



# Supplier Code of Conduct for the Americas

Last Updated: August 15, 2024

## Scope and Expectations

Daikin Group companies in the Americas—which comprise Daikin U.S. Corporation; Daikin America Inc.; Daikin Applied Americas Inc.; American Air Filter Company, Inc.; Daikin Comfort Technologies North America Inc.; and their respective subsidiaries (collective “Daikin”)—are committed to conducting business with high ethical standards.

This Supplier Code of Conduct (“Code”) sets forth Daikin’s expectations of and the ethical and business requirements for those supplying goods or services to Daikin and applies to Daikin’s suppliers and their sub-tier suppliers (collectively “Suppliers”).

Daikin expects all Suppliers to conduct their businesses in full compliance with all applicable laws and regulations, as well as in accordance with the ethical and business requirements set forth herein. In addition, each Supplier must observe the requirements of this Code when selecting subcontractors and communicate the content of this Code to all appropriate parties supporting Daikin’s business, either directly or indirectly via its own supplier requirements reflective of those in this Code. Daikin takes its Suppliers’ compliance with this Code very seriously and may terminate its business relationship with those Suppliers who violate this Code.

While this Code is not an exhaustive list of all legal, ethical, and business conduct requirements, it establishes the baseline of how Daikin expects its Suppliers to conduct their businesses. We strongly encourage Suppliers to exceed the requirements of this Code and to promote best practices and continuous improvement throughout their respective operations. If any contractual requirement or applicable law requires actions that are more restrictive in nature, or result in a broader in scope than is required by this Code, then Supplier must comply with the most restrictive actions, or as the case may be, address the most broad requirements. In the event of a conflict between this Code and any applicable law, the provisions of the law will apply.

## Compliance with All Laws

Each Supplier must act and operate in full compliance with all applicable laws and regulations of the countries in which it operates and in which it has a business relationship with Daikin.



## Human Rights and Worker Rights

Daikin expects each Supplier to provide and support a fair and ethical workplace that upholds human rights and that respects the dignity of any person with whom that Supplier directly or indirectly interacts.

### Non-Discrimination

Suppliers must commit to a workplace free of unlawful discrimination. Suppliers must not discriminate against any worker based on ethnicity, national origin, gender or gender identity, union membership, sexual orientation, age, disabilities, religion, race, pregnancy, political affiliation, marital status, or any other status protected by applicable law.

### No Harassment or Abuse

Daikin believes all workers must be treated with dignity and courtesy. Suppliers must share this commitment, and must not threaten workers or subject them to harsh or inhumane treatment. This includes Suppliers not engaging in, condoning, or tolerating physical, verbal, mental, or sexual harassment against or among their workers. In addition, Suppliers must commit to a workplace free of harassment, bullying, threats, and/or any other type of violence or intimidation.

### Prevention of Involuntary and Unlawful Labor and Human Trafficking

Daikin condemns forced labor, human trafficking, and all forms of modern slavery and will not knowingly work with Suppliers who engage in these practices. Suppliers are expected to take appropriate measures to eliminate debt bondage, forced labor, human trafficking, and all forms of modern slavery within their supply chains.

All workers have the right to engage in work willfully. Suppliers must not withhold government-issued identification or travel documents, nor unreasonably restrict the movement of workers within Supplier-controlled facilities. In addition, workers must not be required to pay recruitment fees, or other similar fees, to obtain their employment.

### No Underage Labor

Daikin does not tolerate any form of child labor. The minimum age for workers hired by Suppliers is the highest of (a) 15 years of age, (b) the applicable minimum age for employment, or (c) the applicable age for completing mandatory (compulsory) education.

### Freedom of Association and Collective Bargaining

Suppliers must respect the rights of all employees to lawfully associate, or not to associate, with lawful groups of their choosing. Suppliers must also recognize any legal right of workers to bargain collectively without discrimination, interference, or retaliation, as required under applicable law.



## Compensation and Benefits

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

Suppliers must not use wage deductions as a disciplinary measure.

## Health and Safety

Daikin believes in putting safety first. Suppliers must provide and maintain a safe working environment for its workers, which includes complying with all applicable health and safety laws, obtaining and maintaining all necessary health and safety permits and certifications, and having effective health and safety policies, processes, and procedures in place.

## Environmental Protection

Daikin is committed operating in an environmentally responsible manner. Suppliers must comply with all applicable environmental laws and regulations, including obtaining and keeping current all required environmental permits. Suppliers must also implement policies and procedures to drive environmentally responsible business practices. To that end, Daikin expects Suppliers to identify their environmental impacts and search for ways to minimize environmental impacts within their own sphere.

Suppliers must implement an effective program to reasonably prevent the use of chemicals and materials that have adverse effects on the environment and must not use prohibited chemicals or concentrations of chemicals, as defined by applicable law, in the products and services that Supplier provides to Daikin.

## Ethics

Daikin expects Suppliers to uphold high standards of ethics and integrity, and to compete strictly based on the merits of its products and services.

### Anti-Corruption and Anti-Bribery

Nearly every country has anti-bribery and anti-corruption laws, such as the Foreign Corrupt Practices Act (FCPA) in the U.S. Suppliers must comply with applicable anti-corruption and anti-bribery laws and conduct business ethically. Suppliers—and their agents—may not give, offer, or promise anything of value to any public official to obtain or retain business or to obtain any improper advantage. Suppliers must also have effective policies and procedures that prohibit and prevent all forms of bribery,



corruption, extortion, and embezzlement while conducting businesses with and on behalf of Daikin. This includes having a process to report and investigate any bribery or corruption allegations.

Suppliers must ensure that their employees, subcontractors, or representatives do not offer, promise, or grant advantages to Daikin employees (or third parties working on Daikin's behalf) with the aim of improperly obtaining a contract or other preferential treatment during business interactions. Daikin employees and agents are prohibited from soliciting, for personal use or improper reasons, anything of value from Suppliers.

### Prohibitions on Money Laundering

Suppliers must comply with all applicable laws and regulations regarding the prevention of money laundering, terrorism financing, and any other illegal activities. In addition, Suppliers must comply with applicable tax laws and must not use Daikin to obtain an improper benefit or as a part of an illegal tax scheme. Suppliers and their legal representatives must be authorized by relevant tax authorities to provide the products and services that are offered to Daikin.

### Free and Fair Competition

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

### Conflict of Interest

Suppliers must not engage in any activity that could create a real or perceived conflict of interest in their dealings with Daikin. A conflict of interest may occur if the impartial and objective performance of activities and decision making are or could be perceived to be affected by personal, family, social, or business relationships. For example, an actual or perceived conflict of interest could occur if a Daikin employee or agent has a close personal or familial relationship with an employee of a Supplier or has an ownership or other financial interest in a Supplier.

Suppliers must notify Daikin immediately of any existing real or potential conflict of interest before or during the provision of any products or services to Daikin.

### Ethical Sourcing of Materials

Daikin expects Suppliers will exercise proper due diligence and source materials in an ethical manner from their respective supply chains. This includes development and



implementation of appropriate policies and systems to identify applicable risks and take steps to mitigate them.

Suppliers must take active measures to uphold ethical mineral procurement by increasing the transparency of their supply chains. This includes the observance of international treaties and national laws concerning trade in conflict minerals and other natural resources. Suppliers must conduct a special due diligence process in accordance with the “Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas.”

## Business Practices and Management Systems

Daikin expects Suppliers to develop and implement sufficient policies and practices to effect this Code and to ensure the products and services provided are of the utmost quality and safe for all stakeholders. This includes, by way of example and not exclusion, the following business practices and management systems.

### Disclosure and Accuracy of Business Records

Suppliers must maintain books and records that accurately and completely reflect all applicable transactions, and must disclose such information—without misrepresentation—to all appropriate parties when required by applicable law. Accordingly, Suppliers must never make any entry in their books and records, or alter, conceal, or destroy any document, to misrepresent any fact, circumstance or transaction related to Daikin.

### Government Procurement

Suppliers must respect applicable public-bidding laws and rules and not participate in improper associations prohibited by law when transacting with governmental or public entities. Any Supplier supporting Daikin businesses with respect to a government or public entity must adhere to the applicable prime-contract requirements and obligations determined by the relevant authorities, e.g., receipt of gifts and employment. Suppliers must also deliver products and services that meet the applicable requirements established by such government agency or public entity, including conforming to all specifications, laws, and regulations, adhering to government accounting and pricing requirements, claiming only allowable costs, and ensuring the accuracy of any data submitted.



### Cross-Border Trade Compliance

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

### Protection of Intellectual Property

Suppliers must respect intellectual property rights whether those of third parties or Daikin, including the confidentiality of trade or industrial secrets and other proprietary information of Daikin or others. Suppliers must have effective policies and procedures to safeguard information and comply with all applicable privacy and information security laws and regulatory requirements. Suppliers must also protect the reasonable privacy expectations of personal data information of everyone they do business with, including other business partners, suppliers, customers, consumers, and employees (e.g., name, Tax ID, Social Security number, etc.).

### Information Technology Security

Suppliers must develop and implement an information-technology security program that provides policies, procedures, technical infrastructure, and sufficient resources to effectively prevent misuse, compromise, loss, or disclosure of confidential or otherwise protected information.

### Management Systems

Suppliers must develop, implement, and maintain management systems that facilitate compliance with this Code and applicable law. By way of example, Suppliers must have a comprehensive compliance program that aligns with applicable laws regulations and industry standards and that includes mechanisms to identify and mitigate operational risks and drive continuous improvement. Such program should include the necessary policies, procedures, and controls to promote ethical conduct, prevent violations, and detect non-compliance issues.

## Assessments and Monitoring

Supplier will permit Daikin, or a third party designated by Daikin, to assess Supplier's (which includes the facilities of sub-tier suppliers and subcontractors) facilities and compliance with this



Code and applicable law. Daikin may take affirmative measures, such as announced and unannounced inspections of production facilities and documents, to verify compliance with this Code and applicable law. By way of example, Suppliers must allow representatives from Daikin and, if requested, Daikin’s customers, full access to production facilities, worker records, and workers for confidential interviews. Supplier must cooperate with Daikin on such measures and shall take necessary corrective actions to promptly remedy any identified noncompliance with this Code or applicable law.

Daikin reserves the right to terminate its business relationship with any Supplier that is unwilling or unable to comply with this Code. Daikin’s decision to not take affirmative measures or verify compliance with this Code shall not be construed as a waiver of this Code or any of its specific provision or the right of Daikin to enforce this Code later.

## Reporting Misconduct

Suppliers are encouraged to work through their own organization to resolve internal ethics issues. For questions or concerns about this Code, including its application to specific circumstances in connection with your organization’s performance of work for Daikin, or suspected failures by a Supplier to satisfy these expectations in performing work for Daikin, please contact,

- For Daikin U.S. Corporation: [www.daikincomfort.ethicspoint.com](http://www.daikincomfort.ethicspoint.com).
- For Daikin America Inc.: [www.daikin-america.com/contact/](http://www.daikin-america.com/contact/)
- For Daikin Applied Americas Inc.: [www.daikinapplied.ethicspoint.com](http://www.daikinapplied.ethicspoint.com).
- For American Air Filter Company, Inc.: [www.aafintl.com/en/industry/contact-us/](http://www.aafintl.com/en/industry/contact-us/).
- For Daikin Comfort Technologies North America Inc.: [www.daikincomfort.ethicspoint.com](http://www.daikincomfort.ethicspoint.com).

## Revision History

Americas Supplier Code of Conduct			
Policy No.	Author / Reviewers	Approval Date	Description of Changes:
1.0	Legal	Various	Various Existing Supplier Codes of Conduct
2.0	Legal	August 15, 2024	Americas Supplier Code of Conduct