WHISTLEBLOWING POLICY

Contents

1. Introduction

The Law of 30 November 2017, no. 179 containing "Provisions for the protection of persons making reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship" has set out a system of protection both for workers in the public sector and for workers in the private sector who report an offence of which they have become aware in the course of their work.

In particular, the aforementioned Law, adding the new paragraphs 2-bis, 2-ter and 2-quater to art. 6 of Legislative Decree 231/01, has also introduced certain protections in the private sector (for example, the prohibition of retaliatory or discriminatory acts for reasons connected, directly or indirectly, with the reporting, etc.) for top managers and/or their subordinates who report illegal conduct, relevant pursuant to Legislative Decree 231/01 or violations of the relative organisation and management model, of which they have become aware by reason of their position.

To this end, the organisation and management Model adopted pursuant to Legislative Decree 231/01 envisages, as its suitability requirement, the implementation of a specific procedure, which is an integral part of the Model, in order to regulate the aforementioned system of reporting offences and violations of the Model (so-called *whistleblowing*).

2. Purpose and scope of the policy

Whistleblowing is the reporting system by means of which an individual operating on behalf of the Company contributes or is able to contribute to the bringing to light of risks and/or situations that are potentially prejudicial to the Company. The main purpose of *whistleblowing* is therefore that of resolving or, if possible, of preventing any problems that might derive from corporate wrongdoing or from improper management, allowing the critical issues to be dealt quickly and with the due confidentiality.

This procedure, approved by the 231 Supervisory Body, thus regulates the process of sending, receiving, analysing, processing and managing reports related to illegal conduct relevant pursuant to Legislative Decree 231/01, as well as violations of the related Model, transmitted by the informant (*whistleblower*). This document also governs the forms of protection of the privacy of the whistleblower to avoid possible retaliation against him.

This operating procedure applies to any report, as defined below, made by top managers as well as by the persons under the direction or supervision of one of the top managers identified in the par. 4 below, through the specific communication channels indicated below, reserved and made available by the Company for the aforementioned purposes.

3. Reference standards and definitions

3.1 References

This procedure refers to:

Legislative Decree 231/01: Legislative Decree no. 231 of 8 June 2001 as subsequently amended.

GDPR: European Regulation 679/2016 on the protection of personal data.

Model: the Organisation, Management and Control Model of Daikin Applied Europe S.p.A., prepared for the purpose of preventing the crimes pursuant to Legislative Decree 231/01.

Code of Ethics: the code of ethics of Daikin Applied Europe S.p.A.

QTA.PRC.0001 - Management of documented information.

3.2 Definitions

Supervisory Body (SB): Supervisory Body pursuant to Legislative Decree 231/01 and the recipient of the reporting as indicated in par. 5.

Whistleblowing: the system for reporting offenses or violations of the Model.

Informant or *Whistleblower*: the person who reports the offences or violations of the Model as indicated in par. 4

Company: Daikin Applied Europe S.p.A.

4. Operational methods

4.1 Parties that may make reports and the subject of the reporting

Members of the administrative body, employees, collaborators of the Company contracted for any reason as well as consultants, suppliers, customers and business partners with whom the Company operates may report illegal behaviour pursuant to Legislative Decree 231/01, relevant in criminal

and/or disciplinary matters, or violations of the Model that they have become aware of, directly or indirectly and also by chance, by virtue of the tasks they perform.

Any behaviour/act capable of jeopardizing the integrity of the Company, implemented by the aforementioned subjects in the interests of or to the benefit of the Companies, may be reported should this constitute, even if only potentially:

- unlawful conduct involving one or more types of offences from which liability for the Companies may arise pursuant to Legislative Decree 231/01;
- conduct which, while not involving any of the aforementioned types of offences, has been carried out in violation of the provisions of the Model (and the related protocols) and of the Code of Ethics[1].

Reports that lead to the activation of this procedure must be based on factual, precise and concordant elements. Thus, reports concerning personal matters of the whistleblower or the individual being reported (unless they are aspects that have an impact at the company level), claims or instances relating to the regulation of the employment relationship or relations with hierarchical superiors or with colleagues are deemed to be without merit. Therefore, by way of non-exhaustive example, the reporting procedure, with the relative protections, may not be activated, even if the report will be sent/delivered by the methods set forth in this document, in the following circumstances:

- an unsubstantiated report that does not allow for the identification of elements that are reasonably sufficient to initiate an investigation (for example: an offence committed, a reference period, the causes and purpose of the offence, persons/units involved etc.) or reports based on mere suspicions or rumours[2];
- groundless reporting, done for the purpose of damaging or causing injury to the person(s) reported.

Therefore, the truthfulness of the facts and/or situations reported must be ascertained, to protect the person reported.

Anonymous reports, those lacking elements that allow for the identification of the perpetrator, even if delivered by the methods set out in this document, may not be taken into consideration, but will

[1] It is understood that encouragement to report any offences that have become known due to work does not mean, nor does it imply, that the employee or collaborator of the Company is tacitly or implicitly authorised to carry out an "investigation", especially if improper or unlawful , to collect evidence of offences in the workplace.

[2] In this regard, given the spirit of the law - which is to encourage the collaboration of those who work within the Company for the purpose of bringing corruption or wrongdoing to light - it is not necessary for the whistleblower to be certain of the actual event (or of the unlawful nature) of the reported acts and/or of the perpetrator of the acts, rather it is sufficient that the informant, based on his own knowledge, deems it highly probable that an act has occurred and that it may be illegal.

be treated in the same way as the other reports envisaged by the Model (par. 5.7) and taken into consideration for further checks only if related to particularly serious events and with content that is adequately detailed and substantiated.

The pursuit of the interest of the integrity of the institutions, which the Company intends to pursue with the present procedure, constitutes, pursuant to art. 3 of Law 179/2017 just cause for the disclosure of information covered by the obligation for secrecy, with reference to the types of offence referred to in Articles 326 of the Criminal Code (*Disclosure and use of business secrets*), 622 of the Criminal Code (*Disclosure of professional secrecy*) and 623 of the Criminal Code (*Disclosure of scientific or industrial secrets*), as well as in relation to the employee's loyalty obligation pursuant to art. 2105 of the Italian Civil Code. This clause for exceptions of the disclosure of conduct does not apply, however, if the obligation of professional secrecy refers to a relationship of professional consultancy or assistance or if the disclosure was made in ways that exceed the purposes of eliminating the offence, with particular reference to compliance with the communication channel specifically established for this purpose.

4.2 Recipient of reports

In the context of the more general information flow system referred to in the Model, the recipient of reports is the Company's Supervisory Body.

Due to the exclusive competence of the SB to receive the reports subject to this procedure, reports sent to different parties may not be handled in the same way as this procedure.

The SB guarantees the confidentiality of the information contained in the reports and protects the identity of the informants by acting in such a way as to safeguard them against any form of retaliation or discriminatory behaviour, direct or indirect, for reasons connected, directly or indirectly, to the reports.

4.3 Content of reports

The person making the report must provide all the useful and necessary elements to allow the SB to conduct an investigation involving the verifications and assessments of the case in order to assess the admissibility and the validity of the report. The report must contain the following elements:

a) details of the person making the report indicating the position held and/or the job/activity carried out within the Company (details to be kept confidential by the SB);
b) a clear and complete description of the precise and concordant facts that are the subject of the report which constitute or may constitute a relevant offense for the purposes of Legislative Decree 231/01 and/or a violation of the Model and/or the Code of Ethics;
c) the time and place (if known) where the acts being reported were committed;
d) the personal details or other elements (if known) that make it possible to identify the person(s) who committed the reported acts (for example the position held and the area in which they perform their activity);
e) indication of any other persons capable of reporting on the acts being reported;
f) indication of any documents that might confirm the validity of the acts being reported;
g) any other information that may provide useful feedback about the existence of the acts being reported and in general any other information or document that may be useful to shed light on the acts reported.

4.4 Reporting methods

In order to facilitate the sending and receiving of reports, the Company has established the following alternative communication channels:

a) notice sent by e-mail to the address of the SB, managed exclusively by the latter, to protect the privacy of the reporting person: ***odv231@daikinapplied.eu***;
b) letter or notice sent by ordinary mail addressed to the Supervisory Body of Daikin Applied Europe S.p.A. Via Piani di S. Maria, 72 Ariccia (RM);
c) letter or notice addressed to the Supervisory Body of Daikin Applied Europe S.p.A. placed in the internal company mailbox.

   The communications referred to in letters b) and c) above must be placed in a sealed envelope with the words "CONFIDENTIAL AND PERSONAL"; the envelope containing the report must also contain another envelope containing the identification data of the

informant. The Company's protocol office must not open the envelopes for any reason and the protocol signature is placed on the sealed envelope. This envelope must be promptly sent to the SB and filed and stored under its responsibility.

d) communication sent through a specific computer platform (made available by the Company) available on the Company's intranet site, to be used to activate the present procedure for reporting offences. This computer platform is accessible by the informant to make the report and by the SB to manage it.

The use of internal mailboxes (referred to in point c) above) and of the specific computer platform (referred to in the point d) above) is reserved for the internal personnel of the Company.

4.5 Report management

The report management procedure guarantees the confidentiality of the identity of the informant upon receipt of the report and in any subsequent phase thereof including in the minutes of the meetings of the Supervisory Board, as well as the protection of personal data relating to the informant pursuant to current legislation on the protection of personal data.
The identity of the informant may only be revealed and made public in the cases referred to in the par. 10.a below, in compliance with and within the limits of the legislation on the protection of personal data (see art. 2 - *undecies*, par. 1, letter f of Legislative Decree 196/2003 as amended by Legislative Decree no. 101/2018).

4.6 Assessment of the validity and relevance of the report

The investigation into the validity and relevance of the report is conducted independently by the Supervisory Body in compliance with the principles of impartiality and confidentiality and in compliance with labour law and privacy regulations; the Supervisory Body, as the body responsible for the verification and management of the report, may proceed with any activity deemed appropriate in order to, among other things:

- assess the seriousness of the offences, violations and irregularities reported and speculate as to their potential adverse consequences;
- identify the activities to be performed to ascertain whether the offences, violations and irregularities reported have actually been committed;
- carry out assessment activities concerning the actual commission of the offence and/or irregularity, considering, for example, the opportunity to:
    - summon the informant to obtain further clarifications;
    - summon the persons indicated in the report as persons aware of the facts;
    - acquire useful documentation or take action to be able to find and acquire it;
    - summon, where deemed appropriate, the person indicated in the report as the perpetrator of the (reported) irregular act;
- identify, where necessary, the measures to be taken immediately in order to reduce the risk of adverse events or events similar to those reported, verified or ascertained.

In the investigation of the reports, the SB may avail itself of the support and collaboration of the departments and offices of the Companies (and in particular of the head of the department concerned and of the human resources manager) or external consultants paid by the Company and without prejudice in such case to the utmost guarantee of confidentiality.

If, at the end of the investigation, the report should be deemed valid and relevant pursuant to Legislative Decree 231/01, the SB will communicate the outcome of the investigation:

a. to the person in charge of the area where the perpetrator of the crime committed, or of the violation or the ascertained irregularity is employed
b. to the Human Resources Manager
c. to the Legal and Compliance Counsel
d. to the Directors
e. to the Statutory Auditors

for the purposes of the relative assessment of the reported case and the adoption of any necessary measure, including the submission of a complaint to the competent Authority, where required pursuant to the applicable and current legislation.

The individuals referred to in the letters a), b), c), d) and e) above will, in turn, inform the Supervisory Body of any measures adopted following the ascertainment of the reported offence, violation or irregularity.

If, on the other hand, the outcome of the investigation shows that the report appears to be groundless or irrelevant, the SB will file it (specifying the relative reasons) and this decision shall be communicated to the persons referred to in letters. a), b), c), d) and e) above; the taking of any actions against the whistleblower by the competent bodies and/or offices shall remain clear in accordance with the provisions of par. 11 below.

The SB also undertakes to prepare a periodic report, as part of the reports pursuant to par. 5.6 of the Model, on all the reports received, on the results of the verifications relating to these reports as well as on the cases of filing, taking care to keep the identifying data of the informant confidential unless the data has already emerged or is already known in any other way. This report shall be sent to the corporate bodies.

In order to guarantee the correct management and traceability of the reports and the related preliminary investigation activities, the SB files all documentation relating to the receipt, management and outcomes of the same (e-mails, communications, expert opinions, minutes, attached documentation, etc.), for at least 2 years from the conclusion of the procedure or in any case for the time necessary in relation to the potential crimes to which the report refers, with regard to security and confidentiality standards. Any personal and sensitive data contained in the report, including that relating to the identity of the informant or other individuals, will be processed in compliance with the rules for the protection of personal data and the GDPR Policies adopted by the Company.

4.7 Protection of the whistleblower

a) Confidentiality obligation

Except for the cases in which, following the preliminary investigation, there is deemed to be liability for slander or defamation pursuant to the Criminal Code or art. 2043 of the Civil Code and of the scenarios in which the confidentiality of the personal information is not enforceable by law (e.g. criminal, tax or administrative investigations, inspections of supervisory bodies), the identity of the informant is protected at every stage of the processing of the report. Therefore, without prejudice to the exceptions mentioned above, the identity of the informant may not be disclosed without his authorisation and all those who receive or are involved in the handling of the report are required to protect the confidentiality of this information.

b) Prohibition of discrimination

Individuals who, in accordance with this procedure, report unlawful conduct or violations of the Model of which they have become aware due to their position, may not be punished, dismissed, revoked, replaced, transferred or subjected to any discriminatory measure for reasons related directly or indirectly to the report. Discriminatory measures are understood to be unjustified disciplinary actions, harassment in the workplace and any other form of retaliation and/or adverse reaction to the informant.

The informant and the trade union organisation indicated by him, should they consider that the informant has suffered or is being subjected to a discriminatory measure, shall undertake to provide detailed notice of the discrimination to the Supervisory Body so that it can assess its merits and to the National Inspectorate of work for measures related to its competence.

In the event that the Supervisory Body deems the discrimination to be founded, it shall assess - with the help of the directors/managers of the areas involved - possible actions by the competent bodies and/or offices of the Company to restore the situation of regularity and/or to remedy the negative effects of discrimination and to have the perpetrator of the discrimination prosecuted, where appropriate, in disciplinary and/or criminal proceedings.

The retaliatory or discriminatory dismissal of the informant is in any case null and void, as are any change of duties pursuant to art. 2103 of the Civil Code, as well as any other retaliatory or discriminatory measure adopted against the whistleblower following the report. And it is the employer's responsibility, in the event of disputes related to the imposition of disciplinary measures, demotion, layoffs, transfers, or submission of the whistleblower to another organisational measure having direct or indirect negative effects on working conditions, following submission of the report, to demonstrate that these measures are based on reasons unrelated to the report.

In any case, the aforementioned violation of the confidentiality obligation and/or the prohibition of discrimination is a source of disciplinary responsibility also according to the provisions of the disciplinary system adopted pursuant to the Model (par. 7) and Legislative Decree 231/01, without prejudice to other forms of responsibility envisaged by the law.

4.8 Responsibility of the whistleblower

The whistleblower is aware of the responsibilities and the civil and criminal consequences envisaged in the case of false statements and/or the creation or use of false documents. In the event of abuse or false reporting, any liability of the informant for slander, defamation, fraudulent misrepresentation, moral damage or other civil or criminal damage remains in place.

If, following internal audits, the report is found to be unfounded, assessments will be made as to the existence of a serious culpability or fraudulent misrepresentation and, consequently, if this proves to be the case, disciplinary action will be taken, after consulting the Human Resources Manager, also according to the provisions of the disciplinary system adopted pursuant to the Model (par. 6) and of Legislative Decree 231/01 and/or even criminal charges against the whistleblower unless he is able to produce further elements to support his report.

4.9 Approval, amendments and publication of the procedure

The procedure is approved by the Company's administrative body as an attachment to the Model.
In any case, the Company reserves the right to amend and completely or partially revoke this procedure at any time and without notice.
The SB verifies compliance with this procedure, especially with reference to the correct fulfilment of the required safeguards of the informant. To this end, in the event of circumstances which are:
not expressly governed by the procedure,
lend themselves to dubious interpretations/applications,
such as to give rise to serious and objective difficulties in applying the procedure,
each person involved in the application of this procedure is required to promptly submit the occurrence of the aforementioned circumstances to the Supervisory Body which will record and store the communications received and evaluate the appropriate measures to be taken in relation to the individual case.
This procedure is published on the Company's intranet site.