



DAIKIN APPLIED LATIN AMERICA, LLC
ANTI-BRIBERY, ANTI-MONEY LAUNDERING AND
FOREIGN CORRUPT PRACTICES ACT POLICY

PURPOSE

Daikin Applied Latin America, L.L.C. (and its subsidiaries and affiliates, including the entities of SAEG International Group, Inc. and Grupo CYVSA, S.A. de C.V. in Latin America, jointly referred herein as “Daikin Applied” or “Company”) strictly prohibits corruption in its commercial transactions, both in the private and public sectors. An integral component of its mission entails the practice of ethics, fairness, and professionalism in all of its commercial transactions with its clients, agents, consultants, representatives, and business partners by complying with both, US and local laws and regulations, including but not limited to those geared to combat corruption, money laundering and terrorism, such as the Foreign Corrupt Practices Act (1977) or "FCPA." As part of these efforts, Daikin Applied establishes and maintains this Policy Against Corruption Practices (the “Policy”) to ensure compliance by Daikin Applied personnel with these laws and regulations. This Policy establishes guidelines, parameters, and procedures to ensure that the Company and its representatives understand and comply with the anti-corruption laws applicable in each of the countries where they operate, in the way of doing business and in all the relationships that may arise from it. Under United States and international anti-corruption laws, corruption and bribery are crimes that carry criminal consequences as imprisonment and severe fines. Therefore, the Company takes its legal responsibilities very seriously and expects the same from its Employees, as defined below. The Legal Department, the Board of Directors, the General Management of the Company, as well as its Directors fully support this Policy and expect its full and absolute compliance.

The FCPA makes it illegal for U.S. citizens and companies, their officers, directors, employees, representatives and agents, and any stockholders acting on their behalf, to bribe foreign officials. The FCPA also requires U.S. companies to keep accurate and complete books and records, and to maintain proper internal accounting controls.

The USA Patriot Act requires companies to conduct reasonable due diligence to ensure that transactions do not facilitate money laundering or other illegal activity and to report certain cash or currency transactions.

This Policy must be read in conjunction with Daikin Applied’s Code of Conduct, Policy of Export and Compliance, and other general management policies. All Company personnel are requested to conduct Daikin Applied’s business in compliance with this Policy, as well as with the ethical and business standards set forth



in Daikin Applied's other management policies. This Policy is posted on Daikin Applied's website and is provided through trainings to those individuals in the Company whose job duties are likely to lead to an involvement in or exposure to any of the areas covered by the FCPA. Every training participant must sign a certificate of completion setting forth his or her agreement to comply with the Policy as well as understanding of same.

Application

This Policy applies to all individuals regardless of their position or level that work for the Company, including without limitation, employees, independent representatives, consultants, directors, managers, and in general any collaborator (temporary or permanent) (hereinafter and only for convenience, jointly referred to as "Employees." It is clarified that the term "Employee" in this document may include consultants, agents, and independent representatives, as well as other persons hired or under the partial control of Daikin Applied who are not defined as 'employees' under the local Labor Codes), as well as suppliers and third parties. This Policy applies to any deal, contract or negotiation in all countries where Daikin Applied has operations. In addition to that, this Policy applies to all of Daikin Applied's domestic and foreign operations, including operations conducted by any divisions, affiliates, subsidiaries, agents, consultants or other representatives, under Daikin Applied's control and, to the extent explained in this Policy statement, the operations of any joint venture or other business enterprise outside the United States in which Daikin Applied is a participant¹. This Policy also covers all of the Company's financial record-keeping activities.

Summary of the FCPA

The FCPA has two primary sections. The first section makes it illegal to bribe foreign officials, and the second section imposes record keeping and internal accounting requirements.

A. Anti-bribery Provisions

1. Prohibited Payments

The FCPA's anti-bribery provisions make it unlawful for a U.S. person to *make a payment to a foreign official* for the purpose of *obtaining or retaining business* for or with, *or directing business* to, any person. Specifically,

¹ FCPA applies to any individual who is a citizen, national, or resident of the United States and any corporation and other business entity organized under the laws of the United States or of any individual US State, or having its principal place of business in the United States.



the FCPA prohibits payments, offers or gifts of money or anything of value, with corrupt intent, to a “foreign official.”

For purposes of this Policy, a “foreign official” means any officer or employee of a foreign government (i.e., other than the United States) or any department, agency, or instrumentality thereof (which includes a government-owned or government-controlled state enterprise) or of a “public international organization”, any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office. Thus, foreign officials include not only elected officials, but also consultants who hold government positions, employees of companies owned by foreign governments, political party officials and others.

The term “public international organization” includes such organizations as the World Bank, the International Finance Corporation, the International Monetary Fund, and the Inter-American Development Bank. The Company’s Executive Management will be contacted if there is a question as to whether an organization should be treated as a public international organization for the purpose of this Policy.

The FCPA prohibits both direct and indirect payments to foreign officials. Thus, a U.S. company can face FCPA liability based on improper payments made by its agents or other business partners. Accordingly, except as set forth in this FCPA Policy, neither the Company nor any of its Employees, shall make, promise or authorize any gift, payment or offer anything of value on behalf of the Company to a foreign official or to any third person (such as a consultant) who, in turn, is likely to make a gift, payment or offer anything of value to a foreign official.

Improper gifts, payments or offerings of anything of value to foreign officials are also prohibited as these could jeopardize the Company’s growth and reputation. Specifically, it is the Company’s Policy to comply fully with the FCPA and the USA Patriot Act.

Because of the FCPA’s strict prohibitions, Employees shall not make or authorize any gift, payment or offer anything of value to any foreign official, whether on the local, regional or national level, except as set forth in this Policy. This Policy specifically outlines the following limited circumstances – Company promotional items (e.g., coffee mugs, pens, hats, T-shirts), gifts of a nominal value and other business courtesies – when items of value can be given to foreign officials, and only with approval. Such Company promotional items, gifts of a nominal value and other business courtesies may not be made if these exceed \$50.00 unless the Legal Department has provided prior, written approval. To request Legal Department approval, Employees must complete the Daikin



Applied Latin America, L.L.C., Inc. FCPA Approval Request Form (the “Request Form”) and submit the Request Form to the Legal Department and the appropriate General Manager of the facility affected. A copy of the Request Form is attached at the end of this Policy.

Finally, each Company employee whose duties are likely to lead to involvement in any of the areas covered by the FCPA will be requested annually to complete, sign and return an Annual Certification to the Legal Department.

2. Permissible Payments

The FCPA does allow certain types of payments to foreign officials under very limited circumstances. For example, the FCPA allows certain “facilitating” or “grease” payments to foreign officials in order to obtain non-discretionary, routine governmental action, such as obtaining a permit to do business in a foreign country, obtaining police protection, or processing a visa, customs invoice or other governmental paper. Under this Policy, Employees may make facilitating payments only if the Legal Department has provided prior, written approval. In cases where health & safety concerns do not allow enough time for prior approval (written or oral), the General Manager, or, if not available, the General Manager’s designee, may provide the payment and then provide documentation to the Legal Department.

Various types of “promotional or marketing payments” may also be permissible under the FCPA in certain circumstances. For example, certain reasonable, bona fide expenses incurred while promoting the Company to foreign officials, hosting a tour of foreign public officials at a Company facility or entertaining employees of a foreign state-owned firm (such as a state-owned oil company) may also be legitimate expenses under the FCPA. These expenses must not exceed US\$ 250.00 per year, except by authorization of the Board of Directors of the parent company and the Legal Department. Once again, Employees do not provide gifts and entertainment to foreign officials nor authorize a promotional expense or event for a foreign official except as set forth by the Company’s FCPA Policy and only if the Legal Department has provided prior, written approval. Moreover, these expenses must be fully and accurately described in the Company’s books and records.

B. Record-Keeping, Accounting & Payment Practices

The record-keeping provisions of the FCPA require certain U.S. companies to keep their books, records and accounts in reasonable detail, accurately and such that they fairly reflect all transactions and dispositions of assets.



Thus, the FCPA prohibits the mischaracterization or omission of any transaction on a company's books or any failure to maintain proper accounting controls that result in such a mischaracterization or omission. Keeping detailed, accurate descriptions of all payments and expenses is crucial for this component of the Act. FCPA, require corporations covered by the provisions to make and keep...**BOOKS & RECORDS...**

“that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls...”

Accordingly, Company Employees must follow applicable standards, principles, laws and Company practices for accounting and financial reporting. In particular, Employees must be timely when preparing all reports and records required by management. In connection with dealings with public officials and with other international transactions explained in this FCPA Policy, Employees must obtain all required approvals and, when appropriate, from foreign governmental entities. Prior to paying or authorizing a payment to a foreign official, Company Employees should be sure that no part of such payment is to be made for any purpose other than that to be fully and accurately described in the Company's books and records. No undisclosed or unrecorded accounts of the Company are to be established for any purpose. False or artificial entries are not to be made in the books and records of the Company for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by Company Policy.

C. Due Diligence and Selection of Representatives and Business Partners

The Company is dedicated to the dynamic and profitable expansion of its operations worldwide. The Company will compete for all business opportunities vigorously, fairly, ethically and legally and will negotiate contracts in a fair and open manner. Regardless of any pressure exerted by foreign officials, the Company will conduct business using only legal and ethical means.

This practice of fairness and professionalism must extend to the activities of the Company's agents, consultants, representatives and business partners. The Company should be careful to avoid situations involving third parties that might lead to a violation of the FCPA. In order to avoid transactions through an intermediary and payments that could be interpreted as questionable, **it is prohibited to sell to the government through the use of intermediaries, agents or advisors. All Daikin Applied business transactions with foreign government officials must be directly with the officials.** Therefore, prior to entering into an



agreement with any agent, consultant, joint venture partner or other representative who act on behalf of the Company with regard to foreign governments on international business development or retention, the Company will perform proper and appropriate FCPA-related due diligence and will ensure compliance with it.

D. Penalties

The FCPA imposes criminal liability on both individuals and corporations. For individuals who violate the anti-bribery provisions of the FCPA, criminal penalties include fines of up to \$250,000 or twice the amount of the gross pecuniary gain resulting from the improper payment, imprisonment of up to five (5) years, or both. The Company may not reimburse any fine imposed on an individual. Corporations may be fined up to \$2,000,000, or, alternatively, twice their pecuniary gain, for criminal violations of the FCPA's anti-bribery provisions. In addition to criminal penalties, a civil penalty of up to \$16,000 may be imposed upon a company that violates the anti-bribery provisions, and against any officer, director, Employee or agent of a company, or a stockholder acting on behalf of a company who violates the Act. The U.S. Department of Justice and the U.S. Securities Exchange Commission may also obtain injunctions to prevent FCPA violations.

Individuals who willfully violate the accounting provisions of the FCPA may be fined up to \$1,000,000, imprisoned up to ten (10) years, or both. A corporation may be fined with \$2,500,000 or more. Alternatively, both individuals and corporations violating the FCPA's accounting provisions may be subject to fines of up to twice the amount of any pecuniary gain or loss resulting from such violation.

In addition to civil and criminal penalties, a person or company found in violation of the FCPA may be precluded from doing business with the U.S. government. Other penalties include denial of export licenses and debarment from programs under the Commodity Futures Trading Commission and the Overseas Private Investment Corporation. Violating the FCPA will also result in discipline by the Company, up to and including termination of employment.

USA Patriot ACT

The USA Patriot Act (formally known as the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "USA Patriot Act") broadened requirements for U.S. financial institutions to prevent and detect money laundering and terrorist financing. The Company is



committed to ensuring that our operations and businesses do not further money laundering or terrorist financing activities.

In the course of conducting its business, the Company engages in financial transactions with foreign entities, including contracts with foreign companies, governments and foreign charitable organizations. To ensure that these transactions do not facilitate money laundering or other illegal activity, the Company will conduct reasonable due diligence into the identity and reputation of the organization or individual, the identity of its principals, and the nature of the organization's business and its ties to other entities. If you detect any suspicious activities that reasonably cause you to believe that an activity is illegal or involves money laundering or terrorist financing, you should immediately advise the Legal Department so that a determination can be made regarding the need for the Company to report the suspicious activity to government authorities. In addition, you should report to the Human Resource or Legal Department any transaction in which cash or currency of \$10,000 or more is utilized. The Human Resource or Legal Department will then determine whether it is necessary to file a currency transaction report with the Treasury Department.

Responsibilities of All Company Employees Involved in International Matters

Every Company Employee whose duties are likely to lead to involvement in or exposure to any of the areas covered by the FCPA is familiar with and complies with this Policy. Periodic certifications of compliance with the Company's Policy will be required, as will participation in annual training sessions as required by the Legal Department.

In case of any questions or problems concerning this Policy, foreign officials or payment practices Employees shall contact the Company's Legal Department.

A handwritten signature in blue ink, appearing to read "Diana E. Marietti", is written over a horizontal line.

Diana E. Marietti, Esq.
Senior Counsel & Assistant Secretary
Daikin Applied



GIFT APPROVAL REQUEST

Daikin Applied Latin America, LLC Anti-Corruption, Anti-Bribery, Anti-Money Laundering, and FCPA Policy

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Policy Title	<i>Anti-Bribery, Anti-Money Laundering and Foreign Corrupt Practices Act Policy:</i> Gift Acceptance, Counting, and Reporting Policy
Policy Owner	Legal Department
Responsible Office	Legal Department
Contact Information	Diana Marietti, Esq. (763) 203-1143
Pertinent Date	This Policy was approved by Daikin Industries, Ltd. & Daikin Applied Latin America, LLC
Approved by	Sawako Yasuda, Legal Dpt./Daikin Industries, Ltd. Diana E. Marietti, Senior Counsel
Applies to	All Daikin Applied “Employees” as defined in Policy
Related Information	<p>This Approval Form Request is an attachment to the Daikin Applied Latin America, LLC’s <i>Anti-Bribery, Anti-Money Laundering and Foreign Corrupt Practices Act Policy (“Policy”)</i> and <i>sets forth reasons for seeking approval to provide gift/payment to any foreign official, the amount, and the nature of such.</i></p> <p><i>Approvals must be accompanied by three (3) signatures, starting with that of the Legal Department. All receipts must be attached to this form if gift/pymt. is approved.</i></p>



GIFT REQUEST APPROVAL FORM- 3 Signatures Required

Name of Entity to Receive Gift/Payment	
Entity Seeking Approval and Name of Staff	
Nature of Gift/Payment	
Reason for Gift/Payment	
Amount of Gift/Payment	
Date of Gift/Payment	

Authorized by: _____

Senior Counsel & Assistant Secretary-Daikin Applied

Date



Authorized by: _____

George F. Calienes – SVP & General Manager Daikin Applied

Date

Authorized by: _____

Regional Manager

Date