

Supplier Compliance Pack

A single-document compilation of Karnot's governance and ethics policies, designed to satisfy multinational supplier-onboarding and accreditation requirements.

Issuing entity	Karnot Energy Solutions Inc.
Registered office	Low Carbon Innovation Centre, Cosmos Street, Nilombot, 2429 Mapandan, Pangasinan, Philippines
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Approved by	Stuart Edmund Cox, Managing Director
Compliance contact	info@karnot.com • +63 75 510 8922

Contents

1.	KES-POL-001	Anti-Bribery & Anti-Corruption Policy
2.	KES-POL-002	Modern Slavery, Human Trafficking & Forced Labour Policy
3.	KES-POL-003	Code of Business Conduct
4.	KES-POL-004	Health, Safety & R290 Refrigerant Handling Policy
5.	KES-POL-005	Environmental Policy
6.	KES-POL-006	Data Privacy Policy
7.	KES-POL-007	Whistleblower & Speak-Up Policy
8.	KES-POL-008	Quality Policy
9.	KES-POL-009	Gifts & Hospitality Policy
10.	KES-POL-010	Conflicts of Interest Policy

How to use this pack. This document compiles 10 written policies adopted by Karnot Energy Solutions Inc. to govern its business conduct, supply chain, environment, health & safety, and data handling. The policies apply to all Karnot personnel, directors, officers, contractors and sub-contractors, and form part of every supply contract entered into by Karnot. Procurement and supplier-accreditation teams may rely on this document in place of completing individual policy questionnaires.

1. Anti-Bribery & Anti-Corruption Policy

Document KES-POL-001 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

Karnot's zero-tolerance commitment against bribery, corruption, and improper inducements — applicable to every Karnot person and every counterparty.

1. Purpose and zero-tolerance commitment

Karnot Energy Solutions Inc. ("Karnot") is committed to conducting its business honestly and with integrity. The Company adopts a zero-tolerance approach to bribery and corruption in any form, whether direct or indirect, and whether involving public officials or private-sector counterparties.

This Policy sets out the standards that all Karnot personnel and counterparties are required to observe. Breach of this Policy is grounds for immediate termination of employment or commercial relationship, and may result in civil and criminal liability for the individuals concerned and for Karnot.

2. Legal framework

This Policy is designed to ensure compliance with, at minimum, the following:

- Republic Act No. 3019 — Anti-Graft and Corrupt Practices Act (Philippines)
- Republic Act No. 6713 — Code of Conduct and Ethical Standards for Public Officials and Employees (Philippines)
- Republic Act No. 9485 — Anti-Red Tape Act of 2007, as amended by RA 11032 (Philippines)
- Republic Act No. 7080 — Plunder Law (Philippines)
- Revised Penal Code, Articles 210–212 — Bribery and Corruption of Public Officers (Philippines)
- UK Bribery Act 2010, including Sections 1, 2, 6 and 7 (corporate failure to prevent bribery)
- US Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1 et seq.
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- United Nations Convention against Corruption (UNCAC), to which the Philippines is a State Party

Where any law applicable to a transaction is stricter than this Policy, the stricter standard governs.

3. Definitions

Bribery means offering, promising, giving, requesting, agreeing to receive or accepting any financial or other advantage with the intention of inducing or rewarding the improper performance of a relevant function or activity.

Corruption means the abuse of entrusted power for private gain, including embezzlement, fraud, extortion, collusion and obstruction of justice.

Facilitation payment (also called a "grease payment") means a small unofficial payment made to secure or expedite a routine government action to which the payer is lawfully entitled. Facilitation payments are **prohibited** under this Policy, irrespective of local custom or perceived norms.

Kickback means a return of a sum already paid or due to be paid, given as a reward for awarding or facilitating business.

Public Official means any officer or employee of any government, government agency, government-owned-or-controlled corporation, regulatory body, state-owned enterprise, public international organisation, or any person acting in an official capacity for or on behalf of any of the above. This explicitly includes employees of PEZA, BOI, DOE, BIR, LGU, SEC, NPC, DENR, DOLE, and equivalent foreign bodies.

4. Prohibited conduct

Karnot personnel and counterparties shall not, whether directly or through a third party, and whether in cash, in kind, or in any other form:

- Offer, give, request or accept any bribe, kickback, facilitation payment, or other improper advantage, to or from any person, Public Official or private party.
- Promise, authorise or condone any of the above on behalf of Karnot or any related entity.
- Use any Karnot funds or assets for any unlawful or improper purpose.
- Make any political donation in the name of, or paid for by, Karnot without the prior written approval of the Managing Director and a recorded resolution of the Board.
- Engage any third party (agent, consultant, distributor, sub-contractor) to do anything that Karnot itself would be prohibited from doing under this Policy.
- Falsify, conceal, omit or alter any record relating to any transaction, payment or receipt, regardless of monetary value.

5. Gifts, hospitality and entertainment

Modest, occasional gifts and hospitality given or received in the ordinary course of business may be acceptable, but only if all of the following conditions are met:

- It is not made with the intent of influencing a business decision improperly.
- It is not solicited by the recipient.
- It complies with applicable local laws, including Section 7(d) of RA 6713 where any Public Official is involved.
- It is given openly, not secretly.
- It is reasonable and proportionate in the circumstances.
- Its value falls within the limits set out in the **Gifts and Hospitality Policy (KES-POL-009)**.
- It is recorded in the Karnot Gifts and Hospitality Register.

Gifts of cash or cash-equivalents (e.g., gift cards, vouchers, securities, cryptocurrency) are prohibited in all circumstances, irrespective of value. Any gift, however small, to or from a Public Official requires advance written approval of the Compliance Officer.

6. Third parties and due diligence

Karnot can be held liable under Section 7 of the UK Bribery Act 2010 and equivalent provisions for the actions of any person performing services for or on behalf of Karnot. Before engaging any agent, consultant, distributor, sub-contractor or introducer, the Compliance Officer must satisfy themselves that the third party:

- Has a legitimate business purpose for engagement and the experience to perform the work.
- Has been subject to risk-based due diligence proportionate to the nature, value and jurisdiction of the engagement.
- Has been informed of, and contractually bound to, this Policy through the Karnot **Compliance Acknowledgement (KES-ACK-001)** or equivalent.
- Will be paid only against documented services rendered, at fair market rates, into a bank account in the name of the contracting party.

7. Books, records and internal controls

Karnot maintains accurate books, records and accounts that fairly reflect its transactions, in accordance with Philippine Financial Reporting Standards and the books-and-records provisions of the US FCPA and the UK Bribery Act 2010. No undisclosed or unrecorded fund, account or asset shall be established for any purpose. No false, misleading or artificial entry shall be made for any reason.

8. Reporting concerns

Any actual or suspected breach of this Policy must be reported promptly. Reports may be made — in confidence and, if desired, anonymously — to:

Compliance Officer — Karnot Energy Solutions Inc.

info@karnot.com • +63 75 510 8922

All reports are handled under the Whistleblower and Speak-Up Policy (KES-POL-007). Karnot prohibits retaliation against any person who reports a concern in good faith.

9. Training and communication

Every Karnot employee receives this Policy at induction and undertakes refresher training at least annually. Officers, directors and personnel in roles with material bribery-risk exposure (sales, procurement, regulatory affairs) receive enhanced training. This Policy and the Karnot Supplier Compliance Pack are publicly published at karnot.com/governance/.

10. Roles, responsibilities and enforcement

The Managing Director has overall accountability for this Policy. The Compliance Officer is responsible for its day-to-day administration, including investigation of reports, maintenance of registers, training, due diligence, and annual review.

Breach of this Policy by a Karnot employee constitutes serious misconduct and may result in summary dismissal. Breach by a counterparty constitutes a material breach of contract and entitles Karnot to immediate termination without compensation. Karnot reserves the right to refer any breach to the appropriate criminal and regulatory authorities.

2. Modern Slavery, Human Trafficking & Forced Labour Policy

Document KES-POL-002 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

Karnot's commitment to ensure that no part of its business or supply chain involves slavery, servitude, forced or compulsory labour, child labour, or human trafficking — and the practical steps it takes to enforce that commitment.

1. Statement of commitment

Karnot Energy Solutions Inc. ("Karnot") considers slavery, servitude, forced or compulsory labour, child labour, debt bondage and human trafficking to be among the most serious violations of human dignity. Karnot has zero tolerance for any such practice in its own operations or in any tier of its supply chain, and will not knowingly engage with any counterparty that does not share this commitment.

Karnot supports United Nations Sustainable Development Goal 8.7 (eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour by 2025) and pledges to play its part as a Philippines-based industrial company.

2. Legal framework

This Policy is designed to comply with, at minimum, the following:

- Republic Act No. 9208 — Anti-Trafficking in Persons Act of 2003 (Philippines), as expanded by Republic Act No. 10364 (Expanded Anti-Trafficking in Persons Act of 2012) and further amended by Republic Act No. 11862 (2022).
- Republic Act No. 9231 — Special Protection of Children Against Abuse, Exploitation and Discrimination Act, as amended; Philippine Labor Code provisions on minimum working age (Article 139) and prohibition of child labour.
- Republic Act No. 10911 — Anti-Age Discrimination in Employment Act.
- Republic Act No. 11058 — Occupational Safety and Health Standards Act.
- ILO Convention No. 29 (Forced Labour, 1930) and its 2014 Protocol; ILO Convention No. 105 (Abolition of Forced Labour, 1957); ILO Convention No. 138 (Minimum Age, 1973); ILO Convention No. 182 (Worst Forms of Child Labour, 1999) — all ratified by the Philippines.
- UK Modern Slavery Act 2015, particularly Section 54 (Transparency in Supply Chains).
- Australian Modern Slavery Act 2018 and California Transparency in Supply Chains Act.
- United Nations Guiding Principles on Business and Human Rights (the "Ruggie Framework").

3. Definitions

Modern slavery is an umbrella term that encompasses slavery, servitude, forced or compulsory labour and human trafficking.

Forced labour (ILO Convention 29, Art. 2) is all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Human trafficking (RA 10364) is the recruitment, transportation, transfer, harbouring or receipt of persons by means of threat, force, abduction, deception or abuse of power, for the purpose of exploitation — including sexual exploitation, forced labour, slavery, servitude or removal of organs.

Child labour means work that deprives a child of childhood, potential, and dignity, and is harmful to physical and mental development — including any employment of children below the minimum working age permitted by Philippine law (generally 15 years, with restrictions up to 18 years for hazardous work).

Debt bondage means a pledge of personal services as security for a debt, where the reasonably-valued services are not applied toward liquidation of the debt, or where the duration of services is not limited.

4. Prohibited practices

The following practices are prohibited at Karnot and in any tier of Karnot's supply chain. Counterparties shall not, in connection with any work performed for or with Karnot, directly or indirectly:

- Engage in, permit or condone any form of forced, bonded, indentured, prison or involuntary labour.
- Employ any person below the legal minimum age for the work concerned, and in no event below 15 years of age, in line with Philippine law and ILO C138.
- Engage any worker below 18 years of age in hazardous work, in line with Philippine Department of Labor and Employment Order 149-16.
- Restrict the freedom of workers to move, communicate, or leave employment at reasonable notice.
- Retain or take custody of any worker's identity document (passport, government ID, work permit), bank book, or salary, for any reason.
- Charge workers any recruitment, placement, training or processing fee (the "Employer Pays Principle"); reimburse any such fee already paid by the worker to a third party recruiter.
- Use deceptive recruitment practices including misrepresenting wages, contract terms, type of work, working conditions or place of work.
- Subject any worker to inhumane treatment, including corporal punishment, mental or physical coercion, sexual harassment or verbal abuse.
- Require working hours that exceed the maximum permitted by local law; deny statutory rest days, statutory holidays, statutory leave entitlements; or pay below the applicable legal minimum wage.

5. Supply chain due diligence

Karnot's supply chain extends from manufacturing partners to freight forwarders, customs agents, professional services, installation sub-contractors and consumables vendors. The Compliance Officer maintains a risk-based due diligence programme that:

- Identifies and maps Karnot's tier-1 suppliers and the goods or services each provides.
- Assigns each tier-1 supplier a risk rating based on sector, geography, workforce profile and the nature of the goods or services supplied.
- Subjects all higher-risk suppliers to enhanced due diligence including site visit where reasonably practicable, written confirmation of labour practices, and review of independent third-party audits (e.g., SMETA, RBA VAP, BSCI) where available.
- Requires every supplier, sub-contractor and service provider to sign the Karnot **Compliance Acknowledgement (KES-ACK-001)** before any work commences.
- Reviews and refreshes the risk register no less than annually.

6. Recruitment and employment within Karnot

Karnot directly recruits its own employees and does not use third-party labour agencies for substitutive labour. Every Karnot employee:

- Receives a written contract in a language they understand, before commencing work, specifying job, wage, hours, leave entitlements and notice period.
- Is paid no less than the applicable Philippine minimum wage and any statutory wage-board orders for the region in which they work.
- Retains possession of their own identity documents, bank books and personal property at all times.
- Is free to terminate employment with reasonable notice as per their contract and the Labor Code of the Philippines.
- Has access to grievance procedures under the Karnot Code of Business Conduct (KES-POL-003) and the Whistleblower and Speak-Up Policy (KES-POL-007).

7. Sub-contractor installation labour

Karnot's heat-pump installations are typically performed by accredited local sub-contractors. As the principal commissioning Karnot, the Company is responsible for ensuring that sub-contractor labour practices align with this Policy. Sub-contractors must:

- Provide written confirmation of compliance with Philippine labour law and this Policy via the **Compliance Acknowledgement (KES-ACK-001)**.
- Provide proof of valid government-mandated benefits enrolment (SSS, PhilHealth, Pag-IBIG) for all workers deployed to a Karnot site.
- Provide a roster of workers deployed to each Karnot site, including age verification for any worker under 21 years.
- Cooperate with reasonable monitoring and on-site spot-checks by Karnot personnel.

8. Reporting and remediation

Any actual or suspected breach — whether observed within Karnot's own operations or anywhere in its supply chain — must be reported promptly to info@karnot.com. Reports may be made anonymously. Karnot prohibits retaliation against any person who reports a concern in good faith.

Where breach is identified, Karnot will (a) take immediate steps to protect any affected individuals, including coordinating with the appropriate authorities under the Inter-Agency Council Against Trafficking (IACAT) where trafficking is suspected; (b) require the counterparty to remediate within an agreed timeframe; and (c) terminate the commercial relationship if remediation is refused or impossible.

9. Annual statement and review

Karnot publishes an annual modern-slavery statement, dated and signed by the Managing Director, summarising the steps taken in the preceding financial year to prevent slavery and human trafficking in its business and supply chain. The statement follows the format expected under Section 54 of the UK Modern Slavery Act 2015 even where Karnot does not yet meet the statutory turnover threshold, in order to support customers and investors who are subject to that requirement.

This Policy is reviewed annually by the Managing Director, with the next review due no later than May 2027.

3. Code of Business Conduct

Document KES-POL-003 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

The umbrella ethics framework that governs how Karnot's people and partners conduct themselves — with customers, suppliers, regulators, communities and each other.

1. Purpose

This Code defines the minimum standards of conduct expected of every person who represents Karnot Energy Solutions Inc. ("Karnot"). It complements, and is supplemented by, the specific policies that address bribery, modern slavery, health & safety, environment, data privacy, quality, gifts & hospitality, conflicts of interest, and whistleblower protection — each published in full at karnot.com/governance/.

Where this Code is silent on a particular situation, every Karnot person is expected to apply the same ethical judgement, prioritising honesty, fairness, and the long-term interests of Karnot, its customers, and the communities in which it operates.

2. Underlying frameworks

Karnot subscribes to and seeks to align its conduct with:

- The Ten Principles of the United Nations Global Compact — covering human rights, labour, environment and anti-corruption.
- The Responsible Business Alliance (RBA) Code of Conduct, Version 8.0 — used by many of Karnot's multinational customers as their supply-chain standard.
- The OECD Guidelines for Multinational Enterprises.
- Republic Act No. 11232 — Revised Corporation Code of the Philippines (2019).
- Republic Act No. 8424 and BIR regulations — Philippine tax laws.
- The Securities and Exchange Commission Memorandum Circulars on Corporate Governance applicable to Karnot.

3. Conducting business with integrity

Honesty and accuracy. Karnot personnel will be honest, accurate and complete in all dealings — with customers, suppliers, regulators, shareholders, investors, the press and the public. We do not knowingly make false or misleading statements. We do not omit material information from documents or communications where the omission would create a misleading impression.

Compliance with the law. Karnot personnel must comply with the laws of the Philippines and of every jurisdiction in which Karnot does business. Where a law conflicts with this Code, the stricter standard applies — never the weaker.

Fair dealing. Karnot competes vigorously but fairly. Personnel do not take unfair advantage of any party through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Karnot does not collude with competitors on price, market allocation, customer allocation or any other matter that would constitute anti-competitive conduct under the Philippine Competition Act (RA 10667).

4. Workplace conduct

Equal opportunity. Karnot is committed to equal opportunity in recruitment, compensation, promotion and termination — without regard to race, colour, gender, sexual orientation, gender identity, age, religion, marital status, disability, pregnancy, or political opinion. Karnot complies with Republic Act No. 10911 (Anti-Age Discrimination), Republic Act No. 11313 (Safe Spaces Act), and Republic Act No. 7277 (Magna Carta for Persons with Disabilities).

Harassment-free workplace. Sexual harassment, bullying and any form of intimidation are not tolerated. Reports are handled under the Karnot Whistleblower and Speak-Up Policy (KES-POL-007) and, where applicable, the

procedures required by RA 11313.

Substance abuse. The use, possession, sale or distribution of illegal substances at any Karnot workplace or any customer or supplier site is prohibited. Reporting to work under the influence of alcohol or illegal substances is prohibited. This is non-negotiable for any role involving R290 refrigerant or electrical work, where impairment risks serious injury.

5. Protection of Karnot's assets and information

Company assets. Karnot personnel are stewards of the Company's tangible and intangible assets — cash, equipment, intellectual property, brand, data and time. These assets are to be used for legitimate business purposes only. Personal use of company equipment is permitted only when incidental, reasonable and approved.

Confidential information. In the course of their work, Karnot personnel have access to confidential information about Karnot, its customers, its suppliers, and its investors. This includes technical specifications, pricing, customer data, financial forecasts, investor materials and product roadmaps. Confidential information may not be disclosed outside Karnot except for a legitimate business purpose, and only under a written confidentiality agreement.

Intellectual property. All inventions, designs, code, drawings, calculations, marketing materials and other works of authorship created by a Karnot employee or contractor in the course of their engagement are the property of Karnot, in accordance with Philippine intellectual property law (RA 8293).

6. Customers, suppliers and the public

Customer commitments. Karnot delivers what it promises. Where a specification, schedule or commitment cannot be met, Karnot informs the customer promptly and proposes a remediation plan. Karnot never misrepresents product performance, certifications, refrigerant type, or service capability.

Selection of suppliers. Suppliers are selected on the basis of quality, price, delivery, reliability, ethical conduct and alignment with this Code. Personal relationships and gifts shall play no part in supplier selection — see Conflicts of Interest Policy (KES-POL-010) and Gifts and Hospitality Policy (KES-POL-009).

Community and public engagement. Karnot conducts itself as a responsible member of the Philippine business community. The Company supports the energy transition through its products and operations; it does not make political donations, and it engages with government bodies on matters of public policy openly and through proper channels.

7. Conflicts of interest, gifts and entertainment

Every Karnot person must avoid situations in which their personal, family or financial interests conflict — actually, potentially, or in the perception of a reasonable observer — with the interests of Karnot. Detailed rules on conflicts, outside engagements, family relationships with counterparties, investment holdings, gifts, hospitality and entertainment are set out in:

- Conflicts of Interest Policy — KES-POL-010
- Gifts and Hospitality Policy — KES-POL-009
- Anti-Bribery & Anti-Corruption Policy — KES-POL-001

8. Reporting concerns and non-retaliation

Every Karnot person has both a right and a duty to raise concerns about conduct they reasonably believe may breach this Code or any underlying policy or law. Reports may be made to a line manager, the Compliance Officer (info@karnot.com), or directly to the Managing Director. Reports may be made anonymously.

Karnot strictly prohibits retaliation against any person who, in good faith, raises a concern under this Code. Acts of retaliation are themselves a serious breach of this Code and will be investigated under the Whistleblower and Speak-Up Policy (KES-POL-007).

9. Consequences of breach

Breach of this Code by an employee may result in disciplinary action up to and including dismissal for cause under the Labor Code of the Philippines. Breach by a counterparty constitutes a material breach of contract and may result in termination of the commercial relationship. Where conduct also breaches Philippine or international law, Karnot will cooperate with the appropriate authorities.

10. Review

This Code is reviewed annually by the Managing Director and is supplemented by the topic-specific policies listed in section 7 above. The current version of this Code and all related policies is published at karnot.com/governance/.

4. Health, Safety & R290 Refrigerant Handling Policy

Document KES-POL-004 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

Karnot's commitment to a zero-harm workplace, with specific operational standards for the safe design, transport, installation, commissioning, maintenance and decommissioning of R290 (propane) heat pump systems.

1. Zero-harm commitment

Karnot Energy Solutions Inc. ("Karnot") is committed to a workplace free from preventable injury, illness and refrigerant-related incident. Health and safety is the first priority on every Karnot project, ahead of cost, schedule and any other operational consideration. No commercial pressure justifies cutting a safety corner.

Every person involved in a Karnot project — Karnot personnel, sub-contractors, customer staff working alongside our equipment, and visitors — has both the right and the duty to stop work where they believe an unsafe condition exists. No one will be penalised for exercising that right in good faith.

2. Legal and standards framework

This Policy is designed to comply with, at minimum, the following Philippine laws and international standards:

- Republic Act No. 11058 — Occupational Safety and Health Standards Act (2018).
- DOLE Department Order No. 198-18 — Implementing Rules and Regulations of RA 11058.
- Republic Act No. 9514 — Fire Code of the Philippines (2008), and BFP IRR.
- Philippine Electrical Code, 2017 Edition (PEC).
- Republic Act No. 6541, as amended by RA 6541 / National Building Code IRR.
- Republic Act No. 8749 — Clean Air Act (refrigerant containment and venting).
- IEC 60335-2-40 — Particular requirements for electric heat pumps, including A3 flammable refrigerant provisions (the controlling international standard for R290 heat pumps).
- ISO 5149-1:2014 — Refrigerating systems and heat pumps: safety and environmental requirements.
- ISO 45001:2018 — Occupational Health and Safety Management Systems (the framework Karnot operates to).
- ASHRAE Standard 15 — Safety Standard for Refrigeration Systems.
- EN 378 — Refrigerating systems and heat pumps: safety and environmental requirements (used by Karnot for design and risk assessment alignment).

3. Karnot OSH management system

Karnot operates a health-and-safety management system aligned with ISO 45001. Its core elements are:

- **OSH Committee** — chaired by the Managing Director with representation from field service, where required by RA 11058 §13 once staff thresholds are reached.
- **Designated Safety Officer (DSO)** — RA 11058-qualified, responsible for training, incident investigation, drills and reporting.
- **Site-specific Job Hazard Analyses (JHA)** — completed for every installation, commissioning or service visit and signed off by the on-site supervisor before work commences.
- **Hierarchy of controls** — Eliminate → Substitute → Engineer → Administer → PPE, applied in that order for every identified hazard.
- **Incident reporting** — every accident, near-miss and dangerous occurrence is reported within 24 hours via the channel set out in section 9.
- **Annual review** — the OSH programme, the policy, the registers, and the training matrix are reviewed at least annually by the Managing Director.

4. R290 (propane) refrigerant — design and product

R290 is propane (C₃H₈). It is a natural refrigerant with very low Global Warming Potential (GWP = 3) and zero Ozone Depletion Potential, but it is classified as **A3 — higher flammability** by ISO 817 and ASHRAE 34. Karnot's R290 products are designed and built to control this flammability risk in accordance with IEC 60335-2-40 and ISO 5149.

- **Charge limits.** Each Karnot iHEAT R290 unit is charged within the maximum permissible refrigerant charge for its room volume and installation class under IEC 60335-2-40 Annex GG, with safety margins as required by the standard. Unit nameplates record the as-built charge.
- **Hermetic refrigerant circuit.** Charge resides entirely within a factory-sealed hermetic circuit. Field charging is not performed by Karnot field service except in expressly-permitted top-up scenarios with the correct equipment and qualified personnel.
- **Outdoor / well-ventilated installation by default.** Karnot's standard installation guidance places units outdoors or in mechanically-ventilated plant rooms with the air-side condenser exhausting away from ignition sources. Installations falling outside this guidance require a written derogation from the Karnot engineering team after a refrigerant leak risk assessment.
- **Ignition source control.** No naked flame, smoking, hot work, electrical switching outside the unit's certified protected zones, or other ignition source is permitted within the refrigerant-restriction zone defined for each installation.
- **Leak detection.** Permanent installations in indoor/enclosed plant rooms are equipped with a fixed LEL gas detector wired to alarm and ventilation override. Karnot field service uses portable propane sniffers calibrated annually on every service visit.
- **Marking and documentation.** All Karnot R290 products carry the IEC 60335-2-40 warning label, the refrigerant charge nameplate, and a refrigerant-handling card describing emergency procedures.

5. Personnel competence and training

Every person who installs, services or decommissions a Karnot R290 product must hold valid certification appropriate to the work:

- **Refrigeration competence.** TESDA Refrigeration and Air-Conditioning Servicing NC II or NC III, or international equivalent (City & Guilds 2079, F-Gas Cat I-IV for those returning from overseas).
- **R290 specific competence.** Documented training on A3 refrigerant handling, either through a Karnot in-house course or an accredited third-party programme.
- **Electrical competence.** PRC-licensed Master Electrician or Registered Electrical Engineer for any work involving installation or modification of fixed wiring.
- **Working at height.** Where work is performed above 1.8 m, TESDA Working at Heights competency or equivalent.
- **First-aid and CPR.** At least one currently certified first-aider on every Karnot install or service team deployed to site.
- **Annual refresher.** Every Karnot field-service person undertakes an annual OSH refresher covering: emergency response, refrigerant leak protocols, fire extinguisher use, electrical lockout/tagout, manual handling, and incident reporting.

6. Personal Protective Equipment (PPE)

Karnot provides, and requires its personnel and sub-contractors to use, PPE appropriate to each task. As a minimum, every site team deploys with:

- Safety boots conforming to PNS ISO 20345 (or equivalent EN ISO 20345 S3).
- Cut-resistant gloves for sheet-metal and copper-tube work.
- Safety glasses or face shield for brazing, cutting and chemical handling.
- Hard hat for work under any overhead operation.
- Hi-vis vest for work in any trafficked area.

- For R290 leak response: anti-static, non-spark hand tools and ATEX-rated leak detectors as defined in the leak-response procedure.

7. Hot work, electrical work and lockout/tagout

Hot work (brazing, welding, grinding) on or within 3 m of any R290 system or its associated piping is permitted only with a written Hot Work Permit signed by the Karnot site supervisor, with the system isolated, depressurised, purged with inert gas (typically OFN), and confirmed gas-free with a calibrated detector.

Electrical work on Karnot equipment requires lockout/tagout of the unit's supply isolator. Live-line work is not permitted under any circumstance.

8. Customer-site and PEZA-zone safety

Most Karnot deployments are inside PEZA-registered industrial estates or other controlled-access facilities. Karnot personnel and sub-contractors must:

- Hold valid PEZA work permits and gate passes prior to arrival on site.
- Comply fully with the customer's site-specific safety induction, PPE rules, permit-to-work systems, traffic rules and emergency procedures — without exception.
- Conduct a site-specific Take 5 / pre-task hazard review at the start of each shift, signed by the on-site supervisor.
- Stop work and consult the customer's site safety officer immediately upon any unsafe condition or any near-miss event.

9. Incident reporting and emergency response

Every accident, near-miss and dangerous occurrence — irrespective of severity — must be reported to the Karnot Compliance Officer within 24 hours, by email to info@karnot.com and by phone to the on-call number. Serious incidents (fatality, lost-time injury, fire, refrigerant release > 100 g) trigger DOLE-RA-11058 and BFP reporting obligations and must be reported the same day.

Emergency response procedures for each Karnot product are documented in the product handover pack. The default for a suspected propane release is: **(1) isolate ignition sources; (2) ventilate; (3) evacuate the affected area to a safe distance; (4) call the customer's emergency response team; (5) notify the Karnot 24-hour service number.**

10. Sub-contractor health and safety

Karnot's installation sub-contractors must be PEZA-accredited service enterprises where the work is performed in a PEZA zone, must hold valid DOLE OSH compliance certificates, must employ DSOs as required by RA 11058, and must sign the Karnot Compliance Acknowledgement (KES-ACK-001) before any work commences. Karnot retains the right to audit sub-contractor safety performance and to terminate the engagement for material safety breach.

11. Records and review

Karnot maintains the following records, retained for the period required by Philippine law and not less than five (5) years:

- Training records — every certificate, every refresher, every site induction.
- Site JHAs and Hot Work Permits.
- Incident register and investigation reports.
- Refrigerant register — charges, top-ups, reclaims, decommissions.
- PPE issue register.
- Sub-contractor accreditation file.

5. Environmental Policy

Document KES-POL-005 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

Karnot's environmental commitments — covering refrigerant choice, lifecycle carbon, energy efficiency, waste, supplier engagement and disclosure.

1. Environmental commitment

Karnot Energy Solutions Inc. ("Karnot") exists to decarbonise industrial process heating. The Company's product strategy — natural-refrigerant heat pumps in place of fossil-fuel combustion — is itself an environmental statement. This Policy describes the standards by which Karnot intends to be judged across every aspect of its own operations and supply chain.

Karnot commits to: (a) compliance with all applicable environmental laws as a floor, not a ceiling; (b) prevention of pollution at source; (c) continual improvement in environmental performance, measured against publicly-stated objectives; and (d) transparent disclosure to customers, investors, regulators and the public.

2. Legal and standards framework

This Policy is designed to comply with, at minimum:

- Republic Act No. 8749 — Philippine Clean Air Act of 1999, and DENR-EMB implementing regulations.
- Republic Act No. 9275 — Philippine Clean Water Act of 2004.
- Republic Act No. 9003 — Ecological Solid Waste Management Act of 2000.
- Republic Act No. 6969 — Toxic Substances, and Hazardous and Nuclear Wastes Control Act of 1990.
- Republic Act No. 11285 — Energy Efficiency and Conservation Act of 2019, and designated establishment reporting where applicable.
- Presidential Decree No. 1586 — Environmental Impact Statement System.
- DENR Administrative Order 2013-22 (Hazardous Waste Management) and DENR Memorandum Circular 2008-04 (CFC Phase-out).
- Montreal Protocol on Substances that Deplete the Ozone Layer, and the 2016 Kigali Amendment phasing down HFC refrigerants — to which the Philippines has acceded.
- ISO 14001:2015 — Environmental Management Systems (the framework Karnot operates to).
- ISO 14064 — Greenhouse gas accounting (used for Karnot's carbon disclosure).
- EU Regulation 517/2014 (the EU F-Gas Regulation), referenced for technical alignment where Karnot products are exported.

3. Refrigerant policy — natural first

Refrigerant choice is the largest single environmental decision a heat-pump company makes. Karnot designs and supplies products that use exclusively natural refrigerants:

- **R290 (propane)** — GWP 3, ODP 0. Karnot's principal refrigerant for water-heating heat pumps.
- **R744 (CO₂, transcritical)** — GWP 1, ODP 0. Karnot's principal refrigerant for refrigeration and the iCOOL product line.
- **R32 (difluoromethane)** — GWP 675, ODP 0. Used selectively for pool heat-pump applications (iSPA) where R290 charge limits are impractical. Karnot's roadmap transitions iSPA to R290 once IEC 60335-2-40 charge-limit amendments permit.

Karnot does not supply or service equipment that uses ozone-depleting refrigerants (CFC, HCFC) or high-GWP HFCs (R404A, R134a, R410A, R407C). The Company refuses commercial opportunities that would require it to do so, even where the regulatory phase-out date has not yet passed.

4. Lifecycle carbon and product disclosure

Karnot calculates and publishes the lifecycle climate impact of its products on a Total Equivalent Warming Impact (TEWI) basis, capturing both direct (refrigerant leakage and end-of-life) and indirect (electricity consumed over lifetime) emissions. The Company commits to:

- Publish per-model TEWI figures with the published datasheet, refreshed when grid carbon intensities are updated.
- Compute customer-project CO₂ savings using transparent methodology and current Philippine grid emission factors (DOE official figures), with explicit disclosure of assumptions in every quotation and engineering report.
- Cooperate with customers' Scope 3 carbon accounting by providing audited product-level emissions data on request.

5. Own-operations environmental management

In its own offices, workshops and field operations Karnot will:

- Measure and report annual Scope 1 and Scope 2 greenhouse-gas emissions using ISO 14064-1.
- Source renewable electricity for the Karnot Low Carbon Innovation Centre where and as it becomes commercially available from the local distribution utility.
- Segregate waste at source under RA 9003 and dispose of hazardous waste (used oil, filters, refrigerant) only through DENR-EMB-accredited TSD facilities.
- Recover and reclaim refrigerant from any system being decommissioned or serviced; no venting to atmosphere is permitted under any circumstance.
- Maintain a Refrigerant Register tracking all charges, top-ups, recoveries and destructions, in accordance with the Montreal Protocol implementation rules of the Philippines.
- Minimise paper, business travel, single-use plastic and other office-level impacts through documented procedures.

6. Energy efficiency in design and operation

Karnot products are sized, specified and commissioned to deliver the COP and efficiency claimed in the published datasheet under the published conditions. Field-measured COP is a deliverable on every commissioning. Where field COP deviates from design by more than 10%, Karnot will at its own cost investigate, remediate and re-test, before final acceptance.

7. Supply chain environmental requirements

Every supplier of a Karnot bill-of-materials component must, as a minimum:

- Comply with all applicable environmental laws of the jurisdiction(s) in which it operates.
- Avoid restricted substances under EU RoHS 2 (Directive 2011/65/EU) and REACH (Regulation 1907/2006) for any component supplied to a Karnot product intended for export.
- Confirm that no component contains intentionally-added asbestos, mercury, lead above PEC thresholds, or PFAS substances on the EU Candidate List, and that wood products are sourced from controlled-legal-origin or FSC-certified sources.
- Cooperate with Karnot's reasonable requests for environmental data and audit, including site visit where the contract value warrants it.

8. Customer and community engagement

Karnot actively engages with customers on environmental matters: every customer engagement begins with an emissions baseline (existing fuel-based system) and ends with a documented emissions outcome (heat-pump operating data). The Company encourages customers to make those outcomes public, and contributes to their sustainability reports under standard NDAs.

Where Karnot installations are in or adjacent to communities, the Company designs to minimise noise, visual impact and refrigerant-risk to bystanders, in line with Section 4 of this Policy.

9. Reporting concerns

Any actual or suspected breach of this Policy — including refrigerant venting, improper waste disposal, or non-compliance with environmental permits — must be reported to info@karnot.com without delay. Reports may be made anonymously under the Whistleblower and Speak-Up Policy (KES-POL-007).

10. Review and disclosure

This Policy is reviewed annually. Karnot publishes an annual environmental performance summary covering Scope 1 and Scope 2 emissions, refrigerant register movements, waste streams and significant environmental incidents, on its website alongside this Policy.

6. Data Privacy Policy

Document KES-POL-006 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

How Karnot collects, uses, stores, transfers and disposes of personal data — the rights of data subjects, the safeguards in place, and the channels for exercising those rights.

1. Karnot's commitment to privacy

Karnot Energy Solutions Inc. ("Karnot") respects the right to privacy of every individual whose personal data it processes. The Company collects only the personal data necessary to do business, uses that data only for the purposes for which it was collected (or compatible purposes lawfully disclosed), keeps it secure, and disposes of it when it is no longer needed.

This Policy is the **corporate operating standard** used for supplier audits, B2B accreditation and ESG questionnaires. The public-facing Privacy Notice for website visitors and customers — covering cookies, contact-form data and the exercise of individual rights in plain English — is published separately at karnot.com/privacy. Both documents share the same Data Protection Officer, the same named processors, and the same retention schedule.

This Policy explains how Karnot meets those commitments in practice, and how data subjects can exercise their statutory rights.

2. Legal framework

This Policy is designed to comply with:

- Republic Act No. 10173 — Data Privacy Act of 2012 (Philippines), and its Implementing Rules and Regulations, together with all relevant National Privacy Commission (NPC) Circulars and Advisory Opinions.
- Regulation (EU) 2016/679 — General Data Protection Regulation (GDPR), where Karnot processes data of EU/EEA-based individuals or operates as a processor for EU-based controllers.
- UK GDPR and the Data Protection Act 2018 for UK-based individuals.
- Other applicable national data-protection laws of jurisdictions in which Karnot does business.

3. Definitions

Personal data means any information that identifies, or could reasonably be used to identify, a natural person — including name, address, email, phone number, employment details, government-issued identifiers, financial information, and online identifiers such as IP address and cookie IDs.

Sensitive personal data (RA 10173 §3(I)) includes data about race, ethnic origin, marital status, age, colour, religious, philosophical or political affiliations, health, education, genetic or sexual life, government-issued identifiers, and details of any offence.

Data subject is the natural person to whom the personal data refers.

Processing includes any operation performed on personal data — collection, recording, storage, retrieval, use, disclosure, alignment, restriction, erasure and destruction.

4. Categories of personal data Karnot processes

Karnot processes personal data in the following categories:

- **Employees and applicants** — name, contact details, government identifiers (TIN, SSS, PhilHealth, Pag-IBIG), CV/resume, payroll, performance, training records.
- **Customers and prospects** — contact name, business email and phone, company affiliation, role, project requirements, technical site data submitted through calculators and forms.
- **Suppliers and contractors** — business contact details and bank details necessary to engage and pay them.
- **Investors** — name, email, contact details, KYC data where required, investor classification, holdings.

- **Website visitors** — IP address, browser type, pages viewed, referrer, submitted form data; cookie identifiers used for essential and analytics purposes as set out in the cookie notice on karnot.com.

5. Lawful basis for processing

Karnot relies on one of the lawful bases listed in RA 10173 §12-13 (and, where relevant, GDPR Article 6) for each category of processing:

- **Consent** — for marketing communications, the investor hub, and optional analytics cookies.
- **Performance of a contract** — for processing required to deliver products, services, employment and payment obligations.
- **Legal obligation** — for tax, payroll, occupational safety, AML/KYC and other statutorily-required record keeping.
- **Legitimate interest** — for security logging, fraud prevention, B2B contact for existing customers and prospects, and improvement of the Karnot website and products. Where Karnot relies on legitimate interest, it documents the balancing test in writing.
- **Vital interest** — for emergency response involving an identified individual at a Karnot site.

6. Data subject rights

Every data subject has the following rights, exercisable free of charge except where requests are manifestly unfounded or excessive:

- **Right to be informed** — about the existence, nature and purpose of processing (this Policy and the privacy notice published at karnot.com/privacy).
- **Right of access** — to obtain a copy of personal data held about them.
- **Right to rectification** — to correct inaccurate or incomplete data.
- **Right to erasure** — to have data erased where no overriding legal basis or legitimate interest requires Karnot to retain it.
- **Right to object** — to processing based on legitimate interest, and to direct marketing in all cases.
- **Right to data portability** — to receive personal data in a structured, commonly-used and machine-readable format and to transmit it to another controller.
- **Right to damages** — under RA 10173 §16(f) for processing in violation of the Act.
- **Right to lodge a complaint** — with the National Privacy Commission (privacy.gov.ph) or the supervisory authority in the data subject's home jurisdiction.

To exercise any of these rights, contact the Karnot Data Protection Officer at info@karnot.com. Karnot will acknowledge requests within 5 working days and respond substantively within 30 days, in line with NPC Circular 16-01 and GDPR Article 12.

7. Data sharing and cross-border transfers

Karnot uses a limited number of trusted processors to operate its business. Where personal data is transferred outside the Philippines, Karnot relies on appropriate safeguards (standard contractual clauses, adequacy decisions where available, or the data subject's explicit consent). The current principal processors are:

- **Cloudflare, Inc.** — website hosting, content delivery, security and Worker logic; data processed in distributed global locations under Cloudflare's published data-protection terms.
- **Google LLC (Firebase / Firestore)** — Karnot CRM database and authentication; data hosted in regions to be confirmed for each environment; standard contractual clauses in place.
- **Sendinblue SA (Brevo)** — transactional and marketing email; EU-based processor; processing under its standard data-processor agreement.
- **Netlify, Inc.** — hosting of the Karnot CRM application.

8. Retention

Karnot retains personal data only for as long as it is needed for the purposes for which it was collected, and for any further period required by law. Specific retention periods include:

- Employee records — for the duration of employment plus the period required by Philippine labour, tax and SSS regulations (typically 10 years after separation).
- Customer engagement records — for the duration of the engagement plus 10 years, in line with BIR retention requirements for accounting books.
- Marketing contact records — until the contact unsubscribes, or 24 months after the last interaction, whichever is sooner.
- Investor records — for the duration of the holding plus 10 years.
- Website logs — 12 months.

9. Security measures

Karnot implements technical and organisational measures to protect personal data:

- Encryption in transit (TLS 1.2+) for all data flowing over public networks; encryption at rest for stored data in cloud processors.
- Role-based access control with the principle of least privilege; periodic access review.
- Multi-factor authentication on all administrative and email accounts.
- Code-level secrets stored as Cloudflare Worker secrets and Firebase configuration; never in repository or document.
- Documented incident-response procedure with mandatory 72-hour breach notification to the NPC and affected data subjects, in line with NPC Circular 16-03 (and GDPR Article 33 where applicable).

10. Data Protection Officer

Karnot has designated a Data Protection Officer under RA 10173 §11 and NPC Advisory 17-01. The current DPO is:

Stuart Edmund Cox — Managing Director and Data Protection Officer
Karnot Energy Solutions Inc.
info@karnot.com • +63 75 510 8922

All data-subject requests, breach notifications and privacy concerns should be directed to the above contact.

11. Review

This Policy is reviewed annually and on any material change to Karnot's processing activities, to the processors used, or to the legal framework. The current published version takes precedence over any earlier draft or copy.

7. Whistleblower & Speak-Up Policy

Document KES-POL-007 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

How to raise a concern in good faith — through which channels, with what protection, and the process Karnot will follow to investigate and respond.

1. Purpose and principles

Karnot Energy Solutions Inc. ("Karnot") relies on the integrity of its people and its partners to operate ethically. When something goes wrong, the earliest and best signal almost always comes from somebody close to the issue. This Policy provides safe, confidential channels for raising concerns, and commits Karnot to act on them.

- **Confidentiality** — the identity of any person reporting a concern in good faith will be kept confidential to the maximum extent compatible with the conduct of a fair investigation.
- **Anonymity** — reports may be made anonymously. Karnot will investigate anonymous reports with the same seriousness as identified reports.
- **Good faith** — protection applies to any report made honestly and in good faith, irrespective of whether the concern proves substantiated.
- **Non-retaliation** — Karnot prohibits any retaliation — including dismissal, demotion, harassment, exclusion, or commercial sanction — against any person who reports a concern in good faith. Retaliation is itself a serious breach of this Policy.
- **Timeliness** — every report will be acknowledged within 5 working days and a substantive response provided within 30 days, unless an investigation requires longer (in which case interim updates will be given).

2. What concerns are covered

This Policy covers any concern about conduct that may involve:

- Bribery, corruption, kickbacks or facilitation payments (KES-POL-001).
- Modern slavery, forced labour, human trafficking or child labour anywhere in Karnot's supply chain (KES-POL-002).
- Conduct contrary to the Code of Business Conduct (KES-POL-003), including harassment, discrimination, or unfair treatment.
- Health, safety or refrigerant-handling failures (KES-POL-004).
- Environmental violations including refrigerant venting or improper waste disposal (KES-POL-005).
- Mishandling of personal data or a personal-data breach (KES-POL-006).
- Quality failures concealed or misrepresented (KES-POL-008).
- Conflicts of interest, undisclosed gifts, or breaches of gifts limits (KES-POL-009 / KES-POL-010).
- Fraud, theft, embezzlement, or misuse of company assets.
- Any other breach of Karnot policy, contractual obligation or applicable law.

3. How to raise a concern

Concerns may be raised through any of the following channels:

Email: info@karnot.com

Phone: +63 75 510 8922 (ask for the Compliance Officer)

Postal mail: Marked **CONFIDENTIAL** — Compliance, Karnot Energy Solutions Inc., Low Carbon Innovation Centre, Cosmos Street, Nilombot, 2429 Mapandan, Pangasinan, Philippines

Direct to MD: stuart.cox@karnot.com — where the concern relates to the Compliance Officer or where the reporter prefers escalation.

Direct to NPC / DOLE / SEC / BIR / IACAT / DENR-EMB: where the concern involves a serious legal violation, the reporter may bypass Karnot entirely and report to the appropriate Philippine regulator.

4. What to include in a report

To enable Karnot to investigate effectively, reports should include — where the reporter is able and willing — the following:

- What conduct is alleged to have occurred.
- Who is involved (and who else may have witnessed it).
- When and where the conduct occurred.
- Any supporting documents, photographs, recordings or messages.
- Whether the reporter wishes to remain anonymous and, if not, the best way to communicate further.

5. Investigation process

Each report follows a documented process:

- **Acknowledgement** within 5 working days (unless anonymous and no return channel is provided).
- **Triage** by the Compliance Officer — categorisation, conflict-of-interest check, decision on investigation lead. Where the Compliance Officer is named in the report, the report is escalated to the Managing Director or, if also implicated, to a senior independent person identified by the Board.
- **Investigation** — fact-finding, interviews, document review. The investigator may be internal or external; in either case must be independent of the conduct alleged.
- **Findings** — written report of facts, conclusion and recommended action.
- **Action** — disciplinary action, contractual action, regulatory notification, remedy, or closure, as appropriate.
- **Feedback** — outcome communicated to the reporter (subject to confidentiality and legal constraints).
- **Records** — every report and its investigation is recorded in a confidential register maintained by the Compliance Officer.

6. Protection from retaliation

Karnot will treat as a separate serious matter any act of retaliation, victimisation, harassment or commercial sanction against a person who has, in good faith, raised a concern. Where retaliation is established, the perpetrator will be subject to disciplinary action up to and including dismissal; counterparties found to have retaliated are subject to immediate contract termination.

This protection extends to: the reporter themselves; any witness who participates in the investigation; any person who supports the reporter; and any person reasonably perceived to have done any of the above.

Protection is forfeited only where it is established that the original report was made in bad faith — i.e., knowingly false, malicious, or for personal gain.

7. Reports that prove unsubstantiated

Where investigation does not substantiate a concern, the report is closed and filed. No adverse consequence follows for the reporter, the subject of the report, or any witness — unless evidence of bad-faith reporting emerges, in which case section 6 applies in reverse.

8. Review and disclosure

The Compliance Officer reports annually to the Managing Director on the operation of this Policy: number of reports received, categories, time-to-close, and any systemic issues identified. Karnot will publish an aggregate summary (without identifying details) in its annual transparency disclosure on the governance page at karnot.com/governance/.

8. Quality Policy

Document KES-POL-008 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

Karnot's commitment to deliver heat-pump products and services that meet or exceed customer specification, regulatory requirements, and the published datasheet — verified by measurement, not assertion.

1. Quality commitment

Karnot Energy Solutions Inc. ("Karnot") commits to deliver every product and service such that the customer's contractual requirements are met or exceeded; the published Karnot datasheet, COP and capacity claims are met or exceeded under the published conditions; and applicable regulatory and standards requirements are met without exception.

Karnot operates a quality management system aligned with ISO 9001:2015 — formal certification is on the Karnot roadmap and will be obtained when commercial volumes and audit cost are justified.

2. Framework

Karnot's quality approach is built on the seven ISO 9001:2015 principles:

- **Customer focus** — every project starts with a documented capture of customer requirements and operating conditions, reviewed against equipment capability at quote stage.
- **Leadership** — the Managing Director chairs quality review and personally signs off the closing FAT acceptance for every Karnot product line.
- **Engagement of people** — every Karnot service technician is trained, certified and held accountable for the quality of their workmanship.
- **Process approach** — design, manufacture, shipping, installation, commissioning and service each follow a documented process with defined inputs, outputs and acceptance criteria.
- **Improvement** — non-conformance, customer complaint and warranty claim data is reviewed quarterly and feeds back into design, procurement and service.
- **Evidence-based decision making** — claims about product performance are supported by measurement, not assumption; Karnot maintains test data on every unit shipped.
- **Relationship management** — quality is a joint commitment with manufacturing partners, sub-contractors and customers; Karnot does not blame upstream for issues the customer experiences.

3. Factory Acceptance Testing (FAT)

Every Karnot product is subject to FAT before shipment. As a minimum, each unit is tested for:

- Refrigerant leak — pressure decay test at design pressure, held for the duration specified by the test plan.
- Electrical safety — insulation resistance, earth continuity, dielectric strength.
- Functional cycle — compressor start, condenser fan operation, evaporator operation, control logic, all sensors reading plausible values.
- Capacity and COP — measured at one or more rating points, recorded against the datasheet expectation with tolerance per IEC 60335-2-40 / EN 14511.
- Visual and dimensional — to drawing and pack-out specification.
- Refrigerant charge — by mass, within the design tolerance.

4. Commissioning and customer acceptance

Karnot commissioning is a delivered output, not a transfer of risk. The commissioning report is signed by both Karnot and the customer and includes:

- Verification of installation against the issued installation drawing, including electrical, water-side, condensate and clearances.

- Refrigerant circuit pressure and leak check post-installation.
- Cold-start sequence and first-run data capture (compressor inrush, time-to-set-point, controls behaviour).
- Field measurement of COP at one or more representative duty points, compared to the design expectation.
- Sensor calibration check and data-logger configuration confirmation.
- Customer operator briefing and handover of the operations & maintenance pack.

If field-measured COP at any rating point is more than 10% below the datasheet expectation under the equivalent test conditions, the unit is not accepted. Karnot will at its own cost investigate, remediate and re-test until the criterion is met. The customer's payment milestone is not triggered until acceptance is signed.

5. Non-conformance, complaints and warranty

Any non-conformance — internal (FAT failure, installation defect, commissioning shortfall) or external (customer complaint, warranty claim) — is logged in the Karnot Quality Register and investigated to documented root cause. Material issues trigger:

- Containment — immediate action to stop the issue affecting any other unit, installation or customer.
- Root-cause analysis — typically a 5-whys or fishbone, conducted by the engineering team and reviewed by the MD.
- Corrective action — change to design, manufacturing instruction, service procedure, or training as required.
- Verification — confirmation that the corrective action has resolved the issue, without introducing new ones.
- Customer communication — where the issue affects equipment already deployed, proactive notification to the affected customer(s).

6. Supplier and sub-contractor quality

Karnot is responsible to the customer for the quality of its full supply chain. Manufacturing partners are selected on the basis of demonstrated quality system and audit history. Installation sub-contractors operate under Karnot's commissioning checklist and to Karnot's acceptance criteria. Karnot reserves the right to spot-check, audit or visit any tier of the supply chain at any stage in the process.

7. Records and traceability

Every Karnot unit is identified by a unique serial number that links to its FAT record, refrigerant charge, electrical test data, shipping documentation, installation drawing, commissioning report and subsequent service history. Records are retained for a minimum of 10 years from date of shipment.

8. Review and continual improvement

Quality performance is reviewed quarterly by the Managing Director against a small set of indicators: FAT first-pass yield, on-time delivery, commissioning first-pass acceptance, warranty cost as % of revenue, and customer complaints closed within target. This Policy is reviewed annually.

9. Gifts & Hospitality Policy

Document KES-POL-009 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

The monetary limits, approval requirements and register rules that govern any gift, hospitality or entertainment given or received in the course of Karnot business.

1. Purpose

Modest, occasional gifts and hospitality can be a normal part of doing business. Excessive or inappropriate gifts and hospitality can compromise judgement, create an obligation, give the appearance of corruption, or constitute actual bribery. This Policy sets clear limits and procedures to keep Karnot the right side of that line in every case.

This Policy operationalises the Anti-Bribery and Anti-Corruption Policy (KES-POL-001), to which it is subordinate. Where this Policy is silent or ambiguous, KES-POL-001 governs.

2. General principles

A gift or hospitality is acceptable to give or receive only if *all* of the following are true:

- It is not intended, and would not reasonably be perceived as intended, to influence a business decision improperly.
- It is not solicited by the recipient.
- It is given or received openly — not concealed, and not at a time or in a place designed to avoid scrutiny.
- It is reasonable and proportionate in the circumstances (relationship, role, country, frequency).
- It complies with the law of every jurisdiction involved, including (where any Philippine Public Official is involved) Section 7(d) of RA 6713.
- It falls within the monetary limits set out in section 4 below.
- It is recorded in the Karnot Gifts & Hospitality Register where required by section 5.

3. Always prohibited

The following are prohibited in every circumstance, regardless of value:

- Cash or cash-equivalents in any form — banknotes, cheques, prepaid cards, gift vouchers redeemable in part for cash, gold, securities, cryptocurrency, or transferable loyalty points.
- Any gift or hospitality to or from a Philippine Public Official, or any foreign equivalent, without prior written approval of the Compliance Officer. The default answer is no.
- Any gift or hospitality offered or accepted during a live tender, procurement decision, contract negotiation, audit, inspection or dispute, until that process has been concluded.
- Lavish or extravagant entertainment, including foreign travel paid by a counterparty, golf-day packages, season tickets, and similar.
- Adult entertainment, gambling-venue hospitality, or any setting that would compromise Karnot's reputation if disclosed.
- Gifts to family members of a Karnot person from a counterparty (or vice versa) where the purpose is to circumvent this Policy.

4. Monetary limits (Philippine peso)

The following limits apply to gifts and hospitality given or received by Karnot personnel. "Aggregate per third party per year" includes anything given or received by the same Karnot person from the same counterparty (or its affiliates) in a rolling 12-month period.

- **Single gift / hospitality item ≤ ₱2,500** — no pre-approval required; record in the Register if total annual aggregate may exceed ₱5,000.

- **Single gift / hospitality > ₱2,500 and ≤ ₱10,000** — written approval of line manager required in advance; record in the Register.
- **Single gift / hospitality > ₱10,000** — written approval of the Compliance Officer required in advance; record in the Register.
- **Aggregate per third party per year > ₱25,000** — written approval of the Managing Director required in advance; record in the Register.
- **Any gift or hospitality involving a Public Official** — written approval of the Compliance Officer required regardless of value; the default decision is to decline.

Foreign-currency values are converted to Philippine pesos at the spot rate on the date of the gift or hospitality, using a published rate source (BSP reference rates or equivalent).

5. Gifts & Hospitality Register

The Compliance Officer maintains the Karnot Gifts & Hospitality Register. Each entry records:

- Date of the gift or hospitality.
- Karnot person involved (giver or recipient).
- Counterparty involved and the nature of Karnot's relationship with them.
- Description and estimated value (PHP).
- Whether the item was given or received.
- Whether any approval was required and, if so, who gave it.
- Whether the item was declined, returned, or donated to charity in lieu of acceptance.

6. Declining gifts and hospitality

Where any of the above conditions cannot be met, the offer must be declined. Karnot personnel may use words to the effect of: *"Thank you, but Karnot's policy doesn't allow me to accept that — I'd be happy to share the policy with you if you'd like to see it."*

Where a gift cannot reasonably be declined or returned (for example, an unsolicited package arriving in the mail), the gift is to be transferred to the Compliance Officer who will either return it or, if return is impractical, donate it to a charity nominated by the Managing Director, and record the transaction in the Register.

7. Promotional items and customary courtesies

Branded promotional items of nominal value (pens, notebooks, calendars, USB drives, polo shirts), modest meals during business meetings, and conference catering provided by the host organisation, are not normally subject to registration unless their value exceeds ₱2,500 or they are part of a pattern of regular receipt from the same counterparty.

8. Review

The Compliance Officer reviews the Register at least quarterly for patterns that may suggest emerging conflicts or improper influence, and reports a summary to the Managing Director annually. This Policy is reviewed annually.

10. Conflicts of Interest Policy

Document KES-POL-010 • Version 1.0 • Effective 11 May 2026 • Next review 11 May 2027

How Karnot identifies, discloses, and manages situations in which personal, family or financial interests may compete with the Company's.

1. Purpose

Karnot Energy Solutions Inc. ("Karnot") trusts its people to act in the Company's best interest. That trust depends on the absence — or the proper management — of competing personal interests that could influence a business decision. This Policy explains what counts as a conflict, how to disclose one, and how Karnot will manage it.

The default expectation is simple: if you would be reluctant to disclose something because of how it might look, you must disclose it. Karnot far prefers a transparent declaration to an undisclosed conflict, even where the conflict turns out to be immaterial.

2. Types of conflict

Conflicts can be:

- **Actual** — a personal interest *is* influencing a business decision.
- **Potential** — a personal interest *could* influence a business decision in foreseeable circumstances.
- **Perceived** — a reasonable, informed observer might believe a personal interest *could* be influencing a business decision, even where it is not.

3. Common scenarios that must be disclosed

The following are examples — non-exhaustive — of situations every Karnot person must disclose in writing to the Compliance Officer using the Karnot Conflicts Disclosure Form:

- **Outside employment or board positions** with a current or potential Karnot customer, supplier, sub-contractor, competitor, distributor or investor.
- **Personal or family relationships** with a person at a current or potential Karnot counterparty — spouse, partner, child, sibling, parent, in-law, or any household member.
- **Material financial interests** in a Karnot counterparty — directly or indirectly through family members or controlled entities. "Material" means anything beyond a holding of publicly-traded shares of less than 1% in a company with combined market cap of > PHP 50bn.
- **Side businesses** in heat-pumps, refrigeration, energy services, building services, or any field that overlaps with Karnot's commercial activity.
- **Receiving income or benefit from any party** with whom Karnot does or may do business (other than the salary or contractor fee paid by Karnot itself).
- **Personal use of Karnot proprietary information**, customer lists, supplier lists, technical know-how, or intellectual property.
- **Award of contracts, hiring, promotion or supplier selection** involving a person to whom the decision-maker is related, romantically attached, or financially obligated.
- **Gifts or hospitality** that approach or exceed the limits in the Gifts and Hospitality Policy (KES-POL-009).

4. Disclosure process

Disclosure is made in writing to the Compliance Officer (info@karnot.com) using the Karnot Conflicts Disclosure Form. The disclosure describes:

- Who is involved (the Karnot person, the third party, and the relationship).

- What the nature and value of the interest is.
- Which Karnot decisions the interest could plausibly affect.
- What measures the discloser proposes to manage it (e.g., recusal, ring-fencing, divestment).

5. Review and management

On receipt of a disclosure the Compliance Officer will, within 10 working days:

- Confirm whether the disclosed matter constitutes a conflict for the purposes of this Policy.
- Decide an appropriate management measure — these range, in escalating order, from: noting on file (no further action); recusal from specific decisions; reassignment of responsibilities; divestment of the interest; through to termination of the engagement in extreme cases.
- Communicate the decision in writing to the discloser and to the discloser's line manager (where employed).
- Record the disclosure and decision in the Karnot Conflicts Register, retained confidentially for the duration of the engagement plus 10 years.

6. Refreshed annual disclosure

Every Karnot director, officer and employee in a decision-making role provides an annual signed Conflicts Disclosure each May, even where the disclosure is "nothing to report". This creates a baseline against which to identify emerging conflicts.

7. Failure to disclose

Failure to disclose a conflict — or to update a disclosure when circumstances change — is a serious breach of this Policy and of the Code of Business Conduct (KES-POL-003). Consequences range from formal warning, through reassignment, loss of decision-making authority, financial recovery, and dismissal for cause. Where the undisclosed conflict has caused or risked Karnot loss, the Company reserves the right to recover damages.

8. Conflicts involving the Managing Director

Disclosures involving the Managing Director are made to the Compliance Officer and, separately, to the Karnot Board of Directors. Where the Compliance Officer is also the Managing Director (currently the case while Karnot operates with a small officer base), the disclosure is made directly to the Chair of the Board or, in the absence of a separate Chair, to the company's external counsel for independent review.

9. Review

The Conflicts Register and aggregate disclosure pattern is reviewed by the Managing Director annually. This Policy is reviewed annually.

Approval (Pack)

The policies compiled in this pack are approved by the undersigned for and on behalf of Karnot Energy Solutions Inc., with effect from 11 May 2026, and will be reviewed not later than 11 May 2027.

Stuart Edmund Cox
Managing Director
Karnot Energy Solutions Inc.
Date: 11 May 2026