DAIKIN

CORPORATE NEWS

September 20, 2018

Sustainability Report 2018 for the Daikin Group

Commitment and Activities for Contribution to a Sustainable Society

Following the Japanese-version published in July, Daikin Industries, Ltd. has issued its English edition of Sustainability Report 2018.

This report summarizes the policies and activities of the Daikin Group for contribution to a sustainable society through its business. Based on common global targets that include the Sustainable Development Goals (SDGs) and the Paris Agreement, Daikin publishes its efforts to realize safe and healthy air spaces while reducing the environmental impact.

Overview of Sustainability Report 2018

1. Formulation of "Environmental Vision 2050" Aiming for Zero CO_2 Emissions

Concurring with the Paris Agreement, the Daikin Group has formulated its long-term environmental vision aiming for zero CO_2 emissions with a view toward society and surrounding business situation in 2050. In addition to reducing environmental impact throughout the lifecycle of Daikin products, the company aims for zero CO_2 emissions by energy management utilizing IoT and AI, provision of services through the value chain, and the recovery and recycle of refrigerants.

2. Report on Targets and Achievements of "CSR Action Plan 2020"

Quantitative indices have been established for the key CSR themes, and 2020 targets and 2017 achievements have been compiled in a list. By establishing more specific numerical indicators for each theme and recording progress, Daikin promotes transparency and reliable business activities while it endeavors to provide safe and healthy air spaces.

2020 Targets and 2017 Achievements of Key CSR Themes

■Environment

[Target] Reduction of greenhouse gas emissions by 60 million tons-CO_2 worldwide in fiscal year 2020 through the promotion of environmentally-conscious products*[1]

[Result] Reduction of greenhouse gas emissions by 54 million tons-CO_2 by having environmentally-conscious products account for 83% of residential air conditioner sales.

[Target] Reduction of greenhouse gas emissions during production by 70% for fiscal 2020 in comparison with emissions for fiscal 2005 (reduction to 1.58 million tons-CO_2)

[Result] 74% reduction (reduction to 1.35 million tons-CO_2)

■Human Resources

[Target] 10% of managerial positions at Daikin Industries, Ltd. staffed by female employees

[Result] 4.9% of managerial positions staffed by female employees (4.4% for fiscal 2016)

3. Featured Articles on Business Activities that Provide Value to Society

New Value Creation: "Reducing Fatigue and Realizing Pleasant Air Environments through Open Innovation"

In collaboration with the research institute RIKEN, Daikin is conducting joint research to create healthier and more comfortable spaces. Under the theme of creating spaces that help people reduce fatigue, verification was performed, which clarified the relationship between the indoor environment, such as temperature and humidity, and the degree of fatigue*[2]. In the future, Daikin aims to create new value that contributes to problem resolution sought by society such as proceeding product development based on scientific evidence.

Human Resources: "Human Resource Development in the U.S.—Growing with Local Communities"

In May 2017, the Daikin Group established its largest air conditioner factory in Texas, the United States. Through active employment and human resource development, Daikin aims to grow with the local community. Development is not limited to the manufacturing departments but also extends in a wide range of fields including marketing, sales, and after sales service. Emphasis is on ensuring that each employee has rewarding and challenging work, which leads to improvements in skill level and product quality.

*1 Environmentally-conscious product: Products that satisfy either one or both factors in which "electrical power consumption is reduced by 30% or more compared to conventional products" or "uses refrigerants with at least two-thirds less global warming potential than conventional refrigerants."

*2 Announced in the presentation "Influence of Indoor Temperature and Humidity on Human Autonomic Nervous Function in Winter" at the 14th Annual Meeting of the Japanese Society of Fatigue Science (May 2018).