

Daikin Applied Germany GmbH

CODE OF ETHICS

TABLE OF CONTENTS

MESSAGE OF MR TOGAWA, DAIKIN INDUSTRIES LTD CEO AND PRESIDENT	3
Daikin Group Conduct Guidelines	4
1. GENERAL PROVISIONS	6
1.1 CODE OF ETHICS OF DAIKIN APPLIED GERMANY GMBH	6
1.2 RECIPIENTS AND FIELD OF APPLICATION	6
1.3 DISTRIBUTION AND IMPLEMENTATION	6
1.4 CONTROL ON COMPLIANCE WITH AND IMPLEMENTATION OF THE CODE OF ETHICS	7
2. ETHICAL PRINCIPLES	8
2.1 GENERAL	8
2.2 PROVIDING SAFE, HIGH QUALITY PRODUCTS AND SERVICES	8
2.3 FREE COMPETITION AND FAIR TRADING	8
2.4 OBSERVING TRADE CONTROL LAWS	9
2.5 RESPECT AND PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.....	9
2.6 PROPER MANAGEMENT AND UTILIZATION OF INFORMATION AND PERSONAL DATA.....	9
2.7 PROHIBITION OF INSIDER TRADING	10
2.8 TIMELY AND APPROPRIATE DISCLOSURE OF CORPORATE INFORMATION	11
2.9 PRESERVATION OF THE GLOBAL ENVIRONMENT	12
2.10 SUSTAINABLE DEVELOPMENT	12
2.11 PROTECTION OF HEALTH AND SAFETY OF OPERATIONS IN THE WORKPLACE.....	12
2.12 SOCIAL RESPONSIBILITY	13
2.13 PROTECTION OF HUMAN RESOURCES AND THE WORKPLACE	13
2.14 PROTECTION OF COMPANY ASSETS AND INFORMATION TECHNOLOGY RESOURCES	15
2.15 PROPER HANDLING OF ACCOUNTING AND FINANCIAL OPERATIONS	16
2.16 PROTECTION OF PROFESSIONAL INTEGRITY, GOOD PRACTICE AND TRANSPARENCY IN ENTERTAINMENT, GIFT EXCHANGES AND INVITATIONS	17
2.17 CONFLICTS OF INTEREST	17
2.18 OBLIGATIONS TO COMBAT MONEY-LAUNDERING AND CRIMINAL ACTIVITIES IN COMMERCIAL RELATIONS	18
2.19 FAIRNESS, HONESTY AND GOOD FAITH	18
2.20 COMPLIANCE WITH CURRENT LAWS AND REGULATIONS.....	19
3. RULES OF CONDUCT IN EXTERNAL RELATIONS	20
3.1 RELATIONS WITH CUSTOMERS	20
3.2 RELATIONS WITH SUPPLIERS AND CONSULTANTS.....	20
3.3 RELATIONS WITH THE PUBLIC ADMINISTRATION.....	20
3.4 RELATIONS WITH THE COURT AUTHORITIES.....	21
3.5 RELATIONS WITH POLITICAL AND TRADES UNION ORGANISATIONS	22
4. VIOLATION OF THE CODE OF ETHICS.....	23
4.1 DISCIPLINARY SYSTEM.....	23
4.2 NOTIFICATIONS TO THE CEO	23

MESSAGE OF MR TOGAWA, DAIKIN INDUSTRIES LTD CEO AND PRESIDENT

Raising Corporate Ethics and Compliance a Step Higher

Since the establishment of the Daikin Group, we have made the corporate principles of “Absolute Credibility,” “Enterprising Management,” and “Harmonious Personal Relations” our bedrock and Our Group Philosophy and People-Centered Management our touchstones. These beliefs aim to earn the trust of customers worldwide and create a corporate group in which employees in both Japan and overseas can work with pride.

In 2003, we drafted a Handbook for Corporate Ethics to further improve and thoroughly implement corporate ethics. Here we clarified what type of action each one of us should take as an employee of the Daikin Group and established a code of conduct for corporate ethics and compliance. Acting based on this code of conduct is one embodiment of our Group management philosophy and has also been the basis for further development of the Group. The results of each person’s efforts have generated the current high trust and expectations from various stakeholders including customers, shareholders, suppliers, and regional companies.

However, a series of scandals have recently occurred at corporate groups that had served as models of excellence for many companies, and this has caused society to take a stricter view of companies. There are various phenomena and causes, including the falsification of data that circumvents the intended organization of accounting operations as well as regulations and standards. Consequently, we must clearly understand the inherent risks for companies and constantly scrutinize ourselves from a perspective of unadorned honesty as we work to strengthen our self-corrective function.

Eight years have elapsed since the Second Edition (2008). For the Third Edition, we reflected upon the Group Conduct Guideline that applies to the global Group and revised it from a perspective that includes the environmental initiatives and social contribution required of a global company, measures corresponding to new laws and regulations, significant risks confronting the Daikin Group, and the fallout of scandals that are commonly occurring in the world. Furthermore, in addition to our existing helpline inside the company, we have newly established an external helpline outside the company to further improve our self-corrective function and readily provide employees with opportunities to consult on questions relating to corporate ethics and compliance.

In valuing the potential of people and autonomy, Daikin has achieved growth and development with management that believes in the inherent goodness of people based on a spirit of openness and trust in our colleagues. We will work to nurture a “Culture That Rejects Wrongdoing” and enhance a “Structure That Prevents Wrongdoing from Occurring.”

With the growth of its global business, Daikin has extended business to 145 countries as of the past financial year. Not only must we respect the customs and observe the laws and regulations of all of the countries where we do business, we must also act based on high ethics. For this reason, I strongly call upon each and every person to fully understand this Group Conduct Guidelines and always maintain a high sense of ethics in your daily work.

*Masanori Togawa
President and CEO
November 2016*

Daikin Group Conduct Guidelines

These conduct guidelines set forth the basic premises for all Group companies as well as each and every one of their executives and employees to observe as a basic framework for compliance in the Daikin Group's global expansion of corporate ethics.

Each company of the global Group shall draft specific criteria based on these guidelines for a code of conduct that corresponds to differences in laws and customs of each country and region and thoroughly maintains legal compliance.

1. Providing Safe, High Quality Products and Services

We shall make every effort to ensure the safety and quality of our products and services from the standpoint of our customers. Should a problem occur regarding safety, we shall immediately take appropriate action.

2. Free Competition and Fair Trading

We shall observe all applicable laws and regulations relating to fair competition and fair trade of each country and region, including antimonopoly laws. Furthermore, we shall conduct fair sales and procurement activities based on proper corporate ethics and in accordance with sound business practices and social norms.

3. Observing Trade Control Laws

We shall not participate in any transactions that may undermine the maintenance of global peace and security and world order. We shall always act in compliance with all applicable export- and import-related laws and regulations of each country and region, as well as the Daikin Group Security Trade Control Policy, which relates to foreign trade control.

4. Respect and Protection of Intellectual Property Rights

Recognizing that intellectual property rights are important company assets; we shall strive to protect and maintain our intellectual property rights and effectively utilize them. Furthermore, we shall respect, and make every effort not to infringe upon, the intellectual property rights of other companies.

5. Proper Management and Utilization of Information

We shall properly manage and effectively utilize the confidential information of our company, the confidential information obtained from other companies, and the personal information of our customers and employees, and we shall not obtain any information through improper means. We shall thoroughly execute IT security management for our computer systems and the data-resources saved on them.

6. Prohibition of Insider Trading

To maintain the trust of shareholders and investors, we shall not use non-public information about the Daikin Group or other companies to buy or sell stocks or other securities (insider trading).

7. Timely and Appropriate Disclosure of Corporate Information

In order to be an "open company" with high transparency and earn the respect of society, we shall actively convey corporate information in a timely fashion, not only to shareholders and investors but also to a wide spectrum of society and engage in two-way communication.

8. Preservation of the Global Environment

We shall observe all applicable environmental laws and regulations of each country and region and practice initiatives that preserve the global environment in all aspects of our business operations, including product development, manufacturing, sales, distribution, and services. Also, each and every one of us shall deepen our knowledge of environmental issues, reduce the environmental load in the workplace and at home, and strive toward biodiversity conservation.

9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of "Safety First" to ensure the safety of the workplace and further gain the trust of people in the regions we serve.

10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

11. Protection of Company Assets

We shall properly manage the tangible and intangible assets of our company to protect and effectively utilize these assets.

12. Proper Handling of Accounting Procedures

We shall comply with all accounting standards and tax laws of each country and region as well as internal company rules in properly performing accounting procedures.

13. Practicing Moderation in Entertainment, Gift Exchanges, and Invitations

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, the exchange of presents, and invitations relating to the development of our global business. In particular, we shall not entertain, provide gifts of monetary value to, or extend invitations to public officials in Japan or abroad that violate the applicable laws and regulations in each respective country and region.

14. Maintaining a Firm Attitude against Anti-social Activities

We shall take a firm attitude against anti-social forces and organizations that threaten the safety and order of citizens.

15. Relationship with Society

We aim to be a good corporate citizen that is trusted by society and we shall do our best to act with humility and modesty while at the same time having self-awareness and taking pride in our actions. Moreover, we shall participate in social contribution activities centred on environmental conservation, education support, and cooperation with the local community.

16. Observing Each Category of Industry Law and Regulation

We shall accurately interpret and observe all applicable laws and regulations of each country and region in which our businesses participate.

1. GENERAL PROVISIONS

1.1 *Code of Ethics of Daikin Applied Germany GmbH*

The Code of Ethics defines the series of ethical principles and values that Daikin Applied Germany GmbH, also in accordance with the **Daikin Group Conduct Guidelines**, bases itself on when carrying out its business, and indicates the rules of conduct that all those working for or co-operating with the Company are required to comply to maintain the image and reputation that the Company has gained and consolidated over the years, both at national and international level.

Consequently, to develop skills and professional growth, increase Company value and preserve its market competitiveness, Daikin Applied Germany GmbH requires its employees, suppliers and all those that have close commercial relations with the Company, to share and respect the provisions contained in this Code.

Daikin Applied Germany GmbH notes that the Code of Ethics is an official document approved by the Managing Director (CEO), and its contents are the prerequisite for the organisation and management of the Company. Any modifications to the Code of Ethics shall be approved by the CEO of Daikin Applied Germany GmbH.

1.2 *Recipients and field of application*

The Code of Ethics applies in Germany and, with the necessary adaptations, in all those Countries in which Daikin Applied Germany GmbH operates.

The directors, auditors, employees and, more generally speaking, all staff of Daikin Applied Germany GmbH, whatever the type of contractual relationship they may have with the Company, are required to comply with the provisions contained herein. The provisions of the Code are likewise binding for associates, external consultants and third parties with whom the Company does business based on contractual agreements.

1.3 *Distribution and implementation*

Daikin Applied Germany GmbH constantly promotes and encourages knowledge of the Code of Ethics, the related protocols and the relative updates, and agrees to distribute this Code to all recipients by means of internal memorandums, circular letters, training activities and publication on the corporate website, likewise making available all those tools that may be of use to ensure proper interpretation thereof. When setting up new working or co-operation relationships, Daikin Applied Germany GmbH will provide the information necessary for adequate knowledge of the Code of Ethics and the protocols in a timely manner, with reference to those relating to the specific tasks in question.

Daikin Applied Germany GmbH provides for its directors, employees and associates of whatever nature and at whatever level specific training programs and professional updates, held by the officers responsible, on the Code of Ethics and the relevant protocols. Company staff may, at any time, ask their superiors for advice and clarification regarding the contents of the Code of Ethics and the protocols and on the positions assigned.

Internal staff are required to implement the provisions set down in the Code of Ethics, as these rules integrate those deriving from current regulations and from internal procedures. Compliance with the provisions of this Code of Ethics must be considered an integral part of the contractual obligations taken on by Company staff, also pursuant to sect. 611a of the German Civil Code. Failure to comply will be considered a serious failure to fulfil contractual obligations and will be guilty of tort.

Consultants, suppliers, commercial partners are required to observe the rules of conduct set out in the Code of Ethics based on contractual agreements that envisage adequate sanctions and, in the event of serious violations, the insertion of express termination clauses.

1.4 Control on compliance with and implementation of the Code of Ethics

The person responsible for the verification, monitoring and proposing improvements and updates to the Code of Ethics at Daikin Applied Germany GmbH is the CEO. He has the task of guaranteeing control over compliance with the regulations and principles referred to in this Code.

Vigilance over implementation of the Code of Ethics and its application is, on the other hand, the responsibility of the Company's further directors and internal staff, who are required to notify the CEO of any violations or failure to comply with the provisions contained within it.

2. ETHICAL PRINCIPLES

2.1 General

The ethical principles and behaviour defined in this Code have primary and absolute value. Consequently, the belief that actions are in the interest or to the advantage of Daikin Applied Germany GmbH does not excuse any behaviour that goes against them.

2.2 Providing Safe, High Quality Products and Services

DAIKIN Group Conduct Guideline 1. Providing Safe, High Quality Products and Services

We shall make every effort to ensure the safety and quality of our products and services from the standpoint of our customers. Should a problem occur regarding safety, we shall immediately take appropriate action.

The Company is constantly involved in researching safer, more ecological and more advanced technologies, to create products that satisfy the continuous evolving needs of the market while respecting the territory and the environment, likewise guaranteeing that high standards of quality and safety are maintained.

The Company undertakes to provide safe-and-high-quality products and services. The activity shall be carried out in order to provide the highest level of safety for the customers and if there are any problems with the safety of the products, appropriate and immediate measures will be taken.

2.3 Free competition and fair trading

DAIKIN Group Conduct Guideline 2. Free Competition and Fair Trading

We shall observe all applicable laws and regulations relating to fair competition and fair trade of each country and region, including antimonopoly laws. Furthermore, we shall conduct fair sales and procurement activities based on proper corporate ethics and in accordance with sound business practices and social norms.

Daikin Applied Germany GmbH observes laws and regulation relating to fair competition and fair trade of each country and region and refrains from all unlawful conduct, harmful actions and any abuse of dominant position. The Company agrees to manage relations with competitor companies in maximum compliance with market rules and the rules regulating competition. The Company likewise requires its employees not to violate competition laws or behave in such a way as to damage the reputation of the Company and the relevant trademark.

It will conduct fair sales and procurement activities based on fair business ethics and in accordance with good business practices and social standards.

2.4 Observing Trade Control Laws

DAIKIN Group Conduct Guideline 3. Observing Trade Control Laws

We shall not participate in any transactions that may undermine the maintenance of global peace and security and world order. We shall always act in compliance with all applicable export- and import-related laws and regulations of each country and region, as well as the Daikin Group Security Trade Control Policy, which relates to foreign trade control.

Daikin Applied Germany GmbH always acts in full compliance with all applicable export- and import-related laws and regulations of each country or State in which it operates and with the Daikin Group Security Trade Control Policy. Company shall always sufficiently verify the user and intended use of transactions involving exports by being attentive to the international situation and not engage in any trade that conflicts with its social responsibility as a global company.

2.5 Respect and Protection of Intellectual Property Rights

DAIKIN Group Conduct Guideline 4. Respect and Protection of Intellectual Property Rights

Recognizing that intellectual property rights are important company assets, we shall strive to protect and maintain our intellectual property rights and effectively utilize them. Furthermore, we shall respect, and make every effort not to infringe upon, the intellectual property rights of other companies.

Daikin Applied Germany GmbH acknowledges that all intellectual property rights, including projects, inventions, designs, patents, trademarks, copyrights, industrial secrets, know-how and any other right, that has been created or developed within the company, represents an important asset for all, and therefore works to guarantee respect for and protection of intellectual property rights and asks that the recipients observe the following rules of conduct:

- to adopt all necessary measures to protect and safeguard the Company's intellectual property rights (patents, trademarks, trade names, copyrights, etc.);
- to respect the intellectual property rights of others during the development of new products and technologies, using legally obtained licenses and always complying with the usage limits specified in them;
- to protect and safeguard corporate secrets, also in compliance with the confidentiality requirements.

2.6 Proper Management and Utilization of Information and Personal Data

DAIKIN Group Conduct Guideline 5. Proper Management and Utilization of Information

We shall properly manage and effectively utilize the confidential information of our company, the confidential information obtained from other companies, and the personal information of our customers and employees, and we shall not obtain any information through improper means. We shall thoroughly execute IT security management for our computer systems and the data-resources saved on them.

Daikin Applied Germany GmbH adequately and effectively manages and uses its own confidential information, confidential information obtained from other companies and personal information of third parties and employees and does not obtain any information through improper means. Moreover, it thoroughly executes IT security management for its computer systems and the data-resources saved on them.

The employees and other recipients are required not to divulge any information regarding the technical, technological and commercial know-how of Daikin Applied Germany GmbH or other companies of the Daikin group, as well as other non-public information relating thereto, to third parties, unless they are required to do so by law or under other regulatory provisions, or unless expressly foreseen by specific contractual agreements.

In relation to confidential information belonging to other companies that come to the knowledge of Daikin Applied Germany GmbH as a result of business relations with those companies, the following behaviour must be complied with:

- employees and associates shall not reveal the confidential information of other companies, with the exception of those authorised by the companies themselves based on written confidentiality agreements;
- employees and associates are required to respect the trade secrets and confidential information of their previous employers and must not use said information in favour of the Company.

Confidential information is intended to mean: financial information, sales data for individual products or groups of products, new products scheduled, new areas of expansion, lists of suppliers, lists of customers, wages information, capital investment plans, changes in management or Company policies, research, development and test data, manufacturing methods or any plans that may improve our products.

The confidentiality obligations must remain in force even after employment relations cease.

In relation to privacy Daikin Applied Germany GmbH ensures respect for the dignity of workers and employees by respecting the privacy of correspondence and interpersonal relations between employees, by prohibiting interferences in conferences or discussions and by prohibiting intrusion or forms of control that might damage the personality.

Daikin Applied Germany GmbH therefore processes personal data and confidential information, collected while carrying out its activities, in compliance with current privacy laws.

The same obligations regarding the protection of privacy must also be understood to refer to any data or information relating to Suppliers and Customers.

2.7 Prohibition of Insider Trading

DAIKIN Group Conduct Guideline 6. Prohibition of Insider Trading

To maintain the trust of shareholders and investors, we shall not use non-public information about the Daikin Group or other companies to buy or sell stocks or other securities (insider trading).

Employees must not use non-public information about the Daikin Group or other companies to buy or sell stocks or other securities (insider trading). Any investment activity, such as the purchase or sale of shares or bonds, for which internal information or information regarding the Daikin group is used, is prohibited, regardless of whether or not this will result in a profit or whether the operation is managed by a broker.

All Daikin Applied Germany GmbH management staff are prohibited from any operation involving shares in the Company from the end of the financial year (including situations involving half-yearly or quarterly financial statements) until the financial results for the Company itself become available to the public.

2.8 Timely and Appropriate Disclosure of Corporate Information

DAIKIN Group Conduct Guideline 7. Timely and Appropriate Disclosure of Corporate Information

In order to be an "open company" with high transparency and earn the respect of society, we shall actively convey corporate information in a timely fashion, not only to shareholders and investors but also to a wide spectrum of society and engage in two-way communication.

Full and clear corporate communication is a guarantee of the correctness of relations (i) with partners, who must be able to access information easily, in compliance with current regulations; (ii) with third parties who come into contact with the company, who must be able to gain a picture of the economic, financial and asset situation of the company itself; (iii) with supervisory authorities and internal control bodies who must perform control activities effectively, to protect not only partners, but the whole market.

All Company communications feature not only strict compliance with standards and regulatory provisions, but are also made in a comprehensible, full and timely manner. External communication of information relating to the Company must only be carried out by the Board of Directors, and in any case in compliance with the corporate procedures in force, which are aimed at guaranteeing truthfulness, reliability and proper distribution.

Specific attention is given to the distribution of communications relating to special operations put into practice by the Company, commercial initiatives, negotiations and agreements of particular significance. In this regard, specific protocols envisage verification and control elements, so that the corporate communications foreseen by law, the information aimed at partners or third parties on the corporate situation and expected economic, financial and asset evolution, are always truthful, free from omissions and present facts, albeit subject to assessment, that correspond to the truth, so that the recipients of the information are not led into error.

2.9 Preservation of the Global Environment

DAIKIN Group Conduct Guideline 8. Preservation of the Global Environment

We shall observe all applicable environmental laws and regulations of each country and region and practice initiatives that preserve the global environment in all aspects of our business operations, including product development, manufacturing, sales, distribution, and services. Also, each and every one of us shall deepen our knowledge of environmental issues, reduce the environmental load in the workplace and at home, and strive toward biodiversity conservation.

Daikin Applied Germany GmbH considers protection of mankind and of the environment as a priority, and consequently pursues the principle of protecting and safeguarding the environment. This is expressed and achieved through strict compliance with current environmental regulations and a commitment to promote policies of energy saving, eco-sustainable development and the reduction of pollution in general throughout all phases of corporate activity, from development, to the production and sale of products and services, and in all contexts, both at work and in private.

The Company has adopted an environmental management system according to recognised standards, and is committed to keeping it up-to-date, both in order to improve its own environmental performance, and to prevent illicit actions that may cause harm to the environment and result in liability for the Company.

Furthermore, with the aim of total transparency, the Company is available to provide third parties with suitable and timely information regarding the measures taken to safeguard the environment.

2.10 Sustainable development

Daikin Applied Germany GmbH is active in promotion of sustainable and harmonious development of the Company and of the environment, based on its own reference ethical principles.

The aim of the Company is to pursue a form of growth, in all areas of operation, that is in harmony with the environment. Daikin Applied Germany GmbH is strongly determined to develop, establish and promote technologies that encourage the harmonious co-existence of the environment and economic development, and to set up good and lasting relations based on a spirit of co-operation with a wide number of persons and organisations involved in safeguarding the environment.

2.11 Protection of health and safety of operations in the workplace

DAIKIN Group Conduct Guideline 9. Ensuring the Safety of Operations

We shall take all possible precautions for safe operations and act with a mindset of "Safety First" to ensure the safety of the workplace and further gain the trust of people in the regions we serve.

Daikin Applied Germany GmbH acknowledges that the health and safety of the workplace and workers is a priority value and, as a consequence, carries out its operations in full compliance with sect. 3 of the Federal Act on the implementation of measures of occupational protection for the improvement of the safety and health of employees at work, as well as in compliance with the other legal standards or regulations applicable.

The Company is committed to divulging and disseminating among its staff a culture of health and safety for workers in the workplace, promoting the knowledge and awareness of the risks that each person runs while carrying out his or her tasks, requiring the implementation of responsible behaviour by staff and activities to verify and monitor compliance with laws and with corporate procedures. As a further guarantee of its commitments, Daikin Applied Germany GmbH has voluntarily adopted a management system for safety in the workplace, in compliance except for those obligations that cannot be delegated by law, has drawn up the relevant roles and responsibilities and assigned them to qualified individuals.

The recipients of this Code, as part of their tasks, are required to take part in the process for the prevention and identification of risks regarding health and safety at work, both for themselves, their colleagues and third parties, and to respect the provisions of the Health and Safety at Work Act regarding health and safety in the workplace, to observe the provisions and instructions issued by the Company, to use the personal protection equipment when foreseen, to attend health checks, not to carry out on their own initiative dangerous manoeuvres that are not part of their normal tasks, to take part in company training programs.

Third parties carrying out work or services under contract on behalf of Daikin Applied Germany GmbH are likewise required to respect current regulations on health and safety in the workplace.

2.12 Social responsibility

DAIKIN Group Conduct Guideline 10. Respect for Human Rights and Diversity and Observance of Labor Laws

We shall respect the human rights of each and every employee and shall not engage in conduct that discriminates on the basis of nationality, race, ethnicity, religion, color of skin, age, gender, sexual orientation, or disability. Diversity in individual values is enthusiastically accepted, and we shall work to make the unique talents and abilities of each and every person the driving force of the organization. We shall also observe both the letter and spirit of all labor laws and regulations of each country and region, and under no circumstances shall we sanction the labor of underage employees, minors who do not meet the minimum legal age requirements (child labor), or labor performed under compulsion or against a person's will (forced labor).

In developing its business activities, Daikin Applied Germany GmbH bases itself on the protection and promotion of human and social rights and applies the philosophy of "respect for persons", honouring the culture, customs, history and laws of each Country.

The Company respects and preserves the human rights of every employee and it doesn't tolerate any behaviour that could discriminate on the basis of nationality, religion, race, ethnicity, skin colour, age, sex, sexuality orientation and disability. Value is given to the diversity of the individual and to each people's talent that are followed by the Company. Each country's labour laws and rules are respected.

The Company is committed to promoting activities that are philanthropic, of social interest or initiatives in favour of non-profit organisations, that strengthen the community and help to enrich society.

2.13 Protection of human resources and the workplace

Human resources are an essential element for the company's existence and for its successful competition on the market. Honesty, loyalty, skill, professionalism, seriousness, technical preparation and dedication are therefore considered crucial conditions to achieve the Company aims, and they are the characteristics

required by Daikin Applied Germany GmbH from its directors, auditors, employees and associates of various types.

Daikin Applied Germany GmbH, aware of the central and decisive role played by human resources in achieving the success of every business, dedicates great attention to management of staff, who are required to show professionalism, loyalty, honesty and spirit of co-operation.

- **Selection policies**

In order to contribute to the development of business goals and ensure that these goals are pursued by all in compliance with the ethical principles and values upon which the Company is based, corporate policy aims to select each employee and associate of whatever kind according to the values and characteristics mentioned above. Decisions taken in management and development of staff, together with assessments made for the purpose of hiring and promotion to roles and/or positions, are based on skills, on the ability of individuals, on the correspondence of candidate profiles to those required, all fully respecting the principles of impartiality, equal opportunities and without any discrimination regarding the private life or opinions of candidates, avoiding any kind of favouritism and facilitation.

The staff of Daikin Applied Germany GmbH is hired under a proper employment contract, in compliance with current law, collective bargaining agreements and regulations in force. More specifically, Daikin Applied Germany GmbH does not allow and will not tolerate the setting up of working relations - including those with external associates, suppliers or commercial partners - in violation of current laws on the employment of children, women and immigrants. Under no circumstances the Company permits the labour of underage employees, minors who do not meet the minimum legal age requirements (child labour), or labour performed under compulsion or against a person's will (forced labour).

- **Staff management**

Respecting fundamental human rights, Daikin Applied Germany GmbH follows the indications given by national and international regulations on the right to work and encourages the professional development and growth of each of its resources by respecting the personal dignity and physical and moral integrity of the individual, prohibiting any discrimination, denigration, prevarication or damage and offering equal opportunities in work, training and professional development, guaranteeing fair treatment based on individual skills and abilities.

Daikin Applied Germany GmbH has remuneration plans founded on high standards of performance, fair treatment and competitive salary opportunities, in line with individual performance.

It promotes and safeguards the full use of trades union and political rights. Furthermore, it provides employees with a clean, healthy and safe environment.

Any abuse of positions of authority and co-ordination is strictly prohibited, and each resource is required to co-operate to create a working environment that responds in full to the requirements described above and to act, in relations with colleagues, in a manner based on the principles of civil coexistence and full collaboration and co-operation. Finally, Daikin Applied Germany GmbH firmly combats harassment of any nature in working relations, or, more generally speaking, any behaviour that will compromise the tranquil completion of tasks assigned and is in any way damaging to the dignity of the worker. It also safeguards workers from acts of psychological violence and mobbing.

Daikin Applied Germany GmbH works to ensure stable employment in positions that allow employees to develop themselves personally and professionally, so that they can achieve satisfaction from reaching corporate goals, through high performance, in an atmosphere featuring competition, integrity, group work and equality.

In the evolution of working relations Daikin Applied Germany GmbH is committed to creating and maintaining the conditions necessary for the skills and knowledge of each individual to be further extended with respect for those values, following a policy based on the acknowledgement of merit and equal opportunities and providing specific programs aimed at professional improvement and the acquisition of greater skills.

Consequently, employees are required to cultivate and solicit the acquisition of new skills, abilities and knowledge, while managers and heads of function must give the greatest attention to enhancing and increasing the professional levels of those working with them, creating the conditions for development of their abilities and the achievement of their potential.

In pursuing corporate goals, the management, employees and associates of various kinds must work in the awareness that ethics are an interest of primary significance for Daikin Applied Germany GmbH and that, as a consequence, it will not tolerate behaviour that, while in the abstract it may aim to promote the Company, are in contrast with the law, current regulations, the organisation, management and control standards of the Company or this Code of Ethics.

2.14 Protection of Company assets and information technology resources

DAIKIN Group Conduct Guideline 11. Protection of Company Assets

We shall properly manage the tangible and intangible assets of our company to protect and effectively utilize these assets.

Employees and associates of Daikin Applied Germany GmbH are required to use company assets with due diligence. Each person is considered responsible for the operation and protection of the resources assigned to him/ her and must comply with the Company directives and operating procedures provided. Each user of information technology resources is responsible for the safety of the systems used and for their proper use.

The assets and services, including software and applications, that the Company provides must only be used for Company purposes. Consequently, it is prohibited to use the tools provided (programs, e-mail, internet, telephone, fax, etc.) for other, non-work-related purposes or, in general, to carry out actions that might damage the Company image or gain an illegal advantage. It is likewise prohibited to install programs or download software that is unauthorised or different from the ones provided by the Company, and to browse websites with indecent, gambling-related or illegal content.

All those who, in order to carry out their functions, have been given password-protected personal access authorisations to corporate procedures, applications or software, involving the use of powers of disposal, authorisation or merely information, are required to keep them carefully and to comply with the internal rules and recommendations regarding their proper use.

2.15 Proper handling of Accounting and Financial Operations

DAIKIN Group Conduct Guideline 12. Proper Handling of Accounting Procedures

We shall comply with all accounting standards and tax laws of each country and region as well as internal company rules in properly performing accounting procedures.

Daikin Applied Germany GmbH considers it of fundamental importance that management of accounting and financial operations takes place in compliance with the principles of legitimacy, transparency and traceability.

The Company complies with all accounting standards and tax laws of each country and region, as well as the Company's internal rules, in correctly executing its accounting procedures.

- **Account management and book-keeping**

Those involved in activities relating to invoicing, book-keeping, movement of financial flows and calculation and payment of tax are required to work within the powers assigned to them, and to act in a transparent manner when carrying out the individual accounting and financial operations, keeping truthful and accurate records thereof and checking that they are always accompanied and justified by adequate supporting documentation.

Any behaviour, including omissions, is prohibited if it is not in line with Company procedures foreseen in this regard, with the standards and with national and international accounting principles, and may lead to the registration of fictitious or non-existent operations, the registration of insufficiently documented operations, the issue of payment orders, transactions or other accounting and financial assets that are not supported by clear authorisations.

Truthfulness, accuracy, completeness and clarity of the basic information are the necessary conditions that allow transparent book-keeping activities, and they represent an essential value for Daikin Applied Germany GmbH, guaranteeing that shareholders and third parties can obtain a clear picture of the economic, asset and financial situation of the Company.

For that value to be respected it is first of all necessary that the documentation regarding the basic facts be kept on file for any verification that may be required.

In the case of economic-wealth elements founded on valuations, the related record must be entered respecting criteria of reason and congruence, giving a clear description of the criteria used to determine the value of the asset.

Daikin Applied Germany GmbH guarantees that the financial statements are drawn up in compliance with current regulations and in observance of the principles indicated in the applicable laws.

2.16 Protection of professional integrity, good practice and transparency in Entertainment, Gift Exchanges and Invitations

DAIKIN Group Conduct Guideline 13. Practicing Moderation in Entertainment, Gift Exchanges, and Invitations

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, the exchange of presents, and invitations relating to the development of our global business. In particular, we shall not entertain, provide gifts of monetary value to, or extend invitations to public officials in Japan or abroad that violate the applicable laws and regulations in each respective country and region.

Daikin Applied Germany GmbH requests its employees and associates and all those having business relations with the Company to behave with integrity, good practice and transparency.

It is therefore strictly prohibited for staff to offer, donate, request, accept or exchange, even through a third party, donations, benefits (both direct and indirect), gifts, acts of courtesy and hospitality or entertainment, presents or other personal benefits and assets, that are connected to the activities performed for Daikin Applied Germany GmbH, in violation of the applicable laws and regulations in each respective country and region, except in the case of gifts or benefits of a modest value that are allowed because they are considered a manifestation of common courtesy and/or are of a nature that cannot be interpreted as being aimed at obtaining more favourable treatment.

The person receiving gifts that exceed normal courtesy, in order to gain favourable treatment in the performance of any Company activity, must immediately notify his or her superior officer or the Company management which, after the necessary verification, will ensure that the officers responsible for managing external communications inform the author of the present, gift, etc. regarding corporate policy in that regard.

The prohibition relates to anything given to (or received from) anybody, that is to say: other employees and associates, future employees and associates, public employees, public officers, customers, suppliers, consultants, other parties in negotiations, commercial or financial partners and all those persons with whom the Company has, or wishes to have, business relations.

Especially in the relations with the Public Administration, it is forbidden to offer or promise, even indirectly, money, goods, services transactions or improper favours to public officials or public service employees, with the aim of influencing their decisions and obtaining more favourable treatment or improper services.

2.17 Conflicts of Interest

The business decisions and choices made on behalf of Daikin Applied Germany GmbH must aim to achieve its best interest. Consequently, the recipients of this Code must avoid any possible conflict of interest, in particular any personal or family interest that might condition their independence of judgement when deciding what is the best interest of the Company and the most suitable way of achieving it.

Any situation that generates a possible conflict of interest must, therefore, be notified immediately, and any party having information regarding conflicts of interest must notify the CEO thereof.

2.18 Obligations to combat money-laundering and criminal activities in commercial relations

DAIKIN Group Conduct Guideline 14. Maintaining a Firm Attitude against Anti-social Activities

We shall take a firm attitude against anti-social forces and organizations that threaten the safety and order of citizens.

Daikin Applied Germany GmbH operates in compliance with anti-money laundering laws and regulations against financial fraud and to prevent the use of the financial system to launder the proceeds of criminal activities and fund terrorism, and prohibits the Code recipients from any activities that may involve money-laundering, that is to say accepting income originating from illegal activities and consequently processing that income, or involvement in activities that are in any way illegal and that might compromise the good faith and security of international relations.

Daikin Applied Germany GmbH abstains from relations of any kind, even indirect or through another party, with parties (individuals or legal entities) that are known or suspected of making use of child labour or persons employed in an improper manner, or who in any case operate in violation of the laws and regulations regarding the protection of workers' rights. Particular attention must be given in the context of relations with parties operating in countries in which there is no legislation providing sufficient protection for workers, from a point of view of child labour, women and immigrant workers, ensuring that sufficient health, hygiene and safety conditions exist.

Daikin Applied Germany GmbH shall abstain from relations of any nature, including indirectly or through a third party, with persons (individuals or legal entities) who are known or reasonably suspected of forming part or carrying out activities that in any way support criminal organisations of whatever nature, including Mafia organisations, those dedicated to human trafficking or the exploitation of child labour, as well as persons or groups operating with terrorist aims.

Daikin Applied Germany GmbH has therefore established that its employees must verify in advance the information available (including financial information) on commercial counterparts, in order to ascertain their respectability and the legitimacy of their activities.

2.19 Fairness, Honesty and Good Faith

DAIKIN Group Conduct Guideline 15. Relationship with Society

We aim to be a good corporate citizen that is trusted by society and we shall do our best to act with humility and modesty while at the same time having self-awareness and taking pride in our actions. Moreover, we shall participate in social contribution activities centered on environmental conservation, education support, and cooperation with the local community.

Daikin Applied Germany GmbH and its employees co-operate in a mutually fair, trusting and honest relationship and take a firm attitude against anti-social forces and organizations that threaten the safety and order of citizens.

Consequently, it is expressly forbidden, for all employees, to carry out activities that are against the interests of the Company or incompatible with that employee's official duties.

All the working activities of those operating on behalf of Daikin Applied Germany GmbH must be carried out with honesty and professional commitment, strict morals and proper management, also in order to

protect the image of the Company and of Daikin Applied Germany GmbH. Each employee operates as a good corporate citizen that is trusted by society, acting with humility and modesty while at the same time having self-awareness and taking pride in his actions.

The Company's behaviour is inspired by good actions and to participate in social contribution activities focused on environmental conservation, education support and cooperation with the local community.

2.20 Compliance with current laws and regulations

DAIKIN Group Conduct Guideline 16. Observing Each Category of Industry Law and Regulation

We shall accurately interpret and observe all applicable laws and regulations of each country and region in which our businesses participate.

Daikin Applied Germany GmbH carries out its activities in compliance with national, international or local laws and regulations in force in each of the Countries in which it operates. The Company requires its staff to know the above national, international or local laws, regulations and, in general, the provisions that are of interest for their positions, and to notify the CEO promptly of any cases in which they are constrained or instigated to violate the law.

Likewise, in its relations with third parties Daikin Applied Germany GmbH always promotes respect for the law.

3. RULES OF CONDUCT IN EXTERNAL RELATIONS

DAIKIN Group Conduct Guideline 15. Relationship with Society

We aim to be a good corporate citizen that is trusted by society and we shall do our best to act with humility and modesty while at the same time having self-awareness and taking pride in our actions. Moreover, we shall participate in social contribution activities centered on environmental conservation, education support, and cooperation with the local community.

3.1 Relations with Customers

Daikin Applied Germany GmbH considers it essential that relations with customers be based on principles of fairness, good practice, availability and respect, as well as on the full sharing of the principles expressed in the Code of Ethics, in order to build up a collaborative and highly professional relationship. For these reasons Daikin Applied Germany GmbH will only be able to do business with Customers who, based on the information received, are considered serious and reliable.

The staff of the Company must always work in a professional, correct and transparent manner in all relations with Customers. Employees and associates are required to safeguard the rights and interests of the Customer and to provide the latter with detailed, clear and truthful information regarding the services provided, so that he can make informed choices. Daikin Applied Germany GmbH is committed, in order to provide maximum protection and satisfaction for Customers, to carry out careful controls on the quality of products and on the services provided, on order to provide the Customers and deliver said products and services with high standards of excellence and safety, paying the greatest attention to any notifications or requests and dealing with them promptly.

3.2 Relations with Suppliers and Consultants

Relations between Daikin Applied Germany GmbH and Suppliers are based on respect and on sharing of the ethical principles contained in this Code. Daikin Applied Germany GmbH asks its suppliers to respect the provisions of current law and regulations on health and safety in the workplace, with particular attention to child labour.

Selection of the other parties in negotiations, of commercial partners, of consultants and suppliers of assets, goods, operations and services must take place in a transparent and documented manner, based on assessment criteria such as quality, convenience, price, professionalism, competence, efficiency, and in the presence of adequate guarantees regarding the good practice of the other parties. Exceptions are allowed in the case of assignments to professionals/consultants (for example lawyers) when the element of trust must prevail. In any event, all the recompenses and sums paid for whatever reason to suppliers or professional consultants must be adequately documented, proportionate to the activity carried out and in line with the terms offered on the market.

3.3 Relations with the Public Administration

Relations regarding Company activities with respect to public officers or public service officials - who act on behalf of the Public Administration, whether central or peripheral, or of legislative bodies, EU institutions, international public organisations and those of any foreign State - with magistrates, with public supervisory authorities and with other independent authorities, as well as with private partners running a public service, must be set up and managed in absolute compliance with current laws and

regulations, the principles set down in the Code of Ethics and in the specific protocols, so that the integrity and reputation of both parties is not compromised.

Attention and care must be given in relations with the above mentioned individuals, in particular in operations relating to: tenders, contracts, authorisations, licences, concessions, requests/management/use of funding of whatever type of public origin (national or EU), management of jobs, relations with supervisory authorities or other independent authorities, representatives of Public Administrations, social security bodies, tax collection bodies, bankruptcy, civil, criminal or administrative procedure bodies, etc.

In order not to perform actions in contrast with the law or in any case prejudicial to the image and integrity of the company, the operations mentioned above and related management of the financial resources must be undertaken by the corporate functions specifically authorised to do so, with due respect for law and for the principles set down in the Code of Ethics and in full observance of the specific protocols.

In the context of relations with German and foreign Institutions, Daikin Applied Germany GmbH engages to represent its own interests and to exhibit its own needs in a correct and transparent way, with strict respect for the principles of independence and impartiality in the choices made by the Public Administration, in such a way as not to induce errors or mislead decisions and in such a way as to guarantee the correctness and traceability of the contact.

It is expressly prohibited to use, or instigate others to use, forms of corruption of any kind.

With regard to any requests of whatever nature made by members of the Public Administration, Daikin Applied Germany GmbH agrees to provide maximum co-operation and to refrain from behaviour that may cause obstruction or prejudice, in full respect for current laws and regulations and in compliance with the principles of loyalty, good practice and transparency. In all cases of access, inspections or verifications carried out on Company premises by public officers the superior officer and, when necessary, the CEO must be duly notified.

3.4 Relations with the Court Authorities

The persons acting in the name and on behalf of the Company before the Court Authorities, including any external legal and/or technical consultants, are required to respect the principles of loyalty and probity indicated in the German Code of Civil procedure. It is prohibited to use, or induce others to use, forms of corruption of whatever kind.

In civil, criminal, administrative and tributary court cases and during court and out-of-court proceedings in which the Company is an interested party or third party, those entitled to act in the name and/or on behalf of the Company must under no circumstances act in a way - such as those described above - towards Magistrates, registrars or Court Officials, that has the intention of inducing those persons to take actions that are illegitimately to the advantage of the Company.

With regard to any requests of whatever nature made by the Court Authorities and, more in general, to any contacts with said Authorities, Daikin Applied Germany GmbH agrees to provide maximum co-operation and to refrain from behaviour that may cause obstruction or prejudice, in full respect for current laws and regulations and in compliance with the principles of loyalty, good practice and transparency. In

all cases of access, inspections or verifications carried out on Company premises by public officers the superior officer and, when necessary, the CEO must be duly notified.

3.5 Relations with Political and Trades Union Organisations

Daikin Applied Germany GmbH bases its relations with Political and Trades Union Organisations on principles of maximum transparency. Daikin Applied Germany GmbH does not favour or discriminate against any organisation of a political or trades union nature, either directly or indirectly. It does not put pressure on politicians or fund parties, their representatives or candidates, nor does it hold meetings solely for political propaganda purposes. The Company abstains from making any contribution, either direct or indirect, under any form, to political and trades union parties, movements, committees and organisations, their representatives and candidates, except for those due based on specific legal provisions.

This does not apply, however, to any solidarity initiatives that are considered by Daikin Applied Germany GmbH to have an essential value, and in which it takes an active and sensitive part with those working on social questions.

Relations with the Trades Union Organisations must take place in an atmosphere of mutual respect and must be carried out with the greatest transparency and respecting the roles and skills of each individual.

4. VIOLATION OF THE CODE OF ETHICS

4.1 *Disciplinary System*

Daikin Applied Germany GmbH does not allow violation of the provisions set out in this Code.

In compliance with applicable laws the Company has introduced a disciplinary system suitable to sanction failures to respect the compliance measures established by the Company. The disciplinary system must also be considered suitable to sanction failures to respect the provisions set out in this Code of Ethics, as that document must be considered an integral part of the organisation and management of the Company.

Consequently, any violation of the Code of Ethics by employees will result in disciplinary action being taken and in the possible issue of disciplinary sanctions in compliance with the regulations of the applicable labour laws and the provisions in the applicable labour contracts.

Violation of the Code of Ethics provisions by suppliers, external associates and consultants will, on the other hand, be sanctioned in compliance with the contents of the relevant professional or contractual agreements.

4.2 *Notifications to the CEO*

At Daikin Applied Germany GmbH, the CEO is responsible for checking that the recipients comply with the principles and forms of behaviour mentioned in this Code of Ethics. Consequently, the CEO must be informed of the possible existence of behaviour that does not comply with the contents thereof.

In order to facilitate this exchange of information Daikin Applied Germany GmbH, while respecting privacy and the rights of the individuals, has set up preferential information channels to allow all those who become aware of possible violations of the principles expressed in this Code to notify the CEO thereof by communicating any violations to an authorized representative who is bound to confidentiality, but entitled to notify the CEO directly.

After receiving notifications, the CEO, together with the HR department if necessary, is required to carry out all necessary investigations and to safeguard the notifying party from any form of retaliation, discrimination or penalty, naturally without prejudice to legal requirements.

Notifications regarding the violation, or suspected violation, of the requirements set out in the Code of Ethics must be made in writing and in personal in the manners indicated below:

- to e-mail address: dapgwhistleblowing@daikinapplied.eu
- by ordinary mail sent to: CEO of Daikin Applied Germany GmbH, Herriotstraße 1, 60528 Frankfurt am Main, Germany;
- by letter deposited in a closed envelope inside the appropriate internal mailboxes;

The use of internal whistleblowing mailboxes is reserved for the employees.