

DAIKIN



Handbook for

Corporate Ethics

Table of Contents

President's message	5
Introduction	6
Daikin Group Compliance Guidelines	8
Ethical Principles:	
1. Securing legal compliance	9
2. Providing safe, high-quality products and services anticipating the future needs of our end-users	10
3. Conducting business operations based on the principles of fair competition	11
4. Practising fair procurement by maintaining friendly yet challenging and competitive relations with suppliers	12
5. Respecting intellectual property and confidentiality of proprietary information	13
6. Timely and appropriate disclosing of corporate information	14
7. Being a company that aims to have minimal environmental impact	15
8. Ensuring the safety of our operations	16
9. Cultivating a dynamic workplace that fosters pride and enthusiasm in each employee	17
10. Protecting corporate assets	19
11. Practising moderation in entertainment and gift exchanges	20
12. Maintaining a firm attitude toward illegal, antisocial and unethical behaviour	21

President's Message

The global Daikin Group has a long tradition of upholding three Core Values: Absolute Credibility, Enterprising Management and Harmonious Personal Relations. Based upon these Core Values, Daikin Industries, Ltd. ("DIL") has developed Our Group Philosophy, which reflects the fundamental ideas regarding the establishment of our global group-wide Corporate Ethics. These Corporate Ethics are an expression of fundamental values and represent a framework for decision-making.

Some years ago, Daikin Europe N.V. ("DENV") developed the "Daikin Europe Group Handbook for Corporate Ethics" (applicable to Daikin Europe N.V., Daikin Industries Czech Republic ("DICz") and its affiliated companies) based upon the DIL guidelines. In October 2008, DIL broadened its efforts regarding Corporate Ethics and established 15 Daikin Group Compliance Guidelines (see page 8) which served as a basis to update our own version of the Handbook for Corporate Ethics.

We ensure compliance with our own ethics and the applicable legislation through the description and implementation of Company Rules (including 'Executions') and procedures (including work instructions).

Our Corporate Ethics apply not only to all employees and directors, but also to all consultants, agents and other representatives retained by us, and we encourage all our business partners, including our customers and suppliers, to act in line with our [Ethical Principles](#).

Compliance with our Corporate Ethics is vital to maintaining Daikin's company and product image as a [responsible corporate citizen](#), and to achieving our goal of being among the best and most respected companies in the world. As employees, we must always be aware that every decision we make, everything we do, can affect the reputation of our company, and in turn, our own lives and livelihood.

Therefore, every employee must strive to maintain the high standards of our business ethics and [personal integrity](#). We must each be mindful of always avoiding, on and off the job, circumstances and actions that could give even the appearance of impropriety or wrongdoing and that could discredit Daikin. Reasons such as "everyone does it" or "it's not illegal" are unacceptable excuses for violating our ethical principles.

No handbook can anticipate every ethical decision we may face in business. If you are uncertain about what to do, discuss this first with your colleagues or your superior.

It is important that you read this Handbook carefully and ask questions about anything you do not understand.

I know you and your colleagues will take pride in always doing the right thing.

Masatsugu Minaka
President of Daikin Europe N.V.

Frans Hoorelbeke
Chairman of Daikin Europe N.V.

Introduction to the Daikin Europe Group Handbook for Corporate Ethics

Our Commitment

The purpose of this Handbook is to express our commitment to high ethical and legal standards. We must apply these standards in both letter and spirit. It is the personal responsibility and obligation of each member of Daikin Europe Group to respect these standards of conduct, whether or not imposed by law.

As good citizens, we must observe the applicable law of all countries in which we operate. DENV is primarily governed by Belgian law and European regulations. However, we also do business in other countries. The affiliated companies of DENV are responsible for complying with local legislation. DENV must also ensure that local legislation is respected in non-affiliated sales territories. When there is a conflict between European regulations and the law of a country in which we are active, we shall consult with DENV Legal.

Our Core Values

Daikin Europe Group is part of the global Daikin Group. As such, we strive to be a world-class leader in every aspect of our business. Our core values are:

- Absolute Credibility - a commitment based on trust and openness to building relationships with our customers, colleagues, business partners, and communities;
- Enterprising Management - a commitment to building our company through the initiative and excellence of all employees; and
- Harmonious Personal Relations - a commitment to a workplace in which we all work together with dedication to meet Daikin's goals and challenges.

The law sets forth a minimum necessary level of conduct. We must obey the law, but as our Core Values demonstrate, we strive for a higher standard, even if this can limit potential business expansion.

Our Responsibility to Ourselves and to Others

As a company we are performance driven, determined to deliver on every commitment made to ourselves and to those with whom we do business. In meeting that commitment, we always take action based on our high standards of ethics and pursue our goals based on principles of fair competition. We strive to be open, fair, and accountable to each other and to the communities in which we do business. We assure the safety of our operations and establish a sound working environment. We provide high quality to satisfy our customers. We are environmentally concerned and contribute to the communities in which we work.

Each of us is responsible for knowing, understanding, and complying with our Corporate Ethics. Therefore, we aim to create a positive work environment where doing the right thing is also the easy thing to do. Those who do not share this view of company ethics should consider whether they belong at Daikin Europe Group.

In addition, we also encourage our customers and suppliers to respect our Corporate Ethics.

When In Doubt, Take the One-Minute Ethics Test:

- Am I adhering to the letter as well as to the spirit of any law or any Company Rule that may be involved?
- Is this action consistent with Daikin's values?
- Will there be any direct or indirect negative consequences for Daikin?
- Does it "feel" wrong?
- What would my family, friends or neighbours think of my actions?

Always act in such a way that you can be proud of your actions.

Reporting a Violation of our Corporate Ethics

If you have any knowledge of a violation of our Corporate Ethics, do not disguise it or bury your head in the sand, because the violation could seriously harm our company if it is not properly managed. Try to resolve the issue by bringing it to the attention of the person involved, if an informal resolution seems possible. If the violation has substantially harmed or is likely to substantially harm someone or the organisation, you are obliged to report it to your direct superior or to any other person that can take appropriate action.

If these communication channels prove to be unsuccessful, you can report any violation of our Corporate Ethics using the Whistleblower system that is available on the websites of DENV, DICz and those of the different affiliated companies.

If anything in the Daikin Europe Group Handbook for Corporate Ethics is unclear, please consult with your superior, your legal liaison or DENV Legal.

Daikin Group Compliance Guidelines

These compliance guidelines set forth the basic premises for all Daikin Group companies as well as each one of their executives and employees. They constitute a basic framework for compliance in the Daikin Group's global application of corporate ethics. Each company of the global Daikin Group shall draft specific criteria based on these guidelines to obtain a code of conduct that corresponds to differences in the laws and customs of each country and region, and that ensures strict 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 perform fair corporate activities in compliance with all applicable laws and regulations relating to fair competition and fair trade of each country and region.

3. Observing Trade Control Laws

We shall not participate in any transactions that might undermine the maintenance of global peace, security, and world order and act in compliance with all applicable export and import related laws and regulations of each country and region, as well as with Daikin Group Policy.

4. Respect and Protection of Intellectual Property Rights

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

5. Proper Management and Utilisation of Information

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

6. Prohibition of Insider Trading

To maintain the trust of the securities market, 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

Aiming to be an "open company" with high transparency and to 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 practise initiatives that sustain and improve the environment in all aspects of our business operations, including product development, manufacturing, sales, distribution, and services. In addition, each one of us shall strive to promote environmentally conscious actions.

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 the people in the regions we serve.

10. Respect for Human Rights and Diversity in the Workplace and Observance of Labour Laws

We shall respect the human rights of each employee, as well as diversity in values and approach to work, while striving to create a workplace that is safe and comfortable to work in. We shall also observe both the letter and spirit of all labour laws and regulations of each country and region, and under no circumstances sanction the labour of the underage employees, minors who do not meet the minimum age requirements as regulated by the laws of each respective country and region (child labour), or labour performed under compulsion or against a person's will (forced labour).

11. Protection of Company Assets

We shall properly manage the tangible and intangible assets of our company to protect and effectively utilise 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, and shall make every effort to improve internal controls.

13. Practising Moderation in Entertainment and Gift Exchanges

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 the exchange of gifts performed related to our business. In particular, we shall neither entertain nor provide gifts of monetary value to public officials at home and abroad in violation of the laws and regulations applicable in each country and region.

14. Maintaining a Firm Attitude against Anti-social Activities

We shall take a firm attitude against any anti-social force or organisation that threatens the safety and order of the citizens of society.

15. Observing Each Category of Industry Law and Regulation

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

THE FOLLOWING 12 ETHICAL PRINCIPLES REFLECT THE LETTER AND SPIRIT OF THE DAIKIN GROUP COMPLIANCE GUIDELINES INDICATED ABOVE. THEY SHOULD BE CLEARLY UNDERSTOOD AND IMPLEMENTED BY ALL WHO WORK AT OR FOR DAIKIN EUROPE GROUP.

1

Securing legal compliance

WE WILL ENSURE LEGAL COMPLIANCE BY INFORMING OURSELVES APPROPRIATELY AND BY INCORPORATING THIS INFORMATION INTO OUR ACTIVITIES.

The minimum level of conduct for every company is established in all applicable legislation, both local and supranational. In other words, every company must at least be legally compliant. This is the basis of corporate ethics. If a company does not comply with the law, it has no credibility in the enforcement of corporate ethics.

The activities of Daikin Europe Group are the result of the actions of each individual within the company and of our suppliers and customers. Therefore, it is everyone's responsibility to comply with the law.

This means we will:

- Inform ourselves about the **relevant legislation** and the latest legal developments related to our areas of responsibility.
- Incorporate the relevant legislation into **our Company Rules and procedures**.
- Follow these Company Rules and procedures.
- Not enter into any contractual obligation or agreement if we are unsure whether it is **legally compliant**. If we have any doubt, we will consult with DENV Legal for proper assessment.
- Not misuse any company information (such as proprietary information) for personal benefit.

To support us in this endeavour, Daikin Europe's Board of Directors has defined a group-wide **Legal Compliance System**. This system defines the above-mentioned **Company Rules** that must be respected by all employees. Breach of compliance can harm Daikin as a company and the Daikin image. Therefore, if you have any knowledge of non-compliance, you are obliged to report this to your superior or any other person who can take appropriate action.

For legal compliance within Daikin Europe Group, DENV will take the initiative and proceed diligently to prepare Company Rules for Daikin Europe Group.

2 Providing safe, high-quality products and services anticipating the future needs of our end-users

WE WILL ENSURE THE SAFETY AND QUALITY OF OUR PRODUCTS FOR END-USERS, AND WILL OFFER PRODUCTS AND SERVICES THAT EXCITE THEM BY ANTICIPATING THEIR FUTURE NEEDS.

1. Ensuring the safety of our products and services

We strive for end-user satisfaction. We will ensure the safety of our processes and services, as well as the safe use of our products, in full compliance with all safety laws, relevant regulations and standards.

2. Providing an immediate and appropriate safety response to any emerging problem

Should a safety problem arise, we will place the highest priority on the safety of our end-users by taking immediate action to contain the problem and prevent the occurrence of a serious accident. These actions can include repairing or replacing the products in question, publicising the problem through appropriate media, and reporting to the relevant authorities.

3. Ensuring a level of quality that is certain to satisfy our end-users

To ensure end-user satisfaction, we will seek feedback from our end-users and gather other quality related information. If a problem arises, we will take immediate corrective action. We will precisely communicate any appropriate information to all internal parties concerned to ensure products and services of ever-higher quality.

3

Conducting business operations based on the principles of fair competition

WE SHALL CONDUCT OUR BUSINESS ACCORDING TO THE PRINCIPLES OF FAIR COMPETITION IN EACH COUNTRY IN WHICH WE OPERATE.

Daikin's brand and products occupy a strong position in the market. However, we will not abuse this position. Daikin Europe Group supports fair competition. Therefore, we will always strive to treat our competitors, customers and suppliers correctly and with respect. This includes not engaging in the following with the intent to restrict competition:

- Entering into any understanding or agreement with any competitor, exchanging or discussing competitive information with a competitor.
- Imposing excessive demands or obligations on our customers or suppliers.
- Using improper or illegal methods to acquire proprietary information of other companies.

We will eliminate, as far as possible, expressions that may mislead customers (including consumers). We will communicate correct information to them. We will avoid giving customers misleading price indications about our products.

4 Practising fair procurement by maintaining friendly yet challenging and competitive relations with suppliers

WE WILL MAINTAIN FRIENDLY YET CHALLENGING AND COMPETITIVE RELATIONS WITH SUPPLIERS. IN ADDITION, WE WILL PRACTISE FAIR PROCUREMENT AND NOT ABUSE OUR STRONG BARGAINING POSITION.

Daikin Europe Group works with many other companies and organisations. When selecting suppliers, we will open our door to companies worldwide to provide fair and equal business opportunities. We will look for suppliers and business partners that support our values and ethical principles, and that support our commitment to quality. We will avoid those who violate the law or fail to comply with the sound business practices we promote.

In addition, we will encourage fair competition among our potential suppliers, contractors and vendors, and deal equitably with all. We will practise fair procurement without abusing any strong bargaining position we may have.

5

Respecting intellectual property and confidentiality of proprietary information

WE WILL RESPECT THE INTELLECTUAL PROPERTY AND INFORMATION OF OTHERS, AND SAFEGUARD OUR OWN INTELLECTUAL PROPERTY AND INFORMATION.

1. Respecting Intellectual Property

Intellectual property consists of trade secrets and the following rights: patent, trademark, design patent and copyright. These four rights are subject to publication for protection.

We will respect all valid intellectual property rights of other companies. Therefore, we will take steps not to infringe other companies' intellectual property rights. In addition, the intellectual property rights of Daikin Group are an important asset. Therefore, we shall strive to use and maintain Daikin's intellectual property rights in a consistent way so that we can protect them in an effective manner if necessary.

2. Respecting the Confidentiality of Proprietary Information

Proprietary information includes confidential information on, for example:

- design data
- drawings
- development themes
- product plans
- new business developments
- alliances
- mergers & acquisitions
- selling prices
- cost prices and the like
- ...

We will respect the confidentiality of proprietary information of Daikin Group and of other companies by adequate controls so that the information is not disclosed.

Therefore, proprietary information – considered confidential – must be handled appropriately (e.g. by entering into a non-disclosure agreement with a third party, by storing paper versions in a drawer or a cabinet placed in an access controlled room, ...).

The above matters require professional handling. Please consult your legal liaison and DENV Legal when you need to act.

3. Monitoring Abuse of Intellectual Property

At Daikin Europe Group, with DIL's full support, we will monitor our and other companies' intellectual property, so that appropriate countermeasures can be taken in case of infringement.

When we observe abuse in the market of the Brand 'Daikin' (logo) and any Daikin trademarks, including alteration, we will consult with our legal liaison and DENV Legal before taking action.

6 Timely and appropriate disclosing of corporate information

AS A SUBSIDIARY OF DIL, DAIKIN EUROPE GROUP HAS FEW LEGAL OBLIGATIONS TO COMMUNICATE CORPORATE INFORMATION OUTSIDE OF THE COMPANY. HOWEVER, IN ORDER TO DEVELOP OUR ORGANISATION AS A RELIABLE, TRANSPARENT AND OPEN COMPANY, WE WILL COMMUNICATE WITH ALL STAKEHOLDERS AND DISCLOSE CORPORATE INFORMATION IN A PROACTIVE AND TIMELY MANNER.

1. Establishing a reliable, transparent, and open company

We will proactively provide information on our corporate activities to all stakeholders of Daikin Europe Group. In addition, we will consider the opinion of our stakeholders in our corporate activities so that we can be a reliable, transparent, and open company to society at large.

2. Timely and appropriate disclosure of corporate information

We will actively, appropriately and in a timely manner disclose relevant and reliable information, including information on our philosophy, strategies and financial position, so that our stakeholders gain a full understanding of how our company is managed.

7

Being a company that aims to have minimal environmental impact

IN ADDITION TO ALL LEGAL COMPLIANCE REQUIREMENTS, WE WILL UNDERTAKE EFFORTS IN ALL OUR BUSINESS ACTIVITIES TO CONSERVE AND RESTORE THE GLOBAL ENVIRONMENT.

1. Pursue product development and technical innovation to conserve and restore the global environment

To protect the Earth from global warming, to protect the ozone layer, and to conserve energy, we will develop our products and technology with a view to protecting and restoring the global environment.

2. Using resources and energy effectively

Daikin Europe Group wants to minimise the impact of its activities on the environment. We will consider the scarceness of resources and energy, and we will use these effectively by conserving energy, reducing waste, and promoting recycling in all our activities.

3. Disclosure of environmental information

We will honestly and fairly disclose information on our environmental performance through our Environmental Report and other initiatives.

4. Individual consciousness-raising

Every one of us is encouraged to promote environmentally conscious actions.

8 Ensuring the safety of our operations

WE WILL ENSURE THE SAFETY OF OPERATIONS, CAREFULLY IMPLEMENT ACTIVITIES TO ENSURE HEALTH AND SAFETY IN OUR WORKPLACES, AND INCREASE THE CONFIDENCE OF THE PEOPLE IN OUR COMMUNITY.

1. Establish and implement internal policies to ensure safe operations

Daikin Europe Group is committed to safety in the workplace and has established several safety policies. These policies are continually refined in response to experience and past failures. It is therefore critical that we respect these policies in the interest of safety.

2. Taking steps to prevent accidents and disasters

A feeling that an accident or disaster might occur or is about to happen often precedes the actual occurrence of an accident or disaster. Therefore, we will report such feelings to management.

In addition, we will check our workplaces daily to detect potential causes of accidents in order to implement further accident prevention measures.

3. Taking appropriate action immediately after the occurrence of an accident or disaster

Should an accident or disaster occur, we will take appropriate action to help our colleagues and to prevent the spread of the accident or disaster. In addition, we will immediately take measures to prevent a reoccurrence.

4. Ensuring workplace health

We will ensure the health conditions of our workplaces, thus contributing to a good working environment.

9

Cultivating a dynamic workplace that fosters pride and enthusiasm in each employee

WE WILL RESPECT EACH OTHER, OBSERVE BOTH THE LETTER AND SPIRIT OF ALL APPLICABLE LABOUR LAWS AND REGULATIONS OF EACH COUNTRY IN WHICH WE OPERATE, AND STRIVE TO CREATE A WORKPLACE IN WHICH IT IS SAFE AND COMFORTABLE TO WORK.

1. Cultivate our work environment

Human rights

Daikin Europe Group will respect the human rights of all, as recognised in the Universal Declaration of Human Rights.

Forced labour, such as forced prison labour and bonded labour, is illegal and will not be used in any form.

Under no circumstances will we allow work by underage employees, i.e. minors who do not meet the minimum age requirements as regulated by the laws and regulations of each respective country and region (child labour).

Mutual respect

Daikin Europe Group values each of its employees, understanding that initiative and dedication are the core components of our success. Therefore, we will value and respect the contributions of our colleagues. Treating each other with dignity and respect is the foundation of good business conduct.

Open communication

We will share among our colleagues any information that can help to better realise our common objectives in an open and proactive manner.

Diversity

We are committed to diversity within our workforce. Diversity of people and ideas will provide Daikin Europe Group with the energy, skills and resources to succeed. We believe diverse companies are able to compete more successfully in today's world economy.

Non-discrimination

We will not discriminate against any colleague or person with whom we do business, on the basis of factors such as age, race, colour, religion, gender, national origin, disability..

Workplace harassment and violence

We will avoid any actions or words that might be interpreted as harassment or a threat of violence.

2. Privacy protection

We will respect and safeguard each other's privacy. In particular, we will not disclose personal information regarding our colleagues without prior approval.

3. Instilling pride in all Daikin Europe Group employees

Before taking any action, we will be aware of our social responsibility to colleagues. We will take into account our internal work policies as well as other policies and will act honestly and faithfully. Moreover, we will maintain internal order and public morals, and we will work diligently and with sincerity.

We will strive as a team to realise our company's objectives. The success we achieve together will instil pride in all Daikin Europe Group employees and partners.

10

Protecting corporate assets

WE WILL CAREFULLY PROTECT ALL ASSETS OF OUR COMPANY AND WILL PROPERLY MANAGE THESE ASSETS TO ENSURE THEIR EFFECTIVE USE.

1. Protection and use of corporate assets

We are each entrusted with corporate assets, and honouring that trust is a basic responsibility to each other and to Daikin Europe Group. We must protect corporate assets from loss, damage, misuse and theft. Our assets may be used only for our business purposes, unless specifically authorised otherwise by management.

2. Managing corporate assets properly

We will manage our corporate assets with due care. In addition, we will avoid speculative trading.

11

Practising moderation in entertainment and gift exchanges

WHEN ENTERTAINING OR EXCHANGING GIFTS WITH PEOPLE RELATED TO OUR BUSINESS, WE WILL SEEK TO BE MODERATE AND ACT ACCORDING TO PREVAILING SOCIAL NORMS.

1. Practising moderation in entertainment and gift exchanges with business partners

When entertaining or exchanging gifts with customers or business partners, we will exercise moderation and act according to prevailing social norms.

2. Maintaining sound and transparent relationships with government and municipal offices

We will exercise moderation when entertaining or exchanging gifts that represent a monetary value to public officials.

3. Considering consequences

Before exchanging gifts or making a donation or contribution, we will thoroughly study and consider the possible consequences.

12

Maintaining a firm attitude toward illegal, antisocial and unethical behaviour

AS DAIKIN EUROPE GROUP WE WILL TAKE A FIRM AND UNCOMPROMISING APPROACH TO GROUPS AND ORGANISATIONS THAT THREATEN THE ORDER AND SAFETY OF CIVIL SOCIETY (ANTISOCIAL). MOREOVER, WE WILL STRIVE FOR HARMONY IN OUR RELATIONS WITH THE COMMUNITY.

1. We will not act illegally or antisocially

We will not commit any illegal or antisocial acts and we will not allow any other person to commit such acts. We will not deal with any antisocial group or organisation, regardless of the purpose or legitimacy of the dealings.

2. We will maintain a firm and critical attitude toward unethical behaviour.

We will not tolerate unethical behaviour. Therefore, if we experience this kind of behaviour, we will report it to our superior and/or any other person that can take appropriate action to prevent, avoid or correct it.

3. We will maintain good relations with the community.

As Daikin Europe Group we intend to be a good corporate citizen, and we will maintain good relations with local, regional and national communities.

In all of us,
a green heart



Daikin's unique position as a manufacturer of air conditioning equipment, compressors and refrigerants has led to its close involvement in environmental issues.

For several years Daikin has had the intention to become a leader in the provision of products that have limited impact on the environment.

This challenge demands the eco design and development of a wide range of products and an energy management system, resulting in energy conservation and a reduction of waste.

DAIKIN EUROPE N.V.

Naamloze Vennootschap
Zandvoordestraat 300
B-8400 Oostende, Belgium
www.daikin.eu
BE 0412 120 336
RPR Oostende

