

DAIKIN EUROPE GROUP

**Company Rule for whistleblowing and  
reporting breaches of Daikin Europe  
Group's Handbook for Corporate Ethics**

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## **1. Introduction and purpose**

### **Background**

Daikin Europe Group is committed to ensuring compliance with the applicable legislation and with its own ethics as laid down in the Handbook for Corporate Ethics. Daikin Europe Group undertakes to provide an open and honest environment in which Associates and Employees are empowered to communicate their questions, concerns, or potential violations regarding Daikin Europe Group's business practices.

### **Purpose**

This Company Rule provides guidance to Employees and Associates with respect to whistleblowing and reporting breaches of Daikin Europe Group's Handbook for Corporate Ethics. This Company Rule explains the procedure for investigating such reports. The principles underpinning this Company Rule are the same in every country in which Daikin Europe Group operates, regardless of business sector, local customs and practices. Executions to this Company Rule will be introduced where necessary 1) to ensure compliance with specific legislation in a country and 2) to provide instructions to Subsidiaries in that country.

## **2. Definitions**

- **Associates** means a person who is not an Employee and who is working on the Company's premises or with the Company as for example but not limited to, a contractor, consultant, service provider, agent, representative or guest engineer expat colleagues from Daikin Industries Ltd or other Daikin Group companies.
- **Audit Committee** refers to DENV 's governance body that is charged with oversight of the organization's audit and control functions. The Audit Committee is supported in its task by DENV Internal Audit and/or DENV Legal.
- **Daikin Europe Group / the Company** means Daikin Europe N.V. ("DENV") / Daikin Europe Coordination Center N.V. ("DECC"), the branches of DENV and DECC, all of DENV's subsidiaries and their respective branches and subsidiaries.
- **Employees** means all employees and directors, including former employees, future employees who are in the selection process, interim workers, interns and trainees of the Daikin Europe Group and all employees of Daikin Industries Ltd, including employees of subsidiaries of Daikin Industries Ltd, working at Daikin Europe Group.
- **Handbook for Corporate Ethics** means Daikin Europe Group's Handbook for Corporate Ethics, latest version.
- **Incident Report** refers to any reporting of a breach or suspected breach of the Handbook for Corporate Ethics.
- **Manager** means your direct superior.

- **Reporter / whistleblower** means a person who submits an Incident Report.

### **3. Field of Application**

This Company Rule is applicable without reservation or exception to :

1. all Employees of the Daikin Europe Group;
2. all Associates working with Daikin Europe Group.

### **4. Reporting incidents**

Daikin Europe Group's Handbook for Corporate Ethics intends to ensure that the Company conducts business with the highest standards of integrity and to prevent and detect improper or illegal activities. Reporting incidents helps reduce risk, increases transparency and helps prevent wrongdoing.

Employees and Associates are not only encouraged but are also obliged to report (suspected) incidents.

The Handbook for Corporate Ethics together with this Company Rule and the Executions govern the reporting and investigation of alleged improper or illegal activities, as well as the protection provided to those who report these activities. This is an important part of the Company's overall compliance program.

#### **Internal Reporting Channels**

The Company provides multiple ways for Employees and Associates to report. They can choose the channel which they feel most comfortable with.

Employees can contact any of the following persons:

- Your Manager or any Employee that can take appropriate action.
- The Hotline.

DENV partnered with Navex Global, where Employees and Associates can report 24/7 incidents anonymously either online or by phone in their preferred language. <http://daikineurope.ethicspoint.com>

- A specific reporting channel or procedure that may be prescribed in the applicable Execution.

Associates shall report violations or concerns of a suspected violation either directly via the Hotline or to their contact person within the Company.

You can report anytime, from anywhere, using a device of your choosing or in person.

Please first use one of the internal reporting channels that are established by the Company. This way the Company can detect an incident at an early stage and address it effectively and in full confidentiality. Internal reporting also helps prevent unjustified damage from reporting externally to the competent authorities or public disclosure.

### **Anonymous reporting**

Employees and Associates can raise incidents anonymously. Please provide sufficient detail and factual information so that the incident can be investigated effectively.

### **Reporting in Good Faith**

Employees and Associates act “in good faith”, when they provide information which they believe is comprehensive, fair and accurate, allowing them to reasonably believe in the truthfulness of the information given, even if it later appears that they were mistaken.

The Company will not tolerate reporting an incident in bad faith.

In addition penalties may be imposed by law on reporting persons where it is established that they knowingly reported or publicly disclosed false information. The reporting person may also face claims for compensating damages resulting from false reporting or public disclosure of false information.

## **5. Protection against retaliation**

The Company wishes to maintain a culture in which Employees and Associates feel free to raise concerns in good faith, without fear of retaliation or other adverse action. The management of the Company is responsible for establishing the right integrity culture and tone in their organizations. Retaliation against any Employee or Associate who in good faith reports a concern will not be tolerated and will be subject to disciplinary action by the Company.

## **6. Submitting an Incident Report and admissibility**

The Company creates a safe and confidential environment to speak up.

Managers who receive an Incident Report will re-direct the Reporter to the website or Intranet site with information where and how to submit the Incident Report.

The Incident Report will be promptly assessed for admissibility (e.g. by asking additional questions and supporting documents).

If the Incident Report is not admissible because it falls outside the scope of this Company Rule, the Reporter will be informed and, where possible, advised on possible different avenues allowing the concern/grievance to be addressed.

## **7. Procedure for investigating Incident Reports**

The Company will handle Incident Reports with due care. An Incident Report will always be

taken seriously.

The Audit Committee will be responsible for leading the investigation of admissible Incident Reports, unless foreseen otherwise in an Execution to the Company Rule. Employees, Associates and third parties may be interviewed in the course of an investigation.

All Employees and Associates have an obligation to fully cooperate with the investigation.

The Company has a specific handling procedure, which is outlined below. A different procedure may be required by applicable national law and these are described in the Executions.

- The Audit Committee will send an acknowledgment of receipt of the Incident Report to the reporting person within 7 days of that receipt.
- The Audit Committee will first decide on the admissibility of the Incident Report. If needed the Audit Committee may gather additional information for this purpose.
- The Audit Committee will carry out an investigation.
  - The Audit Committee may request the assistance of others such as subsidiaries or business departments in the framework of this investigation.
  - The Audit Committee may interview Employees, Associates and/or third parties who might know about the reported incident.
  - The Audit Committee will review documents that relate to the reported incident.
- The same procedure will be followed in the event that another person, who is not an Employee or Associate, reported the facts or concerns.
- After completion of the investigation the Audit Committee decides on the matter.

The Audit Committee will take the appropriate action to address the identified concerns, if confirmed. The respective business department or subsidiary may be requested to implement the necessary and systemic corrective actions. In other cases, it may be appropriate to discipline an individual Employee which may include termination of employment or disciplinary measures.

If the identified incident is not confirmed, the matter will be dismissed.

- The Audit Committee will inform the reporting person within a reasonable period of time, not exceeding 3 months from the acknowledgement of receipt, about the outcome.

The Audit Committee will fully respect the rights of defense of any Employee or Associate

involved in an investigation. The Employee / Associate will receive information about the facts or concerns and he/she will be heard.

### **Sanctions**

A violation of the Handbook for Corporate Ethics, if confirmed after investigation, may lead to a disciplinary measure or to a termination of the employment. If a violation is committed by an Associate, the Company may terminate the contractual relationship with such Associate or their employer.

### **Disclosures to third parties in the framework of the involvement of authorities, complaints and/or legal actions**

The Company may disclose any information about facts or concerns in the framework of a legal action or an investigation or any other procedure initiated by an authority. The Company may also disclose information in the event that the Company decided that a violation will be reported to the authorities and/or that the Company will file an official complaint.

### **Compliance with privacy and personal data protection laws and regulations**

The handling of Incident Reports involves the processing of personal data. The Company will process all personal data in strict compliance with applicable privacy laws and regulations.

The Company will only process personal data that is relevant and needed for the investigation of an Incident Report. Personal data will be kept for as long as the investigation requires, and as long as a legitimate interest exists or required by law.

Anyone whose personal data is processed as part of the handling of a case of actual or suspected violation, has the right to:

- (i) request access to personal data relating to him/her that is processed;
- (ii) request to have such personal data corrected if they are inaccurate;
- (iii) to be informed about the entity that will act as a data controller in respect of the report; and
- (iv) to be informed about who has / will have access to the report and to any information collected as part of the investigation following the report.

For more detailed information and assistance on management of personal data, please see DENV's Data Protection Company Rule and DENV's Data Protection Policy<sup>1</sup>.

### **Confidentiality**

The Company will apply the appropriate confidentiality level to any Incident Report, its content, the identity of the reporting Employee / Associate and of other involved Employees / Associates.

The identity and any other information may be disclosed where this is imposed by law.

The content of the Incident Report will be disclosed and used for the implementation of the procedure for dealing with violations and may be used for the implementation of any measure or action by the Company in connection with the outcome.

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<sup>1</sup> [https://www.daikin.eu/en\\_us/data-protection-policy.html](https://www.daikin.eu/en_us/data-protection-policy.html)

Where relevant and not prohibited by law, the Company may also disclose the content of the Incident Report and the information and/or the outcome resulting from the implementation of the procedure to management of the concerned business department(s), subsidiary, executive management in the Company, any relevant division in DIL and/or external advisors.

Incident Reports will not be stored for longer than it is necessary and proportionate and in accordance with the requirements set forth by the applicable laws.

## **8. Whistleblower procedure and protection in the European Union**

Persons who work for a public or private organisation or are in contact with such an organisation in the context of their work-related activities are often the first to know about threats or harm to the public interest which arise in that context. The EU Directive<sup>2</sup> and national laws of EU Member States provide for a protection of Employees and Associates who report alleged breaches or breaches of EU law and/or of national laws (“**Whistleblowing**”), that are suspected or detected about Daikin Europe Group, whether committed by a physical or a legal person, that are harmful to the public interest, the integrity of the public administration, or to the private entity of which they have become aware. In these cases the Employees and Associates act as ‘Reporter / whistleblowers’.

As explained in this Company Rule, Employees and Associates are encouraged to first use internal reporting channels of the Company, to report breaches of law that are harmful to the public interest. These internal reporting channels are an important compliance tool for the Company. The Executions to this Company Rule may foresee a specific procedure and/or channel for reporting Whistleblowing internally.

Reporting persons are also able to report externally to the competent authorities in the respective EU Member States or make a public disclosure and will enjoy the protection against retaliation provided by applicable laws.

- a) The external reporting channel can be used in case the Company’s internal channels cannot reasonably be expected to function properly. This is most notably the case where reporting persons have valid reasons to believe that they would suffer retaliation in connection with the reporting.

The external reporting channel can also be used after the Company’s internal reporting channels were used but did not function properly.

EU member states designate the authorities competent to receive, give feedback and follow up on reports.

- b) Persons making a public disclosure (for instance, directly to the public through

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<sup>2</sup> Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law



online platforms or social media, or to the media, elected officials, civil society organisations, trade unions, or professional and business organisations) should qualify for protection in cases where

- i. Despite internal and external reporting, the breach remains unaddressed or no appropriate remedial action was taken. The appropriateness of the follow-up will depend on the circumstances of each case and of the nature of the rules that have been breached.

OR

- ii. They have reasonable grounds to believe that there is an imminent or manifest danger to the public interest or in the case of external reporting, there is a risk of retaliation.

Reporting persons shall qualify for protection provided that:

- they had reasonable grounds to believe that the information on breaches reported was true at the time of reporting and that such information fell within the scope of the law;
- they reported internally or externally or made a public disclosure in accordance with the law.

“**Ethical Matters**” are all matters that fall within the scope of Daikin Europe Group’s Handbook for Corporate Ethics and that are not Whistleblowing. The protection provided by law for a Reporter who raises an Ethical Matter is not the same when reporting a Whistleblowing. Nevertheless the Daikin Europe Group will treat reported Ethical Matters in the same way as reported Whistleblowing: the guidance and processes foreseen in the Company Rule and the Executions apply to all Incident Reports, whether a Whistleblowing or reporting an Ethical Matter.

## **9. Who to contact in case of questions?**

When you need clarification or further information about this Company Rule, you can contact DENV Internal Audit or DENV Legal.