Daikin Group Philosophy

Together, We Brighten the Future

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Core Values

Absolute Credibility

Enterprising Management

Harmonious Personal Relations

Daikin Group Philosophy

Together, We Brighten the Future

Introductory Remarks

More than 20 years have passed since we revised the management philosophy in 2002.

During this time, the Daikin Group has significantly grown worldwide to have more than 370 companies with approximately 100,000 employees in the Group, operating in over 170 countries and regions. We have developed unique products, systems, and solutions with our eco-friendly technologies to achieve both business expansion and environmental contribution, thus have earned the confidence of society as an environmentally conscious company.

Reflecting upon the trajectory of our constant growth, we need to identify our underlying strengths and sources of competitiveness so that we can pass these qualities on to future generations to further develop them.

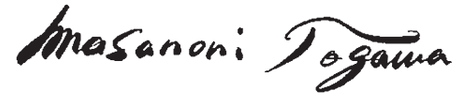
When we turn our attention to the outside, we see drastic changes in the circumstances around us. Nowadays, companies must not only pursue profit to raise their economic value but also make contributions to the environment and society to raise their social value. Satisfying these external expectations is the responsibility and mission of companies going forward.

As we reflect on our growth trajectory and see the expectations from society, we decided to take the opportunity of the 100th anniversary of Daikin to update "Our Group Philosophy" to ensure it remains credible as our basic management philosophy supporting further growth and development.

Group companies will establish management policies and business plans according to this Daikin Group Philosophy while Group members are encouraged to revisit it when feeling uncertain about making decisions.

I expect you to read and reflect upon this Daikin Group Philosophy frequently, deepen discussions in your organizations on how to refine our strengths in the Group and achieve new growth, and execute them.

Grounded on our Core Values of "Absolute Credibility," "Enterprising Management," and "Harmonious Personal Relations," as well as this Daikin Group Philosophy, let us aspire to become a sustainable corporate group where each of you can believe in your infinite potential and positively take on challenges to achieve higher goals.



Representative Director, President and CEO, Member of the Board
May 2024

Purpose

Our purpose is to provide comfort and security for all.

At Daikin, we believe in the infinite potential of people.

With our passion and innovative technologies,

we create a sustainable and bright future.

Together, We Brighten the Future

1 Resolve Social Issues and Enhance Corporate Value

2 Create New Value by Anticipating Future Needs

3 Realize a Better Society through Innovative Technologies

4 Take Action to Maintain Society's Trust

(1) Be Transparent to Society and Build Mutual Development

(2) Grow with our Business Partners

5 Think Globally and Be Flexible and Vibrant

6 Practice "People-Centered Management (PCM)" and Provide Challenging Opportunities

(1) Create an Open-minded Atmosphere and Provide Ambitious Challengers with More Opportunities

(2) Value Empathy for Daikin Group Philosophy and Cherish the Pride and Joy of Being Part of the Daikin Group

(3) Promote and Respect Diversity Management

1

Resolve Social Issues and Enhance Corporate Value

Daikin will contribute to the sustainable development of society through solid business activities around the world.

With *Air*, integral to the global environment and the core of our business, we will commit to solving environmental and social issues while enhancing corporate value.

2

Create New Value by Anticipating Future Needs

Daikin will identify and realize the future needs of customers through deep insight into global trends and extensive marketing activities.

We will continue to create new value that gives fresh excitement and joy to our customers and society by providing high-quality products, materials, services, and solutions as a responsible manufacturer.

3

Realize a Better Society through Innovative Technologies

Daikin will create leading-edge technologies across all business areas and contribute to realizing a better society.

We will create new value and businesses by refining our core technologies around air quality, energy efficiency, and environmental solutions through collaborative innovation with our partners.

4

Take Action to Maintain Society's Trust

(1) Be Transparent to Society and Build Mutual Development

Daikin observes all applicable laws and regulations, acts in accordance with the highest ethical standards, and conducts business based on fair competition, transparency, and accountability. By actively engaging in dialogue with external stakeholders, we aim to ensure their correct understanding of our management policies and corporate culture. At the same time, we are eager to learn from society and continue to grow together.

Daikin respects the diversity in the cultures and customs of the global communities where we operate. We fulfill our corporate social responsibilities by working closely and communicating proactively with local communities, and making our own unique contributions to support their future growth and prosperity. We aim to become a respected and trusted company.

(2) Grow with our Business Partners

Daikin strongly promotes collaborative and trustworthy growth with our associates and strategic partners in all areas of management, including procurement, production, sales, and R&D. We meet each other's expectations in our respective positions, seeking to grow and develop together.

5

Think Globally and Be Flexible and Vibrant

Daikin Group Companies will share information and transfer know-how within our organization to develop and expand our respective businesses while creating effective synergies and harmony with a global perspective.

The relationship between Daikin Industries, Ltd. and the Group Companies will be flexible and adaptive to changing circumstances. Daikin Industries, Ltd. and Group Companies will ensure effective two-way communication and share frontline management information based on group-wide policies and rules. Group companies, which have a deeper understanding of their own businesses, will play active roles with self-initiatives, while Daikin Industries, Ltd. will support them to realize the future growth of Daikin Group globally.

6

Practice “People-Centered Management (PCM)” and Provide Challenging Opportunities

Daikin truly believes that “Each individual possesses infinite potential” and “The cumulative growth of all employees is the foundation for the company’s development”. We have practiced PCM since Daikin was founded by bringing out the motivation and commitment of people and combining the strengths of each individual into the power of the organization.

With a belief in the inherent goodness of people, Daikin is fully committed to empowering them who are the source of our competitiveness and enabling them to take bold actions and seek growth.

(1) Create an Open-minded Atmosphere and Provide Ambitious Challengers with More Opportunities

Daikin encourages an environment of deep and extensive discussions and “Flat and Fast management” to foster the motivation and commitment of each individual where the final decision is supported by all.

We do not criticize employees for forward-looking failures, value their caring attitude, and allow them vigorous challenges. We support those who take on challenges with high aspirations and give opportunities to those who contribute to the organization.

(2) Value Empathy for Daikin Group Philosophy and Cherish the Pride and Joy of Being Part of the Daikin Group

Daikin believes that companies and individuals are drawn together in a relationship of mutual preference. We strive to create a harmonious environment where employees are proud to be a member of Daikin Group and share the joy, resulting in them having a greater sense of fulfillment in life.

In return, all employees are expected to act in accordance with Daikin Group Philosophy, have a sense of belonging, and work together to pursue our goals.

(3) Promote and Respect Diversity Management

Daikin respects unique individualities and the differences among people, and fosters a fair environment where all employees unleash their potential, regardless of nationality, race, gender, culture, customs, beliefs etc.

We bring together diverse people who demonstrate their unique individualities and strengths and embrace healthy competition so that they will create new value and insights for the organization.

The Basic Belief of People-Centered Management (PCM)

Each individual possesses infinite potential, and the cumulative growth of all employees is the foundation for the company's development.

PCM Behaviors

required of all Daikin Employees

Take Bold Action and Seek Growth

Innovation & Growth

People who strive to grow, challenge established norms, and lead innovation

1 Boldly take on challenging situations with full conviction of your potential

- Take work themes and challenges seriously. Be focused and enthusiastic in your job.
- Take on risks fearlessly and seek ambitious goals with enthusiasm and perseverance.
- "*Shuraba (challenging situations)* develop people". Think deeply, share your goals openly, and be committed to achieving them.

2 Refine and enhance your strengths and expertise until you excel in your field of expertise

- Create a strong organization that promotes diversity where multiple talents can excel at work by "*being the nail that sticks out*".
- Focus on your personal development by understanding your uniqueness and strengths.
- Maintain a positive mindset and continuously pursue growth.

3 Learn humbly

- Reflect on your strengths and development points and take action to improve them.
- Learn with humility from others who have different thoughts, values, and experiences.
- Learn about Daikin Group philosophy, our corporate culture, and deepen your own thinking.

Build Genuine Trustworthy Relationships and Teamwork

Trust & Teamwork

People who share the Daikin Group's dreams and value dialogue and teamwork

4 Participate with a sense of ownership by sharing information and opinions through deep and extensive discussions ("*Flat and Fast management*")

- Share information in a timely manner.
- Have robust discussions without fear of conflict where everyone actively participates to reach a reasonable understanding.
- Contribute to the organization with a strong sense of ownership and passion.

5 Fulfill your roles and responsibilities, and work together towards achieving goals

- Share not only the goal itself, but also your firm determination and conviction to achieve the goal.
- Think what the team must do now and consider what additional efforts are needed for the team then take action.
- Respect each other's unique strengths and differences while taking individual ownership and working in partnership.

6 Respect each person, unleash your infinite potential, and embrace healthy competition

- People are developed only by other people. Give constructive feedback to help each other grow.
- Embrace diverse ways of thinking to create new insights and knowledge.
- Always show appreciation and gratitude to others.

Strive for Results

Winning & Achievement

People who aspire to achieve great results with passion, strong will, perseverance, and action

7 Envision your goal and take creative action without being bound by past successes

- Identify the challenges to be solved through deep consideration for the desired outcomes.
- Develop an independent and flexible approach, free from past established norms, and consistently set ambitious goals.
- Solve problems from the perspective of total optimization of the organization, and don't be limited to the perspective of your own department.

8 Leverage Daikin's strengths, and pursue uniqueness and differentiation

- By identifying global market trends and changes surrounding your organization, leverage Daikin's unique strengths.
- See multiple perspectives ("*swing the pendulum*") and explore the "*third way*".
- Exhibit Daikin's unique hospitality by deeply considering joy, growth, and caring for others.

9 Set ambitious goals and achieve them with passion and perseverance by continuously taking action

- Engage in flexible cross-functional collaboration without being confined by the boundaries of the organization.
- Be flexible to adapt quickly to changes so results can be achieved on time.
- Ensure compliance with the law and act with a high level of ethics.

Basic Environmental Policy of the Daikin Group

■ Environmental Philosophy

Be a Company that Leads in Applying Environmentally Friendly Practices

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.