



Brief Report 36th EWC meeting, Daikin De Panne 15 June 2022



What is the European Works Council (EWC)?

On 15th June 2022, 47 people from across the business gathered to the 36th 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 F21.

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

Training newcomers puts additional pressure on the colleagues that are providing training. Is there a current standard for training for production and affiliates, for both blue-collar and white-collar workers, for all sites? In Daikin Ostend, we have the Daikin School. Can this be rolled out in every site ?

Answer

Before we transfer the Daikin School system from DENV to other factories, we should check the current situation.

Comment

An important element is teaching and coaching about safety. We can use on-the-job training if required. Training methods for different functions can also vary greatly. If there are good or meaningful ideas from other factories, we can adopt those to improve our training activities.

Question

We do not want to give up on the buddy system, but it might be a good idea to have older employees become mentors on the shop floor so they can focus on providing training. The Daikin School is a good starting point, but people need to learn things on the shop floor itself as well.

Answer

For generic competences, we count on knowledge transfer from Daikin Europe. For other topics, there may be common elements across Daikin, but factories may need to develop company-specific training as well. We need to learn from each other where we can, and if there is a need for generic competences, there are standards which are transferred. On-the-job training at the workstation can be time-consuming for the experienced operator, but it is the best way to learn, and we take that into account in the productivity figures.

Answer

What the factories are suffering most from so far is the supply problem and the lack of parts in our factories. As soon as that situation is normalized, we can put more effort into training. Please allow us some time to study the situation in each factory.

Question

I propose to put that question on the agenda of the Select Committee in October. By then, we can get a more in-depth assessment of what the training situation is like in the affiliates and in the production sites. In Ostend, many older people will be retiring in the next five years. Their know-how and knowledge must be passed on so Daikin can continue with very good progress.

Are you doing something at the level of Daikin Europe regarding the onboarding of newcomers in the affiliates ? We want to retain newcomers, as training them takes a lot of time and energy.

Answer

We will further digitize our processes, such as recruitment and onboarding, to create a more standardized approach. With Daikin People, we're producing training materials that can be used in the affiliates as well. We also want to work more as one HR organization instead of working independently.

Certain technical trainings are centrally developed in Daikin Europe and are digitally accessible. We also have training in every affiliate using the train-the-trainer principle. This is then translated to every affiliate in terms of language and approach.

Comment

The training of newcomers will determine the quality of our products and services in the future. As far as sales affiliates are concerned, we work with e-learning programs that are developed by Daikin Europe and then adapted to each affiliate, and with webinars that are taught by experts in the affiliates themselves in the local language. There may also be an individual need for training. The approach in the affiliates is already quite harmonized, but there is always room for individualization where necessary.

Question

Onboarding takes time, but successful onboarding ensures that people stay with us. However, competitors sometimes try to steal

people away from us. We need to keep people motivated.

Comment

One of the challenges with integration is bringing in the face-to-face aspect again. That will ensure a good working environment and a true Daikin spirit. Combining digital and face-to-face is a new reality, but if we want to safeguard our Daikin DNA, we need to teach our managers the skills for working with this combination and closely follow up with their people.

Question

Without sufficient colleagues, we will experience difficulties when launching new products. Lack of perspective on the future seems to be an important cause of this brain drain. We also see young colleagues performing high-level activities very quickly, instead of going slowly with training. HR should provide training guidelines, perspective and growth opportunities to motivate the staff.

Answer

The turnover issue is a global problem. We are studying the causes by performing exit interviews, so we know why people leave. We need to find a compromise to cope with these new phenomena in society and take the right countermeasures against them to keep our people in the company. Concerning training, we are hiring people with a higher level of education than before, which may feel a bit unbalanced. We are open to have a discussion with you about this.

Comment

Fusion 25 is challenging as our sales targets are very aggressive. We have to share our vision. Daikin is also struggling very much to retain young staff. However, we also have to explain that the day-to-day work is important for the customer experience. Mistakes may damage Daikin's reputation.

As Daikin, we have a lot of cards to play in terms of leadership positions. We have a great vision. We can make a difference in this world in terms of the environment. We have a great strategy and with Fusion 25, I think we have done an excellent job as an organization in trying to communicate this much clearer to the whole organization. In our leadership curriculum, we focus on communication. Newcomers need to know what difference they can make individually and as a team. It's about what we can do for the company, but also what we can do for customers. A happy customer is

one of the best possible achievements. Some leavers also choose to come back to Daikin after a while, because they realize working at Daikin is actually very nice. These people can be great ambassadors. People who leave on good terms can also become ambassadors for Daikin on the outside.

Question

What are you doing on a short-term basis to improve the supply situation so that we can take the pressure from our colleagues at the affiliates? How many sales orders get lost to our competitors due to the current situation?

Answer

The supply problems are a worldwide issue and there is no immediate solution. To tackle this, we are now meeting at least once a week with all manufacturing plants to see where parts are available and where we can help each other. As far as production figures are concerned, we think we can recover from the situation and be back on track within one year.

Comment

Managing directors of all affiliates should consider each day how to allocate the currently available parts to our loyal customers to support the sales staff. We will soon enjoy better availability thanks to the bigger effort of all manufacturers. Some competitors are winning projects, but others are losing them because of Daikin's availability. In general, we can provide the better supply and availability in the market. We cannot commit to specific delivery times, but customers and installers accept that.

Question

The pressure on the staff is at a very high level that we have never seen before.

Answer

Top management and the managing directors of the affiliates recognize the difficulty of the current situation. Managing directors of sales are making the best effort to tide over the current difficulties as a team. We should support the people in other teams as one organization. The number of leavers is increasing, but we are expanding our business with existing colleagues and newcomers. We will execute all of our efforts to retain existing colleagues and recruit newcomers as well and educate them for the future.

Question

Does Daikin have a European standard for working from home or is there a possibility to work something out? We see that different



affiliates have different standards, and we feel most of our colleagues would benefit from increased working from home.

Answer

We do have certain principles and values that are valid for the whole group, but policies are a local matter. Each organization needs to look at common practices, legal specifications, for which functions it is appropriate etc. On a European level, we do share the policies as a practice, but we will not make one policy that is valid for all organizations.

Answer

Policies depend on the organization. We communicate to our HR and Managing Directors that we need to find the right balance, but that we need to focus on meeting face-to-face. That is the Daikin way. Secondly, we need to evaluate for each function and organization what makes sense and what is common practice in each country. The important thing is keeping the results and the reachability and keeping our Daikin spirit.

Question

We need a lot of new people in the factories, at the affiliates, at headquarters. Unfortunately, people are leaving as fast as they are hired. Are lessons learned from that and are these considered in the short term for the different countries? To which extent will recruitment and onboarding be standardized ?

Answer

We will not go towards one process or policy for all countries, but we do want to find out what a good process is. Regarding cooperation on recruitment actions, we are working together with a group of HR responsables and an external partner on the employee value proposition, i.e., the appealing factors to join Daikin instead of another company. Affiliates can then use that. It's not a copy-paste job, but the basic work will already have been done. The same goes for training content. We will increase the efforts in aligning with each other, sharing best practices and doing some common projects together. This will further increase, and we will especially be focusing further on recruitment.

Question

I have a question on Applied. In your presentation, you talked about a potential sales volume of €16 million. What is the capacity of the manufacturing site in terms of thousands of units? How many heat pumps will be produced? We have no visibility on that. Also, 100% of the production is sent to Belgium first and then

dispatched across Europe. Can we centralize the dispatching to avoid that parts have to travel so much ?

Answer

The 16 million is only the gap between what we will already have produced last year and what we will produce on top of that. Production last year just started in July and there was a ramp-up. This year, we should have a production that is more than €30 million for the small chillers. We can go up to 10,000 chillers a year if necessary. We are running around 4400 per year right now.

As for the logistics, these units are mostly dispatched together with other components, because we cannot fill entire trucks with the units alone. We did the study together with DENV, and the result is the best compromise. Heat pumps are available, the problem is with two-circuits and one-circuits. The original mix was 60% single-circuits, but DENV and the network are asking more two-circuits, so we need to change the production line. There is a plan to satisfy the demand of the two-circuits.

Question

We heard that new production sites will be built in Europe. Do we have any additional information on that, or is this just a rumour ?

Answer

The annual policy of Mr. Tsubouchi mentions a need for additional capacity. If there would be any final plan and final decision, we would inform the EWC or the Select Committee in a timely manner.

Comment

Recognition of employees' commitment is essential in any company. That includes paying them properly, but also acknowledging their efforts from a human perspective. Many thanks to the management team for celebrating our 20th anniversary in this meeting room. We will continue working and talking between this committee and the members of management. We know and we heard that you have a very ambitious plan, and I think we all need to be committed to the success of that plan.

Chairman

A member of the Select Committee left the company. Were you able already to select a new member to replace her ?

Answer

We're still awaiting candidates and the election would take place tomorrow. We'll keep you informed.



Employer representatives:

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

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. Lievens (DACE)
Mr. Desiere (DAB)

Coördinator EOR:

Ms. Deneve



Employee representatives:

Mr. Berends (DANL)
Ms. Švedja (AAF Slovakia)
Mr. Young (J&E Hall)
Mr. Steinigl (DICZ)
Mr. Vařak (DICZ)
Ms. Holcova (DDC)
Mr. Gric (DDC)
Ms. Robaert (DENV)
Ms. Matzka (DACE)
Mr. Vermeersch (DENV)
Mr. Pantano (DAE)
Mr. Agliocchi (DAE)
Ms. Neau Lefèvre (DAF)

Ms. Schütz (Daikin Chemicals Europe)
Mr. Longère (DAF)
Mr. Droogenbroot (DENV)
Mr. Deleersnijder (DENV)
Ms. Bozdemir (DMGG)
Mr. Sansen (DAG)
Ms. Ruiz Paniagua (DACS)
Mr. Bravo Gonzalez (DACS)
Mr. Almeida (DAPT)
Mr. Farinola (DACI)
Ms. Sanderson (Daikin Applied UK)
Ms. Hogard (DENV)

European Trade Union representatives:

Mr. Desmet (European T.U.)

	
Hilde Goossens Chairman	Emmanuelle Neau Lefèvre Secretary

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

