



Brief Report 32nd EWC meeting
Daikin Ostend
20 June 2018

What is the European Works Council (EWC)?

On 20th June 2018, 46 people from across the business gathered at the DENV Headquarters in Ostend to attend the 32nd 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, Rotex, 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 F17.

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.

Q&A Session

How can you realize improved communication between production and sales in timing and planning of available units ?

We produce on the basis of the forecast and we have last minute adjustments. Sales forecasts steer production in the mid long term resulting in production output.

We hold an offshore meeting once a month with close communication between Sales, Supply and Manufacturing. In between we have separate close communication directly between Sales and Manufacturing.

How can we find out in advance that we have issues coming up, regarding planning and production?

In this case, sometimes affiliates contact the factory directly. If we have stock, we have a buffer to counter it. The lower the stock, the less buffer we have. In addition to the communication system we also have direct communication between affiliates and Supply. Sometimes manual interventions are needed.

When new products are developed and there is sometimes a problem with cascading information in the planning down to the basis, what can be done to overcome ?

We faced some difficulties with the Altherma 3 generation launch where some components were missing. Due to communication issues we learned that Sales, EDC and Manufacturing have to collaborate and communicate.

The number of EDC people have been increased by over 100 in the last year. The EDC plan is quite full. In terms of processes, systems and communications, several actions have been taken, from the EDC side as well as from Sales and Manufacturing.

Could we have a follow-up on the setup in Europe, regarding the quality issues?

In the past it was rather difficult to grasp the quality issue by a GIB-system. Because we found only some of the problems in the GIB because GIB did not cover the entire end of the quality issue. This is why we decided to install the new service management system, what we call DSM3, Daikin Service Management System 3. With this system we can monitor the entire quality issue, since DSM3 has capability of issuing a daily report on quality which we should share with top management.

Sometimes, accessories that are part of a product are missing, or in the wrong color, thereby blocking the entire system. How is this possible?

Both the unit and the accompanying accessories should be planned together. With Velvet we integrated all inventory in different warehouses, including planning from customer to inventory. Inventory towards the factories is planned centrally. Nowadays we have much more products and planning has become more complex. However, improvements were made. We envision the use of AI and robotics in the future.

In our last meeting, we spoke about PCM, the philosophy of the Daikin Group. How far

did you deploy this philosophy in your companies and have new plans or programs been developed?

We can give some examples of PCM that have been shared across our group, in Daikin Europe and our local companies.

One affiliate is continuing what they have been doing in the last years. They are trying to continuously involve as many staff as possible in their strategy definition. A major point is an all employee conference once a year. It is a big group conference, like on Daikin Europe level with the Fusion 20 conference. They also wanted to stimulate the sense of belonging. They had some team building events on the day after. It is always a mix of business and team building. Because PCM should be something that differentiates Daikin from the other suppliers and competitors in the market, they did a similar type of conference for both employees and customers.

In another affiliate, they have every six months a PCM workshop where people who joined the company have the opportunity to spend 1.5 days together to discover Fusion 20, Daikin corporate history, what Daikin Group is doing, but also PCM. In the evening they give them a taste of Japan. It is not just us explaining to them what PCM is, but it is rather letting them discover what they believe PCM could be.

Another Daikin organization would like to comment on a success factor of PCM. Their company is quite a complex business, made up of four or five different groups. So, the ERP system was quite complex in setting that up. What they did not want to do is have a top down selection and implementation approach. So, they implemented and selected the ERP system based on PCM values.



Regarding another affiliate, they organized a meeting with 100% of the service staff and management, dedicated events in two days where they were outside the office. They shared information about the company performance but also workshops for improving the approach to the customers and several other topics.

In another affiliate, they organized workshops for the colleagues for each group, consisting of around ten people. They had some presentation and management agreed to select several projects to implement.

Another Managing Director commented that PCM can be defined in many different ways. In the branches, there is less of an understanding of PCM. So, they are very proactive in visiting the branches, explaining what the expectations within PCM are, and how they can evolve the culture, the DNA and making sure that people are the secret of success of the business.

There are also some EMEA-wide initiatives. We make sure that PCM is embedded in all our management programs, in several ways. We have workshops for HR-people, we try to invite people from some of the affiliates, some kind of PCM ambassador.

There are a lot of projects in Fusion20. More and more, people are taking ownership of new projects and new actions, be it in Manufacturing, Sales, EDC or in Services. There are also new and 'younger' people, coming out of their comfort zone and trying something new. They are given the opportunity, and they are not always the same people either, but new people as well.

They asked our newcomers, all people who entered the company this year, to volunteer and do the organization of an event themselves

How do you take care for the older people in this company, who have knowledge and experience?

The environment is changing even faster than before. Of course, we take care of all our employees. We give them opportunities, but we also require flexibility from them.

Management has to create opportunities, they give people the internal and external tools to develop themselves, but the final step should come from the persons themselves who have to show some flexibility too. Older people could be coaches and trainers. In addition, there should be good communication between management and staff.

Could you tell us more about the new structure for support services in Warsaw?

For shared services for finance and accounting, we are working with Infosys. Due to high rotation figures, we wanted to develop our own center in Poland. We will start with around twenty people growing towards fifty. We opted for Poland because we wanted to integrate these functions in one center, to create a knowledge center around these functions. Secondly, the labor costs between Poland and Belgium are different, so for certain functions we opted to execute them in Poland. These value-added processes will be executed in what we call DEBS, Daikin Europe Business Support. Some functions that are now taken care of by Infosys will move to Warsaw. Around the same number will move gradually from Daikin Europe to Warsaw. We think this new structure will be more stable.

How can it be that there are so many interim workers in the DICZ and in the Brno plant?

In these plants it is not possible to recruit the desired number of employees. There is a huge turnover of employees. We are forced to work



with temporary or agency workers. Everybody receives training for working on Daikin systems. For the foreign workers we have interpreters and coaches available.

What is happening in Emmen now, with the closure of the plant and the medical issues? The factory in Slovakia is not ready to take over from them.

There was a meeting with the President of AAF and the Select Committee on Monday, both on the latest status on the closing of the Emmen plant as well as the health issue and pending investigation on the site. The select committee has all the information.

Regarding the closure, do you think this could jeopardize the future of Daikin Europe?

It is very clear that Daikin has the ambition to be the number one worldwide in the filter business. Daikin really considers the filter business as one of the most important pillars towards the future.

What measures are taken to prevent burnout of employees?

There is a legal framework in place. We give training to our management in order to detect signals but also to create environments where this is minimized as much as possible. Within the company we are also trying to set up some tools and processes in order to deal with this.

People can go to their HR manager, their own manager, to a trust person and in some affiliates there is also the crisis hotline.

Recently, a questionnaire was sent to all our affiliates in view of external assistance and helplines, mainly focusing on different forms of harassment, not on burnout. We also need to watch out for people doing overtime structurally. On the other hand, people have to be willing to be flexible and do some overtime sometimes.



Employer representatives:

Mr. Hoorelbeke (DENV)
Mr. De Graeve (DENV)
Mr. Morita (DENV)
Mr. Hiraoka (DICZ)
Mr. Takahata (DDC)
Mr. Schmitt (Chemicals)
Mr. Capozio (DAE)
Mr. Blümel (Rotex)
Mr. Bowden (J&E Hall)
Mr. Allsopp (AAF GB)

Mr. De Schacht (DENV)
Mr. Tsubouchi (DENV)
Mr. Umamoto (DENV)
Mr. Izumi (DENV)
Mr. Mena (DACS)
Mr. Akamatsu (DAG)
Mr. Kamekawa (DACI)
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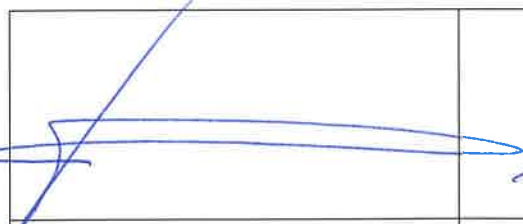

Mr. Van Waarhuizen (DANL)
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Mr. Pattison (AAF International)
Mr. Bruha (DICZ)
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Ms. Holcova (DDC)
Mr. Tenti (DAE)
Mr. Telkamp (AAF AIR Filter Europe)
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European Trade Union representatives:

Mr. Vandenberghe (European T.U.)

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

	
Wim De Schacht Chairman	Emmanuelle Neau Lefèvre Secretary

