JOHNSON ELECTRIC

Life is better in Motion

2024 sustainability report

Johnson Electric Holdings Limited
(Incorporated in Bermuda with limited liability)
Stock Code: 179

Johnson Electric in 2024

Employing over
30,000 people
including more than
1,600 engineers

Providing motion solutions to approximately
1,600 customers

Making over
4 million
products* per day

* Motors and other motion-related products

Generating
Total Sales Revenue of
US$3.8 billion
and Net Income of
US$229 million

Operating in
22 countries across
4 continents

Carbon emissions
reduced by
52.7%
compared to FY20/21 baseline

Doubled renewable energy usage to 43.9% from 21.6% last year

Launched "Healthy@JE" global wellness program and organized more than 100 activities during Safety and Wellbeing Month

Organized more than 180 JEnerations community events

100% of new staff-level employees completed online ethics training

Contents

2 Improving the quality of life of everyone we touch since 1959
4 Our MARBLE values
5 Our Sustainability Framework
6 Message from the Chairman and Chief Executive
8 Our business segments
11 ESG awards and ratings highlights
12 Our Sustainability Framework and highlights
14 Our approach to sustainability
15 Our sustainability governance
16 Products
44 Environment
63 Employees
88 Communities
94 Trust and Transparency
115 Sustainable Development Goals
122 Content indexes
136 Key performance indicators
150 Appendices
156 Verification statement
157 About this report

About the cover

Johnson Electric continues to ensure "Life is Better in Motion" through the provision of innovative motion solutions that promote efficiency, convenience and comfort to every end user we touch.

Note: This report contains technical terms and acronyms that may be unfamiliar to some readers. For assistance, please refer to the glossary on pages 152 to 155.

Improving the quality of life of everyone we touch since 1959

When Mr. and Mrs. Wang Seng Liang founded Johnson Electric in 1959, it was with the simple desire to help make people's lives better – through the products we make and the jobs we create.

For the last 65 years, this purpose has remained our guiding ethos, driving the growth of Johnson Electric from a small Hong Kong business to a multinational company employing over 30,000 people in 22 countries spanning Asia, Europe, the Middle East, North America and South America.

Today, Johnson Electric Group is a global leader in the supply of precision motors, motion subsystems and related electromechanical components to virtually every industry that seeks to make people's lives more comfortable, safer and healthier, including the mobility industry and other industrial and consumer product sectors. Johnson Electric Holdings Limited, the Group's parent company, is listed on The Stock Exchange of Hong Kong.

Engineering a sustainable future

"Business as usual is no longer sufficient to meet the challenges of this century, let alone preserve our noble purpose to help improve people's lives." – Dr. Patrick Wang, Chairman and Chief Executive

Our world is becoming more unpredictable each day, with the Covid-19 pandemic being a prime example. Rapid economic growth has led to environmental degradation on a global scale, as well as social discord in many parts of the world. At Johnson Electric, we believe the time is ripe to bring our guiding purpose to the forefront. By leveraging our expertise in motion systems and our experience in serving local communities, we will create positive change, partner with our customers to solve challenges together, and deliver sustainable value to our stakeholders.

Our MARBLE values

Make customers successful and end users delighted	Delivering what our customers need to delight their end users is the primary goal of Johnson Electric. We are committed to making our customers successful in *their* business, as the basis for long-term success in *our* business.
Attract and empower great people	Johnson Electric aims to offer its people career development that rewards results, enterprise, mentorship and teamwork. We achieve business results by empowering our people. We have employees from all around the world and recognize that our business thrives on the diversity of our people and their ideas.
Reach higher	Johnson Electric people set stretch goals for themselves to drive business growth and personal career fulfilment. We know from experience that bold thinking and bold action will bring about extraordinary results.
Be sustainable	Our business model must take into account long-term social and environmental impacts of our own operations, as well as the operations of our partners and suppliers. Our products should also contribute to the sustainability of the planet. We will reduce greenhouse gas emissions and energy consumption in our own business operations.
Lead by example	Johnson Electric believes that good corporate citizenship requires uncompromising standards of integrity, openness and fairness. We are committed to demonstrating leadership wherever we do business through the promotion of a safe, healthy and fair environment for our people.
Excel in execution with practical solutions	Johnson Electric's customers expect the highest standards of quality and performance. We work not only to meet those expectations but also to exceed them, through continuous cycles of learning, shop-floor practicality and a "can-do" mindset. We aim to put innovative ideas into practice quickly as a team and refuse to be stalled by complexity.

* The acronym 'MARBLE', which is referenced elsewhere in this report, is derived from the first letter of each of Johnson Electric's core values.

Our Sustainability Framework

Products
- Sustainable products
- Product carbon footprint
- Product quality
- Product safety
- Material management and use

Environment
- Energy and climate
- Waste
- Water
- Emissions

JOHNSON ELECTRIC SUSTAINABILITY

Employees
- Health and safety
- Talent attraction and retention
- Training and development
- Diversity, equity and inclusion
- Communication
- Labour rights

Trust and Transparency
- Corporate governance
- Ethics
- Compliance
- Data protection
- Supply chain

Communities
- Community engagement

About our sustainability logo

The five leaves represent the five spirits of sustainable development, and connect to form a blooming flower. The logo conveys a sense of continuous rotation, which also shows that we will continue to be a gear that animates society.

Message from the Chairman and Chief Executive

At Johnson Electric, every team and every employee is encouraged to take ownership and drive positive change. We will continue to equip our people to forge new milestones on our sustainability journey.

Patrick Wang
SBS, JP

Chairman and Chief Executive

Over the past year, Johnson Electric has achieved encouraging progress towards the objectives set out in our Sustainability Framework, which covers products, environment, employees, communities, and trust and transparency.

I am particularly proud to report that we have cut our absolute carbon emissions (Scope 1 and 2)* by 52.7% compared to the baseline year of FY20/21, hitting our 2030 deadline well ahead of schedule. Buoyed by this success, we will now redouble our efforts in the battle against climate change, completing our Scope 3* emissions inventory and setting even more ambitious targets for emissions reduction across our entire value chain. We expect new targets to be drawn up this year and submitted to the Science Based Targets initiative ("SBTi") for validation and approval.

This significant drop in carbon emissions was mostly driven by an increase in our use of renewable energy, which doubled year-on-year from 21.6% to 43.9% (excluding grid mix). Seventeen operating sites in twelve countries now operate with 100% renewable electricity, while new solar panels have been installed at our Zacatecas, Mexico site, strengthening our commitment to 100% renewable energy usage by 2025, as available and feasible for each site.

We have continued to innovate and upgrade our operating processes to reduce waste at source and boost recycling rates. Through these efforts, we have again achieved our goal of zero waste to landfill#. We have also reduced our water withdrawal intensity per sales through numerous conservation measures.

We are committed to helping our customers meet their own sustainability goals, both through our products and the way we make them. Embracing "sustainability by design", we accelerated our use of product carbon footprint (PCF) and life cycle assessment (LCA) methodologies in our product design processes, sharpening our capabilities and burnishing our credentials as a trusted supplier to many of the world's leading consumer and industrial brands.

By the same token, sustainability in our own supply chain is paramount. Following last year's launch of our sustainable procurement policy, we have engaged with our top 300 suppliers to ensure that they share our values and to support them in adopting sustainable practices.

Johnson Electric strives to be a highly inclusive workplace that provides a safe and positive environment for all employees to grow, regardless of their race, gender or other attributes. Having introduced a new diversity, equity and inclusion (DE&I) policy last year, we are now taking concrete steps to eliminate unconscious bias among key decision-makers and to identify and cultivate high-potential female employees, with the goal of making rewarding careers in engineering and manufacturing truly open to all.

At Johnson Electric, every team and every employee is encouraged to take ownership and drive positive change. We will continue to equip our people to forge new milestones on our sustainability journey.

On behalf of the Board, I would like to thank all of our key stakeholders for their commitment and support.

Patrick Wang *SBS, JP*
Chairman and Chief Executive
Hong Kong, June 2024

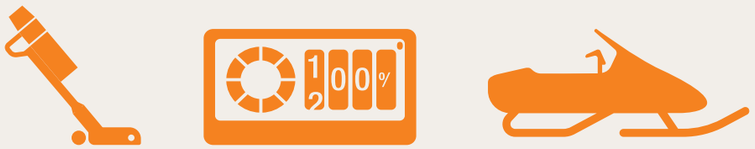
* Scope 1 carbon emissions covers emissions from sources that an organization owns or controls directly. Scope 2 carbon emissions are indirect emissions that a company causes indirectly when the energy it purchases and uses is produced. Scope 3 carbon emissions are the other indirect carbon emissions that the organisation is indirectly responsible for, up and down its value chain.

\# "Zero waste to landfill" refers to at least 99% of generated waste being diverted away from landfill.

Making our customers successful with motion solutions that deliver more comfortable, safer and healthier products for end users

Innovating for a sustainable future

Sustainability is an integral part of Johnson Electric's mission and purpose, and we feel excited about the possibilities for us to make an impact in this area. We are working closely with our customers to develop motion-related products that reduce greenhouse gas emissions and energy consumption. We are conducting internal research to improve the durability of our products and to reduce the environmental impact of the materials we use.



Industrial, professional and consumer segments (IPG)

We serve a wide range of industrial, professional and consumer segments. Many of these are experiencing rapid social and technological disruption owing to a complex mix of shifting customer demands and priorities. We are actively seizing new opportunities arising from these changes through products that directly or indirectly address environmental and social needs.

- Our innovative technologies enable our customers to achieve success while reducing consumption and waste, increasing energy efficiency and reducing carbon emissions, and lowering barriers to equality.
- Our Medtech products improve patient well-being, reduce labour intensity and deliver better clinical outcomes in the healthcare applications.

E-Mobility segment (APG)

We contribute to a more sustainable mobility industry, serving both the transportation needs of people and goods. We provide safe, reliable, precisely-controlled motors and other critical motion related products that deliver benefits to our customers and to society as a whole by:

- Tackling climate change. Our products perform critical functions that enable the transition to new-energy vehicles. We also reduce the harmful impact of internal combustion engines through improved fuel consumption.
- Improving air quality in cities through reduced engine emissions.
- Enhancing road safety with products for active and passive safety applications.
- Reducing consumption with less materials used in manufacture and longer product life-cycles.

The World Meteorological Organization's "State of the Global Climate 2023" report has reveals yet another year of shattered records in greenhouse gas concentrations, surface temperatures, oceanic heat and acidification, sea level rise, and the decline of Antarctic sea ice and glaciers. This underscores the critical need for intensified climate action to limit the global temperature increase to a maximum of **1.5°C** above pre-industrial levels.

At Johnson Electric, we take great pride in our substantial contributions to these environmental goals. In just two years, we've cut our scope 1 and 2 carbon emissions by an impressive **52.7%**, exceeding our **42% reduction target** in line with the **1.5°C** goal, **well ahead of our 2030 deadline**. Our global operations are now **43.9%** powered by renewable energy sources, and we've made significant progress in boosting energy efficiency at our sites. We now recycle **93.4%** of our waste, achieving **zero-landfill status**, and continue to reduce waste both in terms of total volume and intensity. We are also steadily **decreasing our water consumption intensity** each year.

We have strengthened our relationships with our **supply chain** partners to ensure they meet the same social and environmental standards we set for ourselves. In addition, continue to nurture robust connections with the **communities** in which we operate, thereby deepening our commitment to sustainability.

Our efforts have been recognized with the **EcoVadis Silver medal**, ranking us among the **top 15%** of more than 100,000 companies from over 175 countries, and in the **top 3%** for environmental practices in our industry. Our CDP climate change score has been upgraded to 'B', which means we surpass the global 'C' average score of the 24,000+ organizations assessed by CDP. We have also been recognized as an **"ESG Leading Enterprise 2023"** with a **"Leading Environmental Initiative 2023"** for our project "Sustainable Products by Design – Product Carbon Footprint and Life Cycle Assessment".

As international bodies call for stronger climate action to counter rising global temperatures, we at Johnson Electric aspire to set an example for others to follow. Our conviction is strong: if our practices were widely adopted, the planet would become a better place for present and future generations.

Fernando Lopes

Head of Sustainability and Environment, Health & Safety

ESG awards and ratings highlights

Top 3% in environmental practices and performance

EcoVadis: Silver Medal

We have been awarded a Silver Medal sustainability rating by EcoVadis, meaning that we are now recognized as being in the top 15% of 100,000+ companies from over 175 countries. Within our industry (defined as "manufacture of electric motors, generators, transformers and electricity distribution and control applications"), we are also proud to be ranked in the top 8% of companies for overall score and the top 3% for environmental practices and performance.

'B' score for climate change

CDP: 'B' score for climate change

Our CDP climate change score has been upgraded to 'B'. This means we outperform the global average score of 'C' for all of the 24,000+ organizations assessed by CDP, as well as the average score for both our industry and the Asian region as a whole. This achievement underscores our commitment to environmental stewardship and sustainable practices.

'A' rating

MSCI: 'A' rating

Our MSCI ESG rating has been upgraded to 'A'. This rating upgrade is a testament to our commitment to product quality and safety. Our strong quality management initiatives have positioned us ahead of our peers in these areas. In the category of product safety and quality, we achieved an impressive score of 9.1 out of 10. This score is more than double the industry average for auto component manufacturers, showcasing our dedication to maintaining exceptional standards.

"Low risk"

Sustainalytics*

In September 2023, we received an ESG Risk Rating of 17.8 from Morningstar Sustainalytics, and were assessed to be at low risk of experiencing material financial impacts from ESG factors.

Granted "ESG Leading Enterprise 2023" and "Leading Environmental Initiative" for the project: Sustainable Products by Design - Product Carbon Footprint and Life Cycle Assessment

We have been a constituent of the Hang Seng Corporate Sustainability Benchmark Index since 2018

HKQAA Sustainability Rating and Research: A+

We have been recognized as a "Caring Company" by the Hong Kong Council of Social Service for 8 years

* In no event this shall be construed as investment advice or expert opinion as defined by the applicable legislation. The information contained or reflected herein is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

Our Sustainability Framework and highlights

The Johnson Electric Sustainability Framework guides our sustainability journey and ensures full alignment with external guiding frameworks, our stakeholders' materiality assessment, and our Business Framework.

The Sustainability Framework is structured into five key areas: products, environment, employees, communities, and trust and transparency. Each key area covers the related material topics which are deemed most relevant to our internal and external stakeholders and most influential to our business, as identified through a materiality assessment.

Below, we outline the key material topics and main highlights for FY23/24 for each of the key areas of our Sustainability Framework.

Products (p.16-43)

- Sustainable products
- Product carbon footprint
- Product quality
- Product safety
- Material management and use

Integrated product carbon footprint and life cycle assessment approaches into product design

Granted "ESG Leading Enterprise 2023" and "Leading Environmental Initiative" by *Bloomberg Businessweek Chinese Edition* for the project: "Sustainable Products by Design – Product Carbon Footprint and Life Cycle Assessment"

Zero product safety and non-compliance incidents, **zero** product recalls for health and safety reasons

Avoided **404** tonnes of packaging material by providing returnable packaging services to customers

Environment (p.44-62)

- Energy and climate
- Waste
- Water
- Emissions

Reduced absolute carbon emissions (Scope 1 & 2) by **52.7%** compared to FY20/21 baseline, surpassing our 2030 target of a 42% reduction

Currently quantifying our Scope 3 carbon emissions to set more ambitious reduction targets

Doubled renewable energy usage to **43.9%** from 21.6% last year

4 sites with solar panels installed (Murten, Switzerland; Jiangmen, China; Hong Kong SAR and Zacatecas, Mexico)

Maintained **zero** waste to landfill*

93.4% of waste recycled

Reduced waste intensity per sales by **6%** compared with last year

Reduced hazardous waste by **10.9%** compared with last year

2.8% reduction in water withdrawal intensity per sales from last year

Employees (p.63-87)

- Health and safety
- Talent attraction and retention
- Training and development
- Diversity, equity and inclusion
- Communication
- Labour rights

Lost-time accident rate and recordable injury frequency remained very low by industry standards

Launched "Healthy@JE", a comprehensive global wellness program, and organized more than **100** activities during Safety and Wellbeing Month

Promoted collaborative learning among JE engineers via "Engineering International Assignment" initiatives and "JE Tech Day" events

Offered "Leadership Essentials" training to increase managers' leadership capabilities

Provided functional and digital skills training to enhance operational efficiency

Unconscious bias training completed by over **500** leaders and HR staff

Held twice-yearly reviews to identify and support high-potential female employees

Our MARBLE Snapshot employee engagement survey achieved an **82%** response rate

Completed a social compliance and human rights audit at our global headquarters in Hong Kong, with further major sites to be audited by FY25/26

Communities (p.88-93)

- Community engagement

Our JETC program has now trained over **1,500** students

New JETC campus established in Chennai, India in 2024

More female students enrolled in our China JETC campus

More than **180** JEnerations community events in FY23/24

Honoured with "Caring Company Award" from the Hong Kong Council of Social Service for **8** years

Trust and Transparency (p.94-114)

- Corporate governance
- Ethics
- Compliance
- Data protection
- Supply chain

Extended compulsory ethics training to include **all** manufacturing operators

100% of new staff-level employees completed online ethics training as part of induction

Corporate headquarters and **2** operating sites achieved TISAX accreditation, with further sites in progress

Comprehensively assessed supply chain emissions and identified areas to improve

Tracked our top **300** suppliers' ESG performance

* "Zero waste to landfill" refers to at least 99% of generated waste being diverted away from landfill.

Our approach to sustainability

We constantly strive to build a sustainability culture that empowers and enables every employee to make a positive impact in their day-to-day role.

Sustainability is closely entwined with our values and goals as a business, as well as with our passion for solving customers' problems. It starts from the top, with senior leaders who are deeply committed to driving change and keenly engaged in cultivating a strong sustainability culture across Johnson Electric. And it's brought to life through the actions of every employee across our global footprint.

As we move forward on our sustainability journey, we take inspiration from the core truths of our heritage and character as a company.

Our original roots as a family business mean that we have always kept in mind the legacy our actions leave for the generations that follow. We see ourselves as members of the communities we serve and feel profoundly privileged to help those in need.

As engineers, problem-solving is our DNA: it's what makes us tick. To thrive as a firm, we have always reinvented "business as usual" to adapt to changing priorities and new technological possibilities. Forever inquisitive, forever curious, we are passionate about the challenge of achieving sustainability by design: not tinkering around the edges, but going to the root of each problem and radically innovating. Our engineering mindset also means we know that creative innovation must be underpinned by strong systems and processes, ensuring accountability for results.

Finally, our six decades of success have always been built on an intimate understanding of our customers' and end users' needs and challenges.

Collaboration is our lifeblood, and we pride ourselves on partnering with our customers to help them achieve their own sustainability goals. Given that today's challenges can only be met through cooperation on an unprecedented scale, this understanding is more important than ever.

By drawing on these combined strengths, we will create positive impact both through our products and the way we make them; through the jobs we create and the people who fill them; and through the trusted relationships we forge with the customers and communities we serve. We are truly your partner for a greener and more sustainable world.

Our sustainability governance

Overview

We have developed a sustainability governance system that aims to empower every business unit and employee to make a positive difference in their day-to-day work.

Our sustainability governance features clear targets, a well-defined division of roles and responsibilities, strong lines of accountability and robust processes.

The Board of Directors

The Board of Directors has overall responsibility for ESG strategy and reporting.

The Board has extended the authority of the Audit Committee to include the monitoring and reporting of corporate social responsibility issues.

The Social Impact and Sustainability Committee

Sustainability activities are led by the Social Impact and Sustainability Committee, which is chaired by Austin Wang, Executive Director and Senior Vice President ("SVP"), Industry Products Group, and includes several SVPs and other management members with sustainability responsibilities.

The committee is responsible for developing Johnson Electric's sustainability culture, strategy, targets and actions, by aligning our business direction with our various stakeholders, including customers, employees, suppliers, investors, communities, etc.

The committee meets monthly with a scope of responsibilities that includes:

- Developing strategies and policies for all global activities related to social impact and sustainability
- Defining ESG targets and key performance indicators ("KPIs") guided by materiality assessments and gap analysis
- Providing a global framework to cultivate a social impact and sustainability culture that empowers and enables teams and individuals to carry out aligned activities
- Overseeing the allocation of funds to social impact and sustainability initiatives
- Directing the communication and reporting of social impact and sustainability initiatives to relevant stakeholders
- Overseeing formal reporting on sustainability

The Sustainability Department and Communication Department both play an important role in assisting the committee.

Integrating sustainability into the business

Sustainability is well integrated across various facets of the Johnson Electric organization. We have incorporated sustainability strategies, KPIs and goals into our strategic plans of all business units, in order to support the Group's overall sustainability direction and commitments.

Leaders at the site level, in conjunction with each facility's local social impact and sustainability committee, are accountable for the site-specific implementation, performance monitoring, management and reporting of sustainability activities.

Site leaders ensure the global strategy is implemented at the local level. Their responsibilities include:

- Forming and leading a local social impact and sustainability team
- Carrying out local community engagement and sustainability activities
- Reporting progress and key achievements at the monthly operations review and other regular reporting channels
- Reviewing and approving local applications for funding to support social impact and sustainability activities
- Ensuring all guidelines governing local social impact and sustainability activities are followed and post-activity reports are duly completed and submitted

The rapid development and adoption of new energy vehicles continues to drive innovation in the global automotive industry. Momentum is accelerating due to improved EV charging networks, greater choice in EV models, and consumers' growing willingness to pay for sustainable products. As one of the key players on the engineering front, Johnson Electric has spared no efforts in innovating sustainable solutions that meet the needs of our global communities.

Kam-Chin Ko

SVP, Automotive Products Group

2023 was a pivotal year for Johnson Electric, as we made progress in mapping our Scope 3 carbon emissions and analyzed thousands of our products to pinpoint their individual energy footprints. The unprecedented rigour of these assessments will guide us confidently towards greener practices. We are also on track to power all our operations with 100% renewable energy by 2025 and are striving to reduce water usage and recycle more materials.

Austin Wang

Executive Director and SVP, Industry Products Group

Products

Core SDGs

Supporting SDGs

We partner with customers to deliver solutions that drive sustainability. Johnson Electric is a leader in the supply of precision motors, motion subsystems and related electro-mechanical components. Within this defined market space, we seek sustainable business growth by targeting segments where "mega-trends", regulatory change or technological advances are driving demand.

Our approach

At Johnson Electric, our core purpose is to improve the quality of life of everyone we touch through our innovative motion systems. This includes protecting the environment for future generations, a promise that is integral to our MARBLE value of "be sustainable".

Our product designers and engineers are passionate about delivering "sustainability by design", creating innovative product solutions that contribute to the sustainability of the planet both in their use and their manufacture.

This plays a crucial role in helping our customers achieve their own sustainability goals, including empowering their end consumers to embrace greener living. Across every sector, our customers are setting increasingly ambitious sustainability goals and placing ever more rigorous expectations on their suppliers. We enthusiastically embrace this challenge and take great pride in the significant contributions we are making to our customers' sustainability journeys.

Many of our motion solutions perform critical functions in battery electric vehicles and other new energy vehicles, helping to drive a green transformation in the mobility industry by improving the energy efficiency of EV powertrains, extending the lifespan of key systems, and reducing the use of materials.

Our deep understanding and anticipation of customer needs make us the ideal partner for automakers as they take on the historic challenge of replacing the internal combustion engine with sustainable alternatives.

We also excel at developing attractively priced products that feature high energy efficiency, low noise and long life cycles, suitable for domestic appliances such as lawn mowers, power tools, window automation, air conditioning and smart meters, bringing comfort and sustainability into people's everyday lives.

To support this, we are continually finding ways to make our manufacturing processes more resource and energy-efficient. This includes using life cycle assessment and product carbon footprint methodologies to fully capture, track and reduce our products' environmental impact from start to finish. We are also partnering with our suppliers to improve sustainability standards and practices across the supply chain.

Johnson Electric aspires to be a key player in the transition towards a sustainable future while supporting economic growth. We are proud to partner with our customers to deliver product solutions that drive sustainability, and will continue to seek new breakthroughs in sustainable product innovation.

Building a global-local manufacturing footprint

We aim to support our customers by being close to where they operate and ensuring fast and reliable supply and a highly responsive service. To do this, we are strengthening our in-region capabilities and introducing advanced resource and energy-efficient manufacturing technologies to our factories across Asia, North America, South America, Europe and the Middle East, including in nine developing countries*. We are also increasingly localizing our internal and external supply chains, which is expected to deliver a range of positive sustainability impacts.

Positive impacts from closer proximity to customers

Closer proximity to customers brings about positive impacts across various dimensions.

Shortening logistics routes has economic benefits, such as lower freight costs and reduced inventory levels, enabling a swifter response to changes in demand. From an environmental standpoint, it leads to lower carbon emissions resulting from transportation. Socially, it fosters more connections to local communities, while from a governance perspective, it enhances closer engagement with customers.

Increasing the localization of internal and external supply chains also yields favorable outcomes. Economically, it reduces exposure to tariffs and duties by increasing local content, while also mitigating risks associated with fluctuating exchange rates. Moreover, it strengthens local economies. In terms of the environment, it contributes to the reduction of packaging materials. Socially, it creates opportunities for local employment and the development of technical capabilities. From a governance standpoint, it helps mitigate risks arising from global trade issues.

Developing a diverse manufacturing footprint, coupled with the ability to source materials and components from other regions in the event of localized disruption, has its own set of advantages. Economically, it facilitates capacity building, including in developing countries, and ensures a stable spend line. Environmentally, it involves disseminating resource and energy-efficient manufacturing technologies to our factories, including those in developing countries. Socially, it fosters the building of a more diverse workforce and the upgrading of technical capabilities in local industrial sectors. In terms of governance, it increases business resilience by reducing reliance on any single country or factory.

Our operations in 22 countries, across 4 continents

* We contribute to the exports of Argentina, Brazil, China, Hungary, India, Mexico, Poland, Serbia and Türkiye, all listed as developing economies in the International Monetary Fund's World Economic Outlook Database, October 2023.

Main topics and key highlights

Sustainable products

Granted "ESG Leading Enterprise 2023" and "Leading Environmental Initiative" by *Bloomberg Businessweek Chinese Edition* for the project "Sustainable Products by Design – Product Carbon Footprint and Life Cycle Assessment"

Product carbon footprint

Implemented product carbon footprint ("PCF") and life cycle assessment ("LCA") methodologies into our product design processes

Proposed a decarbonization plan for a customer to reduce a product's carbon footprint by 50%

Comprehensively trained employees to calculate product carbon footprints

Product quality and product safety

Zero product safety and non-compliance incidents, zero product recalls for health and safety reasons

Material management and use

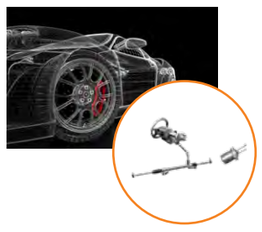
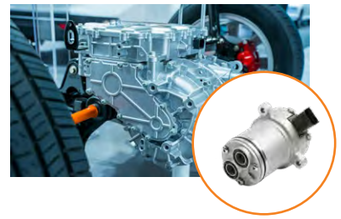
Avoided 404 tonnes of packaging materials by providing returnable packaging services to customers

E-Mobility segment
(Automotive Products Group, APG)

The automotive industry enables the high degree of mobility that shapes modern life and its industry, cities and communities. It provides access to economic opportunities and improved standards of living. However, this mobility comes with environmental and social impacts, including climate change, pollution, noise, congestion, road traffic accidents and resource depletion.

We apply our innovative technology to contribute to a more sustainable automotive industry by tackling some of these environmental and social challenges. We create positive impacts through the electrification of critical automotive functions in new energy vehicles ("NEV") to improve performance and lengthen the service life of critical components. This represents a significant source of opportunity, especially as the industry shifts from internal combustion engine ("ICE") to hybrid and battery electric vehicles ("BEV") to lower carbon emissions and reduce climate change risks. We also help mitigate the negative impacts of ICE.

The table below shows the typical sustainability benefits for a selection of our Automotive Product Group's products.

		BEV	Hybrid
Thermal management Integrated thermal management system, electric cooling fan module, electric water pump, cooling valve, electric oil pump, and other thermal components		✓ Increased driving range ✓ Greater longevity of critical components ✓ Less material used in product design than traditional parts	✓ Reduced fuel consumption ✓ Lower engine emissions
Braking chassis and steering Electromechanical braking motor (brake-by-wire), e-parking lock actuator and electric power-steering motor		✓ Improved braking performance for safety ✓ Improved parking safety ✓ Supports higher level of autonomous driving ✓ Reduced weight due to less material used in product design than traditional parts	✓ Improved braking performance for safety ✓ Improved parking safety ✓ Supports higher level of autonomous driving ✓ Reduced weight due to less material used in product design than traditional parts
Powertrain E-shift motor, e-clutch, and resolver		✓ Critical components of traction motors ✓ Increased EV e-axle efficiency	✓ Critical components of traction motors ✓ Reduced energy and fuel consumption ✓ Lower engine emissions
Vision Headlamp actuator, LuMEMS (levelling using MEMS) levelling actuator, condensation management device		✓ Improved safety on uneven roads and harsh weather conditions ✓ Reduced waste from maintenance and replacement ✓ Supports higher level of autonomous driving	✓ Improved safety on uneven roads and harsh weather conditions ✓ Reduced waste from maintenance and replacement ✓ Supports higher level of autonomous driving
Smart closure Power door opener (PDO) motor, charging port actuator, flash handle motor		✓ Improved aerodynamics due to lack of door handles, allowing for longer driving range and less energy consumption	✓ Reduced fuel consumption
Climate control Heating, ventilation and air-conditioning actuators		✓ Saves energy by directing airflow to where it is needed in the cabin	✓ Saves energy by directing airflow to where it is needed in the cabin

For more information on APG's products for NEV, please see our annual investor briefing and our automotive solutions at www.johnsonelectric.com.

Industrial, professional and consumer segments (Industry Products Group, IPG)

The Industry Products Group ("IPG") serves a wide range of industrial, professional and consumer segments. Many of these sectors are undergoing rapid social and technological change, arising from a complex mix of shifting demands and priorities.

Society has benefitted from the increasingly varied use of electromechanical components in our devices and equipment. This has improved quality of life and removed accessibility barriers as equipment becomes smaller, lighter and easier to use. However, the trade-off is often environmental stress from increased energy demand and more mining and processing of raw materials. Environmentally friendly alternatives exist, but unless they can be made affordable, consumers will continue to choose cheaper technologies with shorter life cycles or poor energy efficiency.

IPG has seized the opportunity to bring environmentally friendly products to market at an attractive price. We are creating positive sustainability impact through products that replace the internal combustion engine (especially in outdoor equipment), perform critical functions in the smart meters that actively encourage energy awareness, lighten power tools that lower barriers to equal access for people of all physical abilities, and improve health and wellbeing (for example, through foetal monitoring patches and products for medication delivery and surgical automation). At the same time, we mitigate the negative impacts of the consumer economy with products that help our customers to improve energy efficiency, decrease carbon emissions and reduce pollution.

Our market-leading product innovations also help our customers to stay up to date with government directives on energy efficiency and consumption for appliances and buildings, etc.

The table on the following page shows the typical sustainability benefits for a selection of our Industry Product Group's products.

		Climate change and energy efficiency	Noise	Equality	Health and wellbeing	Waste prevention
Brushless motors for power tools		✓ Energy efficient	✓ Quieter than brushed motor tools	✓ Compact size and lighter weight		✓ Long life cycle
Window automation		✓ Better management of natural light, heat and ventilation	✓ Quiet operation	✓ Increased comfort and ease of use	✓ No cord – child friendly	✓ Long life cycle
Smart meters and gas valves		✓ Increased consumer responsibility for energy choices ✓ Highest grid efficiency with lowest power losses			✓ Designed for safety first: exceeds UL, ANSI, NEMA, CSA and IEC standards*	✓ Long life cycle
Lawn and garden, agriculture and forestry		✓ Direct replacement of ICE mowers and outdoor tools	✓ Low noise is a basic requirement for lawn and garden products	✓ Lighter and easier to use	✓ Power on-off at the touch of a switch	✓ Long life cycle
Air-moving solutions		✓ Energy efficient for all-day use	✓ Low noise for unobtrusive all-day use		✓ Improved air quality	✓ Long life cycle
Drives for minimally invasive surgery				✓ Reduced weight that enables female surgeons to engage in long hour operations	✓ Precise and consistent actuation ✓ Robust and highly reliable	✓ Long life cycle ✓ High power in compact package
E-bike solutions		✓ Direct replacement of ICE delivery vehicles				

For more information on IPG's products and growth trends, please see our annual investor briefing and our solutions for industrial, professional and consumer segments at www.johnsonelectric.com.

* UL – Underwriters Laboratories; ANSI – American National Standards Institute; NEMA – National Electrical Manufacturers Association; CSA – Canadian Standards Association; IEC – International Electrotechnical Commission

Sustainable products

Our approach

We offer a growing portfolio of products that support the global drive towards sustainability, helping our customers to navigate the transition to a low-carbon, resilient and resource-efficient economy.

We work closely with our customers across a diverse range of industries and geographies to understand their end users' requirements and preferences. These include better energy efficiency and reduced emissions; a cleaner environment; improved health and wellbeing; support for the smart revolution in the car and home; automation of mundane tasks through artificial intelligence; improved security; superior product functionality, and ease of use that reduces accessibility barriers related to age, gender and disability. Based on our keen understanding of complex needs, we develop attractively priced products that offer effective solutions to our customers' problems, including improving their environmental and social impact.

Sustainability is also intrinsic to our product development. We engineer for efficiency, striving to "make customers successful and end users delighted" with products that take fewer resources to manufacture, use less energy to deliver the required performance and functionality, and have a longer operating life. We have also taken steps to quantify the carbon impact of our raw materials and production processes, further enhancing our ability to develop products that are sustainable by design (see "Product carbon footprint" section below).

Our vertical integration also helps customers to reduce their environmental footprint. Customers are increasingly asking for more complete motion subsystems, including motors, switches, gears and controlling electronics, rather than simply purchasing a motor. This reduces their costs, simplifies their logistics flow and reduces negative environmental impacts from transportation and packaging.

Our "Eco Motion" symbol on product packaging denotes products that are sustainable and energy-efficient

Green products

We follow the EU Taxonomy guidelines for classifying our products as "green", "transitional", or "health and safety" related. This provides internationally recognized criteria to support our efforts to assess positive impact and align our growth strategy with global climate and sustainability goals, achieving a level of environmental performance that all stakeholders may recognize as "green".

The EU Taxonomy classifies economic activities that make a substantive contribution to one of six environmental objectives: climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems. As sustainability reporting becomes more regulated, the EU Taxonomy will support our efforts to evaluate our business activities and enhance our preparations to report against more demanding future regulations.

Our "green" products under the taxonomy include technologies specific to electric vehicles; products that significantly improve the energy efficiency and reduce the weight of automotive systems, and low or zero-carbon solutions for industrial, professional and consumer applications.

We consider products designed for use in hybrid vehicles to be "transitional" technologies.

We also offer products for vehicle interiors, power closure and other automotive applications that draw on today's rapid advances in vehicle electrification. Although these products are initially or mostly used in battery electric vehicles, they are also suitable for ICE vehicles, and as such are not strictly considered "green".

Finally, our "health and safety" related products include car braking systems and other automotive safety applications, as well as a range of products for the healthcare industry, all of which promote health and wellbeing.

We regularly validate our alignment to the EU Taxonomy and assess our compliance with the EU's Corporate Sustainability Reporting Directive ("CSRD") and the International Sustainability Standards Board's IFRS S2 Climate-related Disclosures ("IFRS S2"). For details, see the "Trust and Transparency – Corporate governance" section below.

Product carbon footprint

Our approach

Working closely with our customers, we have strengthened the research and development of products that are low-carbon and sustainable by design.

To achieve this, we have adopted a product carbon footprint ("PCF") and life cycle assessment ("LCA") approach to assess opportunities, prioritize, and make appropriate business decisions.

LCA is a methodology for measuring and quantifying a product's end-to-end environmental and economic impacts. By examining each step in the product's life cycle, LCA considers how raw materials were extracted; which resources are consumed in planning or designing the product; material and energy use during manufacturing, packaging, and distribution; impacts from using the product; and waste and pollution created throughout the process and at end-of-life.

The difference between Life Cycle Assessment (LCA) and Product Carbon Footprint (PCF) lies in their scope. LCA is a comprehensive method that evaluates the environmental impacts of a product throughout its entire life cycle, from raw material extraction to disposal or recycling. PCF, on the other hand, is a more specific measure within the LCA framework that focuses solely on the carbon emissions associated with a product throughout its life cycle. It is a subset of LCA that quantifies the greenhouse gases produced directly and indirectly by a product. PCF is particularly relevant in the context of climate change as it helps organizations to understand and manage their carbon footprint.

As this can be a complex, data-intensive process, we have taken on the challenge of integrating LCA with our existing processes through an LCA automation approach. To align with the ISO 14067:2018 carbon product footprint standard and the Greenhouse Gas Protocol Product Standard, we have partnered with Sphera to implement its Sphera LCA product sustainability tool for product life cycle assessment, product carbon footprint and environmental product declaration.

Commitments and targets

Our ambition is to develop all new products with optimized best-in-class life cycle assessment, product carbon footprint and environmental product declaration ("LCA/PCF/EPD"). This will help us to improve our sustainability performance and thus make vital contributions to our customers' sustainable supply chain goals and commitments.

Performance in FY23/24

Since launching our first LCA/PCF/EPD project in FY22/23, we have made significant efforts to advance the use of product carbon footprints in our product design. We have successfully quantified the product carbon footprint for numerous motor platforms and actuators, including our cooling fan module motor, oil pump, water pump, actuator, window lift motor, sunroof motor, and permanent magnet DC brushed motors. This allowed us to propose a comprehensive decarbonization plan to an automotive customer, targeting a 50% reduction in the cooling fan module for its vehicles. This clearly demonstrates the potential of this approach to reduce our customers' own product carbon footprints.

Comprehensive training sessions have equipped our staff-level employees and engineers with the knowledge and skills required to calculate product carbon footprints. The success of our product carbon footprint project was internally recognized at the "JEwel" awards, which celebrate the sharing of best practices within the organization.

Based on the insights gleaned from this strategic approach, we have undertaken various reduction strategies to minimize our product carbon footprints. These include avoiding carbon-intensive materials and manufacturing processes, adopting 100% renewable energy in our manufacturing operations (as available and feasible at each site), sourcing sustainable materials and incorporating low-carbon and recycled materials in plastics and metals. Additionally, we have implemented design changes to incorporate more lightweight components, such as replacing die-cast components with stamped parts.

As we align our targets with our customers' goals for reducing carbon emissions and achieving net-zero, we will strive to continuously implement and optimize strategies to further reduce our product carbon footprints.

Our efforts in PCF reduction have been recognized with the "ESG Leading Enterprise 2023" and "Leading Environmental Initiative" awards organized by *Bloomberg Businessweek (Chinese Edition).*

The "Leading Environmental Initiative" award highlights the innovative contribution that our PCF and LCA projects have made towards developing sustainable and low-carbon products by considering every step of the product's life cycle.

The "ESG Leading Enterprise 2023" award, meanwhile, acknowledges the effectiveness of our sustainability management system, which empowers every business unit and employee to make a positive impact. It also recognizes our clear sustainability strategies, defined roles and responsibilities, strong accountability and robust processes.

Bloomberg Businessweek 彭博商業周刊/中文版

Leading Enterprises ESG 2023 ESG Leading Enterprises

Leading Enterprises ESG 2023 Leading Environmental Initiatives

"We take immense pride in our involvement with the product carbon footprint project, which allows us to calculate the carbon emissions of our motors. This enlightening engineering endeavour has taught us that there are various methods to reduce carbon emissions, including carefully selecting materials and refining our manufacturing processes, among others. These efforts are instrumental in maintaining a green environment through our product design."

Allan Kwan
Director, Engineering Operations
Hong Kong SAR

Product quality and product safety

Our approach

Johnson Electric is committed to being the safe choice for our customers and meeting or exceeding their requirements.

Safe product releases

We constantly invest in new products and technology to drive sustainable innovation. Our Johnson Electric Product Development System ("JEPDS") combines engineering and manufacturing product quality planning methodologies to ensure the safe and flawless execution of new product launches.

From the initial conceptual design through to product design verification and validation, these methodologies include advanced product quality planning, V-model[#] product development, quality function deployment, simulation-led product design, anticipation of failure modes and failure mode analysis, reliability simulation and testing, product validation and safe product launch procedures.

Customer and regulatory quality assurance

Our manufacturing facilities and in-house testing laboratories are compliant with relevant international standards as appropriate. These international standards include:

- ISO 9001 for quality management system
- IATF 16949 quality management system (which contains sector-specific supplemental requirements on applying ISO 9001 for the automotive industry)
- IECQ QC080000 hazardous substance process management system for hazardous-substance-free legal and customer requirements such as Restriction of Hazardous Substances (RoHS), End-of-Life Vehicles (ELV) and Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH)
- ISO 13485 quality management system for meeting regulatory requirements for the medical devices industry
- ISO / IEC 17025 for competence of testing and calibration laboratories

This allows us to meet the ever-growing quality requirements of customers and industry regulators. Our products are also compliant with all mandatory health, safety and environmental protection requirements, as tested by recognized external testing laboratories and bodies.

A list of the certificates held by our entities can be found on pages 150 to 151 of this report.

Continuous improvement

Johnson Electric has a strong heritage of setting ambitious targets and driving continuous improvement through ongoing cycles of learning. This heritage is engrained in our MARBLE values of "reach higher" and "excel in execution with practical solutions", and serves as the basis for both our long-term success and that of the stakeholders who depend on us.

Our global manufacturing footprint shares a uniform supply chain and common production quality system across the four continents in which we have factories. Meanwhile, our vertically integrated business model gives us the speed and agility to respond immediately to changes in customer and market demand, identify opportunities to reduce and eliminate waste, and drive the highest standards in product quality and process capability.

Through the Johnson Electric Production System ("JEPS"), we are reducing process variation, waste and costs and targeting a Cpk of 2.0 for process capability performance, thus taking a systematic approach to increasing customer service levels. We also constantly invest in new process technologies, automation and process digitization to enhance the sustainability and efficiency of our manufacturing operations.

[#] The V-model is a sequential software development process emphasizing testing to ensure quality and reliability in product development.

Quality excellence

Making customers successful is our first MARBLE value. Understanding how we are performing against this goal through continuous cycles of learning is fundamental to our continuous improvement and quality excellence efforts.

We know we are achieving this goal when customers recognize that agreed targets are being met or exceeded. Over the past year, we have received many customer awards recognizing consistent good performance in quality, delivery, robust operating systems, material management and compliance with environmental system requirements. Our plants in Canada, China and Europe have received supplier quality excellence awards, recognizing Johnson Electric for our collaboration and quality performance.

Customer feedback handling system

We treat every customer complaint as an opportunity to improve our product performance and service value. Each complaint is logged on our global customer complaint handling system. This system provides a real-time communication channel between front-line staff and engineers in our manufacturing sites and design centres, facilitating rapid, team-based responses to customer issues.

Each logged complaint is managed through a rigorous root cause analysis procedure based on the "Eight Disciplines" problem-solving methodology*.

All knowledge gained from understanding the physics of failure feeds into our new product development and continuous improvement systems.

Recall and traceability

Any issue relating to the safety or reliability of our products, whether identified through customer feedback or internal control processes, will trigger defined product recall procedures. Unique product identifiers and manufacturing execution traceability systems enable timely and appropriate response actions.

Commitments and targets

- Zero product safety and non-compliance incidents and zero recalls of products sold or shipped due to health and safety reasons
- 5% reduction in customer complaints as a ratio of sales each year through to 2028
- 7% reduction in internal defect cost as a ratio of sales each year through to 2028
- Continuous cycle of knowledge and learning fed back into new product and process development

Performance in FY23/24

Johnson Electric manufactures over 4 million products per day and maintains a low ratio of complaints to sales. In FY23/24, there were:

- Zero product safety and non-compliance incidents, zero recalls of products sold or shipped due to health and safety reasons
- 1,088 valid customer complaints received, representing a 7.1% increase in the number of complaints as a ratio of sales. Complaints may range from a single faulty motor in a delivery, an incorrect or missing label identification, to larger issues^
- 9% increase in internal defect costs related to in-process failure as a ratio of sales, as compared with FY22/23#

* This methodology comprises eight steps: establish a team, identify and define the problem, contain the problem, define and verify the root causes of the problem, select and verify corrective actions, implement permanent corrective actions, monitor and prevent recurrence, and reward the team.

^ In 2023, we relocated a significant portion of our Asia manufacturing footprint to Jiangmen, China. We undertook advanced quality planning to mitigate risks, ensuring uninterrupted supply to customers. These activities were well-executed overall, causing minimal disruption to our supply chains. However, we faced challenges with production stability during the initial start-up in Jiangmen, resulting in higher levels of non-conforming material escaping to some customers. We have since resolved these issues, with our customer quality performance now returning to pre-relocation levels.

Production validation processes associated with the transfer of production to manufacturing lines in Jiangmen generated additional scrap from process qualification, production part qualification, quality assurance testing and other set-up activities. Safe launch activities also contributed to higher internal scrap costs.

Material management and use

Our approach

Our manufacturing processes consume raw materials such as steel, copper, aluminum, and plastic resins. We mitigate the environmental impact related to this by:

- Using environmentally sustainable materials and renewable energy wherever possible
- Purchasing materials with recycled content wherever possible (without compromising product functionality)
- Reducing consumption of carbon-intensive materials
- Recovering scrap materials from production and reusing them wherever economically or technically feasible, and otherwise selling them for offsite recycling

We aim to maximize efficiency and minimize waste in our material use, with a focus on consuming less, reducing toxic chemicals and lowering environmental impact throughout the material's life cycle.

We also refurbish and adapt our machines when needed to improve their function, integrate them into our eco-efficient automated lines, repurpose them or otherwise extend their lifespan. This lowers replacement rates and thus waste, leading to more sustainable and efficient manufacturing operations.

Commitments and targets

Our targets include:

- Measuring the quantity of waste recycled and recovered onsite through direct reuse in our operations
- Measuring the percentage of recycled materials used as inputs ("percentage recycled content") for targeted purchased items, including material recovered from our own operations as well as purchased recycled materials
- Measuring our products' carbon footprints, and gathering data on the carbon footprints of components sourced from suppliers
- Analyzing and incorporating customers' material requirements such as the EU's directive on end-of-life vehicles, forbidden materials and substances, and content requirements
- Sourcing raw materials from suppliers that use renewable energy

For information on conflict materials, please see "Trust and Transparency – Supply chain" section

Providing returnable packaging for shipments to customers

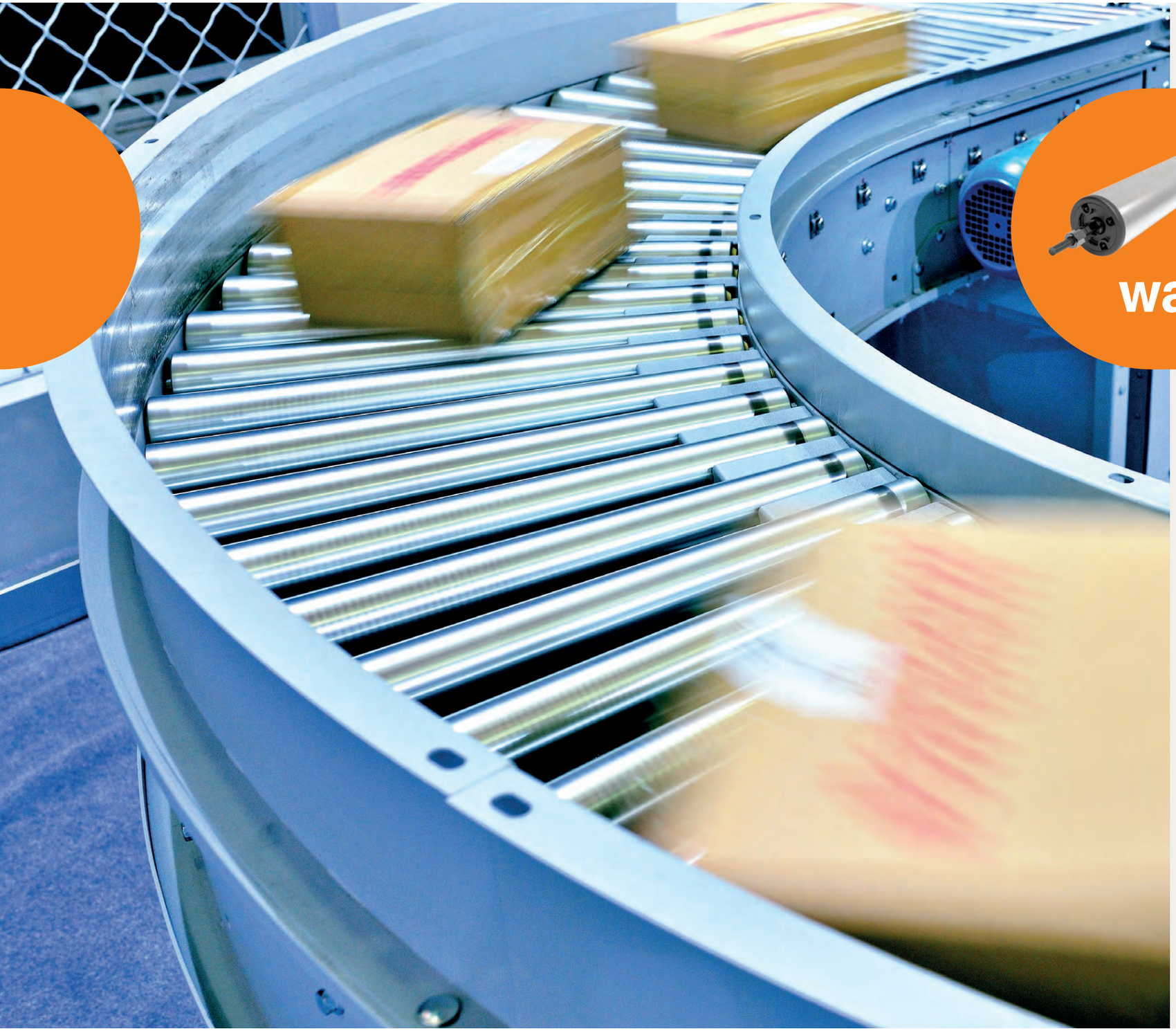
We have reduced our consumption of packaging materials including plastic, cardboard and wood pallets through the use of returnable packaging for in-region shipments to certain customers in Asia, Europe and the Americas.

For example, we have provided returnable packaging for shipments to four customers in Liuzhou, Shanghai, Shenzhen, Wuhan, Wuxi and Yantai, China since 2020. This avoided the use of 404 tonnes of packaging materials in 2023. We are exploring the opportunity to expand this initiative to more customers.

Management of risks associated with the use of critical materials

The effective management of risks associated with critical materials is crucial to ensuring organizations' smooth operation and sustainability. Within our company, we have identified steel, resins and rare earth as critical materials that pose potential risks to our operations. Each of these materials carries specific risks, such as supply chain disruption, fluctuating prices, raw material concentration and geopolitical tension. We are committed to carefully assessing and monitoring the various types of risks associated with each critical material and putting in place strategies to mitigate these risks. By proactively addressing these challenges, we aim to secure stable supply, optimize costs and ensure operational resilience in uncertain conditions.

Critical material	Type of risk(s)	Strategies to mitigate the risk(s)
Steel	• **Geopolitical tension**: steel supply chains can be influenced by geopolitical tensions, particularly in cases where the supply of steel is centered in specific regions • **Mergers and acquisitions**: consolidation within the steel industry through mergers and acquisitions can disrupt the supply chain, as changes in ownership or restructuring of steel mills may affect the reliability, pricing and availability of steel materials • **Regional pricing**: steel prices can vary and fluctuate across different regions, potentially impacting manufacturing costs and profitability • **Sustainability regulation**: increasing emphasis on environmental sustainability and regulations related to the steel industry can pose challenges. Compliance with sustainability requirements, such as reducing carbon emissions and improving energy efficiency, may require additional investments and adjustments in manufacturing processes	**Bifurcation and localization**: diversifying the sources of steel supply and localizing production can reduce the dependency on specific regions or countries, minimizing the impact of geopolitical tensions and disruptions in the supply chain. This includes: • Exploring alternative steel suppliers to enhance supply chain resilience • Increasing the proportion of steel supply from different regions to mitigate supply risks and potential pricing fluctuations from individual suppliers • Embracing the use of electric arc furnaces for manufacturing steel from recycled scrap to promote sustainability and reduce reliance on traditional steel production methods, contributing to a more sustainable supply chain
Resins	• **Expensive high-grade polymers**: certain high-grade polymers are known for their exceptional properties but come at a higher cost. The use of these materials can increase manufacturing costs, impacting profitability and affordability of end products • **Sustainability requirements**: increasing emphasis on sustainability practices poses challenges for resin usage. Compliance with environmental regulations, such as reducing carbon emissions and improving recyclability, may require the adoption of alternative resins or additional investments in sustainable manufacturing processes	**Strategic supplier development**: developing strong relationships with resin suppliers and exploring alternative sourcing options can help manage costs and ensure a stable supply of resins. This includes evaluating potential suppliers based on their reliability, quality, and pricing. • Substituting expensive high-grade polymers with commodity plastics can in some cases help reduce material costs without compromising performance • Collaborating with resin suppliers to develop recycled resin can promote sustainability and reduce reliance on virgin materials
Rare earth	• **Raw material resources concentration**: rare earth metals, which are commonly used for magnet production, are geologically scarce and concentrated in a few regions, posing a risk of supply disruption if there are changes in export policies, production limitations, or trade disputes • **Geopolitical tension**: geopolitical tensions between countries can impact the availability and pricing of rare earth metals and magnets. Trade restrictions, tariffs, or political conflicts can disrupt supply chains and lead to uncertainties in sourcing these critical materials • **High prices for heavy rare metals**: heavy rare earth metals for high-performance magnets are often in limited supply and have higher prices. Fluctuations in the prices of heavy rare metals can significantly impact the overall cost of magnet production and, consequently, the cost of end products • **Higher demand from electrification**: the growing demand for rare earth magnets driven by electrification trends, such as electric vehicles and renewable energy technologies, can strain the supply-demand balance. This increased demand may lead to potential shortages, price volatility, and supply chain uncertainties	• **Value analysis/value engineering (VAVE)**: conducting VAVE assessments to explore alternate materials and designs can help reduce reliance on rare earth metals. This involves evaluating performance requirements and identifying cost-effective alternatives that offer comparable or improved performance • **Reducing heavy rare earth usage**: developing strategies to reduce the usage of heavy rare earth metals in magnet production can help mitigate supply chain risks and reduce costs. Finding alternative compositions or magnet configurations that require lower amounts of heavy rare earth metals can lead to significant cost savings • **Non-rare earth initiatives**: exploring and investing in the development of alternative magnet technologies which can help reduce reliance on rare earth metals. These technologies offer potential advantages in terms of performance, cost and availability compared to traditional rare earth magnets



Groundbreaking technologies in warehouse automation

In response to ongoing labor scarcity challenges, Johnson Electric helps warehouses boost throughput with TrueDrive™ Dynamic Zone Control (DZC) MDR and VersaSort™ Modules. TrueDrive DZC significantly enhances conveyor throughput by up to 250% and ensures 100% uptime. VersaSort Modules enable precise sorting of even the smallest packages, as small as 50mm x 38mm. When paired together, these two technologies position warehouses to adapt quickly to changing market demands, handle peak loads more effectively, and reduce operational costs.

Unlocking the secrets of cells with advanced microscopy

To find new cures for diseases, life scientists rely on advanced digital microscopes to watch and interact with cells in real-time. This can help scientists train T-cells to attack cancer cells, or better understand how diseases like malaria infect individual cells. Powered by Nanomotion's motion expertise, Carl Zeiss Microscopy's brand-new Lattice Light Sheet Microscope operates at critically slow speeds, ranging from 200 microns to 200 nanometres per second, capturing high-resolution images that are reshaping our understanding of cellular behaviour.

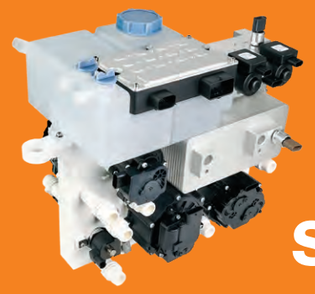
Advanced cooling solutions for a greener internet

Data centres are the hidden heartbeat of our digital age, but keeping them cool is an enormous sustainability challenge. Energy-efficient liquid cooling systems are essential to the sustainable operation of data centres, reducing the immense heat they produce without compromising their lifespan.

Johnson Electric's Brushless DC coolant pumps use advanced on-board electronic controls to offer safe and intelligent pump operation for liquid cooling systems. Robustly designed, high-efficiency motors and best-in-class fluid dynamics improve data centres' Power Usage Effectiveness and enable round-the-clock cooling.

Smart components to maximize EV range

For car-lovers, energy savings and mileage range are key factors when considering buying an electric vehicle. Johnson Electric's Osprey Light Electric Oil Pump for eAxles extends the mileage range of new energy vehicles through superior eAxle thermal management. Its next-generation design swaps traditional aluminium with lighter plastic, cutting carbon emissions and slashing product weight by 30%. Composed of high-precision tooling with thermoset features, the pump cools the eAxle to the optimal temperature for maximizing the vehicle's efficiency.



Slimmer and lighter thermal systems for EVs

Today's leading carmakers are looking to new advances in Electric Vehicle (EV) energy efficiency and range to drive competitive advantage. Johnson Electric's Integrated Thermal Management System (ITMS) for EVs innovatively combines multiple components into a single module, making it 25% lighter and 30% smaller than conventional systems. Lean and powerful, it simplifies car assembly for OEMs while offering greater design flexibility. By optimizing thermal energy distribution, it also enhances battery safety and can boost an EV's driving range by up to 20%.

Opening the door to innovative comfort

Johnson Electric's Power Door Opener (PDO) allows drivers to effortlessly access their vehicles at the push of a button or the tap of a smartphone. By eschewing conventional handles, it reimagines car doors as more lightweight, intelligent and easy to use. The eco-savvy automated design also gives EVs an extra 5-10km of driving range, thanks to enhanced aerodynamics and weight reduction. Engineered to ensure robust performance in all weather conditions, the PDO sets new standards for noise and emission control.

“2023 was a banner year for Johnson Electric’s energy and climate performance. We have now cut our carbon emissions by 52.7% compared to baseline, beating our 2030 target. We doubled the share of renewables in our energy mix to 43.9%, and reduced our energy, waste and water withdrawal intensity per sales. But we’re only getting started. This year, we will finalize our Scope 3 carbon emissions inventories and set even more ambitious reduction targets. With an innovative mindset, we’ll continue driving towards a sustainable future.”

Laurent Cardon

SVP, Global Operations

Environment

Core SDGs

Supporting SDGs

We promise to protect the environment for future generations.

Our environmental strategy and policies aim to mitigate climate change risk, make sustainable use of natural resources including water and raw materials, prevent pollution and minimize waste, wherever we operate.

Our approach

From our earliest days as a small family business in Hong Kong, Johnson Electric has always been mindful of the legacy we leave for future generations. Today, we are deeply committed to protecting the environment for those who come after us, ensuring that our children and grandchildren have a healthy planet on which to thrive.

We aim to fulfil this promise by engineering sustainable products and processes that minimize environmental impact and promote safety and wellbeing. This challenge has been keenly embraced by everyone at Johnson Electric, from senior leaders to engineers and front-line staff.

Our key environmental priorities are reducing carbon emissions, increasing renewable energy use and energy efficiency, cutting waste and pollution, and using natural resources sustainably. We have now adopted product carbon footprint and life cycle assessment methodologies to help us quantify and reduce the end-to-end environmental impacts of our products. In addition, we are constantly introducing new resources and energy-efficient technologies to our manufacturing sites around the globe.

Collaboration with our suppliers and customers is also critical to creating long-lasting positive impact. We believe that by working together, we can create a more sustainable future for all.

Main topics and key highlights

Energy and climate

Reduced absolute carbon emissions (Scope 1 & 2) by 52.7% compared to FY20/21 baseline, surpassing our 2030 target of a 42% reduction

Currently quantifying our Scope 3 carbon emissions to set further, more ambitious reduction targets according to SBTi guidelines (targets to be validated by SBTi)

Doubled renewable energy usage to 43.9% from 21.6% last year

Energy intensity per sales decreased by 2.2% compared with baseline

Installed solar panels at our Zacatecas, Mexico site, which are expected to cover 11% of the site's electricity consumption

Industry recognition: upgraded to 'Silver Medal' by EcoVadis and a 'B' score for climate change by CDP, and granted "ESG Leading Enterprise 2023" and "Leading Environmental Initiative" by *Bloomberg Businessweek (Chinese Edition)* for the project "Sustainable Products by Design – Product Carbon Footprint and Life Cycle Assessment"

Waste

Maintained zero waste to landfill*

93.4% of waste recycled

6% reduction in waste intensity per sales, compared with last year

10.9% reduction in absolute hazardous waste, compared with last year

Water

2.8% decrease in water withdrawal intensity per sales from last year

Emissions

Increased and enhanced waste gas treatment facilities at our sites

* "Zero waste to landfill" refers to at least 99% of generated waste being diverted away from landfill.

Policy and governance

Environment, Health and Safety ("EH&S") policy

Our EH&S policy is a core element underpinning our environmental management efforts. The policy drives overall corporate strategy, and ensures that environmental protection is:

- considered in all decisions we make
- integrated in the design of our new and modified facilities, products and processes
- subject to monitoring and continuous improvement

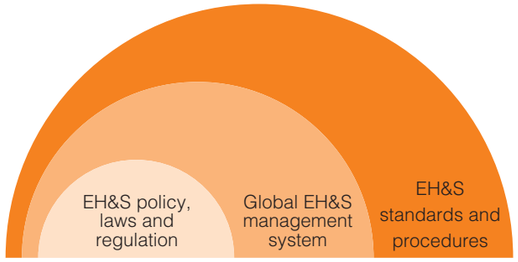
Our EH&S policy is available for download from the Johnson Electric website and on our internal employee portal, in various local languages.

To ensure compliance, we build trust by operating transparently, adhering to our Code of Ethics and Business Conduct (the "Code"), complying with all applicable environmental laws and regulations, ensuring the consultation and participation of our workers, and communicating our environmental performance to our stakeholders while seeking their involvement wherever applicable.

Global EH&S management system

Our global EH&S management system comprises a set of programs, procedures and standards that are common to all our sites. We have put in place the appropriate leadership, resources and organization to ensure excellence in implementation.

The global EH&S management system equips each site and team to monitor, identify and quickly address EH&S issues according to a standard process that allows them to share the lessons learnt across our global footprint. To support this, we have implemented a strong culture of EH&S monitoring, continuous improvement, problem solving and mutual learning.



Environmental compliance

In FY23/24, there were no significant instances of non-compliance with environmental laws and regulations.

We ensure compliance with our global EH&S management system and standards and with local environmental regulations at all Johnson Electric sites through:

- Monitoring key environmental performance indicators, such as carbon emissions, energy consumption, water withdrawal, wastewater discharge, waste and air emissions
- Auditing environmental performance as well as compliance with new and existing regulations. We conduct internal audits and develop specific regulatory compliance audit protocols for assurance purposes. Compliance at individual sites is also verified by annual inspection or certification audits conducted by accredited external auditors
- Including environmental compliance as part of our annual corporate governance review of internal controls and risk management

Environmental performance monitoring

We adopt a bottom-up, project-based approach to set our environmental goals. Our operating sites are invited to contribute ideas and suggest projects, which are then reviewed, analyzed and consolidated into a comprehensive set of goals.

Environmental performance is tracked against specific global and local environmental objectives and targets. Performance against environmental targets is linked to relevant employees' annual incentive pay. Our senior leadership regularly reviews KPIs for all sites and the Group as a whole. Together, this keeps us on track to reach our environmental commitments through continuous improvement.

Having the right data is essential to making the right operational decisions. We have partnered with Sphera to implement its SpheraCloud Corporate Sustainability (SCCS) and Product Sustainability software solutions, including Sphera LCA for life cycle assessment, product carbon footprint and environmental product declarations.

ISO 14001 and ISO 50001

There are 45 Johnson Electric entities certified with the ISO 14001 environmental management system standard, including 100% of our manufacturing sites, demonstrating our commitment to environmental management and sustainability. This certification confirms that our manufacturing sites have implemented a comprehensive environmental management system to identify and control the environmental impact of our operations.

Our local sites strive to achieve optimum energy conservation in their buildings and operations, adopting good practices in energy saving. Each site must have an energy conservation taskforce or committee. Eleven of our entities, including our largest sites in Shajing and Jiangmen, China, and Niš, Serbia, hold the ISO 50001 certification for energy management systems. These entities represent 52.1% of the Group's total energy consumption and 59.5% of our total carbon emissions.

We constantly strive to identify and learn from the best energy management practices across all our operating sites, so that successful strategies and techniques can be implemented across our organization.

Environmental awareness and training

We believe that EH&S awareness, training and knowledge can enhance the personal lives of our employees, their families, our communities and the environment.

We provide EH&S training as part of new employees' induction. We expect our operating sites to manage their EH&S training programs in accordance with national and local regulations in their respective countries, identify the training needs associated with their site-specific EH&S risks, provide training or take action to meet those needs, and evaluate the effectiveness of the training or action taken.

We also communicate our environmental performance to stakeholders and seek their involvement wherever applicable.

Green plant initiative

Johnson Electric always seeks to adopt clean and environmentally sound technologies and industrial processes. To support this, a Green Plant Checklist has been developed. This offers a structured approach to identifying opportunities to improve environmental performance.

Topics covered by the checklist include renewable energy, energy efficiency and peak demand reduction, water conservation, material conservation and recycling, waste reduction, indoor environmental quality, green processes and production, pollution controls and end-of-pipe treatments, ecology and nature conservation, as well as certifications for environmental and energy management systems.

Biodiversity

Johnson Electric's factories do not have a significant impact on biodiversity and ecosystems. Nevertheless, we have established a biodiversity policy to demonstrate our commitment to minimize our impact on biodiversity and promote conservation and restoration wherever we operate. Our pollution prevention and waste control measures are designed to eliminate or minimize the risk of damage to ecosystems and include prevention of hazardous waste discharge and wastewater quality monitoring.

Energy and climate

Our approach

Energy and climate is a topic of key concern to Johnson Electric, our customers and other stakeholders. We are fully committed to engineering innovative solutions for a global low-carbon transition.

In shaping our low-carbon strategies and approach, we take into account global initiatives including the United Nations Sustainable Development Goals, the Paris Agreement, the Science Based Targets initiative (SBTi) and the Greenhouse Gas Protocol. Crucially, we also align our approach with our customers' strategies and support them to achieve their own low-carbon goals.

Commitments and targets

In line with the 2015 Paris Agreement, governments around the world have been taking action to curb the rise in global temperatures. Johnson Electric has an important role to play in delivering these goals.

Our energy and climate targets demonstrate our commitment to driving sustainable growth and taking climate action. These targets include:

- Using 100% renewable energy across all our operations by 2025, as available and feasible for each site
- Reducing carbon emissions from our operations by 42% (Scope 1 and 2) by 2030 from a FY20/21 baseline, and reaching net-zero value chain global emissions by 2050
- Running a Scope 3* carbon emission inventory and setting Scope 3 carbon emission reduction targets during FY24/25#
- Reducing the intensity per sales of purchased energy consumption in our operations by 15% by 2030 (compared to baseline year FY19/20)

We have successfully accomplished our near-term target of a 42% reduction in carbon emissions compared to the FY20/21 baseline, having achieved a 52.7% reduction in FY23/24. We are now in the process of setting new targets for reducing Scope 1, 2 and 3 carbon emissions, based on SBTi guidelines – please see the section "Performance in FY23/24" below for more details.

Environmental transparency and accountability are vital for tracking progress towards our climate action and carbon reduction targets. To support this, we participate in the CDP. In 2023, our CDP climate change score was upgraded to 'B'.

CDP DISCLOSURE INSIGHT ACTION Climate Change: 'B' score

Johnson Electric has a high degree of vertical integration, making most of our components in-house, including plastic injection parts, stamped and die-cast metal parts, magnets and powder metal parts. On the one hand, this reduces product carbon footprints as there is less transportation and more efficient use of capacity. On the other hand, transferring energy-intensive "metal-bashing" processes to our own factories significantly increases our total energy consumption and carbon emissions.

This makes our targets highly challenging to achieve. Nevertheless, we are determined to successfully fulfil our commitments to responsible production and combatting climate change. We are actively exploring additional avenues to reduce our carbon emissions and energy intensity through our green plant initiative, including increased use of renewable energy.

Participation in China's carbon emissions trading scheme

We have participated in China's carbon emissions trading scheme since 2013. Our Shajing factories currently hold surplus carbon credits that can be traded at the Shenzhen Emission Trading Center.

* Scope 1 carbon emissions covers emissions from sources that an organization owns or controls directly. Scope 2 carbon emissions are indirect emissions that a company causes indirectly when the energy it purchases and uses is produced. Scope 3 carbon emissions are the emissions that an organization is indirectly responsible for, up and down its value chain.

\# After completing the Scope 3 inventory, we will publish a supplement to this report to share our findings and insights. Additionally, we will submit our new near-term Scope 1 & 2 and Scope 3 targets, as well as our long-term net zero target, to the Science Based Targets initiative (SBTi) for validation. Once approved by SBTi, we will disclose these targets to demonstrate our commitment to reducing greenhouse gas emissions in line with scientifically-grounded benchmarks.

Our energy and climate achievements

FY21/22

- Europe: 100% renewable electricity from suppliers
- Brazil: 100% iRECs*
- Solar panels installed in Switzerland and Hong Kong

FY22/23

- 15 operating sites operating with 100% renewable electricity
  - Chengdu, China using 100% renewable electricity from supplier
  - Prioritizing sites with higher carbon emission factors: using 30% iRECs in Shajing and Jiangmen, China
  - Installed 6,600 solar panels at Jiangmen, China site (3% of its energy consumption)
- Installed energy-saving solar tubes in Zacatecas, Mexico
- Reduced absolute carbon emissions by 20.6% compared with baseline year of FY20/21
- Committed to the Science Based Targets initiative (SBTi)
- Increased use of renewable energy to 21.6% (excluding grid mix)
- Energy intensity per sales generated improved 1.8% compared with baseline year of FY19/20

FY23/24

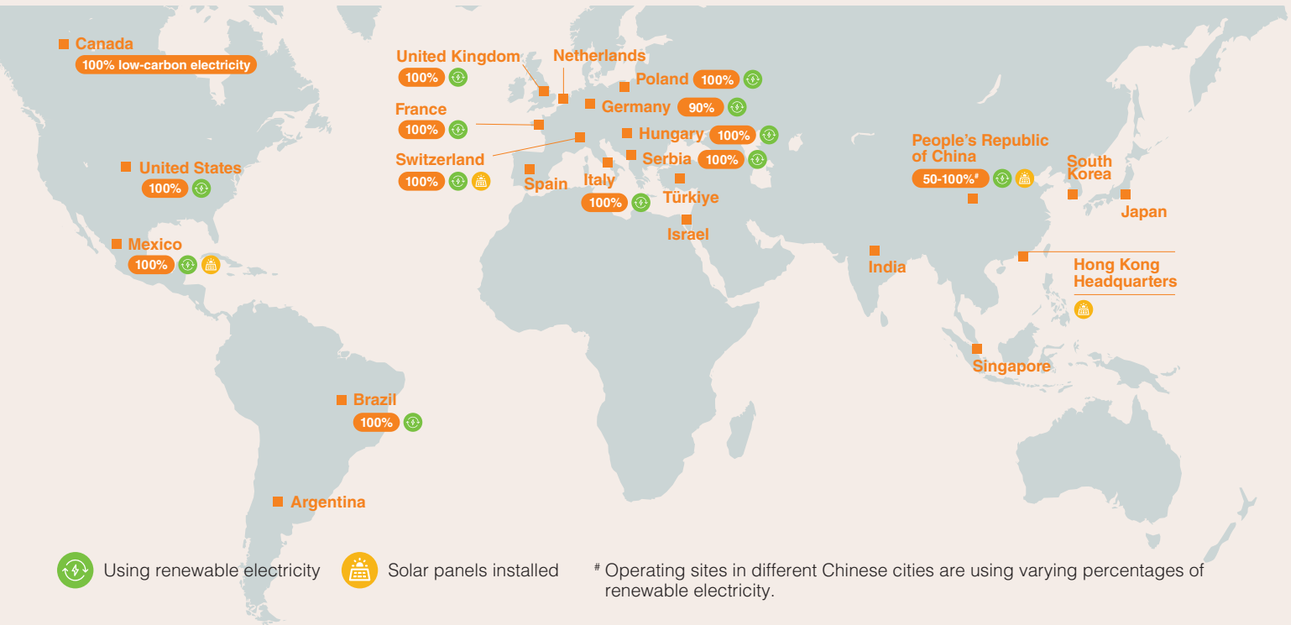
- Reduced carbon emissions (Scope 1 and 2) by 52.7% as compared with baseline year of FY20/21
- Made progress in mapping our Scope 3 carbon emissions inventories to set new SBTi targets for reduction
- Doubled use of renewable energy to 43.9%
  - 100% iRECs: US, Mexico and Brazil
  - 50%-100% iRECs: China
- Used biomethane gas to replace natural gas consumption at our Hirson, France site
- Energy intensity per sales generated improved 2.2% compared with baseline year of FY19/20

*iRECs: International Renewable Energy Certificates

BUSINESS AMBITION FOR 1.5°C

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Renewable electricity at our sites



Using renewable electricity Solar panels installed

Operating sites in different Chinese cities are using varying percentages of renewable electricity.

Energy and climate: our commitments and progress

	Unit	Baseline (Base year)	FY22/23	FY23/24	2025 Target	2030 Target	2050 Target
Carbon emissions – Scope 1 and 2	t CO_2 eq.	308,636 (FY20/21)	245,122 (-20.6%)#	146,073 (-52.7%)#		179,009 (-42%)#	Net-zero value chain emissions
Carbon emissions – Scope 3	t CO_2 eq.	We are currently finalizing our Scope 3 emissions inventories.^					
Renewable energy	%	6.3% (FY21/22)	21.6%	43.9%	100%*		
Energy intensity	GJ/US$ million of sales	827.1 (FY19/20)	812.4 (-1.8%)#	809.0 (-2.2%)#		703.0 (-15%)#	

* As available and feasible for each site # Percentage compared with baseline

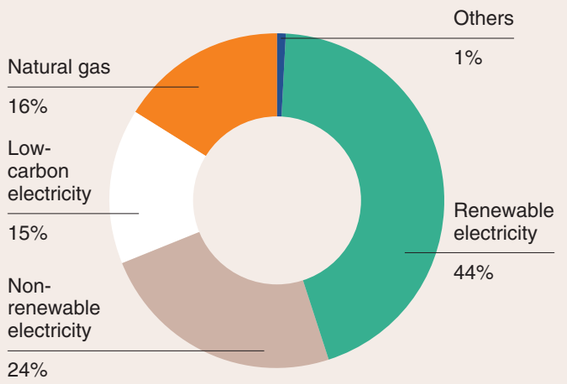
^ After completing the Scope 3 inventory, we will publish a supplement to this report to share our findings and insights. Additionally, we will submit our new near-term Scope 1 & 2 and Scope 3 targets, as well as our long-term net zero target, to the Science Based Targets initiative (SBTi) for validation. Once approved by SBTi, we will disclose these targets to demonstrate our commitment to reducing greenhouse gas emissions in line with scientifically-grounded benchmarks.

Energy profile

Electricity accounts for 83% of our energy consumption. This is largely used for assembly and parts production and auxiliary production systems such as air conditioning and air compressor systems. In FY23/24, renewable electricity made up 44% of our total energy consumption. Our Canada sites use low-carbon electricity as their suppliers' electricity carbon emission factors are relatively low.

Natural gas accounts for 16% of our overall energy consumption with our sites in Canada accounting for around 65% of our total natural gas consumption. Natural gas is primarily used for certain manufacturing processes such as sintering furnaces for powder metal parts and magnet production, as well as for space heating during the winter in some northerly countries.

Energy consumption by source



BUSINESS AMBITION FOR 1.5°C

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Operate with 100% renewable energy by 2025

CO_2 -42% absolute carbon emissions by 2030

Performance in FY23/24

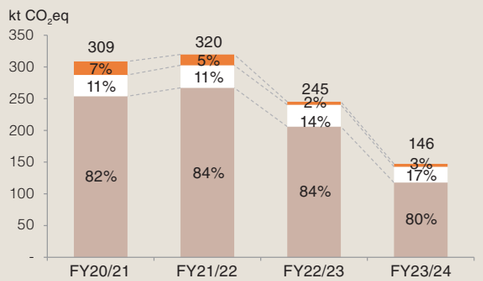
This year, we achieved a 52.7% reduction in carbon emissions compared with our FY20/21 baseline. This means that we have already surpassed our near-term target of a 42% reduction from baseline by 2030.

This remarkable achievement is testament to the dedication and ingenuity of every Johnson Electric employee – but we are not resting on our laurels.

Adhering to the guidelines set by the Science Based Targets initiative (SBTi), we are now calculating a new and more ambitious set of SBTi targets. To do this, we are currently in the process of finalizing our Scope 3 emissions inventories. Once our Scope 3 carbon emissions inventory is ready, we will develop new near-term and long-term emissions reduction targets for Scope 1, 2 and 3 emissions in line with the SBTi's criteria and submit the targets to the SBTi for validation.

Upon approval, we will publish a supplement to this report disclosing the new targets.

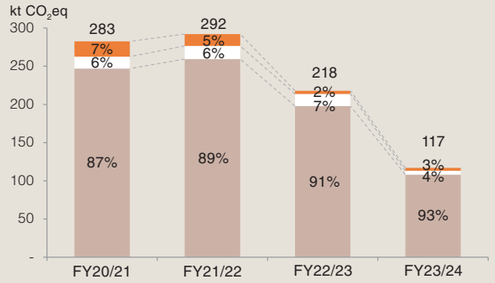
Scope 1 and Scope 2 carbon emissions



In FY23/24, Scope 2 carbon emissions decreased 46.5% compared with last year and 58.7% compared with the FY20/21 baseline. This was due to the increased use of renewable energy across many of our sites. We now use 43.9% renewable energy, more than doubling from 21.6% last year. We prioritized sites with higher emission factors, with each region showing solid improvement in the percentage of renewable energy used. Our Asia operations moved from 24% to 55% renewables use, those in the Americas (Brazil, Argentina, the United States and Mexico) jumped significantly from 18.2% to 91%, while our Europe and Middle East (EMEA) sites maintained a similar percentage of renewables use as compared to last year.

Countries using 100% renewable electricity include Brazil, the United States, France, Italy, Poland, Switzerland, Hungary, the United Kingdom, Mexico and Serbia. Our Canada sites, meanwhile, are using relatively low-carbon electricity due to the large proportion of nuclear power used for electricity generation. As a result, their carbon emissions from electricity consumption only account for 5% of our total Scope 2 emissions.

Scope 2 carbon emissions

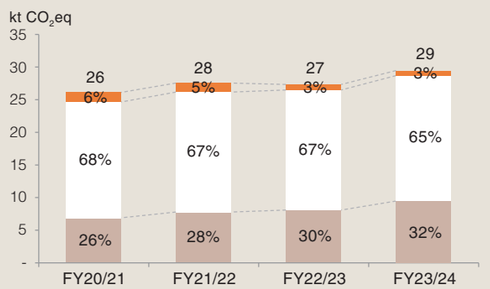


Most of our European sites transitioned to 100% renewable electricity in FY21/22. This year, our largest sites in Shajing and Jiangmen, China significantly increased their renewable electricity purchases. This allowed them to obtain 64% of their electricity from renewable sources, up from 34% last year. As a result, these sites reduced their absolute carbon emissions by around 90,800 t CO_2 equivalent, a reduction of 53% from baseline. Our site in Changzhou, China successfully purchased 100% renewable electricity for the first time this year, while our site in Chengdu, China has been using 100% renewable electricity since FY22/23. Other sites in China, including Beijing, Yantai, Nanjing, Shanghai and Wuxi, purchased between 50% to 80% renewable electricity, contributing to carbon emissions reduction. In the Americas, our sites in Springfield and Vandalia, USA and Zacatecas, Mexico transitioned to 100% renewable electricity this year, with Brazil having already completed this shift in FY21/22. Overall, our Americas sites (excluding Canada) have reduced 95% of their combined total carbon emissions as compared with baseline.

We are stepping up our strategy to become carbon-neutral by 2050 by using a higher proportion of renewable energy. Solar panels with an annual output of 4,330 MWh have been installed at our largest site in Jiangmen, China, representing 3% of its total energy consumption, while solar panels at our Murten, Switzerland site have an annual output of 138 MWh, providing 1% of the site's total energy consumption. During the year, we installed solar panels and signed 10-year on-site power purchase agreements with strategic partners at our Zacatecas, Mexico site. These solar panels have an annual expected output of 1,286 MWh, representing 11% of the site's electricity consumption.

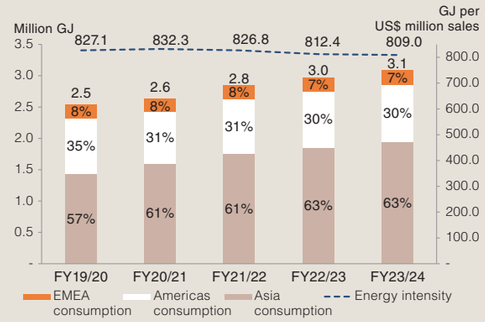
In FY23/24, Scope 1 carbon emissions increased 7.8% compared with the previous year and 12.8% compared with the FY20/21 baseline. This was due to the increased production of powder-metal products, which requires natural gas to fuel sintering furnaces in our Canada sites. To accommodate business growth while reducing carbon emissions, we have purchased nine new furnaces which use electricity instead of natural gas. Over the long term, we are exploring the feasibility of replacing our existing natural gas furnaces with electric furnaces to reduce our Scope 1 emissions. Meanwhile, our site in Hirson, France replaced natural gas with biomethane in January 2024. This will help reduce around 90% of the site's Scope 1 carbon emissions.

Scope 1 carbon emissions



In FY23/24, our energy intensity per sales was 2.2% lower than the baseline of FY19/20. This was due to energy-saving projects implemented across our sites and increased sales within the Group. These projects include improvements to production lines, processes and production floor integration, as well as the optimization of facilities such as air conditioning, lighting, and exhaust systems. See the following pages for selected examples of our energy-saving projects.

Energy consumption and intensity



Securing long-term renewable energy supply to our Mexico site

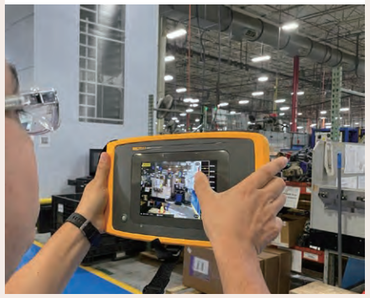
We have taken significant steps towards securing long-term renewable energy supply for our Zacatecas, Mexico site. To achieve this, we recently signed a 10-year power purchase agreement, ensuring a consistent source of renewable energy for our local operations. As part of this initiative, we have installed on-site solar panels that are expected to generate an annual electricity output of 1,286 MWh. This represents approximately 11% of the site's total electricity consumption, significantly reducing our reliance on non-renewable energy sources.

We have also installed solar panels at other key locations within our global operations. These include our sites in Murten, Switzerland, and Jiangmen and Hong Kong SAR, China. By harnessing solar energy at these locations, we are further contributing to our commitment to sustainability and reducing our carbon footprint.

Acoustic imaging devices to tackle energy leakage at our Canada, US and South Korea sites

In Canada, the United States, and South Korea, we have implemented ultrasonic diagnostic technology to detect air leaks within our manufacturing plant. The process involves using advanced sound detection sensors to locate air leaks by identifying high frequency vibrations generated at the source of the leak. This technology is highly valuable in supporting predictive maintenance operations.

As part of our commitment to maintaining optimal operational efficiency, we have conducted thorough scans of all equipment in our South Korean and US manufacturing plants. By proactively identifying and correcting air leaks, we can minimize wasted energy from our compressed air systems and ensure the continuity of environmentally responsible production activities.



Frequency converter to reduce energy consumption

Frequency converters have been integrated into the gas treatment facilities of our Nanjing, China site as well as into the air conditioners of our Shanghai, China site. They enable precise control of motor speed by adjusting the frequency and voltage supplied to the motor. This allows the machines to match their speed to the required load, avoiding energy wastage from operating at high speeds or running at full power when not necessary. Optimizing motor speed maximizes operational efficiency, resulting in reduced energy consumption.

Improving energy efficiency in manufacturing facilities

At our facility in Zacatecas, Mexico, we have implemented solar tubes to enhance indoor illumination. These solar tubes harness natural sunlight, reducing the need for electric lamps during the day. As a result, we can turn off 252 electric lamps, significantly saving energy. Additionally, we actively promote the use of energy-saving lights throughout our operations. This includes replacing all fluorescent light tubes with more energy-efficient LED lights, further reducing our energy consumption.

As part of our ongoing commitment to explore innovative solutions, we are currently testing the use of cooling ceramics at our Jiangmen manufacturing plant wall surface. These ceramics, with their reflective properties, have the potential to reduce the need for air-conditioning. By reflecting more sunlight, these white ceramics assist in maintaining cooler temperatures within the facility, reducing energy demand from air-conditioning systems.

Successful energy efficiency projects at our Shajing manufacturing plant

Our Shajing manufacturing plant is among the Johnson Electric operating sites certified with ISO 50001 for energy management. In FY23/24, we successfully implemented five energy-saving projects at the Shajing plant, resulting in total energy savings of 7,270 MWh. This amount is equivalent to 26,172 GJ (gigajoules) or 4,179 metric tons of carbon emissions avoided. Energy savings were achieved through various measures, including improvements to production lines, production processes and production floor integration, as well as the optimization of public equipment such as air conditioning, lighting, and exhaust systems.

Workplace charging stations for electric vehicles

To support our employees' use of electric vehicles, we have installed electric charging points at several of our workplaces. These charging stations provide convenient access to charging infrastructure, encouraging the adoption of electric vehicles among our staff. Currently, we have electric charging stations available at various locations, including Canada, Germany and Switzerland. By facilitating EV charging, we aim to promote sustainable transport and contribute to the transition to cleaner energy sources.

Heat recovery in France

Our site in Hirson, France uses heat recovered from its compressor room to warm the facility during the winter, substantially reducing overall energy use.

Waste

Our approach

Reducing waste is an important part of our overall efforts to improve our environmental impact. To reduce waste at source, we seek to limit our material consumption by:

- Designing compact, lightweight products that weigh less while delivering the same power output (we describe this as “high power density”)
- Minimizing waste from production processes
- Minimizing packaging and using returnable packaging where feasible
- Ensuring that our electromechanical components deliver long life and reliability
- Implementing waste reduction projects to reduce our general waste, especially cardboard and polystyrene packaging

Our manufacturing facilities are required to develop and continuously improve site-specific programs to prevent or minimize solid or hazardous waste generation. These include:

- Conducting waste audit to assess the types and quantities of waste generated in our manufacturing processes, helping us identify areas for improvement and prioritize waste reduction efforts
- Implementing pollution prevention measures with a focus on preventing waste generation at source: exploring alternative materials, technologies and processes that can eliminate or reduce the use of hazardous substances, including redesigning products, optimizing production methods or adopting cleaner technologies
- Training and educating employees to foster awareness of proper hazardous material handling, storage and disposal, and encouraging adherence to best practices for minimizing waste generation and ensuring compliance with safety regulations
- Optimizing inventory management by closely monitoring stocks of hazardous materials and chemicals to avoid unnecessary overstocking (thus reducing the risk of waste generation), exploring the implementation of just-in-time inventory practices, and ensuring proper storage to prevent waste through expiration or spoilage
- Implementing recycling and reuse programs in our manufacturing processes, establishing collection systems for recyclable materials and collaborating with specialized vendors to responsibly manage and recycle hazardous waste, with materials such as aluminum, coolant, epoxy powder and plastic from injection sprues and cores being recovered and reused directly in production wherever economically and technically feasible, and otherwise sold for recycling
- Ensuring safe waste storage and preventing cross-contamination by properly segregating and labelling hazardous waste containers and securely storing hazardous materials in designated areas with appropriate safety measures such as spill containment and fire suppression systems
- Conducting regular maintenance and equipment inspections to identify and address any potential environmental contamination issues, including preventing hazardous waste incidents such as leaks and spills
- Collaborating with suppliers and contractors by communicating our waste reduction commitments, encouraging them to adopt environmentally friendly practices and seeking their help in minimizing packaging waste and adopting less hazardous alternatives
- Monitoring progress in waste generation, recycling rates and other improvements via established metrics and tracking systems, as well as regularly evaluating our waste reduction initiatives to celebrate achievements and identify areas for further improvement

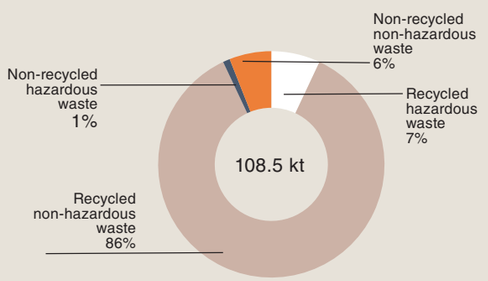
Commitments and targets

We have adopted a waste data management system that classifies waste as hazardous, non-hazardous, recycled and non-recycled, in alignment with Global Reporting Initiative standards. All hazardous waste has to be collected and treated by licensed vendors in compliance with regulatory requirements. This included oily wastewater, sewage treatment sludge and liquid waste containing copper or nickel solution.

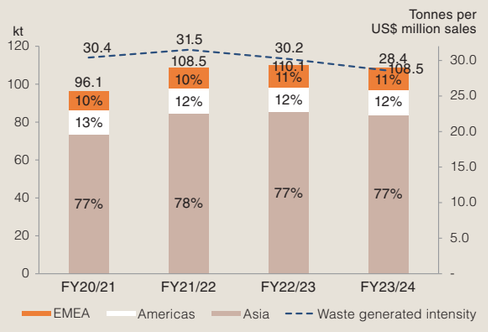
Our targets include:

- Maintaining zero waste to landfill* across the Group and improving practices at sites which have not yet achieved zero waste to landfill
- Reducing total waste intensity per sales generated by 10% by FY25/26 (from a FY20/21 baseline)
- Reducing hazardous waste intensity per sales generated by 20% by FY25/26 (from a FY20/21 baseline)

Waste by category



Waste generated and intensity



Performance in FY23/24

During the reporting period:

- We maintained our target of sending zero waste to landfill across the Group. Sites which achieved zero waste to landfill include Buenos Aires in Argentina, Izmir in Türkiye, Saint-Rémy in France, Asti in Italy, Niš in Serbia, Aachen and Öhringen in Germany, Murten in Switzerland, Yokneam in Israel, Chengdu, Shanghai, Shajing, Jiangmen, Changchun, Wuhan, Changzhou, Wuxi, Nanjing, Beijing and Yantai in China and Chennai in India
- Waste intensity per sales dropped from 30.2 t/US$ million in FY22/23 to 28.4 t/US$ million in FY23/24, a year-on-year decline of 6% and a reduction of 6.6% compared with the FY20/21 baseline
- We reduced total waste generated by 1.5% to 108.5 kilotonnes, mostly driven by reductions in hazardous waste
- Hazardous waste accounted for only 7.8% of total waste generated (compared to 8.7% last year) and fell by 10.9% in absolute terms as compared with last year. Hazardous waste intensity reduced by 14.9% compared with last year and 19.2% compared with the FY20/21 baseline. This was largely due to the installation of a cryogenic evaporator in our Changzhou, China site, which recycles 80% of hazardous wastewater into clean water for use in production cleaning processes. At our Izmir, Türkiye site, we reduced levels of hazardous wastewater by optimizing the efficiency of product cleaning machines
- 93.4% of our waste was recycled. The majority of this was material recovered from production, including steel, copper, process plastic and packaging plastic

* “Zero waste to landfill” refers to at least 99% of generated waste being diverted away from landfill.

Waste projects

Waste reduction projects in FY23/24 included:

- Having our Jiangmen, China manufacturing plant recognized as one of the city's 13 "Zero Waste Enterprises"
- Collaborating with waste management vendors at our sites in Shajing and Jiangmen, China, to divert a significant portion of our incinerated waste into incineration processes that allow for energy recovery, thus extracting value from waste
- Expanding food waste recycling initiatives from our sites in Shajing and Jiangmen, China and Ochang, South Korea to our site in Hirson, France
- Conducting a comprehensive waste audit at our Zacatecas, Mexico site, leading to the identification of polycardboard as a new recyclable material
- Organizing training on waste classification and reduction for employees at our Shanghai, China site
- Introducing regrind machines at our site in Springfield, USA, enabling the recycling and reprocessing of unused or excess plastic from the injection molding process, thus reducing the need for new material, minimizing waste, and paving the way towards an almost entirely closed-loop system
- Improving product packaging in Asti, Italy, by reusing waste material from production to create plastic boxes for packaging
- As an EU Green Week Partner, our Będzin, Poland site promoted the importance of waste segregation and highlighted the environmental impact of single-use plastic bottles to the public

▲ Our Jiangmen, China manufacturing plant was recognized as a "Zero Waste Enterprise" by the Jiangmen Municipal Government.

Water

Our approach

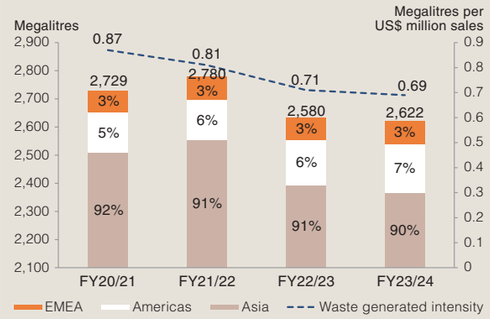
Our operations do not consume significant quantities of water. Moreover, none of our major operations is located in countries with medium or high water stress*.

Nevertheless, we take a responsible approach to water stewardship, seeking to maximize efficiency and minimize effluent. Employees are encouraged to conserve water, and we constantly seek to improve water stewardship in our existing facilities while ensuring it is built-in when we construct new facilities.

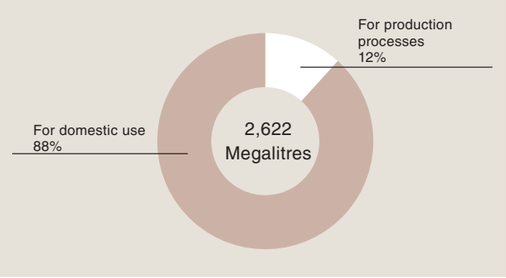
Our manufacturing facilities are required to develop and continuously improve site-specific programs to reduce water withdrawal and ensure water-related compliance. These include:

- Conducting water audit: assessing water usage patterns to identify areas of high consumption and prioritize water reduction efforts
- Implementing water-efficient technologies: exploring and investing in water-efficient technologies, including installing equipment and optimizing processes to minimize water usage without compromising productivity
- Optimizing water management systems: implementing smart water management systems that monitor usage, detect leaks and enable efficient control of water flow, including automated controls and sensors that optimize water consumption by adjusting usage based on demand and detecting abnormalities in real-time
- Promoting water conservation awareness: educating and engaging employees in water conservation practices, encouraging prompt leak reporting and responsible water use, and raising organization-wide awareness about the importance of water conservation
- Recycling and reusing water: reducing fresh water need and minimizing overall water consumption by implementing systems for water recycling and reuse wherever feasible, including treating and reusing wastewater from production processes for non-potable purposes like irrigation, cleaning or cooling
- Ensuring regulatory compliance: keeping informed and compliant with local water regulations and permits, including industry and region-specific regulations and standards

Water withdrawal and intensity



Water withdrawal, by utilization method



Commitments and targets

Our water targets include:

- Reducing water withdrawal intensity per sales generated by 30% by FY25/26, from a FY20/21 baseline
- Reducing water consumption intensity per sales by 30% by FY25/26, from a FY20/21 baseline
- Zero significant instances of water-related non-compliance with laws and regulations

* According to information published in 2019 by the United Nations regarding the global status of SDG indicator 6.4.2 (level of water stress).

Performance in FY23/24

In FY23/24, we improved our water data collection to allow us to track both water withdrawal and water discharge according to levels of treatment. During the reporting period:

- Our water withdrawal intensity per sales dropped 2.8% from last year, representing a reduction of 20.7% from the FY20/21 baseline
- 99% of our water withdrawal was in countries with no or low water stress*
- 12% of our water withdrawal was utilized for manufacturing processes, while the rest was for domestic use in our dormitories and for hygiene facilities in our manufacturing plants and offices
- Our water consumption intensity was maintained same level as last year, representing a reduction of 19.4% from the FY20/21 baseline
- There were no significant instances of water-related non-compliance with laws and regulations

Water conservation and monitoring projects

Water-related projects in FY23/24 included:

- In Shanghai, China, a total of 3.6 megalitres of nickel-containing and tin-containing wastewater was recycled and reused in production lines after being treated in 2023. Sewage monitoring devices have also been installed to monitor wastewater quality and ensure compliance with local regulations. Monitoring indicators include chemical oxygen demand and ammonia-nitrogen
- In Jiangmen, China, we built a rainwater recycling station in 2021 and wastewater treatment facility in 2022. In FY23/24, 122 megalitres of rainwater was collected and more than 19 megalitres of wastewater from production lines was treated and used for on-site sanitation purposes. We also have a wastewater treatment plant at our Shajing, China site, which treated more than 40 megalitres of wastewater from production lines over the same period and reused it in production processes (see details below)
- Wastewater treatment facilities have been installed in our Będzin, Poland manufacturing plant. Wastewater is purified before being reused in cleaning processes
- In Niš, Serbia, and Ochang, South Korea, faucet aerators have been installed in washrooms to reduce the amount of water used while maintaining perceived water pressure

▲ The cross-functional team responsible for the water-saving project

Efficient use of water resources

Water is our planet's lifeblood, and preserving it is a critical mission. At Johnson Electric, we have embraced this mission by reducing our water withdrawal intensity by 19.4% over the last three years. This accomplishment is a direct result of our detailed target-setting approach and the extensive water conservation measures implemented across all our facilities.

In 2023, our Shajing site stood out for its remarkable achievements in preserving water. A cross-functional team led initiatives that achieved a 48% reduction in water usage in shaft production, while still managing to increase production. This conserved 95 tonnes (95 m^3) of water every day. Over the past decade, we have increased production by 60% on this single production line while decreasing water usage by 63%. To visualize the impact, we are now saving 175 tonnes (175 m^3) of water daily compared to baseline, which is equivalent to 14 Olympic-sized swimming pools each year*.

This water conservation project comprised multiple facets, including manufacturing process improvements, enhanced monitoring and engineering controls, and the recycling and reuse of wastewater. By treating wastewater to adhere to stringent quality standards, we have been able to reintegrate it into our manufacturing processes.

* Assuming 200 production days per year and a standard Olympic-size swimming pool that holds 2,500 m^3 of water.

Emissions

Our approach

We always seek to prevent pollution arising from our operations. Environmental risks are assessed before building new facilities, expanding sites or changing processes. Where emissions or wastewater generation do occur, appropriate treatment facilities are installed to mitigate possible pollution risks. Our manufacturing facilities are required to develop and continuously improve site-specific programs to reduce air emissions and meet related compliance requirements. These include:

- Implementing pollution control technologies: installing and maintaining pollution control technologies such as scrubbers, filters and catalysts to capture and treat emissions, thus removing or neutralizing pollutants before they are released into the atmosphere
- Optimizing combustion processes: improving combustion efficiency by implementing measures such as burner upgrades, optimized fuel-air ratios and proper maintenance of heating equipment
- Implementing emission monitoring and reporting: installing emission monitoring systems to track air pollutant levels, ensure compliance with regulatory requirements and identify areas for improvement, including mandatory monthly emissions reporting and third-party auditing
- Conducting maintenance and inspection: regularly inspecting and maintaining equipment, machinery and emission control systems to ensure optimal performance and address any leaks, malfunctions or inefficiencies, with a view to preventing excessive emissions and maintaining emission standards compliance
- Ensuring regulatory compliance: keeping informed of environmental regulations and standards related to air emissions and complying with all relevant emission limits, reporting requirements and industry or region-specific regulations

Commitments and targets

Our emissions targets include:

- Classifying and monitoring emissions at all operating locations
- Zero significant instances of air emissions related non-compliance with laws and regulations
- Prioritizing air emissions reduction and elimination

Performance in FY23/24

During the reporting period:

- Air emissions levels at all operating sites were maintained below the permitted emissions levels
- We generated 39 tonnes of non-carbon dioxide emissions, 25.7% less than the previous year. Our non-carbon dioxide emissions are mainly volatile organic compounds ("VOCs") from glues used in product assembly and solvents used for parts cleaning, injection moulding and ink printing, which amounted to 30 tonnes in FY23/24
- Despite our VOC emissions being below the permitted levels, we have taken steps to reduce VOC emissions by eliminating their use in some processes, substituting inks and cleaning solutions with alternatives that have lower VOC levels, and utilizing exhaust gas emission control systems
- We generated 6.5 tonnes of nitrogen oxides, specifically from the rotary kiln and die-casting furnace in our manufacturing plant in Jiangmen, China
- We generated 2.2 tonnes of particulate matter emissions from various powder processes. We have previously implemented process improvements to capture and reuse epoxy particulate matter, as well as a method to capture and reuse copper powder from our copper bushing process

Emissions control and monitoring projects

Air emissions related projects in FY23/24 included:

- Installing 60 further waste gas treatment facilities at our site in Shajing, China to further improve air emissions quality
- Installing waste gas treatment facilities that use activated carbon at our Changzhou, China site to further reduce emissions concentrations and meet national regulatory standards

Climate risks

The local impacts of climate change vary geographically and are difficult to forecast, as are its global effects.

2023 was the warmest year since global records began. Carbon dioxide levels and other greenhouse gases in the atmosphere reached new heights. Weather patterns are changing, sea levels are rising and the weather around the world is becoming more extreme*.

Our Risk Management Steering Committee continuously assesses the business risks posed by climate change, as well as the strategic opportunities and potential value that arise from taking climate action. Its aim is to develop clean, green, healthy, safe and more resilient business strategies for both people and the planet. We also strongly believe that commitments to decarbonize the global economy need to be adopted by companies, not just governments.

* UN SDG 13: Take urgent action to combat climate change and its impacts

Physical risks

Increased risk of flooding caused by extreme weather events and rising sea levels, and the impact on facilities and production

Impact	Mitigation
• Production disruption • Cost of damage to facilities	• Implement best practices in water damage prevention • Emergency preparedness procedures, regular emergency drills • Regular contact with authorities on potential risks and mitigation

Increased risk of extreme weather events and the impact on supply chains, production demands and facility infrastructure

Impact	Mitigation
• Business disruption caused by disruption to supply chain or facilities • Cost of damage to facilities • Increased risk of health and safety injury	• Business continuity planning for production and suppliers • Developing a manufacturing and supply chain footprint in each region, to increase the resilience of, and reduce reliance on, any single site • Emergency preparedness procedures, regular emergency drills • Enhance workplace systems (such as ventilation systems)

Transition risks

Increased global climate change and sustainability policy and stakeholder requirements, impacting business and operational costs

Impact	Mitigation
• Loss of competitive advantage • Not being able to quote for new projects • Loss of reputation • Increased operation costs for meeting requirements • Reduced access to green financing	• Setting targets for reducing carbon emissions from our operations, using 100% renewable energy, reducing energy intensity, and assessing the carbon footprint of our products • Green plant initiatives • Align with stakeholder requirements • Align with guidance from ESG rating agencies

Increased disruptive change in demand for new energy products, especially the structural shift away from the internal combustion engine towards hybrid and fully electric vehicles

Impact	Mitigation
• Strong negative business impact if not well aligned to product portfolio strategy	• Developing products that directly target zero and low carbon applications, and offering solutions for health, safety and wellbeing • Implementing product carbon footprint and life cycle assessments • Business opportunity to increase green products (in line with EU Taxonomy)

More information on Sustainability Risks and Risk Management can be found in the Johnson Electric Annual Report 2024, pages 50 to 59.

“Digitalization is transforming the way we work, and Johnson Electric is committed to staying ahead of the curve. We are investing in our employees’ future growth and development by enhancing our HR practices with cutting-edge digital tools and platforms. We’re also exploring new methods and technologies to boost innovation and efficiency throughout our organization.”

Christian Moeller

SVP and Chief Human Resources Officer

Employees

Core SDGs

Supporting SDGs

We inspire our employees to grow and find fulfilment and meaning in the work they do.

We aim to offer our people career development that rewards results, entrepreneurship and teamwork.

Our approach

People are the foundation of our success. It is the talent, diversity and hard work of our employees that drives Johnson Electric's sustainable innovation and business results.

Our people strategy seeks to attract and develop the right people, put them in the right jobs and provide them with the right environment to excel at what they do best – all with the vision of becoming "One Johnson around the world, a great company and a great place to work!"

In a fast-changing industry landscape, we make sure our employees always have the latest tools and skills they need to adapt and deliver excellent performance. Our talent management processes offer a wealth of training and career development opportunities that allow employees to grow and flourish, and we are very proud that so many employees have chosen to stay loyal to Johnson Electric for decades.

As a global firm, collaboration across borders is an integral part of our day-to-day work. Our global team is bound together by our shared "MARBLE" values (see page 4). These have long served as the foundation of the "One Johnson" culture, creating a common identity for employees to operate as a global team, both in times of growth and times of adversity.

At the same time, we are focusing more than ever on the value that can be unlocked by becoming more inclusive, drawing on more diverse backgrounds and experiences, and pushing for more equitable access to career success in our industry.

Above all, we work to protect the health, safety and wellbeing of every employee by implementing a strong safety prevention culture and abiding by strict health and safety standards in every one of our locations.

One Johnson around the world, a great company and a great place to work!

One Johnson Around The World

We are a truly global team bound together by our shared values. We recognize that the talent and diversity of our people drive business results.

We Make Things Happen

We thrive on innovation and excel in execution. We are committed to making our customers successful and our world a better place.

Right People Right Jobs

We believe that hiring the right people and putting them in the right jobs maximizes the success of our people and the business.

Main topics and key highlights

Health and safety

- Lost-time accident rate and recordable injury frequency remained very low compared to industry averages#
- Launched "Healthy@JE", a comprehensive global wellness program that encourages healthy lifestyles, supports participation in sports activities and promotes preventative healthcare

Healthy@JE

Talent attraction and retention

- Launched the "Engineering International Assignment" initiative, promoting cross-regional collaboration between Johnson Electric's engineering teams
- Organized regional "JE Tech Days" events to bring Johnson Electric engineers together to showcase cutting-edge technologies, identify solutions and develop opportunities for future business growth

Communication

- Our biennial employee engagement survey, MARBLE Snapshot, achieved an 82% response rate, up 6% from 2021

Diversity, equity and inclusion

- Provided unconscious bias training for all senior executives and HR professionals, which was completed by over 500 leaders and HR staff as at the end of 2023
- Held twice-yearly "Female Talent Reviews" to identify high-potential female employees and craft development strategies to support their career progression

Training and development

- Developed employees' skills through targeted programs:
  - "Leadership Essentials" to increase managers' leadership capabilities
  - Functional and digital skills training to enhance operational efficiency

Labour rights

- Conducted a social compliance and human rights audit at our global headquarters in Hong Kong, with further audits at major sites to be completed by FY25/26

Source: U.S. Bureau of Labor Statistics, incidence rates of nonfatal occupational injuries and illnesses by industry and case types for motor and generator manufacturing (NAICS code 335312). Our performance is compared to the 2022 industry averages, the most up-to-date information available at the time of producing this report.

Health and safety

Our approach

At Johnson Electric, we have built a strong safety culture by drawing on our common values of caring, ownership, collaboration and accountability. It is our belief that excellent EH&S prevention culture, processes and performance will significantly contribute to the sustainable growth of our company for generations to come.

Safety starts with a personal decision: a decision to take care of ourselves and our team members. Everyone is responsible and accountable for the health, safety and wellbeing of the people working for them, and for considering safety in all aspects of their work. We expect every employee at every level to contribute to maintaining a safe and healthy work environment.

We also believe that through EH&S awareness, training, and knowledge, we can enhance the personal lives of our employees, their families, our communities, and the environment.

There is, and there will be, no compromise of safety in anything we do.

Health and safety governance

We demonstrate responsibility and accountability at all levels.

Led by the Chairman and Chief Executive Officer, the Executive Committee has the ultimate responsibility for the Group's health and safety management and operations.

Operations leaders and the global EH&S team monitor and manage the health and safety performance of individual operating sites. Health and safety performance is also monitored monthly as part of the global operations review.

EH&S policy

Our EH&S policy reflects our purpose of improving the quality of life of everyone we touch. It aligns closely with our Business Framework, specifically its purpose and promises. It stipulates a clear focus on safety responsibility and ownership at all levels, and covers all activities carried out by our employees and contractors.

Under the policy, senior leaders and managers are responsible and accountable for providing a safe workplace, assessing risk, following and implementing safety standards and safe work procedures, ensuring that their team is properly trained, knows how to work safely and has the right conditions for doing so, and participating in risk assessments and monitoring health and safety performance and improvement.

Individual employees are responsible for adopting appropriate behaviours to ensure their safety and the safety of others, following safety procedures, assessing risks, identifying and communicating hazards and needed improvements, and acting in accordance with the policy.

Our EH&S policy also incorporates our safety prevention culture principles, which include:

- Ownership
- Identification
- Communication
- Problem solving
- A "look-across" approach to safety alerts

Our EH&S policy is available in local languages in all sites, via the company internal communication portal and on our company website.

EH&S culture program

In FY20/21, we established a three-step health and safety culture program to encourage all employees to understand, adopt and implement our safety policies and culture.

The first step outlines and explains our EH&S policy, including how it links to our Business Framework's purpose and promises.

The second step covers our health and safety culture and prevention principles. This includes creating a positive and trusting workplace environment where all people may feel comfortable and empowered to speak about safety concerns and identify and communicate safety alerts (that is, reporting hazards and near-misses as per our safety pyramid concept, which is detailed below).

The third step focuses on problem solving: strengthening employees' ability to run safety incident investigations, perform root cause analysis, and implement corrective and preventive actions.

Training to support this culture program is delivered through Johnson Electric's online training platform. In-person training sessions are offered to those without computer access. It is also included in orientation training for all new employees.

Our safety pyramid and safety performance

Our safety prevention culture program uses the "safety pyramid" concept to monitor our safety performance.

The safety pyramid concept is based on the notion that identifying and communicating more "hazard" and "near-miss" safety alerts at the bottom of the pyramid will help us to prevent more serious incidents (fatality, lost-time accident, recordable injury and first aid) at the upper levels of the pyramid.

This approach reinforces the importance of each employee's contribution to identifying, investigating and mitigating health and safety issues. In addition, the more employees engage in our safety prevention culture, the better placed we are to spot potential hazards and suggest improvements.

Commitments and targets

Our safety performance commitments and targets align with our safety culture's emphasis on ensuring all employees take ownership in identifying, communicating and resolving safety alerts such as near-misses and hazards, as well as learning by "looking across" to other locations. This proactive approach will ultimately lead to a reduction in lost-time accidents ("LTAs") and recordable injuries ("RECs") at the upper levels of the safety pyramid. As such, we have shifted the focus of our performance improvement targets from the lagging indicator of recordable injuries to the leading indicator of an increase in safety alerts.

	FY21/22	FY22/23	FY23/24	FY23/24 vs FY22/23	FY23/24 vs FY21/22
Fatalities	0	0	0	–	–
Lost-time accidents	89#	93#	105	+12.9%	+18.0%
Recordable injuries	95	78	85	+9.0%	**-10.5%**
First aids	356	419	383	**-8.6%**	+7.6%
Near-misses	387	782	1,096	**+40.2%***	**+183.2%***
Hazards	4,131	7,227	10,295	**+42.5%***	**+149.2%***

We have revised the number of LTA cases in FY22/23, FY21/22 and FY20/21 as we have broadened the scope of our LTA reporting to encompass all incidents leading to lost workdays, not solely those of higher consequence. This ensures our LTA disclosures are in accordance with the Occupational Safety and Health Administration's (OSHA) guidelines, the predominant benchmark for global companies.

* Increasing the number of "near-miss" and "hazard" safety alerts benefits our safety culture by enabling us to proactively resolve hazards before a tragic or costly incident occurs, as well as by increasing employee ownership of safety prevention.

In line with our safety culture, our health and safety targets include:

- Zero fatalities
- Zero lost-time accidents (including achieving year-on-year reductions in the number of LTAs in pursuit of our ultimate target of zero LTAs)
- Recordable injuries: continuously improve and reduce year-on-year
- First aid injuries: reducing the rate year-on-year
- Near-miss and hazard safety alerts: having increased the number of near-miss safety alerts by 183.2% and increased the number of hazards communicated by 149.2% compared to the FY21/22 baseline, our target is to maintain at least the same level each year. We also aim to identify and communicate more hazard safety alerts. Targets are allocated to teams at each site, encouraging all employees to engage in safety prevention culture and understand the importance of safety alert identification, communication, problem solving and "look-across" learning
- Safety pyramid: monitoring the year-on-year improvement of each level of the safety pyramid, as well as the safety pyramid as a whole
- Incident investigation: focusing on strong and effective incident problem-solving and "look-across" learning between all sites, to understand root causes and prevent recurrences

Performance in FY23/24

In FY23/24, there were:

- Zero fatalities
- 105 lost-time accidents (recordable injuries with lost time of more than one working day). According to the US Occupational Safety and Health Administration ("OSHA") definition, the annual lost-time accident rate was 0.239 per 200,000 hours worked
- 3,065 lost days incurred by lost-time accidents, representing a lost-time accident severity rate of 0.035, maintaining the same rate as the previous year
- 85 recordable injuries. According to the OSHA definition, the annual recordable injury frequency was 0.193 per 200,000 hours worked
- 383 first aid incidents, an 8.6% reduction compared to the prior year
- 1,096 near-misses communicated, a 40.2% increase compared to the prior year and a 183.2% increase compared to the FY21/22 baseline
- 10,295 hazards communicated, a 42.5% increase compared to the prior year and a 149.2% increase compared to the FY21/22 baseline

In terms of the root causes of lost-time accidents^, 29% of accidents were related to slips, trips and falls, 16% were attributed to equipment design issues, 10% occurred during maintenance activities, 10% happened during interactions with moving parts or equipment, 8% were linked to ergonomic factors, and 8% were associated with workplace layout. Actions developed in response include:

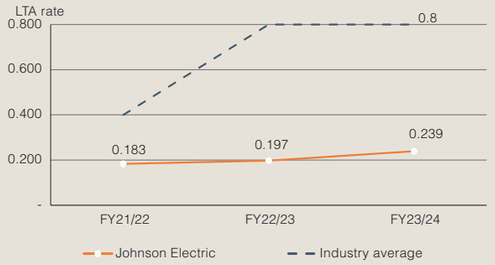
- Enhancing employees' health and safety skills and training
- Risk assessment prior to starting maintenance operations
- Strengthening our safety checklist for the design and buy-off of new or modified equipment before machine use, and establishing a list of requirements for suppliers
- Sharing the lessons learnt from our "incident cycle of learning"

Although one accident is always too many, both our lost-time accident rate and recordable injury frequency remain very low compared to the industry average#.

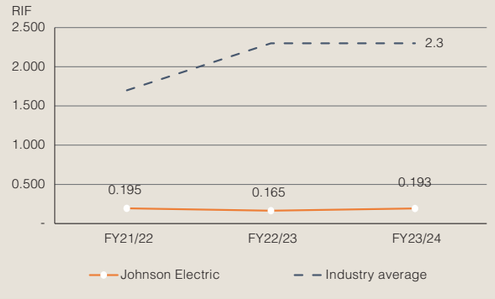
The more that safety alerts are identified and communicated by all employees, the better our safety culture and the more prevention opportunities we have. With over 10,000 hazards and near-misses identified and communicated by our workforce, we are increasingly confident that we have a workplace environment where each employee feels comfortable and empowered to speak up about safety.

In the upcoming fiscal year, our main objective is to strengthen our safety culture by placing a strong emphasis on safety ownership among supervisors. We aim to increase supervisors' accountability and make them directly responsible for the wellbeing of their teams. By prioritizing safety, supervisors can set a positive example for their teams, influencing the entire workforce and fostering a culture where everyone recognizes the importance of adhering to safety protocols. This focus on safety ownership among supervisors will enhance the diligence, commitment and overall safety performance of our whole organization.

Lost-time accident rate, per 200,000 worked hours (OSHA definition)



Recordable injury frequency, per 200,000 worked hours (OSHA definition)



	LTA rate			REC rate		
	FY21/22	FY22/23	FY23/24	FY21/22	FY22/23	FY23/24
Johnson Electric	0.183	0.197	0.239	0.195	0.165	0.193
Industry average	0.4	0.8	0.8*	1.7	2.3	2.3*
Johnson Electric vs Industry average	-54%	-75%	-70%	-89%	-93%	-92%

^ Based on the 44 lost-time accidents during the year which were high-consequence incidents.

Source: U.S. Bureau of Labor Statistics, incidence rates of nonfatal occupational injuries and illnesses by industry and case types for motor and generator manufacturing (NAICS code 335312). Our performance is compared to the 2022 industry averages, the most up-to-date information available at the time of producing this report.

* We have used the previous year's industry average as a benchmark pending the publication of this year's statistics, at which point we will update the comparative figures.

EH&S management system

Our EH&S management system comprises a set of common programs, procedures and standards that apply to all our sites. The system covers both employees and contractors, in accordance with the requirements of:

- ISO 14001:2015
- ISO 45001:2018
- ISO 50001:2018
- Various corporate social responsibility standards to which we subscribe

It provides us with processes to identify and evaluate hazards and risks associated with our product development and manufacturing processes. Furthermore, it establishes goals and objectives to address any significant hazards, risks and impacts, taking into account the feedback and concerns of employees, contractors, communities, customers, suppliers and other stakeholders. Ultimately, it ensures that we always treat our commitment to the environment and employee health and safety as an overriding priority.

We share the World Health Organization's belief that a healthy workplace is one in which workers and managers collaboratively engage in a continual improvement process to protect and promote the health, safety and wellbeing of all workers and the sustainability of the workplace. As such, our global EH&S management system is complemented by the actions and responsibilities taken by each site and each team.

All sites implement the EH&S policy and EH&S management system via their respective local EH&S management systems. Managers and teams at local sites monitor, identify and quickly address their respective EH&S issues, using a standard process to both share lessons learnt and learn from other global sites.

Our manufacturing footprint includes sites in countries with different requirements for worker health and safety. Our EH&S management system addresses this by setting global standards for managing occupational health and safety issues. It provides guidelines and standards for all our operating sites to follow and helps us towards our goal of zero accidents by providing a safe and secure working environment. Every Johnson Electric factory is required to apply this EH&S management system and comply with both our global safety standards and local regulations.

Our EH&S management system consists of 22 core elements, which are set out in detailed standards:

- Incident notification, investigation, and reporting
- Personal protective equipment
- Electrical safety
- Machine safety
- Manual handling
- Elevated work / working at height
- Safety committee and safety inspections
- Vehicle safety
- Chemical management
- Hot work
- Lifting operations
- Industrial hygiene
- Occupational health
- EH&S training and communication
- Access authorization and control
- Contractor management
- Hazard and risk assessment
- Emergency preparedness and response
- Environmental and energy management standard
- Lock-out / tag-out
- Documentation and record keeping
- Audit and assurance

All our sites implement the EH&S policy and EH&S management system via their respective local EH&S management systems and are translated into local languages.

Maintaining a healthy and safe workplace

We take practical steps to maintain a healthy and safe workplace wherever we operate, with a focus on preventing and avoiding accidents and identifying risks to health and safety. We are responsible for reducing risk by providing appropriate safety measures and solutions. These include:

- Complying with applicable health and safety laws and regulations
- Designing products and processes that are safe for employees
- Continuously improving our global EH&S management system to set and maintain rigorous standards for managing workplace health and safety risks
- Improving our occupational safety management by defining appropriate objectives and targets on a regular basis. These were previously set at the local level, but we are now in the process of establishing global targets
- Promoting a positive safety culture in our workforce through regular communication and the establishment of a joint management-worker safety committee at every operating location
- Committing appropriate resources and leadership to our global EH&S management system
- Communicating our health and safety performance to stakeholders and seeking their involvement wherever applicable
- Implementing a global health and safety incident reporting mechanism to ensure every accident is well communicated and investigated, with the lessons learnt shared. Any accident will be immediately reported to the management team and mitigation measures will follow

ISO 45001 certification

This year, our sites in Vandalia, USA and Arujá, Brazil became the latest Johnson Electric facilities to be certified with ISO 45001 for their occupational health and safety management systems. We now have a total of 38 entities certified with ISO 45001, representing 80% of our manufacturing sites and covering 92.3% of employees' hours worked.

Official campaign partner of the EU-OSHA 2023-25 Healthy Workplaces campaign

We endorsed and supported the EU-OSHA 2023-25 Healthy Workplaces campaign, "Safe and healthy work in the digital age", by evaluating impacts and potential risks related to the campaign's five primary focus areas (digital platform work, advanced robotics and artificial intelligence, remote work, smart digital systems and worker management through artificial intelligence). We will continue to run risk assessments, promote awareness, provide training and organize events to effectively implement and communicate the campaign's messages across all our global locations.

Health and safety compliance

In FY23/24, there were no significant instances of non-compliance with health and safety laws and regulations.

We ensure compliance with our global EH&S management system and standards as well as local health and safety regulations at all Johnson Electric sites through:

- Auditing health and safety performance as well as compliance with new and existing regulations. We conduct internal audits and develop specific regulatory compliance audit protocols for assurance purposes. Compliance at individual sites is also verified by third-party annual surveillance or certification audits conducted by accredited external auditors
- Tracking changes in health and safety regulations
- Including health and safety compliance requirements in our Code of Ethics and Business Conduct
- Conducting an annual assurance process, with managers holding responsibility for EH&S compliance at each Johnson Electric site and formally acknowledging and certifying their full compliance with our EH&S management system and relevant health and safety laws and regulations

Safety and Wellbeing Month 2023

Since 2015, we have organized an annual Safety Month to promote safety awareness among employees, establish a safety culture in the workplace, demonstrate management commitment to safety, and celebrate exemplary safety performance.

In 2023, we renamed our traditional "Safety Month" to "Safety and Wellbeing Month" to highlight the importance of health and wellbeing. We believe that taking a holistic approach to wellbeing contributes to happier and more resilient individuals and organizations. By making wellbeing a priority, we invest in our collective happiness and thus fuel our future success. Capitalizing on this campaign, we launched the JE Wellbeing Program, also known as Healthy@JE. This initiative aims to boost our employees' overall health and wellbeing by addressing the physical, mental, social, environmental and occupational facets of wellbeing. It is designed to foster a wellbeing culture that supports employees' wider sense of health, happiness and fulfillment, inspiring and facilitating them to make positive changes in their lives.

Throughout the month, we ran various wellbeing-related initiatives worldwide across all our sites, including seminars on healthy diets, stress management training, consultations with nutritionists, mental health first aid training, and healthy snack giveaways. Overall, we organized more than 100 events related to safety and wellbeing.

A notable global event was the "Step It Up" challenge, in which we encouraged employees to walk more than 10,000 steps each day. More than 200 participants collectively took an impressive 16 million steps per week. Most importantly, everyone who took part made a personal commitment to prioritize their wellbeing and make positive changes in their daily routines.

We circulated an Employee Wellness Newsletter globally to support every aspect of our employees' health and wellbeing, providing helpful resources, tools and activities related to a variety of health and wellbeing topics.

Finally, we commend our manufacturing sites for their outstanding dedication to creating safe working environments, significantly contributing to the safeguarding of our employees.

▲ Chemical drill in Shajing, China

▲ A reward system was implemented in Będzin, Poland to promote safe behaviour. Colleagues who followed safety rules every day without any safety infractions were rewarded by keeping their "safety ticket" intact.

▲ Our Arujá, Brazil site recognized and rewarded colleagues who demonstrated excellent safety ownership.

Our wellbeing program "Healthy@JE"

Johnson Electric's wellbeing program, known as "Healthy@JE", aims to promote the overall health and wellbeing of employees by addressing physical, mental, social, environmental and occupational components of wellbeing.

The purpose of the program is to create a culture of wellbeing that contributes to employees' health, happiness and fulfilment while encouraging positive changes in their lives. The objectives include improving physical and mental health, increasing engagement and satisfaction, reducing absenteeism and presenteeism, enhancing productivity and performance, fostering a positive work environment, and enhancing the company's reputation as an employer of choice.

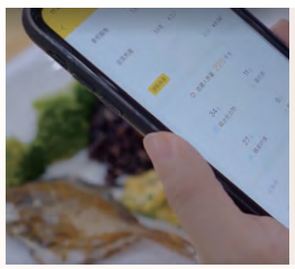
The program consists of several components, including physical wellness, mental wellness, social wellness, environmental wellness, and occupational wellness. These components are interrelated and can impact each other, emphasizing the importance of addressing all aspects of wellbeing for overall health and satisfaction.

Healthy@JE

A global wellbeing committee has been established to implement the program, with each site also encouraged to form a site-specific wellbeing committee. Partnerships with local wellbeing and health organizations are sought, and a needs assessment is conducted to determine employees' needs and interests. The program's goals, objectives, and components are communicated to all employees, and specific initiatives are developed based on the needs assessment and program goals.

Resources allocated to support the program include time and budget for development and implementation, access to expertise and resources, education and training for employees and program leaders, appropriate technology and tools, communication and branding materials, and an internal SharePoint for program information.

▲ Our Jiangmen, China site organized a badminton competition.



▲ In Jiangmen, China, our Healthy Smart Canteen program allows employees to choose healthy meals based on calories, nutritional information and portion size.

▲ Doctors were present on-site to conduct blood pressure tests for our colleagues in Niš, Serbia.

▲ We invited a doctor to our Chennai, India site to share tips on improving mental wellbeing in the workplace.

Incident notification, investigation and reporting

We prioritize incident notification, investigation and reporting across all sites. Our management system ensures regulatory compliance by communicating safety alerts internally and externally. Prompt investigations determine root causes and identify corrective actions to prevent future occurrences. We publish incident reports to facilitate knowledge sharing and address similar hazards. In 2022, we launched a hazards identification program to foster a culture of proactive safety reporting.

Personal protective equipment

We ensure all personnel have the appropriate personal protective equipment ("PPE"), based on hazard assessment, and that they are appropriately trained in its use and care. All required PPE must meet applicable safety design standards for the work to be performed.

For example, we provide customized individual corrective and protective glasses to our employees in Brazil and Poland as well as customized hearing protection to employees in Switzerland, allowing them to work more comfortably and safely.

▲ Customized hearing protection to employees in Switzerland

Electrical safety

We provide employees with electric safety training and adhere to regulations and safety standards for electrical installations. Qualified electricians handle maintenance and regular inspections are conducted. Effective lock-out / tag-out procedures are followed.

▲ Electric safety training at our Hirson site in France

Machine safety

Every machine used at a Johnson Electric facility around the globe must comply with relevant national and local regulations and requirements. Our machine safety compliance program sets out the necessary roles and responsibilities within the company to ensure compliance. Safety ambassadors have been chosen to help educate front-line workers about machine safety requirements and expected behaviour. To guarantee compliance, we have developed a machine safety list of requirements ("LOR") for both existing equipment used in-house and new machine purchases, and ask our machine suppliers to strictly follow these requirements. Measures include verifying design drawings to ensure safety requirements are met, conducting on-site supplier safety inspections and carrying out acceptance safety tests upon machine arrival.

In FY23/24, we completed a safety light curtain assessment and improvement program across our Asia Pacific sites. We evaluated machine compliance with the safety light curtain requirements outlined in our machine LOR, and created and implemented action plans for any machines with identified gaps. Over 3,000 machines were assessed, and corresponding improvement actions were taken.

Manual handling

We place strong emphasis on employee safety during manual handling operations by implementing adequate controls to minimize or eliminate injury risks. Managers responsible for manual handling operations ensure the implementation of appropriate controls to protect their staff.

A preliminary risk assessment is conducted for all manual handling operations to identify potential hazards. Hazardous manual handling operations are avoided whenever possible. We provide relevant information and training on manual handling to our employees to ensure they have the necessary knowledge and skills.

▲ Ergonomic risk assessment and manual handling training in Hirson, France

Our on-site ergonomics team conducts regular assessments to identify and mitigate potential ergonomic risks and hazards. In FY23/24, we utilized TuMeke, an AI-powered tool that uses computer vision joint tracking to make ergonomic assessments based on video footage from smart devices. By automating the tedious and time-intensive manual tasks involved in traditional assessments, it rapidly captures and summarizes high-risk postures and movements and suggests AI-generated remedies to immediately reduce risks and allow for quick re-assessments.

Site-level safety committees and inspections

Our manufacturing sites have established safety committees comprising representatives from all levels (management, staff, and workers). Regular meetings are conducted to discuss safety issues, share lessons learned, and implement safety programs. Monthly safety inspections, organized by the management team or the safety committee, use a checklist to promptly identify and address unsafe conditions.

Chemical management

We comply with local and national regulations for safe chemical handling, storage, use, and disposal. Task-specific risk assessments are conducted, and regulatory requirements for notification, authorization and storage are followed. Adequate facilities and equipment are obtained before starting chemical operations. Chemicals are stored in designated areas, categorized according to national standards. Storage quantities are controlled, and clear labelling is mandatory. Material safety data sheets are available in each storage area. Qualified personnel handle chemical transportation, and employees receive proper training. Measures are implemented to prevent pollution and manage chemical waste. Special procedures and response materials are available for chemical spill incidents.

Occupational health

We do our utmost to ensure appropriate measures are in place to protect our employees against hazards in the workplace. Pre-employment health examinations are mandatory before job offers are made. Employees exposed to specific work-related health hazards, such as noise or chemicals, undergo occupation-specific medical examinations.

To ensure preparedness, we have a medical emergency response plan in place. This plan identifies emergency response procedures and provides contact information for medical response personnel.

▲ Ergonomics workplace counselling offered to our employees in Halver, Germany

Health and safety training and communication

Personnel including employees, contractors and visitors will be asked to perform only in the areas in which they are capable and competent to work, based on appropriate education, training and experience. Our operating sites identify training needs associated with site-specific health and safety risks and local health and safety management systems.

All employees shall complete health and safety training as part of the orientation program for new employees. Office-based employees complete their training via our corporate learning management system, while manufacturing operators are trained by an appropriate supervisor.

▲ Forklift training in Hirson, France

Contractor management

We have established pre-qualification, selection and retention criteria for contractor employees and monitor their compliance through a dedicated system. Hazards and risks associated with contractor activities within our facilities are thoroughly identified, effectively managed and clearly communicated.

To ensure a safe working environment, we provide comprehensive training to contractor employees, ensuring that they fully understand and adhere to our on-site health and safety requirements. Before commencing work in our facilities, all contracted workers must be registered and possess the necessary work permits. During work, we assign a dedicated health and safety coordinator to our contractors to ensure their safety.

Hazard and risk assessment

Johnson Electric sites that implement the ISO 45001 occupational health and safety management system are committed to establishing, implementing and maintaining procedures for ongoing hazard identification, risk assessment and control determination. When evaluating controls or considering modifications to existing controls, we follow a risk reduction hierarchy:

- Elimination: where possible, hazards are eliminated from the workplace
- Substitution: safer alternatives are sought to replace hazardous materials, processes or equipment
- Engineering controls: physical modifications and engineering solutions are implemented to minimize risks
- Signage, warnings and administrative controls: clear signage, warnings and administrative measures are implemented to mitigate hazards
- Personal protective equipment: if all other control measures are insufficient, appropriate PPE is provided to ensure worker safety

Emergency preparedness and response

We have emergency plans in place at all our sites around the globe. These plans identify the equipment, training and personnel necessary to protect our workforce in the event of an emergency incident. Representatives from each operating site meet regularly to share the latest emergency preparedness and response measures. Automated external defibrillators have been installed at our facilities, and emergency drills are conducted regularly at all operating sites.

▲ First aid training has been organized in multiple sites including China, France, Poland, Mexico, Switzerland and Serbia. More than 400 employees have been trained. The photo shows first aid training in our Shajing, China site.

Lock-out tag-out

Each site has established a lock-out / tag-out ("LOTO") program to ensure that all equipment energy sources are properly turned off, disconnected and physically locked out prior to any equipment maintenance activities, so as to prevent any unexpected energizing or startup of machinery, equipment, processes or circuits, or any other energy release that could result in injury.

LOTO program procedure:

1. Prepare and notify
2. Shut down the equipment
3. Isolate the equipment
4. Attach the lock and tag
5. Release any stored energy
6. Test equipment to verify that all energy has been released or controlled

Safe startup procedure:

1. Prepare for startup
2. Remove lockout devices and tags
3. Notify affected employees

▲ LOTO devices in Shajing and Jiangmen, China site

Winter Safety Challenge 2024

We aim to achieve our strongest safety performance in the final quarter of each year by prioritizing safety alerts, addressing hazards and promoting a culture of safety and personal responsibility. Activities include sharing Winter Safety Tips, identifying and communicating hazards, and conducting an online quiz to reinforce hazard awareness.

▲ Safety tips shared with all global employees

Talent attraction and retention

Our approach

We aim to attract and develop the right people, put them in the right jobs and provide them with the right environment to excel at what they do best. We invest in the future of our people through a committed focus on learning and development.

Our Human Capital Committee meets monthly with Johnson Electric's most senior executives. Its mission is to cultivate the talent pipeline and continuously improve organizational effectiveness. These meetings cover:

- Talent and capability reviews
- Appointments to senior roles
- Succession planning for key positions
- Development of senior high-potential individuals through job rotation, job expansion, promotion, transfer and executive coaching
- All major training and development initiatives, including related KPIs
- Other key people initiatives

Talent management and development

Managers at Johnson Electric are empowered to drive talent development in their teams. They are also expected to create individual development plans for each team member. We support managers in this by offering psychometric assessments, 360° feedback, executive coaching and formal executive education programs.

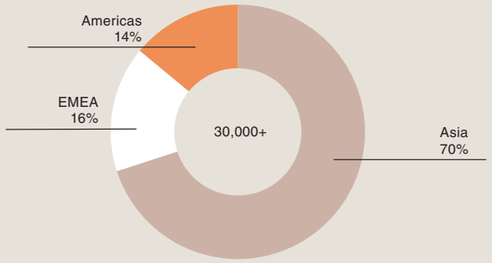
Regular talent review and calibration is used to identify high-potential employees and better understand their career aspirations, development gaps and retention risk. Such employees are offered additional development opportunities and are included in Johnson Electric's talent pool. This talent pool is regularly reviewed when considering key appointments in organizational reviews. High-potential employees' individual development plans are drafted based on the results of individual 360° assessments.

To safeguard our long-term success, we hold annual succession planning workshops for senior vice presidents and key positions, with the results reviewed by the board-level Remuneration Committee. We monitor both our internal promotion rate and the number of senior positions with "ready now" and "ready soon" successors. In 2023, we increased the number of key roles covered by our succession reviews from 145 to 203, with 84% of such roles having a succession plan in place.

Furthermore, to support the development of our global-local footprint, we are enhancing our regional talent acquisition capabilities.

Performance in FY23/24

Global workforce



We offered a range of impactful career development programs and initiatives to our employees during the reporting period:

- Our "JE Career Paths" initiative is available to employees in business units and engineering. It gives them a better understanding of available career pathways as well as areas that they may need to build upon when driving their own career development
- The "My Career in Motion" program enables employees to take greater accountability for their career growth and development, working in partnership with their managers and other employees. At the heart of this program is a formal self-nomination process that encourages employees to apply for open positions for which they are qualified. This helps promote equal opportunities for all staff to develop and fulfil their career aspirations with Johnson Electric
- This year, we also launched the "Engineering International Assignment" initiative, which aims to promote cross-regional collaboration and knowledge sharing between Johnson Electric's engineering teams through special projects. To date, 15 engineers from across the organization have been placed on international assignments lasting between 12 to 24 months
- To develop our next generation of engineers, the "JE International Engineering Trainee Program" offers recent engineering graduates the opportunity to work at different Johnson Electric plants around the world. In this two-year program, participants first receive on-the-job training in their home country before spending a second year working in China and gaining valuable international career experience
- To encourage innovation, regional "JE Tech Days" offer a platform to bring engineers from across the organization together in person to identify solutions and develop opportunities for future business growth. So far, JE Tech Days have been held in Asia and Europe, with a JE Tech Day planned for the Americas in 2024
- Our "Leadership Essentials" program supports employees to progress into line manager positions by developing the critical skills and competencies they need to take on leadership roles (see the "Training and development" section below)

We have in place a performance management process for all staff that aims to deliver fairness, equity and the global alignment of performance standards. It emphasizes development planning and desired behaviours in the annual goal-setting and performance review process, measured according to quantitative and qualitative criteria. We also constantly stress the importance of performance discussions to ensure employees receive recognition and constructive feedback to support their growth. Furthermore, we place emphasis on making data-driven people decisions. Key demographic and people analytics are built into easy-to-navigate data visualizations for Executive Committee members.

Staff and managers may also formally request feedback from anyone in the organization on themselves or their subordinates at any time during the performance cycle. This allows employees to proactively seek constructive feedback from those they work with closely. Linking this feedback to the Group's strategic goals has enabled tighter alignment across functional teams as well as cross-functional recognition of staff achievements in "town hall" meetings.

"Our talent strategy at Johnson Electric aims to support the continuous growth, agility and digital proficiency of our employees. Managers are trained and equipped to provide mentoring and clear feedback, while employees are encouraged to take advantage of learning resources and actively seek growth opportunities. Together, we are creating a workforce that is skilled, resilient and future-ready."

Jasmine Chan
Senior Manager, Global HRBP & Talent Management
Hong Kong SAR

Training and development

Our approach

Learning and professional development is a joint effort between Johnson Electric and our employees. Every time an employee grows through lifelong learning, Johnson Electric becomes more adaptable and competitive as a company. We help employees to close gaps in their capabilities and skills by offering the requisite experience and training.

We recognize that learning and development through on-the-job experience is the best foundation for future growth. In addition, we offer individual coaching and formal training that aims to fulfil functional needs and develop leadership talent.

The Johnson Electric Learning Institute sets the global direction for all employee learning, development and reskilling activities across our entire organization. Global learning steering committee meetings include representatives from all regions, who guide and shape policies and practices, and decide the focus of learning and development programs. A strong network of learning and development teams in major locations supports this, delivering local learning programs in response to business priorities and talent requirements.

We also organize a Learning Month every year to help build a learning culture at Johnson Electric.

Key programs

We offer just-in-time classroom, webinar and eLearning programs to grow employees' technical and soft skills. Our Johnson Electric Baccalaureate program, which provides structured internal training to upskill technical workers to support our digital transformation, continued to expand to new sites worldwide during FY23/24. In FY23/24, we had 213 new participants in China, with 34 graduating during the year. We also had 12 participants in Mexico, with two graduating from the program in FY23/24.

Our "Leadership Essentials" curriculum provides training for managers using a variety of formats. Stretch assignments and international secondments provide employees with opportunities to gain global exposure and broaden their horizons.

Our "Learning in Motion" global learning platform provides employees with more than 360 courses covering key business compliance skills and soft skills, allowing employees to learn anytime, anywhere, on any device, and at their own pace. A partnership with on-demand platform LinkedIn Learning also gives employees access to thousands of online courses taught by industry experts. We also offer apprenticeship programs at various operating sites, giving young people a route to gain technical training and work experience.

To build employees' digital capabilities, we continued to promote our "JE's Digital Transformation Champions" (JEDi) program. This encourages all employees to gain expertise in relevant digital applications, regardless of their role and function. Through active learning and by applying new knowledge to their day-to-day work, employees who join this program are expected to become a key driving force in our digital transformation. As well as on-the-job learning, they receive sponsorship for training and exam costs, allowing them to develop valuable skills and access better career opportunities. This also equips them to mentor future JEDis.

JEDi

Advanced learning technology

Our learning management system, "Learning in Motion", automates the assignment, tracking and follow up of mandatory training schemes for new hires. The platform includes local and corporate training courses, our Johnson Electric Baccalaureate program, and information and training material on sustainability issues.

It also enables us to set specific measurable targets for:

- Local training: ensuring sites make full use of the learning management system's capabilities and encourage the reach of training across our workforce
- Progress on key initiatives, such as improving digital skills
- Sustainability training: helping all of us change the way we understand our work in line with our MARBLE value of "be sustainable"

Performance in FY23/24

We are committed to constantly expanding, updating and refreshing our training offering based on the evolving needs of our organization.

We continued to roll out the "Leadership Essentials" program to help develop our current and future leaders. A highlight of this was the "Leadership Chat" sessions, which gave employees the chance to interact directly with our CEO and other members of the senior management team. So far, 597 managers have completed or are currently participating in the program. Leadership training has also been enhanced at the shop-floor supervisor level. Together, these efforts will help to ensure strong and effective leadership support for all of the employees who work tirelessly in our plants building our products.

Function-specific training remains a focus, with new programs launched for a variety of business units including operations, IT, supply chain, business development, human resources ("HR"), and engineering.

We continued to expand our "JE HR Top Diploma" program for HR employees. This helps them understand how to add value to the business by acting as change agents, identifying strategic challenges and creating integrated HR practices. Specific initiatives included helping our hiring managers to attract and hire the best talent by focusing on eliminating unconscious bias in our talent acquisition process.

To help safeguard our systems and company information, new training programs were introduced to cover the importance of cyber-security and phishing.

Finally, we enhanced our focus on digital skills training by delivering expanded programs to support the adoption and increased use of tools such as Power BI, Power Automate, and numerous new internal IT systems focused on enabling operational efficiencies.

"The JEDi Program has been an invaluable training experience for me, and has significantly enhanced my knowledge of Power BI. I am now able to effectively apply the skills I've acquired to my daily tasks. The program has been truly transformative and has provided me with insightful information that has broadened my professional horizons."

Stephen Lam
Manager, Special Project & Systems
Hong Kong SAR

"This systematic on-the-job training program has enabled me to learn and practice on the shopfloor. All program participants are encouraged to generate and implement innovative solutions for automated production improvements. In one of my previous projects, my team achieved a cycle time improvement of over 40%. I appreciate this unforgettable learning experience and the progressive development opportunities offered to me at Johnson Electric."

Peidong Ouyang
Baccalaureate Program graduate and mentor, and
Preventive Maintenance team leader
Jiangmen, China

Diversity, equity and inclusion

Our approach

Johnson Electric understands that our business thrives on the diversity of our people and their ideas. Our employees are entitled to respectful and equal treatment in the workplace, independent of their age, gender, disability, marital status, race, national origin, or religion. We hire at competitive and fair levels based on role and experience, regardless of gender.

We are committed to providing a working environment free from any inappropriate behaviour and any kind of harassment based on personal characteristics or status. Threats or acts of harassment are prohibited and not tolerated. We investigate all complaints of harassment or discrimination raised through our whistle-blower hotline.

Johnson Electric's commitment to creating a diverse and inclusive working environment is also integrated in our MARBLE values and our diversity, equity and inclusion ("DE&I") policy.

Strengthening our diversity

In FY23/24, women made up 39% of our workforce and 20% of our management (a slight improvement from 19% in FY22/23). Women currently hold 13% of our senior management roles. We aim to increase this to 15% by the end of FY24/25.

The higher proportion of women in lower-wage categories at our manufacturing sites compared to the percentage of women in management contributes to a gender pay gap (i.e. when comparing average pay by gender).

Creating an inclusive working environment

Creating a diverse and inclusive workplace is a top priority for Johnson Electric. To achieve this goal, our CEO and other senior leaders act as DE&I champions, centring diversity and inclusion in our business strategies and mitigating implicit bias when making decisions.

We also strive to ensure that our HR processes support our DE&I strategy. For example:

- **Recruitment**: job descriptions are inclusive and free of gendered language, the recruitment process is designed to attract a diverse pool of candidates, and data is used to identify bias in the recruitment process and take steps to mitigate it
- **Performance management**: performance reviews and evaluations are objective, free of bias, and based on clearly defined performance metrics, with managers trained to evaluate employees based on those metrics
- **Learning and development**: learning and development opportunities are available to all employees, regardless of their background, including training on topics such as unconscious bias and career development at Johnson Electric
- **Promotion decisions**: promotion decisions are based on objective criteria and all employees have equal access to promotion opportunities

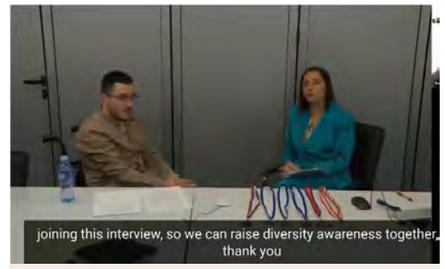
We recognize that people at different life stages may benefit from different working arrangements and promote family-friendly leave policies and flexible working. A global "work from home" policy has been introduced to help employees better balance work and family responsibilities. We have also implemented a variety of family-friendly programs in our major countries of operation, including parental and care leave as well as childcare services and allowances. Our employee housing projects in Zacatecas, Mexico and Jiangmen, China have been enthusiastically welcomed by both our workforce and the wider community.

Performance in FY23/24

During the year, we continued to offer a variety of targeted programs and activities to drive improved outcomes in diversity, equity and inclusion, including:

- Conducting twice-yearly "Female Talent Reviews" in addition to our general talent reviews, identifying high-potential female employees and supporting them to work with their managers to craft career development plans. A bespoke development program is planned for FY24/25 to accelerate the career progression of high-potential female employees
- Ensuring Johnson Electric's recruitment process is fair and non-discriminatory. We introduced training for hiring managers and talent acquisition team members to ensure that a diverse pool of candidates is considered and hiring decisions are free of bias
- Ensuring gender equity progress is reviewed as part of our general talent reviews to facilitate a merit-based increase in the number of female leaders
- With the support of Johnson Electric leaders, employee resource groups ("ERGs") have been set up by female employees in the Americas region, creating a self-organized platform to share their views with other women and allies
- Increasing staff awareness of diversity, equity and inclusion by celebrating Global Diversity Awareness Month in October, with activities arranged by local sites
- Supporting International Women's Day in March as part of our commitment to providing a diverse, inclusive and equitable workplace where employees of different backgrounds feel valued and respected

▲ Our India site hosted a State Diversity Event on October 16, 2023, showcasing the cultural uniqueness of India's states. Seven teams participated, representing different Indian states through traditional dances, songs, and authentic food. The event successfully brought people together, fostering understanding, appreciation, and respect for India's diverse cultures.



▲ In the month of October, we celebrate diversity and emphasize the importance of mutual support and inclusion. Our DE&I committee in Serbia interviewed JE colleague Mladen Petković, who is a graduate in Economics and a person with disabilities. Mladen has been part of the company since 2021 and currently works in the position of Cycle Counter. Mladen shared with us his life story, including the mosaic of experiences that have made him who he is today.

International Women's Day

We support International Women's Day as part of our commitment to providing a diverse, inclusive and equitable workplace where employees of different backgrounds feel valued and respected.

Communication

Our approach

Our goal is to maintain Johnson Electric's reputation as a trusted employer brand that embraces diversity and inclusion. Mutual trust is essential for inspiring our employees to grow, act with ownership and find fulfilment in the work they do. To build trust, we go to great lengths to keep all employees well informed and up to date with the latest company news and developments through open, transparent and two-way communication.

Communication channels

The Group's employee communication channels include:

- One Johnson Global Celebration, an annual event for all employees around the globe to celebrate teamwork and successes. This year, the event's global theme was "Creating Our Future Together", highlighting our global commitment to collaborating with our local communities around the world to create a shared future

- "JE in Motion", an internal digital platform for communicating leadership messages and encouraging knowledge sharing and team collaboration among global employees and specific employee groups
- Regular all-staff meetings at each Johnson Electric major location to provide updates on business performance and developments on key projects
- Online staff forums to cascade key business initiatives and encourage active engagement and internal alignment. During the year, online forums and live chats were conducted on topics such as digital transformation and sustainability, etc., with leaders and employees in different time zones taking part
- MARBLE Snapshot, a regular biennial survey to measure employee engagement levels and compare them to external benchmarks. The survey provides a mechanism for confidential employee feedback and management follow-up, ensuring employees' voices are heard and responded to at both corporate and team levels. This year, over 14,000 global employees were invited to join the survey and 82% (11,590 employees) responded, an increase of 6% compared to the 2021 survey
- Employee recognition programs to highlight and reward staff achievements. The monthly JEwel awards encourage the sharing of best practices, recognizing 151 winning projects and teams during the year. The Annual Chairman's Awards, meanwhile, celebrate outstanding performance and leadership across the four categories: (1) technology advancement, (2) solutions innovation, (3) productivity improvements, automation and artificial intelligence and (4) social impact and community outreach. This year's winners showcased the power of digitalization in sales inventory operation planning and global human resources processes
- Local initiatives, such as recreational and team building activities, held throughout the year to boost engagement, build social skills and promote recognition. Local teams have organized festive celebrations, outings, cultural excursions, appreciation days, parent-child activities and other events
- Johnson Electric's corporate website and social media channels, which serve as valuable touchpoints for building good connections and rapport with employees and external stakeholders alike, through news updates on corporate and employee engagement activities

Other means used to promote employee alignment with Johnson Electric's strategy and direction include emails and multimedia content shared with all employees, executives' messages, e-newsletters and global and local employee contests.

Labour rights

Our approach

Johnson Electric is committed to respecting the labour and human rights of all our employees and to providing a safe workplace in which the dignity of every individual is respected. Our subsidiaries around the world set their labour standards in line with the Group's policy and local labour laws and regulations, so that employment conditions fully comply with Johnson Electric's commitments and applicable laws and regulations.

Child labour, forced labour and human trafficking

Johnson Electric has established a clear global policy relating to child labour, forced labour and human trafficking, which adheres to the directives set by the International Labour Organization. We have assessed our child labour and forced labour risks and note that some of our sites are located in countries ranked as Tier 2, Tier 2 Watchlist, or Tier 3 in the US Department of State's "Trafficking in Persons Report". Our policy is designed to address these risks and includes a mix of preventative and detective controls for all our sites, requires an annual declaration of compliance by the individual responsible managers and local HR leaders, and is subject to internal audit.

Furthermore, our Code of Ethics and Business Conduct includes requirements for preventing child labour and forced labour as well as contact information for our whistle-blower hotline.

Contract of employment

All employees are provided with a written offer letter or contract of employment that includes (at a minimum) working hours, reasonable notice period and termination provisions, methods and timing of salary or wage payments and overtime eligibility and terms. All overtime is voluntary.

Compensation and rewards

We maintain a global compensation structure to ensure that we offer competitive pay and benefits in every market in which we operate. Our compensation and benefit policy, available on our employee portal, sets out our framework for attracting qualified employees, recognizing performance and contribution, and motivating and retaining talented staff. It ensures that compensation and benefits are competitive with market norms and applied equally without regard to gender, race, nationality, ethnicity, or other individual characteristics. It allows us to address compensation inequities in a planned fashion guided by market knowledge, as well as ensuring that employees' eligibility for various incentives and incentive levels are defined globally.

For entry-level positions, remuneration and benefits comply with and typically exceed the minimum legal limits for the country of employment. Annual incentive pay is an important component of compensation for more than 80% of staff-level employees, including all management staff and the executive management team. This is tied to the achievement of our revenue, profitability, liquidity and sustainability goals.

In addition, our long-term incentive share scheme forms a critical part of the compensation package for senior executives, encouraging retention while aligning rewards to shareholder value. The scheme includes both time-vested restricted stock units as well as a high proportion of performance stock units which vest only if stringent financial conditions are achieved.

We do not make deductions from wages as a disciplinary measure.

Company housing

Employees who are provided with company housing are free to come and go from their housing units, subject to reasonable security considerations.

Freedom of association and right of collective bargaining

Johnson Electric adheres to the directives set by the International Labour Organization's Declaration of Fundamental Principles and Rights at Work, as well as the United Nations' Guiding Principles on Business and Human Rights. We established our freedom of association and right of collective bargaining policy in September 2022, which covers all employees in all legal entities and locations.

We recognize the basic right of all employees to establish and join unions and employee representations in line with local laws and practice. Management will not discriminate based on lawful activities of trade unions and employee representatives. We also recognize the right to collective bargaining with bodies established following local laws and practice. Globally, the vast majority of our employees are represented by unions or employee representatives.

Employees can freely voice their concerns and requests to their direct supervisor or their local human resources department in a culture of mutual respect.

Compliance

As part of Johnson Electric's corporate governance, we constantly monitor compliance with our employment standards and relevant labour laws and regulations.

At any time

Employees may report any breach of our labour standards at any time. Reports may be submitted anonymously via our whistle-blower hotline, accessible globally at any time by phone or email. A total of 11 cases were reported by employees in FY23/24. All such reports are investigated promptly and confidentially. If it is determined that there has been a violation, prompt action is taken to prevent reoccurrence, if necessary, including appropriate disciplinary action. Retaliation is not allowed.

Every year

As part of our annual corporate governance review of internal controls and risk management, our regional and country human resources teams must acknowledge and certify their full compliance with our human resources policies and relevant labour laws and regulations.

The review also requires all managers and above, as well as other employees in sensitive positions, to certify that they have read and comply with the Johnson Electric Code of Ethics and Business Conduct. The Code guides every employee in the use of good judgment and ethical decision-making, ensuring employees uphold Johnson Electric's belief in conducting our business lawfully and ethically. In relation to labour and human rights, the Code includes specific requirements on preventing child labour and forced labour, ensuring equal employment opportunity, keeping open communication, ensuring a harassment-free workplace and preventing workplace violence and weapons.

Every year, all employees with a Johnson Electric email address must certify that they comply with the obligations of the Code and are not aware of any breaches within their work environment.

Every two years

Every two years, all employees with an email address are required to complete an eLearning course on the Code and its application in the workplace, including the protection of labour and human rights. On completing this training, they must demonstrate their knowledge by passing a test. Only then are they allowed to sign a declaration that they have read and comply with the Code.

All other employees will participate in a session led by their team manager where they will together review the key components of the Code of Ethics and Business Conduct. This multi-tiered approach helps to ensure all employees are appropriately trained in this highly important topic.

Performance in FY23/24

To ensure that our HR policies and procedures are compliant with legislative requirements and international standards, we conducted a social compliance and human rights audit with an external auditor in Hong Kong, our global headquarters, in FY23/24. This audit confirmed that all policies and procedures related to human rights and employee health and safety comply with legal requirements, with no significant incidents of non-compliance identified during the audit.

We aim to conduct social compliance and human rights audits across our major sites (i.e. Jiangmen, China; Niš, Serbia; and Zacatecas, Mexico) by FY25/26, and expect no significant incidents of non-compliance to be identified during the audits.

“Johnson Electric is firmly committed to social impact and community engagement. We believe in empowering individuals through skills and education, making a positive difference in their lives. This year’s inauguration of a brand-new Johnson Electric Technical College in Chennai, India, represents a further significant milestone in our worldwide mission to reach the young engineers of tomorrow. Together, we will continue to create meaningful impact and foster a brighter future for our communities.”

Austin Wang

Executive Director and SVP, Industry Products Group

Communities

Core SDGs

Supporting SDGs

We promise to enrich our local communities.

We seek to fulfil social needs in ways that benefit both Johnson Electric and local communities. All our employees are empowered to make a positive difference for people and planet.

Our approach

Johnson Electric has always been committed to delivering social impact and serving the communities in which we operate. Our social impact and community engagement activities are based on both our passion for science, technology and engineering, as well as our heartfelt desire to respond to humanitarian needs.

All employees are encouraged and empowered to participate in volunteering programs and make a difference to their local communities. This includes contributing to technical education programs that aim to cultivate the next generation of rising STEM (science, technology, engineering and mathematics) stars, such as Johnson Electric Technical College and Junior Engineer, as well as environmental and social activities that care for people and planet, such as nature preservation and clean-up efforts, blood donation drives and fundraising for meaningful causes.

Our social impact activities are overseen by the Social Impact and Sustainability Committee, which includes our key executives and influences all levels of the organization. This committee provides focus and support and ensures a structured approach to delivering our social impact activities worldwide.

▲ Opening ceremony of the latest Johnson Electric Technical College in Chennai, India

“I am a graduate of the fourth generation of the JETC in Mexico. The values and discipline instilled in me during my time there are applied every day in my work, leading to continuous improvement. As a result, I was selected to travel to China for a new manufacturing project. This program represents a significant opportunity for both professional and personal growth. Thank you, JETC.”

Claudia Castillo
Process Technician
Zacatecas, Mexico

Main topics and key highlights

Community engagement

Our JE Technical College ("JETC") program has now trained and educated over 1,500 students from low-income households

New JETC campus established in Chennai, India in 2024

Our China JETC welcomed an inaugural cohort of 25 female students, helping to advance opportunities for women in China's engineering sector

More than 180 JEnerations community events hosted globally in FY23/24

Honoured with "5 Years+ Caring Company Award" from the Hong Kong Council of Social Service

Community engagement

Technical education

Johnson Electric operates multiple flagship programs in several countries to promote and support technical education as part of our community engagement. These include the Johnson Electric Technical College and Junior Engineer programs.

Johnson Electric Technical College

The first JETC was established in 2004 in Shajing, China, offering students a three-year, fully funded and high-quality education and comprehensive technical training course within a supportive learning environment that promotes self-discipline. The college moved to the Jiangmen campus in 2020, where students now enjoy modernized facilities. In 2023, JETC welcomed an inaugural cohort of 25 female students, helping to advance opportunities for women in China's engineering sector.

In 2016, the second JETC campus was opened in Zacatecas, Mexico, providing the same curriculum and development opportunities. As of 2024, this campus has trained 106 JETC students.

JETC cooperates with local educational institutions in Mexico to issue official secondary vocational school diplomas to graduates. All successful graduates are offered employment as technicians or mechanics in Johnson Electric's manufacturing or engineering departments.

The latest JETC campus was officially launched at the end of January 2024 in Chennai, India, marking another milestone in Johnson Electric's mission to invite young people from across the world to embrace career opportunities in engineering with the Group.

Since its inception, 1,546 students have graduated from the JETC program in China and Mexico. JETC provides the Group with a stream of well-educated future employees and gives back to society by providing high-quality general and technical education to underprivileged youth.

In Serbia, meanwhile, using similar concepts to JETC, the Group works in partnership with a local technical high school, providing access to Johnson Electric's facilities and staff to assist students in receiving a high-quality technical education.

Junior Engineer program

This simple but effective global community outreach program targets children aged 6 to 12 to encourage an early interest in STEM subjects by building a DIY toy kit powered by a Johnson Electric motor. Participating sites arrange local activities internally for employees' children or externally with local educational institutions wherever appropriate.

This year, our new "J-Bot" toy car was welcomed by some 200 children in toy car assembly workshops held across our global sites.

▲ Junior Engineer activity in Hong Kong

JENERATIONS

Launched in 2021, the JEnerations program encourages all of our employees around the globe to volunteer for social impact and community outreach activities that enrich our local communities.

Local employees are empowered to identify beneficiaries and service partners and arrange voluntary activities based on local needs.

Areas of activities focus include those that benefit children, the elderly and the underprivileged, those that support diversity and inclusion, and those that protect and restore the environment.

Employees are entitled to paid time off to participate in social impact activities scheduled outside office work hours.

This year, we have hosted more than 185 JEnerations events, ranging from charity walks in Hong Kong, volunteering at a children's rehabilitation centre and elderly centre in China; giving career advice to students at an employability event in the UK, and inviting students to visit our manufacturing plant in Italy and learn about its operations.

Social impact activities around the world

During FY23/24, our sites around the world initiated or partnered with local non-governmental organizations to arrange a wide range of activities, supporting a variety of charitable causes and beneficiaries in areas including STEM; health education; support for children, the elderly and the underprivileged, and environmental protection.

Zacatecas, Mexico: Helping children with cancer

The Zacatecas JEnerations team set up a heart-shaped deposit box on their premises, encouraging employees to gather and donate plastic bottle caps in support of a local association dedicated to helping children with cancer. We donated 234,000 bottle caps, supporting chemotherapy for 78 children. This initiative not only supported children in need, but also contributed to environmental sustainability by reducing landfill waste.

Plymouth, USA: Earth Day

Employees and family members in Plymouth, USA, helped to make Detroit a greener space by planting trees in Historic Fort Wayne in collaboration with the Greening of Detroit organization.

Changzhou, China: clean-up activity

Volunteers from different departments in our Changzhou site helped to clean public spaces at the Changzhou Tian Ai Children Rehabilitation Center, providing a better environment for the children.

Hong Kong, China: The Community Chest 55th Anniversary Walk for Millions

Over 50 employees, families and friends in Hong Kong participated in a two-hour charity walk along the Hong Kong-Zhuhai-Macao Bridge, with Johnson Electric offering a matching fund for donations raised.

India: Building a safety wall for a government school

The JEnerations team in India inaugurated a newly constructed compound wall and planted tree saplings at Government Higher Secondary School, Okkiam, Thuraipakkam.

Isle of Wight, UK: clean-up activity

The UK JEnerations team volunteered to keep a local business park clean and tidy.

Empowering career growth

JEnerations teams in Changzhou, China and the UK provided students with career planning advice and workshops, including conducting mock interviews to build young people's practical experience.

Plymouth, USA: Breakfasts for the needy

Twice a month, the Plymouth JEnerations team helped serve breakfasts to the homeless and underprivileged as part of "The Breakfast Program at St. Andrew's", a local initiative.

During one of these volunteering days, our Chairman and Chief Executive, Dr. Patrick Wang, joined the team to contribute to this worthy cause. Together, they provided breakfast to those in need, emphasizing our commitment to making a positive impact in the local community.

Supporting STEM education

JEnerations teams in Asti, Italy; Plymouth, USA; Isle of Wight, UK; and Changzhou, China, worked with schools and organizations to inspire students with hands-on experience of STEM.

Changzhou, China: City Hiking for a Bag of Milk

The Changzhou JEnerations team participated in the 10th Changzhou "City Hiking for a Bag of Milk" event, raising funds to provide milk for children from families living in poverty.

Social impact awards

In Hong Kong, Johnson Electric received the 5 Years+ Caring Company Award from the Hong Kong Council of Social Service, recognizing our longstanding commitment to corporate social responsibility and our voluntary efforts to create a caring community in Hong Kong.

Trust and Transparency

Core SDGs **Supporting SDGs**

We believe that good corporate citizenship requires integrity, openness and fairness.

We pursue high standards of corporate governance to protect and promote the interests of our stakeholders and to safeguard our reputation.

Our approach

Earning and maintaining trust is essential to our success and longevity as a highly collaborative, customer-focused business. Throughout the 65 years since our foundation, we have cultivated a trusted reputation that gives confidence that Johnson Electric will always act with fairness and integrity. We place the utmost importance on ethics, transparency and sound governance.

Strong ethical conduct is a core expectation of every employee. This is woven into the MARBLE values that guide our employees to fulfil our purpose and vision, helping us become the company we aspire to be. Our core values ensure our employees are working towards the same goals and are aligned with our culture of integrity, openness and fairness.

We are committed to pursuing the highest ethical standards. We provide full employee training on our Code of Ethics and Business Conduct, and engage with external initiatives and best practices regarding business ethics.

This is especially important in the field of sustainability, in which new standards, benchmarks and methods of measuring and reporting ESG-related risks and impacts are constantly emerging. As with everything we do, we apply a keen eye for detail, process and systems to engineer the best transparency and governance outcomes.

In addition, we are increasingly taking steps to promote ethics and transparency beyond the footprint of our own organization and across our entire supply chain.

Finally, we continually strive to strengthen and optimize our corporate governance structure to guarantee strong lines of accountability and further enhance our culture of integrity.

All this serves as the foundation of trusted working partnerships with our stakeholders around the globe.

“Openness, integrity and a heartfelt commitment to ethics and transparency lies at the very foundation of our Johnson Electric culture. A strong sense of shared ethics creates an environment of trust, collaboration and innovation, which is critical to fulfilling our purpose of improving the quality of life of everyone we touch.”

Amit Chhabra

SVP and Chief Financial Officer

Main topics and key highlights

Corporate governance

Continued to maintain the highest standards of corporate governance, including sustainability governance

Data protection

Our corporate headquarters and two operating sites obtained the auto industry's best practice TISAX accreditation for data protection, with further sites now progressing towards this goal

Ethics

Widened the scope of our compulsory ethics training to include all manufacturing operators and other employees without an email account

100% of new staff-level employees completed an online training course as part of their induction

Supply chain

Began our third annual supplier ESG survey to track our top 300 suppliers' ESG performance

Compliance

No significant instances of non-compliance with laws or regulations

▲ Our sustainability governance structure

Corporate governance

Our approach

As a company listed on the Stock Exchange of Hong Kong, Johnson Electric adheres to the corporate governance rules and recommended best practices contained in the Corporate Governance Code of the Exchange Listing Rules*.

However, good governance is not merely a compliance exercise. At Johnson Electric, it is a vital process that supports our business success. The Board of Directors ("the Board") is focused on building a culture of integrity, transparency and accountability that extends across our extensive worldwide operations and will serve to sustain the business over the long term.

The Board is Johnson Electric's highest governance body and is responsible for:

- Setting out the Group's vision, purpose, values, culture and strategic aims
- Providing the leadership to put our strategic aims into practice
- Evaluating the extent and nature of risks (including sustainability risks) faced by the Group and ensuring the adequacy of risk management and internal control processes
- Ensuring sound decision-making throughout the Group in accordance with defined delegations of authority, clear lines of management accountability, and the best interests of the business
- Supervising business execution
- Reporting to shareholders and other stakeholders with a balanced, clear and comprehensible assessment of Johnson Electric's performance, position and prospects

The Board meets in person on a quarterly basis and on other occasions when a board-level decision on a particular matter is required. The Group's senior management may also be asked to attend board meetings to advise on topical issues and report on the Group's performance.

For further details of the composition and work of the Board and its Committees, see the Corporate Governance Report on pages 80 to 95 of the Annual Report 2024. Profiles of the Directors can be found on pages 218 to 223 of the Annual Report 2024.

* Except for Code Provisions B.2.2 and C.2.1 as noted in our 2024 Corporate Governance Report

Sustainability governance

The Board holds the primary responsibility for sustainability matters, including ensuring that sustainability is integral to Johnson Electric's strategic aims, approving sustainability targets and supervising our environmental, social and governance performance.

The monitoring and assessment of certain aspects of the Group's sustainability activities are delegated to four committees which report to the Board on a regular basis.

The Audit Committee is responsible for monitoring and assessing Johnson Electric's sustainability activities and reporting. In addition, it has oversight of the Group's risk assessment and management, internal control framework, and integrity and ethics issues, including all matters reported via the whistle-blower hotline.

The Remuneration Committee determines the compensation structure and rewards for the Chairman and Chief Executive and other executive directors, and monitors the policies applied in remunerating senior management on behalf of the Board. It also reviews and makes recommendations on management development and succession plans for executive directors and senior management.

The Nomination and Corporate Governance Committee identifies and evaluates candidates for appointment or reappointment as directors. It also develops and maintains our overall corporate governance policies and practices and is responsible for implementing our Board Diversity Policy.

The Board Committee undertakes and supervises the day-to-day management and operating affairs of the Group. It exercises leadership and develops and keeps under review strategy and business initiatives, including those related to sustainability, and supervises their implementation.

Collective knowledge of the Board

The Board takes an active interest in the Group's sustainability performance and receives biannual reports from the Group's sustainability management. Topics discussed include Johnson Electric's sustainability risks and opportunities, targets and performance, impacts and stakeholder expectations, as well as background information to ensure a reasonable understanding of the topic. This also forms part of the continuous professional development program for directors.

In addition, certain members of the Board contribute specific skills and experience, ensuring a high standard of objective debate and overall input to the decision-making process pertaining to sustainability matters.

One of the Company's executive directors (and SVP, Industrial Products Group), Austin Wang, chairs the Group's Social Impact and Sustainability Committee and receives frequent updates on sustainability matters.

An independent non-executive director, Catherine Bradley, was previously a director of the Board of the International Integrated Reporting Council ("IIRC"). She became a director of the Board of the Value Reporting Foundation ("VRF") formed by the merger of the IIRC with the Sustainability Accounting Standards Board, serving in this position until the VRF consolidated into the IFRS Foundation to support the formation of the International Sustainability Standards Board.

Sustainability in execution

Johnson Electric's senior management team takes an active role in the day-to-day management of our sustainability matters.

The Social Impact and Sustainability Committee ("SISC") is chaired by Austin Wang, Executive Director of Johnson Electric Holdings Limited and Senior Vice President, Industry Products Group, and includes the Chief Financial Officer, the Chief Human Resources Officer, the Senior Vice Presidents of Global Operations, Automotive Products Group, Corporate Engineering and Supply Chain Services, as well as other leaders with responsibilities impinging on sustainability.

The SISC's responsibilities include:

- Understanding the sustainability context of Johnson Electric's activities and business relationships, so as to identify our stakeholders
- Identifying Johnson Electric's actual and potential impacts (both positive and negative) on stakeholders and assessing the significance of these impacts
- Prioritizing the most significant impacts and grouping them into material topics
- Developing and implementing social impact and sustainability strategies for each material topic
- Defining targets and key performance indicators for each material topic
- Day-to-day oversight of social impact and sustainability activities, reporting and communication
- Building a socially conscious and sustainable culture and mindset at all levels of Johnson Electric

The SISC has established a global structure to cultivate a social impact and sustainability culture at Johnson Electric. This comprises:

- Johnson Electric's Business Framework, which articulates our vision, purpose and values, and connects these to our promises to customers, employees, local communities, the environment and shareholders
- A Social Impact and Sustainability Charter that underpins the Business Framework and guides our activities. This charter sets out our Sustainability Framework, grouping our material topics into the key themes of products, environment, employees, communities, and trust and transparency. This reflects the interests of Johnson Electric's main stakeholders as we pursue our purpose 'to improve the quality of life of everyone we touch through our innovative motion systems'
- A number of external initiatives that the SISC draws upon in developing and maintaining our sustainability framework, targets, key performance indicators and sustainability reporting. These include the United Nations Sustainable Development Goals, the Paris Climate Accords, the Greenhouse Gas Protocol, the EU Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards, the IFRS Sustainability Standards and the Global Reporting Initiative Standards, among others

The Committee's activities are supported by the Sustainability Department.

The Risk Management Steering Committee ("RMSC") is responsible for managing Johnson Electric's risk exposure by identifying, assessing, prioritizing and tracking existing and emerging risks and determining appropriate strategies for mitigation and control. It is chaired by Dr. Patrick Shui-Chung Wang, Executive Director, Chairman and Chief Executive, and includes the Chief Financial Officer, the Chief Information Officer, the Chief Human Resources Officer and the Senior Vice Presidents of Global Operations, Corporate Engineering and Supply Chain Services, as well as the Group's leaders from the Sustainability, Environment, Health and Safety, Legal, Intellectual Property and Internal Audit Departments.

Through this, we ensure that robust business practices lower the frequency and reduce the severity of risk, and secure business continuity. These business practices are closely monitored by senior management and are tested periodically by both management and internal audit to ensure their continued effectiveness.

Further details of our risk management processes, our risk profile and our policies for managing exposure to key risks can be found on pages 50 to 59 of the Annual Report 2024.

The Global Technology Board ("GTB") leads Johnson Electric's global technology strategy and key technology initiatives.

We protect our proprietary position by safeguarding our global intellectual property, including know-how, trademarks and trade secrets, and by filing patent applications for technologies and processes that are important to the development of our business. We take enforcement action in case of infringement of our intellectual property rights by competitors. We respect others' intellectual property rights and conduct patent searches to avoid infringement.

The GTB's leadership of key technology initiatives includes managing design for automation; digital transformation; automotive software performance improvement and capability determination; product life cycle management; and the execution of key engineering projects that contribute to our technology strategy.

The Sustainability Department is responsible for:

- Supporting the SISC in developing the sustainability strategy and assisting in the selection of appropriate key performance indicators
- Supporting the RMSC in ensuring that sustainability risks are integrated into our risk management processes
- Defining and supporting the rollout of sustainability action plans in partnership with relevant stakeholders
- Acting as the point of contact for internal and external stakeholders regarding sustainability
- Monitoring and managing Johnson Electric's sustainability performance using approved key performance indicators
- Handling internal and external disclosures and reports, namely, internal management reporting and the annual Sustainability Report
- Managing the provision of information for external sustainability rating surveys and customer requests
- Providing necessary communication, coaching and training within Johnson Electric

Sustainability is also deeply integrated into Johnson Electric's global operations. All business units and functions incorporate sustainability strategies, key performance indicators and goals into their strategic plans to meet the Group's overall sustainability direction and commitments.

Performance targets based on relevant social impact and sustainability goals form an element in determining incentive pay* for many employees, including management-level staff and Executive Committee members.

* Annual incentive pay, tied to the achievement of revenue, profitability, liquidity and sustainability goals, is an important component of compensation for more than 80% of staff-level employees, including management staff.

The Internal Audit Department is responsible for:

- Supporting the Audit Committee, the RMSC and management in classifying, analyzing, prioritizing and tracking existing and emerging risks and assessing the extent of Johnson Electric's exposure to them
- Identifying potential risk management strategies and recommending appropriate preventative and detective internal controls
- Conducting internal audits at our various sites to test and assess the effectiveness of Johnson Electric's governance, risk management and internal controls over ethics, financial reporting and operations matters. Sites are selected using a risk-based approach, with sites that present a higher exposure to risk through size, complexity, or other risk factors receiving more frequent visits
- Investigating ethics and compliance breaches including matters reported via our whistle-blower hotline
- Periodic and ad hoc reporting to management and the Audit Committee

Sustainability reporting

We include sustainability information in our reporting cycle through monthly reporting to the Chief Executive, monthly management reporting and reviews, and the publication of an annual Sustainability Report.

To promote transparency and communicate effectively with partners and stakeholders, we align our approach with globally recognized disclosure frameworks and best practices as well as the information requirements of various rating indexes. These include, but are not limited to:

- The United Nations Sustainable Development Goals (UN SDGs)
- The Global Reporting Initiative (GRI)
- The Sustainability Accounting Standards Board (SASB)
- The Science Based Targets initiative (SBTi)
- Hong Kong Stock Exchange requirements
- Hong Kong Quality Assurance Agency Sustainability Rating and Research
- CDP
- EcoVadis
- Supplier Assurance Sustainability Assessment Questionnaire
- MSCI ESG Ratings
- Institutional Shareholder Services (ISS)

Stakeholder engagement

We stay connected with our customers, employees, suppliers, shareholders, investors and the wider communities in which we operate through a variety of channels. This engagement helps us to identify the sustainability issues that most concern our stakeholders and informs our list of material topics, the development of our sustainability strategy and our approach to sustainability activities and reporting*.

Materiality assessment

Johnson Electric carried out a materiality assessment in FY20/21. We used information gained through our stakeholder channels to identify and rank the topics of most concern to our stakeholders. We also considered the materiality of our actual and potential impacts (both positive and negative) on sustainability issues. This enabled us to create a materiality matrix, prioritising topics according to:

- Each topic's relative importance to the business and to stakeholders
- Which topics exert a significant influence on stakeholder decision making
- Where we as a business have significant influence in our own operations, upstream in our supply chain, and downstream through our products and actions in the market

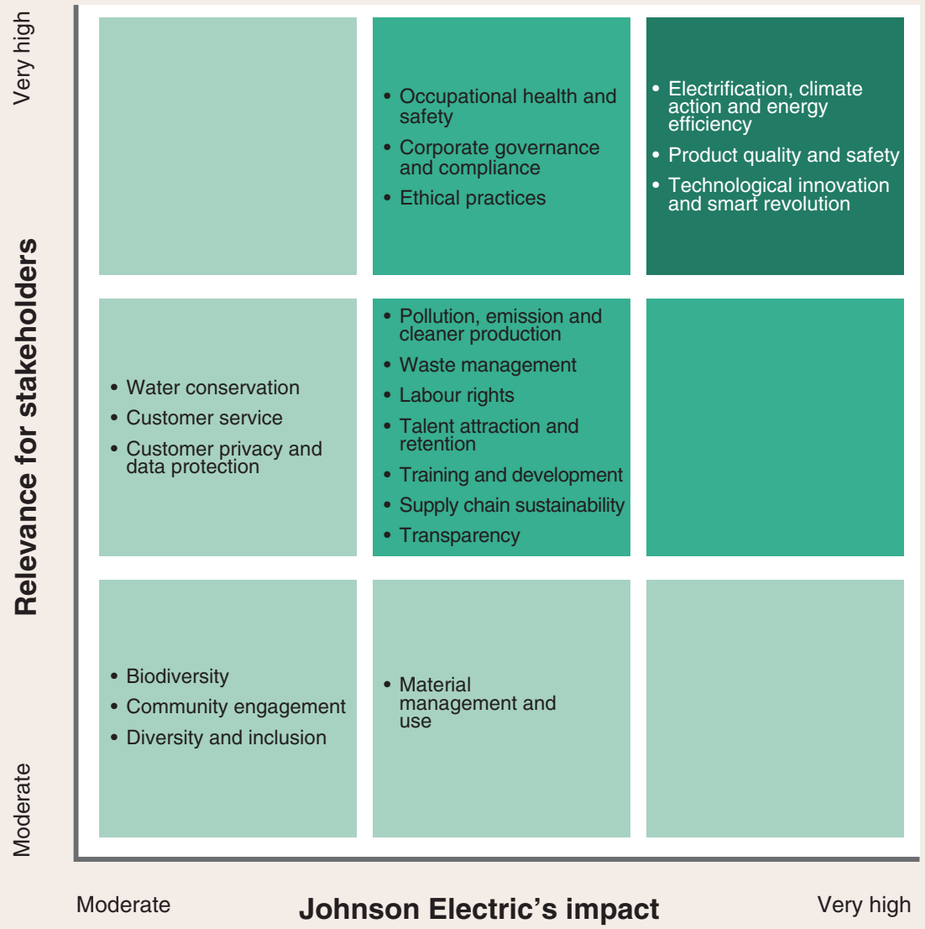
From this assessment, we then prepared a list of material topics, which are embedded in our Sustainability Framework, grouped into five key areas – products, environment, employees, communities, and trust and transparency.

The direction of this year's report and the priority of environmental, social and governance issues during the year is aligned to this assessment and is consistent with that of the previous year.

We intend to conduct a double materiality assessment to produce a new materiality matrix that will be included in our 2025 Sustainability Report. This will map sustainability issues that are material to our financial performance as well as our sustainability impact on the wider world.

* A list of the topics that are most important to each stakeholder group along with our most common communication channels can be found on page 102.

Johnson Electric's Materiality Matrix



Stakeholder communication channels

	Topics of interest	Key communication channels
Shareholders	Business performance Strategic plans Sustainability strategy and performance	Annual General Meeting Quarterly, interim and annual results announcements Interim and Annual Reports Media and investor relations conferences and feedback to enquiries Sustainability ratings – annual Sustainability Report – annual Johnson Electric website and social media
Employees	Ethics and business conduct Working conditions and welfare Labour and human rights Health and safety Career development and training Business performance Sustainability strategy and performance	Health and wellbeing focus programs – frequent Diversity, equity and inclusion celebrations – frequent Ethics declarations – annual Ethics training – biennial Whistle-blower hotline – available 24/7 One Johnson Global Celebration – annual Performance reviews – annual Employee surveys – biennial Workplace posters, emails, social media and intranet – ongoing staff briefings on topics of interest Employee representatives and trade unions Training, coaching and on-the-job development – ongoing Sustainability Report – annual
Customers	Product, price and performance Quality Business performance Business integrity and ethics Sustainability strategy and performance	Customer meetings, phone calls and emails – frequent Customer complaints process – as needed Quarterly results announcements, Interim and Annual Reports Customer on-site visits and audits of our factories – on request Customer sustainability targets, questionnaires and assessments Sustainability ratings – annual Sustainability Report – annual Johnson Electric website and social media
Suppliers	Supplier performance – price, quality and sustainability Supplier ethics and business conduct	Whistle-blower hotline – available 24/7 Johnson Electric terms and conditions Johnson Electric Code of Ethics and Business Conduct Phone calls and email – ongoing Evaluated self-assessments for top suppliers – annual Conflict minerals reports – annual Supplier risk review – annual On-site visits and audits of key suppliers
Communities	Employment and training opportunities Quality education Environmental activities Local community activities	Phone calls and email – ongoing Johnson Electric Technical College and partnerships with local education authorities and universities – ongoing Participation in government/NGO training and employment schemes – ongoing Johnson Electric Junior Engineer – annual Participation in local community activities and voluntary work – ongoing
Government	Environmental protection Labour rights Business performance Employment and training opportunities	Regulations Local office contacts – frequent Site visits, audits and inspections – on request

Ethics

Our approach

We strive to conduct our business with honesty and integrity, both within the Group and in our dealings with our business partners, customers, suppliers, competitors and the communities in which we operate.

This aligns with our purpose – "to improve the lives of everyone we touch through our innovative motion systems" – and is an integral part of our MARBLE values, which guide us to "lead by example" and encourage our employees to live up to the ethical values we espouse.

Following the principle that "the tone is set at the top", we expect our Board members, executives and management to establish a strong ethical example through their day-to-day actions.

Our **Code of Ethics and Business Conduct** (the "Code"), endorsed by our Chairman and Chief Executive, Dr. Patrick Wang, sets out the principles that define ethical behaviour. This guides all of our employees in all of our sites to use good judgment and ethical decision making in their business conduct and practices.

We believe all business decisions should be made fairly and impartially, based on quality, price, service and other competitive factors and not on the basis of gifts or gratuities. Our Code includes specific requirements relating to business conduct and anti-corruption.

If any violation of our Code occurs, we take prompt action to avoid future violations. When necessary, we take appropriate disciplinary action against the offending party, which may include counselling, warning, transfer, suspension, or termination of employment.

To ensure accessibility, we make the Code available in the local language of each site and also make it available to download from www.johnsonelectric.com. We review and refresh the Code every two years.

We extend similar requirements to suppliers though our Supplier Code of Conduct.

Our **ethics training and declaration program** is designed to engage every employee at every Johnson Electric location, with all employees falling within the scope of the program.

The program classifies employees into the following categories: at-risk employees, managers, and all other employees. The last category is further divided into two sub-categories: all other staff-level employees with a Johnson Electric email account, and all other employees.

At-risk employees and managers must (1) complete compulsory ethics training on induction into the workforce, (2) make an annual declaration that they have complied with Code and are not aware of any violations by others, and (3) take part in biennial training, delivered online in English and in the local language of each site. We also extend these requirements to all other staff-level employees with a Johnson Electric email account.

All other employees take part in biennial ethics training, delivered by their team leaders, in the local language of their site.

Our **Internal Control and Risk Management System** also supports our business integrity.

We assess our exposure to risk, including risks related to corruption, on a Group-wide basis. This assessment considers the likely frequency of occurrence and potential magnitude of risk incidents. This assessment is reviewed annually and updated to reflect both emerging issues and the results of internal audit work during the year.

We mitigate our exposure to risks through proactive oversight and robust business processes. Our internal control framework includes a mix of auditable preventative and detective controls, including business conduct and anti-fraud controls. It sets specified limits of authority and clear control responsibilities, and prohibits single-signature approval of contracts, customers, revenues, suppliers or expenditures (with strict monetary limits for gifts and entertainment).

Our **Internal Audit Department** employs a risk-based approach to independently review and test our controls over various operations and activities. The key steps in our process include:

- Risk assessment: we assess the risks associated with various operations and activities across the organization, identifying potential vulnerabilities, control weaknesses, and compliance gaps
- Risk prioritization: sites or business units with higher inherent risks receive greater attention. Factors considered include financial impact, regulatory requirements, operational complexity, and historical audit findings
- Annual audit plan: at the start of each financial year, our Internal Audit department drafts a comprehensive plan outlining specific sites, processes, and controls for evaluation. The plan undergoes review and approval by the Audit Committee, ensuring alignment with organizational goals, risk exposure, and resource allocation. For FY24/25 and future years, we're enhancing our planning process to ensure comprehensive coverage over a five-year cycle. Our ambition is to visit 100% of our sites* during this rolling period. Some sites will receive more frequent visits, determined by materiality, risk exposure, and any history of noncompliance
- Independence and objectivity: audits are conducted independently of the areas being reviewed, maintaining objectivity and avoiding conflicts of interest
- Control evaluation: during the audit, we evaluate the adequacy and effectiveness of controls including processes, policies and internal procedures
- Compliance assessment: we verify compliance with relevant laws, regulations, and internal policies and flag noncompliance issues for corrective action
- Audit reporting: findings and recommendations are documented in internal audit reports, shared with the Audit Committee, senior management, and the external auditor
- Follow-up and monitoring: we track the implementation of audit recommendations and report on this regularly to the Audit Committee to ensure that corrective actions are taken

By adhering to this process, we maintain the highest standards of independence, objectivity and rigour in our internal audit activities, reinforcing transparency and accountability.

Our **Whistle-blower Hotline** empowers all employees to report any ethical or business conduct concerns. These may be submitted directly to Internal Audit, be reported via the annual ethics declaration, or be submitted anonymously via our whistle-blower hotline at any hour, by phone or email.

In every workplace, conspicuously placed posters inform employees how to access the hotline. This contact information is also available via the employee intranet portal.

Reports may also be submitted by other interested parties, using contact information contained within our Code, available for download from the Johnson Electric website. Any retaliation against employees is strictly prohibited.

All whistle-blower reports are investigated promptly and confidentially by the Group's Internal Audit Department. If it is determined there has been a violation of our Code, we take prompt action to prevent reoccurrence.

We have zero tolerance for fraud and corruption. We refer such cases to the authorities for prosecution, where feasible, and vigorously assist any resulting investigation.

In addition, we are a member of the **Institute of Business Ethics**, and make use of the institute's tools, guidance and insights as we continue to enhance and reinforce our ethics culture.

Commitments and targets

We are committed to conduct Johnson Electric's business by lawful and ethical means.

In support of this, we have set the following targets:

- Zero legal cases brought against Johnson Electric or its employees for corruption, anti-competitive behaviour, anti-trust, and monopoly practices
- Providing ethics training to 100% of our workforce over a two-year rolling cycle. In FY23/24, we focused on training 100% of our manufacturing operators and other employees without an email account. In FY24/25, we will train 100% of at-risk employees, managers and other staff-level employees with a Johnson Electric email account
- Obtaining annual Code of Ethics declarations from 100% of at-risk employees, managers and other staff-level employees with a Johnson Electric email account
- Extending our Internal Audit plan into a comprehensive five-year strategy, subject to Audit Committee approval, that ensures systematic coverage across all sites*, allowing for effective auditing and risk management. To remain dynamic, this strategy will be updated annually to reflect any changes in our risk assessment and priorities. We will monitor and report our performance against this strategy to ensure that all in-scope sites receive an audit visit over a five-year cycle. In the meantime, the Internal Audit plan for FY24/25 includes visits to 13 sites, as compared to 12 sites in FY23/24
- Investigating 100% of whistle-blower reports received through our hotline

* Excluding small sites with fewer than 10 employees and annual turnover of less than US$10 million.

Performance in FY23/24

Ethics training

During FY23/24, 74% of our workforce participated in ethics training, which included essential anti-corruption modules. The breakdown by employee category and delivery method is as follows:

- 100% of employees joining Johnson Electric as at-risk employees, managers or other staff-level employees with a Johnson Electric email account completed an online training course on our Code as part of their induction
- 88% of other employees took part in group training sessions on ethics delivered by team leaders

In FY22/23, we trained 17% of our workforce, including 100% of at-risk employees, managers and other staff-level employees with a Johnson Electric email account. Taken together, this means we have trained over 90% of our workforce over our two-year ethics training cycle.

Ethics declarations

In both FY22/23 and FY23/24, 100% of at-risk employees, managers and other staff-level employees with a Johnson Electric email account completed their annual declaration that they had read, understood and conformed with the requirements of the Code and were not aware of any potential violations of the Code by others, or reported such violations.

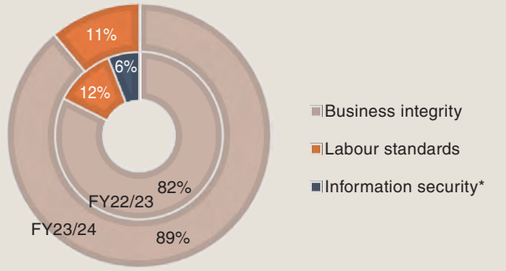
Internal audit visits

During FY23/24, Internal Audit conducted visits at 12 sites, during which it tested the appropriateness, effectiveness, and degree of compliance of various anti-corruption controls. The FY23/24 plan originally aimed to visit 10 sites, but was extended due to issues identified during the audit process to include two additional sites with similar risks in certain processes.

Whistle-blower reports

The reporting rate for the whistle-blower hotline was 0.5 reports per 1,000 employees.

Whistle-blower reports by category



* In FY23/24, a separate hotline was established for reporting information security risks and incidents.

All (100%) of whistle-blower reports were subject to investigation. Of the investigations concluded in FY23/24, 37% were found to be substantiated, including some prior cases. These were subject to relevant corrective actions including disciplinary action where appropriate. However, as of March 31, 2024, some investigations were still ongoing.

Fraud and corruption incidents

In FY23/24:

- There were seven confirmed incidents of fraud and corruption. Each of these incidents involved employees engaging in corrupt practices that were harmful to the company's interests. These included conflicts of interest, acceptance of kickbacks and misappropriation of company property. All employees involved in these incidents were dismissed or disciplined
- Six of the confirmed incidents led to the termination of relationships with suppliers due to violations related to corruption
- There were no cases brought against the Group or its employees for corrupt practices

In the previous fiscal year, one former employee was charged by the Hong Kong Independent Commission Against Corruption ("ICAC") with concealing a conflict of interest. Johnson Electric had earlier reported the incident to the ICAC and rendered full assistance to the investigation. The court case is not yet concluded.

Compliance

Our approach

The Group operates in a number of different jurisdictions with differing legal and regulatory requirements.

Our internal control and risk management system, which includes a defined management structure with specified limits of authority and defined control responsibilities, is designed to ensure compliance with relevant legislation and regulations.

In addition, as part of Johnson Electric's regular year-end activities, local and regional management must submit management representations of their compliance with our internal controls and with relevant legislation and regulations.

Fair competition

We believe in fair competition. We do not take part in agreements that harm customers such as price-fixing, bid-rigging or other anti-competitive practices.

Our Code of Ethics and Business Conduct includes specific requirements relating to the prevention of unfair competition.

Furthermore, we conduct annual reviews of each market segment in which we compete. These are designed to allow us to understand the basis of competition including:

- How we engage in the market
- The number, size and relative strength of our competitors (and their behaviours)
- Market trends and development prospects, and the risks and opportunities presented by these
- Potential problems and difficulties

These reviews are then updated twice during the year. The review and update meetings are chaired by the Chief Executive and attended by the Chief Financial Officer, the Senior Vice Presidents of the Automotive and Industry Product Groups, and relevant managers.

Global tax policy

We manage our tax affairs in a manner that maintains the Group's corporate reputation.

The finance team responsible for each Group company is required to understand and comply with all applicable tax laws and regulations. They are supported in these duties, and in the identification, reporting and resolution of possible tax issues, by our internal tax experts and our external tax advisers. We seek external guidance where tax laws are changing or unclear.

We are committed to carrying out transfer pricing using the arm's length principle.

Commitments and targets

Johnson Electric strives to comply with relevant laws and regulations. In support of this, we have set the following targets:

- Zero instances of non-compliance with laws and regulations
- Zero regulatory actions regarding fair trade or competitive practices
- No infringement of others' intellectual property rights

Performance in FY23/24

In FY23/24:

- There were no significant instances of non-compliance with laws and regulations
- No regulatory action was brought against the Group regarding fair trade or competitive practices
- No monetary losses related to infringement of intellectual property rights

Code of Ethics and Business Conduct

Guarding against bribery and corruption

We believe all business decisions should be made fairly and impartially, based on quality, price, service and other competitive factors and not on the basis of gifts or gratuities. Business courtesies such as gifts, favours, contributions or entertainment must never be offered or accepted if they can be interpreted as improper. This is further enforced through rigorous expenditure controls with strict monetary limits on gifts and entertainment.

Product integrity

Johnson Electric ships products that live up to our product and safety standards. We are committed to constantly improving our products through the Johnson Electric Product Development System and the proper communication of long-term business strategies.

Trade compliance

We comply with all applicable import and export laws and regulations

Anti-money laundering

We are committed to complying fully with all applicable anti-money laundering laws throughout the world's jurisdictions. Our customer relationship processes are designed to ensure that we know our markets and our customers' businesses. We take reasonable steps to ensure we do not accept forms of payment that are suspicious or identified as a means of laundering money.

Proper authorization

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.

Government relationships

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.

Preventing fraud and maintaining accurate and complete official records and reporting

All books, records and accounts must conform to applicable accounting principles, laws and regulations, and to Johnson Electric's internal control policies. False, misleading or artificial entries in any financial books, records or accounts are prohibited. The same principle applies to quality records, environmental, health and safety records and to any other information that is critical to the business, including performance metrics.

Preventing conflicts of interest

We require employees to report potential conflicts of interest. They are prohibited from using their positions to benefit themselves, their families, friends, or associates. They are also prohibited from any non-Company business involvement with a competitor, supplier or customer.

Protecting intellectual property

We safeguard all proprietary and confidential information. We establish, maintain and defend our intellectual property rights and respect the valid intellectual property rights of others.

Preventing child labour and forced labour

We do not permit the employment of minors who do not meet the legal minimum working age of each country and region in which we operate. We will not partake in any form of forced, bonded or indentured labour.

Protecting the environment and creating a healthy and safe workplace

We maintain an environmental, health and safety policy including standards, checks, inspection procedures and audits to prevent harm to the environment and employees wherever we operate.

Mutual respect and diversity

We are committed to providing a harassment-free workplace in which the dignity of every individual is respected. We value the differences of diverse individuals 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, nationality, religion, gender, sexual orientation or any other legally protected status.

Preventing unfair competition

We do not enter into agreements that harm customers, including price-fixing and bid-rigging, or unreasonably limit the freedom of a reseller, customer or supplier to sell a product or technology. We do not abuse a dominant position in the market to stop others competing.

No retaliation

We do not allow retaliation against employees for their reporting a breach of our Code.

Duty to report

Employees are required to report any breach of our Code that they encounter.

We are leveraging the power of data, analytics and automation to enhance our operations, improve alignment between our factories and suppliers, assess the environmental impact of our products and strengthen collaboration so as to create stakeholder value and serve customers in a more sustainable manner. To do this safely, we're relentlessly focusing on cyber-security to ensure our information remains confidential, secure, and readily available.

Raman Mehta

SVP and Chief Information Officer

Data protection

Our approach

We follow the principle of 'privacy and security by design and by default' in all our information security systems. Our goal is to protect the confidentiality, integrity and availability of data.

Data protection systems

We deploy information security management systems for the robust protection of our own data as well as customer, employee and partner data.

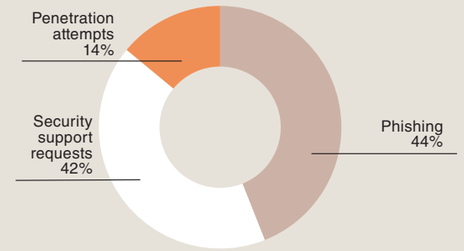
Preventative control measures implemented by our security operations centre include:

- Regular global risk assessments
- Secure configuration of hardware and software
- Using protected AI with built-in security measures to prevent unauthorized access, manipulation or misuse
- Protection against malware
- Identity management and controlled access to systems and data
- Software updates
- Vulnerability management, including (a) regular scans of external and internal networks and critical assets and (b) controlled penetration tests, to identify risks and ensure compliance with information security standards
- Raising employees' awareness of phishing scams through periodic training and simulated phishing and social engineering attacks
- Engaging internal and third-party security experts to regularly test the resilience of key business processes and systems against potential security breaches
- Uninterrupted, round-the-clock monitoring of networks, systems and sensitive data access to detect anomalies and unauthorized activity
- Annual third-party audits of information security, data protection and cyber-security hygiene

Data protection hotline

Employees can report potential phishing emails, suspicious activity or other information security concerns at any hour through an internal information security hotline. Reports may also be submitted by other interested parties by email to infosec@johnsonelectric.com.

Hotline calls by type



Vendor assessments

We perform due diligence reviews of vendors that handle sensitive data through a supply chain information security assessment process.

Incident management

Our incident response plan is designed to quickly detect, contain, eradicate, and recover from information security incidents. We test this plan regularly and hold incident response drills to ensure familiarity with the required procedures.

Cyber-security accreditation

As the number of smart and connected vehicles grows, the automotive industry is setting increasingly stringent requirements for information security.

Many automakers and suppliers have chosen to standardize the assessment and exchange mechanism for companies' information security management through the Trusted Information Security Assessment Exchange (TISAX) accreditation. This ensures an appropriate level of protection for information related to customers, new products and prototype development, and allows for the mutual recognition of assessment results among participants.

The TISAX accreditation process requires an initial self-assessment followed by an audit and subsequent closure of any identified compliance gaps before accreditation is granted.

A number of our locations have now gained TISAX accreditation, including our Hong Kong headquarters. Further locations including technology development centres, sales offices and key manufacturing sites are also working towards accreditation. Some of these sites are expected to receive TISAX accreditation by mid-2024, while others will receive accreditation later in the year or beyond. Meanwhile, best practices learned by implementing TISAX are being shared across the wider Group.

In addition, some larger automotive companies are establishing their own information security accreditation schemes along similar lines. We will take appropriate steps to align with such schemes as they develop, with the aim of serving our customers' needs.

Data protection compliance

Our data protection and privacy policies are intended to ensure compliance with data protection and cyber-security laws by Johnson Electric and our employees and partners. This includes compliance with the General Data Protection Regulation (GDPR) of the European Union; the Personal Information Protection Law of the People's Republic of China; the Personal Data (Privacy) Ordinance of the Hong Kong SAR; and the Personal Data Protection Bill of India, among others. Compliance with these laws and regulations is a very important component of our commitment to sustainability, as it reflects our dedication to protect the privacy and rights of individuals.

For example, we have an assigned GDPR leader to ensure we are complying with GDPR. We ensure that our data processing practices are transparent, lawful and respectful of individuals' right to privacy. Our commitment to GDPR compliance includes:

- Implementing appropriate technical and organizational measures to safeguard personal data
- Providing training and resources to our employees to ensure they understand their own responsibilities in protecting personal data
- Working closely with our partners and vendors to ensure they meet GDPR compliance standards

We constantly review and update our policies and procedures to ensure ongoing compliance with GDPR and similar laws, and remain committed to upholding the highest standards of data protection and privacy.

Commitments and targets

Johnson Electric is committed to protecting our facilities and information systems from physical security breaches as well as cyber theft.

Our data protection targets include:

- Zero information security breaches
- Zero leaks, thefts, or losses of personal or customer data
- 25% of sites operating with TISAX information security accreditation by 2025

Performance in FY23/24

In FY23/24:

- 5% of our sites gained TISAX accreditation
- There were no identified information security breaches
- There were no identified leaks, thefts, or losses of personal or customer data
- We issued an AI Policy that protects our company information and customer data while encouraging all employees to experiment with and use AI applications. Our policy covers ethical use, data protection, confidentiality, and compliance with local laws and regulations

"Our commitment to sustainability extends beyond the factory gates. Cultivating a sustainable supply chain is pivotal to our efforts to reduce our environmental footprint. That's why we are quantifying our Scope 3 emissions, engaging our suppliers in assessing their ESG performance and supporting their improvement efforts. We will continue to promote responsible practices in our supply chain as we move together towards a sustainable future."

Robert Gillette

SVP, Supply Chain Services

Supply chain

Our approach

As a global manufacturer with a diverse network of facilities catering to different product markets around the world, our supply chain is inherently complex and intricate. At the same time, our trusted partnerships with approximately 2,000 direct material suppliers offers an enormous opportunity for us to drive change. We are collaborating with our suppliers to create positive outcomes for people and planet by integrating our sustainability standards into our supply chain and developing tools to support our suppliers in their own sustainability endeavours.

Our robust supplier qualification procedures require due consideration of cost, quality, environmental awareness, ethical behaviours and social responsibility. We continuously monitor supplier performance against these requirements throughout the business engagement, using surveys and risk mitigation plans and/or actions.

Johnson Electric's suppliers are contractually required to be certified under relevant international quality and environmental management standards such as ISO 9001, ISO 14001, ISO/TS 16949 and ISO 13485.

Our Supply Chain Sustainability Framework summarizes our overall approach, targets and actions, and can be found on page 114 of this report.

Performance in FY23/24

Sustainable procurement policy

Our sustainable procurement policy guides our sourcing decisions and embodies our commitment to environmental, social and governance (ESG) considerations. The policy requires any employee taking a sourcing decision to evaluate suppliers' sustainability performance alongside traditional criteria such as cost, quality, and delivery.

The policy defines specific ESG requirements for prospective suppliers and establishes ESG-related key performance indicators (KPIs) for Johnson Electric's purchasing teams. By integrating sustainability considerations into our procurement, we aim to promote responsible practices throughout our supply chain and contribute to a more sustainable future.

Supplier ESG assessment

We have partnered with third-party specialists to assess the ESG performance of our top 300 suppliers, as determined by commodity sustainability priority, spending level, country sustainability priority, and criticalness of the material supplied, primarily via a supplier survey.

New suppliers must also undertake a third-party ESG survey assessment process if they supply commodities that are crucial to our ESG priorities, if supplier ESG assessment is requested by our customers, or if other business considerations apply.

Based on this assessment, we carried out an evaluation of our suppliers' ESG performance, with a specific focus on non-responsive suppliers and those ranking in the bottom 10% for social or environmental performance. In the first year of assessment, we identified 24 suppliers with bottom 10% environmental performance, 17 suppliers with bottom 10% social performance, and 97 non-responsive suppliers. The second year of assessment has revealed a positive trend, with 65% of suppliers showing improvement. This includes suppliers whose ESG assessment scores improved in the second-year assessment, as well as non-responsive suppliers who have now responded to the ESG assessment.

To further enhance supplier sustainability management, we have transitioned to a new service provider, NQC, for our third-year suppliers' ESG assessment. As part of our evaluation criteria, we will establish supplier sustainability score thresholds, which will serve as a qualification criterion for suppliers. In addition, we have identified key questions aligned with our Supply Chain Sustainability Framework, which will be integrated into the suppliers' ESG assessment. We have clearly defined our expectations regarding these key questions and will closely manage suppliers' responses to ensure alignment with our sustainability goals and values.

Sustainability training

Last year, we conducted supplier training sessions for our top 300 suppliers, providing them with an overview of Johnson Electric's operations, our sustainability approach, and our expectations of suppliers. A total of 214 participants attended these sessions. This year, an additional 24 participants reviewed our e-training materials, which are accessible to both suppliers and our purchasing teams as well as being available for download by any other interested parties from our company website. We also conducted a new training program specifically focused on supplier sustainability assessment, offering sessions in both English and Chinese, which 70 participants attended.

Furthermore, we have trained our purchasing teams to collaborate effectively with suppliers in order to improve the sustainability performance of our supply chain. This year, we conducted three bespoke training sessions for our internal purchasing staff, covering topics such as supply chain sustainability, ESG survey corrective actions, and responsible minerals corrective actions. A total of 156 participants attended these training sessions.

Responsible minerals management

We have partnered with a third-party specialist to streamline and strengthen our conflict minerals, cobalt and mica reporting processes. Our direct purchases of 3TG (tin, tantalum, tungsten and gold) are from sources certified as conflict-free by the London Bullion Market Association (LBMA) or the Responsible Minerals Assurance Process (RMAP). To reduce the risk of 3TG being present in items sourced from our suppliers, we mitigate risk from non-conformant source smelters. In support of this, we have established a due diligence program in line with the Organization for Economic Co-operation and Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

A responsible minerals supplier FAQ (frequently asked questions) document has been prepared and shared with suppliers for training purposes, and is also available for download on our company website. A responsible minerals e-training course has also been created for our internal teams, giving an overview of responsible minerals issues, existing regulations and Johnson Electric's due diligence framework, policy and processes. The training completion rate in the Supply Chain Department is 99%.

Scope 3 emissions from supply chain

We are in the final stages of completing our Scope 3 inventory. Once the inventory is finalized, we will publish a supplementary report to provide detailed information and valuable insights regarding our findings. Within the Scope 3 framework, we have identified three categories associated with our supply chain: Category 1 (purchased goods and services), Category 4 (upstream transportation and distribution), and Category 9 (downstream transportation and distribution).

To address emissions within these categories, we will develop initiatives aimed at improving and reducing their environmental impact. Our goal is to implement sustainable practices and measures that will contribute to the reduction of emissions associated with these categories.

Supplier Code of Conduct

Our Supplier Code of Conduct (the "Supplier Code") is a comprehensive framework that sets out our expectations for suppliers to engage in socially and environmentally responsible practices, emphasizing the importance of human rights, labour rights, and ethical behaviour in all aspects of their operations.

By agreeing to the Supplier Code, our suppliers take responsibility for upholding its principles and conducting their business in a manner that promotes sustainability, transparency, and respect for stakeholders.

Every supplier is required to comply with our Supplier Code. We take the commitments outlined in the Supplier Code seriously and expect our suppliers to do the same. We reserve the right to terminate our relationship with any supplier who fails to comply with the Supplier Code or who demonstrates a pattern of non-compliance.

The Supplier Code is also available for download on our company website.

Supplier terms and conditions

Our supplier terms and conditions have been developed in accordance with various acts of legislation, such as the US Foreign Corrupt Practices Act, the UK Bribery Act 2010 and relevant criminal law in the countries in which we operate. Suppliers are required by the Group's purchase terms and conditions to adhere to directives set by the International Labour Organization's ILO Declaration on Fundamental Principles and Rights at Work and the United Nations' Guiding Principles on Business and Human Rights. These set out principles on freedom of association, the right of collective bargaining, the abolition of child labour and the elimination of all forms of forced or compulsory labour and discrimination in the workplace.

"The Scope 3 emissions data collection has been a valuable learning experience, enabling us to identify areas of greatest impact in our supply chain and look into strategies for mitigation. Setting KPIs and collaborating with suppliers to achieve them is crucial to reducing our carbon footprint and promoting our journey to sustainability."

Gopinath Balasundaram
Director, SCS Global Systems & Compliance

Supply Chain Sustainability Framework

Key elements / Targets

Environment & Products

1 Climate change – carbon emissions
- Reduce carbon emissions on Scope 3 (suppliers and transportation) by 2030, having measured Scope 3 emissions and set target by FY24/25. In addition, pursue long-term target of net-zero value-chain carbon emissions by 2050

2 Climate change – renewable energy
- 80% of total spending from suppliers using 100% renewable energy, by 2030

3 Natural resources – raw materials sourcing
- Adopt green procurement concepts for sourcing 80% raw materials, by 2030

4 Pollution and waste – packaging material
- Reduce usage of cardboard and polystyrene by 2030

Employees & Communities

5 Human capital – health and safety
- Extend Johnson Electric's safety culture, chemical safety and industrial hygiene initiatives to all suppliers by 2025

6 Controversial sourcing – raw materials
- Adopt responsible mineral policy for 3TG* and cobalt by avoiding buying from sources in or associated with conflict zones (suppliers and mining)

7 Controversial sourcing – human/labour rights violators
- Avoid suppliers who are employing child and/or forced labour

* 3TG refers to tin, tantalum, tungsten and gold.

Trust & Transparency

8 Corporate behaviour – business ethics
- Extend Johnson Electric's ethics policy to suppliers and conduct business solely with ethical suppliers

9 Corporate behaviour – anti-corruption
- Develop and implement a robust supply chain governance system by 2025

10 Corporate behaviour – risk management
- Eliminate high-risk suppliers or help them to reduce risk

11 Supplier Code of Conduct
- Ensure the Supplier Code is honoured by 100% of existing suppliers and accepted by new suppliers

12 Supplier terms and conditions
- Keep abreast of relevant sustainability requirements

13 Supplier Assessment Questionnaire (SAQ)
- Keep abreast of relevant sustainability requirements

14 Training
- Develop and maintain internal and external supply chain training plans

15 Suppliers ESG assessment
- Develop and maintain a supplier ESG assessment process, focused on the Group's top 300 suppliers

16 Supplier audits
- Develop and maintain an audit process by end of FY24/25

17 Policies & procedures
- Document processes within our standard internal operating procedures

Version: June 2024

Sustainable Development Goals

Johnson Electric uses the United Nations Sustainable Development Goals as a framework for our sustainability strategy.

In 2015, the United Nations ("UN") adopted 17 Sustainable Development Goals ("SDGs") to protect the planet and ensure prosperity for all. We monitor the alignment of our business strategies with the SDGs and consider the actual and potential impacts (both positive and negative) of our current activities and scope of business. We also assess which of these goals are most important to our stakeholders in their interactions with Johnson Electric. This informs how we define our priorities.

Core SDGs

We have prioritized three core SDGs where we believe we can "move the needle" and make the greatest impact. These goals are closely aligned with our product, people, and manufacturing strategies. Our core SDGs are:

- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 12: Responsible Consumption and Production

Supporting SDGs

We have also identified five supporting SDGs that give further focus to our activities. Efforts to achieve these goals will also contribute towards success with our core SDGs. These supporting SDGs are:

- SDG 3: Good Health and Well-being
- SDG 4: Quality Education
- SDG 11: Sustainable Cities and Communities
- SDG 13: Climate Action
- SDG 17: Partnerships for the Goals

We do not report on our progress towards the other nine SDGs. Although efforts towards these may contribute to success with our core SDGs and supporting SDGs, they do not provide the same opportunity for us to make an impact on a global level.

Strategies and goals

The Social Impact and Sustainability Committee considers the UN SDGs when developing sustainability strategies for the business. Performance targets based on sustainability goals have been incorporated into how we determine all individual annual incentive pay, including for the executive management team.

The specific targets set by the core and supporting SDGs most relevant to Johnson Electric's current activities and business scope, and our related strategies, are set out in the following pages.

Core SDGs

SDG 8 Decent Work and Economic Growth

We find significant alignment between our purpose to improve the quality of life of everyone we touch through our innovative motion systems and the targets of SDG 8. At its heart, our people strategy aims to inspire our employees to grow, act with ownership and find meaning and fulfilment in the work they do. In addition, our materiality assessment has identified that meaningful work, human and labour rights, increased productivity and the decoupling of growth from environmental degradation are key concerns for both our management and many of our stakeholders.

Relevant targets set by SDG 8	Related strategies	Section of our report
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation	We are introducing advanced manufacturing technologies to achieve higher levels of productivity and sustainability by design.	Products
8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation	In cooperation with our customers, we are strengthening the development of lower carbon and sustainable products by design. As a technology leader for lightweight, high-power-density motion solutions, we provide energy-efficient products that enable electrification, reduce emissions, have a longer working life and require fewer resources in their manufacture. We believe one of the best ways to achieve this is by using a product carbon footprint ("PCF") and life cycle assessment ("LCA") approach to make appropriate business decisions, prioritize, and assess opportunities to create added value across the product life cycle. Our ambition is to develop all new products with an optimized, best-in-class LCA/PCF.	Products
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	We inspire our employees to grow and find fulfilment and meaning in the work they do. We are committed to respecting the labour and human rights of all our employees and providing a safe workplace in which the dignity of each individual is respected. Our business thrives on the diversity of our people and their ideas. Our Diversity, Equity and Inclusion ("DE&I") policy sets out our commitment to develop a diverse workforce and inclusive culture. Our employees are entitled to respectful and equal treatment in the workplace, independent of their age, disability, marital status, race or colour, national origin, veteran status, religion, gender or sexual orientation. Our global DE&I committee is responsible for our DE&I roadmap. Our recruitment process is fair and non-discriminatory. We hire at competitive and fair levels based on role and experience, regardless of gender, and we maintain a global compensation structure to ensure competitive pay levels and benefits in every market in which we operate. For entry-level positions, remuneration and benefits comply with or exceed the minimum legal limits for the country of employment.	Employees
8.6 Substantially reduce the proportion of youth not in employment, education or training	In China, India and Mexico, the Johnson Electric Technical College ("JETC") provides a pathway for underprivileged youth to choose engineering as a viable career option and join our workforce upon graduation. JETC provides a mix of general and technical education over a three-year course. We operate a similar scheme in Niš, Serbia, working hand-in-hand with a local technical school. Johnson Electric also partners with schools and universities to support the provision of high-quality technical and vocational education, and offers internships and apprenticeships to young people as a route to employment.	Communities

Relevant targets set by SDG 8	Related strategies	Section of our report
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	We are committed to the abolition of child labour and the elimination of all forms of forced or compulsory labour. We take practical measures to prevent this in our own factories and embed this requirement in our relationships with suppliers.	Employees
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	We are committed to respecting the labour and human rights of all our employees and to providing a safe and secure working environment in which the dignity of every individual is respected. This requirement is embedded in all relationships with suppliers. We have also embedded employee safety in our operations model and require every Johnson Electric factory to apply our health and safety standards.	Employees, Trust and Transparency Employees

Core SDGs

SDG 9 Industry, Innovation and Infrastructure

Our product and manufacturing strategies are closely aligned to the goals of SDG 9. We invest significantly in innovation to develop unique motion solutions to customer problems, employing more than 1,600 engineers around the world. Our manufacturing strategy aims to introduce advanced resource and energy-efficient manufacturing technologies while localizing internal and external supply chains for our factories in Asia, Middle East, Europe, North America, and South America, so as to strengthen in-region fulfilment capabilities. Stakeholders have expressed a strong interest in our innovation efforts and the sustainability of our manufacturing model.

Relevant targets set by SDG 9	Related strategies	Section of our report
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	We are introducing advanced resource and energy-efficient manufacturing technologies to our factories. We have also implemented a green plant checklist initiative to support a more structured approach to identifying opportunities to improve environmental performance. Topics covered include renewable energy, energy efficiency, water conservation, material conservation and recycling and waste reduction. 100% of our manufacturing sites are ISO 14001 certified and 11 entities are ISO 50001 certified. In FY23/24 we used 43.7% renewable energy, more than double the FY22/23 figure of 21.6%.	Environment
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries	We innovate and develop technical capabilities to provide unique solutions to our customers' problems. We are introducing advanced resource and energy-efficient manufacturing technologies to our factories, including sites in developing countries.	Products
9.7 Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities	We are reshaping our operating footprint to bring us within closer proximity to our customers, building up the capabilities of our factories in several developing countries, and supporting this by localizing supply chains.	Products

Core SDGs

SDG 12 Responsible Consumption and Production

Supporting responsible consumption is one of the key drivers of our product strategy. We offer lightweight, high-power-density motion solutions at an attractive price, and many of our products directly reduce emissions and improve energy efficiency for our customers. In our factories, we seek to minimize waste and prevent environmental harm from our production processes.

Relevant targets set by SDG 12	Related strategies	Section of our report
12.2 By 2030, achieve the sustainable management and efficient use of natural resources	As a technology leader for lightweight, high-power-density motion solutions, we provide attractively priced products that enable electrification, reduce emissions, improve energy consumption, have a longer working life and require fewer resources in their manufacture. We take a systematic approach to resource and energy-efficient production. We are exploring ways to increase our involvement in the circular economy. We have maintained our global target of zero waste to landfill and set continuous improvement targets for reducing waste, water consumption and improving energy efficiency.	Products Environment
12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	We design environmentally friendly products and processes. Some of our products enable the complete replacement of the internal combustion engine, while others reduce harmful engine emissions. We have maintained our global target of zero waste to landfill and set continuous improvement targets for reducing waste, water consumption and monitoring emissions by site, assuring 100% compliance and prioritizing reduction or elimination.	Products Environment
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	We reduce customers' waste generation by designing products that have a longer working life. We set continuous improvement targets for reducing and recycling waste from our own production processes, reusing materials wherever economically or technically feasible, and otherwise selling them for offsite recycling.	Products Environment
12.6 Encourage companies to adopt sustainable practices and integrate sustainability information into their reporting cycle	We monitor our sustainability performance through regular management reporting, publish an annual Sustainability Report, disclose information on the Johnson Electric website, and work with several rating agencies such as CDP and EcoVadis.	Trust and Transparency

Supporting SDGs

SDG 3 Good Health and Well-being

Promoting good health and wellbeing contributes to the success of our core SDGs. We protect the health of end users through innovations in the medical and automotive safety fields, which supports certain innovation-related goals in SDG 9: Industry, Innovation and Infrastructure. We safeguard employee wellbeing by managing workplace health and safety risks, enhancing our efforts to provide a safe and secure working environment for all workers in line with the goals of SDG 8: Decent Work and Economic Growth.

Relevant targets set by SDG 3	Related strategies	Section of our report
3.4 Reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing	We design and deliver innovative technology solutions for improved patient wellbeing and better clinical outcomes.	Products
3.6 Halve the number of global deaths and injuries from road traffic accidents	We meet demand for better road safety with products that support active and passive vehicle safety applications.	Products
3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	We ensure our products are free from harmful chemicals. We deploy the necessary resources to protect employees' health and safety from hazardous chemicals and processes and to prevent pollution.	Products Employees

SDG 4 Quality Education

Our support for quality education in science, technology, engineering and mathematics ("STEM") subjects adds focus to our efforts to create Decent Work and Economic Growth, as required by SDG 8. We seek to provide a pathway for young people to gain the technical and vocational skills to choose engineering as a career.

Relevant targets set by SDG 4	Related strategies	Section of our report
4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	JETC, operating in China and Mexico, assists underprivileged youth by providing a mix of general and technical education over a three-year full-time residential program. We employ similar educational concepts in Niš, Serbia, working hand-in-hand with a local technical school.	Communities
4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	We also partner with schools and universities to support the provision of quality technical and vocational education. Our Junior Engineer program encourages children to have an interest in STEM subjects and allows all employees to become involved in educational outreach to the community. We offer internships and apprenticeships to young people as a route to employment.	

Supporting SDGs

SDG 11 Sustainable Cities and Communities

Our efforts to enable cleaner transportation and more sustainable homes and buildings add additional focus to our efforts towards meeting the goals of SDG 12: Responsible Consumption and Production, as do our efforts to minimize the environmental impact of our factories.

Relevant target set by SDG 11	Related strategies	Section of our report
11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	We enable cleaner transportation through products that enable hybrid and all-electric vehicles to supplant conventional internal combustion engine vehicles, as well as products that reduce emissions from internal combustion engines. We offer a wide variety of solutions for more sustainable homes and buildings, including heating and ventilation systems, window automation and smart-meter applications.	Products
	We seek to drive down the cost of environmentally friendly products so as to enable wider adoption of these technologies. We encourage customers to switch to products that use fewer resources in their manufacture and last longer, thereby reducing waste.	Products
	We minimize the environmental impact of our factories, including air quality, waste reduction and waste management.	Environment

SDG 13 Climate Action

Developing innovative climate-friendly products that reduce emissions and energy consumption directly supports our efforts towards the goals set by SDG 9: Industry, Innovation and Infrastructure and SDG 12: Responsible Consumption and Production. Our manufacturing strategy also supports these goals by seeking to reduce carbon emissions from our operations.

Relevant targets set by SDG 13	Related strategies	Section of our report
13.2 Integrate climate change measures into policies, strategies, and planning	In FY23/24, we achieved a 52.7% reduction in carbon emissions compared with our FY20/21 baseline. This means that we have already surpassed our near-term target of a 42% reduction from baseline by 2030. Adhering to the guidelines set by the Science Based Targets initiative (SBTi), we are now calculating a new and more ambitious set of SBTi targets. To do this, we are currently in the process of finalizing our Scope 3 emissions inventories. Once our Scope 3 carbon emissions inventory is ready, we will develop new near-term and long-term emissions reduction targets for Scope 1, 2 and 3 emissions in line with the SBTi's criteria and submit the targets to the SBTi for validation. Upon approval, we will publish a supplement to this report disclosing the new targets.	Environment
13.3 Improve education and awareness-raising on climate change mitigation, adaptation, impact reduction and early warning	Our high-precision components for the automotive industry perform mission-critical functions in hybrid and all-electric vehicles. We provide solutions that reduce electricity consumption for hundreds of industrial, professional and consumer products and appliances. We also enable the complete replacement of the internal combustion engine for several outdoor and mobility applications.	Products

Supporting SDGs

SDG 17 Partnerships for the Goals

Partnership underpins all our efforts towards our core SDGs and supporting SDGs. We are part of a complex web, working together with our customers, suppliers, employees, and the governments and communities where we operate to achieve the Sustainable Development Goals.

Relevant targets set by SDG 17	Related strategies	Section of our report
17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed	We innovate and develop technical capabilities to provide unique solutions to our customers' problems, including in developing countries. We are introducing advanced resource and energy-efficient manufacturing technologies to our factories, including our factories in developing countries.	Products Environment
17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals	We are progressively expanding our operating footprint with factories in 22 countries, including nine developing countries. All Johnson Electric factories are required to operate according to our standards for environmental and health and safety management, human and labour rights protection, and corporate governance. 100% of our manufacturing facilities are certified under ISO 14001 for environmental management systems; 38 entities (including all our major sites) are certified under ISO 45001 for occupational health and safety management systems, covering 90% of total employees; and 11 entities (including all our major sites) are certified under ISO 50001 for energy management systems, covering 72.7% of our total carbon emissions.	Products, Environment, Employees
17.11 Significantly increase the exports of developing countries	We have several factories in developing countries and contribute towards the exports of Argentina, Brazil, China, Hungary, India, Mexico, Poland, Serbia and Türkiye.	Products
17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries	Johnson Electric actively engages with customers, employees, suppliers and communities around the world to fulfil shared sustainability goals. These include responsible consumption and production, climate action, sustainable cities and communities, good health and wellbeing and quality education. Our employees are especially proactive in organizing regular community outreach activities to engage with and support the local communities in which we operate. Our place in this global partnership is expressed through our purpose statement and promises.	Trust and Transparency, Communities Introduction

Hong Kong Stock Exchange ("HKEX") ESG Reporting Guide content index

Mandatory disclosure requirements

Requirements		Sections / notes
Governance structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Our approach to sustainability, Trust and Transparency
Reporting principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality**: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative**: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. **Consistency**: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	**Materiality**: Trust and Transparency **Quantitative**: this section, About this report, Key performance indicators **Consistency**: There has been no significant change to the methods or KPIs used. Exceptions in the calculation of the KPIs have been stated in the footnotes of the "Key performance indicators" section. Some KPIs from previous years have been revised. For details of restatements, please refer to the GRI 2-4 restatements of information in the GRI content index on page 126.
Reporting boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the report

Subject areas, aspects, general disclosures and KPIs

A. Environmental		Sections / notes
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
KPI A1.1	The types of emissions and respective emissions data.	Environment, Key performance indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environment – Energy and climate, Key performance indicators

A. Environmental		Sections / notes
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environment – Waste, Key performance indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity.	Environment – Waste, Key performance indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Our approach to sustainability, Environment – Energy and climate
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environment – Waste
Aspect A2: Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Environment – Energy and climate, Key performance indicators We disclose energy consumption in GJ and energy intensity in GJ/US$ million sales
KPI A2.2	Water consumption in total and intensity.	Environment – Water, Key performance indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment – Energy and climate
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environment – Water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key performance indicators NB. We disclose total spending on packaging materials instead of weight of packaging materials for finished goods.
Aspect A3: The environment and natural resources		
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment
Aspect A4: Climate change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment – Climate risks
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environment – Climate risks

B. Social – Employment and labour practices		Sections / notes
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees

B. Social – Employment and labour practices		Sections / notes
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key performance indicators
KPI B1.2	Employee turnover rate, by gender, age group and geographical region.	Key performance indicators
Aspect B2: Health and safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	Employees – Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employees – Health and safety, Key performance indicators
KPI B2.2	Lost days due to work injury.	Key performance indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employees – Health and safety
Aspect B3: Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employees – Training and development
KPI B3.1	The percentage of employees trained by gender and employee category.	Key performance indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employees – Training and development, Key performance indicators
Aspect B4: Labour standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employees – Labour rights, Trust and Transparency – Ethics
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

B. Social – Operating practices		
Aspect B5: Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Trust and Transparency – Supply chain
KPI B5.1	Number of suppliers by geographical region.	Key performance indicators NB. We use the percentage of the supplier in each geographical region as an indicator, to achieve a more accurate representation of supplier distribution
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Trust and Transparency – Supply chain, Key performance indicators
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Trust and Transparency – Supply chain

B. Social – Operating practices		
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Trust and Transparency – Supply chain
Aspect B6: Product responsibility		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Products – Product quality and products safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key performance indicators
KPI B6.2	Number of product- and service-related complaints received and how they are dealt with.	Key performance indicators, Products – Product quality and product safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Trust and Transparency
KPI B6.4	Description of quality assurance process and recall procedures.	Products – Product quality and product safety
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Trust and Transparency – Data protection
Aspect B7: Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Trust and Transparency – Corporate governance, Ethics, Compliance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Trust and Transparency – Ethics, Key performance indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Trust and Transparency – Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	

B. Social – Community		Sections / notes
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Communities
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

Global Reporting Initiatives ("GRI") standards content index

Statement of use	Johnson Electric has reported the information cited in this GRI content index for the period 1 April 2023 to 31 March 2024 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure		Location / Description	Page no.
General Disclosures				
The organization and its reporting practices				
GRI 2: General Disclosures 2021	2-1	Organizational details	Consolidated Financial Statements	Annual Report 2024 pages 109 to 215
	2-2	Entities included in the organization's sustainability reporting	About this report, Consolidated Financial Statements	Page 141; Annual Report 2024 pages 109 to 215
	2-3	Reporting period, frequency and contact point	Johnson Electric issues a sustainability report annually, which covers the period from 1 April 2023 to 31 March 2024. Contact email can be found in About this report	Page 157
	2-4	Restatements of information	We have adjusted the disclosed figure for non-renewable electricity in FY21/22 to include any grid-mix renewable energy. The original disclosed figure was 1,417,169 GJ and revised figure is now 2,167,359 GJ. This has also impacted the FY21/22 figure for total fuel consumption from non-renewable sources, which was originally 1,919,657 GJ and has now been revised to 2,669,847 GJ. The FY22/23 figure for weight of hazardous waste directed to landfill has been revised from 132 tonnes to zero tonnes, as two sites in had incorrectly classified their disposal methods. Weight of hazardous waste directed to incineration (with energy recovery) has been revised from 604 tonnes to 643 tonnes and weight of hazardous waste directed to incineration (without energy recovery) has been revised from 503 tonnes to 605 tonnes. We have revised the number of LTA cases in FY22/23, FY21/22 and FY20/21 as we have broadened the scope of our LTA reporting to encompass all incidents leading to lost workdays, not solely those of higher consequence. This ensures our LTA disclosures are in accordance with the Occupational Safety and Health Administration's (OSHA) guidelines, the predominant benchmark for global companies. Training hours in FY22/23 published in last year's Sustainability Report were overstated due to a manual processing error. The numbers in the KPI table have been revised to show the correct data.	Pages 136-146

GRI Standard	Disclosure		Location / Description	Page no.
	2-5	External assurance	Verification statement	Page 156
Activities and workers				
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	Our business segments, Products, Trust and Transparency – Supply chain	Pages 8-9, 16-43, 111-114
	2-7	Employees	Employees, Key performance indicators NB. There were no significant fluctuations in the number of employees during the reporting period and between reporting periods.	Pages 63-87, 142-146
	2-8	Workers who are not employees	Contingent workers are individuals who are not employees but are engaged by third parties to perform services for our company, functioning much like employees. As of March 31, 2024, we have 4,277 contingent workers employed across our entities. Both employee and contingent worker headcounts are included in our global and regional headcount analyses, which also include breakdowns by age and gender. However, turnover data pertains only to employees. The number of contingent workers remained stable throughout the reporting period and between reporting periods, with no significant fluctuations.	Pages 143-145
Governance				
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Corporate Governance Report 2024	Annual Report 2024 pages 80 to 95
			Trust and Transparency – Corporate governance	Pages 97-102
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report 2024	Annual Report 2024 pages 80 to 95
	2-11	Chair of the highest governance body	Corporate Governance Report 2024	
	2-12	Role of the highest governance body in overseeing the management of impacts	Our sustainability governance, Trust and Transparency – Corporate governance	Pages 15, 97-102
	2-13	Delegation of responsibility for managing impacts	Our sustainability governance, Trust and Transparency – Corporate governance	Pages 15, 97-102
	2-14	Role of the highest governance body in sustainability reporting	Trust and Transparency – Corporate governance	Pages 97-102
	2-15	Conflicts of interest	Corporate Governance Report 2024	Annual Report 2024 pages 80 to 95
	2-16	Communication of critical concerns	Trust and Transparency – Corporate governance	Pages 97-102
	2-17	Collective knowledge of the highest governance body	Profile of Directors and Senior Management in the Annual Report 2024, Trust and Transparency – Corporate governance	Annual Report 2024 pages 218 to 223; Pages 91-94
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report 2024	Annual Report 2024 pages 80 to 95
	2-19	Remuneration policies		

GRI Standard	Disclosure		Location / Description	Page no.
	2-20	Process to determine remuneration	Corporate Governance Report 2024	Annual Report 2024 pages 80 to 95
	2-21	Annual total compensation ratio	Not applicable as it is not a material topic	
Strategy, policies and practices				
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from the Chairman and Chief Executive, Our approach to sustainability	Pages 6-7, 14
	2-23	Policy commitments	Products, Environment, Employees, Communities, Trust and Transparency and Sustainable Development Goals	Pages 16-121
	2-24	Embedding policy commitments	Products, Environment, Employees, Communities, Trust and Transparency, Sustainable Development Goals and Corporate Governance Report	Pages 16-121; Annual Report pages 80 to 95
	2-25	Processes to remediate negative impacts	Trust and Transparency – Corporate governance and Ethics	Pages 97-105
	2-26	Mechanisms for seeking advice and raising concerns	Trust and Transparency – Corporate governance, Ethics and Compliance	Pages 94-107
	2-27	Compliance with laws and regulations	Trust and Transparency – Compliance, Key performance indicators	Page 106-107, 148
	2-28	Membership associations	Currently not disclosed	
Stakeholder engagement				
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Trust and Transparency – Corporate governance	Pages 97-102
	2-30	Collective bargaining agreements	Employees – Labour rights	Pages 86-87
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Trust and Transparency – Corporate governance	Pages 97-102
	3-2	List of material topics		
Energy and climate				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment	Pages 44-62
GRI 302: Energy – 2016	302-1	Energy consumption within the organization	Environment – Energy and climate, Key performance indicators NB. No cooling was purchased for consumption, and no heating, cooling or steam sold.	Pages 49-55, 136-137
	302-2	Energy consumption outside of the organization	Currently not reported as our energy consumption outside the organization is insignificant.	
	302-3	Energy intensity	Environment – Energy and climate, Key performance indicators	Pages 49-55, 136-137
	302-4	Reduction of energy consumption		
	302-5	Reductions in energy requirements of products and services	Products	Pages 16-43
GRI 305: Emissions – 2016	305-1	Direct (Scope 1) GHG emissions	Environment – Energy and climate, Key performance indicators	Pages 49-55, 136-137
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-3	Other indirect (Scope 3) GHG emissions	We are currently finalizing our Scope 3 carbon emissions inventory.	

GRI Standard	Disclosure		Location / Description	Page no.
	305-4	GHG emissions intensity	Key performance indicators	Pages 136-137
	305-5	Reduction of GHG emissions	Environment – Energy and climate, Key performance indicators	Pages 49-55, 136-137
	305-6	Emissions of ozone-depleting substances ("ODS")	Key performance indicators	Page 140
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Environment – Emissions, Key performance indicators	Pages 61, 140
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment – Waste	Pages 56-58
GRI 306: Waste – 2020	306-1	Waste generation and significant waste-related impacts	Environment – Waste	
	306-2	Management of significant waste-related impacts		
	306-3	Waste generated	Environment – Waste, Key performance indicators	Pages 56-58, 138
	306-4	Waste diverted from disposal		
	306-5	Waste directed to disposal		
Water				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment – Water	Pages 59-60
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource		
	303-2	Management of water discharge-related impacts		
	303-3	Water withdrawal	Key performance indicators	Page 139
	303-4	Water discharge		
	303-5	Water consumption		
Sustainable products				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Sustainable products	Page 23
Product carbon footprint				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product carbon footprint	Pages 24-25
Product quality				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product quality and product safety	Pages 26-27
Product safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product quality and product safety	Pages 26-27
GRI 416: Customer Health and Safety – 2016	416-1	Assessment of the health and safety impacts of product and service categories	Products – Product quality and product safety	Pages 26-27

GRI Standard	Disclosure		Location / Description	Page no.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Products – Product quality and product safety, Key performance indicators	Pages 26-27, 141
Health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Health and safety	Pages 66-77
GRI 403: Occupational Health and Safety – 2018	403-1	Occupational health and safety management system		
	403-2	Hazard identification, risk assessment, and incident investigation		
	403-3	Occupational health services		
	403-4	Worker participation, consultation, and communication on occupational health and safety		
	403-5	Worker training on occupational health and safety		
	403-6	Promotion of worker health		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8	Workers covered by an occupational health and safety management system	Employees – Health and safety, Key performance indicators	Pages 66-67, 142
	403-9	Work-related injuries		
	403-10	Work-related ill health		
Talent attraction and retention				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Talent attraction and retention	Pages 78-79
GRI 202: Market Presence – 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Johnson Electric always pays at least the minimum wage for entry level positions, which we define as unskilled entry operators. We have to pay competitive wages in each local market in order to attract and retain capable operators, and we always pay the same entry wage to male and female workers.	

GRI Standard	Disclosure		Location / Description	Page no.
	202-2	Proportion of senior management hired from the local community	90% of the top 180 executives (Grade 3 and above) are local employees. Local employees are defined as employees holding the local nationality, permanent residency, or right to work (e.g. based on EU/EEA citizenship). Most non-local executives hold global or regional roles in our corporate or regional headquarter locations. Virtually all members of management in our significant non-corporate/regional headquarter locations consist of local nationals or permanent residents.	
Training and development				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Training and development	Pages 80-81
GRI 404: Training and Education – 2016	404-1	Average hours of training per year per employee	Key performance indicators	Page 146
	404-2	Programs for upgrading employee skills and transition assistance programs	Employees – Training and development	Pages 80-81
	404-3	Percentage of employees receiving regular performance and career development reviews	Key performance indicators	Pages 145-146
Diversity, equity and inclusion				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Diversity, equity and inclusion	Pages 82-84
GRI 405: Diversity and Equal Opportunity – 2016	405-1	Diversity of governance bodies and employees	Employees – Diversity, equity and inclusion, Key performance indicators	Pages 82-84, 143-144
	405-2	Ratio of basic salary and remuneration of women to men	Key performance indicators	Pages 143-144
GRI 406: Non-Discrimination – 2016	406-1	Incidents of discrimination and corrective actions taken	Key performance indicators	Pages 143-144
Communication				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Communication	Page 85
Community engagement				
GRI 3: Material Topics 2021	3-3	Management of material topics	Communities	Pages 88-93
GRI 413: Local Communities – 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Communities, Key performance indicators	Pages 88-93, 146

GRI Standard	Disclosure		Location / Description	Page no.
Corporate governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Corporate governance	Pages 97-102
Ethics				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Ethics	Pages 103-105
GRI 205: Anti-Corruption – 2016	205-1	Operations assessed for risks related to corruption		
	205-2	Communication and training about anti-corruption policies and procedures	Trust and Transparency – Ethics, Key performance indicators	Pages 103-105, 147-148
	205-3	Confirmed incidents of corruption and actions taken		
GRI 206: Anti-Competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		
Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Compliance	Pages 106-107
Supply chain				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Supply chain	Pages 111-114
GRI 204: Procurement Practices – 2016	204-1	Proportion of spending on local suppliers	Key performance indicators NB. Services spending has not been included as it falls outside the scope of our major business activities.	Page 149
GRI 308: Supplier Environmental Assessment – 2016	308-1	New suppliers that were screened using environmental criteria	New suppliers must undertake a third-party ESG survey assessment process if they supply commodities that are crucial to our ESG priorities, if supplier ESG assessment is requested by our customers, or if other business considerations apply. Percentage of new suppliers that were screened using environmental criteria will be reported in FY24/25.	
	308-2	Negative environmental impacts in the supply chain and actions taken	Key performance indicators NB. We are not aware of any negative environmental impacts in our supply chain. Based on evaluation of data collected through the supplier ESG survey completed in FY23/24, we identified 23 suppliers (who were in the bottom 10% in environmental performance among all responding suppliers in the supplier ESG assessment) whose environmental impact scores were notably lower than that of their peers. We will work with these suppliers to identify gaps and plan for improvements. In addition, we are working with 47 non-responsive suppliers for improvement action.	Page 149

GRI Standard	Disclosure		Location / Description	Page no.
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	New suppliers must undertake a third-party ESG survey assessment process if they supply commodities that are crucial to our ESG priorities, if supplier ESG assessment is requested by our customers, or if other business considerations apply. Percentage of new suppliers that were screened using social criteria will be reported in FY24/25.	
	414-2	Negative social impacts in the supply chain and actions taken	Key performance indicators NB. We are not aware of any negative social impacts in our supply chain. Based on evaluation of data collected through the supplier ESG survey completed in FY23/24, we identified 20 suppliers (who were in the bottom 10% in social performance among all responding suppliers in the supplier ESG assessment) whose social impact scores were notably lower than that of their peers. We will work with these suppliers to identify gaps and plan for improvements. In addition, we are working with 47 non-responsive suppliers for improvement action.	Page 149

Sustainability Accounting Standards Board ("SASB") content index

Auto parts (TR-AP) / Industrial machinery and goods (TR-IG)

SASB code	Accounting metric	Sections / notes	Page No.
Sustainability Disclosure Topics			
Energy management			
TR-AP-130a, RT-IG-130a.1	Total energy consumed	Key performance indicators	Pages 136-137
	Percentage grid electricity		
	Percentage renewable		
Waste management			
TR-AP-150a.1	Total amount of waste from manufacturing	Key performance indicators	Page 138
	Percentage hazardous		
	Percentage recycled		
Product safety			
TR-AP-250a.1	Number of recalls issued; total units recalled	Key performance indicators	Page 141
Design for fuel efficiency			
TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Key performance indicators	Page 141
Materials sourcing			
TR-AP-440a.1, RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Products – Material management and use	Pages 28-30
Remanufacturing Design & Services			
RT-IG-440b.1	Revenue from remanufactured products and remanufacturing service	Not applicable as we do not offer remanufactured products or remanufacturing services	
Materials efficiency			
TR-AP-440b.1	Percentage of products sold that are recyclable	Currently not reported	
TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content		
Employee health and safety			
RT-IG-320a.1	Total recordable incident rate	Key performance indicators	Page 142
	Fatality rate		
	Near-miss frequency rate		
Fuel economy and emissions in use-phase			
RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium and heavy-duty vehicles	Not applicable as we do not have such vehicles, equipment, generators or engines.	
RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment		
RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators		

SASB code	Accounting metric	Sections / notes	Page No.
Sustainability Disclosure Topics			
RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium and heavy-duty engines, and (d) other non-road diesel engines	Not applicable as we do not have such vehicles, equipment, generators or engines.	
Competitive behaviour			
TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Key performance indicators	Page 148
Activity metrics			
TR-AP-000.A	Number of parts produced	Currently not reported	
TR-AP-000.B	Weight of parts produced		
RT-IG-000.A	Number of units produced by product category		
TR-AP-000.C	Area of manufacturing plants	1,300,000 m^2	
RT-IG-000.B	Number of employees	Key performance indicators	Pages 143-144

Key performance indicators

Environment – Energy and climate

Environmental data excludes our operating site in Zwickau, Germany, which accounts for less than 0.1% of overall data, due to relevant data being unavailable.

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total energy consumption within the organization	3,085,604	2,962,152	2,849,356	2,626,427	GJ	GRI 302-1, A2.1, TR-AP-130a.1, RT-IG-130a.1
Percentage of energy consumed from grid electricity[1]	82.1	83.2	n/a	n/a	%	TR-AP-130a.1, RT-IG-130a.1
Percentage of renewable energy in total energy consumption (excluding grid mix renewable electricity)	43.9	21.6	6.3	n/a	%	TR-AP-130a.1, RT-IG-130a.1
Percentage of renewable energy in total energy consumption (including grid mix renewable electricity)	56.1	39.7	32.6	n/a	%	
Percentage of renewable electricity in total electricity consumption	53.2	26.0	11.2	n/a	%	
Total energy consumption from non-renewable sources	1,730,446	2,322,021	2,669,847[2]	n/a	GJ	GRI 302-1, A2.1
Electricity	1,194,070	1,825,254	2,167,359[2]			
Natural gas	496,118	460,860	463,155			
Steam	8,984	8,715	10,126			
Liquefied petroleum gas	5,522	6,766	4,172			
Gasoline	6,007	5,665	6,426			
Diesel	5,707	4,896	6,539			
District heating	4,042	3,388	n/a			
Others[3]	9,996	6,477	12,070			
Total energy consumption from renewable sources (excluding grid mix renewable electricity)	1,355,158	640,131	179,509	n/a	GJ	GRI 302-1
From energy suppliers	186,101					
Renewable electricity certificates (RECs)	1,154,212	n/a	n/a			
From solar panels	14,845					
Total fuel consumption from renewable sources (including grid mix renewable electricity)	1,731,407	1,175,824	929,699	n/a	GJ	GRI 302-1
Total renewable electricity sold[4]	1,044	1,111	n/a	n/a	GJ	GRI 302-1
Energy intensity within the organization[5]	809.0	812.4	826.8	832.3	GJ / US$ million	GRI 302-3, A2.1
Reductions in energy consumption as a direct result of conservation and efficiency initiatives[6]	26,172	8,230	17,340	n/a	GJ	GRI 302-4
Carbon emissions (Scope 1 and Scope 2)	146,073	245,122	319,672	308,636	t CO_2 eq.	A1.1 / A1.2
Carbon emissions (Scope 1)[7, 8]	29,471	27,335	27,563	26,122	t CO_2 eq.	GRI 305-1, A1.1 / A1.2
Mobile energy (own fleet)	1,014	697				
Stationary energy	28,457	26,568	n/a	n/a		
Refrigerants	0	69				
Carbon emissions (Scope 2)[7, 8]	116,602	217,787	292,109	282,514	t CO_2 eq.	GRI 305-2, A1.1 / A1.2
Grid electricity – market based	115,952	217,168				
District heating	202	199	n/a	n/a		
Cooling consumption	0	0				
Purchased steam	448	421				
Carbon emissions intensity (Scope 1 and Scope 2)	38.3	67.2	92.8	97.8	t CO_2 eq. / US$ million	GRI 305-4, A1.1 / A1.2
Carbon emissions intensity (Scope 1 and Scope 2) reduction	28.9	25.6	5.0	2.1	t CO_2 eq. / US$ million	
Reduction in carbon emissions (Scope 1 and Scope 2) as a direct result of reduction initiatives[9]	103,228	76,310	2,770	n/a	t CO_2 eq.	GRI 305-5

n/a: not available due to the corresponding indicators being newly introduced.

1 Percentage calculated as purchased grid electricity consumption (both renewable and non-renewable) divided by total energy consumption.

2 We have adjusted the disclosed figure for non-renewable electricity in FY21/22 to include any grid-mix renewable energy. The original disclosed figure was 1,417,169 GJ and the revised figure is 2,167,359 GJ. This has also impacted the figure for total fuel consumption from non-renewable sources in FY21/22, which was originally 1,919,657 GJ and is now revised to 2,669,847 GJ.

3 District heating was separately reported in FY22/23. Thus, other non-renewable sources include heating oil and hydrogen in FY22/23, and heating oil, hydrogen and district heating in FY21/22. In FY23/24, we started reporting jet fuel use within other non-renewable energy consumption.

4 Since late 2021, we have installed solar panels for renewable electricity generation in our Hong Kong manufacturing plant. By participating in Hong Kong's Feed-in Tariff Scheme, the renewable electricity-generated has been sold to CLP Hong Kong.

5 The baseline for energy intensity is 827.1 GJ/US$ million in FY19/20.

6 In Shajing, China, we implemented five energy-saving projects in FY23/24, saving 7,270 MWh, equivalent to 26,172 GJ.

7 The calculation involved the use of Sphera's Corporate Sustainability Impact Libraries emission factors, drawing on external data sources such as the UK Department for Environment, Food and Rural Affairs (Defra), the International Energy Agency (IEA), the US Environmental Protection Agency (EPA), the Intergovernmental Panel on Climate Change (IPCC) and the Greenhouse Gas (GHG) Protocol. Supplier-specific emission factors and country-specific conversion factors have been applied in calculating Scope 2 carbon emissions from electricity consumption.

8 Direct carbon emissions (Scope 1) refer to the direct emission of CO_2 eq. from the combustion of fossil fuels, including natural gas, diesel, liquefied petroleum gas, gasoline and heating oil. Starting in FY23/24, we report jet fuel consumption within our Scope 1 emissions. Indirect carbon emissions (Scope 2) refer to the indirect emission of CO_2 eq. from purchased electricity, steam and district heating.

9 Reduction in carbon emissions (Scope 1 and Scope 2) included the use of renewable electricity in our operating sites and the energy-saving projects in Shajing, China in FY23/24. Compared with the prior year, we saved 99,049 t CO_2 eq. as a result of using renewable electricity, while in Shajing, China, we implemented five energy-saving projects in FY23/24, saving 7,270 MWh, equal to 4,179 t CO_2 eq. In FY22/23, our carbon emissions reduction included 75 kt CO_2 eq. as a result of using renewable electricity and 1.31 kt CO_2 eq. from energy-saving projects. In FY21/22, we saved 2.77 kt CO_2 eq. from energy-saving projects.

Environment – Waste

Environmental data excludes our operating site in Zwickau, Germany, which accounts for less than 0.1% of overall data, due to relevant data being unavailable.

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total waste generated	108,477	110,075	108,496	96,099		
Hazardous vs non-hazardous						GRI 306-3, A1.3, A1.4
Hazardous waste produced	8,508	9,545	9,320	8,708		
Non-hazardous waste produced	99,696	100,530	99,176	87,391	kt	
Manufacturing vs non-manufacturing						
Manufacturing waste	105,305	103,858	n/a	n/a		TR-AP-150a.1
Non-manufacturing waste[10]	3,172	6,217				
Total waste generation intensity	28.4	30.2	31.5	30.4	t / US$ million sales	
Hazardous waste intensity	2.23	2.62	2.70	2.76		
Non-hazardous waste intensity	26.21	27.57	28.78	27.69		
Percentage of waste hazardous	7.8	8.7	8.6	9.1	%	TR-AP-150a.1
Total waste recycled	101,325	102,727	91,035	81,835		
Hazardous waste recycled	7,568	8,306	n/a	n/a	t	GRI 306-4, A1.3
Non-hazardous waste recycled	93,757	94,421	91,035	81,835		
Percentage of waste recycled	93.4	93.3	83.9	85.2	%	TR-AP-150a.1
Absolute waste to disposal[11]	7,152	7,348	17,461	14,264	t	GRI 306-5
Total weight of hazardous waste directed to disposal, by disposal operations	940	1,239				
Incineration (with energy recovery)	512	643[12]	n/a	n/a	t	GRI 306-5
Incineration (without energy recovery)	428	605[12]				
Landfilling	0	0[12]				
Total weight of non-hazardous waste directed to disposal, by disposal operations	6,212	6,109				
Incineration (with energy recovery)	5,072	951	n/a	n/a	t	GRI 306-5
Incineration (without energy recovery)	53	4,095				
Landfilling	1,087	1,063				
Waste to disposal intensity	1.9	2.0	5.1	4.5	t / US$ million sales	GRI 306-5
Absolute waste to landfill	1,087	1,063	n/a	n/a	t	
Percentage of waste to landfill	1.00	0.97	n/a	n/a	%	

n/a: not available due to the corresponding indicators being newly introduced.

[10] Non-manufacturing waste includes medical waste, general waste and food waste. The reduction in non-manufacturing waste in FY23/24 was due to a reduction in food waste.

[11] Absolute waste to disposal in FY21/22 included 8,141 tonnes of general waste and 9,320 tonnes of hazardous waste. The breakdown of disposal operations is not available. In FY22/23, we improved our categorization of waste, enabling us to identify hazardous waste according to its recyclability. In FY22/23, the absolute waste to disposal included 1,239 tonnes of non-recycled hazardous waste and 6,109 tonnes of non-recycled non-hazardous waste. In FY23/24, the absolute waste to disposal included 940 tonnes of non-recycled hazardous waste and 6,212 tonnes of non-recycled non-hazardous waste.

[12] The FY22/23 figure for weight of hazardous waste directed to landfill has been revised from 132 tonnes to zero tonnes, as two of our sites had incorrectly classified their disposal methods. Weight of hazardous waste directed to incineration (with energy recovery) has been revised from 604 tonnes to 643 tonnes, and weight of hazardous waste directed to incineration (without energy recovery) has been revised from 503 tonnes to 605 tonnes.

Environment – Water

Environmental data excludes our operating site in Zwickau, Germany, which accounts for less than 0.1% of overall data, due to relevant data being unavailable.

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total water withdrawal by source						
All areas	2,622	2,580	2,780	2,729		
Surface water	122					
Groundwater	24					
Seawater	0	n/a	n/a	n/a		
Produced water	0					
Third-party water	2,476				megalitres	GRI 303-3
Areas with water stress	42					
Surface water	0					
Groundwater	0					
Seawater	0	n/a	n/a	n/a		
Produced water	0					
Third-party water	42					
Water withdrawal intensity	0.69	0.71	0.81	0.87	megalitres / US$ million	
Total water withdrawal by utilization methods						
For production process	303	338	306	295	megalitres	
For domestic use	2,319	2,242	2,474	2,434		
Total water discharge, by level of treatment						
All area	2,305	2,276	2,452	2,405		
Tertiary treatment	163					
Secondary treatment	0					
Primary treatment	21	n/a	n/a	n/a		
Discharge to the natural environment without treatment	0					
Discharge to a third party without treatment	2,121				megalitres	GRI 303-4
Area with water stress	28					
Tertiary treatment	0					
Secondary treatment	0					
Primary treatment	6	n/a	n/a	n/a		
Discharge to the natural environment without treatment	0					
Discharge to a third party without treatment	22					
Total water consumption[13]	317	304	328	324	megalitres	GRI 303-5 / A2.2
Water consumption intensity	0.083	0.083	0.095	0.103	megalitres / US$ million sales	A2.2

n/a: not available due to the corresponding indicators being newly introduced.

[13] Total water consumption = total water withdrawal minus total water discharge.

Environment – Emissions

Environmental data excludes our operating site in Zwickau, Germany, which accounts for less than 0.1% of overall data, due to relevant data being unavailable.

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Air emissions	39.0	52.5	75.4	39	t	GRI 305-7
Volatile organic compounds (VOC)	30.0	34.3	52.2	34.5		
Nitrogen oxides (NOx)	6.5	11.1	n/a	n/a		
Particulate matter (PM)	2.2	5.2	15.4	2.6		
Sulphur oxides (SOx)	0.1	0.1	0.3	0.1		
Others[14]	0.2	1.8	7.5	1.8		
Production, imports, and exports of ozone-depleting substances	0	0	n/a	n/a	tonnes of CFC-11 eq.	GRI 305-6

n/a: not available due to the corresponding indicators being newly introduced.

[14] Other air emissions included tin and its compounds, hydrogen chloride mist, fluoride, sulphuric acid mist and copper.

Environment – ISO certificate status

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Entities certified with ISO 14001	45	45	n/a	n/a	no.	
Percentage by number of manufacturing sites	100	100			%	
Percentage by energy consumption	99.9	n/a				
Percentage by carbon emissions	100	n/a				
Entities certified with ISO 50001	11	11	n/a	n/a	no.	
Percentage by number of manufacturing sites	31.4	28.6			%	
Percentage by energy consumption	52.1	n/a				
Percentage by carbon emissions	59.5	n/a				

n/a: not available due to the corresponding indicators being newly introduced.

Products

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Revenue from products designed to increase fuel efficiency and/or reduce emissions[15]	1,820	1,645	n/a	n/a	US$ million	TR-AP-410a.1
Number and percentage of total products sold or shipped subject to recalls for safety and health reasons	0 (0)	0 (0)	0 (0)	0 (0)	no. (%)	GRI 416-2, B6.1, TR-AP-250a.1
Number of valid product and service-related complaints received	1,088	971	993	853	cases	B6.2
Monthly average of valid product and service-related complaints received	91	81	83	71	cases	
Valid product and service-related complaints received as a ratio of sales	0.285	0.266	0.287	0.266	cases / US$ million sales	
Internal defect costs related to in-process failure as a ratio of sales	0.509	0.467	0.560	0.468	%	
Cost of packaging materials incurred[16]	31.8	32.9	30.8	29.9	US$ million	A2.5

n/a: not available due to the corresponding indicators being newly introduced.

[15] Automotive products only. Revenues from the sale of non-automotive products are excluded from this metric.

[16] Our target is to minimize total spending on packaging materials rather than the weight of packaging materials for finished goods.

Employees – Health and safety

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Work-related fatalities	0	0	0	1	cases	GRI 403-9, B2.1
Work-related fatalities rate	0	0	0	0.002	rate	GRI 403-9, B2.1, RT-IG-320a.1
Lost-time accidents[17]	105	93[18]	89[18]	70[18]	cases	GRI 403-9, B2.2
Lost-time accident rate (per 200,000 hours worked, OSHA)[17]	0.239	0.197[18]	0.183[18]	0.144[18]	rate	GRI 403-9, B2.2
Lost-time accident rate (per 1,000,000 hours worked) rate[17]	1.195	0.986	0.915	0.720	rate	
Lost days	3,065	3,328[18]	3,286[18]	3,351[18]	days	B2.2
Lost-time accident severity rate[19]	0.035	0.035	0.034	0.034	rate	
Recordable injuries[20]	85	78	95	125	cases	GRI 403-9, B2.2
Recordable injury frequency (per 200,000 hours worked, OSHA)[20]	0.193	0.165	0.195	0.257	rate	GRI 403-9, B2.2, RT-IG-320a.1
Recordable injury frequency (per 1,000,000 hours worked)[20]	0.967	0.827	0.977	1.286	rate	
First-aid incidents	383	419	356	n/a	cases	
Near-misses communicated[21]	1,096	782	387	n/a	cases	RT-IG-320a.1
Near-miss frequency rate[21]	2.49	1.66	0.80	n/a	rate	RT-IG-320a.1
Hazards communicated[22]	10,295	7,227	4,131	n/a	cases	
Work-related ill health	4	4	8	13	cases	GRI 403-10
Hours worked	87,894,334	94,312,048	97,263,445	97,225,639	hours	GRI 403-9
Percentage of all operational sites for which an employee health & safety risk assessment has been conducted[23]	80.0	74.3	74.3	n/a	%	
Percentage of the total workforce across all locations represented in formal joint management-worker health and safety committees[24]	92.4	n/a	n/a	n/a	%	
Number of sites certified with ISO 45001	38	34	34	n/a	no.	GRI 403-8
Percentage by number of manufacturing sites	80.0	74.3	74.3	n/a	%	
Percentage by hours worked	92.4	n/a	n/a	n/a		
Percentage by number of employees	90.0	n/a	n/a	n/a		

n/a: not available due to the corresponding indicators being newly introduced.

[17] Lost-time accidents refers to recordable injuries with lost time of more than one working day. Lost-time accident rate (per 200,000 hours worked) = the number of lost-time accidents x 200,000 / total hours worked. Lost-time accident rate (per 1,000,000 hours worked) = total number of lost-time injury events x 1,000,000 / total hours worked.

[18] We have revised the number of LTA cases in FY22/23, FY21/22 and FY20/21 as we have broadened the scope of our LTA reporting to encompass all incidents leading to lost workdays, not solely those of higher consequence. This ensures our LTA disclosures are in accordance with the Occupational Safety and Health Administration's (OSHA) guidelines, the predominant benchmark for global companies.

[19] Lost-time accident severity rate for direct workforce = number of days lost due to injuries x 1,000 / total hours worked.

[20] Recordable injuries include all injuries except first-aid cases and loss-time accidents. Recordable injury frequency (per 200,000 hours worked) = the number of recordable injuries x 200,000 / total hours worked. Recordable injury frequency (per 1,000,000 hours worked) = the number of recordable injuries x 1,000,000 / total hours worked.

[21] Near-miss frequency rate = the number of near-misses communicated x 200,000 / total hours worked. Proper communication of near-miss cases makes us better equipped to spot potential hazards, suggest improvements and develop a safety prevention culture.

[22] Proper communication of hazard cases allows us to suggest improvements and develop a safety prevention culture.

[23] Manufacturing sites only. Our manufacturing sites certified with ISO 45001 occupational health and safety management system carried out employee health and safety risk assessments as a mandatory requirement of the management system.

[24] Calculated by hours worked in manufacturing sites with ISO 45001 certified / total hours worked.

Employees – Diversity, equity and inclusion[25]

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total workforce[26]	34,100	35,554	38,511	39,442	no.	GRI 2-7, B1.1, RT-IG-000.B
Total workforce, by gender						
Male	61	59	61	59	%	GRI 2-7, GRI 405-1, B1.1
Female	39	41	39	41		
Total workforce, by region						
Asia	70	70	72	74	%	GRI 2-7, B1.1
EMEA	16	16	16	15		
Americas	14	14	12	11		
Total workforce, by age						
Under 30 years old	21	22	21	28	%	GRI 405-1, B1.1
30 – 50 years old	67	67	66	63		
Over 50 years old	12	11	13	9		
Total workforce, by contract type[27]						
Full time	99.4	99.6	99.5			
Male : Female	61:39	59:41	61:39			
Asia : EMEA : Americas	71:15:14	68:17:15	71:16:13	n/a	%	GRI 2-7, B1.1
Part-time	0.6	0.4	0.5			
Male : Female	56:44	54:46	45:55			
Asia : EMEA : Americas	7:82:11	3:79:18	9:78:13			
Total workforce, by employment role						
Manufacturing operators	59	60	63	64	%	B1.1
Technicians and other operational and administrative support	26	25	23	22		
Individual contributor / supervisory	12	12	11	11		
Managerial	3	3	3	3		
Managerial positions, by gender[28]						
Male	80	81	81	81	%	GRI 405-1
Female	20	19	19	19		
Senior management positions, by gender[29]						
Male	87	n/a	n/a	n/a	%	
Female	13					
Individuals within the organization's governance bodies, by gender						
Male	64	64	73	73	%	GRI 405-1
Female	36	36	27	27		
Individuals within the organization's governance bodies, by age group						
Under 30 years old	0	0	0	0	%	GRI 405-1
30 – 50 years old	9	9	9	9		
Over 50 years old	91	91	91	91		

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Gender pay gap (ratio of the basic salary and remuneration of women to that of men)[30]						
By employment role						
Manufacturing operators	83:100	83:100				
Technicians and other operational and administrative support	74:100	69:100				
Individual contributor / supervisory	77:100	78:100	n/a	n/a	%	GRI 405-2
Managerial	71:100	85:100				
By region						
Asia	62:100	65:100				
EMEA	43:100	41:100				
Americas	67:100	64:100				
Global	58:100	58:100				
Gender pay gap (ratio of the basic salary and remuneration of women to that of men), by employment role in significant locations[30]						
Shajing and Jiangmen, China						
Manufacturing operators	101:100					
Technicians and other operational and administrative support	91:100					
Individual contributor / supervisory	83:100					
Managerial	87:100					
Niš, Serbia						
Manufacturing operators	101:100					
Technicians and other operational and administrative support	90:100					
Individual contributor / supervisory	81:100	n/a	n/a	n/a	%	GRI 405-2
Managerial	89:100					
Zacatecas, Mexico						
Manufacturing operators	100:100					
Technicians and other operational and administrative support	81:100					
Individual contributor / supervisory	85:100					
Managerial	84:100					
Hong Kong SAR						
Manufacturing operators	not applicable					
Technicians and other operational and administrative support	94:100					
Individual contributor / supervisory	98:100					
Managerial	92:100					
Total number of allegation cases related to discrimination						
Raised and under review and investigation	2	0	0			
Closed with remediation plans being implemented	0	0	0	n/a	cases	GRI 406-1
Withdrawn	0	0	0			

n/a: not available due to the corresponding indicators being newly introduced.

[25] Workforce and related data as of 31 March, 2024 or for the 12 months ending on that date.

[26] Total workforce includes employees and contingent workers at all sites.

[27] Total workforce by contract type includes employees only.

[28] Managerial positions refer to grade 6 and above with manager title.

[29] Senior management positions refer to grade 4 and above with director title.

[30] Formula of gender pay gap = (average base salary of female employees / average base salary of male employees) x 100%. Significant sites include our Hong Kong headquarters and largest manutacturing sites in the Asia, Europe and Americas regions.

Employees – Talent attraction and retention

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Turnover rate[31]	46.1	62.1				
By gender[31]						
Male	50.6	71.7				
Female	39.0	48.5				
By region						
Asia	55.7	77.1	n/a	n/a		
EMEA	19.9	30				
Americas	32.6	37.8				
By age					%	B1.2
Under 30 years old	104.0	142.4				
30 – 50 years old	36.3	49.1				
Over 50 years old	14.8	18.8				
By employment role						
Manufacturing operators	74.3					
Technicians and other operational and administrative support	11.9	n/a	n/a	n/a		
Individual contributor / supervisory	13.9					
Managers	11.2					
Percentage of total employees who received a regular performance and career development review[32]	100	100	100	n/a	%	GRI 404-3

n/a: not available due to the corresponding indicators being newly introduced.

[31] Our turnover rate is calculated as the number of employees who left during the year for any reason, divided by the average total workforce in the relevant category at the beginning and end of the year. Our turnover rate by gender excludes operating sites in Changchun, Chengdu, Shanghai Malu, Yantai, and Zhengzhou in China due to an asynchronous system in these areas.

[32] Eligible employees include technicians and other operational and administrative support, individual contributor / supervisory and managerial categories. Processes for operators depend on local practices including collective bargaining agreements and typical market practices.

Employees – Training and development[33]

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total training hours	114,721	151,192[35]	179,000	114,000	hours	GRI 404-1, B3.1
Percentage of employees who received training[34]	53.2	43.4[35]	32.0	35.9	%	GRI 404-1, B3.1
By gender						
Male	55.0	44.7[35]	32.4	n/a		
Female	50.3	41.5[35]	31.3			
By employment role						
Manufacturing operators	39.9	29.8[35]	21.9	24.6		
Technicians and other operational and administrative support	56.0	73.8	33.2	48.9		
Individual contributor / supervisory	97.9	33.0	65.4	56.2		
Managerial	100	100	100	100		
Average training hours per employee	3.4	4.3[35]	4.7	2.9	hours	GRI 404-1, B3.2
By gender[34]						
Male	3.4	4.9[35]	5.5	n/a		
Female	2.8	3.2[35]	3.4			
By employment role[34]						
Manufacturing operators	1.5	2.7[35]	4.0	1.9		
Technicians and other operational and administrative support	3.6	7.9[35]	4.0	3.7		
Individual contributor / supervisory	8.7	3.7[35]	7.1	5.9		
Managerial	8.7	8.1[35]	13.6	8.0		

n/a: not available due to the corresponding indicators being newly introduced.

[33] Training data excludes operating sites in Changchun, Chengdu, Shanghai Malu, Yantai and Zhengzhou in China due to an asynchronous system in these areas.

[34] Excludes group training on ethics delivered to "Other employees" (manufacturing operators).

[35] Training hours for FY22/23 published in the Sustainability Report 2023 were overstated due to a manual processing error. The numbers have been revised to show the correct data.

Employees – Communication

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Biennial employee engagement survey (MARBLE Snapshot survey) response rate	82	–	76	–	%	GRI 413-1

Communities

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Percentage of operations that have implemented local community engagement, impact assessments, and/or development programs[36]	100	100	100	n/a	%	GRI 413-1

n/a: not available due to the corresponding indicators being newly introduced.

[36] Our JEnerations community engagement initiative is in place at all our operating sites.

Trust and Transparency – Ethics

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total number and percentage of operations assessed for risks related to corruption[37]	12 (22)	n/a	n/a	n/a	no. (%)	GRI 205-1
Total number of employees that have received training on anti-corruption[38, 39]	25,785	5,990	1,389	n/a	no.	GRI 205-2
Percentage of employees that have received training on anti-corruption[39]	75.6	16.8	3.6			
By employee risk category and training delivery method						
At-risk employees (exclude managers)						
Online training	34.0	n/a	n/a			
Managers						
Online training	7.2					
All other employees						
Online training	26.1					
Group training	88.4					
By employment role (online training only)				n/a	%	GRI 205-2
Manufacturing operators	0.7	0.1	0.2			
Technicians and other operational and administrative support	7.2	42.4	2.4			
Individual contributor / supervisory	17.6	27.9	16.7			
Managerial	7.2	100	36.1			
By region (online training only)						
Asia	4.5	14.2	3.6			
EMEA	4.3	28.3	3.1			
Americas	6.0	17.3	4.5			
Total number and percentage of governance body members that have been informed of and trained on the organization's anti-corruption policies and procedures						
Board						
Executive directors[38]	0 (0)	2 (100)	n/a	n/a	no. (%)	GRI 205-2
Non-executive directors	8 (89)	9 (100)				
Executive Committee (excluding executive directors)[38]	0 (0)	7 (100)				
Whistle-blower reporting rate	0.5	n/a	n/a	n/a	no. of whistle-blower reports per 1,000 employees	
Total number of confirmed incidents of corruption	7	n/a	n/a	n/a	no.	GRI 205-3
Total number of confirmed incidents of corruption in which employees were dismissed or disciplined for corruption	7	3	n/a	n/a	no.	GRI 205-3

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption[40]	6	n/a	n/a	n/a	no.	GRI 205-3
Number of legal cases regarding corrupt practices						
Brought against Johnson Electric or its employees	0	1	0	0	cases	GRI 205-3
Concluded	0	0	0	0		GRI 205-3, B7.1

n/a: not available due to the corresponding indicators being newly introduced or replaced.

[37] Corruption risks are addressed as part of Internal Audit review and testing of controls (including embedded business conduct and anti-corruption controls) over various operations and activities and the evaluation of their adequacy and effectiveness and the degree of compliance. We also prepare a top-down risk review that covers 100% of the Group's operations.

[38] Anti-corruption training is included in the two-year cycle of training on our Code of Ethics and Business Conduct. In FY21/22, all managers and selected individuals were required to sign a declaration acknowledging our anti-corruption policy. In FY22/23, the audience was expanded to all staff-level employees, who were required to complete an online training module in addition to signing the declaration acknowledging our anti-corruption policy. Anti-corruption training was further enhanced in FY23/24 as we expanded our program to include all other employees.

[39] Anti-corruption training data in FY23/24 includes group training on ethics to manufacturing operators. Training data excludes operating sites in Changchun, Chengdu, Shanghai Malu, Yantai and Zhengzhou in China due to an asynchronous system in these areas.

[40] All incidents in FY23/24 related to the termination of relationships with suppliers.

Trust and Transparency – Compliance

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Significant instances of non-compliance with laws and regulations	0	0	0	n/a	cases	GRI 2-27
Total amount of monetary losses resulting from legal proceedings associated with anti-competitive behaviour regulations	0	0	0	n/a	US$ million	TR-AP-520a.1
Legal and regulatory actions related to anti-competitive behaviour, anti-trust, and monopoly practices	0	0	0	n/a	cases	GRI 206-1
Legal cases finding Johnson Electric infringed intellectual property rights	0	0	0	n/a	cases	

n/a: not available due to the corresponding indicators being newly introduced.

Trust and Transparency – Supply chain

Items	FY23/24	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB
Percentage of suppliers by region[41]						
Asia	40	40	42	42	%	B5.1
EMEA	40	40	37	37		
Americas	20	20	21	21		
Proportion of spending on local suppliers[42, 43]						
Asia	85	84	95	n/a	%	GRI 204-1
EMEA	88	88	83			
Americas	83	84	85			
Total number and percentage of suppliers to whom the organization's anti-corruption policies and procedures have been communicated / who have acknowledged our Supplier Code of Conduct, by region[43]				n/a	no. (%)	GRI 205-2
Asia	831 (74)	721 (69)	673 (59)			
EMEA	295 (56)	303 (39)	270 (43)			
Americas	535 (77)	387 (81)	495 (95)			
Global	1,661 (71)	1,411 (61)	1,438 (63)			
Number of suppliers assessed for environmental impacts	291	289	200	n/a	no.	GRI 308-2, B5.2
Number of suppliers assessed for social impacts	291	289	200	n/a	no.	GRI 414-2, B5.2

n/a: not available due to the corresponding indicators being newly introduced.

[41] Due to limited resources and manual collection, data from sites in Changchun, Chengdu, Shanghai Malu, Nanjing in China and Yokneam in Israel had not been collected at the time of reporting. Systematic integration is ongoing and data are expected to be available from FY24/25.

[42] Proportion of spending on local suppliers is calculated by number of regionally-based suppliers divided by total number of suppliers in the region.

[43] Due to limited resources and manual collection, data from Nanjing in China and Yokneam in Israel were not included in the calculation. Systematic integration is ongoing and data are expected to be available from FY24/25.

Appendix 1: Certification status

Region	Location	Entity	ISO 14001	ISO 45001	ISO 50001	IATF 16949^	ISO 9001	ISO 13485	IECQ QC 080000	TISAX	ISO/IEC 17025
The Americas	Vandalia, USA	Johnson MedTech LLC	✓	✓#			✓	✓			
	Vandalia, USA	Parlex USA LLC	✓	✓#			✓				
	Vandalia, USA	Saia-Burgess LLC	✓	✓#		✓	✓				
	Springfield, USA	Saia-Burgess Automotive Actuators LLC	✓	✓		✓	✓				
	Mississauga, Canada	Johnson Electric Canada Ltd., Mississauga Facility	✓			✓					
	Mississauga, Canada	Johnson Electric Motion Technology Canada Ltd., Mississauga Facility	✓	✓		✓					
	Ancaster, Canada	Johnson Electric Motion Technology Canada Ltd., Ancaster Facility	✓	✓		✓					
	Ancaster, Canada	Johnson Electric Canada Ltd., Ancaster Facility	✓			✓					
	Stratford, Canada	Johnson Electric Canada Ltd., Stratford Facility	✓			✓					
	Buenos Aires, Argentina	M.M.A. (Manufactura De Motores Argentinos) S.r.l.	✓			✓					
	Zacatecas, Mexico	Johnson Electric Group Mexico, S.de R.L. de C.V.	✓			✓	✓				
	Aruja, Brazil	Johnson Electric Automotivo Brasil Ltda.	✓	✓#		✓					
Europe and the Middle East	Yokneam, Israel	Nanomotion Ltd.	✓				✓				
	Izmir, Türkiye	Johnson Electric Otomotiv Ürünleri Limited Şirketi.	✓	✓		✓					
	Saint Remy, France	Johnson Electric Saint Remy SAS	✓	✓		✓	✓				
	Hirson, France	AML Systems SAS	✓	✓		✓	✓				
	Hatvan, Hungary	Johnson Electric Hungary Kft.	✓	✓		✓	✓				
	Asti, Italy	Johnson Electric Asti S.r.l.	✓	✓		✓	✓				
	Niš, Serbia	Johnson Electric Doo Niš	✓	✓	✓	✓	✓				
	Öhringen, Germany	Johnson Electric Öhringen GmbH	✓			✓				✓	
	Murten, Switzerland	Johnson Electric International AG	✓	✓		✓	✓				
	Będzin, Poland	Johnson Electric Poland Sp. z o.o.	✓	✓		✓	✓				
	Aachen, Germany	Johnson Electric Aachen GmbH	✓	✓			✓				
Asia Pacific	Shajing, China	Hwa Sun (Guangdong) Co., Ltd.	✓	✓	✓	✓	✓				
	Shajing, China	Hwa Sun (Guangdong) Co., Ltd. Shenzhen Branch	✓	✓	✓*	✓	✓				
	Shajing, China	Hwa Sun (Guangdong) Co., Ltd. Shenzhen 2nd Branch	✓	✓	✓*	✓	✓				
	Shajing, China	Johnson Medtech (Shenzhen) Co., Ltd.	✓	✓	✓*		✓	✓			
	Shajing, China	Johnson Electric (Guangdong) Co., Ltd.	✓	✓	✓	✓	✓				
	Shajing, China	Johnson Electric (Guangdong) Co., Ltd. Shenzhen Branch	✓	✓	✓*	✓	✓				
	Shajing, China	Johnson Electric (Shenzhen) Co., Ltd.				✓	✓				✓
	Jiangmen, China	Hwa Sun (Jiangmen) Co., Ltd.	✓	✓	✓	✓	✓		✓#		
	Jiangmen, China	Johnson Electric (Jiangmen) Co., Ltd.	✓	✓	✓	✓	✓		✓#		
	Beijing, China	Johnson Electric (Beijing) Co., Ltd.	✓	✓		✓					
	Shanghai, China	Parlex (Shanghai) Electronics Co., Ltd.	✓	✓	✓	✓	✓				
	Shanghai, China	Shanghai Malu Ri Yong JEA Gate Electric Co., Ltd.	✓	✓	✓	✓	✓				
	Zhengzhou, China	Zhengzhou Ri Yong JEA Gate Electric Co., Ltd.	✓	✓		✓	✓				
	Changzhou, China	Johnson Electric Motion Technology (Changzhou) Co. Ltd.	✓	✓		✓	✓				
	Wuxi, China	AML Automotive Active Modules (Wuxi) Co., Ltd	✓	✓		✓					
	Nanjing, China	Johnson Electric Nanjing Co., Ltd.	✓	✓		✓	✓				
	Hong Kong SAR	Johnson Electric Industrial Manufactory, Limited	✓	✓		✓	✓			✓#	
	Hong Kong SAR	Johnson Electric Industrial Manufactory, Limited Branch office	✓	✓		✓	✓			✓#	
	Changchun, China	Changchun Ri Yong JEA Gate Electric Co., Ltd	✓	✓		✓	✓				
	Chengdu, China	Chengdu Ri Yong JEA Gate Electric Co., Ltd.	✓	✓		✓	✓				
	Yantai, China	Yantai Ri Yong JEA Gate Electric Co., Ltd.	✓	✓		✓	✓				
	Chennai, India	Johnson Electric Private Limited	✓	✓		✓	✓				
	Ochang, South Korea	Johnson Electric Operations Ltd.	✓	✓		✓					

ISO 14001 – Environmental Management Systems (EMS), ISO 45001 – Occupational Health and Safety Management Systems (OH&S), ISO 50001 – Energy Management Systems (EnMS), IATF 16949 – International Automotive Quality Management System (QMS), ISO 9001 – Quality Management Systems (QMS), ISO 13485 – Medical Devices – Quality Management Systems (QMS), IECQ QC 080000 – Hazardous Substance Process Management System (HSPM), TISAX – Trusted Information Security Assessment Exchange, ISO/IEC 17025 – General Requirements for the Competence of Testing and Calibration Laboratories.

^ IATF 16949 is a quality management system standard specific to the automotive industry. Built upon the framework of ISO 9001, it applies the requirements pertinent to automotive components, assemblies and parts manufacturing organizations.

* Production area covered by the Energy Management System certificates of Hwa Sun (Guangdong) Co., Ltd, Johnson Electric (Guangdong) Co., Ltd., Hwa Sun (Jiangmen) Co., Ltd and Johnson Electric (Jiangmen) Co., Ltd.

Certificates newly obtained in FY23/24.

Appendix 2: Glossary

Category	Term	Explanation
General	CDP	CDP is a not-for-profit organization that operates a global disclosure system for companies, cities, states, and regions to manage their environmental impacts.
	EcoVadis	EcoVadis is a global platform that provides sustainability ratings and performance improvement tools for companies. The platform assesses companies' environmental, social, and ethical practices by evaluating their policies, procedures, and performance in areas such as labour practices, human rights, environment, ethics, and sustainable procurement.
	ESG	Environmental, social, and governance
	HKQAA	Hong Kong Quality Assurance Agency
	KPI	Key performance indicators
	MARBLE value	The acronym 'MARBLE', which is referenced elsewhere in this report, is derived from the first letter of each of Johnson Electric's core values.
	SVP	Senior Vice President
Products	APG	Our Mobility Segment (Automotive Products Group)
	ANSI	American National Standards Institute
	BEV	Battery electric vehicles
	Cpk	Cpk (process capability index) is used to measure the ability of a process to produce output within the specification limits defined by the customer.
	CSA	Canadian Standards Association
	CSRD	Corporate Sustainability Reporting Directive
	DC	Direct current
	ELV	End-of-life vehicles
	EPD	Environmental product declaration
	EU Taxonomy	The EU Taxonomy is a classification system developed by the European Union to identify economic activities that contribute to the transition to a sustainable economy. The taxonomy sets out a list of environmentally sustainable economic activities, based on their contribution to six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.
	EV	Electric vehicles
	IATF 16949	Global quality management system standard for the automotive industry
	ICE	Internal combustion engine
	IEC	International Electrotechnical Commission
	IECQ QC080000	Hazardous substance process management system for hazardous-substance-free legal and customer requirements
	IFRS	International Financial Reporting Standards
	IPG	Our Industrial, Professional and Consumer Segments (Industry Products Group)
	ISO 13485	Medical devices quality management systems
	ISO / IEC 17025	Management system for testing and calibration laboratories
	ISO 9001	Quality management systems
	ITMS	Internal thermal management system
	JEwel	Our monthly JEwel awards encourage the sharing of best practices, recognizing winning projects and teams during the year.
	JEPDS	Johnson Electric Products Development System
	JEPS	Johnson Electric Production System
	LCA	Life cycle assessment
	MEMS	Mirco electro-mechanical system
	NEV	New energy vehicles
	NEMA	National Electrical Manufacturers Association
	OEMs	Original equipment manufacturers
	PCF	Product carbon footprint
	PDO	Power door opener
	REACH	Registration, evaluation, authorization, and restriction of chemicals
	RoHS	Restriction of hazardous substances
	UL	Underwriters Laboratories
	V-model	A sequential software development process emphasizing testing to ensure quality and reliability in product development
Environment	Business Ambition	Business Ambition is a program organized by the Science Based Targets initiative (SBTi) to help companies set science-based targets to reduce greenhouse gas emissions and tackle climate change.
	Carbon neutral	Achieving a balance between emitting carbon and absorbing carbon from the atmosphere in carbon sinks.
	EH&S	Environment, health and safety
	EMEA	Europe, Middle East, and Africa
	GHG Protocol	Greenhouse Gas Protocol
	Grid mix renewables	Grid mix renewables refer to the proportion of renewable energy sources in the mix used by the electricity grid to supply energy to consumers.
	HKSAR	Hong Kong Special Administrative Region
	iRECs	International Renewable Energy Certificates

Category	Term	Explanation
	ISO 14001	Environmental management systems
	ISO 50001	Energy management systems
	Net-zero	Achieving a balance between greenhouse gas emissions produced and removed from the atmosphere.
	ODS	Ozone-depleting substances
	Renewable electricity	Renewable electricity is generated from renewable energy sources such as wind, solar, hydro, and geothermal.
	SBTi	Science Based Targets initiative
	Scope 1	Scope 1 emissions refer to direct greenhouse gas emissions from sources that are owned or controlled by an organization, such as combustion of fossil fuels.
	Scope 2	Scope 2 emissions refer to indirect greenhouse gas emissions from the generation of purchased electricity, heat, or steam consumed by an organization.
	Scope 3	Scope 3 emissions refer to indirect greenhouse gas emissions from activities outside an organization's own operations.
	VOC	Volatile organic compounds
	Zero waste to landfill	At least 99% of generated waste being diverted away from landfill
Employees	AED	An AED machine is a portable medical device that delivers an electric shock to restore normal heart rhythm in sudden cardiac arrest.
	DE&I	Diversity, equity and inclusion
	ERGs	Employee resource groups
	First aids	OSHA (Occupational Safety and Health Administration) defines a first aid case as a minor injury that can be treated quickly and effectively with simple first aid measures.
	Hazards	Hazards in the workplace refer to potential sources of harm or injury to employees
	HR	Human resources
	ISO 45001	Occupational health and safety management systems
	JEDi	Johnson Electric Digital Transformation Champions
	LOR	List of requirements for machine safety for both existing equipment used in-house and new machines purchases
	Lost-time accidents / LTA	Workplace incidents causing employee absence with more than one lost-time day
	LOTO	Log-out/tag-out
	Near-misses	Near-misses are incidents that could have resulted in injury or damage but were prevented due to timely corrective action.
	OSHA	Occupational Safety and Health Administration
	Recordable injuries	A work-related injury or illness which must be recorded under the Occupational Safety and Health Act
	RIF	Recordable injury frequency
Communities	JEnerations	The JEnerations program encourages our employees to get involved in social impact and community outreach activities that enrich our local communities through volunteering.
	JETC	Johnson Electric Technical College

Category	Term	Explanation
	STEM	Science, technology, engineering, and mathematics
Trust and transparency	3TG	Tin, tantalum, tungsten, and gold
	CMRT	Conflict Minerals Reporting Template
	EMRT	Extended Minerals Reporting Template
	GDPR	General Data Protection Regulation
	GTB	The Global Technology Board
	ILO	International Labour Organization
	LBMA	London Bullion Market Association
	OECD	Organization for Economic Cooperation and Development
	GRI	Global Reporting Initiative
	HKEX	Hong Kong Exchanges and Clearing Limited
	ISS	Institutional Shareholder Services
	SASB	Sustainability Accounting Standards Board
	RMAP	Responsible Minerals Assurance Process
	RMSC	The Risk Management Steering Committee
	SISC	The Social Impact and Sustainability Committee
	TISAX	Trusted Information Security Assessment Exchange

Verification statement

Scope and Objective
Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by the Johnson Electric Holdings Limited ("Johnson Electric") (Stock Code: 179) to undertake an independent verification of its Sustainability Report 2024 (the "Report"). The Report stated the economic, environmental and social performance of Johnson Electric in the period of 1st April 2023 to 31st March 2024 for its major operating locations worldwide.

The aim of this verification is to provide a reasonable assurance on the reliability of the report content. The Report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and the Appendix C2 "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("SEHK"). The Report has also been prepared with reference to the Sustainability Accounting Standards Board industry standards ("SASB Standards") for auto parts and industrial machinery and goods.

Level of Assurance and Methodology
The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process covered the criteria set in the GRI Standards, ESG Reporting Guide of the SEHK, and SASB Standards.

The verification process included verifying information relevant to reporting and management procedures, including stakeholder engagement methods and result, and materiality assessment processes. In addition, system and process for collecting, collating and reporting sustainability performance data were verified. Raw data and supporting evidence of the selected representative samples were also thoroughly examined during the verification process.

Independence
Johnson Electric is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Johnson Electric. There was no relationship between HKQAA and Johnson Electric that would affect the independence of HKQAA for providing the verification service.

Conclusion
Based on the verification results, HKQAA has obtained reasonable assurance and is of the opinion that:

- The Report has been prepared in accordance with the GRI Standards and ESG Reporting Guide of the SEHK;
- The Report has been prepared with reference to the SASB Standards for auto parts and industrial machinery and goods.
- The Report illustrates the sustainability performance of Johnson Electric in a balanced, clear, comparable and timely manner; and
- The data and information disclosed in the Report are reliable, complete and verifiable.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in material aspects, in accordance with the verification criteria. In conclusion, the Report reflects truthfully the sustainability commitments, policies and performance of Johnson Electric, and discloses transparently their sustainability performance that is commensurate with their sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
16 May 2024

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香 港 品 質 保 證 局

About this report

Our Sustainability Report 2024 (the "Report") covers the sustainability performance of Johnson Electric Holdings Limited (the "Company") (Stock code: 179) and all of its subsidiaries (collectively the "Group" or "Johnson Electric"). It should be read in conjunction with the Group's Annual Report 2024, in particular the Management's Discussion and Analysis and the Corporate Governance Report sections.

The information presented in this Report relates to the sustainability performance and activities of Johnson Electric's major operating locations worldwide from 1 April 2023 to 31 March 2024. All major sites are included, unless otherwise stated.

Our Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKEX") plus additional voluntary disclosures. Our report was also prepared in accordance with the Global Reporting Initiative ("GRI") Reporting Framework and with reference to the Sustainability Accounting Standards Board's ("SASB") industry standards for auto parts and industrial machinery and goods. It has been independently verified by the Hong Kong Quality Assurance Agency ("HKQAA").

The HKEX content index can be found on pages 122 to 125, the GRI content index on pages 126 to 133, and the SASB content index on pages 134 to 135. The HKQAA verification statement can be found on page 156.

Our Report is published in English and Chinese. Both versions are available for download from www.johnsonelectric.com. In the interests of environmental protection, we do not provide printed copies of this Report.

We welcome feedback on the Report and our sustainability approach. Please contact us with any comments or questions at sustainability@johnsonelectric.com

Disclaimer

This Sustainability Report contains certain forward-looking statements with respect to our future plans, targets, objectives, expectations and intentions. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance of Johnson Electric to be materially different from any performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Johnson Electric's present and future business strategies and the socio-political and economic environment in which Johnson Electric will operate in the future. Laws and regulations in the jurisdictions where we operate are also subject to potential change. Consequently, our sustainability targets are not projections or estimates of future performance. Instead, they represent targets that we strive to achieve.

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel: (852) 2663 6688
Fax: (852) 2897 2054

www.johnsonelectric.com