XNRGY SUPPLIER CODE OF CONDUCT

PURPOSE: ETHICAL BUSINESS PRACTICES – A SHARED COMMITMENT

At XNRGY Climate Systems (XNRGY Holdings Inc., XNRGY Climate Systems (US) LLC, XNRGY Climate Systems ULC, including each of their respective affiliates and subsidiaries, collectively, "**XNRGY**"), integrity, accountability, innovation, sustainability, and respect are fundamental to how we conduct business. We believe our suppliers play a critical role in helping us deliver world-class products while maintaining the highest ethical, environmental, and societal standards.

This Supplier Code of Conduct establishes the minimum standards expected of all suppliers, contractors, consultants, subcontractors, distributors, and service providers ("**Suppliers**") conducting business with XNRGY. Compliance with this Code of Conduct is a condition of doing business with XNRGY.

Suppliers are expected to ensure these principles are communicated throughout their own supply chain and to require standards no less rigorous from their employees, consultants, subcontractors, and suppliers.

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1. Business Ethics

Suppliers shall conduct business ethically and in compliance with all applicable laws and regulations. Suppliers shall:

- Conduct business with honesty, integrity, and transparency.
- Comply with all applicable international, federal, state, provincial, and local laws and regulations.
- Maintain accurate books and business records.
- Cooperate fully during compliance reviews or audits requested by XNRGY.

Anti-Bribery & Anti-Corruption

XNRGY has a zero-tolerance policy for bribery or corruption. Suppliers shall not:

- Offer or accept bribes
- Offer or provide kickbacks
- Make improper facilitation payments
- Offer excessive gifts or entertainment
- Influence business decisions through improper means

Suppliers must comply with all applicable anti-corruption legislation including, without limitation,

the U.S. Foreign Corrupt Practices Act (FCPA) and the Canadian Corruption of Foreign Public Officials Act (CFPOA).

Conflicts of Interest

Suppliers shall avoid conflicts of interest and promptly disclose any actual or perceived conflicts involving XNRGY employees or representatives.

Fair Competition

Suppliers shall compete fairly and comply with applicable antitrust and competition laws.
Price fixing, bid rigging, market allocation, or sharing confidential competitor information is strictly prohibited.

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2. Human Rights & Labor Practices

XNRGY supports internationally recognized human rights and expects Suppliers to uphold the same principles.

Child Labor

Suppliers shall not employ individuals below the legal minimum working age established by applicable law or International Labour Organization (ILO) standards.

Forced Labor

Suppliers shall not use:

- Forced labor
- Bonded labor
- Prison labor
- Human trafficking
- Indentured labor
- Slave labor

Employees shall be free to leave employment after reasonable notice and shall not surrender passports or identity documents as a condition of employment.

Non-Discrimination

Employment decisions shall be based on qualifications, performance, and ability. Discrimination based on race, color, religion, age, gender, gender identity, sexual orientation, national origin, disability, veteran status, marital status, or any legally protected characteristic is prohibited.

Harassment

Suppliers shall maintain workplaces free from:

- Harassment
- Violence

- Intimidation
- Abuse
- Threats
- Sexual harassment
- Retaliation

Fair Compensation

Employees shall receive wages, overtime compensation, and benefits that meet or exceed all applicable legal requirements.

Working Hours

Working hours shall comply with all applicable labor laws. Suppliers should promote healthy work-life balance and adequate rest periods.

Freedom of Association

Where permitted by law, employees shall have the right to organize, bargain collectively, and communicate openly with management without fear of retaliation.

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3. Health & Safety

Suppliers shall provide a safe and healthy workplace. Health and safety programs shall comply with all applicable law and regulation and include:

- Hazard identification
- Injury prevention
- Emergency preparedness
- Machine guarding
- PPE requirements
- Safety training
- Incident reporting
- Corrective actions

If housing is provided for employees, it shall be clean, safe, and compliant with applicable regulations.

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4. Environmental Responsibility

XNRGY is committed to reducing environmental impact throughout its supply chain. Suppliers shall comply with all environmental laws and regulations, and continually improve environmental performance. Supplier environmental programs should address:

- Pollution prevention
- Energy conservation
- Water conservation
- Waste reduction

- Recycling
- Responsible chemical management
- Air emissions
- Wastewater treatment
- Greenhouse gas reduction

Suppliers are encouraged to maintain certified environmental management systems such as ISO 14001.

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5. Product Compliance

Suppliers shall ensure products supplied to XNRGY comply with all applicable regulations and XNRGY specifications and/or requirements. This includes, without limitation:

- RoHS
- REACH
- TSCA
- PFAS regulations
- California Proposition 65
- Conflict Minerals requirements
- Packaging regulations
- Country of Origin requirements
- ASHRAE

Suppliers shall promptly notify XNRGY of any product compliance issue that may affect supplied materials.

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6. Raw Materials

Raw materials shall be sourced responsibly and ethically. Suppliers shall exercise due diligence regarding the sourcing of:

- Tin
- Tantalum
- Tungsten
- Gold
- Cobalt
- Copper
- Mica
- Other designated high-risk minerals

Suppliers shall maintain policies designed to ensure materials do not finance armed conflict or human rights abuses and shall provide supporting documentation upon request.

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7. Quality Expectations

Suppliers shall maintain quality management systems capable of consistently producing conforming products. Suppliers are expected to:

- Maintain documented quality systems
- Implement corrective action processes
- Conduct root cause analysis
- Notify XNRGY immediately of quality issues
- Support PPAP, APQP, FMEA, Control Plans, MSA and SPC where applicable
- Maintain product traceability
- Support continuous improvement

ISO 9001 (quality management systems) certification is expected where applicable. IATF 16949 or equivalent certifications are encouraged where appropriate.

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8. Supply Chain Security

Suppliers shall maintain appropriate physical and cybersecurity controls to protect XNRGY products and information. Where applicable, Suppliers are encouraged to participate in recognized security programs including:

- C-TPAT
- AEO
- ISO 28000

Suppliers shall protect against theft, counterfeit materials, unauthorized access, and supply chain disruption.

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9. Confidential Information & Intellectual Property

Suppliers shall protect confidential information belonging to XNRGY and its customers.
Confidential information shall only be used for authorized business purposes and safeguarded from unauthorized disclosure. XNRGY and third-party intellectual property rights shall be respected.

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10. Information Security

Suppliers shall implement reasonable cybersecurity controls to protect:

- Business systems
- Intellectual property
- Personal information
- Product data
- Manufacturing information

Suspected or confirmed cybersecurity incidents affecting XNRGY data or confidential information shall be reported immediately.

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11. Continuous Improvement

Suppliers shall strive to continually improve:

- Quality of all deliverables
- Delivery timelines and methodology
- Cost competitiveness
- Sustainability
- Innovation
- Operational excellence
- Supplier development

XNRGY encourages collaboration on Value Analysis / Value Engineering (VA/VE), cost transparency, and continuous improvement initiatives.

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12. Compliance Verification

XNRGY reserves the right to:

- Evaluate Supplier compliance
- Conduct audits
- Request supporting documentation
- Require corrective actions
- Monitor implementation

Failure to comply with this Code may result in:

- Corrective action requests
- Business probation
- Suspension of new business
- Removal from the Approved Supplier List
- Termination of business relationships

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13. Reporting Concerns

Suppliers shall promptly report any actual or suspected violations of this Code, unethical conduct, fraud, corruption, or legal non-compliance. Reports may be submitted confidentially without fear of retaliation to purchasing@xnrgy.com.