

Brief Report 37th EWC meeting, Daikin Ostend

14 June 2023



What is the European Works Council (EWC)?

On 14th June 2023, 50 people from across the business gathered to the 37th 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 F22.

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've heard a lot about objectives, about respecting people, empathy, communication and so on. We feel there is still a lack of respect in the company. The objective is to raise awareness about the gap between our ambitions and real life experiences in our subsidiaries.. We know it's very difficult to find and recruit new people, so starting with respect in the group is essential.

Answer

It is important that there is a good social consultation within every local organization to discuss such topics. The basic values and People-Centred Management, with respect as one of its elements, is certainly something that is in the hearts and minds of all the employer representatives. It is however always good, to put this to the attention and to invite also to take this up in each local social consultation.

Question

Have managers heard about this issue, and how can they follow up on this type of behaviour and avoid any such behaviour in the company?

Answer

In terms of prevention, there are legal requirements around health and safety. We have the internal trust persons in the organization and external systems as well. What we have also done as Daikin, and which is not obligatory, is that we have whistleblower systems all over our organizations. If there are issues which are not in line with our company values, we sometimes receive comments and these are always tackled.

Question

Finding staff, that's one issue. Finding qualified people is another issue. I'd like to know in your respective countries, what type of measures could make our companies more attractive to the outside world regarding the organization of our work, for instance.

Answer

From an EMEA perspective, recruitment is really key. We are happy to still grow as a company, but it goes without saying that investment in additional people is really crucial in order to grow. On EMEA level, we want to see how we can support affiliates in that. Last year, we created the employee value proposition to identify what makes Daikin different from other companies. Especially people who worked in other companies could then tell which aspects are unique or really different from the companies they worked for before, and that identification and material has been developed, which is now being used by affiliates. We will improve on this in the future.

Question

We understand that until today, it is challenging to recruit employees, so we have people also coming from other countries for cross-border work in other sites. How do you see the cross-border employment as employer? First of all, they speak another language. What about the integration on the work floor in the various organizations and the production units? And secondly, how do we deal with safety and communication for cross-border workers?

Additionally, at various production sites, the turnover is quite high, especially for short-term and agency workers. How do you tackle this problem?

Answer

We have a rather long history with employing people from abroad, and we have employed these foreign people at several production stations and workstations in the plant. At major workstations, we have work instructions and safety instructions in their language. Important documents are also translated. There have been no major safety incidents with these people from abroad.

Answer

We had a severe hiring situation five years ago. We hired a lot of Ukrainian people, as well as people from other regions. We also have to look to the future, because at some point, the war will be over and the Ukrainian people will go back to their country. There will be growth in the Czech Republic, so we need to hire from outside of the country. It is also our future aim that DDC people can speak English as well, and that documents are made available in English.

Question

I would like to come back to hiring people in the production sites. The people do not always speak the local language. Time and time again we see that there's a huge turnover of temporary employees. We are confronted with people that need to be trained by the permanent employees, and that has a huge impact on people that want to do their very best in the production. And next to that, we were talking about cultural differences. We have noticed last year that we saw an increase of cases of social conflicts on the shop floor. I would like to pay more attention to those issues.

Answer

It is correct that the turnover of temporary and interim people is still too high. This is putting too much pressure efforts on our existing permanent workers. This is why we assigned one dedicated HR person following up on the interims, the new starters, having to try to follow up where possible to take preventive actions, and especially also to learn directly about the issues they are encountering. We want to make sure that the ratio of newcomers and leavers is improving. Very recently, we have started seeing a slight improvement. Moving on to that topic about this social tension, we can confirm and we see an increase of such cases reported. Respect, the word that was previously used, is key there. These situations do not correspond to our values or our corporate ethics. We need to show respect for our colleagues. Next to that, in the worst case, we also discussed the sanction policy. Of course we should work in a preventive way as much as possible so we do not need any sanctions, but also from that point of view we are in discussion to make sure that we are immediately taking the right measures in case some people are not showing the correct behaviour.

Question

We understand that Daikin wants to respect values for its employees, but let's focus on the problem that workers experience on a daily basis by being confronted with people who do not speak the correct language to allow them to function well. We must tackle this issue essentially and directly.

Answer

Around 2 or 3 years ago, we discussed this point many times. If you watch the current situation in the world, we cannot hire only people speaking local language, so we should change the mind. How can we use English speakers in the Daikin factories? We make documents available in other languages or use translators. We cannot continue to hire only people speaking local language. This is a worldwide situation now.

Answer

I would like to refer to what has been said before about another factory. But local I guess that at the shop floor and at the production site, it is common that people need to speak the language there. And for office staff or white-collar people, it's probably more likely that they both speak English and local language. And for our production operator to grow to a higher level of becoming a supervisor, for example, it is required that they speak the local language, at the correct level. Recruitment in terms of figures might be okay, but the communication might be an issue. Specifically for 2024 and 2025, more people will come in from different countries and therefore it might be also helpful for us to look at neighbouring countries like how they do it in other factories and learn from their approach as well, since in the near future we might need more people from more different countries.

Question

What is the reaction of the affiliates in the sales sector? It's also difficult to find salespeople and to keep them. How do you attract people to your companies?

Answer

We have the Daikin Academy to welcome students that are close to graduation. We launched this activity a year ago and have a ratio of about 75% of students that actually join Daikin. We will increase the number of students this year and continue through to 2025. For now, this only applies to service activities, but we want to find a way to broaden this to other functions. This only covers part of the required headcount, but it is an activity that we can share with other countries.

Answer

We started an environmental sustainability approach this year. The marketing department took the initiative with a certification company for Daikin's total carbon emission target. We do believe this is attracting more employees and increasing the sense of belonging and the retention rate. To improve brand image, we are sponsoring, and that is one of the ways in which we try to attract more talent from the market.

Answer

We basically succeeded to employ all the necessary staff, thanks to the positive image of Daikin in our country.

Answer

We have until now always managed recruitment of white-collars with scholarship contracts during students' last year of university. We have made preparations for a specific project to capture more candidates from the market with an agreement with technical schools. We will also visit exhibitions about climatization to inform the younger generations about what Daikin does. Even if they do not join Daikin, we can at least try to bring them into the sector.

Question

We would like to have a minimum agreement for the companies in terms of making the working environment attractive and of working from home which can be extended as needed, to make sure we can offer this to new applicants.

Answer

I will discuss this from the EMEA perspective. Respect is of course of crucial importance and is also related to trust. This is all part of People-Centred Management. As for the work-life balance and teleworking, during covid, we were all overwhelmed by the situation and we were basically forced to learn to survive with new digital ways of working. This went surprisingly well, but we did also discover the disadvantages to that. I want to discuss one particular one, and that is the emotional connection that is very hard to create in a digital way. I would also like to refer to another important Daikin value, namely cooperation and teamwork. We do not want to create one standard for Daikin. It's really about striking the right balance in terms of the connection. It's completely different if you do it digitally versus face to face. Daikin does not have the intention to create just one policy that everyone has to follow. We shared our policy just as an example. And we created several opportunities, for example among HR people in EMEA, to share opinions about practices. This is the real way how we like to work in Daikin so that there is the opportunity to discuss, and in line with the basic values of Daikin on one hand, but on the other hand, what is legislation, common practice in the local market. From there, we think about what is the best policy in our circumstances.

Answer

We have experience that working from home works. However, we need to find the right balance between the office and remote working. We must also have a certain quantity of time to spend working together.

Answer

We have welcomed a lot of people in the recent years to align with our business expansion. Physical distance can be compensated by recent technology like the internet or telephone. However, for example, we have our committee council meeting, which is always a face to face meeting. If all those IT technologies can solve everything about our communication, then our meeting can be also changed to an online meeting. But we don't go for that because some face to face discussions can lead to new things. This is expressing our trust in the employees. I think this work at home scheme is already implemented in the majority of the company. The factory is a little bit different, of course.



Question

Yesterday, we talked among ourselves and we realized that there is a problem with raw materials in production sites. There's a problem in the supply chain for certain sites. We know that it impacts the market because we cannot deliver the goods in time to the clients. But on the other side, we would like to know if this will have an employment impact. Will there be any social impact on some size? What are your initiatives in order to offset the lack of raw materials?

Answer

We try to manage this by delaying deliveries. Today's supply chain situation is getting better than one or two years ago. Today, some parts still create a problem situation, but we have too much stock now. We should reduce safety stock. During the two years we created many safety stocks in the factories. Today, that is too much, and we must reduce this. We have currently no plans for a headcount reduction to manage with the shortage of parts.

Question

Was the acquisition of Duplomatic done for financial reasons, or are there any other reasons or any plans to develop another business, or are you just intending to create synergies and integrate this company into Daikin?

Answer

The acquisition was made by the oil hydraulics division of Daikin Japan. Before the acquisition, we did not have any business in Europe. It's a first step to expand the business in Europe within our oil hydraulics division. The air conditioning business has a lot of experience and knowledge in Europe. We may have opportunities to create synergies, utilizing this knowledge within the air conditioning business. In the past, we and the oil hydraulics division promoted oil cooling, which is something like our air conditioning systems, which cool machines in the industry and the sales divisions really promoted oil cooling. Now, the oil hydraulics division increased the product portfolio and acquired this company. At the same time, within sales at the company, we are targeting the expansion of the business in the industrial market. From now on, we should investigate and challenge how to create the synergy between Daikin Europe air conditioning business, including hot water business for industrial market, together with an oil hydraulics Duplomatic channel.

Question

I've got the same question for Applied. So we are dealing now with the production for medium and large chillers and we have some issues with delays for several weeks. What is being implemented to reduce those delays? This creates many problems for sales. We commit ourselves to produce for the customer, but we can't produce in due time.

Answer

We did do special efforts by the procurement team but to contain this problem and the consequences it is definitely not enough. This is the reason we are now designing a new platform where we will have a common platform between screw chillers and scroll chillers. We would also like to have a common platform to reduce costs and also to have many common components in order to reduce the number of components we need and get the benefits, also in terms of delivery time. This is one example of the things and the actions we are taking in order to reduce the delivery time.

Question

There have been lots of information surrounding Fusion 25 and the Daikin family. We do all feel part of the Daikin family, but some people don't. There are issues with People-Centred Management within some of the companies. Earlier, someone touched on managers trusting their team and leadership development. Is this something that's going to be addressed throughout the group? And if so, what will be done across the board?

Answer

Leadership trainings are taking place. This is an important step in order to train leaders in different organizations in what the Daikin leadership style is. Such trainings have to be linked to People-Centred Management philosophy. At EMEA level, after covid, we could start up several leadership programs again where this is also included and where for the first time this year we had the pan-EMEA leadership program where we also invited the sister companies to join the same leadership program, which makes it more easy to connect with leaders from all Daikin organizations and learn from each other in how to apply People-Centred Management. In such programs we typically also ask some leaders to give their practical example of how they practice day by day, so that this is also for the participants an inspiration in how other leaders are practicing the People-Centred Management.

Answer

If it comes to People-Centred Management, we are going through a very, very difficult phase. I think it's one of Daikin's strong elements to not only deal with happy and motivated people in a good moment, that's quite an easy thing. But especially in a difficult phase, it is extremely important to have the people on board. If you would translate People-Centred Management in one sentence, maybe the right translation would be the strong belief in the natural goodness of people. This is always how I use the summary in a nutshell in one sentence. I'm happy to see that in so many group companies Daikin has acquired the way how to talk to people. It is about respect. We simply have to talk to each other in a respectful way. If I look to this group, I see so many faces that I've known for so many years and I still remember also some of you members from the council when I was representing other Daikin organizations. I think this is the best proof of why we are here, because we want to work for such a company that has this kind of high level of ethics, corporate culture, and People-Centred Management. If there are some individual cases, as you mentioned today, then of course we have to follow up very, very closely. But I think this is the core secret of Daikin's success.

Question

What products will be manufactured where? And is it just simply down to cost issues that some products are taken out in some production sites because it is cheaper to manufacture them on other sites or elsewhere? We would like to know where the journey is leading us in the future. Will there be a transfer of products that have been allocated to the sites?

Answer

We take into account the target localizations. For the EU market products, we should make them in Europe, but today, we are faced with many changes, like the F-gas regulation or heating demand or some factories that are already over capacity. During this time, we adjust which products are made in which factories. We are constantly adjusting that. Basically, we keep the European production volumes, and some units we request to Asian regions. However, in the future the carbon tax is coming, so maybe then the cost structure will change.

Question

I would like to put special attention on the importance of employee engagement because people are building the foundation of each organization. I'm curious if the employee engagement is somehow measured within Europe. Are there some special topics which need attention to enhance the engagement of employees and to make the Daikin brand, the values, and the Daikin culture better? Are any actions actually taking place or is it somehow measured and acted upon?

Answer

For some policies, like the homeworking policy there currently is not one policy which needs to be used by all organizations. For employee surveys, several organizations are using tools. They are used in a certain methodology to work together with their management, with their employees to see what the reasons are, what's coming out of the survey and how to turn it into the action plan. What we want to do as EMEA is to collect the best practices of the tools which are used, and from there on out, to help affiliates if they would like to do the survey, to see which the tools others within the group already have a good experience with. To avoid that everyone needs to find out by themselves. But we don't have one general survey which needs to be followed, for example, by all organizations.

Attendance employer representatives:

Mr. Minaka (DENV)
Mr. De Schacht (DENV)
Mr. Iwasaki (DENV)
Mr. Hiraoka (DICZ)
Mr. Hara (DDC)
Mr. Oda (Chemicals Europe)
Mr. Multineddu (DAE)
Mr. Clement (AAF P&I)
Mr. Bowden (J&E Hall)
Mr. Vos (DACI)
Mr. Nozaki (Zanotti)

Mr. Tsubouchi (DENV)
Mr. Umamoto (DENV)
Ms. Goossens (DENV)
Mr. Dimou (DENV)
Mr. Mena (DACS)
Mr. De Graeve (DAG)
Mr. Fukui (DMGG)
Mr. Ishikawa (DAUK)
Mr. Krutz (AHT)
Mr. Nishimura (DAF)
Mr. Yogo (Duplomatic)

Attendance coördinator EWC:

Ms. Deneve


Attendance employee representatives:

Mr. Bosma (DANL)
Mr. Knoll (AAF Slovakia)
Mr. Young (J&E Hall)
Mr. Steinigl (DICZ)
Mr. Miroslav (DICZ)
Ms. Holcrova (DDC)
Mr. Frank (DDC)
Ms. Matzka (DACE)
Mr. Agliocchi (DAE)
Ms. Neau Lefèvre (DAF)
Mr. Cavallari (Duplomatic)
Ms. Uhlin (DASW)
Ms. McGavin (DAUK)

Mr. Arslan (Chemicals Europe)
Mr. Longère (DAF)
Mr. Droogenbroot (DENV)
Mr. Deleersnijder (DENV)
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Ms. Ruiz Paniagua (DACS)
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Attendance European trade union representatives:

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Hilde Goossens Chairman	Emmanuelle Neau Lefèvre Secretary

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

