



**DAIKIN APPLIED EUROPE S.p.A.**

**Summary Document**

relating to

**Model of Organisation and Management**

**Legislative Decree no. 231/2001**

**“Organisational Model”**

Approved by the Board of Directors  
By Daikin Applied Europe S.p.A. on 19/11/2021

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### ANNEX

1. Organisational Chart

## Definitions

- ✓ **Bodies:** entities with legal personality or companies and associations, including those without legal personality;
- ✓ **C.C.N.L.:** National Work Collective Contracts;
- ✓ **Client:** organisation or individual who receives products or services from the company;
- ✓ **Code of Ethics:** a set of ethical principles and rules of conduct to which the Company intends to constantly refer in the conducting of its business, in defence of its reputation and image in the market. This promotes a "business conduct" which must be followed by all parties that maintain business relationships with the Company, including employees, contractors, customers, suppliers, etc. and this independently of what is stipulated at the regulatory level;
- ✓ **Collaborators:** all those who work on behalf of the Company, other than Employees;
- ✓ **Company Bodies:** Board of Directors, Shareholders' Meeting, Board of Auditors;
- ✓ **Company:** Daikin Applied Europe S.p.A.;
- ✓ **Confindustria Guidelines:** the guidelines for the constructing of models of organisation, management and control pursuant Legislative Decree no. 231/2001 issued by Confindustria on 3 November, 2003 and subsequent amendments (the latest version is approved by the Ministry of Justice on June 8, 2021);
- ✓ **Decree or Legislative Decree 231/01:** Legislative Decree no. 231 dated 8 June 2001 and subsequent amendments and additions.
- ✓ **Disciplinary System:** set of principles and procedures designed to punish any breach of the measures set out in the Model and in the Code of Ethics;
- ✓ **Employees:** workers who provide their services being employed by the Company;
- ✓ **Offences:** the type of offences to which the sanctions stipulated under Legislative Decree no. 231/01 on administrative liability of the entities applies;
- ✓ **Organisational Model or Model:** Model of Organisation and Management provided by Legislative Decree no. 231/2001 adopted by the Company that contains the set of structures, responsibilities and methods for carrying out the activities and protocols/procedures adopted and implemented by means of which it shall apply the activities characteristic of the entity/organisation;
- ✓ **P. A.:** Public Administration, including the related official and persons entrusted with providing a public service;
- ✓ **Partner:** contractual counterparties of Daikin Applied Europe S.p.A., both natural persons and legal persons, and entities with whom the Company enters into any form of contractually regulated cooperation (joint ventures, consortia, etc.), where it intended to cooperate with the Company in the scope of sensitive processes;
- ✓ **Procedure/Protocol:** document describing the responsibilities and activities and how these are to be carried out. This document is to be prepared, approved, implemented and updated;
- ✓ **Process:** group of interconnected resources and activities which transform inputs into outputs;
- ✓ **Professionals and/or Consultants:** freelance workers providing their own intellectual work on the basis of contracts and/or agreements;
- ✓ **Recipients:** Directors, Officers, Employees, Collaborators, Consultants, Suppliers, Customers and Business Partners;
- ✓ **Reporting staff:** persons subject to management or supervision by the senior management.

- ✓ **Risk analysis:** specific analysis by the entity/organisation aimed at identifying the areas, activity sectors and methods which relevant aspects can directly or indirectly connect with regard to the possible committing of crimes which instigate the administrative liability of the entity/organisation;
- ✓ **Risk areas:** areas of activity in which the risk of crimes being committed is present in more concrete terms;
- ✓ **Sensitive processes:** activity that might involving the risk of Crimes being committed;
- ✓ **Supervisory Board (SB):** body of the entity in charge of supervising the functioning and observance of the Model and its update, referred to in Article 6, paragraph 1, letter d) of Legislative Decree no. 231/01;
- ✓ **Top Management:** persons responsible for representation, administration and management of the entity/organisation or its organisational unit having financial and organisational autonomy, as well as persons who exercise, including de jure management and control of the organisation/entity.
- ✓ **Whistleblowing:** the system for reporting offenses or violations of the Model.

# **Daikin Applied Europe S.p.A**

## **Summary Document**

relating to

**Model of Organisation and Management  
Legislative Decree no. 231/2001**

**“Organisational Model”**

*General Section*

## 1. THE ADMINISTRATIVE RESPONSIBILITY OF THE ENTITIES

### 1.1. Italian Legislative Decree no. 231/2001: the general principles, the crimes and the penalty system

The Legislative Decree dated 8 June 2001, no 231 (hereinafter "Decree" or "Legislative Decree 231/2001") introduced into Italian law a regime of administrative liability on legal persons, companies or associations, even without legal personality (hereinafter "Bodies") in the event of the commission or attempted commission of certain types of crimes or administrative offenses in their interest or to their advantage by their directors and/or employees.

This new form of liability is assessed in the context of a criminal trial that, in the event that the institution being found "guilty" may end with a sentence that involves the application of both pecuniary and prohibitive sanctions (also applicable as a precautionary measure), in addition to confiscation of the price or profit of the offence and the publication of the judgement.

The regulatory innovation, which aligns our system to that of many other European countries, is to include in the punishment of criminal offences the assets of the Entities, which before that law, did not suffer consequences of carrying out these offences; the principle of individual criminal responsibility left them, in fact, immune from any sanctions other than damages.

Administrative responsibility also exists in relation to offences committed abroad, providing in these cases that Entities who have the main base of their activities in our country are liable for the offences specified in the Decree provided that action is not brought by the Country of the place in which the offence in question was committed.

As for the type of offences arising from administrative liability, the Decree - in its original text - only referred to a series of offences committed in relations with the Public Administration. Subsequent legislative interventions have extended their field of application.

The types of offences to which the punishments under Legislative Decree no. 231/01 currently apply are:

1. Misappropriation of funds, fraud against the State or a public body or the European Union for the obtaining of public fund, computer fraud to the detriment of the State or a public body and fraud in public supplies (art. 24);
2. IT offences and unlawful processing of data (art. 24-bis);
3. Offences of organised crime (art. 24-ter);
4. Embezzlement, bribery (so-called corruption by coercion), improper inducement to give or promise benefits (so-called corruption by inducement), corruption and abuse of office (art. 25);
5. Forgery of coins, public credit cards, revenue stamps and identification tools or signs (art. 25-bis);
6. Crimes against industry and commerce (art. 25-bis 1);
7. Corporate crimes and corruption between private individuals (art. 25-ter);
8. Crimes of terrorism or subversion of the democratic order (art. 25-quater);
9. Practices of mutilation of female genitalia (art. 25-quater 1);
10. Crimes against the person (art. 25-quinquies);
11. Market abuse (art. 25-sexies);
12. Manslaughter and negligent serious injury committed in violation of the rules on the protection of health and safety at work (art. 25-septies);
13. Receiving, laundering or use of money, goods or other assets of illicit origin as well as money-laundering by the same person who obtained the illicit assets (article 25-octies);

14. Crimes in breach of copyright (art. 25-novies);
15. Inducement to not make statements or to make false statements to the court (art. 25-decies);
16. Environmental crimes (art. 25-undecies);
17. Employment of citizens of third party countries who are residing in the country illegally (art. 25-duodecies);
18. Racism and xenophobia (art. 25-terdecies);
19. Fraud in sports competitions, illegal gaming or betting and gambling with prohibited machines (art. 25-quaterdecies);
20. Tax crimes (art. 25-quinquiesdecies);
21. Smuggling (art. 25-sexiesdecies);
22. Transnational crimes (articles 3 and 10 of the law dated 16 March 2006, no. 146).

The Entity's penalty system for the commission of the crimes listed above, provides for the application of the following penalties:

- financial penalties;
- disqualification penalties;
- confiscation of the proceeds or profits of the crime;
- publication of the conviction sentence.

**The financial penalty** is reduced if:

- a) the perpetrator of the crime committed the act in the prevailing self-interest or of a third party and the Entity did not benefit or obtain a minimum benefit from it;
- b) the financial damage incurred is particularly minor, or if, before the declaration of the opening of the first instance proceedings:
  - the Entity has fully compensated the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case taken effective action in this regard and
  - a Model has been adopted and made operational.

**The disqualification penalties** apply in relation to the crimes for which they are expressly established, when at least one of the following conditions is met:

- a) the Entity gained significant profit from the offence and the crime was committed by persons who hold a position of representation, administration or management in the Entity or by subjects reporting to the management and under the control of the former and the commission of the crime was caused or facilitated by serious organisational deficiencies;
- b) b) in the event of repeated offences.

The Decree sets out the following disqualification penalties, which may have a duration of no less than three months and no more than two years (except as provided for by art. 25 par. 5):

- disqualification from business activity;
- suspension or revocation of permits, licenses or concessions functional to the commission of the offence;
- prohibition against contracting with the Public Administration;

- barring from benefits, loans, contributions and subsidies, and/or revocation of those already granted;
- ban on advertising of goods or services.

The Decree also establishes that, when there are conditions for the application of a disqualification penalty that incurs the interruption of the company's activity, the judge, in place of the application of the disqualification penalty, may order the continuation of the activity by a commissioner for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met:

- the company performs a public service or an essential public service whose interruption may seriously affect the community;
- the interruption of the activity may, owing to its size and the economic conditions of the territory in which it is located, have significant repercussions on employment.

The disqualification penalties, if the Entity is convicted for the commission of the crimes pursuant to art. 25 par. 2 and 3 (bribery offences and some corruption cases) are higher. In these instances, in fact, a duration of not less than 4 years and no more than 7 years is foreseen in the cases in which the perpetrator of the predicate offence is a member of top management, and not less than 2 years and no more than four years if the crime was committed by reporting staff.

At the same time, the disqualification penalties are reduced if the Entity collaborates with the court authorities during the trial proceedings in which it is involved. Specifically, this reduction of the penalty may be applied, for example, in the event that the Entity takes steps to prevent the criminal activity from leading to further consequences, or if it identifies those responsible for the predicate offence and has eliminated the organisational deficiencies that led to the offence.

**Confiscation** consists of the State's seizure of the proceeds or the profits of the crime, or the seizure of sums of money, goods or other benefits of an equivalent value to the proceeds or the profits of the Offence: it does not, however, include that part of the proceeds or the profits of the offence that may be returned to the injured party. Confiscation is always ordered as part of the conviction sentence.

**The publication of the sentence** may be imposed when a disqualification penalty is applied to the Entity. This is carried out by posting in the municipality where the main office of the Entity is located as well as by publishing on the website of the Ministry of Justice.

## 1.2. The adoption of the "Model of Organisation and Management" by way of exemption from the liability set out by the Decree

The Decree provides a form of exoneration from the Entities' administrative liability. The adoption of the organisation Model is optional but becomes necessary at the time in which the Entities wish to benefit from the exemption system provided by the law.

This occurs when the Entity is able to demonstrate, in court and for one of the offences in question, that:

- a. for offences committed by so-called top management (having functions of representation, administration or direction of the Entity or one of its organisational units endowed with financial and functional independence or by those exercising de jure management and control over it), the Entity may be exempted from liability if it shows that:
  - the Entity's governing body had adopted and effectively enacted, prior to the offence being committed, Models of organisation and management appropriate for preventing the offences of the kind that occurred;



- the task of monitoring the functioning and observance of the Models, as well as updating them, had been entrusted to a Body of the Entity, having independent powers of initiative and control;
- the persons committed the offence by fraudulently evading these models;
- there has been a lack of or inadequate supervision by the Body for the purpose proposed.

Therefore, in the case referred to the article referred to above, the Entity is deemed to be guilty until proved to the contrary. The Entity is therefore responsible for showing its lack of guilt (so-called inversion of the burden of proof).

- b. for offences committed by persons who are not management (subordinates), the Entity is only liable *“if the commission of the offence was made possible by any breach of the obligation of management or supervision”*. *“In any case, the breach of the obligations of management or supervision is excluded if the Board has adopted and effectively implemented a model of organisation and management designed to prevent the kind of crime that occurred”*.

In this case, the onus is on the Prosecutor to prove the breach of the obligations of management or supervision on the part of non-top management staff and the failure to adopt, or not effectively implement, the organisational model.

In order to exonerate the body from administrative liability, the Model, by express provision of the Decree, must meet the following requirements:

- *identify the activities in which offences may be committed;*
- *provide protocols aimed at planning the formation and implementation of decisions in relation to the prevention of offences;*
- *identify ways of managing financial resources in order to prevent offences being committed;*
- *provide obligations of information on the body responsible for supervising the functioning and observance of the models;*
- *introduce an internal disciplinary system to sanction non-compliance with the measures set out in the Model.*

The organisation model must, therefore, be developed on the basis of a complex process completed during different phases and aimed at the creation of an appropriate control system to prevent and combat the commission of offences under the Decree.

## 2. COMPANY STRUCTURE

### 2.1. Activities

Daikin Applied Europe S.p.A. (hereinafter Daikin Applied Europe) is engaged in the production, sale and technical assistance, in Italy and abroad, of heating, ventilation and air conditioning and refrigeration products. Daikin Applied Europe is present in the Italian territory with a registered and manufacturing base in Ariccia (RM), to which a facility in Settala (MI) and one in Vicenza (VI) were added in 2008 and 2018, respectively.

### 2.2. Organisation

Daikin Applied Europe is administered by a Board of Directors.

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## 3. THE ADOPTION OF THE MODEL OF ORGANISATION AND MANAGEMENT

### 3.1. The function and aims of the Model

Daikin Applied Europe, sensitive to the need to ensure fairness and transparency in the conduct of business and corporate activities, deemed it appropriate to proceed with the design and implementation of the Organisation and Management Model pursuant to Legislative Decree no. 231/01 (of which the present model is its representation) to protect its image and position, expectations from the ownership and work of its employees.

The aim being pursued by Daikin Applied Europe in preparing the Model is therefore one of creating a structured and organic system of control procedures and activities aimed at gradually reduce the risk of offences being committed by identifying processes deemed to be very “sensitive” to their formalisation in procedures.

The Model particularly pursues the following aims:

- fully identify all those who work for and on behalf of the Company who might commit, in the event of any breach of the provisions contained therein, an offence punishable both from a criminal and administrative perspective, not only personally but also on the part of Daikin Applied Europe;
- reiterate that these forms of illegal behaviour are strongly condemned by the Company as being contrary to the provisions of law and the principles of business ethics with which the Company intends to comply in the exercise of its business activities;
- enable the Company to take action, through the monitoring and control of the processes which are most exposed, as a precautionary measure in order to combat the Offences being committed;
- enable and stimulate, to protect the integrity of the entity and its interests through the system of reporting offenses and violations (so-called whistleblowing), the bringing to light of any illegal conduct by encouraging employees and collaborators to report on offences or other irregularities with peace of mind, ensuring them the utmost confidentiality.

### 3.2. The Guidelines of Confindustria

As required by the Decree, the models of organisation and management can also be adopted on the basis of codes of conduct drawn up by trade associations.

In preparing this Model, Daikin Applied Europe S.p.A. drew its inspiration from the "Confindustria Guidelines" for the construction of organisational, management and control models, in which general methodological indications are provided on how to identify risk areas and structure the related prevention and control measures.

### 3.3. The construction of the "Exemption System" pursuant to Legislative Decree no. 231/01

Daikin Applied Europe S.p.A., (formerly McQuay Italia S.p.A.) started an internal project in September 2011 aimed at the defining and subsequent implementation of a management system for the prevention of the offences pursuant to Legislative Decree no. 231/01 of which this Model constitutes its manifestation. This management system, initially focusing on the prevention of offences relating to safety at work and crimes against the environment, was subsequently extended to give "umbrella coverage" of all the significant offences indicated in Legislative Decree 231/01.

The main phases in which the development of the Exemption System took place and which led to the preparation and subsequent implementation of this Organisational Model are briefly described below:

1. **Identification of the sensitive processes: OMISSIS**
2. **Performing the "gap analysis": OMISSIS**
3. **Updating the existing control system: OMISSIS**
4. **Preparation of the "Organisational Model":** this document, as duly updated and modified over time to reflect, on the one hand, the organisational changes that have taken place at the corporate level in the meantime and, on the other hand, the legislative provisions that have introduced new types of crime to the list of predicate offences and the new whistleblowing system, constitutes the representation of the Exemption System defined by Daikin Applied Europe; this is comprised of a "General Section", containing the common rules and principles, and various "Special Sections" describing the individual types of offence in relation to the area considered to be most at risk from their commission.

### 3.4. The "Management and Organisation Model" pursuant to legislative Decree no. 231/01

The Model of Management and Organisation can be defined as the set of activities, resources and documents requested under Legislative Decree no. 231/01 in order to prevent the commission of offences by the entity/organisation. This is comprised of:

- Organisational Model
- Supervisory Body
- Code of Ethics
- Disciplinary System
- Risk analysis per process/offence
- Procedure/Protocols
- Records
- All the documentation necessary to ensure the effective planning, functioning and control of the processes.

In the preparing of the Model, account is taken of the existing control systems and procedures that are already operating in the Company because they can be used as measures of crime prevention and for monitoring the processes involved in the areas of risk of committing crimes. These systems are:

- ✓ the Company Quality Management System, certified in accordance with ISO 9001:2015 for the Ariccia and Settala facilities;
- ✓ the Company Environment Management System, certified in accordance with ISO 14001:2015 for the Ariccia and Settala facilities;
- ✓ the Prevention and Protection of the Workplace Unit (Legislative Decree no. 81/08) for the facilities in Ariccia, Settala and Vicenza;
- ✓ the Health and Safety at Work Management certificate in accordance with ISO 45001:2018 for the Ariccia, Settala and Vicenza facilities;
- ✓ the internal control system in line with the provisions of the “J-Sox” - Japanese Sarbanes - Oxley.

The rules, procedures and principles set out in systems/instruments listed above are not reported in detail in this Model, but they are understood to be referred to here and form part of the broader system of management organisation and control that aims to integrate these and that all recipients, depending on the type of relationship they have with Daikin Applied Europe, are obliged to respect.

### 3.5. Recipients of the Model

Legislative Decree no. 231/01 provides that the Authority shall be held liable for offences committed in the territory of the State by its staff carrying out, including de facto functions of representation, administration, management or control of the Company or in a stand-alone organisational unit (i.e. top management), as well as all employees subject to the direction or supervision of the top management mentioned above, even if posted abroad for the activity. In fact, according to art. 4, the Decree provides that the institution can under certain conditions be liable, even in the case where the predicate offence is committed abroad.

Therefore, in compliance with the requirements dictated by the model and the provisions contained in the Code of Ethics the persons initially obliged are those linked by a functional relationship with Daikin Applied Europe, so-called “senior management and subordinates” and, in the second place, the various groups of stakeholders such as suppliers, business partners and other third parties operating on behalf of the Company. All parties will be adequately informed by means of adequate distribution of the Model, which will be carried out in different manners according to the nature of the relationship connecting the above parties to Daikin Applied Europe.

With reference to Partners bound by joint ventures or other contractual relationship with the Company,, who perform activities in the territory of the Italian State, Daikin Applied Europe shall be responsible for carrying out control activity before linking with this third parties in order to verify that the ethical principles on which they base their activities coincide with those in the Model and in the Code of Ethics of Daikin Applied Europe.

### 3.6. Approvals, modifications and integrations of the Model

Since this Model is a “document issued by the executive Body” (in accordance with the provisions of art. 6, paragraph 1, letter a of the Decree), its adoption is left to the responsibility of the Board of Directors of Daikin Applied Europe.

**OMISSIS**

## 4. DISSEMINATION AND KNOWLEDGE OF THE MODEL

### 4.1. Training and information of Company Staff

Daikin Applied Europe, with the intent to ensure the continued effectiveness of the Organisational Model and the Code of Ethics, sets itself an objective to ensure a proper understanding of the rules of conduct contained in them and the resources already present in the company, both in the future using a different degree of awareness in relation to different levels of involvement of these in the processes considered sensitive.

In order to achieve these objectives Daikin Applied Europe organises training and awareness activities aimed at:

- a) those who perform, even de facto, management functions, administration, direction or control in the Company or in an autonomous organisational unit (so-called “top management”);
- b) employees of the Company, even if posted abroad for the conduct of activities (so-called “persons subject to the direction or supervision of others”);
- c) all those who collaborate with the Company and on behalf of the latter;
- d) members of the Supervisory Body.

- **Initial communication**

**OMISSIS**

- **Continuous training**

**OMISSIS**

### 4.2. Information from Suppliers and Commercial Partners

Daikin Applied Europe promotes the knowledge and observation of the Model among its own commercial partners and suppliers, whether of goods or services.

These shall be informed about the Model at the start of the professional or business relationship, possibly including through its viewing on the Company website of the Organisational Model and Code of Ethics. The letters of appointment and the agreements shall also contain special terms under which the underwriters will undertake to comply with the rules of conduct expressed in the Model, accepting also that their transgression may be grounds for termination of the contract.

## 5. SUPERVISORY BODY

### 5.1. Identification of the Supervisory Body

In compliance with the provisions of art. 6, par. 1 letter b) of the Decree, Daikin Applied Europe establishes a body with powers of supervision and control, called the “Supervisory Body” regarding the operation, effectiveness, adequacy and compliance with the Model.

In exercising its functions, the SB uses principles of autonomy and independence, professionalism, integrity and continuity of action.

- a) autonomy: **OMISSIS**
- b) independence: **OMISSIS**
- c) professionalism and integrity: **OMISSIS**

e) continuity of action: **OMISSIS**

## 5.2. Composition, nomination and term

The Supervisory Body is appointed by the Board of Directors which itself determines the composition, number and role of members, the duration of the mandate and determines financial resources (budget) which the Supervisory Body may have to exercise its functions independently and without any obligation by senior management to give prior authorisation. **OMISSIS**

In the same resolution that appoints the Supervisory Body the respective remuneration of the members shall also be defined. The Supervisory Body established at Daikin Applied Europe has a collegial composition.

## 5.3. Nomination requirements and causes of ineligibility and forfeiture

**OMISSIS**

## 5.4. Surrender, revocation and replacement

**OMISSIS**

## 5.5. Activities incumbent upon the Supervisory Body

The Supervisory Body, in the exercise of its functions, exercises a supervisory activity on:

- a. compliance with the Model by corporate bodies, employees and consultants, and within the limits provided, by suppliers and business partners;
- b. the effectiveness and adequacy of the model, in the prevention of offences, in relation to the corporate structure;
- c. the advisability of updating the model by proposing any changes to the Company's Governing Body resulting from changing business, regulatory and/or socio-environmental conditions.
- d. on the *whistleblowing* procedure and on the observance of the guarantees of confidentiality of the information contained in the reports of wrongdoing and of the identity of the informant as well as on the respect of the guarantees against any form of retaliation or discrimination against the same person.

**OMISSIS**

## 5.6. Reporting by the Supervisory Body to the Company's Senior Management

**OMISSIS**

## 5.7. Whistleblowing and informative reports to the Supervisory Body

### A) Whistleblowing and reports of any wrongdoing or violations

The Supervisory Body, including that party identified by the Company as the recipient of the so-called whistleblowing report<sup>1</sup>, must be informed, by means of appropriate reports from the Recipients of this

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<sup>1</sup> In this regard, the Law of 30 November 2017, no. 179, containing "*Provisions for the protection of parties reporting crimes or irregularities of which they have become aware in the context of a public or private employment relationship*", added three new paragraphs (paragraph 2-bis, 2-ter and 2-quater) to art. 6 of the Decree, introducing also in the private sector certain protections (for example the prohibition of retaliatory or discriminatory acts for the reasons connected, directly or indirectly to the reporting and protection of the privacy of the informant, etc.) for top management and their subordinates who report illegal conduct, relevant pursuant to the Decree, or violations of the Model, of which they have become aware due to their position. In addition to this, the new paragraphs of art. 6 of the Decree also introduced for institutions the obligation of having appropriate communication channels, to be included in the Model, to be used to allow the making of detailed reports of illegal conduct, relevant pursuant to the Decree, guaranteeing the confidentiality of the informant also through computer systems.

Model, in relation to events that may cause the administrative liability of Daikin Applied Europe to be legally invoked pursuant to Legislative Decree no.

In particular:

- the members of the corporate bodies, employees, collaborators and
- consultants, customers, business partners and suppliers with whom the Company operates,

report to the Supervisory Body, including that party identified by the Company as the recipient of the so-called whistleblowing report, information relating to the commission, or the reasonable suspicion of the commission of crimes pursuant to the Decree and of violations of the Model or the Code of Ethics in relation to the activities carried out by the Company of which they have become aware during the performance of work activities on behalf of the Company. These reports must be detailed and based on precise and consistent facts.

To this end, the Company's Model also establishes the implementation of a specific procedure, which is an integral part of the Model, in order to regulate the aforementioned *whistleblowing* system.

### **OMISSIS**

Reports about the commission, or suspected commission, of relevant crimes pursuant to the Decree as well as the violation, or the suspected violation, of the provisions contained in the Model and in the Code of Ethics, may be communicated in writing pursuant to the aforementioned whistleblowing procedure and, in particular:

- by sending an e-mail to the e-mail address: [odv231@daikinapplied.eu](mailto:odv231@daikinapplied.eu);
- by letter or note placed in a sealed envelope within the appropriate internal company mailboxes;
- by ordinary post sent to: Supervisory Body of Daikin Applied Europe S.p.A. Via Piani di S. Maria, 72 Ariccia (RM);
- by communication sent through the designated computer - whistleblowing - platform as per the whistleblowing procedure.

The use of internal mailboxes and the designated computer whistleblowing platform is reserved for the Company's internal staff.

The Supervisory Body, also in its capacity as the recipient of the reports pursuant to the aforementioned whistleblowing procedure, in accordance with the procedural rules contained therein, conducts the preliminary investigation and proceeds to the verifications and assessments of the case to assess the admissibility and validity of the reports received.

These checks may be carried out by the SB directly or also by means of other company or third party offices, listening (if necessary) to the party making the report (if known) and/or the person responsible for the alleged violation, maintaining and protecting the identity of the informant.

The Supervisory Body, including the party receiving of the whistleblowing report, after having received and evaluated the reports, is required to take any consequent measures at its reasonable discretion and responsibility, justifying in writing the reasons for the decisions taken, including any refusal to proceed with an internal investigation.

The Supervisory Body also guarantees the preparation of a periodic report on the reports received, the outcomes of these reports, as well as the cases of filing and informing the corporate bodies.

The Company also guarantees that the reporting parties will not suffer any retaliation, discrimination or penalty and ensures the utmost confidentiality regarding their identity obviously without prejudice to legal obligations and the protection of the rights of the Company or persons accused wrongly and/or in bad faith.

#### **B) Other reports or informative communications**

## OMISSIS

### 5.8. Gathering and keeping of information

The information, reports and the reports envisaged in the Model are kept by the Supervisory Body in a special archive, in either hard or soft copies. Access to the archive is allowed only to the SB which is obliged to maintain the confidentiality of all the facts and circumstances of which it becomes aware during its mandate, with the exception of communications which are required by law.

## 6. DISCIPLINARY SYSTEM

### 6.1. General principles

Daikin Applied Europe, in order to ensure the effective implementation of the Model, has defined a system of sanctions which will be applied in the event of any breach of the rules of conduct and procedures set out herein.

The definition of disciplinary measures applicable in the event of any breach of the rules established by the Model makes the action taken by the Supervisory Board effective and has the aim of ensuring the effectiveness of the Model itself (art. 6, paragraph 1, letter e ) of Legislative Decree no.

Daikin Applied Europe emphasises that the application of the disciplinary system and the related sanctions is independent of the conduct and outcome of any criminal proceedings that the court may have initiated when the behaviour to be sanctioned has also committed one of the predicate offences under Legislative Decree no. 231/01.

Where a disciplinary sanction is applied against the recipients of the Model, Daikin Applied Europe must first and foremost make a scale of the penalties applicable in relation to the different degree of risk and/or severity that the behaviour carried out may present in respect to the commission of the offences under the Decree.

The type and amount of the penalty will vary depending on the following factors:

- a) subjective element of the behaviour, providing that this has been characterised by intent, fault, negligence or incompetence;
- b) significance of the obligations violated or possible repetition of non-compliant behaviour;
- c) hierarchical and/or technical level of responsibility of the author of the behaviour subject to sanction;
- d) possible sharing of responsibility with others who have contributed to violating the rules set out in the Model;
- e) the presence of aggravating or mitigating circumstances, particularly with regard to professionalism, previous work performance, previous disciplinary measures and the circumstances in which the offence was committed;
- f) level of risk to which the company can be considered exposed following the illegal conduct ascertained.

Under the combined provisions of Articles 5, letter b) and 7 of Legislative Decree no. 231/2001, the penalties provided in the following paragraphs will be applied, depending on the severity, to Company personnel that incur disciplinary offences arising from:

- failure to comply with the provisions of the Model, Procedures or Code of Ethics and rules of law;



- failure to comply with the method of documenting, storing and monitoring the documents stipulated under the Procedure;
- lack of training and/or failure to update and/or failure to inform staff working in the activities of the processes involved in the model;
- violations and/or avoidance of the control system, put in place through the removal, destruction or alteration of the documentation required by the Procedures or by preventing or controlling access to information and documentation to relevant bodies, including the Supervisory Body and Internal Audit.

This Model is an integral part of the company regulations. Any substantial violations of individual rules of conduct contained in the Model and related business processes, are (a) a breach of the obligations arising from the employment relationship, (b) a disciplinary offence, and (c) prejudicial to the payment of bonuses and/or incentives and will be regulated as specified below.

The determination of disciplinary offences, the ensuing proceedings and sanctions remain incumbent upon the competent governing bodies and corporate offices which must give prompt notice to the Supervisory Body.

#### **Penalties relating to *whistleblowing***

Without prejudice to the above reported in general terms, pursuant to art. 6, par. 2-bis, letter d) of the Decree, the Model, in relation to the implementation of the so-called *whistleblowing* procedure (referred to in section 6 above), envisages in its disciplinary system:

- (i) penalties against the reporting party who makes reports that prove to be false and/or unfounded with malicious intent or gross negligence.
- (ii) penalties against parties who violate reporting protection measures.

With regard to the *penalties against the reporting party*, if, following internal audits, the report concerning the commission of an offence or the violation of the Model proves to be baseless, investigations will be carried out to ascertain the existence of serious culpability or malicious intent in relation to the unsubstantiated report and, in the event it is determined that this occurred, the Administrative Body and/or the company office in charge of this will carry out the disciplinary actions envisaged by the applicable national collective labour agreement (CCNL) or by the current agreements and by the applicable law as well as, if the prerequisites or grounds exist, even criminal charges against the whistleblower, unless the latter can produce additional elements to support his/her report.

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.

With regard to the *penalties against parties who violate reporting protection measures*, the violation of the obligation of confidentiality or the carrying out of retaliatory or discriminatory acts against the party is a source of disciplinary responsibility pursuant to the applicable national collective labour agreement (CCNL) or the current agreements and the applicable law, without prejudice to any other form of liability provided for by law.

## **6.2. Measures regarding Directors and Members of the Board of Auditors**

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## **6.3. Measures regarding members of the Supervisory Body**

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#### 6.4. Measures regarding staff classified as managers

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#### 6.5. Measures regarding staff and Executives

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#### 6.6. Measures regarding external partners

Any violation of the Model by the Company's external collaborators, such as, in particular, the violation of procedures established on the subject of *whistleblowing* (i.e. the sending of false reports with malicious intent or gross negligence or the threat, adoption or implementation of discriminatory or retaliatory measures against the whistleblower or the violation of the obligation to maintain the confidentiality of the whistleblower), may, in accordance with the specific contractual clauses contained in the letters of appointment or Convention agreements, result in early termination of the contract, pursuant to art. 1456 of the Italian Civil Code, subject to the right to request compensation if such breaches cause material damage to the Company.

To this end, the Model and the Code of Ethics should be delivered to all external partners of the Company, with an appropriate accompanying signed receipt.

#### 6.7. Measures regarding suppliers

Each violation of the provisions of the Model by the Suppliers shall be subject to penalty by the competent bodies based on the internal company rules, according to the provisions of the contractual clauses included in the relative contracts, and in any case with the application of conventional penalties, which may also include the automatic termination of the contract (pursuant to art. 1456 of the Italian Civil Code), subject to compensation for damages.

To this end, the Model and the Code of Ethics should be delivered to all Suppliers, with an appropriate accompanying signed receipt.

### 7. THE SPECIAL SECTIONS OF THE MODEL

#### 7.1. The structure

The Special Sections of this document shows the types of offences, grouped by categories, which Daikin Applied Europe considers possible to implement in the conduct of its business operations.

These regard:

1. Special Section "A": Offences relating to health and safety at work
2. Special Section "B": Environmental offences
3. Special Section "C": Crimes against State property, crimes against the Public Administration, incitement not to issue statements or to issue false statements to the Court Authorities
4. Special Section "D": Corporate crimes
5. Special Section "E": Corruption between private individuals
6. Special Section "F": Crimes aimed at terrorism or subversion of democratic order, transnational crimes, organised crime, crimes relating to receiving, laundering or use of money, goods or other assets of illicit origin, money-laundering by the same person who obtained the illicit assets

7. Special Section "G": Offenses relating to the employment of illegal third-country nationals, illegal trafficking of migrants, racism and xenophobia
8. Special Section "H": Crimes against the individual
9. Special Section "I": Counterfeiting, falsification of instruments or means of identification, crimes against trade and industry and violation of Copyrights
10. Special Section "L": Information technology crime and illegal data handling
11. Special Section "M": Tax crimes
12. Special Section "N": Smuggling

In the dedicated special section and for each of the categories of offences listed above, a brief description of the significant offences is provided together with the list of corporate activities that are considered sensitive, or at risk of committing the offences in question with an indication of the general principles of conduct to be followed and the reference to the management procedures adopted in this regard.

The Special Sections, while being an integral part of this document, have with their own revision status and index. This is in order to perform updates that are independent from the General Section of the Organisational Model.

## 7.2. The Recipients

The information contained in this Model, pursuant to Legislative Decree no. 231/01, is addressed to all those who act on behalf of Daikin Applied Europe i.e. directors, officers, employees, contractors, consultants and partners, to third parties and to all those who perform their duties at or for the Company, in activities considered at risk of possible offences being committed that incur administrative liability pursuant to the special sections covered below.

The aim is the adoption of conduct that is compliant to what is set out in this Model in order to prevent the commission of the offences set out in the Decree.

## 7.3. General rules

For all offences which are described in the special sections, and in the carrying out of all operations related to the management of the company, the governing bodies of Daikin Applied Europe, employees and collaborators, consultants and business partners, to the extent necessary for the functions they perform, must generally know and respect:

- ✓ Italian and foreign legislation applicable;
- ✓ the existing system of proxies and powers of attorney;
- ✓ the principles enshrined in the Code of Ethics;
- ✓ the rules of conduct laid down in the organisational model;
- ✓ documentation and provisions relating to the functional hierarchical structure;
- ✓ corporate procedures;
- ✓ organisational communications.

In addition, the Company within the organisational processes ensure that the following is respected:

- ✓ the principle of separation of duties according to which more people must be involved in the management of the process so that there is separation of duties between those who execute, those who control and those who authorize and therefore greater safeguards over the process itself;

- ✓ the presence of rules and appropriate company regulations at least provide the general reference standards for the regulating of sensitive activity;
- ✓ the presence of formalised rules governing the exercise of powers of signature and internal powers of authorisation;
- ✓ the traceability of operations.