



Brief Report 31st EWC meeting Daikin Oostende 22 November 2017

What is the European Works Council (EWC)?

On 22nd November 2017, 46 people from across the business gathered at the DENV Headquarters in Ostend to attend the 31th 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 is PCM actually translated into practice and implemented in the different Daikin businesses?

Employer representation informed that the key stakeholders implement PCM in their organizations. Several training programs for different management levels in EMEA were launched. In these trainings, the philosophy and best practices are explained. It is

important that the newcomers who enter Daikin also understand the Daikin philosophy and some examples of practices in the Daikin organizations in EMEA through their induction. Another example about PCM is related to projects. There are new initiatives such as Daikin Onsite, Stand By Me. The aim is to give 'young' people challenges in these projects.

One organization encourages all employees to meticulously follow training sessions. Every employee also has the opportunity to ask for individual training according to his own needs and capabilities. Every newcomer gets an introduction course. Appraisals where employees are encouraged to devise their career path and annual personal meetings are organized.

Another example is given where the board of directors has regular customer visits with sales engineers. They follow up on staff that indicates they want to leave the company.

In another organization, they want to show appreciation to their staff and strengthen trust and collaboration between the management. It is a priority to focus on employee development and successes. Together with Daikin Europe, they are currently reviewing their development evaluation system. Next to this, a program to become a Daikin great place to work was started.

Similar activities are confirmed in another affiliate. Regarding social activities for employees and their families, there is a program of one activity per month, such as football matches on Friday or Saturday, or a tennis tournament for employees and their families. Of course, they try to keep the tradition of gathering once a year at Christmas parties. As of next year, the Friday lunch school will be launched, meaning that at least one Friday per month, all service engineers will receive some training program.

In one organization, they take the management to the people. All the management choose to recognize individual efforts for a specific project. For example, new software had been implemented successfully, where the team in charge was really praised by the top management with a

message sent to all employees. Flowers were sent to all offices to show their appreciation. They did much training the last two years. And they will do so again. With this training, the employee can get an official diploma for sales management. This was at a voluntary base. But it was successful. They all get their diplomas, so there was a ceremony organized to congratulate all of them.

They try not only to motivate the people with money or salary or bonuses, but also with something that is called a president award, so that people who have done their best can be awarded. The way they do this can differ for each workshop and workplace.

Another organization has been conducting town hall meetings. They are meeting all the employees twice a year, to share with them the company progress, the guidelines, to build up a team and to get to know each other. They send some of their engineers to Japan to attend the PDS training (Production Daikin System) to introduce the leading manufacturing techniques. Now they are sharing that with everybody, to improve the skill of their workers. They are actively working on the brazing school and recently reinforced their HR department with what is called a 'business partner', that will help managers in being proactive in dealing with the people of their department with a very active support of HR.

One division organizes meetings: working meetings, regular meetings, monthly meetings. They also hold meetings with their managers and organize different events. For instance, they have a special event with all the employees including their family and kids. Training is a key issue. It is very important to listen to the expectations and interests of the people. They are training their managers how to listen and how they can practice it.



Is information of these meetings collected and what is done with this information?

Some organisations have two yearly evaluations. It is indeed important not just to have the discussion, but also to do something with the results of the discussion.

For another organization, they have regular meetings between staff members and managers. These meetings are signed off on forms that contain the major agreements made during those talks.

These days, younger people are encouraged to develop their capabilities and choose a career path. How about the older workers?

It is important that not only the younger people should feel respected and appreciated. It works best to have a combination of younger and older staff. The older people have a specific work ethic and responsibility. A business growth strategy in the coming years creates a lot of opportunities for people, not only younger people but also older people, for those who are willing to take up the challenge. Where necessary people need to acquire the necessary training to be able to continue their jobs when becoming older.

In another country, with respect to PCM they focus on training the higher management. They also focus on communication and have workshops where questions are asked and feedback is directed to top management.

Some of the companies have a very diverse workforce. Is PCM helping to make that work?

Yes, there are many different cultures. It is confirmed that these are integrated in the company and the factory, through the use of PCM.

In one organization, they have prepared instructions in foreign languages and hired interpreters for better training and communication purposes. Bilingual training has been implemented for easier

understanding. They also want to facilitate handicapped (e.g. deaf) workers in their factory.

Daikin has big plans, but the situation in the individual factories (older equipment, lack of materials, delays in production, staff working overtime) makes it sometimes impossible to stick to deadlines and productions quantities. How will this situation be addressed?

Some organizations have action plans that were produced after among others social consultation. Also, they want to investigate their particular problems and solve them one by one. Another organization has concrete plans as well as a more detailed action plan.

There are worries about the quality standard under all that pressure. Will the Daikin quality standards be met? If the planning is too rigorous, perhaps the planning must be adjusted.

The quality standard is very important for the businesses. It is important to keep these standards. The number of engineers has been increased. There are 150 new products, much more than before. This puts pressure on Design, Sales and Production. There is indeed pressure to move and to launch products fast. Planning is just one aspect. With the launch of new products, there are always unforeseen circumstances. The market has become increasingly more competitive. That is a fact. It is no solution to stop the launch of new products. Action has been taken, for instance by hiring new engineers.

There were some issues of companies having the ISO 9001 certifications. This has to do with quality, not of products only but also of stakeholders, customers, workers and employees. The 2015 version of ISO 9001 is quite clear. Will this be extended to all sites or does that depend on local management?

There is a 9000 and 14000 certificate. Manufacturing entities are having it. The



certificate is voluntary for sales affiliates but for manufacturing entities, it is obligatory.

There is the improved customer satisfaction in sales entities also focusing on the reduction of returned products. They are measuring the net promoter score very systematically, as a way to improve the processes.

In the presentation, it was indicated that Heroflon is acquired.

Heroflon is acquired by Daikin Industries to develop new polymers.

How and how well were the employees of Heroflon informed of the acquisition?

They were informed. There will be a smooth transition. Heroflon will be kept as it is. There will be some people from Japan coming over as well as some people from one organization, to work with the people in Italy.

What is the opinion on safety and medical issues (related to one specific organisation)?

There will be an external H&E consultant working in detail on this issue. Results will be shared afterwards.

Reference was made to a social plan in the presentation, but is it the intention to have a new social plan for those who will have to leave the company?

Those negotiations will be done by the local team, the works council, the unions and the employee representatives. That is premature and can't be judged from here today.

The employees might be examined by doctors to see what their health is. Any check-up program should take up a longer period of time.

It is a voluntary program. This medical investigation will show what needs to be done in the future. If there is anything that has to be done, the company will do it. An external consultant is hired. The medical check will be done and there will be follow-up actions. These will be transparent. Everybody will be able to see what there is going on. The personal data will of course be confidential for each individual person.

To sum up about the EWC meeting schedule: proposal is a fully-fledged meeting in the spring and then another one in November with only the Select Committee and the Board Members. The Select Committee remains active as before. This is what we agreed in the preparation meeting. The Select Committee was four members and will now be six members.

In order to start practical preparation from January, The Select Committee will sign the annex to the EWC agreement, authorized by the EWC representatives.

At the start of the meeting in June, all EWC representatives will add their signature.

Employer representatives:

Mr. Minaka (DENV)
Mr. Hoorelbeke (DENV)
Mr. Morita (DENV)
Mr. De Schacht (DENV)
Mr. De Graeve (DENV)
Mr. Tsubouchi (DENV)
Mr. Umamoto (DENV)
Mr. Izumi (DENV)
Mr. Krutz (DAUK)

Mr. Baba (DICZ)
Mr. Hara (DDC)
Mr. Mena (DACS)
Mr. Mutz (DAF)
Mr. Desiere (DAB)
Mr. Azerad (Chemicals)
Mr. Dimou (DANL)
Mr. Berbner (AAF NL)
Mr. Paoella (DAE)

Coordinators EWC:

Ms. Goossens
Ms. Deneve

Employee representatives:

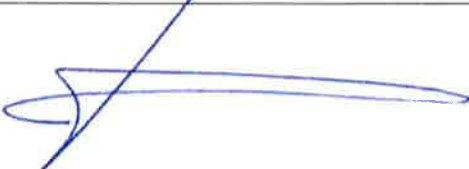

Ms. Neau Lefevre (DAF)
Mr. Kraus (Rotex)
Mr. Marshall (Daikin Applied UK)
Mr. Stapf (DAG)
Mr. Carnevale Carretero (DACS)
Mr. Prince (J&E Hall)
Mr. Amaral (DAPT)
Mr. Agliocchi (DAE)
Mr. Tenti (DAE)
Ms. Robaert (DENV)
Ms. Hogard (DENV)
Mr. Droogenbroot (DENV)

Ms. Segers (DENV)
Mr. Deleersnijder (DENV)
Mr. Telkamp (AAF Europe)
Mr. Farinola (DACI)
Mr. Pattison (AAF International)
Mr. Levy (DICZ)
Mr. Bruha (DICZ)
Mr. Gric (DDC)
Ms. Holcrova (DDC)
Mr. van Waardhuizen (DANL)
Mr. Suer (DACE)
Mr. Van Hoof (Chemicals)

European Trade Union representatives:

Mr. Deprez
Mr. Vandenberghe

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

	
Wim De Schacht Chairman	Emmanuelle Neau Lefèvre EWC Secretary

