



SUPPLIER CODE OF CONDUCT

Overview

Daikin Applied Americas Inc. (“**DAA**”), Daikin Comfort Technologies North America Inc. (“**DCNTA**”) and Daikin Manufacturing Mexico, S. de R.L. de C.V. (“**DMMX**”), (collectively, “the “**Company**”), is committed to the highest standards of ethics and business conduct. Company’s suppliers are critical to the Company’s success, and in selecting product and service suppliers (“**Suppliers**”), Company works hard to choose reputable organizations that are committed to providing superior products and services in a responsible manner and that meet Company’s expectations for ethics and compliance.

The Supplier Code of Conduct (“**Code**”) sets forth expectations and requirements for Suppliers. The Code is not intended to be an exhaustive list of all ethical and business conduct requirements, as Company understands and expects its Suppliers to have their own internal codes of ethics and conduct. Company strongly encourages Suppliers to exceed the requirements of this Code and promote best practices and continuous improvement throughout their operations.

1. Principle of strict legality and compliance with Laws.

Company strictly respects the principle of legality in all its activities, both implicitly through its actions and explicitly in contractual agreements. These include payment of applicable taxes and customs duties, compliance with competition and antitrust laws, a strict prohibition of corruption and money laundering, procurement of the required official licenses, compliance with export control laws, and respect for the legal rights of third parties.

Consequently, Company expects its Suppliers to act and operate in full compliance with all applicable laws and regulations of the countries in which Suppliers operate and deliver their products, as well as to abide by the rules of the present Code of Conduct as part of their collaboration with Company.

Company encourages its suppliers to go above and beyond legal compliance, aiming to achieve internationally recognized standards to advance social and environmental responsibility and business ethics.

Company furthermore expects its suppliers to take steps to ensure that third parties engaged for the purpose of fulfilling contractual obligations towards Company, also comply and are held accountable to the principals contained within this Code of Conduct.

Disregard of the principles stated in this Code, might be a determining factor to terminate the business relationship with Company.

The expectations and requirements set forth in this Code are not intended to conflict with or modify the terms and conditions of your contracts with Company. If a contract requirement is more restrictive than this Code, you must comply with the more restrictive contract requirement.



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2. Preservation of the Global Environment.

Suppliers must comply with environment-related laws and regulations and implement policies and activities to sustain and improve the global environment in all areas of business, including development, production, sales, logistics, and services.

Company expects its Suppliers to identify environmental impacts, reduce environmental pollution and constantly minimize environmental impacts within their own sphere.

3. Guarantee of Safe Operations

Suppliers must comply with all applicable health and safety laws and ensure safety in the workplace by always putting "safety first" and make every effort to ensure safe operations. Company expects all Suppliers to foster a safe and healthy work environment, reducing the incidence of accidental work-related injuries, death, and illness.

4. Anti-Corruption and Bribery.

For Company expects all of its suppliers to uphold the highest standards of ethics and integrity.

The laws of the U.S., including the Foreign Corrupt Practices Act, prohibit bribery and other forms of corruption. Most other countries also have strict anti-bribery and anti-corruption laws. Company's policy is to comply with applicable anti-corruption and anti-bribery laws, and to conduct business in an ethical and transparent manner. Company employees and Suppliers may not give, offer, or promise anything of value to any public official in order to obtain or retain business or to obtain any improper advantage.

Suppliers must ensure that their employees, subcontractors, or representatives do not offer, promise, or grant advantages to Company employees with the aim of obtaining a contract or other preferential treatment during business interactions. The same rules apply to agreements with third parties, concluded in connection with a contract with Company.

Company expects Suppliers to have a policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement and comply with all antibribery laws while conducting businesses with and on behalf of Company.

5. Gifts.

Receipt and exchange of entertainment, gifts, invitations, or anything of value are discouraged, and should never compromise your ability to make objective and fair business decisions. In other words, gifts and entertainment may never be exchanged for information, treatment or opportunities that otherwise would not be given.

As with the other expectations in this Code, Company and its employees are held to the same standards as Suppliers. Company Suppliers will not provide Company employees (and vice versa) gifts exceeding \$25 USD and are only allowed and limited to give promotional items (e.g.,



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coffee mugs, pens, hats, calendars, notebooks, T-shirts, etc.) in any given calendar year. Company employees are also prohibited from soliciting anything of value from Suppliers.

6. Conflict of Interest.

Suppliers shall not engage in any activity with Company which could create a real or perceived conflict of interest. A conflict of interest is the possible impact on the impartial and objective performance of activities and decision making of an employee or a third party due to personal, family, or social interest's business relationships.

Suppliers must notify Company immediately of any existing real or potential conflict of interest before or during the provision of any service. The notice must be reported to the Compliance Department or Human Resources through the proper channels established by the company or to Company's Integrity Helpline - www.daikinapplied.ethicspoint.com (DAA), or <https://www.speakupfordaikin.com> (DMMX)

7. Confidentiality, Privacy & Intellectual Property.

Suppliers are expected to maintain the confidentiality of information entrusted to them and respect and protect the intellectual property rights (patents, trademarks, utility models, industrial designs, and drawings copyrights and any other protected by law), including the confidentiality of trade or industrial secrets and other proprietary information of Daikin.

Suppliers shall comply with all applicable privacy and information security laws and regulatory requirements and protect the reasonable privacy expectations of personal data information of everyone they do business with, including other business partners, suppliers, customers, consumers, and employees (example: name, Tax ID, Social Security number, etc.).

8. International Trade Compliance.

Supplier's must conduct business in compliance with all applicable laws and regulations governing (a) the export, re-export and retransfer of goods, technical data, software, and services; (b) import of goods; (c) economic sanctions and embargoes; and (d) U.S. antiboycott requirements. Suppliers shall provide Company Certificates of Origin, the applicable Harmonized Tariff Schedule Number, the Export Control Classification Number, and any analogous classification under any other applicable law for goods, components, software, or technology supplied to Company.

9. Free Competition and Fair Trading.

Company's Suppliers must observe the rules of fair competition and antitrust, complying with all applicable statutory regulations. Moreover, Supplier's must refrain from forming cartels or engaging in anti-competitive arrangements or agreements, concerted practices deliberately or incidentally designed to bypass, restrict, or distort competition as defined by antitrust laws, or abuse a dominant market position.

10. Government Procurement.

If a Supplier supports a Company contract with any government or public entity, such Supplier must adhere to the prime contract requirements and obligations determined by authorities, (e.g., receipt of gifts and employment). Suppliers must also deliver products and services that conform to specifications, laws, and regulations, adhere to government accounting and pricing requirements, claim only allowable costs, ensure the accuracy of data submitted and comply with all other applicable requirements established by any government agency or public entity.

Suppliers must respect the public bidding laws and rules applicable and not participate in improper associations prohibited by law.

11. Conflict of Minerals.

Company expects Suppliers to conduct a special due diligence process in accordance with the “Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas”. Suppliers are expected to procure minerals from smelters with conflict-free certification. Company reserves the right to request declarations from its Suppliers verifying that metals supplied to Company are from conflict-free sources and listing the metal sources for traceability. Note that “conflict of minerals” are those sourced from mines in conflict areas controlled by either non-government military groups or unlawful military factions, including but not limited to the Eastern region of Democratic Republic of Congo or the adjoining countries.

Suppliers must desist from all activities that in a directly or indirectly manner supports inhuman acts of armed groups and must take active measures to uphold appropriate mineral procurement by raising transparency of the supply chain. This includes the observance of international treaties and national laws concerning trade in conflict minerals and other natural resources.

12. Human Rights.

Suppliers shall ensure that they do not commit and are not involved in any human rights violations. Company expects Suppliers to commit to upholding human rights and regulation and prohibit any behavior that can imply an impact of dignity and integrity of any person or can breach any international agreement related to human rights aspects.

13. Non-Discrimination.

Supplier are expected to commit to a workplace free of unlawful discrimination and must ensure employment – including hiring, payment, benefits, advancement, termination and retirement – is based on ability and not on beliefs or based in any distinction, exclusion, restriction or preference that, by action or omission, with or without intention, is not objective, rational or proportional and whose object or result is to obstruct, restrict, prevent, impair or nullify the recognition, enjoyment or exercise of human rights and freedoms, when based on one or more of the



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following reasons: ethnic or national origin, color of skin, culture, sex, gender, age, disabilities, social, economic, status health or legal status, religion, physical appearance, genetic characteristics, status migration, pregnancy, language, opinions, sexual preferences, identity or Political affiliation, marital status, family situation, family responsibilities, language, criminal record, or any other reason.

14. No Harassment.

Company believes that all workers should be treated with dignity. Suppliers must not engage in, condone, or tolerate physical, verbal, mental or sexual harassment against or among their workers and are expected to commit to a workplace free of harassment, bullying, threats and/or any other type of violence.

15. Freedom of Association and Collective Bargaining.

Suppliers must respect the rights of all employees to lawfully associate, or not to associate, with groups of their choosing, as long as such groups are permitted by law. Suppliers must also recognize any legal right of workers to collective bargaining and to engage in peaceful assembly.

16. Compensation and benefits.

Suppliers must pay workers at least the minimum compensation required by law and provide all legally mandated benefits. In addition to payment for regular hours of work, workers must be paid for overtime hours at such rate as is legally required or, in those countries where such laws do not exist, at least equal to their regular hourly payment rate. Overtime shall not exceed the legally defined limits.

Suppliers are expected to comply with applicable law regarding pay equity as well as to establish practices that support “equal pay for equal work.”

17. Forced Labor, Human Trafficking and Modern Slavery.

Company condemns forced labor, human trafficking and all forms of modern slavery and will not knowingly work with Suppliers who engage in these practices. Suppliers are expected to take appropriate measures to eliminate debt bondage, forced labor, human trafficking, and all forms of modern slavery, since all workers have the right to engage in work willfully, without surrendering identification and without the payment of fees. Workers have the right to freedom of movement and Company’s Suppliers must ensure it is afforded to them. Suppliers must also procure their raw materials and/or components for Company products come solely from sources that do not utilize forced labor or engage in human trafficking or any form of modern slavery.

18. Child Labor.

Company does not tolerate any form of child Labor. Suppliers must comply with local laws regarding the minimum age of employees. The minimum age for workers must be the greater of:



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(a) 15 years of age; or (b) the age for completing mandatory (compulsorily) education; or (c) the minimum age established by law in the country of manufacture.

19. Accuracy of Records and Submissions.

Suppliers must maintain books and records that accurately and completely reflect all transactions related to Company business. Suppliers must never make any entry in their books and records or alter, conceal, or destroy any document to misrepresent any fact, circumstance or transaction related to Company business.

20. Money laundering.

Suppliers are required to comply with all the legal regulations concerning the prevention of money laundering, terrorism financing and any other illegal activities. Supplier must comply with applicable tax laws and do not use Company to obtain and improper benefit or as a part of an illegal tax scheme.

Suppliers and its legal representatives must be authorized by tax authorities to provide the services that are offered and contracted by Company.

21. Monitoring & Compliance.

Company may take affirmative measures, such as announced and unannounced inspections of production facilities and documents, to verify compliance with this Code. Suppliers must allow representatives from Company and, if requested, Company's customers, full access to production facilities, worker records and workers for confidential interviews.

Supplier must allow Company to prepare background checks and due diligence and participate in any review or audit to verify any aspect that could represent a risk for Company, as well as to implement any remedial action derived from a conducted due diligence.

Suppliers must participate cooperate with Company in any internal investigation handled by Company that can imply a breach of this conduct and any other policy made by Company or even law.

Suppliers are expected to take necessary corrective actions to promptly remedy any identified noncompliance with this Code. Company reserves the right to terminate its business relationship with any Supplier that is unwilling or unable to comply with this Code. The failure of Company to take affirmative measures or verify compliance with this Code shall not be construed as a waiver of this Code or any of its specific provision or the right of Company to enforce this Code later.

Suppliers are expected to establish and maintain a comprehensive Compliance program, that aligns with applicable laws regulations and industry standards. Such program should include the necessary policies, procedures, and controls to promote ethical conduct, prevent violations, and detect non-compliance issues.



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22. Reporting Misconduct.

Suppliers are encouraged to work through their own organization to resolve internal ethics issues. For questions or concerns about this Code, including its application to specific circumstances in connection with your organization's performance of work for Company, or suspected failures by your organization to satisfy these expectations in performing work for Company, please contact suppliercompliance@daikinapplied.com (DAA), or enter to <https://www.speakupfordaikin.com> (DMMX).

23. Compliance with the Code of Conduct.

Company expects its Suppliers to communicate the content of this Code of Conduct to their employees, agents, legal representative and all third parties engage with Suppliers, to fulfil their contractual obligations toward Company, to observe its principles when selecting subcontractors, and ensure they comply with its requirements.

Disregard of the principles stated in this Code, might be a determining factor to terminate the business relationship with Company.