimizing electricity, labor, and other costs



## DAIKIN'S PERFORMANCE

### Maximum Comfort and Peace of Mind from Minimized Electricity, Labor, and Other Costs

By introducing AaaS, users can focus on their core operations without having to worry about air conditioning. This is especially important at hospitals, which must provide stable operation of air conditioning as an essential service. If problems were to arise, this could negatively impact not only patient conditions, but also precision medical devices and information systems. With healthcare duties piling up, the bother of setting air conditioning temperature and maintenance is a cause of stress for nurses and staff. Hospitals stand to benefit greatly from being able to maintain a comfortable air environment. In terms of spending, sudden expenditures due to breakdowns are no longer needed.

Daikin has concluded AaaS contracts with 25 customers over the past three years since 2018. Uegahara Hospital in Hyogo Prefecture is one of these customers. It has been able to reduce electricity consumption from air conditioning by 36.8% over two years compared to before. In addition, staff members are able to focus on their work and a comfortable air environment is maintained for patients. This service won the Chairman Prize of Energy Conservation Center, Japan, at the fiscal 2020 Energy Conservation Grand Prize.

In addition to hospitals and nursing care facilities, AaaS is being adopted rapidly by buildings and plants owned by companies. In addition to lowering labor costs related to air conditioner upkeep, companies can benefit from improved cash flow as upfront investments are no longer needed since air conditioning equipment is no longer as a company asset.

### No Longer Have to Worry About Air Conditioning

**Yokiko Oe**  
President  
Uegahara Hospital



Since introducing AaaS, we no longer worry about cooling or heating. It's really encouraging because we can change our energy management settings with a single telephone call. Proposals based on actual operating data are very effective and the reduction of our electricity bill has been greater than expected. This fixed subscription air conditioning service that doesn't require ownership of equipment is a very reasonable solution.

## NEXT CHALLENGE

### Creating New Services Using Demonstration Testing

Daikin is conducting various trials at point O marunouchi, a demonstration site, for continually providing a comfortable air environment to customers using the best format possible. In December 2020, we launched the Air as Ventilation service validated here that visualizes confinement and ventilates accordingly. This is a monthly subscription service that provides a comfortable, safe, and secure air environment to spaces where an unspecified large number of people gather, such as shared offices.

We will continue to pursue solutions that address the true needs of air in the future.



**Feature**

# Quickly Providing Air Purification Solutions as a Company that Provides Solutions with Air

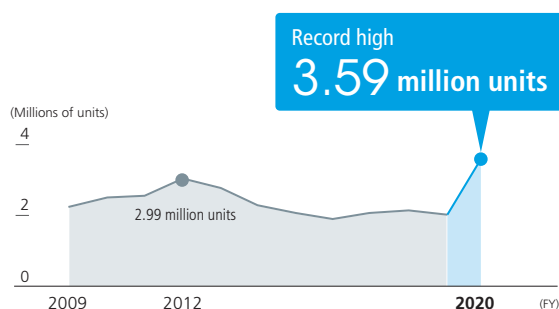
## Why is it important?

### Growing Demand for Air Purification in All Settings

There is a growing need for air purification in all types of settings including offices, homes, restaurants, and hospitals as one way to prevent the spread of COVID-19. Similar to 2012 when the fine particulate matter (PM2.5) problem garnered worldwide attention, demand for air purifiers grew substantially in 2020.

As a company that provides solutions with air, Daikin finds that its support for customer comfort based on setting and purpose through the collective strengths of the Group is in demand.

Shipments of Air Purifiers (Japan)



\* Source: The Japan Electrical Manufacturers' Association

## DAIKIN'S APPROACH

### Quickly Developing Products that Resolve Issues in Various Locations

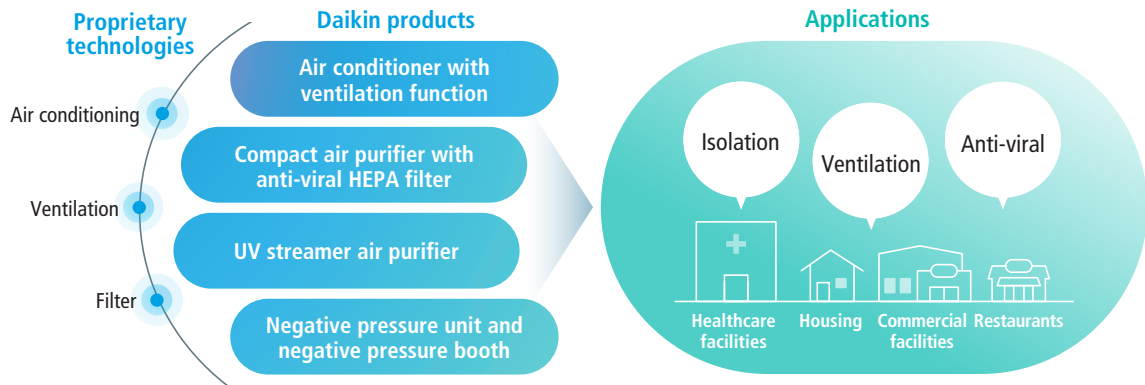
Daikin was among the first in the industry to provide various air purification solutions. We offer an expansive lineup of air conditioners with ventilation functions, and we commercialized a commercial ventilation unit that can reclaim heat from inside a room. We have also been disseminating various forms of information since April 2020 such as accepting telephone inquiries and setting up a consultation window on our website to address concerns regarding air and ventilation.

In May 2020, we launched two negative pressure products that address the urgent requirements of healthcare facilities. Group company Nippon Muki Co., Ltd. developed these products in just one month using its proprietary HEPA filter technology.

A negative pressure device creates a negative pressure environment with lower air pressure than the surroundings to control the flow of air in one direction. It helps to prevent the spread of viruses in the air by isolating infected persons in a negative pressure space. In addition, high performance HEPA filters used in negative pressure clean rooms for precision equipment effectively traps viruses in the air.

## Daikin's Products Address Various Air Purification Needs

Quickly supplying products required by society using our proprietary technologies



## DAIKIN'S PERFORMANCE

### Contributing to Infection Prevention in Response to Front-Line Feedback

The unique aspect of these two newly developed negative pressure devices is that they can create a negative pressure room without having to undergo large-scale renovation work inside a building. Both the moveable negative pressure exhaust unit, which uses a window as an exhaust port, and the assembled negative pressure booth, which creates a temporary isolation booth inside a room, reduce the burden of healthcare institutions.

Following these, in August 2020, we launched a collapsible negative pressure booth featuring a lightweight aluminum frame. This product, which addresses feedback from medical professionals, can be assembled in around 10 minutes when needed, and then stored compactly when not in use. It can also be used at small clinics without the space required for an isolation area or people's movements. Facilities for seniors have praised the product saying it provides a peace of mind because it is the same equipment used in hospitals. As of March 31, 2021, we have supplied around 2,000 of these booths to more than 500 facilities.

The moveable negative pressure exhaust unit can also be used as a high-performance air purifier with a HEPA filter. It addresses the needs of infection control in spaces where large numbers of people come and go, such as restaurants, gyms, and funeral parlors. In November 2020, this unit was deployed at an international gymnastics meet held at Yoyogi National Gymnasium in Tokyo.

### Using Daikin's Solutions to Address Rising Number of Patients

**Miho Takahashi**  
HCU Head Nurse  
National Center for Global Health and  
Medicine (NCGM)



NCGM is a designated medical institution for specified infectious diseases that actively accepts COVID-19 patients. We needed to quickly ramp up preparations for accepting the rising number of seriously ill COVID-19 patients, so we decided to purchase Daikin's collapsible negative pressure booths. This has allowed us to easily create a reliable negative pressure environment and our medical professionals to treat patients with peace of mind.

## NEXT CHALLENGE

### Providing New Solutions with Our Proprietary Technologies

With demand rising for air purifiers that can be effective against microscopic viruses in many places, Daikin is addressing this demand with various solutions. One example is that we launched a compact air purifier featuring an anti-viral HEPA filter with powerful ventilation function for commercial facilities in December 2020.

Looking ahead, Daikin will create new products using its air conditioning, ventilation, and filter technologies to continually provide optimal solutions to people who require air purification.





**Feature**

# Enhancing Manufacturing Around the World by Training the Next Generation of Plant Operators

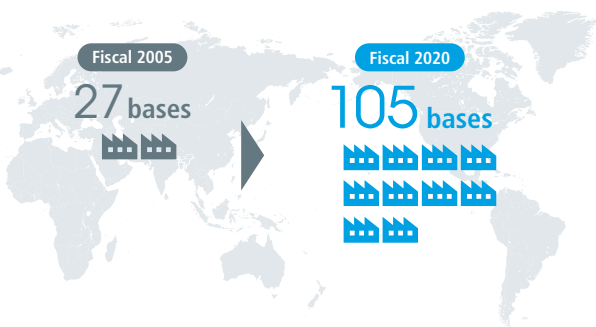
Why is it important?

## Daikin Supplies Products Using the Optimal Formats Tailored to Markets Around the World

With its business operations expanding globally, Daikin is promoting market-localized manufacturing where products are made according to local needs, in order to provide solutions in tune with market needs at the right prices.

To achieve this, it is important that we expand the Production of Daikin System (PDS), which encapsulates our basic approach to manufacturing, and increase the autonomy of each production base. We are encouraging production bases to develop human resources who are resourceful, take action, and make their own decisions based on market trends.

### Increasing Number of Production Bases



### DAIKIN'S APPROACH

## Building a Mechanism for Developing the Next Generation of Plant Operators

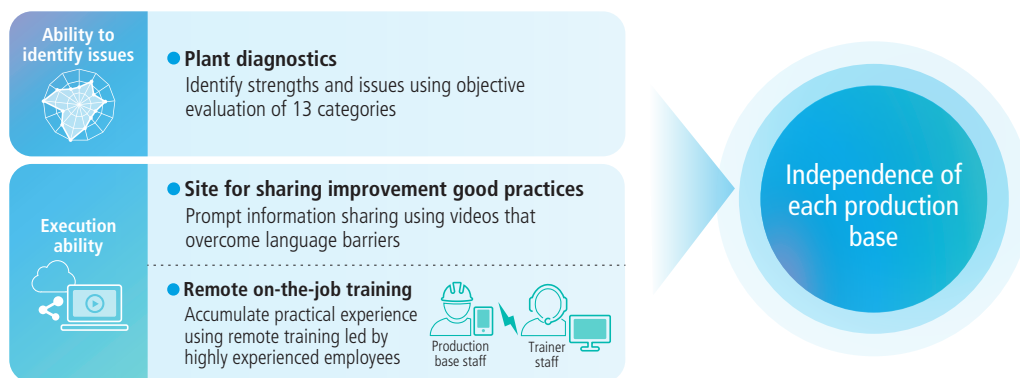
Traditionally, Daikin has operated its production bases around the world using Japanese expatriate employees dispatched locally to manage operations. Following the expansion of our overseas network of production bases, however, we are now developing local human resources at each of our production bases who will lead optimal production tailored to local region and market. The advanced nature of plant operation skills for overseas production bases varies widely depending on such factors as facilities and the period since establishment. We are implementing two measures to raise the bar of operations at each of our production bases.

First is plant diagnostics that helps to improve the ability to detect issues. Using a tool that evaluates the operation level of each production base according to the same standards, we measure capabilities for individual categories including technological capabilities, quality, safety, cost control, and environment. This enables us to foster a mindset among the heads of production bases and management supervisors to strategically enhance their respective production base's strengths, find issues, and make improvements. Second is W-MIPS\*, a site for sharing examples of improvement good practices that promotes continuous



## Human Resource Development Encouraging Production Base Independence

Improve abilities to identify issues, make improvements and execute



improvement at our plants. Each production base submits videos of their improvement activities. The solutions in these videos are then incorporated by other production bases as good practices. This encourages the mindset of sharing positive outcomes with other production bases. The number of video submissions has exceeded 260, with this site now actively used as a place for exchanging information between production bases.

These measures have increased recommendations on approaches to manufacturing and improvement good practices from the heads of production bases and management supervisors. As a result, we are steadily enhancing the skills of human resources responsible for plant operations at our production bases.

\* An acronym that stands for World, Wisdom, Monozukuri, Improvement cases, Providing site.

### DAIKIN'S PERFORMANCE

#### Local Staff Quickly Added Capacity to Production Lines in Response to Growing Demand from the COVID-19 Pandemic

In 2020, Daikin Malaysia Sdn. Bhd. quickly established a new production line for air purifiers to capture increased demand worldwide from the COVID-19 pandemic.

Due to travel restrictions, on-the-job training typically provided by Japanese national employees in-person and on-site was switched to a remote environment. Local staff took the lead in all aspects of production line establishment, from process design to prototypes, facility procurement, installation work management, and operations. Despite this being their first time, the local staff successfully launched mass production at the end of December 2020 as planned.

These experiences are helping to further

increase Daikin Malaysia Sdn. Bhd.'s autonomy and speeding up its efforts to improve operations.

#### A New Experience Beneficial to Career Advancement

**Khong Chun Fei**  
Senior Manager  
Production Engineering  
Daikin Malaysia Sdn. Bhd.



This marked the first time that Daikin Malaysia Sdn. Bhd. built a production line for air purifiers mainly on its own. We repeatedly gathered information, researched processes, and explored designs, with the aim to make this the best production line possible. In the end, we were able to live up to expectations. I hope to use the new and exciting knowledge I gained from this experience to advance my career in the future.

### NEXT CHALLENGE

#### Expanding Independence Initiatives to Production Bases Around the World

Looking ahead, our regional primary bases will be used as a focal point for entrenching plant diagnostics, W-MIPS, and remote training globally while working closely with staff in Japan.

Through these measures, we will continue to foster human resources at each production base who understand the foundation of PDS, which involves planning and executing improvement measures after identifying issues and can continually implement the PDCA cycle.

# "Forests for the Air" Project

Approximately 10% of the world's greenhouse gas emissions are a result of land use by people. In addition to conducting its business, Daikin contributes to the reduction of greenhouse gas emissions by carrying out forest conservation.

## Project Contributes to Society through Reforestation and Forest Conservation

Regions around the world are seeing their forests disappear mainly due to people clearing land for agriculture and logging. Behind these actions lies the problem of poverty.

In response, Daikin is supporting local residents through global partnerships in seven regions around the world.

The goal for the project's 10-year period is to conserve forests covering some 11 million hectares and in the process contribute to reducing 7 million tons of CO<sub>2</sub> emissions by 2024.

### Sustainable Development Goals



In September 2015, the United Nations adopted "Transforming our world: the 2030 Agenda for Sustainable Development" and established the Sustainable Development Goals (SDGs) in an effort to solve worldwide problems related to issues such as poverty and energy. The SDGs comprise 17 goals for solving worldwide problems, with 2030 as the target year for achievement of these goals.



© ICMBio / Sueli Pontes



**Brazil**

### Amapá Biodiversity Corridor

The project focuses on training villagers to effectively use forest resources so that they can continue utilizing the blessings of nature while also enjoying economic development.

Under this project, 43 households have seen their income increase by 20% as a result of making products out of natural raw materials.



© Conservation International/photo by Borwen Sayon



**Liberia**

### East Nimba Nature Reserve

The project's aim is to promote coexistence with wildlife and provide education on sanitary methods, while at the same time eliminating actions such as poaching and shifting cultivation.

51,000 people in 18 villages have received environmental education.

**2 ZERO HUNGER**

**China**

**Mountains of Southwest China**

Local farmers are working to prevent overgrazing by livestock and shift away from the use of chemical fertilizers. The project also uses scientific data to aid in improving agriculture and planting fruit trees.

Under the project, 900kg of seeds have been sown and 26,700 fruit trees planted.



**15 LIFE ON LAND**

**Japan**

**Shiretoko, Hokkaido**

Daikin employees are involved in ongoing volunteer activities in the Shiretoko Peninsula with the aim of protecting ecosystems and ensuring that future generations can enjoy the region's abundant nature.

A cumulative total of 196 Daikin employees have gone to Shiretoko to take part in activities to rejuvenate forests.



**8 DECENT WORK AND ECONOMIC GROWTH**

**Cambodia**

**Central Cardamom Protected Forest**

To give locals a source of income through utilization of the region's beautiful environment, the project makes eco-tourism plans and trains villagers to run and manage eco-tourism businesses.

A total of 204 people have taken eco-tourism training and participated in events.

**9 INDUSTRY INNOVATION AND INFRASTRUCTURE**

**India**

**North Western Ghats**

Villagers are provided with efficiently burning cooking stoves, which means they don't have to cut down as many trees for fuel wood. And less smoke from these stoves reduces adverse effects on health.

The number of trees used for fuel was reduced by 10,800.



**6 CLEAN WATER AND SANITATION**

**Indonesia**

**Java Island**

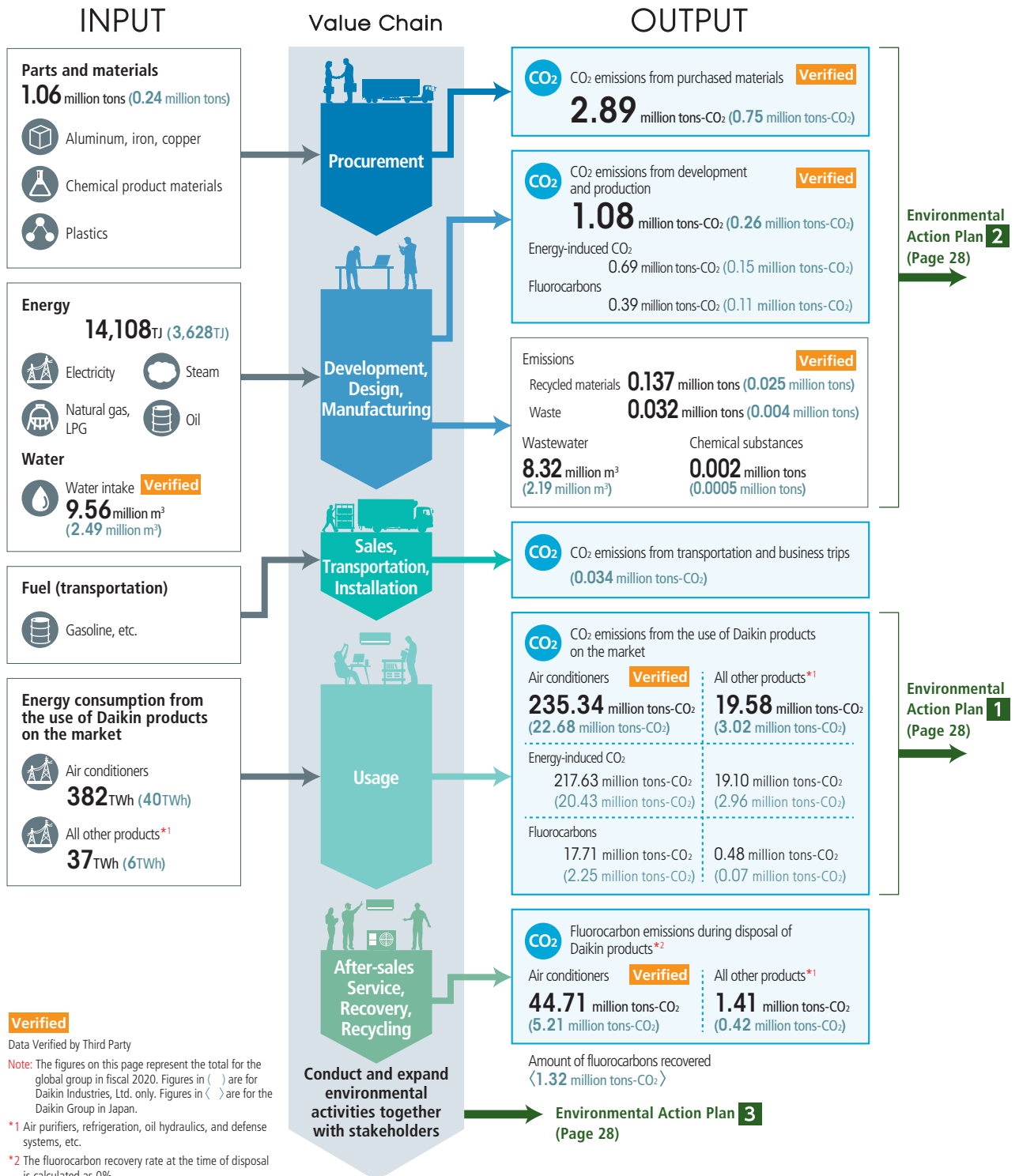
The project provides homes in the region with running water from the plentiful forest and electricity generated by hydroelectricity. With their lives now more convenient and sanitary, villagers have come to better understand the value of the forest and they now earnestly take part in ongoing forestation.

Clean water has been provided to 807 households under this project.

## Environment

### Overview of Environmental Impact

The Daikin Group measures the impact that its business activities have on the environment throughout the value chain: in materials procurement, development, production, transportation, installation, product use, recovery, and recycling. Air conditioners are products that consume large amounts of electricity, and within their product lifecycle, the energy consumed during product use makes a particularly large contribution to climate change.





## Environmental Action Plan 2020

We implemented Environmental Action Plan 2020 based on the Fusion 20 Strategic Management Plan.

We will reduce environmental impacts across the entire value chain aimed at striking a balance between sustainable business growth and environmental conservation.

Under our Environmental Action Plan 2020, which targets fiscal 2020, we took actions based on three pillars: **1** provide environmentally conscious products and services, **2** minimize environmental impact through manufacturing and other activities, and **3** expand the Green Heart circle worldwide.

Because air conditioners, our flagship product category, emit a large amount of greenhouse gas when used, we focused on disseminating worldwide the use of energy-efficient air conditioners and air conditioners that use low-global-warming-potential refrigerants. We set a target of reducing worldwide greenhouse gas emissions in fiscal 2020, the final fiscal year of the plan, by 60 million tons-CO<sub>2</sub>. Calculations show that we achieved the reduction of 70 million tons-CO<sub>2</sub>.

In efforts to reduce environmental impact in production activities, we set a target of reducing greenhouse gas emissions in fiscal 2020 to 1.58 million tons-CO<sub>2</sub> (70% reduction over fiscal 2005). In fiscal 2020, we succeeded in lowering these emissions to 1.08 million tons-CO<sub>2</sub>.

★★★★ : Succeeded    ★★★ : Will soon succeed    ★ : Doing all we can

Action targets		Fiscal 2020 target	Fiscal 2020 results	Self-assessment
<b>1 Provide Environmentally Conscious Products and Services Worldwide</b>				
Contribute to reducing greenhouse gas emissions by spreading the use of the following products: ● Energy-efficient air conditioners such as inverter products ● Air conditioners using refrigerants with lower global warming potential ● Heat pump space and water heaters ● Environmental solutions business		Contribution to greenhouse gas emission reductions* <sup>1</sup> 60 million tons-CO <sub>2</sub>	70 million tons-CO <sub>2</sub>	★★★★
		Increase in selling ratio of environmentally conscious products* <sup>2</sup>	Sales volume of environmentally conscious products as percentage of residential air conditioners 98%	★★★★
<b>2 Minimize Environmental Impact in Production Activities</b>				
Greenhouse Gas	Emission Reductions	70% reduction over fiscal 2005 (reduction to 1.58 million tons-CO <sub>2</sub> )	79% reduction (reduction to 1.08 million tons-CO <sub>2</sub> )	★★★★
	Reduction of Energy- Induced CO <sub>2</sub> Emissions	Unit reduction in energy-induced CO <sub>2</sub> emissions of 5% against standard value* <sup>3</sup>	14% reduction	★★★★
Emissions		Unit reduction in emissions of 5% against standard value* <sup>3</sup>	12% reduction	★★★★
Water		Unit reduction in water intake of 5% against standard value* <sup>3</sup>	14% reduction	★★★★
Chemicals		Unit reduction in chemical emissions of 5% against standard value* <sup>3</sup>	23% reduction	★★★★
Green Procurement		Increase in green procurement rate* <sup>4</sup>	80%	★★★★
<b>3 Expand the Green Heart Circle of Love for the Earth</b>				
Carry out and expand environmental activities in collaboration with stakeholders	Encourage employees to take part in environmental activities inside and outside work	Certify all production bases as Green Heart Factories* <sup>5</sup>	39 bases certified (7 in Japan, 32 overseas)	★★
	Promote environmental and social contribution activities	Carry out forest protection activities with NGOs and other groups Educate the younger generation about the environment	Reduce emissions by 7 million tons-CO <sub>2</sub> Provide learning materials to 740 students	★★

\*<sup>1</sup> Difference between emissions from all Daikin environmentally conscious products and emissions from non-inverter products, air conditioners using conventional refrigerants, and combustion space and water heaters.

\*<sup>2</sup> Products that satisfy either or both of the following conditions: consume at least 30% less electricity than conventional products, or use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.

\*<sup>3</sup> Average for fiscal 2013-2015.

\*<sup>4</sup> The procurement value of suppliers that met the evaluation criteria as a percentage of the company's total procurement value.

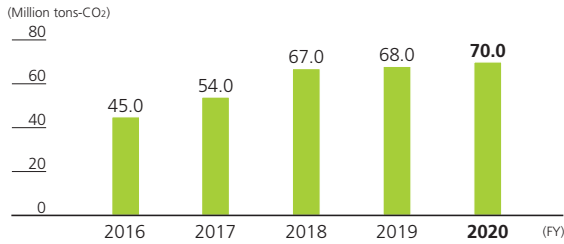
\*<sup>5</sup> A Daikin standard for assessing and certifying how well each production base is doing in achieving environmental criteria related to energy efficiency, waste reduction, and biodiversity protection.

**WEB** Method of Calculating Greenhouse Gas Emissions Data <https://www.daikin.com/csr/report/verification/calculation.html>

## Environment

### Contribution to Greenhouse Gas Emission Reductions from Daikin Air Conditioners on the Market\*

OJG



- \* Difference between emissions from all Daikin environmentally conscious products sold and emissions from non-inverter products, air conditioners using conventional refrigerants, and combustion space and water heaters.
- Reviewed by a third-party.

### Environmentally Conscious Products\* as Percentage of Sales Volume (Residential Air Conditioners)

OJG

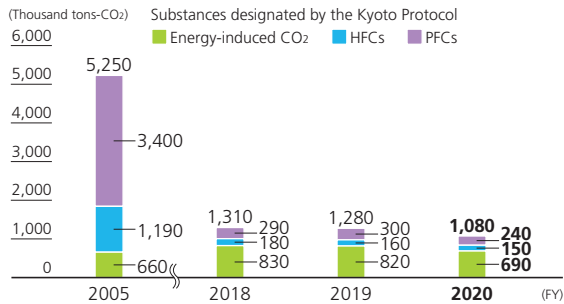
	2017	2018	2019	2020
Environmentally Conscious Products	83	93	97	98
Super Green Products	47	51	60	69
Green Products	36	42	36	29
Other products	17	7	3	2

\* Environmentally conscious products: Name for Super Green Products and Green Products. Products that satisfy all of the conditions below are Super Green Products. Products that satisfy at least one of the conditions are Green Products.

- Consume at least 30% less electricity than conventional products  
Example: Air conditioners equipped with inverters.
- Use refrigerants with at least two-thirds less global warming potential than conventional refrigerants.  
Example: Air conditioners using R-32, a refrigerant with low global warming potential

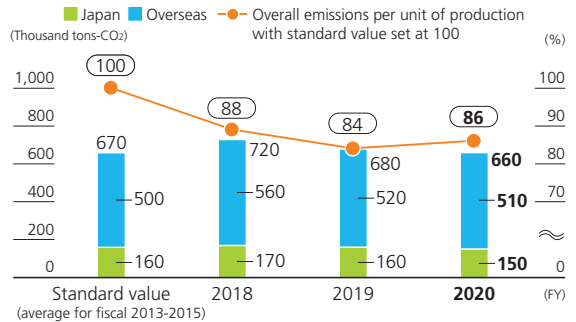
### Greenhouse Gas Emissions (Development and Production)

Verified OJG



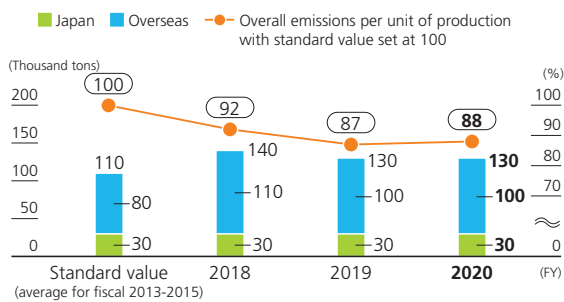
### Total Energy-Induced CO<sub>2</sub> Emissions, CO<sub>2</sub> Emissions per Unit of Production

OJG



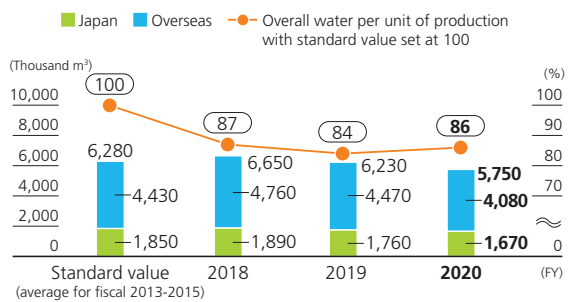
### Emissions/ per Unit of Production

OJG



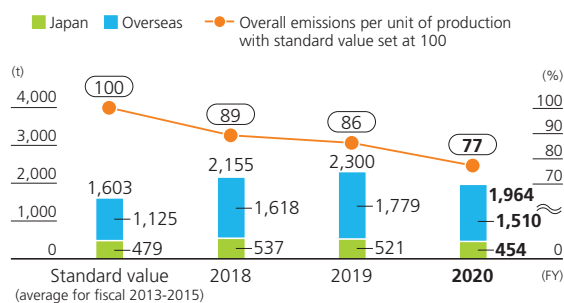
### Water Intake/ per Unit of Production

OJG



### Chemical Emissions / per Unit of Production (total of PRTR substances and VOCs)

OJG



### Green Procurement Rate\* by Region (%)

OJG

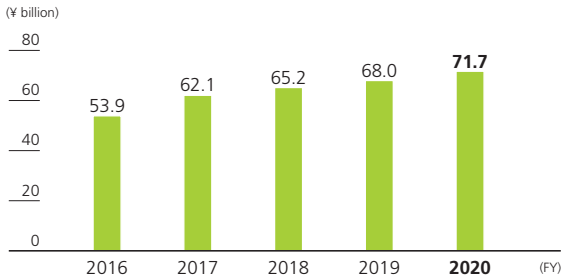
	2018	2019	2020
Japan	90	93	95
China	90	93	94
Thailand	97	97	95
Other countries in Asia and Oceania	80	74	79
Europe	95	97	98
North America	32	32	35
South America	100	100	100
All regions	80	80	80

\* Green procurement rate =  $\frac{\text{Value of goods procured from suppliers who meet our assessment criteria}}{\text{Value of all goods procured}}$

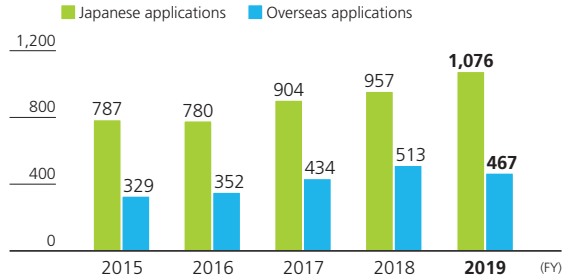
Companies covered by data: (D) Daikin Industries, Ltd. (JG) Including Group in Japan (OG) Overseas Group companies only (OJG) Including Group companies in Japan and overseas

## New Value Creation

### Research and Development Expenses (OJG)

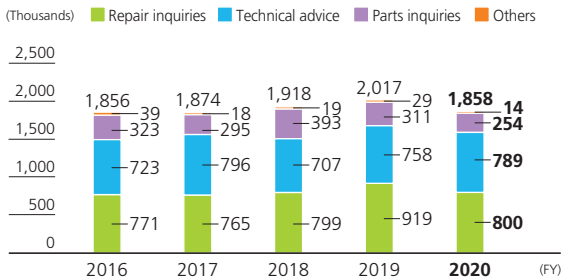


### Number of Patent Applications (D)



## Customer Satisfaction

### Number of Inquiries to the Contact Center (JG)



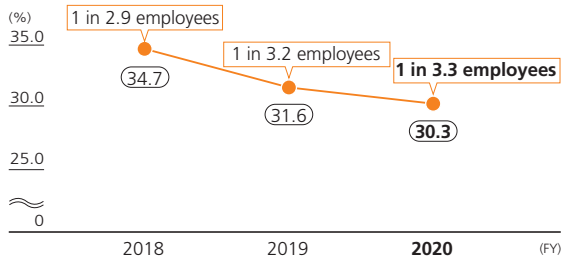
### Improvement in Customer Satisfaction\*

	(Base year)	2018	2019	2020
Japan	(2015)	1.13	1.14	<b>1.14</b>
China	(2018)	1.00	1.04	<b>1.04</b>
India	(2016)	1.09	1.13	<b>1.15</b>
Indonesia	(2017)	1.03	1.03	<b>1.10</b>
Singapore	(2015)	1.00	1.00	<b>1.01</b>
Vietnam	(2015)	1.09	1.11	<b>1.17</b>
Australia	(2015)	1.00	1.00	<b>1.00</b>

\* Satisfaction of after-sales services, regarding the base year as 1.00.

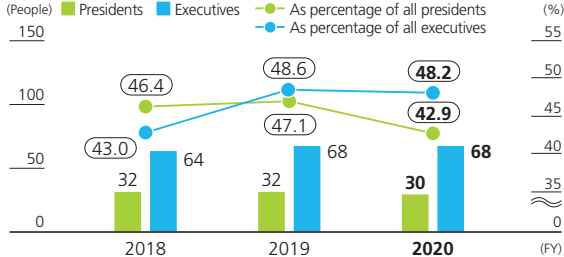
## Human Resources

### The Ratio of Excellent or Advanced Skilled Engineers\* in Manufacturing (D)

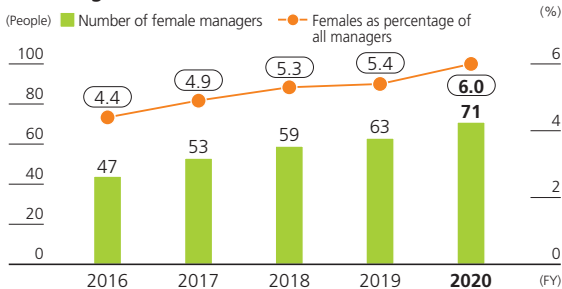


\* High-skilled engineers with knowledge and leadership.

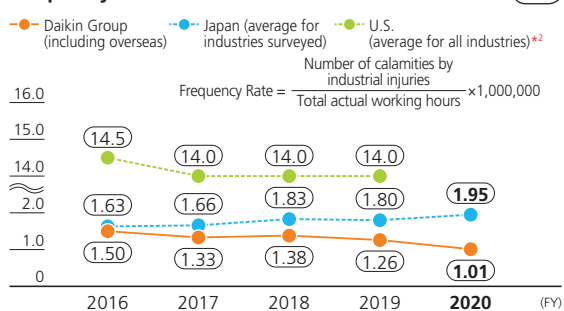
### Number and Percentage of Overseas Bases Where Local Nationals Are President or Executives (OG)



### Number and Percentage of Women in Management Positions (D)



### Frequency Rate\*1 (OJG)



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

\*2 No data was released for the U.S. in fiscal 2020 (As of end of September 2021). Calculated based on information from U.S. Bureau of Labor Statistics (November 2020).

Companies covered by data: **(D)** Daikin Industries, Ltd. **(JG)** Including Group in Japan **(OG)** Overseas Group companies only **(OJG)** Including Group companies in Japan and overseas

## Supply Chain Management

### CSR Procurement Implementation Rate\*(%)

(OJG)

	2019	2020
Japan	97	99
Overseas	99	99
Entire Group	99	99

\* Ratio of procurement value from suppliers who satisfied Daikin's standards to total procurement value.

## Communities

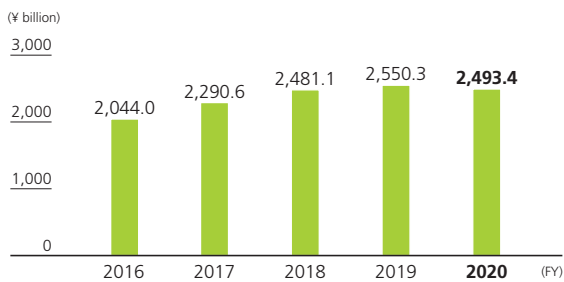
### Expenditure for Social Contribution Activities (million yen)

(OJG)

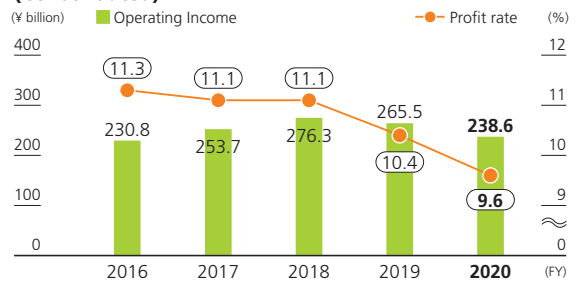
2018	2019	2020
1,415	1,477	1,292

## Corporate Data

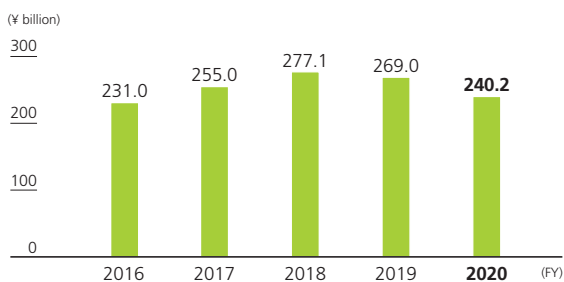
### Net Sales (Consolidated)



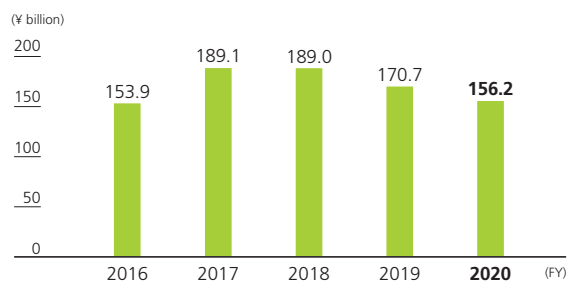
### Operating Income/Operating Income Margin (Consolidated)



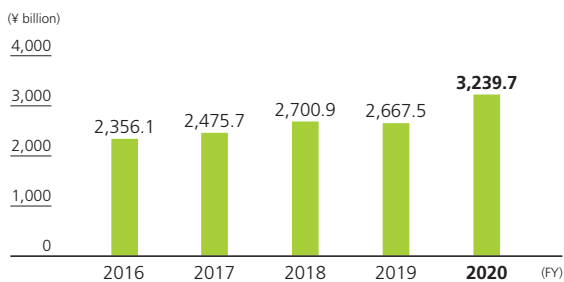
### Ordinary Profit (Consolidated)



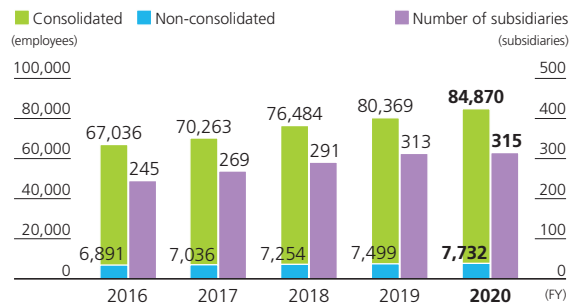
### Profit Attributable to Owners of Parent (Consolidated)



### Total Assets (Consolidated)



### Number of Employees/Subsidiaries



Note: According to the adoption of the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from FY2018, the figures in FY2017 have been retrospectively adjusted.



## Overall CSR

### Daikin Industries, Ltd.

- Chosen for inclusion in the MSCI ESG Leaders Indexes 
- Chosen for inclusion in the MSCI Japan ESG Select Leaders Index
- Chosen for inclusion in the MSCI Japan Empowering Women Index (WIN)
- Chosen for inclusion in the FTSE Blossom Japan Index 
- Awarded 4-star rating (total score of between 60 and 64) in the Nikkei SDGs Management Survey conducted by Nikkei Inc.

- Won the Minister of the Environment Award (Silver)
- Won the IR Grand Prix from the Japan Investor Relations Association



### Daikin Europe N.V.

- Obtained SDG Pioneer certificate from the United Nations Institute for Training and Research (UNITAR)

## Environmental Honors

### Daikin Industries, Ltd.

- Received the ranking of A- in surveys on climate change and water resource management conducted by CDP
- Received three Chairman Prizes of Energy Conservation Center, Japan, in each category of the FY2020 Energy Conservation Grand Prize, including for our ZEB intended for existing tenanted buildings developed based on energy conservation diagnosis 
- Daikin's open and closed strategy for intellectual properties on R-32 air conditioners was recognized with the Minister of Economy, Trade and Industry Award at the Intellectual Property Achievement Awards organized by the Ministry of Economy, Trade and Industry and the Patent Office 

## Honors for Creating New Value

### Daikin Industries, Ltd.

- Won the Clarivate Top 100 Global Innovators 2021 Award for our IP activities. This marks the seventh consecutive year and eighth time overall that Daikin has been recognized with this award 
- point O marunouchi, a co-working space operated by point O, a company funded by Daikin Industries, received gold level WELL Certification which is a performance verification system for office spaces 

## Honors for Customer Satisfaction

### Daikin Industries, Ltd.

- Three of Daikin's products including a cooling only cassette air conditioner for Southeast Asia and portable air conditioner Carrime won a Good Design Award for fiscal 2020 
- Urusara X won the Nikkei Superior Products and Services Award 2020 recognizing excellent new products and services

## Human Resource Honors

### Daikin Industries, Ltd.

- Granted Nadeshiko Brand designation for the eighth time over seven consecutive years, by the Ministry of Economy, Trade and Industry 
- NIKKEI Smart Work Awards 2021 Innovation Prize and Awarded the highest rating, 5 stars, in the 4th NIKKEI Smart Work survey conducted by Nikkei Inc., which assesses companies based on the adoption of diverse, flexible work practices 

## Newspaper and Magazine Rankings

- CSR Rankings (Toyo Keizai Inc.) ..... 15<sup>th</sup>
- ROESG ranking (The Nikkei and QUICK Corp ESG Research Center) ..... 10<sup>th</sup>

- Best Japan Brands 2021 (Interbrand) ..... 26<sup>th</sup>
- Nikkei ESG Brand Index Ranking (Nikkei Business Publications, Inc.) ..... 46<sup>th</sup>

To ensure reliability of the content of this report, Daikin contracts with a third-party to verify its data on greenhouse gas emissions, water use, wastewater, waste emissions, and chemical substances emissions.

**Data Covered by Verification**

**Environmental Impact Data on Business Operations in FY2020**


- ▶ Scope 1 and Scope 2 greenhouse gas (GHG) emissions, water use, wastewater, waste emissions, and chemical substances emissions from business operations of four production bases of Daikin Industries, Ltd., eight production subsidiaries in Japan, and 44 production subsidiaries overseas.
- ▶ Category 1 (purchased goods and services), 11 (use of sold products), and 12 (final product disposal) emissions of Scope 3 GHG emissions calculated in line with the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard."

**Scope of Review**

**Contribution to Greenhouse Gas Emission Reduction through the Use of Products**

- ▶ Contribution to CO<sub>2</sub> emission reduction through the use of inverter air conditioners sold in emerging countries in fiscal 2020.
- ▶ Contribution to CO<sub>2</sub> emission reductions through the use of air conditioners sold in Japan, Europe, North America and China in fiscal 2020.
- ▶ Contribution to greenhouse gas emission reductions through fiscal 2020 worldwide sales of air conditioners that use R-32 low global warming potential refrigerant.

**INDEPENDENT ASSURANCE STATEMENT**  
 To: Daikin Industries, Ltd.



Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Daikin Industries, Ltd. (Daikin) to provide limited assurance and to conduct an external review over sustainability information selected by Daikin. This Assurance Statement applies to the related information included within the scope of work described below.

**Selected information**  
 The scope of our assurance work was limited to assurance over the following information included within Daikin Group Sustainability Report 2021 (the "Report") or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2020 through March 31, 2021 (the "Selected Information").

- The following data through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 44 production subsidiaries overseas
  - CO<sub>2</sub> emissions from energy use
  - HFCs and PFCs emissions
  - Water intake and Wastewater
  - Recycled materials and Waste
  - VOC emissions
- Release amount of PRTR (\*) chemical substances through business operations of four production bases of Daikin and eight production subsidiaries within Japan  
 (\*) Pollutant Release and Transfer Register system
- The following data through business operations of four production bases of Daikin
  - CO<sub>2</sub> emissions from non-energy use
  - CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub> and NF<sub>3</sub> emissions
- Categories 1, 11 and 12 of Scope 3 GHG emissions accounted in line with the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard"

The scope of our review work was limited to review about the following information included within Daikin Group Sustainability Report 2021 (the "Report") or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2020 through March 31, 2021 (the "Selected Information").


- The amount of contribution to CO<sub>2</sub> emission reduction through the use of inverter air conditioners sold for emerging countries in FY2020
- The amount of contribution to CO<sub>2</sub> emission reduction through the use of air conditioners sold for advanced countries and China in FY2020
- The amount of contribution to GHG emission reduction through the change to low global warming potential refrigerant (R32, R1234ze) charged into air conditioners sold in FY2020

**Reporting criteria**  
 The Selected Information included within the Report needs to be read and understood together with the reporting criteria stated in the Report.  
 The Selected Information reported internally to Daikin Group only for the purpose of internal management needs to be read and understood together with the internal reporting criteria defined by Daikin.

**Limitations and Exclusions**  
 Excluded from the scope of our work is any verification of information relating to:  
 - Activities outside the defined verification period;  
 - Any other information within the Report, which is not listed as the "Selected Information".  
 This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

**Responsibilities**  
 This preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of Daikin.  
 Bureau Veritas was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:  
 - obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria by conducting our assurance work;  
 - assess the reliability and accuracy of the Selected Information by conducting our review work;  
 - form an independent conclusion based on the procedures performed and evidence obtained; and  
 - report our conclusions to the Directors of Daikin.

**Assessment Standard**  
 We performed our assurance work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Effective for assurance reports dated on or after December 15, 2015) issued by the International Auditing and Assurance Standards Board and ISO 14064-3 (2009): Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions. We performed our review work by using Bureau Veritas' standard procedures for external review of sustainability information.



**Summary of work performed**  
 As part of our independent verification, our work included:  
 1. Conducting interviews with relevant personnel of Daikin;  
 2. Reviewing the data collection and consolidation processes used to compile Selected Information, including assessing assumptions made, and the data scope and reporting boundaries;  
 3. Reviewing documentary evidence provided by Daikin;  
 4. Reviewing Daikin systems for quantitative data aggregation and analysis;  
 5. Verification of sample of data back to source by carrying out four physical site visits and five remote audits, selected on a risk based bases at the following locations:  
 [Physical site visits]  
 - Daikin Yodogawa Plant  
 - McQuay Air Conditioning & Refrigeration (Suzhou) Co., Ltd.  
 - McQuay Air Conditioning & Refrigeration (Wuhan) Co., Ltd.  
 - Shenzhen McQuay Air Conditioning Co., Ltd.  
 [Remote audits]  
 - Daikin Refrigeration Malaysia Sdn.Bhd.  
 - Daikin Inama Ve Soguma Sistemleri San. Tic. AS  
 - Goodman Manufacturing Company, L.P., DITP  
 - Daikin Applied Americas, Staunton Facility  
 - Daikin Head Office

6. Reproducing a selection of aggregation calculations of the Selected Information.  
 7. Comparing the Selected Information to the prior year amounts taking into consideration changes in business activities, acquisitions and disposals.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.  
 Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We accepted the following measures for preventing the spread of COVID-19 based on Daikin's request:  
 - Carrying out remote audit through video conferencing as a substitute for physical site visit at Daikin Head Office initially planned.

**Verified greenhouse gas emissions**  
 We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO 14064-3(2006). Verified data in greenhouse gas assertion made by Daikin are as follows.


Scope	Greenhouse gas emissions (t-CO <sub>2</sub> e)	Boundary
Scope 1	602,203	*CO <sub>2</sub> from energy use, HFCs and PFCs
Scope 2 (location-based)	527,190	GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 44 overseas production subsidiaries
Scope 2 (market-based)	484,214	*CO <sub>2</sub> from non-energy use, CH <sub>4</sub> , N <sub>2</sub> O, SF <sub>6</sub> and NF <sub>3</sub> ; GHG emissions through business operations of four production bases of Daikin
Scope 3 (Category 1, 11 and 12)	262,942,540	Categories 1, 11 and 12 of Scope 3 GHG emissions accounted and reported in line with the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" within the boundaries defined by Daikin for each category

The breakdown of Scope 3 emissions are as follows.  
 Category 1: 2,890,212 t-CO<sub>2</sub>e | Category 11: 235,338,292 t-CO<sub>2</sub>e | Category 12: 44,714,036 t-CO<sub>2</sub>e

**Conclusion**  
 On the basis of our methodology and the activities described above:  
 - Nothing has come to our attention to indicate that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.  
 - It is our opinion that Daikin has established appropriate systems for the collection, aggregation and analysis of quantitative data within the scope of our work.

**Statement of Independence, Integrity and Competence**  
 Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical and health and safety information, systems and processes.  
 Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.  
 Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior and high ethical standards in their day-to-day business activities.

Bureau Veritas Japan Co., Ltd.  
 Yokohama, Japan  
 June 28, 2021



The Daikin website provides the calculation method for environmental performance data.

## ■ Editorial Policy of the Report

This report covers our basic philosophy for realizing sustainable growth of Daikin, fiscal 2020 achievements, and future plans. When we formulated Fusion 20 in fiscal 2015, we came up with four themes of CSR for value provision—Environment, New Value Creation, Customer Satisfaction, and Human Resources—and five themes of Fundamental CSR—Corporate Governance, Respect for Human Rights, Supply Chain Management, Stakeholder Engagement, and Communities—aimed at sustainable growth for both Daikin and society.

The report consists of a printed version and a website version. The printed version covers Daikin’s strategies for a sustainable society, the four themes of CSR for value provision, and key information related to the five themes of fundamental CSR on which the four themes are founded.

Information shows results for the Daikin Group as a whole unless otherwise specified.

The website version goes into more detail than the printed version, and also gives other information such as case studies from the past.

### Sustainability Website



<https://www.daikin.com/csr/>

### Investor Relations Website



<https://www.daikin.com/investor/>

Please refer to the above website for the latest financial information and other IR information.

## Reference Guidelines

This report was created with reference to the GRI Sustainability Reporting Standards released by the Global Reporting Initiative (GRI). Guideline comparison tables are on our website. Our CSR activities are conducted in line with ISO 26000.

Since October 2008, Daikin Industries, Ltd. has been taking part in the United Nations Global Compact, an initiative for companies committed to operating based on 10 universally accepted principles in areas including human rights, labor, the environment, and anti-corruption. Daikin also issues this Sustainability Report as an annual Communication on Progress (COP) to the United Nations, a public disclosure on progress made in implementing the 10 principles of the Global Compact.

## Third-Party Verification

To ensure reliability of the content of this report, the Daikin Group had a third-party verification conducted for data on greenhouse gas emissions, water use, wastewater, waste emissions, and chemical substances emissions. (See page 29.)

## Daikin Organizations Covered

This report covers Daikin Industries, Ltd. and its consolidated subsidiaries. Environmental performance data, however, covers four production bases of Daikin Industries, Ltd., eight production subsidiaries in Japan, and 44 production subsidiaries overseas.

Daikin as used in this report refers to the Daikin Group, and Daikin Industries and the Company refer to Daikin Industries, Ltd.

## Term Covered

This report covers fiscal 2020 (April 1, 2020, to March 31, 2021).

## Publication Date

September 2021 (English edition)

The next publication (Japanese) is planned for July 2022. The next English edition is scheduled for publication in September 2022.

## Contact Information

CSR & Global Environment Center,  
Daikin Industries, Ltd.  
PHONE: +81-6-6374-9304 FAX: +81-6-6374-9321  
Email: [csr@daikin.co.jp](mailto:csr@daikin.co.jp)

## Note

In reporting on fiscal 2020 CSR activities, data was carefully reviewed and was revised in cases where discrepancies occurred between actual fiscal 2020 results and information reported for fiscal 2019. Also, because figures are rounded off, totals may not equal the sum of individual figures.

## Forecasts, Expectations, and Plans

This report includes forecasts, expectations, and plans, in addition to past and present facts, about Daikin Industries, Ltd. and its subsidiaries (collectively called the Daikin Group). Please be aware that these are assumptions and judgments made based on the information available at the time this report was written and thus incorporate a degree of uncertainty. Consequently, there is a possibility that events occurring in the future may turn out differently from the forecasts, expectations, and plans stated in this report.

# **DAIKIN INDUSTRIES, LTD.**

Inquiries

## **CSR & Global Environment Center**

Umeda-Center Bldg., 2-4-12, Nakazaki-Nishi, Kita-ku, Osaka, 530-8323 Japan  
PHONE: +81-6-6374-9304 FAX: +81-6-6374-9321

You can also view this report on our website.

**URL** <https://www.daikin.com/csr/>

We welcome your thoughts and opinions on this report.

**URL** <https://www.daikin.com/contact/report/csr/>

Published September 2021

**In all of us,  
a green heart**



### **The Daikin Group Environmental Symbol**

The symbol of the Earth in the shape of a green heart represents a determination on the part of each and every employee of Daikin to think green (think of the Earth and take care of the environment).

**WE SUPPORT**



### **UN Global Compact**

Daikin strives to contribute to the sustainable development of society by reflecting in its business activities the 10 principles of the UN Global Compact, which the company has participated in since 2008.



### **Eco First**

For its range of environmentally advanced efforts, Daikin Industries, Ltd. has been certified as an Eco-First Company by Minister of the Environment of Japan.



Certificated in Japan

