



Overview

Daikin Applied Americas Inc. (“Daikin Applied”) and Daikin Manufacturing Mexico, S. de R.L. de C.V. (“DMMX”) (collectively, “Company”) are committed to the highest standards of ethics and business conduct. Our suppliers are critical to our 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 our expectations for ethics and compliance.

The Supplier Code of Conduct (“Code”) sets forth our expectations and requirements for our Suppliers. The Code is not intended to be an exhaustive list of all ethical and business conduct requirements, as Company understands and expects our Suppliers to have their own internal codes of ethics and conduct. The Company strongly encourages Suppliers to exceed the requirements of this Code and promote best practices and continuous improvement throughout their operations.¹

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, such as, but not limited to 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, and compliance with export control laws.

Consequently, we expect our Suppliers to act and operate in full compliance with all applicable laws and regulations of the countries in which they operate and deliver their products and to abide by the Code as part of their collaboration with Company.

2. Preservation of the Global Environment.

Suppliers must comply with environmental laws and regulations and conduct your operations in a manner that safeguards the environment, minimizes waste, emissions, energy consumption, and the use of materials of concern.

3. Guarantee of Safe Operations.

Suppliers’ products and services must be designed, produced, and delivered with the paramount consideration being the safety and health of your employees and consumers and comply with all applicable safety and health regulations.

4. Anti-Corruption and Bribery.

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

¹The 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(s).



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is to comply with applicable anti-corruption and anti-bribery laws, and to conduct business in an ethical and transparent manner. Company's 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 or third parties with the aim of obtaining a contract or other preferential treatment during business interactions with 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.

As with the other expectations in this Code, Company employees are held to the same standards as Suppliers. DMMX Suppliers will not provide our employees and vice versa gifts exceeding \$25 USD in any given calendar year and these gifts shall be limited to promotional items (i.e., coffee mugs, pens, hats, calendars, notebooks, T-shirts). Daikin Applied employees are prohibited from accepting – and Suppliers will not provide our employees – gifts exceeding \$100 USD 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 that could create a real or perceived conflict of interest. A conflict of interest may impact the impartiality or objective performance of activities by an individual(s) due to personal, family, or business relationships.

Suppliers must notify Company immediately of any real or perceived conflict of interest before or during your work with Company. The notice should be reported per the information in 22 below.

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 (i.e., patents, trademarks, utility models, industrial designs, copyrights), including the confidentiality of trade or industrial secrets and other proprietary information of Company.

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.

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 with 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 Trade.

Our Suppliers must observe the rules of fair competition, complying with all applicable statutory regulations. Moreover, they must refrain from forming cartels or engaging in 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 you support a Company contract with any government or public entity, you must adhere to the prime contract requirements and obligations determined by authorities (e.g., receipt of gifts and employment). You 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, such as flow down requirements from the U.S. Federal Government.

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

11. Conflict Minerals.

Suppliers must procure minerals from smelters with conflict-free certification. Company reserves the right to request declarations from our Suppliers verifying that metals supplied to us are from conflict-free sources and listing the metal sources for traceability. Note that “conflict 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 directly or indirectly 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.

Supplier must respect 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.

Suppliers 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



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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 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.

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.

16. Compensation.

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.

17. Forced Labor and Human Trafficking.

Company condemns forced labor and human trafficking and will not knowingly work with Suppliers who engage in these practices. 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 our Suppliers must ensure it is afforded to them. Suppliers must also procure their raw materials and/or components for the Company's products solely from sources that do not utilize forced labor or engage in human trafficking.

18. Child Labor.

Suppliers must comply with local laws regarding the minimum age of employees. The minimum age for workers must be the greater of: (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 regulations concerning the prevention of money laundering, terrorism financing and any other illegal activities. Supplier must comply with applicable tax laws and not use Company to obtain any improper tax benefits.

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

21. Monitoring and 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.

Suppliers must cooperate with Company for investigations handled by Company that relate to an actual or suspected breach of this Code.

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 who 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.

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 the Company or suspected failures by your organization to satisfy these expectations in performing work for the Company, please contact compliance.latam@daikin.com.mx as it relates to DMMX and suppliercompliance@daikinapplied.com as it relates to Daikin Applied.

23. Compliance with the Supplier Code of Conduct.

We expect our Suppliers to communicate the content of this Code to their employees, agents, legal representatives, and all third parties they engage to fulfill their contractual obligations with the Company, as well as to observe the Code's principles when selecting subcontractors and ensure they comply with the Code's requirements.