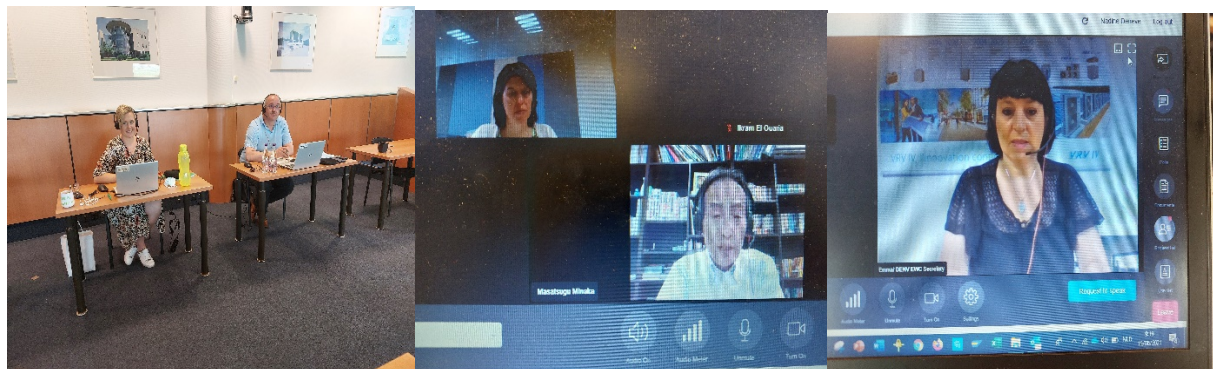


## Brief Report Virtual 35<sup>th</sup> EWC meeting, Daikin Ostend

16 June 2021



### What is the European Works Council (EWC)?

On 16<sup>th</sup> June 2021, 52 people from across the business gathered virtually to the 35<sup>th</sup> European Works Council meeting. The Daikin EWC is a social consultation body on European level, which represents in principle all employees and management of all countries in the European Economic Area. As such, the Daikin EWC is a joint committee with employer representatives and employee representatives.

### What is the goal of the EWC?

Through all these years, the EWC meeting has proved to be a good platform to exchange information on a European scale and to engage in constructive discussions about different topics. During this meeting, employers and employees from Daikin Europe NV, DMGG, Daikin Industries Czech Republic, Daikin Device Czech Republic, Daikin Chemicals Europe, Daikin Applied Europe, AAF Europe and J&E Hall discussed their achievements and progresses in F20.

### What is the goal of this brief report?

The Daikin Europe Group wants to inform all employees of the topics that were discussed on the EWC.

### Question

We would like to know how the managers that are here today live through these crises of Covid 19 in terms of human resources and people management.

### Answer

I would like to ask each of you, together with those who do the preparation, to make sure we have the presentations on time. Our support team is doing its utmost best to respect the agreement. Kindly talk with your employees to make sure we improve this situation. From HR, we do think PCM is a very important topic. We have already held a few sessions about it. We also had a few specific sessions about burnout and talked about handling this in a proactive way as well as about how to integrate people. Please note that we have best practice experience available, which we shared with your HR colleagues. If you require additional support, reach out to us. Sharing experiences will make us stronger.

### Answer

During Covid 19 there was initiative from DENV how to handle the situation also in terms of people management & remote working. Communication and engagement with employees was crucial to us. We also amended our risk assessments and ways of working. The success of J&E Hall over the past year was purely down to the engagement and flexibility of our employees. We're now working with them to make concrete actions for the future.

One organisation had to work on the resilience of the people and of the organization. They also had to make sure employees get enough support, which they tried to do with external experts.

One organisation said that working from home gave many of the white-collar people on the Daikin Germany side a lot of autonomy. This works, but in the long term, communication with other people is important.

Another organisation had a shortage of workers due to the different waves of Covid. They really

appreciate the collaboration and support in there team and the other departments.

Departments and branch offices had even more meetings and more interaction than before, which is positive. Our general staff can go to the office around two days per week. We have had this protocol and all the protective materials in place since June last year. From September onwards, based on the evolution of the pandemic, we will set up a new or definitive protocol.

Service people need to go to the sites, but they use protective materials. For the consultive sales block, we set up a visit target per person based on the evolution of the pandemic, with a percentage of virtual and physical visits. We are following this up and are increasing the percentage of physical visits day by day and week by week. We hope many of the visits will be physical by the end of this year.

### Question

It was asked how to plan to hire new people to account for the production increase in Germany.

### Answer

We have already recruited a huge number of fixed and temporary people. There is some backlog for a few of the production lines, but the incoming interest from blue-collar workers is OK. "Made in Germany" label is actually increasing the interest in Daikin as a company. By increasing our market communication efforts and our internal resources, I think we will succeed.

### Question

Which actions will you take to solve the price increases and shortages in raw materials such as platinum for transport and logistics? When and how are you going to communicate in the affiliates so that we can anticipate, so that we can all react together ?

### Answer

All purchase members in Europe discuss the current situation on a weekly basis. All Daikin

factories adjust these parts between all factories and share their stock to stay on target and continue. We already ordered a whole year's supply of containers and have made reservations. The situation may or may not improve after the summer holidays. We keep orders for sheet metal. For copper and aluminium, we focus on the price. If there are big issues in the EMEA business, we start to hedge copper tube costs and we have now already decided for three quarters. This means until the end of December we want to make the situation stable. We have taken actions, but we are not finished yet.

### Question

Launching new products very rapidly triggers sales issues and performance problems because the product is not at its peak performance right at the beginning, e.g. : newly launched Altherma heating products. I would like to know what is in place and what will be put in place to avoid this in the future.

### Answer

There were software issues and – to a lesser extent - also manufacturing issues with new product launches this year. Products are tested both in test rooms and in the field. This is the FQAP procedure. However, you cannot test all conditions, and if software has to be adjusted, it still has to be done on-site. Design made an action plan in view of continuous improvement on how to avoid this in the future. This includes more pretesting, automatic testing, simulations. Within service, we have set up a program on how to improve communication going directly from EDC to the service people or to the people doing the first- and second-line support. The first solution is within design. The second is communication and information. We have strengthened the spare parts team. When launching a product, a few parts may not be available. It's always a trade-off: should we launch or should we wait? We can adjust the launch time, but we can also be more proactive and involve the spare parts organization earlier in the design process. Together with factories and together with EDC, we are on top of things to solve this.

### Question

Prices of raw materials have gone up significantly. Are you considering changing materials for certain things, for example,

changing from copper to stainless steel or the other way around ?

### Answer

We are taking action to change materials from copper to aluminium or stainless steel in certain products. We have already started to use stainless steel pipes for Altherma indoor units. Other factories, such as DICZ, are now already starting to consider changing heat exchangers from copper tubes to aluminium. We will follow up on these actions.

### Question

For Daikin Chemicals, we have seen quite an important drop in the turnover in multiple companies. Does this have any further consequences for the future ?

### Answer

We intend to take this opportunity not to reduce the production volume and sales, but to increase opportunities to help the more competitive situation with the new structure. For gas products, we have to transform our product portfolio from the historical refrigerant, so 134a technical grade, to another product portfolio which will grow in the market. This is the RRD or reclaimed refrigerant. In the middle of 2021, we stop the production of 134a and will transform the product portfolio. DRF, the Frankfurt platform, will maintain one RRD plant, also because we expect to expand this business in the platform. For our pharma products, we expect to have much growth in 2021. We are happy to have this opportunity, but it is of course a painful situation for the employees who were recently effected by the reduction of Sales.

### Question

In the summer, workers sometimes have to work under conditions of 35 or 40 degrees. What measures have been put in place for the upcoming summer ?

### Answer

One organisation decided to make investments to improve conditions step by step, as the production hall is quite big. They installed air conditioning on each line and have defined the higher-temperature processes. They have been communicating topics such as these every month to the union. They came to an agreement



on a structural project that we will do. They cannot solve this perfectly in the short term, but they will keep working on this.

The company does take into account the environment of the workers. All these factories have a perfect air conditioning system.

Wherever we could take action, we have done so. We have improved the situation, but ventilation can only bring the temperature inside to the outside temperature, not below.

#### **Employer representatives:**

Mr. Minaka (DENV)  
Mr. Hoorelbeke (DENV)  
Mr. Iwasaki (DENV)  
Mr. Hiraoka (DICZ)  
Mr. Hara (DDC)  
Mr. Otoi (Chemicals Europe)  
Mr. Capozio (DAE)  
Mr. Yamanaka (AAF P&I)  
Mr. Bowden (J&E Hall)  
Mr. Berbner (AAF C&I)  
Mr. De Schacht (DENV)

#### **Coördinator EOR:**

Ms. Deneve

#### **Employee representatives:**

Mr. Van Waardhuizen (DANL)  
Mr. Biesik (AAF Slovakia)  
Mr. Young (J&E Hall)  
Mr. Steinigl (DICZ)  
Mr. Stelzer (DICZ)  
Ms. Holcrova (DDC)  
Mr. Gric (DDC)  
Ms. Robaert (DENV)  
Ms. Kliche (DACE)  
Ms. Segers (DENV)  
Mr. Arena (DAE)  
Mr. Agliocchi (DAE)  
Ms. Neau Lefèvre (DAF)  
Ms. Anderson (AAF P&I Div)

Solutions have to be practical, and there is a financial impact to providing an air-conditioned environment in a 50-year-old factory. As regards the noise, I am ready to have a technical discussion with anyone who wants to be involved. The company is doing everything it can do.

Mr. Tsubouchi (DENV)  
Mr. Umamoto (DENV)  
Ms. Goossens (DENV)  
Mr. Lingier (DENV)  
Mr. Mena (DACS)  
Mr. De Graeve (DMGG)  
Mr. Kamekawa (DACI)  
Mr. Mutz (DAF)  
Ms. McGinlay (DAUK)  
Mr. Lievens (DACE)


Ms. Neukom (Daikin Chemicals Europe)  
Ms. Foret (DAF)  
Mr. Droogenbroot (DENV)  
Mr. Deleersnijder (DENV)  
Ms. McGavin (DAUK)  
Mr. Bryan (DAUK)  
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Ms. Aleixo (DAPT)  
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Mr. Dadgari (Daikin Applied UK)  
Ms. Hogard (DENV)  
Mr. Kraus (DMGG)



**European Trade Union representatives :**

Mr. Vandenberghe (European T.U.)

Mr. Deprez (European T.U.)

	<i>Emmanuelle Neau Lefèvre</i>
<b>Hilde Goossens</b> Chairman	<b>Emmanuelle Neau Lefèvre</b> Secretary

***All the members are at your disposal, do not hesitate to contact them !***