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Supersedes: Daikin Applied Latin America, L.L.C. Anti-bribery, Anti-Money Laundering Policy and Foreign Corrupt Practices Act of 1977 or “FCPA”			Responsible: Compliance Latin America

ANTI-CORRUPTION COMPLIANCE POLICY FOR DAIKIN LATIN AMERICA

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1. Definitions.

Daikin Latin America or the Company.	<ul style="list-style-type: none"> a) Daikin Applied Americas, Inc. and its subsidiaries and affiliates throughout Miami, Florida and Latin America including Daikin Applied Latin America, LLC. b) SAEG International Group, Inc. (including its affiliates and subsidiaries of the Group). c) Grupo CYVSA, S.A. de C.V. (including its affiliates and subsidiaries of the Group). d) Daikin Airconditioning Mexico, S. de R.L. de C.V. e) Daikin Manufacturing Mexico, S. de R.L. de C.V. f) Daikin Ar Condicionado Brasil Ltda. g) Daikin Ar Condicionado Amazonas Ltda. h) Daikin Airconditioning Argentina Sociedad Anonima.
Third Parties.	<p>Company Clients (such as contractors or distributors), suppliers, consultants, representatives, subcontractors, and business partners, among others.</p>
Bribery.	<p>To offer, promise, authorize or pay money or anything of value to a government official with a corrupt intent to obtain or retain business, or secure an improper business advantage.</p>
Government officials.	<ul style="list-style-type: none"> - Any elected official, public employee, military personnel, officer, or employee of a Government (Federal, State and / or Local). - Any person acting in an official capacity on behalf of and representing a government, government office or agency. - Any person who has an ownership interest in whole or in part in a government entity. - Any official or employee of a public international organization such as the World Bank, the World Health Organization, the United Nations, among others. - Any political party, official of a political party or candidate for a political office in a government. - Any relative of the persons included in the previous categories, including spouses, children, siblings, or other relatives.
Personnel or Yourself.	<p>Employees, directors, managers, and in general any collaborator (temporary or permanent, including outsourced collaborators) regardless of their position or level that work for the Company, as defined above.</p>

Sales to Government.	<ul style="list-style-type: none"> i) It implies the sale effectuated between the Company and the government via a direct technical and economic sales quote/proposal, i.e., directly quoted to Government by Daikin Latin America in a public procurement procedure. ii) It implies a sale effectuated between Personnel and a Third Party i.e. a Contractor, a Construction Company or an Installer, who in turn will perform its own quote and resell the purchased products from the Company in its own name being that the End User will be a government entity and wherein which case, Daikin Latin America could provide the totality or a portion of the goods or services as to enable the Third Party to participate in the public procurement process. In this case, the Company may or may not, subscribe a support letter for the Third Party.
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2. Introduction.

In Daikin Latin America we believe that *Compliance* is as essential as the air we breathe, that's the reason why Daikin Latin America prohibits bribery and other forms of corruption, both in the private and public sectors. Most of the Latin American countries also have strict anti-bribery and anti-corruption laws.

An integral component of the mission of Daikin Latin America entails the practice of ethics, fairness, and professionalism in all of its commercial transactions with its Third Parties by complying with both, US and local laws and regulations to combat corruption, such as the Foreign Corrupt Practices Act or "FCPA".

In view of the foregoing and in line with Daikin's guiding philosophy of "Absolute Credibility," the Daikin Group philosophy states as follows:

... With our relationship with society in mind, take action, and earn society's trust. Be open, fair, and known to society ...

...We shall exercise moderation and perform within the acceptable range of social norms and obey the laws and regulations of each country and region in regard to entertainment and exchange of presents performed relating to our business. In particular, we shall neither entertain nor provide gifts of monetary value to Government officials at home and abroad in violation of applicable laws and regulations in each country and region...

All Personnel are expected to comply with this Anti-Corruption Compliance Policy for Daikin Latin America ("Policy") which is based on Daikin's principle of "Absolute Credibility" and its philosophy of compliance and transparency:



...It is Daikin's firm policy to comply with all applicable anti-corruption and anti-bribery laws. You may not give, offer, or promise anything of value to any Government official in order to obtain or retain business or to obtain any improper advantage...

3. Scope.

This Policy applies to all Personnel and must comply with this Policy at all times. You must pay attention to any business conducted with Government officials, and never engage in acts that may be considered as bribery. Violation of applicable laws or this Policy may warrant disciplinary action, up to and including termination of employment.

This Policy applies to any deal, contract, or negotiation in all countries where Daikin Latin America has operations. Additionally the Policy requirements may apply to Third Parties acting on behalf and/or representation of Daikin Latin America.

4. Interactions with Government officials.

a) Entertainment, Gifts, and Invitations to Government officials.

This section contains compliance principles and procedures for any entertainment, gifts, and invitations provided by Daikin Latin America Personnel to Government officials according to the following:

i. General Compliance Principles to Entertainment, Gifts, and Invitations to Government officials.

- **All expenditures for “corrupt purposes” are prohibited:** Regardless of the form or content of any expenditure, any expenditure for “corrupt purposes” is prohibited under this Policy. Corrupt purposes include any actions designed to cause a Government official to take or omit any action in violation of the Government official’s lawful duty. Improper gifts, payments, or offerings of anything of value to a Government official are also prohibited as these could jeopardize the Company’s growth and reputation.

Therefore, under this Policy, expenditures by Daikin Latin America that have corrupt purposes are considered bribery and are not permitted under any circumstances. Such expenditures done by Personnel with this purpose, either on their names or by themselves are also completely prohibited.

- **Records must be kept of all gifts, entertainment, and invitations under this Policy:** Certain expenditures may be made with respect to a Government official, as provided in this Policy.

However, all Personnel involved with requesting, approving, paying, or reimbursing any such expenses must keep detailed and accurate records of all activities and expenditures in relation to

entertainment and gifts that are made to or for the benefit of a Government official, regardless of the amounts involved. Such records shall include completed and executed forms associated with the procedures in this Policy and the Interactions Program with Government officials, as well as the proof of the schedules, itineraries, receipts, and any documents that support such interaction.

Even if no expenditures are made, then an annual register confirming such and signed by the Local Finance shall be sent to Compliance Department at the end of each Fiscal Year.

- **Permitted expenditures should be provided directly to the Government official.**

Any entertainment, gifts, and invitations to a Government official that are authorized in compliance with this Policy, should be provided directly to the Government official.

Gifts or entertainment to a government official's family members or relatives is not permitted. Payments through a Third Party or an intermediary are prohibited.

- **Expenditures related to Government officials must comply with local law.**

In many countries, a Government official's Code of Ethics or a similar set of rules or laws prohibit Government officials from accepting entertainment or gifts that exceed a certain threshold, or sometimes is completely prohibited. Therefore, when providing entertainment, gifts, or invitations to a Government official, it is necessary not only to check that doing so does not violate the FCPA, but to observe all local laws or a similar set of rules as well. If you have any doubt about it, contact your Compliance Department to get advice.

- **Expenditures related to Government officials within the six months before and after a competitive bidding period.**

No entertainment, gifts, or invitations may be provided to a Government official who is responsible for competitive public bidding, or who may have influence over the competitive public bidding results, during the bidding period and during a period of six (6) months before and after the public bidding period.

a) Compliance Principles for invitations to Government officials.

“Invitation” refers to inviting a Government official, including but not limited to hold a meeting with Personnel from Daikin Latin America, to visit any company offices or facilities, or other locations designated for a Daikin Latin America related activity (such as facilities for product demonstration and exhibition venues) or educational, training, or informational events organized by the Company.

You are required to comply with the following when extending invitations to government officials:

1. All the invitations must be recorded and approved according to the guidelines of the Interactions Program with Government Officials of Daikin Latin America.

2. An invitation must be clearly necessary for legitimate business purposes, such as the following: demonstration, explanation, or promotion of products; sales promotion activities; training; hosting required investigations or audits, among others.
3. The invitation shall be accompanied by an agenda including timing, schedule, and itinerary of the invitation and must be consistent with the legitimate business purpose.
4. If the Company bears any expenses in connection with the invitation (for example: travel, accommodation, or meals), all such expenses must be reasonable and according to the rules stated in this Policy as well to those of the Interactions Program with Government Officials.
5. It is forbidden to incur in any expense borne by the Company for side excursions (for example, nearby sightseeing during weekends, holidays, or free time).

b) Compliance principles for Entertainment and Gifts to Government officials.

Entertainment and gifts include the provision of meals and travel expenses. Entertainment and gifts are defined broadly to also include provision of anything of value to or for the benefit of the Government official.

You are required to comply with the following limitations for providing entertainment and gifts to the Government officials:

1. All entertainment and gifts must be recorded and approved according to the guidelines of the Interactions Program with Government Officials of Daikin Latin America.
2. All entertainment and gifts to be provided to a Government official no matter the amount should be approved by the Compliance Department and must follow the approval process of the Interactions Program with Government Officials of Daikin Latin America.
3. Prior approval, the total amount of entertainment and gifts provided to a same Government official during the same business year must not exceed US\$100 (including tax).
6. For any expenditures up to US\$100 in the same business year for or on behalf of the same Government official, the person desiring to make the expenditure (“Applicant”) must follow the recording and approval process stated in the Interactions Program with Government Officials of Daikin Latin America.
7. Company promotional items (e.g., coffee mugs, pens, hats, T-shirts), gifts of a nominal value and other business courtesies – when items of value can be given to Government officials, and only with approval. Such Company promotional items, gifts of a nominal value and other business courtesies may not be made if these exceed US\$50 unless the Compliance Department have provided prior written approval. To request to the Compliance Department approval, you must follow the procedure stated in the Interactions Program with Government Officials of Daikin Latin America.
8. Gifts must **not** be in cash or cash equivalent (e.g., gift card or electronic purse).

9. If the gift or entertainment is in the nature of air travel, accommodation, or other travel-related expenses, the travel must be arranged and paid by the Company, not by the Government official without any exception.
10. Means of transportation, accommodation, must be reasonable and not extravagant. One measure of reasonableness is that the expense of the item should not exceed the authorized expenditure of the Travel and Expenses Policy for Company Personnel for equivalent items in similar circumstances.
11. Criteria that you should consider before performing the expenditure:
 - a. Lawfulness of the expense;
 - b. Reasonableness of the expense;
 - c. Reasonable connection between the expense and the permitted business purpose;
 - d. Reasonably close timing between the invitation and business purpose;
 - e. Company must make travel arrangements where it is paying for those arrangements;
 - f. No extravagant expenses; and
 - g. Any itinerary items other than a visit must be reasonably related to the visit.

ii. Procedure for Entertainment, Gifts, and Invitations to Government officials.

The Procedure and approvals to offer entertainment, gifts or invitations will be ruled under the Interactions Program with Government Officials of Daikin Latin America which has as purpose:

- Make more transparent and assure that the interactions performed by Daikin Latin America with Government officials are always in strict adherence and compliance of the laws.
- Record and request the approval for invitation to a Government official to visit any office or plant of the company or other locations designated for an activity related with Daikin Latin America (such as facilities for products demonstration and venues for exhibition) or educational, training or information events organized by the Company.
- To Record and request the approval to provide entertainment like meal or travel expenses and gifts with lawful purposes and in adherence to the laws when it is allowed.

You must check the detail of the procedure that shall perform for the abovementioned, check the Interactions Program with Government Officials of Daikin Latin America or contact the Compliance Department for orientation.

iii. Communication with Government officials.

Communications must be made by formal and verifiable means, either through writings or official emails if local regulation allows it, being prohibited any informal communication (for example: WhatsApp or similar applications or verbally) or even by non-official email.

5. Appointment of Third Parties.

When a Third Party, as defined in this Policy, provides services to Daikin Latin America or a sale to government through a Third Party will take place, the Third Party must be prohibited from engaging in bribery of Government officials.

Applicable law holds principals liable for bribery of a Government official by a Third Party or when the principal knew or had reason to know of the bribery or ignored the possibility of bribery.

Therefore, prior to appointing a Third Party, you must comply with all procedures in this Policy, including conducting required due diligence such as a “*compliance background screening*” or a “*Compliance Due Diligence*” as they may be required.

In cases when the Third Party’s activities will occur when any red flag is present or an indirect sale to government will take place, could be required an “*Compliance Enhanced Due Diligence*”. The Compliance Department will help determine the specific steps based that shall comply on both additional assumptions based in the specific situations.

a) Procedures for Engaging Third Parties.

Prior to appointing any Third Party who will act for or on behalf of Daikin Latin America or will have an intermediation relationship with governmental institutions, the Compliance Department along with the requesting area, shall conduct the necessary steps of the Due Diligence to verify that the commercial and contractual relations with such Third Party comply with the laws and the policies of the Company.

Likewise, the Sales, Finance, Compliance and Legal Departments, must ensure the capabilities, resources, references, financial solvency, and compliance of Third Parties with all Company policies, including this Policy.

All agreements with Third Parties to act on behalf and/or representation of any Daikin Latin America entity should be in writing and should include, as appropriate, the Compliance Clauses.

In addition, the Sales, Legal and Compliance departments must ensure that the Third Parties sign the Daikin Integrity Certificate and that this is integral part of the Contract entered into between the Third Party and the Company.

Likewise, even upon the completion of the Due Diligence Procedures mentioned in the precedent paragraphs, the Compliance or Legal Departments, may recommend rejecting the potential Third Party or instruct conducting a further review. In case of the latter, the reach of the additional Due Diligence



will be tailored to the anticorruption, economic sanctions, or money laundering risks presented by the Third Party based on available information. Daikin Latin America may hire a supplier with experience investigating Third Parties to carry out the Due Diligence on behalf of the Company. The Compliance and Legal Departments shall retain a copy of the complete report and all the support documents of the investigation performed by the Company.

b) Policy for Sales through a Third Party

A sales through a Third Party is defined as:

Any person or any legal entity including those in the definition of Third Parties in this Policy, which is not an employee of the Company or entity that doesn't have majority ownership or is controlled by the Company, and that has as purpose:

1. To have a commercial relation with the Company to manage one or more sales of products or services of Daikin Latin America to a Final User. The Final User is a private natural person or legal entity that has the real and legitimate need to acquire products or services offered by Daikin Latin America.
2. To provide professional services to Daikin Latin America, such as prepare engineering drawings, plans, project design, sketches, among other with the aim of support Daikin Latin America in the managing and commercial transaction with a Final User.

For purposes of this Policy and the Third Party Sales Policy, it is not allowed the sales through a Third Party, when the Third Party or the Final User is related or is a Government Entity or with a Government Official. For more detail, please check the Third Party Sales Policy for Sales to get more information and advice about the rules regarding these transactions.

6. Sales to the Government.

The Company forbids that 2 (two) related companies (corporately sharing shareholders or from the same business group) to participate in the same bidding process, since this may create potential exposures in antitrust practices (simulation) and money laundering.

Furthermore, it is unacceptable to participate directly in a public bidding process and at the same time support the proposal of Third Parties who will be competing in the same process, an exception of this assumption may only occur through a case-by-case analysis and must be validated by the Legal and Compliance Departments in writing.

The Sales and Legal Departments must ensure and verify the viability of compliance with a technical proposal and contractual requirements, with all bidding conditions as well as the corresponding contracts must be reviewed by the Legal Department and for such purpose the Sales team should send all information to the Legal Department with at least 5 (five) days in advance.

In addition, during the bidding process or public procurement, contracts must be formalized and executed within the time limits established by the government entity. Furthermore, during the execution term, the departments involved in the fulfillment of the contract must ensure that there is no deviation or default of the obligations acquired whatsoever, even if the governmental institution requests it, unless it is in writing and within the scope of the contract, in this scenario it shall always be consulted the Legal department prior confirmation with the governmental entity regarding any request. In case that Personnel has access to confidential information of the procedure by any means, he/she should notify without delay to the Legal and Compliance Department.

All offers and proposals prior to a public procurement process or those that are part of the process shall be directly submitted by Daikin or indirectly through a Third Party such as a Contractor, Construction Company or Installer, prior authorization of the Company. In the other hand, you shall register the above mentioned in the Customers Relation Management System, identifying always the Final User, and shall be approved by the Sales Manager, the Finance Director and the President/CEO or General Manager.

All Third Parties that participate on a public contracting procedure must have a Due Diligence through the procedure described above and prior to any interaction with any government entity, for which it is necessary to previously notify at least with 15 (fifteen) working days to the Compliance Department to carry out such procedure.

In case of participating in sales through Third Parties, Daikin Latin America participation should be strictly on a necessary-basis (providing the technical documentation, the letter of support, etc.) and without influencing or participating directly or indirectly in the processes nor determining the price at which the Third Party should market the products even implicitly.

2 (two) or more third parties may require Daikin Latin America support to participate in the same bidding process and vice versa, Daikin Latin America will grant the same price of the goods to such third parties (for them to unilaterally determine the price of their offer to the Final User) in order to avoid discriminatory treatment. However, there are justifiable cases where such differentiation is acceptable, in said cases an authorization must be issued by the Compliance and/ or Legal Department and documented and approved by Finance and the President/CEO or General Manager.

In some cases, as part of this types of sales, Daikin Latin America can extend a letter of support and/or endorsement to the Third Party. In any case, must be previously reviewed and approved by the Legal and/or Compliance Department.

The information provided by e-mail or other means must be strictly necessary for the Third Parties to make the corresponding sales (documentary technical information) or financial information (invoices, purchase orders, etc.). The language must be clear, simple, and objective, dealing exclusively with the strictly necessary technical or commercial issues. In all cases, quality, competence, impartiality, and better economic conditions must prevail, respecting the principles of free competition. The practice of such principles must be sought not only within the Company, but also by the third parties.



It is forbidden to intentionally split a transaction into several (smaller) ones with the aim of keeping the actual value of the transaction.

All Personnel are prohibited from providing confidential information or trade secrets to the Third Parties, unless there is a confidentiality agreement signed by Daikin Latin America and it is necessary for the contracting process and, if applicable, the approval of the Legal and/or Compliance Department.

7. Facilitating Payments.

A facilitating payment is a payment to a Government official to further a routine, non-discretionary governmental action. Examples of “routine” governmental action include processing visas, providing police protection or mail service, and supplying utilities like phone service, power, and water, obtaining permits or licenses, processes before customs, among others. Facilitation payments are frequently demanded in developing countries.

The FCPA contains an exception permitting facilitating payments under certain circumstances. Nevertheless, even though the FCPA permits facilitating payments in foreign countries, most host country laws prohibit them.

For that reason, Daikin Latin America Policy prohibits facilitating payments.

Facilitating Payment Policy and Procedures.

Any demand for a facilitating payment must be handled as follows:

1. Refuse: Explain our Company’s Policy not allowing payments that are not recognized by laws or regulations.
2. Request legal basis. Request an explanation of the legal basis for the demand.
3. Exception for life, health, or freedom: In cases where refusal to make the payment may result in risk to a person’s life, health, or freedom, you may accede to the demand for payment.
4. Report. Any facilitating payment must be immediately reported to the Compliance and/or Legal Department.

8. Reporting Potential Violations.

In the event that any Personnel violate this Policy, may be subject to disciplinary action, up to and including termination of employment.

In addition, if any Personnel have committed an act of corruption or bribery or learn or suspect that one has been committed by another employee, he or she must immediately notify the Legal Department or the Compliance Department, either directly or using the means that the Company offers to report this type of situations like the *Daikin Integrity Helpline* or *Speak up for Daikin*.



Personnel who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing shall not suffer any kind of retaliation for it. Daikin Latin America will always strengthen its commitment with transparency and will support anyone who raises genuine and good faith concerns under this Policy, even if they turn out to be mistaken.

If you have any questions about the provision of entertainment, gifts, or invitations to government officials or about contracting with a Third Party, or regarding any provision stated in this Policy, you may consult with your manager or your Compliance Department.

See **Appendix A** for the contact information for the Legal Department and the Compliance Department.



Appendix A: Contacts in Compliance Department and in Legal Department of Daikin Latin America.

Daikin Applied Latin America, L.L.C.

Compliance Department:

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