



**DAIKIN TURKEY
SUSTAINABILITY
REPORT
2021**

**A LIVABLE
FUTURE WITH
DAIKIN**

Content

06	ABOUT THE REPORT
08	MESSAGE FROM DAIKIN TOP MANAGEMENT
09	MESSAGE FROM DAIKIN TURKEY CEO
12	ABOUT DAIKIN
12	About Daikin
12	About Daikin Industries Inc.
16	About Daikin Europe N.V.
16	About Daikin Turkey
17	Daikin Turkey's Institutional Memberships
18	DAIKIN TURKEY STRATEGY AND CORPORATE GOVERNANCE
19	Vision
19	Mission
20	Daikin Turkey FUSION 25 Strategy
22	Corporate Governance Practices
23	Corporate Risk Management
23	Ethics and Compliance
26	SUSTAINABILITY MANAGEMENT AT DAIKIN TURKEY
27	Sustainability Governance Structure
28	Daikin Turkey Sustainability Priorities
29	Special Title: Effective Fight Against COVID-19
31	CREATING NEW VALUE INNOVATION AND CUSTOMER SATISFACTION
32	Customer Satisfaction and After Sales Services
34	Management of Sales Channels
37	Service Management
41	Customer Relationship Management
44	Supply Chain Management
49	Special Title: Daikin Turkey Solution Plaza
52	R&D, Innovation and Digitalization

59	CREATING NEW VALUE: ENVIRONMENT
60	Daikin Environmental Vision 2050
62	Green Energy and Environment Section Activities
64	Protection of Natural Resources and Environment
66	Daikin's Contribution to Sustainable Cities
68	Climate Change and Energy Management
71	Water Management
72	Waste Management
75	CREATING NEW VALUE: SOCIAL
76	Human Resources Management
87	Special Title: Daikin Turkey Academy
97	Special Title: Sakura Women Entrepreneur Support Program
105	ANNEX
106	Annex 1: Daikin Turkey's Success and Awards
107	Annex 2: Daikin Turkey Committee Structure
108	GRI Content Index
111	Performance Indicators
117	Contact

READER GUIDE



You can watch the video by clicking the link when you see this sign.



Each title you click in the navigation pane will take you to the relevant section.



This icon represents examples of Daikin Turkey's Best Practices.



This icon represents examples of Daikin Turkey's Stakeholder Opinions.



The underlined texts on the pages show clickable areas.

**A LIVABLE
FUTURE WITH
DAIKIN**

About the Report

- 06** About the Report

- 08** Message from Daikin Top Management

- 09** Message from Daikin Turkey CEO

- 12** About Daikin

- 18** Daikin Turkey Strategy and Corporate Governance

- 26** Daikin Turkey Sustainability Management

- 29** **Special Title: Effective Fight Against COVID-19**

ABOUT THE REPORT

In the first sustainability report of Daikin Turkey, the sustainability performance and targets arising from all its operations in Turkey are shared.

Daikin Heating and Cooling Systems Industry and Trade Inc. ('Daikin Turkey') presents sustainability practices to all its stakeholders by means of this first sustainability report. In the first sustainability report of Daikin Turkey, the sustainability performance and targets arising from all its operations in Turkey are shared.

This report has been prepared in accordance with the "GRI Standards: Core" option. The core reporting principles of the GRI Sustainability Reporting Standards were followed during the determination and arrangement of the contents of the report. The recommendations of the Climate-Related Financial Statement Task Force (TCFD) have been taken into account for Daikin Turkey's approach to risks related to climate change and for reporting.

All information contained in this report is provided by Daikin Turkey, unless otherwise stated and covers its activities from 01.04.2020 to 31.03.2021 (FY20). Information about the activities that took place after the reporting period is also included in different sections of the report. Daikin Turkey aims to report its sustainability activities biennially.

MESSAGE FROM DAIKIN TOP MANAGEMENT



DEAR BUSINESS PARTNERS,

Cooling, heating and refrigeration products are an indispensable part of modern life due to their contribution to higher quality lifestyles and economic growth. Considering necessities such as health, wellbeing and increasing awareness towards air quality and ventilation, Daikin set its main goals as creating new value in air and environment, while finding new solutions to social issues and growing its business.

At Daikin, we believe that a company cannot grow its business unless it contributes to solving the environmental and social problems that its stakeholders face. We therefore work on spreading the use of environmentally conscious products and developing activities that create positive social value.

Daikin acts towards fulfilling its long-term vision in the spirit of Paris Climate Agreement and the Sustainable Development Goals of the United Nations through its

use of energy efficient inverter technology and R-32, a refrigerant with a lower global warming potential, in addition to all its environmental and social development activities.

We are aware that achieving our goals of reducing greenhouse gas emissions to net zero by 2050, and realizing Daikin Fusion 25 by offering new value in environment and air through both contribution to sustainable society and Group's growth will only be possible through contributions of each Daikin employee in every Daikin region. In this report you will find examples of what has been achieved by Daikin Turkey and its valuable employees. We would like to thank all our employees who contributed to these remarkable results.

Masatsugu Minaka
Chairman of the Board, Daikin Europe N.V.

We work on spreading the use of environmentally conscious products and developing activities that create positive social value.

MESSAGE FROM DAIKIN TURKEY CEO

As Daikin Turkey, we will continue to work with all our strength in order to reach the Daikin FUSION 25 strategy, which was developed with the aim of adding new value to the environment and air in order to contribute to both a sustainable society and the growth of Daikin.



DEAR STAKEHOLDERS,

Sustainability and sustainable development have become among the most discussed topics of the last thirty years due to increasing environmental issues. 2020 has been a year marred by the uncertainties of the COVID-19 pandemic. Along with the pandemic, awareness for the importance of ventilation and clean air has increased considerably. As Daikin Turkey, we will continue to respond to these increasing needs by taking advantage of leadership in technology, products and services continuously developed by Daikin.

The natural environment provides suitable climatic and atmospheric conditions for life as well as basic needs such as food and shelter for the sustainability of the ecosystem on Earth. As humanity, our first priority is to ensure the sustainability of natural life. For this reason, we started working on sustainability specifically in

Turkey as well. Air-conditioning products help prevent unfavorable conditions caused by extreme heat and cold, improving human health, and contribute to economic development by increasing labor productivity by improving air quality. In recent years, with the increase in global temperatures exasperated by climate change, air conditioning products have become an important part of infrastructures that support societies.

As Daikin, we have consolidated our combat with climate change under three main headings. We will create air value with our products with high environmental performance and innovations that will contribute to the improvement of environmental conditions in the air conditioning sector, and we will transform our global targets into actions under these headings. As the first step towards this, we prepared the Daikin

Turkey Sustainability Report. In line with Daikin’s global philosophy, we will implement these activities under the following headings as part of our five-year plans.

As a company that is fully aware of the importance of adoption of R-32 and other refrigerants with high efficiency and lower global warming potential, we will continue our work towards the development of new generation refrigerant and the adoption of heat pumps within the scope of our projects that we will resume through our products and services. We will develop our plans and measures that will also play an active role in reducing environmental impact and developing materials throughout the entire life-cycle, from materials procurement to waste generation or recycling.

We will continue to lead in the creation of environmental solutions with our industrial solutions. We will fulfill our mission of adding value to our society by providing energy management by combining our entire product range with environmentally friendly equipment, buildings and renewable energy in one system. We will also examine the recovery and recycling of refrigerants in use in the market under this heading and work towards new solutions.

We increased efforts towards our work on air and the creation of value in air, which is our main business, and we developed our 5-year plans rapidly. As such, we think that air engineering that protects human life against air pollutants such as PM2.5 and VOC is essential and we believe in the importance of air quality. For this reason, we continue our R&D activities to facilitate value-added air studies for office environments that provide high efficiency and home environments that maximize sleep quality.

As the leader of the air-conditioning industry, we will continue to add value to the society, and through our products, our solutions and the importance we attach to air quality, we will implement many projects that

will create value for the society. In this context, we have implemented many projects as Daikin Turkey. Based on the principle of providing social benefit and knowledge-sharing in the countries we operate, which is the cornerstone of our global philosophy, we offer the opportunity to experience air-conditioning technologies to all visitors, from commercial investors to individual users, with the Daikin Turkey Solution Plaza we opened in 2015, which is the first solution plaza in Europe. Our center, which cooperates with various institutions and organizations by organizing social responsibility events, has hosted more than 15 thousand visitors since its opening. We continue to lead the sector with expertise and awareness-raising meetings explaining the importance of air quality, while we visually and practically conveying to our visitors how air-conditioning technologies reflect on our quality of life with our Solution Plaza.

Within the scope of Environmental Vision 2050, created by Daikin in fiscal year 2018, we continue our activities to reach the net zero greenhouse gas emissions target by offering environmentally friendly and innovative products. One of the biggest steps we have taken in this direction is the solar power plant we established and rapidly took operational at Daikin Turkey Hendek Production Facility. With the investment we made in the fiscal year 2020, we are able to generate 90% of the electricity we need for our production activities from solar energy and prevent more than 3,700 tons of greenhouse gas emissions annually. With our Green Energy and Environment Department’s stakeholder engagement practices for low environmental impact refrigerants and energy efficiency, we also contribute to raising awareness among stakeholders about these issues.

In addition to the operational practices we carry out, we continue to develop and expand products with high energy efficiency and low environmental footprint, improving our indirect impacts. As a result

of the activities carried out by our Daikin Turkey R&D Center, which is at the core of our R&D activities with its budget of more than 17 million TL, we became the company with the highest amount of R&D spending in the sector in 2020.

As Daikin Turkey, we attach great importance to diversity and inclusion in working life. We strive to improve diversity and promote equal opportunity practices, both within our own operations and throughout our value chain. Within the scope of our aim to increase the number of our female employees at all levels, we have increased the number of our female employees by 81% in the last three financial years. We have included raising the rate of our blue-collar female employees to 50% and the rate of all female employees to 45% among our targets for 2025.

It is also important for us to implement practices that have a positive impact on our entire value chain so that our work is not limited to our own activities. We support women entrepreneurs with the Sakura Program, which we jointly developed with the Small and Medium Enterprises Development Organization of Turkey (KOSGEB) and the Turkish Quality Association (KalDer).

As of 2021, 16 women entrepreneurs in 6 provinces continue their activities after the support they received in the Sakura Program. Our 21 Sakura female technicians, who were trained within the scope of the program, carry out field activities at Daikin services in 13 different cities.

As Daikin Turkey, we serve a wide range of stakeholders with our dealer and service network in both Turkey and CIS countries. With Daikin Turkey Academy, which we established with the aim of helping the development of success-oriented, highly ethical, well-equipped professionals who are ready for tomorrow, we contribute to developing employees’ potentials, increasing the labor quality in

With our solutions in the sector, we will continue to lead in the creation of environmental solutions.

the sector, developing pioneering, innovative and environmentally friendly practices, disseminating Daikin’s success stories and promoting its philosophy. As of the end of the 2020 financial year, 40,000 individuals were provided with training on a wide variety of subjects, 85% of which was provided by our internal trainers.

As Daikin Turkey, we will continue to work with all our strength in order to reach the Daikin Fusion 25 strategy, which was developed with the aim of adding new value to the environment and air in order to contribute to both a sustainable society and the growth of Daikin. I am pleased to present this first sustainability report to you, our esteemed stakeholders, during a time where we continue to successfully overcome a wide variety of challenges. I would like to express my gratitude to all our stakeholders, especially our parent company Daikin Industries Ltd., our customers, dealers and services and suppliers, who have never spared their valuable support during our sustainability journey.

Sincerely,

Hasan Önder
CEO, Daikin Turkey

ABOUT DAIKIN

Daikin supports healthy and comfortable lifestyles by providing solutions to the problems faced by society and communities while driving business growth.

ABOUT DAIKIN

As Daikin, we care about the air. We utilize our years of experience in the air conditioning field and our passion for innovative technologies to make the air we live in the best possible air and we want to do this by caring for the environment and protecting future generations. By 2050, Daikin aims to reduce its greenhouse gas emissions to net zero in all its operations and in the products and solutions it sells.

ABOUT DAIKIN INDUSTRIES LTD.

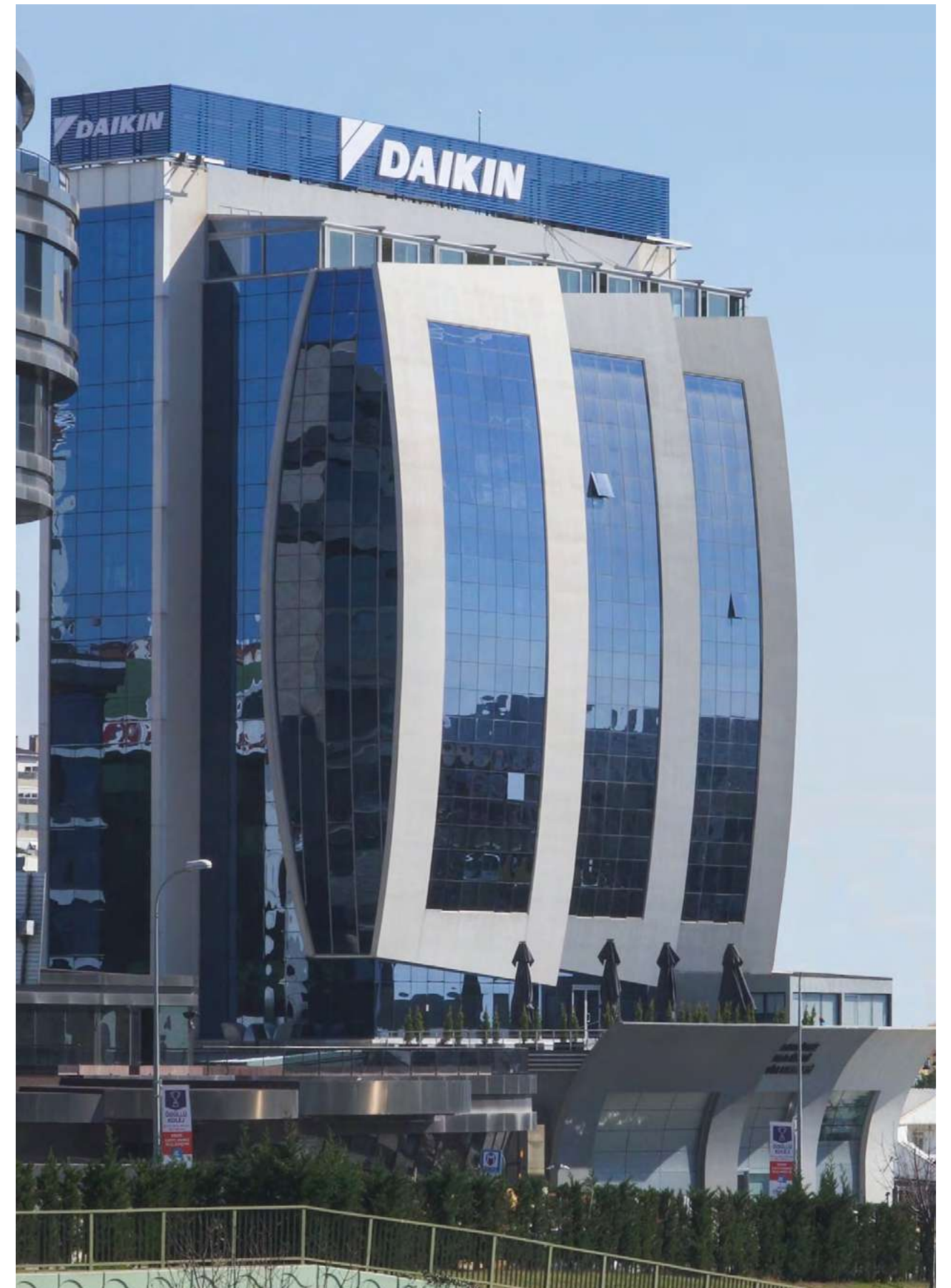
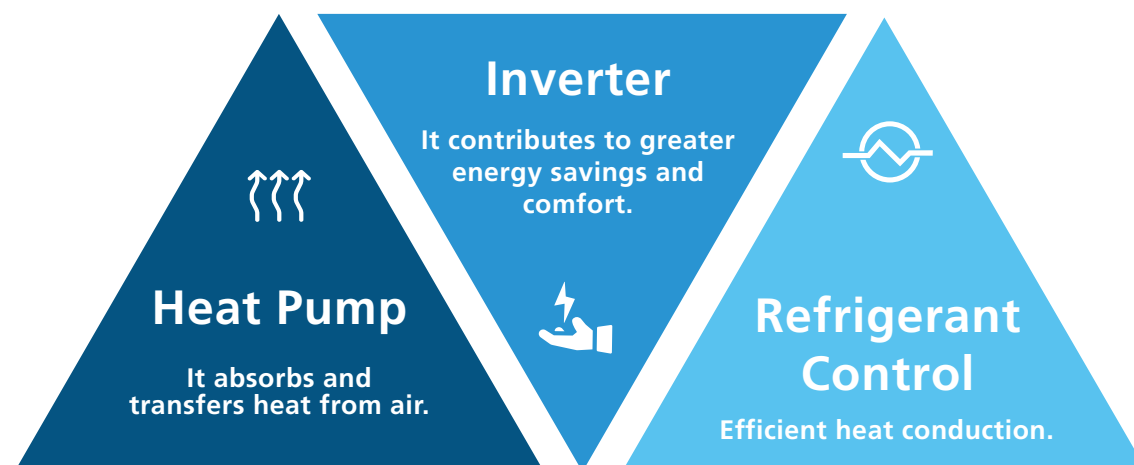
Founded in Osaka-Japan in 1924, Daikin Industries Ltd. (Daikin Global), is the industry leader in the world of heating, cooling, ventilation and fluorine chemicals products with a turnover of 24 billion dollars operating in more than 160 countries, with more than 80 thousand employees, 315 subsidiaries

and more than 100 production facilities. Daikin Industries Ltd. is the only air conditioner manufacturer in the world that develops and manufactures all important components such as refrigerants, compressors and electronics, in-house. Considering the changing needs of its customers for residential, commercial and industrial air conditioning applications Daikin is renowned for its pioneering approach to product development as well as the unrivaled quality and use of its integrated solutions.

Daikin supports healthy and comfortable lifestyles by providing solutions to the problems faced by society and communities while driving business growth. As a global company creating new value in the fields of air and environment, Daikin consistently meets the expectations and trust of people all over the world.

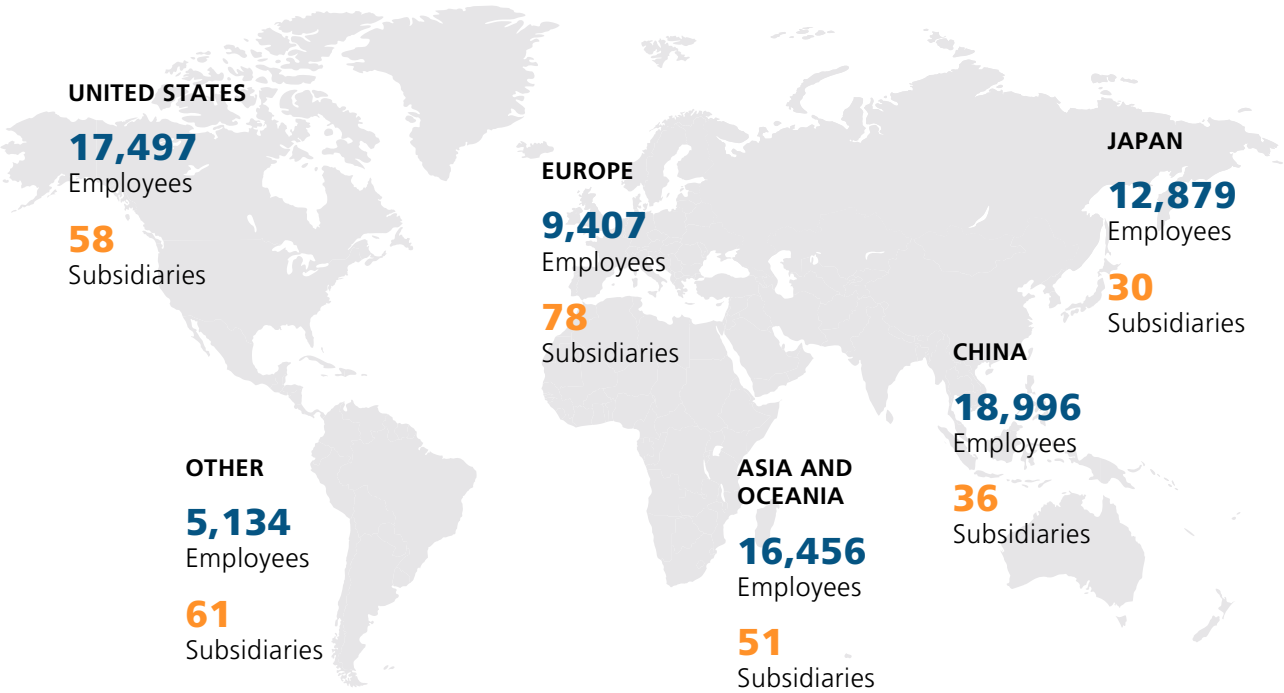
DAIKIN'S THREE CORE

Daikin has developed three advanced air conditioning technologies that form the basis of the next generation technology.

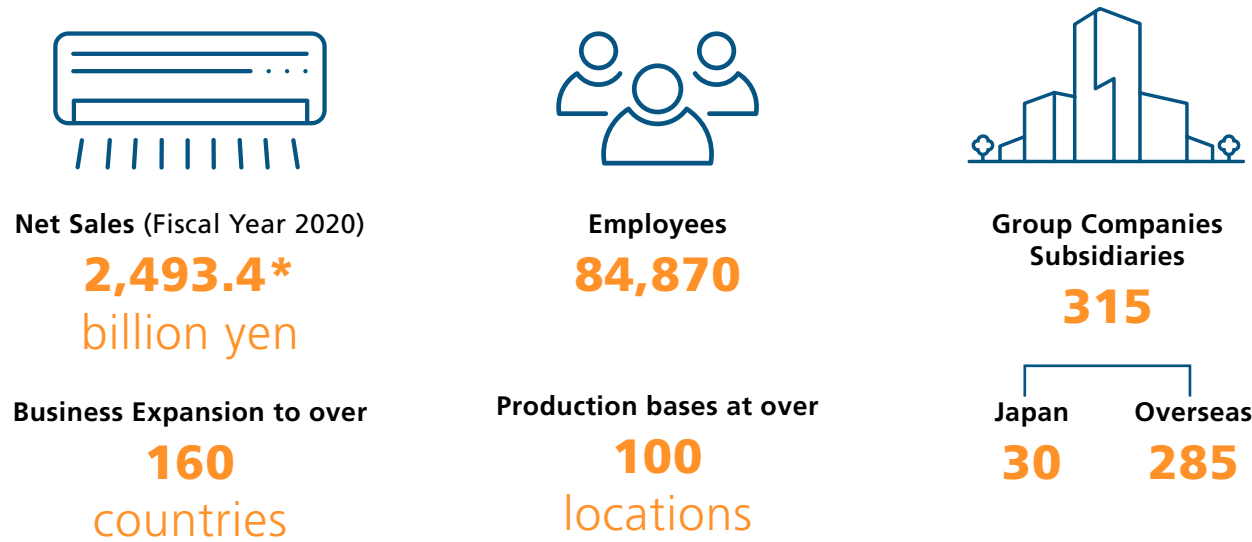


Daikin Turkey Headquarter, Istanbul

DAIKIN OPERATES IN MORE THAN 160 COUNTRIES (FISCAL YEAR 2019)

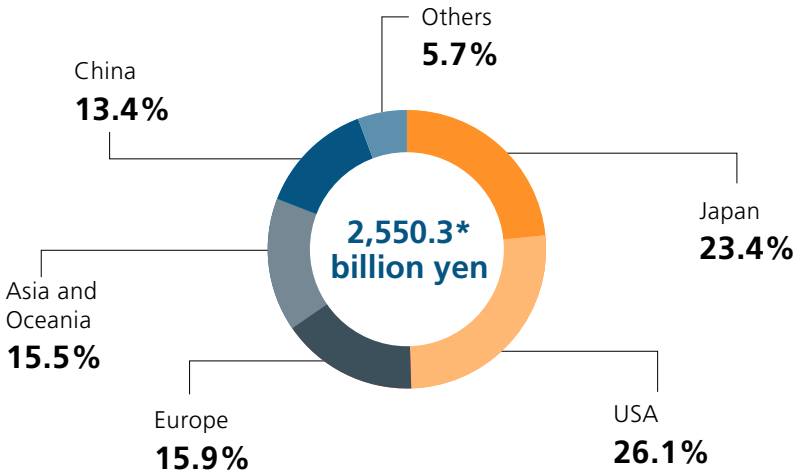


BUSINESS SCALE (31 MARCH 2021)

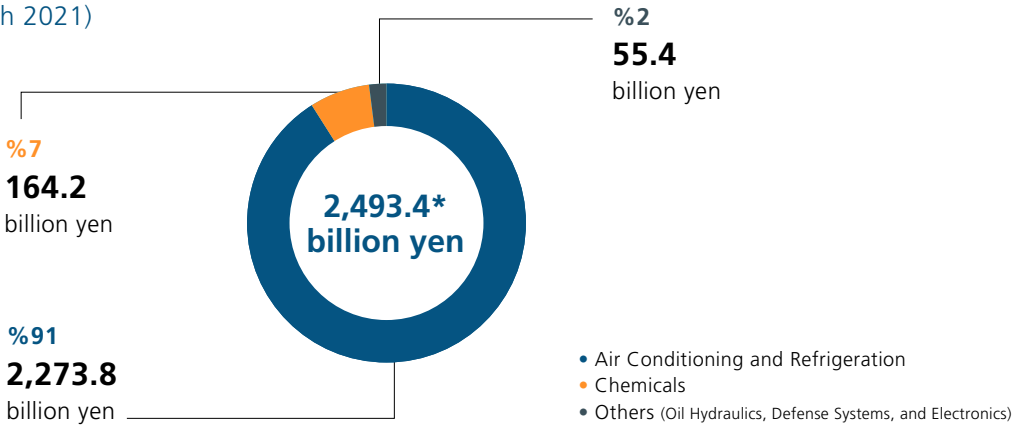


*		FY19	FY20
(billion YEN)	Daikin Global Sales (JPY)	2,550.3	2,493.4
Currency	EUR/JPY	121	124
(billion EURO)	Daikin Global Sales (JPY)	21.1	20.1

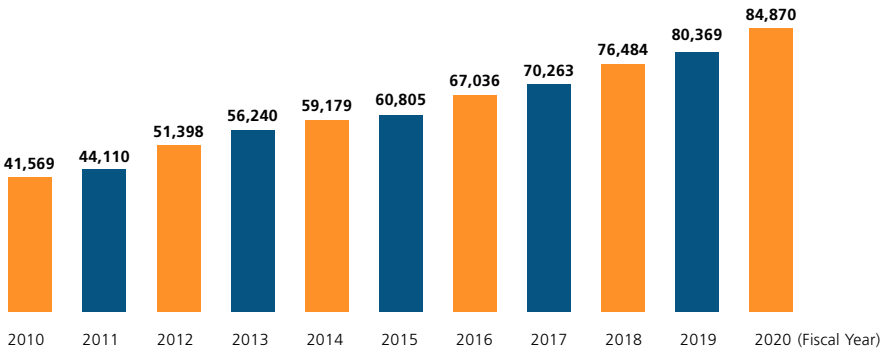
Consolidated Sales by Region
(Fiscal Year 2019)



Sales Breakdown by Division in Fiscal Year 2020
(1 April 2020-31 March 2021)



Employees
(Consolidated)



ABOUT DAIKIN EUROPE N.V.

Daikin Europe N.V. is a subsidiary of Daikin Industries Ltd. and is Europe’s leading manufacturer of air conditioning, heat pump and refrigeration equipment with approximately 13,000 employees in 24 EMEA Region (Europe, Middle East and Africa) subsidiaries. It has 14 major production facilities based in Belgium, Czech Republic, Germany, Italy, Spain, Turkey, Austria and England.

Daikin Europe N.V., which includes Daikin Turkey, was established in Ostend, Belgium in 1972 to present its innovative products to the European market.

With over 90 years of experience in the heating and air conditioning industry, Daikin is the market leader in heat pump technology. More than 85% of devices for the European market are produced in Europe.

ABOUT DAIKIN TURKEY

Daikin, which has been operating in Turkey through distributors since 1978, has become an ambitious investor in the Turkish air conditioning sector by acquiring Airfel in July 2011. Today, Daikin Turkey has the widest product range in Turkey, in the field of heating, cooling and ventilation.

Based in Istanbul, Daikin Turkey produces with the latest technology, products such as combi boilers, air conditioning units, fancoils, air handling units, etc., suitable for different needs, under the brand names Daikin and Airfel, in the production facilities established on an area of 100,000 square meters in Sakarya.

With 8 district offices, 500 dealers, 16 women entrepreneur Sakura dealers, 500 sales points and over 500 authorized services, it serves a wide geography in Turkey. It also brought in Europe’s first air conditioning solution plaza in the industry. Daikin Academy, located in Istanbul, strives to reflect the power of education to the personal development, professional experience and business

quality of its stakeholders. Positioned as the R&D, production and logistics base of Eastern Europe, Turkic Republics, the Middle East and North Africa as well as Turkey, Daikin Turkey also assumed the responsibility of the CIS countries (Azerbaijan, Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan and Armenia, Tajikistan), Georgia, Northern Iraq and TRNC.

Daikin Turkey is under the umbrella of Daikin Europe N.V. and carries out its activities in line with Daikin operations all over the world, in accordance with ISO 9001:2008 Quality Management System and Daikin Quality Policy.

Daikin Turkey’s air conditioners, which are produced in the Split Air Conditioner Production Facility with an annual capacity of 1 million sets, undergoes 100% electrical safety, function and high pressure tests in enthalpy, calorimetric, electrical safety and sound measurement laboratories. In the air handling unit factory, which has the leading edge facilities in Turkey, the production of comfort and hygienic type air handling units, hygienic packaged type air handling units, cellular aspirators, pool dehumidification units, kitchen aspirators, shelter ventilation devices and heat recovery units takes place, with utmost care given to Research and Development activities. Its central ventilation systems are preferred in many prestigious hotels, hospitals, pharmaceutical factories, shopping malls, congress centers and office projects in Turkey and abroad.

The annual combi boiler production capacity of the factory is 220 thousand units thanks to the importance given to R&D activities. Company’s combi boilers, designed by a team of experts, are manufactured using the highest quality components in the industry and pass 100% safety, function, leak-tightness and pressure resistance tests. CE certifications are given by accredited laboratories of Europe.

DAIKIN TURKEY’S INSTITUTIONAL MEMBERSHIPS

Daikin Turkey is a board member of Turkish HVAC&R Exporters Association (ISIB), Air Conditioning and Refrigeration Manufacturer’s Association (ISKİD), Natural Gas Equipment Industrialists and Businessmen’s Association (DOSİDER) and a board of trustees’ member of Heating, Cooling, Air Conditioning Research and Training Foundation (ISKAV). In addition, Daikin serves in Turkish Green Building Council (ÇEDBİK)’s board of directors and participates in various civil society activities in addition to sectoral associations and trusts.

Daikin Turkey contributes to the regulations related to its sector by extending opinions and comments on various issues such as laws, regulations, notifications and standards. Regulation on Control of Waste Electrical and Electronic Equipment (AEEE), Regulation on Fluorinated Greenhouse Gases, Zero Waste Regulation and Energy Labeling Regulation are among the latest regulations that Daikin expressed its opinion recently.

Daikin Turkey regularly participates in the “Ozone Panel” event, which is organized every year by the Ministry of Environment and Urbanization, and the latest developments are followed.

With 8 district offices, 500 dealers, 16 women entrepreneur Sakura dealers, 500 sales points and over 500 authorized services, Daikin Turkey serves a wide geography in Turkey.



Daikin Europe N.V., President, Toshitaka Tsubouchi’s dealer visit

DAIKIN TURKEY STRATEGY AND CORPORATE GOVERNANCE

Daikin Turkey strives to reach the highest quality and service standards in the light of the core values of the Group.

Daikin’s group philosophy is to be a global and truly first-class company within the framework of people-centered management, based on its trustful relationships with its partners. All of the policies, evaluation and decision-making processes are shaped around this philosophy. At the same time, its philosophy guides the implementation of decisive and concerted actions for the entire Daikin Group on a global scale.

Daikin adopts three core values as a decisive principle in all its operations:

- **Absolute Credibility:** Commitment on the basis of trust and transparency to build relationships with our customers, colleagues, business partners and communities;
- **Enterprising Management:** Commitment to develop our company with the initiative and excellence of all employees;
- **Harmonious Personal Relations:** A workplace committed to work together with dedication to meeting Daikin’s goals and missions.

Daikin Turkey strives to reach the highest quality and service standards in the light of its core values beyond the legal rules and laws that are required to be complied with and which specify the minimum obligation of behavior. In line with the vision and mission statements detailed on the next page, Daikin Turkey has the vision of being the pioneer, profitable and market leader in its main product and service groups through the excellence of operations designed to provide superior quality customer and employee experience. It carries out its activities together with its stakeholders with the mission of raising the quality of life with its innovative and environmentally friendly solutions in all areas of life. In this direction, Daikin Turkey has added the Sustainability Management

System to its Corporate Governance targets as of the fiscal year 2021. We aim to effectively measure, monitor and continuously improve our performance in accordance with our priority sustainability focus areas using the management system. Our starting point is to turn sustainability into a business model that systematically incorporates it in to our business model. Daikin Turkey is working dedicatedly to contribute to the achievement of the Daikin Global 2025 target, which is **‘to be a company that leads the solution of social problems on a global scale by offering new value propositions and technologies for the air and the environment and that gains the trust of all stakeholders’**. Daikin Turkey acts in line with the 2025 targets and sub-targets established by Daikin Europe N.V., to which it is affiliated. In this context, Daikin Turkey’s policy is:

- Being the pioneer of the air conditioning industry with all its activities and innovative solutions in the sector,
- Offering the best quality products and services all over the world,
- Being sensitive to the environment and social problems throughout all its operations,
- Being recognized by its employees and all stakeholders,
- Supporting the development of its employees, placing importance to the education of future generations,
- Being one of the three most desired companies to work for in Turkey.

Daikin Turkey acts with the Daikin Global vision and mission. Daikin subsidiaries have created a comprehensive 2025 strategy map in this direction. Daikin Turkey 2025 Strategy Map was prepared considering not only the financial dimension, but also taking into account the customer, process, learning and development dimensions.

OUR VISION

// To be a pioneer, profitable, market leader in our core product and service lines through the excellence of operations designed to provide superior customer and employee experience. //

OUR MISSION

// To raise the quality of life with our innovative and environmentally friendly solutions in every aspect of life, together with our stakeholders. //

Daikin Turkey FUSION 25 Strategy

Daikin FUSION 25 (F-25) is a strategy program which aims to create new value for environment and air by contributing to Daikin's growth and sustainable society at once. Daikin Turkey's main strategies defined in line with F-25, which includes Daikin companies' main strategies under different themes until the end of fiscal year 2025, are given on the next page.



To be the **most preferred company** in the air conditioning sector



Providing customer experience **beyond expectations**



To be **the best service and solution provider** in the air conditioning market



To be **the most efficient factory** in the Daikin Europe N.V. region by increasing our production capacity



To be an **important player** in commercial and industrial refrigeration



To be an air conditioning brand that leads the solutions to global environmental problems with its products and services as well as **being a carbon neutral company**



In CIS countries, to **strengthen our market position** by increasing our brand awareness developing new products and services, as well as expanding our sales network



To increase the competencies of our employees and to be among **the most desired companies to work in**



Strengthening our leadership in the project channel and increasing our profitability

Various Corporate Governance Committees and sub-working groups are formed to manage priority strategic issues in Daikin Turkey operations so that issues are monitored centrally.

CORPORATE GOVERNANCE PRACTICES

Daikin Turkey is aware of the high importance of accountability, responsibility and a fair approach towards all its stakeholders, within the framework of the principle of openness and transparency. With its corporate risk management and corporate governance approach, the company adopts an independent, fair, equal and equitable approach, independent of any person. Business ethics rules and asset level controls in Daikin Turkey are carried out in compliance with the business ethics rules adopted by Daikin Europe N.V., to which it is affiliated, and the new Investment Instruments and Foreign Exchange Law¹ (“J-SOX”), which was put into effect in 2006 in Japan.

In 2020, Daikin Turkey successfully passed 2 comprehensive audits covering all processes within the scope of J-SOX by Daikin Europe N.V. internal audit team. Every year, controls are carried out by independent audit firms within the scope of J-SOX. Accordingly, a checklist has been created to determine the J-SOX controls related to information technologies (“IT”) systems and it will be implemented starting from the 2021 financial year.

One of the most important criteria in terms of company activities is to follow current legal regulations and to operate in full compliance with them. Internal audits regarding legal regulations are carried out continuously, and at the point where any non-compliance is detected, quick actions are taken to ensure compliance by utilizing both internal and external sources.

Daikin Turkey bases on Daikin Global and Daikin Europe N.V. policies, and all activities of the Company are implemented by complying with national and local laws within the scope of these policies. The regulation, announcement and follow-up of company policies in compliance with the rules and instructions from Daikin Europe N.V. are carried out by the Legal and Compliance Department, and Daikin Europe N.V. with its own internal discipline.

Various Corporate Governance Committees and sub-working groups are formed to manage priority strategic issues in Daikin Turkey operations so that issues are monitored centrally. In order to monitor the issues within this scope, there are various committee structures in which the CEO, members of the Board of Directors and senior executives from different units of the Company take part, depending on the situation.

The Financial Executive Committee, composed of the members of Daikin Turkey Senior Management, operates in a differentiation of execution and management; it covers the decision mechanisms in which all requests originating from the sales and financial operations of the Company, which are subject to Risk and Credit management, are evaluated. The committee is the authorized decision maker in the evaluation of the institution’s daily risk and financial business operations within the determined scale divisions.

In case of any disciplinary violation at Daikin Turkey’s operations, the relevant disciplinary

provisions are implemented through the disciplinary committee. There are separate disciplinary committees for Daikin Turkey Headquarter activities and Hendek Production Facility. There are 7 people in total, including 2 employer representatives and 2 worker representatives for the union-member employees, and 4 people, including the Human Resources representative and a legal representative for the employees who are not within the scope of the union. Apart from to CEO, Legal and Human Resources Department managers who are the permanent members of the Central Disciplinary Committee, there are 2 permanent and 2 substitute additional members appointed by the CEO.

In order to carry out the activities within the scope of ISO 50001 Energy Management Systems; to make analyzes in accordance with the relevant criteria, to implement efficiency-enhancing projects, to take the necessary actions and to follow up, establishment of the Energy Committee is targeted in 2021.

CORPORATE RISK MANAGEMENT

In Daikin Turkey, possible risks are controlled by risk mapping studies that are carried out to minimize their potential effects. Within the scope of the management of legal and regulatory risks and compliance processes, a comprehensive compliance check within the company is carried out by the Legal and Compliance Department in order to reduce the risks within the scope of Competition Law. In order to serve the institutional transformation, prominent issues regarding compliance to law are determined and related training videos and catalogs are prepared according to the priority needs determined together with Daikin Academy.

In Daikin Turkey, the internal audit function is carried out by Daikin Europe N.V., and the Legal

and Compliance Department periodically conducts audits on issues such as competition, Personal Data Protection Law (“PDPL”), contract archive audit.

Periodic audits are carried out by the Information Technologies Department within the scope of Information Security Management Systems.

In addition, matters that require expertise in terms of compliance are followed up by the Company’s relevant business units. For example, receivables risk management and financial risk management practices are directly managed by the Finance and Credit Control unit.

In order to reduce digital transformation and commercial risks in August 2020, a special project within the scope of information security management has been initiated for the approval procedures of the Message Management System (“MMS”) and PDPL processes and for the storage of these approvals. With this project, it is aimed to effectuate the MMS and PDPL approval process for real persons entering Daikin Turkey systems by combining the approval and clarification requirements for the processing of personal data for the purpose of PDPL. Within the framework of the project, risk reduction is ensured by providing control through the system, displaying the approvals in the system and informing by automatic e-mail.

ETHICS AND COMPLIANCE

Daikin Turkey strives to act in full compliance with the Daikin Global Company Code of Ethics. Daikin Turkey is performance-oriented and is determined to fulfill every commitment it has made to all its stakeholders. While performing this high performance and fulfilling its commitments, the company always acts on the basis of high ethical standards and fair competition principles. Daikin Turkey aims to be transparent, fair and accountable to all its stakeholders.

¹ The set of Japanese standards for evaluation and auditing of internal controls over financial reporting.

The Company Code of Ethics is an expression of the core values that guide all activities and represents the decision-making framework of the Company. The Company Code of Ethics comprises not only employees and managers, but also all consultants, business partners, contractors, persons acting on behalf of the company and all stakeholders with whom we have commercial relations. All business partners, including customers and suppliers, are encouraged to comply with the Ethical Principles.

Daikin Turkey acts within acceptable social norms in terms of entertainment activities and present exchanges. Presents and entertainment policy is regulated under the "Company Rule on Prevention of Bribery" within the scope of "Aid and Gift Rules Regarding Public Employees". Related to this subject, there are conditions such as the gifts should not evoke the purpose of bribery, and should not be given 6 months before or after any tender and also they should be in compliance with Turkish laws. Daikin Turkey encourages all its stakeholders to report the violation of the Company's Code of Ethics as soon as the violation occurs, and within this scope, an ethical reporting mechanism has been established. Employees who want to report cases of non-compliance can easily reach the Daikin ethics hotline, which has a special phone number and password, without having to disclose any personal information. In case of need, translator support is offered on the hotline as well, which also has various language options. In addition, notifications can be made through the Ethics Form available on the intranet platform, and in cases where it is not possible to use either platform, the external hotline can also be reached via e-mail.

Compliance with competition law is among the important issues for Daikin Turkey. Since compliance with competition contains high legal risk, regular compliance audits are conducted and trainings are given by third parties.

Daikin Turkey suppliers accept the audits and evaluations to be made by Daikin Turkey or its independent organizations within the scope of their policies, contracts, statements and commitments.

Existing communication channels can be used to report suspicious behavior or violation of rules. (daikincompliance@daikin.com.tr). Daikin Turkey undertakes to treat all notifications confidentially and to protect notification owners. The Company will protect the confidentiality of the person who has reported the supplier's suspicious behavior contrary to the Company's Code of Ethics or a possible violation of business ethics and will not tolerate any retaliation that may be applied against that person.

Daikin Turkey, with its headquarters in Istanbul, produces with the latest technology, products such as combi boilers, air conditioning units, fancoils, air handling units, etc., suitable for different needs, under the brand names Daikin and Airfel, in the production facilities established on an area of 100,000 square meters in Sakarya.



Daikin Turkey Hendek Production Facility

SUSTAINABILITY MANAGEMENT AT DAIKIN TURKEY

Daikin Turkey examined all policies related to sustainability and gathered them under the umbrella of ‘Sustainability Policy’.



SUSTAINABILITY MANAGEMENT SYSTEMS
All operational processes of Daikin Turkey are carried out with the Integrated Management System. Within the scope of the Integrated Management System, in 2012, Daikin Turkey established ISO 9001 Quality Management System, ISO 10002 Customer Satisfaction Management System, ISO 14001 Environmental Management System, OHSAS 18001² Occupational Health and Safety Management System and ISO 27001 Information Security Management System; In 2017, it established the ISO 18295 Communication Center Management System.

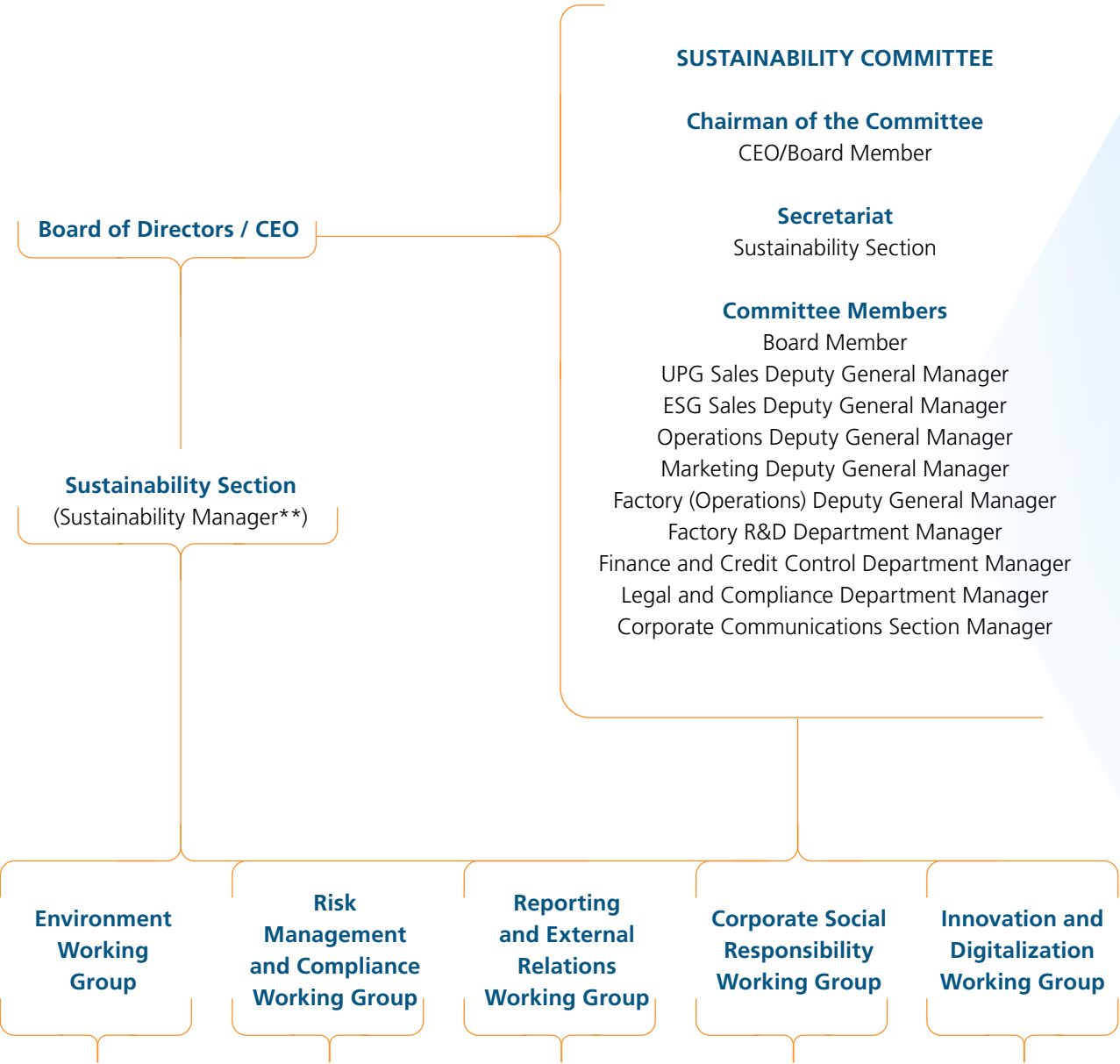
Daikin Turkey initiated the Sustainability Management System project by succeeding an important sustainability project during the reporting period, and examined all policies related to sustainability and gathered them under the umbrella of ‘Sustainability Policy’.

All sustainability policies of Daikin Turkey can be viewed in the section [About Daikin Turkey](#).

As in all its activities, aiming to be the leader of its sector in the field of sustainability, Daikin Turkey has established a sustainability governance structure that reports to the Chairman of the CEO, in order to manage sustainability issues and for their effective monitoring and continuous improvement within the company.

² The ISO 45001 transition from the OHSAS 18001 Occupational Health and Safety Management System, which was established in the process of the Integrated Management System in 2012, was carried out in 2018.

SUSTAINABILITY GOVERNANCE STRUCTURE



****Sustainability Manager working in the Sustainability Section is responsible for ensuring the coordination between the committees and working groups as well as monitoring the activities.**

DAIKIN TURKEY SUSTAINABILITY PRIORITIES

Within the scope of the Sustainability Management System project initiated within Daikin Turkey in the fiscal year 2020, the priorities within the sustainability issues of Daikin Turkey were determined. In the process of determining the priority issues within sustainability policies, priorities of the global players in the sector, especially Daikin Global as well as various leading companies were examined. This study was evaluated along with different sustainability reporting frameworks and the priority issues determined by the management groups for the air conditioning sector, and a survey was conducted with Daikin Turkey's internal stakeholders. The 18 topics identified as a result of the research were scored by the internal stakeholders determined by the Company management for the first sustainability report of Daikin Turkey.

The subjects determined within the scope of

the priority subject universe were evaluated by comparing with the classification made by Daikin Global. In this context, the prior topics are classified under the headings of;

- Environment
- Creating New Value, Customer Satisfaction, Human Resources
- Fundamental CSR (Corporate Social Responsibility)

The priority issues are listed in the axis of "Importance for Daikin Turkey" according to the results of the survey study and in the axis of "Importance for Daikin Global" according to the evaluation of Daikin Global CSR priorities. Subjects not directly covered in the Daikin Global matrix were considered as "Priority". The subjects in the upper right part of the matrix are the common subjects that are considered as the highest priority for both Daikin Turkey and Daikin Global.



Based on the prioritization work carried out within Daikin Turkey and the evaluation results taking into account the Company's activities, the most prioritized United Nations Sustainable Development Goals (SDGs)³ for Daikin Turkey has

also been determined. Daikin Turkey who acts with sustainability-focus in its activities, prioritizes the following SDGs that it believes create the highest value through its own activities, while providing all the support possible to achieve all of the SDGs:



³ For detailed information about the United Nations Sustainable Development Goals You can visit the address. <https://www.tr.undp.org/content/turkey/tr/home/sustainable-development-goals.html>

EFFECTIVE FIGHT AGAINST COVID-19

During the fiscal year 2020, Daikin Turkey has carried out many activities aimed at both its own operations and the safety of its customers in order to combat the COVID-19 pandemic, which has seriously affected the world. Daikin Turkey started to take precautions as soon as the COVID-19 virus was seen in the world and started cancelling international travels and applying quarantine for those who returned from their trips, notably before the cases started to appear in our country. Since the day the COVID-19 virus was detected in our country, works have been carried out with great care. Within Daikin Turkey, the Remote Working Procedure and the COVID-19 Emergency Team were quickly established within the scope of combating and preparing for COVID-19; remote working and rotating office applications were started for the employees right from the first days of the process. Many application examples can be given, such as PCR testing for employees, regular disinfection of offices and personnel services, placing hand sanitizers in offices, banning visitors to work areas and offices, regular HES code inquiries and temperature measurements.

By examining the monthly production amounts in the production plant, operators were recruited for the months where there has been a need for operators in the past, hence the lack of operators due to COVID-19 was eliminated. A process workflow according to different scenarios for a 24-hour process has been created to deal with suspicious cases that may arise during production.

The treatment process of employees whose COVID-19 test was positive was closely monitored and employees were informed via Daikin Mobile. Shift arrangements with a minimum number of employees were made for employees whose job descriptions were not suitable for the remote working system, and practices to reduce the locker room capacity were implemented. Employees who do not have a remote working alternative but are unable to work or are in the risk

group due to chronic illness, age range or pregnancy are protected by practices of taking leave. In addition to the unpaid leave support provided by the state, financial support has been provided to employees who have been put on unpaid leave during the pandemic period, and measures have been taken so that they do not experience any income loss.

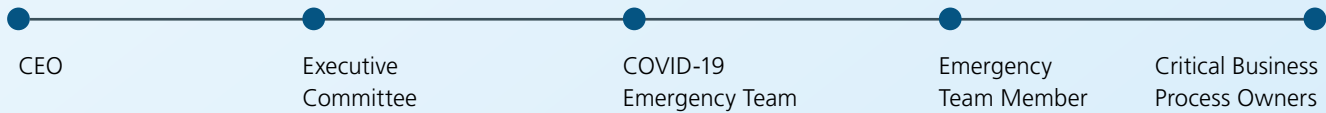
During the pandemic period in Daikin Turkey, a multi-functional Crisis Management Team, strongly supported by the Senior Management, was formed and support was received from Human Resources, Legal and Compliance Department, Information Technologies, Operations, etc. departments.

In order to make effective decisions on critical issues, a decision-making process was created, the points that could activate the process were reviewed, and worst-case scenarios were studied for planning. Crisis and Business Continuity plans were reviewed and the Business Continuity Plan COVID-19 version was implemented.

COVID-19 BUSINESS CONTINUITY PROGRAM

As of March 2020, work was started by a limited staff to take measures within the scope of the epidemic, then Business Continuity Plans were updated within the scope of COVID-19 and teams, tasks, communication plans were revised. By creating communication strategies for stakeholders, emergency response and communication methods were based on reliable data and a crisis management team was formed, where roles, responsibilities and targets were clearly defined. (There were no deaths due to COVID-19 in Daikin Turkey in the relevant period.)

COVID-19 Business Continuity studies were carried out within the framework of impact analyzes within the scope of personnel, procurement processes, personnel transportation and production processes, sales and distribution, service (AS) processes, financial processes and IT infrastructure.



A LIVABLE
FUTURE WITH
DAIKIN

Creating New Value **Innovation and Customer Satisfaction**

32 Customer Satisfaction and After Sales Services

34 Management of Sales Channels

37 Service Management

41 Customer Relationship Management

44 Supply Chain Management

49 **Special Title: Daikin Turkey Solution Plaza**

52 R&D, Innovation and Digitalization

CUSTOMER SATISFACTION AND AFTER SALES SERVICES (AS)

Daikin Turkey is committed to giving the highest priority to the safety of its end users. While striving to provide safe, high quality products and services by anticipating the future needs of its end users, the company acts in full compliance with all laws, regulations and national and international standards regarding product safety. These measures may include the repair or replacement of the products in question and the publication of the problem and reporting to the relevant authorities through appropriate written or visual medium.

Daikin Turkey creates value beyond the expectations of its customers; It works with the aim of providing sustainable service quality with the principle of unconditional customer satisfaction by providing the most suitable and comfortable solutions for their needs and dreams. Daikin Turkey's greatest asset and strength is the entire corporate and

“Based on what we learned during the COVID-19 pandemic, we aim to adopt a flexible and agile way of working that takes full advantage of information technologies. We will use our diverse human resources to turn great changes into opportunities and create value on behalf of all our current and potential customers.”

individual customer network it works with. The Company works to make all its stakeholders loyal and strong business partners and to improve the customer experience. Daikin Turkey aims to provide all its customers with a distinctive customer experience that they will enjoy sharing with others.

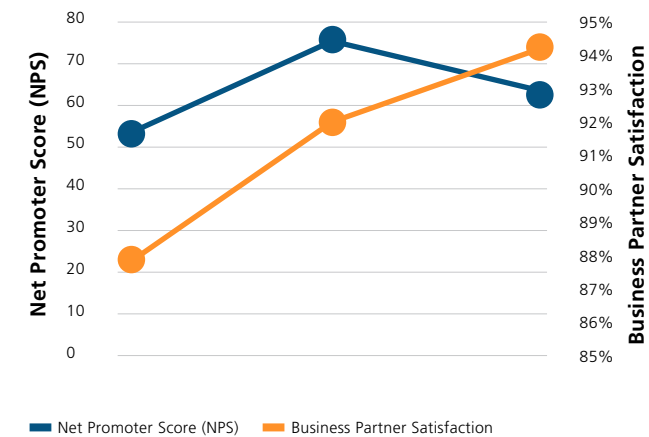
With its unique state-of-the-art products to ensure its customers' comfort and sustainable living, Daikin is in a leading position in the world. A project was initiated to develop customer relationship management (CRM) with a central restructuring. In addition, the information obtained from CRM will provide input to the creation of management philosophies and strategies that can be applied by all departments such as product and service development.

The “Da Vinci Project” was planned and completed in order to improve the capacity of product management within the scope of customer satisfaction works. The Da Vinci Project aims to manage the product management by its owners in a beginning-to-end “integrated” way. With this project, Daikin products started to be evaluated with a “wholistic” perspective instead of a distributed approach within distribution channels.

The results of the business partner satisfaction survey, which is carried out regularly to measure the satisfaction of business partners with Daikin products, shows a satisfaction level of **94%**. According to the results of the latest survey* conducted in October 2020, customer satisfaction rates improved by 6 points in 3 years and customer satisfaction with Daikin increased by 2 points in the fiscal year compared to the previous year.

*The survey to be held in March 2020 was made in October 2020 due to the pandemic.

The Net Promoter Score (NPS)



The Net Promoter Score (NPS) study is a tool to measure customer loyalty and advocacy through surveys. While Daikin Turkey ranked 4th in FY17 with its NPS score among Daikin Europe N.V. subsidiaries, it ranked 1st in FY19, although the score was lower than the previous year.



Customer-Oriented Satisfaction Practices

Customer Engagement Center (CEC) & Customer Portal (CP): The importance given to customer experience, which is a necessary and rising value for company continuity, in recent years by Daikin Europe N.V., has been taken to the next level with the “Customer Relationship Portal” and “Customer Portal” implemented in the pilot countries. Efforts will continue to provide the best service and the fastest information to customers, with the effective inclusion of artificial intelligence in the processes, on which the studies are already ongoing, and the best use of digital instruments in the near future.

NPS Survey Study (Business Partners): An annual Net Promoter Score (NPS) survey is conducted to measure the impact of all services provided to customers. While the annual evaluation results are closely followed by the Daikin Turkey management, the evaluation results that are regularly reported to Daikin Europe N.V. are also reviewed and improvement steps are taken.



Uninterrupted Service During the Pandemic Period

Despite the threat of the COVID-19 pandemic, uninterrupted services were provided with all our stakeholders to meet the needs of our customers. Without neglecting to take our measures against the epidemic, we continue to serve in the field with personal protective equipment. Installation, breakdown, maintenance and repair services have been devotedly provided to hospitals, health institutions and health workers, who play a critical role especially in the fight against the pandemic. Within the scope of the lockdown, company permission documents have been sent to each of our authorized services so that the services provided for inner-city and inter-cities are not interrupted and that they can pass through the control points without any problems. 24/7 uninterrupted service was provided to our healthcare workers.

Services continued to be provided with personal protective equipment for customers diagnosed with COVID-19. Within the scope of lockdowns, service priority was given to our citizens over the age of 65, and transportation support was provided by our services to meet their domestic needs. Due to the 2020 pandemic, the Authorized Service Organization continued its services to the extent permitted by the relevant circulars of the Ministry of Interior.

Our most important achievement for this year is that there was no delay in giving service to Daikin products and in spare parts and shipment processes due to the pandemic. The training provided to the employees in the Daikin Turkey service network ensured the accuracy of the service forms delivered to the consumer through the software they use. Satisfaction surveys were conducted by communicating with consumers who could not be visited due to the pandemic. Employees of the After Sales Services Department continued their duties in the field in compliance with the legal regulations. To prevent waiting consumers, 24/7 uninterrupted service is provided.



MANAGEMENT OF SALES CHANNELS

Daikin Turkey's sales channels consist of dealers distributors, and direct sales. Management of dealers and distributors in Daikin Turkey are monitored through two channels;

- Dealers and distributors of individual systems (UPG)
- Engineering systems (ESG) and multi-systems professional solution partners (Daikin Professional Dealers)

Daikin Dealers are business partners with the most critical roles in the growth and success of the company and brand. Dealers contribute to this success not only with their technical and commercial knowledge, but also with their approach to work in line with Daikin Values. Our dealers manage all their activities in the light of Daikin Values.



Prague, Dealer Activity



Beirut, Dealer Activity

MANAGEMENT OF INDIVIDUAL SYSTEMS' DEALERS

Daikin Turkey dealers of individual systems operating in the highly competitive air conditioning sector maintain many operational, managerial and strategic priorities simultaneously.

There are detailed explanations of the 7 main issues they are responsible for managing in The Dealer Management Handbook containing Daikin Dealer Management Recipes, which Daikin dealers can use in all critical processes from



Air-On Dealer Development Program Trainings	FY17		FY18	
	Number of participants	Man*hour	Number of participants	Man*hour
Dealer	250	4,000	59	944



Sales Techniques Training

At the beginning of the Air-On Dealer Development Program, which started in 2017, all dealers went through trainings. Within the scope of the program, the training of the dealers who have recently joined the Daikin Turkey family continues and the modules are constantly updated. In line with the measures taken during the COVID-19 pandemic in fiscal year 2020, dealer trainings were kept to limited amount compared to previous years.



Air-On Dealer Development Program

Air-On Dealer Development Program was created by Daikin Academy in order to increase the performance of dealers which are part of the individual systems. Within the scope of this study, workshops were organized with the dealers and the sales team. A needs analysis was carried out together with field observations and Dealer Management Manual work. During the design phase of the program, Daikin Dealer-Specific Behaviors were determined and the Dealer Management Model and the Customer Relationship Model were created. During the design phase, internal trainers from the Finance, Marketing and Sales departments were included in the process and training modules were created according to the needs and content. By organizing case studies with the coordination of the sales team, Role Plays, training presentations, participant handouts, exam questions, assignments and Daikin Dealer Management Handbook were developed to support the trainings.

During the implementation phase, 4 modules of training were organized for 8 groups. In the training, 4 trainers took part in the trainings with participants from the Marmara, Central Anatolia, Black Sea, Mediterranean, Aegean and Southeastern Anatolia regions. At the end of the training module, a "strategic analysis" assignment was given to the dealers and feedback was given by evaluating their strategic perspectives through case studies.



EFFECTIVE SALES TECHNIQUES TRAININGS

Within the scope of effective sales techniques trainings, on-site training was given to a total of 71 Daikin Turkey dealers in 2019-2020 with the support of a professional firm and 30 dealers were visited for the second time. In each dealer visited, 3-hour training was given to the store teams. Online Daikin Sales Techniques Training was provided for all individual system dealers who could not be given on-site sales training, which was stopped due to the pandemic conditions. The Daikin Effective Sales Techniques book was shared electronically with our dealers who participated in the training.



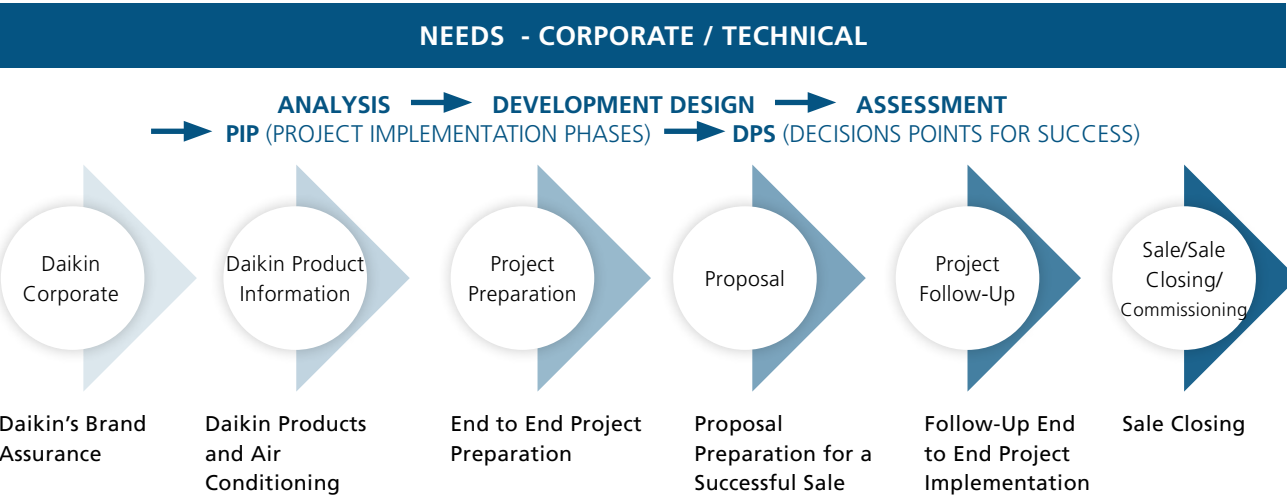
Effective Sales Techniques Training	Total No. of Participants	Total Training Hours
Marmara Region	36	108
Aegean Region	30	90
Çukurova Region	37	111

PROFESSIONAL DEALER DEVELOPMENT PROGRAM

In 2021, in collaboration with Daikin Turkey Academy, Marketing and Corporate Communication departments, Daikin Turkey aims to increase the number of ‘Master Professional Dealers’, the highest segment of professional dealer classification, to 150 by 2025 by implementing a training program aimed towards aligning the professional dealers’ performance to defined criteria.



During the Analysis phase of the program, the company and department targets, Professional Dealer value and loyalty index and criteria were carefully examined. VRV department/regional managers were interviewed and meetings were planned with Professional Dealer managers from each region in order to better understand the field. With the aim of creating professional dealers with the ability to seamlessly run Daikin’s VRV solutions with high energy efficiency and low greenhouse gas emissions for professionals from the ground up to the moment of operation, the VRV process has been detailed and what a professional dealer may need during the end-to-end project phase has been clarified, and the need for external trainer support at customer contact points as well as the areas where support for professional development should be provided, have been determined. It is aimed to monitor the training evaluation by supporting it with key performance indicators that can track the return on investment (ROI) in the long term.



To create Pro-Dealers with the ability to carry out the process of the VRV project from start to commissioning without any problems.



SERVICE MANAGEMENT

Daikin Turkey’s authorized service network spread all over Turkey consists of 434 authorized service centers specialized in different product groups. Unlike its competitors, Daikin Turkey follows a similar approach to the service structure in the CIS region, like the one applied in Turkey and offers services with 22 authorized service centers

specialized in different product groups. The number of service technicians, which is 1,500 as of today, is regularly increased every year according to the needs. In Daikin Turkey’s service management approach, the focus is on the exclusivity, efficiency and strong teams of services, rather than numerical increase.

	FY18		FY19		FY20		FY21*	
	Number of Services	Number of Technicians	Number of Services	Number of Technicians	Number of Services	Number of Technicians	Number of Services	Number of Technicians
İstanbul	162	518	152	526	146	524	144	540
İzmir	118	340	112	344	111	342	107	348
Adana	89	268	93	285	93	285	92	296
Ankara	87	217	86	219	90	218	91	227
CIS	22	76	22	87	22	81	22	89
Total	478	1,419	465	1,461	462	1,450	456	1,500

*June 2021

NUMBER OF SERVICE DEALERS IN TURKEY AND CIS REGION

Total
1,500
Service Technicians



All authorized service personnel of Daikin Turkey start working after completing their technical and corporate identity training.

The annual training plan is created on a shared platform by considering requests and suggestions from Corporate Communications department, services' training needs identified by After Sales Services, and different training needs of technical, OEM and other departments with Daikin Academy. This plan provides inputs to Daikin Academy's budget. Moreover, at the end of each year, regional services' technical training needs are determined on a shared platform with Daikin Academy and the annual training plan is created. These training plans are conducted before and after installation in line with the plans and targets set by regional service, technical and OEM regional directorates from the field.

Service Technical Training Program is usually conducted by the company's internal trainers in Daikin Turkey Academy training halls and practice classes located in Istanbul and all trainings are provided free of charge unlike Daikin Europe N.V.. Along with the pandemic period, the training program has been largely switched to the online platform since March 2020.

Within this scope;

- Some of the subjects provided in the classroom trainings and the practical measurement device reviews in these trainings were transferred to the video environment and shared with the services through the service application.
- Classroom trainings are carried out through the online training application platform (those

who are successful in online trainings of the gas burning devices trainings are invited to face-to-face practical training in groups of 2).

Within the scope of service trainings in fiscal year 2020, 3,310 hours of technical training were given to 970 participants. Although there was a decrease in the total training hours due to the COVID-19 processes, more participation in the trainings was ensured thanks to the high efficiency and focus gained through online environments, and there was no significant decrease in the quality of trainings.

Service Trainings	FY18	FY19	FY20
Number of Participants	898	877	970
Training Hours	16,891	15,132	3,310



DAIKIN Instant Solution Center (DISC)



Daikin Service Portal software has been developed in order to better support service work and to produce solutions to customer complaints in a single visit. With the software prepared specifically for Daikin Authorized Services, it is possible to access easy, understandable and accessible information

about individual and commercial products. Thanks to the platform with step-by-step explanatory menus for the repair and adjustment of products, settings and measurements can be made in the field without the need for printed technical documents. Through the application that can be accessed from Android and iOS platforms, in case of any problem in the field, the possibility to send written, audio or video recordings to the Technical Department engineers is provided and furthermore live support request or problem notification can be made depending on the situation.

Additions to the constantly renewed product range are made live and information requests from services are quickly uploaded to the portal. The application, which also includes general announcements and bulletins, aims to maximize service efficiency. Within the scope of the project, the first phase of which was completed in fiscal year 2020, more than 1,500 technicians were directly accessed in Turkey and the CIS region, and more than 250 calls were received. While we aim to reach 70% of our technicians call within 3 days in 2021, we aim to complete the hands on free feature add-on with Bluetooth Cam for FY21. When we put this project into operation, we aim to respond immediately by being in the field live beside the product and our service technician to provide instant solutions to the malfunction.





F-Gas Technician Certification

Fluorinated Greenhouse Gases (F-Gas) are gases consisting of HFCs, PFCs, SF6 and their mixtures, which have negative effects on global warming.

The Regulation on Fluorinated Greenhouse Gases, prepared by the Ministry of Environment and Urbanization for the management of F-Gas used as refrigerants by the air conditioning industry, entered into force in 2018. With this regulation, the release of F-Gasses into the atmosphere is prohibited and the obligation for certification of people who respond to equipment working with these gases has been introduced.

With the ‘Communiqué on Certification of Real and Legal Persons Who Interfere with Equipment Containing Fluorinated Greenhouse Gases or whose Operation is Based on These Gases’, which entered into force in 2020, within the scope of Vocational Qualifications Authority of Technical Personnel of Fluorinated Greenhouse Gas Devices - Level 5 National Competence certification by authorized institutions has become mandatory for the service personnel who respond to equipment containing fluorinated greenhouse gases or its function is based on these gases Daikin has subjected all of its technicians to the F-Gas certification process in order to maintain



its pioneering position in the Turkish sector. Training support was provided to the service personnel by the internal trainers of the Daikin Academy and all relevant service personnel serving within Daikin Turkey successfully passed the exam they took and were entitled to receive the F-Gas Certificate.

With the certification program, full compliance with the professional regulations in Turkey has been achieved and with the qualified training given to the technicians, environmentalist and high-quality information on global warming, waste gases, gas cleaning and similar issues has been gained.

Daikin Turkey has provided support to all its services regarding financial obligations for the certificate and has continued to lead the sector with its approach that prioritizes people and the environment, by ensuring that the service personnel who respond to these devices in the field has been all certified.



CUSTOMER RELATIONSHIP MANAGEMENT

In line with Group’s mission, Daikin Turkey embraces defining its customers’ daily and future needs and to realize their dreams as an important target to strive towards.

While providing its customers with high quality products, materials and reliable service, Daikin Turkey does not only want to improve convenience and comfort for our customers, but also keeps customer satisfaction at the highest level.

Customer relationship management activities in Daikin Turkey are formulated on separating the Call Response team and the customer relationship management team, in order to make the call traffic more efficient and to provide faster solutions to the issues that require follow-up. It includes calling the customer for all written and verbal requests, expectations and feedbacks, listening

to the problem and the request and informing the customer again according to the action taken afterwards. Within the scope of customer satisfaction studies, performance reporting is made regarding all complaints, requests and suggestions.

Complaints received by Daikin Turkey are evaluated under 6 different headings.

- 1. Dealer Complaints
- 2. Service Complaints
- 3. Application Complaints
- 4. Product Complaints
- 5. Spare Parts Complaints
- 6. Requests and Suggestions

Demand, expectations, feedback numbers and resolution number of days in Daikin Turkey in the last 3 financial years are given in the table below.

Number of Days for Unanswered Requests and Expectations	FY18	FY19	FY20	FY18 (Ratio)	FY19 (Ratio)	FY20 (Ratio)	FY21 (Target)
0 - 3 Days	879	860	1,936	41%	48%	62%	70%
4 and Above Days	845	931	1,167	59%	52%	38%	30%
Total	1,724	1,791	3,103				

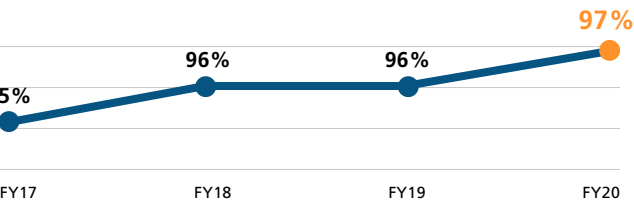
All of the requests, expectations and feedbacks regarding the dealers and services that reached After Sales Services team have been resolved and 62% of the complaints were closed within the 3

days as targeted by Daikin Turkey in fiscal year 2020. Between the fiscal years 2018-2020, an increase of 21 points was achieved in the closing rate of requests, expectations and feedbacks within 3 days.

DAIKIN CALL CENTER

Daikin Call center services are provided by an expert business partner. It manages the process by providing routing to the services in accordance with customer demands from the field and also measures the service quality of the final customer by making “Customer Satisfaction” calls after the service. Negative feedback from the field is directed to the Service Department Management via the Call Center and followed up. First of all customer satisfaction is ensured by taking quick action. Call Center, Service Department, Technical Department and Spare Parts Departments work in coordination. Each Regional Manager and Regional Officer carries out systematic and planned technical and administrative audits in the field in order to ensure that consumers are satisfied with the products and services they receive in their own region. Service inspections are carried out at least twice a year and reported to the Service Department Management. In addition, the Service Department makes consumer visits and conducts surveys for Customer Satisfaction measurements. Standardization and efficiency controls for construction site works are reviewed on site within certain criteria. Preventive approaches are exhibited in matters where negativity is detected.

Call Center Customer Satisfaction Rate



CONSULTING SALES

Daikin Turkey Business Development unit provides pre-sales and after sales technical support for the replacement of old products and the production of new projects, especially for chain customers (healthcare institution, market, bank, store, hotel). In this way, while developing new business, customers prefer high energy efficiency and environmentally friendly products as well, thus providing a cost advantage and contribution to sustainability. The sales consultancy team regularly monitors and reports the energy efficiency gains it provides to its customers through projects it carries out.

Daikin Turkey’s Sales Consultancy team with high experience in sales and project engineering directly visits customers in the field and carries out weekly and monthly reporting and also constantly informs customers and technical teams about new products and services through trainings organized at the Chamber of Mechanical Engineers and Daikin Turkey Solution Plaza Istanbul platforms through Daikin Academy. Moreover the department organizes domestic and international fairs, factory and reference visits and conveys its knowledge to the sector with the articles it prepares for sectoral magazines and the seminars it organizes.

Some of the sample projects in which the Sales Consultancy team is involved are given on the next page.



Savon Hotel VRV Replacement Project

SAVON HOTEL VRV REPLACEMENT PROJECT

The building, which has survived from the 1860s, is under protection by the decision of the Ministry of Culture and Tourism and is located in Antakya; serves as a hotel with 43 rooms, a restaurant for 150 people, a bar with a fireplace for 200 people and a meeting room for 250 people. VRV system in the hotel was built in 2002 and was used until 2017. In accordance with several factors, including; aiming to reduce operational costs and switching to a R410A refrigerant, which is more environmentally friendly than R22 refrigerant that damages the ozone layer, the inability to carry out construction works due to Ministry’s protective measures, and the application for the Green Star Certificate, the Sales Consultancy team retrofitted the existing system with VRV IV replacement outdoor unit by changing only the outdoor unit without touching the piping and indoor units in the existing system. With the new unit, energy savings of 50-60% were achieved. The old outdoor unit is exhibited at Daikin Turkey Solution Plaza.



FOLKART TOWER İZMİR PROJECT

The Sales Consultancy team has been involved in the project, which consists of 43 floors in 2 towers, from the concept stage. High-efficiency VRV devices were chosen for the residential part of the project, which consists of residences up to the 20th floor and office blocks above them, and 4-pipe fancoil systems for offices. A direct contribution is made to sustainability with servicing, building operating system and high efficiency thanks to Daikin products used in all air conditioning units.



Supplier Days

SUPPLY CHAIN MANAGEMENT

Daikin Global established a Purchasing Policy in 1992, which is the basis for establishing fair relations with suppliers. Daikin works with suppliers worldwide to fulfill its social responsibility and ensure responsible sourcing throughout the entire supply chain. We see our raw material and component suppliers as important partners with whom we develop relationships of trust through transparent, equal and fair trade. Daikin also promotes CSR procurement in the supply chain including our suppliers, taking into account the environment, quality, occupational safety and human rights, in order to gain the trust of society as a global company.

[Please click for Purchasing and Supply Policy.](#)

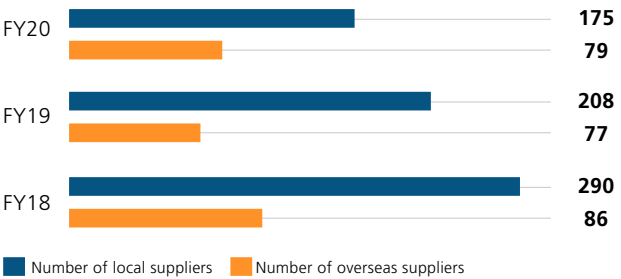
With its Sustainable Supply Chain Management processes in Turkey, Daikin strives to have a significant impact in promoting human rights, fair working practices, environmental progress and

anti-corruption policies. Daikin Turkey acts together with its suppliers, business partners, employees and consumers for sustainable and ameliorating solutions. Fair purchasing practices are carried out by keeping tough and competitive relations with suppliers in a friendly manner. While selecting suppliers, fair and equal business opportunities are tried to be offered.

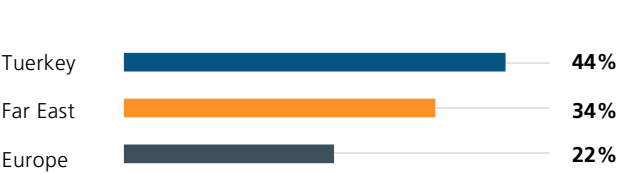
Continuous product supply is of great importance in terms of sustainability in Daikin Turkey, as a company that grows every year.

In order to ensure this continuity, sustainable materials are used, considering human health and rights as well as using minimum level of petroleum and derivative products. At the same time, the company works intensively to produce environmentally friendly products with its R&D technology.

Number of Suppliers



Amount of Purchases Based on Regions in 2020



SUPPLIER AUDITS

In order for Daikin Turkey suppliers to be accepted as business partners; it is important that they go through the approval processes.

Logistics, technical and quality are the 3 main evaluation topics of suppliers' assessments. The inspections of purchasing operations for production activities are scored in line with related questions and 8D reports are requested for problems encountered during serial production. Audits regarding to verify whether the measures specified in this report are also actually carried out.

Information from all suppliers are compiled on a central supplier audit system. Supplier certificates, information on employee training, training hours, targets, product-service specifications, management-organizational charts, production systems, quality control structures, ISO 9001, ISO 14001, ISO 10002, ISO 45001 certificates

and business continuity plans are examined as part of the Supplier Company Information and Assessment Form. During purchasing activities, ISO 9001 certificate is sought, high points are given to suppliers with ISO 14001 certificate, and REACH and RoHS document confirmations are requested in accordance with sustainability criteria. As a result of the evaluations made within the scope of the Sustainability Management System project, studies will be carried out to determine new targets for supplier selection criteria. By doing so, Daikin Turkey aims to prevent sustainability related supply chain risks.

With the improvements made over the years as a result of supplier management processes and supplier audits carried out by Daikin Turkey, a significant decrease was observed in the number of defective products/cases originating from suppliers.

Figures for Supplier Audits of Production Activities	FY18	FY19	FY20
Number of supplier-related cases	168	146	70
Number of activities with correction/improvement plan based on the case	154	144	69
Number of suppliers whose employment contracts were terminated as a result of audit findings	2	1	2
Number of supplies causing the error	68	60	18

PROJECTS IMPLEMENTED WITHIN THE SCOPE OF SUPPLY CHAIN



Project of Procurement of Imported Parts from Domestic Suppliers

In 2020, the localization project was carried out in 36 different parts supplied from abroad and concluded with success. In this context, a cost advantage of approximately **2 million Euros** has been achieved with the localization of the products, resulting material supply duration being reduced from 12 weeks to 4 weeks and stock levels being reduced from 4 weeks to 1 week. It also contributed to the reduction of carbon emissions by reducing fuel consumption by means of reducing transportation costs and road distance.

The table regarding the acquisitions and locality rates in the 2020 reporting period is stated below.

During the reporting period, local purchasing expenses were increased by **35%**. During FY21, a previously outsourced product group was localized and began to be produced in Daikin Turkey Hendek Production Facility in line with the target of continuously improving supply chain activities from a cost and quality perspective.

	FY18	FY19	FY20
Total number of suppliers	376	285	254
Number of local suppliers	290	208	175
Purchasing expenses (total – m. TL)	967	1,120	1,648
Purchasing expenses (local – m. TL)	431	518	700



SUPPLIER DAYS CONVENTION

At the meeting with the factory suppliers organized by Daikin Turkey, information is exchanged with the suppliers and mutual expectations are shared.

During the supplier days conferences, Purchasing, R&D, Planning and Quality units made presentations and information is given on the predicted changes in the next 5 (five) years and expectations are shared. Stakeholders are especially informed about the legislation and compliance laws that will come into effect and they are requested to prepare themselves on these issues. At the same time, business partnerships are deepened by considering the questions and opinions of the suppliers. With the reward system, stakeholders are encouraged to improve themselves.

Daikin Turkey introduces the Japanese working culture concepts to its suppliers and organizes trainings. Visiting and sharing sessions, which started in 2019 in order to share “Lean Manufacturing” topics with sub-industry companies, are held as 2 hours of presentation in the morning and 2 hours of practical application (GEMBA & GEMBA Walk) in the afternoon. After our trainings, homework assignments on Kaizen, 5S and PDCA Cycle are given in order to make a difference in terms of implementation and adaptation in the companies that participated the sessions.

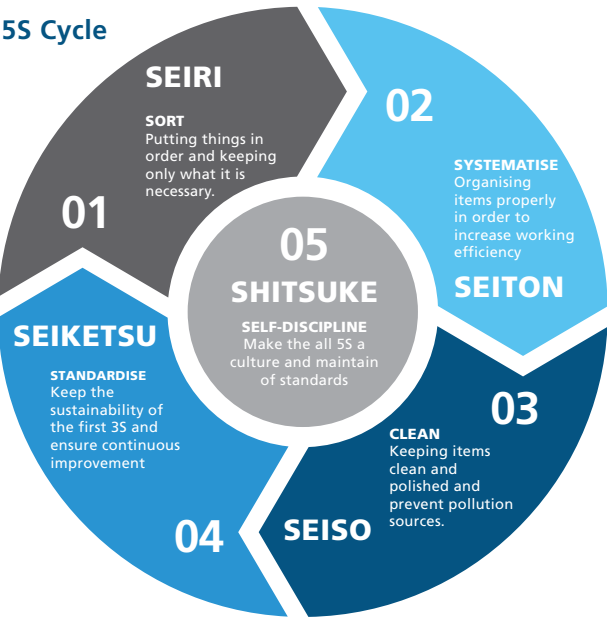
S&OP INTEGRATED PLANNING DEVELOPMENT PROJECT

In the early stages of the pandemic, the S&OP project, a technical project, was initiated to ensure the synchronization of sales, production and planning units with an integrated planning

The companies were asked to determine the number of participants themselves, but training visits were made by making an appointment in advance to ensure a high level of participation. During the visits, the Supplier First Visit Report and the Supply Site Logistics Audit form were filled and it was aimed to create a statistical data analysis and company report folder with the evaluation results. A total of 48 companies were reached within the scope of promoting Japanese culture and providing trainings.



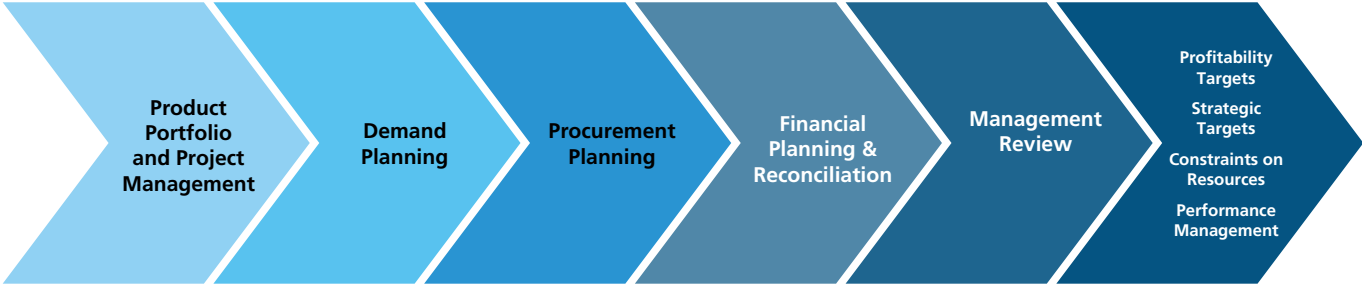
5S Cycle



perspective. With the project launched in April 2020, it is aimed to manage the supply management process in silos in an “integrated” way from beginning to end, within the scope of operational excellence.

Field	KPI	Purpose
Demand	Prediction consistency	Developing sales forecasting
Customer Service	On time full delivery	Developing procurement planning
Stock	Stock day	Optimizing stock level
Production	Sourcing	Improving capacity planning
Financial Forecast	Cash flow	Improving cash flow forecasting

Steps of the Project



It was ensured that the demand and supply processes were balanced and financial planning along with periodic targets were conveyed to all stakeholder units within the scope of the determined targets. Ultimately, the awareness was increased since the link between the top-level strategic plans and daily operations was strengthened by enabling the entire company to monitor the general status and to become a partner.

It was focused on certain processes, along with the level of maturity to be experienced and progressed. The following targeted processes,

which were focused to achieve this level of maturity along with processes focused on aligning operational planning with corporate strategic goals, were identified;

- 1. To strengthen information technology. (Establishment of a common, visible and traceable system with plans and decision support systems at the proactive stage),
- 2. To increase service level by cooperating with suppliers and customers,
- 3. To ensure management’s continuity by creating efficient business processes.



S&OP Sales Operations Consensus Meeting

POWER BI PROJECT

Microsoft Power BI Project, which was implemented to establish a reporting center and to ensure data integrity within Daikin Turkey, enabled the entire Company to see data with the same rules. In this way, the time spent on the preparation of the requested reports has been shortened, and more time has been devoted to analysis.

The project, whose 1st phase started with 5 basic reports within the scope of S&OP, started to serve the entire Company in 10 months. With the training given to 6 groups, more than 50 reports emerged in 11 departments. The model, which currently includes sales, stock, forecast, order, delivery and master data, is updated daily with the support of employees.

With the project, whose 2nd phase is planned to be completed by the end of August 2021, data will be automatically transferred from SAP to Power BI. In this way, time will be saved from daily workloads and manual processes will be eliminated. As a branch of the decision support system and an important helper, Power BI supports mobile environments and can send the reports requested in the planned time periods by automated e-mails to the people who request them at their preferred intervals.



Shipping Points

The loading times of the trucks were halved, the loading volumes were increased by 36%, and a 5-fold increase was achieved in monthly shipments with the Direct Truck Project.

DIRECT TRUCK PROJECT

The Direct Truck project was implemented in order to ensure that the products produced at the Daikin Turkey Hendek Production Facility are shipped within a maximum of 3 working days, and with an average vehicle load of 65 m³ per container and 75 m³ per truck.

In line with customer expectations, shipment prioritization of products is made, and transfer costs are reduced within Daikin group companies by sending urgent products by truck and non-urgent products by shipping. In addition to the reduction of costs associated with stock and labor, time savings were also achieved with the project.

The loading times of the trucks were halved, the loading volumes were increased by **36%**, and a **5-fold** increase was achieved monthly shipments with the project.



DAIKIN TURKEY SOLUTION PLAZA



Daikin Europe N.V. President Masatgusu Minaka and Chairman of the Board Frans Hoorelbeke's Visit

Daikin, the pioneer and innovative brand of the air-conditioning industry, marks a new first in the industry, and offers the opportunity to experience air-conditioning technologies to all visitors, from commercial investors to individual users, through the Daikin Turkey Solution Plaza İstanbul ('Solution Plaza') which is Europe's first solution plaza opened in 2015. Daikin Global philosophy is; while providing the best air conditioning solutions, benefiting the society in the countries where it operates and leading the sector with Daikin's experience. In line with this understanding, products and technologies are exhibited effectively in Istanbul, which is the 4th of the solution plazas following the ones in Tokyo and Osaka in Japan and Shanghai in China. It offers experience through visual methods to the visitors at home and abroad, as well as customers in the private sector and public institutions, cooperates with various institutions and organizations by organizing social responsibility events, and contributes to the sector by becoming an event center for the air conditioning sector in general. Solution Plaza provides detailed information about Daikin's place in the World and Turkey, its philosophy, important milestones, stories from its foundation

to the present, as well as important projects it has undersigned in Turkey and abroad.

Within the scope of introduction to the world of air conditioning, temperature, heat energy, heat transfer, air quality are explained and experiencing all the basic concepts is aimed. Daikin's sectoral innovations such as VRV systems, heat pump systems using renewable energy, air conditioning technology, climate-friendly refrigerant R-32 are showcased to visitors through experience stations. Innovations brought by Daikin to the sector are presented to visitors with these experience stations. In the Individual Systems Area, the durability, reliability, air quality it provides, energy savings, comfort, performance and design of the air conditioner or combi boiler are explained within a home concept. In the center, which explains the innovative solutions of air conditioning devices from inverter technology to renewable energy systems, from sound level to smart eye technology, the user can also see concretely how the technology difference between the two air conditioners is reflected on the electricity bill.

Solution Plaza, where industry professionals such as investors, architects and engineers can see all kinds of air conditioning solutions that can be applied in a building, conveys as an experience how air conditioning technologies reflect on our quality of life.

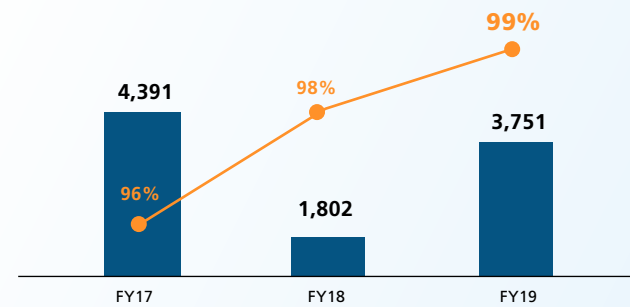
Daikin Turkey Solution Plaza covering an area of 800 m²; offers the opportunity to experience air conditioning technologies to children, high school and university students, teachers and academicians, consumers, foreign and local visitors, potential customers, Daikin dealers and services as well as Daikin employees.





Since 2015, **15,000 visitors** have visited the Solution Plaza. The satisfaction rate of the attendees is 99% according to survey results conducted with 79% of the visitors.

Number of Visitors and Satisfaction Rate (%)



In cooperation with Daikin Academy, it is aimed to reach young people studying in areas such as air conditioning, architecture and engineering. In the Solution Plaza, where a special section is prepared for children, the importance of air in our lives is explained with fun experiments. The center, explains everything in a language that children can understand; such as the heat pump technology that provides air-conditioning comfort with natural energy sources by pedaling a bicycle, the Charles Law with the palm temperature meter that moves the liquid in the bottle, and the temperature difference with the drinking bird toy; thus in this respect also supports awareness-raising activities on air conditioning.

Visitors have the opportunity to experience different cultures in the Solution Plaza, which also hosts various shows and activities.



Shize Ehara, Wife of Consul-General of Japan in Istanbul, 2018

In 2018, Ikebana, the traditional Japanese art of flower arrangement, was held under the sponsorship of Daikin.

With the cooperation of Daikin Turkey Academy, trainings and seminars on various technical subjects are organized for students and opportunity is provided to reinforce through practice on the theoretical subjects they have learned in their classes.

EXPERT DAYS

Since the day it has opened, Daikin Turkey Solution Plaza has been organizing the Expert Days event, bringing together project designers, mechanical contracting companies, scientists, Industry associations and chambers, Daikin dealers, employees and all relevant stakeholders.

Since its opening 18 Expert Days on different subjects have been held at the Solution Plaza with the participation of 1,530 people.

Contribution to the sector is made by organizing free events such as seminars, training etc. for air conditioning and energy sector employees, university and vocational high school students and non-governmental organizations. Seminars and meetings, which customers, employees and all stakeholders can benefit from, are held regularly under the name of expert days in the sector. It hosts important meetings of associations and institutions of which it is a member. (ISIB, ISKID, DOSIDER, etc.) Due to the effects of the pandemic period, expert days continue online.



A Renaissance-Style Machine

ART EXHIBITION

“Creative Stories About Air Conditioning with Artistic Dimensions”

In collaboration with Fabrica, the design and communication research center in Italy, an exhibition of creative stories about air conditioning is organized by the center's world-renowned creative director in Milan, for Daikin Italy; it is relocated to Istanbul by Daikin Turkey as a permanent exhibition at the Daikin Turkey Solution Plaza.

Within the scope of this special exhibition, an environment is presented to the visitors where the presence of air is made visible in the form of sound, weight and matter through multiple perception experimental sets in which the air is the protagonist and thus the visitors can touch and physically contact air. The works in the exhibition reveal different qualities that air, which is ambiguous and abstract in terms of shape and volume, assumes a strong, silent and permanent presence in our daily lives. Daikin Turkey Solution Plaza stands out among other solution plazas under the roof of Daikin Global, thanks to the exhibition that raises awareness about air conditioning to the visitors.

A Renaissance-style machine is represented in a creative work that combines the synergy of natural elements and human intelligence. This machine consists of a series of mechanisms and elements; fans, blowers, gears and umbrellas made of wood, paper, fabric. A continuously rotating large fan activates a series of small fans connected to the

gears, producing distinct sounds of sequential mechanical action.

Representing feeling the capacity of directed airflow, the piece is animated with a flock of 9 paper birds. With the vibration systems integrated into the structures, the flight movement and the sound of the air flowing through the feathers are obtained.




Daikin için yapılan BİR FABRICA PROJESİ
A PROJECT BY Fabrica for Daikin

PROJEYİ BAŞLATAN TRIGGERED BY Marco Dall'Ombra / Daikin Italy EDITORLER EDITING Alex Rothera, Daniel Rous, Marcello Venturini URETİM PRODUCTION Daniela Messina, Marcello Venturini, Marta Celso, Monica Lanaro	KONUK SANAT DİREKTÖRLERİ GUEST ART DIRECTORS Fornasfantasma SANAT YÖNETMENİ ART DIRECTION Catarina Carreiras GRAFİK TASARIM GRAPHIC DESIGN Silvia Matias, Tomomi Maezawa FABRICA KREATİF TAKIMI FABRICA CREATIVE TEAM Aaron Gillette, Alex Rothera, Angelo Semeraro, Catarina Carreiras, Chandni Kabra, Coralie Gourgueschon, David Görny, Daniel Rous, Elena Bongiani, Ferruccio Babin, Giorgio Zanellato, Giorgio Gasco, Guglielmo Brambilla, Jonas Elzen, Mariana Fernandes, Marlene Wolfmair, Nikita Bathe, Pascal Hien, Sarah Riazati, Silvia Matias, Thomas Fethers, Tomomi Maezawa TEŞEKKÜRLER SPECIAL THANKS TO Alberto Motto, Alfonso Mazze Santis, Carlo Tunioli, Federico Grehorutti, Francesco Pognante, Massimo Lamond, Minoru Ochi, Miyuru Shin, Ryo Yamamoto, Valeria Sesia, Youssef Matsuda	KREATİF YÖNETMEN CREATIVE DIRECTION Sam Benou / Fabrica ÇEVİRİLER TRANSLATIONS Angela Quintavalle, Marcello Venturini ILLUSTRASYONLAR ILLUSTRATIONS Elena Bongiani, Mariana Fernandes
---	---	---

FABRICA
BREATHES WITH
DAIKIN

FUHA Sergisi Daikin Türkiye girişimiyle gerçekleştirilmiştir.
FUHA Exhibition has been made possible thanks to Daikin Turkey (DTAS)



TIC, Technology and Innovation Center, Daikin Osaka, Japan

R&D, INNOVATION VE DIGITALIZATION

R&D

Daikin Turkey focuses on R&D studies in order to continuously augment its level of technological development, with the awareness that technology dominance is the way to have a voice in the field of air conditioning and being a market leader. This approach triggered the company to establish the R&D unit and enabled the formation of qualified employment and working groups in the fields of heating, cooling and ventilation. Located in the Daikin Turkey Hendek Production Facility, the Daikin Turkey R&D Center has been operating as an R&D Center since 2016.



Daikin Turkey who aims to increase the number of R&D employees to 100 with an additional investment of 10 million Euros by the end of 2025, climbed 18 places by ranking 111th in R&D 250 "Companies Making the Most R&D Expenditure in Turkey".



R&D competence, one of the most important parts of Daikin's 90 years of experience in air conditioning, is transferred from Daikin Global Technology and Innovation Center to Daikin's global network. Direct support and information from Daikin Technology and Innovation Center, which is located in Japan and includes more than 700 experts in different fields, flows to Daikin Turkey R&D Center, which is directly affiliated to Daikin Europe, for product development and innovation activities. Daikin Turkey R&D Center, which has grown into a large structure by increasing its number of employees by 3.5 times and its budget by 5 times since its establishment in 2011, is the fastest growing affiliated R&D Center in Daikin Europe N.V. with its current volume.

Daikin Turkey R&D Center continues to serve with the aim of being the central base of Daikin, through structural analysis of air condition systems of the company and the technologies it has developed especially in the field of heating. In this context, the groups that stand out in terms of project and personnel in R&D structuring analysis and are evaluated are as follows:

- Air Handling Unit R&D Department
- Air Conditioning R&D Department
- Heating R&D Department
- Intellectual Property Division
- R&D Support Department (Planning, Testing, Laboratory, Compliance, CAD/Construction)

Apart from these groups, the personnel operating in the Production, Production Engineering and Quality

departments structures also support the R&D unit for analysis, testing and quality control studies of production within the scope of R&D projects and technologies. Providing technology in the air conditioning industry and within the framework of its vision of becoming a globally competitive company, Daikin Turkey's R&D strategy is structured under the following main topics:

- Work in the field of heating
- Analysis and test activities developed for product output
- Undertaking projects with high added value
- Developing academic collaborations
- Enhancing studies on in-house literature and patent scanning
- Associating systematics with R&D systematics in project management and new project production areas
- Follow-up of applications in the world
- Ensuring the inclusion of innovative products, that will be realized under the umbrella of Daikin Turkey, in the Daikin Group product range
- Increasing the production amount of Daikin Group taking place in Daikin Turkey.

Academic Studies and Collaborations

The studies developed and completed in partnership with the R&D Center within the scope of TÜBİTAK TEYDEB supports are listed below.

1. Monothermic Conventional Combi Boiler with Digital Display
2. Lambda Controlled Combi Boiler Design and Prototype Production with Anodic Oxidation Aluminum Heat Exchanger
3. Calcification Resistant 35kW Heat Exchanger Development Project

4. Development of a New Generation Hybrid Household Air Handling Unit with High Energy Efficiency

The university-industry collaborations made in the previous years were on the joint execution of projects with Sakarya University, the sharing of technical information between the university and the R&D Center, the joint use of test environments and auxiliary areas that support other studies, and the execution of joint projects. Technical information was shared with Eskişehir Osmangazi University.

Sakarya University

Joint studies were carried out with an establishment company within the body of Sakarya University Teknokent for the TÜBİTAK supported project of Lambda Controlled Combi Boiler with Anodic Oxidation Aluminum Heat Exchanger Design and Prototype Production. In accordance with the guidance of the relevant academics and experts, consultancy service has been taken on subjects of how the heat transfer surface design should be in order to ensure efficient heat conduction of the heat exchanger, as well as on the boundary conditions and engineering calculations by collecting the data on the first rapid prototype and by making combustion, flow analysis and heat transfer calculations with the Ansys Fluent software program. Within the scope of University-Industry cooperation, Daikin R&D Center attaches great importance to the fact that young and dynamic talents gain experience during university years, observe their engineering experience applied on-site and improve themselves. For this reason, the R&D center employs an average of 10 students each year within the scope of short and long-term internship programs.⁴ Within the scope of the Applied Engineering Experience Program ("AEEP") agreement, semester based trainees from SAU Mechanical Engineering and Industrial Engineering work within our organization and are employed in positions deemed appropriate. Within the scope of R&D center activities, Daikin Turkey has made:

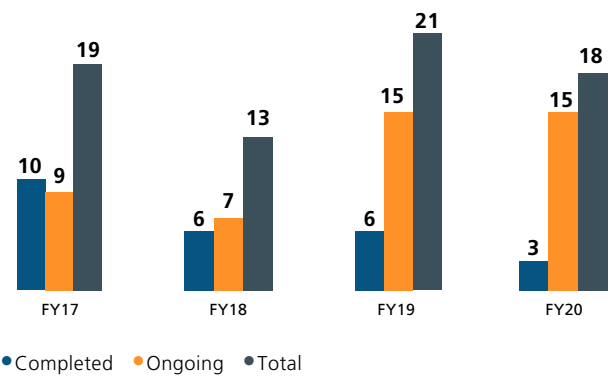
- 6 International Patent Applications
- 12 National Patent Applications
- 8 Design Registration Applications
- 2 Utility Model Applications

⁴ Due to the pandemic in 2020 and 2021, R&D interns could not be employed.

OPERATING PERIOD R&D STUDIES

Daikin Turkey has allocated a budget of 17.3 million TL for R&D center applications during the operating period. For fiscal year 2021, the R&D budget allocated has surpassed 22 million TL. In the 2020 operating period, 3 new projects started and 3 ongoing projects were successfully completed. Currently, 15 projects are ongoing and 25 projects have been completed since the operating period 2016.

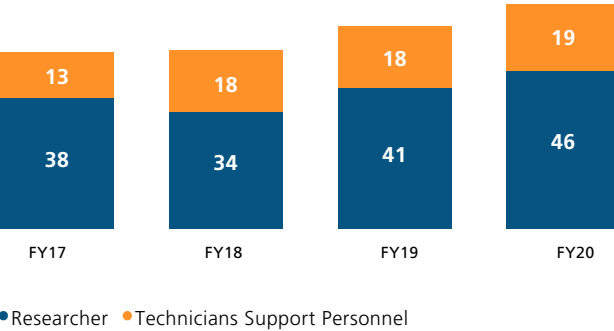
R&D Project Number



The R&D center, consisting of 65 personnel, including 46 researchers, 13 technicians and 6 support employees in the operating year 2020, regularly increases the number of its employees every year.

Making the company that made the highest investment in the production of split air conditioners in 2020, Daikin Turkey put in use new indoor and outdoor unit assembly and press lines, and made investments in R&D laboratories, especially on split air conditioners, as well as reverberation-free rooms and enthalpy test rooms.

Number of R&D Center Employees



Having internalized the climate targets set out within the scope of the European Green Agreement, Daikin Turkey R&D Center carries out its studies on the use of hydrogen fuel, which can be a more environmentally friendly solution instead of products burning natural gas.

It has been planned to enlarge the European Development Center (EDC), which also includes the Daikin Turkey R&D Center, in order to carry out more comprehensive research. The development complex planned to be built on the campus of Gent University with the most advanced energy efficiency standards such as BREEAM Excellent and nZEB (Near Zero Energy Building) aims to concentrate on areas such as ‘new heating technologies’, ‘internet of things’ and ‘artificial intelligence’. Since the EMEA (Europe, Middle East and Africa Region) Development Center was established in 2012, this leading research platform in Europe has made a distinction by growing with satellite centers and other facilities in Gent (Belgium), Pilzen (Czech Republic), G uglingen (Germany) and Sakarya. Daikin Turkey continues its research and development journey of energy efficient and environmentally friendly new products in its R&D center. Successful R&D studies, especially in heating products, were deemed worthy of the Excellent Product award within Daikin Global, as well as international awards such as Red Dot and IF Design.



Digitalization

Under the theme of “Customer Focused Daikin”, Daikin Turkey’s main objectives in the field of digitalization are;

- Providing direct communication with the end user and strengthening the e-commerce
- Reducing the distance between Daikin Turkey and its customers
- Understanding customers’ expectations in a timely manner
- Organizing high-yield campaigns
- Increasing customer satisfaction and loyalty



- Realizing better forecasts for marketing, sales, after sales services and production.

Digitalization works at Daikin Turkey are carried out under the following main topics; mobility, automation, smart-assist systems, transparent communication, health priority solutions and positive impact on the environment. Daikin Turkey, which operates in the fields of design, production and direct sales, makes good use of applications such as CAD/CAM, Industry 4.0 and e-commerce within the scope of digitalization efforts in order to benefit from advantages such as efficiency, data security, analysis and improvement, globalization in technology.

Daikin Turkey sells to Turkey, CIS region and in-group as well as to European regions. In order to remain a pioneer in these markets, it is necessary to be a pioneer in business processes as well as the quality of the products. The fact that customers are users of products highlights the need for good analysis of customer behavior, alignment of business processes with customer behavior and experience, as well as the necessity to attain process design in line with customer preferences.

The COVID-19 pandemic has changed customer habits very quickly. The factors that stand out during the pandemic period are evaluated as;

- acceleration of information transmission;
- increase in the amount of transmitted information;
- acceleration in people’s decision-making and

- increased risk of distorted information and prejudices;
- at the global level, increased sensitivity to environmental factors that threaten the quality of life of living things

In order to be competitive, it is critical to evaluate these factors, as well as commercial and legal dynamics and market impact. Digitalization processes are carried out by the Information Technologies (IT) Department. Daikin Turkey IT Department works in accordance with global standards and coordinates with Daikin Europe IT Headquarters within “One IT” concept. The main activities carried out by Daikin Turkey IT Department for this purpose are;

1. O365 Tenant Migration
2. Azure Migration
3. Deduplication of Business Systems
4. Infrastructure standardization and security organization
5. Centralized management of infrastructure
6. Global Reporting
7. Annual Audit Activities: (ISO27001; Daikin European IT Audit; DIL Audit; JSOX Audit; PDPL Audit).

The main targets and implementation plans of Daikin Turkey on the path of digitalization are as follows:

1. Integration with Daikin Europe IT
2. Digital Office Applications, Efficient Tools
3. Better Operation / Production / Service
4. Spare Parts and B2B Improvements
5. Better Decision Making with Data Analytics

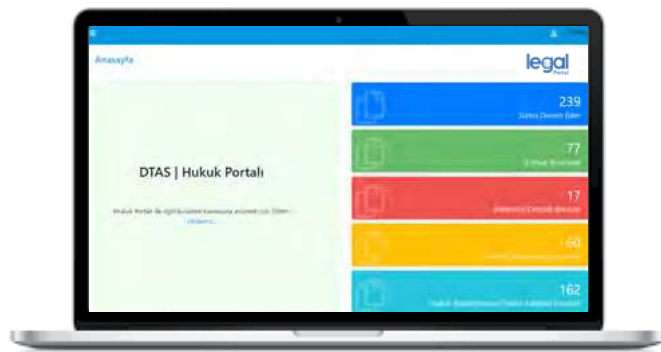


Legal Digital Transformation Project

An important “Digital Transformation Project” was implemented by the Legal and Compliance Department and the IT System Development Department in order to ensure the increasing technological needs after COVID-19, the continuity of the daily operational processes of employees, stakeholders and customers as well as to serve business sustainability.

The Contract Tracking System, designed specifically for the company’s own needs as a part of the Digital Transformation Project, has also drawn attention as an exemplary project for other companies in Turkey. The main objectives of the project are stated below.

- Corporate Memory
- Maximum Business Efficiency
- Environmental Contribution



The system which monitors all stakeholders’ agreement is a good example in terms of operational procedure excellence. This process offers important gains for the units, which are contract partners, to follow their processes, to own their risk and to follow up the process in absolute harmony and in the most effective way.

Within the scope of the Stakeholder Digital Transformation project initiated within Daikin Turkey, e-signature and REM (Registered Electronic Mail) addresses, which are legal obligations, are provided free of charge to the stakeholders. Thus the process has been disseminated.

Digital transformation projects in Law targeted for FY21;

- Transfer related system to the mobile phone environment,
- Litigation and pre-litigation dispute follow-up modules,
- Transfer of Management Decisions and General Assemblies within Daikin Turkey to digital environment
- Stakeholder Digital Transformation Project (Sales, After Sales Services, Production, Logistics, Transportation, Planning and Marketing etc.)

Within the scope of the project, Daikin Turkey’s suppliers, dealers, services, distributors and sub-dealers have been provided with a corporate e-mail that they can send their digital and electronic signatures via an official channel.

It contributes to corporate e-transformation process of the stakeholders by registering them through the Registered Electronic Mail Addresses. In addition, it helps them to transfer all business processes and all correspondences with Daikin Turkey and other third parties to electronic & legal basis. The Daikin Electronic Transformation Package, which includes the REM address, secure electronic signature token, sign and verification program, was made available to the stakeholders free of charge, and this progress was put into action with a solution partner specialized in installation and implementation.

“Digital Transformation Project” was implemented in order to meet the increasing technological needs after COVID-19 and to ensure the continuity of the daily operational processes of employees, stakeholders and customers as well as to serve business sustainability.



**A LIVABLE
FUTURE WITH
DAIKIN**

Creating New Value **Environment**

- 60** Daikin Environmental Vision 2050
- 62** Green Energy and Environment Section Activities
- 64** Protection of Natural Resources and Environment
- 66** Daikin's Contribution to Sustainable Cities
- 68** Climate Change and Energy Management
- 71** Water Management
- 72** Waste Management

DAIKIN ENVIRONMENTAL VISION 2050

DAIKIN ENVIRONMENTAL VISION 2050

The Paris Agreement, which came into force in 2015, aims to reduce greenhouse gas emissions to net zero by the latter half of this century and to reduce global climate change well below 2°C compared to pre-industrial period. Built on the requirements of the Paris Agreement, the Daikin Environmental Vision 2050 aims to reduce greenhouse gas emissions to net zero by 2050. In

addition, a strategy that includes medium and long-term targets for 2030 is being formed accordingly.

This Environmental Vision aims to reduce the greenhouse group gas emissions to net zero while providing safe, healthy air environments by 2050. Daikin Turkey plans to achieve this goal through its products, solutions and the power of air.



Identified goals within the scope of Daikin Environmental Vision 2050 are given below;

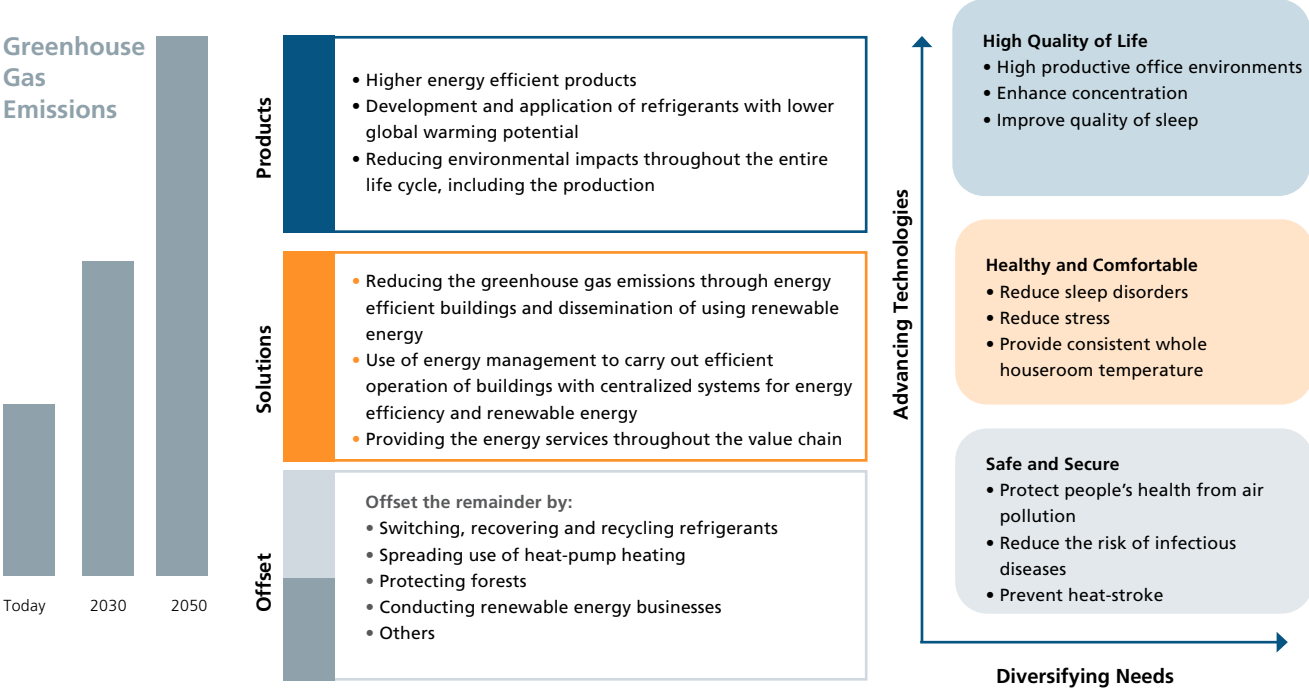
- Life cycle greenhouse gas emissions of company's product groups will be reduced to net zero.
- It is committed to creating solutions that connect society and its customers as company work together with its stakeholders to reduce its greenhouse gas emissions to net zero.
- While developing solutions to global environmental problems with its Internet of Things (IoT), Artificial Intelligence (AI) and

transparent innovation applications, Daikin Turkey will provide the air solutions that the world needs through safe and healthy air environments.

In order for Daikin products to add new added value to the world's air and to help its products and solutions achieve the net zero greenhouse gas emission target, the company will determine the 2030 targets depending on the analyzes it has carried out on its future air conditioner trade, and integrate them into the Fusion Strategic Management Plan and implement the necessary measures by action plans.

Products Solutions Power of Air

Approach toward net zero greenhouse gas emissions



As a company mainly focus on "Air" and also being the leading company in the air conditioning sector, Daikin has to be sensitive to climate change and the environmental factors that affect it. In this context, Daikin adopts a sensitive approach that minimizes the environmental impact of its production processes and producing products that protect the environment and climate as well as improving air quality, by constantly improving air conditioning technologies and reducing the impact of its products on the environment.

Within the framework of the Daikin Global Environmental Vision, Daikin Turkey has determined that compliance with national and international standards and regulations regarding energy efficiency, environmental awareness and product safety are among its top priority targets. Daikin Turkey continues its efforts to ensure that innovative and environmental practices are announced and adopted by the sector and related fields.

The management of climate change and environmental impacts within the scope of Daikin Global strategic goals is supported by Daikin Turkey's senior management. In this context, the management of the relevant processes is executed by the Green Energy and Environment Department and regular reports are made to the senior management. Relevant directorates continue their activities within the framework of compliance with national and international legislation and standards. It ensures the harmonization and coordination of Daikin Turkey's strategies with the Daikin Europe N.V. Environment Research Center (ERC).

Daikin Turkey's strategic vision in the field of Green Energy and Environment; is to lead the way in establishing national and international standards and regulations related to energy efficiency, environmental awareness and product safety, and compliance to them, as well as researching Daikin practices and building potential in the Daikin Turkey region.

GREEN ENERGY AND ENVIRONMENT SECTION ACTIVITIES

2014



Daikin Europe N.V. Environmental Research Center (ERC), H. Dhont, F gas Regulation and R-32 presentation, Daikin Turkey Academy

2016

Daikin Europe N.V. Environmental Research Center (ERC), H. Dhont, R-32 presentation at ISK-SODEX Fair, Istanbul

2017

Aydin University, Air Conditioning Technologies Training in "Energy Engineering" course

Article publication titled "The Latest Developments on the Next Generation Refrigerant R-32 and the Benefits of the Kigali Agreement"

Article publication titled "Seasonal Efficiency and Comparison of Energy Efficiency of Fixed Speed Air Conditioners and Inverter Air Conditioners"



ISKAV Educator Workshop Event, Daikin Turkey Solution Plaza

Hosting the training of Ministry of Environment and Urbanization, R-32 presentation, Daikin Turkey Academy and Daikin Turkey Solution Plaza



University Visits and Seminars on Current Technologies (ITU, YTU, METU, Gazi University, Ege University etc.)

2018



Daikin Europe N.V. Environmental Research Center (ERC), M. Dieryckx, Presentation titled "Towards High Efficiency HVAC Systems in the Mediterranean Region presentation, TTMD's 13th International Installation Symposium

Article publication titled "Sustainable Design with Daikin HVAC-R Systems"

"Import Problems" Workshop, Relevant Ministries and ISKID, Equipment and trainer support to the Solution Plaza Project Trainer support to ISKAV-İSMEK Air Conditioning Sector Profession School Project



Daikin Europe N.V. (ERC), V. Lammerant, Eco-Design and Energy Labeling Trends in the European Union Presentation, Dr. Andaç Yakut, Presentation titled "Energy Efficiency and Current Regulations in the Turkish Air Conditioning Sector" (ISKİD), Ministry of Environment and Urbanization, Ozone Panel

2019



Daikin Europe N.V., A. Thiemann, Presentation titled "Daikin's Refrigerant Policy – Towards Circular Economy", ISK-SODEX Fair, Istanbul

2020

Paper Presentation titled "F-Gas Regulation, Kigali Agreement and the Future of Turkish HVAC Sector", TTMD XIV. International HVAC+R Technologies Symposium

Trainer Support for ISKAV's F Gas Exam Preparation Trainings



Participation to "Post-Pandemic Green Buildings' Indoor Air Quality" event as speaker, ÇEDBİK

PROTECTION OF NATURAL RESOURCES AND ENVIRONMENT



OPERATIONAL EFFICIENCY AND ENVIRONMENTAL MANAGEMENT

Daikin demonstrates a management approach aimed at creating value in the short, medium and long term. The main environmental goal of Daikin Global is to reduce greenhouse gas emissions to net zero by 2050 and to identify possible risks and opportunities.

At Daikin Global, concrete environmental targets are determined in 5-year periods and measures are taken towards these targets. In this context, the key performance indicators are specific consumption and production numbers (per thousand EUR) such as;

- tons of carbon dioxide emissions (tCO₂/1000 EUR),
- waste generated (tons/1000 EUR),
- water consumption (m³/1000 EUR),
- kilogram volatile organic carbon (VOC) (kg/1000 EUR)

A reduction of at least 15% is targeted in each performance indicator until the end of the fiscal year 2030.

Within the scope of Daikin's environmentally friendly production approach, Daikin Turkey Hendek Production Facility has ISO 14001 Environmental Management System (EMS) Certificate and all environmental processes are managed through the environmental management system and environmental management unit. The EMS is audited and documented by accredited organizations every year. In this way, environmental performance and EMS are constantly monitored and improved. The environmental management unit reports to the factory management and Daikin Global monthly, quarterly and annually.



Daikin Turkey Hendek Production Facility "Green Heart Factory"

In all of us, a green heart



Daikin Turkey Hendek Production Facility received the "Green Heart Factory" certificate for the first time in 2015, in the "Green Heart Factory" rating, in which Daikin Global evaluates the climate change, energy efficiency, water, social responsibility and waste management practices of its production facilities. The Earth shaped green heart symbol represents the green-thinking (caring-for-the-earth and environmentally-conscious) decisiveness of each Daikin employee.

Thanks to good practices aimed at environmental protection such as Kaizen activities, Daikin Turkey has qualified for the level of silver, up from bronze level at the "Daikin European Environment and Occupational Safety Meeting" held in Italy on 15-16 October 2019 with the participation of all Daikin factories in Europe.



Practices carried out within the scope of "Green Heart Factory" at Daikin Turkey Hendek Production Facility:

- **Water Saving:** Reverse osmosis waste water is taken to the raw water tank and reused, resulting in 15,400 m³/year water savings.
- **Electricity Saving:** By changing 450-watt halogen luminaire to 130-watt LED luminaire, and more than 70% electricity savings have been achieved in lighting.
- **Energy Saving:** 30% natural gas savings were achieved by switching to a double-stage and timed operation system in radiant heaters (1.5 m.³/h/unit).
- **Carbon Footprint Reduction:**

With the rooftop solar power plant (SPP) project built in the production facility, 90% of the electricity need of the facility has started to be met from renewable electricity generation (annual electricity savings of 6,113 MWh and 3,789 tons of CO₂ reduction)

In air conditioner production, it was switched from refrigerant R410A with 2,088 global warming potential ("GWP") to R-32 (GWP 675) refrigerant, which has 3 times lower GWP.

Waste Reduction:

By using reusable packaging instead of cardboard packaging, 10 tons of waste per month has been avoided.

With the change of coagulant chemicals, the use of pacs liquid chemicals instead of lime and iron sulfate has reduced 2 tons of treatment sludge per month.

Within the scope of the social responsibility project, it is aimed to prevent the use of plastic and paper bags by distributing reusable cloth bags.



DAIKIN'S CONTRIBUTION TO SUSTAINABLE CITIES

Noting that Daikin has many BREEAM Accredited Professionals (BREEAM AP) to assist its customers in Europe and Turkey, Daikin Turkey Green Energy and Environment Department Coordinator Dr. A. Yakut: "These experts provide consultancy services for sustainable HVAC-R solutions of green building projects during the process of obtaining BREEAM certification, and thus ensure that credits are earned from the relevant categories. In addition, Daikin Experts assist in selecting the most cost-effective design to achieve the desired BREEAM certification."

Green buildings; are structures that are compatible with nature, sustainable, environmentally friendly, and can use natural resources efficiently. Certification systems based on certain criteria have been developed in order for buildings to have green building characteristics. Daikin contributes to obtaining high scores in the BREEAM and LEED categories, which are among the most important Green Building certification programs. For example, our heat recovery systems, inverter and VRT technology, our authorized BREEAM experts, our expert Daikin service network, our advanced control systems, our devices with low noise levels, the use of refrigerants that do not harm the ozone layer, the low NOx emissions of our devices affect the most important categories of these certification programs. It provides great benefits

in obtaining high scores and in the formation of sustainable structures.

Daikin Turkey supports its customers sustainability efforts and reducing their environmental impacts through its environmentally friendly products, which have high energy efficiency, within its product range. In recent years, with the increasing awareness of the effects of climate change and the increasing awareness of sustainability, certified green building constructions have also increased significantly. In this context, Daikin Turkey became the business partner of the most important green building projects in Turkey due to the consultancy it gives and products it provides to LEED⁵ and BREEAM⁶ certified projects.

⁵ LEED certification, which stands for Leadership in Energy and Environmental Design, is a green building rating certification system created by the American Green Building Council.

⁶ Building Research Establishment (BRE) Environmental Assessment Method is a green building certification system created in England in 1990.

EXAMPLE PROJECTS THAT USED DAIKIN PRODUCTS

Customers have relied on Daikin Turkey expertise and solutions in many residence projects including Turkey's first platinum rated building Eser Holding, Turkey's first platinum tower, Rönensans Allianz Tower (LEED PLATINUM), Selenium Retro (LEED-GOLD), Emaar Square (LEED-GOLD), Torun Tower (LEED-GOLD), NEF09 (LEED-GOLD) and Akasya Shopping Mall & Residence (BREEAM-GOOD). Daikin Turkey, which is also preferred in Acibadem University Faculty of Medicine (LEED-GOLD), Marmara Park AVM (BREEAM-VERY GOOD), Akbatı AVM & Residence (BREEAM-GOOD) projects, is a leader in offering the highest environmental performance products to its corporate and individual customers from various sectors.



Renaissance Allianz Tower-LEED PLATINUM



Azerbaijan, Gateway BREEAM-GOOD



Eser Holding-LEED PLATINUM



Selenium Retro-LEED GOLD

CLIMATE CHANGE AND ENERGY MANAGEMENT

Daikin Turkey is aware of the fact that the climate crisis is one of the biggest problems facing humanity in the upcoming period. For Daikin Turkey, reaching highest energy efficiency both in its products and its operations as well as reducing the impacts arising from refrigerants is among the highest priority issues. Daikin Turkey Hendek Production Facility's energy management activities are conducted in line with ISO 50001 Energy Management System. Extending the

ISO 50001 certification to Headquarter operations is among the relevant department's 2021 targets. Daikin Turkey carries out projects to use renewable energy sources while reducing the energy consumption arising from its own operations by means of its high energy efficiency yielding works. One of the most important of these projects is the "Rooftop Solar Power Plant (SPP)" project, which was established at the Daikin Turkey Hendek Production Facility.



Daikin Turkey Hendek Production Facility Rooftop PV Solar Systems Installation

By means of the rooftop PV solar system project, which provides 90% of the electricity need of Hendek Production Facility, that has a closed area of 45,000 m², a SPP with an installed power of **5,784 kWp** was installed by placing a total of 14,460 PV panels on the factory roofs. The project, which started in March 2020 and continued without interruption despite the COVID-19 pandemic, was completed in 120 days, by taking all precautions. Test and control works were carried out in July 2020, and all official acceptance procedures were completed and electricity production started as of 25 July 2020.

By means of SPP, 1,301 MWh of electricity was produced, 43% of the factory's electricity need was met and approximately 806 tons of CO₂ emissions were prevented in the last 5 months of the fiscal



SESP 1: Daikin Solar Energy System Project 1



SESP 2: Daikin Solar Energy System Project 2



year 2020 year. The system which operated with 85% performance rate produced 6,113 MWh electricity, prevented **3,789 tons** of CO₂ emissions and achieved carbon sequestration effect of approximately **90,000 trees** following the first year of its operation.

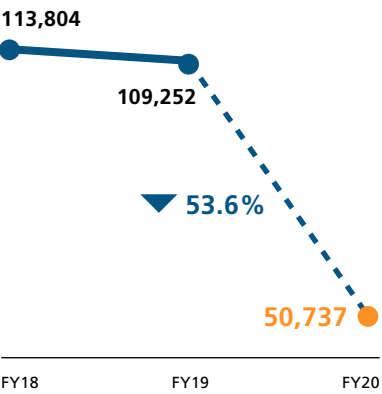


Attaching great importance to energy efficiency studies, Daikin Turkey aims to identify energy wastes and produce industrial solutions against these wastes by establishing an Energy Scada System for monitoring energy consumption within the scope of Hendek Factory. All in-factory luminaire were replaced with LED lighting, and the consumption of 450 watts/piece was reduced to 130 watts/piece. By replacing them with LED luminaires, the needed value of 240 lm/m² has been achieved. 144 kW/h savings are achieved with a total of 450 luminaires. The radiant heaters used in the heating of the factory have been automated

in a way that can be remotely controlled and programmed according to shifts. When the work starts in 2021 as planned, the expected savings to be realized will be 5%, by means of preventing heaters to be left on at the end of shifts or during break times.

In the fiscal year 2020, energy consumption in Daikin Turkey operations was reduced by 53.6% compared to the previous year. The reasons for this reduction are energy efficiency projects, the termination of panel radiator production as of April 2020, and the effects of COVID-19.

Energy Consumption (GJ)



Energy Consumption by Years (GJ)

	FY18	FY19	FY20
Non-renewable resources	66,402	62,374	32,504
Natural gas	54,541	49,472	22,628
Diesel fuel	11,775	12,805	9,801
Gasoline	86	97	75
Purchased electricity	47,402	46,878	12,811
Renewable resources	-	-	5,422
Electricity produced and consumed from renewable sources	-	-	5,422
Total energy consumption	113,804	109,252	50,737

DAIKIN'S REFRIGERANT POLICY

Our basic policy for refrigerant selection is "refrigerant diversity".

Refrigerant is a heat transfer medium used in air conditioners, heat pumps and industrial cooling devices. In selecting the appropriate refrigerant, many criteria need to be considered, such as GWP value, safety, energy efficiency, cost, resource efficiency, recoverability and recyclability.

Since there is no single refrigerant that can meet the needs of every application, Daikin thoroughly evaluates various aspects (energy efficiency, safety, environmental impact, cost-effectiveness, etc.) to select the appropriate refrigerant for every application.

[Please click for more information about Daikin's Refrigerant Policy.](#)



Refrigerant R-32

In the search for alternative refrigerants, many factors such as ozone depletion potential (ODP), global warming potential (GWP), energy efficiency, safety, cost effectiveness of the refrigerant, have an effect. When choosing, it is important to make the most balanced choice that will meet all these factors in the most appropriate way. The world's leading air conditioner manufacturer Daikin, which produces its own refrigerant and compressor, has determined as a result of its research that R-32 is the most balanced solution for air conditioners and heat pumps among alternative refrigerants with low global warming potential.

By adapting the refrigerant R-32 and the compressor specially developed for this refrigerant to residential air conditioners, Daikin introduced the world's first air conditioner containing refrigerant R-32 to the Japanese market in 2012. R-32 is successfully applied to split air conditioners, multi split air conditioners, commercial air conditioners, heat pumps, Chillers and VRV system air conditioners. The GWP value of R-32, which provides high energy efficiency and does not harm the ozone layer, is only one third of the GWP value of R410A. Moreover, it is easy to recycle and reuse as it is a single component refrigerant.

The GWP value of R-32, which provides high energy efficiency and does not harm the ozone layer, is only one third of the GWP value of R410A. In addition, since it's a single component refrigerant, it is easy to recycle and reuse. Turkey's first air conditioner containing R-32 was introduced to the market by Daikin Turkey in 2015, and within the scope of basic cooling and split air conditioning training within the body of Daikin Turkey Academy, all service personnel of Daikin Turkey were given theoretical and practical training on the correct use of R-32, and this practice still continues. Between 2017 and 2019, Daikin Turkey visited dealers about R-32 and informed them on climate change. Via the works carried out since 2017, 17 universities in various regions were visited, seminars were held on R-32 and current technologies, and thus awareness on the subject was created. It is aimed to increase the level of awareness by sharing this issue in all sectoral events organized in our Solution Plaza.

In 2018, Turkey's first air conditioner containing R-32 was produced at Daikin Turkey's Hendek/Sakarya factory. The first R-32 VRV product was launched on 3 December 2020 by Daikin Europe. It is launched in Turkey in 2021.





MINI VRV 5-S WITH R-32

Leading the air conditioning industry with its inventions, technological superiority and environmentalism, Daikin continues to implement the theme of “Creating a sustainable future together”. Mini VRV 5-S device with R-32, which is a revolution in the sector, maximizes both efficiency and environmental features thanks to its refrigerant R-32 with 68% lower global warming potential (GWP).

Scope 1 and Scope 2 greenhouse gas emissions in fiscal year 2020 has been reduced by 63% thanks to the contribution of the solar energy project and the termination of radiator panel production.

COMBATING WITH CLIMATE CHANGE
Daikin Turkey is working hard to prevent greenhouse gas emissions, which is the most important factor that triggers climate change. Daikin Turkey follows and reports the following emissions; direct (Scope 1) greenhouse gas emissions from fossil fuel consumption for its operations, indirect (Scope 2) emissions from purchased electricity, and other indirect emissions (Scope 3) from purchased products and services, energy indirect activities, business trips, commuting and the use of products it sells. Scope 1 and Scope 2 greenhouse gas

emissions in fiscal year 2020 has been reduced by 63% thanks to the contribution of the solar energy project and the termination of radiator panel production.

In addition to greenhouse gas emissions arising from its own operations, Daikin Turkey is constantly working to reduce greenhouse gas emissions from its products where it has the highest potential impact. Within the scope of these works, studies are carried out to reduce the energy consumption of products, as well as to reduce the effects of refrigerants that have high global warming potential.

Daikin helps to reduce carbon emissions from combi products with “NDJ”, the world’s smallest combi boiler with high efficiency, as well as “Condense”, the semi-condensing combi boiler.

Greenhouse Gas Emissions by Year (tCO₂e)

	FY18	FY19	FY20
Scope 1	3,940	3,732	2,002
Scope 2	6,113	6,046	1,652
Scope 3			10,419,843
Total (tCO ₂ e)	10,053	9,778	10,423,497

WATER MANAGEMENT

Daikin Turkey Hendek Production Facility uses mains and well water for personal consumption and production operations. Fully aware of how important it is to protect water resources in our country, Daikin Turkey meticulously monitors the amount of water consumption and aims to create the least possible

impact on fresh water resources by implementing efficiency projects. A significant decrease was observed in water consumption through the efficiency projects carried out in the Daikin Turkey Hendek Production Facility and the divestment of the radiator production line with high resource consumption.

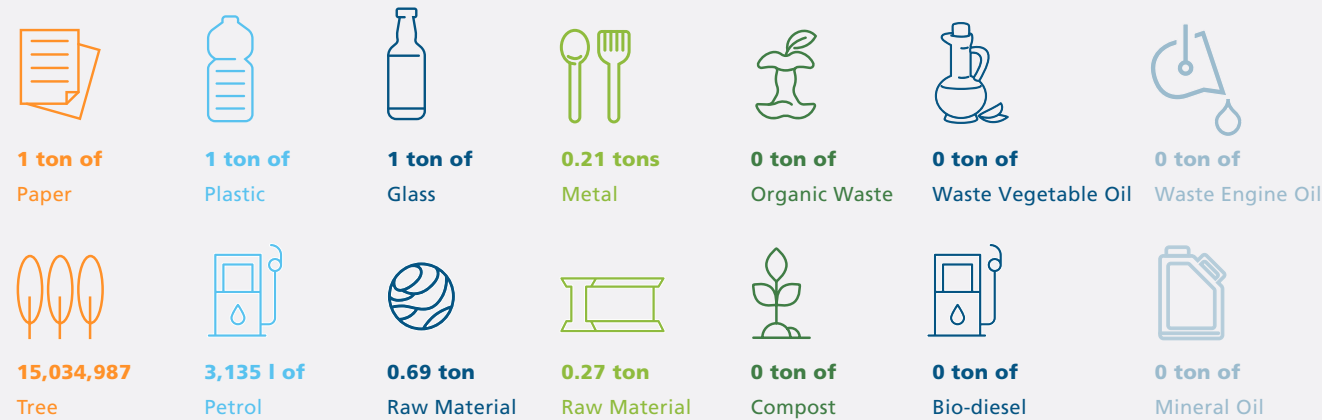
Water Consumption by Years (m³)


	Water Supply	FY18	FY19	FY20
Draft	Mains	15,359	14,738	14,525
	Groundwater	126,900	109,500	70,200
Water Discharge	Municipal waste water treatment	128,033	112,158	76,515
Water Consumption		14,226	12,080	8,210




WASTE MANAGEMENT


A TOTAL OF 3.4 TONS OF RECYCLABLE WASTE



 **244 kg**
Greenhouse Gas Emissions

 **25 m³**
Water Savings

 **7 m³**
Storage Area

 **10,725 kWh**
Energy Savings

Increasing population and industrialization bring about unlimited resource production as well as unlimited resource consumption. Daikin Turkey is aware of the fact that companies have a very important role in the fight against the consumption approach, which causes unpredictable waste generation and depletion of resources. In the light of the Daikin Global Philosophy, it carries out its activities with a sense of responsibility by undertaking its legal obligations and implementing practices that are environmentally friendly and protect the nature. This understanding, above all, is realized as a human duty for the continuity of all living things and nature on earth.

Daikin Turkey adopts the circular economy approach by ensuring that resources are reused in production when they reach the point of extinction. The main approach is to reduce waste at its source even before it is reintroduced into the system, and all necessary steps are taken to use resources efficiently and to prevent waste and unnecessary consumption. While waste sorting activities have been carried out with an environmental awareness since a long time, necessary arrangements have been made in the Headquarters buildings of our company within the scope of the "Zero Waste Regulation" published in 2019. In this context,

waste collection centers were established and trainings on zero waste were organized for employees and suppliers through procedures and audiovisual broadcasts.

Daikin Turkey, which was entitled to receive the "Zero Waste Initial Certificate" in February 2020, experienced the pride of being the first in the sector and in the Istanbul region to receive this certificate.

It is the legal responsibility of the manufacturer to collect the packages of the products produced and put on the domestic market, at certain percentages. Daikin Turkey fulfilled this manufacturer responsibility by making an agreement with ÇEVKO (Environmental Protection and Packaging Waste Recovery Foundation) between 2011-2020. In calendar year 2020, under this agreement, 178 tons of plastic and 335 tons of cardboard packaging waste resulting from products released to the domestic market were collected from the market and recycled.



Zero Waste Practices

In the Hendek Production facility, zero waste units are established in the cafeteria and offices so that waste is separated at the source. Within the scope of the project, cardboard, nylon, glass, metal, domestic battery and food wastes generated in offices and cafeterias were separated at the source and recycled.

In Daikin Turkey, the recovery and recycling of wastes originating from production is provided by licensed companies. In this context 1,658 tons of metal and 1,783 tons of packaging waste were sent for recycling through licensed companies in 2020. 51 tons of paper and 82 tons of hazardous waste were used for energy recovery through licensed companies.



Gray Water Project

In September 2020, the Gray Water Project was initiated at Daikin Turkey Headquarters Building with the aim of combining the rain water and sink pipe line and reintroducing it to the system.

As the result of the project, it is aimed to use reclaimed water in garden irrigation, car washing and toilet flushing, which helps prevent waste by ensuring efficient use of resources.

Rain water recovery system was installed on the roof of 800 m² closed area at Daikin Turkey Hendek Production Facility. 130 m³ of a total 282 m³ per year water requirement is met by rain water.



A LIVABLE
FUTURE WITH
DAIKIN

Creating New Value **Social**

76 Human Resources Management

87 Special Title: Daikin Turkey Academy

97 Special Title: Sakura Women Entrepreneur Support Program

HUMAN RESOURCES MANAGEMENT



HUMAN RESOURCES MANAGEMENT

The concept of “people-oriented management” is the foundation of the Daikin management culture. Daikin, which takes its competitiveness from the competence of its employees, believes in the unlimited potential of all its employees and is aware that the development and productivity of the employees directly impacts the growth, development, productivity and profitability of the company. It is a principle at the heart of Daikin’s management culture to create an environment where all employees work enthusiastically and with a sense of reward, demonstrate their full capacity and ensure growth in order to unlock unlimited potential and transform individual diversity into synergy.

Providing all necessary opportunities for employees to be able to fully demonstrate their talents and develop professionally, not disrupting the perception of “opportunity and equality” in human resources practices and avoiding exceptions are behaviors that every employee at the management level must believe in.

“Employee Experience-Oriented Human Resources Systems”, “Corporate Culture Transformation” and “Innovation and Agility-Oriented Employee Development” sub strategies were created in line with the Daikin Turkey F-25 Human Resources strategy: “To increase the competencies of our employees and to be among the companies that are most desired to work with”. Under these strategies, Daikin Turkey will focused on the following topics in the upcoming periods;

- Establishing sustainable talent management,
- Strengthening the employee value proposition,
- Development of performance measurement methods compatible with strategies,
- Investing in employee experience,
- Daikin Identity – Structuring and disseminating corporate culture and identity,
- Strengthening vision and purpose-oriented leadership,
- Strengthening the green culture,
- Restructuring the employee development process,
- Strengthening people-oriented leadership competencies.

Daikin Turkey values all its employees, the main asset of the organization, and aims to help them reach their full potential with the awareness that initiative and dedication are the main components of success. For this reason, great emphasis is placed on the development of employees under the company. The diversity of employees in the workforce is respected with the awareness that the diversity of people and thoughts will provide energy, skills and resources for success.

Daikin Turkey is committed to respecting the human rights of all its employees individually, as stated in the Universal Declaration of Human Rights. Under no circumstances the employment of minor workers, i.e. minors (child workers) who do not meet the minimum age requirements as regulated by the laws of each relevant country and region, is allowed. No discrimination against any group or individual in the workplace based on the factors such as age, race, ethnicity, religion, language, gender, sexual orientation, nationality, disability, etc. is allowed. All actions that can be interpreted as harassment or threat of violence are opposed and immediate action is taken in case of any ethical violation.

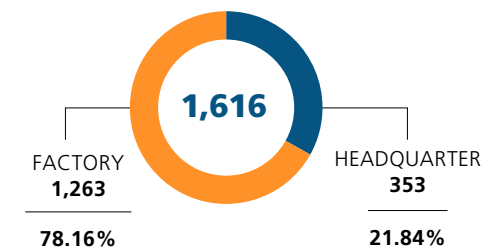


8 March -
International
Women's Day

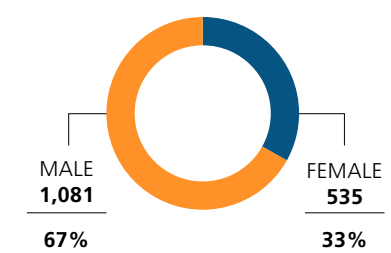
“Say no to violence
against women”
Activity

In Daikin Turkey, labor-management relations are evaluated in accordance with all universal rights. There are no restrictions on the right to unionize and collective bargaining. In the Hendek Production Facility, where the Collective Labor Agreement (“CLA”) application is in practice, 57% of the employees (723 employees) were employed in the fiscal year 2020 under the scope of CLA. Information and graphics regarding the employee demographics within Daikin Turkey in fiscal year 2020 are given in the following page.

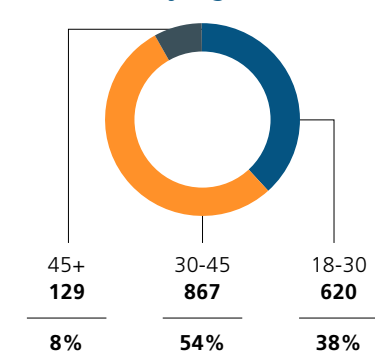
Total Workforce



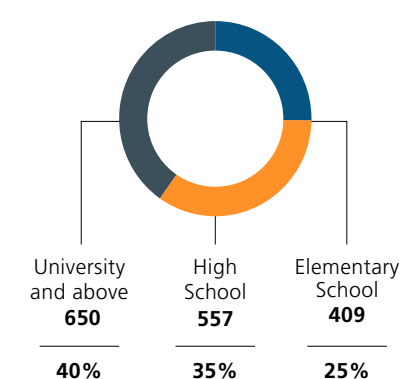
Employees by Gender



Employees by Age



Employees by Education Level



Employee Demographics

	Headquarter			Production Facility			Total
	FY18	FY19	FY20	FY18	FY19	FY20	FY20
Direct Employment	341	346	353	773	998	1,263	1,616
Female	106	99	97	196	325	438	535
Male	235	247	256	577	673	825	1,081
Indefinite Term Employment Contract	341	346	353	606	845	901	1,254
Temporary Employment Contract	-	-	-	167	153	362	362

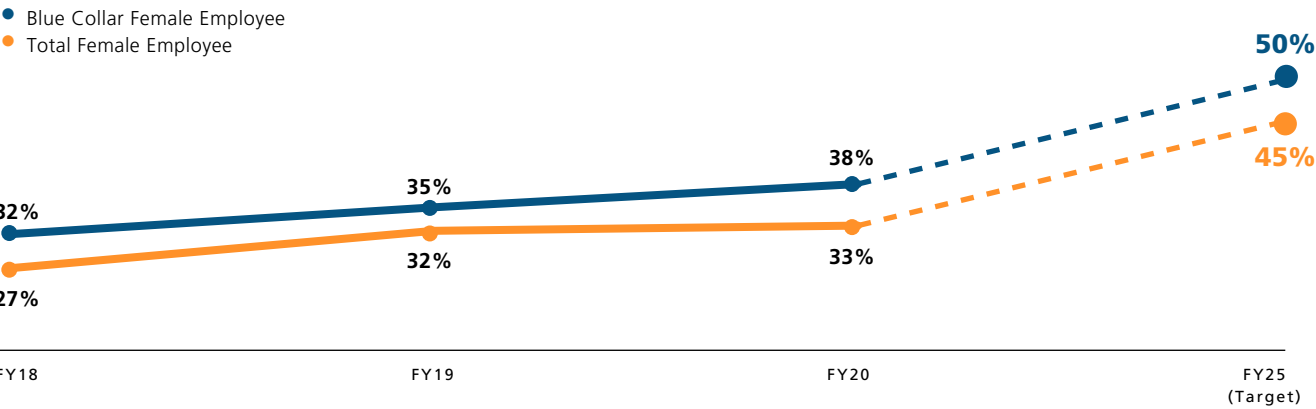


Headquarters is 29% in fiscal year 2019, through equal opportunity practices implemented at the Daikin Turkey Hendek Production Facility, women's employment was increased and reached 33%. Daikin Turkey aims to increase the ratio of blue-collar female employees to 50%, and the ratio of total female employees to 45% by 2025 within the scope of F-25 Human Resources Strategies. 39% of newly hired employees in the fiscal year 2020 were women. The participation of disabled people in the workforce is also considered within the scope of equal opportunity. Disabled employees are given one day of paid leave in December every year, and gifts are distributed on the International Day of Persons with Disabilities.

Daikin Turkey attaches great importance to equality of opportunity. While providing employment opportunities to employees of all educational backgrounds in the workplaces, it supports women's participation in the workforce with practices that increase female employment. While the ratio of female employees in Daikin Turkey

Aiming to increase the number of female employees at all levels within its body, Daikin Turkey has increased the number of female employees by 77% in the last three fiscal years. The ratio of female employees among executive level employees, defined as manager and higher positions, increased by 40%.

Daikin Turkey Rates of Female Employees



5th European Welding Competition Winner A.Poyrazoğlu (Daikin Turkey) Daikin Europe N.V., Vice President (Production), Shigeki Morita's award presentation

PRACTICES TO INCREASE WOMEN'S LABOR FORCE PARTICIPATION IN PRODUCTION

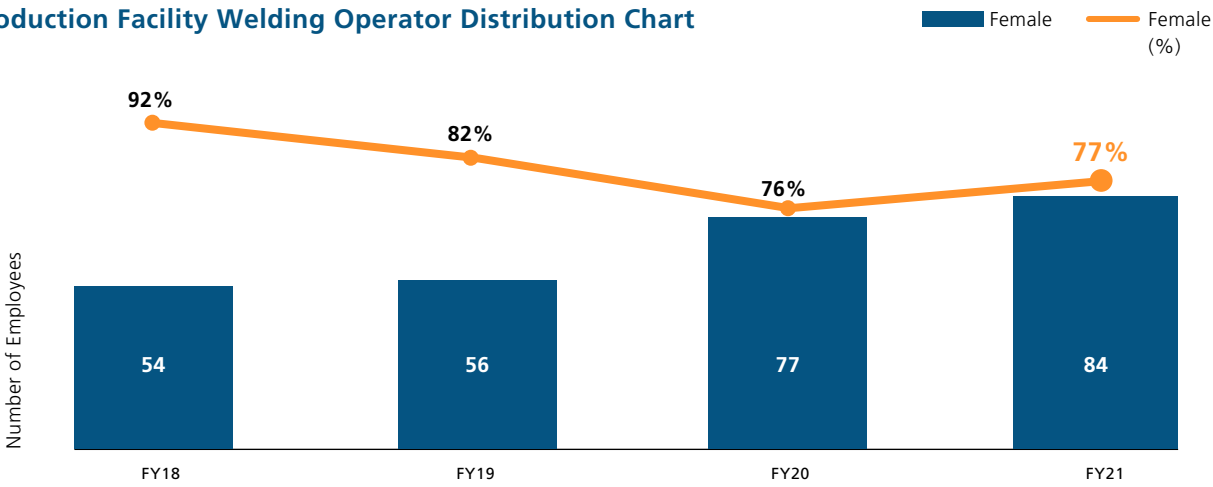
At Daikin Turkey Hendek Production Facility, importance is given to the employment of women in every process as a result of the approach to increase the rate of female employees. In this context, the number of female employees in the field of welding, which is one of the important production processes, has increased considerably in recent years, such that 77% of the welding process employees are women as of the period. In the last 3 years, the rate of female employees in the welding process has increased by 55%.

Since 2013, a sustainable development has been achieved by enhancing the skill levels of welding operators every year. Daikin Turkey participated in the welding competitions held in Daikin Europe and Daikin Global, where it had the opportunity to prove its performance, and received awards.

Daikin Turkey employee A. Poyrazoğlu won the 1st place in the 5th European Welding Competition held in 2017, proving once again that there is nothing that women cannot overcome if given the opportunity.

After the European success, the works for the competition organized by Daikin Global, which is an upper and final target, continued with high motivation and A. Poyrazoğlu was awarded the 3rd place in the welding category, which has a great importance in the Daikin Skill Transfer system while also honoring Daikin Turkey.

Production Facility Welding Operator Distribution Chart





Nursery Support for Female Employees

Sakarya 2nd Organized Industrial Zone, where Daikin Turkey Hendek Production is located, the nursery practice was first initiated by Daikin Turkey and has become one of the reasons why women in the region prefer to work for Daikin. In order to support the female employees and to increase the number of female employees in the organization, contracted nursery facilities were provided for the children of employees aged between 24-72 months. By means of this practice, while female employees joined the workforce, their children were provided with uninterrupted education. 33 female employees benefited from this right in the fiscal year 2020.



OCCUPATIONAL HEALTH AND SAFETY

Daikin operates with the goal of “zero accident” in all its workplaces. All occupational health and safety (OHS) processes are managed with the ISO 45001 certified Occupational Health and Safety Management System. In this context, OHS risk assessments are made continuously and security measures are taken. Internal and external audits are carried out every year within the scope of the system, in addition to the training and safety tours that are continuously organized for the target of “zero accident” workplaces.

Daikin Turkey has three OHS Committees, namely the Hendek Production Facility OHS Committee, Headquarters OHS Committee and After Sales Service Facility OHS Committee. The number of each OHS Committee's member is as follows; Hendek Production Facility OHS Committee 28, Headquarters OHS Committee 7 and After Sales Service Facility OHS Committee 7. The purpose of the committee, which includes employer

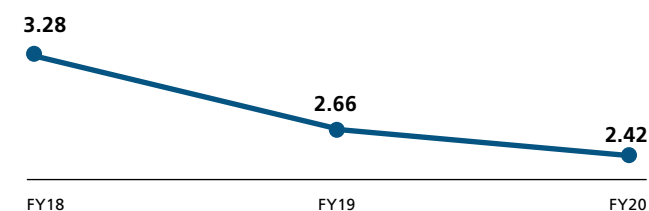
representatives, occupational safety specialists, workplace doctors, employee representatives and subcontractor representatives, is to take the necessary measures to provide a healthier and safer work environment for employees.

In case of an accident, it is meticulously documented and reported to the senior management and to the OHS officer in Daikin Japan within the scope of group reporting guidelines. Annual OHS meetings are held in order to increase security measures. No fatal accident occurred in Daikin Turkey operations in fiscal year 2020. The OHS statistics presented below are based on production activities. In 2020, only one accident, without lost day, occurred in non-production activities.

Accident Frequency Rate and Severity Rate developments, which are calculated together with the number of accidents, the number of lost days due to accidents and the total working hours, are shared on a fiscal year basis.



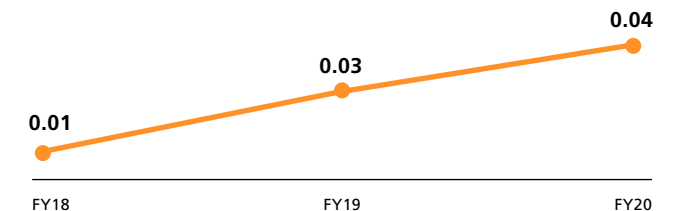
Accident Frequency Rate



The accident frequency rate indicates the frequency of accidents per 1,000,000 working hours.

Accident frequency rate: $\text{Work-related deaths / accidents} / \text{Total actual working hours} \times 1,000,000$

Accident Severity Rate



The accident severity rate represents hours lost per 1,000 hours worked, in terms of man-days.

Accident severity rate = $\text{Number of days lost as a result of work-related accidents} / \text{Total actual hours worked} \times 1,000$

TALENT MANAGEMENT AND EMPLOYEE SATISFACTION

Daikin Turkey attaches great importance to equality of opportunity and revealing the potential of its employees within the scope of its ethical values and management philosophy. The Company's main strategy in this regard is equal opportunities offered to employees and potential employees, with the belief that company growth depends on employee growth, and identifying and raising potentials based on the development of talent management processes. In line with the aim of increasing the competitiveness of the company, being preferred by high-potential employees, and in this context, being among the best and most desired employers; talent management, employee satisfaction and equality of opportunity are given high importance.



Daikin Turkey's priority in employee satisfaction is to support the continuous development of its employees. At Daikin Turkey, all talent management processes are carried out within the scope of the Career Management Procedure. Within the scope of this procedure, employee performance and 360-degree competency evaluations as well as evaluation processes carried out at the end of the financial year produce data on the strengths and development areas of employees, thus their positions are determined according to the career map and work on development plans is completed. The results of the processes operating under the responsibility of Human Resources are submitted to the CEO and Assistant General Managers.

Talent management, employee satisfaction and equality of opportunity are given high importance in line with the target of becoming among the best and most desired employers.



GLOBAL TRAINEE PROGRAM

Aiming to shape the future by transferring its 90 years of experience in the heating, cooling and ventilation sector to young people, Daikin offers career opportunities to 4 new graduates every year with this program. Two young executive candidates selected among young university graduates every year had the opportunity to both study and work in Daikin Europe, and another two had the same opportunity in both Daikin Turkey and Daikin Europe.

The Global Trainee Program, as an investment project for the future carried out by Daikin Turkey, constitutes one of the most important parts of Daikin's global business plan.

Candidates accepted to the program have the opportunity to work at Daikin locations in various European countries in line with their education and career plans, so that they have the chance to see the working methods of different departments, their connections with each other and the organizational structures of companies in different countries.

Joining Daikin Turkey as the future managers, two young executive candidates have the opportunity to work at Daikin Europe N.V. Head Office in Belgium for 9 months and at one of the Daikin offices in different European countries for 3 months. The other two winners work in Daikin Turkey for 9 months and in one of the Daikin offices in Europe for 3 months. These young people, who have the opportunity to both study and work in different departments for a year, continue to work within Daikin if they choose to.

Daikin Turkey aims to keep implementing the Global Trainee Project, which it successfully carried out⁷ in 2015-2018, and plans to provide this privileged career opportunity to 25 more employees until 2025.



⁷ In the 2019-2020 period, the project entered suspension period due to the effect of the pandemic.



National Product and Product Training Department Manager

Daikin New Zealand

During the 7 years I worked at Daikin Turkey, I worked in different positions. Project Management (Daikin Turkey Solution Plaza), Strategic Marketing Manager, Daikin Turkey Academy Executive Board Membership, and finally Daikin Turkey Solution Plaza Department Manager and also supporting the Green Energy and Environment department.

With the desire to experience different environments in line with the opportunities provided by the Daikin Global group to its employees, I started interviewing with Daikin companies within the Daikin Global network.

At the end of this process, I received an invitation from Daikin New Zealand, within the knowledge and understanding of Daikin Turkey and I left Turkey and came to New Zealand in 2019 with my family. I have been working at Daikin New Zealand as the National Product and Product Training Department Manager for over two years.

Within the scope of my current duty, the management of all Daikin product groups on a country basis as well as sales-oriented, in-house and external product trainings are my main areas of responsibility. Within these responsibilities, I continue to carry out duties such as compliance of products with regulations and standards, environmental and energy policies as additional responsibilities.

I am also happy to be able to continue my duty and my life in a different country, in different cultures, under the umbrella of Daikin.



I would like to say a few words to my colleagues. I definitely recommend that you keep your horizons and dreams as wide as possible and follow your ideals in this direction. So that one day you don't have "what if"s and regrets. Of course, on this path, it is necessary to be honest, ethical, work very, very hard, and to improve yourself by keeping yourself open to innovations. I hope you work hard, achieve your dreams and ideals in good health and luck will be with you.

Stay with love and health.

U. Sertan

Daikin New Zealand National Product and Product Training Department Manager



Practices to Increase Employee Satisfaction

Various studies have been initiated according to the results of the corporate culture survey conducted with the Great Place to Work (GPTW) institute to measure the satisfaction levels of employees. In this context, an in-house suggestion system was established and employee ideas and expectations began to be monitored through a formal process.

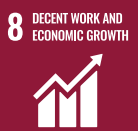
The concept of "internal advertisement system" to establish an equal opportunity structure has become a prominent practice as of 2020. With this system, vacant positions in need of personnel were also published within the institution, and action was taken to ensure equality of opportunity in the recruitment process. With the internal announcement project, opportunities for internal rotation were increased and employees were given the opportunity to gain different knowledge, skills and experience by assuming different positions in different business

areas. Moreover, through other applications, the communication was increased by making it easier for employees to access the personal rights applications.

Along with the GPTW survey results, actions have been taken in processes such as feedback, wage management and performance management.

It is aimed to increase employee experience, satisfaction and internal communication activities, to facilitate employee processes, and to provide opportunities for employees to reveal their potential in terms of equality of opportunity with applications such as the SAP-Fiori application (leave request, E-payroll), HR Portal, DaikinGo, DaikinMobile.

There are also practices such as Philosophy Club and Academy Book Days that all employees can join voluntarily in order to increase their participation, social relations and satisfaction.





Daikin Mobile Application

Believing in the power of communication between corporate employees, dealers, services and suppliers, Daikin Turkey has maximized communication and efficiency by gathering company employees, dealers, services and stakeholders under one roof by means of Daikin Mobile application, which has an interface similar to social media networks. 'Daikin Mobile' application, produced and patented by Daikin Turkey, eliminates the problems experienced in many important issues such as getting fast news and producing solutions in a short time, with the power of a new generation communication tool.

With Daikin Mobile, a platform that combines the features of social networks and intranet environments, all employees, suppliers and stakeholders are gathered under a single roof, while saving time and costs.

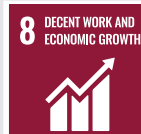
Special days such as World Environment Day, Mother's Day, Women's Day, World Disabled Day are also celebrated through the application and notifications for events and academy trainings (There's Daikin in the Air! Kite Event, Timber Academy Trainings, etc.) are announced and communication activities are carried out to increase awareness.



Daikin Mobile's 'My First Day at Work' menu mobilizes the company's orientation process and includes special information for newcomers. 'My Groups' menu enables groups for 4 different business areas, namely White Collar, Blue Collar, Dealer and Service, create internal communication channels.

Through the 'Surveys' menu in the application, an area where opinions are expressed on various issues, users can respond to surveys, write comments and organize their own surveys.

Daikin Mobile users have the opportunity to instantly share ideas that come to their minds through the 'I Have Suggestions' module and contribute to the development of Daikin Turkey together with its stakeholders.



DAIKIN TURKEY ACADEMY



Daikin Turkey Academy, established in 2013, embraced the followings as its main strategies, in order to contribute to the development of success-oriented, ethical, well-equipped and future-ready professionals; contributing to the potential development of its employees, increasing the quality of manpower in the sector, developing pioneering, innovative and environmentally friendly practices, sharing Daikin's success stories and spreading and promoting its philosophy.

VISION

" To be pioneer and a leader academy in the industry by raising people who research, produce, create value and are responsible. "

MISSION

" To reflect the power of education to stakeholders' personal development, occupational experience and quality of doing business by increasing the culture of learning. "

WHO ARE WE?

" With our unwavering belief that people have unlimited potential and the view that the development of each individual is the foundation of a company's growth, we fully support change and development. Daikin Turkey Academy is the indispensable strategic partner of each department, in line with the long-term strategies and values of the Company, adding value to the company, creating a competitive advantage under the management of the Executive Board composed of different department managers. "

Through the structure of the Executive Board, it is aimed that Daikin Turkey executives play an active role in the execution of training activities and attain different competencies. Playing a major role in ensuring the dissemination of Academy activities within the Company, the Academy Executive Board also delivers the development needs of the relevant departments to the Academy, at first-hand and in a short time. The academy determines its activities

with long-term strategies and directs its activities on a monthly, quarterly and annual basis.

In 2020, the representation of female members in the Daikin Turkey Academy Executive Board was 27%. Within the scope of F-25 strategies, it is aimed to reach 50% female member representation and also to represent blue-collar employees. In FY21, following the reporting period, female



Maltepe University, Vice Rector, Prof. Dr. Betül Çotuksöken
"Managing with Values" seminar

member representation was increased to 46% and blue-collar employee representation was also administered in the Executive Board.

Daikin Turkey Academy carries out its activities in a separate campus with 4,000 m² closed areas, accommodated with practical and theoretical training classes and conference halls.

Daikin Turkey Academy provided training opportunities to approximately **40 thousand**

people until the end of the 2020 reporting period, in line with the strategy it determined. The achievements to date in this context are reaching a wide target audience, including employees, dealers, services, as well as distributors providing services in CIS countries, university students and customers. Trainings are supported by in-class applications, field applications, workshops and digital platform environments.

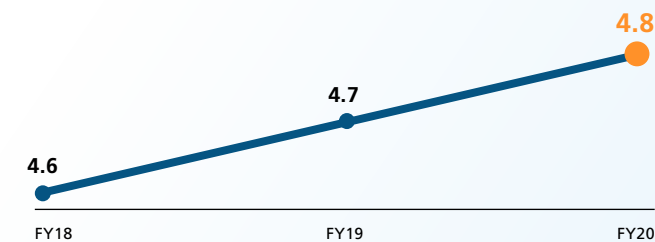
With the aim of carrying Daikin's expertise to the future and contributing to a livable planet each passing day, digital transformation is closely followed and professionals aimed to be entrusted with the future are trained by means of new generation learning technologies and continuously updated educational content.

In 2017, it updated the content of the trainings for dealers, prepared a comprehensive program for them to move their activities to better points in terms of financial and social impact, and moreover launched the Dealer Management Handbook and Daikin Academy Publications.

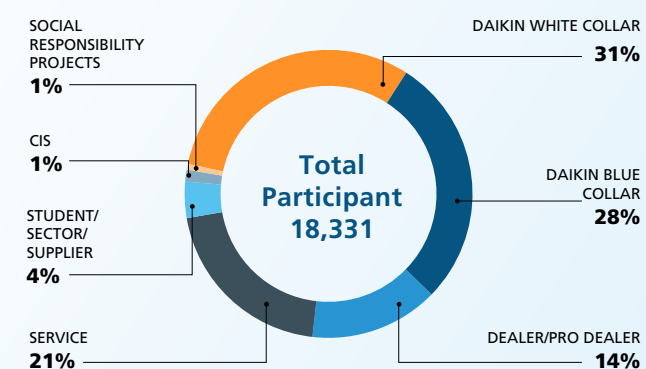


Internal Trainers Day

Satisfaction Rate of Trainings



Target Audience Trained (Consolidated FY17-FY20)



Attaching importance to employee training and competence management, Daikin Academy organizes leader development, foreman development program, sales team development program, air-on dealer development program, service technical trainings, new route of trainer in the digital world training programs, and also develops corporate social responsibility projects. With the blended education model adopted by Daikin Academy, trainings can be carried out both on online platforms and as practical training in classrooms and fields. In addition, coaching-mentoring trainings, development posts, reading and monitoring sessions are held.

85% of the trainings implemented at Daikin are given by internal trainers. During the process of internal trainer development, where applications are received on a voluntary basis, trainers receive coaching support, are equipped through the Trainer's Handbook prepared by Daikin Academy, and are subject to training. Training activities of internal trainers are reported in quarterly periods. Every year, one day is determined as the Trainer Motivation Day so that the motivation of the employees is increased by rewarding the trainers according to certain criteria.



The trainings offered by Daikin Academy for its stakeholders are regularly followed up. Thanks to the high efficiency achieved in the trainings conducted through digital channels during the COVID-19 pandemic period, the number of participants in the trainings offered to Daikin Turkey employees and services was increased, as well as

the same quality training was delivered in a shorter period of time. During the pandemic period, the trainings related to the members of the Daikin Turkey network in the CIS region and social responsibility projects were limited. The training hours and participants in recent years are as follows:



Participant Audience	FY17		FY18		FY19		FY20	
	Number of Participants	Man*Hour	Number of Participants	Man*Hour	Number of Participants	Man*Hour	Number of Participants	Man*Hour
Daikin White Collar	1,581	9,837	1,282	7,238	1,279	5,971	1,495	4,284
Daikin Blue Collar	895	4,856	1,037	7,227	1,226	8,711	2,019	6,772
Dealer/Pro Dealer	1,570	13,143	482	3,709	416	2,700	184	380
Service	1,013	25,208	898	16,891	877	15,132	970	3,310
Student/Sector/Supplier	455	2,109	156	324	15	120	120	120
CIS	104	2,244	18	258	122	2,608	-	-
Social Responsibility Projects	-	-	65	1,222	52	1,040	-	-
Total	5,618	57,397	3,938	36,869	3,987	36,282	4,788	14,866

DEALER AND DISTRIBUTOR TRAININGS

Dealer and distributor trainings are organized in order to provide growth and development opportunities by increasing the sales capabilities, product information and customer relations of Daikin Turkey dealers and domestic/foreign distributors and to support their commercial success.

A Dealer Management Handbook containing the roadmap and working model required for the sustainable profitable growth of Daikin Dealers, which acted jointly with company in the leadership race and achieved great success, was prepared and made available to dealers.



DAIKIN GROUP PHILOSOPHY

“We aim to win the trust of customers as a manufacturer that meets customer expectations and offers highly reliable products.”

SERVICE TRAININGS

Daikin Turkey always invests in the technical knowledge and skills of its team in order to ensure the quality of the service provided. Through the Service Development Program, theoretical and practical technical trainings are provided free of charge in all product groups, while customer-oriented approach and customer relations trainings are offered through field and project studies.

The net promoter score rate of 83% in services, which started to be measured in 2020, is at the highest level among other trainings across the company.

TRAININGS FOR EMPLOYEES

Employee trainings are divided into three groups as basic, functional and people-oriented leadership competencies. Competencies expected to be demonstrated by all employees within the framework of Daikin corporate values are given within the scope of basic trainings. Leadership competencies that are expected from Daikin leaders and that support the development of employees are attained in people-oriented leadership trainings. In this context, Daikin Turkey’s motto is “Guide, delegate, develop, motivate and appreciate your employees, give feedback.”

It is aimed to develop a common language, knowledge and practices at the management level as well as ensuring that managers understand their personal and corporate development needs and supporting a process-oriented approach with practices that will enable them to mirror themselves and their organizations.

Development center practices, leader development, foreman development and training programs are implemented for executive level employees. The performance system based on the Balanced Score Card (BSC) model, which was launched in 2020 with a limited number of managers, is planned to be applied to all employees in 2021.

Under the leadership of Daikin Academy, regular PDS (Production of Daikin Systems), Kaizen, 3 Mu, 7 Muda, 6S, Poka Yoke, JIT5, Standard Work and Line Balancing Practice trainings for employees at Daikin Turkey Hendek Production Facility, as well as trainings to support employee development for white-collar employees, are organized. Apart from the in-house practices regarding talent management, Daikin Turkey’s employees who want to do a master’s degree are encouraged by bestowing paid leaves for the periods they need.



Daikin Leader Development Program

The educational approach of the program, developed in 2015-2017 within the scope of long-term cooperation with Boğaziçi University, has been established as the development of leaders who will carry the Company to the future in line with Daikin Turkey’s policies and growth strategies. In this context, the focus was on “Renewing Oneself”, “People Management” and “Business Intelligence” and the program to support the development of managerial competencies was successfully implemented.

The participation rate of trainings, in which 151 Daikin Turkey employees, 85 at Team Leader, Manager and higher levels, and 68 at Management Candidate, Project Manager and Chief level employees attended, was 97%.



The program, designed as 9 days for Manager and Above, 6 days for Chief, Executive Candidates and Project Managers, consists of programs including Creative Drama, Self-Knowledge-Personal Awareness-Safe Behavior-Leadership Skills, Management and One-Day MBA.

At Daikin, which is a global leader, all employees can find the opportunity to work in different locations in the Daikin global network in line with their skills. Between 2015 and 2020, 22 Daikin Turkey employees had the opportunity to work in different Daikin regions such as Europe, Middle East, Australia and New Zealand thanks to the opportunity offered by Daikin.



HENDEK PRODUCTION FACILITY EMPLOYEE DEVELOPMENT PRACTICES

HENDEK PRODUCTION FACILITY TRAINING CENTER

It was targeted to administer the Training Center in FY21 to gather all the training activities at the Daikin Turkey Hendek Production Facility under one roof and to protect the integrity by creating the training areas for all departments. Training areas (Dojo) suitable for the conditions such as temperature, sound, cleanliness and capacity for practical and applied trainings were created, and in this context, training efficiency for employees has been improved.

DAIKIN TURKEY DOJO AREAS

Within the scope of the factory trainings, the application/practical trainings of the new and existing personnel are given in the Dojo areas customized according to the training content. Customized trainings are provided in 5 different Dojo areas: Welding, PDS & Assembly, Die



PDS & Assembly



Die Maintenance

Maintenance, OHS and Quality. These areas created with the goal of “Learn by Practice” increase learning efficiency in education by means of their rich content.

Quality training area: These are the areas where employees learn to pay attention to quality by practicing.

In the field of OHS Dojo training; Employees are provided with trainings on occupational safety, energy efficiency and environmental awareness. In the die maintenance Dojo area; practical trainings and maintenance/repair activities are carried out.

In the PDS Dojo area; In order to disseminate Kaizen consciousness and PDS philosophy, practical and theoretical trainings are given with bicycle mounting balancing work. Within the scope of FY21 targets, it is planned to provide training to 48 white collar employees and 200 blue collar employees.

In 2020, 17 trainings each with different contents were organized by the Production Department and administered by Daikin Turkey internal trainers. In order to raise awareness about the products produced in the Daikin factory and to keep the level of knowledge alive, product promotion and technical trainings and Kiken Yochi (risk forecasting) training with the participation of 110 people were given in order to form the basis of the group activities on the prediction of risks on OHS.



DAIKIN TURKEY KAIZEN SYSTEMATIC

By means of Kaizen (continuous improvement) studies, Factory Improvement Activity Presentation organizations are performed to ensure the sharing and sustainability of good practices throughout the entire factory.

Kaizen studies in the categories of OHS, quality, efficiency, environment and cost reduction are carried out among senior management and other departments with interim/final presentations.

PDS Key Operator System was developed in order to ensure the sustainability of Kaizen works throughout the factory and to standardize the processes.

PDS Key Operators; While continuing to work on the existing production lines, they also lead the Kaizen studies, take part in the creation of teams and the preparation of the relevant Kaizen documents. During the 6-month development period, in addition to technical trainings, personal development trainings are also provided with the support of Daikin Academy. Development of a total of 42 employees, 18 employees in the fiscal year 2019 and 24 in the fiscal year 2020, were attained.

As Daikin Turkey, we participated in the 23rd Quality Circle and Kaizen Teams Competition organized by the Turkish Quality Association (KalDer Ankara) in 2020 with 3 improvement projects. In the final of the online organized competition, the Daikin Turkey team (Improving the Air Conditioning Outdoor Unit Welding Line Model Time-SMED project) was one of the first 3 projects awarded Quality Circle. Ensuring the continuity of learning and development by further enriching the technical and vocational training contents, in cooperation with the Production Department and support departments, has been determined as the main target at Hendek Production Facility, which is growing steadily with new investments. In line with this goal, the sub-targets for the fiscal year 2021 are; to review the blue-collar and white-collar training contents, to plan the trainings for the needs in cooperation with Daikin Academy, to develop the PDS Key Operator

System in order to disseminate and ensure continuity of Kaizen activities, and to increase the number of personnel receiving PDS training. In 2021, it is aimed to complete the training plan including 35 different contents, in cooperation with the Production Department and Daikin Academy.

SUPPLIER RESOURCE DEVELOPMENT TRAININGS

Welding training is given to operators working in companies that supply copper pipe materials used in the welding process. It is aimed to increase the quality starting from material level up to the product level, by providing training to a total of 109 people in FY19. In addition, PDS Daikin Production System trainings were given to a total of 47 supplier companies.



Quality Circle Award, KalDer





Foreman and Blue Collar Development Program



The project team consisting of Daikin Academy, Factory Top Management, Department Managers, Team Supervisors and Engineers, and Human Resources employees designed a Foreman and Blue Collar Development Program, consisting of Welding Department Trainings, Supplier Trainings and Foremen Development Program, In the 2017-2018 period, which targeted;

- Supporting skilled workmanship for the sustainability of quality standards and customer satisfaction;
- Enabling blue-collar employees to achieve different successes in their career development by supporting their personal development;
- Representing the company in international platforms and especially in Turkey, with a distinction in quality workmanship;
- To increase the quality of manpower in the sector through supplier trainings.

Examples of successful results obtained within the scope of the program are given below;

- An employee, who is a foreman in the welding department, successfully completed the development program and the process of becoming an internal trainer and started to give welding training to other operators. One of the employees in Daikin Turkey, who received trainers training from expert trainers abroad, went through a 4-month certification process in Daikin Japan for official certification and was entitled to become a "Local Trainer". A total of 2,048 man*hours of training was provided to 32 operators by Daikin Turkey employees, who were entitled to become internal trainers.
- By means of works carried out as a result of Kaizen trainings, a total of 220,000 TL cost reduction was achieved in the fiscal years 2017 and 2018.
- Within 3 months following the start of welding trainings, a 37% decrease was achieved in supplier company welding leakage rates.

Foreman and Blue Collar Development Program was awarded the bronze award in the Best Blue Collar Development Program category of the 2019 Learning and Development Awards of TEGEP (Turkish Education and Development Platform) The program was also shared with industry stakeholders through TEGEP webinars.



RADIO INTERVIEWS

WE SAID PEOPLE FIRST AND DAIKIN RADIO STARTED BROADCASTING

Daikin, whose company philosophy is "people first", continues to provide a work environment where its employees feel happy and free. Daikin Turkey launched Daikin Radio with the aim of creating a communication platform open to everyone, where its employees can both have fun and express themselves as they wish. At Daikin Radio, which is accessible to all company employees, employees voluntarily DJ. In addition to 24-hour uninterrupted music broadcasts, DJs can present their own music and talk shows according to their preferred concepts.

Daikin Radio, which is also a useful platform for in-company information, facilitates vertical communication with special interviews of managers and employees. Daikin Radio brings employees in different locations such as Headquarters, After Sales Services Service Building, Regional Offices, Production Facilities, Logistics Warehouse, Solution Plaza closer to each other; It adds a different excitement to the business environment with special guests and events such as competitions.



OTHER LEARNING AND DEVELOPMENT ACTIVITIES

Book Days

In order to increase cultural activities, publications addressing a wide range of interests and appealing to all age groups are brought to employees at Daikin Turkey offices.

Academy Libraries

In the Daikin Academy libraries, valuable books on professional development are offered to the employees, thus aiming to develop a culture of reading together.

Book Club

After the books selected by the employees are read, they are evaluated together and the opportunity to share information and ideas is provided, thus enabling different perspectives to be captured.

Learning From Each Other

The culture of learning from each other is reinforced by joint studies and visits coordinated with the corporate academies of national and international companies.



Philosophy Club

The purpose of establishment of Daikin Philosophy Club is based on Daikin Group philosophy. Daikin

has grown by acknowledging people-oriented management since its establishment and believes that a company's source of competition is its employees and that the cumulative development of each individual is the basis of that company's growth by considering its endless belief in people's potential. Based on this philosophy, the Philosophy Club focuses on the personal development of the participants and benefits from the main theme of philosophy of inquiry. Helping the participants to question both their professional and private lives and developing their sense of curiosity are among the main focus areas. In the club meetings, in line with the curriculum, various thinkers and philosophers of ancient times to today are evaluated during sessions where each participant makes a presentation about a philosopher and discussions on their views take place.

EQUAL OPPORTUNITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Daikin devotedly fulfills its role in making our planet a more livable place. For a sustainable and healthy life, the quality of the air we breathe and the rate of harmful gases released into the air are of great importance. With this awareness, as the leader of the air conditioning industry, Daikin Turkey attaches importance to CSR projects to reduce carbon emissions and increases people's awareness of the environment. As stated in the Daikin Code of Ethics, adding value to the environment and the society in which it operates is one of Daikin's main

goals. Daikin Turkey creates its strategy on the basis of these goals and carries out its CSR projects.

Many segments of the society has been touched and social contributions have been made with the projects carried out by Daikin Turkey with the mission of being environmentally and socially sensitive and an ambassador of Japanese culture in Turkey. Projects managed by Daikin Turkey's Corporate Communications Unit are reported directly to the CEO and the projects are owned by the senior management. Examples of various CSR projects are presented in the following pages.



SAKURA WOMEN ENTREPRENEUR SUPPORT PROGRAM



Within the scope of women's employment and entrepreneurship, the Sakura Women Entrepreneur Support Program was implemented in order to identify the existing deficiencies in our country, where the female labor force participation rate is one-third of those of men, and to contribute to the solution of this issue in our society.

Developed in cooperation with KOSGEB, KalDer and Daikin Turkey in order to support women entrepreneurs who want to have their own workplace in the air conditioning sector, the Sakura Program supports the development of the sector in Turkey, and encourages to create viable business models with measurable and high income potential, through social entrepreneurs with social impact.

With the mission of adding a common value to the business world by making women an important player in the sector, which is mainly perceived as a male profession in the business world, economic support and consultancy were provided to women entrepreneurs through trainings, thus it was a pioneering route to creating successful business women out of newly graduated women who did not know the sector.

Within the scope of the program, Daikin Turkey covered a significant portion of the workplace expenses of women entrepreneurs who have recently graduated from any department of undergraduate / associate degree / master's programs of universities, and who have environmental and social awareness and want to have their own workplace in the sector, as well as supported them according to needs by organizing periodic meetings so that the sustainability of the program was ensured.



A total of 130 hours of training program consisting of main and support modules has been designed for newly graduated candidates who will start their business life for the first time. A 70 hour "Applied Entrepreneurship Training Program" has been designed as the Main Module in order for the candidates to learn all the information about entrepreneurship, possible issues they may encounter in real life and the actions to be taken, and to start their business life with a proactive perspective before going on the field. The following training contents were created within the scope of the main module.

- Who Is an Entrepreneur and What Are Her Obstacles, Fears?
- Successful Startup Stories
- Competencies Required to Be an Entrepreneur (Knowledge, Skill, Behavior and Personality Traits)
- Course of Entrepreneurship
- Difference Between Feasibility and Business Plan and What to Do for Preparation
- Creativity Exercises (Finding Business Ideas, Brainstorming and Gordon's Method, Reverse Brain-storming Skills and Approach, Examples, Preliminary Evaluation of Business Ideas)





Sakura Women Entrepreneur Dealer

As the second module; A 60 hour "Support Module Training Program" containing basic technical information about the sector and promotional information of the products that will be the responsibility of the candidates was prepared and the trainings were given by 13 volunteer internal trainers of Daikin Academy. All of the trainings were held at the Daikin Turkey Academy building in Istanbul.

The trainings were carried out in the form of classroom, hands-on, field visits and were supported by personal development trainings via the online platform. Participants wrote a business plan with the information they learned during the training and made a presentation on a platform involving company managers.

By means of the program, 20 entrepreneur candidates were trained in 2014 and 40 entrepreneur candidates in 2015, and 35 entrepreneur candidates who were successful in all processes at the end of 2016 opened their workplaces. As of 2021, 16 women entrepreneurs

operate in 6 provinces (Ankara, Adana, İzmir, Antalya, Bursa, Istanbul).

SAKURA WOMEN TECHNICIAN TRAINING

Within the scope of social responsibility, Daikin Turkey implements various program in order to add value to our country and society, to make a difference among other countries, to support women and to lead them to stand out in the society. It allocates a certain budget every year for different program in order to increase women's employment. The social impact created by the Women Entrepreneurs Program inspired the planning of the "Women Technician Training" program, which would be implemented as a pioneer in the sector, and the Sakura Women Technician Training program was implemented in 2017.

With the program, a training program covering basic theoretical knowledge and practical applications was prepared for female technician candidates in order to acquire the necessary foundation in the air conditioning sector and to be able to serve in the field. In this program, women



technicians who learn about Daikin's corporate identity, ethical values and working methods are also provided with basic cooling, installation knowledge, malfunction knowledge, Daikin Split Sky Training, technical details of Daikin air conditioner models, basic heating, heat transfer, installation and radiator calculations. In addition to trainings such as combi boiler types, combi boiler classification, they received training on customer relations management, basic occupational health and safety and vocational competence training.

Candidates who have successfully completed the training and internship process start working at Daikin Services chosen by Daikin Turkey. Through the program, 40 female technician candidates in 2017 and 2018, and 13 female technician candidates in 2019 were trained, and 28 candidates who were successful in all processes started to work as technicians. Daikin Turkey's 21 Women Technicians continue to operate in the field in 13



Social Contribution Development Project, TEGEP Grand Award, "Sakura Program"



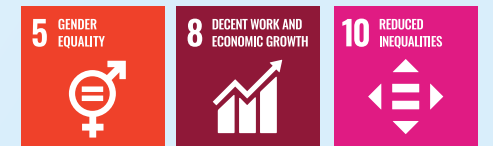
provinces (Diyarbakır, Adana, Mersin, Giresun, Nevşehir, Konya, Çorum, Ankara, İstanbul, Kütahya, Balıkesir, Bursa, Antalya).

In terms of the efficiency and sustainability of the program, a relevant workshop was conducted for the participation of chosen female technicians and service managers in 2019. In this context, one-on-one interviews were held with female technicians with a set of questions regarding the expectations of the parties from each other and their areas of development.

In terms of the sustainability of the program, it is planned to support 4 female technicians to open an "Authorized Service" company. At this stage, it is aimed that they do not detach from the field and thus train one Women Technician with them.

Technical training plans of women technicians are planned regularly every year together with the services.

With these programs that support women's employment, Daikin Academy was awarded the grand prize in the category of Social Contributing Development Program within the scope of the Learning and Development Awards held by TEGEP (Turkish Education and Development Platform) in 2018.





Daikin Turkey Air Conditioning and Refrigeration Classes

Daikin, the leading brand of the air-conditioning industry, continues its works on education through its investments in vocational training schools. Continuing its sectoral education by means of Daikin Academy and Solution Plaza, Daikin contributes to the education of young people with the air conditioning classes opened in Pendik İMKB Vocational and Technical Anatolian High School and Aliağa Habaş Hamdi Başaran Vocational and Technical Anatolian High School thereby spreading awareness of climate change and sustainability.

Daikin Turkey, which carries out projects that will form the basis for the employment of women in the sector, also leads the way in increasing the quota of female students in vocational high schools. In this context, works have been started with internal trainers on training young people and women trained for the sector in air conditioning classes being opened in vocational high schools, and long-term protocols are being signed with educational institutions for sectoral development across the country. Efforts are made to include and increase the quota for women in the relevant schools. In this context, while no

female students were accepted in Pendik İMKB Vocational and Technical Anatolian High School before 2017, 3 female students started to be admitted to the department every year between 2017-2021. Aliağa Habaş Hamdi Başaran Vocational and Technical Anatolian High School was not preferred by any female students before 2020, but in the 2020-2021 academic year, 4 female students chose the school and started their studies.

The number of students enrolled in the Building Installation, Air Conditioning Systems and Cooling Systems departments of the two schools has increased significantly over the years.

	2017-2018	2018-2019	2019-2020	2020-2021
Total Number of Students Enrolled	90	120	80	375

Daikin Turkey has set a target to establish at least 5 new air conditioning classes by 2025 within the scope of F-25 strategies.



Clean Air Ambassadors

THEIR HEALTH IS IN OUR HANDS, THE FUTURE OF OUR WORLD IS IN THEIR HANDS.

With the Clean Air Ambassadors Project, which was developed for preschool and primary school students aged 5-12 at Hendek Cumhuriyet Primary School in 2018, it was aimed to raise children's awareness of clean air. With the activities ensuring active participation of children, developing clean air, clean environment, correct air conditioning and saving awareness have been supported, and a strong bond has been created by reaching the children as the young people of the future, as well as their teachers and families.

Directing the future of its sector, Daikin Turkey continues its efforts to raise awareness of clean air, indoor air quality and climate change with a solid-based, step-by-step project that shapes the future of its society. Daikin proudly embraces the issues of clean air and health with confidence in

its origin, technology and product quality, and has reached children in 8 provinces (Adana, Antalya, Bursa, Diyarbakır, Gaziantep, Hatay, İzmir and Sakarya) in 8 months by organizing events in one province every month.

It is aimed to expand the reach of Daikin Clean Air Ambassadors by holding a similar event at Cumhuriyet Primary School, in all primary schools in Hendek, where Daikin Turkey Production Facility is located. Within the scope of the project, it is aimed to create a 'Daikin Kids Air Club' and to contribute to a sustainable future by adopting the project by means of a membership system.



THOUSANDS OF COMICS FOR THOUSANDS OF CHILDREN
The first edition of the comic book, which was made for the Hendek event, will be given as a gift to children at all events, with the target of emphasizing the purpose of Daikin Clean Air Ambassadors and instilling the correct air awareness in children.





İSMEK Air Conditioning Sector Specialization School Project

Daikin Turkey provides equipment and trainer support to the school, which was opened in 2018 with the cooperation of the Istanbul Metropolitan Municipality Human Resources and Education Department Lifelong Learning Directorate (İSMEK) and the Heating, Cooling, Air Conditioning Research and Education Foundation (ISKAV) to support employment in air conditioning sector.

The program covers young people residing in Istanbul, between the ages of 18-30, primary school graduates, unemployed or people with no profession or who want to change profession or improve themselves, aims to contribute employment and provide skilled employee support to the sector with high turnover rates.



Daikin Forests

Acting on its adding value to life philosophy, Daikin Turkey started the project to plant 1 million trees in March 2021. Daikin cooperated with Aegean Forest Foundation for the first phase of the project and achieved its target by donating **10,000 saplings** to İzmir Kınık region and offsetting 4,110 tons of carbon dioxide equivalent greenhouse gas emissions.

Daikin Turkey aims to create two more Daikin Forest by donating 40,000 saplings at the last quarter of 2021 calendar year and reach **50,000 saplings** in total.

Daikin Turkey, also aiming to raise awareness by carrying out the project together with all its stakeholders, donates a sapling on the behalf of each individual household product customer.

Daikin Turkey rapidly continues its activities to develop its projects to reach its target of planting 1 million trees by 2050; in order to reach Daikin's 2050 net zero greenhouse gas emissions target; by placing protecting the World we live in, combating against climate change, protecting biodiversity and efficiently using forest areas at the center of its production.



MEB (Ministry of National Education) & Daikin Cooperation

In order to benefit from the potential of the students, who are the representatives of our future, in the air conditioning sector and to update their knowledge, Daikin Turkey took part in the education curriculum development activities in line with its cooperation with the Ministry of National Education (MEB) and contributed to the structuring of the curriculum content according to institutional expectations.

In addition, it is aimed to organize a seminar program for teachers throughout Turkey and to issue participation certificates.

Daikin Turkey has carried out a study for the new curriculum prepared for the Installation Technology and Air Conditioning department, and proposed content that will increase business life skills such as customer relations management, conflict management, occupational safety in vocational high schools, as well as suggesting courses within the scope of the new conditions brought by time, such as the climate crisis and energy efficiency, renewable energy, environmental awareness, innovative production technologies and business development (kaizen) courses. Due to the 2020 pandemic period, activities have been put on hold, to restart at a later date.



Activities with the World Wide Fund for Nature (WWF)

TURKEY'S LIFE CAMPAIGN

Daikin Turkey carries out the Turkey's Life Campaign to protect the biological diversity of our country by supporting endangered species all over Anatolia and works to support local non-governmental organizations in Anatolia.

With the donations received within the scope of the "Turkey's Life Campaign", a fund is created to support the projects aiming to protect the biological diversity of our country, and when the necessary amount of resources is reached, a call for grants for local projects is made. Applications made by local non-governmental organizations across the country are evaluated in line with criteria such as priority need, participation,

applicability, sustainability and permanence. The project owners who pass the pre-selection, present their projects to the selection committee consisting of experts. Projects are realized after the necessary resources are transferred to the ones that are entitled to receive a grant.

EARTH HOUR CAMPAIGN

Daikin Turkey supports the Earth Hour Campaign, a global event called by the World Wide Fund for Nature on the last Saturday of March every year to draw attention to the extinction of natural areas and species and the climate crisis, and calls for the lights to be turned off for one hour.

2014	2016	2017	2018	2019	2020
Turkey's Life Gold Sponsorship	Earth Hour Campaign Embassy	Earth Hour Campaign Embassy	Earth Hour Campaign Embassy	Earth Hour Campaign Embassy	Earth Hour Campaign Embassy
Earth Hour Campaign Donations			Donation for Members of the Press (certificates and gifts)	Istanbul Marathon Donation and Participation Fee	



CLIMATE WONDERS AND ROUTES IN ANATOLIA FROM THE NEOLITHIC PERIOD TO THE PRESENT



As an organization that has been directing the air conditioning sector since 1924 with its pioneering and innovative practices, Daikin takes the air conditioning to its historical journey in Anatolia by shedding light on history.

The book **"The Wonders and Routes of Air Conditioning in Anatolia from the Neolithic Period to the Present"**, prepared by Journalist-Author İrfan Unutmaz with the contributions of Daikin Turkey, has made a significant contribution to the industry and the academic world by examining the historical structures that have survived from the past to the present in Anatolia. The book, which tells how the civilizations that ruled in Anatolia, from Ancient Rome to the Hittites, from the Seljuks to the Ottomans, gave direction to architecture with the solutions they found for their heating, cooling and ventilation needs, along with their locations on the routes, also includes a special section dedicated to Mimar Sinan.

Daikin rank first in the press among the air-conditioning sector companies in Turkey as well as being the brand that communicates most in the social media regarding heating and cooling.

**A LIVABLE
FUTURE WITH
DAIKIN**

Annex

106 Annex 1: Daikin Turkey's Success and Awards

107 Annex 2: Daikin Turkey Committee Structure

108 Performance Indicators

111 GRI Content Index

117 Contact

ANNEX 1: DAIKIN TURKEY'S SUCCESS AND AWARDS

2015

- We took our place among the "Super Brands of Turkey" announced by Superbrands Turkey.
- "Green Heart Factory" certificate was obtained by Daikin Group for the first time.
- Daikin Turkey received the "Academy Practices" award as an example of good training practice in the field of Service Support among the 17 countries in Daikin Europe to which it is affiliated.

2016

- Daikin Turkey's R&D team received the R&D Center certificate.

2017

- Daikin produced its first combi boiler in Turkey and presented it to Europe at the same time.

2018

- "Sakura Program" was deemed worthy of the "BEST" project award in the category of Development Project Making a Difference in Social Contribution of TEGEP's Learning and Development Awards competition.
- In the "Ozone panel" focused on the theme of "Energy Efficiency in the Air Conditioning Sector" by the Ministry of Environment and Urbanization of Turkey.

2019

- Daikin Turkey, which was at the Bronze "Green Heart Factory" level in 2017, has been upgraded to the next Silver level.
- Daikin Turkey received the 'The Most Split Air Conditioner Exporter of the Year' award by ISIB for the third time.

2020

- Daikin Turkey who entered the ISO 500 list from the 488th rank in its 5th year in Turkey, rose 41 ranks in the ISO500 list and became 175th.
- Daikin Turkey became the first company in the sector to receive the 'Zero Waste Certificate' in Istanbul.
- Daikin's 'combi boiler worth what you're looking for' campaign was awarded a Silver Effie in the 'Durable Goods-Small Home Appliances' category.
- During the first three months, more than 18% of Daikin Turkey Hendek Production Facility's electricity need was produced by the solar power plant resulting in a reduction of carbon emissions equivalent to the carbon sequestration of 26 thousand trees.
- Daikin was deemed worthy of 3 separate awards at the ISIB Stars of Export award ceremony. It won a total of 3 awards in 2019, ranking first in the "Company Exporting the Most Split Air Conditioners" and "Exporting the Most Air Handling Units, Rooftop, Fancoil, Package Type Air Conditioners" and second in the "Most Exporting Company" category.
- Received the Quality Circle and Kaizen award from KalDer Ankara.

ANNEX 2: DAIKIN TURKEY COMMITTEE STRUCTURE

Committee	Scope of the Committee
OHS Board	To specify the working methods, duties and responsibilities of Occupational Health and Safety Board, which was established to carry out oc-cupational health and safety related activities of Daikin Heating and Refrigeration Systems Industry and Trade Inc. To ensure work order, to be open to innovations, to have a healthy organization, to organize meetings to provide a healthier and safer working environment for employees, to take a preventive approach to improve work performance and minimize risks.
Daikin Advisory Board	Daikin Turkey evaluates the suggestions by encouraging active participation of its stakeholders in the processes related to its activities. In this context, there is a Suggestion Board that evaluates the feedback received, directs it to the relevant departments and monitors the implementation processes. The Suggestion Board, which consists of a team determined by the Human Resources and Corporate Communications unit managers from various departments, awards quarterly awards.
Information Technology Committee	Daikin Turkey's senior management is ultimately responsible for the implementation and operation of the corporate governance and information security management system. Management and control of information security risks is a part of corporate governance. Managerial responsibilities are assigned to authorized business owners by Senior Management and are carried out within the scope of ISO/IEC 27001:2013 Information Security Management System. Senior Management sets the overall strategic direction by approving and mandating information security principles. In addition, it assigns physical and information security responsibilities to the Information Security Committee, which consists of 10 members and 8 consultants. The Information Security Committee is responsible for supporting the implementation of security rules and con-trols as well as informing the management.
PDPL Committee	Within Daikin Turkey, there is a PDPL Committee with 13 members, which encourages compliance with the policies, procedures, relevant legal regulations and contract requirements regarding the protection of personal data. The Committee determines the personal data protection strategies and makes the necessary plans for the implementation of the strategies. The Personal Data Protection Committee provides information about the personal data protection system once a year or when needed, and evaluates the work done during the period.
COVID-19 Business Continuity Executive Committee	Within the scope of the COVID-19 Business Continuity Plan, an Executive Committee has been established to manage the issue with the highest level representation within Daikin Turkey, and this committee periodically formulates and monitors the basic decisions to be taken, such as in-company working order, home working order, and fulfillment of legal activities.
Daikin Turkey Hendek Production Facility Committeess	<p>There is a COVID-19 team that constantly monitors the effects of the pandemic in our country and in our factory, decides on the measures to be taken, implements and controls the decisions taken after the approval of the senior management, and manages this issue with systematic meetings every week.</p> <p>There is a Kaizen Committee that evaluates the Kaizen proposals made if the conditions specified in the Kaizen procedure are met, and it consists of 6 people, including the factory top management.</p>

PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

Employees by Employment Type (Number)	FY18	FY19	FY20
Permanent	947	1,191	1,254
Female	248	350	370
Male	699	841	884
Temporary	167	153	362
Female	54	74	165
Male	113	79	197

Total Employees by Education (Number)	FY18	FY19	FY20
Primary school and below	265	334	409
High school or equivalent	436	556	557
University and above	413	454	650

Total Employees by Age Group (Number)	FY18	FY19	FY20
18-30	410	511	620
30-45	625	747	867
45+	79	86	129

Management Level Employees by Gender (Number)	FY18	FY19	FY20
Top Management	24	29	30
Female	1	1	1
Male	23	28	29
Mid-Level Management	63	66	73
Female	9	10	13
Male	54	56	60

New Employees by Gender (Number)	FY18	FY19	FY20
Female	67	116	99
Male	193	155	154
Leavers by gender (Number)			
Female	81	78	65
Male	281	145	97

Parental Leave	FY18	FY19	FY20
Employees Who Took Parental Leave			
Female	10	10	20
Male			
Employees Returning From Parental Leave			
Female	10	20	16
Employees Who Were Still Employed After 12 Months Since Returning From Parental Leave			
Female	10	10	11

Disabled Employees	FY18	FY19	FY20
Female	5	6	6
Male	23	25	30

Unionization	FY18	FY19	FY20
Direct Employees			723

Training Hours per Employee	FY18	FY19	FY20
Daikin Turkey Headquarter and Hendek Production Facility Employees	17.4	13.3	8.9

Employees Subject to Performance Review (%)	FY18	FY19	FY20
Blue Collar	100%	100%	100%
White Collar	100%	100%	100%

Occupational Health and Safety Performance	FY18	FY19	FY20
Incident rate (IR) The frequency rate is the number of occupational incidents arising during a period of 12 months by one million hours worked. (Total number of incidents x 1,000,000/total number of working hours)	3.28	2.66	2.42
Accident severity rate The accident severity rate represents the number of lost work days experienced per 100 workers. (Total number of lost work days x 1,000,000/total number of working hours)	0.01	0.03	0.04
Incidents resulting in death	0	0	0

PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE INDICATORS

Energy and Environmental Performance	FY18	FY19	FY20
Emission intensity by production (tCO ₂ e/1000EUR)	0.081	0.055	0.016
Energy consumption from non-renewable sources (GJ)	66,402	62,374	32,504
Purchased electricity (GJ)	47,402	46,878	12,811
Energy consumption from renewable sources (GJ)	-	-	5,422

Greenhouse Gas Emissions (tCO ₂ e)	FY18	FY19	FY20
Scope 1 (Direct)	3,940	3,732	2,002
Scope 2 (Indirect – Energy)	6,113	6,046	1,652
Total of Scope 1 and Scope 2	10,053	9,778	3,654
Scope 3 (Indirect – Other)	-	-	10,419,843

Daikin Turkey's greenhouse gas emissions includes Turkey operations' non-renewable fuel consumption for heating and electricity production and direct emissions (Scope 1), energy indirect emissions from the production of purchased electricity (Scope 2) and other indirect emissions (Scope 3) of purchased products and services, energy related activities, business trips and commuting as well as the use of sold products by Daikin Turkey.

Water Consumption (m³)	FY18	FY19	FY20
Mains withdrawn	15,359	14,738	14,525
Groundwater withdrawn	126,900	109,500	70,200
Wastewater discharge (municipality wastewater treatment)	128,033	112,158	76,515
Water consumption	14,226	12,080	8,210

GRI CONTENT INDEX

GRI 102-55

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures			
GRI 102: General Disclosures 2016	Corporate Profile		
	102-1	Daikin Isıtma ve Soğutma Sistemleri San. Tic. A.Ş.	-
	102-2	About Daikin Turkey, p.16	-
	102-3	Istanbul, Turkey	-
	102-4	About Daikin Turkey, p.16	-
	102-5	About Daikin Turkey, p.16	-
	102-6	About Daikin Turkey, p.16	-
	102-7	About Daikin Turkey, p.16	-
	102-8	Social Performance Indicators, p.108	-
	102-9	Supply Chain Management, p.44	-
	102-10	There were no significant operational changes during the reporting period.	-
	102-11	Corporate Risk Management, p.23	-
	102-12	Daikin Turkey's Institutional Memberships, p.17	-
	102-13	Daikin Turkey's Institutional Memberships, p.17	-
	Strategy		
	102-14	Message from Daikin Management, s.8	-
	Ethics and Integrity		
	102-16	Daikin Turkey Strategy and Corporate Governance, p.18-24	-
	Governance		
	102-18	Daikin Turkey Strategy and Corporate Governance, p.18-24	-
	Stakeholder Engagement		
	102-40	Daikin Turkey Sustainability Priorities, p.28	-
	102-41	In the Hendek Production Facility, where the Collective Labor Agreement ("CLA") application is in practice, 57% of the employees (723 employees) were employed in the 2020 fiscal year under the scope of CLA	-
	102-42	Daikin Turkey Sustainability Priorities, p.28	-
	102-43	Daikin Turkey Sustainability Priorities, p.28	-
	102-44	Daikin Turkey Sustainability Priorities, p.28	-

GRI CONTENT INDEX

GRI Standard	Disclosure	Page numbers, explanations and/or URL	Omissions
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Reporting Practice		
	102-45	About Daikin Turkey, p.16	-
	102-46	Daikin Turkey Sustainability Priorities, p.28	-
	102-47	Daikin Turkey Sustainability Priorities, p.28	-
	102-48	There were no restatements during the reporting period.	-
	102-49	This is Daikin Turkey's first sustainability report.	-
	102-50	01.04.2020 – 31.03.2021	-
	102-51	This is Daikin Turkey's first sustainability report.	-
	102-52	Biennial	-
	102-53	sustainability@daikin.com.tr	-
	102-54	About the Report, p.7	-
	102-55	GRI Content Index, p.111-116	-
	102-13	No external assurance in place for sustainability reporting.	-

GRI CONTENT INDEX

Material Issues			
GRI Standard	Disclosures	Explanations and Page numbers	Omissions
Climate Change, Environmentally Friendly Products and Operational Efficiency			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Daikin Environmental Vision 2050, p.60-61 Operational Efficiency and Environmental Management, p.64 Daikin's Contribution to Sustainable Cities, p.66-67	-
	103-2 The management approach and its components	Daikin Environmental Vision 2050, p.60-61 Operational Efficiency and Environmental Management, p.64 Daikin's Contribution to Sustainable Cities, p.66-67	-
	103-3 Evaluation of the management approach	Daikin Environmental Vision 2050, p.60-61 Daikin's Contribution to Sustainable Cities, p.66-67	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Change and Energy Management, p.69	-
	302-4 Reduction of energy consumption	Climate Change and Energy Management, p.68	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Combating Climate Change, p.70	-
	305-2 Energy indirect (Scope 2) GHG emissions	Combating Climate Change, p.70	-
	305-3 Other indirect (Scope 3) GHG emissions	Combating Climate Change, p.70	-
	305-5 Reduction of GHG emissions	Combating Climate Change, p.70	-
Circular Economy and Natural Resource Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Protection of Natural Resources and Environment, p.64 Water Management, p.71 Waste Management, p.72	-
	103-2 The management approach and its components	Protection of Natural Resources and Environment, p.64 Water Management, p.71 Waste Management, p.72	-
	103-3 Evaluation of the management ap-proach	Protection of Natural Resources and Environment, p.64 Water Management, p.71 Waste Management, p.72	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, p.71	-
	303-2 Management of water discharge relat-ed impacts	Water Management, p.71	-
	303-1 Water withdrawal	Water Management, p.71	-
	303-2 Waster discharge	Water Management, p.71	-
	303-3 Water consumption	Water Management, p.71	-
GRI 305: Effluents and Waste 2016	306-2 Waste by type and disposal method	Waste Management, p.72	-

GRI CONTENT INDEX

Material Issues			
GRI Standard	Disclosures	Explanations and Page numbers	Omissions
Talent Management and Development, Employee Satisfaction			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Resources Management, p.76 Talent Management and Employee Satisfaction, p.82 Daikin Turkey Academy, p.87	-
	103-2 The management approach and its components	Human Resources Management, p.76 Talent Management and Employee Satisfaction, p.82 Daikin Turkey Academy, p.87	-
	103-3 Evaluation of the management approach	Human Resources Management, p.76 Talent Management and Employee Satisfaction, p.82 Daikin Turkey Academy, p.87	-
	103-3 Evaluation of the management approach	Human Resources Management, p.76 Talent Management and Employee Satisfaction, p.82 Daikin Turkey Academy, p.87	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Performance Indicators, p.108-109	-
	401-3 Parental leave	Social Performance Indicators, p.109	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Social Performance Indicators, p.109	-
	404-2 Programs for upgrading employee skills and transition assistance programs	Daikin Turkey Academy, p.87-94	-
	404-3 Percentage of employees receiving regular performance and career development reviews	Social Performance Indicators, p.109	-
Equal Opportunity and Corporate Social Responsibility			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Human Resources Management, p.76 Equal Opportunity and Corporate Social Responsibility (CSR), p.96	-
	103-2 The management approach and its components	Human Resources Management, p.76 Equal Opportunity and Corporate Social Responsibility (CSR), p.96	-
	103-3 Evaluation of the management approach	Human Resources Management, p.76 Equal Opportunity and Corporate Social Responsibility (CSR), p.96	-
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Equal Opportunity and Corporate Social Responsibility (CSR), p.96-103 Sakura Women Entrepreneur Support Project, p..97-99	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Social Performance Indicators, p.108	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting year.	-

GRI CONTENT INDEX

Material Issues			
GRI Standard	Disclosures	Explanations and Page numbers	Omissions
Business Ethics and Corporate Governance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Daikin Turkey Strategy and Corporate Governance, p.18-23	-
	103-2 The management approach and its components	Daikin Turkey Strategy and Corporate Governance, p.18-23	-
	103-3 Evaluation of the management approach	Daikin Turkey Strategy and Corporate Governance, p.18-23	-
GRI 206: Anti-competitive Behavior 2016	205-1 Operations assessed for risks related to corruption	Ethics and Compliance, p.23-24	-
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance, p.23-24	-
	205-3 Confirmed incidents of corruption and actions taken	Corporate Risk Management, p.23	-
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Occupational Health and Safety, p..81	-
	103-2 The management approach and its components	Occupational Health and Safety, p..81	-
	103-3 Evaluation of the management approach	Occupational Health and Safety, p..81	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, p..81	-
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, p..81	-
	403-3 Occupational health services	Occupational Health and Safety, p..81	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, p..81	-
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, p..81	-
	403-6 Promotion of worker health	Occupational Health and Safety, p..81	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, p..81	-
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, p..81	-
	403-9 Work-related injuries	Occupational Health and Safety, p..81	-
	403-10 Work-related illness	Occupational Health and Safety, p..81	-

GRI CONTENT INDEX

Material Issues			
GRI Standard	Disclosures	Explanations and Page numbers	Omissions
Customer Satisfaction, Product Quality and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management Systems, p.26 Customer Satisfaction and After Sales Services (AS), s.32-43	-
	103-2 The management approach and its components	Sustainability Management Systems, p.26 Customer Satisfaction and After Sales Services (AS), s.32-43	-
	103-3 Evaluation of the management approach	Sustainability Management Systems, p.26 Customer Satisfaction and After Sales Services (AS), s.32-43	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability Management Systems, p.26 F-Gas Technician Certification, p.40	-
Supply Chain Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Supply Chain Management, p.44-48	-
	103-2 The management approach and its components	Supply Chain Management, p.44-48	-
	103-3 Evaluation of the management approach	Supply Chain Management, p.44-48	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier Audits, p.45	-
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier Audits, p.45	-
R&D, Innovation and Digitalization			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	R&D, Innovation and Digitalization, p.52-57	
	103-2 The management approach and its components	R&D, Innovation and Digitalization, p.52-57	
	103-3 Evaluation of the management approach	R&D, Innovation and Digitalization, p.52-57	

CONTACT

For more information about the Daikin Turkey Sustainability Report or to convey your opinions and recommendations:

Dr. Andaç Yakut
Green Energy and Environment Section Coordinator
a.yakut@daikin.com.tr

Hülya Dinçer
Corporate Communications Manager
h.dincer@daikin.com.tr

DAIKIN TURKEY HEADQUARTER
Gülsuyu Mah. Fevzi Çakmak Cad.
Burçak Sok. No:20/A 34848
Maltepe, İstanbul, Turkey
T: +90 (216) 586 80 00 Pbx
F: +90 (216) 671 06 00
sustainability@daikin.com.tr
www.daikin.com.tr

REPORTING CONSULTANT
ESCARUS (TSKB Sürdürülebilirlik Danışmanlığı A.Ş.)
info@escarus.com
www.escarus.com
T: +90 (212) 334 5460

REPORT DESIGN
FM İletişim
info@data-iletisim.com
www.icerikvetasarim.com
T: +90 (212) 662 78 00

LEGAL NOTICE
Daikin Turkey Sustainability Report (Report) has been prepared by Daikin Turkey in accordance with the GRI Reporting Principles. All information and opinions in this document, complete or incomplete, are provided by Daikin Turkey, and this document is not independently confirmed for its purpose. This Report is prepared only for information purposes and should not be taken as a basis for any investment decision. At the time the report was prepared, all information and annexed documents were believed to be true and the information is presented with good faith and based on reliable sources. However, Daikin Turkey does not declare, guarantee, or undertake any responsibility regarding this information. Accordingly, Daikin Turkey and its subsidiaries, their board members, advisors, managers, and employees shall not be liable for any direct or indirect damage to a person resulting from any information or communication or information based on this Report or not included in the Report.

Daikin Turkey reserves all rights to the Report.

PUBLICATION DATE: August 2021





www.daikin.com.tr