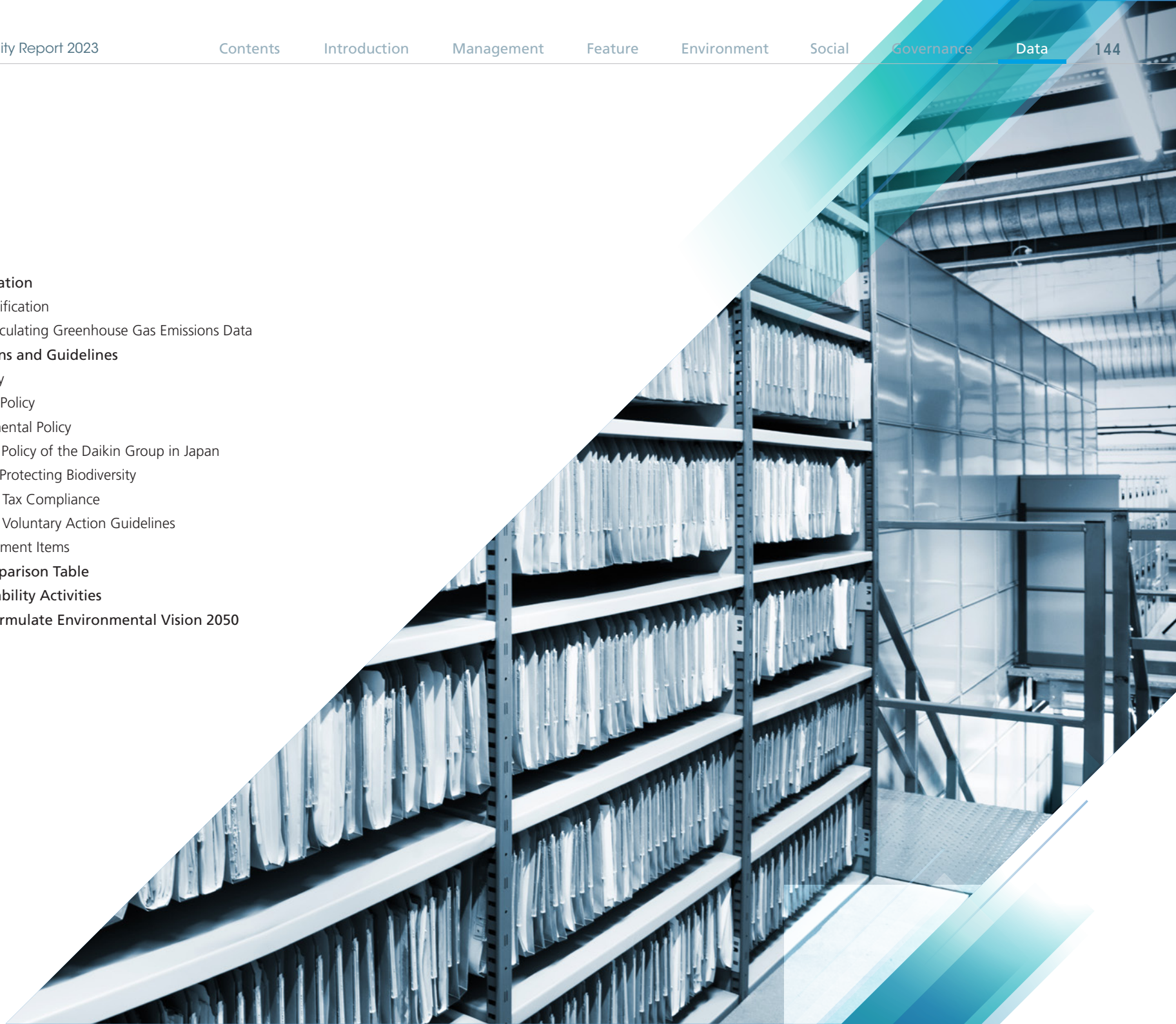


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ESG Data

Environment

Companies covered by data: **D** Daikin Industries, Ltd. **JG** Including group in Japan **Verified** Data verified by a third party
OG Overseas group companies only **OJG** Including group companies in Japan and overseas

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Mitigating Environmental Impacts in the Value Chain

GHG emissions in the value chain (Scope 1,2,3) **OJG**

Scope and Category		Assessment method	2020	2021	(Thousand tons-CO ₂) 2022	
Scope 1	Use of fuel and fluorocarbon Verified	166 Data Third-Party Verification Method of Calculating Greenhouse Gas Emissions Data	550	600	547	
Scope 2 (market-based) ¹	Use of electricity and steam Verified		510	557	484	
Scope 2 (location-based) ²	Use of electricity and steam Verified		550	618	541	
Scope 3	Category 1	Purchased goods and services Verified	Volume of purchased materials x emission coefficient	3,832	4,048	4,701
	Category 2	Capital goods	Capital investment amount x emission coefficient	393	449	718
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	Purchased electricity, steam, and fuel x emission coefficient for each type	92	100	99
	Category 4 ³	Upstream transport and delivery	Transport weight x transport distance x emission coefficient for each type	27	29	30
	Category 5	Waste generated in operations	Waste volume x emission coefficient for each type	26	33	35
	Category 6 ³	Business travel	Travel expenses x emission coefficient	7	8	12
	Category 7 ³	Employee commuting	Number of employees x emission coefficient	3	3	3
	Category 8	Leased assets (upstream)	–	N/A (includes Scope 1 and Scope 2)	N/A (includes Scope 1 and Scope 2)	N/A (includes Scope 1 and Scope 2)
	Category 9 ³	Downstream transportation and delivery	Transport volume x emission coefficient	7	8	8
	Category 10 ³	Processing of sold products	Weight of manufactured intermediate products x emission coefficient	15	20	20
	Category 11	CO ₂ from use of Daikin's air conditioners in the market Verified	166 Data Third-Party Verification Method of Calculating Greenhouse Gas Emissions Data	235,340	255,150	257,500
		CO ₂ from use of other Daikin products ⁴ in the market		19,580	24,930	25,660
	Category 12 ⁵	Fluorocarbon at time of disposal of Daikin's air conditioners Verified		44,710	46,670	46,090
		Fluorocarbon at time of disposal of other Daikin products ⁴		1,410	1,910	1,410
	Category 13	Downstream leased assets	–	N/A	N/A	N/A
Category 14	Franchises	–	N/A	N/A	N/A	
Category 15	Investments	Emissions of investment target companies x ownership percentage	110	406	158	
Total			305,550	333,760	336,430	
Comprehensive total			306,610	334,920	337,470	

1. Market-based is the calculation of Scope 2 emissions reflecting contracts for purchased electricity. 2. Location-based is the calculation of Scope 2 emissions based on the average emission coefficient for electricity of a specific location. 3. Category 4, Category 6, Category 7, Category 9 and Category 10 cover Japan only. 4. Non-air conditioner data indicates air purifiers and refrigeration/hydraulic/specialty equipment products. 5. Calculated with fluorocarbon recovery rate as 0%.

Contributions to GHG emission reduction OJG

		(Thousand tons-CO ₂)		
		2020	2021	2022
Amount of contribution to emission reduction*	Contribution to greenhouse gas emission reduction through the spread of air conditioners and heat pumps, hot water supply systems and refrigeration systems with lower emissions	1,500	5,000	6,680
	Contribution to greenhouse gas emission reduction due to the use of R-32 refrigerant in air conditioners and refrigeration systems by other companies as a result of the Daikin group's offer of free access to the patents, technical support, etc.	9,200	11,260	11,220
Amount of refrigerant recovery and recycling from market	Refrigerant recovered from the market or reclaimed by the Daikin group and reclaimed refrigerant purchased by the Daikin group (in CO ₂ equivalent)	4,600	4,670	4,450

* Calculated with F-gas recovery rate as 0%.

Note: Reviewed by the third-party.

Reduction rate of net greenhouse gas (GHG) emissions* OJG

	(%)		
	2020	2021	2022
Reduction rate of net greenhouse gas (GHG) emissions (compared to BAU with 2019 as base year)	7	10	14

* Net GHG emissions equals GHG emissions during the product lifecycle minus contribution to GHG emissions reduction.

Environmentally Conscious Products* as Percentage of Units Sold (Residential Air Conditioners) OJG

	(%)				
	2018	2019	2020	2021	2022
Environmentally Conscious Products	93	97	98	99	99
Super Green Products	51	60	69	71	76
Green Products	42	36	29	28	23
Other products	7	3	2	1	1

* Environmentally conscious products: A generic term that refers to Super Green Products and Green Products.

Air conditioners that meet all of the following conditions are considered Super Green Products, and air conditioners that meet at least one of the following conditions are considered 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 lower global warming potential.

Materials Used OJG (Updated in Nov. 2023)

		(Thousand tons)			
		2019	2020	2021	2022
Japan	Iron	68	63	76	80
	Copper	14	14	13	16
	Aluminium	13	14	15	17
	Other metals	2	2	3	4
	Plastics	17	20	22	23
	Chemical product materials	141	132	145	143
	Glass	0.4	0.4	0.5	0.4
Overseas	Iron	511	465	519	497
	Copper	80	73	71	91
	Aluminium	72	69	58	90
	Other metals	11	2	2	4
	Plastics	88	81	90	104
	Chemical product materials	150	127	150	150
	Total	Iron	579	528	595
Copper	94	86	84	107	
Aluminium	85	83	73	107	
Other metals	13	4	5	8	
Plastics	105	101	112	127	
Chemical product materials	292	259	295	293	

CO₂ Emissions Reduction achieved with Packaging Improvements (Air Conditioning) D
(tons-CO₂)

	2021	2022
CO ₂ emissions reduction achieved with packaging improvements*	146	270

* Reduced use of packaging materials and promotion of returnable packaging

Recycling of Residential Air Conditioners JG

	2018	2019	2020	2021	2022	
Residential air conditioners collected by Daikin (units: thousand)*	390	410	460	460	490	
Weight of products recycled or reused (tons)	15,990	17,197	18,527	18,337	19,998	
Amount recycled (tons)	14,634	15,672	16,862	16,700	18,234	
Recycling ratio (%)	91	91	91	91	91	
Breakdown (%)	Iron	34	33	31	32	31
	Copper	7	7	8	8	8
	Aluminium	2	2	2	2	2
	Mixture of non-ferrous and iron composite materials	40	41	41	40	41
	CFCs	1.5	1.6	1.6	1.7	1.7
Other valuable materials	16	16	16	17	17	
Fluorocarbons recovered (CO ₂ -equivalent) (Thousand tons-CO ₂)	490	530	590	590	650	

* Number of units accepted

Amount of Fluorocarbons Recovered JG

	(Thousand tons-CO ₂)				
	2018	2019	2020	2021	2022
Electric appliances recycling	490	530	590	590	650
Fluorocarbon recovery and destruction	760	830	740	760	670

Amount Destroyed in Fluorocarbon Recovery and Destruction at Time of Repair and at Time of Disposal JG

	(tons)				
	2018	2019	2020	2021	2022
Recovered fluorocarbons at time of repair	323	367	318	333	305
Recovered fluorocarbons at time of disposal	68	63	57	68	34
Total	391	430	375	401	339

Note: Amount destroyed at contracted destruction facilities around Japan including our Yodogawa Plant and Kashima Plant.

Reducing Environmental Impacts of Business Activities

Greenhouse Gas Emissions (Development and Production) OJG Verified

	(Thousand tons-CO ₂)				
	2018	2019	2020	2021	2022
Energy-induced CO ₂	830	860	720	790	710
(Scope1)	220	220	220	230	230
(Scope2)	620	640	500	560	480
HFC (Scope1)	180	160	100	110	100
PFC (Scope1)	290	300	240	260	220
Total	1,310	1,320	1,060	1,160	1,030

CO₂ Emissions Reduction in Logistics Processes (Air Conditioning; Transport, Packaging and Warehousing) D

	(tons-CO ₂)	
	2021	2022
CO ₂ emissions reduction in logistics processes	179	899

Energy Consumption OJG (Updated in Nov. 2023)

	2018	2019	2020	2021	2022
Electricity	9,108,896	9,116,573	8,538,470	10,335,299	10,294,418
Renewable Energy generated	279,187	433,841	547,774	1,176,899	2,200,386
City Gas	4,345,872	4,407,257	4,267,236	4,685,995	4,770,850
LPG	181,340	197,277	156,834	173,618	173,592
Steam	1,371,033	1,221,504	1,094,880	1,277,454	1,250,779
Petroleum	72,628	48,538	50,699	48,898	71,322
Total	15,079,769	14,991,148	14,108,119	16,521,264	16,560,960

Water Intake / per Unit of Production OJG

		2018	2019	2020	2021	2022
Water Intake (Thousand m ³)	Japan	1,890	1,760	1,670	1,820	1,910
	Overseas	5,060	4,770	4,360	4,510	4,810
	Total	6,950	6,530	6,030	6,330	6,720
Unit with standard value set at 100 (%)	Japan	93	88	92	85	89
	Overseas	85	83	84	72	69
	Total	87	84	86	76	74

Note: These values are different from values for third-party verification

Water Intake and Discharge Amounts OJG Verified

	2018	2019	2020	2021	2022	
Water Intake	12,330	11,580	9,560	9,850	9,710	
Water discharge						
	Sewerage	4,310	3,930	3,880	5,010	4,780
	Released into ocean/river	6,110	5,740	4,440	4,100	3,920

Water Intake and Discharge Amounts in Water-stressed Regions (India and China)

		2018	2019	2020	2021	2022
India	Water intake	59	58	50	57	53
	Water discharge	59	43	37	48	42
China	Water intake	26	25	26	22	23
	Water discharge	21	20	21	17	19

Chemical Oxygen Demand (COD) emissions OJG

	2018	2019	2020	2021	2022
Emissions	510	1,592	1,764	2,382	2,404

Note: Daikin changed its measurement method in fiscal 2020. This new measurement method has been used to retroactively revise the figures for fiscal 2019.

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

OJG

		2018	2019	2020	2021	2022
Emissions (tons)	Japan	537	521	454	510	563
	Overseas	1,992	2,153	2,002	1,552	1,426
	Total	2,529	2,674	2,456	2,062	1,989
Unit with standard value set at 100 (%)	Japan	91	90	79	81	81
	Overseas	88	85	76	56	43
	Total	89	86	77	61	49

Note: These values are different from values for third-party verification.

Air Pollutant Emissions

OJG

	2018	2019	2020	2021	2022
NO _x	146	205	119	111	86
SO _x	8	8	5	7	6
Dust	56	70	45	57	61

Compilation of PRTR Substances (PRTR Substances of which at Least 1 ton was Handled)

JG

(tons)

Substance name	2022				
	Amount emitted			Amount transported	
	Air	Public waterways	Soil	Waste	Sewage
acetonitrile	0.00	0.00	0.00	3.20	0.04
allyl alcohol	0.00	0.00	0.00	0.00	0.00
antimony and its compounds	0.00	0.00	0.00	27.00	0.00
ethylbenzene	0.47	0.00	0.00	0.24	0.00
ferric chloride	0.00	0.00	0.00	0.00	0.00
xylene	0.66	0.00	0.00	0.20	0.00
1-chloro-1,1-difluoroethane	11.00	0.00	0.00	0.00	0.00
chlorodifluoromethane	57.11	0.00	0.00	0.00	0.00
2-chloro-1,1,1,2-tetrafluoroethane	1.40	0.00	0.00	0.00	0.00
chloroform	0.83	0.00	0.00	6.70	0.00
tetrachloromethane	0.00	0.00	0.00	0.00	0.00
dichloromethane	16.21	0.00	0.00	2.90	0.00
N,N-dimethylacetamide	0.01	0.00	0.00	0.42	0.00
N,N-dimethylformamide	0.01	0.00	0.00	5.10	0.00
styrene	0.00	0.00	0.00	0.00	0.00
copper salts (water-soluble, except complex salts)	0.00	0.00	0.00	0.31	0.00
1,2,4-trimethylbenzene	0.02	0.00	0.00	0.00	0.00
1,3,5-trimethylbenzene	0.05	0.00	0.00	0.00	0.00
toluene	3.04	0.00	0.00	0.40	0.00
phenol	0.70	0.00	0.00	0.71	0.00
hydrogen fluoride and its water-soluble salts	0.24	0.00	0.00	120.00	0.00
n-hexane	0.25	0.00	0.00	0.18	0.00
water-soluble salts of peroxodisulfuric acid	0.00	0.00	0.00	0.00	0.00
boron compounds	0.00	0.45	0.00	0.60	0.00
poly (oxyethylene) alkyl ether (alkyl C=12-15)	0.04	0.00	0.00	43.00	0.21
formaldehyde	0.39	0.64	0.00	0.28	0.00
methylenebis (4,1-phenylene) diisocyanate	0.00	0.00	0.00	0.06	0.00
molybdenum and its compounds	0.00	0.00	0.00	0.04	0.00
trityl phosphate	0.00	0.00	0.00	0.00	0.00

Amount of Waste and Recycled Materials OJG Verified

		2018	2019	2020	2021	2022
Japan	Amount of Waste	3,401	3,274	3,650	4,126	4,060
	Amount of Recycle	28,345	27,523	25,191	27,329	26,320
	Out of the above amount, hazardous waste	21,273	20,994	19,455	22,058	22,996
Overseas	Amount of Waste	32,897	33,924	28,654	37,178	42,737
	Amount of Recycle	111,693	118,383	111,896	142,059	152,359
	Out of the above amount, hazardous waste	43,985	44,062	43,221	57,239	69,076
Total	Amount of Waste	36,298	37,198	32,304	41,304	46,797
	Amount of Recycle	140,038	145,906	137,088	169,388	178,679
	Out of the above amount, hazardous waste	65,258	65,056	62,676	79,297	92,072

Emissions / per Unit of Production OJG

		2018	2019	2020	2021	2022
Emissions (tons)	Japan	30,400	28,400	26,800	31,000	28,000
	Overseas	164,500	158,400	160,000	180,000	191,000
	Total	194,900	186,800	186,800	211,000	221,021
Unit with standard value set at 100 (%)	Japan	86	84	84	70	76
	Overseas	93	88	89	90	89
	Total	92	87	88	87	87

Note: These values are different from values for third-party verification.

Environmental Management

Report from Audits JG

		2018	2019	2020	2021	2022
Problems found from internal environmental audits	Major nonconformity	1	2	1	0	0
	Minor nonconformity	28	22	9	8	3
	Improvement	160	126	77	97	91
Problems found by third-party certification institutes	Major nonconformity	0	0	0	0	0
	Minor nonconformity	0	0	0	1	0
	Improvement	9	7	5	3	4

Ratio of Employees Belonging to Facilities That Obtained ISO 14001 Certification OJG

	2018	2019	2020	2021	2022
Japan	100	100	100	100	100
Overseas	95	94	93	91	90

 Daikin Bases Certified for ISO 14001

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/environment/certified-pdf

Number of Green Heart Certified Factories* OJG

	2022
Platinum	0
Gold	2
Silver	17
Bronze	10
Total	29

* A Group standard for evaluating and certifying individual manufacturing sites for their environmental activities such as energy conservation, reduction of waste generated, and biodiversity conservation. (Evaluation every two years.)

Environmental Accounting¹

Cost of Environmental Conservation²

		(million yen)			
Category	Major activities	2021		2022	
		Amount of equipment invested	Expenses	Amount of equipment invested	Expenses
Cost in business area		6,081	7,970	4,639	9,590
1. Environmental impact reduction	Introduction, maintenance, and management of pollution prevention facilities/equipment, expenses for measurement/analysis of air pollution control, water pollution control, vibration, and noise.	2,235	2,766	1,899	2,392
2. Global environmental conservation	Introduction of energy efficient facilities/equipment, reduction of fluorocarbon emissions in the production process, and recovery of fluorocarbons.	1,758	1,157	2,515	2,670
3. Resource circulation	Reduction or recycling of waste, subcontracting of waste disposal, and resource conservation activities.	2,089	4,048	225	4,528
Upstream/downstream	Recycling of used products, and recovery, recycling, and destruction of fluorocarbons in used products or products still in service.	22	476	27	241
Management activities	Running of company organization for environmental matters, environmental education, environmental information disclosure, and establishment/maintenance of environmental management systems.	36	1,245	100	1,579
Research and development	Work on three major tasks for air conditioners, and development of fluorochemical products with minimized environmental impact.	4,328	18,102	3,911	17,498
Social activities	Provision of personnel and monetary aid to environment-related organizations, and environmental protection activities in local communities.	0.03	117	0.07	201
Environmental damage	Costs for purification of polluted groundwater and soil.	21	154	13	265
Total		10,488	28,064	8,691	29,373
Total of investment in facilities within the period			156,300		250,300
Total of investment in R&D activities within the period			81,500		102,200

Effects of Environmental Conservation

Effects			2021 figures	2022 figures
Effects corresponding to business area cost	1. Effects of the resources used for business activities	Reduction in CO ₂ emissions caused by energy consumption	79,486 tons-CO ₂	242,900 tons-CO ₂
		Reduction in water consumption	2,152,117 m ³	2,224,718 m ³
	2. Effects against environmental impacts and waste resulting from business activities	Reduction in fluorocarbon emissions	43 tons	29 tons
		Reduction in waste materials	-592 tons	3,123 tons
Effects corresponding to upstream/downstream cost	Effects associated with benefits and services that are calculated and based on business activities	Number of residential air conditioners collected	460,000 units	490,000 units
		Amount of fluorocarbons recovered	303 tons	336 tons
		Amount of packaging material recycled	86.5 tons	145.1 tons

Economic Benefits of Environmental Conservation Efforts (monetary benefits)³

Effects		2021	2022
Profit	Profit from sale of recycled items, such as waste or used products, etc.	7,048	8,535
Reduction in expenses	Reduction in energy expenses resulting from energy conservation efforts	6	-805
	Reduction in waste disposal expenses resulting from resource conservation or recycling resources	-667	286

1 The costs and effects of Daikin's environmental efforts were calculated based on the Environmental Accounting Guidelines 2005 released by Japan's Ministry of the Environment.

2 Expenses include labor costs but not depreciation expenses for investment in facilities. The expenses not fully allocated to environmental protection were proportionally divided and totaled according to a relevant Daikin standard.

3 The environmental conservation effects and economic benefits were calculated by comparing the adjusted output to the previous fiscal year.

ESG Data

Society

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 067 Social

Co-creation

Research and Development Expenses **OJG**

	2018	2019	2020	2021	(billion yen) 2022
Research and Development Expenses	65.2	68.0	71.7	81.5	102.2

Customer Satisfaction

Improvement in Customer Satisfaction*

	(Base year)	2018	2019	2020	2021	2022
Japan	(FY2015)	1.13	1.14	1.14	1.14	1.15
Spain	(FY2016)	1.15	1.12	1.13	1.14	1.11
China	(FY2018)	1.00	1.04	1.04	1.00	1.01
India	(FY2016)	1.09	1.13	1.15	1.19	1.22
Indonesia	(FY2017)	1.03	1.03	1.10	1.11	1.07
Singapore	(FY2015)	1.00	1.00	1.01	1.00	1.00
Italy	(FY2019)	–	1.00	1.07	1.07	1.08
Vietnam	(FY2015)	1.11	1.14	1.22	1.21	1.22
Australia	(FY2015)	1.00	1.00	1.00	1.02	1.02
France	(FY2019)	–	1.00	0.98	1.02	1.00
UAE	(FY2015)	1.03	1.04	1.05	1.05	1.18
Brazil	(FY2020)	–	–	1.00	1.03	1.06

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

Customer Satisfaction with After-sales Service* **D**

	2018	2019	2020	2021	2022
Overall satisfaction	4.56	4.63	4.60	4.60	4.66

* Results of responses online as well as on postcard-sized surveys that are sent to a random sampling of customers one or two weeks after they receive servicing. Weighted average on a scale of 5.

Number of Inquiries to the Contact Center **JG**

	2018	2019	2020	2021	(thousands) 2022
Repair inquiries	799	919	800	604	579
Technical advice	707	758	789	595	565
Parts inquiries	393	311	254	207	194
Others	19	29	14	13	9
Total	1,918	2,017	1,858	1,419	1,347

Number of Inquiries to the Contact Center **China**

	2018	2019	2020	2021	(thousands) 2022
Repair inquiries	765	689	788	843	913
Technical advice	51	32	31	36	30
Parts inquiries	145	106	104	97	100
Total	962	828	923	976	1,043

Human Resources

Employees

Employee Composition* D

	2018		2019		2020		2021		2022	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Number of employees	7,180	1,368	7,352	1,440	7,458	1,527	7,339	1,579	7,276	1,601
Average range of services (years)	17.9	11.9	16.9	11.0	16.8	10.9	16.7	10.9	16.5	10.6
Average age	42.6	35.2	42.4	35.2	42.4	35.2	41.8	35.4	42.0	35.7
Number of managers	1,063	59	1,100	63	1,110	71	1,122	68	1,149	95
Number of directors, audit & supervisory board members and senior executive officers	34	1	34	1	37	1	40	2	40	2
Number of foreign nationals	54	30	62	31	64	33	62	34	61	33

* Includes employees on loan.

Note: Figures as of fiscal year-end.

Employee Make-up by Region* OJG

	2018		2019		2020		2021		2022	
	Number of companies	Number of employees	Number of companies	Number of employees	Number of companies	Number of employees	Number of companies	Number of employees	Number of companies	Number of employees
Daikin Industries, Ltd. (Only)	1	7,254	1	7,499	1	7,732	1	7,652	1	7,618
Domestic Group (Excluding Daikin Industries, Ltd.)	30	5,243	29	5,380	30	5,586	30	5,717	30	5,817
U.S.	55	16,686	58	17,497	61	19,812	67	20,275	75	22,966
China	33	19,194	36	18,996	33	19,360	32	19,567	33	20,599
Europe	80	9,034	78	9,407	75	9,947	77	11,147	86	12,215
Asia, Oceania	50	15,686	51	16,456	54	17,367	55	18,542	61	20,083
Others (Latin America, Middle East, Africa, etc.)	43	3,387	61	5,134	62	5,066	61	5,798	62	7,039
Total	292	76,484	314	80,369	316	84,870	323	88,698	348	96,337

* Figures as of fiscal year-end.

Number of Employees by Gender and Employment Rate of Women OJG

	2018	2019	2020	2021	2022
Men	55,415	58,229	61,046	63,753	69,733
Women	21,069	22,140	23,824	24,945	26,604
Total	76,484	80,369	84,870	88,698	96,337
Women as % of all employees	27.5%	27.5%	28.1%	28.1%	27.6%

Number of New Employees Hired; Women as Percentage of All New Employees Hired* D

	2018	2019	2020	2021	2022
Men	298	308	303	284	201
Women	131	123	118	112	98
Total	429	431	421	396	299
Women as % of all new employees	30.5%	28.5%	28.0%	28.3%	32.8%

* Number of people joining the company on April 1.

Number of Employees Leaving, Employee Turnover D

	2018	2019	2020	2021	2022
Men	265	272	369	332	376
Women	78	69	57	61	69
Total	343	341	426	393	445
Employee turnover	4.0%	3.9%	3.7%	4.4%	5.0%

Development of Human Resources

Human Resources Development of Manufacturing OJG

		2018	2019	2020	2021	2022
Japan	The ratio of Excellent or Advanced Skilled Engineers ¹ in Manufacturing (%)	34.7	31.6	30.3	30.5	31.7
	Ratio ²	1 in 2.9 employees	1 in 3.2 employees	1 in 3.3 employees	1 in 3.3 employees	1 in 3.2 employees
Overseas	The ratio of Excellent or Advanced Skilled Engineers ¹ in Manufacturing (%)	–	–	–	6.2	9.1
	Ratio ²	–	–	–	1 in 16.1 employees	1 in 11.0 employees
Total	The ratio of Excellent or Advanced Skilled Engineers ¹ in Manufacturing (%)	–	–	–	14.8	12.5
	Ratio ²	–	–	–	1 in 6.8 employees	1 in 8.0 employees

¹ High-skilled engineers with knowledge and leadership.

² One out of every-employees is Excellent or Advanced Skilled Engineer.

Workplace Diversity

Number and Percentage of Women in Management Positions D

	2018	2019	2020	2021	2022
Number of Female Managers	59	63	71	68	95
Females as Percentage of all managers	5.3%	5.4%	6.0%	5.7%	7.6%

Number of Overseas Bases Where Local Nationals are Presidents and Executives OG

	2018	2019	2020	2021	2022
Number of Bases Where Local Nationals are Presidents and Executives	42	48	43	44	45
Number of Overseas Bases Where Local Nationals are President	32	32	30	32	34
Number of Overseas Bases Where Local Nationals are Executives	64	68	68	63	65

(people)

Percentage of Overseas Bases Where Local Nationals are President and Executives OG

	2018	2019	2020	2021	2022
Percentage of Overseas Bases Where Local Nationals are President	46.4	47.1	42.9	45.0	44.0
Percentage of Overseas Bases Where Local Nationals are Executives	43.0	48.6	48.2	44.0	45.0

(%)

Number of People with Disabilities Employed and Employment Rate JG

	2018	2019	2020	2021	2022
Number of people with disabilities employed ¹	359	369	390	362	365
Employment rate of people with disabilities ²	2.42%	2.44%	2.55%	2.60%	2.69%

1. Legally, one severely disabled person employed is counted as two people with disabilities.

2. Disability employment rate = number of people with disabilities employed / number of full-time employees.

Note: Figures as of end of fiscal year.

Number of Re-employed Workers and Percentage of Re-employed after Retiring D

		2018	2019	2020	2021	2022
Number of retirees	Men	104	127	142	184	195
	Women	2	7	8	9	10
Number of re-employed workers	Men	90	115	121	163	175
	Women	2	7	7	8	9
Percentage re-employed after retiring		86.8%	91.0%	85.3%	88.6%	89.8%

Work-Life Balance

Number of Employees Taking Childcare Leave* D

		2018	2019	2020	2021	2022
Number taking childcare leave	Men	274	337	327	233	78
	Women	140	145	173	93	214
	Total	414	482	500	326	292

* Number of employees taking childcare leave each fiscal year.

Note: Revisions to the Act on Childcare Leave, Caregiver Leave in April 2023 require that companies disclose the rate of employees taking childcare leave calculated according to a specified formula. As a result, figures for fiscal 2021 were changed to this formula and revised retroactively.

Number Taking Family Care Leave D

		2018	2019	2020	2021	2022
Number taking family care leave	Men	0	4	3	3	2
	Women	3	1	1	2	2
	Total	3	5	4	5	4

Occupational Safety and Health

Frequency Rate of Lost Work Time Accidents¹ OJG

	2018	2019	2020	2021	2022
Daikin Group (Including Overseas)	1.38	1.26	1.01	1.19	1.35
Japan (Manufacturing Industry Average)	1.83	1.80	1.95	2.09	2.06
U.S. (Average for All Industries) ²	14.0	14.0	13.5	13.5	–

1. This shows the frequency of occupational accidents resulting in lost work time, expressed in number of casualties for every 1,000,000 working hours.

Frequency rate = Number of injuries or fatalities from occupational accidents resulting in lost work time / Total actual working hours × 1,000,000

2. Calculated based on information from U.S. Bureau of Labor Statistics (November 2022).

No data was released for the U.S. in fiscal 2022 (as of the end of June 2023).

Severity Rate* OJG

	2018	2019	2020	2021	2022
Daikin Group (Including Overseas)	0.03	0.04	0.03	0.03	0.04
Japan (Manufacturing Industry Average)	0.09	0.09	0.09	0.09	0.09

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

Severity rate = Total number of working days lost / Total actual working hours × 1,000.

Number of Sites that Obtained Occupational Safety and Health Management System Certification OJG

	2022
Japan	2
China	18
Asia and Oceania	14
Europe	23
Americas	0
Total	57

Note: Acquired by approximately 50% of all manufacturing bases.

Number of bases with ISO 45001 certification. Excludes bases with other types of certification.

Percentage of Employees Taking All Paid Leave D

	2018	2019	2020	2021	2022
Percentage of Daikin Industries, Ltd. Employees	94.8	95.7	91.5	95.8	97.7
Percentage of Japanese workers in the manufacturing industry (according to Ministry of Health, Labour and Welfare)	58.4	52.4	56.3	61.6	62.6

Average Hours of Overtime per Employee D

	2018	2019	2020	2021	2022
Hours	217.10	207.80	193.00	211.80	220.80

Periodic Health Checkup Results D

	2018	2019	2020	2021	2022
Percentage of employees taking checkup	99	94	99	99	99
Percentage of employees requiring treatment	56	69	59	63	76

Labor-Management Relations

Ratio of Union Member D

	2018	2019	2020	2021	2022
Percentage of employees in union	86	87	87	87	86

Supply Chain Management

Class A CSR Procurement Achievement Rate* OJG

	2019	2020	2021	2022
Japan	60	65	66	66
Overseas	64	65	73	77
Entire Group	63	65	72	75

* Procurement value from suppliers that satisfy Daikin's Class A standards of total procurement value.

Green Procurement Rate* OJG

	2018	2019	2020	2021	2022
Japan	90	93	95	95	91
Overseas	79	77	77	78	76
Entire Group	80	80	80	80	79

* Green procurement rate= Value of goods procured from suppliers who meet our assessment criteria / Value of all goods procured

Communities

Expenditure for Social Contribution Activities OJG

	2018	2019	2020	2021	2022
Total	1,415	1,477	1,292	1,388	1,794

ESG Data

Governance

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

[128 Governance](#)

Number of Executives and Breakdown* **D**

			2021	2022	2023
			(people)		
Executives	Internal	Men	7 (non-Japanese 1)	7 (non-Japanese 1)	6 (non-Japanese 1)
		Women	0	0	0
	External	Men	3	3	3
		Women	1	1	1
	Total		11	11	10

* Current as of July 1, 2023.

Number of Auditors and Breakdown* **D**

			2021	2022	2023
			(people)		
Auditors	Internal	Men	2	2	2
		Women	0	0	0
	External	Men	2	2	2
		Women	0	0	1
	Total		4	4	5

* Current as of July 1, 2023.

Number of Board of Directors' Meetings and Average Attendance **D**

	2020	2021	2022
Number of meetings	15	15	16
Average attendance of Board of Directors' meetings (%)	97	97	98

Average Appointment Term for Directors **D**

	2022
	(years)
Average appointment term	11.6

Make-up of Human Resources Advisory Committee and Compensation Advisory Committee* **D**

			2021	2022	2023
			(people)		
Human Resources Advisory Committee and Compensation Advisory Committee	Internal directors	Men	1	1	1
		Women	0	0	0
	External directors	Men	3	3	3
		Women	1	1	1
	Executive officers	Men	1	1	1
		Women	0	0	0

* Current as of June 2023.

The Vesting for Variable CEO Compensation D

Period During Which CEO's Change in Compensation is Based On	Within 3 to 12 years from the allotment date
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Executive Compensation* D

		2018	2019	2020	2021	2022
Directors	Number	12	12	12	14	12
	Amount of compensation (million yen)	1,183	1,186	1,281	1,364	1,435
Audit & Supervisory Board Member	Number	4	5	4	4	4
	Amount of compensation (million yen)	98	99	99	99	102
Total	Number	16	17	16	18	16
	Amount of compensation (million yen)	1,281	1,285	1,380	1,463	1,537

* About compensation amounts

For fiscal 2018, the compensation amount for the term of office of two auditors who retired is included.

For fiscal 2019, the compensation amount for the term of office of one auditor and two directors who retired is included.

For fiscal 2020, the compensation amount for the term of office of one director who retired is included.

For fiscal 2021, the compensation amount for the term of office of three directors who retired are included.

For fiscal 2022, the compensation amount for the term of office of one director who retired is included.

Corporate Officers with Compensation Over 100 Million Yen (Fiscal 2022) D

Name	Total consolidated compensation (million yen)	Category	Company	Total consolidated compensation by type (million yen)		
				Fixed compensation	Stock options	Performance-linked compensation
Noriyuki Inoue	456	Director	Daikin Industries, Ltd.	193	54	208
Masanori Togawa	322	Director	Daikin Industries, Ltd.	130	54	137
Ken Tayano	185	Director	Daikin Industries, Ltd.	82	32	55
		President	Daikin (CHINA) Investment Co., Ltd. (Consolidated subsidiary)	15	–	–
Masatsugu Minaka	169	Director	Daikin Industries, Ltd.	7	30	44
		Director	Daikin Europe N.V. (Consolidated subsidiary)	80	–	6
Kanwal Jeet Jawa	156	Director	Daikin Industries, Ltd.	14	18	–
		Director	Daikin Airconditioning India Pvt. Ltd.	74	–	49
Yoshihiro Mineno	151	Director	Daikin Industries, Ltd.	57	30	63
Takashi Matsuzaki	142	Director	Daikin Industries, Ltd.	57	26	58

Note: Only those individuals receiving 100 million yen or more of consolidated remuneration are listed.

Accounting Auditor Compensation **D**

(million yen)

	2022
Auditing expenses	296

Number of Patent Applications **D**

(cases)

	2017	2018	2019	2020	2021
Japanese applications	904	957	1,076	1,045	1,190
Overseas applications	434	513	467	587	597

Major Legal Violations **OJG**

(cases)

	2020	2021	2022
Number of Major Legal Violations	0	0	0

Third-Party Verification

Third-Party Verification

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, waste water, waste emissions, and chemical substances emissions.

Data Covered by Verification

Environmental Impact Data on Business Operations in FY2022

- Scope 1 and Scope 2 greenhouse gas (GHG) emissions, water use, waste water, waste emissions, and chemical substances emissions from business operations of four manufacturing bases in Japan of Daikin Industries, Ltd., eight manufacturing subsidiaries in Japan, and 58 manufacturing 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

- Amount of contribution to greenhouse gas emission reduction*
 - Contribution to greenhouse gas emission reduction through the spread of air conditioners, space and water heaters, and refrigeration systems with lower emissions
 - Contribution to greenhouse gas emission reduction due to the use of R-32 refrigerant in air conditioners and refrigeration systems by other companies as a result of the Daikin group's offer of free access to the patents, technical support, etc.
- Amount of refrigerant recovery and reclamation from market
 - Refrigerant recovered from the market or reclaimed by the Daikin group and reclaimed refrigerant purchased by the Daikin group (in CO₂ equivalent)

* Calculated with F-gas recovery rate as 0%.

 [166 Data Third-Party Verification Method of Calculating Greenhouse Gas Emissions Data](#)

Independent Assurance Statement

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 2023 (the "Report") or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2022 through March 31, 2023 (the "Selected Information"):

- 1) The following data through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 58 production subsidiaries overseas
 - CO₂ emissions from energy use
 - HFCs and PFCs emissions
 - Water intake and Wastewater
 - Recycled materials and Waste
 - VOC emissions
- 2) Release amount of PRTR (*1) chemical substances through business operations of four production bases of Daikin and eight production subsidiaries within Japan
 - (*1) Pollutant Release and Transfer Register system
- 3) The following data through business operations of four production bases of Daikin
 - CO₂ emissions from non-energy use
 - CH₄, N₂O, SF₆ and NF₃ emissions
- 4) 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 2023 (the "Report") or reported internally to Daikin Group only for the purpose of internal management for the period of April 1, 2022 through March 31, 2023 (the "Selected Information"):

- 1) Contribution to greenhouse gas emission reduction through the spread of air conditioners and heat pumps, hot water supply systems and refrigeration systems with lower emissions
- 2) Contribution to greenhouse gas emission reduction due to the use of R-32 refrigerant in air conditioners and refrigeration systems by other companies as a result of the Daikin group's offer of free access to the patents, technical support, etc.
- 3) Refrigerant recovered from the market or reclaimed by the Daikin group and reclaimed refrigerant purchased by the Daikin group (in CO₂ equivalent)

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 ISO14064-3 (2019): Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.

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 ten physical site visits, selected on a risk based bases at the following locations:
 - Daikin Head Office
 - Daikin Industries, Ltd. Kashima Plant
 - Daikin Device (Suzhou) Co., Ltd.
 - Daikin Motor (Suzhou) Co., Ltd.
 - DAIKIN REFRIGERATION (SUZHOU) CO., LTD.
 - DAIKIN AIR-CONDITIONING (SUZHOU) CO., LTD.
 - Daikin Compressor Industries, Ltd.
 - Daikin Malaysia Sdn Bhd & Daikin Research & Development Malaysia Sdn Bhd
 - AHT Cooling Systems GmbH
 - Daikin Applied Europe S.p.A. (Italy)
6. Reperforming 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.

Verified greenhouse gas emissions

We performed our verification work on greenhouse gas emissions data in accordance with the requirements of ISO14064-3(2019). Verified data in greenhouse gas assertion made by Daikin are as follows.

	Greenhouse gas emissions (t-CO ₂ e)	Boundary
Scope 1	559,736	-CO ₂ from energy use, HFCs and PFCs: GHG emissions through business operations of four production bases of Daikin, eight production subsidiaries within Japan and 58 overseas production subsidiaries
Scope 2 (location-based)	611,527	-CO ₂ from non-energy use, CH ₄ , N ₂ O, SF ₆ and NF ₃ : GHG emissions through business operations of four production bases of Daikin
Scope 2 (market-based)	474,835	
Scope 3 (Category 1, 11 and 12)	308,285,680	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: 4,701,417 t-CO₂e | Category 11: 257,498,139 t-CO₂e | Category 12: 46,086,124 t-CO₂e

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 Quality Management System which complies with the requirements of globally recognized quality management standard, 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, 2023



Third-Party Verification

Method of Calculating Greenhouse Gas Emissions Data

Greenhouse gas emissions data are calculated as follows.

(1) Use of fuel at sites (Energy-induced CO₂) Scope 1

- The scope of calculation covers four manufacturing bases of Daikin Industries, Ltd., eight manufacturing subsidiaries in Japan, and 58 manufacturing subsidiaries overseas.
- However, the following may not be included in calculation: newly consolidated bases, sites that are newly established and that don't yet have a data collection system in place, and sites whose emissions are negligible. For sites where data procurement is difficult, calculation is based on estimates of past data, for example.
- Heat generation per unit, CO₂ emissions coefficient: Based on Environmental Activity Evaluation Program (Eco-Action 21) (1998, Ministry of the Environment); for natural gas in Japan, the coefficient used is based on the Act on the Promotion of Global Warming Countermeasures.

(2) Emissions of HFCs and PFCs in production processes at sites Scope 1

- The scope of calculation covers four manufacturing bases of Daikin Industries, Ltd., eight manufacturing subsidiaries in Japan, and 58 manufacturing subsidiaries overseas.
- For estimates of emissions of HFCs and PFCs, material balances and emissions coefficients are set and calculated based on methods stipulated in the Act on the Promotion of Global Warming Countermeasures.
- Global warming potentials of HFCs and PFCs are from the IPCC Fourth Assessment Report.

(3) Non-energy-induced CO₂, CH₄, N₂O, SF₆, NF₃ emissions in production processes at sites Scope 1

- The scope of calculation is the four manufacturing bases of Daikin Industries, Ltd.
- Calculations are based on emissions coefficients stipulated in the Act on the Promotion of Global Warming Countermeasures.
- Global warming potentials are from the IPCC Fourth Assessment Report.

(4) Use of electricity and heat at sites (Energy-induced CO₂) Scope 2

- The scope of calculation covers four manufacturing bases of Daikin Industries, Ltd., eight manufacturing subsidiaries in Japan, and 58 manufacturing subsidiaries overseas.
- CO₂ emissions coefficients are as follows.
 - Purchased electricity: Use one of the following
 - Coefficients provided by electricity distribution companies
 - Coefficients published by national and local governments (and government agencies)
 - Coefficients published by the IEA
 - Purchased heat: Use one of the following
 - Coefficients provided by heat distributors
 - Based on Environmental Activity Evaluation Program (Eco-Action 21) (1998, Ministry of the Environment)

(5) Purchased products and services (Energy-induced CO₂) Scope 3

- Scope of calculation covers components and materials purchased for air conditioners, water heaters, oil hydraulic products, filters, and fluorochemical products produced in Japan, China, Thailand, Malaysia, India, Belgium, the Czech Republic, the Netherlands, France, Italy, Germany, Türkiye, and the U.S.
- For each, purchased amount is multiplied by CO₂ emission coefficient.
- CO₂ emission coefficient is based on the Inventory Database for Environment Analysis, by the National Institute of Advanced Industrial Science and Technology, and the Japan Environmental Management Association for Industry.
- For raw materials used to produce chemical products, approximately 80% of the highest volume ones were selected, and a 100% value estimate calculation was done.

(6) CO₂ emissions from the use of products sold (Energy-induced CO₂) Scope 3

- Scope of calculation covers the use of products sold globally which includes residential air conditioners, air conditioners for shops, offices and buildings, air conditioners for factories, central air conditioning units and equipment for hot water supply and heating.
- Calculation method: Annual energy consumption × Product lifecycle × Electricity CO₂ emission coefficient (or Gas* CO₂ emission coefficient) × Sales volume
* used as fuel in combustion heating equipment
- Data for the calculation method are as follows.
Annual energy consumption:
Catalogue value: standard value or value calculated assuming actual usage conditions
Product lifecycle: 10 years for residential equipment and 13 years for others
Electricity CO₂ emission coefficient: value reported in "IEA Emissions Factors"

(7) CO₂ emissions from the use of products sold (Fluorocarbons) Scope 3

- Scope of calculation is same as part (6).
- Calculation method: Refrigerant charge amount × Annual leakage rate × Product lifecycle × Global warming potential × Sales volume
- Data for the calculation method are as follows.
Refrigerant charge amount: Catalogue value
Annual leakage rate: Value reported in "Revisions of Emission Coefficient, Etc. During Use of Refrigeration and Air Conditioning Equipment" by Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry, March 17, 2009
Product lifecycle: 10 years for residential equipment and 13 years for others
Global warming potential: Value reported in IPCC Assessment Report

(8) CO₂ emissions from the disposal of products sold Scope 3

- Scope of calculation is same as part (6).
- For calculation method, impact by refrigerant release is calculated by refrigerant charge amount × global warming potential × (1- recovery rate). Emissions associated with the transport, disassembly etc. of waste products is calculated by multiplying the emission per unit by sales volume.
- Data for the calculation method are as follows.
Refrigerant charge amount: Catalogue value
Global warming potential: Value reported in IPCC Assessment Report
Recovery rate: Set to 0% conservatively

Policies, Regulations and Guidelines

CSR Philosophy

Basic Management Policy of the Daikin Group

Our Group Philosophy and People-Centered Management

Our Group Philosophy is the basis for all action aimed at becoming a corporate group that is trusted by customers worldwide, and that instills pride in Daikin employees around the globe. Daikin's People-Centered Management, meanwhile, is based on the belief that employee growth generates corporate growth and is implemented with the goal of creating a workplace where employees can use their talents to the fullest.

Daikin believes that if both employees and company executives put Our Group Philosophy and People-Centered Management into practice, then we can achieve sustainable development and growth.



Our Group Philosophy

Our Group Philosophy

1. Create New Value by Anticipating the Future Needs of Customers
2. Contribute to Society with World-Leading Technologies
3. Realize Future Dreams by Maximizing Corporate Value
4. Think and Act Globally
5. Be a Flexible and Dynamic Group
6. Be a Company that Leads in Applying Environmentally Friendly Practices
7. With Our Relationship with Society in Mind, Take Action and Earn Society's Trust
8. The Pride and Enthusiasm of Each Employee Are the Driving Forces of Our Group
9. Be Recognized Worldwide by Optimally Managing the Organization and its Human Resources, under Our Fast & Flat Management System
10. An Atmosphere of Freedom, Boldness, and "Best Practice, Our Way"

Our Group Philosophy (About Daikin)
<https://www.daikin.com/corporate/overview/philosophy>

How We View CSR

How We View CSR

1. Through the strict implementation of Our Group Philosophy, the Daikin Group will fulfill its social responsibilities worldwide in all facets of relationships with stakeholders, thereby raising corporate value and contributing to the sustainable development of society.
2. Based upon thorough observance of legal compliance and corporate ethics, the Daikin Group will focus on contributing to society through its business activities. As a good corporate citizen, we will be highly sensitive to the needs of each world region in carrying out our social contribution activities.
3. We will incorporate CSR into business activities so that CSR and our business are integrally intertwined in an ongoing synergy that contributes to better business performance.
4. We will carry out CSR activities through open, two-way communication with society and always ensure that we are accountable for, and transparent in, our actions.

Group Conduct Guidelines

Group Conduct Guidelines

Daikin's Group Conduct Guidelines define the fundamental corporate ethics and compliance that each and every officer and employee of all Group companies around the world must follow in conducting businesses globally.

Each Group company globally then establishes their specific codes of conduct in accordance with the laws and customs of each country and region. In this manner, we comprehensively promote best practices in corporate ethics and compliance.

Note: The specific guidelines apply to Daikin Industries, Ltd. and its Group companies in Japan only.

1. Providing Safe, High Quality Products and Services

We shall make every effort to ensure the safety and quality of our products and services from the standpoint of our customers. Should a problem occur regarding safety, we shall immediately take appropriate action.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_01-pdf

2. Free Competition and Fair Trading

We shall observe all applicable laws and regulations relating to fair competition and fair trade of each country and region, including antimonopoly laws. Furthermore, we shall conduct fair sales and procurement activities based on proper corporate ethics and in accordance with sound business practices and social norms.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_02-pdf

3. Observing Trade Control Laws

We shall not participate in any transactions that may undermine the maintenance of global peace and security and world order. We shall always act in compliance with all applicable export- and import-related laws and regulations of each country and region, as well as the Daikin Group Security Trade Control Policy, which relates to foreign trade control.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_03-pdf

4. Respect and Protection of Intellectual Property Rights

Recognizing that intellectual property rights are important company assets, we shall strive to protect and maintain our intellectual property rights and effectively utilize them. Furthermore, we shall respect and make every effort not to infringe upon the intellectual property rights of other companies.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_04-pdf

5. Proper Management and Utilization of Information

We shall properly manage and effectively utilize the confidential information of our company, the confidential information obtained from other companies, and the personal information of our customers and employees and shall not obtain any information through improper means. We shall thoroughly execute IT security management for our computer systems and the data-resources saved on them.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_05-pdf

6. Prohibition of Insider Trading

To maintain the trust of the securities market, we shall not use non-public information about the Daikin Group or other companies to buy or sell stocks or other securities (insider trading).

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_06-pdf

7. Timely and Appropriate Disclosure of Corporate Information

Aiming to be an “open company” with high transparency and earn the respect of society, we shall actively convey corporate information in a timely fashion not only to shareholders and investors but also to a wide spectrum of society, and engage in two-way communication.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_07-pdf

8. Preservation of the Global Environment

We shall observe all applicable environmental laws and regulations of each country and region and practice initiatives that preserve the global environment in all aspects of our business operations, including product development, manufacturing, sales, distribution, and services. Also, each and every one of us shall deepen our knowledge of environmental issues, reduce the environmental load in the workplace and at home, and strive toward biodiversity conservation.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_08-pdf

9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of “Safety First” to ensure the safety of the workplace and further gain the trust of people in the regions we serve.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_09-pdf

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

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of

skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person’s will (forced labor).

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_10-pdf

11. Protection of Company Assets

We shall properly manage the tangible and intangible assets of our company to protect and utilize effectively these assets.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_11-pdf

12. Proper Handling of Accounting Procedures

We shall comply with all accounting standards and tax laws of each country and region as well as internal company rules in properly performing accounting procedures.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_12-pdf

13. Practicing Moderation in Entertainment and Gift Exchanges

We shall exercise moderation and perform within the acceptable range of social norms and obey the laws and regulations of each country and region in regards to entertainment, the exchange of presents, and invitations relating to the development of our global business. In particular, we shall not entertain, provide gifts of monetary value to, or extend invitations to public officials in Japan or abroad that violate the applicable laws and regulations in

each respective country and region.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_13-pdf

14. Maintaining a Firm Attitude against Anti-social Activities

We shall take a firm attitude against anti-social force or organization that threatens the safety and order of the citizens of society.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_14-pdf

15. Relationship with Society

We aim to be a good corporate citizen that is trusted by society and we shall do our best to act with humility and modesty while at the same time having self-awareness and taking pride in our actions. Moreover, we shall participate in social contribution activities centered on environmental conservation, education support, and cooperation with the local community.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_15-pdf

16. Observing Each Category of Industry Law and Regulation

We shall accurately comprehend and observe all business laws and regulations of each country and region applicable to our business activities.

Specific Guidelines

https://www.daikin.com/-/media/Project/Daikin/daikin_com/csr/new/pdf/management/conduct_16-pdf

Policies, Regulations and Guidelines

Human Rights Policy

Daikin Group Human Rights Policy

In Our Group Philosophy, we in the Daikin Group state that “The Pride and Enthusiasm of Each Employee Are the Driving Forces of Our Group.” While respecting diverse personal values and work ethics, we have promoted the creation of a work environment that enables employees to feel both pride and enthusiasm toward their work.

Owing to our good corporate culture as exemplified by our free and open organizational culture, sense of unity, and teamwork, we continue to challenge high goals by empowering all members with the means to fully demonstrate their respective individuality and capabilities.

It is our firm conviction that the constant refinement of this unique corporate culture and creation of environments in which diverse human resources take on challenges and play active roles lead to “respect for human rights” and sustainable growth for our business.

For our business overall, including manufacturing and sales, we will continue to work in cooperation with all business partners and affiliated companies based on strong relationships of trust by promoting “respect for human rights” as we aim for mutual growth and contribution to a sustainable society.

Compliance with Norms and Laws Related to Respect for Human Rights

This Group Human Rights Policy (the “Policy”) was formulated in accordance with the Daikin Group Management Philosophy to clarify our commitment to respect human rights and to show the expectations to employees and supply chain partners for understanding, compliance and implementation.

This Policy is also guided by the principles and guidance contained in the United Nations Guiding Principles on

Business and Human Rights, the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and others.

We follow all applicable laws and regulations of each country and region that we operate in. We will comply with local laws and regulations where they conflict with international human rights standards while seeking to respect the principles of the latter.

Scope of Application

This Policy applies to all directors and employees of Daikin Industries, Ltd., and its consolidated group companies.

We also work with our supply chain partners worldwide to promote human rights, expecting them to understand and follow this Policy.

Our Commitment and Initiative to Respecting Human Rights

To Employees

Our employees are at the heart of everything we do at Daikin to achieve sustainable. We strive to create a workplace where employees feel safe and motivated to unlock their full potential and grow with us.

We take the following actions in consideration of the human rights of our employees.

- Diversity and Inclusion (Respect for Diversity, Prohibition of Discrimination and Harassment)
 - We accept people with diverse values, including different cultures, ethnicities, generations and customs, and implement to provide them with opportunities to maximize their individuality, qualities and abilities. We will continue to bring together the diverse strengths of each individual and further refine our efforts to enhance them as a strength of the organization and expand them to the global group.
 - We are committed to maintaining a workplace environment free from discrimination and harassment on the grounds of nationality, race, ethnicity, religion, color, age, gender, sexual orientation, disability, etc. If we identify any issue in any workplace, we will take a corrective action immediately and make efforts to prevent a recurrence.
- Working Hours and Fair Compensation
 - We comply with all applicable labor laws and regulations on working hours, wages and other working conditions in each country and region that we operate in.
 - Further, we strive to compensate employees for individual performance in a competitive level relative to the labor market in each region and industry.
- Creating a safe workplace
 - We recognize the critical importance of protecting the safety of our employees, and we strive to thoroughly comply applicable safety and health-related laws and regulations, as well as internal policies.
 - Further, we strive to develop a safe and secure working environment for each and every employee by regularly developing advanced cases in Japan and other global groups.
- Freedom of Association and Collective Bargaining
 - We continue to respect employees' rights to form or join labor unions, and to engage in collective bargain in accordance with applicable laws and regulations in each country and region that we operate in.

- Protection of Personal Data and Privacy

- We comply with the Act on the Protection of Personal Information and related laws and regulations.

Further, we strive to develop and enforce internal rules for the proper management of personal information and the protection of privacy.

We at the Daikin Group trust each and every employee and expect them to follow this Policy and practice our commitment to respect human rights in our daily operations.

To Supply Chain Partners

We recognize the importance of valuing and respecting our supply chain partners and building a high level of relationships of trust with them throughout our operations.

Together with supply chain partners who share the core values of this Policy with us, we continue to promote initiatives to respect human rights including the elimination of forced labor. To this end, we continue to exchange views and engage in dialogue regarding "the latest guidelines and laws on human rights" and "our own policies and activities".

We expect our supply chain partners to comply with the applicable laws and regulations in each country and region that we operate in and uphold Daikin's Supply Chain CSR Promotion Guideline and principles set in this Policy.

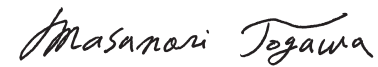
Establishment of Systems and Mechanisms to Meet Commitments

To fulfill our commitment to respect human rights, we have established responsible departments and created action plans for the following initiatives, and the global group will work together to promote these initiatives.

- Education and training: Providing regular education and training sessions to employees, deepening their understanding of and compliance with the "Approach to Respect for Human Rights" and the "Group's Policy and Commitment on Human Rights."
- Conduct human rights due diligence: Conducting human rights due diligence to identify risks across our business operations and working to prevent, avoid, or mitigate them.
 - Taking promptly corrective measures to eliminate the relevant event and remedy the rights if we identify that we caused or are involved in adverse impacts to human rights
- Establishment of remedial mechanisms: In order to identify and respond to human rights issues related to our business activities in a timely manner, we strive to develop effective remedies and remedial mechanisms, such as by establishing a reporting mechanism in accordance with laws and customs applicable in the country or region where we operate.

- Monitoring and disclosure: Tracking and evaluating the status of our efforts to respect human rights, and applying the lessons learned to the continuous improvement
 - Reporting our human rights initiatives and their progress in a timely and appropriate manner through our website and other means
- Dialogue activities: Engaging in dialogues with stakeholders regarding our human rights initiatives

July 27, 2022
Daikin Industries, Ltd.
President and CEO



This Policy above has been approved by the Board of Directors of Daikin Industries, Ltd.

Policies, Regulations, and Guidelines

Basic Environmental Policy

Basic Environmental Policy of the Daikin Group

Lead the Way to an Environmentally Conscious Society

As we continue developing our business operations in various fields, it is our mission to proactively develop initiatives to respond to environmental issues. Incorporating environmental initiatives throughout our management must be a priority for us.

In all aspects of our business operations, including product development, manufacturing and sales, we need to formulate initiatives that sustain and improve the environment. Meanwhile, we need to promote the development of new products and the innovation of technologies that will lead to a more environmentally healthy world.

Under the precept "environmental response is an important management resource," we must integrate environmental initiatives into our corporate management since they can lead to business expansion, improved business performance, and further enhancement of our credibility with outside parties. We intend to continue being a leading company in the practice of "environmental management," thus contributing to a healthier global environment as a good citizen of the earth.

Action Guidelines

1. Ensure that all members of the Group deepen our understanding of environmental issues and take responsibility for the impact our actions have on society in general.
2. Establish, promote, and continuously improve an Environmental Management System to actively and effectively implement Environmental Management as a Group.
3. Develop and implement environmental initiatives in all aspects of our business operations, including product development, production, sales, distribution, services, and recycling. In particular, be a leader in society by developing products, technologies, and business opportunities that contribute to sustaining and improving our environment.
4. Implement environmental initiatives that are globally consistent as well as promote initiatives that respond to the particular circumstances of each country and region. Furthermore, actively promote cooperation and alliances with related companies, external organizations, and institutions.
5. Disclose environmentally related information in a truthful and fair manner. Listen to the views of people both inside and outside the company to continuously improve our environmental preservation efforts.

Policies, Regulations, and Guidelines

Environmental Policy of the Daikin Group in Japan

Environmental Policy of the Daikin Group in Japan

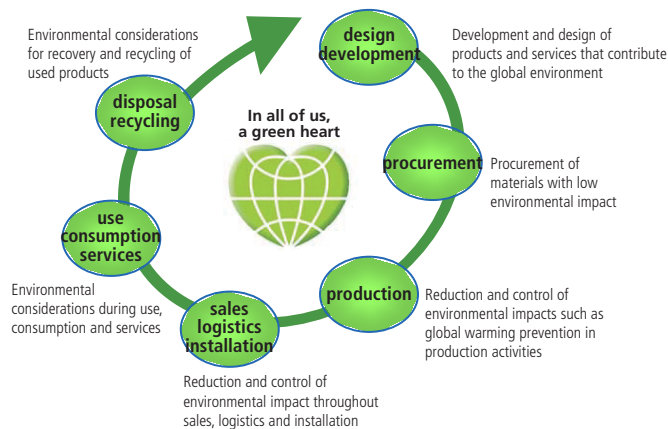
Based on our Group Philosophy, “Be a Company that Leads in Applying Environmentally Friendly Practices,” Daikin practices environmental management that balances business expansion with environmental and social contributions.

As the only manufacturer in the world with both air conditioning and chemical businesses, we have been providing differentiated products and services around the world by utilizing our environmental, energy-efficient and air-related technologies.

At the same time, there is a strong need to address the increasing environmental impact such as global warming caused by energy consumption during product use and refrigerants.

To this end, we strive to create products and solutions with high environmental performance, such as energy efficient air conditioners, heat pump space and water heaters, and refrigerants with low global warming potential aiming to achieve “carbon neutrality in 2050,” and contribute to people’s healthy and comfortable lives and the global environment using the power of air.

Lead in Applying Environmentally Friendly Practices



We have set environmental targets for the following items in all Group organizations and sites in Japan, and promote continual improvement of the environmental management system.

1. We promote the following “carbon neutrality” initiatives.
 - Reduce CO₂ emissions from manufacturing by expanding the use of energy-efficient and renewable energy, developing energy-efficient technologies, and promoting recovery, reclamation, and destruction of fluorocarbons.
 - Reduce CO₂ emissions from the use of products by promoting inverter products, improving the energy efficiency of equipment through the development of elemental technologies, converting combustion heaters to heat pump space and water heaters, and expanding energy-efficient solutions.
 - Disseminate refrigerants with low global warming potential, develop next-generation refrigerants, and promote recovery and reclamation of refrigerants at the time of product disposal.
 - Create new environmental businesses such as energy creation, and develop new technologies for CO₂ reduction.
2. We strengthen our adaptation to climate change to minimize the impact of climate-related disasters on our business.
3. We identify and meet compliance obligations, including laws and regulations and the needs and expectations of interested parties.
4. We promote recycling of waste and wastewater, as well as control of the amount of waste generated, in order to make effective use of resources. Also, we promote the substitution of chemical substances and reduction of emissions to prevent environmental pollution.
5. We promote “Green Heart Factory” and “Green Heart Office” activities to realize environmentally conscious factories and offices.
6. We enhance our external reputation by disclosing environment-related information to society with greater objectivity and transparency, and by proactively communicating with stakeholders.
7. We promote environmental protection by working on “biodiversity protection” to protect and rejuvenate nature, as a member of the community that lives with the gifts of nature.

July 1, 2021

Masanori Togawa

President and CEO, Daikin Industries, Ltd.

Policies, Regulations, and Guidelines

Basic Policy of Protecting Biodiversity

Basic Policy of Protecting Biodiversity

We act for the sake of abundant greenery and fresh air.

Thinking Behind Our Basic Philosophy

Our society is built upon the many blessing that nature gives us. The source of these blessings is biodiversity. The loss of this biodiversity would hurt our water, food, and other aspects of our life.

Daikin's business also has a major effect on biodiversity through our contribution to global warming.

To contribute to a sustainable society, we strive to reduce our contribution to global warming throughout our business activities, and to maintain balance in ecosystems so that we can help bring back the abundance of the natural world.

Main Efforts

1. We are committed to promoting efforts to mitigate global warming from the perspective of biodiversity as well.

- Reduce greenhouse gas emissions throughout our entire business activities, including product development and production, transportation, sales, service, and the supply chain.

2. As a member of the community living in the bounty of nature, we work with our employees to promote initiatives to protect and regenerate nature.

- In the countries and regions in which we do business, we work with governments, residents groups, NPOs, and NGOs in efforts including the protection and rejuvenation of nature.
- We create new forests on our premises.
- We support employees in their volunteer work.
- We provide the public with information and education.

(Established September 2010)

Policies, Regulations, and Guidelines

Basic Policy on Tax Compliance

Basic Policy on Tax Compliance

1. Approach to Risk Management and Governance Arrangements in relation to Taxation

At Daikin, we consider the payment of tax to be a critical element of our corporate social responsibilities (CSR).

We believe that our tax payments play an important role in the development of the countries and regions in which we operate, which in turn results in the sustainable development and corporate value enhancement of the Daikin Group.

Recognizing that tax related risk is an important element among the many business risks facing the Daikin Group, we address tax related risks in accordance with our Group's risk management principles.

2. Tax Compliance

We are committed to full compliance with the applicable laws and regulations in each of the jurisdictions in which the Daikin Group operates.

We also respect not only the letter but the spirit of the law.

3. Prohibition of Tax Avoidance and Attitude toward Tax Planning

Daikin does not undertake tax planning that lacks commercial substance, or which involves artificial or aggressive transactions or structures undertaken solely for tax reasons.

All intercompany transactions within the Group are conducted on an arm's length basis as described in the OECD Transfer Pricing Guidelines, and consistent with local laws and regulations.

4. Level of Tax Risk Accepted

External advice may be sought if issues are significantly uncertain or complex.

To mitigate risks, including the risk of double taxation, we routinely consider effective measures to increase certainty in our positions, such as Advance Pricing Arrangements (APA) and Mutual Agreement Procedures (MAP) for transfer pricing.

5. Approach to Dealing with Tax Authorities—Trust and Transparency

We strive to act in good faith and maintain an open, constructive and cooperative relationship with tax authorities. Through the approach described above, we aim to achieve a robust and predictable tax position.

We demonstrate our commitment to transparency by disclosing information required under applicable laws and regulations, when requested by taxation authorities.

Policies, Regulations, and Guidelines

Product Safety Voluntary Action Guidelines

Product Safety Voluntary Action Guidelines

The Daikin Group (hereinafter, “the Group”) believes that its most important management task is to provide products that satisfy customers from the standpoint of our customer when designing and making products that have a high level of safety and quality. To this end, we have formulated the following basic policies on product safety in efforts to provide ever-greater levels of safety and quality in products.

1. Legal Compliance

The Group shall observe the Consumer Product Safety Act and other product-related laws and safety standards.

2. Ensuring Product Safety

The Group shall establish a quality management system and execute measures to maintain product safety in all processes extending from product design to production, sales, and after sales service. And the Group shall display appropriate, easy-to-understand instructions and warnings on products and in instruction manuals to ensure the safe use of our products by our customers.

3. Collecting and Providing Product Accident Information

The Group shall actively collect information from our customers concerning accidents involving Daikin products and quickly report this information to our executive management while providing customers with suitable information.

4. Immediate and Appropriate Response to Product Accidents

In the unlikely event of a safety problem occurring in the use of our product, our first and primary concern shall be for the safety of our customers, and we shall take immediate actions to minimize and prevent the occurrence of a serious accident. Actions to be taken immediately shall include repairing or replacing the product in question, publicizing the problem through the appropriate media, and submitting a statutory report on the problem to the relevant authorities. All relevant people outside the company, including sales company personnel, will be informed of the situation.

5. Product Safety Promotion

The Group shall establish a quality assurance system that it uses to ensure product safety and quality. We shall ascertain information related to the safety and quality in the marketplace and provide accurate feedback to personnel within our company in order to reflect it into future product design and manufacture.

6. Education, Training, and Monitoring

The Group shall constantly make every effort to promote the safety and quality of our product through widespread education and training within the company in laws and regulations on product safety. We also shall regularly monitor work to ensure product safety is being achieved.

(Formulated in June 2007)

Policies, Regulations, and Guidelines

Product Assessment Items

Product Assessment Items

	Assessment item	Assessment standard
01. Weight reduction of products	1-1 Weight and volume reduction of products, and main raw materials and parts	Have the weight and volume of products (including main raw materials and parts) been reduced?
	1-2 Weight reduction of scarce materials	Have fewer scarce materials been used?
	1-3 Reduction of refrigerants	Has less refrigerant (HFC) been used?
02. Use of recycled materials and parts	2-1 Use of recycled plastics	Have recycled plastics been used?
	2-2 Labelling use of recycled plastics	Have parts been labelled as using recycled plastics?
	2-3 Use of recycled parts	Have reused parts been used, and are these of standard quality?
03. Packaging	3-1 Reduce weight of packaging, simplify packaging	<ul style="list-style-type: none"> • Have weight and volume of packaging been reduced? Has packaging been simplified? • Is used packaging material small and separable? Can it be easily collected and transported?
	3-2 Make it possible to recycle more packaging	<ul style="list-style-type: none"> • Has the use of compound materials been reduced? • Is it easy to separate each type of material in compound materials? • Have common materials been used across products? • Has packaging reuse been considered?
	3-3 Use recycled packaging materials	Has recycled packaging material been used?
04. Reduction in environmental impact in the manufacturing process	4-1 Reduce amount of production waste	Have products been designed so that less waste is generated during production?
	4-2 Energy efficiency in the production stage	Are product specifications such that less energy is consumed in the production stage?

	Assessment item	Assessment standard
05. Energy and resource conservation in use	5-1 Improve energy efficiency during use	Has the product been made more energy efficient during use?
	5-2 Reduce energy consumption in standby mode	Has the product been made more energy efficient in standby?
	5-3 Include energy and resource saving functions	Are there energy and resource saving functions?
	5-4 Reduce amount of product consumables	Has the amount of consumables been reduced?
06. Product life extension	6-1 Improve durability of products and main parts and materials	Are products, parts, and materials more durable than before?
	6-2 Greater ease of replacement and maintenance of consumables	<ul style="list-style-type: none"> • Does construction make it easy for users to remove and attach? • Do parts need to be replaced less often than before? • Has information provision improved regarding parts replacement on the main unit and the user manual?
	6-3 Possibility and greater ease of maintenance and repair	<ul style="list-style-type: none"> • Have parts requiring maintenance and repair been clearly indicated? • Are parts common across products? • Does construction allow for easy maintenance and repair?
	6-4 Tell customers how to get longer use out of products	<ul style="list-style-type: none"> • Are users and repair companies being provided with maintenance and repair information that will extend product life? Are the content, explanations, and illustration methods of the information improved over previous information? • Can Daikin provide repair companies with breakdown diagnosis and repair measures, as well as information related to safety and other matters?
07. Ease of delivery/collecting/transporting	7-1 Improve handling and safety of products during delivery, collection, and transport	<ul style="list-style-type: none"> • Have items been loaded evenly and balanced, and can collection and transport take place safely? • For heavy, bulky items, are handles and wheels properly positioned?
	7-2 Improve loading efficiency of products during delivery, collection, and transport	Is it easy to improve loading efficiency, and is there no danger of items falling off?
08. Raise possibility of reuse of resources	8-1 Raise possibility of use of plastics	Have easy-to-recycle plastics been used?
	8-2 Raise recycling ratio	Has the overall possible recycling ratio of the product been raised?

	Assessment item	Assessment standard
09. Ease of disassembly and separation of materials by hand	9-1 Easy to disassemble products and separate parts by hand	<ul style="list-style-type: none"> • Does construction make it easy to disassemble products and remove parts by hand? • Do products have a recycling logo that indicates greater ease of disassembly? Is information provided that makes disassembly easy?
	9-2 Reduce compound materials	Is there less use of compound materials that make parts and materials separation difficult?
	9-3 Use common materials across products	Have common materials been used across products?
10. Ease of shredding/classifying for recycling	10-1 Make shredding easier	<ul style="list-style-type: none"> • Is shredding with a shredder easy? • Can products and parts fit into a shredder? • Has there been a check to ensure that there are no substances that may damage or dirty the equipment or the materials that will be reused?
11. Environmental conservation capabilities	11-1 Use low global warming potential refrigerants	Do products use low global warming potential refrigerants, which contribute less to global warming?
	11-2 Reduce PVC	Has the amount of PVC been reduced?
	11-3 Protect environment during recycling and disposal stages	<ul style="list-style-type: none"> • Have safety measures been taken and has refrigerant been properly recovered so that there are no leaks of refrigerants or refrigerator oil during collection and transport? • Are refrigerant recovery methods stated in the documentation? • Can parts, including environmentally harmful substances, be removed using standard tools?
	11-4 Provide information to persons at all stages of the life cycle	Have users and relevant contractors been provided with proper information?
12. Disclosure of information	12-1 Label product, parts, user manual, packaging, etc.	Are there energy and resource saving functions?
	12-2 Provide information in product catalogs and on the website	<ul style="list-style-type: none"> • Do product catalogs and the website provide users with information on matters such as energy efficiency and resource efficiency functions? • Is there documentation giving information on how to recycle and protect the environment, and information on safety during product disposal?
13. LCA (Life Cycle Assessment)	13-1 Determine the environmental impact at each lifecycle stage	Has a lifecycle assessment been conducted regarding the environmental impact at each lifecycle stage, such as materials, production, transport, use, and final disposal?
	13-2 Consider how to reduce environmental impact during the lifecycle	Does a lifecycle assessment show that the product exerts less environmental impact in terms of CO ₂ emissions and global warming potential?

GRI Standard Comparison Table

Statement of use	Daikin has reported the information cited in this GRI content index for the period from 1 April 2022 to 31 March 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Universal Standard

GRI 2: General Disclosures 2021

Disclosure	Relevant page number or web address
1. The organization and its reporting practices	
2-1 Organizational details	About Daikin https://www.daikin.com/corporate
2-2 Entities included in the organization's sustainability reporting	004 What This Report Covers
2-3 Reporting period, frequency and contact point	003 Editorial Policy Inquiries for Sustainability https://www.daikin.com/contact/csr/agree
2-4 Restatements of information	-
2-5 External assurance	164 Third-Party Verification
2. Activities and workers	
2-6 Activities, value chain and other business relationships	About Daikin https://www.daikin.com/corporate 012 Daikin's Business Characteristics 107 Responsible Procurement

Disclosure	Relevant page number or web address
2-7 Employees	About Daikin https://www.daikin.com/corporate 085 Workplace Diversity
2-8 Workers who are not employees	-
3. Governance	
2-9 Governance structure and composition	129 Corporate Governance Management https://www.daikin.com/corporate/overview/summary/directors
2-10 Nomination and selection of the highest governance body	129 Corporate Governance
2-11 Chair of the highest governance body	129 Corporate Governance
2-12 Role of the highest governance body in overseeing the management of impacts	014 Identifying Material Issues 021 Management Structure / Key Themes 129 Corporate Governance 132 Risk Management
2-13 Delegation of responsibility for managing impacts	021 Management Structure / Key Themes 129 Corporate Governance
2-14 Role of the highest governance body in sustainability reporting	021 Management Structure / Key Themes
2-15 Conflicts of interest	-

Disclosure		Relevant page number or web address
2-16	Communication of critical concerns	132 Risk Management 129 Corporate Governance
2-17	Collective knowledge of the highest governance body	-
2-18	Evaluation of the performance of the highest governance body	129 Corporate Governance
2-19	Remuneration policies	129 Corporate Governance
2-20	Process to determine remuneration	129 Corporate Governance
2-21	Annual total compensation ratio	-
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	008 Message from the President
2-23	Policy commitments	168 CSR Philosophy 104 Respect for Human Rights
2-24	Embedding policy commitments	134 Compliance 104 Respect for Human Rights 107 Responsible Procurement
2-25	Processes to remediate negative impacts	021 Management Structure / Key Themes 022 Sustainability Targets and Results
2-26	Mechanisms for seeking advice and raising concerns	134 Compliance
2-27	Compliance with laws and regulations	134 Compliance
2-28	Membership associations	120 Participation in Initiatives

Disclosure		Relevant page number or web address
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	116 Stakeholder Engagement
2-30	Collective bargaining agreements	096 Labor Management Relations
GRI 3: Material Topics		
Disclosure		Relevant page number
3-1	Process to determine material topics	014 Identifying Material Issues
3-2	List of material topics	014 Identifying Material Issues
3-3	Management of material topics	021 Management Structure / Key Themes 022 Sustainability Targets and Results 132 Risk Management

Topic Standards

Economic

Disclosure		Relevant page number
Economic Performance		
201-1	Direct economic value generated and distributed	 154 ESG Data (Society)
201-2	Financial implications and other risks and opportunities due to climate change	 018 Information Disclosure Based on the TCFD Framework
201-3	Defined benefit plan obligations and other retirement plans	-
201-4	Financial assistance received from government	-
Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
202-2	Proportion of senior management hired from the local community	 085 Workplace Diversity
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	-
203-2	Significant indirect economic impacts	-
Procurement Practices		
204-1	Proportion of spending on local suppliers	-

Disclosure		Relevant page number
Anti-corruption		
205-1	Operations assessed for risks related to corruption	 134 Compliance  132 Risk Management
205-2	Communication and training about anti-corruption policies and procedures	 137 Prohibiting Bribery and Corruption
205-3	Confirmed incidents of corruption and actions taken	-
Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	 134 Compliance  168 CSR Philosophy
Tax		
207-1	Approach to tax	
207-2	Tax governance, control, and risk management	 134 Compliance
207-3	Stakeholder engagement and management of concerns related to tax	
207-4	Country-by-country reporting	-

Environmental

Disclosure		Relevant page number
Materials		
301-1	Materials used by weight or volume	062 Overview of Environmental Impacts
301-2	Recycled input materials used	-
301-3	Reclaimed products and their packaging materials	058 Sustainable Use of Resources
Energy		
302-1	Energy consumption within the organization	
302-2	Energy consumption outside of the organization	062 Overview of Environmental Impacts
302-3	Energy intensity	145 ESG Data (Environment)
302-4	Reduction of energy consumption	
302-5	Reduction in energy requirements of products and services	145 ESG Data (Environment) 022 Sustainability Targets and Results
Water		
303-1	Interactions with water as a shared resource	063 Water Resource Conservation
303-2	Management of water discharge-related impacts	-
303-3	Water withdrawal	
303-4	Water discharge	145 ESG Data (Environment)
303-5	Water consumption	-

Disclosure		Relevant page number
Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
304-2	Significant impacts of activities, products, and services on biodiversity	060 Protecting Biodiversity
304-3	Habitats protected or restored	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
Emissions		
305-1	Direct (Scope 1) GHG emissions	
305-2	Energy indirect (Scope 2) GHG emissions	062 Overview of Environmental Impacts 145 ESG Data (Environment)
305-3	Other indirect (Scope 3) GHG emissions	
305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions	
305-6	Emissions of ozone-depleting substances (ODS)	145 ESG Data (Environment)
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	

Disclosure		Relevant page number
Waste		
306-1	Waste generation and significant waste-related impacts	062 Overview of Environmental Impacts
306-2	Management of significant waste-related impacts	058 Sustainable Use of Resources
306-3	Waste generated	
306-4	Waste diverted from disposal	145 ESG Data (Environment)
306-5	Waste directed to disposal	
Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	
308-2	Negative environmental impacts in the supply chain and actions taken	107 Responsible Procurement
Social		
Disclosure		Relevant page number
Employment		
401-1	New employee hires and employee turnover	085 Workplace Diversity 088 Work-Life Balance
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–
401-3	Parental leave	088 Work-Life Balance
Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	–

Disclosure		Relevant page number
Occupational Health and Safety		
403-1	Occupational health and safety management system	091 Occupational Safety and Health
403-2	Hazard identification, risk assessment, and incident investigation	091 Occupational Safety and Health 134 Compliance
403-3	Occupational health services	–
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	091 Occupational Safety and Health
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	091 Occupational Safety and Health 113 Working Closely with Suppliers
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	091 Occupational Safety and Health
403-10	Work-related ill health	
Training and Education		
404-1	Average hours of training per year per employee	–
404-2	Programs for upgrading employee skills and transition assistance programs	079 Fostering Human Resources

Disclosure	Relevant page number
404-3	Percentage of employees receiving regular performance and career development reviews 095 Employee Evaluation and Treatment
Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees 129 Corporate Governance 085 Workplace Diversity
405-2	Ratio of basic salary and remuneration of women to men -
Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken -
Freedom of Association and Collective Bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk 096 Labor Management Relations
Child Labor	
408-1	Operations and suppliers at significant risk for incidents of child labor 104 Respect for Human Rights
Forced or Compulsory Labor	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor 104 Respect for Human Rights
Security Practices	
410-1	Security personnel trained in human rights policies or procedures -
Rights of Indigenous Peoples	
411-1	Incidents of violations involving rights of indigenous peoples -

Disclosure	Relevant page number
Human Rights Assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments 104 Respect for Human Rights
412-2	Employee training on human rights policies or procedures
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening -
Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programs -
413-2	Operations with significant actual and potential negative impacts on local communities -
Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria 107 Responsible Procurement
414-2	Negative social impacts in the supply chain and actions taken -
Public Policy	
415-1	Political contributions -
Customer Health and Safety	
416-1	Assessment of the health and safety impacts of product and service categories 075 Product Quality and Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services -

Disclosure	Relevant page number
Marketing and Labeling	
417-1	Requirements for product and service information and labeling  075 Product Quality and Safety
417-2	Incidents of non-compliance concerning product and service information and labeling –
417-3	Incidents of non-compliance concerning marketing communications –
Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data –

History of Sustainability Activities

Daikin has rapidly expanded as a global corporate group, and with this expansion have come greater expectations and demands from society. We are committed to contributing to a sustainable society through our business activities in response to the expectations of our various stakeholders while implementing Our Group Philosophy.

2002

Daikin Formulates Our Group Philosophy as Its Basic Philosophy of Business

Daikin formulated Our Group Philosophy with the aim of becoming a corporate group trusted by worldwide customers and where employees in all countries could work with pride. By sharing Our Group Philosophy as the fundamental business philosophy of the entire Group, it has become the cornerstone of all employees' thoughts and actions.

 Our Group Philosophy

<https://www.daikin.com/corporate/overview/philosophy>

2008

Daikin Establishes Key Themes with Consideration for Business Plans and Impact on Stakeholders

In light of the unique characteristics and business plans of Daikin, a global manufacturer of air conditioners and fluorochemicals, we established key CSR themes in four areas: the environment, quality & customer satisfaction, human resources, and social contribution.

2011 to 2015

Active CSR Based on the Fusion 15 Strategic Management Plan

We incorporated CSR activities into the Fusion 15 Strategic Management Plan launched in fiscal 2011 to respond to the demands of society.

2018

Formulation of Environmental Vision 2050

Daikin established Environmental Vision 2050 with the goal of reducing greenhouse gas emissions to net zero by 2050 in order to resolve intensifying environmental challenges from a long-term perspective. In addition to reflecting the measures in the final three years of Fusion 20 strategic management plan, we also developed a medium- to long-term strategy targeting 2030.

2021

Formulation of Fusion 25 Strategic Management Plan in Pursuit of Further Contribution to a Sustainable Society

Our key themes, including the challenge to achieve carbon neutrality, as well as the target value for 2030 in aiming to achieve net-zero greenhouse gas emissions by 2050 are established in Fusion 25, our strategic management plan.

In addition, we reviewed our materiality when formulating Fusion 25, arriving at 10 materiality themes, including "the environment" and "the value of air," with a target for 2025 set for each.

 [021 Management Management Structure / Key Themes](#)

2005

Daikin Defines Its Philosophy on Responsibility toward Stakeholders

We expressed our belief that the Daikin's CSR is to conduct business that puts Our Group Philosophy into practice and fulfills our responsibility to society by meeting the expectations of shareholders.

 [168 Data Policies, Regulations and Guidelines CSR Philosophy](#)

2016

Revision of Key Themes in Line with Fusion 20 Strategic Management Plan

When we formulated Fusion 20, we revised the materiality of various efforts of the Daikin Group, and as a result came up with four key CSR themes—the environment, new value creation, customer satisfaction, and human resources—as ways to carry out CSR for value provision. We added to this the theme of fundamental CSR, thus giving us five key themes under Fusion 20. In addition, we established goals of quantitative indicators for each theme for 2020.

Process Used to Formulate Environmental Vision 2050

Formulation Process

In 2018, Daikin formulated Environmental Vision 2050, which calls for the Group to reduce its greenhouse gas emissions to net zero by 2050. Looking at the long term, we have predicted how society will change by 2050 and have made a list of the risks and opportunities for Daikin's business.

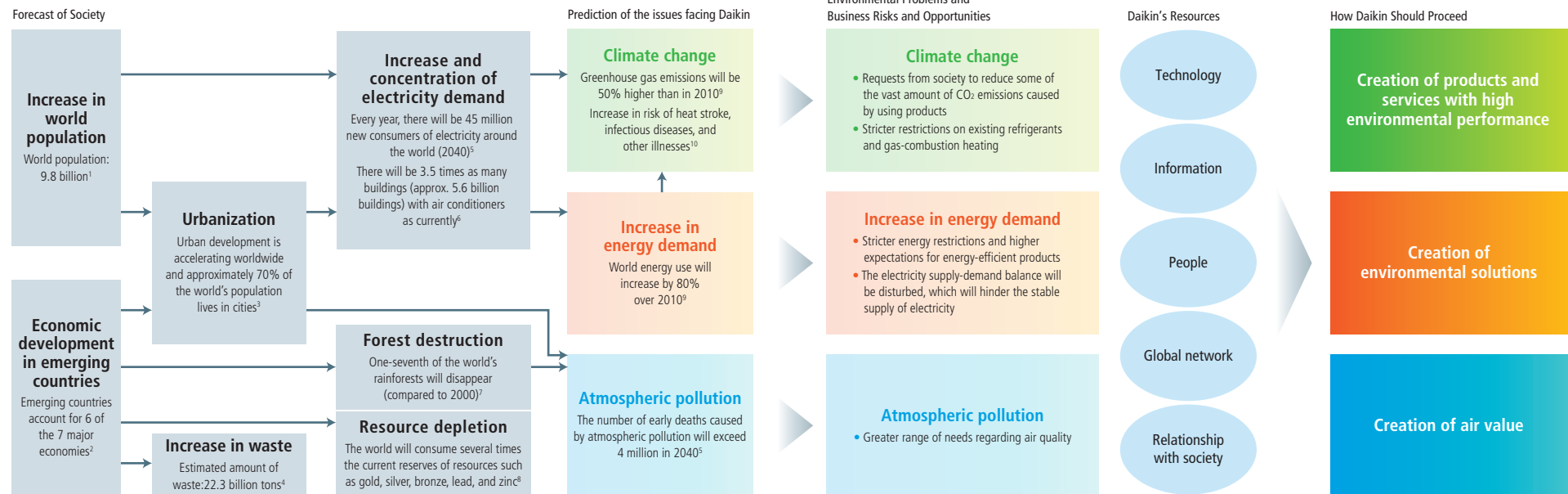
Forecast of Society in Which Daikin Will Operate in 2050

Based on the relationship between Daikin's business and the global environment, we came up with a long-term environmental to-do list that takes into account what the world will be like for Daikin's business in 2050 judging by current social scenarios.

How Daikin Should Proceed Based on Risks and Opportunities

Daikin came up with business risks and opportunities in relation to the environmental problems it has identified.

We determined how we should proceed in order to solve these problems based on the company's resources.



Daikin referred to the following reports when making its forecasts

1 *World Population Prospects: The 2017 Revision*, by the United Nations / 2 *The World in 2050*, by PwC / 3 *World Urbanization Prospects: The 2018 Revision*, by the United Nations / 4 *Estimates and Forecasts for the World's Waste Generation*, by the RISWME / 5 *World Energy Outlook 2017*, by the International Energy Agency (IEA) / 6 *The Future of Cooling*, by the International Energy Agency (IEA) / 7 *The Future of Forests: Emissions from Tropical Deforestation with and without a Carbon Price, 2016-2050*, by the Center for Global Development (CGD) / 8 *The Problem of Worldwide Resource Restrictions by 2050*, by the National Institute for Materials Science (NIMS) / 9 *OECD Environmental Outlook to 2050*, by the Organization for Economic Cooperation and Development (OECD) / 10 *Quantitative risk assessment of the effects of climate change on selected causes of death, 2030s and 2050s*, by the World Health Organization (WHO)

Honors for Daikin

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

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Chosen for inclusion in the MSCI Japan Empowering Women Index (WIN)

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

Received AA ESG Rating from MSCI



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[MSCI ESG Research website](https://www.msci.com/our-solutions/esg-investing)
<https://www.msci.com/our-solutions/esg-investing>

Recognized as a Sustainability Yearbook Member by S&P Global in The Sustainability Yearbook 2022



Chosen for inclusion in the FTSE Blossom Japan Index



FTSE Blossom Japan

Chosen for inclusion in the FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Daikin Industries, Ltd. has been independently assessed according to the FTSE Blossom Japan Index criteria and the FTSE Blossom Japan Sector Relative Index, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index Series. The FTSE Blossom Japan Index Series is designed to measure the performance of Japanese companies that demonstrate strong Environmental, Social and Governance (ESG) practices. There are two indexes within the family, the FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index. The indexes are widely used by sustainable investment funds and for creating and evaluating financial products.

[FTSE Russell website](https://www.ftserussell.com/)
<https://www.ftserussell.com/>

Chosen for inclusion in the SOMPO Sustainability Index



Sompo Sustainability Index

[Sompo Asset Management Co., Ltd. Sustainable Asset Management \(available in Japanese only\)](https://www.sompo-am.co.jp/institutional/product/06/)

<https://www.sompo-am.co.jp/institutional/product/06/>

Selected for Climate Change Measures in CDP's "Climate Change A-List" for the second consecutive year



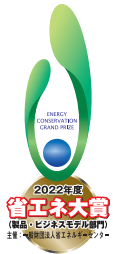
[CDP](https://www.cdp.net/en)
<https://www.cdp.net/en>

Recognition of Products and Services

Daikin Industries, Ltd.

Won FY2022 Energy Conservation Grand Prize (organized by the Energy Conservation Center, Japan)

- Minister of Economy, Trade and Industry Prize in the products and business model category
Saravia (SVHJ125Z) dehumidifying outdoor air processing ventilation system optimized for ZEH
- ECCJ Chairman Prize in the products and business model category
Multi-split air conditioner for buildings that achieves drastic energy savings through ventilation interlock system



- ECCJ Chairman Prize in the energy conservation examples category
Initiative to achieve energy conservation through positive pressure and improving air supply/exhaust balance in existing factories



 The Energy Conservation Center, Japan
<https://www.asiaeec-col.eccj.or.jp/>

Customer Satisfaction Honors

Daikin Industries, Ltd.

Six of Daikin's products won a Good Design Award for fiscal 2022

- Residential air conditioner for the European market (Daikin EMURA3)
- Oxygen concentrator
- Commercial air purifier for the domestic market (UV Powerful Streamer Air Purifier ACBF15Z-S)
- Ceiling mounted cassette type UV Streamer Air Purifier
- Custom Style humidifying air purifier



**GOOD DESIGN
AWARD 2022**

 Good Design Award (Japan Institute of Design Promotion)
<https://www.jidp.or.jp/en/gooddesign/award>

Human Resource Honors

Daikin Industries, Ltd.

Received the highest ranking of S++ in Innovation, and Market Expansion, and S+ in Human Resources Placement, and received 5 stars in overall ranking for the sixth consecutive year (deviation value of 70 and above), in the 6th NIKKEI Smart Work survey (Nikkei Inc.)

**NIKKEI
Smart Work**


★★★★★ 2023 Best 24

 The Nikkei Smart Work Management Survey (available in Japanese only)
<https://smartwork.nikkei.co.jp/survey/>

Newspaper and Magazine Rankings

Daikin Industries, Ltd.

Ranked 13th overall in CSR Rankings (Toyo Keizai Inc.)

 Toyo Keizai Japan CSR Rankings (Toyo Keizai Inc.)(available in Japanese only)
<https://biz.toyokeizai.net/~csr/ranking/>


Nikkei ESG Brand Index Ranking 39th (Nikkei Business Publications, Inc.)

 2022 ESG Brand Survey (Nikkei BP) (available in Japanese only)
<https://project.nikkeibp.co.jp/ESG/atc/column/00022/100300003/>

Received 4.5 stars certification in the 4th Nikkei SDGs Management Survey (overall deviation of 65 or higher, but less than 70) (Nikkei, Inc.)

 Nikkei SDGs Management Survey (available in Japanese only)
https://www.nikkei-r.co.jp/service/survey/sdgs_survey/

Best Japan Brands 2022 23rd (Interbrand)

 Best Japan Brands 2022 (Interbrand)
<https://interbrand.com/newsroom/interbrand-announces-best-japan-brands-2022/>