



# SUPPLIER OPERATIONS MANUAL

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Daikin Applied Americas

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## 1.0 Daikin Industries Overview

Daikin Industries, Ltd. (DIL), headquartered in Osaka, Japan is the world's largest global HVAC solutions provider with over 100,000 employees globally. DIL has 110+ manufacturing sites worldwide that manufacture products sold in over 170 countries.



## 2.0 Daikin Applied Americas Overview

Daikin Applied Americas ("Daikin Applied" or "DAA") is a subsidiary of Daikin Industries, headquartered in Plymouth, MN. With 10 manufacturing sites across North America, Daikin Applied designs and manufactures technologically advanced commercial HVAC systems for customers around the world.

## 3.0 Customer Focus

Daikin Applied is committed to providing our customers with an exceptional life cycle experience with our products and services. We accomplish this through innovative quality designs, lean manufacturing processes, a resilient supply chain, and responsive post-sales customer support. We provide our customers with safe and compliant products delivered on time that meet or exceed their expectations. Our Supplier Operations Manual provides the blueprint for our supply base to do business with Daikin Applied. Our suppliers embrace our Supplier Operations Manual to improve their performance, drive innovation, and align with our culture and growth-focused business.

Suppliers play an integral role in ensuring Daikin's success with our customers by providing raw materials, services, and components that comply with Daikin's safety, quality, cost, lead time, and delivery requirements.

## 4.0 Scope

The Supplier Operations Manual applies to all suppliers conducting business with Daikin Applied unless they receive written approval from Daikin Applied. Individual Daikin Applied facilities may have additional site-specific requirements and will establish processes for carrying out these requirements. If a conflict exists between the requirements presented in this manual and the individual facility requirements, the more stringent requirements will apply. Quality requirements presented in this manual only apply to suppliers of material used directly in our manufacturing process.

## 5.0 Expectations

### 5.1 Communication

In general, the following contact points should be used:

**5.1.1 Supplier Website** – Daikin Applied has a public website that anyone can access. It has links to documents including, but not limited to, our Supplier Operations Manual, Supplier Self-Assessment (SSA), On-site Audit checklist, Production Part Approval Process (PPAP), Supplier Corrective Action Request (SCAR) and Supplier Change Request (SCR).

<https://www.daikinapplied.com/suppliers>

**5.1.2 Primary Contact** – For all issues regarding supply chain activity, contact your buyer, site logistics, or Daikin Applied Logistics ([Logistics@daikinapplied.com](mailto:Logistics@daikinapplied.com)).

**5.1.3 Product/Part Quality** – For all issues regarding product quality, contact Supplier Quality personnel at the using Daikin Applied facility.

### 5.2 Basic Requirements:

**5.2.1** Demonstrate and maintain compliance to all documented requirements, including design performance, reliability, process control, and capability.

**5.2.2** Deploy expectations and controls equivalent to those presented in this document to the sub-tier supply chain.

**5.2.3** Be accountable for quality of all sub-tier suppliers, including “direct buy” sources.

**5.2.4** Notify Daikin Applied of any condition or change that has an impact on Daikin Applied’s environmental/sustainability commitments or regulatory requirements.

**5.2.5** Fully comply with the Daikin Applied Code of Conduct. <https://www.daikinapplied.com/suppliers>  
► Code of Conduct

**5.2.6** Promote Green Procurement and Sustainability initiatives within your manufacturing operations and with sub-tier suppliers.

**5.2.7** Support Daikin Applied aftermarket parts requirements.

## 6.0 Supplier Information Security

### 6.1 Supplier Registration and Risk Assessment

**6.1.1 Registration:** All suppliers must be registered in the Third-Party Supplier Register and undergo a Risk Assessment before onboarding. All suppliers will be tiered on a four-point scale from “Critical, High, Medium, and Low”.

**6.1.2 Risk Assessment:** Daikin must assess suppliers based on their criticality to the business and tier them according to the level of access they have to Daikin data or facilities. The Risk Assessment includes:

- Supplier name and contact details
- Description of services or products



- Daikin's Data classifications processed, stored, or transmitted
- Supplier impact on Daikin business operations
- Access to Daikin systems, assets, or facilities
- Agreement status
- Legal or regulatory considerations

## 6.2 Supplier Information Security Review

**6.2.1 Information Security Review:** Each supplier is subject to an audit and security review based on their risk classification. Suppliers rated as “Critical” or “High” Risk require the completion of an information security review upon onboarding and to recur at least annually. The Information Security Review shall require evidence of appropriate IT security controls, which can be evidenced through the completion of a Third-Party Security Questionnaire or through evidence of an ISO 27001 certification or SOC 2 report.

**6.2.2 Review Updates:** Daikin's agreements with suppliers must include considerations for notifying Daikin of significant changes, including:

- Changes to networks or infrastructure
- Changes to technologies or product releases
- Changes to development tools or methodologies

## 6.3 Supplier Agreements

**6.3.1 Agreements:** Ensure that appropriate contracts, agreements, or data processing agreements are in place and enforceable before engaging suppliers who handle confidential or personal information. These agreements must include audit rights. Additionally, where applicable, contracts with suppliers must include considerations for incident notification and asset retrieval or destruction at the request of Daikin upon contract termination. Suppliers must provide evidence of asset disposal where applicable.

**6.3.2 Compliance:** Suppliers with access to Daikin's data and systems must adhere to Daikin's policies or have policies of similar rigor. Sub-contractors are subject to the same terms and policies and must be approved by senior management.

**6.3.3 Personal Identifiable Information (PII) Compliance:** Assess third-party suppliers for PII requirements and where applicable, implement privacy impact assessments and data processing agreements.

## 6.4 Supplier Security Incident Management

**6.4.1 Incident Management:** Suppliers must have a process for managing security incidents, which must include escalation and notification procedures that include notifying Daikin when an incident affects the confidentiality, availability, or integrity of Daikin information systems.

## 6.5 Supplier Policy Compliance

**6.5.1 Compliance Measurement:** Compliance will be verified through reports, audits, and feedback.

**6.5.2 Exceptions:** Any policy exceptions must be approved by the Daikin Information Security Manager and reported to the Daikin Compliance Team.

**6.5.3 Non-Compliance:** Violations of this policy may result in disciplinary action.

## 6.6 Supplier Continuous Improvement

**6.6.1** The policy will be reviewed and updated regularly as part of Daikin's continuous improvement process.



## 7.0 Quality

### 7.1 Quality Management System

Suppliers must establish and maintain a Quality Management System (QMS) that ensures production parts meet all customer requirements and expectations.

**7.1.1** All Suppliers shall maintain an effective documented quality system that communicates, identifies, coordinates, and controls all key activities necessary to design, develop, produce, deliver, and support quality products or services. For more information on quality requirements and expectations, please visit the Daikin Applied [Supplier Quality Website](#).

**7.1.2** All Suppliers must be certified/registered to the latest version of one of the following international quality management standards by a recognized independent certified third-party registrar:

- ISO 9001: Quality Management Systems Requirements
- ISO/TS16949: Quality Management Systems (Automotive Requirements)
- SAE AS9100: Quality Management Systems (Aerospace Requirements)

**NOTE:** Suppliers must notify Daikin Applied immediately if their 3<sup>rd</sup> party registration expires or is revoked. Exceptions to this requirement must be approved by the Vice President of Strategic Manufacturing & QCD and the Vice President of Quality.

**7.1.3** Daikin Applied reserves the right to:

- Verify supplier quality systems with an on-site audit.
- Verify a supplier's compliance to an applicable quality standard.
- Conduct an audit instead of, and/or in addition to, a 3<sup>rd</sup> party certification.
- Disqualify suppliers based on substandard performance. In such cases, full requalification will be required before resuming business.

### 7.2 Supplier Approval

Daikin Applied utilizes a Supplier Self-Assessment and On-Site Audits for supplier approval. Both tools are consistent with ISO 9001 expectations.

#### 7.2.1 Supplier Self-Assessment (SSA)

Daikin Applied will send the SSA to the supplier; it should be completed and returned. Daikin Applied Supplier Quality, Integrated Supply Chain, and Engineering will review the results and decide if an on-site audit is required. [Daikin Applied Assessment and Audit Form.xls](#)

#### 7.2.2 On-Site Audit

Daikin Applied may conduct a process qualification audit at the supplier's manufacturing facility. Daikin Applied also reserves the right to outsource the audit to a 3<sup>rd</sup> party if circumstances require it. This audit focuses on the specific process quality controls that the supplier has in place for the products being manufactured for Daikin Applied, as well as part/commodity specific process requirements. Additionally, Daikin Applied reserves the right to conduct such an audit at sub-tier suppliers. Such audits shall not relieve the supplier's responsibility to produce and deliver defect-free parts.

## 7.3 Part Approval

### 7.3.1 Drawing Interpretation and Part Application

It is the supplier's responsibility to furnish materials produced to the current revision of Daikin Applied engineering drawings and specifications listed in the purchase orders and agreements. Suppliers are responsible for comprehending the drawing requirements. If any questionable areas appear to exist, the supplier is to contact Daikin Applied for clarification immediately. Drawing clarifications are to be resolved before production tooling is finalized and production parts are made. Producing production parts to red-lined drawings, initialed changes, or verbal, handwritten, or email directives is not permitted.

### 7.3.2 Production Part Approval Process (PPAP)

Daikin Applied uses a PPAP process based largely on the AIAG system. Our standard PPAP workbook can be found on our Supplier website.

Our PPAP workbook contains five levels. Each higher level is inclusive of the lower levels and individual elements can be tailored to fit the risk level on any given part or situation. The checklist tab in the PPAP workbook defines which elements are required for any given situation. In most cases, Daikin Applied will issue a Purchase Order for PPAP samples but may communicate PPAP requirements earlier in the development process to give the supplier adequate time to complete the requirements. See the 'Supplier Instructions' tab in the PPAP workbook for details on how to handle PPAP submissions, including sample shipments. Daikin Applied reserves the right to request additional information not listed above. Suppliers shall not start production without written approval from Daikin Applied.

[PPAP Process and RACI.docx](#)

[Daikin Applied PPAP Workbook.xlsx](#)

#### 7.3.2.1 Software / Firmware / Communication:

All software, firmware, and communication programs (including Hardware/Equipment) must be controlled via a Configuration Control Process at the supplier. Any changes must be adhered to Daikin's SCR process (Supplier Change Request -section 6.7). All changes and or updates that affect Performance, Form, Fit, Function must be communicated via the established SCR Process. This is to ensure that we have proper Control of Revisions, proper Engineering Approval, and accurate Flow down to Daikin manufacturing locations and end-user customers. The supplier will be responsible for ensuring accurate revision control and configuration management is in place to control all changes and or updates.

### 7.3.3 Critical Characteristic Expectations

Where Critical Characteristics are marked on a Daikin Applied drawing, Suppliers are expected to hold a CPK (Process Capability Index) of 1.33 and to be able to provide evidence of the CPK with ongoing data at any time requested. Please ask your Supplier Quality representative if you have any questions about this requirement.

### 7.3.4 Reliability

Reliability is the conditional probability, at a given confidence level, that equipment of a given design life will perform its intended function for a specified time while operating in its operational environment. Daikin Applied expects suppliers to have prior knowledge of their part quality as well as reliability. In general, Supplier's reliability group, product development, and research & development teams have the intimate knowledge of (i) reliability goal, (ii) design life, (iii) accelerated test methods, etc. that were utilized during the product development. Therefore, their early involvement in reliability discussions with Daikin Applied helps expedite the initial part qualification accelerated test methods, etc. that were utilized during the product development. Therefore, their early involvement in reliability discussions with Daikin Applied helps expedite the initial part qualification.

#### 7.3.4.1 Reliability Requirements for Reliability-Critical Parts

In mathematical form, Daikin Applied's reliability requirement for all Reliability-Critical Parts is:

$$R \text{ (Design Life)} \geq 99.9\% \text{ at } 95\% \text{ confidence}$$

A Reliability-Critical Part can be mechanically, electrically, or electronically dynamic, and may include, but is not limited to, the examples in Appendix C.

#### 7.3.4.2 Raw Material ASTM / ASME Requirements

Raw material suppliers providing (copper/steel etc.) ASTM and or ASME materials must fully comply with all published Industry ASTM or ASME Standards. Standards include but are not limited to being included with each shipment i.e.: Mill Location, MTRs (Material and Chemical Property Test Reports), Material Grade, Material Heat Numbers, Product ID/Markings, and any other 3rd party Test Reports. Supplier(s) must have ASTM and ASME expertise on staff and or accredited consultation to ensure that all standards are achieved.

#### 7.3.4.3 Design Life

All ATS and AAH parts require a 15-year system-level design life. All Chiller parts require a 20-year design life. A Reliability-Critical Part Supplier is required to know the definition of its functional usage duty cycle (FUDC). For example, a relay or a contactor would have 'one actuation' representing a FUDC. Daikin Applied's team and the supplier's team then work to define the part design life in FUDCs. Daikin Applied's team can guide suppliers with reliability testing (FUDCs to failure and survival) and data analysis with Weibull Analysis if requested. A sample size of 15 running 150% of the design life in FUDCs without failures generally satisfies Daikin Applied's reliability requirements.

### 7.3.5 Safe Launch

For any reason that may also drive the need for a PPAP, Daikin Applied may require suppliers to participate in a Safe Launch to provide extra evidence that suppliers will deliver conforming products. Safe Launch requires suppliers to implement extra controls and inspections in addition to their standard control plan. Daikin Applied and the Supplier would agree on the extra inspection points, a timeline and exit plan, and

requirements for reporting the results to Daikin Applied.

## 7.4 Supplier Corrective Action Request (SCAR)

Daikin Applied reserves the right to request corrective action from suppliers on quality and delivery issues. Our form follows the 8D format, but other formats are acceptable if approved by Daikin Applied. [Daikin Applied SCAR 8D Form.xlsx](#)

All SCARs must be completed with a cross-functional team. It is not acceptable for one group (quality, engineering, operations, etc.) to complete a SCAR by themselves.

Daikin Applied expects containment to be completed in 2 business days. Containment, at a minimum, should include consideration of the following in the supplier's value chain:

- Raw material inventory
- Work in process (WIP)
- Finished goods (FG) inventory
- Transit to Daikin Applied

Containment should also include consideration of short-term actions to prevent future escapes of the quality issue, such as quality alerts, additional inspections, and shipping holds. If shipping holds are used, the supplier must provide details on the steps needed before the shipping hold can be removed.

Daikin Applied reserves the right to request supplier personnel to travel to Daikin Applied facilities to participate in sorting and inspection of inventory at Daikin Applied. Further, Daikin Applied also reserves the right to hire a 3rd party to represent our interests, approved by Daikin Applied, and paid for by the supplier, to inspect/sort/contain material at the supplier's site or Daikin Applied's site if the supplier is not able to provide the needed resources promptly.

For root cause analysis, Daikin Applied prefers that suppliers use the 5-Why's tool. It should be used at least twice: once for the occurrence of the problem (why did it happen), and once for the escape (why wasn't it caught). A third 5-Why's may also be valuable in some cases to analyze the QMS breakdown.

If 5-why's is not used, another structured problem-solving tool may be used in its place if approved by Daikin Applied.

## 7.5 Continuous Improvement

Daikin Applied expects suppliers to implement a continuous improvement program throughout the organization. Aspects of a robust continuous improvement program should include employee training, standard tools and standard work, metrics, and corrective actions.

Standard tools could include Policy Deployment and all aspects of Lean and Six Sigma methods such as 5S, value stream mapping, Kaizen, Kanban, time studies and capacity planning, structured problem solving such as DMAIC, 8D, PDCA, MSA, capability studies, SPC, and other advanced statistical methods.

## 7.6 Advanced Product Quality Planning (APQP)

Suppliers should implement APQP techniques and must be able to demonstrate the techniques when requested by Daikin Applied, such as in a PPAP or on-site verification.

The APQP process should demonstrate methods to plan for products and processes and identify, analyze, and mitigate risk in those products and processes. The process can include:

| Stage                          | Examples of Tools (not all-inclusive)   |
|--------------------------------|---|
| Product Planning               | Performance, Reliability, and Quality goals. Preliminary BOM and Process Flow.  |
| Product Design and Development | DFMEA, Design Validation Plan and Testing, Prototypes, Critical Characteristic identification, Prototype builds, Engineering drawings |
| Process Design and Development | Flow Chart, PFMEA, Prelim Control Plan, Packaging plan, MSA   |
| Product and Process Validation | Trial runs, MSA, Capability studies, final Control Plan, SPC  |

Suppliers are encouraged to use statistical methods to ensure adequate process control and product quality. These techniques provide the means for minimizing the possibility of building and shipping defects (see section 8.0, 8.1, 8.2, and 8.3) and if used properly lead to improved quality and productivity.

## 7.7 Supplier Change Requests

All requests for permanent changes or temporary deviations (one batch raw material, one manufacturing lot, etc.) shall be submitted to Daikin Applied Supplier Quality. Changes may include but are not limited to, changes to designs, drawings, specifications, material, manufacturing equipment and tools, manufacturing locations, any production method or process, source of supply or manufacturing, assembly, or delivery process.

Suppliers should submit the request via DAA's Supplier Change Request form, but if a supplier has their own customer change notification format, that is acceptable for the initial request as well. Based on the information provided, DAA will decide if more information is needed and what steps are required before approval. For changes that do not require validation via PPAP, the supplier will be notified of approval via the Supplier Change Request form. For changes that require PPAP, a signed PPAP will be used as authorization along with the Supplier Change Request form.

- Suppliers that make unauthorized changes will be responsible for the accumulating expenses associated with the unauthorized change. Additional ramifications may include removal from our system as an approved supplier.
- Please refer to the table below for guidance on the minimum time of advanced notice required for permanent changes.

| Type of Change  | Notification needed |
|---|---------------------|
| Design (form, fit, function, material, reliability, etc.) | 6 months            |
| Factory move  | 6 months            |
| Other process change                                      | 3 months            |
| Supplier Change (tier II supplier for DAA)                | 3 months            |

There is no minimum notification timeframe for temporary deviation requests, but all deviations must be approved by DAA before shipment. The deviation request should include the duration needed.

## 8.0 Performance Expectations

Daikin Applied evaluates supplier quality performance using four key metrics:

- **Defective Parts Per Million (DPPM)**

$$DPPM = \frac{\text{Quantity of Rejects}}{\text{Quantity of Receipts}} \times 1,000,000$$

- **On-Time Delivery (OTD)**

$$OTD = \text{Metric Date} - \text{Receipt Date}$$

- **On-Time to Request (OTTR)**

$$OTTR = \text{Need Date} - \text{Receipt Date}$$

- **Lead Time**

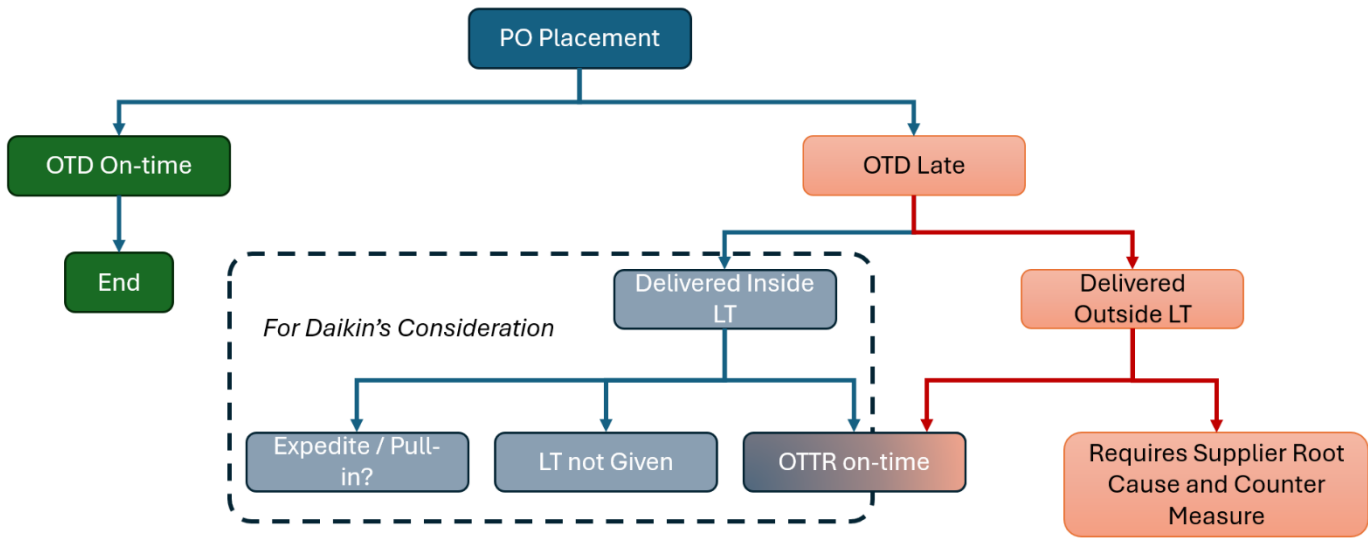
$$\text{LeadTime} = \text{PO Receipt Date} - \text{PO Issue Date}$$

Key Dates and Definitions:

- **Receipt Date**
  - Date the product is received in Oracle at the factory
- **Need Date**
  - Date the factory requires the material (per MRP)
  - Editable only by the buyer in Oracle
  - Defaults to the Promise Date when the PO is placed
- **Metric Date**
  - Defaults to Need Date if supplier does not provide confirmation of inability to meet Need Date within 7 calendar days
  - Suppliers Promise Date if they are unable to meet Daikin's Need Date and provide an updated Promise Date to buyer within 7 calendar days
  - Buyer may adjust Metric Date based on Daikin's inventory or adjusted customer delivery dates
- **Promise Date**
  - Initially populated by Oracle on the PO based on the Need Date
  - Editable by supplier via a supplier change request in iSupplier, EDI, or email
  - Supplier may request adjustments (pull-in or push-out), but should always strive to meet the Need Date whenever possible

**Note:** Lead time and reporting are measured in **business days**.

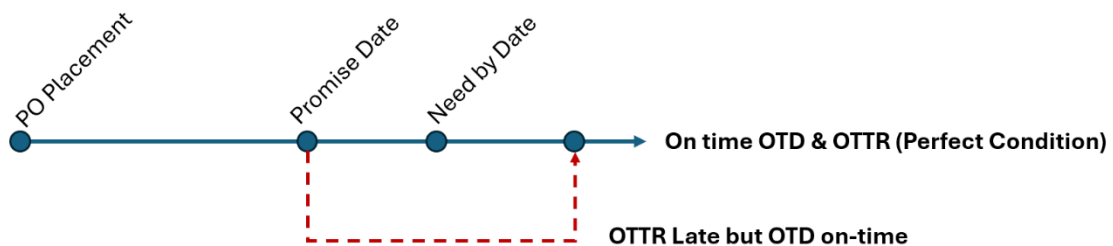
## OTD Analysis Flow



\*If your delivery point deductions stem from scenarios that fall within the dotted boxed area, please contact your buyer as there are order inconsistencies that must be addressed.

### Why two Metrics?

- **On-Time Delivery (OTD)**
  - Measures if the supplier delivers when they *committed* to
  - Allows up to 7 days for supplier to confirm a promise date
  - Considers supplier objections, so there should be no excuse for late delivery
- **On-Time to Request (OTTR)**
  - Measures whether the product arrives when Daikin *needs* it
  - Ignores supplier promise dates and buyer errors (e.g., short lead times)



**OTTR on-time but OTD Late shouldn't happen.**

### How to influence OTD and OTTR:

- Maintain **accurate Lead Times** at the part level in Oracle
  - If Lead Time is missing, orders may be misaligned to production requirements
- Strive to meet the **Need Date**
  - Communicate with the buyer if not feasible
- Keep the **Promise Date** aligned with Oracle Lead Time
  - If Promise Date exceeds Lead Time, expedite to meet Need Date
- Adjust dates when Daikin's buyer changes the **Need Date**
  - Supplier updates Promise Date; buyer adjusts Metric Date
- Aim for **high OTD and OTTR**
  - With accurate lead times, POs should align with system expectations
  - Root cause analysis should reveal issues caused by either Daikin or supplier



delays beyond stated lead time

#### Supplier Responsibilities:

- Ensure accuracy of DPPM, OTD, and OTTR data
- Report inaccuracies to the supplier quality engineer, buyer, or strategic sourcing manager (SSM)
- Prevent expedited requests from negatively impacting OTD and cost
- Respond promptly and effectively to:
  - Informal quality notifications from factories or customer sites
  - Supplier Corrective Action Requests (SCARs)
  - Production Part Approval Process (PPAP) requirements

Daikin Applied expects suppliers to comply with the performance requirements established in any written agreement with Daikin Applied. Suppliers should strive for at least 95% on-time delivery and less than 300 DPPM. Failure to maintain that level may result in a corrective action request and/or further action.

While PPM, OTD, and OTTR are metrics disseminated by Daikin, it is the supplier's responsibility to ensure the accuracy of the data. Similarly, if Lead Times are violated (expedited requests), suppliers should ensure that the OTD metric is not affected

To exceed our customer expectations, Daikin expects year-over-year improvement across these delivery metrics (DPPM, OTD, OTTR, and Lead Time). Other aspects of supplier performance include response time and quality of response to informal quality notifications from Daikin Applied factories or customer sites, SCARs, and PPAPs.

## 8.1 Non-Conforming Product

Under no circumstances shall a supplier ship a non-conforming product without first receiving written authorization from Daikin Applied. The following sections identify and explain key quality requirements that apply to non-conforming products.

## 8.2 Supplier Identified Non-Conforming Product

The supplier may find products, through their quality control processes or from reports by other customers, which were produced outside of the specifications. In these instances, the supplier is expected to immediately:

- Segregate these products and determine if this error may have occurred, undetected, in earlier production that may have been shipped to a Daikin facility.
- Before shipping any non-conforming product, the supplier must notify Daikin Applied utilizing the Supplier Request (S.R.). The product may not be shipped until the S.R. has been fully approved.
- Reasons for S.R. include, but are not limited to:
  - If the non-conformance affects the form, fit, or function of the part.
  - If the non-conforming product will affect deliveries to Daikin Applied.

The supplier is responsible for the segregation and quarantine of non-conforming material. Non-conforming materials shall not be shipped unless a deviation is granted. Discrepant material received at Daikin Applied without an approved S.R. will be rejected and returned to the supplier with all extra handling and shipping costs incurred by the supplier. No discrepant material will be processed until a deviation is approved by required Daikin Applied personnel.

## 8.3 Daikin Applied Identified Non-Conforming Product

### 8.3.1 Non-Conformances Found Prior to Release to Customer

In the event supplier-responsible non-conformances are discovered by Daikin Applied

prior to release to the customer, the parts/components in question will be identified and segregated to preclude further use.

Daikin Applied's evaluation of the non-conformance will determine whether:

- Defects are accumulated and returned to suppliers per plant procedures.
- Supplier sorts defects at Daikin Applied or a local off-site location.
- Supplier reworks defects at Daikin Applied or a local off-site location.
- Supplier contracts 3<sup>rd</sup> party to complete inspections at Daikin Applied or at a local off-site location.
- Contingent on contract specifics, Daikin Applied reworks defects and charges the supplier for rework costs and/or 3<sup>rd</sup> party containment activities.

## 8.4 Recovery

Daikin Applied reserves the right to recover costs from suppliers for quality and/or delivery issues that directly impact Daikin Applied or its customers. Cost recovery could be related to quality issues found in the field, in Daikin Applied factories, or due to late deliveries, and could include the cost of material, labor, and others as defined by Daikin Applied.

## 8.5 Warranty Recovery

Daikin Applied has updated its field warranty process to align with supplier warranty requirements and provide greater transparency for Daikin Applied suppliers, allowing for notification of a claim to every supplier. It also shifts the timing of warranty-related cost recovery from a reactive to a proactive process, enabling Daikin Applied to better meet its customers' expectations and ensure accuracy for both customers and our supply base.

When a potential warranty claim is received from the field service teams, Daikin Applied will review the claim. If Daikin Applied determines the claim to be both supplier-related and covered by the supplier's warranty, Daikin Applied will begin the process of recovery of the actual warranty costs. This includes an initial notification to the affected supplier of a warranty claim. The warranty claim will be sent via email from [supplier.warrantyclaims@daikinapplied.com](mailto:supplier.warrantyclaims@daikinapplied.com) and will include a Credit Memo request. It is important that each supplier allows emails from this email address as it is not a spam or phishing attempt. The Credit Memo request will include the initial costs incurred by Daikin Applied for replacement parts as well as the associated transportation expenses.

Parts will not be returned to suppliers unless requested within ten (10) business days of the date the email is sent. Note that for those suppliers that have an existing Master Supply Agreement with Daikin Applied, this updated process will not alter the agreed warranty terms in such Master Supply Agreement. The updated warranty recovery process took effect as of August 2025, when suppliers first received notification from Daikin supply chain directors.

## 8.6 Counterfeit Parts

Daikin Products may have a 20-year or longer lifespan. Enabling our customers to maintain and repair their equipment is crucial to both Daikin's and Daikin's Supplier's success. Service Parts include both the complete product a supplier provides to Daikin as well as any subcomponents that may be necessary as replacement parts for aftermarket repair and service applications. By selling to Daikin, Suppliers agree to 1) Ensure that Service Parts are available for at least 10 years after the last shipment to a Daikin Production Site, 2) Before any discontinuation, suppliers must provide at least 6 months advance notice to Daikin, 3) Suppliers will allow Daikin the opportunity to place a last time buy for the Service Parts in a quantity that Daikin will determine based on future needs, and 4) Supplier will collect written acknowledgment from

Daikin for both items 2 and item 3.

## 9.0 Supply Chain Risk Management

### 9.1 Overview

Daikin Applied expects social responsibility regarding the environment from all our suppliers. This means that, at a minimum, each supplier must comply with all local and federal laws regarding the proper handling, treatment, and disposal of those items identified as a risk to the environment. When Daikin Applied makes a request, suppliers shall provide the necessary information regarding their environmental controls. In cases when the provided information requires secrecy, please inform Daikin Applied so that we can properly handle the information.

Daikin Applied has partnered with third-party providers detailed below to assist in measuring social and environmental responsibility within our supply chain.

### 9.2 Assent

Assent is a third-party service provider that has been selected by Daikin Applied to support our efforts to complete product compliance, trade compliance, and environmental social & governance (ESG) regulatory information. Suppliers are required to reply annually to surveys sent from Assent on behalf of Daikin Applied. Based on supplier feedback to these surveys, additional information and support may be required. Assent helps automate compliance data collection to assist Daikin Applied in meeting due diligence and reporting requirements. <https://daikin hvac.assentcompliance.com>

Survey Campaign: Annual

Contacts:

Daikin Applied: Your Strategic Sourcing Manager, buyer, or [assent\\_conformity@daikinapplied.com](mailto:assent_conformity@daikinapplied.com)

Email: [compliancesupport@assent.com](mailto:compliancesupport@assent.com)

Web: Supplier Help Center

Chat: English Live Support Chat can be accessed through the supplier portal

Phone: +1 343 291 0629/+31 (20) 399 1700 / +1 855 277 3681

(Phone Support Available In: English, Deutsch, 中文热线, Français, Italiano, 日本語, Español, Português)

Daikin's top spend suppliers will be receiving email notifications from Assent that will prompt you to make data submissions. These emails will include a link to your supplier portal, where you can access all requested surveys.

If you receive these emails and are not the correct contact person, please reply to the email or reach out to [compliancesupport@assent.com](mailto:compliancesupport@assent.com) with the correct person in your organization to respond to ESG topics.

There are three different modules within Assent, detailed below. Each module will have its own email campaign reminders. Once each survey within a module is fully completed, the reminders will end.

Trade Classification and Country of Origin (TCO)

- USMCA
- Country of Origin
- Trade Classification and Origin

Product Compliance (PC)

- EU REACH SVHC: REACH stands for Registration, Evaluation, Authorization, and Restriction of Chemicals and SVHC stands for Substances of Very High Concern. With this request, Daikin is asking for REACH SVHC declarations that state whether the parts/products supplied contain articles with SVHCs over the 0/1% w/w (weight by weight) threshold.
- EU RoHS directive: This outlines the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- PFAS identification: Per- and polyfluoroalkyl substances (synthetic chemicals) present in purchased materials.
- TSCA Restrictions: Toxic Substances Control Act
- Prop 65: Proposition 65 protects drinking water in California from toxic substances.
- PoPs: Persistent organic pollutants are a class of highly hazardous chemical pollutants.
- Low Halogen: Limits have been placed on halogen contents.

## Environmental Social and Governance (ESG)

- Buyer-specific data
- Climate impact
- Data protection and privacy
- Diversity and inclusion
- Human rights
- Human trafficking and slavery
- Labor rights
- Organizational commitment
- Product stewardship
- Resilience
- Resource use
- RM-Conflict minerals

The ESG module surveys are responded to at a supplier level. Campaign emails for ESG surveys will stop once all module surveys have been submitted. After completing ESG surveys, Assent will assign Corrective Actions. Corrective Actions are intended to improve our suppliers' internal processes resulting in improved ESG responses in the future. Assent will send follow-up emails regarding the Corrective Actions until they have all been addressed.

The TCO and PC module surveys are responded to at a part level. For the part-level declarations, you may make a bulk declaration by selecting multiple parts at once. The module campaigns will end when all surveys within them have been submitted.

Suppliers should refer to Assent's Supplier Help Center to learn more about each of the regulations. The Supplier Help Center contains valuable resources to support your submissions.

### 9.3 Resilinc

Resilinc is a third-party service provider that has been selected by Daikin Applied to support our efforts to proactively de-risk our end-to-end supply chain and ensure we can meet customer commitments. This service allows Daikin Applied to gather, store, and view critical supply chain data on one platform. Resilinc utilizes artificial intelligence to canvas global media outlets to improve supply chain visibility so that Daikin can react and recover quickly when disruptive events occur around the globe. <https://portal.resilinc.com/#/login>

Campaign: Annual

Contacts:

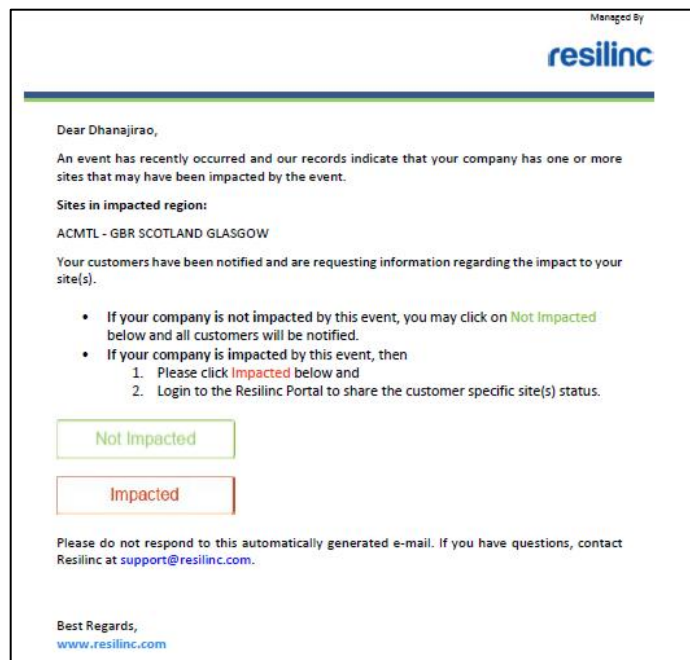
Daikin Applied: Your Strategic Sourcing Manager, Buyer, or [resilinc\\_conformity@daikinapplied.com](mailto:resilinc_conformity@daikinapplied.com)

Resilinc Support: [Sneha.Chaudhary@resilinc.com](mailto:Sneha.Chaudhary@resilinc.com)

WarRoom Confirmation:

Resilinc provides updates to Daikin Applied via AI mapping. When disruptive events take place, Resilinc may reach out to suppliers asking for confirmation of impact. Your prompt reply is appreciated.

When a disruptive event takes place near one of your locations, a WarRoom is created and sent out via email. We ask that you respond to either confirm or deny the impact of this event. Your response will automatically be updated on Daikin's portal. An example of a notification message is below:



Supply Chain Visibility (SCV) Assessments

Our top spend suppliers are targeted to complete Supply Chain Visibility Assessments (SCV). The SCV Assessment collects information about our supply chain dependencies with our critical suppliers, including key areas such as location information, recovery timing, part mapping through manufacturing site and delivery, emergency contact information, and critical sub-tier data. The format is detailed below.

You will receive reminder emails from Resilinc until the SCV is 100% complete and submitted. This assessment aims to collect tier 1 and 2 data from our suppliers to increase supply chain visibility. The assessment consists of 8 tabs in total. The first 5 relate to your company information. The last 3 relate to your suppliers' information. A visual of the SCV assessment is below.



Please understand that Resilinc is required by Daikin Applied to keep existing data up to date and will require your support in validating and updating this information on an annual basis going forward.

A more in-depth instruction manual is linked here: [SCV Supplier Instruction Manual](#)

## 9.4 Dun and Bradstreet (D&B)

Dun & Bradstreet (D&B) is a third-party service provider that has been selected by Daikin Applied to provide global commercial data, analytics, and insights that provides information on businesses to help assess financial and operational risk. D&B assigns unique identifiers (D-U-N-S Numbers) to companies and tracks their financial and operational performance. In the context of supply chain management, D&B reports are essential for evaluating the creditworthiness, financial stability, and overall reliability of new and existing suppliers. D&B plays a crucial role in helping Daikin Applied make informed decisions about which suppliers to engage with, mitigating risks such as supplier failure, non-payment, or supply disruptions. <https://www.dnb.com/duns-number/view-update-company-credit-file.html>

### Key D&B Scores Measured:

*Supplier Stability Indicator (SSI) - Likelihood supplier will experience significant financial or operational instability in the next 3 months*

*Supplier Evaluation Risk (SER) - Likelihood supplier will experience significant financial or operational instability in the next 12 months*

*PAYDEX – Dollar-weighted indicator that reflects a business's past payment performance to their suppliers*

*FAILURE – Delinquency score that estimates the likelihood a company will seek legal relief from creditors or cease operations without paying its debts within 12 months*

### How to Obtain a D-U-N-S Number:

A D-U-N-S Number is a unique nine-digit identifier for businesses, provided by Dun & Bradstreet (D&B). It is used worldwide to identify and track companies, and it is essential for suppliers who wish to do business with large companies like Daikin Applied.

### Steps to Obtain a D-U-N-S Number:



Visit the D&B Website: Go to the Dun & Bradstreet D-U-N-S Number registration page:  
<https://www.dnb.com/duns/get-a-duns.html>

Check for Existing D-U-N-S Number: Before applying, search to see if your business already has a D-U-N-S Number. You can do this on the same page by clicking on "Search for D-U-N-S Number."

Register for a D-U-N-S Number: If your business does not have a D-U-N-S Number, you can apply for one by filling out the online application form.

Submit the Application: After completing the form, submit your application. D&B may take a few business days to process your request.

Receive Your D-U-N-S Number: Once your application is processed, D&B will assign your business a D-U-N-S Number. You will receive it via email or can check it on the D&B website.

Keep Your Information Updated: Ensure that your business information is always up to date with D&B, as this data is crucial for maintaining an accurate D-U-N-S profile.

## 9.5 California Transparency in Supply Chains Act Disclosure

Daikin Applied engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery within the meaning of the California Transparency in Supply Chains Act of 2010 ([The California Transparency in Supply Chains Act](#)). Specifically, Daikin Applied:

- (1) Mandates performance of annual audits evaluating direct supplier compliance with Daikin Applied standards for human trafficking and slavery in supply chains. These audits are conducted by the direct suppliers and reported to Daikin Applied.
- (2) Requires its direct suppliers to certify that materials incorporated into the products they supply to Daikin Applied comply with applicable laws regarding human trafficking and slavery of the country or countries in which they are doing business.
- (3) Maintains internal accountability standards and procedures for employees or contractors failing to meet Daikin Applied standards regarding human trafficking and slavery.
- (4) Does not provide Daikin Applied employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chain of products.
- (5) Maintains the Daikin Applied Integrity Hotline for employees or contractors to report potential ethical issues that can be assessed and addressed at [secure.ethicspoint.com](https://secure.ethicspoint.com).
- (6) Encourages suppliers to report questions or concerns about Daikin Applied's Supplier Code of Conduct, including any risks of human trafficking and slavery to [suppliercompliance@daikinapplied.com](mailto:suppliercompliance@daikinapplied.com).

## 10.0 Order Communications

### 10.1 Order Communications Overview



Daikin Applied expects our suppliers to conduct day-to-day business (Purchase Orders, Order Acknowledgements, Supplier Change Requests, Advanced Shipping Notices, Invoices, etc.) with us via the digital channels of Electronic Data Interchange (EDI) or the iSupplier portal. Daikin supports EDI as the preferred method for EDI-capable suppliers. If a supplier is not EDI-capable, DAA's next preferred method is the iSupplier supplier portal. These tools are preferred over email or other similar channels because they greatly increase the speed, efficiency, and effectiveness of the procure-to-pay (P2P) process.

## 10.2 Electronic Data Interchange (EDI) Overview

Daikin Applied has the capability to send and receive Purchase Order transactions through electronic communication. EDI is the preferred long-term communication process for suppliers to receive and acknowledge purchase orders and PO changes from Daikin Applied. It also enables Suppliers to submit PO change requests, Advanced Shipment Notices (ASNs), and Invoices to Daikin Applied.

EDI integration allows purchase orders to be received directly into the supplier's system for more immediate processing, and for ASNs and Invoices to be received directly into Daikin Applied's systems for more efficient order management. This capability provides visibility across the P2P life cycle, building a collaborative relationship where Daikin Applied and suppliers become integrated partners, as suppliers have the necessary information to conduct business effectively and efficiently with Daikin Applied.

Daikin Applied works with our Managed Services Provider, OpenText TGMS, to onboard new suppliers to EDI. Daikin Applied has standard end-to-end testing procedures that must be completed in partnership with the supplier before going live on EDI.

### 10.2.1 Expectations

Once live on DAA's EDI solution, EDI transactions are the primary vehicle for both outbound communications (from Daikin Applied to Supplier) and inbound communications (from Supplier to Daikin Applied).

### 10.2.2 Daikin Applied will communicate to Suppliers:

- **New Purchase Orders:** When a new purchase order is created, the PO (EDI 850 transaction) is sent directly to the Suppliers' system. Suppliers are expected to acknowledge new purchase orders within 24 hours of receipt.
- **Updated Purchase Orders:** An updated purchase order will contain an incremental numbering sequence (example: Purchase Order Revision 1). Updates to Purchase Orders are made through PO Change Orders (EDI 860 transaction). A Supplier is expected to recognize that the subsequent revisions of a Purchase Order are not new purchase orders, but updates to existing items.

### 10.2.3 Suppliers will communicate with Daikin Applied:

- **Purchase Order Acknowledgement:** For each new Purchase Order received by a supplier, the supplier will send a PO Acknowledgement (EDI 855 transaction) to notify Daikin Applied that the order was received. The supplier also can request changes to the PO on the EDI 855. The PO Acknowledgement must be completed within 24 business hours of the purchase order receipt.
- **Purchase Order Change Acknowledgement:** Purchase Orders, at times, need to be adjusted for a variety of business reasons. If Daikin Applied sends a PO change (EDI 860), we expect suppliers to return the PO change of acknowledgment (EDI 865 transaction) acknowledging the PO change. Suppliers are also able to submit change requests to the Daikin Applied buyers

by sending the EDI 865 transaction.

**NOTE:** A supplier-initiated change request, submitted on the 855 or 865, will result in the buyer approving or rejecting the proposed change. Buyer acceptance of the requested change is the assumed result, and suppliers will be notified only if the change request was rejected by the buyer.

- **Advance Shipment Notices:** Advanced Shipment Notices, or ASN's (EDI 856 transactions) are required to facilitate warehouse planning, receiving, and execution. ASNs can include lines from multiple Purchase Orders in a single ASN.
- **Invoices:** Suppliers are expected to submit payment requests timely and accurately to minimize disruption and payment delays. Each Invoice (EDI 810 transaction) can only apply to a single Purchase Order.

**NOTE:** Daikin Applied Mexico invoices are not able to be submitted through EDI at this time. For more information, please reference Section 15.2 – Invoice Submission

**10.2.4 While P2P transactions are now being processed through EDI,** the Daikin Applied iSupplier portal remains available for suppliers to review transaction information before contacting Daikin Applied, including:

- **Receipt Details:** Suppliers can use the “View Receipts” link in the iSupplier Portal to see if shipments have been received at Daikin Applied locations.
- **Invoice Payment Status:** Suppliers are expected to research current and upcoming scheduled payments for submitted invoices via the iSupplier portal.

### 10.2.5 EDI Documentation and Resources

Daikin Applied has high-level overviews of the EDI processes, transactions, and EDI specifications available for viewing on the [Supplier Website](#). Here you will find our Message Implementation Guidelines (MIGs) and some brief information about our EDI program.

### 10.2.6 Contact Information

Should you have questions about the use of EDI, expectations, or process best practices, please contact:

- Your primary Daikin Applied Buyer or Strategic Sourcing Manager.
- The Daikin Applied EDI helpdesk via email: [edi@daikinapplied.com](mailto:edi@daikinapplied.com)

## 10.3 Oracle iSupplier Portal Overview

The iSupplier Portal is a secure web portal for suppliers to directly access procure-to-pay (P2P) information online and communicate with your Daikin Applied representatives digitally. For non-EDI-capable suppliers, the Daikin Applied iSupplier Portal is the preferred method for communicating the key transactions of the P2P process. Specifically, rather than mailing or picking up the phone, suppliers can access critical purchasing transactions immediately in real-time. Even for suppliers using EDI with Daikin Applied, there are benefits to using iSupplier such as looking at payment statuses, maintaining pertinent supplier data, etc.

This capability provides visibility across the P2P life cycle, building a collaborative relationship where Daikin Applied and suppliers become integrated partners, as both parties can access the same information over the internet to ensure suppliers have the necessary information to conduct business effectively and efficiently with Daikin Applied.

## 10.3.1 Expectations

The iSupplier portal will be the primary vehicle for non-EDI suppliers for outbound (from Daikin Applied to a Supplier) and inbound (from Supplier to Daikin Applied) communications in the following capacities:

## 10.3.2 Daikin Applied will communicate to our Suppliers via the iSupplier portal:

- **New Purchase Orders:** When a new purchase order is created, the PO will be communicated via email notification to the supplier, in addition to being immediately visible on the iSupplier Portal. Suppliers are expected to check the iSupplier portal daily and process new purchase orders within 24 hours of receipt. New purchase orders can be recognized with a “revision 0” numbering sequence.
- **Updated Purchase Orders:** An updated purchase order will contain an incremental numbering sequence, for example, Purchase Order Revision 1. A supplier is expected to recognize that the subsequent revisions of a Purchase Order are not new purchase orders, but updates to existing items. PO Change history can be used to identify changes/updates that have been processed.

## 10.3.3 Suppliers will communicate with Daikin Applied via the iSupplier portal:

- **Purchase Order Acknowledgement:** For each new purchase order that is received by a supplier, the supplier will send a “PO Acknowledgement” via iSupplier to Daikin Applied to notify Daikin Applied that the order was received and will be fulfilled. This “acknowledgement” must be completed within 24 business hours of sending the purchase order.
- **Purchase Order Change Requests:** Purchase Orders, at times, need to be adjusted for a variety of business reasons as needed. Suppliers can submit change requests to the purchase orders.
  - Promise (delivery) date changes.
  - Price changes.
  - Quantity changes.
  - Split shipments.

**NOTE:** Submitting one of the above changes for review will result in an approval or rejection of the proposed change. Suppliers will be notified when an approval or rejection has occurred.

- **Advanced Ship Notices (ASN):** Advanced Ship Notices, or ASNs, are required to facilitate warehouse planning, receiving, and execution.
- **Invoices:** Suppliers are expected to submit payment requests timely and accurately to minimize disruption and payment delays. One Invoice must be linked to a single Purchase Order.

**NOTE:** Invoices without a PO are not accepted on EDI currently.

**NOTE:** Daikin Applied Mexico invoices are not able to be submitted through iSupplier at this time. For more information, please reference Section 15.2 – Invoice Submission

## 10.3.4 Reviewing Payment Status on iSupplier

Further, Daikin Applied requires that suppliers review iSupplier portal information before contacting Daikin Applied for updated information relating to:

- **Invoice Payment Status:** Suppliers are expected to research current and upcoming scheduled payments for submitted invoices via the iSupplier portal –

which includes contacting your Daikin Buyer to resolve any invoice holds that are preventing payment from occurring. Should the information not be available on the iSupplier portal, suppliers may contact the appropriate Accounts Payable representative.

### 10.3.5 iSupplier Data Maintenance Responsibilities

It is the supplier's responsibility to maintain the following master data components in the iSupplier portal:

- **iSupplier Users:** To facilitate accurate Purchase Order communication flows, and supplier access accounts to perform required iSupplier functions, the designated "Account Administrator" will maintain an appropriate contact directory which includes adding and removing accounts as supplier resources change in addition to ensuring automated communication is flowing as expected and facilitating localized-supplier training as requested.
- **Purchasing and Payment addresses:** Daikin Applied maintains an address book for each supplier to enable 'purchasing sites' to be associated with each purchase order, and 'remittance sites' to be tied to each payment invoice. If changes or additions are required, designated "account administrators" will perform these functions in the iSupplier portal. Following the submission of the proposed changes, Daikin Applied will review and apply the required updates.

### 10.3.6 Documentation and Resources

Daikin Applied has published comprehensive self-guided training manuals and videos consisting of step-by-step directions and further definition of the iSupplier processes above which can be found here: <https://www.daikinapplied.com/suppliers/iSupplier>

### 10.3.7 Contact Information

Should you have questions about the use of iSupplier, expectations, or process best practices, please contact:

- Your primary Daikin Applied Buyer or Strategic Sourcing Manager.
- The Daikin Applied iSupplier helpdesk via email: [isupplier@daikinapplied.com](mailto:isupplier@daikinapplied.com)

## 11.0 Packaging

### 11.1 Overview

The purpose of this section is to clearly define the packaging expectations of Daikin Applied facilities. These guidelines apply to material shipment to all Daikin Applied facilities and include shipments to third party warehouses linked to those facilities. These general guidelines may be customized for the unique needs of the Daikin Applied Receiving departments. Packaging and delivery efficiency can only be achieved when both the supplier and the Daikin Applied facility receiving departments work together from proposal to implementation.

### 11.2 Guidelines

These guidelines have been developed to demonstrate packaging best practices that suppliers are expected to adopt to best position themselves to provide defect-free parts, maximize production efficiency, and ensure safety while minimizing overall packaging and transportation costs to meet each Daikin Applied facility operational requirements.

Daikin Applied strategic packaging objectives, container selection process, and operating procedures are outlined throughout this document. This document shall not supersede any contractual arrangement that a supplier may otherwise have with Daikin Applied, nor shall

adherence to these guidelines diminish a supplier's responsibility of delivering defect-free products.

Daikin Applied is focused on sound environmental, safety, and health operating practices. Practices that lead to decreased use of hazardous substances; reduced waste and emissions; improved energy and water conservation; greater reuse and recycling of materials; and the prevention of accidents and injuries across Daikin facilities.

Daikin Applied receiving departments must approve deviations or alterations from this guideline in advance of first shipments. We encourage our suppliers to take an active role in the ongoing analysis of packaging methods, materials, and cost reduction.

### 11.3 Supplier Responsibility

It is the supplier's responsibility to pack and label their parts in a manner that ensures they arrive in good condition. The supplier's quality obligations include, without limitation, packaging the materials for transport and storage at the receiving facility. Suppliers must quote for all businesses in compliance with these guidelines and include a breakdown of packaging cost elements identified by the Daikin Applied cost model.

Packaging design must protect the product, be ergonomic for users, and meet the lowest total cost requirements, particularly concerning efficient transport utilization and lean management demands (e.g., Line-side feeding, batch sizes). The supplier is responsible for ensuring that correct labeling is provided for all packaging in line with this manual. The supplier is obligated to complete all the packaging shipping documents under these guidelines. As part of the Daikin Applied process of continuous improvement, alterations to the approved packaging may be requested by the receiving departments, Logistics, or Engineering.




### 11.4 Packaging Guidelines for Request for Quote (RFQ)

These guidelines are to be used during the development of packaging plans before submitting a quotation for production parts. The guidelines are intended to close the gap between part quotation and product delivery expectations.

The decision to use expendable or returnable packaging is a consideration for the facilities. To aid in the decision-making process, Suppliers should quote the part packaging costs and record the container size and density assumptions made while preparing the RFQ.

Parts with quotes that involve a multi-tiered supply chain should quote the part cost with the assumption that Daikin Applied returnable packaging (Metal Cages) is used only for the finished part shipment. Labor associated with packaging is to be included in the manufacturing burden rates, not included in the packaging material cost.

The pack design and part count (pieces per container) shall not vary, and containers are to be shipped filled, except when a release is marked in a way to flag its exception. Multiple part numbers should not be placed in the same container. There should only be 1 part number per box or container.

| General Information   |                                    |              | Part Information   |           |            | Packaging Cost Breakdown  |                           |
|---|------------------------------------|--------------|--|-----------|------------|---|---------------------------|
| SBU   | Plant Location                     | Project Name | Part/Model Number  | Part Name | Rev. Level | Packaging Material  | Cost/Ea                   |
| Pkg. Contact  | Phone #                            | Project Type |  |           |            |   |                           |
| Design Responsibility   | Funding Responsibility             |              |  |           |            |   |                           |
| Required Internal Dunnage   |                                    |              | Primary Pack   |           |            | Pallet Configuration  |                           |
|  |                                    |              |  |           |            |  |                           |
| Packaging ID #  | T.B.D.                             |              | Packaging ID #   |           |            | Packaging ID #  |                           |
| Dimensions Inches   | 48 x 45 x 17.5                     |              | Dimensions Inches  |           |            | Dimensions Inches   | 48 x 45 x 17.5            |
| Tare Weight   | 65.5 Lbs                           |              | Tare Weight  |           |            | Tare Weight   | 65.5 lbs                  |
| Gross Weight  | 161.5                              |              | Gross Weight   |           |            | Gross Weight  | 161.5 lbs                 |
| Part quantity   | 64                                 |              | Part quantity  |           |            | Part quantity   | 64                        |
| Description   | 6parts/layer-8 cells/layer-4 layer |              | Description  |           |            | Load  | 4 layers / 64 total parts |
| Comments  |                                    |              | Comments   |           |            | Comments  |                           |

## 11.5 Packaging Design

It is the responsibility of the supplier to design and develop packaging. Packaging must provide adequate protection to ensure the safe delivery of parts and optimize the shipping container. It is important to begin the design process early in the part development cycle. Daikin Applied must review the proposed packaging to ensure that it meets ergonomic requirements. Although Daikin Applied may assist in the packaging process, the supplier is responsible for the performance of the packaging. A firm packaging plan should be in place and validated as part of the PPAP (Production Part Approval Process) and indicate a complete production plan for the parts.

## 11.6 Ergonomic Requirements

Safety and ergonomics are a primary concern for Daikin Applied. Suppliers must consider human interaction when designing packaging to ensure safety and prevent injuries both at Daikin Applied and supplier facilities. Suppliers are encouraged to initiate ideas to improve safety, quality, cost, loading optimization, and efficiency of any existing product packaging. Consideration of human tolerance to fatigue must be given priority when developing packaging to prevent injuries. Daikin Applied has a 35-pound weightlifting restriction. Any package weighing more than 35 pounds should display the container weight and be labeled with a "Heavy" designation.

## 11.7 Supplier Performance Implications

Having developed a package suitable for the intended distribution cycle, it is mandatory for the supplier to continue to supply material in the appropriate container per the relevant shipping guidelines. The receiving facilities will monitor the packaging received to ensure conformance. The supplier rating will be negatively impacted by non-compliance with these guidelines. It may result in an automatic rejection of shipment and/or a negative impact on the overall supplier rating.

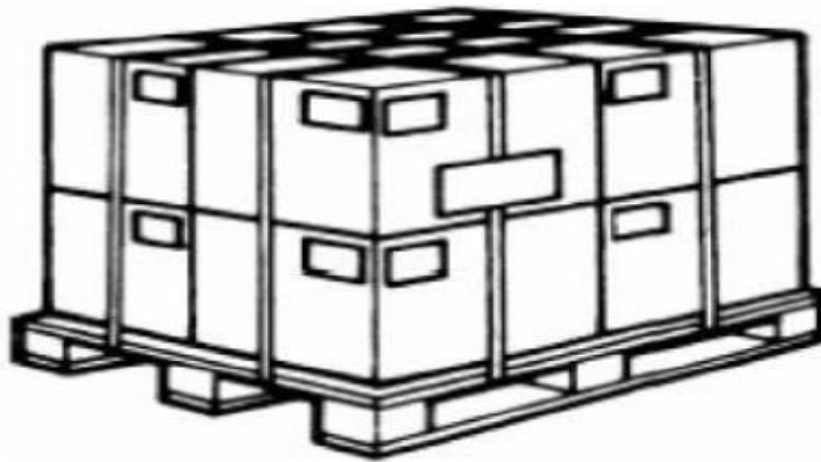
The measurement and monitoring of a supplier's performance may be managed differently by each receiving site, or by the Corporate Supplier Quality group.

## 12.0 Labeling - Identification of Packaging



Each carton on a pallet should be individually labeled as described below and a master label should be used. Please place two labels per box so that the labels are on the outside of the pallet and can be seen without moving the boxes. Parts that are large and packed with several items per package such as compressors, motors, etc. must include a label on the part with the Daikin part number in addition to the package label. Please place two master labels per pallet as this reduces the time in the scanning processes for boxes.

Mixed material within a single container is not permitted without written approval from a Daikin Applied Buyer. Mixed load pallets should have a label indicating it as a mixed load pallet if approved. The label should consist of a human-readable print for the part number, quantity per box, weight, and PO number. The label should also have the part number in barcode format.

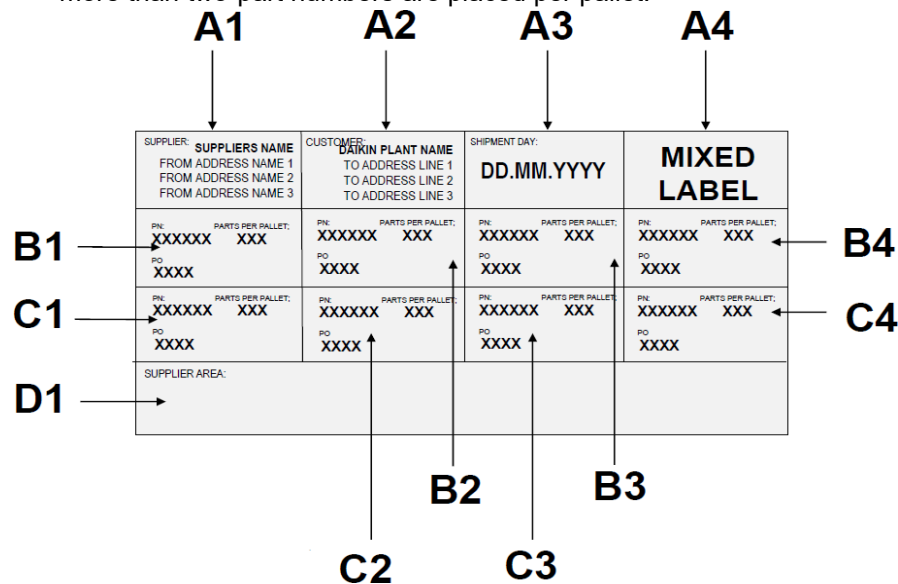






|    |                             |   |
|----|-----------------------------|---|
| A1 | SUPPLIER:                   | SUPPLIERS NAME + ADDRESS  |
| A2 | CUSTOMER:                   | CUSTOMER NAME + ADDRESS   |
| A3 | TYPE OF LABEL:              | MASTER LABEL  |
| B1 | PARTS PER PALLET:           | QUANTITY OF PIECES PER PALLET   |
| B2 | PART DESCRIPTION:           | PART DESCRIPTION  |
| B3 | SHIPMENT DAY:               | DATE ON WHICH THE MATERIAL IS SHIPPED: DAY/MONTH/YEAR (DD.MM.YYYY) SEPARATED BY SLASH |
| C1 | DAIKIN PART NUMBER:         | PART NUMBER BELONGING TO DAIKIN   |
| C2 | PO NUMBER:                  | PURCHASE ORDER NUMBER   |
| C3 | INVOICE NUMBER:             | INVOICE NUMBER  |
| D1 | DAIKIN PART NUMBER BARCODE: | BARCODE OF THE PART NUMBER  |
| D2 | PO NUMBER BARCODE:          | BARCODE OF THE PURCHASE ORDER NUMBER  |
| D3 | INVOICE NUMBER:             | INVOICE NUMBER  |

**12.1.3 Mixed Label:** label placed on the pallet to identify its contents. This label is used when more than two-part numbers are placed per pallet.



|    |                |  |
|----|----------------|--|
| A1 | SUPPLIER:      | SUPPLIERS NAME + ADDRESS   |
| A2 | CUSTOMER:      | CUSTOMER NAME + ADDRESS  |
| A3 | SHIPMENT DAY:  | DATE ON WHICH THE MATERIAL IS SHIPPED: DAY,MONTH,YEAR (DD.MM.YYYY) |
| A4 | TYPE OF LABEL: | MIXED LABEL  |
| B1 |                | PN + PARTS PER PALLET+ PO  |
| B2 |                | PN + PARTS PER PALLET+ PO  |
| B3 |                | PN + PARTS PER PALLET+ PO  |
| B4 |                | PN + PARTS PER PALLET+ PO.   |
| C1 |                | PN + PARTS PER PALLET+ PO  |
| C2 |                | PN + PARTS PER PALLET+ PO  |
| C3 |                | PN + PARTS PER PALLET+ PO  |
| C4 |                | PN + PARTS PER PALLET+ PO  |
| D1 | SUPPLIER AREA: | THE SUPPLIER MAY WRITE SOME NECESSARY SPECIFICATIONS.              |

## 12.2 Barcoded Packing Lists

Barcoded packing lists and labels enable faster receiving with just a scan. The underlying data has already been transmitted electronically. As a result, the receiving staff only needs to scan the barcode at the top of the packing list, or the separate subtitles then scan the part, package, or pallet.

Barcoding reduces dock-to-stock time as goods can be received with a few keystrokes. Appropriate corrective actions can be taken when there are shortages or defects detected during receiving and provides In-Transit visibility. Once goods are received, the supplier can see the receipt details in their ERP system. (Please see Appendix A and B)

If you do not currently have the capability to barcode, there are many resources available online for simple barcoding services. Please refer to the link below for a free barcode generator -

<https://barcode.tec-it.com/en>

**12.2.1 What Must Accompany Each Shipment:** A barcoded packing list must accompany each shipment and be attached to the outside of the pallet inside an envelope that is clearly marked. Whenever possible, attach a packing slip to each individual pallet to facilitate receiving.

**12.2.2 Must Contain:** Barcoded information on a packing list must contain:

- Supplier Name and Address
- Quantity Shipped and Total Number of Packages
- Material Description
- Supplier Part Number
- Daikin Applied Part Number
- Daikin Applied PO Number
- Daikin Applied PO Line Number
- Daikin Applied PO Release Number
- Date Shipped
- Country of Origin (COO)
- Advanced Shipping Notice (ASN)

**12.2.3 What's Not Allowed:** Barcoded data should not contain any prefixes or additional characters.

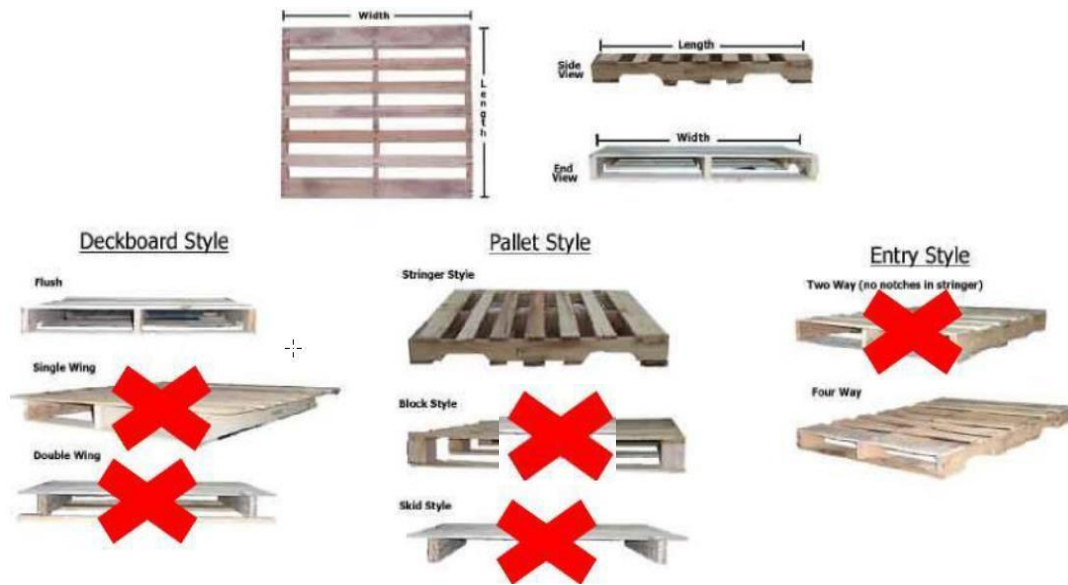
## 13.0 Pallet and Unit Load Information

All incoming pallets should be documented and approved by Daikin Applied. Used pallets are acceptable, but they must be inspected and free from damage, as this poses safety and facility concerns. At no time should pallets of less than B Grade quality be provided. All pallets must conform to the following requirements:

### 13.1 Pallet Construction

All incoming material must be four-way notched stringer pallets. They must be flush (not winged) reversible or nonreversible stringer pallets. For safety considerations, block-style pallets are generally not accepted. The standard pallet size is 40" x 48".

Wood, metal, and plastics are acceptable materials if the pallets meet the criteria in this document. **For shipments into the San Luis Potosi facility, all material must arrive on wooden pallets. This does not apply to materials required by small parcel or express delivery (FedEx, UPS, etc.).** Expendable corrugated pallets are not acceptable unless approved by a Daikin Applied Engineer.



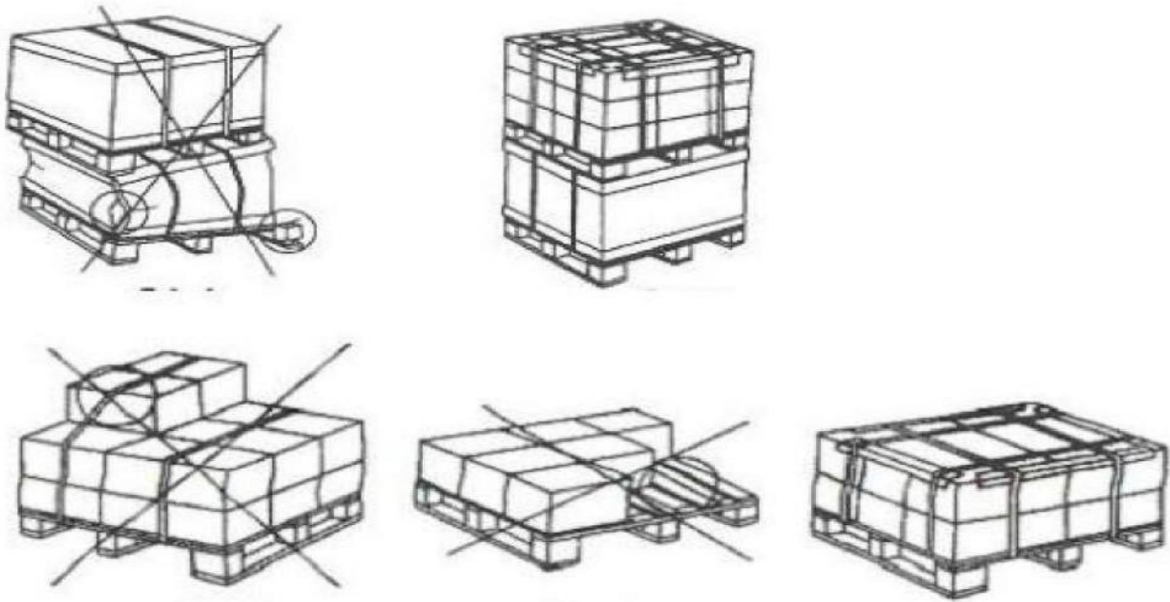
## 13.2 Pallet Loading

Suppliers will guarantee the packaging and handling units to be stable and stackable. Incomplete layers shall be avoided. Edge protection and strapping shall be used if it is required by the security of the handling unit or fixed in the packaging instructions.

Unit loads should be modularized to maximize the cubic load of the shipping conveyance. Pallets should be loaded flat, to allow stacking both in the trailer as well as in the warehouse. Product is not permitted to hang over the edge of the pallet. All packs must have sufficient vertical strength and stability to withstand a tiered height of 100" inches. Dynamic loading is generally 3 times static loading. Pallet and product may not exceed 2000 lbs. in weight (stacked) unless approved by Daikin Applied Engineering, Logistics, or the Receiving department. Consolidate the same part number onto a single pallet to avoid having mixed part number pallets as much as possible. **(Total stacked height for multiple pallets is 100" or 2200 mm)**

All packages must be secured to prevent the load from shifting during transit. Nonmetal (plastic) strapping is required. Stretch film may be necessary to ensure the load does not shift during transit and should be used in addition to nonmetal banding. Metal banding and/or seals are allowed on an exception basis only. It is the supplier's responsibility to secure all loads with adequate banding.

Pallets that cannot be stowed must be identified to avoid being stowed. Place an identification sheet of 8.5 x 11 inches (US letter size) with the text "DO NOT STACK" on each side of the pallet totaling four labels.



## 14.0 Material Handling

Warehouse operations seek to store and deliver parts effectively to assembly lines without damage to parts and with minimal waste utilizing lean principles. It is the supplier's responsibility to provide quality parts in specified packaging to prevent damage during transportation and delivery. To maximize warehouse storage and efficiency, the following considerations will be taken during the development and testing of packaging programs:

- Packaging dimensions should not exceed current material presentation equipment (racks, conveyors, etc.)
- Packaging weight should not exceed Daikin Applied forklift requirements of 2,000 lbs. (based on site location - please contact your local supplier quality representative for questions).
- Expendable packaging (metal cages) must be designed to be stored outdoors.
- Packaging must conform to all local government and transportation rules and regulations.
- The packaging must deliver the part to the point of use, in a production-ready and damage-free condition, assuming normal handling in transportation, storage, and in-plant movement.
- Container systems should be designed to withstand temperature variations from -30°F to +150°F (34.4°C to 65.6°C) and able to withstand 90% humidity at 150°F/65.6°C exposure.

## 15.0 Invoicing

### 15.1 Invoice Requirements

To process invoices promptly it is imperative all the information needed to process an invoice be included on each invoice sent, including:

#### 15.1.1 Valid PO number must be included on all invoices:

- Purchase orders are 7-digit numbers
- One PO per invoice is preferred
- When one PO on an invoice is not possible, the POs must be labeled on each line of the invoice.
- Each invoice line should reference either a PO line number or a release number.

**15.1.2 Blanket Purchase Orders require release numbers associated with all orders:**

- One release number per invoice is preferred
- When more than one release is included on an invoice, clearly mark the invoice lines with the correlating release number.
- Release number summaries are not acceptable such as (releases 100-105)

**15.1.3 Addressing requirements:**

- Remit to Payee name and address
- Ship to Address with a Daikin Contact or departmental reference

**15.1.4 Preferred information:**

- Payment terms
- Supplier Contact phone number
- Supplier Contact email address

**15.1.5 Invoice line information:**

- Article or item number
- Description
- Quantity shipped
- Unit of measure
- Unit price
- Line total price

## 15.2 Invoice Submission

Invoices should be submitted through the normal channel of business, preferably EDI or iSupplier. If the supplier is not set up on either EDI or iSupplier, the invoice should be submitted to [APInvoices@daikinapplied.com](mailto:APInvoices@daikinapplied.com). Regardless of the submission method, the invoice should only be submitted once unless otherwise instructed.

Inquiries on invoices that are Past Due should be directed to [inquires.ap@daikinapplied.com](mailto:inquires.ap@daikinapplied.com).

If an order was accepted without a PO, the invoice should be sent directly to the Daikin Applied buyer who placed the order.

**NOTE:** Accounts Payable cannot process or help on invoices that do not have a PO unless it is received from the Daikin Applied buyer who ordered from the supplier.

### 15.2.1 Invoice Submission - San Luis Potosí, México

San Luis Potosi, Mexico has special submission requirements for invoices. Please follow the below guidelines when shipping to Mexico.

- Initial submission of invoices with a Purchase Order should be sent to the Buyer by email and to [facturas.daikin@daikinapplied.com](mailto:facturas.daikin@daikinapplied.com). EDI and iSupplier invoices are not accepted by the MX Accounts Payables team at this time.
- All invoices need to be delivered to San Luis Potosi (SLP) Warehouse/ Receiving Clerk so that receipts can be entered in Oracle. The Daikin Buyer will complete this activity for suppliers shipping from outside of Mexico.
- After the receipt is entered, the receiving clerk will deliver invoices to Accounts Payable to be processed for payment.
- All Mexican suppliers will also have to submit invoices through the FACEL portal to comply with accounting regulations in Mexico. To submit invoices through the FACEL portal, Suppliers will need the corresponding receipt transaction number related to every invoice from the SLP Daikin Receiving Clerk so they can link it with the .xml file.



Note: As part of the 2014 Mexican tax reform and its Tax Resolution for 2014 Electronic Media Accounting, companies in Mexico are required to maintain accounting records through electronic systems that can create XML format files with information about their transactions.

- Inquiries from suppliers on invoices that are past due should be directed to:
  - Invoices that are in MXP currency: [Ana.Garcia@daikinapplied.com](mailto:Ana.Garcia@daikinapplied.com)
  - Invoices that are in USD currency: [Octavio.Hernandez@daikinapplied.com](mailto:Octavio.Hernandez@daikinapplied.com)
- For invoices that do not have a Purchase Order, Daikin employees who placed the order will provide the "Payment in Advance Request" (Solicitud de Pago por Anticipado) form to Accounts Payable so that the invoice can get paid.

### 15.3 Financial Communication Expectations

#### 15.3.1 Issue Resolution (in order):

- Check the iSupplier portal for invoice information
- Contact Buyer
- Contact Accounts Payable and provide copies of all invoices being inquired about
- Buyers should review AP holds daily either by Oracle workflow notification or Power BI report
- If buyers need copies of AP invoices, they can review them in the data warehouse: [AP Invoice Lookup](#)

#### 15.3.2 Credit Holds:

- Daikin Applied is to be contacted by email and phone before any holds are placed.
- Contact Daikin Applied Buyer and Accounts Payable before any holds are placed.
- If a credit hold is placed, record the contacts made or attempts before placing the credit hold. This will be imperative for Daikin Applied to investigate and correct any issues that lead to the credit hold.

### 15.4 Financial Communication Methods

**15.4.1 Scheduled Payments:** Suppliers are expected to research current and upcoming scheduled payments for submitted invoices via the iSupplier portal – which includes contacting your Daikin Applied Buyer to resolve any invoice holds that are preventing payment from occurring. Should the information not be available on the iSupplier portal, suppliers may contact the appropriate Accounts Payable representative.

**15.4.2 Payment Email:** If email is preferred, contact your Accounts Payable representative directly. If the contact is unknown, send your email to [AP@daikinapplied.com](mailto:AP@daikinapplied.com)

**15.4.3 Payment Phone Number:** Phone 763-553-5330 and follow the prompts for Accounts Payable

### 15.5 Payment Processing

#### 15.5.1 Payruns

- All invoices due are processed for payment on the last workday of each week, typically Friday.
- These pay runs process all invoices that are submitted and due prior to the next pay cycle.

#### 15.5.2 Payment Methods

- ACH
  - ACH services are provided by Paymode, a third-party provider
  - Paymode can be contacted directly by phone at 1-877-443-6944 or by email at [memberservices@paymode-x.com](mailto:memberservices@paymode-x.com).



- WIRE
  - Wire payments are reserved for foreign entity vendors
- On rare occasions, paper checks will be mailed to the remittance on file

### 16.0 Inbound Transportation

#### Daikin Applied Locations & Shipping / Receiving Hours

|  |   |
|--|---|
| Daikin Applied Americas<br>13600 Industrial Park Blvd<br>Minneapolis, MN 55441     | <b>Headquarters</b><br>Monday through Friday 8:00 am – 3:30 pm<br>(763) 553-5330  |
| Daikin Applied Americas<br>1001 21 <sup>st</sup> Ave<br>Owatonna, MN 55060         | <b>Manufacturing</b><br>Shipping and Receiving open 24/7 except for:<br>4:00 pm Saturday to 6:00 am Sunday<br>(507) 451-1838<br>(507) 446-2171<br>(507) 446-2186  |
| Daikin Applied Americas<br>1205 Park Dr. NE Owatonna,<br>MN 55060                  | <b>Warehouse</b><br>Shipping and Receiving open 24/7 except for:<br>4:00 pm Saturday to 6:00 am Sunday<br>(507) 451-5690  |
| Daikin Applied Americas (FBS)<br>300 24 <sup>th</sup> St NW<br>Faribault, MN 55021 | <b>Manufacturing</b><br>Steel Receiving: Monday - Thursday 6:30 am to 3:30 pm<br>All other Receiving: 6:00 am to 4:00 pm<br>Shipping: 6:00 am to 4:00 pm Monday - Friday<br>(507) 333-3049  |
| Daikin Applied Americas (FBN)<br>15620 Acorn Trail<br>Faribault, MN 55021          | <b>Manufacturing and Warehouse</b><br>Steel Receiving: Monday through Friday 8:30 am - 3:30 pm<br>All other Receiving:<br>1 <sup>st</sup> Shift Monday through Friday 7:30 am - 3:30 pm<br>2 <sup>nd</sup> Shift Monday through Friday 5:30 pm - 1:30 am<br>(507) 400-6439<br>Shipping: Monday through Friday 8:30 am – 3:30 pm |
| Daikin Applied Americas<br>207 Laurel Hill Road Verona, VA<br>24482                | <b>Manufacturing</b><br>Receiving: Monday through Friday 6 am – 1:30 pm<br>(540) 280-1837<br>Shipping: Monday through Friday 7 am – 5 pm<br>(540) 280-1813  |
| Daikin Applied Americas<br>131 Laurel Hill Road Suite 301<br>Verona, VA 24482      | <b>Manufacturing</b><br>Receiving: Monday through Friday 6 am – 1:30 pm<br>(540) 280-1837<br>Shipping: Monday through Friday 7 am – 1 pm<br>(540) 280-1813  |
| Daikin Applied Americas 2915<br>Needmore Road<br>Dayton, OH 45414                  | <b>Warehouse</b><br>Receiving: Monday through Friday 7 am – 3 pm Deliveries accepted<br>until 2:30<br>(937) 742-4160<br>Shipping: Monday through Friday 11 am – 7:30 pm   |
| Daikin Applied Americas<br>4940 W. Lower Buckeye Road<br>Phoenix, AZ 85043         | <b>Manufacturing</b><br>Receiving: Monday through Thursday 7:00 am - 2:30 pm<br>Shipping by Appointment only<br>Office Phone (602) 362-1128<br>Mobile (480) 244-2215  |

|  |   |   |
|--|---|---|
|   | <b>Supplier Operations Manual</b>   | Published<br>October 1 <sup>st</sup> , 2024 |
| Daikin Applied Americas (Arkansas Whse)<br>501 South Fresno<br>Ft. Smith, AR 72916   | <b>Warehouse</b><br>Receiving: Monday through Friday 7:00 am - 2:30 pm<br>Shipping: Monday through Friday 7:00 am - 2:00 pm<br>(479) 806-5116   |   |
| United Cool Air<br>491 E. Princess St.<br>York, PA 17403   | <b>Manufacturing</b><br>Shipping: Monday through Friday 5 am - 3:30 pm<br>(717) 843-4311  |   |
| Alliance Air Products, LLC.<br>2285 Michael Faraday Dr. Ste #15.<br>San Diego, CA. 92154   | <b>Headquarters</b><br>Monday through Friday 8:00 am - 5:00 pm<br>(619) 428-9688  |   |
| Alliance Air Products, LLC.<br>US Warehouse<br>2285 Michael Faraday Dr. Ste #15<br>San Diego, CA. 92154  | <b>Warehouse</b><br>Shipping & Receiving: Monday through Friday 7:30 am – 4:30 pm<br>(619) 591-1570   |   |
| Alliance Air Products, LLC.<br>Especializados del Aire SA. de CV. (TJ1)<br>Blvd. La Encantada Industrial No. 22215<br>Fideicomiso El Florido.<br>Tijuana, B.C. México C.P. 22245 | <b>Manufacturing (TJ1)</b><br>Receiving Hours: Monday through Friday<br>1 <sup>st</sup> shift 6 am to 4 pm<br>2 <sup>nd</sup> shift 4 pm to 10 pm<br>Shipping Hours: Monday – Friday 8 am - 3 pm                    |   |
| Reno NV<br>8800 Boomtown Garson Road,<br>Reno, NV 89523  | <b>Warehouse</b><br>Receiving Hours: Monday through Friday 8:30 am – 2:30 pm<br>Shipping Hours: Monday through Friday 8:30 am – 4:40 pm<br>Facility: (937) 742-4180<br>Cell: (937) 272-8288<br>Cell: (775) 462-7652 |   |
| Clima Flex<br>Avenida Central #285, SLP, SLP<br>78422, México  | <b>Manufacturing</b><br>Shipping Hours: Monday through Friday 8:00 am - 5:00 pm<br>Receiving Hours: Monday through Friday 8:00 am - 5:00 pm<br>(444) 161-5043 Ext. 1050   |   |
| DMMX<br>AV DEL SIGLO 360, ZONA<br>INDUSTRIAL ZIP CODE 78395<br>PARQUE INDUSTRIAL MILLENIUM, SLP  | <b>Manufacturing</b><br>Shipping Hours: Monday through Friday 7:00 am - 3:30 pm<br>Receiving Hours: Monday through Friday 7:00 am - 7:00 pm<br>(444) 804-3100   |   |

## 16.1 Shipments From US and Canada

Daikin Applied has selected Ruan Transportation to manage our transportation and supply chain network in the United States and Canada. These instructions cover inbound shipments (FCA Origin) to all Daikin Applied facilities located in the United States, including the operations in San Luis Potosi, Mexico, unless otherwise stated in a written agreement with Daikin Applied. Daikin Applied and Ruan will be providing the Daikin Applied/RTMS Supplier Portal to manage all non-parcel transportation requests.

## 16.2 Daikin Mexico Shipping Instructions

For shipments less than 120 pounds (parcel) please ship via UPS ground under account #V61A32 to the Ship to Address shown below (Jamco Laredo).  
For shipments greater than 120 pounds (LTL) please ship via RUAN, using the Daikin/RTMS Supplier Portal.

The Daikin/RTMS Supplier Portal supplier can be accessed at the following URL:  
<https://logistics.ruan.com> from any of the following internet browsers

- Internet Explorer (IE) Version 11
- Mozilla Firefox 38.3

c. Google Chrome version 46

The following screen will appear:



|                                      |                          |
|--------------------------------------|--------------------------|
| User Name                            | <input type="text"/>     |
| Password                             | <input type="password"/> |
| <input type="button" value="Login"/> |                          |

Your login credentials are the following:

Username: Daikin Vendor ID

Password: Daikin Vendor ID

Your 5- or 6-digit Daikin Vendor ID can be found on the Standard PO Order form under the VENDOR information section (highlighted in yellow):

|  |                           |                           |   |        |            |
|--|---------------------------|---------------------------|---|--------|------------|
| <b>DAIKIN PURCHASE ORDER</b>   |                           | PURCHASE ORDER NO. 890061 |   | REV. 0 | PAGE 1     |
| Daikin Manufacturing Mexico S. de R.L. de C.V.   |                           |                           |   |        |            |
| VENDOR: AIRUPAM TECHNICAL SERVICES INC - DE<br>12560 Fletcher Lane, Suite 100<br>Rogers, MN 55374<br>United States |                           |                           | SHIP TO:<br>Daikin Manufacturing Mexico<br>c/o ProTrans<br>110 Consolidation Point<br>Laredo, TX 78045<br>United States |        |            |
| CUSTOMER ACCOUNT NO.   |                           |                           | REVISED DATE / BUYER  |        |            |
| VENDOR NO. <b>111111</b>   |                           |                           | DATE OF ORDER / BUYER 22-APR-19 A Reyes   |        |            |
| PAYMENT TERMS 30 NET   |                           |                           | SHIP VIA  |        |            |
| FREIGHT TERMS  |                           |                           | CONTACT / TELEPHONE (463) 428-3170  |        |            |
| ITEM   | PART NUMBER / DESCRIPTION | "IN HOUSE" DATE           | QUANTITY  | UNIT   | UNIT PRICE |
| EXTENSION TAX  |                           |                           |   |        |            |

Av. del Siglo 360, Parque Industrial Millennium, 78395 San Luis Potosí, San Luis Potosí

If you cannot locate your Daikin EBS Supplier ID, please reach out to your Daikin Buyer contact for this information.

All shipments should be routed to the JAMCO Laredo Warehouse for cross-dock services at the following address which will be an option when the Daikin Transportation Request is initiated under the <Consignee Daikin Plant / Locations> field option.

SHIP TO:  
DAIKIN MANUFACTURING MEXICO C/O JAMCO INTERNATIONAL, INC.  
8019 Milo Road Bldg 3  
Laredo, TX 78045  
Phone: 956-717-3322

**All Commercial invoices and related documents must be uploaded via the Daikin/RTMS Supplier Portal within 48 hours once shipped to support customs clearance.**

These are the documents that suppliers will need to provide for customs purposes:

**Invoice** – Must contain at least the following information:

- Invoice number
- Invoice date

- Complete name and address of the supplier (must match with the information on the W9)
- Complete name and address of Daikin Manufacturing Mexico, as follows:

DAIKIN MANUFACTURING MEXICO S DE RL DE CV  
 AV. DEL SIGLO # 360  
 ZONA INDUSTRIAL RURAL  
 SAN LUIS POTOSI, SLP, 78395 MEXICO  
 RFC (TAX ID): MME110315EYA

- Part number and description
- Qty and unit of measure
- Unit price
- Total cost
- Country of Origin

**Packing List** – Must be printed and included on each shipment so that when it arrives in Laredo the broker can perform the physical review against it.

**USMCA Certification of Origin (if applicable)** – The USMCA does not have a specific form/template to be used but the certificates must comply with regulations set for in Annex 5-A (Minimum Data Elements attached).

**Serial Numbers List (if applicable)** – If the material is physically identified (labeled) with serial numbers, we will need the list of serial numbers to be provided on each shipment.

**Mill & Quality Certificates (if applicable)** – For steel products (such as sheets, plates, etc.) it will be necessary to provide the mill certificates corresponding to the material included in each shipment (on some specific manufactured steel products such as pipes, tubes, chains, wire rod, mesh, etc. it will be necessary to have the quality certificates of the products in addition to the mill certificate).

As defined in the Foreign Trade Regulations (15 CFR Part 30), Daikin Manufacturing Mexico (FPPI) authorizes Jamco International, Inc. to prepare and Transmit Electronic Export Information (EEI) as Routed Transactions. Daikin Manufacturing Mexico certifies that all necessary and proper documentation to accurately transmit the information electronically is and will be provided, before export, to the said Authorized Agent. The FPPI further understands that civil and/or criminal penalties may be imposed for making fraudulent statements or for the violation of any U.S. laws or regulations on exportation and agrees to be bound by all statements of said Authorized Agent based upon information or documentation provided by the FPPI to said Authorized Agent.

Daikin Manufacturing Mexico will not be responsible for any related freight costs if these shipping instructions are not followed.

### 16.3 Daikin Applied/RTMS Supplier Portal

Inbound Daikin Applied Transportation Requests (DTR) should be entered in the Daikin Applied/RTMS Supplier Portal. If the items, you are shipping total less than 150 lbs. (no package exceeds 70 lbs. or over 130" length and girth combined) proceed to ship them using United Parcel Service (UPS). Daikin Applied/RTMS Supplier Portal entry is NOT required on small parcel shipments.

The Daikin Applied/RTMS Supplier Portal can be accessed at the following URL:  
<https://logistics.ruan.com>

The RTMS Supplier User Guide can be found on the RTMS Supplier Portal menu.

**16.3.1 Billing on Shipments from US and Canada**

All shipments should be shipped "PREPAID" and billed as follows:

Daikin Applied Americas Inc.  
% LOGISTICS BILLING RUAN TRANSPORTATION  
PO BOX 9319, DES MOINES, IA 50309

**16.3.2 Customs Documentation on Canadian Shipments**

After you have entered a shipment pick-up request in Ruan's Portal, please upload the customs documents to the shipment request and email copies to Expeditors' Northern Border Team at [BorderPreAlerts@expeditors.com](mailto:BorderPreAlerts@expeditors.com). If you need urgent assistance with a clearance, please contact Expeditors' 24-hour PAPS line at 734-857-5150.

**16.3.3 US Customs Broker Contact Information:**

Expeditors International of Washington  
580 Opperman Dr, Suite 500  
Eagan, MN 55123

Phone: 651-683-9922

**16.4 Shipments From Outside the US and Canada**

Daikin Applied has selected Expeditors International of Washington to manage our international transportation and supply chain network. These instructions cover inbound shipments (FOB Origin or FCA Origin) to all Daikin Applied facilities located in the United States. For shipments originating outside the United States, the supplier must contact their local Expeditors office to arrange for shipment or [Logistics@daikinapplied.com](mailto:Logistics@daikinapplied.com) for assistance.

**16.5 Parcel Shipments****16.5.1 Definition of a Small Parcel**

- Package weight not to exceed 70 lbs. Total shipment weight under 150 lbs.
- Packages can be up to 130 inches in length and girth combined.

**16.5.2 Using UPS for Small Parcel Shipments**

- Shipments that meet the above-mentioned weights and dimensions should automatically be shipped via UPS (standard UPS ground is default).
- Shipments should be made on collect or third party Billed to Daikin Applied. The supplier should refer to the purchase order or request a UPS account number from Daikin Applied Buyer.
- Any excess service levels should be approved by Daikin Applied Buyer before shipping.

**17.0 International Logistics Compliance****17.1 Trade Compliance Requirements for Suppliers**

**17.1.1 Commercial Invoice Requirements:** Commercial invoices must conform to Customs Regulations per 19 C.F.R. 141.86 – 141.89 and 142.6, which are available at

<https://gov.ecfr.io/cgi-bin/EC.F.R.?page=browse>. A list of required data elements and a sample commercial invoice template can be used as guidelines for buyer instructions to provide to foreign suppliers.

**17.1.2 Wood packaging material** must meet the ISPM 15 (<https://ispm15.com/>) Standards.

**17.1.3 Requirements of Importer Security Filing for ocean shipments:**

- The supplier is to complete the 10+2 ISF Worksheet for their ocean shipments and supply it to the ISF-filer at least 72 hours before vessel departure to allow the timely and accurate preparation of the ISF filing.
- Even though the supplier normally completes the ISF Worksheet, it is the importer's responsibility for the accuracy of the information.

**17.1.4 Country of Origin Marking requirements:**

- 19 C.F.R. §134 requires that every article of foreign origin imported into the United States unless excepted by law, shall be marked with the name of the country of origin of the goods. Merchandise must be marked in a conspicuous place as legibly, indelibly, and as permanently as the nature of the product will permit. This marking should indicate to an ultimate purchaser the country of origin, in English, and the purchaser should be able to see the marking easily and read it without strain.
- If a label contains a U.S. address or any reference to a location that is not the country of manufacture, the actual country of origin is to appear on the label close to such words, and at least in comparable size. The name of the country of origin is to be preceded by "Made in," "Product of," or other words of similar meaning. Failure to properly mark merchandise will result in financial penalties, as well as delays in clearing shipments through U.S. Customs.
- Refer to 19 C.F.R. Part 134 for regulations related to country of origin marking. Articles appearing on the J-List of marking exceptions (such as masking plugs, tape, etc.) do not have to be marked to reflect their country of origin, but the outermost shipping containers must be marked with the articles' country of origin. General exceptions to marking are found at 19 C.F.R. § 134.32. Specific (J-List) exceptions are found in § 132.33(a)-(p).

**17.1.5 Customs:** Customs recommends that boilerplate instructions be provided to foreign suppliers when creating purchase orders so that sufficient and correct information, certifications, and/or declarations are included on the commercial invoice and packing list, and to ensure that all packages and products are marked with the correct and accurate country of origin information. See Appendix C.

**17.2 Goods Produced by Convicts, Forced or Indentured (Including Child) Labor**

**17.2.1 Tariff Act of 1930:** Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307)

prohibits the importation of merchandise mined, produced, or manufactured, wholly or in part, in any foreign country by forced labor – including prison labor and forced child labor. Such merchandise is subject to exclusion and/or seizure and may lead to criminal investigation of importers.

When information reasonably, but not conclusively, indicates that merchandise within the purview of this provision is being imported, the Commissioner of Customs may issue withhold release orders according to 19 C.F.R. § 12.42(e). If the Commissioner is provided with information sufficient to decide that the goods in question are subject to the provisions of 19 U.S.C. § 1307, the Commissioner will publish a formal finding to that effect in the Customs Bulletin and the Federal Register under 19 C.F.R. § 12.42(f).

**17.2.2 Commissioner Release Order:** The Customs regulations state that any person, who has reason to believe that merchandise produced by forced labor is being, or is likely to be, imported into the United States, may communicate their belief to any Port



Director or the Commissioner of Customs by submitting a detailed formal petition to Customs. See 19 C.F.R. § 12.42.

**NOTE:** Violations may also be reported via the e-Allegations Online Trade Violation Reporting System at <https://www.cbp.gov/trade/e-allegations> Allegations may be reported anonymously.

## 17.3 Free Trade Agreements

Daikin Applied expects suppliers who are providing free trade certificates to verify they are validating the product before completing the certificate.

Daikin Applied will follow 19 C.F.R. Part 181 for USMCA and other Customs regulations related to free trade agreements including recordkeeping requirements.

## 18.0 Aftermarket Parts Requirements

### 18.1 Aftermarket Packaging

All products must be reviewed for individual packaging based on size and fragility. Example: Motors, compressors, and coils must be individually packaged for shipments into Dayton, Ohio.

Suppliers must keep in mind the distribution channel for their products being provided. All packaging must have the integrity to withstand the transportation being provided to the final customer destination. This includes small parcels, skid-level products, and crates.

Suppliers may choose to assign a distinct part number to signify packaging requirements.

All above stated requirements apply to this area of the business. This includes, but is not limited to quality, pallet configuration and reliability, and labeling needs.

For each inbound shipment, a packing slip must be included outlining the contents. Without inclusion, the receiving process will be delayed until proper documentation is provided.

Mixed load pallets and boxes should have a label indicating it as a mixed product shipment.

## 19.0 Drop Shipments

### 19.1 Finished Goods

Daikin Applied may direct suppliers to drop-ship purchase orders of finished goods directly to their customers. The packing list and Bill of Lading (BOL) should reference the following:

- Daikin Applied Purchase Order
- Daikin Applied Sales Order
- Job Name (if referenced)
- Serial Number

A signed Bill of Lading needs to be forwarded to the Buyer to process a receipt and invoice.

### 19.2 Central Operations Replacement Parts

**Replacement Parts Daikin Applied may direct suppliers to drop ship critical replacement parts directly to their customers. Shipment should reference the following:**

- Daikin Purchase Order



- Daikin Sales Order

Any expedited service should be approved by Daikin Applied's Buyer before ship.

A signed BOL needs to be forwarded to the Buyer to process a receipt and invoice.

**NOTE:** Packing slips for drop shipments should never include cost information.

## 20.0 Supplier Onboarding Process Map

This Supplier Onboarding Process Map outlines the steps involved in bringing a new supplier into Daikin's supply chain. This process ensures that new suppliers meet all the necessary criteria and comply with the company's requirements and standards.

[Supplier Onboarding Process Flow](#)

## 21.0 Revision History

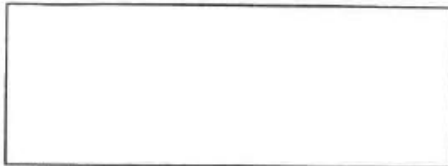
| Revision Date | List of changes   | Section   |
|---------------|---|-----------|
| 1/5/2021      | Initial Release   |           |
| 7/27/2021     | PPAP workbook updated from three levels to five levels  | 6.3.2     |
| 7/27/2021     | Table added that defines the type of supplier change requests   | 6.7       |
| 7/27/2021     | Additional clarification added around On Time Delivery requirements                                     | 7.0       |
| 7/27/2021     | Information on barcoding support added  | 10.1      |
| 7/27/2021     | New section added on EDI (Electronic Data Interchange)  | 14.0      |
| 7/27/2021     | New instructions on invoice submission in Mexico  | 15.2.1    |
| 8/7/21        | Mohawk contacts updated to Expeditors   | 16.4.2    |
| 8/7/21        | Expeditors' address added   | 16.4.3    |
| 8/7/21        | Revision History added  | 20.0      |
| 6/20/22       | Daikin Mexico Shipping Instructions   | 16.3      |
| 6/20/22       | Accounts Payable email address updated  | 15.2      |
| 6/20/22       | Required Label Format Specifications added  | 10.1      |
| 07/03/24      | Updated Code of Conduct Link  | 5.2.5     |
| 07/03/24      | Added supplier Security Section   | 6.0       |
| 07/03/24      | Added supplier Self-Assessment Form   | 7.2.1     |
| 07/03/24      | Added PPAP Forms  | 7.3.2     |
| 07/03/24      | Added SCAR Form   | 7.4       |
| 07/03/24      | Added Assent, Resilinc, D&B, and California Transparency Act to Social and Environmental Responsibility | 9.2 – 9.5 |
| 07/03/24      | Added Supplier Process Onboarding Process Map   | 21.0      |
| 07/03/24      | Merged iSupplier and EDI sections   |           |
| 10/1/25       | New instructions on Warranty Recovery.  | 8.5       |
| 10/1/25       | Updated Performance Expectations  | 8.0       |

## Appendix A

### Packing List



76231584



#### DAIKIN MCQUAY INCORPORATED

2915 NEEDMORE ROAD

DAYTON

OH 45414

Ship Date:

Order: 7111305574

Reference:

Customer PO: 1200967






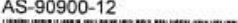






Delivery: 76231584

Wave: 7-03177370

Stage: S-FXFE

BOL: B429970525



| Line<br>Item | Part Number  | Customer Part<br>Number | Description                                | Order<br>Qty | Ship<br>Qty | B/O<br>Qty |
|--------------|--|-------------------------|--|--------------|-------------|------------|
| 1.1          | AS-104518-01<br>    |                         | MICRO CHANNEL COIL BENDING<br>ASSY         | 1            | 1           | 0          |
| 2.1          | 62-102860-07<br>    |                         | INTEGRATED FURNACE CONTROL                 | 5            | 5           | 0          |
| 3.1          | ZR32K5E-TFD-800<br> |                         | COMPRESSOR                                 | 1            | 1           | 0          |
| 4.1          | AS-90900-12<br>    |                         | COMPLETE COIL ASSEMBLY                     | 1            | 1           | 0          |
| 5.1          | 55-102477-06S<br> |                         | COMPRESSOR<br>ZPT134KCE-TFD                | 1            | 1           | 0          |
| 6.1          | 44-17402-17<br>   |                         | CRANKCASE HEATER<br>PT#02-4918-00 TUTCO    | 3            | 3           | 0          |
| 7.1          | 47-25349-09<br>   |                         | LIMIT CONTROL (140F) TDL-44880<br>TOD R/03 | 1            | 1           | 0          |
| 8.1          | 83-100632-22<br>  |                         | DISTRIBUTOR CAP/TUBES                      | 1            | 1           | 0          |
| 9.1          | 70-42572-04<br>   |                         | FAN BLADE<br>MORRISON                      | 15           | 15          | 0          |
| 10.1         | PD955607<br>      |                         | WIRING HARNESS                             | 1            | 1           | 0          |

## Appendix B

Date: 05/04/2020









Time: 13:03:53

Page: 1/1

### Packing List (2K) 80796786



|   |  |  |
|---|--|--|
| From:   | Sold To:<br>Daikin Applied - MC<br>81653           | Ship To:<br>Daikin Applied-Dayton Parts Dist.<br>2915 NEEDMORE ROAD<br>DAYTON OH 45414 |
|   | Carrier:<br>MISC CARRIER/CUSTOMER<br>COLLECT SHPMT |  |
| 3rdptybill: Logistics billing Ruan, P.O<br>BOX 9319, DES MOINES, IA, 50309, |  |  |
| Delivery# : 80796786  | Freight Terms: COLLECT                             | Trailer#:  |
| Ship Date : 05/04/2020  | Bill of Lading:                                    | Pro#: LANDSTAR DA27058   |

|  |  |   |   |                |
|--|--|---|---|----------------|
| SalesOrder(Z)  | Item(1Z)   | Quantity(Q)   | U/M(3Q)   |                |
| <br>1648881     | <br>20        | <br>10.000 | <br>PC |                |
| Purchase Order(K)  | Customer Part No(P)  | Supplier Code(V)  |   |                |
| <br>252799      | <br>500510601 |          |   |                |
| Material(P)  | Material Description   | Tagging   | Gr Wgt  | Box#           |
| <br>124088701 | 500510601  |   | 1700  | 10             |
| Quantity Received(_____)   |  |   |   | Del.Item<br>10 |

Total Lines: 1

Total Weight(2Q)



1700

Total quantity: 10.000

Received \_\_\_\_\_ Pieces in good condition by \_\_\_\_\_ on / /

### Appendix C

| Description of Supplied Subsystems/Modules/Components                 | Objective Evidence of Meeting Reliability Requirements Required? (Ex: Weibull Plots)  |        |
|---|---|--------|
|   | Examples  | Yes/No |
| Does the supplied part have <b>mechanically</b> dynamic components?   | Compressor, compressor's geared portion, expansion valves, actuators, bearing systems, dampers, fans (fan blade assembly), check (non-return) valves, 3-way valves, solenoid valves, directional flow control valves, suction shut-off valves (butterfly valve), power transmission belts, pumps, mechanical float valves, seals (hydraulic, moisture seals on covers), fitting seals, wiring harnesses connectors, press buttons | Yes    |
| Does the supplied part have <b>electrically</b> dynamic components?   | Heating elements, motors (stepper motor, fan motor, oil pump motors, compressor motors), relays, thermostats, on/off switches, starters, solenoids, magnets, transformers, flow switches, contactors, power meters, ground fault detection devices  | Yes    |
| Does the supplied part have <b>electronically</b> dynamic components? | Touch screens, printed circuit boards (PCB's), transducers, sensors with PCB's, control units with PCBs, VFD, IGBT, operating system stick, controllers, controller modules   | Yes    |