



MANUAL

PROCUREMENT AND SUPPLY POLICY



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This Procurement and Supply Policy (“**Policy**”), was issued in order to ensure compliance with DTAS company policies, Turkish Laws and Regulations, EU legislation and local legislation of all countries we do business with within the framework of DAIKIN’s main values, namely Absolute Reliability, Entrepreneurial Management and Harmonious Personal Relationships which are the main values of DAIKIN in compliance with business conduct of suppliers of DAIKIN Isıtma ve Soğutma Sistemleri San. Tic. A.Ş. (“DTAS”). It is paramount that suppliers of DTAS comply with the rules defined in this Policy. In case of violation of the Policy, DTAS reserves the right to terminate the contract with its suppliers unilaterally and without damages/compensation, by using its unilateral discretion and without payment of any damages.

DTAS aims to generate new values by way of diminishing its negative effects on the environment and society, while offering healthier and more comfortable living spaces to the world, based on its vision of "Absolute Reliability, Entrepreneurial Management and Harmonious Personal Relationships" among the DENV (G) companies which it is an affiliate. Thus, it expects its suppliers to comply with various supply chain risks such as quality control, management of environmental and social impacts, adherence of human rights, compliance with ethical principles.

This Policy encompasses the main principles which will contribute to sustainable supplier development with the aim of creating value in the social stake, taking into consideration the DAIKIN Global strategies, DTAS sustainability goals and DENV(G) Corporate Ethics in line with DTAS Sustainability Policy.

In this scope, suppliers undertake to work with DTAS in order to develop sustainability programs and to participate in such sustainability activities that will be communicated to them by DTAS from time to time.

Corporate rules of conduct are promulgated on <https://www.daikin.com.tr/daikin-DTAS-ethics> website address. The requirements of DTAS from its suppliers within the framework of the Code of Ethics are as follows:

1. Social Responsibility Policies Regarding Commercial Customs

DTAS expects its suppliers to regularly inform their employees regarding their social responsibilities and duties and to have written rules to ensure that they fulfill such social responsibilities strictly and in due diligence in areas such as their business activities and policies and codes of conduct.

2. Providing Safe, High Quality Products and Services by Forecasting the Future Needs of End Users

DTAS makes every effort in order to ensure the safety and quality of products and services for its customers. In the same way, in order to ensure the safety and quality of the products and services offered to the Consumer by DTAS, the same high standards of safety and quality are expected by DTAS for all components, raw materials, semi-finished products, finished products, complementary parts, products and all kinds of goods and services which the suppliers provide.

The supplier covenants and accepts that the goods and services it has supplied are provided in the best quality materials and workmanship, that they comply with the order conditions by



DTAS, are safely and correctly packaged and labeled, and are produced only for the intended use that was committed.

Moreover, our component and raw material suppliers will provide DTAS Raw Material Statements upon demand by DTAS in traceability-related processes without any limitation.

3. Conducting business activities on the basis of principles of fair competition

DTAS conducts its commercial activities in such a way that follow and comply with the laws (Competition Law and Unfair Competition) and rules related to fair competition and trade in the legislation of the country it exports to, especially in line with the Turkish legislation. In this regard, DTAS respects the legal rights of its suppliers that have been consented with their free will.

However, DTAS will not work with suppliers which breach/violate applicable laws and/or do not comply with DAIKIN values and policies and strong business practices it promotes, such as Absolute Reliability, Entrepreneurial Management and Harmonious Personal Relationships and/or Sustainability.

4. Compliance with Trade Control Laws

DTAS aims not to participate in any transaction that may harm global peace, security and order, and complies with all applicable export and import regimes of each country and region, as well as DENV (G) Trade Compliance Rules.

Suppliers know that they are obliged to follow trade restrictions, export controls, embargo, corruption and customs laws regarding their activities as necessary and they undertake to comply with such laws and regulations. Suppliers are aware that violating these restrictions can have extremely serious consequences such as administrative fines, export license revocations and potentially imprisonment.

Suppliers accept, declare and undertake that they will not provide the Products, Raw Materials, Components and other Goods, etc., that they offer for sale and/or manufacture or distribute to third parties engaged in Missile Technologies, Chemical Weapons and Mass Destruction Production in any way.

5. Following and Protecting Intellectual Property Rights

Recognizing that intellectual property rights are included in Significant Company Assets, DTAS endeavors to protect and maintain its intellectual property rights and to use them effectively. DTAS respects the intellectual property rights of its suppliers and does not violate the Intellectual Property rights.

All expenses, losses and additional costs of the parties (DTAS or other DENV (G) companies) incurred due to intellectual and industrial rights violations arising from the supplier, including fines/penalties, must be paid by the relevant suppliers.

6. Orderly Data Management

DTAS processes and utilizes confidential information, confidential information received from other companies, information of customers and employees in accordance with legal regulations and it does not obtain this information from inappropriate ways.



DTAS commits that it will comply with other laws and legal regulations of other countries where it operates, especially the Law on the Protection of Personal Data Number 6098 and GDPR regarding data storage and privacy, that it will fulfill its contractual information security obligations, and will show maximum effort to ensure the security of its customer / consumer information.

In the same way, DTAS expects its suppliers to process and retain/store the data owned by the Company within the scope of data confidentiality only according to its purpose within the scope of contractual relations, to store and process the data under the confidentiality and data usage conditions set forth in the contracts, not to use them for any other purpose, and to anonymize and/or destroy them at the end of the period. Failure of the supplier to comply with confidentiality and data retention policies will lead to the unilateral termination of the contract by DTAS.

7. Prohibition of Insider Trading

Suppliers no way will leak non-public and other Confidential Data regarding DENV(G) and/or other Group Companies to third parties through their insider employees, and shall not share any administrative, technical information etc. which are provided to them. They will not use our Confidential Data for other commercial activities and will not make them available to third parties.

8. Timely and Compliant Disclosure of Suppliers' Information

Our Company (DTAS), which is one of the DENV (G) Companies, has relatively minor obligations to disclose Company Information outside the Company, however it promulgates Company information appropriately, excluding Confidential Information, in order to develop as a Reliable, Transparent and Openly Managed company in line with Good Corporate Governance Principles. For the consolidation and due diligent reporting of the relevant data, the suppliers must submit to DTAS any data and reporting expected from them regarding their commercial activities with DTAS, in full and on time, as required.

9. Compliance with the Environmental Laws

DTAS performs actions/initiatives to protect and improve the environment in terms of each business activity, including product development, production, sales, distribution and services, in accordance with the environmental laws and other secondary legislation rules in the Republic of Turkey and the countries where it operates. In this context, the supplier must be able to prove that it fully complies with all legal regulations regarding environmental protection in all its activities.

Suppliers accept and agree to act in line with the environmental laws, to be considerate and respectful to the environment and nature, to keep the effects of climate change (greenhouse gas emissions, waste generation, energy consumption, resource consumption, etc.) at a minimum while performing their business activities, and to implement practices that will manage these effects. In this context, the Supplier declares that it has already accepted and agreed to all collaborations to be made with DTAS in order to keep its environmental impacts to a minimum.

10. Occupational Health and Safety

DTAS requires its activities, which it carries out from a security perspective, from its suppliers in the same way to be carried out. Accordingly, Daikin A.Ş.'s requirements from its suppliers regarding Occupational Health and Safety (OHS) are as follows:



- ✚ The supplier must provide its employees with a healthy and safe work environment in order to prevent accidents and injuries.
- ✚ Thus, the supplier must undertake activities to reduce the risks that threaten potential employee safety, and establish systematic activities that ensure the health and safety of employees by way of taking into account the relevant standards and laws.
- ✚ The supplier must provide resources, tools and equipment for the works, and cause periodic maintenance and control to be done.
- ✚ The supplier must build safe and healthy working environments for employees, trainees, visitors and special risk groups, and ensure that they are under health surveillance.
- ✚ The supplier must have the necessary measurements, tests and analyzes carried out in the working environment.
- ✚ The supplier should increase OHS awareness by way of providing training and information to employees in accordance with the legislation.
- ✚ The supplier must continuously perform emergency preparedness and response activities.
- ✚ The supplier must oversee and supervise compliance with OHS measures and ensure that nonconformities are corrected.

11. Respect for Human Rights and Diversity and Following the Labor Laws at the workplace

The supplier may not recruit anyone under the age of 15 (within the scope specified in International Labor Organization ("ILO") contract No.138) who has not completed compulsory education unless a higher age limit is stipulated in local law. Accordingly, the supplier himself or the third parties to whom he supplies the product cannot use child labor under any circumstances.

The supplier is obliged to follow and comply with all applicable legislation and to work in accordance with the Labor Law and relevant legislation while fulfilling its obligations. In this context, it is required that the following topics will be taken into consideration by the supplier and the working principles will be mastered.

- ✚ Non-discrimination: Suppliers will treat all employees equally based on their abilities and characteristics, without discrimination based on race, ethnicity, religion, language, sexual orientation, gender, political or ideological views in their employment-related decisions, including recruitment, promotion, compensation, benefits, training, forced dismissal, and termination.
- ✚ Forced Labor: Suppliers respect and accept ethnic and cultural differences, take measures to protect and develop differences, and are committed to creating working



environments where equal opportunities are available for their employees, in mutual trust, without discrimination, and respectful of human rights.

- ✚ Compensation: Suppliers pay their employees equal to or above the minimum set by applicable laws and regulations, including salaries/wages and overtime.
- ✚ Harassment: Suppliers do not allow any form of harassment and take necessary precautions against it. There is no tolerance for any violation of the immunity of its employees through corporal punishment or physical, sexual, psychological, emotional and verbal abuse.
- ✚ Union rights: Suppliers adhere to their employees' right to unionize and their decision to become a union member, their right to organize and bargain collectively in accordance with the law.
- ✚ Fair approach: The suppliers act fairly and in accordance with the legislation in relation to their employees in terms of their wages, working hours, overtime, leaves and fringe benefits provided by . Suppliers do not engage in unlawful disciplinary practices.

12. Protecting the Company Assets

Supplier shall deem and treat as "Confidential Information" any non-public information provided by DTAS, any specification or other document prepared by either party in relation to an Order, and any non-public information relating to an Order. Seller may not disclose or use any confidential information for any purpose other than to fulfill an Order without Buyer's prior written consent.

13. Performing Accounting Transactions in due diligence

Corruption, embezzlement, any facilitating payment or bribery activity, regardless of its type or mode of conduct, is not permitted. Suppliers undertake not to engage in these and similar activities.

All accounting records and supporting documents of suppliers shall fully and clearly reflect relevant expenditures. Suppliers must not have any confidential, unregistered accounts and assets in their financial systems. There should be internal audit/inspection mechanisms by which suppliers measure these situations..

14. Ethics in Hospitality and Gifts

Gifts and Hospitality/Entertainment under limited circumstances may be accepted as gifts and entertainment which are to strengthen or maintain business ties between businesses. Suppliers should not accept or give any gifts other than commercial customs and promotional materials that would violate the law, and should refrain from undue entertainment activities.

15. Combat against terror

In cases where the supplier engages in activities and actions violating national/international security, public order within the scope of the Turkish Penal Code No. 5237, Anti-Terror Law No. 3713, Criminal Procedure Law No. 5271, Statutory Decrees and other relevant legislation, and/or DTAS considers that they are in direct or indirect relations with the persons or institutions involved in it and/or any official decision regarding this (without being limited to



the ones listed, issuance of detention, arrest, conviction for real persons; opening an investigation by the police/security units or the prosecutor's office) ; if a decision on the appointment of a trustee for legal entities, etc.) has been taken, DTAS reserves the right to unilaterally terminate immediately this Contract Agreement and all agreements concluded between the parties, such as compensation, penalties, expenses, etc..

16. Legal Compliance

DTAS requires the Supplier to comply with all laws and regulations in the countries where it operates. All effective/applicable international laws and regulations must be complied with, including those relating to international industry and trade (such as sanctions, export controls, and reporting obligations) and the Data Protection and Anti-Competition and Anti-Bribery laws stipulated above.

17. Prevention of Bribes

Suppliers will never engage in non-ethical/improper conduct, such as exchanging bribes for business or financial gain. No employee of supplier may offer, give or accept gifts or payments that may be perceived as bribes. Supplier will comply with all applicable anti-bribery and anti-corruption laws, statutes and regulations.

18. The Accurate Understanding of Industry Risks and Business Continuity Plans

DTAS requires its suppliers to maintain appropriate risk management and a Business Continuity Plan in place in their business activities.

SUPPLIER INSPECTION PROCESSES

Suppliers agree and undertake to DTAS that independent inspections, including audits and evaluations to be made by DTAS or third party audits, can be carried out in line with its obligations under this Policy, Agreement and/or Statements and Commitments.

The following communication channels can be utilized in order to report suspicious behavior in violation of this Policy or breach of the rules in this Policy.

E-mail : daikincompliance@daikin.com.tr

DTAS guarantees to treat all notifications confidentially and to protect the owners of notifications. DTAS will maintain confidentiality and will not tolerate any retaliation against any person who has reported the Supplier's suspicious behavior in violation this Policy or a possible breach of business ethics.