

# CODE OF ETHICS AND BUSINESS CONDUCT

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## CHAIRMAN'S MESSAGE



Johnson Electric strives to conduct its business with honesty and integrity, both within the group of companies under Johnson Electric (“Company”) and in dealing with business partners, customers, suppliers, competitors, and the communities in which it operates.

This Code of Ethics and Business Conduct (“Code”) is a set of foundational principles that define such behavior, as further detailed in the Company’s various internal policies. Given our global footprint and diversity of cultures, each employee should do their best to live out these principles in their day-to-day work, even when circumstances may make it difficult to do so. This Code guides every employee in the use of good judgment and ethical decision-making.

Every employee’s performance will be measured not only by the success of the business, but also by how such success is ultimately achieved.

We at Johnson Electric endeavor to do the right thing in our respective lines of work. Everyone should pursue the highest ethical standards no matter where we are or what we do.

On behalf of the entire Executive Committee, I strongly endorse this Code and personally thank everyone for the commitment to it.

Patrick Shui-Chung Wang *JP*  
*Chairman and Chief Executive*

# CODE OF ETHICS AND BUSINESS CONDUCT

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## PURPOSE AND SCOPE

### ◆ Purpose

Johnson Electric believes that good corporate citizenship requires the highest standards of integrity, transparency, and fairness. Our business success relies on trusting and open relationships between the Company and its customers, suppliers, and employees.

**Johnson Electric will conduct its business by lawful and ethical means and will continuously strive to fulfill this commitment. The purpose of this Code of Ethics and Business Conduct is to define the principles that guide such behavior. Every employee of Johnson Electric, wherever they are located around the world, is expected to live by these principles.**

### ◆ Applicability

This Code applies to all employees of the Company globally. Adherence to all sections of this Code is expected of all employees. Deviations will be investigated and appropriate corrective and disciplinary action taken.

All employees are responsible for knowing and abiding by the policies laid out in the Code. The Company may require some employees to sign an acknowledgement confirming that the employee has received and read the Code, understands it and is complying with it. Managers and other employees in sensitive roles may also be required to complete an annual questionnaire regarding their knowledge of any potential violations of this Code.

In instances where a local custom or practice sanctioned by local law deviates from the Code, Company's Corporate Human Resources Department and Corporate Legal Department should be consulted.

### ◆ Individual and Joint Accountability

When representing Johnson Electric, employees are expected to act with honesty, fairness and integrity at all times towards colleagues, customers, suppliers, and any other party with whom business is conducted.

Employees should strive to avoid any situations that could lead to instances of misconduct. They have a duty to report all situations that raise integrity or ethical concerns via Company's Whistle Blower Hotline. Additionally, employees should cooperate fully in any investigations carried out by the Company.

The Company will not condone any retaliation against employees who report activities and behavior that appear to run counter to this Code, including any retaliatory actions by management staff against subordinates.

## BUSINESS CONDUCT

### ◆ Proper Authorization when Representing the Group

All employees must adhere to Company policy on proper approvals prior to signing any third party legal documents – including customer quotations, customer contracts, and purchase orders. Only employees specifically empowered to do so can represent the Company as signatories on legal documents. No employee may take any action to circumvent or bypass the policy, for example, by “splitting” purchase orders with the intent to circumvent signature authority limits or to speed up the approval process.

The Johnson Electric name can only be used for authorized, ethical and legitimate business activities. Employees should only make commitments for which they have received delegated authority (as per policy and documented scope of employee position), that they believe the Company can keep, and then do their best to keep these commitments.

### ◆ Offering Entertainment, Gifts or Cash

Johnson Electric believes that our business partners' decisions should be based on Johnson Electric's product offering, including quality, price, service and other competitive factors.

Employees should never give, offer, or authorize an offer – directly or indirectly – of anything of value (such as money, goods, or a service) to a customer or government official in order to obtain an advantage. A business courtesy, such as a gift, a favor, contribution or entertainment, must never be offered if it could be interpreted as improper.

Gifts of insignificant value such as items with logo of Company's name or trademarks, and normal and appropriate hospitality, may be offered for the purpose of promoting Company's image, presenting its products and services and promoting good relations with business partners.

### ◆ Receiving Entertainment, Gifts or Cash

All business decisions should be made fairly and impartially and not on the basis of gratuities or gifts offered to employees. Therefore, employees must never accept a business courtesy, such as a gift, favour, contribution, entertainment, or other benefit if it could give the appearance, if not the reality, of affecting the employee's judgment, leading to an act detrimental to the Company's interests, or leading to complaints of dishonest or unfair dealings. Cash contributions or kickback to the employee from any vendor or service provider is not acceptable under any circumstances.

Employees may only accept discounts or other benefits from a supplier, service provider or customer that are also available to the general public or similarly-situated Company employees.

### ◆ Conflicts of Interest

Employees should only use their positions in the Company to achieve Company's business objectives rather than to benefit themselves, their families, friends, or associates. Employees should not allow business decisions to be influenced by the aforesaid other non-Company business interests.

# CODE OF ETHICS AND BUSINESS CONDUCT

---

Political activities should be kept separate from business. If an employee decides to make a political contribution including providing services, it should be made in his or her own name. Company's stationery or other resources such as e-mail system should not be used for personal or political purposes. If employees are appointed to, or decide to run for, a governmental office, Corporate Legal Department should be consulted to ensure a conflict of interest will not arise.

Non-Company business involvement with a competitor, supplier or customer is prohibited. Employees may not work for, advise or provide consulting services to a competitor, supplier, or customer. Employees should inform their local HR manager if a close relative, including spouse (or civil or common-law partner), parent, sibling or child, or a person with whom the employee is romantically involved, is employed by a competitor, supplier, or customer in a position that would give rise to a potential conflict of interest.

## ◆ Government and Government Agencies

Johnson Electric has dealings with national, federal, state, provincial and local governments in the course of business and their rules must be followed. Statements made and records submitted to government purchasing agents are not to be intentionally misleading or inaccurate.

All dealings with governments should be at "arm's length". Employees must not offer or make any payment, gift, bribe, secret commission or give any other benefit to influence the decision or action of any government employee, official, candidate or political party. Business lunches and other entertainment of government employees are frequently prohibited and should not be undertaken without advance knowledge that it is permitted. This can be obtained from Corporate Legal Department.

In any transactions with government agencies, employees must adhere to the highest standards of honesty and integrity, and abide by all applicable laws, rules and regulations. Among the areas demanding scrupulous attention are:

- Whenever providing information to a government official – whether orally or in writing – be truthful and accurate. If there is any doubt as to whether the government official has legal authority to request such information, consult Corporate Legal Department.
- If relevant to your duties, familiarize yourself with local laws and fully comply with its requirements in all dealings to which it applies.

Specific laws govern the hiring of former government employees and procurement officials. Corporate Legal Department must approve any discussions of employment with current or former government employees before hiring them.

## ◆ Product Integrity

Johnson Electric ships products or deliver services that live up to our product and safety standards. The Company is committed to constantly improving our products and services through the Johnson Electric Product Development System ("JE-PDS") and the proper communication of long-term business strategies.

## ◆ Import & Export Compliance

When importing or exporting products or technology, Johnson Electric complies with all applicable laws, regulations, restrictions and licensing requirements by the jurisdiction involved, including the International Traffic of Arms Regulations of the United States ("ITAR").

# CODE OF ETHICS AND BUSINESS CONDUCT

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## ◆ Fair Competition

Johnson Electric strives to comply with the anti-trust and unfair competition laws of each jurisdiction where it operates. The Company does not sign or enter into agreements with competitors that harm customers, including price fixing, bid rigging or agreements that unreasonably limit the freedom of a reseller, customer or supplier to sell a product or technology.

Johnson Electric does not abuse a dominant position in the market to prevent others from competing.

The Company does not attempt to obtain proprietary information or trade secrets of third parties illegally.

## ◆ Protecting Proprietary Information & Intellectual Property Rights

Johnson Electric will safeguard all proprietary and confidential information by marking the information appropriately, keeping it secure, and limiting access to those who need it to do their jobs. A non-disclosure agreement (“NDA”) will be executed when such information needs to be disclosed to a third party for business purposes.

Johnson Electric will establish, protect, maintain and defend the rights to innovations in the forms of patents, trade secrets, trademarks, copyrights and other intellectual property. These intellectual property rights will be handled in a responsible way. The valid intellectual property rights of others will be respected. Employees involved in developing innovations and ideas or introducing new processes or software must understand their responsibilities to the Company with regards to the protection of intellectual property.

## ◆ Asset Protection

The Company's assets, in any form, must be safeguarded from damage, loss, and misuse. Employees must only use Company's resources – including funds, time, materials, equipment, and facilities (such as office equipment, e-mail, and computer applications) – for work related to the Company's business goals.

Travel and Entertainment expenses should be consistent with business needs and should not cause either loss or gain by the employee or the Company. Employees must neither misuse Company's resources nor discredit Company's good name and reputation.

## ◆ Official Records

All books, records and accounts must conform both to required accounting principles and to Company's policies of internal controls. False, misleading, or artificial entries in any financial books, records or accounts are prohibited. This requirement also extends to quality, safety records, and any other information that is critical to the business, including performance metrics.

# CODE OF ETHICS AND BUSINESS CONDUCT

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## ◆ Financial Reporting

All reporting (financial and non-financial) at all levels of the organization should be factual and open; facts and opinions should not be covered up to make a situation look different from what it really is. Fictitious, deceptive, improper, undisclosed or unrecorded accounts of income, expenses, assets and liabilities are serious offenses and are illegal. The Company's financial integrity must be maintained by keeping accurate and complete records and accounts that conform to accepted accounting principles and to all applicable laws and regulations.

## ◆ Anti-Money Laundering

Johnson Electric is committed to complying fully with all applicable anti-money laundering laws throughout the world. Johnson Electric will conduct business only with reputable customers who are involved in legitimate business activities and whose funds are derived from legitimate sources. Each of Company's businesses is required to implement an appropriate procedure and to take reasonable steps to ensure that the Company does not accept forms of payment that are suspected or identified as a means of laundering money.

## ◆ Audits and investigations

Each employee is required to fully cooperate with all audits and investigations as requested by Company's Corporate Audit Services team or senior management. All information provided must be truthful and accurate. Documents and records will not be concealed, altered, or destroyed in response to an audit or legal request. Any request for information from regulatory agencies or the media should be forwarded promptly to appropriate senior management in accordance to Keeping JE Information Safe policy.

## ◆ Insider Securities Trading

Insider trading is both unethical and a criminal offence in most countries. Johnson Electric adheres strictly to the Listing Rules of The Stock Exchange of Hong Kong and to the legal requirements of the Securities and Futures Ordinance. The Company does not allow trading of securities based on material non-public information ("insider information") acquired as part of working at the Company. Encouraging another person to deal or passing the material non-public information on to another person may amount to an offence.

The Company maintains systems and procedures to ensure that any potential material insider information is promptly identified, assessed and escalated to the attention of the Board of Directors to enable the Board to determine whether public disclosure is necessary.

## ◆ Mutual Respect

Johnson Electric is committed to providing a workplace in which the dignity of every individual is respected. Each employee should be treated with mutual respect and fairness at all times.

# CODE OF ETHICS AND BUSINESS CONDUCT

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## ◆ Equal Employment Opportunity

Johnson Electric values the differences of diverse individuals from around the world. Each job applicant and employee is treated in a fair and non-discriminatory manner without regard to age, disability, marital status, race or color, national origin, religion, sexual orientation or any other legally protected status. Employment decisions are based on business reasons and are in compliance with the laws and regulations of the local jurisdiction.

## ◆ Harassment

Employees are entitled to respectful treatment at the workplace. Respect means being treated honestly and professionally. A respectful workplace is about more than compliance with the law. It is a working environment that is free from any inappropriate behavior of all kinds of harassment based on personal characteristics or status. Threats or acts of harassment are prohibited, and not tolerated.

## ◆ Environmental, Health and Safety

Johnson Electric maintains workplace safety policies that prohibit violent acts or threats of violence and drug and alcohol use on all Company premises.

Johnson Electric also maintains an environmental health and safety (EHS) policy, including a set of safety standards, checks, and inspection procedures that make sure employees work in an environmentally safe setting. Every employee is responsible for maintaining a safe workplace by following safety and health rules and practices.

The Company's human resource policies provide additional guidance on equal employment, harassment, safety and health, consistent with the applicable laws and regulations of the local jurisdiction where the entity of the Company resides.

Johnson Electric policy is to strictly obey the laws that protect the environment. Employees have a responsibility to follow environmental laws.

Hazardous wastes must always be handled responsibly and according to the applicable law.

## ◆ Whistle Blower Hotline

Employees have a facility by which they can anonymously report any concerns 24 hours a day, 7 days week through e-mail at [ethics.hotline@johnsonelectric.com](mailto:ethics.hotline@johnsonelectric.com) and hotline numbers listed on Johnson Electric's portal and posted in a conspicuous place at all Company facilities.

## ◆ Investigation and Response

All reports received from the Whistleblower/ ethics hotline will be investigated promptly and completely in full confidentiality. If it is determined that there has been a violation of this Code, the Company will take prompt action to avoid future violations. When necessary, the Company will take appropriate disciplinary action against the offending party, which may include counseling, warning, transfer, suspension and/or termination of employment.

# CODE OF ETHICS AND BUSINESS CONDUCT

---

Employees who are suspected of engaging in ethical misconduct in violation of this Code may be suspended without pay until investigations are complete.

The Company will communicate with all parties involved during the investigation; however, to respect the privacy of employees involved, specific details of the discipline or action taken may be kept confidential.

## ◆ **Accountability of Managers**

Every manager is responsible for ensuring that the Johnson Electric workplace and employees practice high integrity and ethics, that ethical misconduct and complaints are investigated promptly, and that thorough investigations are resolved effectively. With the assistance of Corporate Legal Department, Corporate Audit Services and Corporate Human Resources Department, management must make their direct subordinates aware of the Code and of the internal policies and procedures that relate to it. It is every manager's responsibility to report integrity problems and ethical misconduct to the aforesaid corporate departments, or any other relevant functions specified within this policy.

## ◆ **Annual Certification**

Every manager globally is required to make an annual declaration that they have read and conformed to the requirements of this Code of Ethics and Business Conduct, and further that they are not aware of any violations of the Code by others that has not been reported already.

## ◆ **Outside Employment & Board Membership**

Johnson Electric recognizes and respects employees who take part in legitimate business activities outside their jobs. However, no employee should work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without prior written approval. Any outside activity must be strictly separated from Company employment and should not harm job performance. Skills and knowledge learned and used at the Company must not be used in another workplace.

Serving on a board of directors or similar body for an outside company, organization or government agency requires advance written approval. Helping the community by serving on boards of non-profit or community organizations does not require prior approval, provided that such work does not adversely impact the employee's work at the Company.